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BancorpSouth Announces Second Quarter 2019 Financial Results

TUPELO, Miss., July 17, 2019/PRNewswire – BancorpSouth Bank (NYSE: BXS) (the “Company”) today announced financial results for the quarter ended June 30, 2019.

Highlights for the second quarter of 2019 included:

- 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; 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.

The Company reported net income of \$53.1 million, or \$0.53 per diluted share, for the second quarter of 2019, compared with net income of \$54.0 million, or \$0.55 per diluted share, for the second quarter of 2018 and net income of \$51.6 million, or \$0.52 per diluted share, for the first

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quarter of 2019. The Company reported net operating income – excluding MSR – of \$62.0 million, or \$0.61 per diluted share, for the second quarter of 2019, compared with \$55.6 million, or \$0.56 per diluted share, for the second quarter of 2018 and \$55.9 million, or \$0.56 per diluted share, for the first quarter of 2019.

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 recognized securities gains and losses, MSR valuation adjustments, restructuring charges, merger-related expenses, and certain other charges.

“We are pleased to report record net operating income – excluding MSR – for the second quarter of 2019,” remarked Dan Rollins, Chairman and Chief Executive Officer. “While the negative MSR asset valuation adjustment adversely impacted our GAAP earnings, strong organic balance sheet results contributed to record net operating income – excluding MSR – of \$62.0 million, or \$0.61 per diluted share, for the second quarter. We are particularly proud of the efforts of our bankers on both sides of the balance sheet. We reported organic loan growth of approximately \$170 million, or 5.2 percent annualized, while deposits were essentially flat on an organic basis in a quarter that typically experiences significant runoff of public fund balances. Despite the MSR headwind, our mortgage team had a great quarter as well. The current rate environment as well as seasonal increases in home purchase activity contributed to mortgage production and servicing revenue of \$9.2 million for the quarter.”

“We continue to see quality performance in other areas as well. Our credit quality remains strong, reflected by the provision for credit losses of \$0.5 million for the quarter. We saw continued improvement in our net interest margin – excluding accretable yield – which increased to 3.79 percent for the quarter. Finally, we continue to deploy capital as we successfully completed the acquisitions of Grand Bank of Texas and Merchants Bank in Alabama during the quarter while also repurchasing approximately 612,000 shares of our common stock.”

Net Interest Revenue

Net interest revenue was \$160.0 million for the second quarter of 2019, an increase of 12.6 percent from \$142.1 million for the second quarter of 2018 and an increase of 4.9 percent from \$152.6 million for the first quarter of 2019. The fully taxable equivalent net interest margin was 3.87 percent for the second quarter of 2019, compared with 3.71 percent for the second quarter of 2018 and 3.86 percent for the first quarter of 2019. Yields on net loans and leases were 5.12 percent for the second quarter of 2019, compared with 4.67 percent for the second quarter of 2018 and 5.09 percent for the first quarter of 2019, while yields on total interest earning assets were 4.61 percent for the second quarter of 2019, compared with 4.15 percent for the second quarter of 2018 and 4.57 percent for the first quarter of 2019. The net interest margin, excluding accretable yield, was 3.79 percent for the second quarter of 2019, compared with 3.63 percent for the second quarter of 2018 and 3.74 percent for the first quarter of 2019 while yields on net loans and leases, excluding accretable yield, were 5.02 percent for the second quarter of 2019, compared with 4.57 percent for the second quarter of 2018 and 4.95 percent for the first quarter

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of 2019. The average cost of deposits was 0.68 percent for the second quarter of 2019, compared with 0.34 percent for the second quarter of 2018 and 0.63 percent for the first quarter of 2019.

Balance Sheet Activity

Loans and leases, net of unearned income, increased \$587.5 million during the second quarter of 2019. This includes loans totaling \$415.0 million acquired as a part of the Grand Bank and Merchants Bank mergers on April 1, 2019. Excluding acquired loans, total loans increased approximately \$170.0 million during the second quarter or, 5.2% on an annualized basis.

Deposits increased \$444.0 million during the second quarter of 2019. This includes deposits totaling \$529.0 million acquired as a part of the Grand Bank and Merchants Bank mergers on April 1, 2019. Excluding acquired deposits, total deposits declined approximately \$85.0 million during the quarter. Deposits have increased \$1.07 billion since December 31, 2018. Excluding acquired deposits, total deposits increased approximately \$540.0 million during the first six months of the year, or, 7.7% on an annualized basis.

