

RENASANT CORP
Form 10-Q
May 10, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2012

Or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 001-13253

RENASANT CORPORATION

(Exact name of registrant as specified in its charter)

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| | |
|---|--|
| Mississippi (State or other jurisdiction of incorporation or organization) | 64-0676974 (I.R.S. Employer Identification No.) |
| 209 Troy Street, Tupelo, Mississippi (Address of principal executive offices) | 38804-4827 (Zip Code) |
| (662) 680-1001 (Registrant's telephone number, including area code) | |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2012, 25,105,732 shares of the registrant's common stock, \$5.00 par value per share, were outstanding. The registrant has no other classes of securities outstanding.

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Renasant Corporation and Subsidiaries

Form 10-Q

For the Quarterly Period Ended March 31, 2012

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Renasant Corporation and Subsidiaries

Consolidated Balance Sheets

(In Thousands, Except Share Data)

| | (Unaudited) March 31, 2012 | December 31, 2011 |
|---|----------------------------------|----------------------|
| Assets | | |
| Cash and due from banks | \$ 83,107 | \$ 85,684 |
| Interest-bearing balances with banks | 91,571 | 123,333 |
| Cash and cash equivalents | 174,678 | 209,017 |
| Securities held to maturity (fair value of \$370,205 and \$344,618, respectively) | 358,039 | 332,410 |
| Securities available for sale, at fair value | 476,380 | 463,931 |
| Mortgage loans held for sale | 25,216 | 28,222 |
| Loans, net of unearned income: | | |
| Covered under loss-share agreements | 318,089 | 339,462 |
| Not covered under loss-share agreements | 2,281,957 | 2,241,622 |
| Total loans, net of unearned income | 2,600,046 | 2,581,084 |
| Allowance for loan losses | (44,176) | (44,340) |
| Loans, net | 2,555,870 | 2,536,744 |
| Premises and equipment, net | 56,357 | 54,498 |
| Other real estate owned: | | |
| Covered under loss-share agreements | 35,461 | 43,156 |
| Not covered under loss-share agreements | 64,931 | 70,079 |
| Total other real estate owned, net | 100,392 | 113,235 |
| Goodwill | 184,879 | 184,879 |
| Other intangible assets, net | 7,089 | 7,447 |
| FDIC loss-share indemnification asset | 64,195 | 107,754 |
| Other assets | 173,395 | 163,871 |
| Total assets | \$ 4,176,490 | \$ 4,202,008 |
| Liabilities and shareholders equity | | |
| Liabilities | | |
| Deposits | | |
| Noninterest-bearing | \$ 535,955 | \$ 531,910 |
| Interest-bearing | 2,937,211 | 2,880,327 |
| Total deposits | 3,473,166 | 3,412,237 |
| Short-term borrowings | 7,830 | 11,485 |
| Long-term debt | 163,923 | 243,224 |
| Other liabilities | 41,960 | 47,860 |

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| | | |
|---|--------------|--------------|
| Total liabilities | 3,686,879 | 3,714,806 |
| Shareholders equity | | |
| Preferred stock, \$.01 par value 5,000,000 shares authorized; no shares issued and outstanding | | |
| Common stock, \$5.00 par value 75,000,000 shares authorized, 26,715,797 shares issued; 25,105,732 and 25,066,068 shares outstanding, respectively | 133,579 | 133,579 |
| Treasury stock, at cost | (26,171) | (26,815) |
| Additional paid-in capital | 217,324 | 217,477 |
| Retained earnings | 172,807 | 171,108 |
| Accumulated other comprehensive loss, net of taxes | (7,928) | (8,147) |
| Total shareholders equity | 489,611 | 487,202 |
| Total liabilities and shareholders equity | \$ 4,176,490 | \$ 4,202,008 |

See Notes to Consolidated Financial Statements.

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Renasant Corporation and Subsidiaries

Consolidated Statements of Income (Unaudited)

(In Thousands, Except Share Data)

| | Three Months Ended March 31, | |
|--|---|---------------|
| | 2012 | 2011 |
| Interest income | | |
| Loans | \$ 34,282 | \$ 35,944 |
| Securities | | |
| Taxable | 4,010 | 5,563 |
| Tax-exempt | 2,128 | 2,130 |
| Other | 85 | 206 |
| Total interest income | 40,505 | 43,843 |
| Interest expense | | |
| Deposits | 5,419 | 10,082 |
| Borrowings | 2,243 | 2,625 |
| Total interest expense | 7,662 | 12,707 |
| Net interest income | 32,843 | 31,136 |
| Provision for loan losses | 4,800 | 5,500 |
| Net interest income after provision for loan losses | 28,043 | 25,636 |
| Noninterest income | | |
| Service charges on deposit accounts | 4,525 | 4,841 |
| Fees and commissions | 3,928 | 2,931 |
| Insurance commissions | 898 | 837 |
| Wealth Management revenue | 1,942 | 1,056 |
| Gains on sales of securities | 904 | 12 |
| BOLI income | 1,111 | 595 |
| Gains on sales of mortgage loans held for sale | 1,281 | 1,151 |
| Gain on acquisition | | 8,774 |
| Other | 1,798 | 798 |
| Total noninterest income | 16,387 | 20,995 |
| Noninterest expense | | |
| Salaries and employee benefits | 18,649 | 16,237 |
| Data processing | 2,040 | 1,788 |
| Net occupancy and equipment | 3,615 | 3,218 |
| Other real estate owned | 3,999 | 3,511 |
| Professional fees | 971 | 814 |
| Advertising and public relations | 1,197 | 996 |
| Intangible amortization | 358 | 515 |
| Communications | 1,103 | 1,162 |
| Merger-related expenses | | 1,325 |
| Extinguishment of debt | 898 | 1,903 |
| Other | 3,791 | 4,524 |

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| | | |
|--|-----------------|-----------------|
| Total noninterest expense | 36,621 | 35,993 |
| Income before income taxes | 7,809 | 10,638 |
| Income taxes | 1,835 | 3,085 |
| Net income | \$ 5,974 | \$ 7,553 |
| Basic earnings per share | \$ 0.24 | \$ 0.30 |
| Diluted earnings per share | \$ 0.24 | \$ 0.30 |
| Cash dividends per common share | \$ 0.17 | \$ 0.17 |

See Notes to Consolidated Financial Statements.

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Renasant Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income (Unaudited)

(In Thousands, Except Share Data)

| | Three Months Ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2012 | 2011 |
| Net income | \$ 5,974 | \$ 7,553 |
| Other comprehensive income, net of tax: | | |
| Securities available for sale: | | |
| Unrealized holding gains on securities | 1,018 | 277 |
| Non-credit related portion of other-than-temporary impairment on securities | | |
| Reclassification adjustment for gains realized in net income | (558) | (7) |
| Amortization of unrealized holding gains on securities transferred to the held to maturity category | (102) | (169) |
| Total securities available for sale | 358 | 101 |
| Derivative instruments: | | |
| Unrealized holding losses on derivative instruments | (111) | |
| Reclassification adjustment for gains realized in net income | (94) | (93) |
| Totals derivative instruments | (205) | (93) |
| Defined benefit pension and post-retirement benefit plans: | | |
| Net (loss) gain arising during the period | | |
| Less amortization of net actuarial loss recognized in net periodic pension cost | 66 | 71 |
| Total defined benefit pension and post-retirement benefit plans | 66 | 71 |
| Other comprehensive income | 219 | 79 |
| Comprehensive income | \$ 6,193 | \$ 7,632 |

See Notes to Consolidated Financial Statements.

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Renasant Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In Thousands)

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2012 | 2011 |
| Operating activities | | |
| Net cash provided by operating activities | \$ 62,609 | \$ 45,499 |
| Investing activities | | |
| Purchases of securities available for sale | (78,210) | (48,586) |
| Proceeds from sales of securities available for sale | 22,685 | |
| Proceeds from call/maturities of securities available for sale | 43,433 | 39,227 |
| Purchases of securities held to maturity | (53,899) | (36,547) |
| Proceeds from sales of securities held to maturity | | 5,041 |
| Proceeds from call/maturities of securities held to maturity | 27,975 | 2,140 |
| Net (increase) decrease in loans | (29,776) | 1,219 |
| Purchases of premises and equipment | (3,139) | (1,276) |
| Proceeds from sales of premises and equipment | 45 | 10 |
| Net cash received in acquisition | | 148,443 |
| Net cash (used in) provided by investing activities | (70,886) | 109,671 |
| Financing activities | | |
| Net increase in noninterest-bearing deposits | 4,045 | 107,782 |
| Net increase (decrease) in interest-bearing deposits | 56,884 | (154,066) |
| Net decrease in short-term borrowings | (3,655) | (4,494) |
| Repayment of long-term debt | (79,261) | (66,779) |
| Cash paid for dividends | (4,275) | (4,266) |
| Cash received on exercise of stock-based compensation | 200 | 9 |
| Net cash used in financing activities | (26,062) | (121,814) |
| Net (decrease) increase in cash and cash equivalents | (34,339) | 33,356 |
| Cash and cash equivalents at beginning of period | 209,017 | 292,669 |
| Cash and cash equivalents at end of period | \$ 174,678 | \$ 326,025 |
| Supplemental disclosures | | |
| Noncash transactions: | | |
| Transfers of loans to other real estate | \$ 7,481 | \$ 18,555 |
| <i>See Notes to Consolidated Financial Statements.</i> | | |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note A Summary of Significant Accounting Policies

Nature of Operations: Renasant Corporation (referred to herein as the Company) owns and operates Renasant Bank (Renasant Bank or the Bank) and Renasant Insurance, Inc. The Company offers a diversified range of financial, fiduciary and insurance services to its retail and commercial customers through its subsidiaries and full service offices located throughout north and north central Mississippi, west and middle Tennessee, north and central Alabama and north Georgia.

Basis of Presentation: The accompanying unaudited consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information regarding the Company's significant accounting policies, refer to the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission on March 8, 2012.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events: The Company has evaluated, for consideration of recognition or disclosure, subsequent events that have occurred through the date of issuance of its financial statements, and has determined that no significant events occurred after March 31, 2012 but prior to the issuance of these financial statements that would have a material impact on its Consolidated Financial Statements.

Impact of Recently-Issued Accounting Standards and Pronouncements: In June 2011, the Financial Accounting Standards Board (FASB) issued an update to Accounting Standards Codification Topic (ASC) 220, Comprehensive Income, (ASC 220) that eliminates the option to present components of other comprehensive income as part of the Statements of Changes in Shareholders' Equity. This update requires that all nonowner changes in shareholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In a single continuous statement, the entity is required to present the components of net income and total net income, the components of other comprehensive income and a total for other comprehensive income, along with the total of comprehensive income in that statement. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. Regardless of whether an entity chooses to present comprehensive income in a single continuous statement or in two separate but consecutive statements, the entity is required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. In December 2011, FASB issued an update to defer the effective date for those changes related to the presentation of reclassifications of items out of accumulated other comprehensive income. While FASB continues to redeliberate whether the reclassification adjustments should be presented on the face of the financial statements, reclassifications out of accumulated other comprehensive income should be reported in accordance with presentation requirements in effect prior to FASB's update. These updates to ASC 220 became effective for the Company on January 1, 2012. Please refer to the Consolidated Statements of Comprehensive Income and Note J, Other Comprehensive Income, in these Notes to Consolidated Financial Statements for disclosures reflecting the Company's adoption of these updates.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note B Mergers and Acquisitions

(In Thousands)

Acquisition of RBC Bank (USA) Trust Division

On August 31, 2011, the Company acquired the Birmingham, Alabama-based trust department of RBC Bank (USA), which services clients in Alabama and Georgia. Under the terms of the transaction, RBC Bank (USA) transferred its approximately \$680,000 in assets under management, comprised of personal and institutional clients with over 200 trust, custodial and escrow accounts, to a wholly-owned subsidiary, and Renasant Bank acquired all of the ownership interests in the subsidiary. In connection with the acquisition, the Company recognized a gain of \$570, which is recognized under the line item *Gain on acquisition* in the Consolidated Statements of Income for the year ended December 31, 2011. Acquisition costs related to the transaction of \$326 were recognized under the line item *Merger-related expenses* in the Consolidated Statements of Income for the year ended December 31, 2011.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note B Mergers and Acquisitions (continued)*FDIC-Assisted Acquisitions*

On February 4, 2011, the Bank entered into a purchase and assumption agreement with loss-share agreements with the Federal Deposit Insurance Corporation (the FDIC) to acquire specified assets and assume specified liabilities of American Trust Bank, a Georgia-chartered bank headquartered in Roswell, Georgia (American Trust). American Trust operated 3 branches in the northwest region of Georgia.

In connection with the acquisition, the Bank entered into loss-share agreements with the FDIC that covered \$73,657 of American Trust loans (the covered ATB loans). The Bank will share in the losses on the asset pools (including single family residential mortgage loans and commercial loans) covered under the loss-share agreements. Pursuant to the terms of the loss-share agreements, the FDIC is obligated to reimburse the Bank for 80% of all eligible losses with respect to covered ATB loans, beginning with the first dollar of loss incurred. The Bank has a corresponding obligation to reimburse the FDIC for 80% of eligible recoveries with respect to covered ATB loans.

The acquisition of American Trust resulted in a pre-tax gain of \$8,774. Due to the difference in tax bases of the assets acquired and liabilities assumed, the Company recorded a deferred tax liability of \$3,356, resulting in an after-tax gain of \$5,418. Under the Internal Revenue Code, the gain will be recognized over the next six years. The foregoing pre-tax and after-tax gains are considered a bargain purchase gain under ASC 805, Business Combinations, since the total acquisition-date fair value of the identifiable net assets acquired exceeded the fair value of the consideration transferred. This gain was recognized as noninterest income in the Consolidated Statements of Income.

Acquisition costs related to the American Trust acquisition of \$1,325 were recognized under the line item Merger-related expenses in the Consolidated Statements of Income for the three months ended March 31, 2011.

The following table sets forth the fair values of the assets acquired and liabilities assumed by the Bank in the acquisition of American Trust as of February 4, 2011:

| | |
|---|----------------|
| Assets Acquired | |
| Cash and due from banks | \$ 148,443 |
| Securities available for sale | 7,060 |
| Federal Home Loan Bank stock | 1,192 |
| Loans: | |
| Covered under loss-share agreements | 73,657 |
| Not covered under loss-share agreements | 742 |
| Total loans | 74,399 |
| FDIC loss-share indemnification asset | 11,926 |
| Core deposit intangible | 229 |
| Other assets | 4,256 |
| Total assets acquired | 247,505 |
| Liabilities Assumed | |
| Deposits: | |
| Noninterest-bearing | 10,096 |
| Interest-bearing | 212,911 |

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| | |
|---|-----------------|
| Total deposits | 223,007 |
| Advances from the Federal Home Loan Bank | 15,020 |
| Accrued expenses and other liabilities | 704 |
| Total liabilities assumed | 238,731 |
| Net assets acquired | 8,774 |
| Deferred tax liability | 3,356 |
| Net assets assumed, including deferred tax liability | \$ 5,418 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note B Mergers and Acquisitions (continued)

On July 23, 2010, the Bank acquired specified assets and assumed specified liabilities of Crescent Bank & Trust Company, a Georgia-chartered bank headquartered in Jasper, Georgia (Crescent), from the FDIC, as receiver for Crescent. Crescent operated 11 branches in the northwest region of Georgia. The acquisition allowed the Company to expand its footprint into new markets in the State of Georgia. In addition, this acquisition gave the Company options to evaluate expansion opportunities in north Georgia and adjacent states.

In connection with the acquisition, the Bank entered into loss-share agreements with the FDIC that covered \$361,472 of Crescent loans and \$50,168 of other real estate owned (the covered Crescent assets). The Bank will share in the losses on the asset pools (including single family residential mortgage loans and commercial loans) covered under the loss-share agreements. Pursuant to the terms of the loss-share agreements, the FDIC is obligated to reimburse the Bank for 80% of all eligible losses with respect to covered Crescent assets, beginning with the first dollar of loss incurred. The Bank has a corresponding obligation to reimburse the FDIC for 80% of eligible recoveries with respect to covered Crescent assets.

Loans acquired in business combinations with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered to be credit impaired. Acquired credit-impaired loans are accounted for under the accounting guidance for loans and debt securities acquired with deteriorated credit quality, in accordance with ASC 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality (ASC 310-30), and initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loans. Increases in expected cash flows to be collected on these loans are recognized as an adjustment of the loan s yield over its remaining life, while decreases in expected cash flows are recognized as an impairment. Loans acquired through business combinations that do not meet the specific criteria of ASC 310-30, but for which a discount is attributable, at least in part, to credit quality, are also accounted for under this guidance. As a result, related discounts are recognized subsequently through accretion based on the expected cash flow of the acquired loans.

Acquired loans covered under loss-share agreements with the FDIC are recorded, as of their respective acquisition dates, at fair value. The fair value of these loans represents the expected discounted cash flows to be received over the lives of the loans, taking into account the Company s estimate of future credit losses on the loans. These loans are excluded from the calculation of the allowance for loan losses because the fair value measurement incorporates an estimate of losses on acquired loans. The Company monitors future cash flows on these loans; to the extent future cash flows deteriorate below initial projections, the Company reserves for these loans in the allowance for loan losses through the provision for loan losses. With respect to the loans covered under loss-share agreements acquired in the Crescent and American Trust transactions, no provision for loan losses was recorded during the three months ended March 31, 2012 or 2011.

In these Notes to Consolidated Financial Statements, the Company refers to loans subject to the loss-share agreements as covered loans or loans covered under loss-share agreements and loans that are not subject to the loss-share agreements as not covered loans or loans not covered by loss-share agreements.

As part of the loan portfolio and other real estate owned fair value estimation in connection with FDIC-assisted acquisitions, a FDIC loss-share indemnification asset is established, which represents the present value of the estimated losses on covered assets to be reimbursed by the FDIC. The estimated losses are based on the same cash flow estimates used in determining the fair value of the covered assets. The FDIC loss-share indemnification asset is reduced as losses are recognized on covered assets and loss-share payments are received from the FDIC. Realized losses in excess of estimates as of the date of the acquisition increase the FDIC loss-share indemnification asset. Conversely, when realized losses are less than these estimates, the portion of the FDIC loss-share indemnification asset no longer expected to result in a payment from the FDIC is amortized into interest income using the effective interest method.

