

BANCORPSOUTH INC
Form 10-Q
August 07, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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, 2017

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth 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 Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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, 2017, the registrant had outstanding 91,029,013 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, 2017 (Unaudited)	December 31, 2016 (1)	June 30, 2016 (Unaudited)
	(Dollars in thousands, except per share amounts)		
ASSETS			
Cash and due from banks	\$ 178,376	\$ 184,152	\$ 186,381
Interest bearing deposits with other banks	49,680	38,813	86,472
Available-for-sale securities, at fair value	2,421,295	2,531,676	2,103,883
Loans and leases	11,037,808	10,835,512	10,604,547
Less: Unearned income	19,268	23,521	28,569
Allowance for credit losses	121,561	123,736	126,935
Net loans and leases	10,896,979	10,688,255	10,449,043
Loans held for sale, at fair value	184,921	166,927	210,698
Premises and equipment, net	306,863	305,561	305,694
Accrued interest receivable	40,716	42,005	39,645
Goodwill	300,798	300,798	294,901
Other identifiable intangibles	19,854	21,894	20,831
Bank-owned life insurance	260,228	258,648	255,240
Other real estate owned	7,704	7,810	14,658
Other assets	175,716	177,849	169,714
TOTAL ASSETS	\$ 14,843,130	\$ 14,724,388	\$ 14,137,160
LIABILITIES			
Deposits:			
Demand: Noninterest bearing	\$ 3,390,428	\$ 3,250,537	\$ 3,133,460
Interest bearing	5,095,570	5,034,470	4,838,704
Savings	1,630,123	1,561,819	1,512,694
Other time	1,822,175	1,841,315	1,879,509
Total deposits	11,938,296	11,688,141	11,364,367
Securities sold under agreement to repurchase	399,815	454,002	415,949
Short-term borrowings	365,000	92,000	-
Accrued interest payable	4,259	3,975	3,727
Junior subordinated debt securities	-	12,888	23,198
Long-term debt	230,000	530,000	365,588
Other liabilities	213,928	219,499	251,288
TOTAL LIABILITIES	13,151,298	13,000,505	12,424,117

SHAREHOLDERS' EQUITY

Common stock, \$2.50 par value per share

Authorized - 500,000,000 shares; Issued - 91,022,729

93,696,687 and 94,546,091 shares, respectively	227,557	234,242	236,365
Capital surplus	191,940	271,292	286,994
Accumulated other comprehensive loss	(49,861)	(50,937)	(27,587)
Retained earnings	1,322,196	1,269,286	1,217,271
TOTAL SHAREHOLDERS' EQUITY	1,691,832	1,723,883	1,713,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 14,843,130	\$ 14,724,388	\$ 14,137,160

(1) Derived from audited consolidated financial statements.

See accompanying notes to consolidated financial statements.

BANCORPSOUTH, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(In thousands, except per share amounts)			
INTEREST REVENUE:				
Loans and leases	\$ 115,286	\$ 109,078	\$ 226,784	\$ 216,883
Deposits with other banks	256	229	741	492
Available-for-sale securities:				
Taxable	7,509	6,009	14,859	11,897
Tax-exempt	2,562	2,924	5,143	5,956
Loans held for sale	1,242	1,183	2,254	2,167
Total interest revenue	126,855	119,423	249,781	237,395
INTEREST EXPENSE:				
Deposits:				
Interest bearing demand	3,204	2,208	5,990	4,371
Savings	483	451	955	894
Other time	3,725	3,436	7,307	6,790
Federal funds purchased and securities sold sold under agreement to repurchase	509	159	831	299
Short-term and long-term debt	1,456	665	2,598	1,195
Junior subordinated debt	-	187	9	370
Other	-	1	2	1
Total interest expense	9,377	7,107	17,692	13,920
Net interest revenue	117,478	112,316	232,089	223,475
Provision for credit losses	1,000	2,000	2,000	3,000
Net interest revenue, after provision for credit losses	116,478	110,316	230,089	220,475
NONINTEREST REVENUE:				
Mortgage banking	6,134	7,886	15,124	9,716
Credit card, debit card and merchant fees	9,565	9,495	18,468	18,456
Deposit service charges	9,706	11,018	19,395	22,032
Security gains, net	23	86	1,094	88
Insurance commissions	31,126	28,803	64,066	62,052
Wealth management	5,275	5,347	10,449	10,456
Other	6,301	5,891	10,403	10,453
Total noninterest revenue	68,130	68,526	138,999	133,253
NONINTEREST EXPENSE:				
Salaries and employee benefits	81,597	80,675	162,983	162,354
Occupancy, net of rental income	10,455	10,109	20,757	20,382
Equipment	3,438	3,295	7,006	7,060

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Deposit insurance assessments	2,261	2,582	4,745	4,870
Regulatory settlement	-	-	-	10,277
Other	29,802	30,900	59,171	64,130
Total noninterest expense	127,553	127,561	254,662	269,073
Income before income taxes	57,055	51,281	114,426	84,655
Income tax expense	19,166	16,589	38,444	27,414
Net income	\$ 37,889	\$ 34,692	\$ 75,982	\$ 57,241
Earnings per share: Basic	\$ 0.41	\$ 0.37	\$ 0.82	\$ 0.61
Diluted	\$ 0.41	\$ 0.37	\$ 0.82	\$ 0.60
Dividends declared per common share	\$ 0.13	\$ 0.10	\$ 0.25	\$ 0.20

See accompanying notes to consolidated financial statements.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(In thousands)			
Net income	\$ 37,889	\$ 34,692	\$ 75,982	\$ 57,241
Other comprehensive income, net of tax				
Unrealized (losses) gains on securities	(448)	3,624	(818)	12,372
Pension and other postretirement benefits	947	933	1,894	1,866
Other comprehensive income, net of tax	499	4,557	1,076	14,238
Comprehensive income	\$ 38,388	\$ 39,249	\$ 77,058	\$ 71,479

See accompanying notes to consolidated financial statements.