Provision for Credit Losses and Allowance for Credit Losses

Earnings for the second quarter of 2019 reflect a provision for credit losses of \$0.5 million, compared with a provision of \$2.5 million for the second quarter of 2018 and \$0.5 million for the first quarter of 2019. Net charge-offs for the second quarter of 2019 were \$1.3 million, compared with net charge-offs of \$2.0 million for the second quarter of 2018 and net charge-offs of \$4.1 million for the first quarter of 2019. The allowance for credit losses was \$115.7 million, or 0.85 percent of net loans and leases, at June 30, 2019, compared with \$119.9 million, or 0.97 percent of net loans and leases, at June 30, 2018 and \$116.5 million, or 0.89 percent of net loans and leases, at March 31, 2019. The allowance for credit losses coverage metrics were impacted by loans acquired in the acquisitions that closed during the fourth quarter of 2018 and the second quarter of 2019.

Total non-performing assets were \$96.0 million, or 0.70 percent of net loans and leases, at June 30, 2019, compared with \$81.2 million, or 0.65 percent of net loans and leases, at June 30, 2018, and \$97.0 million, or 0.74 percent of net loans and leases, at March 31, 2019. Other real estate owned was \$6.2 million at June 30, 2019, compared with \$7.8 million at June 30, 2018 and \$9.7 million at March 31, 2019.

Noninterest Revenue

Noninterest revenue was \$66.3 million for the second quarter of 2019, compared with \$72.5 million for the second quarter of 2018 and \$64.2 million for the first quarter of 2019. These results include a negative MSR valuation adjustment of \$8.8 million for the second quarter of 2019, compared with a negative MSR valuation adjustment of \$0.2 million for the second quarter of 2018 and a negative MSR valuation adjustment of \$4.9 million for the first quarter of 2019. Valuation adjustments in the MSR asset are driven primarily by fluctuations in interest rates period over period.

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Excluding the MSR valuation adjustment, mortgage banking revenue was \$9.2 million for the second quarter of 2019, compared with \$7.1 million for the second quarter of 2018 and \$6.9 million for the first quarter of 2019. Mortgage origination volume for the second quarter of 2019 was \$495.5 million, compared with \$523.7 million for the second quarter of 2018 and \$291.7 million for the first quarter of 2019. Of the total mortgage origination volume for the second quarter of 2019, \$153.7 million was portfolio loans, compared with \$209.3 million for the second quarter of 2018 and \$54.1 million for the first quarter of 2019.

Credit card, debit card, and merchant fee revenue was \$10.2 million for the second quarter of 2019, compared with \$10.5 million for the second quarter of 2018 and \$8.9 million for the first quarter of 2019. Deposit service charge revenue was \$11.1 million for the second quarter of 2019, compared with \$10.8 million for both the second quarter of 2018 and the first quarter of 2019. Wealth management revenue was \$5.9 million for the second quarter of 2019, compared with \$5.7 million for the second quarter of 2018 and \$5.6 million for the first quarter of 2019. Other noninterest revenue was \$4.8 million for the second quarter of 2019, compared with \$5.5 million for the second quarter of 2018 and \$6.7 million for the first quarter of 2019. Insurance commission revenue was \$34.0 million for the second quarter of 2019, compared with \$33.0 million for the second quarter of 2018 and \$30.2 million for the first quarter of 2019.

Noninterest Expense

Noninterest expense for the second quarter of 2019 was \$157.7 million, compared with \$145.2 million for the second quarter of 2018 and \$150.0 million for the first quarter of 2019. Salaries and employee benefits expense was \$101.0 million for the second quarter of 2019, compared with \$91.5 million for the second quarter of 2018 and \$97.2 million for the first quarter of 2019. Occupancy expense was \$12.0 million for the second quarter of 2019, compared with \$11.1 million for the second quarter of 2018 and \$11.6 million for the first quarter of 2019. Other noninterest expense was \$38.1 million for the second quarter of 2019, compared with \$35.7 million for the second quarter of 2018 and \$34.6 million for the first quarter of 2019. Additionally, merger-related expense for the second quarter of 2019 was \$3.1 million, compared with merger-related expense of \$1.9 million for the second quarter of 2018 and \$0.9 million for the first quarter of 2019.