Changes in the FDIC loss-share indemnification asset were as follows:

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| | |
|--|------------|
| Balance at January 1, 2012 | \$ 107,754 |
| Realized losses in excess of initial estimates | 7,083 |
| Reimbursements received | (50,268) |
| Accretion | (374) |
| Balance at March 31, 2012 | \$ 64,195 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note C Securities*(In Thousands)*

The amortized cost and fair value of securities held to maturity were as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|--|-------------------|------------------------------|-------------------------------|---------------|
| March 31, 2012 | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ 121,144 | \$ 63 | \$ (392) | \$ 120,815 |
| Obligations of states and political subdivisions | 236,895 | 12,856 | (361) | 249,390 |
| | \$ 358,039 | \$ 12,919 | \$ (753) | \$ 370,205 |
| December 31, 2011 | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ 107,660 | \$ 225 | \$ (74) | \$ 107,811 |
| Obligations of states and political subdivisions | 224,750 | 12,083 | (26) | 236,807 |
| | \$ 332,410 | \$ 12,308 | \$ (100) | \$ 344,618 |

In light of the ongoing fiscal uncertainty in state and local governments, the Company analyzes its exposure to potential losses in its security portfolio on at least a quarterly basis. Management reviews the underlying credit rating and analyzes the financial condition of the respective issuers. Based on this analysis, the Company sold certain securities representing obligations of state and political subdivisions that were classified as held to maturity during 2011. The securities sold showed significant credit deterioration in that an analysis of the financial condition of the respective issuers showed the issuers were operating at net deficits with little to no financial cushion to offset future contingencies. These securities had a carrying value of \$5,029, and the Company recognized a net gain of \$12 on the sale during the three months ended March 31, 2011. No securities classified as held to maturity were sold during the three months ended March 31, 2012.

The amortized cost and fair value of securities available for sale were as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|--|-------------------|------------------------------|-------------------------------|---------------|
| March 31, 2012 | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ 2,187 | \$ 202 | \$ | \$ 2,389 |
| Residential mortgage backed securities: | | | | |
| Government agency mortgage backed securities | 233,367 | 6,441 | (233) | 239,575 |
| Government agency collateralized mortgage obligations | 152,507 | 3,288 | (200) | 155,595 |
| Commercial mortgage backed securities: | | | | |
| Government agency mortgage backed securities | 34,483 | 2,110 | (27) | 36,566 |
| Government agency collateralized mortgage obligations | 5,150 | 96 | | 5,246 |
| Trust preferred securities | 29,459 | | (16,593) | 12,866 |
| Other debt securities | 20,922 | 565 | (4) | 21,483 |
| Other equity securities | 2,340 | 320 | | 2,660 |

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\$ 480,415 \$ 13,022 \$ (17,057) \$ 476,380

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note C Securities (continued)

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|--|-------------------|------------------------------|-------------------------------|---------------|
| December 31, 2011 | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ 17,193 | \$ 202 | \$ | \$ 17,395 |
| Residential mortgage backed securities: | | | | |
| Government agency mortgage backed securities | 224,242 | 6,455 | (30) | 230,667 |
| Government agency collateralized mortgage obligations | 133,369 | 3,700 | (82) | 136,987 |
| Commercial mortgage backed securities: | | | | |
| Government agency mortgage backed securities | 34,635 | 2,054 | (20) | 36,669 |
| Government agency collateralized mortgage obligations | 5,170 | 146 | | 5,316 |
| Trust preferred securities | 30,410 | | (17,625) | 12,785 |
| Other debt securities | 21,351 | 527 | (3) | 21,875 |
| Other equity securities | 2,341 | | (104) | 2,237 |
| | \$ 468,711 | \$ 13,084 | \$ (17,864) | \$ 463,931 |

Gross gains on sales of securities available for sale for the three months ended March 31, 2012 were \$904. No securities available for sale were sold at a loss during the same period. There were no sales of securities available for sale for the three months ended March 31, 2011.

At March 31, 2012 and December 31, 2011, securities with a carrying value of approximately \$391,103 and \$305,746, respectively, were pledged to secure government, public and trust deposits. Securities with a carrying value of \$9,152 and \$20,206 were pledged as collateral for short-term borrowings at March 31, 2012 and December 31, 2011, respectively.

The amortized cost and fair value of securities at March 31, 2012 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers may call or prepay obligations with or without call or prepayment penalties.

| | Held to Maturity | | Available for Sale | |
|---|-------------------|---------------|--------------------|---------------|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Due within one year | \$ 9,011 | \$ 9,068 | \$ | \$ |
| Due after one year through five years | 158,770 | 159,361 | | |
| Due after five years through ten years | 44,940 | 47,693 | 2,187 | 2,389 |
| Due after ten years | 145,318 | 154,083 | 29,459 | 12,866 |
| Residential mortgage backed securities: | | | | |
| Government agency mortgage backed securities | | | 233,367 | 239,575 |
| Government agency collateralized mortgage obligations | | | 152,507 | 155,595 |
| Commercial mortgage backed securities: | | | | |
| Government agency mortgage backed securities | | | 34,483 | 36,566 |
| Government agency collateralized mortgage obligations | | | 5,150 | 5,246 |
| Other debt securities | | | 20,922 | 21,483 |
| Other equity securities | | | 2,340 | 2,660 |

| | | | |
|------------|------------|------------|------------|
| \$ 358,039 | \$ 370,205 | \$ 480,415 | \$ 476,380 |
|------------|------------|------------|------------|

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note C Securities (continued)

The following table presents the age of gross unrealized losses and fair value by investment category:

| | Less than 12 Months | | 12 Months or More | | Total | |
|--|---------------------|-------------------|-------------------|--------------------|------------------|--------------------|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Held to Maturity: | | | | | | |
| March 31, 2012 | | | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ 84,772 | \$ (392) | \$ | \$ | \$ 84,772 | \$ (392) |
| Obligations of states and political subdivisions | 13,980 | (361) | | | 13,980 | (361) |
| Total | \$ 98,752 | \$ (753) | \$ | \$ | \$ 98,752 | \$ (753) |
| December 31, 2011 | | | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ 19,919 | \$ (74) | \$ | \$ | \$ 19,919 | \$ (74) |
| Obligations of states and political subdivisions | 4,301 | (19) | 1,530 | (7) | 5,831 | (26) |
| Total | \$ 24,220 | \$ (93) | \$ 1,530 | \$ (7) | \$ 25,750 | \$ (100) |
| Available for Sale: | | | | | | |
| March 31, 2012 | | | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ | \$ | \$ | \$ | \$ | \$ |
| Residential mortgage backed securities: | | | | | | |
| Government agency mortgage backed securities | 36,182 | (233) | | | 36,182 | (233) |
| Government agency collateralized mortgage obligations | 30,199 | (200) | | | 30,199 | (200) |
| Commercial mortgage backed securities: | | | | | | |
| Government agency mortgage backed securities | | | 1,242 | (27) | 1,242 | (27) |
| Government agency collateralized mortgage obligations | | | | | | |
| Trust preferred securities | | | 12,866 | (16,593) | 12,866 | (16,593) |
| Other debt securities | | | 2,634 | (4) | 2,634 | (4) |
| Total | \$ 66,381 | \$ (433) | \$ 16,742 | \$ (16,624) | \$ 83,123 | \$ (17,057) |
| December 31, 2011 | | | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ | \$ | \$ | \$ | \$ | \$ |
| Residential mortgage backed securities: | | | | | | |
| Government agency mortgage backed securities | 4,446 | (30) | | | 4,446 | (30) |
| Government agency collateralized mortgage obligations | 16,806 | (82) | | | 16,806 | (82) |
| Commercial mortgage backed securities: | | | | | | |

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| | | | | | | |
|---|-----------|----------|-----------|-------------|-----------|-------------|
| Government agency mortgage backed securities | | | 1,255 | (20) | 1,255 | (20) |
| Government agency collateralized mortgage obligations | | | | | | |
| Trust preferred securities | | | 12,785 | (17,625) | 12,785 | (17,625) |
| Other debt securities | | | 2,662 | (3) | 2,662 | (3) |
| Other equity securities | 2,237 | (104) | | | 2,237 | (104) |
| Total | \$ 23,489 | \$ (216) | \$ 16,702 | \$ (17,648) | \$ 40,191 | \$ (17,864) |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note C Securities (continued)

The Company evaluates its investment portfolio for other-than-temporary-impairment (OTTI) on a quarterly basis. Impairment is assessed at the individual security level. The Company considers an investment security impaired if the fair value of the security is less than its cost or amortized cost basis.

The Company holds investments in pooled trust preferred securities that had a cost basis of \$29,459 and \$30,410 and a fair value of \$12,866 and \$12,785, at March 31, 2012 and December 31, 2011, respectively. The investments in pooled trust preferred securities consist of four securities representing interests in various tranches of trusts collateralized by debt issued by over 345 financial institutions. Management's determination of the fair value of each of its holdings in pooled trust preferred securities is based on the current credit ratings, the known deferrals and defaults by the underlying issuing financial institutions and the degree to which future deferrals and defaults would be required to occur before the cash flow for the Company's tranches is negatively impacted. In addition, management continually monitors key credit quality and capital ratios of the issuing institutions. This determination is further supported by quarterly valuations of each security obtained by the Company performed by third parties. The Company does not intend to sell the investments, and it is not more likely than not that the Company will be required to sell the investments before recovery of the investments' amortized cost, which may be maturity. At March 31, 2012, management did not, and does not currently, believe such securities will be settled at a price less than the amortized cost of the investment, but the Company did conclude that it was probable that there had been an adverse change in estimated cash flows for all four trust preferred securities and recognized credit related impairment losses on two of the four securities (XIII and XXIV in the table below) in 2010 and the remaining two securities in 2011. No additional impairment was required during the three months ended March 31, 2012.

However, based on the qualitative factors discussed above, each of the four pooled trust preferred securities was classified as a nonaccruing asset at March 31, 2012. Investment interest is recorded on the cash-basis method until qualifying for return to accrual status.

The following table provides information regarding the Company's investments in pooled trust preferred securities at March 31, 2012:

| Name | Single/ Pooled | Class/ Tranche | Amortized Cost | Fair Value | Unrealized Loss | Lowest Credit Rating | Issuers Currently in Deferral or Default |
|-------|-------------------|-------------------|-------------------|---------------|--------------------|----------------------------|--|
| XIII | Pooled | B-2 | \$ 1,216 | \$ 678 | \$ (538) | Ca | 40% |
| XXIII | Pooled | B-2 | 10,599 | 5,163 | (5,436) | Ca | 22% |
| XXIV | Pooled | B-2 | 12,076 | 4,747 | (7,329) | Ca | 35% |
| XXVI | Pooled | B-2 | 5,568 | 2,278 | (3,290) | Ca | 31% |
| | | | \$ 29,459 | \$ 12,866 | \$ (16,593) | | |

The following table provides a summary of the cumulative credit related losses recognized in earnings for which a portion of OTTI has been recognized in other comprehensive income:

| | 2012 | 2011 |
|---|------------|------------|
| Balance at January 1 | \$ (3,337) | \$ (3,075) |
| Additions related to credit losses for which OTTI was not previously recognized | | |

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Increases in credit loss for which OTTI was previously recognized

| | | |
|---------------------|------------|------------|
| Balance at March 31 | \$ (3,337) | \$ (3,075) |
|---------------------|------------|------------|

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses*(In Thousands, Except Number of Loans)*

The following is a summary of loans:

| | March 31, 2012 | December 31, 2011 |
|--------------------------------------|---------------------------|------------------------------|
| Commercial, financial, agricultural | \$ 278,926 | \$ 278,091 |
| Lease financing | 313 | 343 |
| Real estate construction | 73,425 | 81,235 |
| Real estate 1-4 family mortgage | 838,534 | 824,627 |
| Real estate commercial mortgage | 1,350,177 | 1,336,635 |
| Installment loans to individuals | 58,682 | 60,168 |
| Gross loans | 2,600,057 | 2,581,099 |
| Unearned income | (11) | (15) |
| Loans, net of unearned income | 2,600,046 | 2,581,084 |
| Allowance for loan losses | (44,176) | (44,340) |
| Net loans | \$ 2,555,870 | \$ 2,536,744 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)*Past Due and Nonaccrual Loans*

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Generally, the recognition of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Consumer and other retail loans are typically charged-off no later than the time the loan is 120 days past due. In all cases, loans are placed on nonaccrual status or charged-off at an earlier date if collection of principal or interest is considered doubtful. Loans may be placed on nonaccrual regardless of whether or not such loans are considered past due. All interest accrued for the current year, but not collected, for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table provides an aging of past due and nonaccrual loans, segregated by class:

| | Accruing Loans | | | | Nonaccruing Loans | | | | Total Loans | |
|--|------------------------|--------------------------------|---------------------|---------------------|---------------------------|--------------------------------|------------------|-------------------|---------------------|--|
| | 30-89 Days Past Due | 90 Days or More Past Due | Current Loans | Total Loans | 30-89 Days Past Due | 90 Days or More Past Due | Current Loans | Total Loans | | |
| March 31, 2012 | | | | | | | | | | |
| Commercial, financial, agricultural | \$ 480 | \$ 307 | \$ 272,491 | \$ 273,278 | \$ 550 | \$ 4,942 | \$ 156 | \$ 5,648 | \$ 278,926 | |
| Lease financing | | | 313 | 313 | | | | | 313 | |
| Real estate construction | 118 | 41 | 66,956 | 67,115 | | 6,310 | | 6,310 | 73,425 | |
| Real estate | | | | | | | | | | |
| 1-4 family mortgage | 12,371 | 2,778 | 790,359 | 805,508 | 867 | 23,219 | 8,940 | 33,026 | 838,534 | |
| Real estate commercial mortgage | 6,833 | 1,585 | 1,281,666 | 1,290,084 | 353 | 56,797 | 2,943 | 60,093 | 1,350,177 | |
| Installment loans to individuals | 419 | 121 | 57,802 | 58,342 | 8 | 303 | 29 | 340 | 58,682 | |
| Unearned income | | | (11) | (11) | | | | | (11) | |
| Total | \$ 20,221 | \$ 4,832 | \$ 2,469,576 | \$ 2,494,629 | \$ 1,778 | \$ 91,571 | \$ 12,068 | \$ 105,417 | \$ 2,600,046 | |

December 31, 2011

| | | | | | | | | | |
|--|----------|--------|------------|------------|--------|----------|--------|----------|------------|
| Commercial, financial, agricultural | \$ 2,071 | \$ 165 | \$ 269,078 | \$ 271,314 | \$ 511 | \$ 5,474 | \$ 792 | \$ 6,777 | \$ 278,091 |
| Lease financing | | | 343 | 343 | | | | | 343 |
| Real estate construction | | 41 | 73,670 | 73,711 | | 7,524 | | 7,524 | 81,235 |
| Real estate 1-4 family mortgage | 11,949 | 2,481 | 771,596 | 786,026 | 1,140 | 31,457 | 6,004 | 38,601 | 824,627 |
| Real estate commercial mortgage | 6,749 | 2,044 | 1,262,068 | 1,270,861 | 2,411 | 62,854 | 509 | 65,774 | 1,336,635 |
| | 473 | 163 | 59,020 | 59,656 | 10 | 480 | 22 | 512 | 60,168 |

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Installment loans to
individuals

| | | | | | | | | | |
|-----------------|-----------|----------|--------------|--------------|----------|------------|----------|------------|--------------|
| Unearned income | | | (15) | (15) | | | | | (15) |
| Total | \$ 21,242 | \$ 4,894 | \$ 2,435,760 | \$ 2,461,896 | \$ 4,072 | \$ 107,789 | \$ 7,327 | \$ 119,188 | \$ 2,581,084 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)*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 for commercial and construction loans above a minimum dollar amount threshold 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. Large groups of smaller balance homogeneous loans are evaluated collectively for impairment. When the ultimate collectability of an impaired loan's principal is in doubt, wholly or partially, all cash receipts are applied to principal. Once the recorded balance has been reduced to zero, future cash receipts are applied to interest income, to the extent any interest has been foregone, and then they are recorded as recoveries of any amounts previously charged-off. For impaired loans, a specific reserve is established to adjust the carrying value of the loan to its estimated net realizable value.

Impaired loans recognized in conformity with ASC 310, Receivables (ASC 310), segregated by class, were as follows:

| | Unpaid Contractual Principal Balance | Recorded Investment With Allowance | Recorded Investment With No Allowance | Total Recorded Investment | Related Allowance |
|-------------------------------------|---|---|--|---------------------------------|----------------------|
| March 31, 2012 | | | | | |
| Commercial, financial, agricultural | \$ 9,707 | \$ 2,352 | \$ 2,902 | \$ 5,254 | \$ 868 |
| Lease financing | | | | | |
| Real estate construction | 16,650 | 108 | 6,202 | 6,310 | 16 |
| Real estate 1-4 family mortgage | 93,618 | 25,541 | 23,347 | 48,888 | 5,722 |
| Real estate commercial mortgage | 161,792 | 35,044 | 58,649 | 93,693 | 6,868 |
| Installment loans to individuals | | | | | |
| Total | \$ 281,767 | \$ 63,045 | \$ 91,100 | \$ 154,145 | \$ 13,474 |
| December 31, 2011 | | | | | |
| Commercial, financial, agricultural | \$ 9,575 | \$ 3,358 | \$ 2,913 | \$ 6,271 | \$ 1,441 |
| Lease financing | | | | | |
| Real estate construction | 18,204 | 108 | 7,076 | 7,184 | 16 |
| Real estate 1-4 family mortgage | 99,121 | 27,047 | 26,785 | 53,832 | 6,077 |
| Real estate commercial mortgage | 168,341 | 35,505 | 63,900 | 99,405 | 7,876 |
| Installment loans to individuals | | | | | |
| Totals | \$ 295,241 | \$ 66,018 | \$ 100,674 | \$ 166,692 | \$ 15,410 |

The following table presents the average recorded investment and interest income recognized on impaired loans for the periods presented:

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| | Three Months Ended March 31, 2012 | | Three Months Ended March 31, 2011 | |
|--|--------------------------------------|---|--------------------------------------|---|
| | Average Recorded Investment | Interest Income Recognized ⁽¹⁾ | Average Recorded Investment | Interest Income Recognized ⁽¹⁾ |
| Commercial, financial, agricultural Lease financing | \$ 5,910 | \$ 8 | \$ 5,344 | \$ 7 |
| Real estate construction | 6,474 | | 12,964 | 28 |
| Real estate 1-4 family mortgage | 51,005 | 324 | 78,668 | 329 |
| Real estate commercial mortgage | 97,938 | 519 | 106,513 | 569 |
| Installment loans to individuals | | | | |
| Total | \$ 161,327 | \$ 851 | \$ 203,489 | \$ 933 |

⁽¹⁾ Includes interest income recognized using the cash-basis method of income recognition of \$214 and \$166, respectively.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)*Restructured Loans*

Restructured loans are those for which concessions have been granted to the borrower due to a deterioration of the borrower's financial condition. Such concessions may include reduction in interest rates or deferral of interest or principal payments. In evaluating whether to restructure a loan, management analyzes the long-term financial condition of the borrower, including guarantor and collateral support, to determine whether the proposed concessions will increase the likelihood of repayment of principal and interest.

