BANCORPSOUTH BANK

Financial Information

As of and for the Three Months
Ended June 30, 2019

BancorpSouth®

Forward Looking Statements

Certain statements contained in this presentation 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 (the “Exchange Act”). 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 benefits, costs, synergies and financial and operational impact of the Icon, Grand Bank, Merchants, Texas Star and Summit Mergers (referred to collectively as the “Mergers”) on BancorpSouth Bank (the “Company”), the acceptance by customers of Icon, Grand Bank, Merchants, Texas Star and Summit of the Company’s products and services after the closing of the Mergers, the opportunities to enhance market share in certain markets and market acceptance of the Company generally in new markets, 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 and financial performance, 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, dispositions and other strategic growth opportunities and initiatives 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 presentation, 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 to meet expectations regarding the benefits, costs, synergies, and financial and operational impact of the Mergers, the possibility that any of the anticipated benefits, costs, synergies and financial and operational improvements of the Mergers will not be realized or will not be realized as expected, the ability of the Company and Texas Star and Summit to complete the Texas Star Merger and Summit Merger, the ability of the Company and Texas Star and Summit to satisfy the conditions to the completion of the Texas Star Merger and Summit Merger, including the receipt of all regulatory approvals required for the Texas Star Merger and Summit Merger on the terms expected in the Texas Star Merger Agreement and the Summit Merger Agreement, the ability of the Company and Texas Star and Summit to meet expectations regarding the timing, completion and accounting and tax treatments of the Texas Star Merger and Summit Merger, the possibility that any of the anticipated benefits of the Texas Star Merger and Summit Merger will not be realized or will not be realized as expected, the failure of the Texas Star Merger or Summit Merger to close for any other reason, the effect of any announcements regarding the Texas Star Merger or Summit Merger on the Company’s operating results, the possibility that the Texas Star Merger and Summit Merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events, the lack of availability of the Company’s filings mandated by the Exchange Act from the Securities and Exchange Commission’s publicly available website after November 1, 2017, 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 and financial performance, 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, dispositions and other strategic growth opportunities and initiatives, 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 Federal Deposit Insurance Corporation. 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 presentation.

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Q2 Highlights

- Reported quarterly net income of $53.1 million, or $0.53 per diluted share.
- Completed the acquisitions of Casey Bancorp, Inc. and Merchants Trust, Inc. effective April 1, 2019, which collectively added total loans of $415.0 million and total deposits of $529.0 million; recorded merger-related expenses of $3.1 million for the second quarter.
- Earnings were impacted by a negative pre-tax mortgage servicing rights ("MSR") valuation adjustment of $8.8 million.
- Record net operating income – excluding MSR – of $62.0 million, or $0.61 per diluted share, which represents an increase of 8.9 percent on a per share basis, compared with both the second quarter of 2018 and the first quarter of 2019.
- Generated net organic loan growth for the quarter totaling approximately $170 million, or 5.2 percent on an annualized basis.
- Net interest margin – excluding accretable yield – increased to 3.79 percent, compared with 3.74 percent for the first quarter of 2019.
- Continued strong credit quality reflected by provision for credit losses of $0.5 million for the quarter; improvement in non-performing and classified asset levels.
- Repurchased 611,821 shares of outstanding common stock at a weighted average price of $28.21 per share.

As of and for the three months ended June 30, 2019
All non-GAAP measures are defined and/or reconciled in the quarterly news release which accompanies this presentation.

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Recent Quarterly Results

	Three Months Ended			% Change	
	6/30/19	3/31/19	6/30/18	vs 3/31/19	vs 6/30/18
Net interest revenue	$ 160.0	$ 152.6	$ 142.1	4.9 %	12.6 %
Provision for credit losses	0.5	0.5	2.5	NM	NM
Noninterest revenue	66.3	64.2	72.5	3.3	(8.5)
Noninterest expense	157.7	150.0	145.2	5.1	8.6
Income before income taxes	68.2	66.3	66.9	2.8	1.9
Income tax expense	15.1	14.7	12.9	2.8	17.6
Net income	**$ 53.1**	**$ 51.6**	**$ 54.0**	**2.8 %**	**(1.8) %**
Plus: Non-operating items, net of tax	2.3	0.6	1.4	NM	NM
Net operating income	**$ 55.4**	**$ 52.2**	**$ 55.5**	**6.0 %**	**(0.2) %**
Less: MSR market value adjustment, net of tax	(6.6)	(3.7)	(0.2)	NM	NM
Net operating income - excluding MSR	**$ 62.0**	**$ 55.9**	**$ 55.6**	**10.9 %**	**11.4 %**
Net income per share: diluted	**$ 0.53**	**$ 0.52**	**$ 0.55**	**1.9 %**	**(3.6) %**
Operating earnings per share - excluding MSR	**$ 0.61**	**$ 0.56**	**$ 0.56**	**8.9 %**	**8.9 %**

