

RENASANT CORP  
Form 10-Q  
November 09, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 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

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RENASANT CORPORATION  
(Exact name of registrant as specified in its charter)

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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)

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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 October 30, 2015, 40,264,555 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 September 30, 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)	
	September 30, 2015	December 31, 2014
Assets		
Cash and due from banks	\$ 128,758	\$ 95,793
Interest-bearing balances with banks	75,091	65,790
Cash and cash equivalents	203,849	161,583
Securities held to maturity (fair value of \$490,233 and \$442,488, respectively)	476,752	430,163
Securities available for sale, at fair value	662,801	553,584
Mortgage loans held for sale, at fair value	317,681	25,628
Loans, net of unearned income:		
Acquired and covered by FDIC loss-share agreements ("acquired covered loans")	100,839	143,041
Acquired and not covered by FDIC loss-share agreements ("acquired non-covered loans")	1,570,116	577,347
Not acquired	3,607,005	3,267,486
Total loans, net of unearned income	5,277,960	3,987,874
Allowance for loan losses	(42,051 )	(42,289 )
Loans, net	5,235,909	3,945,585
Premises and equipment, net	167,642	113,735
Other real estate owned:		
Covered under FDIC loss-share agreements	3,183	6,368
Not covered under FDIC loss-share agreements	33,151	28,104
Total other real estate owned, net	36,334	34,472
Goodwill	452,037	274,706
Other intangible assets, net	30,562	22,624
FDIC loss-share indemnification asset	8,044	12,516
Other assets	327,121	230,533
Total assets	\$ 7,918,732	\$ 5,805,129
Liabilities and shareholders' equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 1,303,884	\$ 919,872
Interest-bearing	4,930,677	3,918,546
Total deposits	6,234,561	4,838,418
Short-term borrowings	402,122	32,403
Long-term debt	149,618	156,422
Other liabilities	99,732	66,235
Total liabilities	6,886,033	5,093,478
Shareholders' equity		
Preferred stock, \$.01 par value – 5,000,000 shares authorized; no shares issued and outstanding	—	—

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Common stock, \$5.00 par value – 75,000,000 shares authorized, 41,292,045 and 32,656,166 shares issued, respectively; 40,268,455 and 31,545,145 shares outstanding, respectively	206,460	163,281
Treasury stock, at cost	(22,010)	(22,128)
Additional paid-in capital	592,132	345,213
Retained earnings	262,057	232,883
Accumulated other comprehensive loss, net of taxes	(5,940)	(7,598)
Total shareholders' equity	1,032,699	711,651
Total liabilities and shareholders' equity	\$ 7,918,732	\$ 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest income				
Loans	\$67,527	\$49,833	\$165,418	\$150,658
Securities				
Taxable	4,193	4,144	12,634	12,998
Tax-exempt	2,529	2,308	7,029	6,821
Other	51	73	154	335
Total interest income	74,300	56,358	185,235	170,812
Interest expense				
Deposits	3,547	3,915	10,155	12,424
Borrowings	2,073	1,971	5,888	5,776
Total interest expense	5,620	5,886	16,043	18,200
Net interest income	68,680	50,472	169,192	152,612
Provision for loan losses	750	2,217	3,000	5,117
Net interest income after provision for loan losses	67,930	48,255	166,192	147,495
Noninterest income				
Service charges on deposit accounts	8,151	7,107	21,008	19,851
Fees and commissions	5,704	5,877	15,150	15,729
Insurance commissions	2,381	2,270	6,467	6,221
Wealth management revenue	2,871	2,197	7,309	6,511
Gains on sales of securities	—	375	96	375
BOLI income	1,110	811	2,668	2,288
Gains on sales of mortgage loans held for sale	10,578	2,635	20,618	6,226
Other	1,322	1,291	3,622	3,449
Total noninterest income	32,117	22,563	76,938	60,650
Noninterest expense				
Salaries and employee benefits	43,048	29,569	101,702	87,807
Data processing	3,773	2,906	10,106	8,451
Net occupancy and equipment	7,733	5,353	18,816	15,106
Other real estate owned	861	1,101	2,347	3,870
Professional fees	1,242	1,018	3,238	3,607
Advertising and public relations	1,567	1,133	4,351	4,549
Intangible amortization	1,803	1,381	4,317	4,279
Communications	2,339	1,079	5,263	4,462
Merger-related expenses	7,746	—	9,691	195
Other	5,973	4,635	14,844	12,890
Total noninterest expense	76,085	48,175	174,675	145,216
Income before income taxes	23,962	22,643	68,455	62,929
Income taxes	7,742	7,108	21,601	18,944
Net income	\$16,220	\$15,535	\$46,854	\$43,985
Basic earnings per share	\$0.40	\$0.49	\$1.36	\$1.40
Diluted earnings per share	\$0.40	\$0.49	\$1.35	\$1.39
Cash dividends per common share	\$0.17	\$0.17	\$0.51	\$0.51

