

BANCORPSOUTH INC  
Form 10-Q  
August 03, 2015  
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, 2015

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 July 30, 2015, the registrant had outstanding 96,844,055 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, 2015 (Unaudited)	December 31, 2014 (1)	June 30, 2014 (Unaudited)
	(Dollars in thousands, except per share amounts)		
<b>ASSETS</b>			
Cash and due from banks	\$ 183,541	\$ 204,231	\$ 201,196
Interest bearing deposits with other banks	34,438	153,019	44,949
Available-for-sale securities, at fair value	2,251,153	2,156,927	2,332,192
Loans and leases	10,041,455	9,749,540	9,347,429
Less: Unearned income	33,884	36,604	35,768
Allowance for credit losses	138,312	142,443	147,132
Net loans and leases	9,869,259	9,570,493	9,164,529
Loans held for sale, at fair value	199,370	141,015	105,643
Premises and equipment, net	303,837	304,943	310,515
Accrued interest receivable	41,065	41,985	40,697
Goodwill	291,498	291,498	291,498
Other identifiable intangibles	22,415	24,508	26,745
Bank-owned life insurance	247,983	247,076	241,962
Other real estate owned	24,299	33,984	55,253
Other assets	166,073	156,690	170,708
<b>TOTAL ASSETS</b>	<b>\$ 13,634,931</b>	<b>\$ 13,326,369</b>	<b>\$ 12,985,887</b>
<b>LIABILITIES</b>			
Deposits:			
Demand: Noninterest bearing	\$ 2,911,972	\$ 2,778,686	\$ 2,718,242
Interest bearing	4,881,469	4,868,054	4,511,760
Savings	1,407,616	1,331,963	1,299,203
Other time	1,933,904	1,993,636	2,141,209
Total deposits	11,134,961	10,972,339	10,670,414
Federal funds purchased and securities sold under agreement to repurchase	375,980	388,166	394,446
Short-term Federal Home Loan Bank borrowings and other short-term borrowing	92,500	3,500	2,000
Accrued interest payable	3,494	3,400	3,926
Junior subordinated debt securities	23,198	23,198	23,198
Long-term debt	73,962	78,148	83,835
Other liabilities	250,640	251,559	219,218
<b>TOTAL LIABILITIES</b>	<b>11,954,735</b>	<b>11,720,310</b>	<b>11,397,037</b>

SHAREHOLDERS' EQUITY

Common stock, \$2.50 par value per share

Authorized - 500,000,000 shares; Issued - 96,755,530

96,254,903 and 96,046,057 shares, respectively

Capital surplus

Accumulated other comprehensive loss

Retained earnings

TOTAL SHAREHOLDERS' EQUITY

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

(1) Derived from audited financial statements.

241,889	240,637	240,118
337,272	324,271	321,952
(41,288)	(43,686)	(15,040)
1,142,323	1,084,837	1,041,820
1,680,196	1,606,059	1,588,850
\$ 13,634,931	\$ 13,326,369	\$ 12,985,887

See accompanying notes to consolidated financial statements.

## BANCORPSOUTH, INC. AND SUBSIDIARIES

## Consolidated Statements of Income

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
(In thousands, except for per share amounts)				
<b>INTEREST REVENUE:</b>				
Loans and leases	\$ 103,428	\$ 99,962	\$ 205,563	\$ 198,706
Deposits with other banks	126	87	362	363
Available-for-sale securities:				
Taxable	6,424	7,133	13,268	14,680
Tax-exempt	3,335	3,669	6,712	7,384
Loans held for sale	1,317	648	2,222	965
Total interest revenue	114,630	111,499	228,127	222,098
<b>INTEREST EXPENSE:</b>				
Deposits:				
Interest bearing demand	2,262	1,905	4,445	3,825
Savings	426	402	838	793
Other time	3,827	5,249	7,835	11,139
Federal funds purchased and securities sold under agreement to repurchase	85	80	167	158
Long-term debt	556	619	1,133	1,248
Junior subordinated debt	165	162	328	330
Other	-	1	(1)	1
Total interest expense	7,321	8,418	14,745	17,494
Net interest revenue	107,309	103,081	213,382	204,604
Provision for credit losses	(5,000)	-	(10,000)	-
Net interest revenue, after provision for credit losses	112,309	103,081	223,382	204,604
<b>NONINTEREST REVENUE:</b>				
Mortgage lending	14,102	9,089	22,669	12,483
Credit card, debit card and merchant fees	9,298	8,567	17,837	16,410
Deposit service charges	11,527	12,437	22,779	24,973
Security gains, net	41	5	55	1
Insurance commissions	29,319	28,621	62,812	60,220
Wealth management	5,508	5,929	11,718	11,951
Other	4,519	5,190	9,759	10,317
Total noninterest revenue	74,314	69,838	147,629	136,355
<b>NONINTEREST EXPENSE:</b>				
Salaries and employee benefits	79,759	74,741	160,938	153,624
Occupancy, net of rental income	10,419	10,245	20,613	20,532
Equipment	4,024	4,169	7,998	8,668
Deposit insurance assessments	2,377	2,035	4,688	3,635

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Other	31,598	36,764	70,873	68,202
Total noninterest expense	128,177	127,954	265,110	254,661
Income before income taxes	58,446	44,965	105,901	86,298
Income tax expense	18,733	14,097	33,922	26,986
Net income	\$ 39,713	\$ 30,868	\$ 71,979	\$ 59,312
Earnings per share: Basic	\$ 0.41	\$ 0.32	\$ 0.75	\$ 0.62
Diluted	\$ 0.41	\$ 0.32	\$ 0.74	\$ 0.62
Dividends declared per common share	\$ 0.075	\$ 0.05	\$ 0.15	\$ 0.10

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,	
	2015	2014	2015	2014
	(In thousands)			
Net income	\$ 39,713	\$ 30,868	\$ 71,979	\$ 59,312
Other comprehensive (loss) income, net of tax				
Unrealized (losses) gains on securities	(5,365)	6,564	178	14,007
Pension and other postretirement benefits	1,110	456	2,220	912
Other comprehensive (loss) income, net of tax	(4,255)	7,020	2,398	14,919
Comprehensive income	\$ 35,458	\$ 37,888	\$ 74,377	\$ 74,231

See accompanying notes to consolidated financial statements.