BANCORPSOUTH, INC. AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 (Unaudited)

	Six months ended	
	June 30, 2017	2016
	(In thousands)	
Operating Activities:		
Net income	\$ 75,982	\$ 57,241
Adjustment to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,000	3,000
Depreciation and amortization	13,008	12,606
Amortization of intangibles	2,040	1,749
Amortization of debt securities premium and discount, net	3,611	5,200
Share-based compensation expense	4,452	4,679
Security gains, net	(1,094)	(88)
Net deferred loan origination expense	(3,429)	(3,335)
Decrease in interest receivable	1,289	1,256
Increase in interest payable	284	656
Realized gain on mortgages sold	(23,169)	(23,516)
Proceeds from mortgages sold	677,789	745,752
Origination of mortgages held for sale	(673,686)	(777,951)
Loss on other real estate owned, net	960	1,729
Increase in bank-owned life insurance	(3,379)	(3,706)
Other, net	1,226	16,261
Net cash provided by operating activities	77,884	41,533
Investing activities:		
Proceeds from calls and maturities of available-for-sale securities	260,047	224,051
Proceeds from sales of available-for-sale securities	1,071	15
Purchases of available-for-sale securities	(154,360)	(229,469)
Net increase in loans and leases	(211,450)	(210,262)
Purchases of premises and equipment	(15,708)	(11,772)
Proceeds from sale of premises and equipment	185	949
Proceeds from death benefits from COLI	1,799	-
Acquisition of Insurance agency	-	(3,716)
Proceeds from sale of other real estate owned	3,298	6,219
Other, net	(216)	(50)
Net cash used in investing activities	(115,334)	(224,035)
Financing activities:		
Net increase in deposits	250,155	33,206
Net decrease in short-term debt and other liabilities	(81,187)	(51,997)
Advances of long-term debt	-	300,000
Repayment of long-term debt	-	(4,187)
Redemption of junior subordinated debt	(12,888)	-

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Issuance of common stock	864	207
Repurchase of common stock	(91,354)	(971)
Payment of cash dividends	(23,049)	(18,872)
Net cash provided by financing activities	42,541	257,386
Increase in cash and cash equivalents	5,091	74,884
Cash and cash equivalents at beginning of period	222,965	197,969
Cash and cash equivalents at end of period	\$ 228,056	\$ 272,853

See accompanying notes to consolidated financial statements

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BANCORPSOUTH, INC. AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 (Unaudited)

	Six months ended June 30,	
	2017	2016
	(In thousands)	
Supplemental Cash Flow Information		
Cash paid during the period for:		
Income tax payments, net	\$ 44,967	\$ 23,304
Interest paid	17,409	13,264
Non-cash Activities:		
Transfers of loans to other real estate owned	4,155	7,874
MSR fair value adjustment	(707)	(12,046)
Financed sales of other real estate owned	1,442	541
Transfers of loans held for sale to loan portfolio	642	75
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, 2016. 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, 2017 are not necessarily indicative of the results to be expected for the full year. Certain 2016 amounts have been reclassified to conform with the 2017 presentation.

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

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. 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. A summary of gross loans and leases by segment and class as of the dates indicated follows:

June 30, 2017	2016	December 31, 2016
------------------	------	----------------------

(In thousands)

Commercial and industrial	\$ 1,569,154	\$ 1,701,848	\$ 1,615,608
Real estate			
Consumer mortgages	2,776,213	2,549,989	2,643,966
Home equity	624,868	614,686	628,846
Agricultural	245,646	251,566	245,377
Commercial and industrial-owner occupied	1,795,321	1,644,618	1,764,265
Construction, acquisition and development	1,156,901	1,021,218	1,157,248
Commercial real estate	2,341,633	2,254,653	2,237,719
Credit cards	104,169	108,101	109,656
All other	423,903	457,868	432,827
Gross Loans Total (1)	11,037,808	10,604,547	10,835,512
Less: Unearned Income	19,268	28,569	23,521
Net Loans	\$ 11,018,540	\$ 10,575,978	\$ 10,811,991

(1) Gross loans and leases are net of deferred costs of \$2.2 million, \$1.6 million and approximately \$282,000 at June 30, 2017 and 2016 and December 31, 2016, respectively.

