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BancorpSouth 2017 Annual Earnings Reach New Record; Declares Quarterly Dividend

TUPELO, Miss., Jan. 24, 2018 /PRNewswire/ -- BancorpSouth Bank (NYSE: BXS) (the "Company") today announced financial results for the quarter and year ended December 31, 2017.

Annual highlights for 2017 included:

- Record net income of \$153.0 million, or \$1.67 per diluted share.
- Total operating expense declined \$7.4 million compared to 2016.
- Net interest margin increased to 3.54 percent from 3.52 percent for 2016.
- Generated net loan growth of \$244.4 million, or 2.3 percent.
- Reported total deposit growth of \$227.5 million, or 1.9 percent.
- Net operating income – excluding MSR – of \$152.0 million, or \$1.66 per diluted share.
- Completed pending mergers with Central Community Corporation and Ouachita Bancshares Corp. effective January 15, 2018 for which regulatory approval was received during the fourth quarter of 2017.
- Repurchased 3,695,213 shares of outstanding common stock at a weighted average price of \$29.94 per share.

Highlights for the fourth quarter of 2017 included:

- Net income of \$37.5 million, or \$0.41 per diluted share.
- Reported total deposit growth of \$139.6 million, or 4.7 percent on an annualized basis.
- Total noninterest expense declined compared to both the third quarter of 2017 and the fourth quarter of 2016.
- Earnings benefitted from a positive pre-tax mortgage servicing rights ("MSR") valuation adjustment of \$2.4 million.
- Net operating income – excluding MSR – of \$36.8 million, or \$0.41 per diluted share.
- Recorded additional income tax expense of \$0.6 million, or \$0.01 per share, to reflect the net impact of certain strategic tax planning decisions as well as the revaluation of the net deferred tax asset resulting from corporate tax law changes enacted by the Tax Cuts and Jobs Act of 2017.

The Company reported net income of \$37.5 million, or \$0.41 per diluted share, for the fourth quarter of 2017 compared with net income of \$37.7 million, or \$0.40 per diluted share, for the fourth quarter of 2016 and net income of \$39.5 million, or \$0.43 per diluted share, for the third quarter of 2017. The Company reported net operating income – excluding MSR – of \$36.8 million, or \$0.41 per diluted share, for the fourth quarter of 2017 compared to \$30.7 million, or \$0.33 per diluted share, for the fourth quarter of 2016 and \$39.6 million, or \$0.43 per diluted share, for the third quarter of 2017.

Additionally, the company reported net income of \$153.0 million, or \$1.67 per diluted share, for the year ended December 31, 2017 compared to \$132.7 million, or \$1.41 per diluted share, for the year ended December 31, 2016. The Company reported net operating income – excluding MSR – of \$152.0 million, or \$1.66 per diluted share, for the year ended December 31, 2017 compared to \$141.4 million, or \$1.50 per diluted share, for the year ended December 31, 2016.

Net operating income – excluding MSR – is a non-GAAP financial measure used by management to assess the core operating performance of the Company. This measure excludes items such as securities gains and losses, MSR valuation adjustments, restructuring charges, merger-related expenses, industry-related legal settlements, and other one-time charges.

At its regular quarterly meeting today, the Board of Directors of the Company declared a quarterly cash dividend of \$0.14 per share of common stock. The dividend is payable April 2, 2018 to shareholders of record at the close of business on March 15, 2018.

"We are pleased to report a successful completion to 2017," remarked Dan Rollins, BancorpSouth Chairman and Chief Executive Officer. "A lot of hard work and progress by our teammates culminated in the closings of our pending transactions with Ouachita Bancshares Corp. and Central Community Corporation, which were effective January 15, 2018. We could not have reached this point without the commitment and patience demonstrated by the shareholders, management teams, and employees of these two companies. We are excited to have them as a part of our team. Furthermore, we are pleased to be able to continue executing our strategic plan, of which these two organizations are an integral part."

"As we look specifically at fourth quarter results, we saw positive progress in a number of areas despite seasonally lower revenues associated with several of our noninterest products. Total operating expense declined compared to both the third quarter of 2017 and the fourth quarter of 2016. Additionally, we saw continued yield pickup in our loan and securities portfolios, combined with relatively stable deposit costs. The positive impact of these items on our margin was offset by the decision to leverage the balance

sheet in order to prefund the securities portfolio restructuring in anticipation of the merger closings."

"Finally, we expect that the Tax Cuts and Jobs Act of 2017 will provide a tremendous benefit to our company and our shareholders. Our board of directors and management team recognize that our employees, along with their customer relationships, are the most valuable asset of our company. I'm proud the first investment that we made as a result of this legislation was in our teammates, through salary increases and one-time bonuses. This legislation also resulted in the revaluation of our net deferred tax asset. We made certain strategic tax planning decisions, which allowed us to reduce the net impact of the revaluation to \$0.6 million."

Net Interest Revenue

Net interest revenue was \$121.4 million for the fourth quarter of 2017, an increase of 5.2 percent from \$115.4 million for the fourth quarter of 2016 and an increase of 0.7 percent from \$120.6 million for the third quarter of 2017. The fully taxable equivalent net interest margin was 3.58 percent for the fourth quarter of 2017 compared to 3.46 percent for the fourth quarter of 2016 and 3.58 percent for the third quarter of 2017. Yields on loans and leases were 4.36 percent for the fourth quarter of 2017 compared with 4.18 percent for the fourth quarter of 2016 and 4.33 percent for the third quarter of 2017, while yields on total interest earning assets were 3.90 percent for the fourth quarter of 2017 compared with 3.70 percent for the fourth quarter of 2016 and 3.89 percent for the third quarter of 2017. The average cost of deposits was 0.27 percent for the fourth quarter of 2017 compared to 0.23 percent for the fourth quarter of 2016 and 0.26 percent for the third quarter of 2017.

Asset, Deposit and Loan Activity

Total assets were \$15.3 billion at December 31, 2017 compared with \$14.7 billion at December 31, 2016. Loans and leases, net of unearned income, were \$11.1 billion at December 31, 2017 compared with \$10.8 billion at December 31, 2016.

Total deposits were \$11.9 billion at December 31, 2017 compared with \$11.7 billion at December 31, 2016. Time deposits decreased \$84.1 million, or 4.6 percent, at December 31, 2017 compared to December 31, 2016. Over the same time period, interest bearing demand deposits increased \$32.1 million, or 0.6 percent, while noninterest bearing demand deposits increased \$202.5 million, or 6.2 percent, and savings deposits increased \$77.0 million, or 4.9 percent.

Provision for Credit Losses and Allowance for Credit Losses

Earnings for the fourth quarter reflect a provision for credit losses of \$0.5 million, compared to a provision of \$1.0 million for the fourth quarter of 2016 and a provision of \$0.5 million for the third quarter of 2017. Net charge-offs for the fourth quarter of 2017 were \$1.8 million, compared with net charge-offs of \$3.2 million for the fourth quarter of 2016 and net charge-offs of \$2.6 million for the third quarter of 2017. The allowance for credit losses was \$118.2 million, or 1.07 percent of net loans and leases, at December 31, 2017, compared with \$123.7 million, or 1.14 percent of net loans and leases, at December 31, 2016 and \$119.5 million, or 1.08 percent of net loans and leases, at September 30, 2017.

Total non-performing assets were \$84.5 million, or 0.76 percent of net loans and leases, at December 31, 2017 compared with \$109.7 million, or 1.01 percent of net loans and leases, at December 31, 2016, and \$71.0 million, or 0.64 percent of net loans and leases, at September 30, 2017. Other real estate owned was \$6.0 million at December 31, 2017 compared with \$7.8 million at December 31, 2016 and \$6.0 million at September 30, 2017.

Noninterest Revenue

Noninterest revenue was \$63.1 million for the fourth quarter of 2017, compared with \$72.0 million for the fourth quarter of 2016 and \$66.0 million for the third quarter of 2017. These results included a positive MSR valuation adjustment of \$2.4 million for the fourth quarter of 2017, compared with a positive MSR valuation adjustment of \$11.2 million for the fourth quarter of 2016 and an essentially flat MSR valuation adjustment for the third quarter of 2017. Valuation adjustments in the MSR asset are driven primarily by fluctuations in interest rates period over period.

Excluding the MSR valuation adjustments, mortgage banking revenue was \$4.9 million for the fourth quarter of 2017, compared with \$5.6 million for the fourth quarter of 2016 and \$7.0 million for the third quarter of 2017. Mortgage origination volume for the fourth quarter of 2017 was \$308.4 million, compared with \$395.9 million for the fourth quarter of 2016 and \$342.4 million for the third quarter of 2017.