## BANCORPSOUTH, INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

(Unaudited)

	Six months ended	
	June 30,	
	2015	2014
	(In thousands)	
Operating Activities:		
Net income	\$ 71,979	\$ 59,312
Adjustment to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	(10,000)	-
Depreciation and amortization	13,411	13,569
Deferred taxes	-	(1,939)
Amortization of intangibles	2,093	2,206
Amortization of debt securities premium and discount, net	6,503	6,724
Share-based compensation expense	3,904	1,089
Security gains, net	(55)	(1)
Net deferred loan origination expense	(3,295)	(3,427)
Excess tax benefit from exercise of stock options	702	1,216
Decrease in interest receivable	920	1,453
Increase (decrease) in interest payable	94	(910)
Realized gain on mortgages sold	(21,672)	(15,477)
Proceeds from mortgages sold	687,076	496,915
Origination of mortgages held for sale	(728,269)	(488,120)
Loss on other real estate owned, net	2,634	5,587
Increase in bank-owned life insurance	(3,649)	(3,733)
Decrease in prepaid pension asset	-	2,829
Other, net	12,949	17,352
Net cash provided by operating activities	35,325	94,645
Investing activities:		
Proceeds from calls and maturities of available-for-sale securities	151,206	275,038
Proceeds from sales of available-for-sale securities	1,110	-
Purchases of available-for-sale securities	(261,356)	(125,055)
Net increase in loans and leases	(290,005)	(395,544)
Purchases of premises and equipment	(12,818)	(8,905)
Proceeds from sale of premises and equipment	139	219
Purchase of bank-owned life insurance, net of proceeds from death benefits	2,742	1,206
Acquisition of Insurance agency	-	(5,060)
Proceeds from sale of other real estate owned	11,468	17,348
Other, net	(12)	(12)
Net cash used in investing activities	(397,526)	(240,765)
Financing activities:		
Net increase (decrease) in deposits	162,622	(103,422)
Net increase (decrease) in short-term debt and other liabilities	76,806	(26,590)
Advances of long-term debt	-	8,000

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Repayment of long-term debt	(4,186)	(3,879)
Redemption of junior subordinated debt	-	(8,248)
Issuance of common stock	5,168	9,461
Repurchase of common stock	(2,288)	(675)
Excess tax benefit from exercise of stock options	(702)	(1,216)
Payment of cash dividends	(14,490)	(9,589)
Net cash provided by (used in) financing activities	222,930	(136,158)
Decrease in cash and cash equivalents	(139,271)	(282,278)
Cash and cash equivalents at beginning of period	357,250	528,423
Cash and cash equivalents at end of period	\$ 217,979	\$ 246,145

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

(Unaudited)

## NOTE 1 – BASIS OF FINANCIAL STATEMENT PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited interim consolidated financial statements of BancorpSouth, Inc. (the “Company”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and follow general practices within the industries in which the Company operates. For further information, refer to the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial statements have been included and all such adjustments were of a normal, recurring nature. The results of operations for the three-month and six-month periods ended June 30, 2015 are not necessarily indicative of the results to be expected for the full year. Certain 2014 amounts have been reclassified to conform with the 2015 presentation.

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, BancorpSouth Bank (the “Bank”) and Gumtree Wholesale Insurance Brokers, Inc., and the Bank’s wholly-owned subsidiaries, BancorpSouth Insurance Services, Inc., BancorpSouth Municipal Development Corporation and BancorpSouth Bank Securities Corporation.

## NOTE 2 – LOANS AND LEASES

The Company’s loan and lease portfolio is disaggregated into the following segments: commercial and industrial; real estate; credit card; and all other loans and leases. The real estate segment is further disaggregated into the following classes: consumer mortgages; home equity; agricultural; commercial and industrial-owner occupied; construction, acquisition and development; and commercial real estate. A summary of gross loans and leases by segment and class as of the dates indicated follows:

	June 30, 2015	2014	December 31, 2014
	(In thousands)		
Commercial and industrial	\$ 1,735,444	\$ 1,707,368	\$ 1,753,041

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Real estate			
Consumer mortgages	2,374,122	2,071,503	2,257,726
Home equity	558,460	506,988	531,374
Agricultural	239,884	238,003	239,616
Commercial and industrial-owner occupied	1,596,244	1,505,679	1,522,536
Construction, acquisition and development	860,407	772,162	853,623
Commercial real estate	2,081,394	1,901,759	1,961,977
Credit cards	110,552	109,186	113,426
All other	484,948	534,781	516,221
Total	\$ 10,041,455	\$ 9,347,429	\$ 9,749,540

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The following table shows the Company's loans and leases, net of unearned income, as of June 30, 2015 by segment, class and geographical location:

	Alabama and Florida Panhandle (In thousands)	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas
Commercial and industrial	\$ 204,492	\$ 242,960	\$ 223,437	\$ 558,152	\$ 81,380	\$ 132,576	\$ -
Real estate							
Consumer mortgages	216,904	290,517	195,055	781,620	69,791	243,264	381,000
Home equity	76,832	40,315	58,910	216,732	21,724	134,093	8,700
Agricultural	6,177	70,084	28,903	73,413	2,942	12,269	46,000
Commercial and industrial-owner occupied	178,562	192,245	187,334	596,559	58,108	163,451	209,000
Construction, acquisition and development	120,525	100,107	83,103	224,127	19,593	150,280	133,000
Commercial real estate	302,727	345,327	245,432	502,630	201,763	185,194	230,000
Credit cards	-	-	-	-	-	-	-
All other	29,618	36,406	25,019	198,509	2,322	32,805	36,000
Total	\$ 1,135,837	\$ 1,317,961	\$ 1,047,193	\$ 3,151,742	\$ 457,623	\$ 1,053,932	\$ -

The Company's loan concentrations which exceed 10% of total loans are reflected in the preceding tables. A substantial portion of construction, acquisition and development loans are secured by real estate in markets in which the Company is located. The Company's loan policy generally prohibits the use of interest reserves on loans originated after March 2010. Certain of the construction, acquisition and development loans were structured with interest-only terms. A portion of the consumer mortgage and commercial real estate portfolios originated through the permanent financing of construction, acquisition and development loans. Future economic distress could negatively impact borrowers' and guarantors' ability to repay their debt which would make more of the Company's loans collateral dependent.