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The following table shows the Company's loans and leases, net of unearned income, as of June 30, 2017 by segment, class and geographical location:

	Alabama and Florida Panhandle (In thousands)	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas
Commercial and industrial	\$ 141,372	\$ 193,526	\$ 194,235	\$ 572,109	\$ 91,371	\$ 110,161	\$
Real estate							
Consumer mortgages	374,392	322,148	239,660	867,821	93,572	305,685	539,000
Home equity	96,296	45,630	69,035	232,247	21,535	141,970	16,000
Agricultural	8,244	83,788	25,615	67,496	8,163	13,577	38,000
Commercial and industrial-owner occupied	210,072	195,859	212,839	718,767	46,545	157,145	254,000
Construction, acquisition and development	120,174	70,919	52,951	352,608	18,399	166,344	375,000
Commercial real estate	305,774	361,460	233,986	581,939	202,629	217,300	438,000
Credit cards	-	-	-	-	-	-	-
All other	51,849	40,196	24,271	215,870	3,411	21,951	43,000
Total	\$ 1,308,173	\$ 1,313,526	\$ 1,052,592	\$ 3,608,857	\$ 485,625	\$ 1,134,133	\$

There are no other loan and lease concentrations which exceed 10% of total loans and leases not already 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 loans for the sole purpose of carrying interest reserves. 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 were 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, 2017 and December 31, 2016:

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June 30, 2017

	30-59 Days Past Due (In thousands)	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
Commercial and industrial Real estate	\$ 1,702	\$ 2,173	\$ 8,915	\$ 12,790	\$ 1,553,669	\$ 1,566,459	\$ 22
Consumer mortgages	9,327	5,805	14,196	29,328	2,746,885	2,776,213	1,048
Home equity	2,942	533	1,956	5,431	619,437	624,868	-
Agricultural	2,011	17	4,380	6,408	239,238	245,646	-
Commercial and industrial-owner occupied	1,371	1,292	4,226	6,889	1,788,432	1,795,321	-
Construction, acquisition and development	2,519	398	1,803	4,720	1,152,181	1,156,901	-
Commercial real estate	616	598	4,373	5,587	2,336,046	2,341,633	86
Credit cards	491	244	434	1,169	103,000	104,169	432
All other	870	352	91	1,313	406,017	407,330	-
Total	\$ 21,849	\$ 11,412	\$ 40,374	\$ 73,635	\$ 10,944,905	\$ 11,018,540	\$ 1,79

December 31, 2016

	30-59 Days Past Due (In thousands)	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
Commercial and industrial Real estate	\$ 3,231	\$ 1,610	\$ 9,152	\$ 13,993	\$ 1,598,302	\$ 1,612,295	\$ 5
Consumer mortgages	12,393	6,785	15,054	34,232	2,609,734	2,643,966	3,439
Home equity	2,771	670	2,959	6,400	622,446	628,846	-
Agricultural	969	354	247	1,570	243,807	245,377	-
Commercial and industrial-owner occupied	2,551	530	4,342	7,423	1,756,842	1,764,265	-
Construction, acquisition and development	2,101	440	1,443	3,984	1,153,264	1,157,248	14
Commercial real estate	312	933	11,211	12,456	2,225,263	2,237,719	-

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Credit cards	466	297	501	1,264	108,392	109,656	472
All other	550	148	230	928	411,691	412,619	-
Total	\$ 25,344	\$ 11,767	\$ 45,139	\$ 82,250	\$ 10,729,741	\$ 10,811,991	\$ 3,98

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.

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Substandard: Loans where well-defined weaknesses exist that require corrective action to prevent further deterioration. These loans are further characterized by the possibility that the Company will sustain some loss if the deficiencies are not corrected.

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, 2017 and December 31, 2016:

	June 30, 2017						Total
	Pass (In thousands)	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	
Commercial and industrial	\$ 1,516,992	\$ -	\$ 41,604	\$ 301	\$ -	\$ 7,562	\$ 1,566,459
Real estate							
Consumer mortgages	2,710,161	-	63,352	276	-	2,424	2,776,213
Home equity	613,216	-	10,802	-	-	850	624,868
Agricultural	225,504	8,157	6,740	-	-	5,245	245,646
Commercial and industrial-owner occupied	1,734,306	3,161	50,644	-	-	7,210	1,795,321
Construction, acquisition and development	1,136,104	6,253	14,298	-	-	246	1,156,901
Commercial real estate	2,299,529	-	37,214	169	-	4,721	2,341,633
Credit cards	104,169	-	-	-	-	-	104,169
All other	400,191	-	6,900	239	-	-	407,330
Total	\$ 10,740,172	\$ 17,571	\$ 231,554	\$ 985	\$ -	\$ 28,258	\$ 11,018,540

(1) Impaired loans are shown exclusive of \$6.3 million of accruing troubled debt restructurings (“TDRs”) and \$3.4 million of non-accruing TDRs.

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	December 31, 2016						
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Total
	(In thousands)						
Commercial and industrial Real estate	\$ 1,562,263	\$ -	\$ 41,618	\$ 100	\$ -	\$ 8,314	\$ 1,612,295
Consumer mortgages	2,579,905	522	61,602	282	-	1,655	2,643,966
Home equity	616,758	-	11,231	-	-	857	628,846
Agricultural	233,939	-	10,577	-	-	861	245,377
Commercial and industrial-owner occupied	1,705,266	3,668	47,010	-	-	8,321	1,764,265
Construction, acquisition and development	1,135,618	-	15,697	-	-	5,933	1,157,248
Commercial real estate	2,179,318	634	45,471	-	-	12,296	2,237,719
Credit cards	109,656	-	-	-	-	-	109,656
All other	405,611	-	7,008	-	-	-	412,619
Total	\$ 10,528,334	\$ 4,824	\$ 240,214	\$ 382	\$ -	\$ 38,237	\$ 10,811,991

(1) Impaired loans are shown exclusive of \$26.0 million of accruing TDRs and \$2.2 million of non-accruing TDRs.

