BancorpSouth Bank

Financial Information

As of and for the Three Months
Ended June 30, 2020

Presented July 21, 2020

BancorpSouth

Forward Looking Statements

Certain statements made in this presentation are not statements of historical fact and constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created under the Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “aspire,” “roadmap,” “achieve,” “estimate,” “intend,” “plan,” “project,” “projection,” “forecast,” “goal,” “target,” “would,” and “outlook,” or the negative version of those words or other comparable words of a future or forward-looking nature. These forward-looking statements include, without limitation, those relating to the impact of the COVID-19 pandemic on BancorpSouth Bank’s (the “Company”) assets, business, cash flows, financial condition, liquidity, prospects and results of operations, 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 ability to pay dividends or coupons on 5.5% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, or the 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029 (the “Notes”) or its ability to ultimately repay the Notes or otherwise comply with the terms of such instruments, amortization expense for intangible assets, goodwill impairments, loan impairments, utilization of appraisals and inspections for real estate loans, maturity, renewal or extension of construction, acquisition and development loans, net interest revenue and net interest margin, 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, the ability of the Company to access successfully the capital and credit markets when needed or as desired, sources of funding, 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, and the impact of certain claims and ongoing, pending or threatened litigation, administrative and investigatory matters.

These forward-looking statements are not historical facts, and are based upon current expectations, estimates and projections about the Company’s industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain, involve risk and are beyond the Company’s control. The inclusion of these forward-looking statements should not be regarded as a representation by the Company or any other person that such expectations, estimates and projections will be achieved. Accordingly, the Company cautions that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict and that are beyond the Company’s control. These risks, assumptions and uncertainties may include, but are not limited to, the impact of the COVID-19 pandemic on the Company’s assets, business, cash flows, financial condition, liquidity, prospects and results of operations, increases in the provision and allowance for credit losses and interest rate pressure on net interest revenue and net interest margin, 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 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 Wall Street Reform, Consumer Protection Act, and the Coronavirus Aid, Relief and Economic Security Act established in response to the COVID-19 pandemic and any similar or related rules and regulations, 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 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 capital 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 (the “FDIC”).

The foregoing factors should not be construed as exhaustive and should be read in conjunction with those factors that are set forth from time to time in our periodic and current reports filed with the FDIC, including those factors included in our Annual Report on Form 10-K for the year ended December 31, 2019 under the heading “Item 1A. Risk Factors,” in our Quarterly Reports on Form 10-Q and in our Current Reports on Form 8-K.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable as of the date of this presentation, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. If one or more events related to these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, actual results may differ materially from the Company’s forward-looking statements. Accordingly, undue reliance should not be placed on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this presentation, and the Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence or how they will affect the Company.

Q2 Financial Highlights

BancorpSouth

Earnings Highlights	• Pre-tax pre-provision net revenue of $102.1 million – 1.81% of average assets annualized • Net income available to common shareholders of $58.8 million, or $0.57 per diluted common share • Net operating income available to common shareholders – excluding MSR – of $60.9 million, or $0.59 per diluted common share
Loan and Deposit Growth	• Originated approximately 14,500 Paycheck Protection Program (the "PPP") loans totaling $1.2 billion • Generated $2.3 billion in total deposit growth, which includes customer liquidity generated from the PPP and other government stimulus programs
Credit	• Provision for credit losses of $20.0 million for the quarter • Net charge-offs of $1.2 million consisted primarily of acquired loans • Allowance for credit losses coverage increased to 1.67% of net loans and leases, excluding the impact of PPP loans
Mortgage	• Production volume of $989.0 million • Production and servicing revenue of $31.9 million • Negative pre-tax mortgage servicing rights ("MSR") valuation adjustment of $2.4 million
Capital	• No share repurchases during the quarter • Maintained strong regulatory capital metrics – total risk-based capital of 13.79%

As of and for the three months ended June 30, 2020.
All non-GAAP measures are discussed and reconciled in the earnings news release which accompanies this presentation.

