



COMPANY UPDATE / ESTIMATES CHANGE

Key Metrics

| | |
|-----------------------------------|-----------------|
| RNST - NASDAQ (as of 07/19/17) | \$42.30 |
| Price Target | \$44.00 |
| 52-Week Range | \$31.56-\$45.32 |
| Shares Outstanding (mm) | 48.9 |
| Market Cap. (\$mm) | \$2,069 |
| 3-Mo. Average Daily Volume (000) | 183.3 |
| Institutional Ownership | 62.3% |
| Tangible Equity / Tangible Assets | 9.5% |
| ROE | 8.1% |
| Tangible Book Value Per Share | \$17.56 |
| Price/Tangible Book Value | 241.8% |
| Dividend Yield | 1.7% |
| Price/LTM Earnings | 19.1x |

Operating EPS CY 12/31

| | 2016A | Prior 2017E | Curr. 2017E | Prior 2018E | Curr. 2018E |
|------|--------|----------------|----------------|----------------|----------------|
| 1Q | \$0.54 | \$0.55A | \$0.55A | \$0.69 | \$0.71 |
| 2Q | \$0.57 | \$0.57 | \$0.61A | \$0.77 | \$0.77 |
| 3Q | \$0.59 | \$0.62 | \$0.61 | \$0.78 | \$0.79 |
| 4Q | \$0.59 | \$0.61 | \$0.62 | \$0.77 | \$0.78 |
| Year | \$2.29 | \$2.35 | \$2.39 | \$3.02 | \$3.04 |
| P/E | 18.5x | | 17.7x | | 13.9x |

Numbers may not add due to rounding

Common Dividends

| | 2016A | Curr. 2017E | Prior % chg. | Curr. 2018E |
|------|--------|----------------|-----------------|----------------|
| 1Q | \$0.17 | \$0.18A | 5.9 | \$0.18 |
| 2Q | \$0.18 | \$0.18A | 0.0 | \$0.18 |
| 3Q | \$0.18 | \$0.18 | 0.0 | \$0.18 |
| 4Q | \$0.18 | \$0.18 | 0.0 | \$0.18 |
| Year | \$0.71 | \$0.72 | 1.4 | \$0.72 |

Company Description - Founded in 1904, Renasant Corporation (RNST) is a commercial banking organization with approximately \$8 billion in assets and over 175 banking and other financial services offices in Mississippi, Tennessee, Georgia, Alabama and Florida. In addition to traditional banking services, RNST offers mortgage banking, wealth management, insurance and trust services.

Banks

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Renasant Corporation

RNST -- NASDAQ – Neutral – 2

Loan Growth Accelerates; Reiterating Neutral Rating

- **Earnings Results:** Excluding \$0.04 of merger-related expenses, RNST reported 2Q17 operating EPS of \$0.61, which was \$0.04 above our estimate and the Street consensus.
- **Positive Highlights:** Net interest income rose 7.5% linked-quarter (LQ) to \$79.6 million as 26 bps of net interest margin (NIM) expansion to 4.27% and one extra day in the quarter more than offset a 0.1% dip in average earning assets. We had modeled net interest income of \$77.4 million and a 4.11% margin.

Operating noninterest expenses climbed 4.4% LQ to \$71.8 million, but was modestly below our estimate of \$72.0 million.

Growth in end-of-period non-acquired loans was robust at 4.7% on a LQ basis, while total loans rose 2.2%.

The provision for loan losses rose \$250K LQ to \$1.75 million versus our estimate of \$2.10 million. Excluding performing restructured loans, Nonperforming Assets/Assets fell six bps to 0.42%, while the net charge-off ratio dropped six bps to 0.03%.

- **Negative Highlights:** Noninterest income rose 7.0% sequentially to \$34.3 million, but was below our estimate of \$34.7 million. Drivers of the increase included mortgage banking income (18.3%), insurance commissions & fees (17.3%) and fees & commissions on loans and deposits (5.2%).
- **Estimates:** We increased our 2017 and 2018 operating EPS estimates to \$2.39 and \$3.04 from \$2.35 and \$3.02, respectively. We are retaining our \$44.00 price target and Neutral rating.