The following table presents restructured loans segregated by class:

| | Number of Loans | Pre- Modification Outstanding Recorded Investment | Post- Modification Outstanding Recorded Investment |
|-------------------------------------|--------------------|---|--|
| March 31, 2012 | | | |
| Commercial, financial, agricultural | | \$ | \$ |
| Lease financing | | | |
| Real estate construction | | | |
| Real estate 1-4 family mortgage | 17 | 19,612 | 16,794 |
| Real estate commercial mortgage | 14 | 19,187 | 18,750 |
| Installment loans to individuals | 1 | 184 | 177 |
| Total | 32 | \$ 38,983 | \$ 35,721 |
| December 31, 2011 | | | |
| Commercial, financial, agricultural | | \$ | \$ |
| Lease financing | | | |
| Real estate construction | | | |
| Real estate 1-4 family mortgage | 18 | 20,313 | 18,089 |
| Real estate commercial mortgage | 12 | 17,853 | 18,043 |
| Installment loans to individuals | 1 | 184 | 179 |
| Total | 31 | \$ 38,350 | \$ 36,311 |

Changes in the Company's restructured loans are set forth in the table below:

| | Number of Loans | Recorded Investment |
|-----------------------------------|--------------------|------------------------|
| Totals at January 1, 2012 | 31 | \$ 36,311 |
| Additional loans with concessions | 4 | 2,620 |
| Reductions due to: | | |

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| | | |
|-------------------------------------|-----------|------------------|
| Reclassified as nonperforming | (1) | (686) |
| Charge-offs | | (183) |
| Transfer to other real estate owned | (1) | (419) |
| Principal paydowns | | (1,243) |
| Lapse of concession period | (1) | (679) |
| Totals at March 31, 2012 | 32 | \$ 35,721 |

The allocated allowance for loan losses attributable to restructured loans was \$6,337 and \$5,994 at March 31, 2012 and December 31, 2011, respectively. The Company had \$194 in remaining availability under commitments to lend additional funds on these restructured loans at March 31, 2012 and December 31, 2011, respectively.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)*Credit Quality*

For commercial and commercial real estate secured loans, internal risk-rating grades are assigned by lending, credit administration or loan review personnel, based on an analysis of the financial and collateral strength and other credit attributes underlying each loan. Management analyzes the resulting ratings, as well as other external statistics and factors such as delinquency, to track the migration performance of the portfolio balances of commercial and commercial real estate secured loans. Loan grades range between 1 and 9, with 1 being loans with the least credit risk. Loans that migrate toward the Pass grade (those with a risk rating between 1 and 4) or within the Pass grade generally have a lower risk of loss and therefore a lower risk factor. The Watch grade (those with a risk rating of 5) is utilized on a temporary basis for Pass grade loans where a significant risk-modifying action is anticipated in the near term. Loans that migrate toward the Substandard grade (those with a risk rating between 6 and 9) generally have a higher risk of loss and therefore a higher risk factor applied to those related loan balances. The following table presents the Company's loan portfolio by risk-rating grades:

| | Pass | Watch | Substandard | Total |
|-------------------------------------|---------------------|------------------|------------------|---------------------|
| March 31, 2012 | | | | |
| Commercial, financial, agricultural | \$ 196,147 | \$ 2,419 | \$ 4,527 | \$ 203,093 |
| Real estate construction | 45,330 | 2,725 | 108 | 48,163 |
| Real estate 1-4 family mortgage | 86,150 | 32,610 | 36,016 | 154,776 |
| Real estate commercial mortgage | 888,200 | 52,664 | 39,007 | 979,871 |
| Installment loans to individuals | 32 | | | 32 |
| Total | \$ 1,215,859 | \$ 90,418 | \$ 79,658 | \$ 1,385,935 |
| December 31, 2011 | | | | |
| Commercial, financial, agricultural | \$ 187,550 | \$ 2,929 | \$ 7,292 | \$ 197,771 |
| Real estate construction | 52,593 | 2,362 | 108 | 55,063 |
| Real estate 1-4 family mortgage | 86,858 | 31,851 | 35,809 | 154,518 |
| Real estate commercial mortgage | 873,614 | 54,949 | 41,874 | 970,437 |
| Installment loans to individuals | 199 | | | 199 |
| Total | \$ 1,200,814 | \$ 92,091 | \$ 85,083 | \$ 1,377,988 |

For portfolio balances of consumer, consumer mortgage and certain other similar loan types, allowance factors are determined based on historical loss ratios by portfolio for the preceding eight quarters and may be adjusted by other qualitative criteria. The following table presents the performing status of the Company's loan portfolio not subject to risk rating:

| | Performing | Non-Performing | Total |
|-------------------------------------|------------|----------------|-----------|
| March 31, 2012 | | | |
| Commercial, financial, agricultural | \$ 59,863 | \$ 360 | \$ 60,223 |
| Lease financing | 313 | | 313 |
| Real estate construction | 19,061 | | 19,061 |

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| | | | |
|----------------------------------|------------|----------|------------|
| Real estate 1-4 family mortgage | 577,464 | 5,014 | 582,478 |
| Real estate commercial mortgage | 169,013 | 596 | 169,609 |
| Installment loans to individuals | 54,559 | 166 | 54,725 |
| Total | \$ 880,273 | \$ 6,136 | \$ 886,409 |

December 31, 2011

| | | | |
|-------------------------------------|------------|----------|------------|
| Commercial, financial, agricultural | \$ 61,864 | \$ 198 | \$ 62,062 |
| Lease financing | 343 | | 343 |
| Real estate construction | 18,756 | 340 | 19,096 |
| Real estate 1-4 family mortgage | 554,702 | 5,951 | 560,653 |
| Real estate commercial mortgage | 156,050 | 756 | 156,806 |
| Installment loans to individuals | 55,356 | 169 | 55,525 |
| Total | \$ 847,071 | \$ 7,414 | \$ 854,485 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)*Loans Acquired with Deteriorated Credit Quality*

Loans acquired in business combinations that exhibited, at the date of acquisition, evidence of deterioration of the credit quality since origination, such that it was probable that all contractually required payments would not be collected, were as follows for the periods presented:

| | Impaired Covered Loans | Other Covered Loans | Not Covered Loans | Total |
|-------------------------------------|------------------------------|---------------------------|-------------------------|------------|
| March 31, 2012 | | | | |
| Commercial, financial, agricultural | \$ 38 | \$ 15,168 | \$ 404 | \$ 15,610 |
| Lease financing | | | | |
| Real estate construction | 4,012 | 2,189 | | 6,201 |
| Real estate 1-4 family mortgage | 11,678 | 88,092 | 1,510 | 101,280 |
| Real estate commercial mortgage | 42,162 | 154,592 | 3,944 | 200,698 |
| Installment loans to individuals | | 158 | 3,766 | 3,924 |
| Total | \$ 57,890 | \$ 260,199 | \$ 9,624 | \$ 327,713 |
| December 31, 2011 | | | | |
| Commercial, financial, agricultural | \$ 38 | \$ 17,765 | \$ 455 | \$ 18,258 |
| Lease financing | | | | |
| Real estate construction | 4,031 | 3,045 | | 7,076 |
| Real estate 1-4 family mortgage | 12,252 | 95,671 | 1,533 | 109,456 |
| Real estate commercial mortgage | 44,994 | 161,498 | 2,900 | 209,392 |
| Installment loans to individuals | | 168 | 4,276 | 4,444 |
| Total | \$ 61,315 | \$ 278,147 | \$ 9,164 | \$ 348,626 |

The following table presents the fair value of loans determined to be impaired at the time of acquisition and determined not to be impaired at the time of acquisition at March 31, 2012:

| | Impaired Covered Loans | Other Covered Loans | Not Covered Loans | Total |
|---|------------------------------|---------------------------|-------------------------|------------|
| Contractually-required principal and interest | \$ 87,483 | \$ 303,435 | \$ 12,823 | \$ 403,741 |
| Nonaccretable difference ⁽¹⁾ | (29,558) | (32,187) | (1,088) | (62,833) |
| Cash flows expected to be collected | 57,925 | 271,248 | 11,735 | 340,908 |
| Accretable yield ⁽²⁾ | (35) | (11,049) | (2,111) | (13,195) |

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| | | | | |
|------------|-----------|------------|----------|------------|
| Fair value | \$ 57,890 | \$ 260,199 | \$ 9,624 | \$ 327,713 |
|------------|-----------|------------|----------|------------|

(1) Represents contractual principal and interest cash flows of \$50,717 and \$12,116, respectively, not expected to be collected.

(2) Represents future interest payments of \$7,120 expected to be collected and purchase discount of \$6,075.

Changes in the accretable yield of loans acquired with deteriorated credit quality were as follows:

| | Impaired Covered Loans | Other Covered Loans | Not Covered Loans | Total |
|---|---------------------------------------|------------------------------------|----------------------------------|--------------|
| Balance at January 1, 2012 | \$ (40) | \$ (2,973) | \$ (353) | \$ (3,366) |
| Reclasses from nonaccretable difference | | (1,737) | (1,926) | (3,663) |
| Accretion | 5 | 524 | 425 | 954 |
| Balance at March 31, 2012 | \$ (35) | \$ (4,186) | \$ (1,854) | \$ (6,075) |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)*Allowance for Loan Losses*

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable credit losses inherent in the entire loan portfolio. The appropriate level of the allowance is based on an ongoing analysis of the loan portfolio and represents an amount that management deems adequate to provide for inherent losses, including collective impairment as recognized under ASC 450, Contingencies. Collective impairment is calculated based on loans grouped by grade. Another component of the allowance is losses on loans assessed as impaired under ASC 310. The balance of these loans and their related allowance is included in management's estimation and analysis of the allowance for loan losses. Management and the internal loan review staff evaluate the adequacy of the allowance for loan losses quarterly. The allowance for loan losses is evaluated based on a continuing assessment of problem loans, the types of loans, historical loss experience, new lending products, emerging credit trends, changes in the size and character of loan categories and other factors, including its risk rating system, regulatory guidance and economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for loan losses is established through a provision for loan losses charged to earnings resulting from measurements of inherent credit risk in the loan portfolio and estimates of probable losses or impairments of individual loans. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The following table provides a rollforward of the allowance for loan losses and a breakdown of the ending balance of the allowance based on the Company's impairment methodology for the periods presented:

| | Commercial | Real Estate - Construction | Real Estate - 1-4 Family Mortgage | Real Estate - Commercial Mortgage | Installment and Other ⁽¹⁾ | Total |
|---|------------|----------------------------------|---|--|--|-----------|
| Three Months Ended March 31, 2012 | | | | | | |
| Allowance for loan losses: | | | | | | |
| Beginning balance | \$ 4,197 | \$ 1,073 | \$ 17,191 | \$ 20,979 | \$ 900 | \$ 44,340 |
| Provision for loan losses | 389 | (187) | 3,414 | 1,230 | (46) | 4,800 |
| Charge-offs | (1,388) | (4) | (1,874) | (1,882) | (71) | (5,219) |
| Recoveries | 22 | | 161 | 52 | 20 | 255 |
| Ending balance | \$ 3,220 | \$ 882 | \$ 18,892 | \$ 20,379 | \$ 803 | \$ 44,176 |
| Period-End Amount Allocated to: | | | | | | |
| Individually evaluated for impairment | \$ 868 | \$ 16 | \$ 5,722 | \$ 6,868 | \$ | \$ 13,474 |
| Collectively evaluated for impairment | 2,352 | 866 | 13,170 | 13,511 | 803 | 30,702 |
| Acquired with deteriorated credit quality | | | | | | |
| Ending balance | \$ 3,220 | \$ 882 | \$ 18,892 | \$ 20,379 | \$ 803 | \$ 44,176 |
| Three Months Ended March 31, 2011 | | | | | | |
| Allowance for loan losses: | | | | | | |
| Beginning balance | \$ 2,625 | \$ 2,115 | \$ 20,870 | \$ 18,779 | \$ 1,026 | \$ 45,415 |

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| | | | | | | |
|---------------------------|----------|----------|-----------|-----------|--------|-----------|
| Provision for loan losses | 660 | (151) | 3,652 | 1,365 | (26) | 5,500 |
| Charge-offs | (145) | (229) | (3,531) | (551) | (56) | (4,512) |
| Recoveries | 142 | | 116 | 817 | 27 | 1,102 |
| Ending balance | \$ 3,282 | \$ 1,735 | \$ 21,107 | \$ 20,410 | \$ 971 | \$ 47,505 |

Period-End Amount Allocated to:

| | | | | | | |
|---|----------|----------|-----------|-----------|--------|-----------|
| Individually evaluated for impairment | \$ 674 | \$ 711 | \$ 7,931 | \$ 6,819 | \$ | \$ 16,135 |
| Collectively evaluated for impairment | 2,608 | 1,024 | 13,176 | 13,591 | 971 | 31,370 |
| Acquired with deteriorated credit quality | | | | | | |
| Ending balance | \$ 3,282 | \$ 1,735 | \$ 21,107 | \$ 20,410 | \$ 971 | \$ 47,505 |

⁽¹⁾ Includes lease financing receivables.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note D Loans and the Allowance for Loan Losses (continued)

The following table provides recorded investment in loans, net of unearned income, based on the Company's impairment methodology as of the dates presented:

| | Commercial | Real Estate - Construction | Real Estate - 1-4 Family Mortgage | Real Estate - Commercial Mortgage | Installment and Other (1) | Total |
|---|------------|-------------------------------|---|---|---------------------------------|--------------|
| March 31, 2012 | | | | | | |
| Individually evaluated for impairment | \$ 5,254 | \$ 6,310 | \$ 48,888 | \$ 93,693 | \$ | \$ 154,145 |
| Collectively evaluated for impairment | 258,062 | 60,914 | 688,366 | 1,055,786 | 55,060 | 2,118,188 |
| Acquired with deteriorated credit quality | 15,610 | 6,201 | 101,280 | 200,698 | 3,924 | 327,713 |
| Ending balance | \$ 278,926 | \$ 73,425 | \$ 838,534 | \$ 1,350,177 | \$ 58,984 | \$ 2,600,046 |
| December 31, 2011 | | | | | | |
| Individually evaluated for impairment | \$ 6,271 | \$ 7,184 | \$ 53,832 | \$ 99,405 | \$ | \$ 166,692 |
| Collectively evaluated for impairment | 253,562 | 66,975 | 661,339 | 1,027,838 | 56,052 | 2,065,766 |
| Acquired with deteriorated credit quality | 18,258 | 7,076 | 109,456 | 209,392 | 4,444 | 348,626 |
| Ending balance | \$ 278,091 | \$ 81,235 | \$ 824,627 | \$ 1,336,635 | \$ 60,496 | \$ 2,581,084 |

(1) Includes lease financing receivables.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note E Other Real Estate Owned*(In Thousands)*

The following table provides details of the Company's other real estate owned (OREO) covered and not covered under a loss-share agreement:

| | Covered OREO | Not Covered OREO | Total OREO |
|------------------------------|------------------|---------------------|-------------------|
| March 31, 2012 | | | |
| Residential real estate | \$ 6,281 | \$ 11,733 | \$ 18,014 |
| Commercial real estate | 8,004 | 11,571 | 19,575 |
| Residential land development | 5,563 | 34,092 | 39,655 |
| Commercial land development | 15,613 | 7,355 | 22,968 |
| Other | | 180 | 180 |
| Total | \$ 35,461 | \$ 64,931 | \$ 100,392 |
| December 31, 2011 | | | |
| Residential real estate | \$ 11,110 | \$ 15,364 | \$ 26,474 |
| Commercial real estate | 8,211 | 11,479 | 19,690 |
| Residential land development | 4,441 | 36,105 | 40,546 |
| Commercial land development | 19,394 | 7,131 | 26,525 |
| Total | \$ 43,156 | \$ 70,079 | \$ 113,235 |

Changes in the Company's OREO covered and not covered under a loss-share agreement were as follows:

| | Covered OREO | Not Covered OREO | Total OREO |
|----------------------------------|------------------|---------------------|-------------------|
| Balance at January 1, 2012 | \$ 43,156 | \$ 70,079 | \$ 113,235 |
| Transfers of loans | 3,850 | 3,631 | 7,481 |
| Capitalized improvements | | 353 | 353 |
| Impairments ⁽¹⁾ | (2,666) | (1,565) | (4,231) |
| Dispositions | (8,873) | (7,551) | (16,424) |
| Other | (6) | (16) | (22) |
| Balance at March 31, 2012 | \$ 35,461 | \$ 64,931 | \$ 100,392 |

⁽¹⁾ Of the total impairment charges of \$2,666 recorded for covered OREO, \$533 was included in the Consolidated Statements of Income for the three months ended March 31, 2012, while the remaining \$2,133 increased the FDIC loss-share indemnification asset. Components of the line item "Other real estate owned" in the Consolidated Statements of Income were as follows:

| | Three Months Ended | |
|--------------------------|---------------------------|-----------------|
| | March 31, | |
| | 2012 | 2011 |
| Carrying costs | \$ 1,035 | \$ 989 |
| Impairments | 2,098 | 969 |
| Net losses on OREO sales | 991 | 1,631 |
| Rental income | (125) | (78) |
| Total | \$ 3,999 | \$ 3,511 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note F Employee Benefit and Deferred Compensation Plans*(In Thousands, Except Share Data)*

The plan expense for the Company-sponsored noncontributory defined benefit pension plan (Pension Benefits) and post-retirement health and life plans (Other Benefits) for the periods presented was as follows:

| | Pension Benefits | | Other Benefits | |
|--------------------------------|--------------------|-------|--------------------|-------|
| | Three Months Ended | | Three Months Ended | |
| | March 31, | | March 31, | |
| | 2012 | 2011 | 2012 | 2011 |
| Service cost | \$ | \$ | \$ 6 | \$ 9 |
| Interest cost | 215 | 236 | 16 | 23 |
| Expected return on plan assets | (298) | (287) | | |
| Prior service cost recognized | | | | |
| Recognized actuarial loss | 89 | 77 | 18 | 39 |
| Recognized curtailment loss | | | | |
| Net periodic benefit cost | \$ 6 | \$ 26 | \$ 40 | \$ 71 |

In January 2012 and 2011, the Company granted stock options which generally vest and become exercisable in equal installments of 33 1/3% upon completion of one, two and three years of service measured from the grant date. The fair value of stock option grants is estimated on the grant date using the Black-Scholes option-pricing model. The Company employed the following assumptions with respect to its stock option grants in 2012 and 2011 for the three month periods ended March 31, 2012 and 2011:

| | 2012 Grant | 2011 Grant |
|---------------------------------|------------|------------|
| Shares granted | 172,000 | 170,000 |
| Dividend yield | 4.55% | 4.02% |
| Expected volatility | 37% | 36% |
| Risk-free interest rate | 0.79% | 1.97% |
| Expected lives | 6 years | 6 years |
| Weighted average exercise price | \$ 14.96 | \$ 16.91 |
| Weighted average fair value | \$ 3.10 | \$ 3.93 |

In addition, the Company awarded 7,500 shares of time-based restricted stock and 34,000 shares of performance-based restricted stock in January 2012. The time-based restricted stock is earned 100% upon completion of three years of service measured from the grant date. The performance-based restricted stock is earned, if at all, if the Company meets or exceeds financial performance results defined by the board of directors for the year in which the grant was made. The fair value of the restricted stock grants on the date of the grants was \$14.96 per share.

