RENASANT CORP
Form 424B4
May 08, 2007
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**Filed Pursuant to Rule 424(b)(4)**
**Registration No. 333-141335**

**PROSPECTUS**

# 2,400,000 Shares

## Common Stock

We are offering 2,400,000 shares of our common stock, par value $5.00 per share. The public offering price is $22.50 per share.

Our common stock is currently quoted and traded on The NASDAQ Global Select Market under the symbol RNST. The last reported sale price of our common stock on The NASDAQ Global Select Market on May 7, 2007, was $23.30 per share.

**Investing in our common stock involves risks. See Risk Factors beginning on page 14 to read about factors you should consider before you make your investment decision.**

| | Per Share | Total |
|---|---|---|
| Public offering price | $ 22.50 | $ 54,000,000 |
| Underwriting discount (1) | 1.294 | 3,105,600 |
| Proceeds to us, before expenses | 21.206 | 50,894,400 |

(1) For a discussion of additional compensation paid to the underwriters, see Underwriting Our Relationship with the Underwriters below.

**Neither the Securities and Exchange Commission nor any state securities commission or other regulatory agency has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**These securities are not savings accounts, deposit accounts or other obligations of our banking subsidiary and are not insured or guaranteed by the Federal Deposit Insurance Corporation or by any other governmental agency.**

We have granted the underwriters an option to purchase up to 360,000 additional shares of our common stock to cover over-allotments, if any. The underwriters may exercise this option at any time within 30 days after the offering.

The underwriters expect to deliver the shares to purchasers on or about May 11, 2007.

# Keefe, Bruyette & Woods

**Stephens Inc.**

**FTN Midwest Securities Corp**

**The date of this prospectus is May 8, 2007.**

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## ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. We are not, and the underwriters are not, making an offer to sell our common stock in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since the date of this prospectus. Unless otherwise indicated, all information in this prospectus assumes that the underwriters will not exercise their option to purchase additional common stock to cover over-allotments.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

In this prospectus we rely on and refer to information and statistics regarding the banking industry and the banking markets in which we operate. We obtained this market data from independent publications or other publicly available information. Although we believe these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information.

As used in this prospectus, the terms Renasant, we, us and our refer to Renasant Corporation and its subsidiaries on a consolidated basis (unless the context indicates another meaning), and the terms the bank and our bank mean Renasant Bank (unless the context indicates another meaning). When we refer in this prospectus to Capital, we mean Capital Bancorp, Inc. and its subsidiaries on a consolidated basis (unless the context indicates another meaning), and when we refer to Capital Bank we mean Capital Bank & Trust Company.

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## SUMMARY

*This summary highlights specific information contained elsewhere in this prospectus or incorporated herein by reference. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock and is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus. To understand this offering fully, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included herein, the section entitled Risk Factors and the documents incorporated herein by reference. All share and per share data has been adjusted to reflect our three-for-two stock split effected in the form of a share divided on August 28, 2006 and our three-for-two stock split effected in the form of a share dividend on December 1, 2003.*

**Renasant Corporation**

We are a bank holding company headquartered in Tupelo, Mississippi. We operate 63 banking (including loan production), financial services, mortgage and insurance offices in 38 cities in Mississippi, Tennessee and Alabama through our wholly-owned bank subsidiary, Renasant Bank, and its subsidiary, Renasant Insurance, Inc. The map located on the inside front cover of this prospectus provides further detail of our office locations and the office locations of Capital, which we propose to acquire as described below. Through our bank, we offer a complete range of banking and financial services to individuals and to small to medium-size businesses. These services include checking and savings accounts, business and personal loans, interim construction and residential mortgage loans, student loans, equipment leasing, as well as safe deposit and night depository facilities. Additionally, we offer our customers 24-hour banking services through our internet banking product and our call center, and we are open on Saturdays in many of our markets.

