

VEEVA SYSTEMS INC  
Form SC 13G/A  
February 17, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13G**

**Under the Securities Exchange Act of 1934**

**(Amendment No. 1)\***

**Veeva Systems Inc.**

**(Name of Issuer)**

**Class A Common Stock**

**(Title of Class of Securities)**

**922475108**

**(CUSIP Number)**

**December 31, 2014**

**(Date of Event Which Requires Filing of this Statement)**

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

☐ Rule 13d-1(b)

☐ Rule 13d-1(c)

☒ Rule 13d-1(d)

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to  
\*the subject class of securities, and for any subsequent amendment containing information which would alter  
disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of  
Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act  
but shall be subject to all other provisions of the Act (however, see the Notes).

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NAMES OF REPORTING PERSONS/I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

(ENTITIES ONLY)

1

Maja Kristin

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2 (a) " (b) "

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

USA

SOLE VOTING POWER

NUMBER OF 5

SHARES 0  
SHARED VOTING POWER

BENEFICIALLY 6

OWNED BY 4,619,284(1)(2)  
EACH SOLE DISPOSITIVE POWER

REPORTING 7

PERSON WITH 0  
SHARED DISPOSITIVE POWER

8

4,619,284(1)(2)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

4,619,284(1)(2)

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES ☐ x

10

0

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

3.5(1)(2)(3)

TYPE OF REPORTING PERSON

12

IN

(1) Each share of Class B Common Stock is convertible, at any time at the option of the holder, into one (1) share of Class A Common Stock. In addition, each share of Class B Common Stock will convert automatically into one (1) share of Class A Common Stock upon any transfer, whether or not for value, except for certain permitted transfers described in, and transfers to any "permitted transferee" as defined in, the Issuer's restated certificate of incorporation in effect as of the date hereof. All shares of Class A and Class B Common Stock will convert automatically into shares of a single class of Common Stock upon the earliest to occur of the following: (a) upon the election by the holders of a majority of the then outstanding shares of Class B Common Stock or (b) October 15, 2023.

(2) Represents (i) 2,136,667 shares of Class B Common Stock and 2,040,117 shares of Class A Common Stock held by the Reporting Person, as trustee of the Maja Kristin Revocable Trust, dated August 27, 2012 and (ii) 442,500 shares of Class A Common Stock held by the Maja Kristin 2014 Annuity Trust.

(3) The percentage in row 11 assumes the conversion of all Class B Common Stock. Based on 64,239,331 shares of Class A Common Stock outstanding as of December 31, 2014, as reported by the Issuer to the Reporting Person, and in the event that only the Reporting Person's shares were converted into Class A Common Stock, the percentage in row 11 would equal 7.0%.

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**Item 1(a) Name of Issuer:**

Veeva Systems Inc.

**Item 1(b) Address of Issuer's Principal Executive Offices:**

4637 Chabot Drive, Suite 210,  
Pleasanton, CA 94588

**Item 2(a) Name of Person Filing:**

Maja Kristin

the "***Reporting Person.***"

**Item 2(b) Address of Principal Business Office or, If None, Residence**

c/o Veeva Systems Inc.  
4637 Chabot Drive, Suite 210,  
Pleasanton, CA 94588

**Item 2(c) Citizenship:**

USA

**Item 2(d) Title of Class of Securities:**

Class A Common Stock

**Item 2(e) CUSIP Number:**

922475108

**Item 3. If this statement is filed pursuant to 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

- (a) " Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o)
- (b) " Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) " Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) " Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
- (e) " An investment adviser in accordance with 240.13d-1(b)(1)(ii)(E);
- (f) " An employee benefit plan or endowment fund in accordance with 240.13d-1(b)(1)(ii)(F);
- (g) " A parent holding company or control person in accordance with 240.13d-1(b)(1)(ii)(G);
- (h) " A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the  
" Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) " A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with  
" §240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Not applicable.

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**Item 4. Ownership**

(a) Amount Beneficially Owned: 4,619,284 shares (1)(2)

(b) Percent of Class: 3.5% (1)(2)(3)

(c) Number of shares as to which the person has:

(i) Sole power to vote or direct the vote: 0 shares

(ii) Shared power to vote or direct the vote: 4,619,284 shares

(iii) Sole power to dispose or to direct the disposition of: 0 shares

(iv) Shared power to dispose or to direct the disposition of: 4,619,284 shares

(1) Each share of Class B Common Stock is convertible, at any time at the option of the holder, into one (1) share of Class A Common Stock. In addition, each share of Class B Common Stock will convert automatically into one (1) share of Class A Common Stock upon any transfer, whether or not for value, except for certain permitted transfers described in, and transfers to any "permitted transferee" as defined in, the Issuer's restated certificate of incorporation in effect as of the date hereof. All shares of Class A and Class B Common Stock will convert automatically into shares of a single class of Common Stock upon the earliest to occur of the following: (a) upon the election by the holders of a majority of the then outstanding shares of Class B Common Stock or (b) October 15, 2023.

(2) Includes (i) 2,136,667 shares of Class B Common Stock and 2,040,117 shares of Class A Common Stock held by the Reporting Person, as trustee of the Maja Kristin Revocable Trust, dated August 27, 2012 and (ii) 442,500 shares of Class A Common Stock held by the Maja Kristin 2014 Annuity Trust.

(3) The percentage in Item 4(b) assumes the conversion of all Class B Common Stock. Based on 64,239,331 shares of Class A Common Stock outstanding as of December 31, 2014, as reported by the Issuer to the Reporting Person, and in the event that only the Reporting Person's shares were converted into Class A Common Stock, the percentage in Item 4(b) would equal 7.0%.

**Item 5. Ownership of Five Percent or Less of a Class**

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner or more than five percent of the class of securities, check the following box: "

**Item 6. Ownership of More Than Five Percent on Behalf of Another Person**

Not applicable.

**Item 7. Identification and Classification of Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person**

Not applicable.

**Item 8. Identification and Classification of Members of the Group**

Not applicable.

**Item 9. Notice of Dissolution of Group**

Not applicable.

**Item 10. Certifications**

Not applicable.



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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2015 Maja Kristin

By: /s/ Maja Kristin

:0px">

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loan workouts and foreclosure proceedings remain at higher levels in correlation with the overall economic downturn and credit deterioration identified in our loan portfolio and the Company's efforts to bring these credits to resolution.

Advertising and public relations expense was \$1,216 for the third quarter of 2012 compared to \$1,134 for the same period in 2011. This increase is attributable to advertising and marketing costs associated with the Company's expansion into new markets since the first quarter of 2011.

Amortization of intangible assets totaled \$341 and \$351 for the third quarter of 2012 and 2011, respectively. This amortization relates to finite-lived intangible assets which are being amortized over the useful lives as determined at acquisition. These finite-lived intangible assets have remaining estimated useful lives ranging from three to fifteen years.

Communication expenses, those expenses incurred for communication to clients and between employees, were \$1,115 for the third quarter of 2012 as compared to \$1,059 for the same period in 2011.

| <b>Efficiency Ratio</b><br><b>Three Months Ended</b><br><b>September 30,</b> |             |
|------------------------------------------------------------------------------|-------------|
| <b>2012</b>                                                                  | <b>2011</b> |
| 73.44%                                                                       | 70.05%      |

The efficiency ratio is one measure of productivity in the banking industry. This ratio is calculated to measure the cost of generating one dollar of revenue. That is, the ratio is designed to reflect the percentage of one dollar which must be expended to generate that dollar of revenue. The Company calculates this ratio by dividing noninterest expense by the sum of net interest income on a fully taxable equivalent basis and noninterest income. We remain committed to aggressively managing our costs within the framework of our business model. The increase in noninterest expense coupled with net interest income and noninterest income remaining relatively flat resulted in the decrease in the Company's efficiency ratio for the third quarter of 2012 as compared to the same period in 2011.

### *Income Taxes*

Income tax expense for the third quarter of 2012 and 2011 was \$853 and \$2,316, respectively. The effective tax rates for those periods were 10.81% and 26.18%, respectively. The decrease in the effective tax rate for the third quarter of 2012 as compared to the same period in 2011 was attributable to reversals of valuation allowances against the deferred tax assets related to state net operating loss carryforwards and additional benefits from investments in low-income housing tax credits that were utilized on state income tax returns filed during the third quarter of 2012.

### *Nine Months Ended September 30, 2012 as Compared to the Nine Months Ended September 30, 2011*

#### *Net Income*

Net income for the nine month period ended September 30, 2012 was \$19,356 compared to net income of \$19,842 for the nine month period ended September 30, 2011. Basic and diluted earnings per share for the nine month period ended September 30, 2012 were \$0.77 as compared to \$0.79 for the nine month period ended September 30, 2011.

**Table of Contents***Net Interest Income*

Net interest income increased 2.76% to \$99,385 for the first nine months of 2012 compared to \$96,713 for the same period in 2011. On a tax equivalent basis, net interest income was \$103,849 for the first nine months of 2012 as compared to \$101,164 for the first nine months of 2011. With respect to the increase in net interest income for the first nine months of 2012 compared to the first nine months of 2011, the increase due to the change of net earning assets was \$6,359, while the decrease resulting from the changing interest rate environment was \$3,674. Net interest margin increased to 3.93% during the first nine months of 2012 from 3.74% for the same period in 2011.