Capital Management

The Company's equity capitalization is comprised entirely of common stock. The Company's ratio of shareholders' equity to assets was 12.29 percent at June 30, 2019, compared with 12.03 percent at June 30, 2018 and 12.16 percent at March 31, 2019. The ratio of tangible shareholders' equity to tangible assets was 8.42 percent at June 30, 2019, compared with 8.71 percent at June 30, 2018 and 8.41 percent at March 31, 2019.

During the second quarter of 2019, the Company repurchased 611,821 shares of its outstanding common stock at a weighted average price of \$28.21 per share 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 (the "Exchange Act"). During the first quarter

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of 2019, the Company repurchased 1,000,000 shares of its outstanding common stock at a weighted average price of \$27.60 per share. As of June 30, 2019, the Company had 1,388,179 remaining shares available for repurchase under its current share repurchase authorization, which expires on December 31, 2019.

Estimated regulatory capital ratios at June 30, 2019 were calculated in accordance with the Basel III capital framework. The Company is a “well capitalized” bank, as defined by federal regulations, at June 30, 2019, with Tier 1 risk-based capital of 10.52 percent and total risk-based capital of 11.28 percent, compared with required minimum levels of 8 percent and 10 percent, respectively, in order to qualify for “well capitalized” classification.

Summary

Rollins concluded, “We are very pleased with our second quarter financial results. We reported meaningful organic loan growth while our deposit results were better than anticipated given the normal second quarter seasonal headwind for deposits. We also reported growth in many of our other product offerings as well. Our mortgage production benefitted from the rate environment while our insurance and wealth management teams also reported revenue growth on both a sequential and comparable quarter basis. This balance sheet and revenue growth, combined with continued disciplined expense management, resulted in our operating efficiency ratio – excluding MSR – declining to its lowest level in several years. Finally, we are pleased to have closed the transactions with Grand Bank and Merchants Bank. The operational integrations for these two banks were completed late in the second quarter.”

TRANSACTIONS

Van Alstyne Financial Corporation & Summit Financial Enterprises, Inc.

On March 5, 2019, the Company announced the signing of definitive merger agreements with Van Alstyne Financial Corporation and its wholly owned subsidiary, Texas Star Bank, (collectively referred to as “Texas Star”), pursuant to which Texas Star agreed to be merged with and into the Company and with Summit Financial Enterprises, Inc. and its wholly owned subsidiary, Summit Bank, (collectively referred to as “Summit”), pursuant to which Summit agreed to be merged with and into the Company. Texas Star operates 7 full-service banking offices in Collin and Grayson counties in Texas, and one loan production office in Durant, Oklahoma, while Summit operates 4 offices located in Panama City, Panama City Beach, Fort Walton Beach, and Pensacola, Florida. As of June 30, 2019, Texas Star and Summit collectively reported total assets of \$905.6 million, total loans of \$610.7 million and total deposits of \$799.8 million. Under the collective terms of the agreements, the Company expects to issue approximately 4,600,000 shares of the Company’s common stock plus \$40.5 million in cash for all outstanding shares of each institution. For more information regarding these transactions, see our Current Report on Form 8-K that was filed with the Federal Deposit Insurance Corporation (“FDIC”) on March 5, 2019. Subject to the satisfaction of all closing conditions, including the receipt of all required regulatory approvals, these mergers are expected to be completed during

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the second half of 2019, although the Company can provide no assurance that the mergers will close during this time period or at all.

Casey Bancorp, Inc. & Merchants Trust, Inc.

On April 1, 2019, the Company completed the merger with Casey Bancorp, Inc. and its wholly owned subsidiary, Grand Bank of Texas, (collectively referred to as “Grand Bank”), pursuant to which Grand Bank was merged with and into the Company and with Merchants Trust, Inc. and its wholly owned subsidiary, Merchants Bank (collectively referred to as “Merchants”), pursuant to which Merchants was merged with and into the Company. Grand Bank operated 4 full-service banking offices in the cities of Dallas, Grand Prairie, Horseshoe Bay and Marble Falls, all in Texas, while Merchants, which was based in Jackson, Alabama, operated 6 full-service banking offices in Clarke and Mobile counties in Alabama. As of April 1, 2019, Grand Bank and Merchants collectively reported total assets of \$566.0 million, total loans of \$415.0 million and total deposits of \$529.0 million. Under the collective terms of agreements, the Company issued approximately 2,225,000 shares of the Company’s common stock plus \$24.2 million in cash for all outstanding shares of each institution. For more information regarding these transactions, see our Current Report on Form 8-K that was filed with the FDIC on April 1, 2019. The purchase accounting for these transactions is considered provisional as management continues to identify and assess information regarding the nature of the acquired assets and liabilities and reviews the associated valuation assumptions and methodologies.