Our bank was originally founded in 1904 as The Peoples Bank & Trust Company. In 1982, we reorganized as a bank holding company. In 2005, we changed our name from The Peoples Holding Company to Renasant Corporation, following our acquisition of Renasant Bancshares, Inc., a bank holding company headquartered in the Memphis, Tennessee suburb of Germantown, with branches in Germantown and Cordova, Tennessee.

In 2000, our current management implemented a strategic shift in our bank s focus, with the goal of expanding our bank s business and operations from a local bank serving primarily rural markets in Mississippi to a regional bank with a focus on growth markets. As part of our expansion, we acquired Renasant Bancshares and Heritage Financial Holding Corporation, a bank holding company headquartered in Decatur, Alabama, with branches in Decatur, Birmingham and Huntsville, Alabama. In addition to these acquisitions, we also expanded the products and services we had historically provided in an attempt to attract customers in our growth markets both within and outside of Mississippi. Management responsibilities were also realigned to reflect our new regional focus. Our name change, as well as the change of our bank s name to Renasant Bank, also reflects this strategic shift.

As a result of this shift in strategy, from December 31, 2002 to December 31, 2006, we achieved strong growth and improved our branch footprint through a combination of internal growth, de novo branching and acquisitions. Specifically, we:

- increased our total assets from $1.3 billion to $2.6 billion;
- increased our total deposits from $1.1 billion to $2.1 billion;
- increased our total net loans, including loans held for sale, from $860 million to $1.8 billion; and
- expanded from 40 banking (including loan production), financial services, mortgage and insurance offices in 27 cities in Mississippi to 63 offices in 38 cities in Mississippi, Alabama and Tennessee.

For the year ended December 31, 2006, basic and diluted earnings per share were $1.75 and $1.71, respectively. This marks an increase of 12% and 11%, respectively, compared to basic and diluted earnings per

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share for 2005. Net income for 2006 was $27.1 million, up 12% from 2005. Net loans and deposits grew 11% and 13%, respectively, in 2006. For the fourth quarter of 2006, basic earnings per share were $0.45 and diluted earnings per share were $0.44, compared to basic and diluted earnings per share of $0.40 for the fourth quarter of 2005. Net income for the fourth quarter of 2006 was $6.9 million, compared to $6.2 million for the fourth quarter of 2005. Information about our performance in the first quarter of 2007 is set forth below under Recent Developments. Additional information about us is included in this prospectus and in documents incorporated by reference in this prospectus. See Business, Where You Can Find More Information and Documents Incorporated by Reference.

**Market Areas and Growth Strategy**

We have banking (including loan production), financial services, mortgage and insurance offices located in north and north central Mississippi, west and middle Tennessee and north and north central Alabama. Our key growth markets are the Tupelo, Oxford and DeSoto County markets in north Mississippi, the Memphis and Nashville markets in Tennessee and the Decatur, Birmingham and Huntsville markets in Alabama. At December 31, 2006, approximately 73% of our loans and 61% of our deposits were located in these markets. The remaining 39% of our deposits provided us with an attractive source of lower cost funds. Upon the consummation of our acquisition of Capital, described below, we anticipate that approximately 78% of our loans and 68% of our deposits will be located in our key growth markets. The Capital acquisition allows us to expand our presence in the highly-attractive Nashville Davidson Murfreesboro, TN Metropolitan Statistical Area, which we call the Nashville MSA in this prospectus, by adding seven full-service bank branches. We believe that the Nashville MSA and the other growth markets mentioned above offer some of the highest percentage growth rates and attractive demographics within our market area, and we intend to focus on expanding our presence in these key growth markets.