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		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net income	\$ 16,220	\$ 15,535	\$ 46,854	\$ 43,985
Other comprehensive income, net of tax:				
Securities:				
Net change in unrealized holding gains on securities	3,717	866	2,505	4,856
Reclassification adjustment for gains realized in net income	—	(232)	(60)	(232)
Amortization of unrealized holding gains on securities transferred to the held to maturity category	(26)	(38)	(86)	(121)
Total securities	3,691	596	2,359	4,503
Derivative instruments:				
Net change in unrealized holding (losses) gains on derivative instruments	(1,075)	42	(881)	(773)
Totals derivative instruments	(1,075)	42	(881)	(773)
Defined benefit pension and post-retirement benefit plans:				
Amortization of net actuarial loss recognized in net periodic pension cost	55	47	180	137
Total defined benefit pension and post-retirement benefit plans	55	47	180	137
Other comprehensive income, net of tax	2,671	685	1,658	3,867
Comprehensive income	\$ 18,891	\$ 16,220	\$ 48,512	\$ 47,852

See Notes to Consolidated Financial Statements.



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Renasant Corporation and Subsidiaries  
Consolidated Statements of Cash Flows (Unaudited)  
(In Thousands)

	Nine Months Ended September	
	30,	
	2015	2014
Operating activities		
Net income	\$46,854	\$43,985
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	3,000	5,117
Depreciation, amortization and accretion	5,053	5,658
Deferred income tax expense	3,794	12,237
Funding of mortgage loans held for sale	(992,555)	(408,863)
Proceeds from sales of mortgage loans held for sale	1,069,625	418,090
Gains on sales of mortgage loans held for sale	(20,618)	(6,226)
Gains on sales of securities	(96)	(375)
Losses (gains) on sales of premises and equipment	37	(58)
Stock-based compensation	2,739	3,162
Decrease in FDIC loss-share indemnification asset, net of accretion	5,202	10,227
Decrease in other assets	17,182	16,429
Decrease in other liabilities	(11,047)	(9,526)
Net cash provided by operating activities	\$129,170	\$89,857
Investing activities		
Purchases of securities available for sale	(54,256)	(100,129)
Proceeds from sales of securities available for sale	8,444	1,099
Proceeds from call/maturities of securities available for sale	83,488	60,202
Purchases of securities held to maturity	(137,776)	(154,126)
Proceeds from call/maturities of securities held to maturity	121,438	130,206
Net increase in loans	(177,740)	(82,319)
Purchases of premises and equipment	(19,364)	(12,494)
Proceeds from sales of premises and equipment	448	—
Net cash received in acquisition	35,787	—
Net cash used in investing activities	(139,531)	(157,561)
Financing activities		
Net increase in noninterest-bearing deposits	107,728	79,524
Net decrease in interest-bearing deposits	(85,693)	(157,766)
Net increase in short-term borrowings	355,063	63,363
Proceeds from long-term borrowings	42	—
Repayment of long-term debt	(307,230)	(7,864)
Cash paid for dividends	(17,681)	(16,135)
Cash received on exercise of stock-based compensation	102	401
Excess tax benefit from stock-based compensation	296	1,127
Net cash provided by (used in) financing activities	52,627	(37,350)
Net increase (decrease) in cash and cash equivalents	42,266	(105,054)
Cash and cash equivalents at beginning of period	161,583	246,648
Cash and cash equivalents at end of period	\$203,849	\$141,594
Supplemental disclosures		
Cash paid for interest	\$15,936	\$18,674
Cash paid for income taxes	\$10,768	\$9,300