The following tables provide details regarding the aging of the Company's loan and lease portfolio, net of unearned income, by segment and class at June 30, 2015 and December 31, 2014:



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June 30, 2015

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
(In thousands)							
Commercial and industrial	\$ 3,144	\$ 999	\$ 1,141	\$ 5,284	\$ 1,724,858	\$ 1,730,142	\$ 20
Real estate							
Consumer mortgages	10,942	3,254	10,719	24,915	2,349,207	2,374,122	1,022
Home equity	2,662	479	1,803	4,944	553,516	558,460	141
Agricultural	171	12	9	192	239,692	239,884	-
Commercial and industrial-owner occupied	4,127	1,209	1,557	6,893	1,589,351	1,596,244	14
Construction, acquisition and development	915	530	2,758	4,203	856,204	860,407	-
Commercial real estate	3,041	738	4,790	8,569	2,072,825	2,081,394	-
Credit cards	364	237	360	961	109,591	110,552	342
All other	1,339	228	236	1,803	454,563	456,366	29
Total	\$ 26,705	\$ 7,686	\$ 23,373	\$ 57,764	\$ 9,949,807	\$ 10,007,571	\$ 1,568

December 31, 2014

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
(In thousands)							
Commercial and industrial	\$ 2,322	\$ 544	\$ 601	\$ 3,467	\$ 1,743,019	\$ 1,746,486	\$ 41
Real estate							
Consumer mortgages	10,725	3,797	11,167	25,689	2,232,037	2,257,726	1,828
Home equity	1,834	397	658	2,889	528,485	531,374	-
Agricultural	365	1	130	496	239,120	239,616	-
Commercial and industrial-owner occupied	1,005	463	3,337	4,805	1,517,731	1,522,536	39
Construction, acquisition and development	4,547	278	1,568	6,393	847,230	853,623	387
Commercial real estate	4,722	1	1,545	6,268	1,955,709	1,961,977	137

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Credit cards	447	312	379	1,138	112,288	113,426	327
All other	1,562	203	102	1,867	484,305	486,172	4
Total	\$ 27,529	\$ 5,996	\$ 19,487	\$ 53,012	\$ 9,659,924	\$ 9,712,936	\$ 2,763

The Company utilizes an internal loan classification system to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. The Company's internal loan classification system is compatible with classifications used by the Federal Deposit Insurance Corporation, as well as other regulatory agencies. Loans may be classified as follows:

Pass: Loans which are performing as agreed with few or no signs of weakness. These loans show sufficient cash flow, capital and collateral to repay the loan as agreed.

Special Mention: Loans where potential weaknesses have developed which could cause a more serious problem if not corrected.

Substandard: Loans where well-defined weaknesses exist that require corrective action to prevent further deterioration.



Doubtful: Loans having all the characteristics of Substandard and which have deteriorated to a point where collection and liquidation in full is highly questionable.

Loss: Loans that are considered uncollectible or with limited possible recovery.

Impaired: Loans for which it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement and for which a specific impairment reserve has been considered.

The following tables provide details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at June 30, 2015 and December 31, 2014:

	June 30, 2015						
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Total
	(In thousands)						
Commercial and industrial Real estate	\$ 1,688,364	\$ 695	\$ 33,809	\$ 107	\$ -	\$ 7,167	\$ 1,730,142
Consumer mortgages	2,288,980	-	81,312	226	-	3,604	2,374,122
Home equity	547,169	-	9,480	-	-	1,811	558,460
Agricultural	232,626	-	7,258	-	-	-	239,884
Commercial and industrial-owner occupied	1,538,436	-	47,991	233	-	9,584	1,596,244
Construction, acquisition and development	826,039	-	30,309	444	-	3,615	860,407
Commercial real estate	2,016,614	-	55,452	295	-	9,033	2,081,394
Credit cards	110,552	-	-	-	-	-	110,552
All other	443,484	-	12,583	-	-	299	456,366
Total	\$ 9,692,264	\$ 695	\$ 278,194	\$ 1,305	\$ -	\$ 35,113	\$ 10,007,571

December 31, 2014

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	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Total
(In thousands)							
Commercial and industrial	\$ 1,709,475	\$ 978	\$ 33,879	\$ -	\$ -	\$ 2,154	\$ 1,746,486
Real estate							
Consumer mortgages	2,167,965	-	84,975	-	-	4,786	2,257,726
Home equity	521,011	-	9,744	-	-	619	531,374
Agricultural	227,688	-	11,928	-	-	-	239,616
Commercial and industrial-owner occupied	1,450,158	-	64,420	491	-	7,467	1,522,536
Construction, acquisition and development	811,227	-	39,675	334	-	2,387	853,623
Commercial real estate	1,893,514	-	57,761	184	-	10,518	1,961,977
Credit cards	113,426	-	-	-	-	-	113,426
All other	471,662	-	14,340	-	-	170	486,172
Total	\$ 9,366,126	\$ 978	\$ 316,722	\$ 1,009	\$ -	\$ 28,101	\$ 9,712,936

(1) Impaired loans are shown exclusive of accruing troubled debt restructurings ("TDRs")

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The following tables provide details regarding impaired loans and leases, net of unearned income, by segment and class as of and for the three months and six months ended June 30, 2015 and as of and for the year ended December 31, 2014:

	June 30, 2015						
	Recorded Investment in Impaired Loans (In thousands)	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Average Recorded Investment Three months ended June 30, 2015	Six months ended June 30, 2015	Interest Income Recognized Three months ended June 30, 2015	Six months ended June 30, 2015
With no related allowance:							
Commercial and industrial	\$ 4,361	\$ 5,551	\$ -	\$ 3,448	\$ 2,341	\$ 15	\$ -
Real estate:							
Consumer mortgages	3,604	4,088	-	3,006	3,207	18	37
Home equity	1,411	1,411	-	1,010	610	3	4
Agricultural	-	-	-	-	-	-	-
Commercial and industrial-owner occupied	6,319	7,450	-	6,947	5,495	41	72
Construction, acquisition and development	3,615	3,818	-	4,780	3,983	6	12
Commercial real estate	8,238	10,707	-	8,127	8,185	52	116
All other	299	442	-	254	211	2	2
Total	\$ 27,847	\$ 33,467	\$ -	\$ 27,572	\$ 24,032	\$ 137	\$ 200
With an allowance:							
Commercial and industrial	\$ 2,806	\$ 2,806	\$ 1,925	\$ 3,903	\$ 2,344	\$ 11	\$ -
Real estate:							
Consumer mortgages	-	-	-	659	608	4	9
Home equity	400	400	69	402	404	4	9
Agricultural	-	-	-	-	-	-	-
Commercial and industrial-owner occupied	3,265	3,265	1,699	3,031	2,797	19	37
Construction, acquisition and development	-	-	-	33	127	-	-

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Commercial real estate	795	795	249	2,007	4,042	6	15
All other	-	-	-	-	-	-	-
Total	\$ 7,266	\$ 7,266	\$ 3,942	\$ 10,035	\$ 10,322	\$ 44	\$ 8
Total:							
Commercial and industrial	\$ 7,167	\$ 8,357	\$ 1,925	\$ 7,351	\$ 4,685	\$ 26	\$ 3
Real estate:							
Consumer mortgages	3,604	4,088	-	3,665	3,815	22	46
Home equity	1,811	1,811	69	1,412	1,014	7	13
Agricultural	-	-	-	-	-	-	-
Commercial and industrial-owner occupied	9,584	10,715	1,699	9,978	8,292	60	109
Construction, acquisition and development	3,615	3,818	-	4,813	4,110	6	12
Commercial real estate	9,033	11,502	249	10,134	12,227	58	131
All other	299	442	-	254	211	2	2
Total	\$ 35,113	\$ 40,733	\$ 3,942	\$ 37,607	\$ 34,354	\$ 181	\$ 3

	December 31, 2014				
	Recorded	Unpaid	Related	Average	Interest
	Investment	Principal	Allowance	Recorded	Income
	in Impaired	Balance of	for Credit	Investment	Recognized
	Loans	Impaired	Losses		
	Loans	Loans			
(In thousands)					
With no related allowance:					
Commercial and industrial	\$ 1,235	\$ 1,583	\$ -	\$ 1,271	\$ 43
Real estate:					
Consumer mortgages	3,503	4,356	-	4,282	72
Home equity	209	209	-	215	6
Agricultural	-	-	-	370	2
Commercial and					
industrial-owner occupied	6,503	7,634	-	4,687	70
Construction, acquisition and					
development	2,387	3,654	-	5,796	66
Commercial real estate	7,975	9,275	-	7,935	128
All other	170	314	-	187	8
Total	\$ 21,982	\$ 27,025	\$ -	\$ 24,743	\$ 395
With an allowance:					
Commercial and industrial	\$ 919	\$ 919	\$ 215	\$ 328	\$ 19
Real estate:					
Consumer mortgages	1,283	1,658	123	1,376	30
Home equity	410	410	70	-	-
Agricultural	-	-	-	43	-
Commercial and					
industrial-owner occupied	964	1,094	89	1,203	21
Construction, acquisition and					
development	-	-	-	542	-
Commercial real estate	2,543	2,543	1,022	5,706	87
All other	-	-	-	6	-
Total	\$ 6,119	\$ 6,624	\$ 1,519	\$ 9,204	\$ 157
Total:					
Commercial and industrial	\$ 2,154	\$ 2,502	\$ 215	\$ 1,599	\$ 62
Real estate:					
Consumer mortgages	4,786	6,014	123	5,658	102
Home equity	619	619	70	215	6
Agricultural	-	-	-	413	2
	7,467	8,728	89	5,890	91

Commercial and industrial-owner occupied Construction, acquisition and development	2,387	3,654	-	6,338	66
Commercial real estate	10,518	11,818	1,022	13,641	215
All other	170	314	-	193	8
Total	\$ 28,101	\$ 33,649	\$ 1,519	\$ 33,947	\$ 552

The following tables provide details regarding impaired loans and leases, net of unearned income, which include troubled debt restructurings (TDRs), by segment and class as of and for the three months and six months ended June 30, 2015 and as of and for the year ended December 31, 2014:

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	June 30, 2015				Average Recorded Investment		Interest Income	
	Recorded Investment in Impaired Loans and Accruing TDRs (In thousands)	Unpaid Principal Balance of Impaired Loans and Accruing TDRs	Related Allowance for Credit Losses	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2015	Six months ended June 30, 2015	
With no related allowance:								
Commercial and industrial	\$ 4,361	\$ 5,551	\$ -	\$ 3,448	\$ 2,341	\$ 15	\$ -	
Real estate:								
Consumer mortgages	3,604	4,088	-	3,006	3,207	18	37	
Home equity	1,411	1,411	-	1,010	610	3	4	
Agricultural	-	-	-	-	-	-	-	
Commercial and industrial-owner occupied	6,319	7,450	-	6,947	5,495	41	72	
Construction, acquisition and development	3,615	3,818	-	4,780	3,983	6	12	
Commercial real estate	8,238	10,707	-	8,127	8,185	52	116	
All other	299	442	-	254	211	2	2	
Total	\$ 27,847	\$ 33,467	\$ -	\$ 27,572	\$ 24,032	\$ 137	\$ -	
With an allowance:								
Commercial and industrial	\$ 3,930	\$ 3,931	\$ 2,002	\$ 4,382	\$ 2,747	\$ 17	\$ -	
Real estate:								
Consumer mortgages	1,657	1,669	547	2,123	2,636	18	48	
Home equity	400	410	69	402	410	4	9	
Agricultural	-	-	-	-	3	-	-	
Commercial and industrial-owner occupied	8,924	9,184	1,861	7,140	7,092	51	113	
Construction, acquisition and development	2,258	2,259	45	1,257	1,255	10	17	
Commercial real estate	1,911	2,125	335	2,960	4,947	17	35	
Credit card	1,028	1,028	51	1,069	1,028	107	210	
All other	124	156	24	119	139	1	2	
Total	\$ 20,232	\$ 20,762	\$ 4,934	\$ 19,452	\$ 20,257	\$ 225	\$ -	

