



COMPANY UPDATE / ESTIMATES CHANGE / TARGET PRICE CHANGE

Key Metrics

RNST - NASDAQ (as of 10/18/17)	\$41.84
Price Target	\$45.00
52-Week Range	\$32.51-\$45.32
Shares Outstanding (mm)	49.3
Market Cap. (\$mm)	\$2,064
3-Mo. Average Daily Volume (000)	177.6
Institutional Ownership	62.8%
Tangible Equity / Tangible Assets	9.5%
ROE	8.1%
Tangible Book Value Per Share	\$17.73
Price/Tangible Book Value	233.9%
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	\$0.71	\$0.71
2Q	\$0.57	\$0.61A	\$0.61A	\$0.77	\$0.75
3Q	\$0.59	\$0.61	\$0.62A	\$0.79	\$0.77
4Q	\$0.59	\$0.62	\$0.63	\$0.78	\$0.76
Year	\$2.29	\$2.39	\$2.42	\$3.04	\$2.99
P/E	18.3x		17.3x		14.0x

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	\$0.18A	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

Strong Loan Growth Continues with Metropolitan Onboard; Reiterating Neutral Rating

- **Earnings Results:** Excluding \$0.04 of merger-related expenses, RNST reported 3Q17 operating EPS of \$0.62, which was \$0.01 above our estimate and the Street consensus.
- **Positive Highlights:** Net interest income rose 13.1% linked-quarter (LQ) to \$90.0 million as a 16.8% surge in average earning assets and an extra day in the quarter more than offset 19 bps of net interest margin (NIM) contraction to 4.08%. We had modeled net interest income of \$89.0 million and a 4.06% margin.

Operating noninterest expenses climbed 3.6% LQ to \$74.4 million and were impacted by the Metropolitan BancGroup acquisition. However, results were well below our estimate of \$79.3 million principally as a result of a favorable variance in “other” noninterest expense.

Growth in end-of-period non-acquired loans was robust at 4.6% on a LQ basis, while total loans, which were impacted by the Metropolitan acquisition, rose 16.9%.

The provision for loan losses increased \$0.4 million LQ to \$2.2 million versus our estimate of \$2.4 million. Excluding performing restructured loans, Nonperforming Assets/Assets fell 11 bps to 0.31%, while the net charge-off ratio increased six bps to 0.09%.

- **Negative Highlights:** Noninterest income fell 2.7% sequentially to \$33.4 million due predominately to a 14.6% reduction in mortgage banking income and was below our estimate of \$37.7 million.
- **Estimates:** We are revising our 2017 and 2018 operating EPS estimates to \$2.42 and \$2.99 from \$2.39 and \$3.04, respectively. We are increasing our price target by \$1.00 to \$45.00 and reaffirming our Neutral rating.

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

OTHER TAKEAWAYS & VALUATION

- The substantial increase in earning assets was primarily attributable to the July 1 acquisition of Metropolitan BancGroup.
- Excluding purchase accounting accretion and interest income on problem loans, the NIM fell eight bps to 3.76%. The contraction was attributable to the purchase of Metropolitan, which had a thinner NIM than RNST.
- Management expects the core NIM to be flattish on a LQ basis in Q4 absent a Fed rate hike.
- The substantial decline in mortgage banking revenue was related to a non-cash mark-to-market adjustment versus an upward adjustment in the prior quarter. Mortgage production and sales volume were sequentially higher in Q3.
- Management noted the loan pipeline remains strong despite typical seasonal weakness for Q4.
- The effective tax rate is anticipated to remain approximately 34% for the foreseeable future absent potential tax reform.
- We derive our price target through our discounted dividend model and the application of a 15X forward multiple to our 4Q18-3Q19 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.