Note Important Disclosures on pages 4 and 5
Note Analyst Certification on page 4

OTHER TAKEAWAYS & VALUATION

- Excluding purchase accounting accretion and interest income on problem loans, the NIM rose 15 bps to 3.84%.
- Management noted the loan pipeline is robust and strengthened over the course of Q3.
- Renasant closed on the previously-announced acquisition of Metropolitan BancGroup on July 1, 2017. As of the close date, Metropolitan operated eight offices in Nashville and Memphis, Tennessee, and the Jackson, Mississippi metropolitan area. As a result of the acquisition, RNST picked up approximately \$1.2 billion in assets, \$990 million in loans and \$940 million in deposits.
- Management guided to Q3 noninterest expense in an approximate range of high-\$78 million to mid-\$79 million, including the impact of the Metropolitan acquisition.
- We derive our price target through our discounted dividend model and the application of a 15X forward multiple to our 3Q18-2Q19 EPS estimates. The earnings multiple that we employ is appropriate relative to the company's risk/reward prospects, in our opinion.
- Major model assumptions include a Fed rate hike in December followed by two additional hikes in 2018, continued flattening of the yield curve and a 28% corporate tax rate in 2018. Given the considerable uncertainties regarding corporate tax reform, we are employing conservative hurdle rates in establishing our ratings.

SUITABILITY

Our suitability rating on RNST is 2 on our scale of 1 to 4 (1 = most conservative, 4 = most aggressive). Factors contributing to our suitability rating include the company's market capitalization, liquidity and trading volume, diversity of revenues and the geographic diversification of its footprint.

RISK FACTORS

- **Economy** – If the economy softens, loan demand could wane and credit quality could deteriorate.
- **Geography** – The company's operations are clustered in a few states. Accordingly, its earnings are more vulnerable to any regional shock and/or slowdown.
- **Real Estate** – A significant percentage of the company's loans are real estate oriented. Any deterioration in real estate values would impair the value of the underlying real estate collateral.
- **Competition** – The industry is highly competitive and many of the company's competitors have greater resources.
- **Sector Rotation** – The share price of the company's common stock may be vulnerable to any sector rotation that might occur.
- **Regulatory Environment** – Banks operate in a highly regulated environment. Consequently, the company is vulnerable to regulatory uncertainties that could negatively impact shareholders.
- **Other** – Please see the company's financial statements for a further discussion of risks and considerations.