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Total:

Commercial and industrial	\$	8,291	\$	9,482	\$	2,002	\$	7,830	\$	5,088	\$	32	\$	
Real estate:														
Consumer mortgages		5,261		5,757		547		5,129		5,843		36		85
Home equity		1,811		1,821		69		1,412		1,020		7		13
Agricultural		-		-		-		-		3		-		-
Commercial and industrial-owner occupied		15,243		16,634		1,861		14,087		12,587		92		185
Construction, acquisition and development		5,873		6,077		45		6,037		5,238		16		29
Commercial real estate		10,149		12,832		335		11,087		13,132		69		151
Credit card		1,028		1,028		51		1,069		1,028		107		210
All other		423		598		24		373		350		3		4
Total	\$	48,079	\$	54,229	\$	4,934	\$	47,024	\$	44,289	\$	362	\$	



	December 31, 2014				
	Recorded Investment in Impaired Loans and Accruing TDRs (In thousands)	Unpaid Principal Balance of Impaired Loans and Accruing TDRs	Related Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Commercial and industrial Real estate:	\$ 1,235	\$ 1,583	\$ -	\$ 1,271	\$ 43
Consumer mortgages	3,503	4,356	-	4,282	72
Home equity	209	209	-	215	6
Agricultural	-	-	-	370	2
Commercial and industrial-owner occupied	6,503	7,634	-	4,687	70
Construction, acquisition and development	2,387	3,654	-	5,796	66
Commercial real estate	7,975	9,275	-	7,935	128
All other	170	314	-	187	8
Total	\$ 21,982	\$ 27,025	\$ -	\$ 24,743	\$ 395
With an allowance:					
Commercial and industrial Real estate:	\$ 1,275	\$ 1,276	\$ 239	\$ 1,208	\$ 63
Consumer mortgages	4,832	5,549	875	4,278	140
Home equity	427	438	70	18	1
Agricultural	8	8	1	305	11
Commercial and industrial-owner occupied	5,520	5,856	404	6,571	243
Construction, acquisition and development	1,488	1,752	241	2,410	70
Commercial real estate	3,957	4,200	1,290	8,135	195
Credit cards	1,109	1,109	64	1,374	137
All other	154	195	46	143	5
Total	\$ 18,770	\$ 20,383	\$ 3,230	\$ 24,442	\$ 865
Total:					
Commercial and industrial Real estate:	\$ 2,510	\$ 2,859	\$ 239	\$ 2,479	\$ 106
Consumer mortgages	8,335	9,905	875	8,560	212
Home equity	636	647	70	233	7
Agricultural	8	8	1	675	13
Commercial and industrial-owner occupied	12,023	13,490	404	11,258	313

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Construction, acquisition and development	3,875	5,406	241	8,206	136
Commercial real estate	11,932	13,475	1,290	16,070	323
Credit cards	1,109	1,109	64	1,374	137
All other	324	509	46	330	13
Total	\$ 40,752	\$ 47,408	\$ 3,230	\$ 49,185	\$ 1,260

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Loans considered impaired under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 310, Receivables (“FASB ASC 310”), are loans for which, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. The Company’s recorded investment in loans considered impaired exclusive of accruing TDRs at June 30, 2015 and December 31, 2014 was \$35.1 million and \$28.1 million, respectively. At June 30, 2015 and December 31, 2014, \$7.3 million and \$6.1 million, respectively, of those impaired loans had a valuation allowance of \$3.9 million and \$1.5 million, respectively. The remaining balance of impaired loans of \$27.8 million and \$22.0 million at June 30, 2015 and December 31, 2014, respectively, were charged down to fair value, less estimated selling costs which approximated net realizable value. Therefore, such loans did not have an associated valuation allowance. Impaired loans that were characterized as TDRs totaled \$3.3 million and \$4.6 million at June 30, 2015 and December 31, 2014, respectively. The average recorded investment in impaired loans was \$37.6 million and \$34.4 for the three months and six months ended June 30, 2015 and \$33.9 million for the year ended December 31, 2014.

Non-performing loans and leases (“NPLs”) consist of non-accrual loans and leases, loans and leases 90 days or more past due and still accruing, and loans and leases that have been restructured (primarily in the form of reduced interest rates and modified payment terms) because of the borrower’s weakened financial condition or bankruptcy proceedings. The following table presents information concerning NPLs as of the dates indicated:

	June 30, 2015	2014	December 31, 2014
	(In thousands)		
Non-accrual loans and leases	\$ 67,766	\$ 64,533	\$ 58,052
Loans and leases 90 days or more past due, still accruing	1,568	2,406	2,763
Restructured loans and leases still accruing	10,109	6,712	10,920
Total non-performing loans and leases	\$ 79,443	\$ 73,651	\$ 71,735

The Bank’s policy for all loan classifications provides that loans and leases are generally placed in non-accrual status if, in management’s opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless such loan or lease is both well-secured and in the process of collection. At June 30, 2015, the Company’s geographic NPL distribution was concentrated primarily in its Arkansas and Mississippi markets. The following table presents the Company’s nonaccrual loans and leases by segment and class as of the dates indicated:

	June 30, 2015	2014	December 31, 2014
	(In thousands)		
Commercial and industrial	\$ 9,740	\$ 2,917	\$ 3,934

Real estate			
Consumer mortgages	21,636	24,355	23,668
Home equity	3,550	2,116	2,253
Agricultural	259	595	291
Commercial and industrial-owner occupied	14,007	11,094	11,190
Construction, acquisition and development	5,411	9,202	4,162
Commercial real estate	12,397	13,406	11,915
Credit cards	157	132	133
All other	609	716	506
Total	\$ 67,766	\$ 64,533	\$ 58,052

In the normal course of business, management will sometimes grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria set out in FASB ASC 310 are identified as TDRs. The concessions granted most frequently for TDRs

involve reductions or delays in required payments of principal and interest for a specified period, the rescheduling of payments in accordance with a bankruptcy plan or the charge-off of a portion of the loan. In most cases, the conditions of the credit also warrant nonaccrual status, even after the restructure occurs. Other conditions that warrant a loan being considered a TDR include reductions in interest rates to below market rates due to bankruptcy plans or by the bank in an attempt to assist the borrower in working through liquidity problems. As part of the credit approval process, the restructured loans are evaluated for adequate collateral protection in determining the appropriate accrual status at the time of restructure. TDRs recorded as nonaccrual loans may generally be returned to accrual status in years after the restructure if there has been at least a six-month period of sustained repayment performance by the borrower in accordance with the terms of the restructured loan and the interest rate at the time of restructure was at or above market for a comparable loan. During the second quarter of 2015, the most common concessions that were granted involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan.