Dollars in millions, except per share data
All non-GAAP measures are defined and/or reconciled in the quarterly news release which accompanies this presentation.
NM – Not Meaningful
Figures may not foot due to rounding

Noninterest Revenue

	Three Months Ended			% Change	
	6/30/19	3/31/19	6/30/18	vs 3/31/19	vs 6/30/18
Mortgage production and servicing revenue	$ 9,167	$ 6,909	$ 7,105	32.7 %	29.0 %
Credit card, debit card and merchant fees	10,168	8,874	10,530	14.6	(3.4)
Deposit service charges	11,117	10,766	10,767	3.3	3.3
Insurance commissions	33,951	30,180	32,965	12.5	3.0
Wealth management	5,906	5,635	5,745	4.8	2.8
Other	4,839	6,725	5,545	(28.0)	(12.7)
Total noninterest revenue-excluding MSR	**75,148**	**69,089**	**72,657**	**8.8 %**	**3.4 %**
MSR valuation adjustment	(8,816)	(4,869)	(201)	NM	NM
Total noninterest revenue	**$ 66,332**	**$ 64,220**	**$ 72,456**	**3.3 %**	**(8.5) %**
% of total revenue	29.3%	29.6%	33.8%		

Dollars in thousands
NM – Not Meaningful

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Noninterest Expense

	Three Months Ended			% Change	
	6/30/19	3/31/19	6/30/18	vs 3/31/19	vs 6/30/18
Salaries and employee benefits	$ 100,981	$ 97,228	$ 91,451	3.9 %	10.4 %
Occupancy, net of rental income	11,988	11,551	11,103	3.8	8.0
Equipment	4,423	3,888	3,804	13.8	16.3
Deposit insurance assessments	2,165	2,740	3,129	(21.0)	(30.8)
Advertising and public relations	2,361	1,712	2,055	37.9	14.9
Foreclosed property expense	519	624	997	(16.8)	(47.9)
Data processing, telecom and computer software	13,222	13,481	12,921	(1.9)	2.3
Amortization of intangibles	2,508	1,985	1,559	26.3	60.9
Legal	1,310	605	1,568	116.5	(16.5)
Merger expense	3,136	891	1,911	NM	NM
Postage and shipping	1,217	1,412	1,151	(13.8)	5.7
Other miscellaneous expense	13,844	13,851	13,533	(0.1)	2.3
Total noninterest expense	**157,674**	**149,968**	**145,182**	**5.1 %**	**8.6 %**
Non-operating items:					
Merger expense	3,136	891	1,911	NM	NM
Total noninterest expense - operating	**$ 154,538**	**$ 149,077**	**$ 143,271**	**3.7 %**	**7.9 %**

Dollars in thousands
NM – Not Meaningful

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Deposits and Customer Repos

- Total deposits and customer repos have increased $402 million, or 10.6 percent annualized compared to March 31, 2019. Acquired deposits totaled $529 million during the quarter, while deposits and customer repos declined $127 million on an organic basis due to seasonal factors.

- Total deposits and customer repos have increased $1.7 billion, or 12.2 percent, since June 30, 2018. Of this increase, $1.2 billion represents acquired balances while organic funding growth totaled $488 million, or 3.5 percent.

	As of 6/30/19		As of 3/31/19		As of 6/30/18	
	Balance	**% of Total**	**Balance**	**% of Total**	**Balance**	**% of Total**
Noninterest bearing demand	$ 4,329	27.8%	$ 4,202	27.7%	$ 4,135	29.8%
Interest bearing demand	6,511	41.8%	6,354	41.9%	5,510	39.7%
Savings	1,861	11.9%	1,855	12.2%	1,810	13.0%
Other time	2,435	15.6%	2,282	15.0%	2,021	14.6%
Customer Repos	440	2.8%	482	3.2%	408	2.9%
Total Deposits and Customer Repos	**$15,576**	**100.0%**	**$15,174**	**100.0%**	**$13,884**	**100.0%**

Dollars in millions

Loan Portfolio

- Total loans have increased $588 million, or 18.0 percent annualized compared to March 31, 2019. Acquired loans totaled $415 million during the quarter, while organic loan growth totaled $173 million, or 5.2 percent annualized.

