

RENASANT CORP  
Form 10-Q  
May 08, 2015  
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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, 2015  
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)

Mississippi 64-0676974  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

209 Troy Street, Tupelo, Mississippi 38804-4827  
(Address of principal executive offices) (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, 2015, 31,625,581 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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 Form 10-Q  
 For the Quarterly Period Ended March 31, 2015  
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## PART I. FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## Renasant Corporation and Subsidiaries

## Consolidated Balance Sheets

(In Thousands, Except Share Data)

	(Unaudited)	
	March 31, 2015	December 31, 2014
Assets		
Cash and due from banks	\$78,716	\$ 95,793
Interest-bearing balances with banks	95,663	65,790
Cash and cash equivalents	174,379	161,583
Securities held to maturity (fair value of \$486,624 and \$442,488, respectively)	470,597	430,163
Securities available for sale, at fair value	545,797	553,584
Mortgage loans held for sale, at fair value	102,780	25,628
Loans, net of unearned income:		
Acquired and covered by FDIC loss-share agreements ("covered loans")	125,773	143,041
Acquired and not covered by FDIC loss-share agreements ("acquired non-covered loans")	553,574	577,347
Not acquired	3,274,314	3,267,486
Total loans, net of unearned income	3,953,661	3,987,874
Allowance for loan losses	(42,302 )	(42,289 )
Loans, net	3,911,359	3,945,585
Premises and equipment, net	117,769	113,735
Other real estate owned:		
Covered under FDIC loss-share agreements	4,325	6,368
Not covered under FDIC loss-share agreements	27,361	28,104
Total other real estate owned, net	31,686	34,472
Goodwill	274,705	274,706
Other intangible assets, net	21,348	22,624
FDIC loss-share indemnification asset	8,934	12,516
Other assets	222,495	230,533
Total assets	\$5,881,849	\$ 5,805,129
Liabilities and shareholders' equity		
Liabilities		
Deposits		
Noninterest-bearing	\$959,351	\$ 919,872
Interest-bearing	3,983,418	3,918,546
Total deposits	4,942,769	4,838,418
Short-term borrowings	6,732	32,403
Long-term debt	155,581	156,422
Other liabilities	53,571	66,235
Total liabilities	5,158,653	5,093,478
Shareholders' equity		
Preferred stock, \$.01 par value – 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$.01 par value – 75,000,000 shares authorized, 32,656,166 shares issued; 31,604,937 and 31,545,145 shares outstanding, respectively	163,281	163,281
Treasury stock, at cost	(21,312 )	(22,128 )

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Additional paid-in capital	344,119	345,213
Retained earnings	242,726	232,883
Accumulated other comprehensive loss, net of taxes	(5,618 )	(7,598 )
Total shareholders' equity	723,196	711,651
Total liabilities and shareholders' equity	\$5,881,849	\$5,805,129

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,	
	2015	2014
Interest income		
Loans	\$47,437	\$49,546
Securities		
Taxable	4,415	4,243
Tax-exempt	2,254	2,189
Other	60	199
Total interest income	54,166	56,177
Interest expense		
Deposits	3,438	4,373
Borrowings	1,886	1,833
Total interest expense	5,324	6,206
Net interest income	48,842	49,971
Provision for loan losses	1,075	1,450
Net interest income after provision for loan losses	47,767	48,521
Noninterest income		
Service charges on deposit accounts	5,933	5,916
Fees and commissions	4,894	4,972
Insurance commissions	1,967	1,863
Wealth management revenue	2,190	2,144
BOLI income	848	731
Gains on sales of mortgage loans held for sale	4,633	1,585
Other	1,439	1,405
Total noninterest income	21,904	18,616
Noninterest expense		
Salaries and employee benefits	28,260	28,428
Data processing	3,181	2,695
Net occupancy and equipment	5,559	4,847
Other real estate owned	532	1,701
Professional fees	824	1,200
Advertising and public relations	1,303	1,528
Intangible amortization	1,275	1,471
Communications	1,433	1,682
Merger-related expenses	478	195
Other	4,569	3,898
Total noninterest expense	47,414	47,645
Income before income taxes	22,257	19,492
Income taxes	7,017	5,895
Net income	\$15,240	\$13,597
Basic earnings per share	\$0.48	\$0.43
Diluted earnings per share	\$0.48	\$0.43
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,	
	2015	2014
Net income	\$15,240	\$13,597
Other comprehensive income, net of tax:		
Securities:		
Net change in unrealized holding gains on securities	2,624	2,784
Amortization of unrealized holding losses on securities transferred to the held to maturity category	(32)	(44)
Total securities	2,592	2,740
Derivative instruments:		
Net change in unrealized holding losses on derivative instruments	(669)	(419)
Totals derivative instruments	(669)	(419)
Defined benefit pension and post-retirement benefit plans:		
Amortization of net actuarial loss recognized in net periodic pension cost	57	45
Total defined benefit pension and post-retirement benefit plans	57	45
Other comprehensive income, net of tax	1,980	2,366
Comprehensive income	\$17,220	\$15,963