The following table sets forth average balance sheet data, including all major categories of interest-earning assets and interest-bearing liabilities, together with the interest earned or interest paid and the average yield or average rate paid on each such category for the periods presented:

|                                             | Nine Months Ended September 30, |                                        |                |                    |                                        |                |
|---------------------------------------------|---------------------------------|----------------------------------------|----------------|--------------------|----------------------------------------|----------------|
|                                             | Average<br>Balance              | 2012<br>Interest<br>Income/<br>Expense | Yield/<br>Rate | Average<br>Balance | 2011<br>Interest<br>Income/<br>Expense | Yield/<br>Rate |
| <b>Assets</b>                               |                                 |                                        |                |                    |                                        |                |
| Interest-earning assets:                    |                                 |                                        |                |                    |                                        |                |
| Loans <sup>(1)</sup>                        | \$ 2,672,079                    | \$ 103,152                             | 5.16%          | \$ 2,574,516       | \$ 107,635                             | 5.59%          |
| Securities:                                 |                                 |                                        |                |                    |                                        |                |
| Taxable <sup>(2)</sup>                      | 529,458                         | 10,530                                 | 2.65           | 629,704            | 16,001                                 | 3.39           |
| Tax-exempt                                  | 233,347                         | 10,247                                 | 5.86           | 217,406            | 10,025                                 | 6.15           |
| Interest-bearing balances with banks        | 97,301                          | 172                                    | 0.24           | 195,296            | 433                                    | 0.30           |
| Total interest-earning assets               | 3,532,185                       | 124,101                                | 4.69           | 3,616,922          | 134,094                                | 4.95           |
| Cash and due from banks                     | 67,006                          |                                        |                | 70,567             |                                        |                |
| Intangible assets                           | 191,789                         |                                        |                | 191,542            |                                        |                |
| FDIC loss-share indemnification asset       | 63,182                          |                                        |                | 152,473            |                                        |                |
| Other assets                                | 292,685                         |                                        |                | 252,959            |                                        |                |
| Total assets                                | \$ 4,146,847                    |                                        |                | \$ 4,284,463       |                                        |                |
| <b>Liabilities and shareholders' equity</b> |                                 |                                        |                |                    |                                        |                |
| Interest-bearing liabilities:               |                                 |                                        |                |                    |                                        |                |
| Deposits:                                   |                                 |                                        |                |                    |                                        |                |
| Interest-bearing demand <sup>(3)</sup>      | \$ 1,371,053                    | \$ 3,045                               | 0.30%          | \$ 1,357,968       | \$ 7,668                               | 0.75%          |
| Savings deposits                            | 228,677                         | 413                                    | 0.24           | 210,004            | 620                                    | 0.39           |
| Time deposits                               | 1,265,664                       | 11,377                                 | 1.20           | 1,464,901          | 17,321                                 | 1.58           |
| Total interest-bearing deposits             | 2,865,394                       | 14,835                                 | 0.69           | 3,032,873          | 25,609                                 | 1.13           |
| Borrowed funds                              | 194,871                         | 5,417                                  | 3.71           | 270,103            | 7,321                                  | 3.62           |
| Total interest-bearing liabilities          | 3,060,265                       | 20,252                                 | 0.88           | 3,302,976          | 32,930                                 | 1.33           |
| Noninterest-bearing deposits                | 536,640                         |                                        |                | 475,009            |                                        |                |
| Other liabilities                           | 56,663                          |                                        |                | 29,770             |                                        |                |
| Shareholders' equity                        | 493,279                         |                                        |                | 476,708            |                                        |                |
| Total liabilities and shareholders' equity  | \$ 4,146,847                    |                                        |                | \$ 4,284,463       |                                        |                |
| Net interest income/net interest margin     |                                 | \$ 103,849                             | 3.93%          |                    | \$ 101,164                             | 3.74%          |

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- (1) Includes mortgage loans held for sale and shown net of unearned income.
- (2) U.S. Government and some U.S. Government agency securities are tax-exempt in the states in which we operate.
- (3) Interest-bearing demand deposits include interest-bearing transactional accounts and money market deposits.

The average balances of nonaccruing assets are included in the table above. Interest income and weighted average yields on tax-exempt loans and securities have been computed on a fully tax equivalent basis assuming a federal tax rate of 35% and a state tax rate of 3.3%, which is net of federal tax benefit.

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The following table sets forth a summary of the changes in interest earned, on a tax equivalent basis, and interest paid resulting from changes in volume and rates for the Company for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011:

|                                           | Volume          | Rate              | Net <sup>(1)</sup> |
|-------------------------------------------|-----------------|-------------------|--------------------|
| <b>Interest income:</b>                   |                 |                   |                    |
| Loans <sup>(2)</sup>                      | \$ 3,992        | \$ (8,475)        | \$ (4,483)         |
| <b>Securities:</b>                        |                 |                   |                    |
| Taxable                                   | (2,515)         | (2,956)           | (5,471)            |
| Tax-exempt                                | 837             | (615)             | 222                |
| Interest-bearing balances with banks      | (217)           | (44)              | (261)              |
| <b>Total interest-earning assets</b>      | <b>2,097</b>    | <b>(12,090)</b>   | <b>(9,993)</b>     |
| <b>Interest expense:</b>                  |                 |                   |                    |
| Interest-bearing demand deposits          | 74              | (4,697)           | (4,623)            |
| Savings deposits                          | 55              | (262)             | (207)              |
| Time deposits                             | (2,352)         | (3,592)           | (5,944)            |
| Borrowed funds                            | (2,039)         | 135               | (1,904)            |
| <b>Total interest-bearing liabilities</b> | <b>(4,262)</b>  | <b>(8,416)</b>    | <b>(12,678)</b>    |
| <b>Change in net interest income</b>      | <b>\$ 6,359</b> | <b>\$ (3,674)</b> | <b>\$ 2,685</b>    |

<sup>(1)</sup> Changes in interest due to both volume and rate have been allocated on a pro-rata basis using the absolute ratio value of amounts calculated.

<sup>(2)</sup> Includes mortgage loans held for sale and shown net of unearned income.

Interest income, on a tax equivalent basis, was \$124,101 for the first nine months of 2012 compared to \$134,094 for the same period in 2011. The decrease in interest income was driven primarily by a decrease in the average balance of interest-earning assets and a decline in the yield on interest-earning assets.

The following table presents the percentage of total average earning assets, by type and yield, for the periods presented:

|                             | Percentage of Total |                | Yield        |              |
|-----------------------------|---------------------|----------------|--------------|--------------|
|                             | Nine Months Ended   |                | Nine Months  |              |
|                             | September 30,       |                | Ended        |              |
|                             | 2012                | 2011           | 2012         | 2011         |
| Loans                       | 75.65%              | 71.18%         | 5.16%        | 5.59%        |
| Securities                  | 21.60               | 23.42          | 3.63         | 4.10         |
| Other                       | 2.75                | 5.40           | 0.24         | 0.30         |
| <b>Total earning assets</b> | <b>100.00%</b>      | <b>100.00%</b> | <b>4.69%</b> | <b>4.95%</b> |

Interest expense was \$20,252 for the first nine months of 2012 compared to \$32,930 for the same period in 2011. The decrease in interest expense was due to the decrease in the cost of interest-bearing liabilities as a result of the declining interest rate environment and a change in the mix of our interest-bearing liabilities in which we utilized lower cost deposits to replace higher costing liabilities, specifically time deposits and borrowed funds. In addition, the average balance of noninterest-bearing deposits increased \$61,631, or 12.97%, during the first nine months of 2012 as compared to the same period in 2011. These changes to our funding mix, coupled with a reduction in borrowed funds, reduced our total cost of funds 46 basis points to 0.75% for the first nine months of 2012 as compared to 1.16% for the first nine months of 2011.



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Interest expense on deposits was \$14,835 and \$25,609 for the first nine months of 2012 and 2011, respectively. The cost of interest-bearing deposits was 0.69% and 1.13% for the same periods.

Interest expense on total borrowings was \$5,417 and \$7,321 for the first nine months of 2012 and 2011, respectively. The cost of our FHLB advances was 4.29% and 4.09% for the first nine months of 2012 and 2011, respectively.

The following table presents, by type, the Company's funding sources, which consist of total average deposits and borrowed funds, and the total cost of each funding source for the periods presented:

|                                   | Percentage of Total |         | Cost of Funds |       |
|-----------------------------------|---------------------|---------|---------------|-------|
|                                   | Nine Months Ended   |         | Nine Months   |       |
|                                   | September 30,       |         | Ended         |       |
|                                   | 2012                | 2011    | 2012          | 2011  |
| Noninterest-bearing demand        | 14.92%              | 12.57%  | %             | %     |
| Interest-bearing demand           | 38.12               | 35.94   | 0.30          | 0.75  |
| Savings                           | 6.36                | 5.56    | 0.24          | 0.39  |
| Time deposits                     | 35.19               | 38.78   | 1.20          | 1.58  |
| Federal Home Loan Bank advances   | 2.56                | 3.46    | 4.29          | 4.09  |
| Other borrowed funds              | 2.85                | 3.69    | 3.18          | 3.17  |
| Total deposits and borrowed funds | 100.00%             | 100.00% | 0.75%         | 1.16% |

*Noninterest Income*

**Noninterest Income to  
Average Assets**

(Excludes securities  
gains/losses)

**Nine Months Ended  
September 30,**

**2012                      2011**  
1.57%                      1.47%

Noninterest income was \$50,639 for the nine months ended September 30, 2012 as compared to \$51,770 for the same period in 2011.