Credit and debit card fee revenue was \$9.5 million for the fourth quarter of 2017, compared with \$9.3 million for both the fourth quarter of 2016 and the third quarter of 2017. Deposit service charge revenue was \$10.3 million for the fourth quarter of 2017, compared with \$10.0 million for the fourth quarter of 2016 and \$10.4 million for the third quarter of 2017. Insurance commission

revenue was \$25.8 million for the fourth quarter of 2017, compared with \$25.7 million for the fourth quarter of 2016 and \$28.6 million for the third quarter of 2017. Wealth management revenue was \$5.6 million for the fourth quarter of 2017, compared with \$5.4 million for both the fourth quarter of 2016 and the third quarter of 2017.

Noninterest Expense

Noninterest expense for the fourth quarter of 2017 was \$125.9 million, compared with \$130.5 million for the fourth quarter of 2016 and \$126.9 million for the third quarter of 2017. Salaries and employee benefits expense was \$78.1 million for the fourth quarter of 2017 compared to \$80.9 million for the fourth quarter of 2016 and \$81.4 million for the third quarter of 2017. Occupancy expense was \$10.1 million for the fourth quarter of 2017, compared with \$10.3 million for both the fourth quarter of 2016 and the third quarter of 2017. Other noninterest expense was \$31.3 million for the fourth quarter of 2017, compared to \$34.0 million for the fourth quarter of 2016 and \$29.3 million for the third quarter of 2017.

Capital Management

The Company's equity capitalization is comprised entirely of common stock. The Company's ratio of shareholders' equity to assets was 11.20 percent at December 31, 2017, compared with 11.71 percent at December 31, 2016 and 11.52 percent at September 30, 2017. The ratio of tangible shareholders' equity to tangible assets was 9.31 percent at December 31, 2017, compared with 9.73 percent at December 31, 2016 and 9.56 percent at September 30, 2017.

During the fourth quarter of 2017, the Company did not repurchase shares of its outstanding common stock pursuant to its share repurchase program which is intended to comply with Rules 10b-18 and 10b5-1 promulgated under the Securities and Exchange Act of 1934, as amended. During the third quarter of 2017, the Company repurchased 699,888 shares at a weighted average price of \$28.99 per share. As of December 31, 2017, the Company had 6,000,000 remaining shares available for repurchase under its current share repurchase authorization, which expires on December 31, 2019.

Estimated regulatory capital ratios at December 31, 2017 were calculated in accordance with the Basel III capital framework. The Company is a "well capitalized" bank, as defined by federal regulations, at December 31, 2017, with Tier 1 risk-based capital of 12.15 percent and total risk-based capital of 13.13 percent, compared with required minimum levels of 8 percent and 10 percent, respectively, in order to qualify for "well capitalized" classification.

TRANSACTIONS

The Reorganization

Effective October 31, 2017, the previously announced merger of BancorpSouth, Inc. with and into BancorpSouth Bank was closed, with BancorpSouth Bank continuing as the surviving entity (the "Reorganization"). This transaction resulted in the elimination of the holding company structure. The reorganization is expected to improve efficiency through the elimination of redundant corporate infrastructure and duplicative regulatory oversight. See our current report on Form 8-K that was filed with the Federal Deposit Insurance Corporation (the "FDIC") on November 1, 2017 and that is incorporated herein by reference.

Waguespack & Associates Insurance, Inc.

On December 19, 2016, BXS Insurance announced and closed the acquisition of certain assets of Waguespack & Associates Insurance, Inc. The agency was formed in 1986, is based in Gonzalez, Louisiana and produces annual revenues of approximately \$3 million. Waguespack continues to operate under its legacy leadership in Gonzales.

Central Community Corporation

Effective January 15, 2018, the Company completed the merger with Central Community Corporation ("CCC"), headquartered in Temple, Texas, pursuant to which CCC merged with and into the Company. CCC was the parent company of First State Bank, and its wholly owned bank subsidiary First State Bank Central Texas, ("First State Bank") which was headquartered in Austin, Texas. First State Bank operates 31 full-service banking offices in central Texas. As of December 31, 2017, CCC, on a consolidated basis, reported total assets of \$1.4 billion, total loans of \$715.1 million and total deposits of \$1.2 billion. Under the terms of the definitive agreement, the Company issued approximately 7,250,000 shares of the Company's common stock plus \$28.5 million in cash for all outstanding shares of CCC's capital stock.

Ouachita Bancshares Corp.

Effective January 15, 2018, the Company completed the merger with Ouachita Bancshares Corp., parent company of Ouachita Independent Bank (collectively referred to as "OIB"), headquartered in Monroe, Louisiana, pursuant to which OIB was merged with

and into the Company. OIB operates 11 full-service banking offices along the I-20 corridor and has a loan production office in Madison, Mississippi. As of December 31, 2017, OIB, on a consolidated basis, reported total assets of \$703.1 million, total loans of \$498.0 million and total deposits of \$599.0 million. Under the terms of the definitive agreement, the Company issued approximately 3,675,000 shares of the Company's common stock plus \$22.875 million in cash for all outstanding shares of Ouachita Bancshares Corp.'s capital stock.

Summary

Rollins concluded, "Our annual results for 2017 reflect continued improvement in many of our operating metrics. Although our loan and deposit growth for the year was not as high as we would have liked, we saw significant improvement in other areas including record net income of \$153.0 million, or \$1.67 per diluted share. Our total operating expense for 2017 actually declined \$7.4 million compared to 2016, which contributed to our operating efficiency ratio - excluding MSR - declining from 69.8 percent to 67.8 percent. This improvement, combined with the expansion in our net interest margin and other factors, contributed to 11 percent growth in our operating earnings per share. Finally, we were able to return capital to our shareholders, repurchasing approximately 3.7 million shares at a weighted average price of \$29.94. As we look to 2018, I'm confident our company is positioned to continue to improve our operating performance and enhance the returns delivered to our shareholders."

Non-GAAP Measures and Ratios

This news release presents certain financial measures and ratios that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). A discussion regarding these non-GAAP measures and ratios, including reconciliations of non-GAAP measures to the most directly comparable GAAP measures and definitions for non-GAAP ratios, appears under the caption "Reconciliation of Non-GAAP Measures and Other Non-GAAP Ratio Definitions" beginning on page 20 of this news release.

Conference Call and Webcast

The Company will conduct a conference call to discuss its fourth quarter and annual 2017 financial results on January 25, 2018, at 10:00 a.m. (Central Time). This conference call will be an interactive session between management and analysts. Shareholders and other interested parties may listen to this live conference call via Internet webcast by accessing www.BancorpSouth.com/Webcast. The webcast will also be available in archived format at the same address.

About BancorpSouth Bank

BancorpSouth Bank (NYSE: BXS) is headquartered in Tupelo, Mississippi, with approximately \$17 billion in assets. BancorpSouth operates 276 full service branch locations as well as additional mortgage, insurance, and loan production offices in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee and Texas, including an insurance location in Illinois. BancorpSouth is committed to a culture of respect, diversity, and inclusion in both its workplace and communities. To learn more, visit our [Community Commitment](http://www.bancorpsouth.com) page at www.bancorpsouth.com. Like us on Facebook; follow us on Twitter: @MyBXS; or connect with us through LinkedIn.

Forward-Looking Statements

Certain statements contained in this news release may not be based upon 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 their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "foresee," "hope," "intend," "may," "might," "plan," "will," or "would" or future or conditional verb tenses and variations or negatives of such terms. These forward-looking statements include, without limitation, those relating to the terms, the proposed impact of the Reorganization on the Bank, the acceptance by customers of Ouachita Bancshares Corp. and Central Community Corporation of the Company's products and services after the closing of the mergers, the Company's ability to operate its regulatory compliance programs consistent with federal, state and local laws, including its Bank Secrecy Act ("BSA") and anti-money laundering ("AML") compliance program and its fair lending compliance program, the Company's compliance with the consent order it entered into with the Consumer Financial Protection Bureau and the United States Department of Justice related to the Company's fair lending practices (the "Consent Order"), the impact of the Tax Cuts and Jobs Act of 2017 on the Company and its operations, amortization expense for intangible assets, goodwill impairments, loan impairment, utilization of appraisals and inspections for real estate loans, maturity, renewal or extension of construction, acquisition and development loans, net interest revenue, fair value determinations, 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, 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, the Company's reserve for losses from representation and warranty obligations, the Company's foreclosure process related to mortgage loans, the resolution of non-performing loans that are collaterally dependent, real estate values, fully-indexed interest rates, interest rate risk, interest rate sensitivity, the impact of interest rates on loan yields, calculation of economic value of equity, impaired loan charge-offs, diversification of the Company's revenue stream, the growth of the Company's insurance business and commission revenue, the growth of the Company's customer base and loan, deposit and fee revenue sources, liquidity needs and strategies, sources of funding, net interest margin, declaration and payment of dividends, the utilization of the Company's share repurchase program, the implementation and execution of cost saving initiatives, improvement in the Company's efficiencies, operating expense trends, future acquisitions and consideration to be used therefor, and the impact of certain claims and ongoing, pending or threatened litigation, administrative and investigatory matters.