	RENANSANT CORPORATION										RNST: NEUTRAL					
	1Q16 A	2Q16 A	3Q16 A	4Q16 A	1Q17 A	2Q17 A	3Q17 A	4Q17 E	FY 2015 A	FY 2016 A	FY 2017 E	FY 2018 E	FY 2016 A	FY 2017 E	FY 2018 E	
\$Millions, Except for Per Share Data																
Balance Sheet Data:																
Total Assets	8,146.2	8,529.6	8,542.3	8,699.9	8,764.7	8,872.3	10,323.7	10,530.2	7,935.7	8,699.9	10,530.2	11,398.2	9.6%	21.0%	8.2%	
Total Gross Loans	5,572.7	5,965.4	6,105.2	6,199.5	6,235.8	6,371.0	7,448.6	7,628.0	5,413.5	6,199.5	7,628.0	8,406.9	14.5%	23.0%	10.2%	
Average Earning Assets	6,863.9	7,396.3	7,433.5	7,483.2	7,668.6	7,657.8	8,944.1	9,074.1	5,961.2	7,292.6	8,336.2	9,537.0	22.3%	14.3%	14.4%	
Deposits	6,431.4	6,702.5	6,817.8	7,059.1	7,230.9	7,202.0	8,118.5	8,260.6	6,218.6	7,059.1	8,260.6	8,854.2	13.5%	17.0%	7.2%	
Equity	1,053.2	1,124.3	1,142.1	1,232.9	1,251.1	1,271.8	1,511.8	1,525.9	1,044.6	1,232.9	1,525.9	1,647.4	18.0%	23.8%	8.0%	
Statement of Operations:																
FTE Net Interest Income	71.8	78.9	77.5	79.8	75.9	81.5	92.0	93.3	248.9	308.0	342.6	391.4	23.7%	11.2%	14.2%	
Net Interest Income	70.1	77.2	75.7	78.0	74.0	79.6	89.9	91.1	241.6	301.0	334.7	382.5	24.6%	11.2%	14.3%	
Provision for Loan Losses	1.8	1.4	2.7	1.7	1.5	1.8	2.2	2.4	4.8	7.5	7.8	13.0	58.5%	4.2%	66.3%	
Non-Interest Income:																
Wealth Management Income	2.9	2.9	3.1	2.8	2.9	3.0	3.0	3.0	9.8	11.7	11.9	12.6	19.4%	1.6%	5.9%	
Deposit Service Charges	8.0	7.5	8.2	8.2	7.9	8.0	8.7	8.6	29.3	31.9	33.2	34.5	8.9%	4.2%	3.9%	
Fees & Commissions	4.3	5.0	4.9	4.6	5.2	5.5	5.6	5.7	16.1	18.9	22.0	20.1	17.4%	16.6%	-8.8%	
Insurance	2.0	2.2	2.4	2.0	1.9	2.2	2.4	2.0	8.4	8.5	8.4	8.8	1.0%	-0.7%	4.5%	
Mortgage Banking Income	11.9	13.4	15.8	8.3	10.5	12.4	10.6	11.5	35.8	49.4	45.0	50.4	38.1%	-8.9%	11.9%	
Other	4.3	3.3	3.8	4.3	3.6	3.2	3.1	3.5	8.8	15.7	13.5	14.9	78.8%	-14.2%	10.6%	
Securities Gains	0.0	0.1	1.3	0.0	0.0	0.0	0.0	0.1	0.1	1.2	0.1	0.0	1135.4%	-95.2%	-100.0%	
Total Non-Interest Income	33.4	34.3	39.6	30.1	32.0	34.3	34.5	34.5	108.3	137.3	134.1	141.3	26.8%	-2.3%	5.3%	
Non-Core Adjustment	0.1	-1.3	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	(1.2)	(0.1)	0.0	NA	-95.2%	-100.0%	
Adjusted Non-Interest Income	33.4	33.0	39.6	30.1	32.0	34.3	34.5	34.5	108.3	136.1	134.1	141.3	25.7%	-1.5%	5.4%	
Non-Interest Expense:																
Salaries & Benefits	42.4	45.4	44.7	40.0	42.2	45.0	48.5	48.2	145.1	172.4	183.9	200.2	18.8%	6.7%	8.8%	
Amortization	1.7	1.7	1.7	1.6	1.6	1.5	1.8	1.7	6.1	6.7	6.5	6.3	11.2%	-3.2%	-4.3%	
Data Processing	4.2	4.5	4.6	4.5	4.2	3.8	4.2	4.0	14.0	17.7	16.2	16.3	26.2%	-8.3%	0.3%	