Recent Quarterly Results

	Three Months Ended			% Change	
	6/30/20	3/31/20	6/30/19	vs 3/31/20	vs 6/30/19
Net interest revenue	$ 170.6	$ 167.5	$ 160.0	1.8 %	6.6 %
Provision for credit losses	20.0	46.0	0.5	NM	NM
Noninterest revenue	91.3	76.5	66.3	19.3	37.6
Noninterest expense	162.5	168.0	157.7	(3.3)	3.1
Income before income taxes	79.3	30.0	68.2	164.2	16.4
Income tax expense	18.2	5.8	15.1	215.4	20.1
Net income	$ 61.2	$ 24.3	$ 53.1	152.1 %	15.3 %
Less: Preferred dividends	2.4	2.4	-	-	-
Net income available to common shareholders	$ 58.8	$ 21.9	$ 53.1	168.6 %	10.8 %
Plus: Non-operating items, net of tax	0.3	4.2	2.3	NM	NM
Less: MSR market value adjustment, net of tax	(1.8)	(8.3)	(6.6)	NM	NM
Net operating income available to common shareholders - excluding MSR	$ 60.9	$ 34.4	$ 62.0	77.1 %	(1.7) %
Net income per common share: diluted	$ 0.57	$ 0.21	$ 0.53	171.4 %	7.5 %
Operating earnings per common share - excluding MSR	$ 0.59	$ 0.33	$ 0.61	78.8 %	(3.3) %
Pre-tax pre-provision net revenue	**$ 102.1**	**$ 91.7**	**$ 80.6**	**11.4 %**	**26.7 %**
Pre-tax pre-provision net revenue to total average assets	**1.81%**	**1.74%**	**1.73%**	**4.0 %**	**4.6 %**

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

Noninterest Revenue

BancorpSouth

	Three Months Ended			% Change	
	6/30/20	3/31/20	6/30/19	vs 3/31/20	vs 6/30/19
Mortgage production and servicing revenue	$ 31,930	$ 20,553	$ 9,167	55.4 %	248.3 %
Credit card, debit card and merchant fees	9,080	9,176	10,168	(1.0)	(10.7)
Deposit service charges	7,647	11,682	11,117	(34.5)	(31.2)
Insurance commissions	33,118	29,603	33,951	11.9	(2.5)
Wealth management	6,421	6,570	5,906	(2.3)	8.7
Other	5,435	9,995	4,839	(45.6)	12.3
Total noninterest revenue-excluding MSR	**93,631**	**87,579**	**75,148**	**6.9 %**	**24.6 %**
MSR valuation adjustment	(2,373)	(11,083)	(8,816)	NM	NM
Total noninterest revenue	**$ 91,258**	**$ 76,496**	**$ 66,332**	**19.3 %**	**37.6 %**
% of total revenue	34.9%	31.3%	29.3%		

Dollars in thousands.
NM – Not Meaningful.

Noninterest Expense

BancorpSouth

	Three Months Ended			% Change	
	6/30/20	3/31/20	6/30/19	vs 3/31/20	vs 6/30/19
Salaries and employee benefits	$ 108,103	$ 108,272	$ 100,981	(0.2) %	7.1 %
Occupancy, net of rental income	12,890	12,708	11,988	1.4	7.5
Equipment	4,762	4,649	4,423	2.4	7.7
Deposit insurance assessments	1,962	1,546	2,165	26.9	(9.4)
Advertising and public relations	1,377	1,779	2,361	(22.6)	(41.7)
Foreclosed property expense	1,306	924	519	41.3	151.6
Data processing, telecom and computer software	16,184	15,422	13,222	4.9	22.4
Amortization of intangibles	2,355	2,394	2,508	(1.6)	(6.1)
Legal	1,375	898	1,310	53.1	5.0
Merger expense	510	4,494	3,136	NM	NM
Postage and shipping	1,198	1,441	1,217	(16.9)	(1.6)
Other miscellaneous expense	10,482	13,479	13,844	(22.2)	(24.3)
Total noninterest expense	**162,504**	**168,006**	**157,674**	**(3.3) %**	**3.1 %**
Non-operating items:					
Merger expense	510	4,494	3,136	NM	NM
Total noninterest expense - operating	**$ 161,994**	**$ 163,512**	**$ 154,538**	**(0.9) %**	**4.8 %**

Dollars in thousands.
NM – Not Meaningful.