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The following tables provide details regarding impaired loans and leases, net of unearned income, which exclude accruing TDRs by segment and class as of and for the three months and six months ended June 30, 2017 and as of and for the year ended December 31, 2016:

	June 30, 2017			Average Recorded Investment		Interest Income Recognized	
	Recorded Investment in Impaired Loans (1)	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2017	Six months ended June 30, 2017
(In thousands)							
With no related allowance:							
Commercial and industrial	\$ 6,209	\$ 14,228	\$ -	\$ 6,410	\$ 6,412	\$ 20	\$ -
Real estate:							
Consumer mortgages	1,268	1,668	-	1,269	1,333	2	3
Home equity	263	377	-	264	434	2	3
Agricultural	5,245	5,303	-	4,859	3,142	8	10
Commercial and industrial-owner occupied	7,210	9,143	-	7,056	7,333	88	108
Construction, acquisition and development	246	246	-	248	1,500	1	1
Commercial real estate	3,727	3,727	-	2,622	2,624	3	5
All other	-	-	-	-	-	-	-
Total	\$ 24,168	\$ 34,692	\$ -	\$ 22,728	\$ 22,778	\$ 124	\$ -
With an allowance:							
Commercial and industrial	\$ 1,353	\$ 1,353	\$ 1,190	\$ 4,020	\$ 3,716	\$ -	\$ -
Real estate:							
Consumer mortgages	1,156	1,156	554	290	354	-	-
Home equity	587	1,216	30	588	420	-	-
Agricultural	-	-	-	-	-	-	-
Commercial and industrial-owner occupied	-	-	-	2,435	2,407	5	5
Construction, acquisition and development	-	-	-	7	221	-	-
Commercial real estate	994	994	112	2,987	5,841	7	10

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All other	-	-	-	-	-	-	-	-	-	-
Total	\$ 4,090	\$ 4,719	\$ 1,886	\$ 10,327	\$ 12,959	\$ 12	\$			
Total:										
Commercial and industrial	\$ 7,562	\$ 15,581	\$ 1,190	\$ 10,430	\$ 10,128	\$ 20	\$			
Real estate:										
Consumer mortgages	2,424	2,824	554	1,559	1,687	2				3
Home equity	850	1,593	30	852	854	2				3
Agricultural	5,245	5,303	-	4,859	3,142	8				10
Commercial and industrial-owner occupied	7,210	9,143	-	9,491	9,740	93				113
Construction, acquisition and development	246	246	-	255	1,721	1				1
Commercial real estate	4,721	4,721	112	5,609	8,465	10				15
All other	-	-	-	-	-	-				-
Total	\$ 28,258	\$ 39,411	\$ 1,886	\$ 33,055	\$ 35,737	\$ 136	\$			

(1) Excludes \$3.4 million of non-accruing TDRs and \$6.3 million of accruing TDRs.

	December 31, 2016				
	Recorded Investment in Impaired Loans (1) (In thousands)	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Commercial and industrial	\$ 6,222	\$ 11,856	\$ -	\$ 6,394	\$ 72
Real estate:					
Consumer mortgages	1,655	2,305	-	1,851	22
Home equity	857	1,600	-	1,176	9
Agricultural	861	919	-	440	8
Commercial and industrial-owner occupied	8,321	9,520	-	10,314	355
Construction, acquisition and development	4,803	4,803	-	5,379	4
Commercial real estate	2,646	2,646	-	4,391	94
All other	-	-	-	-	-
Total	\$ 25,365	\$ 33,649	\$ -	\$ 29,945	\$ 564
With an allowance:					
Commercial and industrial	\$ 2,092	\$ 2,092	\$ 1,837	\$ 1,190	\$ 20
Real estate:					
Consumer mortgages	-	-	-	431	-
Home equity	-	-	-	367	1
Agricultural	-	-	-	352	-
Commercial and industrial-owner occupied	-	-	-	741	-
Construction, acquisition and development	1,130	1,130	35	739	10
Commercial real estate	9,650	9,650	2,481	9,868	203
All other	-	-	-	-	-
Total	\$ 12,872	\$ 12,872	\$ 4,353	\$ 13,688	\$ 234
Total:					
Commercial and industrial	\$ 8,314	\$ 13,948	\$ 1,837	\$ 7,584	\$ 92
Real estate:					
Consumer mortgages	1,655	2,305	-	2,282	22

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Home equity	857	1,600	-	1,543	10
Agricultural	861	919	-	792	8
Commercial and industrial-owner occupied	8,321	9,520	-	11,055	355
Construction, acquisition and development	5,933	5,933	35	6,118	14
Commercial real estate	12,296	12,296	2,481	14,259	297
All other	-	-	-	-	-
Total	\$ 38,237	\$ 46,521	\$ 4,353	\$ 43,633	\$ 798

(1) Excludes \$2.2 million of non-accruing TDRs and \$26.0 million of accruing TDRs.