The following table sets forth the current population and the projected percentage population growth from 2006 to 2011 for the growth markets we have identified.

| Key Growth Markets: | 2006 Population | 2006-2011 Projected Population Growth |
|---|---|---|
| Alabama: | | |
| Birmingham-Hoover MSA | 1,109,968 | 4.73% |
| Decatur MSA | 150,980 | 1.62 |
| Huntsville MSA | 376,709 | 7.39 |
| Mississippi: | | |
| DeSoto County | 143,448 | 26.47% |
| Oxford | 42,322 | 8.23 |
| Tupelo | 132,881 | 4.14 |
| Tennessee: | | |
| Memphis TN-MS-AR MSA (1) | 1,301,437 | 6.51% |
| Nashville-Davidson-Murfreesboro, TN MSA | 1,483,007 | 10.88 |

Source: SNL Financial LC, dated as of July 1, 2006.

(1) The Memphis MSA includes DeSoto County, Mississippi.

Our vision is to be the financial services provider of choice in each community we serve and to deliver attractive shareholder returns. In order to achieve these objectives, we intend to focus on the following areas:

***Emphasize Relationship Banking***. Our philosophy is centered on delivering the products and services of a large banking institution while providing the personal service and attentiveness found in small

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community banks. Accordingly, we emphasize to our employees the importance of delivering superior customer service and seeking opportunities to strengthen relationships both with customers and in the communities we serve. Recognizing that a one-size-fits-all approach does not work, we have organized our branch banks into community banks using a franchise concept. The franchise approach empowers our community bank presidents to execute their own business plans in order to rapidly deliver personalized service and products tailored to the local communities in which our bank is located. We believe that this personalized approach helps us to solidify relationships and build customer loyalty.

***Capitalize on Organic Growth Opportunities***. We believe the market turmoil generated by recent regional banking mergers creates a significant opportunity for us to provide a full range of financial services to new commercial and retail customers in our key growth markets. In addition, we believe that these banking mergers have dislocated experienced and talented management and lending personnel. As a result, we believe we have a substantial opportunity to attract experienced management personnel and loan officers as well as sophisticated banking customers both within our key growth markets and in potential new markets into which we might expand.

***Grow Through Strategic Acquisitions and Targeted De Novo Branching***. As a result of our 2000 strategic shift, we have grown by expanding into attractive high-growth markets. Since 2004, we have successfully completed our mergers with Renasant Bancshares and Heritage. We believe that our proposed merger with Capital, based in Nashville, Tennessee, is consistent with this growth strategy.
Since 2005, we have also opened full service de novo branches in Oxford, Mississippi, and East Memphis and Collierville, Tennessee, and a loan production office in Brentwood, Tennessee, a suburb of Nashville. Our strategic plans call for opening up to six additional branch offices in our Oxford, Mississippi, and Huntsville and Birmingham, Alabama, markets as well as in our Tennessee markets by the end of 2010.

***Increase Core Profitability***. While our franchise concept preserves decision-making at a local level, we have centralized our legal, accounting, investment, loan review, audit and data processing functions. The centralization of these processes enables us to maintain consistent quality of these functions and achieve certain economies of scale so that increases in our expense base should be lower than our proportional increase in assets and revenues as our franchise grows. This should improve our profitability over time.
Commencing in 2004, we conducted a strategic analysis of the operations in our legacy footprint markets aimed at reducing expenses. Based on this analysis, we streamlined the management of many of our Mississippi operations by placing our community bank presidents in charge of the operations of multiple branches and eliminating the position of community bank president at several of our branches. We remain committed to aggressively managing our costs within the framework of our business model.

***Maintain Credit Quality***. We believe that maintaining strong credit quality is integral to our success. Accordingly, we have structured our policies and procedures with respect to the approval and monitoring of loans in a manner intended to limit the credit risk inherent in our lending activity. Despite our growth, we have consistently maintained strong asset quality. At December 31, 2006, our nonperforming assets, which include nonaccrual loans, loans 90 days or more past due and other real estate owned, as a percentage of total assets was 0.61%, and our net charge-offs to average loans for 2006 was 0.07%.

