

RENASANT CORP  
Form 10-Q  
May 11, 2009  
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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, 2009

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**  
(State or other jurisdiction of incorporation or

**64-0676974**  
(I.R.S. Employer Identification Number)

organization)

**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.

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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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, \$5.00 Par Value, 21,072,601 shares outstanding as of April 30, 2009.

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Renasant Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

*(In Thousands, Except Share Data)*

	(unaudited) March 31, 2009	December 31, 2008
<b>Assets</b>		
Cash and due from banks	\$ 79,199	\$ 81,427
Interest-bearing balances with banks	97,039	18,967
Cash and cash equivalents	176,238	100,394
Securities available for sale	709,950	695,106
Mortgage loans held for sale	55,194	41,805
Loans, net of unearned income	2,506,780	2,530,886
Allowance for loan losses	(35,181)	(34,905)
Net loans	2,471,599	2,495,981
Premises and equipment, net	46,204	46,992
Intangible assets, net	192,822	193,323
Other assets	143,210	142,379
<b>Total assets</b>	<b>\$ 3,795,217</b>	<b>\$ 3,715,980</b>
<b>Liabilities and shareholders equity</b>		
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$ 303,536	\$ 284,227
Interest-bearing	2,385,769	2,060,104
Total deposits	2,689,305	2,344,331
Short-term borrowings	29,705	314,541
Long-term debt	642,425	619,435
Other liabilities	33,687	37,302
<b>Total liabilities</b>	<b>3,395,122</b>	<b>3,315,609</b>
<b>Shareholders equity</b>		
Preferred stock, \$.01 par value 5,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$.50 par value 75,000,000 shares authorized, 22,790,797 shares issued; 21,067,539 shares outstanding at March 31, 2009 and December 31, 2008	113,954	113,954
Treasury stock, at cost	(28,044)	(28,044)
Additional paid-in capital	184,551	184,273
Retained earnings	144,843	142,427
Accumulated other comprehensive loss	(15,209)	(12,239)
<b>Total shareholders equity</b>	<b>400,095</b>	<b>400,371</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 3,795,217</b>	<b>\$ 3,715,980</b>

*See notes to condensed consolidated financial statements.*



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## Renasant Corporation and Subsidiaries

## Condensed Consolidated Statements of Income (Unaudited)

*(In Thousands, Except Share Data)*

	Three Months Ended March 31,	
	2009	2008
<b>Interest income</b>		
Loans	\$ 35,766	\$ 46,330
Securities		
Taxable	6,948	5,643
Tax-exempt	1,135	1,193
Other	61	217
<b>Total interest income</b>	<b>43,910</b>	<b>53,383</b>
<b>Interest expense</b>		
Deposits	12,192	19,861
Borrowings	6,405	6,365
<b>Total interest expense</b>	<b>18,597</b>	<b>26,226</b>
<b>Net interest income</b>	<b>25,313</b>	<b>27,157</b>
Provision for loan losses	5,040	2,625
<b>Net interest income after provision for loan losses</b>	<b>20,273</b>	<b>24,532</b>
<b>Noninterest income</b>		
Service charges on deposit accounts	5,425	5,433
Fees and commissions	4,682	3,765
Insurance commissions	828	857
Trust revenue	491	626
Gains on sales of securities available for sale	427	
BOLI income	467	397
Gains on sales of mortgage loans held for sale	1,776	1,521
Other	666	1,258
<b>Total noninterest income</b>	<b>14,762</b>	<b>13,857</b>
<b>Noninterest expense</b>		
Salaries and employee benefits	14,744	14,718
Data processing	1,329	1,307
Net occupancy	2,163	2,194
Equipment	1,086	1,179
Professional fees	927	839
Advertising and marketing	563	727
Intangible amortization	501	584
Communications	1,094	1,195
Other	4,513	4,055
<b>Total noninterest expense</b>	<b>26,920</b>	<b>26,798</b>
Income before income taxes	8,115	11,591
Income taxes	2,109	3,314

Net income	\$ 6,006	\$ 8,277
Basic earnings per share	\$ 0.29	\$ 0.40
Diluted earnings per share	\$ 0.28	\$ 0.39
Cash dividends per common share	\$ 0.17	\$ 0.17

*See notes to condensed consolidated financial statements.*

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## Renasant Corporation and Subsidiaries