During the three months ended March 31, 2012, the Company reissued 39,664 shares from treasury in connection with the exercise of stock-based compensation. The Company recorded total stock-based compensation expense of \$292 and \$305 for the three months ended March 31, 2012 and 2011, respectively.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note G Segment Reporting*(In Thousands)*

The operations of the Company's reportable segments are described as follows:

The Community Banks segment delivers a complete range of banking and financial services to individuals and small to medium-sized businesses including checking and savings accounts, business and personal loans, equipment leasing, as well as safe deposit and night depository facilities.

The Insurance segment includes a full service insurance agency offering all lines of commercial and personal insurance through major carriers.

The Wealth Management segment offers a broad range of fiduciary services which includes the administration and management of trust accounts including personal and corporate benefit accounts, self-directed IRAs, and custodial accounts. In addition, the Wealth Management segment offers annuities, mutual funds and other investment services through a third party broker-dealer.

In order to give the Company's divisional management a more precise indication of the income and expenses they can control, the results of operations for the Community Banks, the Insurance and the Wealth Management segments reflect the direct revenues and expenses of each respective segment. Indirect revenues and expenses, including but not limited to income from the Company's investment portfolio, as well as certain costs associated with data processing and back office functions, primarily support the operations of the community banks and, therefore, are included in the results of the Community Banks segment. Included in Other are the operations of the holding company and other eliminations which are necessary for purposes of reconciling to the consolidated amounts.

The following table provides financial information for our operating segments for the periods presented:

| | Community Banks | Insurance | Wealth Management | Other | Consolidated |
|----------------------------|--------------------|-----------|----------------------|----------|--------------|
| Three Months Ended | | | | | |
| March 31, 2012 | | | | | |
| Net interest income | \$ 33,105 | \$ 24 | \$ 363 | \$ (649) | \$ 32,843 |
| Provision for loan losses | 4,794 | | 6 | | 4,800 |
| Noninterest income | 13,245 | 1,169 | 1,951 | 22 | 16,387 |
| Noninterest expense | 34,263 | 783 | 1,466 | 109 | 36,621 |
| Income before income taxes | 7,293 | 410 | 842 | (736) | 7,809 |
| Income taxes | 1,732 | 159 | 226 | (282) | 1,835 |
| Net income (loss) | \$ 5,561 | \$ 251 | \$ 616 | \$ (454) | \$ 5,974 |
| Total assets | \$ 4,118,598 | \$ 10,377 | \$ 41,528 | \$ 5,987 | \$ 4,176,490 |
| Goodwill | 182,096 | 2,783 | | | 184,879 |

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Three Months Ended

March 31, 2011

| | | | | | |
|----------------------------|--------------|----------|-----------|----------|--------------|
| Net interest income | \$ 31,395 | \$ 32 | \$ 316 | \$ (607) | \$ 31,136 |
| Provision for loan losses | 5,520 | | (20) | | 5,500 |
| Noninterest income | 18,767 | 1,143 | 1,066 | 19 | 20,995 |
| Noninterest expense | 34,294 | 723 | 896 | 80 | 35,993 |
| Income before income taxes | 10,348 | 452 | 506 | (668) | 10,638 |
| Income taxes | 3,011 | 174 | 155 | (255) | 3,085 |
| Net income (loss) | \$ 7,337 | \$ 278 | \$ 351 | \$ (413) | \$ 7,553 |
| Total assets | \$ 4,368,067 | \$ 9,067 | \$ 37,193 | \$ 7,837 | \$ 4,422,164 |
| Goodwill | 182,096 | 2,783 | | | 184,879 |

In connection with the acquisition of American Trust, the Company recognized a gain on acquisition of \$8,774 in the three months ended March 31, 2011, which is included in Noninterest income for the Community Banks segment in the table above.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note H Fair Value Measurements*(In Thousands)**Fair Value Measurements and the Fair Level Hierarchy*

The following methods and assumptions are used by the Company to estimate the fair values of the Company's financial assets and liabilities that are measured on a recurring basis:

Securities available for sale: Securities available for sale consist primarily of debt securities such as obligations of U.S. Government agencies and corporations, mortgage-backed securities, trust preferred securities, and other debt securities. For securities available for sale, fair values for debt securities are based on quoted market prices, where available, or a discounted cash flow model. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The fair value of equity securities traded in an active market is based on quoted market prices; for equity securities not traded in an active market, fair value approximates their historical cost.

Derivative instruments: Interest rate contracts, including swaps, caps and/or floors, are extensively traded in over-the-counter markets at prices based upon projections of future cash payments/receipts discounted at market rates. The fair value of the Company's interest rate contracts is determined based upon discounted cash flows. The fair values of the Company's interest rate lock commitments to fund fixed-rate residential mortgage loans and forward commitments to sell residential mortgage loans to secondary market investors are based on readily available quoted market prices.

The following table presents assets and liabilities that are measured at fair value on a recurring basis:

| | Level 1 | Level 2 | Level 3 | Totals |
|--|---------|------------|-----------|------------|
| March 31, 2012 | | | | |
| Financial assets: | | | | |
| Securities available for sale: | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ | \$ 2,389 | \$ | \$ 2,389 |
| Residential mortgage-backed securities: | | | | |
| Government agency mortgage backed securities | | 239,575 | | 239,575 |
| Government agency collateralized mortgage obligations | | 155,595 | | 155,595 |
| Commercial mortgage-backed securities: | | | | |
| Government agency mortgage backed securities | | 36,566 | | 36,566 |
| Government agency collateralized mortgage obligations | | 5,246 | | 5,246 |
| Trust preferred securities | | | 12,866 | 12,866 |
| Other debt securities | | 21,483 | | 21,483 |
| Other equity securities | | | 2,660 | 2,660 |
| Total securities available for sale | | 460,854 | 15,526 | 476,380 |
| Derivative instruments: | | | | |
| Interest rate contracts | | 1,881 | | 1,881 |
| Interest rate lock commitments | | 795 | | 795 |
| Total derivative instruments | | 2,676 | | 2,676 |
| Total financial assets | \$ | \$ 463,530 | \$ 15,526 | \$ 479,056 |

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Financial liabilities:

Derivative instruments:

| | | | | | | |
|-------------------------------------|----|----|--------------|----|----|--------------|
| Interest rate swap | \$ | \$ | 179 | \$ | \$ | 179 |
| Interest rate contracts | | | 1,870 | | | 1,870 |
| Forward commitments | | | 66 | | | 66 |
| Total derivative instruments | | | 2,115 | | | 2,115 |
| Total financial liabilities | \$ | \$ | 2,115 | \$ | \$ | 2,115 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note H Fair Value Measurements (continued)

| | \$xxxxx.xx Level 1 | \$xxxxx.xx Level 2 | \$xxxxx.xx Level 3 | \$xxxxx.xx Totals |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| December 31, 2011 | | | | |
| Financial assets: | | | | |
| Securities available for sale: | | | | |
| Obligations of other U.S. Government agencies and corporations | \$ | \$ 17,395 | \$ | \$ 17,395 |
| Residential mortgage-backed securities: | | | | |
| Government agency mortgage backed securities | | 230,667 | | 230,667 |
| Government agency collateralized mortgage obligations | | 136,987 | | 136,987 |
| Commercial mortgage-backed securities: | | | | |
| Government agency mortgage backed securities | | 36,669 | | 36,669 |
| Government agency collateralized mortgage obligations | | 5,316 | | 5,316 |
| Trust preferred securities | | | 12,785 | 12,785 |
| Other debt securities | | 21,875 | | 21,875 |
| Other equity securities | | | 2,237 | 2,237 |
| Total securities available for sale | | 448,909 | 15,022 | 463,931 |
| Derivative instruments: | | | | |
| Interest rate contracts | | 2,132 | | 2,132 |
| Interest rate lock commitments | | 1,197 | | 1,197 |
| Total derivative instruments | | 3,329 | | 3,329 |
| Total financial assets | \$ | \$ 452,238 | \$ 15,022 | \$ 467,260 |
| Financial liabilities: | | | | |
| Derivative instruments: | | | | |
| Interest rate contracts | \$ | \$ 2,063 | \$ | \$ 2,063 |
| Forward commitments | | 427 | | 427 |
| Total derivative instruments | | 2,490 | | 2,490 |
| Total financial liabilities | \$ | \$ 2,490 | \$ | \$ 2,490 |

The following table provides a reconciliation for assets and liabilities measured at fair value on a recurring basis using Level 3 inputs during the three months ended March 31, 2012:

| | Trust preferred securities | Securities available for sale Other equity securities | Total |
|--|-------------------------------|---|-----------|
| Balance at January 1, 2012 | \$ 12,785 | \$ 2,237 | \$ 15,022 |
| Transfers out of Level 3 | | | |
| Realized gains (losses) included in net income | | | |

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| | | | |
|---|-----------|----------|-----------|
| Unrealized gains included in other comprehensive income | 1,033 | 423 | 1,456 |
| Reclassification adjustment | (952) | | (952) |
| Settlements | | | |
| Balance at March 31, 2012 | \$ 12,866 | \$ 2,660 | \$ 15,526 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note H Fair Value Measurements (continued)

Certain assets may be recorded at fair value on a nonrecurring basis. These nonrecurring fair value adjustments typically are a result of the application of the lower of cost or market accounting or a write-down occurring during the period. The following methods and assumptions are used by the Company to estimate the fair values of the Company's financial assets and liabilities measured on a nonrecurring basis:

Mortgage loans held for sale: Mortgage loans held for sale are carried at the lower of cost or fair value. If fair value is used, it is determined using current secondary market prices for loans with similar characteristics, that is, using Level 2 inputs. Mortgage loans held for sale were carried at cost on the Consolidated Balance Sheets at March 31, 2012 and December 31, 2011, respectively.

Impaired loans: Loans considered impaired are reserved for at the time the loan is identified as impaired taking into account the fair value of the collateral less estimated selling costs. Collateral may be real estate and/or business assets including but not limited to equipment, inventory and accounts receivable. The fair value of real estate is determined based on appraisals by qualified licensed appraisers. The fair value of the business assets is generally based on amounts reported on the business's financial statements. Appraised and reported values may be adjusted based on changes in market conditions from the time of valuation and management's knowledge of the client and the client's business. Since not all valuation inputs are observable, these nonrecurring fair value determinations are classified as Level 3. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors previously identified. Impaired loans covered under loss-share agreements were recorded at their fair value upon the acquisition date, and no fair value adjustments were necessary for the three months ended March 31, 2012 and 2011, respectively. The following table presents impaired loans measured at fair value on a nonrecurring basis:

| | March 31, 2012 | December 31, 2011 |
|--|-------------------|----------------------|
| Impaired loans | \$ 65,015 | \$ 66,018 |
| Specific reserve included in allowance for loan losses | \$ 13,474 | \$ 15,410 |

The allocated allowance for loan losses for impaired loans is based on the carrying value of the impaired loan and the fair value of the underlying collateral less estimated costs to sell.

Other real estate owned: OREO is comprised of commercial and residential real estate obtained in partial or total satisfaction of loan obligations. OREO covered under loss-share agreements was recorded at its fair value at its acquisition date. OREO not covered under loss-share agreements acquired in settlement of indebtedness is recorded at the fair value of the real estate less estimated costs to sell. Subsequently, it may be necessary to record nonrecurring fair value adjustments for declines in fair value. Fair value, when recorded, is determined based on appraisals by qualified licensed appraisers and adjusted for management's estimates of costs to sell. Accordingly, values for OREO are classified as Level 3. The following table presents OREO measured at fair value on a nonrecurring basis that was still held in the Consolidated Balance Sheets:

| | March 31, 2012 | December 31, 2011 |
|---|-------------------|----------------------|
| OREO covered under loss-share agreements: | | |
| Carrying amount prior to remeasurement | \$ 14,594 | \$ 7,111 |
| Impairment recognized in results of operations | (459) | (305) |
| Increase in FDIC loss-share indemnification asset | (1,838) | (1,221) |
| Fair value | \$ 12,297 | \$ 5,585 |

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OREO not covered under loss-share agreements:

| | | |
|--|-----------|-----------|
| Carrying amount prior to remeasurement | \$ 23,186 | \$ 25,252 |
| Impairment recognized in results of operations | (993) | (6,892) |
| Fair value | \$ 22,193 | \$ 18,360 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note H Fair Value Measurements (continued)*Fair Value of Financial Instruments*

The carrying amounts and estimated fair values of the Company's financial instruments, including those assets and liabilities that are not measured and reported at fair value on a recurring basis or nonrecurring basis, were as follows:

| | March 31, 2012 | | December 31, 2011 | |
|--|----------------|--------------|-------------------|--------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets | | | | |
| Cash and cash equivalents | \$ 174,678 | \$ 174,678 | \$ 209,017 | \$ 209,017 |
| Securities held to maturity | 358,039 | 370,205 | 332,410 | 344,618 |
| Securities available for sale | 476,380 | 476,380 | 463,931 | 463,931 |
| Mortgage loans held for sale | 25,216 | 25,216 | 28,222 | 28,222 |
| Loans covered under loss-share agreements | 318,089 | 323,137 | 339,462 | 351,318 |
| Loans not covered under loss-share agreements, net | 2,281,957 | 2,248,015 | 2,197,282 | 2,220,159 |
| FDIC loss-share indemnification asset | 64,195 | 64,195 | 107,754 | 107,754 |
| Derivative instruments | 2,676 | 2,676 | 3,329 | 3,329 |
| Financial liabilities | | | | |
| Deposits | \$ 3,473,166 | \$ 3,480,704 | \$ 3,412,237 | \$ 3,420,775 |
| Short-term borrowings | 7,830 | 7,830 | 11,485 | 11,485 |
| Federal Home Loan Bank advances | 88,193 | 97,280 | 117,454 | 127,976 |
| Junior subordinated debentures | 75,730 | 28,134 | 75,770 | 28,832 |
| TLGP Senior Note | | | 50,000 | 50,384 |
| Derivative instruments | 2,115 | 2,115 | 2,490 | 2,490 |

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. The methodologies for estimating the fair value of financial assets and liabilities that are measured at fair value on a recurring or nonrecurring basis are discussed above.

Cash and cash equivalents: Cash and cash equivalents consist of cash and due from banks and interest-bearing balances with banks. The carrying amount reported in the Consolidated Balance Sheets for cash and cash equivalents approximates fair value based on the short-term nature of these assets.

Securities held to maturity: For securities held to maturity, fair values for debt securities are based on quoted market prices, where available, or a discounted cash flow model. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans covered under loss-share agreements: The fair value of loans covered under loss-share agreements is based on the net present value of future cash proceeds expected to be received using discount rates that are derived from current market rates and reflect the level of interest risk in the covered loans.

Loans not covered under loss-share agreements: For variable-rate loans not covered under loss-share agreements that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values of fixed-rate loans not covered under loss-share agreements, including mortgages, commercial, agricultural and consumer loans, are estimated using a discounted cash flow analysis based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

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FDIC loss-share indemnification asset: The fair value of the FDIC loss-share indemnification asset is based on the net present value of future cash flows expected to be received from the FDIC under the provisions of the loss-share agreements using a discount rate that is based on current market rates for the underlying covered loans. Current market rates are used in light of the uncertainty of the timing and receipt of the loss-share reimbursement from the FDIC.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note H Fair Value Measurements (continued)

Deposits: The fair values disclosed for demand deposits, both interest-bearing and noninterest-bearing, are, by definition, equal to the amount payable on demand at the reporting date. The fair values of certificates of deposit and individual retirement accounts are estimated using a discounted cash flow based on currently effective interest rates for similar types of accounts.

Short-term borrowings: Short-term borrowings consist of securities sold under agreements to repurchase. The fair value of these short-term borrowings approximates the carrying value of the amounts reported in the Consolidated Balance Sheets for each respective account.

Federal Home Loan Bank advances: The fair value for Federal Home Loan Bank (FHLB) advances is determined by discounting the future cash flows using the current market rate.

Junior subordinated debentures: The fair value for the Company's junior subordinated debentures is determined by discounting the future cash flows using the current market rate.

TLGP Senior Note: The fair value for the Company's senior note guaranteed by the FDIC under the Temporary Liquidity Guarantee Program (TLGP) is determined by discounting the future cash flows using the current market rate. The outstanding balance of the Company's TLGP note was paid in full in March 2012.

Note I Derivative Instruments

(In Thousands)

The Company utilizes derivative financial instruments, including interest rate contracts such as swaps, caps and/or floors, as part of its ongoing efforts to mitigate its interest rate risk exposure and to facilitate the needs of its customers.

In the first quarter of 2011, the Company began entering into derivative instruments that are not designated as hedging instruments to help its commercial customers manage their exposure to interest rate fluctuations. To mitigate the interest rate risk associated with these customer contracts, the Company enters into an offsetting derivative contract position. The Company manages its credit risk, or potential risk of default by its commercial customers, through credit limit approval and monitoring procedures. At March 31, 2012, the Company had notional amounts of \$45,919 on interest rate contracts with corporate customers and \$45,919 in offsetting interest rate contracts with other financial institutions to mitigate the Company's rate exposure on its corporate customers' contracts and certain fixed-rate loans.

In March 2012, the Company entered into an interest rate swap agreement effective March 31, 2014. Beginning on the effective date, the Company will receive a variable rate of interest based on the three-month LIBOR plus 150 basis points and pay a fixed rate of interest of 4.42%. The agreement, which terminates March 30, 2022, is accounted for as a cash flow hedge to reduce the variability in cash flows resulting from changes in interest rates on \$12,000 of the Company's junior subordinated debentures. The interest rate swap had a fair value of \$(179) at March 31, 2012.