The following tables summarize the financial effect of TDRs recorded during the periods indicated:

Three months ended June 30, 2015

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
(Dollars in thousands)			
Commercial and industrial	4	\$ 969	\$ 964
Real estate			
Consumer mortgages	5	322	322
Commercial and industrial-owner occupied	2	2,278	2,269
Construction, acquisition and development	2	201	199
Commercial real estate	2	603	210
All other	1	17	11
Total	16	\$ 4,390	\$ 3,975

Six months ended June 30, 2015

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
(Dollars in thousands)			
Commercial and industrial	5	\$ 1,096	\$ 1,089

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Real estate				
Consumer mortgages	6	392	392	
Commercial and industrial-owner occupied	7	5,277	5,257	
Construction, acquisition and development	2	201	199	
Commercial real estate	7	2,450	2,036	
All other	2	38	31	
Total	29	\$	9,454	\$ 9,004

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	Year ended December 31, 2014		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial and industrial Real estate	5	\$ 613	\$ 613
Consumer mortgages	33	4,823	4,263
Home equity	2	31	30
Agricultural	1	10	10
Commercial and industrial-owner occupied	8	2,103	1,810
Construction, acquisition and development	3	924	924
Commercial real estate	7	1,426	1,519
All other	14	290	286
Total	73	\$ 10,220	\$ 9,455

The tables below summarize TDRs within the previous 12 months for which there was a payment default during the period indicated (i.e., 30 days or more past due at any given time during the period indicated).

	Three months ended June 30, 2015	
	Number of Contracts	Recorded Investment
Commercial and industrial Real estate	1	\$ 84
Commercial and industrial-owner occupied	1	517
Commercial real estate	1	151
Total	3	\$ 752

Six months ended June 30, 2015  
Number of Contracts Recorded Investment

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	(Dollars in thousands)		
Commercial and industrial Real estate	1	\$	84
Consumer mortgages	3	207	
Commercial and industrial-owner occupied	1	517	
Commercial real estate	1	151	
Total	6	\$	959



	Year ended December 31, 2014	
	Number of Contracts	Recorded Investment
	(Dollars in thousands)	
Real estate		
Consumer mortgages	8	\$ 540
Commercial and industrial-owner occupied	2	784
Construction, acquisition and development	2	279
Commercial real estate	5	901
All other	6	65
Total	23	\$ 2,569

## NOTE 3 – ALLOWANCE FOR CREDIT LOSSES

The following tables summarize the changes in the allowance for credit losses by segment and class for the periods indicated:

	Six months ended June 30, 2015				Balance, End of Period
	Balance, Beginning of Period (In thousands)	Charge-offs	Recoveries	Provision	
Commercial and industrial Real estate	\$ 21,419	\$ (1,819)	\$ 784	\$ 1,094	\$ 21,478
Consumer mortgages	40,015	(1,467)	1,652	(1,895)	38,305
Home equity	9,542	(743)	426	408	9,633
Agricultural	3,420	(8)	305	(678)	3,039
Commercial and industrial-owner occupied	16,325	(798)	696	1,121	17,344
Construction, acquisition and development	9,885	(615)	9,582	(9,061)	9,791
Commercial real estate	23,562	(2,124)	1,320	(963)	21,795
Credit cards	6,514	(1,203)	336	(134)	5,513
All other	11,761	(1,020)	565	108	11,414
Total	\$ 142,443	\$ (9,797)	\$ 15,666	\$ (10,000)	\$ 138,312



	Year ended December 31, 2014				Balance, End of Period
	Balance, Beginning of Period	Charge-offs	Recoveries	Provision	
	(In thousands)				
Commercial and industrial	\$ 18,376	\$ (2,546)	\$ 2,298	\$ 3,291	\$ 21,419
Real estate					
Consumer mortgages	39,525	(6,037)	3,267	3,260	40,015
Home equity	5,663	(1,359)	625	4,613	9,542
Agricultural	2,800	(765)	96	1,289	3,420
Commercial and industrial-owner occupied	17,059	(3,591)	1,112	1,745	16,325
Construction, acquisition and development	11,828	(3,731)	3,734	(1,946)	9,885
Commercial real estate	43,853	(1,795)	1,458	(19,954)	23,562
Credit cards	3,782	(2,359)	542	4,549	6,514
All other	10,350	(2,844)	1,102	3,153	11,761
Total	\$ 153,236	\$ (25,027)	\$ 14,234	\$ -	\$ 142,443

	Six months ended June 30, 2014				Balance, End of Period
	Balance, Beginning of Period	Charge-offs	Recoveries	Provision	
	(In thousands)				
Commercial and industrial	\$ 18,376	\$ (1,061)	\$ 1,435	\$ 848	\$ 19,598
Real estate					
Consumer mortgages	39,525	(3,627)	1,494	(922)	36,470
Home equity	5,663	(756)	366	147	5,420
Agricultural	2,800	(714)	35	355	2,476
Commercial and industrial-owner occupied	17,059	(2,142)	436	2,274	17,627
Construction, acquisition and development	11,828	(1,707)	2,445	(2,157)	10,409
Commercial real estate	43,853	(1,262)	549	158	43,298
Credit cards	3,782	(1,167)	266	(331)	2,550
All other	10,350	(1,254)	560	(372)	9,284
Total	\$ 153,236	\$ (13,690)	\$ 7,586	\$ -	\$ 147,132

The following tables provide the allowance for credit losses by segment, class and impairment status as of the dates indicated::