Occupancy & Equipment	8.0	8.5	8.8	8.8	9.3	8.8	9.5	9.2	27.0	34.2	36.8	36.9	26.6%	7.6%	0.3%	
CREO Expenses	1.0	1.6	1.5	1.5	0.5	0.8	0.6	0.8	3.0	5.7	2.7	3.0	87.1%	-53.2%	12.5%	
Other	12.6	15.5	15.2	14.9	11.5	14.9	16.1	11.5	50.3	58.1	54.0	46.2	15.6%	-7.2%	-14.4%	
Non-Interest Expense	69.8	77.3	76.5	71.4	69.3	74.8	80.7	75.3	245.5	294.9	300.1	308.8	20.1%	1.8%	2.9%	
Non-Core Adjustment	-0.9	-3.1	-2.5	-2.1	-0.6	-3.0	-6.3	0.0	(11.6)	(8.6)	(9.9)	0.0	-25.8%	14.5%	-100.0%	
Adjusted Non-Interest Expense	68.9	74.1	74.0	69.3	68.8	71.8	74.4	75.3	233.9	286.3	290.3	308.8	22.4%	1.4%	6.4%	
Pretax Core Income	32.8	34.6	38.7	37.1	35.8	40.3	46.6	47.9	111.2	143.3	170.6	201.9	28.8%	19.1%	18.3%	
Income Taxes	10.9	10.4	13.7	12.1	11.4	13.0	16.0	16.5	35.5	47.1	56.8	53.7	32.9%	20.4%	-5.4%	
Operating Net Income	21.9	24.2	24.9	25.1	24.4	27.4	30.7	31.4	75.7	96.1	113.9	148.2	26.9%	18.5%	30.2%	
Share & Per Share Data:																
Diluted EPS	0.52	0.54	0.55	0.55	0.54	0.57	0.53	0.63	1.88	2.17	2.28	2.99	15.0%	5.1%	31.3%	
Operating EPS	0.54	0.57	0.59	0.59	0.55	0.61	0.62	0.63	2.08	2.29	2.42	2.99	10.0%	5.6%	23.5%	
Dividends	0.17	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.68	0.71	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	17.73	18.04	13.99	16.65	18.04	20.54	19.0%	8.3%	13.9%	
Common Shares Outstanding	40,374	42,086	42,102	44,332	44,395	44,430	49,320	49,370	40,293	44,332	49,370	49,570	10.0%	11.4%	0.4%	
Average Diluted Shares	40,559	42,304	42,310	42,636	44,480	44,524	49,455	49,464	36,151	41,948	46,976	49,589	16.0%	12.0%	5.6%	
Key Financial Statistics (GAAP):																
Return on Assets	1.07%	1.08%	1.08%	1.09%	1.11%	1.16%	1.02%	1.20%	1.00%	1.08%	1.12%	1.35%	8	4	23	
Return on Equity	8.08%	8.17%	8.17%	8.18%	7.69%	8.03%	7.07%	8.20%	7.84%	8.15%	7.75%	9.35%	31	-40	160	
Net Interest Margin	4.21%	4.29%	4.15%	4.24%	4.01%	4.27%	4.08%	4.08%	4.15%	4.22%	4.11%	4.10%	7	-11	-1	
Fee Income/Operating Rev.	32.27%	30.79%	33.61%	27.81%	30.20%	30.09%	27.06%	27.42%	30.91%	31.13%	28.69%	26.98%	22	-243	-172	
Efficiency Ratio	63.86%	64.20%	64.37%	61.63%	62.45%	60.75%	57.97%	57.64%	63.71%	63.52%	59.70%	56.82%	-18	-382	-289	
Tang. Equity/Tang. Assets	7.52%	7.80%	8.03%	9.00%	9.16%	9.31%	9.03%	9.00%	7.64%	9.00%	9.00%	9.46%	136	0	46	
Dividend Payout Ratio	32.50%	33.25%	32.86%	32.47%	33.40%	31.70%	33.68%	28.35%	36.42%	32.77%	31.78%	24.12%	-365	-99	-767	
Reserves/Legacy Gross Loans	1.05%	1.03%	1.01%	0.91%	0.87%	0.84%	0.82%	0.82%	1.11%	0.91%	0.82%	0.77%	-20	-9	-5	
NCOs/Average Loans	0.10%	0.01%	0.05%	0.31%	0.08%	0.03%	0.10%	0.10%	0.10%	0.12%	0.08%	0.11%	2	-4	3	