Icon Capital Corporation

Effective October 1, 2018, the Company completed the merger with Icon Capital Corporation and its wholly owned subsidiary, Icon Bank of Texas, National Association (collectively referred to as “Icon”), pursuant to which Icon was merged with and into the Company (the “Icon Merger”). Icon was headquartered in Houston, Texas and operated 7 full-service banking offices in the Houston, Texas metropolitan area. As of October 1, 2018, Icon, on a consolidated basis, reported total assets of \$760.4 million, total loans of \$650.4 million and total deposits of \$675.8 million. Under the terms of the definitive merger agreement, the Company issued approximately 4,125,000 shares of the Company’s common stock plus \$17.5 million in cash, \$7 million of which was placed in a separate non-interest bearing escrow account that is to be paid if certain conditions are met, as described in the Current Report on Form 8-K filed with the FDIC on October 1, 2018, for all outstanding shares of Icon Capital Corporation’s capital stock. For more information regarding the Icon Merger, see our Current Report on Form 8-K that was filed with the FDIC on October 1, 2018. The purchase accounting for this transaction is considered provisional as management continues to identify and assess information regarding the nature of the acquired assets and liabilities and reviews the associated valuation assumptions and methodologies.

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

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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 21 of this news release.

Conference Call and Webcast

The Company will conduct a conference call to discuss its second quarter 2019 financial results on July 18, 2019, at 10:00 a.m. (Central Time). This conference call will be an interactive session between management and analysts. Interested parties may listen to this live conference call via Internet webcast by accessing www.BancorpSouth.investorroom.com/Webcasts. 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 \$19 billion in assets. BancorpSouth operates approximately 295 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 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 Exchange Act, 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 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 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.

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BXS Announces Second Quarter 2019 Financial Results

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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 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 news release.

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BancorpSouth Bank
Selected Financial Information
(Dollars in thousands, except per share data)
(Unaudited)