In May 2010, the Company terminated two interest rate swaps, each designated as a cash flow hedge, designed to convert the variable interest rate on an aggregate of \$75,000 of loans to a fixed rate. As of the termination date, there were \$1,679 of deferred gains related to the swaps, which are being amortized into interest income over the designated hedging periods ending in August 2012 and August 2013. Deferred gains related to the swaps of \$152 and \$150 were amortized into net interest income for the three months ended March 31, 2012 and 2011, respectively.

The Company enters into interest rate lock commitments with its customers to mitigate the interest rate risk associated with the commitments to fund fixed-rate residential mortgage loans. The notional amount of commitments to fund fixed-rate mortgage loans was \$43,051 and \$56,217 at

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March 31, 2012 and December 31, 2011, respectively. The Company also enters into forward commitments to sell residential mortgage loans to secondary market investors. The notional amount of commitments to sell residential mortgage loans to secondary market investors was \$40,195 and \$42,074 at March 31, 2012 and December 31, 2011, respectively.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note I Derivative Instruments (continued)

The following table provides details on the Company's derivative financial instruments:

| | March 31, 2012 | | December 31, 2011 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| Derivative assets: | | | | |
| Not designated as hedging instruments: | | | | |
| Interest rate contracts | Other Assets | \$ 1,881 | Other Assets | \$ 2,132 |
| Interest rate lock commitments | Other Assets | 795 | Other Assets | 1,197 |
| Totals | | \$ 2,676 | | \$ 3,329 |
| Derivative liabilities: | | | | |
| Designated as hedging instruments: | | | | |
| Interest rate swap | Other Liabilities | \$ 179 | Other Liabilities | \$ |
| Totals | | \$ 179 | | \$ |
| Not designated as hedging instruments: | | | | |
| Interest rate contracts | Other Liabilities | \$ 1,870 | Other Liabilities | \$ 2,063 |
| Forward commitments | Other Liabilities | 66 | Other Liabilities | 427 |
| Totals | | \$ 1,936 | | \$ 2,490 |

Gains (losses) included in the Consolidated Statements of Income related to the Company's derivative financial instruments were as follows:

| | Three Months Ended | |
|--|--------------------|----------------|
| | March 31, 2012 | March 31, 2011 |
| Derivatives designated as hedging instruments: | | |
| Interest rate swaps (terminated May 2010): | | |
| Included in interest income on loans | \$ 152 | \$ 150 |
| Total | \$ 152 | \$ 150 |
| Derivatives not designated as hedging instruments: | | |
| Interest rate contracts: | | |
| Included in interest income on loans | \$ 334 | \$ 49 |
| Included in other noninterest expense | 11 | |
| Interest rate lock commitments: | | |

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| | | |
|--|-----------------|-----------------|
| Included in gains on sales of mortgage loans held for sale | (401) | (200) |
| Forward commitments | | |
| Included in gains on sales of mortgage loans held for sale | (55) | |
| Total | \$ (111) | \$ (151) |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note J Other Comprehensive Income*(In Thousands)*

Changes in the components of other comprehensive income were as follows:

| | Pre-Tax | Tax Expense (Benefit) | Net of Tax |
|---|---------------|--------------------------|---------------|
| Three Months Ended March 31, 2012 | | | |
| Securities available for sale: | | | |
| Unrealized holding gains on securities | \$ 1,648 | \$ 630 | \$ 1,018 |
| Non-credit related portion of other-than-temporary impairment on securities | | | |
| Reclassification adjustment for gains realized in net income | (904) | (346) | (558) |
| Amortization of unrealized holding gains on securities transferred to the held to maturity category | (165) | (63) | (102) |
| Total securities available for sale | 579 | 221 | 358 |
| Derivative instruments: | | | |
| Unrealized holding losses on derivative instruments | (179) | (68) | (111) |
| Reclassification adjustment for gains realized in net income | (152) | (58) | (94) |
| Total derivative instruments | (331) | (126) | (205) |
| Defined benefit pension and post-retirement benefit plans: | | | |
| Net gain (loss) arising during the period | | | |
| Amortization of net actuarial loss recognized in net periodic pension cost | 107 | 41 | 66 |
| Total defined benefit pension and post-retirement benefit plans | 107 | 41 | 66 |
| Total other comprehensive income | \$ 355 | \$ 136 | \$ 219 |
| Three Months Ended March 31, 2011 | | | |
| Securities available for sale: | | | |
| Unrealized holding gains on securities | \$ 449 | \$ 172 | \$ 277 |
| Non-credit related portion of other-than-temporary impairment on securities | | | |
| Reclassification adjustment for gains realized in net income | (12) | (5) | (7) |
| Amortization of unrealized holding gains on securities transferred to the held to maturity category | (274) | (105) | (169) |
| Total securities available for sale | 163 | 62 | 101 |
| Derivative instruments: | | | |
| Reclassification adjustment for gains realized in net income | (150) | (57) | (93) |
| Total derivative instruments | (150) | (57) | (93) |

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| | | | |
|--|--------|-------|-------|
| Defined benefit pension and post-retirement benefit plans: | | | |
| Net gain (loss) arising during the period | | | |
| Amortization of net actuarial loss recognized in net periodic pension cost | 115 | 44 | 71 |
| Total defined benefit pension and post-retirement benefit plans | 115 | 44 | 71 |
| Total other comprehensive income | \$ 128 | \$ 49 | \$ 79 |

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Note J Other Comprehensive Income (continued)

The accumulated balances for each component of other comprehensive income, net of tax, were as follows:

| | March 31, 2012 | December 31, 2011 |
|--|-------------------|----------------------|
| Unrealized gains on securities | \$ 16,001 | \$ 15,643 |
| Non-credit related portion of other-than-temporary impairment on securities | (17,474) | (17,474) |
| Unrealized gains on derivative instruments | 231 | 436 |
| Unrecognized defined benefit pension and post-retirement benefit plans obligations | (6,686) | (6,752) |
| Total accumulated other comprehensive loss | \$ (7,928) | \$ (8,147) |

Note K Net Income Per Common Share

(In Thousands, Except Share Data)

Basic and diluted net income per common share calculations are as follows:

| | Three Months Ended March 31, | |
|---|---------------------------------|------------|
| | 2012 | 2011 |
| Basic | | |
| Net income applicable to common stock | \$ 5,974 | \$ 7,553 |
| Average common shares outstanding | 25,078,996 | 25,052,126 |
| Net income per common share - basic | \$ 0.24 | \$ 0.30 |
| Diluted | | |
| Net income applicable to common stock | \$ 5,974 | \$ 7,553 |
| Average common shares outstanding | 25,078,996 | 25,052,126 |
| Effect of dilutive stock-based compensation | 59,217 | 120,284 |
| Average common shares outstanding - diluted | 25,138,213 | 25,172,410 |
| Net income per common share - diluted | \$ 0.24 | \$ 0.30 |

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In Thousands, Except Share Data)

This Form 10-Q may contain or incorporate by reference statements regarding Renasant Corporation (referred to herein as the Company, we, our, or us) which may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements usually include words such as expects, projects, proposes, anticipates, believes, intends, estimates, strategy, plan, potential, possible and other similar expressions. We are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and that actual results may differ materially from those contemplated by such forward-looking statements.

Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include (1) the Company's ability to efficiently integrate its recent acquisitions into its operations, retain the customers of these businesses and grow the acquired operations; (2) the effect of economic conditions and interest rates on a national, regional or international basis; (3) the timing of the implementation of changes in operations to achieve enhanced earnings or effect cost savings; (4) competitive pressures in the consumer finance, commercial finance, insurance, financial services, asset management, retail banking, mortgage lending and auto lending industries; (5) the financial resources of, and products available to, competitors; (6) changes in laws and regulations, including changes in accounting standards; (7) changes in policy by regulatory agencies; (8) changes in the securities and foreign exchange markets; (9) the Company's potential growth, including its entrance or expansion into new markets, and the need for sufficient capital to support that growth; (10) changes in the quality or composition of the Company's loan or investment portfolios, including adverse developments in borrower industries or in the repayment ability of individual borrowers; (11) an insufficient allowance for loan losses as a result of inaccurate assumptions; (12) general economic, market or business conditions; (13) changes in demand for loan products and financial services; (14) concentration of credit exposure; (15) changes or the lack of changes in interest rates, yield curves and interest rate spread relationships; and (16) other circumstances, many of which are beyond management's control. Management undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

Financial Condition and Results of Operations

Net Income

Net income for the three month period ended March 31, 2012 was \$5,974 compared to net income of \$7,553 for the three month period ended March 31, 2011. Basic and diluted earnings per share for the three month period ended March 31, 2012 were \$0.24 as compared to \$0.30 for the three month period ended March 31, 2011. The higher earnings per share for the first quarter of 2011 as compared to 2012 was due primarily to the acquisition of American Trust Bank and the related one-time gain the Company recorded in connection with the acquisition.

Table of Contents*Net Interest Income*

Net interest income, the difference between interest earned on assets and the cost of interest-bearing liabilities, is the largest component of our net income. The primary concerns in managing net interest income are the mix and the repricing of rate-sensitive assets and liabilities. Net interest income increased 5.48% to \$32,843 for the first three months of 2012 compared to \$31,136 for the same period in 2011. On a tax equivalent basis, net interest income was \$34,339 for the first three months of 2012 as compared to \$32,664 for the first three months of 2011. Net interest margin, the tax equivalent net yield on earning assets, increased to 3.85% during the first three months of 2012 from 3.55% for the same period in 2011.

The following table sets forth average balance sheet data, including all major categories of interest-earning assets and interest-bearing liabilities, together with the interest earned or interest paid and the average yield or average rate paid on each such category for the periods presented:

| | Three Months Ended March 31, | | | | | |
|---|------------------------------|--------------------------------|----------------|--------------------|--------------------------------|----------------|
| | 2012 | | | 2011 | | |
| | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Yield/ Rate |
| Assets | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans ⁽¹⁾ | \$ 2,614,000 | \$ 34,431 | 5.30% | \$ 2,556,572 | \$ 36,061 | 5.72% |
| Securities: | | | | | | |
| Taxable ⁽²⁾ | 583,970 | 4,080 | 2.79 | 660,119 | 5,686 | 3.45 |
| Tax-exempt | 229,856 | 3,405 | 5.93 | 221,689 | 3,418 | 6.17 |
| Interest-bearing balances with banks | 156,131 | 85 | 0.22 | 284,039 | 206 | 0.29 |
| Total interest-earning assets | 3,583,957 | 42,001 | 4.71 | 3,722,419 | 45,371 | 4.93 |
| Cash and due from banks | 74,157 | | | 64,249 | | |
| Intangible assets | 192,429 | | | 191,740 | | |
| FDIC loss-share indemnification asset | 77,989 | | | 161,121 | | |
| Other assets | 293,844 | | | 283,559 | | |
| Total assets | \$ 4,222,376 | | | \$ 4,423,088 | | |
| Liabilities and shareholders' equity | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Deposits: | | | | | | |
| Interest-bearing demand ⁽³⁾ | \$ 1,369,244 | \$ 1,149 | 0.34 | \$ 1,367,955 | \$ 2,988 | 0.89 |
| Savings deposits | 223,482 | 166 | 0.30 | 204,322 | 246 | 0.49 |
| Time deposits | 1,305,024 | 4,104 | 1.26 | 1,576,204 | 6,848 | 1.76 |
| Total interest-bearing deposits | 2,897,750 | 5,419 | 0.75 | 3,148,481 | 10,082 | 1.30 |
| Borrowed funds | 238,937 | 2,243 | 3.76 | 290,201 | 2,625 | 3.63 |
| Total interest-bearing liabilities | 3,136,687 | 7,662 | 0.98 | 3,438,682 | 12,707 | 1.50 |
| Noninterest-bearing deposits | 534,867 | | | 476,115 | | |
| Other liabilities | 58,730 | | | 37,416 | | |
| Shareholders' equity | 492,092 | | | 470,875 | | |
| Total liabilities and shareholders' equity | \$ 4,222,376 | | | \$ 4,423,088 | | |
| Net interest income/net interest margin | | \$ 34,339 | 3.85% | | \$ 32,664 | 3.55% |

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- (1) Includes mortgage loans held for sale and shown net of unearned income.
- (2) U.S. Government and some U.S. Government Agency securities are tax-exempt in the states in which we operate.
- (3) Interest-bearing demand deposits include interest-bearing transactional accounts and money market deposits.

The average balances of nonaccruing assets are included in the table above. Interest income and weighted average yields on tax-exempt loans and securities have been computed on a fully tax equivalent basis assuming a federal tax rate of 35% and a state tax rate of 3.3%, which is net of federal tax benefit.

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Our improvement in net interest income and net interest margin for the first three months of 2012 as compared to the same period in 2011 was partly a result of a change in the mix of interest-earning assets, which included loan growth, a decrease in nonaccrual loans, and a decrease in interest-bearing balances with banks. Changes in the mix of interest-earning liabilities, which included growth in lower costing core deposits offset by a decline in time deposits and borrowed funds, also contributed to the improvement in net interest income and net interest margin.

Interest income, on a tax equivalent basis, was \$42,001 for the first three months of 2012 compared to \$45,371 for the same period in 2011. The decrease in interest income was driven primarily by a decrease in the average balance of interest-earning assets and a decline in the yield on interest-earning assets. The following table presents the percentage of total average earning assets, by type and yield, for the periods presented:

| | Percentage of Total Three Months Ended March 31, | | Yield Three Months Ended March 31, | |
|----------------------|---|---------|---------------------------------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Loans | 72.94% | 68.68% | 5.30% | 5.72% |
| Securities | 22.71 | 23.69 | 3.68 | 4.13 |
| Other | 4.35 | 7.63 | 0.22 | 0.29 |
| Total earning assets | 100.00% | 100.00% | 4.71% | 4.93% |

Interest expense was \$7,662 for the first three months of 2012, a decrease of \$5,045, or 39.70%, as compared to the same period in 2011. The decrease in interest expense was due to the decrease in the cost of interest-bearing liabilities as a result of the declining interest rate environment and a change in the mix of our interest-bearing liabilities in which we utilized lower cost deposits to replace higher costing liabilities, specifically time deposits and borrowed funds. In addition, the average balance of noninterest-bearing deposits increased \$58,752, or 12.34%, during the first three months of 2012 as compared to the same period in 2011. These changes to our funding mix, coupled with a reduction in borrowed funds, reduced our total cost of funds 47 basis points to 0.84% for the first three months of 2012 as compared to 1.31% for the first three months of 2011.

The following table presents, by type, the Company's funding sources, which consist of total average deposits and borrowed funds, and the total cost of each funding source for the periods presented:

| | Percentage of Total Three Months Ended March 31, | | Cost of Funds Three Months Ended March 31, | |
|-----------------------------------|---|---------|---|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Noninterest-bearing demand | 14.57% | 12.16% | % | % |
| Interest-bearing demand | 37.29 | 34.94 | 0.34 | 0.89 |
| Savings | 6.09 | 5.22 | 0.30 | 0.49 |
| Time deposits | 35.54 | 40.26 | 1.26 | 1.76 |
| Federal Home Loan Bank advances | 2.86 | 3.84 | 4.21 | 4.05 |
| Other borrowed funds | 3.65 | 3.58 | 3.41 | 3.18 |
| Total deposits and borrowed funds | 100.00% | 100.00% | 0.84% | 1.31% |

Loans and Loan Interest Income

The table below sets forth the balance of loans outstanding by loan type and the percentage of each loan type to total loans as of the dates presented:

| | March 31, 2012 | Percentage of Total Loans | December 31, 2011 | Percentage of Total Loans |
|-------------------------------------|-------------------|------------------------------|----------------------|------------------------------|
| Commercial, financial, agricultural | \$ 278,926 | 10.73% | \$ 278,091 | 10.77% |

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| | | | | |
|--|---------------------|----------------|---------------------|----------------|
| Lease financing | 302 | 0.01 | 328 | 0.01 |
| Real estate construction | 73,425 | 2.82 | 81,235 | 3.15 |
| Real estate 1-4 family mortgage | 838,534 | 32.25 | 824,627 | 31.95 |
| Real estate commercial mortgage | 1,350,177 | 51.93 | 1,336,635 | 51.79 |
| Installment loans to individuals | 58,682 | 2.26 | 60,168 | 2.33 |
| Total loans, net of unearned income | \$ 2,600,046 | 100.00% | \$ 2,581,084 | 100.00% |

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Loan concentrations are considered to exist when there are amounts loaned to a number of borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. At March 31, 2012, there were no concentrations of loans exceeding 10% of total loans which are not disclosed as a category of loans separate from the categories listed above.

Total loans at March 31, 2012 were \$2,600,046, an increase of \$18,962 from \$2,581,084 at December 31, 2011. Loans covered under loss-share agreements with the FDIC (referred to as covered loans) were \$318,089 at March 31, 2012, a decrease of \$21,373, compared to \$339,462 at December 31, 2011. For covered loans, the FDIC will reimburse Renasant Bank 80% of the losses incurred on these loans. The covered loans will continue to decline through the Company's aggressive efforts to bring those covered loans that are commercial in nature to resolution as the loss-share agreements applicable to this portfolio provides reimbursement for five years.

Loans not covered under loss-share agreements at March 31, 2012 were \$2,281,957, an increase of \$40,335, compared to \$2,241,622 at December 31, 2011. The increase in loans not covered under loss-share agreements was attributable to growth in 1-4 family residential mortgages, owner and non-owner occupied commercial real estate loans and commercial and industrial loans, as well as loan production generated by our de novo expansion. Loans from our de novo locations in Starkville, Mississippi and Tuscaloosa and Montgomery, Alabama increased \$27,699 from December 31, 2011.

During the first three months of 2012, loans in our Alabama and Mississippi markets increased \$17,648 and \$16,755, respectively, while loans in our Tennessee markets decreased \$7,831 from December 31, 2011. Loans in our Georgia markets not covered under loss-share agreements increased \$16,811 from December 31, 2011.