The following tables provide details regarding impaired loans and leases, net of unearned income, which include accruing TDRs, by segment and class as of and for the three months and six months ended June 30, 2017 and as of and for the year ended December 31, 2016:

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	June 30, 2017					Average Recorded Investment		Interest Income Re	
	Recorded	Unpaid Principal	Related		Three months	Six months	Three months	Re	
	Investment	Balance of	Allowance		ended	ended	ended	en	
	in Impaired	Impaired Loans	for Credit		June 30,	June 30,	June 30,	Ju	
	Loans and	and	Losses		2017	2017	2017	20	
	Accruing TDRs	Accruing TDRs							
	(In thousands)								
With no related allowance:									
Commercial and industrial	\$ 6,209	\$ 14,257	\$ -	\$ 6,410	\$ 9,020	\$ 20	\$		
Real estate:									
Consumer mortgages	1,268	1,713	-	1,269	1,333	2	3		
Home equity	263	387	-	264	434	2	3		
Agricultural	5,245	5,303	-	4,859	3,142	8	10		
Commercial and industrial-owner occupied	7,210	9,192	-	7,056	7,333	88	10		
Construction, acquisition and development	246	246	-	248	1,500	1	1		
Commercial real estate	3,727	3,727	-	2,622	3,395	3	26		
All other	-	14	-	-	-	-	-		
Total	\$ 24,168	\$ 34,839	\$ -	\$ 22,728	\$ 26,157	\$ 124	\$		
With an allowance:									
Commercial and industrial	\$ 2,499	\$ 2,598	\$ 1,286	\$ 4,651	\$ 5,890	\$ 7	\$		
Real estate:									
Consumer mortgages	2,839	3,193	845	1,872	2,346	15	27		
Home equity	731	1,360	52	723	521	1	1		
Agricultural	364	376	28	352	234	-	1		
Commercial and industrial-owner occupied	4,059	4,485	136	5,839	6,482	50	81		
Construction, acquisition and development	720	870	90	430	567	4	6		
Commercial real estate	1,253	1,253	142	3,144	7,930	10	41		
Credit card	840	840	51	831	832	83	16		
All other	475	475	64	345	1,415	3	22		
Total	\$ 13,780	\$ 15,450	\$ 2,694	\$ 18,187	\$ 26,217	\$ 173	\$		
Total:									
Commercial and industrial	\$ 8,708	\$ 16,855	\$ 1,286	\$ 11,061	\$ 14,910	\$ 27	\$		
Real estate:	4,107	4,906	845	3,141	3,679	17	30		

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Consumer mortgages									
Home equity	994	1,747	52	987	955	3	4		
Agricultural	5,609	5,679	28	5,211	3,376	8	11		
Commercial and industrial-owner occupied	11,269	13,677	136	12,895	13,815	138	18		
Construction, acquisition and development	966	1,116	90	678	2,067	5	7		
Commercial real estate	4,980	4,980	142	5,766	11,325	13	67		
Credit card	840	840	51	831	832	83	16		
All other	475	489	64	345	1,415	3	22		
Total	\$ 37,948	\$ 50,289	\$ 2,694	\$ 40,915	\$ 52,374	\$ 297	\$		

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December 31, 2016

	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	\$ 6,222	\$ 11,856	\$ -	\$ 6,394	\$ 72
Real estate:					
Consumer mortgages	1,655	2,305	-	1,851	22
Home equity	857	1,600	-	1,176	9
Agricultural	861	919	-	440	8
Commercial and industrial-owner occupied	8,321	9,520	-	10,314	355
Construction, acquisition and development	4,803	4,803	-	5,379	4
Commercial real estate	2,646	2,646	-	4,391	94
All other	-	-	-	-	-
Total	\$ 25,365	\$ 33,649	\$ -	\$ 29,945	\$ 564
With an allowance:					
Commercial and industrial	\$ 12,401	\$ 12,424	\$ 1,938	\$ 4,045	\$ 160
Real estate:					
Consumer mortgages	2,453	2,734	300	2,241	55
Home equity	3	13	1	377	1
Agricultural	76	76	1	424	4
Commercial and industrial-owner occupied	4,937	5,406	103	4,643	124
Construction, acquisition and development	1,373	1,373	47	1,551	35
Commercial real estate	16,187	16,400	2,532	12,888	336
Credit cards	823	823	58	881	347
All other	2,890	2,927	23	1,894	78
Total	\$ 41,143	\$ 42,176	\$ 5,003	\$ 28,944	\$ 1,140
Total:					
Commercial and industrial	\$ 18,623	\$ 24,280	\$ 1,938	\$ 10,439	\$ 232
Real estate:					
Consumer mortgages	4,108	5,039	300	4,092	77
Home equity	860	1,613	1	1,553	10
Agricultural	937	995	1	864	12
Commercial and industrial-owner occupied	13,258	14,926	103	14,957	479
Construction, acquisition and development	6,176	6,176	47	6,930	39
Commercial real estate	18,833	19,046	2,532	17,279	430
Credit cards	823	823	58	881	347
All other	2,890	2,927	23	1,894	78
Total	\$ 66,508	\$ 75,825	\$ 5,003	\$ 58,889	\$ 1,704

Loans considered impaired under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 310, Receivables (“FASB ASC 310”), are loans 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 and all loans restructured in a TDR. The Company’s recorded investment in loans

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considered impaired exclusive of accruing TDRs at June 30, 2017 and December 31, 2016 was \$28.3 million and \$38.2 million, respectively. At June 30, 2017 and December 31, 2016, \$4.1 million and \$12.9 million, respectively, of those impaired loans had a valuation allowance of \$1.9 million and \$4.4 million, respectively. The remaining balance of impaired loans of \$24.2 million and \$25.3 million at June 30, 2017 and December 31, 2016, respectively, have sufficient collateral supporting the collection of all outstanding principle or were charged down to fair value of the collateral, less estimated selling costs. Therefore, such loans did not have an associated valuation allowance. Impaired loans that were characterized as non-accruing TDRs totaled \$2.6 million and \$12.6 million at June 30, 2017 and December 31, 2016, respectively.