	Quarter Ended 6/30/2019	Quarter Ended 3/31/2019	Quarter Ended 12/31/2018	Quarter Ended 9/30/2018	Quarter Ended 6/30/2018	Year to Date 6/30/2019	Year to Date 6/30/2018
Earnings Summary:							
Interest revenue	\$ 191,063	\$ 181,133	\$ 178,850	\$ 163,158	\$ 159,290	\$ 372,196	\$ 311,485
Interest expense	31,046	28,579	25,969	21,023	17,162	59,625	31,279
Net interest revenue	160,017	152,554	152,881	142,135	142,128	312,571	280,206
Provision for credit losses	500	500	1,000	-	2,500	1,000	3,500
Net interest revenue, after provision							
for credit losses	159,517	152,054	151,881	142,135	139,628	311,571	276,706
Noninterest revenue	66,332	64,220	59,031	71,616	72,456	130,552	151,390
Noninterest expense	157,674	149,968	152,342	142,409	145,182	307,642	292,883
Income before income taxes	68,175	66,306	58,570	71,342	66,902	134,481	135,213
Income tax expense	15,118	14,708	11,473	4,659	12,856	29,826	27,676
Net income	\$ 53,057	\$ 51,598	\$ 47,097	\$ 66,683	\$ 54,046	\$ 104,655	\$ 107,537
Balance Sheet - Period End Balances							
Total assets	\$ 18,936,814	\$ 18,314,183	\$ 18,001,540	\$ 17,249,175	\$ 17,222,491	\$ 18,936,814	\$ 17,222,491
Total earning assets	16,948,009	16,426,872	16,144,098	15,594,549	15,600,037	16,948,009	15,600,037
Total securities	2,760,732	2,692,499	2,749,188	2,826,359	2,828,754	2,760,732	2,828,754
Loans and leases, net of unearned income	13,658,527	13,071,059	13,112,149	12,449,995	12,418,114	13,658,527	12,418,114
Allowance for credit losses	115,691	116,499	120,019	121,019	119,920	115,691	119,920
Net book value of acquired loans (included in loans and leases above)	1,421,303	1,191,673	1,310,089	835,939	926,996	1,421,303	926,996
Remaining loan mark on acquired loans	38,408	30,782	37,366	13,368	14,485	38,408	14,485
Total deposits	15,136,648	14,692,609	14,069,966	13,347,193	13,476,558	15,136,648	13,476,558
Long-term debt	5,271	5,503	6,213	33,182	33,214	5,271	33,214
Total shareholders' equity	2,327,120	2,226,585	2,205,737	2,116,375	2,072,083	2,327,120	2,072,083
Balance Sheet - Average Balances							
Total assets	\$ 18,637,258	\$ 18,033,513	\$ 17,879,081	\$ 17,059,865	\$ 17,094,283	\$ 18,337,053	\$ 17,006,910
Total earning assets	16,693,115	16,156,235	16,056,656	15,465,260	15,496,007	16,426,158	15,435,507
Total securities	2,733,335	2,704,383	2,784,437	2,814,751	2,906,235	2,718,939	2,936,408
Loans and leases, net of unearned income	13,549,591	13,078,221	13,063,422	12,433,701	12,334,756	13,315,208	12,210,081
Total deposits	15,080,885	14,445,834	14,072,416	13,387,849	13,539,324	14,765,114	13,551,350
Long-term debt	5,403	5,826	17,403	33,196	33,147	5,613	33,787
Total shareholders' equity	2,298,512	2,212,748	2,191,852	2,089,746	2,051,452	2,255,866	2,032,153
Nonperforming Assets:							
Non-accrual loans and leases	\$ 71,076	\$ 68,949	\$ 70,555	\$ 55,532	\$ 60,045	\$ 71,076	\$ 60,045
Loans and leases 90+ days past due, still accruing	8,053	8,471	18,695	2,934	6,335	8,053	6,335
Restructured loans and leases, still accruing	10,676	9,874	7,498	7,564	6,982	10,676	6,982
Non-performing loans (NPLs)	89,805	87,294	96,748	66,030	73,362	89,805	73,362
Other real estate owned	6,179	9,686	9,276	4,301	7,828	6,179	7,828
Non-performing assets (NPAs)	\$ 95,984	\$ 96,980	\$ 106,024	\$ 70,331	\$ 81,190	\$ 95,984	\$ 81,190
Financial Ratios and Other Data:							
Return on average assets	1.14%	1.16%	1.05%	1.55%	1.27%	1.15%	1.28%
Operating return on average assets-excluding MSR*	1.33%	1.26%	1.25%	1.28%	1.31%	1.30%	1.30%
Return on average shareholders' equity	9.26%	9.46%	8.52%	12.66%	10.57%	9.36%	10.67%
Operating return on average shareholders' equity-excluding MSR*	10.82%	10.24%	10.20%	10.45%	10.88%	10.54%	10.84%
Return on tangible equity*	13.94%	14.16%	12.81%	17.76%	15.00%	13.82%	15.01%
Operating return on tangible equity-excluding MSR*	16.28%	15.34%	15.33%	14.66%	15.44%	15.57%	15.25%
Noninterest income to average assets	1.43%	1.44%	1.31%	1.67%	1.70%	1.44%	1.80%
Noninterest expense to average assets	3.39%	3.37%	3.38%	3.31%	3.41%	3.38%	3.47%
Net interest margin-fully taxable equivalent	3.87%	3.86%	3.80%	3.67%	3.71%	3.86%	3.69%
Net interest margin-fully taxable equivalent, excluding net accretion on acquired loans and leases	3.79%	3.74%	3.71%	3.62%	3.63%	3.77%	3.62%
Net interest rate spread	3.56%	3.56%	3.53%	3.43%	3.52%	3.56%	3.52%
Efficiency ratio (tax equivalent)*	69.36%	68.85%	71.52%	66.29%	67.31%	69.11%	67.48%
Operating efficiency ratio-excluding MSR (tax equivalent)*	65.46%	66.89%	66.86%	66.34%	66.36%	66.19%	66.57%
Loan/deposit ratio	90.23%	88.96%	93.19%	93.28%	92.15%	90.23%	92.15%
Price to earnings multiple (avg)	13.26	16.60	11.67	15.07	17.07	13.26	17.07
Market value to book value	125.60%	125.56%	118.27%	152.23%	156.95%	125.60%	156.95%
Market value to book value (avg)	125.47%	132.05%	131.34%	158.19%	159.33%	126.90%	158.10%
Market value to tangible book value	191.45%	189.14%	178.79%	216.28%	225.06%	191.45%	225.06%
Market value to tangible book value (avg)	191.25%	198.92%	198.55%	224.75%	228.47%	193.43%	226.70%
Employee FTE	4,581	4,370	4,445	4,270	4,366	4,581	4,366

*Denotes non-GAAP financial measure. Refer to related disclosure and reconciliation on pages 21 and 22.