The following table provides a breakdown of covered loans and loans not covered under loss-share agreements as of the dates presented:

| | March 31, 2012 | | | December 31, 2011 | | |
|---------------------------------------|----------------|-------------------|--------------|-------------------|-------------------|--------------|
| | Covered Loans | Not Covered Loans | Total Loans | Covered Loans | Not Covered Loans | Total Loans |
| Commercial, financial, agricultural | \$ 15,206 | \$ 263,720 | \$ 278,926 | \$ 17,803 | \$ 260,288 | \$ 278,091 |
| Lease financing | | 302 | 302 | | 328 | 328 |
| Real estate construction: | | | | | | |
| Residential | 2,302 | 28,854 | 31,156 | 3,158 | 28,644 | 31,802 |
| Commercial | 3,900 | 36,304 | 40,204 | 3,918 | 43,702 | 47,620 |
| Condominiums | | 2,065 | 2,065 | | 1,813 | 1,813 |
| Total real estate construction | 6,202 | 67,223 | 73,425 | 7,076 | 74,159 | 81,235 |
| Real estate 1-4 family mortgage: | | | | | | |
| Primary | 20,537 | 375,845 | 396,382 | 21,447 | 351,702 | 373,149 |
| Home equity | 20,899 | 169,688 | 190,587 | 23,048 | 170,092 | 193,140 |
| Rental/investment | 39,456 | 126,376 | 165,832 | 42,261 | 125,147 | 167,408 |
| Land development | 18,877 | 66,856 | 85,733 | 21,167 | 69,763 | 90,930 |
| Total real estate 1-4 family mortgage | 99,769 | 738,765 | 838,534 | 107,923 | 716,704 | 824,627 |
| Real estate commercial mortgage: | | | | | | |
| Owner-occupied | 97,763 | 548,406 | 646,169 | 101,448 | 539,772 | 641,220 |
| Non-owner occupied | 46,433 | 495,672 | 542,105 | 48,939 | 480,585 | 529,524 |
| Land development | 52,558 | 109,345 | 161,903 | 56,105 | 109,786 | 165,891 |
| Total real estate commercial mortgage | 196,754 | 1,153,423 | 1,350,177 | 206,492 | 1,130,143 | 1,336,635 |
| Installment loans to individuals | 158 | 58,524 | 58,682 | 168 | 60,000 | 60,168 |
| Total loans, net of unearned income | \$ 318,089 | \$ 2,281,957 | \$ 2,600,046 | \$ 339,462 | \$ 2,241,622 | \$ 2,581,084 |

Mortgage loans held for sale were \$25,216 at March 31, 2012 compared to \$28,222 at December 31, 2011. Originations of mortgage loans to be sold totaled \$111,641 in the first three months of 2012 compared to \$96,510 for the same period in 2011. Gains and losses are realized at the time consideration is received and all other criteria for sales treatment have been met. These loans are typically sold within thirty days after the

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loan is funded. Although loan fees and some interest income are derived from mortgage loans held for sale, the main source of income is gains from the sale of these loans in the secondary market.

Table of Contents*Investments and Investment Interest Income*

The securities portfolio is used to provide a source for meeting liquidity needs and to supply securities to be used in collateralizing certain deposits and other types of borrowings. The following table shows the carrying value of our securities portfolio by investment type and the percentage of such investment type relative to the entire securities portfolio for the periods presented:

| | March 31, 2012 | Percentage of Portfolio | December 31, 2011 | Percentage of Portfolio |
|--|-------------------|----------------------------|----------------------|----------------------------|
| Obligations of other U.S. Government agencies and corporations | \$ 123,533 | 14.81% | \$ 125,055 | 15.70% |
| Mortgage-backed securities | 436,982 | 52.37 | 409,639 | 51.44 |
| Obligations of states and political subdivisions | 236,896 | 28.39 | 224,750 | 28.22 |
| Trust preferred securities | 12,866 | 1.54 | 12,785 | 1.61 |
| Other debt securities | 21,482 | 2.57 | 21,875 | 2.75 |
| Other equity securities | 2,660 | 0.32 | 2,237 | 0.28 |
| | \$ 834,419 | 100.00% | \$ 796,341 | 100.00% |

Investment income, on a tax equivalent basis, decreased \$1,619 to \$7,485 for the first three months of 2012 from \$9,104 for the first three months of 2011. The average balance in the investment portfolio for the first three months of 2012 was \$813,826 compared to \$881,808 for the same period in 2011. The tax equivalent yield on the investment portfolio for the first three months of 2012 was 3.68%, down 45 basis points from the same period in 2011. The decline in yield was a result of the call of securities within the Company's portfolio that had higher rates than the rates on the securities that the Company purchased with the proceeds of such calls. These rates were lower due to the generally lower interest rate environment.

The balance of our securities portfolio at March 31, 2012 increased \$38,078 to \$834,419 from \$796,341 at December 31, 2011. During the first three months of 2012, we purchased \$132,109 in investment securities. Mortgage-backed securities and collateralized mortgage obligations (CMOs), included in the Mortgage-backed securities line item in the above table, comprised 59.20% of the purchases. The mortgage-backed securities and CMOs held in our securities portfolio are primarily issued by government sponsored entities. U.S. Government agency securities and municipal securities accounted for 29.50% and 11.30%, respectively, of the remainder of total securities purchased. The carrying value of securities sold during the first three months of 2012 totaled \$21,781, consisting solely of mortgage-backed securities. Maturities and calls of securities during the first three months of 2012 totaled \$71,408. Unrealized losses of \$17,057 were recorded on investment securities with a carrying value of \$83,123 at March 31, 2012, compared to unrealized losses of \$17,864 recorded on investment securities with a carrying value of \$40,191 at December 31, 2011.

The Company holds investments in pooled trust preferred securities. This portfolio had a cost basis of \$29,459 and \$30,410 and a fair value of \$12,866 and \$12,785 at March 31, 2012 and December 31, 2011, respectively. The investment in pooled trust preferred securities consists of four securities representing interests in various tranches of trusts collateralized by debt issued by over 345 financial institutions. Management's determination of the fair value of each of its holdings is based on the current credit ratings, the known deferrals and defaults by the underlying issuing financial institutions and the degree to which future deferrals and defaults would be required to occur before the cash flow for our tranches is negatively impacted. Management has determined that there has been an adverse change in estimated cash flows for each of the four pooled trust preferred securities. The Company's quarterly evaluation of these investments for other-than-temporary-impairment resulted in no additional write-downs during the first three months of 2012 or 2011. Furthermore, based on the qualitative factors discussed above, each of the four pooled trust preferred securities was classified as a nonaccruing asset at March 31, 2012 and December 31, 2011. Investment interest income is recorded on the cash-basis method until qualifying for return to accrual status.

Table of Contents*Deposits and Deposit Interest Expense*

The Company relies on deposits as its major source of funds. Total deposits were \$3,473,166 and \$3,412,237, at March 31, 2012 and December 31, 2011, respectively. Noninterest-bearing deposits were \$535,955 and \$531,910 at March 31, 2012 and December 31, 2011, respectively, while interest-bearing deposits were \$2,937,211 and \$2,880,327 at March 31, 2012 and December 31, 2011, respectively. The increase in deposits at March 31, 2012 as compared to December 31, 2011 is primarily attributable to management's focus on growing and maintaining a stable source of funding, specifically core deposits, and allowing more costly deposits, including certain time deposits, to mature. The source of funds that we select depends on the terms and how those terms assist us in mitigating interest rate risk and maintaining our net interest margin. Accordingly, funds are only acquired when needed and at a rate that is prudent under the circumstances.

Public fund deposits are those of counties, municipalities, or other political subdivisions and may be readily obtained based on the Company's pricing bid in comparison with competitors. Generally, public fund time deposits are higher costing due to the volume of the deposits and because they are obtained through a bid process. Our public fund transaction accounts are principally obtained from municipalities including school boards and utilities. Public fund deposits at March 31, 2012 increased to \$390,912 from \$338,273 at December 31, 2011.

Following management's emphasis on growing a stable source of funding through core deposits and allowing more costly deposits to mature or expire, deposits in our Alabama and Georgia markets decreased \$38,015 and \$19,556, respectively, at March 31, 2012 from December 31, 2011. Deposits in our Tennessee markets increased \$8,728 at March 31, 2012 from December 31, 2011 primarily due to an increase in core deposits. Deposits in our Mississippi markets increased \$109,772 at March 31, 2012 from December 31, 2011 primarily due to an increase in public fund deposits for which contracts previously existed.

Interest expense on deposits was \$5,419 and \$10,082 for the first three months for 2012 and 2011, respectively. The cost of interest-bearing deposits was 0.75% and 1.30% for the same periods. A more detailed discussion of the cost of our deposits is set forth below under the heading *Liquidity and Capital Resources* in this item.

Borrowed Funds and Interest Expense on Borrowings

Total borrowings include federal funds purchased, securities sold under agreements to repurchase, advances from the Federal Home Loan Bank (the FHLB) and junior subordinated debentures. Interest expense on total borrowings was \$2,243 and \$2,625 for the first three months of 2012 and 2011, respectively. Funds are borrowed from the FHLB primarily to match-fund against certain loans, negating interest rate exposure when rates rise. Such match-funded loans are typically large commercial or real estate loans. In addition, short-term FHLB advances and federal funds purchased are used, as needed, to meet day to day liquidity needs. FHLB advances were \$88,193 and \$117,454 at March 31, 2012 and December 31, 2011, respectively. The Company repaid \$24,000 of long-term FHLB borrowings during the first three months of 2012 and incurred prepayment penalties of \$898. In comparison, the Company repaid \$50,000 of long-term FHLB borrowings during the first three months of 2011 and incurred prepayment penalties of \$1,903. The Company had no short-term FHLB advances outstanding at March 31, 2012 or December 31, 2011. The Company had \$1,025,789 of availability on unused lines of credit with the FHLB at March 31, 2012 compared to \$983,950 at December 31, 2011. The cost of our FHLB advances was 4.21% and 4.05% for the first three months of 2012 and 2011, respectively.

In March 2012, the Company repaid \$50,000 of qualifying senior debt securities issued under the Temporary Liquidity Guaranty Program (TLGP) at maturity. The cost of the TLGP debt was 3.91% and 3.83% for the first three months of 2012 and 2011, respectively.

Table of Contents*Noninterest Income*

**Noninterest Income to Average Assets
(Excludes securities gains/losses)
Three Months Ended March 31,**

| 2012 | 2011 |
|-------------|-------------|
| 1.47% | 1.92% |

Total noninterest income includes fees generated from deposit services, mortgage loan originations, insurance products, trust and other wealth management products and services, security gains and all other noninterest income. Our focus is to develop and enhance our products that generate noninterest income in order to diversify our revenue sources.

Noninterest income was \$16,387 for the three months ended March 31, 2012, a decrease of \$4,608, or 21.95%, as compared to \$20,995 for the same period in 2011. The bargain purchase gain of \$8,774 resulting from the acquisition of American Trust in the first three months of 2011 was the primary driver for the fluctuation in noninterest income.

Service charges on deposit accounts, the primary contributor to noninterest income, include maintenance fees on accounts, per item charges, account enhancement charges for additional packaged benefits and overdraft fees. Service charges on deposit accounts were \$4,525 and \$4,841 for the first three months of 2012 and 2011, respectively. Overdraft fees, the largest component of service charges on deposits, were \$3,963 for the three months ended March 31, 2012 compared to \$4,248 for the same period in 2011.

Fees and commissions include fees related to deposit services, such as interchange fees on debit card transactions, as well as fees charged on mortgage loans originated to be sold, such as origination, underwriting, documentation and other administrative fees. Fees and commissions increased 34.02% to \$3,928 during the first three months of 2012 as compared to \$2,931 for the same period in 2011. For the first three months of 2012, fees associated with debit card usage were \$2,143, an increase of 26.36% as compared to \$1,696 for the same period in 2011. We expect income from use of our debit cards to continue to grow as our customers use this convenient method of payment. However, the Durbin Debit Interchange Amendment to the Dodd-Frank Act that went into effect October 1, 2011 could have a negative impact on the Company's income derived from this effort. As directed by statute, the Federal Reserve enacted regulations governing the reasonableness of certain fees associated with our debit cards and also placed restrictions on the rates charged for interchange fees on debit card transactions. The provisions apply only to financial institutions with more than \$10 billion in assets. As affected institutions lower their debit card fees, we expect that all financial institutions, regardless of size, will have to adjust their rates in order to remain competitive. Management believes these restrictions could have an adverse impact on these interchange fees in the future, but is unable at this time to predict the extent or timing of such impact. Mortgage loan fees increased \$575 to \$1,319 during the first three months of 2012 as compared to \$744 for the same period in 2011. This is due to the increase in mortgage loan originations to be sold in the secondary market during the same period in 2012 as compared to 2011.

Through Renasant Insurance, we offer a range of commercial and personal insurance products through major insurance carriers. Income earned on insurance products was \$898 and \$837 for the three months ended March 31, 2012 and 2011, respectively. Contingency income is a bonus received from the insurance underwriters and is based both on commission income and claims experience on our clients' policies during the previous year. Increases and decreases in contingency income are reflective of corresponding increases and decreases in the amount of claims paid by insurance carriers. Contingency income, which is included in Other noninterest income in the Consolidated Statements of Income, was \$231 and \$308 for the three months ended March 31, 2012 and 2011, respectively.

The Trust division within the Wealth Management segment operates on a custodial basis which includes administration of benefit plans, as well as accounting and money management for trust accounts. The division manages a number of trust accounts inclusive of personal and corporate benefit accounts, self-directed IRAs, and custodial accounts. Fees for managing these accounts are based on changes in market values of the assets under management in the account, with the amount of the fee depending on the type of account. Additionally, the Company provides specialized products and services to our customers through our Financial Services division. Specialized products include fixed and variable annuities, mutual funds, and stocks offered through a third party provider. Wealth Management revenue was \$1,942 for the first three months of 2012 compared to \$1,056 for the same period in 2011. The increase in Wealth Management revenue for the first three months of 2012 as compared

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to the same period in 2011 was primarily attributable to the acquisition of the Birmingham, Alabama-based trust department of RBC Bank (USA) in the third quarter of 2011. The market value of trust assets under management was \$1,012,004 and \$1,024,585 at March 31, 2012 and December 31, 2011, respectively.

Gains on sales of securities for the first three months of 2012 were \$904, resulting from the sale of \$21,781 in securities. Gains on sales of securities for the first three months of 2011 were \$12, resulting from the sale of \$5,029 in securities.

Gains on the sale of mortgage loans held for sale were \$1,281 and \$1,151 for the three months ended March 31, 2012 and 2011, respectively. Originations of mortgage loans to be sold totaled \$111,641 for the first three months of 2012 as compared to \$96,510 for the same period of 2011.

Noninterest Expense

**Noninterest Expense to Average Assets
Three Months Ended March 31,**

| 2012 | 2011 |
|-------------|-------------|
| 3.49% | 3.30% |

Noninterest expense was \$36,621 and \$35,993 for the first three months of 2012 and 2011, respectively. Noninterest expense for the first three months of 2012 includes \$898 in prepayment penalties associated with paying off \$24,000 of FHLB borrowings. In comparison, noninterest expense for the first three months of 2011 includes \$1,325 of acquisition related costs associated with the American Trust acquisition and \$1,903 in prepayment penalties associated with paying off \$50,000 of FHLB borrowings.

During the first three months of 2012, salaries and employee benefits increased \$2,412, or 14.85%, to \$18,649 as compared to \$16,237 for the same period in 2011. The increase is attributable to our acquisitions of American Trust and the RBC Bank (USA) trust department and expansion of our franchise by opening de novo locations in Starkville, Mississippi, and Tuscaloosa and Montgomery, Alabama, during the second half of 2011. Also contributing to the increase was higher-than-anticipated health insurance costs incurred during the first three months of 2012.

Data processing costs increased to \$2,040, or 14.09%, for the first three months of 2012 from \$1,788 for the same period in 2011. The increase in data processing costs over this period is reflective of increased loan and deposit processing from growth in the number of loans and deposits. The inclusion of data processing costs from American Trust and Wealth Management operations since the first and third quarters of 2011, respectively, also contributed to the increase.

Net occupancy and equipment expense for the first three months of 2012 was \$3,615, up \$397 from the same period in 2011. This increase is attributable to occupancy costs and depreciation expense associated with the operations of the Company's banking expansions beginning in the latter half of 2011.

Expenses related to other real estate owned for the first three months of 2012 were \$3,999, an increase of \$488 compared to the same period in 2011. Expenses on other real estate owned for the first three months of 2012 include write downs of \$2,098 of the carrying value to fair value on certain pieces of property held in other real estate owned. Other real estate owned with a cost basis of \$16,424 was sold during the first three months of 2012, resulting in a net loss of \$991. Expenses on other real estate owned for the three months ended March 31, 2011 included a \$969 write down of the carrying value to fair value on certain pieces of property held in other real estate owned. Other real estate owned with a cost basis of \$14,340 was sold during the first three months of 2011, resulting in a net loss of \$1,631.

Professional fees include fees for legal and accounting services. Professional fees were \$971 for the first three months of 2012 as compared to \$814 for the same period in 2011. Professional fees attributable to legal fees associated with loan workouts and foreclosure proceedings remain at higher levels in correlation with the overall economic downturn and credit deterioration identified in our loan portfolio and the Company's efforts to bring these credits to resolution.

Advertising and public relations expense was \$1,197 for the first three months of 2012 compared to \$996 for the same period in 2011. This increase is attributable to advertising and marketing costs associated with the Company's expansion into new markets since the first quarter of 2011.

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Amortization of intangible assets totaled \$358 for the first three months of 2012 compared to \$515 for the first three months of 2011. This amortization relates to finite-lived intangible assets recorded in prior mergers which are being amortized over the useful lives as determined at acquisition. These finite-lived intangible assets have remaining estimated useful lives ranging from three to fifteen years. During 2011, the Company amortized the remaining core deposit intangible recorded in connection with the Renasant Bancshares acquisition, which contributed \$163 to total intangible amortization expense for the first three months of 2011. This reduction was offset by amortization expense related to finite-lived intangible assets recorded in association with the American Trust and the RBC Trust (USA) trust department acquisitions.

Communication expenses, those expenses incurred for communication to clients and between employees, were \$1,103 for the first three months of 2012 as compared to \$1,162 for the same period in 2011.

**Efficiency Ratio
Three Months Ended March 31,**

| 2012 | 2011 |
|-------------|-------------|
| 72.19% | 67.08% |

The efficiency ratio is one measure of productivity in the banking industry. This ratio is calculated to measure the cost of generating one dollar of revenue. That is, the ratio is designed to reflect the percentage of one dollar which must be expended to generate that dollar of revenue. The Company calculates this ratio by dividing noninterest expense by the sum of net interest income on a fully taxable equivalent basis and noninterest income. The efficiency ratio for the first three months of 2011 includes the \$8,774 gain associated with the American Trust acquisition. We remain committed to aggressively managing our costs within the framework of our business model.

Income Taxes

Income tax expense for the first three months of 2012 and 2011 was \$1,835 and \$3,085, respectively. The effective tax rates for those periods were 23.50% and 29.00%, respectively. The decrease in the effective tax rate for the first three months of 2012 as compared to the same period in 2011 was attributable to consistent levels of tax-exempt interest income and higher income from bank-owned life insurance in the first three months of 2012 as compared to the same period in 2011.