Deposits and Customer Repos

BancorpSouth

- Total deposits and customer repos increased $2.4 billion compared to March 31, 2020. Excluding the government stimulus programs, including PPP, organic deposit growth totaled approximately $1.0 billion for the quarter, or 24 percent annualized. There were no acquisitions during the second quarter.

- Total deposits and customer repos have increased $4.3 billion since June 30, 2019. Of this increase, approximately $1.2 billion represents acquired balances.

	As of 6/30/20		As of 3/31/20		As of 6/30/19	
	Balance	% of Total	Balance	% of Total	Balance	% of Total
Noninterest bearing demand	$ 6,385	32.2%	$ 4,861	27.9%	$ 4,329	27.8%
Interest bearing demand	7,908	39.8%	7,268	41.7%	6,511	41.8%
Savings	2,235	11.3%	2,013	11.6%	1,861	11.9%
Other time	2,652	13.4%	2,745	15.8%	2,435	15.6%
Customer Repos	670	3.4%	539	3.1%	440	2.8%
Total Deposits and Customer Repos	**$19,850**	**100.0%**	**$17,427**	**100.0%**	**$15,576**	**100.0%**
Total Cost of Deposits	**0.50%**		**0.67%**		**0.68%**	

Dollars in millions.

Loan Portfolio

BancorpSouth

- Total loans increased $1.2 billion, compared to March 31, 2020. This increase is attributable to the $1.2 billion in PPP loans originated and funded during the second quarter. There were no acquisitions during the second quarter.

- Total loans have increased $1.8 billion since June 30, 2019. Of this increase, $775.0 million represents acquired loans.

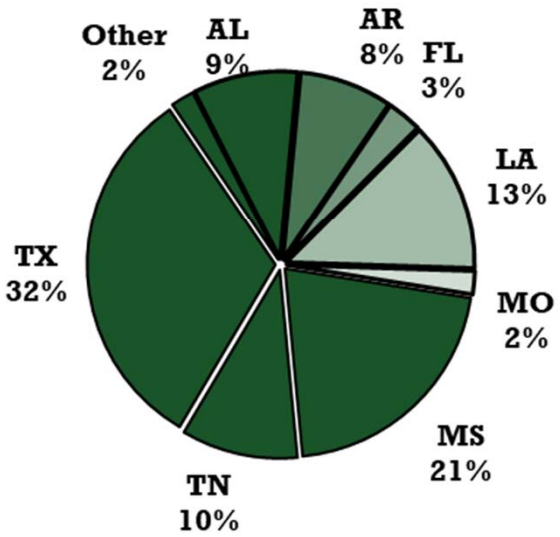
	As of 6/30/20		As of 3/31/20		As of 6/30/19	
	Balance	% of Total	Balance	% of Total	Balance	% of Total
Commercial and industrial						
Commercial and industrial-non real estate	$ 3,039	19.7%	$ 2,008	14.1%	$ 1,832	13.4%
Commercial and industrial-owner occupied	2,296	14.9%	2,291	16.1%	2,157	15.8%
Total commercial and industrial	5,335	34.6%	4,299	30.2%	3,989	29.2%
Commercial real estate						
Agricultural	334	2.2%	340	2.4%	333	2.4%
Construction, acquisition and development	1,659	10.8%	1,582	11.1%	1,441	10.6%
Commercial real estate	3,324	21.5%	3,304	23.2%	3,287	24.1%
Total commercial real estate	5,316	34.5%	5,225	36.7%	5,062	37.1%
Consumer						
Consumer mortgages	3,646	23.6%	3,572	25.1%	3,423	25.1%
Home equity	656	4.2%	686	4.8%	670	4.9%
Credit cards	87	0.6%	94	0.7%	101	0.7%
Total consumer	4,388	28.4%	4,352	30.6%	4,194	30.7%
All other	388	2.5%	349	2.5%	414	3.0%
Total	**$15,427**	**100.0%**	**$14,225**	**100.0%**	**$13,659**	**100.0%**

Dollars in millions.
Net loans and leases.