Noninterest income for the first nine months of 2011 includes the bargain purchase gain of \$8,774 resulting from the FDIC-assisted acquisition of American Trust Bank, a Georgia-chartered bank headquartered in Roswell, Georgia (American Trust).

Service charges on deposit accounts were \$13,838 and \$14,628 for the first nine months of 2012 and 2011, respectively. Overdraft fees were \$11,406 for the nine months ended September 30, 2012 as compared to \$12,838 for the same period in 2011.

Fees and commissions increased 37.57% to \$12,889 during the first nine months of 2012 as compared to \$9,369 for the same period in 2011. For the first nine months of 2012, fees associated with debit card usage were \$6,319, an increase of 17.56% as compared to \$5,375 for the same period in 2011. Mortgage loan fees increased \$2,375 to \$4,663 during the first nine months of 2012 as compared to \$2,288 for the same period in 2011. This is due to the increase in mortgage loan originations to be sold in the secondary market during the same period in 2012 as compared to 2011.

Income earned on insurance products was \$2,588 and \$2,478 for the nine months ended September 30, 2012 and 2011, respectively.

Contingency income is a bonus received from the insurance underwriters and is based both on commission income and claims experience on our clients' policies during the previous year. Increases and decreases in contingency income are reflective of corresponding increases and decreases in the amount of claims paid by insurance carriers. Contingency income, which is included in Other noninterest income in the Consolidated Statements of Income, was \$252 and \$345 for the nine months ended September 30, 2012 and 2011, respectively.

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Wealth Management revenue was \$5,200 for the first nine months of 2012 compared to \$3,339 for the same period in 2011. The increase in Wealth Management revenue for the first nine months of 2012 as compared to the same period in 2011 was primarily attributable to the acquisition of the Birmingham, Alabama-based trust department of RBC Bank (USA) in the third quarter of 2011.



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Gains on sales of securities for the first nine months of 2012 were \$1,773, resulting from the sale of \$85,077 in securities. Gains on sales of securities for the first nine months of 2011 were \$5,057, resulting from the sale of \$94,023 in securities. The Company recognized other-than-temporary-impairment losses of \$262 related to investments in pooled trust preferred securities during the nine months ended September 30, 2011.

Gains on the sale of mortgage loans held for sale were \$8,068 and \$3,471 for the nine months ended September 30, 2012 and 2011, respectively. Originations of mortgage loans to be sold totaled \$404,222 for the first nine months of 2012 as compared to \$293,974 for the same period of 2011.

*Noninterest Expense*

**Noninterest Expense to Average Assets  
Nine Months Ended  
September 30,**

| 2012  | 2011  |
|-------|-------|
| 3.61% | 3.26% |

Noninterest expense was \$111,962 and \$104,596 for the first nine months of 2012 and 2011, respectively.

Salaries and employee benefits increased \$9,838, or 19.71%, to \$59,741 for the first nine months of 2012 as compared to \$49,903 for the same period in 2011. The increase is primarily attributable to commissions related to the increase in mortgage production during the first nine months of 2012 as compared to the same period in 2011 as well as personnel costs associated with our de novo operations in Maryville, Tennessee.

Data processing costs increased 19.94% to \$6,443 for the first nine months of 2012 from \$5,372 for the same period in 2011. The increase in data processing costs over this period is reflective of increased loan and deposit processing from growth in the number of loans and deposits.

Net occupancy and equipment expense for the first nine months of 2012 was \$11,079, up \$1,060 from the same period in 2011. This increase is attributable to occupancy costs and depreciation expense associated with the operations of the Company's banking expansions beginning in the latter half of 2011.

Expenses related to other real estate owned for the first nine months of 2012 were \$9,809 compared to \$11,969 for the same period in 2011. Expenses on other real estate owned for the first nine months of 2012 include write downs of \$5,190 of the carrying value to fair value on certain pieces of property held in other real estate owned. Other real estate owned with a cost basis of \$46,750 was sold during the first nine months of 2012, resulting in a net loss of \$1,852. Expenses on other real estate owned for the nine months ended September 30, 2011 included a \$6,824 write down of the carrying value to fair value on certain pieces of property held in other real estate owned. Other real estate owned with a cost basis of \$34,759 was sold during the first nine months of 2011, resulting in a net loss of \$2,414.

Professional fees were \$3,101 for the first nine months of 2012 as compared to \$3,004 for the same period in 2011. Professional fees attributable to legal fees associated with loan workouts and foreclosure proceedings remain at higher levels in correlation with the overall economic downturn and credit deterioration identified in our loan portfolio and the Company's efforts to bring these credits to resolution.

Advertising and public relations expense was \$3,715 for the first nine months of 2012 compared to \$3,254 for the same period in 2011. This increase is attributable to advertising and marketing costs associated with the Company's expansion into new markets since the first quarter of 2011.

Amortization of intangible assets totaled \$1,048 for the first nine months of 2012 compared to \$1,376 for the same period of 2011. During 2011, the Company amortized the remaining core deposit intangible recorded in connection with the Renasant Bancshares acquisition, which contributed \$326 to total intangible amortization expense for the first nine months of 2011.

Communication expenses were \$3,144 for the first nine months of 2012 as compared to \$3,433 for the same period in 2011.

Noninterest expense for the first nine months of 2012 includes \$898 in prepayment penalties associated with paying off \$24,000 of FHLB borrowings. In comparison, noninterest expense for the first nine months of 2011 includes \$1,325 and \$326 of acquisition related costs associated with the American Trust and the Birmingham, Alabama based trust unit acquisitions, respectively, and \$1,903 in prepayment penalties associated with paying off \$50,000 of FHLB borrowings.



**Table of Contents***Income Taxes*

Income tax expense for the first nine months of 2012 and 2011 was \$4,581 and \$7,695, respectively. The effective tax rates for those periods were 19.14% and 27.94%, respectively. The decrease in the effective tax rate for the third quarter of 2012 as compared to the same period in 2011 was attributable to the reversals of valuation allowances against the deferred tax assets related to state net operating loss carryforwards and additional benefits from investments in low-incoming housing tax credits that were utilized on state income tax returns filed during the third quarter of 2012.

**Risk Management**

The management of risk is an on-going process. Primary risks that are associated with the Company include credit, interest rate and liquidity risk. Credit risk and interest rate risk are discussed below, while liquidity risk is discussed in the next subsection under the heading Liquidity and Capital Resources.

*Credit Risk and Allowance for Loan Losses*

The allowance for loan losses is available to absorb probable credit losses inherent in the entire loan portfolio. The appropriate level of the allowance is based on an ongoing analysis of the loan portfolio and represents an amount that management deems adequate to provide for inherent losses, including collective impairment as recognized under the Financial Accounting Standards Board Accounting Standards Codification Topic (ASC) 450, Contingencies. Collective impairment is calculated based on loans grouped by grade. Another component of the allowance is losses on loans assessed as impaired under ASC 310, Receivables. The balance of these loans and their related allowance is included in management's estimation and analysis of the allowance for loan losses. Other considerations in establishing the allowance for loan losses include economic conditions reflected within industry segments, the unemployment rate in our markets, loan segmentation and historical losses that are inherent in the loan portfolio. The allowance for loan losses is established after input from management, loan review and the loss management committee. An evaluation of the adequacy of the allowance is calculated quarterly based on the types of loans, an analysis of credit losses and risk in the portfolio, economic conditions and trends within each of these factors. In addition, on a regular basis, management and the Board of Directors review loan ratios. These ratios include the allowance for loan losses as a percentage of total loans, net charge-offs as a percentage of average loans, the provision for loan losses as a percentage of average loans, nonperforming loans as a percentage of total loans and the allowance coverage on nonperforming loans. Also, management reviews past due ratios by officer, community bank and the Company as a whole.