| | RENASANT CORPORATION | | | | | | | | | | RNST: NEUTRAL | | |
|---|---------------------------------------|---------|---------|---------|---------|---------|----------|----------|----------|----------|---------------|-----------|-----------|
| | \$Millions, Except for Per Share Data | | | | | | | | | | FY 2016 A | FY 2017 E | FY 2018 E |
| Balance Sheet Data: | | | | | | | | | | | | | |
| Total Assets | 8,146.2 | 8,529.6 | 8,542.3 | 8,699.9 | 8,764.7 | 8,872.3 | 10,207.2 | 10,436.9 | 11,408.4 | 11,408.4 | 9.6% | 20.0% | 9.3% |
| Total Gross Loans | 5,572.7 | 5,965.4 | 6,105.2 | 6,199.5 | 6,235.8 | 6,371.0 | 7,477.0 | 7,660.1 | 8,387.6 | 8,387.6 | 14.5% | 23.6% | 9.5% |
| Average Earning Assets | 6,863.9 | 7,396.3 | 7,433.5 | 7,483.2 | 7,688.6 | 7,657.8 | 8,901.0 | 9,083.4 | 9,606.0 | 9,606.0 | 22.3% | 14.2% | 15.3% |
| Deposits | 6,431.4 | 6,702.5 | 6,817.8 | 7,059.1 | 7,230.9 | 7,202.0 | 8,236.1 | 8,400.8 | 9,093.3 | 9,093.3 | 13.5% | 19.0% | 8.2% |
| Equity | 1,053.2 | 1,124.3 | 1,142.1 | 1,232.9 | 1,251.1 | 1,271.8 | 1,475.2 | 1,498.9 | 1,622.3 | 1,622.3 | 18.0% | 21.6% | 8.2% |
| Statement of Operations: | | | | | | | | | | | | | |
| FTE Net Interest Income | 71.8 | 78.9 | 77.5 | 79.8 | 75.9 | 81.5 | 91.1 | 92.6 | 341.0 | 390.1 | 23.7% | 10.7% | 14.4% |
| Net Interest Income | 70.1 | 77.2 | 75.7 | 78.0 | 74.0 | 79.6 | 89.0 | 90.4 | 333.1 | 381.2 | 24.6% | 10.7% | 14.5% |
| Provision for Loan Losses | 1.8 | 1.4 | 2.7 | 1.7 | 1.5 | 1.8 | 2.4 | 2.7 | 8.3 | 13.7 | 58.5% | 10.1% | 65.0% |
| Non-Interest Income: | | | | | | | | | | | | | |
| Wealth Management Income | 2.9 | 2.9 | 3.1 | 2.8 | 2.9 | 3.0 | 3.1 | 3.1 | 11.7 | 12.0 | 19.4% | 2.8% | 5.8% |
| Deposit Service Charges | 8.0 | 7.5 | 8.2 | 8.2 | 7.9 | 8.0 | 8.7 | 8.6 | 33.2 | 34.7 | 8.9% | 4.2% | 4.4% |
| Fees & Commissions | 4.3 | 5.0 | 4.9 | 4.6 | 5.2 | 5.5 | 5.6 | 5.7 | 22.0 | 20.1 | 17.4% | 16.4% | -8.3% |
| Insurance | 2.0 | 2.2 | 2.4 | 2.0 | 1.9 | 2.2 | 2.5 | 2.0 | 8.6 | 8.9 | 1.0% | 0.7% | 3.5% |
| Mortgage Banking Income | 11.9 | 13.4 | 15.8 | 8.3 | 10.5 | 12.4 | 14.0 | 11.5 | 48.4 | 52.9 | 38.1% | -2.1% | 9.4% |
| Other | 4.3 | 3.3 | 3.3 | 3.8 | 4.3 | 3.6 | 3.8 | 3.8 | 15.7 | 14.5 | 78.8% | -7.5% | 12.3% |
| Securities Gains | 0.0 | -0.1 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1135.4% | -100.0% | NA |
| Total Non-Interest Income | 33.4 | 34.3 | 39.6 | 30.1 | 32.0 | 34.3 | 37.7 | 34.8 | 138.7 | 145.7 | 26.8% | 1.0% | 5.0% |
| Non-Core Adjustment | 0.1 | -1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NA | -100.0% | NA |
| Adjusted Non-Interest Income | 33.4 | 33.0 | 39.6 | 30.1 | 32.0 | 34.3 | 37.7 | 34.8 | 138.7 | 145.7 | 25.7% | 1.9% | 5.0% |
| Non-Interest Expense: | | | | | | | | | | | | | |
| Salaries & Benefits | 42.4 | 45.4 | 44.7 | 40.0 | 42.2 | 45.0 | 47.7 | 46.0 | 180.9 | 187.5 | 18.8% | 4.9% | 3.6% |
| Amortization | 1.7 | 1.7 | 1.7 | 1.6 | 1.6 | 1.5 | 1.7 | 1.6 | 6.4 | 5.9 | 11.2% | -5.5% | -6.8% |
| Data Processing | 4.2 | 4.5 | 4.6 | 4.5 | 4.2 | 3.8 | 4.5 | 4.5 | 17.1 | 18.5 | 26.2% | -3.5% | 8.0% |