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 because of the borrower’s weakened financial condition. The following table presents information concerning NPLs as of the dates indicated:

	June 30, 2017	2016	December 31, 2016
	(In thousands)		
Non-accrual loans and leases	\$ 63,585	\$ 68,638	\$ 71,812
Loans and leases 90 days or more past due, still accruing	1,793	1,875	3,983
Restructured loans and leases still accruing	6,303	9,687	26,047
Total non-performing loans and leases	\$ 71,681	\$ 80,200	\$ 101,842

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, 2017, the Company’s geographic NPL distribution was concentrated primarily in its Arkansas, Mississippi and Texas markets. The following table presents the Company’s nonaccrual loans and leases by segment and class as of the dates indicated:

	June 30, 2017	2016	December 31, 2016
	(In thousands)		
Commercial and industrial	\$ 9,988	\$ 8,675	\$ 13,679
Real estate			
Consumer mortgages	24,690	19,309	21,084
Home equity	3,183	2,734	3,817
Agricultural	6,172	1,107	1,546
Commercial and industrial-owner occupied	10,215	16,021	10,791
Construction, acquisition and development	2,223	6,086	7,022
Commercial real estate	6,418	14,197	13,402

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Credit cards	122	159	161
All other	574	350	310
Total	\$ 63,585	\$ 68,638	\$ 71,812

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 or the rescheduling of payments in accordance with a bankruptcy plan. 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. During the second quarter of 2017, 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, 2017		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(Dollars in thousands)	
Commercial and industrial Real estate	4	\$ 503	\$ 498
Consumer mortgages	1	67	66
Home equity	1	15	15
Commercial and industrial-owner occupied	2	718	716
Total	8	\$ 1,303	\$ 1,295

	Six months ended June 30, 2017		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(Dollars in thousands)	
Commercial and industrial Real estate	5	\$ 525	\$ 516
Consumer mortgages	5	297	296
Home equity	4	149	149
Commercial and industrial-owner occupied	3	978	973
All other	5	58	53
Total	22	\$ 2,007	\$ 1,987

	Year ended December 31, 2016		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(Dollars in thousands)	
Commercial and industrial Real estate	25	\$ 14,469	\$ 14,305
Consumer mortgages	16	1,429	1,354
Home equity	1	3	3
Agricultural	2	79	79
Commercial and industrial-owner occupied	10	4,344	4,331
Commercial real estate	5	8,931	6,702
All other	8	3,622	3,608
Total	67	\$ 32,877	\$ 30,382

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, 2017	
	Number of Contracts	Recorded Investment
	(Dollars in thousands)	
Commercial and industrial Real estate	1	\$ 19
Home equity	1	48
Agricultural	1	10
Commercial and industrial-owner occupied	1	686
All other	2	4
Total	6	\$ 767

	Six months ended June 30, 2017	
	Number of	Recorded
	Contracts	Investment
	(Dollars in thousands)	
Commercial and industrial	2	\$ 34
Real estate		
Consumer mortgages	3	391
Home equity	1	48
Agricultural	1	10
Commercial and industrial-owner occupied	3	1,092
All other	2	4
Total	12	\$ 1,579

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	Year ended December 31, 2016	
	Number of Contracts	Recorded Investment
	(Dollars in thousands)	
Commercial and industrial Real estate	8	\$ 3,804
Consumer mortgages	7	597
Commercial and industrial-owner occupied Construction, acquisition and development	2	532
Commercial real estate	1	14
All other	1	9,336
Total	2	20
	21	\$ 14,303

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, 2017				Balance, End of Period
	Balance, Beginning of Period	Charge-offs	Recoveries	Provision	Balance, End of Period
	(In thousands)				
Commercial and industrial	\$ 19,170	\$ (4,157)	\$ 1,524	\$ (408)	\$ 16,129

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Real estate					
Consumer mortgages	30,386	(1,118)	964	3,312	33,544
Home equity	7,174	(584)	466	(96)	6,960
Agricultural	2,172	(50)	75	(346)	1,851
Commercial and industrial-owner occupied	12,899	(1,864)	674	1,081	12,790
Construction, acquisition and development	13,957	(84)	1,532	(1,873)	13,532
Commercial real estate	24,845	(20)	144	(1,866)	23,103
Credit cards	7,787	(1,619)	454	(277)	6,345
All other	5,346	(1,150)	638	2,473	7,307
Total	\$ 123,736	\$ (10,646)	\$ 6,471	\$ 2,000	\$ 121,561

	Year ended December 31, 2016				Balance, End of Period
	Balance, Beginning of Period (In thousands)	Charge-offs	Recoveries	Provision	
Commercial and industrial	\$ 17,583	\$ (4,551)	\$ 1,833	\$ 4,305	\$ 19,170
Real estate					
Consumer mortgages	33,198	(2,687)	1,694	(1,819)	30,386
Home equity	6,949	(1,884)	506	1,603	7,174
Agricultural	2,524	(110)	175	(417)	2,172
Commercial and industrial-owner occupied	14,607	(1,095)	544	(1,157)	12,899
Construction, acquisition and development	15,925	(521)	1,373	(2,820)	13,957
Commercial real estate	25,508	(1,129)	2,411	(1,945)	24,845
Credit cards	4,047	(2,845)	850	5,735	7,787
All other	6,117	(2,197)	911	515	5,346
Total	\$ 126,458	\$ (17,019)	\$ 10,297	\$ 4,000	\$ 123,736