The Company cautions readers not to place undue reliance on the forward-looking statements contained in this news release, 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 may include, but are not limited to, the Company's ability to operate its regulatory compliance programs consistent with federal, state and local laws, including its BSA/AML compliance program and its fair lending compliance program, the Company's ability to successfully implement and comply with the Consent Order, the ability of the Company and the Bank to meet expectations regarding the accounting and tax treatments of the Reorganization, the possibility that any of the anticipated benefits of the Reorganization will not be realized or will not be realized as expected, the lack of availability of the Bank's filings mandated by the Exchange Act from the SEC's publicly available website after the closing of the Reorganization, the impact of any ongoing, pending or threatened litigation, administrative and investigatory matters involving the Company, conditions in the financial markets and economic conditions generally, the adequacy of the Company's provision and allowance for credit losses to cover actual credit losses, the credit risk associated with real estate construction, acquisition and development loans, limitations on the Company's ability to declare and pay dividends, the availability of capital on favorable terms if and when needed, liquidity risk, governmental regulation, including the Dodd-Frank Act, and supervision of the Company's operations, the short-term and long-term impact of changes to banking capital standards on the Company's regulatory capital and liquidity, the impact of regulations on service charges on the Company's core deposit accounts, the susceptibility of the Company's business to local economic and environmental conditions, the soundness of other financial institutions, 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, reputational risk, the impact of the Tax Cuts and Jobs Act of 2017 on the Company and its operations, the impact of the loss of any key Company personnel, the impact of hurricanes or other adverse weather events, any requirement that the Company write down goodwill or other intangible assets, diversification in the types of financial services the Company offers, the growth of the Company's insurance business and commission revenue, the growth of the Company's loan, deposit and fee revenue sources, the Company's ability to adapt its products and services to evolving industry standards and consumer preferences, competition with other financial services companies, risks in connection with completed or potential acquisitions, the Company's growth strategy, interruptions or breaches in the Company's information system security, the failure of certain third-party vendors to perform, unfavorable ratings by rating agencies, dilution caused by the Company's issuance of any additional shares of its common stock to raise capital or acquire other banks, bank holding companies, financial holding companies and insurance agencies, the utilization of the Company's share repurchase program, the implementation and execution of cost saving initiatives, other factors generally understood to affect the assets, business, cash flows, financial condition, liquidity, prospects and/or results of operations of financial services companies and other factors detailed from time to time in the Company's press and news releases, reports and other filings with the FDIC. Forward-looking statements speak only as of the date that they were made, and, except as required by law, the Company does not undertake any obligation to update or revise forward-looking statements to reflect events or circumstances that occur after the date of this news release.

BancorpSouth Bank

Selected Financial Information

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter Ended 12/31/2017	Quarter Ended 9/30/2017	Quarter Ended 6/30/2017	Quarter Ended 3/31/2017	Quarter Ended 12/31/2016
Earnings Summary:					
Interest revenue	\$ 132,276	\$ 130,934	\$ 126,855	\$ 122,926	\$ 123,444
Interest expense	10,890	10,373	9,377	8,315	8,057
Net interest revenue	121,386	120,561	117,478	114,611	115,387
Provision for credit losses	500	500	1,000	1,000	1,000
Net interest revenue, after provision					

for credit losses	120,886	120,061	116,478	113,611	114,387
Noninterest revenue	63,074	65,960	68,130	70,869	71,975
Noninterest expense	125,881	126,903	127,553	127,109	130,519
Income before income taxes	58,079	59,118	57,055	57,371	55,843
Income tax expense	20,556	19,590	19,166	19,278	18,173
Net income	\$ 37,523	\$ 39,528	\$ 37,889	\$ 38,093	\$ 37,670

Balance Sheet - Period End

Balances

	\$	\$	\$	\$	\$
Total assets	15,298,518	14,760,394	14,843,130	14,866,054	14,724,388
Total earning assets	14,081,818	13,606,145	13,674,436	13,757,920	13,549,407
Total securities	2,835,367	2,359,967	2,421,295	2,540,887	2,531,676
Loans and leases, net of unearned income	11,056,434	11,055,509	11,018,540	10,801,694	10,811,991
Allowance for credit losses	118,200	119,496	121,561	125,196	123,736
Total deposits	11,915,596	11,775,988	11,938,296	12,042,845	11,688,141
Long-term debt	30,000	30,000	230,000	530,000	530,000
Total shareholders' equity	1,713,485	1,700,502	1,691,832	1,702,389	1,723,883

Balance Sheet - Average

Balances

	\$	\$	\$	\$	\$
Total assets	14,809,497	14,710,245	14,741,811	14,832,260	14,655,360
Total earning assets	13,678,542	13,591,124	13,636,415	13,715,612	13,525,284
Total securities	2,447,357	2,367,633	2,497,108	2,507,701	2,479,008
Loans and leases, net of unearned income	11,010,187	11,013,270	10,883,102	10,820,486	10,737,802
Total deposits	11,840,049	11,802,682	11,902,415	11,941,851	11,700,213
Long-term debt	30,000	162,609	398,132	530,000	534,141
Total shareholders' equity	1,701,228	1,695,899	1,680,053	1,731,931	1,724,871

Nonperforming Assets:

Non-accrual loans and leases	\$ 61,891	\$ 55,796	\$ 63,585	\$ 74,439	\$ 71,812
Loans and leases 90+ days past due, still accruing	8,503	1,855	1,793	3,063	3,983
Restructured loans and leases, still accruing	8,060	7,366	6,303	4,060	26,047
Non-performing loans (NPLs)	78,454	65,017	71,681	81,562	101,842
Other real estate owned	6,038	5,956	7,704	8,458	7,810
Non-performing assets (NPAs)	\$ 84,492	\$ 70,973	\$ 79,385	\$ 90,020	\$ 109,652

Financial Ratios and Other Data:

Return on average assets	1.01%	1.07%	1.03%	1.04%	1.02%
Operating return on average assets-excluding MSR*	0.99%	1.07%	1.06%	1.01%	0.83%
Return on average shareholders' equity	8.75%	9.25%	9.05%	8.92%	8.69%
Operating return on average shareholders' equity-excluding MSR*	8.58%	9.25%	9.27%	8.63%	7.08%
Return on tangible equity*	10.67%	11.36%	11.08%	11.19%	10.70%
Operating return on tangible equity-excluding MSR*	10.46%	11.36%	11.35%	10.82%	8.71%
Noninterest income to average assets	1.69%	1.78%	1.85%	1.94%	1.95%
Noninterest expense to average assets	3.37%	3.42%	3.47%	3.48%	3.54%
Net interest margin-fully taxable equivalent	3.58%	3.58%	3.52%	3.46%	3.46%
Net interest rate spread	3.44%	3.45%	3.40%	3.35%	3.36%
Efficiency ratio (tax equivalent)*	67.45%	67.23%	67.90%	67.71%	68.79%

Operating efficiency ratio-excluding MSR (tax equivalent)*	68.16%	67.24%	67.33%	68.43%	73.14%
Loan/deposit ratio	92.79%	93.88%	92.30%	89.69%	92.50%
Price to earnings multiple (avg)	18.95%	19.42	18.83	19.15	22.02
Market value to book value	165.76%	170.25%	164.07%	164.09%	168.76%
Market value to book value (avg)	169.35%	158.92%	161.24%	166.39%	145.61%
Market value to tangible book value	203.64%	209.66%	202.52%	202.32%	207.63%
Market value to tangible book value (avg)	208.04%	195.70%	199.07%	205.16%	179.14%
Headcount FTE	3,947	3,950	3,989	3,973	3,998

*Denotes non-GAAP financial measure. Refer to related disclosure and reconciliation on pages 20 and 21.