**Recent Developments**

*Acquisition of Capital Bancorp, Inc*. On February 5, 2007, we announced the signing of a definitive merger agreement to acquire Capital, a bank holding company headquartered in Nashville, Tennessee, and the parent of Capital Bank, a Tennessee banking corporation. At December 31, 2006, Capital operated seven full-service

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banking offices in the Nashville MSA and had total assets of $564.4 million, total deposits of $465.0 million and total shareholders equity of $35.0 million.

According to the terms of the merger agreement, each Capital common shareholder can elect to receive: (1) 1.2306 shares of our common stock for each share of Capital common stock, (2) $38.00 in cash for each share of Capital common stock, or (3) a combination of 40% cash, in the amount listed above, and 60% common stock, at the exchange ratio listed above. The merger agreement imposes an overall limitation that the aggregate stock consideration be no more than 65% and no less than 60% of the total consideration received by Capital shareholders. Based on our market close of $27.92 on February 2, 2007, the trading day immediately prior to the announcement of the execution of the definitive merger agreement with Capital, the aggregate transaction value, including the dilutive impact of Capital s options, which we are assuming in the merger, was approximately $134.9 million.

The acquisition is expected to close early in the third quarter of 2007 and is subject to regulatory and Capital shareholder approval and other conditions set forth in the merger agreement. Pursuant to the terms of the merger agreement, Capital Bank is expected to merge with and into our bank immediately after the merger of Capital with and into us.

Capital operates seven branches in the Nashville MSA: five branches in Davidson County and one branch in both Sumner and Williamson Counties. The Nashville MSA has experienced a higher rate of population growth than the national average with a lower cost of living and lower unemployment rate. In 2007, Expansion Management magazine named the Nashville MSA as one of the Hottest Cities for Business Expansion for the third consecutive year. In Williamson County, average household income is projected to increase from $122,625 in 2006 to $155,331 in 2011, while the number of households is projected to increase 21.6% during the same time period, according to SNL Financial LC.

For the year ended December 31, 2006, Capital s basic and diluted earnings per share were $1.18 and $1.14, respectively. This marks an increase of 27% and 30%, respectively, compared to basic and diluted earnings per share for 2005. Net income for 2006 was $4.2 million, up 30% from 2005. Loans, net of unearned income and the allowance for loan losses, and deposits grew 19% and 23%, respectively, in 2006. Information about Capital s performance in the first quarter of 2007 is set forth below.

Our completion of the Capital acquisition is not contingent on the success of this offering. Additionally, the completion of the Capital acquisition is not certain, and we may or may not be able to consummate the transaction.

The summary of selected provisions of the merger agreement above is not complete and is qualified in its entirety by the merger agreement, which is filed as an exhibit to one of the documents incorporated by reference into this prospectus. We urge you to read the merger agreement for a more complete description of the merger.

For a more detailed discussion of our company and its business and our acquisition of Capital, see the section entitled Business in this prospectus.

*Renasant s First Quarter Earnings*. On April 17, 2007, we reported our results of operations as of and for the quarter ended March 31, 2007. As reported, basic earnings per share were $0.45, up 7.1% from basic earnings per share of $0.42 for the first quarter of 2006, while diluted earnings per share were $0.44, up 7.3% compared to diluted earnings per share of $0.41 for the first quarter of 2006. Net income for the first quarter of 2007 was approximately $7.0 million, up 7.1% from net income of approximately $6.5 million in the first quarter of 2006. Our net interest income grew to approximately $20.7 million for the first quarter of 2007 compared to approximately $20.5 million for the same period in 2006. Net interest margin decreased to 3.67% for the first quarter of 2007 compared to 3.78% for the fourth quarter of 2006 and 3.99% for the first quarter of 2006, primarily due to an increase in public fund deposits in the first quarter of 2007 that were placed in short-term

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investments. Also, first quarter 2006 net interest income included approximately $262,000 in interest income from loans accounted for in accordance with AICPA Statement of Position 03-3, which we refer to as SOP 03-3 in this prospectus. This increased our net interest margin in the first quarter of 2006 by 0.05%. SOP 03-3 interest income was only approximately $19,000 in the first quarter of 2007, which had an immaterial effect on our net interest margin for that quarter.