	Six months ended June 30, 2016				Balance, End of Period
	Balance, Beginning of Period (In thousands)	Charge-offs	Recoveries	Provision	
Commercial and industrial	\$ 17,583	\$ (888)	\$ 551	\$ 473	\$ 17,719
Real estate					
Consumer mortgages	33,198	(1,187)	954	260	33,225
Home equity	6,949	(774)	326	666	7,167
Agricultural	2,524	(21)	132	(272)	2,363
Commercial and industrial-owner occupied	14,607	(814)	226	(377)	13,642
Construction, acquisition and development	15,925	(506)	796	(679)	15,536
Commercial real estate	25,508	(1,115)	1,192	2,103	27,688
Credit cards	4,047	(1,334)	380	346	3,439
All other	6,117	(904)	463	480	6,156
Total	\$ 126,458	\$ (7,543)	\$ 5,020	\$ 3,000	\$ 126,935

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, 2017		Allowance for	Allowance for	
	Recorded		Impaired	for All	Total
	Balance of		Loans	Loans	
	Impaired Loans (1)		and	and	Allowance
	(In thousands)		Leases	Leases	
Commercial and industrial Real estate	\$ 7,562	\$ 1,190	\$ 14,939	\$ 16,129	
Consumer mortgages	2,424	554	32,990	33,544	
Home equity	850	30	6,930	6,960	
Agricultural	5,245	-	1,851	1,851	
Commercial and industrial-owner occupied	7,210	-	12,790	12,790	
Construction, acquisition and development	246	-	13,532	13,532	
Commercial real estate	4,721	112	22,991	23,103	
Credit cards	-	-	6,345	6,345	
All other	-	-	7,307	7,307	
Total	\$ 28,258	\$ 1,886	\$ 119,675	\$ 121,561	

(1) Impaired loans are shown exclusive of accruing TDRs and \$3.4 million of non-accruing TDRs

	December 31, 2016		Allowance for	Allowance for	Total
	Recorded		Impaired Loans	All Other Loans	
	Balance of		and Leases	and Leases	Allowance
	Impaired Loans				
	(1)				
	(In thousands)				
Commercial and industrial Real estate	\$ 8,314	\$ 1,837	\$ 17,333	\$ 19,170	
Consumer mortgages	1,655	-	30,386	30,386	
Home equity	857	-	7,174	7,174	
Agricultural	861	-	2,172	2,172	
Commercial and industrial-owner occupied	8,321	-	12,899	12,899	
Construction, acquisition and development	5,933	35	13,922	13,957	
Commercial real estate	12,296	2,481	22,364	24,845	

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Credit cards	-	-	7,787	7,787
All other	-	-	5,346	5,346
Total	\$ 38,237	\$ 4,353	\$ 119,383	\$ 123,736

(1) Impaired loans are shown exclusive of accruing TDRs and \$2.2 million of non-accruing TDRs

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 greater for impairment, further review of remaining loans collectively, as well as the corresponding potential allowance, would be immaterial in the opinion of management.

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NOTE 4 – OTHER REAL ESTATE OWNED

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

	Six months ended		Year ended
	June 30,	2016	December 31,
	2017		2016
	(In thousands)		
Balance at beginning of period	\$ 7,810	\$ 14,759	\$ 14,759
Additions to foreclosed properties			
New foreclosed properties	4,155	7,874	9,752
Reductions in foreclosed properties			
Sales including realized gains and losses, net	(3,371)	(6,505)	(14,183)
Writedowns for unrealized losses	(890)	(1,470)	(2,518)
Balance at end of period	\$ 7,704	\$ 14,658	\$ 7,810

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

	June 30,	2016	December 31,
	2017		2016
	(In thousands)		
Commercial and industrial	\$ -	\$ 74	\$ -
Real estate			
Consumer mortgages	2,238	2,109	857
Home equity	39	654	39
Agricultural	22	25	22
Commercial and industrial-owner occupied	2,539	1,272	1,958
Construction, acquisition and development	2,668	8,051	3,746
Commercial real estate	166	2,312	1,128
All other	32	161	60
Total	\$ 7,704	\$ 14,658	\$ 7,810

The Company incurred total foreclosed property expenses of approximately \$ 960,000 and \$1.3 million for the three months ended June 30, 2017 and 2016, respectively. Realized net losses on dispositions and holding losses on valuations of these properties, a component of total foreclosed property expenses, were approximately \$330,000 and \$887,000 for the three months ended June 30, 2017 and 2016, respectively. The Company incurred total foreclosed property expenses of approximately \$2.0 million and \$2.5 million for the six months ended June 30, 2017 and 2016, respectively. Realized net losses on dispositions and holding losses on valuations of these properties, a component of total foreclosed property expenses, were approximately \$962,000 and \$1.7 million for the six months ended June 30, 2017 and 2016, respectively.