Table of Contents**Risk Management**

The management of risk is an on-going process. Primary risks that are associated with the Company include credit, interest rate and liquidity risk. Credit and interest rate risk are discussed below, while liquidity risk is discussed in the next subsection under the heading Liquidity and Capital Resources.

Credit Risk and Allowance for Loan Losses

The allowance for loan losses is available to absorb probable credit losses inherent in the entire loan portfolio. The appropriate level of the allowance is based on an ongoing analysis of the loan portfolio and represents an amount that management deems adequate to provide for inherent losses, including collective impairment as recognized under the Financial Accounting Standards Board Accounting Standards Codification Topic (ASC)450, Contingencies. Collective impairment is calculated based on loans grouped by grade. Another component of the allowance is losses on loans assessed as impaired under ASC 310, Receivables. The balance of these loans and their related allowance are included in management's estimation and analysis of the allowance for loan losses. Other considerations in establishing the allowance for loan losses include economic conditions reflected within industry segments, the unemployment rate in our markets, loan segmentation and historical losses that are inherent in the loan portfolio.

The provision for loan losses charged to operating expense is an amount which, in the judgment of management, is necessary to maintain the allowance for loan losses at a level that is believed to be adequate to meet the inherent risks of losses in our loan portfolio. Factors considered by management in determining whether the amount of the allowance for loan losses is adequate include the internal risk rating of individual credits, historical and current trends in net charge-offs, trends in nonperforming loans, trends in past due loans, trends in the market values of underlying collateral securing loans and the current economic conditions in the market in which we operate.

For impaired loans, specific reserves were established to adjust the carrying value of the loan to its estimated net realizable value. The following table quantifies the amount of the specific reserves component of the allowance for loan losses and the amount of the allowance determined by applying allowance factors to graded loans as of the dates presented:

| | March 31, 2012 | December 31, 2011 |
|--|---------------------------|------------------------------|
| Specific reserves for impaired loans | \$ 13,474 | \$ 15,410 |
| Allocated reserves for remaining portfolio | 30,702 | 28,930 |
| Total | \$ 44,176 | \$ 44,340 |

All of the loans acquired in the American Trust and Crescent acquisitions and certain loans acquired in previous acquisitions that are accounted for under ASC 310-30 are carried at values which, in management's opinion, reflect the estimated future cash flows, based on the facts and circumstances surrounding each respective loan at the date of acquisition. The Company continually monitors these loans as part of our normal credit review and monitoring procedures for changes in the estimated future cash flows; to the extent future cash flows deteriorate below initial projections, the Company may be required to reserve for these loans in the allowance for loan losses through future provision for loan losses. The Company did not increase the provision for loan losses for loans accounted for under ASC 310-30 during the three months ended March 31, 2012 or 2011. Management believes that as of March 31, 2012 the estimated cash flows of the loans accounted for under ASC 310-30 has not deteriorated further since the date of acquisition and, thus, the carrying value of these loans at March 31, 2012 continues to reflect the future cash flows.

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The table below reflects the activity in the allowance for loan losses for the periods presented:

| | Three Months Ended March 31, | |
|---|---------------------------------|--------------|
| | 2012 | 2011 |
| Balance at beginning of period | \$ 44,340 | \$ 45,415 |
| Provision for loan losses | 4,800 | 5,500 |
| Charge-offs | | |
| Commercial, financial, agricultural | 1,388 | 145 |
| Lease financing | | |
| Real estate construction | 4 | 229 |
| Real estate 1-4 family mortgage | 1,874 | 3,531 |
| Real estate commercial mortgage | 1,882 | 551 |
| Installment loans to individuals | 71 | 56 |
| Total charge-offs | 5,219 | 4,512 |
| Recoveries | | |
| Commercial, financial, agricultural | 22 | 142 |
| Lease financing | | |
| Real estate construction | | |
| Real estate 1-4 family mortgage | 161 | 116 |
| Real estate commercial mortgage | 52 | 817 |
| Installment loans to individuals | 20 | 27 |
| Total recoveries | 255 | 1,102 |
| Net charge-offs | 4,964 | 3,410 |
| | | |
| Balance at end of period | \$ 44,176 | \$ 47,505 |
| | | |
| Net charge-offs (annualized) to average loans | 0.76% | 0.54% |
| | | |
| Allowance for loan losses to: | | |
| Total loans | 1.94% | 2.17% |
| Nonperforming loans | 145.15% | 82.99% |

The following table provides further details of the Company's net charge-offs of loans secured by real estate for the periods presented:

| | Three Months Ended March 31, | |
|---|------------------------------------|------------|
| | 2012 | 2011 |
| Real estate construction: | | |
| Residential | \$ | \$ 229 |
| Commercial | 4 | |
| Condominiums | | |
| Total real estate construction | 4 | 229 |
| Real estate 1-4 family mortgage: | | |
| Primary | 294 | 443 |
| Home equity | 572 | 80 |
| Rental/investment | 238 | 430 |
| Land development | 609 | 2,462 |

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| | | |
|---|----------|----------|
| Total real estate 1-4 family mortgage | 1,713 | 3,415 |
| Real estate commercial mortgage: | | |
| Owner-occupied | 331 | 200 |
| Non-owner occupied | 1,162 | (715) |
| Land development | 337 | 249 |
| Total real estate commercial mortgage | 1,830 | (266) |
| Total net charge-offs of loans secured by real estate | \$ 3,547 | \$ 3,378 |

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Nonperforming assets consist of nonperforming loans, other real estate owned and nonaccruing securities available-for-sale. Nonperforming loans are those on which the accrual of interest has stopped or loans which are contractually 90 days past due on which interest continues to accrue. Generally, the accrual of interest is discontinued when the full collection of principal or interest is in doubt or when the payment of principal or interest has been contractually 90 days past due, unless the obligation is both well secured and in the process of collection. Management, the loss management committee and our loan review staff closely monitor loans that are considered to be nonperforming.

Debt securities may be transferred to nonaccrual status where the recognition of investment interest is discontinued. A number of qualitative factors, including but not limited to the financial condition of the underlying issuer and current and projected deferrals or defaults, are considered by management in the determination of whether a debt security should be transferred to nonaccrual status. The interest on these nonaccrual investment securities is accounted for on the cash-basis method until qualifying for return to accrual status. Nonaccruing securities available-for-sale consist of the Company's investments in pooled trust preferred securities issued by financial institutions, each of which are on nonaccrual status.

The following table provides details of the Company's nonperforming assets covered by loss-share agreements with the FDIC (covered assets) and not covered under loss-share agreements:

| | Covered Assets | Not Covered Assets | Total Assets |
|--|-------------------|--------------------------|-----------------|
| March 31, 2012 | | | |
| Nonaccruing loans | \$ 78,418 | \$ 26,999 | \$ 105,417 |
| Accruing loans past due 90 days or more | 1,397 | 3,435 | 4,832 |
| Total nonperforming loans | 79,815 | 30,434 | 110,249 |
| Other real estate owned | 35,461 | 64,931 | 100,392 |
| Total nonperforming loans and OREO | 115,276 | 95,365 | 210,641 |
| Nonaccruing securities available-for-sale, at fair value | | 12,866 | 12,866 |
| Total nonperforming assets | \$ 115,276 | \$ 108,231 | \$ 223,507 |
| Nonperforming loans to total loans | | | 4.24% |
| Nonperforming assets to total assets | | | 5.35% |
| Allowance for loan losses to total loans | | | 1.70% |
| December 31, 2011 | | | |
| Nonaccruing loans | \$ 88,034 | \$ 31,154 | \$ 119,188 |
| Accruing loans past due 90 days or more | 1,134 | 3,760 | 4,894 |
| Total nonperforming loans | 89,168 | 34,914 | 124,082 |
| Other real estate owned | 43,156 | 70,079 | 113,235 |
| Total nonperforming loans and OREO | 132,324 | 104,993 | 237,317 |
| Nonaccruing securities available-for-sale, at fair value | | 12,785 | 12,785 |
| Total nonperforming assets | \$ 132,324 | \$ 117,778 | \$ 250,102 |
| Nonperforming loans to total loans | | | 4.81% |
| Nonperforming assets to total assets | | | 5.95% |
| Allowance for loan losses to total loans | | | 1.72% |

Due to the significant difference in the accounting for the loans and other real estate owned covered by loss-share agreements and loss mitigation offered under the loss-share agreements with the FDIC, the Company believes that excluding the covered assets from its asset quality measures provides a more meaningful presentation of the Company's asset quality. Purchased impaired loans had evidence of deterioration in credit quality

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prior to acquisition, and thus the fair value of these loans as of the acquisition date included an estimate of credit losses. These loans, as well as acquired loans with no evidence of credit deterioration at acquisition, are accounted for on a pool basis, and these pools are considered to be performing. Purchased impaired loans were not classified as nonperforming assets at March 31, 2012 or December 31, 2011 as the loans are considered to be performing under ASC 310-30. As a result, interest income, through the accretion of the difference between the carrying value of the loans and the expected cash flows, is being recognized on all purchased loans accounted for under ASC 310-30.

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The asset quality measures surrounding the Company's nonperforming loans and nonperforming assets discussed in the remainder of this section exclude covered assets relating to the Company's FDIC-assisted acquisitions.

Although not technically nonperforming assets, another category of assets which contribute to our credit risk are restructured loans. Restructured loans are those for which concessions have been granted to the borrower due to a deterioration of the borrower's financial condition. Such concessions may include reduction in interest rates or deferral of interest or principal payments. In evaluating whether to restructure a loan, management analyzes the long-term financial condition of the borrower, including guarantor and collateral support, to determine whether the proposed concessions will increase the likelihood of repayment of principal and interest.

The following table shows the principal amounts of nonperforming and restructured loans as of the dates presented. All loans where information exists about possible credit problems that would cause us to have serious doubts about the borrower's ability to comply with the current repayment terms of the loan have been reflected in the table below.

| | March 31, 2012 | December 31, 2011 | March 31, 2011 |
|---|-------------------|----------------------|-------------------|
| Nonaccruing loans | \$ 26,999 | \$ 31,154 | \$ 46,606 |
| Accruing loans past due 90 days or more | 3,435 | 3,760 | 10,839 |
| Total nonperforming loans | 30,434 | 34,914 | 57,245 |
| Restructured loans | 35,721 | 36,311 | 33,816 |
| Total nonperforming and restructured loans | \$ 66,155 | \$ 71,225 | \$ 91,061 |
| Nonperforming loans to: | | | |
| Loans period-end | 1.33% | 1.56% | 2.61% |
| Loans average | 1.16% | 1.35% | 2.24% |

The following table presents nonperforming loans, not covered by loss-share agreements, by loan category as of the dates presented.

| | March 31, 2012 | December 31, 2011 | March 31, 2011 |
|--|-------------------|----------------------|-------------------|
| Commercial, financial, agricultural | \$ 2,889 | \$ 3,505 | \$ 3,185 |
| Real estate construction: | | | |
| Residential | 149 | 489 | 108 |
| Commercial | | | |
| Condominiums | | | |
| Total real estate construction | 149 | 489 | 108 |
| Real estate 1-4 family mortgage: | | | |
| Primary | 3,683 | 5,242 | 4,615 |
| Home equity | 1,898 | 1,013 | 1,433 |
| Rental/investment | 5,444 | 5,757 | 13,105 |
| Land development | 1,069 | 1,739 | 11,996 |
| Total real estate 1-4 family mortgage | 12,094 | 13,751 | 31,149 |
| Real estate commercial mortgage: | | | |
| Owner-occupied | 2,035 | 2,342 | 10,876 |
| Non-owner occupied | 10,542 | 11,741 | 7,131 |
| Land development | 2,265 | 2,413 | 3,767 |
| Total real estate commercial mortgage | 14,842 | 16,496 | 21,774 |
| Installment loans to individuals | 460 | 673 | 1,029 |

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| | | | |
|---------------------------|-----------|-----------|-----------|
| Total nonperforming loans | \$ 30,434 | \$ 34,914 | \$ 57,245 |
|---------------------------|-----------|-----------|-----------|

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The decrease in nonperforming loans at March 31, 2012 as compared to December 31, 2011 was attributable to the Company's continued aggressive efforts to bring problem credits to resolution, primarily in our residential land development loan portfolio. Nonperforming loans as a percentage of total loans were 1.33% as of March 31, 2012, which is its lowest level since the second quarter of 2007, compared to 1.56% as of December 31, 2011 and 2.61% as of March 31, 2011. The Company's coverage ratio, or its allowance for loan losses as a percentage of nonperforming loans, was 145.15% as of March 31, 2012, which is its highest level since the fourth quarter of 2007, as compared to 127.00% as of December 31, 2011 and 82.99% as of March 31, 2011.

Management has evaluated the aforementioned loans and other loans classified as nonperforming and believes that all nonperforming loans have been adequately reserved for in the allowance for loan losses at March 31, 2012. Management also continually monitors past due loans for potential credit quality deterioration. Total loans 30-89 days past due were \$13,426 at March 31, 2012 compared to \$15,804 at December 31, 2011 and \$18,875 at March 31, 2011, respectively.

As shown above, restructured loans totaled \$35,721 at March 31, 2012 compared to \$36,311 at December 31, 2011 and \$33,816 at March 31, 2011. At March 31, 2012, total loans restructured through interest rate concessions represented 70.74% of total restructured loans, while loans restructured by a concession in payment terms represented the remainder. The following table provides further details of the Company's restructured loans for the periods presented:

| | March 31, 2012 | December 31, 2011 | March 31, 2011 |
|---|-------------------|----------------------|-------------------|
| Commercial, financial, agricultural | \$ | \$ | \$ 125 |
| Real estate - construction: | | | |
| Residential | | | |
| Commercial | | | 2,316 |
| Condominiums | | | |
| Total real estate - construction | | | 2,316 |
| Real estate - 1-4 family mortgage: | | | |
| Primary | 4,407 | 5,106 | 5,276 |
| Home equity | | | |
| Rental/investment | 2,046 | 2,060 | 1,630 |
| Land development | 10,341 | 10,923 | 13,932 |
| Total real estate - 1-4 family mortgage | 16,794 | 18,089 | 20,838 |
| Real estate - commercial mortgage: | | | |
| Owner-occupied | 12,283 | 11,226 | 3,107 |
| Non-owner occupied | 5,895 | 6,232 | 5,410 |
| Land development | 572 | 585 | 1,839 |
| Total real estate - commercial mortgage | 18,750 | 18,043 | 10,356 |
| Installment loans to individuals | 177 | 179 | 181 |
| Total restructured loans | \$ 35,721 | \$ 36,311 | \$ 33,816 |

Changes in the Company's restructured loans are set forth in the table below:

| | 2012 | 2011 |
|-----------------------------------|-----------|-----------|
| Balance at January 1 | \$ 36,311 | \$ 32,615 |
| Additional loans with concessions | 2,620 | 4,518 |
| Reductions due to: | | |
| Reclassified as nonperforming | (686) | (2,546) |
| Charge-offs | (183) | |

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| | | |
|-------------------------------------|-----------|-----------|
| Transfer to other real estate owned | (419) | |
| Paydowns | (1,243) | (139) |
| Lapse of concession period | (679) | (632) |
| Balance at March 31 | \$ 35,721 | \$ 33,816 |

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Other real estate owned consists of properties acquired through foreclosure or acceptance of a deed in lieu of foreclosure. These properties are carried at the lower of cost or fair market value based on appraised value less estimated selling costs. Losses arising at the time of foreclosure of properties are charged against the allowance for loan losses. Reductions in the carrying value subsequent to acquisition are charged to earnings and are included in Other real estate owned in the Consolidated Statements of Income. Other real estate owned with a cost basis of \$7,551 was sold during the three months ended March 31, 2012, resulting in a net loss of \$772, while other real estate owned with a cost basis of \$10,363 was sold during the three months ended March 31, 2011, resulting in a net loss of \$1,373.

The following table provides details of the Company's other real estate owned for the periods presented:

| | March 31, 2012 | December 31, 2011 | March 31, 2011 |
|--------------------------------------|-------------------|----------------------|-------------------|
| Residential real estate | \$ 11,733 | \$ 15,364 | \$ 13,858 |
| Commercial real estate | 11,571 | 11,479 | 13,400 |
| Residential land development | 34,092 | 36,105 | 38,863 |
| Commercial land development | 7,355 | 7,131 | 4,999 |
| Other | 180 | | 295 |
| Total other real estate owned | \$ 64,931 | \$ 70,079 | \$ 71,415 |

Changes in the Company's other real estate owned were as follows:

| | 2012 | 2011 |
|----------------------------|------------------|------------------|
| Balance at January 1 | \$ 70,079 | \$ 71,833 |
| Additions | 3,631 | 10,255 |
| Capitalized improvements | 353 | 17 |
| Impairments | (1,565) | (969) |
| Dispositions | (7,551) | (10,363) |
| Other | (16) | 642 |
| Balance at March 31 | \$ 64,931 | \$ 71,415 |

Interest Rate Risk

Market risk is the risk of loss from adverse changes in market prices and rates. The majority of assets and liabilities of a financial institution are monetary in nature and therefore differ greatly from most commercial and industrial companies that have significant investments in fixed assets and inventories. Our market risk arises primarily from interest rate risk inherent in lending and deposit-taking activities. Management believes a significant impact on the Company's financial results stems from our ability to react to changes in interest rates. To that end, management actively monitors and manages our interest rate risk exposure.

We have an Asset/Liability Committee (ALCO) which is authorized by the Board of Directors to monitor our interest rate sensitivity and to make decisions relating to that process. The ALCO's goal is to structure our asset/liability composition to maximize net interest income while managing interest rate risk so as to minimize the adverse impact of changes in interest rates on net interest income and capital. Profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact our earnings because the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis.

We monitor the impact of changes in interest rates on our net interest income and economic value of equity (EVE) using rate shock analysis. Net interest income simulations measure the short-term earnings exposure from changes in market rates of interest in a rigorous and explicit fashion. Our current financial position is combined with assumptions regarding future business to calculate net interest income under varying hypothetical rate scenarios. EVE measures our long-term earnings exposure from changes in market rates of interest. EVE is defined as the present value of assets minus the present value of liabilities at a point in time. A decrease in EVE due to a specified rate change indicates a decline in the long-term earnings capacity of the balance sheet assuming that the rate change remains in effect over the life of the current balance

sheet.

