

BANCORPSOUTH INC  
Form 11-K  
June 27, 2002

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

(Mark one)

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934  
(*No fee required*)

For the fiscal year ended December 31, 2001

OR

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934  
(*No fee required*)

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

Commission file number : 1-12991

**BancorpSouth, Inc. 401(k) Amended and Restated Salary Deferral Profit Sharing  
Employee Stock Ownership Plan**

(Full title of the plan and the address of the plan,  
if different from that of the issuer listed below)

**BancorpSouth, Inc.  
One Mississippi Plaza  
201 South Spring Street  
Tupelo, Mississippi 38804**

(Name of the issuer of the securities held  
pursuant to the plan and the address of  
its principal executive office)

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**TABLE OF CONTENTS**

Independent Auditors Report

Statements of Net Assets Available for Plan Benefits

Statements of Changes in Net Assets Available for Plan Benefits

Notes to Financial Statements

Schedule H, Line 4i Schedule of Assets Held for Investment Purposes

Schedule H, Line 4j Schedule of Reportable Transactions

CONSENT OF KPMG LLP

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**Table of Contents**

**REQUIRED INFORMATION**

|   | <b>Page</b> |
|---|-------------|
| Independent Auditors Report   | 3           |
| Statements of Net Assets Available for Plan Benefits                | 4           |
| Statements of Changes in Net Assets Available for Plan Benefits     | 5           |
| Notes to Financial Statements                                       | 6           |
| Schedule H, Line 4i Schedule of Assets Held for Investment Purposes | 11          |
| Schedule H, Line 4j Schedule of Reportable Transactions             | 12          |
| EXHIBIT 23 - Accountants Consent                                    | 15          |

**Table of Contents**

Independent Auditors Report

The Employee Compensation and Fringe Benefit Committee

BancorpSouth, Inc.:

We have audited the accompanying statements of net assets available for plan benefits of BancorpSouth, Inc. Amended and Restated Salary Deferral Profit Sharing Employee Stock Ownership Plan as of December 31, 2001 and 2000, and the related statements of changes in net assets available for plan benefits for each of the years in the three-year period ended December 31, 2001. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of BancorpSouth, Inc. Amended and Restated Salary Deferral Profit Sharing Employee Stock Ownership Plan at December 31, 2001 and 2000, and the changes in net assets available for plan benefits for each of the years in the three-year period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the accompanying supplemental schedules is presented for purposes of additional analysis and complying with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic 2001 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2001 financial statements taken as a whole.

/s/ KPMG LLP

May 3, 2002

**Table of Contents****BANCORPSOUTH, INC. AMENDED AND RESTATED SALARY DEFERRAL  
PROFIT SHARING EMPLOYEE STOCK OWNERSHIP PLAN**

## Statements of Net Assets Available for Plan Benefits

December 31, 2001 and 2000

|   | <u>2001</u>           | <u>2000</u>       |
|---|-----------------------|-------------------|
| Investments, at fair value:   |                       |                   |
| Investment in mutual funds:   |                       |                   |
| Algers Mid Cap Growth Fund  | \$ 274,486            |                   |
| American Century Income and Growth Fund                             | 118,545               |                   |
| Montag and Caldwell Growth Fund                                     | 7,725,209             | 11,438,615        |
| Federated Investments:  |                       |                   |
| Capital Preserve Fund   | 2,313,094             |                   |
| Stock Trust   | 984,148               |                   |
| Kaufmann Fund Class A   | 81,287                |                   |
| Capital Appreciation Fund   | 1,556,270             |                   |
| Max Cap Fund  | 680,865               |                   |
| International Equity Fund   | 45,494                |                   |
| Managed Growth Fund   | 426,340               |                   |
| Managed Conservative Growth Fund                                    | 7,821,156             |                   |
| Managed Moderate Growth Fund  | 38,941                |                   |
| Managed Income Portfolio  | 1,191,970             |                   |
| Total Return Bond Fund  | 136,768               |                   |
| Total Return Government Bond Fund                                   | 2,188,535             |                   |
| Janus Fund  | 512,628               |                   |
| Fidelity Institutional Short Intermediate Government Fund           |                       | 422,886           |
| Vanguard Bond Index   |                       | 3,453,453         |
| Vanguard Intermediate Term Treasury                                 |                       | 443,089           |
| Common stock of BancorpSouth, Inc.                                  | 99,589,243            | 62,055,986        |
| U.S. Government and agency obligations                              |                       | 2,146,501         |
| Participant loans   | 146,481               | 87,652            |
|   | <u>125,831,460</u>    | <u>80,048,182</u> |
| Transfer receivable (note 4)  |                       | 16,352,064        |
| Accrued interest and dividends receivable                           | 923,328               | 728,971           |
| Cash in interest-bearing deposit accounts and money market accounts | 577,305               | 1,599,476         |
|   | <u>\$ 127,332,093</u> | <u>98,728,693</u> |