Our noninterest income increased 10.9% to approximately $12.7 million for the first quarter of 2007 compared to approximately $11.4 million for the same period in 2006. Our noninterest expense grew 2.8% to approximately $22.5 million for the first quarter of 2007 from approximately $21.9 million for the same period in 2006. As of March 31, 2007, our total assets were approximately $2.8 billion, representing a 5.5% increase from December 31, 2006 and a 9.8% increase from March 31, 2006. Total loans, net of allowance for possible loan losses and unearned interest and fees, grew to approximately $1.9 billion at the end of the first quarter of 2007, an increase of 3.5% from approximately $1.8 billion at December 31, 2006 and an increase of 13.5% from approximately $1.7 billion at March 31, 2006. Total deposits grew to approximately $2.3 billion at March 31, 2007, representing a 7.4% increase from December 31, 2006 and an 11.5% increase since March 31, 2006.

Our overall credit quality remained strong during the first quarter of 2007. Annualized net charge-offs as a percentage of average loans were 0.04% for the first quarter of 2007, down from 0.12% for the fourth quarter of 2006 and 0.23% for the first quarter of 2006. Non-performing loans as a percentage of total loans were 0.54% at March 31, 2007, as compared to 0.62% at December 31, 2006 and 0.24% at March 31, 2006. The allowance for loan losses as a percentage of loans was 1.06% at March 31, 2007, as compared to 1.07% at December 31, 2006 and 1.11% at March 31, 2006.

*Capital s First Quarter Earnings*. On April 17, 2007, Capital reported its financial condition and results of operations as of and for the quarter ended March 31, 2007. As reported, Capital s total assets were approximately $587.2 million as of March 31, 2007, an increase of 4.04% from December 31, 2006. Total loans, net of allowance for possible loan losses and unearned interest and fees, grew 5.0% to approximately $481.5 million at the end of the first quarter of 2007 from approximately $458.6 million at December 31, 2006. Total deposits grew 2.32% since December 31, 2006 to approximately $475.7 million at March 31, 2007.

Capital s net interest income grew 11.6% to approximately $4.5 million for the first quarter of 2007 compared to approximately $4 million for the same period in 2006, primarily due to loan growth. Net interest margin decreased to 3.50% for the first quarter of 2007 compared to 3.55% for the fourth quarter of 2006 and 3.91% for the first quarter of 2006. Capital s noninterest income increased 6.21% to approximately $667,000 for the first quarter of 2007 compared to approximately $628,000 for the same period in 2006. Noninterest expense grew 22.7% to approximately $3.8 million for the first quarter of 2007 from approximately $3.1 million for the same period in 2006, primarily due to increased overhead associated with bank growth and merger-related expenses. As a result, net income for the first quarter of 2007 was approximately $867,000, down 11.71% from net income of approximately $982,000 in the first quarter of 2006. Basic earnings per share for the first quarter of 2007 were $0.24, down from basic earnings per share of $0.28 for the first quarter of 2006, while diluted earnings per share were $0.23, down from diluted earnings per share of $0.27 for the first quarter of 2006.

*Dividend Declaration*. On February 2, 2007, we announced the payment of a quarterly cash dividend on our common stock of $0.16 per share, and the dividend was paid April 2, 2007 to our shareholders of record on March 16, 2007. This dividend represents a 4.6% increase over the first quarter 2006 dividend.

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**Recent Developments in Our Market Areas**

On February 27, 2007, Toyota Motor Corporation USA, which we refer to as Toyota in this prospectus, announced plans to locate a vehicle assembly plant in the Tupelo area. Site preparation has commenced, and construction of the plant is expected to begin in the summer of 2007, with manufacturing operations expected to commence in 2010. We believe that the construction and operation of this Toyota plant enhances the future growth prospects of the Tupelo micropolitan area and may help to insulate the Tupelo market from the full effect of any downturns in the Mississippi or national economy.