| Occupancy & Equipment | 8.0 | 8.5 | 8.8 | 8.8 | 9.3 | 8.8 | 10.2 | 9.9 | 34.2 | 39.8 | 26.6% | 11.8% | 4.2% |
| OREO Expenses | 1.0 | 1.6 | 1.5 | 1.6 | 0.5 | 0.8 | 1.0 | 1.0 | 3.0 | 4.0 | 87.1% | -41.8% | 20.7% |
| Other | 12.6 | 15.5 | 15.2 | 14.9 | 11.5 | 14.9 | 14.2 | 14.2 | 54.8 | 55.8 | 15.6% | -5.7% | 1.8% |
| Non-Interest Expense | 69.8 | 77.3 | 76.5 | 71.4 | 69.3 | 74.8 | 79.3 | 77.3 | 300.7 | 311.5 | 20.1% | 2.0% | 3.6% |
| Non-Core Adjustment | -0.9 | -3.1 | -2.5 | -2.1 | -0.6 | -3.0 | 0.0 | 0.0 | (3.6) | 0.0 | -25.8% | -58.3% | -100.0% |
| Adjusted Non-Interest Expense | 68.9 | 74.1 | 74.0 | 69.3 | 68.8 | 71.8 | 79.3 | 77.3 | 297.1 | 311.5 | 22.4% | 3.8% | 4.9% |
| Pretax Core Income | 32.8 | 34.6 | 38.7 | 37.1 | 35.8 | 40.3 | 45.0 | 45.3 | 166.4 | 201.7 | 28.8% | 16.1% | 21.2% |
| Income Taxes | 10.9 | 10.4 | 13.7 | 12.1 | 11.4 | 13.0 | 14.9 | 15.0 | 54.2 | 51.8 | 32.9% | 14.9% | -4.4% |
| Operating Net Income | 21.9 | 24.2 | 24.9 | 25.1 | 24.4 | 27.4 | 30.1 | 30.3 | 112.2 | 149.9 | 26.9% | 16.8% | 33.6% |
| Share & Per Share Data: | | | | | | | | | | | | | |
| Diluted EPS | 0.52 | 0.54 | 0.55 | 0.55 | 0.54 | 0.57 | 0.61 | 0.62 | 2.17 | 2.34 | 15.0% | 7.9% | 30.2% |
| Operating EPS | 0.54 | 0.57 | 0.59 | 0.59 | 0.55 | 0.61 | 0.61 | 0.62 | 2.29 | 2.39 | 10.0% | 4.5% | 27.1% |
| Dividends | 0.17 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 | 0.72 | 4.4% | 1.4% | 0.0% |
| Tangible Book Value | 14.28 | 14.87 | 15.34 | 16.65 | 17.07 | 17.56 | 18.38 | 18.87 | 18.87 | 21.42 | 19.0% | 13.3% | 13.5% |
| Common Shares Outstanding | 40,374 | 42,086 | 42,102 | 44,332 | 44,395 | 44,430 | 49,007 | 49,057 | 49,257 | 49,257 | 10.0% | 10.7% | 0.4% |
| Average Diluted Shares | 40,559 | 42,304 | 42,310 | 42,636 | 44,480 | 44,524 | 49,115 | 49,140 | 46,815 | 49,265 | 16.0% | 11.6% | 5.2% |
| Key Financial Statistics (GAAP): | | | | | | | | | | | | | |
| Return on Assets | 1.07% | 1.08% | 1.08% | 1.09% | 1.11% | 1.16% | 1.18% | 1.17% | 1.15% | 1.37% | 8 | 7 | 22 |
| Return on Equity | 8.08% | 8.17% | 8.17% | 8.18% | 7.69% | 8.03% | 8.70% | 8.09% | 8.13% | 9.61% | 31 | -2 | 148 |
| Net Interest Margin | 4.21% | 4.29% | 4.15% | 4.24% | 4.01% | 4.27% | 4.06% | 4.04% | 4.22% | 4.06% | 7 | -13 | -4 |
| Fee Income/Operating Rev. | 32.27% | 30.79% | 33.61% | 27.81% | 30.20% | 30.09% | 29.72% | 27.77% | 29.45% | 27.65% | 22 | -168 | -180 |
| Efficiency Ratio | 63.86% | 64.20% | 64.37% | 61.63% | 62.45% | 60.75% | 60.28% | 59.40% | 60.72% | 57.05% | -18 | -280 | -367 |
| Tang. Equity/Tang. Assets | 7.52% | 7.80% | 8.03% | 9.00% | 9.16% | 9.31% | 9.35% | 9.39% | 9.39% | 9.73% | 136 | 39 | 35 |
| Dividend Payout Ratio | 32.50% | 33.25% | 32.86% | 32.47% | 33.40% | 31.70% | 29.36% | 29.15% | 30.90% | 23.70% | -365 | -187 | -720 |
| Reserves/Legacy Gross Loans | 1.05% | 1.03% | 1.01% | 0.91% | 0.89% | 0.87% | 0.84% | 0.82% | 0.76% | 0.76% | -20 | -9 | -6 |
| NCOs/Average Loans | 0.10% | 0.01% | 0.05% | 0.31% | 0.08% | 0.03% | 0.10% | 0.10% | 0.08% | 0.11% | 2 | 4 | 4 |