- Total loans have increased $1.2 billion, or 10.0 percent, since June 30, 2018. Of this increase, $1.1 billion represents acquired loans while organic loan totaled $176 million, or 1.4 percent.

	As of 6/30/19		As of 3/31/19		As of 6/30/18	
	Balance	% of Total	Balance	% of Total	Balance	% of Total
Commercial and industrial	$ 1,832	13.4%	$ 1,729	13.2%	$ 1,668	13.4%
Real estate:						
Consumer mortgages	3,423	25.1%	3,243	24.8%	3,143	25.3%
Home equity	670	4.9%	663	5.1%	653	5.3%
Agricultural	333	2.4%	310	2.4%	316	2.5%
Commercial and industrial-owner occupied	2,157	15.8%	2,129	16.3%	2,147	17.3%
Construction, acquisition and development	1,441	10.6%	1,323	10.1%	1,346	10.8%
Commercial	3,287	24.1%	3,169	24.2%	2,637	21.2%
Credit Cards	101	0.7%	99	0.8%	103	0.8%
Other	414	3.0%	407	3.1%	405	3.3%
Total	**$13,659**	**100.0%**	**$13,071**	**100.0%**	**$12,418**	**100.0%**

Dollars in millions
Net loans and leases

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Credit Quality Highlights

- Recorded provision for credit losses of $0.5 million for the quarter.
- Reported net charge-offs of $1.3 million for the quarter, which represents 0.04 percent of average loans on an annualized basis.
- Continued low levels of non-performing loans ("NPLs") and non-performing assets ("NPAs").
  - NPLs of 0.66 percent of net loans and leases compared with 0.67 percent one quarter ago.
  - NPAs of 0.70 percent of net loans and leases compared with 0.74 percent one quarter ago.
- Other real estate owned of $6.2 million.

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Mortgage and Insurance Revenue

Mortgage Lending Revenue

	Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Origination revenue	$ 7,016	$ 4,068	$ 2,207	$ 3,161	$ 5,295
Servicing revenue	4,890	4,893	5,047	4,868	4,726
MSR payoffs/paydowns	(2,739)	(2,052)	(2,465)	(2,984)	(2,916)
Mortgage production and servicing revenue	9,167	6,909	4,789	5,045	7,105
MSR valuation adjustment	(8,816)	(4,869)	(8,064)	1,472	(201)
Total mortgage banking revenue	$ 351	$ 2,040	$ (3,275)	$ 6,517	$ 6,904
Production volume	$ 495,535	$ 291,746	$ 304,969	$ 384,823	$ 523,701
Purchase money production	$ 397,900	$ 227,500	$ 239,000	$ 304,100	$ 420,100
Mortgage loans sold	$ 304,352	$ 239,239	$ 251,121	$ 308,619	$ 302,590
Margin on loans sold	2.31%	1.70%	0.88%	1.02%	1.75%
Current pipeline	$ 304,778	$ 234,748	$ 197,730	$ 218,712	$ 259,675
Mortgage originators	161	159	156	149	159

Insurance Commission Revenue

Property and casualty commissions	$ 23,429	$ 21,238	$ 19,242	$ 21,907	$ 23,041
Life and health commissions	7,355	5,982	5,892	6,162	6,753
Risk management income	622	587	558	635	605
Other	2,545	2,373	2,289	3,001	2,566
Total insurance commissions	$ 33,951	$ 30,180	$ 27,981	$ 31,705	$ 32,965

Dollars in thousands

Summary

Highlights

- Continued improvement in net interest margin
- Organic loan growth of approximately $170 million
- Repurchased 611,821 shares in the second quarter
- Completed the acquisitions of Casey Bancorp, Inc. and Merchants Trust, Inc. effective April 1, 2019

Current Focus

- Continue to grow both organically and through strategic opportunities
  - Loans, deposits, and fee revenue sources
- Challenge expenses and continue to improve efficiency
- Enhance customer experience, including improved technology offerings
- Continue investing in producing relationship managers and supporting communities we serve

Q & A

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