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Noncash transactions:

Transfers of loans to other real estate owned	\$12,268	\$8,318
Financed sales of other real estate owned	\$1,017	\$860
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 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. On October 20, 2015, the Company announced the signing of a definitive merger agreement to acquire KeyWorth Bank, the terms of which are disclosed in Note P, "Subsequent Events". The Company has determined that no other significant events occurred after September 30, 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
September 30, 2015				
Obligations of other U.S. Government agencies and corporations	\$ 120,602	\$ 32	\$(883)	) \$ 119,751
Obligations of states and political subdivisions	356,150	14,742	(410)	) 370,482
	\$ 476,752	\$ 14,774	\$(1,293)	) \$ 490,233
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
September 30, 2015				
Obligations of other U.S. Government agencies and corporations	\$6,100	\$ 150	\$(2	) \$6,248
Residential mortgage backed securities:				
Government agency mortgage backed securities	362,702	5,740	(892	) 367,550
Government agency collateralized mortgage obligations	178,546	2,422	(1,542	) 179,426
Commercial mortgage backed securities:				
Government agency mortgage backed securities	59,544	1,623	(14	) 61,153
Government agency collateralized mortgage obligations	5,211	237	—	5,448
Trust preferred securities	24,807	—	(5,917	) 18,890
Other debt securities	19,607	548	(20	) 20,135
Other equity securities	2,500	1,451	—	3,951
	\$659,017	\$ 12,171	\$(8,387	) \$662,801
	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

During the nine months ended September 30, 2015, the Company sold its pooled trust preferred security XIII with a carrying value of \$1,117 at the time of sale for net proceeds of \$1,213 resulting in a gain of \$96. Furthermore, the Company sold certain investments acquired from Heritage shortly after acquisition with an aggregate carrying value of \$7,231 at the time of sale for net proceeds of \$7,231, resulting in no gain or loss on the sale. During the same period in 2014, the Company sold securities with a carrying value of \$724 at the time of sale for net proceeds of \$1,099 resulting in a gain of \$375.



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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Gross realized gains on sales of securities available for sale for the three and nine months ended September 30, 2015 and 2014 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Gross gains on sales of securities available for sale	\$—	\$375	\$96	\$375
Gross losses on sales of securities available for sale	—	—	—	—
Gain on sales of securities available for sale, net	\$—	\$375	\$96	\$375

At September 30, 2015 and December 31, 2014, securities with a carrying value of \$721,834 and \$617,189, respectively, were pledged to secure government, public and trust deposits. Securities with a carrying value of \$37,976 and \$16,410 were pledged as collateral for short-term borrowings and derivative instruments at September 30, 2015 and December 31, 2014, respectively.

The amortized cost and fair value of securities at September 30, 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.

	Held to Maturity		Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$15,035	\$15,227	\$—	\$—
Due after one year through five years	86,835	89,467	6,100	6,248
Due after five years through ten years	237,759	242,027	—	—
Due after ten years	137,123	143,512	24,807	18,890
Residential mortgage backed securities:				
Government agency mortgage backed securities	—	—	362,702	367,550
Government agency collateralized mortgage obligations	—	—	178,546	179,426
Commercial mortgage backed securities:				
Government agency mortgage backed securities	—	—	59,544	61,153
Government agency collateralized mortgage obligations	—	—	5,211	5,448
Other debt securities	—	—	19,607	20,135
Other equity securities	—	—	2,500	3,951
	\$476,752	\$490,233	\$659,017	\$662,801