The following table presents the allocation of the allowance for loan losses by loan category for the periods presented:

|                                     | September 30,<br>2012 | December 31,<br>2011 | September 30,<br>2011 |
|-------------------------------------|-----------------------|----------------------|-----------------------|
| Commercial, financial, agricultural | \$ 3,252              | \$ 4,197             | \$ 3,826              |
| Lease financing                     | 1                     | 1                    | 1                     |
| Real estate - construction          | 1,048                 | 1,073                | 1,167                 |
| Real estate - 1-4 family mortgage   | 18,190                | 17,191               | 21,126                |
| Real estate - commercial mortgage   | 21,011                | 20,979               | 21,481                |
| Installment loans to individuals    | 567                   | 899                  | 931                   |
| <b>Total</b>                        | <b>\$ 44,069</b>      | <b>\$ 44,340</b>     | <b>\$ 48,532</b>      |

For impaired loans, specific reserves are established to adjust the carrying value of the loan to its estimated net realizable value. The following table quantifies the amount of the specific reserves component of the allowance for loan losses and the amount of the allowance determined by applying allowance factors to graded loans as of the dates presented:

|                                      | September 30,<br>2012 | December 31,<br>2011 | September 30,<br>2011 |
|--------------------------------------|-----------------------|----------------------|-----------------------|
| Specific reserves for impaired loans | \$ 19,169             | \$ 15,410            | \$ 19,717             |

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|                                            |           |           |           |
|--------------------------------------------|-----------|-----------|-----------|
| Allocated reserves for remaining portfolio | 24,900    | 28,930    | 28,815    |
| Total                                      | \$ 44,069 | \$ 44,340 | \$ 48,532 |

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The provision for loan losses charged to operating expense is an amount which, in the judgment of management, is necessary to maintain the allowance for loan losses at a level that is believed to be adequate to meet the inherent risks of losses in our loan portfolio. Factors considered by management in determining the amount of the provision for loan losses include the internal risk rating of individual credits, historical and current trends in net charge-offs, trends in nonperforming loans, trends in past due loans, trends in the market values of underlying collateral securing loans and the current economic conditions in the markets in which we operate. The Company has recorded higher levels of provision for loan losses since 2008 to address credit deterioration resulting from the effects of the economic downturn on our borrowers' ability to make timely payments or repay their loans at maturity, especially in connection with the construction and land development segment of the loan portfolio. This deterioration was reflected in the increase in nonperforming loans, as well as the decline in market values of underlying collateral securing loans, primarily real estate, which peaked in 2010. In addition, the increase in the provision for loan losses during these periods is attributable to management identifying potential credit deterioration through the internal loan grading system and increasing the allowance for loan losses in response. Improvement in the Company's credit quality measures as evidenced by lower levels of classified loans, total past due loans and nonperforming loans in 2012 as compared to 2011 has resulted in a decrease in the provision for loan losses for the third quarter of 2012 and the nine months ended September 30, 2012 as compared to the same periods in 2011. The provision for loan losses was \$4,625 and \$5,500 for the third quarter of 2012 and 2011, respectively, and \$14,125 and \$16,350 for the nine months ended September 30, 2012 and 2011, respectively.

All of the loans acquired in the Company's FDIC-assisted acquisitions and certain loans acquired in previous acquisitions that are accounted for under ASC 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality (ASC 310-30) are carried at values which, in management's opinion, reflect the estimated future cash flows, based on the facts and circumstances surrounding each respective loan at the date of acquisition. The Company continually monitors these loans as part of our normal credit review and monitoring procedures for changes in the estimated future cash flows; to the extent future cash flows deteriorate below initial projections, the Company may be required to reserve for these loans in the allowance for loan losses through future provision for loan losses. The Company did not increase the allowance for loan losses for loans accounted for under ASC 310-30 during the three or nine months ended September 30, 2012 or 2011. The provision for loan losses charged to operating expense attributable to loans accounted for under ASC 310-30 totaled \$430 and \$73 during the third quarter of 2012 and 2011, respectively, and \$2,787 and \$40 during the nine months ended September 30, 2012 and 2011, respectively.

Charge-offs reflect the realization of losses in the portfolio that were recognized previously through the provision for loan losses. Net charge-offs were \$5,335 and \$4,539 for the third quarter of 2012 and 2011, respectively, and \$14,396 and \$13,233 for the nine months ended September 30, 2012 and 2011, respectively. The current levels of net charge-offs are a direct result of the prolonged effects of the economic downturn in our markets on borrowers' ability to repay their loans coupled with the decline in market values of the underlying collateral securing loans, particularly real estate secured loans. Although many of the markets in which we operate did not experience the extreme appreciation in real estate values as experienced in other national markets over the past few years, the real estate market in all of our markets began to slow down significantly in 2008. The large inventories of both completed residential homes and land that had been developed for future residential home construction, coupled with declining consumer demand for residential real estate, caused a severe decline in the values of both homes and developed land. As a result, the credit quality of some of our loans in the construction and land development portfolios deteriorated. The ongoing effects of these conditions continued to exist throughout 2012 and our levels of charge-offs are reflective of bringing these credits to resolution.

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The table below reflects the activity in the allowance for loan losses for the periods presented:

|                                               | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|-----------------------------------------------|-------------------------------------|-----------|------------------------------------|-----------|
|                                               | 2012                                | 2011      | 2012                               | 2011      |
| Balance at beginning of period                | \$ 44,779                           | \$ 47,571 | \$ 44,340                          | \$ 45,415 |
| Charge-offs                                   |                                     |           |                                    |           |
| Commercial, financial, agricultural           | 2,590                               | 210       | 4,623                              | 1,494     |
| Lease financing                               |                                     |           |                                    |           |
| Real estate construction                      |                                     |           | 42                                 | 798       |
| Real estate 1-4 family mortgage               | 2,682                               | 3,281     | 7,230                              | 9,896     |
| Real estate commercial mortgage               | 780                                 | 1,372     | 3,806                              | 2,746     |
| Installment loans to individuals              | 118                                 | 105       | 321                                | 194       |
| Total charge-offs                             | 6,170                               | 4,968     | 16,022                             | 15,128    |
| Recoveries                                    |                                     |           |                                    |           |
| Commercial, financial, agricultural           | 145                                 | 61        | 323                                | 239       |
| Lease financing                               |                                     |           |                                    |           |
| Real estate construction                      | 3                                   | 18        | 6                                  | 49        |
| Real estate 1-4 family mortgage               | 648                                 | 245       | 981                                | 582       |
| Real estate commercial mortgage               | 23                                  | 17        | 247                                | 886       |
| Installment loans to individuals              | 16                                  | 88        | 69                                 | 139       |
| Total recoveries                              | 835                                 | 429       | 1,626                              | 1,895     |
| Net charge-offs                               | 5,335                               | 4,539     | 14,396                             | 13,233    |
| Provision for loan losses                     | 4,625                               | 5,500     | 14,125                             | 16,350    |
| Balance at end of period                      | \$ 44,069                           | \$ 48,532 | \$ 44,069                          | \$ 48,532 |
| Net charge-offs (annualized) to average loans | 0.77%                               | 0.70%     | 0.72%                              | 0.69%     |
| Allowance for loan losses to:                 |                                     |           |                                    |           |
| Total loans                                   |                                     |           | 1.74%                              | 2.20%     |
| Nonperforming loans                           |                                     |           | 137.57%                            | 98.97%    |

The following table provides further details of the Company's net charge-offs (recoveries) of loans secured by real estate for the periods presented:

|                                  | Three Months<br>Ended<br>September 30, |         | Nine Months Ended<br>September 30, |        |
|----------------------------------|----------------------------------------|---------|------------------------------------|--------|
|                                  | 2012                                   | 2011    | 2012                               | 2011   |
| Real estate construction:        |                                        |         |                                    |        |
| Residential                      | \$ (3)                                 | \$ (22) | \$ 32                              | \$ 749 |
| Commercial                       |                                        | 4       | 4                                  |        |
| Condominiums                     |                                        |         |                                    |        |
| Total real estate construction   | (3)                                    | (18)    | 36                                 | 749    |
| Real estate 1-4 family mortgage: |                                        |         |                                    |        |
| Primary                          | 10                                     | 237     | 817                                | 1,091  |
| Home equity                      | 476                                    | 681     | 2,302                              | 1,588  |
| Rental/investment                | 349                                    | 1,096   | 1,154                              | 2,393  |

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|                                                       |          |          |          |           |
|-------------------------------------------------------|----------|----------|----------|-----------|
| Land development                                      | 1,199    | 1,022    | 1,976    | 4,242     |
| Total real estate 1-4 family mortgage                 | 2,034    | 3,036    | 6,249    | 9,314     |
| Real estate commercial mortgage:                      |          |          |          |           |
| Owner-occupied                                        | 189      | 663      | 766      | 1,270     |
| Non-owner occupied                                    | 71       | 436      | 1,735    | (282)     |
| Land development                                      | 497      | 256      | 1,058    | 872       |
| Total real estate commercial mortgage                 | 757      | 1,355    | 3,559    | 1,860     |
| Total net charge-offs of loans secured by real estate | \$ 2,788 | \$ 4,373 | \$ 9,844 | \$ 11,923 |

**Table of Contents***Nonperforming Assets*

Nonperforming assets consist of nonperforming loans, other real estate owned and nonaccruing securities available-for-sale. Nonperforming loans are those on which the accrual of interest has stopped or loans which are contractually 90 days past due on which interest continues to accrue. Generally, the accrual of interest is discontinued when the full collection of principal or interest is in doubt or when the payment of principal or interest has been contractually 90 days past due, unless the obligation is both well secured and in the process of collection. Management, the loss management committee and our loan review staff closely monitor loans that are considered to be nonperforming.

Debt securities may be transferred to nonaccrual status where the recognition of investment interest is discontinued. A number of qualitative factors, including but not limited to the financial condition of the underlying issuer and current and projected deferrals or defaults, are considered by management in the determination of whether a debt security should be transferred to nonaccrual status. The interest on these nonaccrual investment securities is accounted for on the cash-basis method until qualifying for return to accrual status. Nonaccruing securities available-for-sale consist of the Company's investments in pooled trust preferred securities issued by financial institutions, each of which is on nonaccrual status.