NOTE 5 – SECURITIES

A comparison of amortized cost and estimated fair values of available-for-sale securities as of June 30, 2017 and 2016, respectively, and December 31, 2016 follows:

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	June 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	\$ 1,718,885	\$ 433	\$ 5,944	\$ 1,713,374
U.S. Government agency issued residential mortgage-backed securities	159,617	1,255	1,626	159,246
U.S. Government agency issued commercial mortgage-backed securities	170,129	1,557	1,044	170,642
Obligations of states and political subdivisions	331,251	15,210	1,331	345,130
FHLB and other securities	32,651	252	-	32,903
Total	\$ 2,412,533	\$ 18,707	\$ 9,945	\$ 2,421,295

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	\$ 1,794,231	\$ 1,261	\$ 6,065	\$ 1,789,427
U.S. Government agency issued residential mortgage-backed securities	176,476	1,665	1,898	176,243
U.S. Government agency issued commercial mortgage-backed securities	171,840	1,648	1,209	172,279
Obligations of states and political subdivisions	346,609	15,547	2,151	360,005
FHLB and other securities	32,436	1,286	-	33,722
Total	\$ 2,521,592	\$ 21,407	\$ 11,323	\$ 2,531,676

	June 30, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	\$ 1,302,238	\$ 8,565	\$ -	\$ 1,310,803
U.S. Government agency issued residential mortgage-backed securities	177,195	3,066	83	180,178
U.S. Government agency issued commercial mortgage-backed securities	188,222	5,268	15	193,475

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Obligations of states and political subdivisions	374,134	25,263	6	399,391
FHLB and other securities	19,173	863	-	20,036
Total	\$ 2,060,962	\$ 43,025	\$ 104	\$ 2,103,883

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Gross gains of \$1.1 million and no gross losses were recognized on available-for-sale securities during the first six months of 2017. Gross gains of approximately \$88,000 and no gross losses were recognized on available-for-sale securities during the first six months of 2016.

At June 30, 2017, the Company's available-for-sale securities included FHLB stock with a carrying value of \$32.5 million compared to a required investment of \$27.6 million. At June 30, 2016, the Company's available-for-sale securities included FHLB stock with a carrying value of \$19.0 million compared to a required investment of \$19.0 million.

The amortized cost and estimated fair value of available-for-sale securities at June 30, 2017 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, 2017		
	Amortized Cost	Estimated Fair Value	Weighted Average Yield
	(Dollars in thousands)		
Maturing in one year or less	\$ 588,844	\$ 588,532	1.14 %
Maturing after one year through five years	1,211,049	1,206,605	1.37
Maturing after five years through ten years	55,472	56,682	5.78
Maturing after ten years	227,422	239,588	5.49
Mortgage-backed securities	329,746	329,888	2.16
Total	\$ 2,412,533	\$ 2,421,295	

The following tables summarize information pertaining to temporarily impaired available-for-sale securities with continuous unrealized loss positions at June 30, 2017 and December 31, 2016:

	June 30, 2017					
	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	\$ 1,381,118	\$ 5,944	\$ -	\$ -	\$ 1,381,118	\$ 5,944
U.S. Government agency issued residential mortgage-backed securities	83,628	1,467	7,443	159	91,071	1,626
U.S. Government agency issued commercial mortgage-backed securities	124,824	937	13,594	107	138,418	1,044
Obligations of states and political subdivisions	20,425	1,331	-	-	20,425	1,331
Total	\$ 1,609,995	\$ 9,679	\$ 21,037	\$ 266	\$ 1,631,032	\$ 9,945

	December 31, 2016					
	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	\$ 1,082,573	\$ 6,065	\$ -	\$ -	\$ 1,082,573	\$ 6,065
U.S. Government agency issued residential mortgage-backed securities	71,599	1,783	15,375	115	86,974	1,898
U.S. Government agency issued commercial mortgage-backed securities	129,940	1,084	14,385	125	144,325	1,209
Obligations of states and political subdivisions	46,798	2,151	-	-	46,798	2,151
Total	\$ 1,330,910	\$ 11,083	\$ 29,760	\$ 240	\$ 1,360,670	\$ 11,323

Based upon a review of the credit quality of these securities, management has no intent to sell these securities until the full recovery of unrealized losses, which may be until maturity. Also 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 2017 or 2016.

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. There were no weighted-average antidilutive stock options to purchase Company common stock for the three months and six months ended June 30, 2017 to be excluded from diluted shares. Antidilutive other equity awards of approximately 7,200 and 3,600 shares of Company common stock for the three months and six months ended June 30, 2017, respectively, were excluded from diluted shares. Weighted-average antidilutive stock options to purchase approximately 37,800 and 51,300 shares of Company common stock with a weighted average exercise price of \$24.59 and \$24.78 per share for the three months and six months ended June 30, 2016, respectively, were excluded from diluted shares. Antidilutive other equity awards of approximately 14,000 and 7,000 shares of Company common stock for the three months and six months ended June 30, 2016, respectively, were 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, 2017			2016		
	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	\$ 37,889	91,366	\$ 0.41	\$ 34,692	94,461	\$ 0.37
Effect of dilutive share-based awards		165			234	
Diluted EPS						
Income available to common shareholders plus assumed exercise of all outstanding share-based awards	\$ 37,889	91,531	\$ 0.41	\$ 34,692	94,695	\$ 0.37

	Six months ended June 30, 2017			2016		
	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	\$ 75,982	92,505	\$ 0.82	\$ 57,241	94,415	\$ 0.61
Effect of dilutive share-based awards		181			229	
Diluted EPS						
Income available to common shareholders plus assumed						

exercise of all outstanding share-based awards	\$	75,982	92,686	\$	0.82	\$	57,241	94,644	\$	0.60
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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:

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Three months ended June 30,				
2017		2016		
Before	Net	Before	Net	
tax	Tax	of tax	tax	Tax