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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:

	Less than 12 Months			12 Months or More			Total		
	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses
<b>Held to Maturity:</b>									
<b>September 30, 2015</b>									
Obligations of other U.S. Government agencies and corporations	11	\$45,255	\$(230)	12	\$55,050	\$(653)	23	\$100,305	\$(883)
Obligations of states and political subdivisions	35	26,941	(305)	6	3,861	(105)	41	30,802	(410)
<b>Total</b>	<b>46</b>	<b>\$72,196</b>	<b>\$(535)</b>	<b>18</b>	<b>\$58,911</b>	<b>\$(758)</b>	<b>64</b>	<b>131,107</b>	<b>\$(1,293)</b>
<b>December 31, 2014</b>									
Obligations of other U.S. Government agencies and corporations	2	\$1,000	\$(1)	26	\$119,174	\$(2,914)	28	\$120,174	\$(2,915)
Obligations of states and political subdivisions	3	3,353	(29)	16	10,052	(169)	19	13,405	(198)
<b>Total</b>	<b>5</b>	<b>\$4,353</b>	<b>\$(30)</b>	<b>42</b>	<b>\$129,226</b>	<b>\$(3,083)</b>	<b>47</b>	<b>\$133,579</b>	<b>\$(3,113)</b>
<b>Available for Sale:</b>									
<b>September 30, 2015</b>									
Obligations of other U.S. Government agencies and corporations	1	\$3,998	\$(2)	0	\$—	\$—	1	\$3,998	\$(2)
Residential mortgage backed securities:									
Government agency mortgage backed securities	14	51,459	(184)	9	28,867	(708)	23	80,326	(892)
Government agency collateralized mortgage obligations	3	6,995	(35)	16	54,514	(1,507)	19	61,509	(1,542)
Commercial mortgage backed securities:									
Government agency mortgage backed securities	2	1,144	(11)	1	820	(3)	3	1,964	(14)
Government agency collateralized	0	—	—	0	—	—	0	—	—



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mortgage obligations									
Trust preferred securities	0	—	—	3	18,890	(5,917	) 3	18,890	(5,917 )
Other debt securities	0	—	—	2	4,051	(20	) 2	4,051	(20 )
Total	20	\$63,596	\$(232	) 31	\$107,142	\$(8,155	) 51	\$170,738	\$(8,387 )
December 31, 2014									
Obligations of other U.S. Government agencies and corporations	0	\$—	\$—	1	\$3,881	\$(119	) 1	\$3,881	\$(119 )
Residential mortgage backed securities:									
Government agency mortgage backed securities	3	18,924	(39	) 13	49,612	(793	) 16	68,536	(832 )
Government agency collateralized mortgage obligations	6	32,169	(138	) 18	65,552	(2,385	) 24	97,721	(2,523 )
Commercial mortgage backed securities:									
Government agency mortgage backed securities	0	—	—	3	10,651	(137	) 3	10,651	(137 )
Government agency collateralized mortgage obligations	0	—	—	0	—	—	0	—	—
Trust preferred securities	0	—	—	3	18,503	(6,781	) 3	18,503	(6,781 )
Other debt securities	0	—	—	2	4,175	(74	) 2	4,175	(74 )
Other equity securities	0	—	—	0	—	—	0	—	—
Total	9	\$51,093	\$(177	) 40	\$152,374	\$(10,289	) 49	\$203,467	\$(10,466 )

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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. Impairment is considered to be other-than-temporary if the Company intends to sell the investment security or if the Company does not expect to recover the entire amortized cost basis of the security before the Company is required to sell the security or before the security’s maturity.