The following table provides details of the Company's nonperforming assets covered by loss-share agreements with the FDIC (covered assets) and not covered under loss-share agreements as of the dates presented:

|                                                          | <b>Covered<br/>Assets</b> | <b>Not Covered<br/>Assets</b> | <b>Total<br/>Assets</b> |
|----------------------------------------------------------|---------------------------|-------------------------------|-------------------------|
| <b>September 30, 2012</b>                                |                           |                               |                         |
| Nonaccruing loans                                        | \$ 64,080                 | \$ 29,677                     | \$ 93,757               |
| Accruing loans past due 90 days or more                  |                           | 2,358                         | 2,358                   |
| Total nonperforming loans                                | 64,080                    | 32,035                        | 96,115                  |
| Other real estate owned                                  | 41,615                    | 48,568                        | 90,183                  |
| Total nonperforming loans and OREO                       | 105,695                   | 80,603                        | 186,298                 |
| Nonaccruing securities available-for-sale, at fair value |                           | 15,342                        | 15,342                  |
| Total nonperforming assets                               | \$ 105,695                | \$ 95,945                     | \$ 201,640              |
| Nonperforming loans to total loans                       |                           |                               | 3.43%                   |
| Nonperforming assets to total assets                     |                           |                               | 4.84%                   |
| Allowance for loan losses to total loans                 |                           |                               | 1.57%                   |
| <b>December 31, 2011</b>                                 |                           |                               |                         |
| Nonaccruing loans                                        | \$ 88,034                 | \$ 31,154                     | \$ 119,188              |
| Accruing loans past due 90 days or more                  | 1,134                     | 3,760                         | 4,894                   |
| Total nonperforming loans                                | 89,168                    | 34,914                        | 124,082                 |
| Other real estate owned                                  | 43,156                    | 70,079                        | 113,235                 |
| Total nonperforming loans and OREO                       | 132,324                   | 104,993                       | 237,317                 |
| Nonaccruing securities available-for-sale, at fair value |                           | 12,785                        | 12,785                  |
| Total nonperforming assets                               | \$ 132,324                | \$ 117,778                    | \$ 250,102              |
| Nonperforming loans to total loans                       |                           |                               | 4.81%                   |
| Nonperforming assets to total assets                     |                           |                               | 5.95%                   |
| Allowance for loan losses to total loans                 |                           |                               | 1.72%                   |

Due to the significant difference in the accounting for the loans and other real estate owned covered by loss-share agreements and loss mitigation offered under the loss-share agreements with the FDIC, the Company believes that excluding the covered assets from its asset quality measures provides a more meaningful presentation of the Company's asset quality. The asset quality measures surrounding the Company's nonperforming



assets discussed in the remainder of this section exclude covered assets relating to the Company's FDIC-assisted acquisitions.

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Another category of assets which contribute to our credit risk is restructured loans. Restructured loans are those for which concessions have been granted to the borrower due to a deterioration of the borrower's financial condition and are performing in accordance with the new terms. Such concessions may include reduction in interest rates or deferral of interest or principal payments. In evaluating whether to restructure a loan, management analyzes the long-term financial condition of the borrower, including guarantor and collateral support, to determine whether the proposed concessions will increase the likelihood of repayment of principal and interest. Restructured loans that are not performing in accordance with their restructured terms that are either contractually 90 days past due or placed on nonaccrual status are reported as nonperforming loans.

The following table shows the principal amounts of nonperforming and restructured loans as of the dates presented. All loans where information exists about possible credit problems that would cause us to have serious doubts about the borrower's ability to comply with the current repayment terms of the loan have been reflected in the table below.

|                                                      | September 30,<br>2012 | December 31,<br>2011 | September 30,<br>2011 |
|------------------------------------------------------|-----------------------|----------------------|-----------------------|
| Nonaccruing loans                                    | \$ 29,677             | \$ 31,154            | \$ 40,363             |
| Accruing loans past due 90 days or more              | 2,358                 | 3,760                | 8,674                 |
| <b>Total nonperforming loans</b>                     | <b>32,035</b>         | <b>34,914</b>        | <b>49,037</b>         |
| Restructured loans in compliance with modified terms | 30,918                | 36,311               | 35,774                |
| <b>Total nonperforming and restructured loans</b>    | <b>\$ 62,953</b>      | <b>\$ 71,225</b>     | <b>\$ 84,811</b>      |
| Nonperforming loans to:                              |                       |                      |                       |
| Loans period-end                                     | 1.26%                 | 1.56%                | 2.22%                 |
| Loans average                                        | 1.16%                 | 1.35%                | 1.90%                 |

The following table presents nonperforming loans, not covered by loss-share agreements, by loan category as of the dates presented.

|                                              | September 30,<br>2012 | December 31,<br>2011 | September 30,<br>2011 |
|----------------------------------------------|-----------------------|----------------------|-----------------------|
| Commercial, financial, agricultural          | \$ 1,738              | \$ 3,505             | \$ 2,338              |
| Real estate construction:                    |                       |                      |                       |
| Residential                                  |                       | 489                  | 383                   |
| Commercial                                   |                       |                      |                       |
| Condominiums                                 |                       |                      |                       |
| <b>Total real estate construction</b>        |                       | <b>489</b>           | <b>383</b>            |
| Real estate 1-4 family mortgage:             |                       |                      |                       |
| Primary                                      | 5,141                 | 5,242                | 6,123                 |
| Home equity                                  | 953                   | 1,013                | 848                   |
| Rental/investment                            | 4,596                 | 5,757                | 9,180                 |
| Land development                             | 3,910                 | 1,739                | 8,327                 |
| <b>Total real estate 1-4 family mortgage</b> | <b>14,600</b>         | <b>13,751</b>        | <b>24,478</b>         |
| Real estate commercial mortgage:             |                       |                      |                       |
| Owner-occupied                               | 2,263                 | 2,342                | 4,181                 |
| Non-owner occupied                           | 10,023                | 11,741               | 11,827                |
| Land development                             | 3,070                 | 2,413                | 4,818                 |
| <b>Total real estate commercial mortgage</b> | <b>15,356</b>         | <b>16,496</b>        | <b>20,826</b>         |
| Installment loans to individuals             | 341                   | 673                  | 1,012                 |

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|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Total nonperforming loans | \$ 32,035 | \$ 34,914 | \$ 49,037 |
|---------------------------|-----------|-----------|-----------|

The decrease in nonperforming loans at September 30, 2012 as compared to December 31, 2011 is attributable to the Company's continued efforts to bring problem credits to resolution. Nonperforming loans as a percentage of total loans were 1.26% as of September 30, 2012 compared to 1.56% as of December 31, 2011 and 2.22% as of September 30, 2011. The Company's coverage ratio, or its allowance for loan losses as a percentage of nonperforming loans, was 137.57% as of September 30, 2012 as compared to 127.00% as of December 31, 2011 and 98.97% as of September 30, 2011.

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Management has evaluated the aforementioned loans and other loans classified as nonperforming and believes that all nonperforming loans have been adequately reserved for in the allowance for loan losses at September 30, 2012. Management also continually monitors past due loans for potential credit quality deterioration. Total loans 30-89 days past due were \$14,147 at September 30, 2012 compared to \$15,804 at December 31, 2011 and \$16,588 at September 30, 2011.

As shown above, restructured loans totaled \$30,918 at September 30, 2012 compared to \$36,311 at December 31, 2011 and \$35,774 at September 30, 2011. At September 30, 2012, total loans restructured through interest rate concessions represented 69.26% of total restructured loans, while loans restructured by a concession in payment terms represented the remainder. The following table provides further details of the Company's restructured loans in compliance with their modified terms as of the dates presented:

|                                                            | September 30,<br>2012 | December 31,<br>2011 | September 30,<br>2011 |
|------------------------------------------------------------|-----------------------|----------------------|-----------------------|
| Commercial, financial, agricultural                        | \$                    | \$                   | \$ 124                |
| Real estate construction:                                  |                       |                      |                       |
| Residential                                                |                       |                      |                       |
| Commercial                                                 |                       |                      |                       |
| Condominiums                                               |                       |                      |                       |
| Total real estate construction                             |                       |                      |                       |
| Real estate 1-4 family mortgage:                           |                       |                      |                       |
| Primary                                                    | 3,268                 | 5,106                | 3,766                 |
| Home equity                                                |                       |                      |                       |
| Rental/investment                                          | 1,592                 | 2,060                | 2,398                 |
| Land development                                           | 7,581                 | 10,923               | 11,116                |
| Total real estate 1-4 family mortgage                      | 12,441                | 18,089               | 17,280                |
| Real estate commercial mortgage:                           |                       |                      |                       |
| Owner-occupied                                             | 11,392                | 11,226               | 11,231                |
| Non-owner occupied                                         | 6,909                 | 6,232                | 6,361                 |
| Land development                                           |                       | 585                  | 598                   |
| Total real estate commercial mortgage                      | 18,301                | 18,043               | 18,190                |
| Installment loans to individuals                           | 176                   | 179                  | 180                   |
| Total restructured loans in compliance with modified terms | \$ 30,918             | \$ 36,311            | \$ 35,774             |

Changes in the Company's restructured loans are set forth in the table below:

|                                     | 2012      | 2011      |
|-------------------------------------|-----------|-----------|
| Balance at January 1                | \$ 36,311 | \$ 32,615 |
| Additional loans with concessions   | 4,731     | 17,177    |
| Reductions due to:                  |           |           |
| Reclassified as nonperforming       | (5,622)   | (9,524)   |
| Charge-offs                         | (1,632)   |           |
| Transfer to other real estate owned | (419)     | (2,574)   |
| Paydowns                            | (1,600)   | (1,288)   |
| Lapse of concession period          | (851)     | (632)     |
| Balance at September 30             | \$ 30,918 | \$ 35,774 |



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Other real estate owned consists of properties acquired through foreclosure or acceptance of a deed in lieu of foreclosure. These properties are carried at the lower of cost or fair market value based on appraised value less estimated selling costs. Losses arising at the time of foreclosure of properties are charged against the allowance for loan losses. Reductions in the carrying value subsequent to acquisition are charged to earnings and are included in Other real estate owned in the Consolidated Statements of Income. Other real estate owned with a cost basis of \$25,674 was sold during the nine months ended September 30, 2012, resulting in a net loss of \$1,211, while other real estate owned with a cost basis of \$21,863 was sold during the nine months ended September 30, 2011, resulting in a net loss of \$2,114.