## Condensed Consolidated Statements of Cash Flows (Unaudited)

*(In Thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (1,301)</b>	<b>\$ 27,002</b>
<b>Investing activities</b>		
Purchases of securities available for sale	(111,087)	(147,816)
Proceeds from sales of securities available for sale	26,831	
Proceeds from call/maturities of securities available for sale	65,042	58,952
Net decrease (increase) in loans	17,094	(831)
Proceeds from sales of premises and equipment	53	6
Purchases of premises and equipment	(378)	(1,907)
<b>Net cash used in investing activities</b>	<b>(2,445)</b>	<b>(91,596)</b>
<b>Financing activities</b>		
Net increase in noninterest-bearing deposits	19,309	4,777
Net increase in interest-bearing deposits	325,665	74,169
Net decrease in short-term borrowings	(284,836)	(309,002)
Proceeds from long-term debt	50,000	310,655
Repayment of long-term debt	(26,958)	(2,083)
Purchases of treasury stock		(2,004)
Cash paid for dividends	(3,590)	(3,568)
Cash received on exercise of stock-based compensation		1,779
Excess tax benefit from stock-based compensation		546
<b>Net cash provided by financing activities</b>	<b>79,590</b>	<b>75,269</b>
<b>Net increase in cash and cash equivalents</b>	<b>75,844</b>	<b>10,675</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>100,394</b>	<b>99,793</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 176,238</b>	<b>\$ 110,468</b>
<b>Supplemental disclosures</b>		
Transfers of loans to other real estate	\$ 2,483	\$ 5,589

*See notes to condensed consolidated financial statements.*

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Renasant Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

**Note A - Basis of Presentation**

Renasant Corporation (referred to herein as the Company), a Mississippi corporation, owns and operates Renasant Bank, a Mississippi-chartered bank with operations in Mississippi, Tennessee and Alabama, and Renasant Insurance, Inc., a Mississippi corporation and a wholly-owned subsidiary of Renasant Bank with operations in Mississippi. The Company offers a diversified range of financial and insurance services to its retail and commercial customers through its full service offices located throughout north and north central Mississippi, west and middle Tennessee and north and north central Alabama.

The accompanying unaudited condensed 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 accounting policies, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

**Note B - Recent Accounting Pronouncements**

**Statement No. 161:** In March 2008, the Financial Accounting Standard Board (FASB) issued Statement of Financial Accounting Standards (Statement) No. 161, Disclosures about Derivative Instruments and Hedging Activities - an Amendment to FASB Statement No. 133 (Statement No. 161). Statement No. 161 amends and expands the disclosure requirements for derivative instruments and hedging activities as provided by Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (Statement No. 133). Statement No. 161 requires entities to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedging activities are accounted for under Statement No. 133 and its related interpretations, and how derivative instruments and related hedging activities affect an entity's financial position, financial performance, and cash flows. To meet these objectives, Statement No. 161 requires qualitative disclosures regarding the objectives and strategies for using derivative instruments and engaging in hedging activities in the context of an entity's overall risk exposure, quantitative disclosures presented in tabular format of the fair values of and gains and losses on derivative instruments, and disclosures about credit-risk related contingent features in derivative instruments. The Company adopted Statement No. 161 on January 1, 2009. The adoption of Statement No. 161 did not have a material impact on the Company. See Note D, Derivative Instruments, in these Notes to Condensed Consolidated Financial Statements for further disclosures regarding the Company's adoption of Statement No. 161.

**FSP FAS 132(R)-1:** In December 2008, the FASB issued Staff Position No. 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets (FSP FAS 132(R)-1). This Staff Position amends Statement No. 132(R), Employers' Disclosures about Pensions and Other Postretirement Benefits, to require further disclosures about the fair value measurements of an employer's benefit plan assets, including disclosures about the following: how investment allocation decisions are made, including the factors material to an understanding of investment policies and strategies; major categories of plan assets; information about inputs and valuation techniques, including the fair value hierarchy classifications, as defined by Statement No. 157, Fair Value Measurements (Statement No. 157), of the major categories of plan assets; the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets; and significant concentrations of risk within plan assets. FSP FAS 132(R)-1 is effective for fiscal years beginning on or after December 15, 2009, with early adoption permitted. The Company is currently in the process of evaluating the impact of adopting FSP FAS 132(R)-1 on its financial statements.

**FSP EITF 99-20-1:** In January 2009, the FASB issued Staff Position No. EITF 99-20-1, Amendments to the Impairment Guidance of EITF Issue No. 99-20 (FSP EITF 99-20-1), which amends the impairment guidance in Emerging Issues Task Force Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets," to achieve more consistent determination of whether an other-than-temporary impairment has occurred. FSP EITF 99-20-1 also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, and other related guidance. FSP EITF 99-20-1 was effective for interim and annual reporting periods.

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Renasant Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

**Note B - Recent Accounting Pronouncements (continued)**

ending after December 15, 2008, and was to be applied prospectively. Retroactive application was not permitted. The Company adopted FSP EITF 99-20-1 on January 1, 2009. The adoption of FSP EITF 99-20-1 did not have a material impact on the Company.

