



**Part II** Organizational Action *(continued)*

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE STATEMENT ATTACHED

**18** Can any resulting loss be recognized? ▶ SEE STATEMENT ATTACHED

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE STATEMENT ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶ /s/ John Copeland Date ▶ 06/02/2021

Print your name ▶ JOHN COPELAND Title ▶ CHIEF FINANCIAL OFFICER

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <u>HEATHER WALLACE</u>	Preparer's signature <u>/s/ Heather Wallace</u>	Date <u>06/02/2021</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P01977717</u>
	Firm's name ▶ <u>DIXON HUGHES GOODMAN LLP</u>	Firm's EIN ▶ <u>56-0747981</u>			
	Firm's address ▶ <u>800 SHADES CREEK PKWY, STE 500, BIRMINGHAM, AL 35209-4547</u>	Phone no. <u>205-212-5300</u>			

**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 National United 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 December 2, 2020, 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 December 2, 2020, 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 3.2890 shares of BancorpSouth common stock and \$35.1642 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 National United 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.