The following table provides details of the Company's other real estate owned as of the dates presented:

|                               | September 30,<br>2012 | December 31,<br>2011 | September 30,<br>2011 |
|-------------------------------|-----------------------|----------------------|-----------------------|
| Residential real estate       | \$ 8,068              | \$ 15,364            | \$ 15,650             |
| Commercial real estate        | 9,268                 | 11,479               | 13,628                |
| Residential land development  | 25,013                | 36,105               | 37,416                |
| Commercial land development   | 6,219                 | 7,131                | 5,951                 |
| Other                         |                       |                      | 120                   |
| Total other real estate owned | \$ 48,568             | \$ 70,079            | \$ 72,765             |

Changes in the Company's other real estate owned were as follows:

|                          | 2012      | 2011      |
|--------------------------|-----------|-----------|
| Balance at January 1     | \$ 70,079 | \$ 71,833 |
| Additions                | 7,161     | 28,965    |
| Capitalized improvements | 508       | 41        |
| Impairments              | (3,689)   | (6,802)   |
| Dispositions             | (25,674)  | (21,863)  |
| Other                    | 183       | 591       |
| Balance at September 30  | \$ 48,568 | \$ 72,765 |

**Interest Rate Risk**

Market risk is the risk of loss from adverse changes in market prices and rates. The majority of assets and liabilities of a financial institution are monetary in nature and therefore differ greatly from most commercial and industrial companies that have significant investments in fixed assets and inventories. Our market risk arises primarily from interest rate risk inherent in lending and deposit-taking activities. Management believes a significant impact on the Company's financial results stems from our ability to react to changes in interest rates. To that end, management actively monitors and manages our interest rate risk exposure.

We have an Asset/Liability Committee (ALCO) which is authorized by the Board of Directors to monitor our interest rate sensitivity and to make decisions relating to that process. The ALCO's goal is to structure our asset/liability composition to maximize net interest income while managing interest rate risk so as to minimize the adverse impact of changes in interest rates on net interest income and capital. Profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact our earnings because the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis.

We monitor the impact of changes in interest rates on our net interest income and economic value of equity (EVE) using rate shock analysis. Net interest income simulations measure the short-term earnings exposure from changes in market rates of interest in a rigorous and explicit fashion. Our current financial position is combined with assumptions regarding future business to calculate net interest income under varying hypothetical rate scenarios. EVE measures our long-term earnings exposure from changes in market rates of interest. EVE is defined as the present value of assets minus the present value of liabilities at a point in time. A decrease in EVE due to a specified rate change indicates a decline in the long-term earnings capacity of the balance sheet assuming that the rate change remains in effect over the life of the current balance

sheet.

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The following rate shock analysis depicts the estimated impact on net interest income and EVE of immediate changes in interest rates at the specified levels for the periods presented:

| Change in Interest Rates <sup>(1)</sup> | Percentage Change In:              |                      |                                         |                      |
|-----------------------------------------|------------------------------------|----------------------|-----------------------------------------|----------------------|
|                                         | Net Interest Income <sup>(2)</sup> |                      | Economic Value of Equity <sup>(3)</sup> |                      |
|                                         | September 30,<br>2012              | December 31,<br>2011 | September 30,<br>2012                   | December 31,<br>2011 |
| (In Basis Points)                       |                                    |                      |                                         |                      |
| +400                                    | 0.86%                              | 4.54%                | 16.79%                                  | 18.93%               |
| +300                                    | 1.06%                              | 3.88%                | 15.12%                                  | 16.72%               |
| +200                                    | 0.66%                              | 2.82%                | 12.40%                                  | 13.87%               |
| +100                                    | 0.51%                              | 1.83%                | 8.67%                                   | 10.30%               |
| -100                                    | (2.01%)                            | (2.40%)              | (6.92%)                                 | (5.09%)              |

- (1) On account of the present position of the target federal funds rate, the Company did not perform an analysis assuming a downward movement in rates of more than 100 bps.
- (2) The percentage change in this column represents the projected net interest income for 12 months on a flat balance sheet in a stable interest rate environment versus the projected net interest income in the various rate scenarios.
- (3) The percentage change in this column represents our EVE in a stable interest rate environment versus EVE in the various rate scenarios. The rate shock results for both the net interest income simulation and EVE are less asset sensitive as of September 30, 2012 as compared to December 31, 2011. This shift is due to our improved liability mix as higher cost fixed-rate borrowings and time deposits were replaced with variable, but much lower rate deposits. Additionally, on the asset side, lower-yielding investments within the securities portfolio and overnight investments in interest-bearing balances with banks were shifted to the higher-yielding, longer-term loan portfolio.

The preceding measures assume no change in the size or asset/liability compositions of the balance sheet. Thus, the measures do not reflect actions the ALCO may undertake in response to such changes in interest rates. The above results of the interest rate shock analysis are within the parameters set by the Board of Directors. The scenarios assume instantaneous movements in interest rates in increments of 100, 200, 300 and 400 basis points. With the present position of the target federal funds rate, the declining rate scenarios seem improbable. Furthermore, it has been the Federal Reserve's policy to adjust the target federal funds rate incrementally over time. As interest rates are adjusted over a period of time, it is our strategy to proactively change the volume and mix of our balance sheet in order to mitigate our interest rate risk. The computation of the prospective effects of hypothetical interest rate changes requires numerous assumptions regarding characteristics of new business and the behavior of existing positions. These business assumptions are based upon our experience, business plans and published industry experience. Key assumptions employed in the model include asset prepayment speeds, competitive factors, the relative price sensitivity of certain assets and liabilities and the expected life of non-maturity deposits. Because these assumptions are inherently uncertain, actual results will differ from simulated results.

The Company utilizes derivative financial instruments, including interest rate contracts such as swaps, caps and/or floors, as part of its ongoing efforts to mitigate its interest rate risk exposure and to facilitate the needs of its customers. The Company enters into derivative instruments that are not designated as hedging instruments to help its commercial customers manage their exposure to interest rate fluctuations. To mitigate the interest rate risk associated with these customer contracts, the Company enters into an offsetting derivative contract position. The Company manages its credit risk, or potential risk of default by its commercial customers, through credit limit approval and monitoring procedures. At September 30, 2012, the Company had notional amounts of \$68,913 on interest rate contracts with corporate customers and \$68,913 in offsetting interest rate contracts with other financial institutions to mitigate the Company's rate exposure on its corporate customers' contracts and certain fixed-rate loans.

In March and April 2012, the Company entered into two interest rate swap agreements effective September 30, 2014 and March 17, 2014, respectively. Beginning on the respective effective date, the Company will receive a variable rate of interest based on the three-month LIBOR plus a pre-determined spread and pay a fixed rate of interest. The agreements, which both terminate in March 2022, are accounted for as cash flow hedges to reduce the variability in cash flows resulting from changes in interest rates on \$32,000 of the Company's junior subordinated debentures.





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The Company also enters into interest rate lock commitments with its customers to mitigate the Company's interest rate risk associated with its commitments to fund fixed-rate residential mortgage loans. Under the interest rate lock commitments, interest rates for a mortgage loan are locked in with the customer for a period of time, typically thirty days. Once an interest rate lock commitment is entered into with a customer, the Company also enters into a forward commitment to sell the residential mortgage loan to secondary market investors. Accordingly, the Company does not incur risk if the interest rate lock commitment in the pipeline fails to close.

For more information about the Company's derivative financial instruments, see Note K, Derivative Instruments, in the Notes to Consolidated Financial Statements of the Company in Item 1, Financial Statements, in this report.

**Liquidity and Capital Resources**

Liquidity management is the ability to meet the cash flow requirements of customers who may be either depositors wishing to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs.

Core deposits, which are deposits excluding time deposits and public fund deposits, are a major source of funds used by Renasant Bank to meet cash flow needs. Maintaining the ability to acquire these funds as needed in a variety of markets is the key to assuring Renasant Bank's liquidity. Management continually monitors the liquidity and non-core dependency ratios to ensure compliance with ALCO targets.