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.

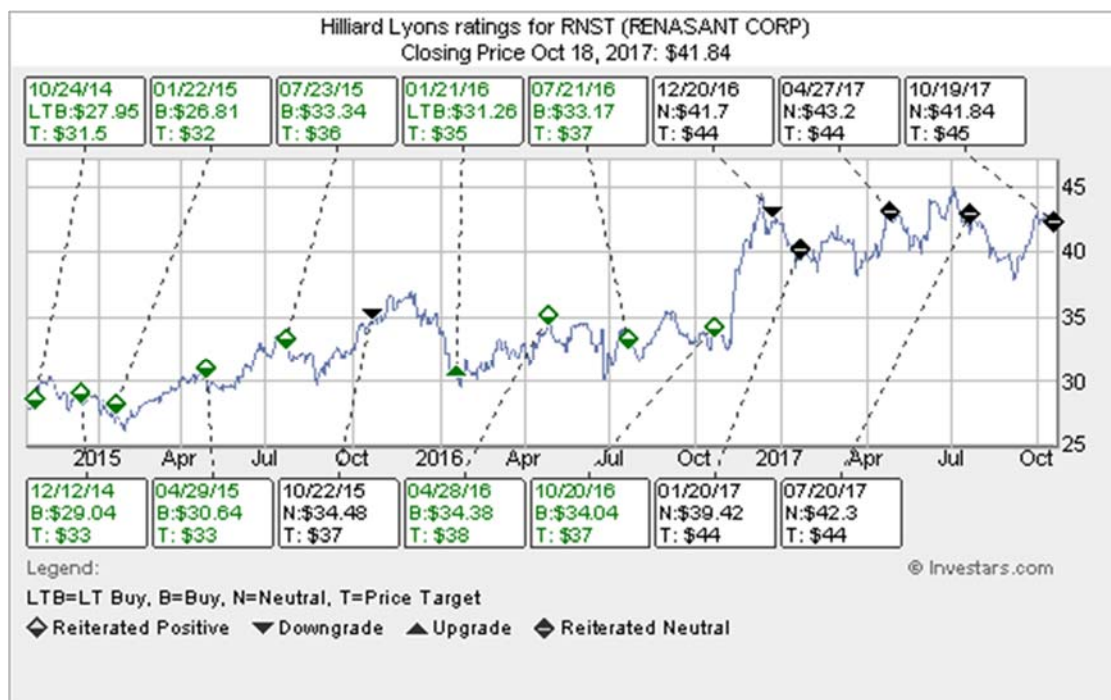
Definitions of Suitabilities:

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



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	39	32%	8%	92%
Hold/Neutral	74	60%	9%	91%
Sell	8	7%	0%	100%
Restriction	2	2%	100%	0%

As of 5 October 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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