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,	
	2015	2014
Operating activities		
Net income	\$15,240	\$13,597
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,075	1,450
Depreciation, amortization and accretion	3,772	2,542
Deferred income tax expense	6,408	5,284
Funding of mortgage loans held for sale	(185,595)	(104,353)
Proceeds from sales of mortgage loans held for sale	113,076	110,773
Gains on sales of mortgage loans held for sale	(4,633)	(1,585)
Losses (gains) on sales of premises and equipment	4	(12)
Stock-based compensation	864	871
Decrease in FDIC loss-share indemnification asset, net of accretion	2,213	1,601
Decrease in other assets	7,664	5,885
Decrease in other liabilities	(14,432)	(15,793)
Net cash (used in) provided by operating activities	\$(54,344)	\$20,260
Investing activities		
Purchases of securities available for sale	(13,651)	(76,282)
Proceeds from call/maturities of securities available for sale	24,814	17,069
Purchases of securities held to maturity	(54,824)	(128,684)
Proceeds from call/maturities of securities held to maturity	13,922	57,890
Net increase in loans	30,542	12,038
Purchases of premises and equipment	(5,924)	(2,293)
Net cash used in investing activities	(5,121)	(120,262)
Financing activities		
Net increase in noninterest-bearing deposits	39,479	58,944
Net increase in interest-bearing deposits	64,872	103,928
Net decrease in short-term borrowings	(25,671)	(2,283)
Repayment of long-term debt	(978)	(989)
Cash paid for dividends	(5,398)	(5,372)
Cash received on exercise of stock-based compensation	28	—
Excess tax (expense) benefit from stock-based compensation	(71)	741
Net cash provided by financing activities	72,261	154,969
Net increase in cash and cash equivalents	12,796	54,967
Cash and cash equivalents at beginning of period	161,583	246,648
Cash and cash equivalents at end of period	\$174,379	\$301,615
Supplemental disclosures		
Cash paid for interest	\$5,663	\$6,543
Cash paid for income taxes	\$1,368	\$4,993
Noncash transactions:		
Transfers of loans to other real estate owned	\$5,559	\$2,497
Financed sales of other real estate owned	\$480	\$153
See Notes to Consolidated Financial Statements.		



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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, 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 accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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, 2014 filed with the Securities and Exchange Commission on March 2, 2015.

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, 2015 but prior to the issuance of these financial statements that would have a material impact on its Consolidated Financial Statements.

## Note B – Securities

(In Thousands, Except Number of Securities)

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2015				
Obligations of other U.S. Government agencies and corporations	\$165,589	\$47	\$(957)	) \$164,679
Obligations of states and political subdivisions	305,008	17,062	(125)	) 321,945
	\$470,597	\$17,109	\$(1,082)	) \$486,624
December 31, 2014				
Obligations of other U.S. Government agencies and corporations	\$125,081	\$10	\$(2,915)	) \$122,176
Obligations of states and political subdivisions	305,082	15,428	(198)	) 320,312
	\$430,163	\$15,438	\$(3,113)	) \$442,488

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2015				
Obligations of other U.S. Government agencies and corporations	\$6,113	\$ 170	\$(52)	) \$6,231
Residential mortgage backed securities:				
Government agency mortgage backed securities	292,587	5,981	(486)	) 298,082
Government agency collateralized mortgage obligations	151,075	2,131	(1,398)	) 151,808
Commercial mortgage backed securities:				
Government agency mortgage backed securities	42,019	1,583	(32)	) 43,570
Government agency collateralized mortgage obligations	4,553	273	—	4,826
Trust preferred securities	26,057	79	(6,010)	) 20,126
Other debt securities	16,999	537	(42)	) 17,494
Other equity securities	2,331	1,329	—	3,660
	\$541,734	\$ 12,083	\$(8,020)	) \$545,797
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2014				
Obligations of other U.S. Government agencies and corporations	\$6,119	\$ 147	\$(119)	) \$6,147
Residential mortgage backed securities:				
Government agency mortgage backed securities	292,283	4,908	(832)	) 296,359
Government agency collateralized mortgage obligations	158,436	1,523	(2,523)	) 157,436
Commercial mortgage backed securities:				
Government agency mortgage backed securities	45,714	1,608	(137)	) 47,185
Government agency collateralized mortgage obligations	4,970	202	—	5,172
Trust preferred securities	26,400	137	(6,781)	) 19,756
Other debt securities	17,517	487	(74)	) 17,930
Other equity securities	2,331	1,268	—	3,599
	\$553,770	\$ 10,280	\$(10,466)	) \$553,584

There were no held to maturity or available for sale securities sold during the three months ended March 31, 2015 or 2014.

At March 31, 2015 and December 31, 2014, securities with a carrying value of \$694,737 and \$617,189, respectively, were pledged to secure government, public and trust deposits. Securities with a carrying value of \$18,840 and \$16,410

were pledged as collateral for short-term borrowings and derivative instruments at March 31, 2015 and December 31, 2014, respectively.

The amortized cost and fair value of securities at March 31, 2015 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.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

	Held to Maturity		Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$51,995	\$52,081	\$—	\$—
Due after one year through five years	78,507	80,593	1,059	1,127
Due after five years through ten years	213,069	218,280	5,054	5,104
Due after ten years	127,026	135,670	26,057	20,126
Residential mortgage backed securities:				
Government agency mortgage backed securities	—	—	292,587	298,082
Government agency collateralized mortgage obligations	—	—	151,075	151,808
Commercial mortgage backed securities:				
Government agency mortgage backed securities	—	—	42,019	43,570
Government agency collateralized mortgage obligations	—	—	4,553	4,826
Other debt securities	—	—	16,999	17,494
Other equity securities	—	—	2,331	3,660
	\$470,597	\$486,624	\$541,734	\$545,797

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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