Our investment portfolio is another alternative for meeting liquidity needs. These assets generally have readily available markets that offer conversions to cash as needed. Within the next twelve months the securities portfolio is forecasted to generate cash flow through principal payments and maturities equal to 24.54% of the carrying value of the total securities portfolio. Securities within our investment portfolio are also used to secure certain deposit types and short-term borrowings. At September 30, 2012, securities with a carrying value of \$346,125 were pledged to secure public fund deposits and as collateral for short-term borrowings as compared to \$325,952 at December 31, 2011.

Other sources available for meeting liquidity needs include federal funds purchased and advances from the FHLB. Interest is charged at the prevailing market rate on federal funds purchased and FHLB advances. Federal funds purchased at September 30, 2012 totaled \$50,000. There were no outstanding federal funds purchased at December 31, 2011. Funds obtained from the FHLB are used primarily to match-fund real estate loans and other longer-term fixed rate loans in order to minimize interest rate risk and also be used to meet day to day liquidity needs, particularly when the cost of such borrowing compares favorably to the rates that we would be required to pay to attract deposits. At September 30, 2012, the balance of our outstanding advances with the FHLB was \$82,299. The total amount of the remaining credit available to us from the FHLB at September 30, 2012 was \$1,040,152. We also maintain lines of credit with other commercial banks totaling \$85,000. These are unsecured lines of credit maturing at various times within the next twelve months. There were no amounts outstanding under these lines of credit at September 30, 2012 or December 31, 2011.

In March 2012, the Company repaid \$50,000 of qualifying senior debt securities issued under the TLGP at maturity. The cost of the TLGP debt was 3.93% and 3.83% for the first nine months of 2012 and 2011, respectively.

The following table presents, by type, the Company's funding sources, which consist of total average deposits and borrowed funds, and the total cost of each funding source for the periods presented:

|                                   | Percentage of Total<br>Nine Months Ended |                       | Cost of Funds<br>Nine Months Ended |                       |
|-----------------------------------|------------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                   | September 30,<br>2012                    | September 30,<br>2011 | September 30,<br>2012              | September 30,<br>2011 |
| Noninterest-bearing demand        | 14.92%                                   | 12.57%                |                                    |                       |
| Interest-bearing demand           | 38.12                                    | 35.94                 | 0.30                               | 0.75                  |
| Savings                           | 6.36                                     | 5.56                  | 0.24                               | 0.39                  |
| Time deposits                     | 35.19                                    | 38.78                 | 1.20                               | 1.58                  |
| FHLB advances                     | 2.56                                     | 3.46                  | 4.29                               | 4.09                  |
| Other borrowed funds              | 2.85                                     | 3.69                  | 3.18                               | 3.17                  |
| Total deposits and borrowed funds | 100.00%                                  | 100.00%               | 0.75%                              | 1.16%                 |



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Our strategy in choosing funds is focused on attempting to mitigate interest rate risk, and thus we utilize funding sources that are commensurate with the interest rate risk associated with the assets. Accordingly, management targets growth of non-interest bearing deposits. While we do not control the types of deposit instruments our clients choose, we do influence those choices with the rates and the deposit specials we offer. For example, we could obtain time deposits based on our aggressiveness in pricing and length of term. We constantly monitor our funds position and evaluate the effect that various funding sources have on our financial position. Our cost of funds decreased for the nine months ended September 30, 2012 as compared to the same period in 2011 as management used lower costing deposits and repaid higher costing funding sources.

Cash and cash equivalents were \$118,418 at September 30, 2012 compared to \$209,017 at December 31, 2011 and \$235,317 at September 30, 2011. Cash used in investing activities for the nine months ended September 30, 2012 was \$165,107 compared to cash provided by investing activities of \$267,986 for the nine months ended September 30, 2011. Proceeds from the sale, maturity or call of securities within our investment portfolio were \$324,724 for the first nine months of 2012. These proceeds were primarily used to fund loan growth, as evidenced by a net increase in loans of \$270,091 during the first nine months of 2012. Purchases of investment securities were \$206,280 for the first nine months of 2012 compared to \$147,201 for the same period in 2011. The net cash proceeds received from the acquisition of American Trust, which occurred during the first quarter of 2011, were \$148,443.

Cash used in financing activities for the nine months ended September 30, 2012 was \$60,267 compared to \$430,078 for the same period in 2011. Deposit runoff totaled \$16,209 and \$348,803 for the nine months ended September 30, 2012 and 2011, respectively. Cash provided from the sale of securities during the first quarter of 2012 was partially used to reduce FHLB borrowings by \$24,000 prior to maturity. In addition, in March 2012, the Company repaid \$50,000 of qualifying senior debt securities issued under the TLGP at maturity.

### *Restrictions on Bank Dividends, Loans and Advances*

The Company's liquidity and capital resources, as well as its ability to pay dividends to our shareholders, are substantially dependent on the ability of Renasant Bank to transfer funds to the Company in the form of dividends, loans and advances. Under Mississippi law, a Mississippi bank may not pay dividends unless its earned surplus is in excess of three times capital stock. A Mississippi bank with earned surplus in excess of three times capital stock may pay a dividend, subject to the approval of the Mississippi Department of Banking and Consumer Finance. Accordingly, the approval of this supervisory authority is required prior to Renasant Bank paying dividends to the Company.

Federal Reserve regulations also limit the amount Renasant Bank may loan to the Company unless such loans are collateralized by specific obligations. At September 30, 2012, the maximum amount available for transfer from Renasant Bank to the Company in the form of loans was \$41,355. The Company maintains a line of credit collateralized by cash with Renasant Bank totaling \$3,000. Amounts outstanding under this line of credit totaled \$1,500 at September 30, 2012. These restrictions did not have any impact on the Company's ability to meet its cash obligations in the first nine months of 2012, nor does management expect such restrictions to materially impact the Company's ability to meet its currently-anticipated cash obligations.

### **Off-Balance Sheet Transactions**

The Company enters into loan commitments and standby letters of credit in the normal course of its business. Loan commitments are made to accommodate the financial needs of the Company's customers. Standby letters of credit commit the Company to make payments on behalf of customers when certain specified future events occur. Both arrangements have essentially the same credit risk as that involved in extending loans to customers and are subject to the Company's normal credit policies. Collateral (e.g., securities, receivables, inventory, equipment, etc.) is obtained based on management's credit assessment of the customer.

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Loan commitments and standby letters of credit do not necessarily represent future cash requirements of the Company in that while the borrower has the ability to draw upon these commitments at any time, these commitments often expire without being drawn upon. The Company's unfunded loan commitments and standby letters of credit outstanding were as follows for the periods presented:

|                           | September 30,<br>2012 | December 31,<br>2011 |
|---------------------------|-----------------------|----------------------|
| Loan commitments          | \$ 449,612            | \$ 401,132           |
| Standby letters of credit | 34,123                | 46,978               |

The Company closely monitors the amount of remaining future commitments to borrowers in light of prevailing economic conditions and adjusts these commitments as necessary. The Company will continue this process as new commitments are entered into or existing commitments are renewed.

**Shareholders' Equity and Regulatory Matters**

Total shareholders' equity of the Company was \$496,824 at September 30, 2012 compared to \$487,202 at December 31, 2011. Book value per share was \$19.78 and \$19.44 at September 30, 2012 and December 31, 2011, respectively. The growth in shareholders' equity was attributable to earnings retention offset by dividends declared and changes in accumulated other comprehensive income.

On September 5, 2012, the Company filed a shelf registration statement with the Securities and Exchange Commission (SEC). The shelf registration statement, which the SEC declared effective on September 17, 2012, allows the Company to raise capital from time to time, up to an aggregate of \$150,000, through the sale of common stock, preferred stock, debt securities, warrants and units, or a combination thereof, subject to market conditions. Specific terms and prices will be determined at the time of any offering under a separate prospectus supplement that the Company will be required to file with the SEC at the time of the specific offering. The proceeds of the sale of securities, if and when offered, will be used for general corporate purposes as described in any prospectus supplement and could include the expansion of the Company's banking, insurance and wealth management operations as well as other business opportunities.

Renasant Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on Renasant Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Renasant Bank must meet specific capital guidelines that involve quantitative measures of Renasant Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Renasant Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Federal Reserve, the FDIC and the Office of the Comptroller of the Currency have issued guidelines governing the levels of capital that banks must maintain. Those guidelines specify capital tiers, which include the following classifications:

| Capital Tiers                  | Tier 1 Capital to            |                         |                                             |
|--------------------------------|------------------------------|-------------------------|---------------------------------------------|
|                                | Average Assets<br>(Leverage) | Risk Weighted<br>Assets | Total Capital to<br>Risk Weighted<br>Assets |
| Well capitalized               | 5% or above                  | 6% or above             | 10% or above                                |
| Adequately capitalized         | 4% or above                  | 4% or above             | 8% or above                                 |
| Undercapitalized               | Less than 4%                 | Less than 4%            | Less than 8%                                |
| Significantly undercapitalized | Less than 3%                 | Less than 3%            | Less than 6%                                |
| Critically undercapitalized    |                              | 2% or less              |                                             |

As of September 30, 2012, Renasant Bank met all capital adequacy requirements to which it is subject. Also, as of September 30, 2012, the most recent notification from the FDIC categorized Renasant Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed Renasant Bank's category.