Source: Company reports and Hilliard Lyons estimates.

Additional information is available upon request.

Analyst Certification

I, Andrew W. Stapp, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Renasant Corporation is/was a client of Hilliard Lyons within the past 12 months, received non-investment banking securities-related services, and Hilliard Lyons received compensation for those services.

Definitions of Ratings:

Buy - We believe the stock has significant total return potential in the coming 12 months.

Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

Underperform - We believe the stock is vulnerable to a price decline in the next 12 months.

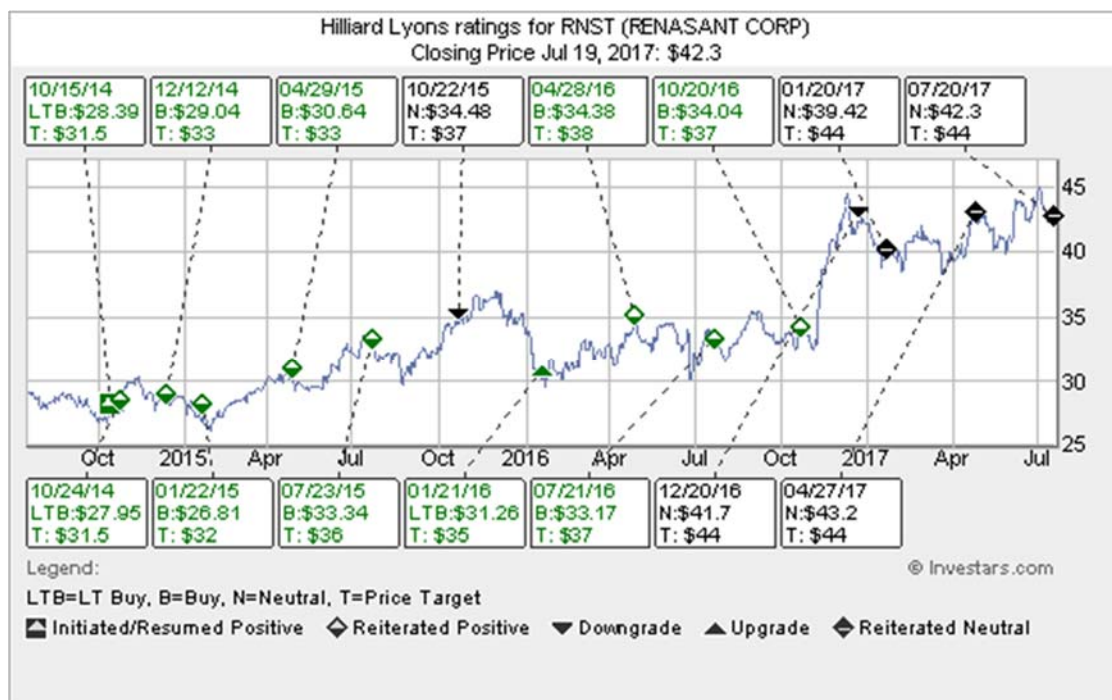
Definitions of Suitabilities:

1. A large cap, core holding with a solid history.

2. A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks.

3. An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage.

4. Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



| Hilliard Lyons Recommended Issues | | | Investment Banking Provided in Past 12 Mo. | |
|-----------------------------------|---------------------|---------------------|--|------------|
| Rating | # of Stocks Covered | % of Stocks Covered | Banking | No Banking |
| Buy | 36 | 29% | 14% | 86% |
| Hold/Neutral | 79 | 63% | 5% | 95% |
| Sell | 10 | 8% | 0% | 100% |

As of 7 July 2017

Other Disclosures

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

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