PPP Loans

- The company originated and funded 14,468 PPP loans totaling $1.2 billion in the second quarter, with an average loan size of approximately $85,000
- PPP loans had an adverse impact of approximately 5 basis points on the net interest margin and 14 basis points on the reported loan yield for the quarter
- Estimated average yield of approximately 2.50% excluding the impact of forgiveness or other prepayments

PPP Loan Balance by State



Dollars in millions.
Net loans and leases.

Credit Quality Highlights

BancorpSouth

- Recorded a provision for credit losses of $20.0 million for the quarter
- Net charge-offs totaled $1.2 million for the quarter and consisted primarily of acquired loans
- Continue to actively monitor COVID-19 high risk portfolios
- Allowance for credit losses coverage increased to 1.67 percent of net loans and leases, excluding the impact of PPP loans
- Approximately 22.2 percent of loan portfolio (by outstanding balance) in deferral as of June 30, 2020; declined to 13.3 percent as of July 17, 2020
- Of the loans for which the original 90 day deferral has matured, less than 5 percent have applied for a second 90 day deferral

As of June 30, 2020.

COVID-19 High Risk Portfolios

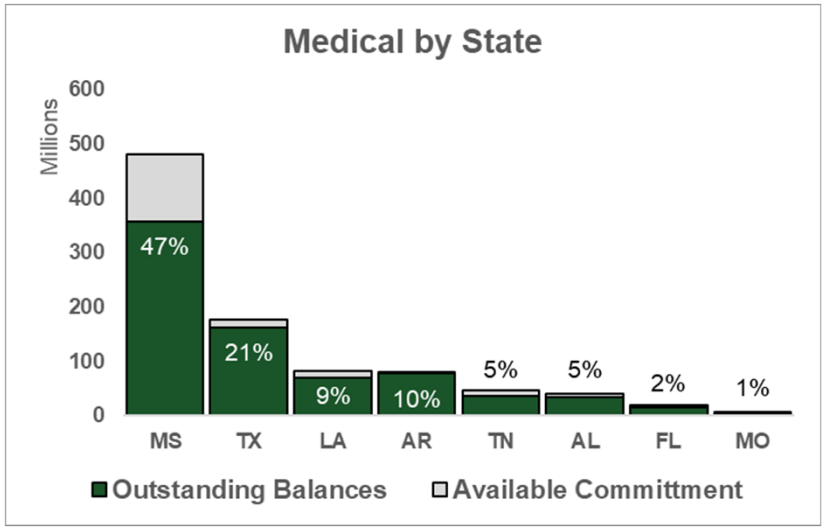
	As of 6/30/20					
	Outstanding Balance	Total Committed Balance	Average Loan Size	% of BancorpSouth Portfolio (based on committed balance)	% Deferred	% Deferred 7/17/20
Medical	$ 760,958	$ 931,479	$ 335	5.2%	26.8%	12.4%
Hotels & Accommodation	674,301	738,086	2,309	4.1%	74.2%	34.8%
Retail CRE	641,865	696,013	734	3.9%	44.1%	23.7%
Food Services	272,334	301,542	361	1.7%	56.6%	35.8%
Oil & Gas	76,277	186,040	173	1.0%	24.3%	18.5%
Total	**$ 2,425,735**	**$ 2,853,160**	**$ 523**	**15.9%**	**47.8%**	**24.7%**