See accompanying notes to financial statements.

**Table of Contents****BANCORPSOUTH, INC. AMENDED AND RESTATED SALARY DEFERRAL  
PROFIT SHARING EMPLOYEE STOCK OWNERSHIP PLAN**

## Statements of Changes in Net Assets Available for Plan Benefits

Years Ended December 31, 2001, 2000 and 1999

|   | <u>2001</u>           | <u>2000</u>         | <u>1999</u>        |
|---|-----------------------|---------------------|--------------------|
| Investment income (loss):   |                       |                     |                    |
| Net appreciation (depreciation) in fair value of investments (note 3) | \$ 23,417,582         | (22,795,579)        | (4,368,662)        |
| Interest  | 31,362                | 148,002             | 132,622            |
| Dividends   | 3,867,991             | 4,459,331           | 3,047,001          |
|   | <u>27,316,935</u>     | <u>(18,188,246)</u> | <u>(1,189,039)</u> |
| Assets of merged plans (note 4)                                       |                       | 16,352,064          | 8,339,225          |
| Contributions:  |                       |                     |                    |
| Employer  | 4,212,582             | 3,490,888           | 2,556,055          |
| Employee salary deferral  | 6,549,966             | 4,463,083           | 4,012,577          |
| Rollover (note 5)   |                       |                     | 35,633             |
|   | <u>10,762,548</u>     | <u>7,953,971</u>    | <u>6,604,265</u>   |
| Benefits paid to participants   | <u>9,476,083</u>      | <u>6,209,699</u>    | <u>3,889,295</u>   |
| Net increase (decrease)   | 28,603,400            | (91,910)            | 9,865,156          |
| Net assets available for plan benefits:                               |                       |                     |                    |
| Beginning of year   | <u>98,728,693</u>     | <u>98,820,603</u>   | <u>88,955,447</u>  |
| End of year   | <u>\$ 127,332,093</u> | <u>98,728,693</u>   | <u>98,820,603</u>  |

See accompanying notes to financial statements.

**Table of Contents**

**BANCORPSOUTH, INC. AMENDED AND RESTATED SALARY DEFERRAL  
PROFIT SHARING EMPLOYEE STOCK OWNERSHIP PLAN**

Notes to Financial Statements

December 31, 2001 and 2000

(1) Description of Plan

The following description of the BancorpSouth, Inc. Amended and Restated Salary Deferral Profit Sharing Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan was adopted by BancorpSouth, Inc. (the Company) effective January 1, 1984. It is a defined contribution plan covering substantially all full-time employees who have one year of service and who have attained age eighteen. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

(b) Contributions

Plan participants contribute to the Plan by electing to defer one percent or more of their current compensation, in whole percentages, up to the maximum allowable by law. The Company matches amounts contributed by the participants to the Plan up to five percent of annual compensation.

(c) Investment Programs

The investment programs of the Plan as of December 31, 2001 are as follows: Algiers Mid Cap Growth Fund; American Century Income and Growth Fund; Montag and Caldwell Growth Fund; Federated Capital Preserve Fund; Federated Stock Trust; Federated Kaufmann Fund Class A; Federated Capital Appreciation Fund; Federated Max Cap Fund; Federated International Equity Fund; Federated Managed Growth Fund; Federated Managed Conservative Growth Fund; Federated Managed Moderate Growth Fund; Federated Managed Income Portfolio; Federated Total Return Bond Fund; Federated Total Return Government Bond Fund; Janus Fund; and common stock of BancorpSouth, Inc.

The investment programs of the Plan as of December 31, 2000 were as follows: Fund A consists of shares of common stock of the Company and participant loans; Fund B a fixed income fund investing in Treasury notes, certificates of deposit and other interest-bearing securities; Fund C a balanced fund investing in common stock of corporations not affiliated with the Company, government bonds and mutual funds; Fund D a short-term money market fund; and Fund E an equity fund investing in corporations not affiliated with the Company.

The first five percent of compensation contributed by participants and all Company contributions are invested in common stock of the Company. Any participant



**Table of Contents**

contribution in excess of five percent of compensation may be invested in the common stock of the Company or in any of the other investment funds.

(d) Administration

The Plan is administered by a committee appointed by the Board of Directors of the Company. The committee is responsible for general administration of the Plan and interpretation and execution of the Plan's provisions.

(e) Participants' Accounts

Two separate accounts are maintained for each participant. All amounts contributed by the participant together with earnings or losses thereon, and other adjustments are maintained in an employee deferral account. Matching amounts contributed by the Company are maintained in a separate employer contribution account together with similar adjustments.

(f) Vesting

Both employee and employer contributions and the earnings or losses thereon are 100% vested and non-forfeitable at all times.

(g) Payment of Benefits

Upon termination of service, death or permanent disability, a participant may elect to receive either a lump-sum amount equal to the value of his account, or monthly installments over a 5 to 15-year period. The monthly benefits cannot be paid over a period longer than a participant's life expectancy or for more than 5 years following his death. For distributions from Fund A, the employee may elect to receive stock of the Company or a cash amount equal to the fair value of the stock.

(h) Plan Termination

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

(i) Expenses

Administrative expenses of the Plan were paid directly by BancorpSouth, Inc. (the Plan Sponsor)

(2) Summary of Accounting Policies

(a) Basis of Presentation

The financial statements of the Plan are prepared under the accrual method of accounting.

**Table of Contents**

(b) Investments

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Quoted market prices are used to value investments. Participant loans are recorded at their outstanding loan balance, which approximates fair value.

(c) Payment of Benefits

Benefits are recorded when paid.

(d) Income Taxes

The Plan is exempt from federal income taxes in accordance with the provisions of the Internal Revenue Code. A favorable determination letter, dated August 12, 1985, was received from the Internal Revenue Service. The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's legal counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Amounts contributed by the Company are not taxed to the employee until a distribution from the Plan is received.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

(3) Investments

The Plan's investments, including investments bought, sold, and held during the year appreciated (depreciated) in fair value during the years ended December 31, 2001, 2000 and 1999, respectively, as follows:

|  | <u>2001</u>                 | <u>2000</u>                 | <u>1999</u>                 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Net appreciation (depreciation) in fair value: |                             |                             |                             |
| Common trust and mutual funds                  | \$ (1,612,392)              | \$ (2,016,852)              | \$ 1,071,437                |
| Common stock of BancorpSouth, Inc.             | 25,019,270                  | (20,864,219)                | (5,348,553)                 |
| U.S. Government and agency obligations         | 10,704                      | 85,492                      | (91,546)                    |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Net appreciation (depreciation) in fair value  | \$23,417,582                | \$(22,795,579)              | \$(4,368,662)               |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |

Dividend income earned from the investment in stock of BancorpSouth, Inc., a related party, was \$3,071,707, \$2,549,957 and \$2,307,868 in 2001, 2000 and 1999, respectively.

**Table of Contents**

(4) Plan Mergers

During 2000, the Plan merged with two employee benefit plans of First United Bancshares, Inc., which was merged into the Company during 2000. The physical transfer of the assets of the merged plans was not complete until April 2001, and therefore a transfer receivable is recorded on the Statement of Net Assets Available for Plan Benefits as of December 31, 2000.

During 1999, the plan assets of six employee benefit plans belonging to four corporations which had previously merged with and into the Company, were merged into the Plan.

On October 30, 1998, Alabama Bancorp, Inc. was merged with and into the Company. The plan merger was completed in August 1999, with plan assets of the former Alabama Bancorp Savings and Profit Sharing Plan being merged into the Plan.

Merchants Capital Corporation was merged with and into the Company on December 4, 1998. The plan merger was completed in August 1999, with plan assets of the former Merchants Bank Employee Profit Sharing Plan, Merchants Bank 401(k) Plan, and Merchants Bank Employee Stock Ownership Stock Bonus Plan being merged into the Plan.

On December 31, 1998, The First Corporation was merged with and into the Company. The plan merger was completed in December 1999, with plan assets of the former First Corporation Employee Stock Ownership Plan with 401(k) provisions being merged into the Plan.

HomeBanc Corporation was merged with and into the Company on December 31, 1998. The plan merger was completed effective December 31, 1999, with plan assets of the former HomeBanc Corporation Employees Profit Sharing Plan being merged into the Plan.

(5) Rollover

On June 30, 1999, Stewart Sneed Hewes, Inc. and its subsidiaries were merged with and into BancorpSouth Insurance Services of Mississippi, a subsidiary of the Company. Participants in the Stewart Sneed Hewes, Inc. Employees Retirement Plan had the option of transferring their individual accounts into the Plan. In November 1999, individual accounts totaling \$35,633 were transferred into the Plan.

(6) Reconciliation between Financial Statement Amounts and Form 5500

The following is a reconciliation of net assets available for Plan benefits per the financial statements to the Form 5500:

|  | <b>December 31,</b> |               |
|--|---------------------|---------------|
|  | <b>2001</b>         | <b>2000</b>   |
| Net assets available for benefits per the financial statements | \$ 127,332,093      | \$ 98,728,693 |
| Amounts allocated to withdrawing participants                  | 1,159,119           | 1,503,793     |
| Net assets available for benefits as filed in Form 5500        | \$ 126,172,974      | \$ 97,224,900 |

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

**Table of Contents**

|   | <u>2001</u>                 | <u>2000</u>                 | <u>1999</u>                 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Benefits paid to participants per the financial statements                              | \$ 9,476,083                | \$ 6,209,699                | \$ 3,889,295                |
| Add: Amounts allocated to withdrawing participants at December 31, 2001, 2000 and 1999  | 1,159,119                   | 1,503,793                   | 987,544                     |
| Less: Amounts allocated to withdrawing participants at December 31, 2000, 1999 and 1998 | (1,503,793)                 | (987,544)                   | (1,013,865)                 |
|   | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Benefits paid to participants per the Form 5500   | <u>\$ 9,131,409</u>         | <u>\$ 6,725,948</u>         | <u>\$ 3,862,974</u>         |

**Table of Contents****BANCORPSOUTH, INC. AMENDED AND RESTATED SALARY DEFERRAL  
PROFIT SHARING EMPLOYEE STOCK OWNERSHIP PLAN**

Schedule H, Line 4i Schedule of Assets Held for Investment Purposes

Investment at End of Plan Year

December 31, 2001

| <b>Issuer</b>                                  | <b>Description</b>    | <b>Par/Number<br/>of Shares</b> | <b>Coupon</b>  | <b>Maturity</b>                      | <b>Cost</b>         | <b>Fair Value</b>     |
|--|-----------------------|---------------------------------|----------------|--------------------------------------|---------------------|-----------------------|
| BancorpSouth, Inc.*<br>Participant Loans       | Common Stock<br>Loans | 5,999,352                       | 5.50-<br>11.00 | January 5, 2002 -<br>October 1, 2006 | \$61,885,067        | \$ 99,589,243         |
| Algers Mid Cap Growth Fund                     | Mutual Fund           | 18,459                          |                |                                      | 146,481             | 146,481               |
| American Century Income and Growth<br>Fund     | Mutual Fund           | 4,338                           |                |                                      | 265,642             | 274,486               |
| Montag & Caldwell Growth Fund                  | Mutual Fund           | 320,282                         |                |                                      | 121,980             | 118,545               |
| Federated Capital Preserve Fund                | Mutual Fund           | 231,309                         |                |                                      | 7,840,252           | 7,725,209             |
| Federated Stock Trust                          | Mutual Fund           | 28,997                          |                |                                      | 2,313,094           | 2,313,094             |
| Federated Kaufmann Fund Class A                | Mutual Fund           | 18,517                          |                |                                      | 957,117             | 984,148               |
| Federated Capital Appreciation Fund            | Mutual Fund           | 64,953                          |                |                                      | 83,862              | 81,287                |
| Federated Max Cap Fund                         | Mutual Fund           | 29,310                          |                |                                      | 1,538,734           | 1,556,270             |
| Federated International Equity Fund            | Mutual Fund           | 3,021                           |                |                                      | 689,511             | 680,865               |
| Federated Managed Growth Fund                  | Mutual Fund           | 37,138                          |                |                                      | 50,114              | 45,494                |
| Federated Managed Conservative<br>Growth Fund  | Mutual Fund           | 769,799                         |                |                                      | 437,443             | 426,340               |
| Federated Managed Moderate Growth<br>Fund      | Mutual Fund           | 3,569                           |                |                                      | 7,901,253           | 7,821,156             |
| Federated Managed Income Portfolio             | Mutual Fund           | 117,089                         |                |                                      | 39,920              | 38,941                |
| Federated Total Return Bond Fund               | Mutual Fund           | 13,026                          |                |                                      | 1,199,778           | 1,191,970             |
| Federated Total Return Government<br>Bond Fund | Mutual Fund           | 209,229                         |                |                                      | 137,243             | 136,768               |
| Janus Fund                                     | Mutual Fund           | 20,839                          |                |                                      | 2,183,004           | 2,188,535             |
|  |                       |                                 |                |                                      | 528,554             | 512,628               |
|  |                       |                                 |                |                                      | <u>\$88,319,049</u> | <u>\$ 125,831,460</u> |

\* Both BancorpSouth, Inc. and BancorpSouth Bank are parties-in-interest to the Plan.

See accompanying independent auditors report.

**Table of Contents**

**BANCORPSOUTH, INC. AMENDED AND RESTATED SALARY DEFERRAL  
PROFIT SHARING EMPLOYEE STOCK OWNERSHIP PLAN**

Schedule H, Line 4j Schedule of Reportable Transactions

Year ended December 31, 2001

| Description of security                    | Number of transactions | Total purchase price/cost | Selling price | Gain (loss) |
|--|------------------------|---------------------------|---------------|-------------|
| <b>Purchases:</b>                          |                        |                           |               |             |
| Common stock of BancorpSouth, Inc.*        | 28                     | \$ 8,311,212              | \$            | \$          |
| Federated Managed Conservative Growth Fund | 1                      | 6,860,855                 |               |             |
| Federated Money Market                     | 73                     | 9,789,832                 |               |             |
| U.S. Government and Agency Obligations     | 119                    | 13,637,492                |               |             |
| <b>Sales:</b>                              |                        |                           |               |             |
| U.S. Government and Agency Obligations     | 107                    | \$ 14,918,378             | \$ 14,918,378 | \$          |
| Federated Money Market                     | 93                     | 10,455,429                | 10,455,429    |             |

\* Both BancorpSouth, Inc. and BancorpSouth Bank are parties-in-interest to the Plan.

See accompanying independent auditors' report.

**Table of Contents**

**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**BancorpSouth, Inc.  
Amended and Restated Salary Deferral-Profit Sharing  
Employee Stock Ownership Plan**

June 27, 2002

BANCORPSOUTH BANK, as Trustee

By: /s/ William Malone

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William Malone, First Vice President and Trust Officer

**Table of Contents**

**EXHIBIT INDEX**

23 Consent of KPMG LLP, Independent Auditors

14