The Company does not intend to sell any of the securities in an unrealized loss position, and it is not more likely than not that the Company will be required to sell any such security prior to the recovery of its amortized cost basis, which may be at maturity. Furthermore, even though a number of these securities have been in a continuous unrealized loss position for a period greater than twelve months, the Company has experienced an overall improvement in the fair value of its investment portfolio on account of the decrease in interest rates from the prior year and, with the exception of one of its pooled trust preferred securities (discussed below), is collecting principal and interest payments from the respective issuers as scheduled. As such, the Company did not record any OTTI for the three or nine months ended September 30, 2015 or 2014.

The Company holds investments in pooled trust preferred securities that had an amortized cost basis of \$24,807 and \$26,400 and a fair value of \$18,890 and \$19,756 at September 30, 2015 and December 31, 2014, respectively. At September 30, 2015, the investments in pooled trust preferred securities consist of three securities representing interests in various tranches of trusts collateralized by debt issued by over 250 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, which are performed by third parties, of each security obtained by the Company. The Company does not intend to sell the investments before recovery of the investments’ amortized cost, 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 at maturity. At September 30, 2015, 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 previously concluded that it was probable that there had been an adverse change in estimated cash flows for all three trust preferred securities and recognized credit related impairment losses on these securities in 2010 and 2011. No additional impairment was recognized during the nine months ended September 30, 2015.

The Company’s analysis of the pooled trust preferred securities during the second quarter of 2015 supported a return to accrual status for one of the three securities (XXVI). During the second quarter of 2014, the Company’s analysis supported a return to accrual status for one of the other securities (XXIII). An observed history of principal and interest payments combined with improved qualitative and quantitative factors described above justified the accrual of interest on these securities. However, the remaining security (XXIV) is still in “payment in kind” status where interest payments are not expected until a future date and therefore, the qualitative and quantitative factors described above do not justify a return to accrual status at this time. As a result, pooled trust preferred security XXIV remains classified as nonaccruing asset at September 30, 2015, and 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 September 30, 2015:

Name	Single/ Pooled	Class/ Tranche	Amortized Cost	Fair Value	Unrealized Loss	Lowest Credit	Issuers Currently in
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						Rating	Deferral or Default	
XXIII	Pooled	B-2	\$8,510	\$5,882	\$(2,628 )	Baa3	18	%
XXIV	Pooled	B-2	12,076	9,963	(2,113 )	Caa2	31	%
XXVI	Pooled	B-2	4,221	3,045	(1,176 )	Ba3	26	%
			\$24,807	\$18,890	\$(5,917 )			

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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:

	2015	2014
Balance at January 1	\$(3,337	) \$(3,337 )
Additions related to credit losses for which OTTI was not previously recognized	—	—
Increases in credit loss for which OTTI was previously recognized	—	—
Balance at September 30	\$(3,337	) \$(3,337 )

## Note C – Loans and the Allowance for Loan Losses

(In Thousands, Except Number of Loans)

The following is a summary of loans as of the dates presented:

	September 30, 2015	December 31, 2014
Commercial, financial, agricultural	\$621,121	\$483,283
Lease financing	25,190	10,427
Real estate – construction	339,370	212,061
Real estate – 1-4 family mortgage	1,662,505	1,236,360
Real estate – commercial mortgage	2,516,889	1,956,914
Installment loans to individuals	113,377	89,142
Gross loans	5,278,452	3,988,187
Unearned income	(492	) (313 )
Loans, net of unearned income	5,277,960	3,987,874
Allowance for loan losses	(42,051	) (42,289 )
Net loans	\$5,235,909	\$3,945,585

## 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 status 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 status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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Renasant Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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

	Accruing Loans				Nonaccruing 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	Total Loans
September 30, 2015									
Commercial, financial, agricultural	\$928	\$1,146	\$618,263	\$620,337	\$—	\$503	\$281	\$784	\$621,121
Lease financing	—	—	24,771	24,771	—	419	—	419	25,190
Real estate – construction	789	—	338,581	339,370	—	—	—	—	339,370
Real estate – 1-4 family mortgage	8,947	5,789	1,635,107	1,649,843	296	3,618	8,748		