**Corporate Information**

Our headquarters are located at 209 Troy Street, Tupelo, Mississippi 38804, and our telephone number at that address is (662) 680-1001. We maintain a website at www.renasant.com. Information on the website is not incorporated by reference into, and is not a part of, this prospectus.

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**THE OFFERING**

| | |
|---|---|
| Common stock offered | 2,400,000 shares (2,760,000 shares if the underwriters exercise their over-allotment option in full) |
| Common stock outstanding after this offering | 17,960,006 shares (18,320,006 shares if the underwriters exercise their over-allotment option in full) |
| Net proceeds | The net proceeds of this offering to us will be approximately $50.5 million (after deducting underwriting discounts and commissions and the offering expenses payable by us and at the public offering price of $22.50 per share). The amount of net proceeds will be approximately $58.1 million if the underwriters exercise their over-allotment option in full. |
| Use of proceeds | We intend to use the net proceeds of this offering, together with cash on hand, if necessary, to fund the cash portion of the merger consideration payable in connection with our acquisition of Capital. The remainder of the net proceeds, if any, will be used for general corporate purposes including, among other things, to support our bank s internal growth and capital needs. |
| Dividends | Historically, we have paid quarterly cash dividends. For the first quarter of 2007, we declared a cash dividend of $0.16 per share, which was paid on April 2, 2007 to shareholders of record on March 16, 2007. For each of the quarters ended September 30, 2006 and December 31, 2006, we declared a cash dividend of $0.16 per share. We declared a quarterly cash dividend for each of the quarters ended March 31, 2006 and June 30, 2006 of $0.15 per share, after giving effect to our three-for-two stock split, paid in the form of a stock dividend, in August 2006. We intend to continue paying dividends, but the payment of dividends in the future will depend upon a number of factors. We cannot give you any assurance that we will continue to pay dividends or that the amount of future dividends will not be reduced. |
| NASDAQ Global Select Market symbol | RNST |

The number of shares outstanding after the offering is based upon 15,560,006 shares outstanding as of April 19, 2007 and excludes a total of 1,174,883 shares issuable as of that date under outstanding options and warrants to purchase our common stock. Of these options and warrants, 844,133 are exercisable as of April 19, 2007 at a weighted average exercise price of $15.80.

The number of shares outstanding after this offering also does not include any shares to be issued in connection with our pending acquisition of Capital, which we expect to close early in the third quarter of 2007. We are assuming Capital s stock option plan in connection with the merger and at April 19, 2007, there were 226,202 options issued under this plan with a weighted average exercise price of $13.78. The number of options

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outstanding under this plan and the exercise price for these options will be adjusted for the exchange ratio used in the merger.

*Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus assumes that the underwriters over-allotment option will not be exercised. For more information regarding the over-allotment option, see the Underwriting section beginning on page 50 of this prospectus.*

**Risk Factors**

Prior to making an investment decision, a prospective purchaser should consider all of the information set forth in this prospectus or incorporated by reference herein and should evaluate the statements set forth in the Risk Factors section beginning on page 14 of this prospectus.

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**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following table sets forth summary consolidated financial data of Renasant for the periods indicated. The summary consolidated financial data of Renasant as of and for the years 2002, 2003, 2004, 2005 and 2006 are derived from our audited consolidated financial statements and should be read in conjunction with our audited consolidated financial statements, including the notes thereto, which are included elsewhere in this prospectus and in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference into this prospectus. Our audited consolidated financial statements for the years ended December 31, 2006 and 2005 were audited by Horne LLP, independent registered public accounting firm. Our audited consolidated financial statements for the years ended December 31, 2004, 2003 and 2002 were audited by Ernst & Young LLP, independent registered public accounting firm. The financial information presented in the table below is not necessarily indicative of the financial condition, results of operations or cash flows of any other period.