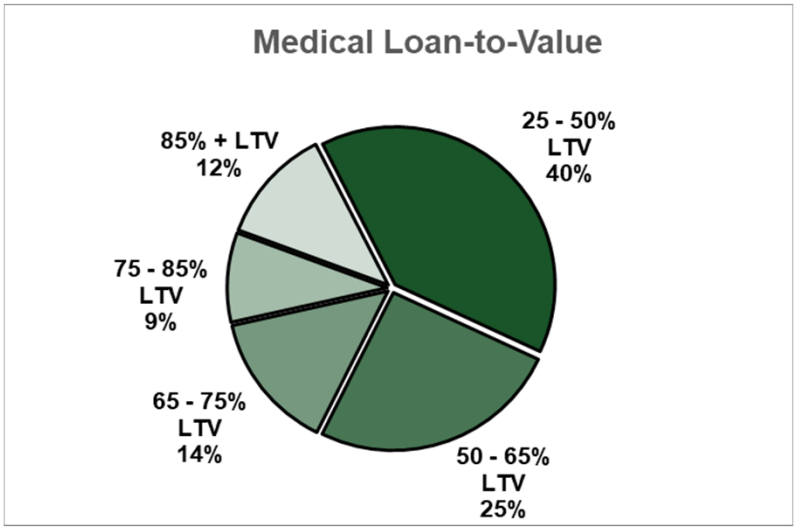
Dollars in thousands.

Medical Portfolio

BancorpSouth

	As of 6/30/20					
	Outstanding Balance	Total Committed Balance	Average Loan Size	% of BancorpSouth Portfolio (based on committed balance)	% Deferred	% Deferred 7/17/20
Medical clinics	$ 476,636	$ 615,249	$ 295	3.5%	27.2%	14.5%
Nursing homes	189,939	212,451	1,292	1.2%	14.5%	5.0%
Dental	62,315	67,811	154	0.4%	58.0%	24.8%
All other medical	32,068	35,968	300	0.1%	32.6%	6.1%
Total	**$ 760,958**	**$ 931,479**	**$ 335**	**5.2%**	**26.8%**	**12.4%**



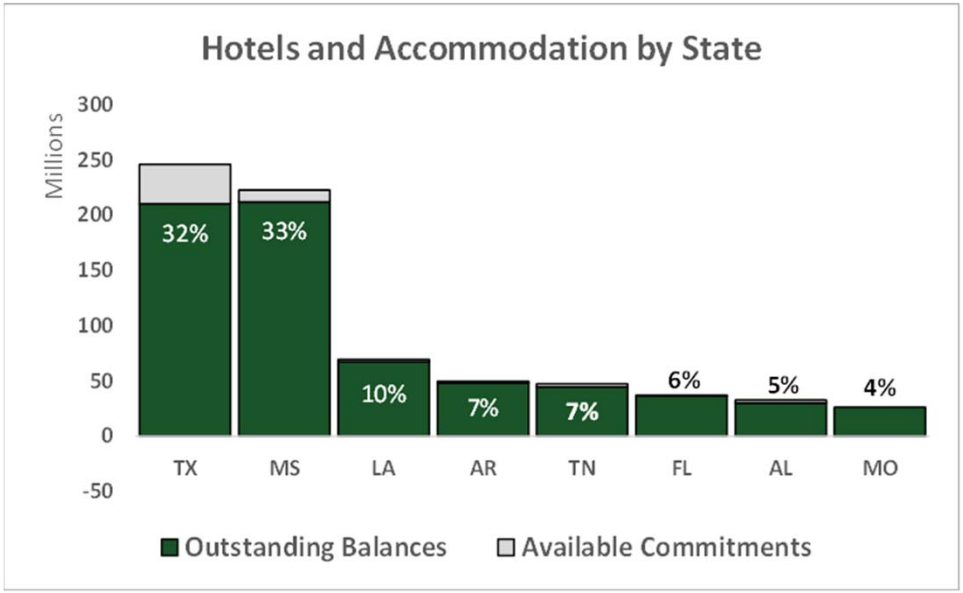


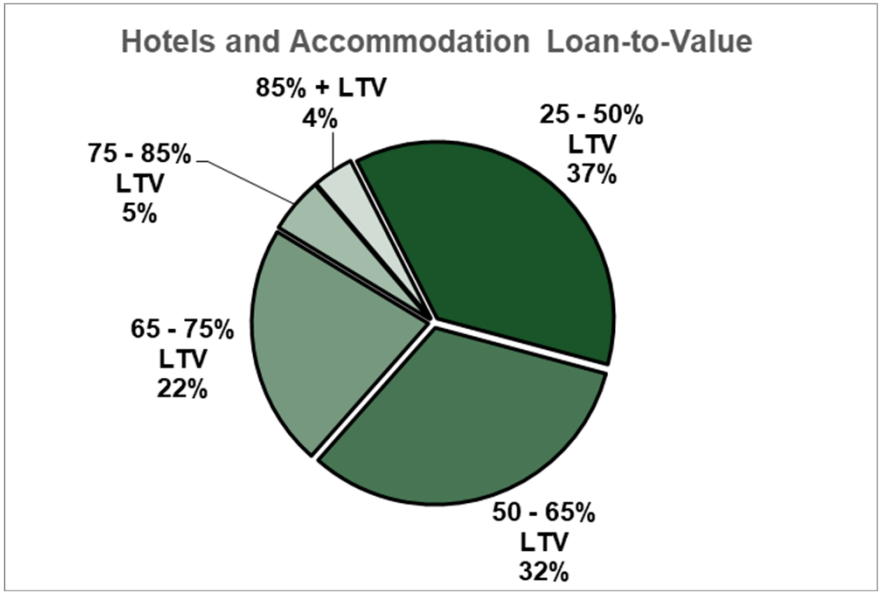
Dollars in thousands.

Hotels & Accommodation Portfolio

BancorpSouth

- Very granular hotel portfolio
  - Average loan size of $2.3 million
  - Only 14 loans with outstanding balance in excess of $10 million
- Major flag properties account for approximately 90 percent of hotel loans greater than $1 million

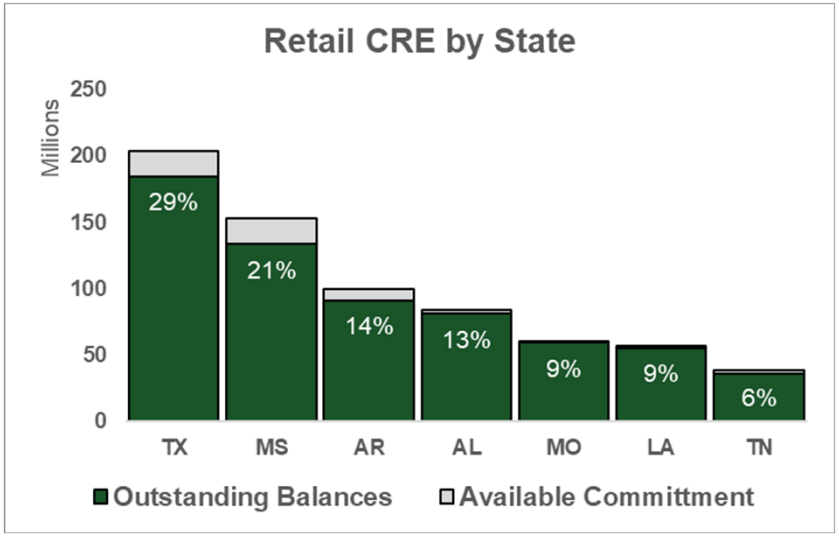


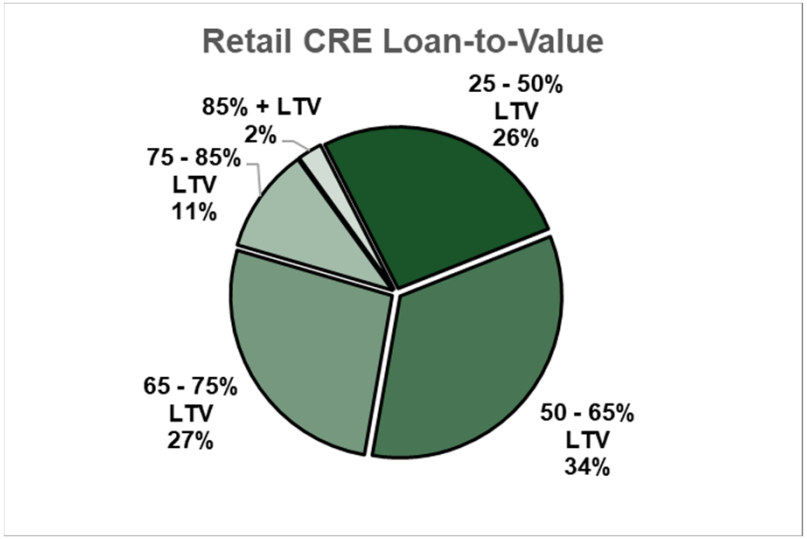


Retail CRE Portfolio

BancorpSouth

	As of 6/30/20					
	Outstanding Balance	Total Committed Balance	Average Loan Size	% of BancorpSouth Portfolio (based on committed balance)	% Deferred	% Deferred 7/17/20
Commercial real estate	$ 327,863	$ 343,215	$ 1,089	1.9%	61.1%	32.7%
Commercial and industrial-owner occupied	255,997	275,304	482	1.6%	29.1%	14.8%
Construction, acquisition and development	58,005	77,494	1,381	0.4%	13.9%	12.1%
Total	**$ 641,865**	**$ 696,013**	**$ 734**	**3.9%**	**44.1%**	**23.7%**





Dollars in thousands.

Mortgage and Insurance Revenue

BancorpSouth

Mortgage Lending Revenue

	Three Months Ended				
	6/30/20	3/31/20	12/31/19	9/30/19	6/30/19
Origination revenue	$ 30,194	$ 17,906	$ 4,326	$ 8,922	$ 7,016
Servicing revenue	4,880	5,153	4,935	4,903	4,890
MSR payoffs/paydowns	(3,144)	(2,506)	(2,323)	(2,542)	(2,739)
Mortgage production and servicing revenue	31,930	20,553	6,938	11,283	9,167
MSR valuation adjustment	(2,373)	(11,083)	3,164	(3,994)	(8,816)
Total mortgage banking revenue	$ 29,557	$ 9,470	$ 10,102	$ 7,289	$ 351
Production volume	$ 989,023	$ 477,054	$ 504,851	$ 536,089	$ 495,535
Purchase money production	$ 522,600	$ 285,300	$ 321,700	$ 353,900	$ 397,900
Mortgage loans sold	$ 554,448	$ 409,436	$ 419,142	$ 374,156	$ 304,352
Margin on loans sold	5.45%	4.37%	1.03%	2.38%	2.31%
Current pipeline	$ 691,755	$ 570,151	$ 289,648	$ 370,172	$ 304,778
Mortgage originators	158	157	153	159	161

Insurance Commission Revenue

Property and casualty commissions	$ 23,644	$ 21,246	$ 19,994	$ 22,643	$ 23,429
Life and health commissions	6,771	6,175	5,979	6,116	7,355
Risk management income	540	532	667	564	622
Other	2,163	1,650	1,008	2,189	2,545
Total insurance commissions	$ 33,118	$ 29,603	$ 27,648	$ 31,512	$ 33,951

Dollars in thousands.

Summary

BancorpSouth

Highlights

- Generated $102.1 million in pre-tax pre-provision net revenue
- Originated and funded approximately 14,500 PPP loans totaling $1.2 billion
- Strong core deposit growth
- Record mortgage production volume contributed to increased mortgage production and servicing revenue
- Maintained strong regulatory capital metrics

Current Focus

- Support our teammates, customers, and communities while appropriately managing credit exposure and the impact of the COVID-19 pandemic
- Continue to challenge expenses and improve efficiency
- Enhance customer experience, including improved technology offerings