

BANCORPSOUTH INC  
Form 10-Q  
August 08, 2016  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-12991

BANCORPSOUTH, INC.

(Exact name of registrant as specified in its charter)

Mississippi

(State or other jurisdiction of incorporation or organization)

64-0659571

(I.R.S. Employer Identification No.)

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One Mississippi Plaza, 201 South Spring Street

Tupelo, Mississippi  
(Address of principal executive offices)

38804  
(Zip Code)

Registrant's telephone number, including area code: (662) 680-2000

NOT APPLICABLE

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One): Large accelerated filer  Accelerated filer  Non-accelerated filer (Do not check if a smaller reporting company)  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 1, 2016, the registrant had outstanding 94,566,789 shares of common stock, par value \$2.50 per share.

BANCORPSOUTH, INC.

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## PART I.

## FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## BANCORPSOUTH, INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

	June 30, 2016 (Unaudited)	December 31, 2015 (1)	June 30, 2015 (Unaudited)
	(Dollars in thousands, except per share amounts)		
<b>ASSETS</b>			
Cash and due from banks	\$ 186,381	\$ 154,192	\$ 183,541
Interest bearing deposits with other banks	86,472	43,777	34,438
Available-for-sale securities, at fair value	2,103,883	2,082,329	2,251,153
Loans and leases	10,604,547	10,404,326	10,041,455
Less: Unearned income	28,569	31,548	33,884
Allowance for credit losses	126,935	126,458	138,312
Net loans and leases	10,449,043	10,246,320	9,869,259
Loans held for sale, at fair value	210,698	157,907	199,370
Premises and equipment, net	305,694	308,125	303,837
Accrued interest receivable	39,645	40,901	41,065
Goodwill	294,901	291,498	291,498
Other identifiable intangibles	20,831	20,545	22,415
Bank-owned life insurance	255,240	251,534	247,983
Other real estate owned	14,658	14,759	24,299
Other assets	169,714	186,775	166,073
<b>TOTAL ASSETS</b>	<b>\$ 14,137,160</b>	<b>\$ 13,798,662</b>	<b>\$ 13,634,931</b>
<b>LIABILITIES</b>			
Deposits:			
Demand: Noninterest bearing	\$ 3,133,460	\$ 3,031,528	\$ 2,911,972
Interest bearing	4,838,704	5,003,806	4,881,469
Savings	1,512,694	1,442,336	1,407,616
Other time	1,879,509	1,853,491	1,933,904
Total deposits	11,364,367	11,331,161	11,134,961
Federal funds purchased and securities sold under agreement to repurchase	415,949	405,937	375,980
Short-term Federal Home Loan Bank borrowings and other short-term borrowing	-	62,000	92,500
Accrued interest payable	3,727	3,071	3,494
Junior subordinated debt securities	23,198	23,198	23,198
Long-term debt	365,588	69,775	73,962

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Other liabilities	251,288	248,076	250,640
<b>TOTAL LIABILITIES</b>	<b>12,424,117</b>	<b>12,143,218</b>	<b>11,954,735</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock, \$2.50 par value per share			
Authorized - 500,000,000 shares; Issued - 94,546,091			
94,162,728 and 96,755,530 shares, respectively	236,365	235,407	241,889
Capital surplus	286,994	282,934	337,272
Accumulated other comprehensive loss	(27,587)	(41,825)	(41,288)
Retained earnings	1,217,271	1,178,928	1,142,323
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,713,043</b>	<b>1,655,444</b>	<b>1,680,196</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 14,137,160</b>	<b>\$ 13,798,662</b>	<b>\$ 13,634,931</b>
(1) Derived from audited consolidated financial statements.			

See accompanying notes to consolidated financial statements.

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## BANCORPSOUTH, INC. AND SUBSIDIARIES

## Consolidated Statements of Income

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
(In thousands, except for per share amounts)				
<b>INTEREST REVENUE:</b>				
Loans and leases	\$ 109,078	\$ 103,428	\$ 216,883	\$ 205,563
Deposits with other banks	229	126	492	362
Available-for-sale securities:				
Taxable	6,009	6,424	11,897	13,268
Tax-exempt	2,924	3,335	5,956	6,712
Loans held for sale	1,183	1,317	2,167	2,222
Total interest revenue	119,423	114,630	237,395	228,127
<b>INTEREST EXPENSE:</b>				
Deposits:				
Interest bearing demand	2,208	2,262	4,371	4,445
Savings	451	426	894	838
Other time	3,436	3,827	6,790	7,835
Federal funds purchased and securities sold under agreement to repurchase	159	85	299	167
Long-term debt	665	556	1,195	1,133
Junior subordinated debt	187	165	370	328
Other	1	-	1	(1)
Total interest expense	7,107	7,321	13,920	14,745
Net interest revenue	112,316	107,309	223,475	213,382
Provision for credit losses	2,000	(5,000)	3,000	(10,000)
Net interest revenue, after provision for credit losses	110,316	112,309	220,475	223,382
<b>NONINTEREST REVENUE:</b>				
Mortgage banking	9,043	14,102	11,661	22,669
Credit card, debit card and merchant fees	9,495	9,298	18,456	17,837
Deposit service charges	11,018	11,527	22,032	22,779
Security gains, net	86	41	88	55
Insurance commissions	28,803	29,319	62,052	62,812
Wealth management	5,347	5,508	10,456	11,718
Other	5,891	4,519	10,453	9,759
Total noninterest revenue	69,683	74,314	135,198	147,629
<b>NONINTEREST EXPENSE:</b>				
Salaries and employee benefits	81,832	79,759	164,299	160,938
Occupancy, net of rental income	10,109	10,419	20,382	20,613

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Equipment	3,295	4,024	7,060	7,998
Deposit insurance assessments	2,582	2,377	4,870	4,688
Regulatory settlement	-	-	10,277	-
Other	30,900	31,598	64,130	70,873
Total noninterest expense	128,718	128,177	271,018	265,110
Income before income taxes	51,281	58,446	84,655	105,901
Income tax expense	16,589	18,733	27,414	33,922
Net income	\$ 34,692	\$ 39,713	\$ 57,241	\$ 71,979
Earnings per share: Basic	\$ 0.37	\$ 0.41	\$ 0.61	\$ 0.75
Diluted	\$ 0.37	\$ 0.41	\$ 0.60	\$ 0.74
Dividends declared per common share	\$ 0.10	\$ 0.075	\$ 0.20	\$ 0.15

See accompanying notes to consolidated financial statements.

BANCORPSOUTH, INC. AND SUBSIDIARIES  
 Consolidated Statements of Comprehensive Income  
 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Net income	\$ 34,692	\$ 39,713	\$ 57,241	\$ 71,979
Other comprehensive income (loss), net of tax				
Unrealized gains (losses) on securities	3,624	(5,365)	12,372	178
Pension and other postretirement benefits	933	1,110	1,866	