| | At and for the Years Ended December 31, (1) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2005 | 2004 | 2003 | 2002 |
| | (Dollars in thousands, except per share data) | | | | |
| **Summary of Operations:** | | | | | |
| Interest income | $ 154,293 | $ 128,389 | $ 77,024 | $ 70,810 | $ 78,418 |
| Interest expense | 70,230 | 47,963 | 21,796 | 21,777 | 26,525 |
| Net interest income | 84,063 | 80,426 | 55,228 | 49,033 | 51,893 |
| Provision for loan losses | 2,408 | 2,990 | 1,547 | 2,713 | 4,350 |
| Net interest income after provision for loan losses | 81,655 | 77,436 | 53,681 | 46,320 | 47,543 |
| Noninterest income | 45,943 | 40,216 | 32,287 | 31,893 | 27,973 |
| Noninterest expense | 89,006 | 83,940 | 60,709 | 53,193 | 51,027 |
| Income before income taxes | 38,592 | 33,712 | 25,259 | 25,020 | 24,489 |
| Income taxes | 11,467 | 9,503 | 6,816 | 6,839 | 6,819 |
| Income before cumulative effect of accounting change | 27,125 | 24,209 | 18,443 | 18,181 | 17,670 |
| Cumulative effect of accounting change | | | | | (1,300) |
| Net income | $ 27,125 | $ 24,209 | $ 18,443 | $ 18,181 | $ 16,370 |
| **Per Share Data: (2)** | | | | | |
| Net income before cumulative effect of accounting change basic | $ 1.75 | $ 1.56 | $ 1.43 | $ 1.47 | $ 1.40 |
| Net income before cumulative effect of accounting change diluted | 1.71 | 1.54 | 1.42 | 1.46 | 1.39 |
| Cumulative effect of accounting change | | | | | (0.10) |
| Net income basic | 1.75 | 1.56 | 1.43 | 1.47 | 1.30 |
| Net income diluted | 1.71 | 1.54 | 1.42 | 1.46 | 1.29 |
| Dividends | 0.63 | 0.58 | 0.55 | 0.50 | 0.46 |
| Book value | 16.27 | 15.22 | 13.19 | 11.19 | 10.59 |
| Tangible book value | 9.94 | 8.70 | 9.48 | 10.72 | 10.08 |

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| | At and for the Years Ended December 31, 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| | (Dollars in thousands) | | | | |
| **Financial Condition Data:** | | | | | |
| Total assets | $ 2,611,356 | $ 2,397,702 | $ 1,707,545 | $ 1,415,214 | $ 1,344,512 |
| Loans, net of unearned income (3) | 1,826,762 | 1,646,223 | 1,141,480 | 862,652 | 859,684 |
| Securities | 428,065 | 399,034 | 371,581 | 414,270 | 344,781 |
| Deposits | 2,108,965 | 1,868,451 | 1,318,677 | 1,133,931 | 1,099,048 |
| Borrowings | 216,423 | 266,505 | 191,547 | 125,572 | 91,806 |
| Shareholders equity | 252,704 | 235,440 | 179,042 | 137,625 | 132,778 |
| Tangible shareholders equity | 154,408 | 134,608 | 128,618 | 131,755 | 126,415 |
| **Selected Performance Ratios:** | | | | | |
| Return on average assets | 1.08% | 1.03% | 1.18% | 1.33% | 1.25% |
| Return on average equity | 11.00% | 10.29% | 11.52% | 13.41% | 12.85% |
| Return on average tangible equity | 19.10% | 19.08% | 14.50% | 14.32% | 13.88% |
| Dividend payout ratio | 36.67% | 37.66% | 38.31% | 34.25% | 35.59% |
| Net interest margin (4) | 3.93% | 4.04% | 4.14% | 4.23% | 4.66% |
| Efficiency ratio (5) | 66.75% | | | | |