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	June 30, 2015			
	Recorded Balance of Impaired Loans	Allowance for Impaired Loans and Leases	Allowance for All Other Loans and Leases	Total Allowance
	(In thousands)			
Commercial and industrial	\$ 7,167	\$ 1,925	\$ 19,553	\$ 21,478
Real estate				
Consumer mortgages	3,604	-	38,305	38,305
Home equity	1,811	69	9,564	9,633
Agricultural	-	-	3,039	3,039
Commercial and industrial-owner occupied	9,584	1,699	15,645	17,344
Construction, acquisition and development	3,615	-	9,791	9,791
Commercial real estate	9,033	249	21,546	21,795
Credit cards	-	-	5,513	5,513
All other	299	-	11,414	11,414
Total	\$ 35,113	\$ 3,942	\$ 134,370	\$ 138,312

	December 31, 2014			
	Recorded Balance of Impaired Loans	Allowance for Impaired Loans and Leases	Allowance for All Other Loans and Leases	Total Allowance
	(In thousands)			
Commercial and industrial	\$ 2,154	\$ 215	\$ 21,204	\$ 21,419
Real estate				
Consumer mortgages	4,786	123	39,892	40,015
Home equity	619	70	9,472	9,542
Agricultural	-	-	3,420	3,420
Commercial and industrial-owner occupied	7,467	89	16,236	16,325
Construction, acquisition and development	2,387	-	9,885	9,885
Commercial real estate	10,518	1,022	22,540	23,562
Credit cards	-	-	6,514	6,514
All other	170	-	11,761	11,761
Total	\$ 28,101	\$ 1,519	\$ 140,924	\$ 142,443

Management evaluates impaired loans individually in determining the adequacy of the allowance for impaired loans. As a result of the Company individually evaluating loans of \$500,000 or more that are 60 or more days past due for impairment, further review of remaining loans collectively, as well as the corresponding potential allowance, would be immaterial in the opinion of management.

NOTE 4 – OTHER REAL ESTATE OWNED

The following table presents the activity in other real estate owned (“OREO”) for the periods indicated:

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	Six months ended		Year ended
	June 30,	2014	December 31,
	2015		2014
	(In thousands)		
Balance at beginning of period	\$ 33,984	\$ 69,338	\$ 69,338
Additions to foreclosed properties			
New foreclosed properties	4,534	8,999	14,732
Reductions in foreclosed properties			
Sales	(11,010)	(19,036)	(42,013)
Writedowns	(3,209)	(4,048)	(8,073)
Balance at end of period	\$ 24,299	\$ 55,253	\$ 33,984

The following tables present the OREO by geographical location, segment and class as of the dates indicated:

	June 30, 2015								
	Alabama and Florida								
	Panhandle	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas	Other	Total
	(In thousands)								
Commercial and industrial Real estate	\$ 84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84
Consumer mortgages	213	30	25	1,599	-	71	110	-	2,048
Home equity	-	-	-	101	-	-	-	-	101
Agricultural	-	-	-	25	-	-	-	-	25
Commercial and industrial-owner occupied	260	-	-	587	-	307	60	-	1,214
Construction, acquisition and development	3,887	84	130	13,165	-	2,373	-	-	19,639
Commercial real estate	170	-	-	714	-	122	63	-	1,069
All other	-	21	-	98	-	-	-	-	119
Total	\$ 4,614	\$ 135	\$ 155	\$ 16,289	\$ -	\$ 2,873	\$ 233	\$ -	\$ 24,299





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December 31, 2014

Alabama  
and Florida

Panhandle Arkansas Louisiana Mississippi Missouri Tennessee Texas Other Total  
(In thousands)

Commercial and industrial Real estate	\$ 84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84
Consumer mortgages	309	97	470	1,181	-	198	39	-	-	2,294
Home equity	24	-	-	188	-	-	-	-	-	212
Agricultural	-	-	-	25	-	-	-	-	-	25
Commercial and industrial-owner occupied	-	-	-	1,162	-	223	60	-	-	1,445
Construction, acquisition and development	7,302	84	140	17,152	-	3,006	56	-	-	27,740
Commercial real estate	1,000	256	-	646	-	121	63	-	-	2,086
All other	-	-	-	98	-	-	-	-	-	98
Total	\$ 8,719	\$ 437	\$ 610	\$ 20,452	\$ -	\$ 3,548	\$ 218	\$ -	\$ -	\$ 33,984

June 30, 2014

Alabama  
and Florida

Panhandle Arkansas Louisiana Mississippi Missouri Tennessee Texas Other Total  
(In thousands)

Commercial and industrial Real estate	\$ 84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84
Consumer mortgages	979	223	-	1,999	29	117	5	-	-	3,352
Home equity	-	-	-	370	-	-	-	-	-	370
Agricultural	-	-	-	216	-	462	-	-	-	678
Commercial and industrial-owner occupied	-	33	-	2,645	-	722	60	-	-	3,460
Construction, acquisition and development	11,084	91	239	24,817	794	6,491	-	-	-	43,516
Commercial real estate	352	288	-	1,771	-	1,102	-	-	-	3,513
All other	-	-	-	148	-	38	94	-	-	280
Total	\$ 12,499	\$ 635	\$ 239	\$ 31,966	\$ 823	\$ 8,932	\$ 159	\$ -	\$ -	\$ 55,253

The Company incurred total foreclosed property expenses of \$1.6 million and \$4.2 million for the three months ended June 30, 2015 and 2014, respectively. Realized net losses on dispositions and holding losses on valuations of these properties, a component of total foreclosed property expenses, were \$1.2 million and \$3.2 million for the three months ended June 30, 2015 and 2014, respectively. The Company incurred total foreclosed property expenses of \$3.6 million and \$6.8 million for the six months ended June 30, 2015 and 2014, respectively. Realized net losses on dispositions and holding losses on valuations of these properties, a component of total foreclosed property expenses, were \$2.6 million and \$5.6 million for the six months ended June 30, 2015 and 2014, respectively.