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The following rate shock analysis depicts the estimated impact on net interest income and EVE of immediate changes in interest rates at the specified levels for the periods presented:

| Change in Interest Rates ⁽¹⁾ | Percentage Change In: | | | |
|---|------------------------------------|-------------------|---|-------------------|
| | Net Interest Income ⁽²⁾ | | Economic Value of Equity ⁽³⁾ | |
| | March 31, 2012 | December 31, 2011 | March 31, 2012 | December 31, 2011 |
| (In Basis Points) | | | | |
| +200 | 0.66% | 2.82% | 11.75% | 13.87% |
| +100 | 0.46% | 1.83% | 8.97% | 10.30% |
| -100 | (5.48%) | (2.40%) | (2.52%) | (5.09%) |

- (1) On account of the present position of the target federal funds rate, the Company did not perform an analysis assuming a downward movement in rates of 200 bps.
- (2) The percentage change in this column represents the projected net interest income for 12 months on a flat balance sheet in a stable interest rate environment versus the projected net interest income in the various rate scenarios.
- (3) The percentage change in this column represents our EVE in a stable interest rate environment versus EVE in the various rate scenarios. The rate shock results for both the net interest income simulation and EVE are less asset sensitive as of March 31, 2012 as compared to December 31, 2011. This shift is due to our improved liability mix as higher cost fixed-rate borrowings and time deposits were replaced with variable, but much lower rate deposits. Additionally, on the asset side, lower-yielding overnight investments in interest-bearing balances with banks were shifted to the higher-yielding, longer-term portfolio.

The preceding measures assume no change in the size or asset/liability compositions of the balance sheet. Thus, the measures do not reflect actions the ALCO may undertake in response to such changes in interest rates. The above results of the interest rate shock analysis are within the parameters set by the Board of Directors. The scenarios assume instantaneous movements in interest rates in increments of 100 and 200 basis points. With the present position of the target federal funds rate, the declining rate scenarios seem improbable. Furthermore, it has been the Federal Reserve's policy to adjust the target federal funds rate incrementally over time. As interest rates are adjusted over a period of time, it is our strategy to proactively change the volume and mix of our balance sheet in order to mitigate our interest rate risk. The computation of the prospective effects of hypothetical interest rate changes requires numerous assumptions regarding characteristics of new business and the behavior of existing positions. These business assumptions are based upon our experience, business plans and published industry experience. Key assumptions employed in the model include asset prepayment speeds, competitive factors, the relative price sensitivity of certain assets and liabilities and the expected life of non-maturity deposits. Because these assumptions are inherently uncertain, actual results will differ from simulated results.

The Company utilizes derivative financial instruments, including interest rate contracts such as swaps, caps and/or floors, as part of its ongoing efforts to mitigate its interest rate risk exposure and to facilitate the needs of its customers. In the first quarter of 2011, the Company began entering into derivative instruments that are not designated as hedging instruments to help its commercial customers manage their exposure to interest rate fluctuations. To mitigate the interest rate risk associated with these customer contracts, the Company enters into an offsetting derivative contract position. The Company manages its credit risk, or potential risk of default by its commercial customers, through credit limit approval and monitoring procedures. At March 31, 2012, the Company had notional amounts of \$45,919 on interest rate contracts with corporate customers and \$45,919 in offsetting interest rate contracts with other financial institutions to mitigate the Company's rate exposure on its corporate customers' contracts and certain fixed-rate loans.

In March 2012, the Company entered into an interest rate swap agreement effective March 31, 2014. Beginning on the effective date, the Company will receive a variable rate of interest based on the three-month LIBOR plus 150 basis points and pay a fixed rate of interest of 4.42%. The agreement, which terminates March 30, 2022, is accounted for as a cash flow hedge to reduce the variability in cash flows resulting from changes in interest rates on \$12,000 of the Company's junior subordinated debentures.

The Company also enters into interest rate lock commitments with its customers to mitigate the Company's interest rate risk associated with its commitments to fund fixed-rate residential mortgage loans. Under the interest rate lock commitments, interest rates for a mortgage loan are locked in with the customer for a period of time, typically thirty

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days. Once an interest rate lock commitment is entered into with a customer, the Company also enters into a forward commitment to sell the residential mortgage loan to secondary market investors. Accordingly, the Company does not incur risk if the interest rate lock commitment in the pipeline fails to close.

For more information about the Company's derivative financial instruments, see Note I, Derivative Instruments, in the Notes to Consolidated Financial Statements of the Company in Item 1, Financial Statements, in this report.

Liquidity and Capital Resources

Liquidity management is the ability to meet the cash flow requirements of customers who may be either depositors wishing to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs.

Core deposits, which are deposits excluding time deposits and public fund deposits, are a major source of funds used by Renasant Bank to meet cash flow needs. Maintaining the ability to acquire these funds as needed in a variety of markets is the key to assuring Renasant Bank's liquidity. Management continually monitors the liquidity and non-core dependency ratios to ensure compliance with ALCO targets.

Our investment portfolio is another alternative for meeting liquidity needs. These assets generally have readily available markets that offer conversions to cash as needed. Within the next twelve months the securities portfolio is forecasted to generate cash flow through principal payments and maturities equal to 17.36% of the carrying value of the total securities portfolio. Securities within our investment portfolio are also used to secure certain deposit types and short-term borrowings. At March 31, 2012, securities with a carrying value of approximately \$400,255 were pledged to secure public fund deposits and as collateral for short-term borrowings as compared to \$325,952 at December 31, 2011. Higher levels of public fund deposits at March 31, 2012 as compared to December 31, 2011 resulted in the increase in the amount of pledged investment securities at March 31, 2012.

Other sources available for meeting liquidity needs include federal funds purchased and advances from the FHLB. Interest is charged at the prevailing market rate on federal funds purchased and FHLB advances. There were no outstanding federal funds purchased at March 31, 2012 or December 31, 2011. Funds obtained from the FHLB are used primarily to match-fund real estate loans and other longer-term fixed rate loans in order to minimize interest rate risk and may be used to meet day to day liquidity needs, primarily when the cost of such borrowing compares favorably to the rates that we would be required to pay to attract deposits. At March 31, 2012, the balance of our outstanding advances with the FHLB was \$88,193. The total amount of the remaining credit available to us from the FHLB at March 31, 2012 was \$1,025,789. We also maintain lines of credit with other commercial banks totaling \$70,000. These are unsecured lines of credit maturing at various times within the next twelve months. There were no amounts outstanding under these lines of credit at March 31, 2012 or December 31, 2011.

In March 2012, the Company repaid \$50,000 of qualifying senior debt securities issued under the TLGP at maturity. The cost of the TLGP debt was 3.91% and 3.83% for the first three months of 2012 and 2011, respectively.

The following table presents, by type, the Company's funding sources, which consist of total average deposits and borrowed funds, and the total cost of each funding source for the periods presented:

| | Percentage of Total | | Cost of Funds | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 |
| Noninterest-bearing demand | 14.57% | 12.16% | % | % |
| Interest-bearing demand | 37.29 | 34.94 | 0.34 | 0.89 |
| Savings | 6.09 | 5.22 | 0.30 | 0.49 |
| Time deposits | 35.54 | 40.26 | 1.26 | 1.76 |
| FHLB advances | 2.86 | 3.84 | 4.21 | 4.05 |
| Other borrowed funds | 3.65 | 3.58 | 3.41 | 3.18 |
| Total deposits and borrowed funds | 100.00% | 100.00% | 0.84% | 1.31% |

Our strategy in choosing funds is focused on attempting to mitigate interest rate risk, and thus we utilize funding sources that are commensurate with the interest rate risk associated with the assets. Accordingly, management targets growth of non-interest bearing deposits. While we do not control the types of deposit instruments our clients

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choose, we do influence those choices with the rates and the deposit specials we offer. For example, we could obtain time deposits based on our aggressiveness in pricing and length of term. We constantly monitor our funds position and evaluate the effect various funding sources have on our financial position. Our cost of funds decreased for the three months ended March 31, 2012 as compared to the same period in 2011 as management used lower costing deposits and repaid higher costing funding sources.

Cash and cash equivalents were \$174,678 at March 31, 2012 compared to \$326,025 at March 31, 2011. Cash used in investing activities for the three months ended March 31, 2012 was \$70,886 compared to cash provided by investing activities of \$109,671 for the three months ended March 31, 2011. The net cash proceeds received from the acquisition of American Trust, which occurred during the first quarter of 2011, were \$148,443. Purchases of investment securities were \$132,109 for the first three months of 2012 compared to \$85,133 for the same period in 2011. Proceeds from the sale, maturity or call of securities within our investment portfolio were \$94,093 for the first three months of 2012 compared to proceeds of \$46,408 for the first three months of 2011. A net increase in loans utilized funds of \$29,776 during the first quarter of 2012 compared to a net decrease in loans during the first quarter of 2011 providing funds of \$1,219.

Cash used in financing activities for the three months ended March 31, 2012 was \$26,062 compared to \$121,814 for the same period in 2011. Cash flows from the generation of deposits were \$60,929 for the three months ended March 31, 2012 as compared to deposit runoff of \$46,284 for the three months ended March 31, 2011. Cash provided from the sale of securities during the first quarter of 2012 was partially used to reduce FHLB borrowings by \$24,000 prior to maturity. In addition, in March 2012, the Company repaid \$50,000 of qualifying senior debt securities issued under the TLGP at maturity.

Restrictions on Bank Dividends, Loans and Advances

The Company's liquidity and capital resources, as well as its ability to pay dividends to our shareholders, are substantially dependent on the ability of Renasant Bank to transfer funds to the Company in the form of dividends, loans and advances. Under Mississippi law, a Mississippi bank may not pay dividends unless its earned surplus is in excess of three times capital stock. A Mississippi bank with earned surplus in excess of three times capital stock may pay a dividend, subject to the approval of the Mississippi Department of Banking and Consumer Finance. Accordingly, the approval of this supervisory authority is required prior to Renasant Bank paying dividends to the Company.

Federal Reserve regulations also limit the amount Renasant Bank may loan to the Company unless such loans are collateralized by specific obligations. At March 31, 2012, the maximum amount available for transfer from Renasant Bank to the Company in the form of loans was \$40,579. There were no loans outstanding from Renasant Bank to the Company at March 31, 2012. These restrictions did not have any impact on the Company's ability to meet its cash obligations in the first three months of 2012, nor does management expect such restrictions to materially impact the Company's ability to meet its currently-anticipated cash obligations.

Off-Balance Sheet Transactions

The Company enters into loan commitments and standby letters of credit in the normal course of its business. Loan commitments are made to accommodate the financial needs of the Company's customers. Standby letters of credit commit the Company to make payments on behalf of customers when certain specified future events occur. Both arrangements have credit risk essentially the same as that involved in extending loans to customers and are subject to the Company's normal credit policies. Collateral (e.g., securities, receivables, inventory, equipment, etc.) is obtained based on management's credit assessment of the customer.

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Loan commitments and standby letters of credit do not necessarily represent future cash requirements of the Company in that while the borrower has the ability to draw upon these commitments at any time, these commitments often expire without being drawn upon. The Company's unfunded loan commitments and standby letters of credit outstanding were as follows for the periods presented:

| | March 31, 2012 | December 31, 2011 |
|---------------------------|-------------------|----------------------|
| Loan commitments | \$ 418,525 | \$ 401,132 |
| Standby letters of credit | 46,689 | 46,978 |

The Company closely monitors the amount of remaining future commitments to borrowers in light of prevailing economic conditions and adjusts these commitments as necessary. The Company will continue this process as new commitments are entered into or existing commitments are renewed.

Shareholders' Equity and Regulatory Matters

Total shareholders' equity of the Company was \$489,611 at March 31, 2012 compared to \$487,202 at December 31, 2011. Book value per share was \$19.50 and \$19.44 at March 31, 2012 and December 31, 2011, respectively. The growth in shareholders' equity was attributable to earnings retention offset by dividends declared and changes in accumulated other comprehensive income.

On July 8, 2009, the Company filed a shelf registration statement with the Securities and Exchange Commission (SEC). The shelf registration statement, which the SEC declared effective on July 13, 2009, allows the Company to raise capital from time to time, up to an aggregate of \$150,000, through the sale of common stock, preferred stock, warrants and units, or a combination thereof, subject to market conditions. Specific terms and prices will be determined at the time of any offering under a separate prospectus supplement that the Company will be required to file with the SEC at the time of the specific offering. The proceeds of the sale of securities, if and when offered, will be used for general corporate purposes as described in any prospectus supplement and could include the expansion of the Company's banking, insurance and wealth management operations as well as other business opportunities. The shelf registration statement expires in July 2012, but the Company currently intends to file a new registration statement to carry forward the securities registered in 2009.

Renasant Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on Renasant Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Renasant Bank must meet specific capital guidelines that involve quantitative measures of Renasant Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Renasant Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Federal Reserve, the FDIC and the Office of the Comptroller of the Currency have issued guidelines governing the levels of capital that banks must maintain. Those guidelines specify capital tiers, which include the following classifications:

| | Tier 1 Capital to Average Assets (Leverage) | Tier 1 Capital to Risk Weighted Assets | Total Capital to Risk Weighted Assets |
|--------------------------------|---|--|--|
| Well capitalized | 5% or above | 6% or above | 10% or above |
| Adequately capitalized | 4% or above | 4% or above | 8% or above |
| Undercapitalized | Less than 4% | Less than 4% | Less than 8% |
| Significantly undercapitalized | Less than 3% | Less than 3% | Less than 6% |
| Critically undercapitalized | | 2% or less | |

As of March 31, 2012, Renasant Bank met all capital adequacy requirements to which it is subject. Also, as of March 31, 2012, the most recent notification from the FDIC categorized Renasant Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed Renasant Bank's category.

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The following table provides the capital and risk-based capital and leverage ratios for the Company and for Renasant Bank for the periods presented:

| | Actual | | Minimum Capital Requirement to be Well Capitalized | | Minimum Capital Requirement to be Adequately Capitalized | |
|--|------------|--------|--|--------|--|-------|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| March 31, 2012 | | | | | | |
| Tier 1 Capital to Average Assets | | | | | | |
| Renasant Corporation | \$ 378,043 | 9.38% | \$ 201,494 | 5.00% | \$ 161,195 | 4.00% |
| Renasant Bank | 370,264 | 9.21% | 200,963 | 5.00% | 160,770 | 4.00% |
| Tier 1 Capital to Risk-Weighted Assets | | | | | | |
| Renasant Corporation | \$ 378,043 | 13.32% | \$ 170,269 | 6.00% | \$ 113,513 | 4.00% |
| Renasant Bank | 370,264 | 13.07% | 170,018 | 6.00% | 113,345 | 4.00% |
| Total Capital to Risk-Weighted Assets | | | | | | |
| Renasant Corporation | \$ 413,634 | 14.57% | \$ 283,867 | 10.00% | \$ 227,093 | 8.00% |
| Renasant Bank | 405,793 | 14.32% | 283,364 | 10.00% | 226,691 | 8.00% |
| December 31, 2011 | | | | | | |
| Tier 1 Capital to Average Assets | | | | | | |
| Renasant Corporation | \$ 375,829 | 9.44% | \$ 199,000 | 5.00% | \$ 159,200 | 4.00% |
| Renasant Bank | 368,087 | 9.26% | 198,683 | 5.00% | 158,946 | 4.00% |
| Tier 1 Capital to Risk-Weighted Assets | | | | | | |
| Renasant Corporation | \$ 375,829 | 13.32% | \$ 169,279 | 6.00% | \$ 112,852 | 4.00% |
| Renasant Bank | 368,087 | 13.07% | 168,993 | 6.00% | 112,662 | 4.00% |
| Total Capital to Risk-Weighted Assets | | | | | | |
| Renasant Corporation | \$ 411,208 | 14.58% | \$ 282,131 | 10.00% | \$ 225,705 | 8.00% |
| Renasant Bank | 403,407 | 14.32% | 281,655 | 10.00% | 225,324 | 8.00% |

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk since December 31, 2011. For additional information regarding our market risk, see our Annual Report on Form 10-K for the year ended December 31, 2011.

Item 4. CONTROLS AND PROCEDURES

Based on their evaluation as of the end of the period covered by this quarterly report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective for ensuring that information the Company is required to disclose in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no changes in the Company's internal control over financial reporting during the fiscal quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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Part II. OTHER INFORMATION

Item 1A. RISK FACTORS

Information regarding risk factors appears in Part I, Item 1A, Risk Factors, of the Company's Annual Report on Form 10-K for the year ended December 31, 2011. There have been no material changes in the risk factors disclosed in our Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

The Company did not repurchase any shares of its outstanding stock during the three month period ended March 31, 2012.

Please refer to the information discussing restrictions on the Company's ability to pay dividends under the heading Liquidity and Capital Resources in Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this report, which is incorporated by reference herein.

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Item 6. EXHIBITS

| Exhibit Number | Description |
|-------------------|--|
| (3)(i) | Articles of Incorporation of Renasant Corporation, as amended(1) |
| (3)(ii) | Restated Bylaws of Renasant Corporation (2) |
| (4)(i) | Articles of Incorporation of Renasant Corporation, as amended(1) |
| (4)(ii) | Restated Bylaws of Renasant Corporation (2) |
| (10)(i) | Amendment No. 4 to the Renasant Corporation Deferred Stock Unit Plan (3) |
| (31)(i) | Certification of the Chief Executive Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| (31)(ii) | Certification of the Chief Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| (31)(iii) | Certification of the Chief Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| (32)(i) | Certification of the Chief Executive Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| (32)(ii) | Certification of the Chief Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| (32)(iii) | Certification of the Chief Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| (101) | The following materials from Renasant Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 were formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2012 and December 31, 2011, (ii) Consolidated Statements of Income for the three months ended March 31, 2012 and 2011, (iii) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2012 and 2011 and (iv) Notes to Consolidated Financial Statements (Unaudited). |

- (1) Filed as exhibit 3.1 to the Company's Form 10-Q filed with the Securities and Exchange Commission on May 9, 2005 and incorporated herein by reference.
- (2) Filed as exhibit 3(ii) to the Company's Form 8-K filed with the Securities and Exchange Commission on October 21, 2011 and incorporated herein by reference.
- (3) Filed as exhibit 99.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on January 23, 2012 and incorporated herein by reference.

The Company does not have any long-term debt instruments under which securities are authorized exceeding ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company will furnish to the Securities and Exchange Commission, upon their request, a copy of all long-term debt instruments.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RENASANT CORPORATION

(Registrant)

Date: May 10, 2012

/s/ E. Robinson McGraw
E. Robinson McGraw

Chairman of the Board, Director,

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 10, 2012

/s/ Kevin D. Chapman
Kevin D. Chapman

Executive Vice President and

Chief Financial Officer

(Co-Principal Financial Officer)

Date: May 10, 2012

/s/ Stuart R. Johnson
Stuart R. Johnson

Executive Vice President and

Treasurer

(Co-Principal Financial Officer)

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EXHIBIT INDEX

Exhibit

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|-----------|--|
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