BancorpSouth Bank

Selected Financial Information

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter Ended 12/31/2017	Quarter Ended 9/30/2017	Quarter Ended 6/30/2017	Quarter Ended 3/31/2017	Quarter Ended 12/31/2016	Year E 12/31/
Credit Quality Ratios:						
Net charge-offs (recoveries) to average loans and leases (annualized)	0.06%	0.09%	0.17%	(0.02%)	0.12%	0.08%
Provision for credit losses to average loans and leases (annualized)	0.02%	0.02%	0.04%	0.04%	0.04%	0.03%
Allowance for credit losses to net loans and leases	1.07%	1.08%	1.10%	1.16%	1.14%	1.07%
Allowance for credit losses to non-performing loans and leases	150.66%	183.79%	169.59%	153.50%	121.50%	150.66%
Allowance for credit losses to non-performing assets	139.89%	168.37%	153.13%	139.08%	112.84%	139.89%
Non-performing loans and leases to net loans and leases	0.71%	0.59%	0.65%	0.76%	0.94%	0.71%
Non-performing assets to net loans and leases	0.76%	0.64%	0.72%	0.83%	1.01%	0.76%
Equity Ratios:						
Total shareholders' equity to total assets	11.20%	11.52%	11.40%	11.45%	11.71%	11.20%
Tangible shareholders' equity to tangible assets*	9.31%	9.56%	9.44%	9.49%	9.73%	9.31%
Capital Adequacy:						
Common Equity Tier 1 capital	12.15%	12.04%	11.90%	12.16%	12.23%	12.15%
Tier 1 capital	12.15%	12.04%	11.90%	12.16%	12.34%	12.15%
Total capital	13.13%	13.03%	12.91%	13.21%	13.38%	13.13%
Tier 1 leverage capital Estimated for current quarter	10.12%	10.02%	9.93%	9.95%	10.32%	10.12%

Common Share Data:

Basic earnings per share	\$	0.42	\$	0.43	\$	0.41	\$	0.41	\$	0.40	\$
Diluted earnings per share	0.41	0.43	0.41	0.41	0.40	0.40	1.67				
Operating earnings per share*	0.42	0.43	0.41	0.40	0.40	1.67					
Operating earnings per share- excluding MSR*	0.41	0.43	0.42	0.39	0.33	1.66					
Cash dividends per share	0.14	0.14	0.13	0.13	0.13	0.53					
Book value per share	18.97	18.83	18.59	18.44	18.40	18.97					
Tangible book value per share*	15.44	15.29	15.06	14.95	14.95	15.44					
Market value per share (last)	31.45	32.05	30.50	30.25	31.05	31.45					
Market value per share (high)	34.45	32.70	31.85	32.40	31.75	34.45					
Market value per share (low)	30.25	27.20	28.20	28.10	22.23	27.20					
Market value per share (avg)	32.13	29.92	29.98	30.68	26.79	30.67					
Dividend payout ratio	33.70%	32.20%	30.48%	30.73%	31.11%	31.71%					
Total shares outstanding	90,312,378	90,329,896	91,022,729	92,344,409	93,696,687	90,312,378					
Average shares outstanding - basic	90,321,137	90,911,702	91,366,309	93,642,848	93,740,626	91,560,000					
Average shares outstanding - diluted	90,546,824	91,099,770	91,530,552	93,829,400	93,966,392	91,754,000					

Yield/Rate:

(Taxable equivalent basis)											
Loans, loans held for sale, and leases net of unearned income	4.36%	4.33%	4.27%	4.20%	4.18%	4.29%					
Available-for-sale securities:											
Taxable	1.48%	1.41%	1.37%	1.35%	1.31%	1.40%					
Tax-exempt	5.29%	5.25%	5.26%	5.29%	5.29%	5.27%					
Short-term investments	1.09%	1.02%	0.88%	0.76%	0.41%	0.89%					
Total interest earning assets and revenue	3.90%	3.89%	3.80%	3.70%	3.70%	3.82%					
Deposits	0.27%	0.26%	0.25%	0.23%	0.23%	0.25%					
Demand - interest bearing	0.29%	0.28%	0.25%	0.22%	0.20%	0.26%					
Savings	0.13%	0.12%	0.12%	0.12%	0.12%	0.12%					
Other time	0.86%	0.84%	0.81%	0.79%	0.79%	0.82%					
Short-term borrowings	0.96%	0.85%	0.69%	0.31%	0.16%	0.78%					
Total interest bearing deposits & short-term borrowings	0.45%	0.41%	0.37%	0.32%	0.31%	0.39%					
Junior subordinated debt	N/A	N/A	N/A	3.29%	3.53%	3.29%					
Long-term debt	4.05%	1.79%	1.01%	0.87%	0.73%	1.14%					
Total interest bearing liabilities and expense	0.46%	0.44%	0.40%	0.35%	0.34%	0.41%					
Interest bearing liabilities to interest earning assets	69.09%	69.55%	69.68%	70.24%	69.43%	69.64%					
Net interest tax equivalent adjustment	\$	2,155	\$	2,237	\$	2,248	\$	2,261	\$	2,371	\$

*Denotes non-GAAP financial measure. Refer to related disclosure and reconciliation on pages 20 and 21.

BancorpSouth Bank
Consolidated Balance Sheets
(Unaudited)

	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
	(Dollars in thousands)				
<u>Assets</u>					
Cash and due from banks	\$ 167,283	\$ 167,871	\$ 178,376	\$ 147,684	\$ 184,152
Interest bearing deposits with other banks	53,440	52,316	49,680	253,738	38,813
Available-for-sale securities, at fair value	2,835,367	2,359,967	2,421,295	2,540,887	2,531,676
Loans and leases	11,072,062	11,073,306	11,037,808	10,822,568	10,835,512
Less: Unearned income	15,628	17,797	19,268	20,874	23,521
Allowance for credit losses	118,200	119,496	121,561	125,196	123,736
Net loans and leases	10,938,234	10,936,013	10,896,979	10,676,498	10,688,255
Loans held for sale	136,577	138,353	184,921	161,600	166,927
Premises and equipment, net	314,362	311,530	306,863	305,250	305,561
Accrued interest receivable	45,671	44,454	40,716	42,329	42,005
Goodwill	300,798	300,798	300,798	300,798	300,798
Other identifiable intangibles	17,882	18,860	19,854	20,865	21,894
Bank owned life insurance	292,069	259,361	260,228	258,518	258,648
Other real estate owned	6,038	5,956	7,704	8,458	7,810
Other assets	190,797	164,915	175,716	149,429	177,849
Total Assets	\$ 15,298,518	\$ 14,760,394	\$ 14,843,130	\$ 14,866,054	\$ 14,724,388
<u>Liabilities</u>					
Deposits:					
Demand: Noninterest bearing	\$ 3,453,000	\$ 3,414,397	\$ 3,390,428	\$ 3,401,348	\$ 3,250,537
Interest bearing	5,066,614	4,925,127	5,095,570	5,182,011	5,034,470
Savings	1,638,799	1,638,033	1,630,123	1,627,621	1,561,819
Other time	1,757,183	1,798,431	1,822,175	1,831,865	1,841,315
Total deposits	11,915,596	11,775,988	11,938,296	12,042,845	11,688,141
Securities sold under agreement to repurchase	417,867	421,044	399,815	375,832	454,002
Federal funds purchased and other short-term borrowing	1,025,000	625,000	365,000	-	92,000
Accrued interest payable	4,882	4,826	4,259	4,109	3,975
Junior subordinated debt securities	-	-	-	-	12,888
Long-term debt	30,000	30,000	230,000	530,000	530,000
Other liabilities	191,688	203,034	213,928	210,879	219,499
Total Liabilities	13,585,033	13,059,892	13,151,298	13,163,665	13,000,505
<u>Shareholders' Equity</u>					
Common stock	225,781	225,825	227,557	230,861	234,242
Capital surplus	177,624	175,837	191,940	226,204	271,292
Accumulated other comprehensive loss	(63,843)	(50,203)	(49,861)	(50,360)	(50,937)
Retained earnings	1,373,923	1,349,043	1,322,196	1,295,684	1,269,286
Total Shareholders' Equity	1,713,485	1,700,502	1,691,832	1,702,389	1,723,883
Total Liabilities & Shareholders' Equity	\$ 15,298,518	\$ 14,760,394	\$ 14,843,130	\$ 14,866,054	\$ 14,724,388

BancorpSouth Bank
Consolidated Average Balance Sheets
(Unaudited)

	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
	(Dollars in thousands)				
<u>Assets</u>					

Cash and due from banks	\$ 154,843	\$ 153,797	\$ 156,387	\$ 162,696	\$ 171,791
Interest bearing deposits with other banks	108,880	83,109	117,414	258,502	165,805
Available-for-sale securities, at fair value	2,447,357	2,367,633	2,497,108	2,507,701	2,479,008
Loans and leases	11,026,437	11,032,159	10,903,524	10,843,069	10,763,314
Less: Unearned income	16,250	18,889	20,422	22,583	25,512
Allowance for credit losses	119,124	121,501	125,578	124,662	125,526
Net loans and leases	10,891,063	10,891,769	10,757,524	10,695,824	10,612,276
Loans held for sale	112,118	127,112	138,792	128,923	142,669
Premises and equipment, net	313,874	309,592	306,483	305,637	305,994
Accrued interest receivable	40,228	40,100	38,702	38,774	38,648
Goodwill	300,798	300,798	300,798	300,798	296,888
Other identifiable intangibles	18,231	19,222	20,218	21,236	20,303
Bank owned life insurance	265,761	261,100	259,182	257,669	257,397
Other real estate owned	5,777	6,985	7,860	8,154	9,084
Other assets	150,567	149,028	141,343	146,346	155,497
Total Assets	\$ 14,809,497	\$ 14,710,245	\$ 14,741,811	\$ 14,832,260	\$ 14,655,360
Liabilities					
Deposits:					
Demand: Noninterest bearing	\$ 3,479,771	\$ 3,369,468	\$ 3,362,801	\$ 3,272,876	\$ 3,344,632
Interest bearing	4,949,183	4,985,113	5,079,388	5,244,069	4,951,906
Savings	1,631,617	1,634,577	1,626,996	1,587,725	1,543,542
Other time	1,779,478	1,813,524	1,833,230	1,837,181	1,860,133
Total deposits	11,840,049	11,802,682	11,902,415	11,941,851	11,700,213
Securities sold under agreement to repurchase	471,581	444,999	412,825	414,272	475,669
Federal funds purchased and other short-term borrowing	589,261	411,815	151,352	19,545	3,924
Accrued interest payable	4,718	4,507	4,028	3,867	4,031
Junior subordinated debt securities	-	-	-	1,146	21,181
Long-term debt	30,000	162,609	398,132	530,000	534,141
Other liabilities	172,660	187,734	193,006	189,648	191,330
Total Liabilities	13,108,269	13,014,346	13,061,758	13,100,329	12,930,489
Shareholders' Equity					
Common stock	225,808	227,247	228,322	234,285	234,323
Capital surplus	176,613	189,545	199,115	265,685	271,900
Accumulated other comprehensive loss	(55,181)	(48,591)	(49,185)	(50,616)	(40,454)
Retained earnings	1,353,988	1,327,698	1,301,801	1,282,577	1,259,102
Total Shareholders' Equity	1,701,228	1,695,899	1,680,053	1,731,931	1,724,871
Total Liabilities & Shareholders' Equity	\$ 14,809,497	\$ 14,710,245	\$ 14,741,811	\$ 14,832,260	\$ 14,655,360

BancorpSouth Bank

Consolidated Condensed Statements of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter Ended				Year Ended	
	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Dec-16
INTEREST REVENUE:						
Loans and leases	\$ 120,381	\$ 119,599	\$ 115,286	\$ 111,498	\$ 112,189	\$ 466,764
Deposits with other banks	300	214	256	485	169	1,255
Available-for-sale securities:						
Taxable	8,114	7,378	7,509	7,350	7,105	30,351

Tax-exempt Loans held for sale	2,417 1,064	2,514 1,229	2,562 1,242	2,581 1,012	2,771 1,210	10,074 4,547	11,625 4,616
Total interest revenue	132,276	130,934	126,855	122,926	123,444	512,991	483,179
INTEREST EXPENSE:							
Interest bearing demand	3,645	3,482	3,204	2,786	2,514	13,117	9,246
Savings	517	494	483	472	470	1,966	1,826
Other time	3,853	3,819	3,725	3,582	3,711	14,979	14,162
Federal funds purchased and securities sold							
under agreement to repurchase	930	754	509	322	190	2,515	662
Short-term and long-term debt	1,943	1,824	1,456	1,142	985	6,365	3,082
Junior subordinated debt	-	-	-	9	187	9	747
Other	2	-	-	2	-	4	2
Total interest expense	10,890	10,373	9,377	8,315	8,057	38,955	29,727
Net interest revenue	121,386	120,561	117,478	114,611	115,387	474,036	453,452
Provision for credit losses	500	500	1,000	1,000	1,000	3,000	4,000
Net interest revenue, after provision for							
credit losses	120,886	120,061	116,478	113,611	114,387	471,036	449,452
NONINTEREST REVENUE:							
Mortgage banking	7,246	6,909	6,134	8,990	16,803	29,279	37,606
Credit card, debit card and merchant fees	9,530	9,346	9,565	8,903	9,262	37,344	37,010
Deposit service charges	10,257	10,388	9,706	9,689	9,956	40,040	43,301
Security gains, net	523	5	23	1,071	39	1,622	128
Insurance commissions	25,758	28,616	31,126	32,940	25,709	118,440	115,955
Wealth management	5,619	5,386	5,275	5,174	5,401	21,454	21,169
Other	4,141	5,310	6,301	4,102	4,805	19,854	19,732
Total noninterest revenue	63,074	65,960	68,130	70,869	71,975	268,033	274,901
NONINTEREST EXPENSE:							
Salaries and employee benefits	78,142	81,415	81,597	81,386	80,850	322,540	324,088
Occupancy, net of rental income	10,064	10,343	10,455	10,302	10,294	41,164	41,088
Equipment	3,710	3,352	3,438	3,568	3,563	14,068	14,046
Deposit insurance assessments	2,659	2,499	2,261	2,484	1,818	9,903	9,915
Regulatory settlement	-	-	-	-	-	-	10,277
Other	31,306	29,294	29,802	29,369	33,994	119,771	128,495
Total noninterest expense	125,881	126,903	127,553	127,109	130,519	507,446	527,909
Income before income taxes	58,079	59,118	57,055	57,371	55,843	231,623	196,444
Income tax expense	20,556	19,590	19,166	19,278	18,173	78,590	63,716
Net income	\$ 37,523	\$ 39,528	\$ 37,889	\$ 38,093	\$ 37,670	\$ 153,033	\$ 132,728
Net income per share: Basic	\$ 0.42	\$ 0.43	\$ 0.41	\$ 0.41	\$ 0.40	\$ 1.67	\$ 1.41
Diluted	\$ 0.41	\$ 0.43	\$ 0.41	\$ 0.41	\$ 0.40	\$ 1.67	\$ 1.41

BancorpSouth Bank
Selected Loan Data
(Dollars in thousands)
(Unaudited)

	Quarter Ended				
	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
LOAN AND LEASE PORTFOLIO:					
				\$	
Commercial and industrial	\$ 1,480,279	\$ 1,506,352	\$ 1,566,459	1,536,527	\$ 1,612,295