## NOTE 5 – SECURITIES

A comparison of amortized cost and estimated fair values of available-for-sale securities as of June 30, 2015 and 2014, respectively, and December 31, 2014 follows:

	June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	\$ 1,331,589	\$ 5,341	\$ 84	\$ 1,336,846
Government agency issued residential mortgage-backed securities	214,390	3,518	717	217,191
Government agency issued commercial mortgage-backed securities	224,386	2,064	2,000	224,450
Obligations of states and political subdivisions	434,980	23,488	146	458,322
Other	13,123	1,221	-	14,344
Total	\$ 2,218,468	\$ 35,632	\$ 2,947	\$ 2,251,153

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	\$ 1,213,310	\$ 4,093	\$ 2,349	\$ 1,215,054
Government agency issued residential mortgage-backed securities	204,918	4,751	439	209,230
Government agency issued commercial mortgage-backed securities	241,449	2,319	3,200	240,568
Obligations of states and political subdivisions	458,026	25,986	148	483,864
Other	6,864	1,347	-	8,211
Total	\$ 2,124,567	\$ 38,496	\$ 6,136	\$ 2,156,927

	June 30, 2014			
	Amortized	Gross Unrealized	Gross Unrealized	Estimated Fair

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	Cost (In thousands)	Gains	Losses	Value
U.S. Government agencies	\$ 1,328,852	\$ 6,995	\$ 2,479	\$ 1,333,368
Government agency issued residential mortgage-backed securities	225,960	4,157	703	229,414
Government agency issued commercial mortgage-backed securities	240,693	2,225	5,597	237,321
Obligations of states and political subdivisions	497,547	23,656	306	520,897
Other	10,056	1,136	-	11,192
Total	\$ 2,303,108	\$ 38,169	\$ 9,085	\$ 2,332,192

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Gross gains of approximately \$55,000 and no gross losses were recognized on available-for-sale securities during the first six months of 2015, while gross gains of approximately \$9,000 and gross losses of approximately \$8,000 were recognized during the first six months of 2014.

The amortized cost and estimated fair value of available-for-sale securities at June 30, 2015 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Equity securities are considered as maturing after ten years.

	June 30, 2015		
	Amortized Cost	Estimated Fair Value	Weighted Average Yield
	(Dollars in thousands)		
Maturing in one year or less	\$ 368,578	\$ 370,600	1.48 %
Maturing after one year through five years	1,083,006	1,087,776	1.23
Maturing after five years through ten years	47,952	49,740	4.96
Maturing after ten years	280,156	301,396	5.92
Mortgage-backed securities	438,776	441,641	2.04
Total	\$ 2,218,468	\$ 2,251,153	

The following tables summarize information pertaining to temporarily impaired available-for-sale securities with continuous unrealized loss positions at June 30, 2015 and December 31, 2014:

	June 30, 2015					
	Continuous Unrealized Loss Position					
	Less Than 12 Months	12 Months or Longer	Total			
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government agencies	\$ 118,826	\$ 68	\$ 9,956	\$ 16	\$ 128,782	\$ 84
Government agency issued residential mortgage-backed securities	38,008	327	22,399	390	60,407	717
Government agency issued commercial mortgage-backed securities	112,453	966	80,229	1,034	192,682	2,000
Obligations of states and political subdivisions	21,582	109	4,101	37	25,683	146
Total	\$ 290,869	\$ 1,470	\$ 116,685	\$ 1,477	\$ 407,554	\$ 2,947



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	December 31, 2014					
	Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or Longer		Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	
	(In thousands)					
U.S. Government agencies	\$ 237,891	\$ 471	\$ 283,643	\$ 1,878	\$ 521,534	\$ 2,349
Government agency issued residential mortgage-backed securities	-	-	24,565	439	24,565	439
Government agency issued commercial mortgage-backed securities	3,822	24	203,520	3,176	207,342	3,200
Obligations of states and political subdivisions	17,317	62	10,616	86	27,933	148
Total	\$ 259,030	\$ 557	\$ 522,344	\$ 5,579	\$ 781,374	\$ 6,136

Based upon a review of the credit quality of these securities, and considering that the issuers were in compliance with the terms of the securities, management had no intent to sell these securities, and it was more likely than not that the Company would not be required to sell the securities prior to recovery of costs. Therefore, the impairments related to these securities were determined to be temporary. No other-than-temporary impairment was recorded during the first six months of 2015.

NOTE 6 – PER SHARE DATA

Basic earnings per share (“EPS”) are calculated using the two-class method. The two-class method provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of basic EPS. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. Weighted-average antidilutive stock options to purchase approximately 32,400 shares of Company common stock with a weighted average exercise price of \$25.31 per share for both the three months and six months ended June 30, 2015 were excluded from diluted shares. Antidilutive other equity awards of approximately 12,000 and 6,000 shares of Company common stock for the three months and six months ended June 30, 2015 were also excluded from diluted shares. Weighted-average antidilutive stock options to purchase approximately 414,000 and approximately 69,000 shares of Company common stock with a weighted average exercise price of \$24.32 and \$24.89 per share for the three months and six months ended June 30, 2014 were excluded from diluted shares. Antidilutive other equity awards of approximately 10,000 and 5,000 shares of Company common stock for the three months and six months ended June 30, 2014 were also excluded from diluted shares. The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the periods shown:





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	Three months ended June 30, 2015			2014		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS	(In thousands, except per share amounts)					
Income available to common shareholders	\$ 39,713	96,626	\$ 0.41	\$ 30,868	96,034	\$ 0.32
Effect of dilutive share- based awards	-	332		-	339	
Diluted EPS	(In thousands, except per share amounts)					
Income available to common shareholders plus assumed exercise of all outstanding share-based awards	\$ 39,713	96,958	\$ 0.41	\$ 30,868	96,373	\$ 0.32

	Six months ended June 30, 2015			2014		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS	(In thousands, except per share amounts)					
Income available to common shareholders	\$ 71,979	96,493	\$ 0.75	\$ 59,312	95,832	\$ 0.62
Effect of dilutive share- based awards	-	329		-	331	
Diluted EPS	(In thousands, except per share amounts)					
Income available to common shareholders plus assumed exercise of all outstanding share-based awards	\$ 71,979	96,822	\$ 0.74	\$ 59,312	96,163	\$ 0.62

NOTE 7 – COMPREHENSIVE INCOME

The following tables present the components of other comprehensive (loss) income and the related tax effects allocated to each component for the periods indicated:

