

BANCORPSOUTH INC  
Form 10-Q  
November 04, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

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.)

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

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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 November 1, 2011, the registrant had outstanding 83,488,963 shares of common stock, par value \$2.50 per share.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Report may not be based on historical facts and are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology, such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “might,” “will,” “intend,” “indicated,” “could,” or “would,” or future or conditional verb tenses, and variations or negatives of terms. These forward-looking statements include, without limitation, those relating to amortization expense for intangible assets, loan impairment, utilization of appraisals and inspections for real estate loans, maturity, renewal or extension of construction, acquisition and development loans, net interest revenue, estimates of fair value discount rates, fair values of available-for-sale securities, the amount of the Company’s non-performing loans and leases, credit quality, credit losses, liquidity, off-balance sheet commitments and arrangements, valuation of mortgage servicing rights, allowance and provision for credit losses, the Company’s ability to meet the challenges of the current economic cycle, continued weakness in the economic environment, early identification and resolution of credit issues, utilization of non-GAAP financial measures, the ability of the Company to collect all amounts due according to the contractual terms of loan agreements, goodwill impairment, the Company’s reserve for losses from representation and warranty obligations, the impact of recent accounting pronouncements, the Company’s foreclosure process related to mortgage loans, the impact of the Durbin Debit Interchange Amendment on the Company’s debit card revenue, the impact of the Federal Reserve’s new rules regarding overdraft payments on the Company’s service charge revenue, the resolution of non-performing loans that are collaterally dependent, real estate values, fully-indexed interest rates, interest rate risk, interest rate sensitivity, calculation of economic value of equity, concessions granted to borrowers experiencing financial difficulties, diversification of the Company’s revenue stream, liquidity needs and strategies, sources of funding, net interest margin, payment of dividends, the impact of federal and state regulatory requirements for capital on the Company’s ability to meet its cash obligations, the impact of pending litigation and the implementation and effect of remedial actions to address the material weakness in internal control over financial reporting. We caution you not to place undue reliance on the forward-looking statements contained in this report, in that actual results could differ materially from those indicated in such forward-looking statements as a result of a variety of factors. These factors include, but are not limited to, conditions in the financial markets and economic conditions generally, the soundness of other financial institutions, the availability of capital on favorable terms if and when needed, liquidity risk, the credit risk associated with real estate construction, estimates of costs and values associated with acquisition

and development loans in the Company's loan portfolio, the adequacy of the Company's allowance for credit losses to cover actual credit losses, governmental regulation and supervision of the Company's operations, the susceptibility of the Company's business to local economic conditions, the impact of recent legislation and regulations on service charges for core deposit accounts, changes in interest rates, the impact of monetary policies and economic factors on the Company's ability to attract deposits or make loans, volatility in capital and credit markets, the impact of hurricanes or other adverse weather events, risks in connection with completed or potential acquisitions, dilution caused by the Company's issuance of securities to raise capital or to acquire other banks, bank holding companies, financial holding companies and insurance agencies, restrictions on the Company's ability to declare and pay dividends, the Company's growth strategy, diversification in the types of financial services the Company offers, competition with other financial services companies, interruptions or breaches in security of the Company's information systems, the failure of certain third party vendors to perform, the Company's ability to improve its internal controls adequately, any requirement that the Company write down goodwill or other intangible assets, other factors generally understood to affect the financial results of financial services companies and other factors detailed from time to time in the Company's press releases and filings with the Securities and Exchange Commission. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this report.

PART I.  
FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

BANCORPSOUTH, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets

	September 30, 2011 (Unaudited)	December 31, 2010 (1)	September 30, 2010 (Unaudited)
	(Dollars in thousands, except per share amounts)		
<b>ASSETS</b>			
Cash and due from banks	\$ 161,876	\$ 99,916	\$ 128,160
Interest bearing deposits with other banks	338,250	172,170	211,189
Held-to-maturity securities, at amortized cost	-	1,613,019	1,357,888
Available-for-sale securities, at fair value	2,481,555	1,096,062	915,877
Federal funds sold and securities purchased under agreement to resell	-	150,000	325,000
Loans and leases	9,096,928	9,376,351	9,556,962
Less: Unearned income	41,023	43,244	42,033
Allowance for credit losses	199,686	196,913	205,081
Net loans	8,856,219	9,136,194	9,309,848
Loans held for sale	100,687	93,697	125,815
Premises and equipment, net	323,285	332,890	335,618
Accrued interest receivable	53,338	61,025	63,797
Goodwill	271,297	270,097	270,097
Bank owned life insurance	197,945	194,064	192,459
Other real estate owned	162,686	133,412	82,647
Other assets	251,380	262,464	264,621
<b>TOTAL ASSETS</b>	<b>\$ 13,198,518</b>	<b>\$ 13,615,010</b>	<b>\$ 13,583,016</b>
<b>LIABILITIES</b>			
<b>Deposits:</b>			
Demand: Noninterest bearing	\$ 2,198,535	\$ 2,060,145	\$ 1,967,635
Interest bearing	4,736,858	4,931,518	4,623,103
Savings	968,277	863,034	801,153
Other time	3,159,563	3,635,324	3,804,973
Total deposits	11,063,233	11,490,021	11,196,864
Federal funds purchased and securities sold under agreement to repurchase	449,501	440,593	501,175
Short-term Federal Home Loan Bank and other short-term borrowings	1,500	2,727	152,738
Accrued interest payable	10,017	14,336	16,574
Junior subordinated debt securities	160,312	160,312	160,312
Long-term Federal Home Loan Bank borrowings	33,500	110,000	110,000
Other liabilities	213,702	174,777	209,648

<b>TOTAL LIABILITIES</b>	<b>11,931,765</b>	<b>12,392,766</b>	<b>12,347,311</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock, \$2.50 par value per share Authorized - 500,000,000 shares; Issued - 83,488,963, 83,481,737 and 83,481,737 shares, respectively	208,722	208,704	208,704
Capital surplus	227,006	224,976	224,170
Accumulated other comprehensive income (loss)			