Real estate					
Consumer mortgages	2,864,623	2,826,333	2,776,213	2,675,672	2,643,966
Home equity	638,394	626,961	624,868	626,488	628,846
Agricultural	243,449	247,211	245,646	240,534	245,377
Commercial and industrial-owner occupied	1,846,085	1,835,430	1,795,321	1,801,613	1,764,265
Construction, acquisition and development	1,153,187	1,175,979	1,156,901	1,136,827	1,157,248
Commercial real estate	2,345,231	2,336,219	2,341,633	2,271,542	2,237,719
Credit cards	107,848	104,613	104,169	103,813	109,656
All other	377,338	396,411	407,330	408,678	412,619
				\$	
Total loans	\$ 11,056,434	\$ 11,055,509	\$ 11,018,540	10,801,694	\$ 10,811,991
ALLOWANCE FOR CREDIT LOSSES:					
Balance, beginning of period	\$ 119,496	\$ 121,561	\$ 125,196	\$ 123,736	\$ 125,887
Loans and leases charged-off:					
Commercial and industrial	(1,234)	(1,963)	(3,773)	(384)	(2,483)
Real estate					
Consumer mortgages	(773)	(1,193)	(522)	(596)	(905)
Home equity	(95)	(439)	(125)	(459)	(873)
Agricultural	(5)	(54)	(6)	(44)	-
Commercial and industrial-owner occupied	(720)	(20)	(1,460)	(404)	(20)
Construction, acquisition and development	(206)	(29)	(54)	(30)	(10)
Commercial real estate	(159)	(49)	(1)	(19)	-
Credit cards	(849)	(745)	(781)	(838)	(815)
All other	(627)	(711)	(591)	(559)	(580)
Total loans charged-off	(4,668)	(5,203)	(7,313)	(3,333)	(5,686)
Recoveries:					
Commercial and industrial	599	481	1,034	490	1,019
Real estate					
Consumer mortgages	755	642	339	625	413
Home equity	69	378	110	356	71
Agricultural	7	77	34	41	15
Commercial and industrial-owner occupied	391	285	481	193	201
Construction, acquisition and development	483	260	208	1,324	195
Commercial real estate	98	151	75	69	176
Credit cards	218	177	205	249	208
All other	252	187	192	446	237
Total recoveries	2,872	2,638	2,678	3,793	2,535
Net (charge-offs) recoveries	(1,796)	(2,565)	(4,635)	460	(3,151)
Provision charged to operating expense	500	500	1,000	1,000	1,000
Balance, end of period	\$ 118,200	\$ 119,496	\$ 121,561	\$ 125,196	\$ 123,736
Average loans for period	\$ 11,010,187	\$ 11,013,270	\$ 10,883,102	\$ 10,820,486	\$ 10,737,802
Ratio:					
Net charge-offs (recoveries) to average loans (annualized)	0.06%	0.09%	0.17%	(0.02%)	0.12%

BancorpSouth Bank
Selected Loan Data
(Dollars in thousands)
(Unaudited)

Quarter Ended

	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
NON-PERFORMING ASSETS					
NON-PERFORMING LOANS AND LEASES:					
Nonaccrual Loans and Leases					
Commercial and industrial	\$ 10,178	\$ 8,776	\$ 9,988	\$ 13,959	\$ 13,679
Real estate					
Consumer mortgages	22,988	23,635	24,690	21,543	21,084
Home equity	2,956	2,555	3,183	3,157	3,817
Agricultural	6,160	5,919	6,172	5,180	1,546
Commercial and industrial-owner occupied	12,585	7,558	10,215	15,135	10,791
Construction, acquisition and development	2,197	1,771	2,223	1,466	7,022
Commercial real estate	4,318	4,645	6,418	13,638	13,402
Credit cards	74	126	122	87	161
All other	435	811	574	274	310
Total nonaccrual loans and leases	\$ 61,891	\$ 55,796	\$ 63,585	\$ 74,439	\$ 71,812
Loans and Leases 90+ Days Past Due, Still Accruing:	8,503	1,855	1,793	3,063	3,983
Restructured Loans and Leases, Still Accruing	8,060	7,366	6,303	4,060	26,047
Total non-performing loans and leases	78,454	65,017	71,681	81,562	101,842
OTHER REAL ESTATE OWNED:	6,038	5,956	7,704	8,458	7,810
Total Non-performing Assets	\$ 84,492	\$ 70,973	\$ 79,385	\$ 90,020	\$ 109,652
Additions to Nonaccrual Loans and Leases During the Quarter	\$ 20,799	\$ 16,975	\$ 17,020	\$ 23,348	\$ 16,007
Loans and Leases 30-89 Days Past Due, Still Accruing:					
Commercial and industrial	\$ 1,990	\$ 3,791	\$ 3,304	\$ 4,083	\$ 3,449
Real estate					
Consumer mortgages	15,080	18,603	12,395	10,149	14,490
Home equity	1,858	2,042	2,590	1,720	3,072
Agricultural	191	476	197	364	1,283
Commercial and industrial-owner occupied	1,655	4,453	2,228	1,949	2,120
Construction, acquisition and development	1,386	4,464	2,639	3,306	1,344
Commercial real estate	1,200	1,206	1,183	2,631	653
Credit cards	851	720	705	800	726
All other	951	699	1,203	776	673
Total Loans and Leases 30-89 days past due, still accruing	\$ 25,162	\$ 36,454	\$ 26,444	\$ 25,778	\$ 27,810
Credit Quality Ratios:					
Provision for credit losses to average loans and leases (annualized)	0.02%	0.02%	0.04%	0.04%	0.04%
Allowance for credit losses to net loans and leases	1.07%	1.08%	1.10%	1.16%	1.14%
Allowance for credit losses to non-performing loans and leases	150.66%	183.79%	169.59%	153.50%	121.50%
Allowance for credit losses to non-performing assets	139.89%	168.37%	153.13%	139.08%	112.84%
Non-performing loans and leases to net loans and leases	0.71%	0.59%	0.65%	0.76%	0.94%
Non-performing assets to net loans and leases	0.76%	0.64%	0.72%	0.83%	1.01%

BancorpSouth Bank
Selected Loan Data
(Dollars in thousands)
(Unaudited)

December 31, 2017

Special

LOAN PORTFOLIO BY INTERNALLY ASSIGNED GRADE:	Pass	Mention	Substandard	Doubtful	Loss	Impaired	Total
Commercial and industrial	\$ 1,434,663	\$ -	\$ 38,210	\$ 501	\$ -	\$ 6,905	\$
Real estate							
Consumer mortgages	2,802,397	-	60,606	203	-	1,417	2,
Home equity	629,010	-	8,683	-	-	701	63
Agricultural	228,618	-	9,622	-	-	5,209	24
Commercial and industrial-owner occupied	1,775,772	-	61,435	-	269	8,609	1,
Construction, acquisition and development	1,134,637	3,718	14,208	-	-	624	1,
Commercial real estate	2,303,569	1,220	38,096	-	-	2,346	2,
Credit cards	107,848	-	-	-	-	-	10
All other	362,599	-	14,739	-	-	-	35
Total loans	<u>\$ 10,779,113</u>	<u>\$ 4,938</u>	<u>\$ 245,599</u>	<u>\$ 704</u>	<u>\$ 269</u>	<u>\$ 25,811</u>	<u>\$</u>

September 30, 2017

LOAN PORTFOLIO BY INTERNALLY ASSIGNED GRADE:	Special						
	Pass	Mention	Substandard	Doubtful	Loss	Impaired	Total
Commercial and industrial	\$ 1,449,512	\$ 762	\$ 50,633	\$ 290	\$ 146	\$ 5,009	\$
Real estate							
Consumer mortgages	2,768,161	-	55,836	272	-	2,064	2,
Home equity	617,463	-	8,731	-	-	767	62
Agricultural	234,563	-	7,372	-	-	5,276	24
Commercial and industrial-owner occupied	1,766,055	2,920	62,232	-	-	4,223	1,
Construction, acquisition and development	1,159,359	3,718	12,902	-	-	-	1,
Commercial real estate	2,293,845	-	39,805	177	-	2,392	2,
Credit cards	104,613	-	-	-	-	-	10
All other	392,100	-	4,211	100	-	-	35
Total loans	<u>\$ 10,785,671</u>	<u>\$ 7,400</u>	<u>\$ 241,722</u>	<u>\$ 839</u>	<u>\$ 146</u>	<u>\$ 19,731</u>	<u>\$</u>

BancorpSouth Bank
Geographical Information
(Dollars in thousands)
(Unaudited)

December 31, 2017

LOAN AND LEASE PORTFOLIO:	Alabama and Florida						
	Panhandle	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas
Commercial and industrial	\$ 123,841	\$ 175,017	\$ 189,170	\$ 570,462	\$ 72,130	\$ 104,989	\$ 196,142
Real estate							
Consumer mortgages	390,516	331,014	240,590	882,222	97,509	323,233	549,438
Home equity	100,304	46,898	72,089	234,481	21,062	141,025	20,555
Agricultural	7,344	85,496	23,675	66,029	6,347	12,139	42,100
Commercial and industrial-owner occupied	211,087	199,811	223,567	719,218	49,010	151,199	292,193
Construction, acquisition and development	102,390	76,405	57,157	339,864	17,816	172,612	386,943
Commercial real estate	319,504	343,929	231,365	553,021	212,227	214,050	471,135
Credit cards	-	-	-	-	-	-	-
All other	50,065	39,942	22,385	195,594	2,914	21,833	38,073
Total loans	<u>\$ 1,305,051</u>	<u>\$ 1,298,512</u>	<u>\$ 1,059,998</u>	<u>\$ 3,560,891</u>	<u>\$ 479,015</u>	<u>\$ 1,141,080</u>	<u>\$ 1,996,579</u>