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The following table provides the capital and risk-based capital and leverage ratios for the Company and for Renasant Bank as of the dates presented:

|                                        | Actual     |        | Minimum Capital Requirement to be Well Capitalized |        | Minimum Capital Requirement to be Adequately Capitalized |       |
|----------------------------------------|------------|--------|----------------------------------------------------|--------|----------------------------------------------------------|-------|
|                                        | Amount     | Ratio  | Amount                                             | Ratio  | Amount                                                   | Ratio |
| <b>September 30, 2012</b>              |            |        |                                                    |        |                                                          |       |
| Renasant Corporation:                  |            |        |                                                    |        |                                                          |       |
| Tier 1 Capital to Average Assets       | \$ 384,680 | 9.90%  | \$ 194,341                                         | 5.00%  | \$ 155,473                                               | 4.00% |
| Tier 1 Capital to Risk-Weighted Assets | 384,680    | 12.73% | 181,248                                            | 6.00%  | 120,832                                                  | 4.00% |
| Total Capital to Risk-Weighted Assets  | 422,823    | 14.00% | 302,080                                            | 10.00% | 241,664                                                  | 8.00% |
| Renasant Bank:                         |            |        |                                                    |        |                                                          |       |
| Tier 1 Capital to Average Assets       | \$ 375,835 | 9.69%  | \$ 193,852                                         | 5.00%  | \$ 155,082                                               | 4.00% |
| Tier 1 Capital to Risk-Weighted Assets | 375,835    | 12.48% | 180,636                                            | 6.00%  | 120,424                                                  | 4.00% |
| Total Capital to Risk-Weighted Assets  | 413,547    | 13.74% | 301,060                                            | 10.00% | 240,848                                                  | 8.00% |
| <b>December 31, 2011</b>               |            |        |                                                    |        |                                                          |       |
| Renasant Corporation:                  |            |        |                                                    |        |                                                          |       |
| Tier 1 Capital to Average Assets       | \$ 375,829 | 9.44%  | \$ 199,000                                         | 5.00%  | \$ 159,200                                               | 4.00% |
| Tier 1 Capital to Risk-Weighted Assets | 375,829    | 13.32% | 169,279                                            | 6.00%  | 112,852                                                  | 4.00% |
| Total Capital to Risk-Weighted Assets  | 411,208    | 14.58% | 282,131                                            | 10.00% | 225,705                                                  | 8.00% |
| Renasant Bank:                         |            |        |                                                    |        |                                                          |       |
| Tier 1 Capital to Average Assets       | \$ 368,087 | 9.26%  | \$ 198,683                                         | 5.00%  | \$ 158,946                                               | 4.00% |
| Tier 1 Capital to Risk-Weighted Assets | 368,087    | 13.07% | 168,993                                            | 6.00%  | 112,662                                                  | 4.00% |
| Total Capital to Risk-Weighted Assets  | 403,407    | 14.32% | 281,655                                            | 10.00% | 225,324                                                  | 8.00% |

In June 2012, the Federal Reserve, the FDIC and the Office of the Comptroller of the Currency issued notices of proposed rulemaking ( NPRs ) that would call for broad and comprehensive revision of regulatory capital standards for U.S. banking organizations.

In the Basel III Capital NPR, the agencies are proposing to revise their risk-based and leverage capital requirements consistent with agreements reached by the Basel Committee on Banking Supervision ( BCBS ) in Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems ( Basel III ). The proposed revisions would include implementation of a new common equity Tier 1 minimum capital requirement, a higher minimum Tier 1 capital requirement and other items that would affect the calculation of the numerator of a banking organization's risk-based capital ratios. Additionally, consistent with Basel III, the agencies are proposing to apply limits on a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a specified amount of common equity Tier 1 capital in addition to the amount necessary to meet its minimum risk-based capital requirements. The revisions set forth in this NPR are consistent with section 171 of the Dodd-Frank Act, which requires the agencies to establish minimum risk-based and leverage capital requirements.

The new common equity Tier 1 capital ratio includes common equity as defined under GAAP and does not include any other type of non-common equity under GAAP. The Basel III capital requirements would require banks to have common equity Tier 1 capital of 4.5% of average assets, Tier 1 capital of 6% of average assets, as compared to the current 4%, and total capital of 8% of risk-weighted assets to be categorized as adequately capitalized. The Basel III final capital framework also requires the phase-out of trust preferred securities as Tier 1 capital of bank holding companies of the Company's size in equal installments between 2013 and 2022.

The Standardized Approach NPR includes proposed changes to the agencies' general risk-based capital requirements for determining risk-weighted assets that would affect the calculation of the denominator of a banking organization's risk-based capital ratios. The proposed changes would revise the agencies' rules for calculating risk-weighted assets to enhance risk sensitivity and would incorporate certain international capital standards of the BCBS set forth in the standardized approach of the International Convergence of Capital Measurement and Capital Standards: A Revised Framework ( Basel II ). This notice also proposes alternatives to credit ratings for calculating risk-weighted assets for certain assets, consistent with section 939A of the Dodd-Frank Act.





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The calculation of risk-weighted assets in the denominator of the Basel III capital ratios would be adjusted to reflect the higher risk nature of certain types of loans. Specifically, as applicable to the Company and Renasant Bank:

Residential mortgages: Replaces the current 50% risk weight for performing residential first-lien mortgages and a 100% risk-weight for all other mortgages with a risk weight of between 35% and 200% determined by the mortgage's loan-to-value ratio and whether the mortgage falls into one of two categories based on eight criteria that include the term, use of negative amortization and balloon payments, certain rate increases and documented and verified borrower income.

Commercial mortgages: Replaces the current 100% risk weight with a 150% risk weight for certain high volatility commercial real estate acquisition, development and construction loans.

Nonperforming loans: Replaces the current 100% risk weight with a 150% risk weight for loans, other than residential mortgages, that are 90 days past due or on nonaccrual status.

An assessment of the Basel III proposed rulemaking on the Company and Renasant Bank is not provided in this quarterly report because such proposals are subject to change through the comment and review process. Therefore, the effects of the Basel III proposed rulemaking on the Company and Renasant Bank cannot be meaningfully assessed. The final rules resulting from the Basel III proposed rulemaking could impact the Company's and Renasant Bank's capital ratios.

## **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our market risk since December 31, 2011. For additional information regarding our market risk, see our Annual Report on Form 10-K for the year ended December 31, 2011.

## **Item 4. CONTROLS AND PROCEDURES**

Based on their evaluation as of the end of the period covered by this quarterly report on Form 10-Q, our Principal Executive Officer and Principal Financial Officers have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective for ensuring that information the Company is required to disclose in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no changes in the Company's internal control over financial reporting during the fiscal quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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**Part II. OTHER INFORMATION**

**Item 1A. RISK FACTORS**

Information regarding risk factors appears in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2011. There have been no material changes in the risk factors disclosed in our Annual Report on Form 10-K.

**Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**Unregistered Sales of Equity Securities**

None.

**Issuer Purchases of Equity Securities**

The Company did not repurchase any shares of its outstanding stock during the three month period ended September 30, 2012.

Please refer to the information discussing restrictions on the Company's ability to pay dividends under the heading "Liquidity and Capital Resources" in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report, which is incorporated by reference herein.

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### **Item 6. EXHIBITS**

| Exhibit<br>Number | Description                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (3)(i)            | Articles of Incorporation of Renasant Corporation, as amended <sup>(1)</sup>                                                                                                                                                                                                                                                                                                                                                                     |
| (3)(ii)           | Restated Bylaws of Renasant Corporation <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                                                                                           |
| (4)(i)            | Articles of Incorporation of Renasant Corporation, as amended <sup>(1)</sup>                                                                                                                                                                                                                                                                                                                                                                     |
| (4)(ii)           | Restated Bylaws of Renasant Corporation <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                                                                                           |
| (31)(i)           | Certification of the Principal Executive Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                         |
| (31)(ii)          | Certification of the co-Principal Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                      |
| (31)(iii)         | Certification of the co-Principal Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                      |
| (32)(i)           | Certification of the Principal Executive Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                         |
| (32)(ii)          | Certification of the co-Principal Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                      |
| (32)(iii)         | Certification of the co-Principal Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                      |
| (101)             | The following materials from Renasant Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 were formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements (Unaudited). |

<sup>(1)</sup> Filed as exhibit 3.1 to the Company's Form 10-Q filed with the Securities and Exchange Commission on May 9, 2005 and incorporated herein by reference.

<sup>(2)</sup> Filed as exhibit 3(ii) to the Company's Form 8-K filed with the Securities and Exchange Commission on October 21, 2011 and incorporated herein by reference.

The Company does not have any long-term debt instruments under which securities are authorized exceeding ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company will furnish to the Securities and Exchange Commission, upon their request, a copy of all long-term debt instruments.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**RENASANT CORPORATION**

(Registrant)

Date: November 9, 2012

/s/ E. Robinson McGraw  
E. Robinson McGraw  
Chairman of the Board, Director,  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 9, 2012

/s/ Kevin D. Chapman  
Kevin D. Chapman  
Executive Vice President and  
Chief Financial Officer  
(co-Principal Financial Officer)

Date: November 9, 2012

/s/ Stuart R. Johnson  
Stuart R. Johnson  
Executive Vice President and  
Treasurer  
(co-Principal Financial Officer)

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**EXHIBIT INDEX**

| Exhibit<br>Number | Description                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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