# Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

# Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting I	ssuer				•			
1 Issuer's name		2 Issuei	2 Issuer's employer identification number (EIN)					
BANCORPSOUTH BANK			64-0117230					
3 Name of contact for add	4 Telephor	Telephone No. of contact		address of contact				
JOHN COPELAND			662-680-2536		john.copeland@bxs.com			
6 Number and street (or P	.O. box if mail is not	7 City, tov	n, or post office, state, and ZIP code of contact					
201 S. SPRING STREET		TUPELO,	MS 38804					
8 Date of action			9 Classification and description					
05/01/2021			COMMON STOCK					
10 CUSIP number 11 Serial number(s)		s)	12 Ticker symbol		nt number(s)			
05971J102	05971J102		BXS					
Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.  14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action   SEE STATEMENT ATTACHED  15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis   SEE STATEMENT ATTACHED  16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the part of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the properties of the data that supports the calculation, such as the market values of securities and the valuation dates   Note that the data that the data that supports the calculation of the data that supports the calculation of the data that supports the data that supports the data that supports the data that supports the data that the data that supports the data that the data that the data that the data that								
SEE STATEMENT ATTACH								

Part		Organizational Action (continu	red)		
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<b>17</b> Li	st the	applicable Internal Revenue Code sec	tion(s) and subsection(s) upon w	hich the tax treatment is based I	·
SEE ST	ATEN	MENT ATTACHED			
18 C	an any	resulting loss be recognized? ►			
3EE 31	ATEN	MENT ATTACHED			
-					
<b>19</b> Pi	rovide	any other information necessary to im	plement the adjustment, such as	s the reportable tax year ▶	
		MENT ATTACHED	p. 5		
		r penalties of perjury, I declare that I have			
	belief	, it is true, correct, and complete. Declaration	on of preparer (other than officer) is be	ased on all information of which prep	arer has any knowledge.
Sign				/	(
Here	Signa	sture ► /s/ John Copeland		Date ► 06/02	/2021
	Print	your name ► JOHN COPELAND		Title ► CHIEF F	INANCIAL OFFICER
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN
Prepa	aror	HEATHER WALLACE	/s/ Heather Wallace	06/02/2021	self-employed P01977717
Use C		Firm's name ► DIXON HUGHES G		<u> </u>	Firm's EIN ▶ 56-0747981
	-: !! y 	Firm's address ▶ 800 SHADES CRE	EK PKWY, STE 500, BIRMINGH	IAM, AL 35209-4547	Phone no. 205-212-5300
Send Fo	orm 89	37 (including accompanying statemer			den, UT 84201-0054

#### BancorpSouth Bank Attachment to Form 8937 EIN: 64-0117230

## Report of Organizational Actions Affecting Basis of Securities

### Form 8937 Part I, Box 9:

The securities subject to reporting include all shares of BancorpSouth Bank ("BancorpSouth") common stock issued in exchange for the outstanding common stock of FNS Bancshares, Inc. (the "Company") as a result of the merger of the Company with and into BancorpSouth on May 1, 2021.

#### Form 8937 Part II, Box 14:

On May 1, 2021, the Company completed a merger with BancorpSouth. Pursuant to the terms and conditions of the Agreement and Plan of Merger, dated as of January 13, 2021, the Company merged with and into BancorpSouth. As a result of the merger, BancorpSouth is the surviving corporation while the Company ceased to exist as a corporation.

As noted in the Agreement and Plan of Merger, dated January 13, 2021, the Company shareholders have the right to receive in the aggregate an amount of cash and a number of shares of common stock of BancorpSouth. No fractional shares of BancorpSouth common stock were issued in the merger, but rather BancorpSouth paid cash in lieu of fractional shares. The cash value of a fractional share was based on the share price of \$30.26 (determined under the "Average Closing Price").

"Average Closing Price" of BancorpSouth Common Stock shall be the average of the closing price per share of BancorpSouth Common Stock on The New York Stock Exchange ("NYSE") (as reported in The Wall Street Journal or, if not reported thereby, another alternative source as chosen by BancorpSouth and reasonably acceptable to the Company) for the ten (10) consecutive trading days ending on and including the fifth trading day preceding the Closing Date.

Upon closing on May 1, 2021, the "Average Closing Price" of BancorpSouth common stock determined by the calculation described herein was \$30.26 per share. The Company shareholders received 2.47230 shares of BancorpSouth common stock and \$14.9584 in cash for each share of the Company stock.

#### Form 8937 Part II, Box 15:

The merger of the Company with and into BancorpSouth qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each Company shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of BancorpSouth common stock received in the exchange (measured at the time of the exchange) exceeds the Company shareholder's tax basis in the Company shares surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of BancorpSouth common stock (see discussion of cash received in lieu of fractional shares below).

Gain or loss must be calculated separately for each identifiable block of the Company common shares surrendered in the exchange having a common tax basis. Each Company shareholder is encouraged to consult their own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each Company shareholder is required to determine the tax basis of the shares of BancorpSouth stock received in the exchange by performing the following calculations separately for each identifiable block of the Company common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the Company common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu
  of fractional shares described below)
- Subtract the tax basis in any fractional shares of BancorpSouth common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of BancorpSouth common stock received in the exchange for that identifiable block of the Company common shares transferred. The tax basis of each individual share of BancorpSouth common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of BancorpSouth common shares that comprise this identifiable block.

The Company shareholders who receive cash in lieu of a fractional share of BancorpSouth common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These Company shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the common shares deemed to have been exchanged for the fractional share and the amount of cash received.

The Company shareholders are advised to consult with their own tax advisors regarding the proper tax treatment of the receipt of the consideration paid by BancorpSouth, including the future payments and the effect of the receipt of the right of the future payments and payments thereon on their tax basis in the shares of BancorpSouth they receive in the transaction.

#### Form 8937 Part II, Box 16:

Refer to the description of the basis calculation in Part II, Box 15 above. The April 30, 2021 closing price of a single share of BancorpSouth common stock on the New York Stock Exchange was \$29.59.

#### Form 8937 Part II, Box 17:

BancorpSouth's acquisition of the Company, pursuant to the merger completed on May 1, 2021, was structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as amended. In general, the income tax consequences to the shareholders are determined under Internal Revenue Code sections 354 and 361 of the Code.

### Form 8937 Part II, Box 18:

In general, none of the Company shareholders who received BancorpSouth common stock and cash for all of their Company stock will recognize any loss. A Company shareholder who received cash in lieu of a fractional share of Company common stock may recognize loss if the amount of cash received is less than the basis in the fractional share, as applicable.

#### Form 8937 Part II, Box 19:

In general, any adjustment to the tax basis that causes gain or loss recognized by the Company shareholder as a result of the completion of the merger should be reported for the taxable year which includes May 1, 2021. A calendar year shareholder would report the transaction on a 2021 federal income tax return. The holding period of BancorpSouth common stock received in exchange for shares of Company common stock will include the holding period of the Company common stock for which it is exchanged. A holder of Company common stock who received cash in lieu of a fractional share of BancorpSouth common stock will generally be treated as having received the fractional share pursuant to the merger and then as having sold the fractional share of common stock for cash.

No ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the merger described in this report. This report is not binding on the IRS and the IRS and the U.S. Courts could disagree with one or more of the positions described above.

The information in this form does not constitute tax advice and each holder of FNS Bancshares, Inc. common stock is urged to consult its tax advisor with respect to the application of United States federal income tax laws to the holder's particular situation.