NON-PERFORMING LOANS
AND LEASES:

Commercial and industrial	\$ 585	\$ 1,330	590	\$ 3,759	\$ 3,350	\$ 120	\$ 1,034
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Real estate								
Consumer mortgages	2,734	4,694	1,040	12,316	653	2,902	6,704	
Home equity	402	700	1,061	672	119	92	-	
Agricultural	50	495	206	5,397	-	-	26	
Commercial and industrial-								
owner occupied	49	2,330	586	4,605	4,126	1,087	3,139	
Construction, acquisition								
and development	41	878	471	264	-	-	722	
Commercial real estate	778	1,070	855	3,130	-	-	-	
Credit cards	-	-	-	-	-	-	-	
All other	13	-	8	556	-	317	5	
Total loans	<u>\$ 4,652</u>	<u>\$ 11,497</u>	<u>\$ 4,817</u>	<u>\$ 30,699</u>	<u>\$ 8,248</u>	<u>\$ 4,518</u>	<u>\$ 11,630</u>	-

NON-PERFORMING LOANS
AND LEASES

AS A PERCENTAGE OF
OUTSTANDING:

Commercial and industrial	0.47%	0.76%	0.31%	0.66%	4.64%	0.11%	0.53%
Real estate							
Consumer mortgages	0.70%	1.42%	0.43%	1.40%	0.67%	0.90%	1.22%
Home equity	0.40%	1.49%	1.47%	0.29%	0.56%	0.07%	0.00%
Agricultural	0.68%	0.58%	0.87%	8.17%	0.00%	0.00%	0.06%
Commercial and industrial-							
owner occupied	0.02%	1.17%	0.26%	0.64%	8.42%	0.72%	1.07%
Construction, acquisition							
and development	0.04%	1.15%	0.82%	0.08%	0.00%	0.00%	0.19%
Commercial real estate	0.24%	0.31%	0.37%	0.57%	0.00%	0.00%	0.00%
Credit cards	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All other	0.03%	0.00%	0.04%	0.28%	0.00%	1.45%	0.01%
Total loans	<u>0.36%</u>	<u>0.89%</u>	<u>0.45%</u>	<u>0.86%</u>	<u>1.72%</u>	<u>0.40%</u>	<u>0.58%</u>

BancorpSouth Bank
Noninterest Revenue and Expense
(Dollars in thousands)
(Unaudited)

	Quarter Ended				Year Ended		
	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Dec-16	
NONINTEREST REVENUE:							
Mortgage banking excl. MSR and MSR Hedge market value adj	\$ 4,868	\$ 6,955	\$ 7,643	\$ 8,056	\$ 5,561	\$ 27,522	\$ 36,597
MSR and MSR Hedge market value adjustment	2,378	(46)	(1,509)	934	11,242	1,757	1,009
Credit card, debit card and merchant fees	9,530	9,346	9,565	8,903	9,262	37,344	37,010
Deposit service charges	10,257	10,388	9,706	9,689	9,956	40,040	43,301
Securities gains, net	523	5	23	1,071	39	1,622	128
Insurance commissions	25,758	28,616	31,126	32,940	25,709	118,440	115,955
Trust income	3,985	3,803	3,679	3,561	3,874	15,028	14,438
Annuity fees	216	246	264	349	257	1,075	1,645
Brokerage commissions and fees	1,418	1,337	1,332	1,264	1,270	5,351	5,086
Bank-owned life insurance	1,732	2,700	1,710	1,669	2,104	7,811	7,585
Other miscellaneous income	2,409	2,610	4,591	2,433	2,701	12,043	12,147
Total noninterest revenue	<u>\$ 63,074</u>	<u>\$ 65,960</u>	<u>\$ 68,130</u>	<u>\$ 70,869</u>	<u>\$ 71,975</u>	<u>\$ 268,033</u>	<u>\$ 274,901</u>

NONINTEREST EXPENSE:

Salaries and employee

benefits	\$ 78,142	\$ 81,415	\$ 81,597	\$ 81,386	\$ 80,850	\$ 322,540	\$ 324,088
Occupancy, net of rental							
income	10,064	10,343	10,455	10,302	10,294	41,164	41,088
Equipment	3,710	3,352	3,438	3,568	3,563	14,068	14,046
Deposit insurance							
assessments	2,659	2,499	2,261	2,484	1,818	9,903	9,915
Regulatory settlement	-	-	-	-	-	-	10,277
Advertising	1,671	1,185	1,037	663	2,443	4,556	5,044
Foreclosed property expense	1,035	447	960	1,050	1,005	3,492	4,354
Telecommunications	1,219	1,192	1,233	1,147	1,245	4,791	5,087
Public relations	705	675	654	720	716	2,754	2,694
Data processing	6,855	6,942	7,230	6,623	6,903	27,650	26,835
Computer software	3,172	3,074	2,913	2,981	3,013	12,140	11,381
Amortization of intangibles	979	994	1,010	1,030	963	4,013	3,635
Legal	1,326	1,016	1,330	1,229	1,190	4,901	8,543
Merger expense	688	-	-	-	-	688	2
Postage and shipping	1,092	1,050	1,080	1,175	1,075	4,397	4,236
Other miscellaneous expense	12,564	12,719	12,355	12,751	15,441	50,389	56,684
		\$	\$		\$		
Total noninterest expense	\$ 125,881	126,903	127,553	\$ 127,109	130,519	\$ 507,446	\$ 527,909

INSURANCE COMMISSIONS:

Property and casualty

commissions	\$ 18,667	\$ 21,086	\$ 22,363	\$ 19,755	\$ 19,098	81,871	\$ 80,319
Life and health commissions	5,900	6,134	6,623	6,465	5,757	25,122	23,521
Risk management income	608	703	600	648	610	2,559	2,499
Other	583	693	1,540	6,072	244	8,888	9,616
Total insurance							
commissions	\$ 25,758	\$ 28,616	\$ 31,126	\$ 32,940	\$ 25,709	\$ 118,440	\$ 115,955

BancorpSouth Bank

Selected Additional Information

(Dollars in thousands)

(Unaudited)

	Quarter Ended				
	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
MORTGAGE SERVICING RIGHTS:					
Fair value, beginning of period	\$ 66,417	\$ 65,491	\$ 67,161	\$ 65,263	\$ 51,930
Additions to mortgage servicing rights:					
Originations of servicing assets	3,011	3,393	2,772	2,866	4,022
Changes in fair value:					
Due to payoffs/paydowns	(2,659)	(2,502)	(2,825)	(1,876)	(2,447)
Due to change in valuation inputs or assumptions used in the valuation model	2,422	36	(1,616)	909	11,759
Other changes in fair value	(1)	(1)	(1)	(1)	(1)
Fair value, end of period	\$ 69,190	\$ 66,417	\$ 65,491	\$ 67,161	\$ 65,263
MORTGAGE BANKING REVENUE:					
Production revenue:					
Origination	\$ 2,824	\$ 4,809	\$ 5,771	\$ 5,117	\$ 3,335
Servicing	4,703	4,648	4,697	4,815	4,673
Payoffs/Paydowns	(2,659)	(2,502)	(2,825)	(1,876)	(2,447)
Total production revenue	4,868	6,955	7,643	8,056	5,561
Market value adjustment on MSR	2,422	36	(1,616)	909	11,759

Market value adjustment on MSR Hedge	(44)	(82)	107	25	(517)
Total mortgage lending revenue	\$ 7,246	\$ 6,909	\$ 6,134	\$ 8,990	\$ 16,803
Mortgage loans serviced	\$ 6,533,642	\$ 6,506,550	\$ 6,431,273	\$ 6,429,617	\$ 6,384,649
MSR/mtg loans serviced	1.06%	1.02%	1.02%	1.04%	1.01%
AVAILABLE-FOR-SALE SECURITIES, at fair value					
U.S. Government agencies	\$ 2,214,995	\$ 1,687,186	\$ 1,713,374	\$ 1,818,180	\$ 1,789,427
Government agency issued residential mortgage-back securities	148,548	157,891	159,246	167,542	176,243
Government agency issued commercial mortgage-back securities	122,068	153,509	170,642	170,082	172,279
Obligations of states and political subdivisions	312,931	328,314	345,130	352,324	360,005
Other	36,825	33,067	32,903	32,759	33,722
Total available-for-sale securities	\$ 2,835,367	\$ 2,359,967	\$ 2,421,295	\$ 2,540,887	\$ 2,531,676