**FSP FAS 141(R)-1:** In April 2009, the FASB issued Staff Position No. 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies ( FSP FAS 141(R)-1 ). This Staff Position amends and clarifies Statement No. 141, Business Combinations, to address the initial recognition and measurement of an asset acquired or a liability assumed in a business combination that arises from a contingency provided the asset or liability's fair value on the date of acquisition can be determined. When the fair value, at the acquisition date, of an asset acquired or liability assumed cannot be determined, FSP FAS 141(R)-1 requires using the guidance under Statement No. 5, Accounting for Contingencies, and Interpretation No. 14, Reasonable Estimation of the Amount of a Loss. FSP FAS 141(R)-1 is effective for assets or liabilities arising from contingencies in business combinations that occur following the start of the first annual reporting period beginning on or after December 15, 2008. The adoption of FSP FAS 141(R)-1 will impact the Company's accounting for and reporting of acquisitions completed after January 1, 2009.

**FSP FAS 107-1 and APB 28-1:** In April 2009, the FASB issued Staff Position No. 107-1 and Accounting Principles Board ( APB ) Opinion No. 28-1, Interim Disclosures about Fair Value of Financial Instruments ( FSP FAS 107-1 and APB 28-1 ). This Staff Position amends Statement No 107, Disclosures about Fair Value of Financial Instruments, and APB Opinion No. 28, Interim Financial Reporting, to require quantitative and qualitative disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual reporting periods. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted. The Company is currently in the process of evaluating the impact of adopting FSP FAS 107-1 and APB 28-1 on its financial statements.

**FSP FAS 115-2 and 124-2:** In April 2009, the FASB issued Staff Position No. 115-2 and No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairments ( FSP FAS 115-2 and 124-2 ). This Staff Position amends Staff Position No. 115-1 and No. 124-1, The Meaning of Other-Than Temporary Impairment and Its Application to Certain Investments. FSP FAS 115-2 and 124-2 is intended to bring greater consistency to the timing of impairment recognition, and provide greater clarity to investors about the credit and noncredit components of impaired debt securities that are not expected to be sold. The measure of impairment in comprehensive income remains fair value. FSP FAS 115-2 and 124-2 also requires increased and more frequent disclosures regarding expected cash flows, credit losses, and an aging of securities with unrealized losses. FSP FAS 115-2 and 124-2 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted. The Company is currently in the process of evaluating the impact of adopting FSP FAS 115-2 and 124-2 on its financial statements.

**FSP FAS 157-4:** In April 2009, the FASB issued Staff Position No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly ( FSP FAS 157-4 ). This Staff Position relates to determining fair values when there is no active market or where the price inputs being used represent distressed sales. It reaffirms what Statement No. 157 states is the objective of fair value measurement-to reflect how much an asset would be sold for in an orderly transaction (as opposed to a distressed or forced transaction) at the date of the financial statements under current market conditions. Specifically, it reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted. The Company is currently in the process of evaluating the impact of adopting FSP FAS 157-4 on its financial statements.

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## Renasant Corporation and Subsidiaries

## Notes to Condensed Consolidated Financial Statements (Unaudited)

**Note C - Loans***(In Thousands)*

The Company applied the provisions of the American Institute of Certified Public Accountants Statement of Position 03-3, Accounting for Certain Loans or Debt Securities Acquired in a Transfer, on certain loans acquired in connection with the mergers with Capital Bancorp, Inc. ( Capital ) and Heritage Financial Holding Corporation ( Heritage ). At the date of acquisition, there was evidence of deterioration of the credit quality of these loans since origination, and it was probable that all contractually required payments would not be collected. The amount of such loans included in the balance sheet heading Loans, net of unearned income at March 31, 2009 is as follows:

Commercial	\$ 4,881
Consumer	134
Mortgage	573
Total outstanding balance	\$ 5,588
Total carrying amount	\$ 3,986

Changes in the accretable yield of these loans are as follows:

Balance as of January 1, 2009	\$ 30
Additions	
Reclassifications from nonaccretable difference	7
Accretion	(14)
Balance as of March 31, 2009	\$ 23

The Company did not increase the allowance for loan losses for these loans during the three months ended March 31, 2009.

Nonaccrual loans at March 31, 2009 were \$47,591 as compared to \$35,661 at December 31, 2008. Loans past due 90 days or more and still accruing interest were \$19,789 at March 31, 2009 as compared to \$4,252 at December 31, 2008. Impaired loans recognized in conformity with Statement No. 114, Accounting by Creditors for Impairment of a Loan ( Statement No. 114 ), were as follows:

	March 31, 2009	December 31, 2008
Impaired loans with an allocated allowance for loan losses	\$ 48,685	\$ 35,133
Impaired loans without an allocated allowance for loan losses	164	259
Total impaired loans	\$ 48,849	\$ 35,392