BancorpSouth Bank

Reconciliation of Non-GAAP Measures and Other Non-GAAP Ratio Definitions

(Dollars in thousands, except per share amounts)

(Unaudited)

Management evaluates the Company's capital position and operating performance by utilizing certain financial measures not calculated in accordance with U.S. General Accounting Principles (GAAP), including net operating income, net operating income-excluding MSR, total operating expense, tangible shareholders' equity to tangible assets on tangible equity, operating return on tangible equity-excluding MSR, operating return on average assets-excluding MSR, operating return on average shareholders' equity excluding MSR, tangible book value per share, operating earnings per share, operating earnings per share-excluding MSR, efficiency ratio (tax equivalent) and operating ratio-excluding MSR (tax equivalent). The Company has included these non-GAAP financial measures in this news release for the applicable periods presented. Management believes that the presentation of these non-GAAP financial measures (i) provides important supplemental information that contributes to a proper understanding of the Company's position and operating performance, (ii) enables a more complete understanding of factors and trends affecting the Company's business and (iii) allows investors to evaluate the Company's performance in a manner similar to management, the financial services industry, bank stock analysts and bank regulators. Reconciliations of these non-GAAP measures to the most directly comparable GAAP financial measures are presented in the tables below. These non-GAAP financial measures should not be considered as substitutes for GAAP financial measures, and the Company strongly encourages investors to review the GAAP financial measures included in this news release and not to place undue reliance upon any single financial measure. In addition, because non-GAAP financial measures are not standardized, it may not be possible to compare the non-GAAP financial measures presented in this news release with other companies' non-GAAP financial measures having the same or similar names.

Reconciliation of Net Operating Income and Net Operating Income-Excluding MSR to Net Income:

	Quarter ended				Year Ended		
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	12/31/2017	
Net income	\$ 37,523	\$ 39,528	\$ 37,889	\$ 38,093	\$ 37,670	\$ 153,033	\$
Plus: Merger expense, net of tax	427	-	-	-	-	427	2
Regulatory related charges, net of tax	-	-	-	-	-	-	9
Changes due to tax reform	623	-	-	-	-	623	-
Less: Security gains, net of tax	325	3	14	664	25	1,006	8
Net operating income	\$ 38,248	\$ 39,525	\$ 37,875	\$ 37,429	\$ 37,645	\$ 153,077	\$
MSR market value							
Less: adjustment, net of tax	1,476	(28)	(936)	579	6,970	1,091	6
Net operating income-excluding MSR	\$ 36,772	\$ 39,553	\$ 38,811	\$ 36,850	\$ 30,675	\$ 151,986	\$

Reconciliation of Total Operating Expense to Total Noninterest Expense:

Total noninterest expense	\$ 125,881	\$ 126,903	\$ 127,553	\$ 127,109	\$ 130,519	\$ 507,446	\$
Less: Merger expense	688	-	-	-	-	688	2
Regulatory related charges	-	-	-	-	-	-	1

Total operating expense	\$ 125,193	\$ 126,903	\$ 127,553	\$ 127,109	\$ 130,519	\$ 506,758	\$
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BancorpSouth Bank

Reconciliation of Non-GAAP Measures and Other Non-GAAP Ratio Definitions

(Dollars in thousands, except per share amounts)

(Unaudited)

Reconciliation of
Tangible Assets and
Tangible
Shareholders' Equity
to
Total Assets and
Total Shareholders'
Equity:

	Quarter ended					Year Ended	
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	12/31/2017	12/31/2016
Tangible assets							
Total assets	\$ 15,298,518	\$ 14,760,394	\$ 14,843,130	\$ 14,866,054	\$ 14,724,388	\$ 15,298,518	\$ 14,724,388
Less: Goodwill	300,798	300,798	300,798	300,798	300,798	300,798	300,798
Other identifiable intangible assets	17,882	18,860	19,854	20,865	21,894	17,882	21,894
Total tangible assets	\$ 14,979,838	\$ 14,440,736	\$ 14,522,478	\$ 14,544,391	\$ 14,401,696	\$ 14,979,838	\$ 14,401,696
Tangible shareholders' equity							
Total shareholders' equity	\$ 1,713,485	\$ 1,700,502	\$ 1,691,832	\$ 1,702,389	\$ 1,723,883	\$ 1,713,485	\$ 1,723,883
Less: Goodwill	300,798	300,798	300,798	300,798	300,798	300,798	300,798
Other identifiable intangible assets	17,882	18,860	19,854	20,865	21,894	17,882	21,894
Total tangible shareholders' equity	\$ 1,394,805	\$ 1,380,844	\$ 1,371,180	\$ 1,380,726	\$ 1,401,191	\$ 1,394,805	\$ 1,401,191
Total average assets	\$ 14,809,497	\$ 14,710,245	\$ 14,741,811	\$ 14,832,260	\$ 14,655,360	\$ 14,773,217	\$ 14,226,953
Total shares of common stock outstanding	90,312,378	90,329,896	91,022,729	92,344,409	93,696,687	90,312,378	93,696,687
Average shares outstanding-diluted	90,546,824	91,099,770	91,530,552	93,829,400	93,966,392	91,754,749	94,454,640
Tangible shareholders' equity to tangible assets (1)	9.31%	9.56%	9.44%	9.49%	9.73%	9.31%	9.73%
Return on tangible equity (2)	10.67%	11.36%	11.08%	11.19%	10.70%	10.97%	9.47%
Operating return on tangible equity-excluding MSR (3)	10.46%	11.36%	11.35%	10.82%	8.71%	10.90%	10.09%
Operating return							

on average assets- excluding MSR (4)	0.99%	1.07%	1.06%	1.01%	0.83%	1.03%	0.99%
Operating return on average shareholders' equity- excluding MSR (5)	8.58%	9.25%	9.27%	8.63%	7.08%	8.93%	8.31%
Tangible book value per share (6)	\$ 15.44	\$ 15.29	\$ 15.06	\$ 14.95	\$ 14.95	\$ 15.44	\$ 14.95
Operating earnings per share (7)	\$ 0.42	\$ 0.43	\$ 0.41	\$ 0.40	\$ 0.40	\$ 1.67	\$ 1.51
Operating earnings per share-excluding MSR (8)	\$ 0.41	\$ 0.43	\$ 0.42	\$ 0.39	\$ 0.33	\$ 1.66	\$ 1.50

(1) Tangible shareholders' equity to tangible assets is defined by the Company as total shareholders' equity less goodwill and other identifiable intangible assets, divided by the difference of total assets less goodwill and other identifiable intangible assets.

(2) Return on tangible equity is defined by the Company as annualized net income divided by tangible shareholders' equity.

(3) Operating return on tangible equity-excluding MSR is defined by the Company as annualized net operating income-excluding MSR divided by tangible shareholders' equity.

(4) Operating return on average assets-excluding MSR is defined by the Company as annualized net operating income-excluding MSR divided by total average assets.

(5) Operating return on average shareholders' equity-excluding MSR is defined by the Company as annualized net operating income-excluding MSR divided by average shareholders' equity.

(6) Tangible book value per share is defined by the Company as tangible shareholders' equity divided by total shares of common stock outstanding.

(7) Operating earnings per share is defined by the Company as net operating income divided by average shares outstanding-diluted.

(8) Operating earnings per share-excluding MSR is defined by the Company as net operating income-excluding MSR divided by average shares outstanding-diluted.

Efficiency Ratio (tax equivalent) and Operating Efficiency Ratio-excluding MSR (tax equivalent) Definitions

The efficiency ratio (tax equivalent) and the operating efficiency ratio-excluding MSR (tax equivalent) are supplemental financial measures utilized in management's internal evaluation of the Company's use of resources and are not defined under GAAP. The efficiency ratio (tax equivalent) is calculated by dividing total noninterest expense by total revenue, which includes net interest income plus noninterest income plus the tax equivalent adjustment. The operating efficiency ratio-excluding MSR (tax equivalent) excludes expense items otherwise disclosed as non-operating from total noninterest expense. In addition, the MSR valuation adjustment as well as securities gains and losses are excluded from total revenue.

SOURCE BancorpSouth Bank

Additional assets available online: [Download PDF \(1\)](#)

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<http://bancorpsouth.investorroom.com/2018-01-24-BancorpSouth-2017-Annual-Earnings-Reach-New-Record-Declares-Quarterly-Dividend>