BancorpSouth Bank
Selected Financial Information
(Dollars in thousands, except per share data)
(Unaudited)

	Quarter Ended 6/30/2019	Quarter Ended 3/31/2019	Quarter Ended 12/31/2018	Quarter Ended 9/30/2018	Quarter Ended 6/30/2018	Year to Date 6/30/2019	Year to Date 6/30/2018
Credit Quality Ratios:							
Net charge-offs(recoveries) to average loans and leases (annualized)	0.04%	0.12%	0.06%	(0.04%)	0.07%	0.08%	0.03%
Provision for credit losses to average loans and leases (annualized)	0.01%	0.02%	0.03%	0.00%	0.08%	0.02%	0.06%
Allowance for credit losses to net loans and leases	0.85%	0.89%	0.92%	0.97%	0.97%	0.85%	0.97%
Allowance for credit losses to net loans and leases, excluding acquired loans and leases	0.95%	0.98%	1.02%	1.04%	1.05%	0.95%	1.05%
Allowance for credit losses to non-performing loans and leases	128.83%	133.46%	124.11%	183.28%	163.46%	128.83%	163.46%
Allowance for credit losses to non-performing assets	120.53%	120.13%	113.25%	172.07%	147.70%	120.53%	147.70%
Non-performing loans and leases to net loans and leases	0.66%	0.67%	0.74%	0.53%	0.59%	0.66%	0.59%
Non-performing assets to net loans and leases	0.70%	0.74%	0.81%	0.56%	0.65%	0.70%	0.65%
Equity Ratios:							
Total shareholders' equity to total assets	12.29%	12.16%	12.25%	12.27%	12.03%	12.29%	12.03%
Tangible shareholders' equity to tangible assets*	8.42%	8.41%	8.46%	8.96%	8.71%	8.42%	8.71%
Capital Adequacy:							
Common Equity Tier 1 capital	10.52%	10.75%	10.84%	11.71%	11.42%	10.52%	11.42%
Tier 1 capital	10.52%	10.75%	10.84%	11.71%	11.42%	10.52%	11.42%
Total capital	11.28%	11.55%	11.68%	12.60%	12.30%	11.28%	12.30%
Tier 1 leverage capital	8.96%	9.03%	9.06%	9.68%	9.38%	8.96%	9.38%
Estimated for current quarter							
Common Share Data:							
Basic earnings per share	\$ 0.53	\$ 0.52	\$ 0.47	\$ 0.68	\$ 0.55	\$ 1.05	\$ 1.09
Diluted earnings per share	0.53	0.52	0.47	0.67	0.55	1.04	1.09
Operating earnings per share*	0.55	0.52	0.51	0.57	0.56	1.07	1.14
Operating earnings per share- excluding MSR*	0.61	0.56	0.57	0.56	0.56	1.18	1.10
Cash dividends per share	0.17	0.17	0.17	0.17	0.14	0.34	0.28
Book value per share	23.12	22.48	22.10	21.48	20.99	23.12	20.99
Tangible book value per share*	15.17	14.92	14.62	15.12	14.64	15.17	14.64
Market value per share (last)	29.04	28.22	26.14	32.70	32.95	29.04	32.95
Market value per share (high)	31.10	33.45	33.50	35.40	35.45	33.45	35.55
Market value per share (low)	26.92	25.76	24.31	32.45	30.60	25.76	30.60
Market value per share (avg)	29.01	29.68	29.03	33.98	33.45	29.34	33.19
Dividend payout ratio	32.24%	32.78%	35.93%	25.15%	25.62%	32.51%	25.73%
Total shares outstanding	100,651,798	99,066,856	99,797,271	98,525,516	98,700,509	100,651,798	98,700,509
Average shares outstanding - basic	100,610,746	99,506,952	99,541,965	98,646,087	98,906,619	100,058,849	98,836,204
Average shares outstanding - diluted	100,888,164	99,717,119	99,720,219	98,819,905	99,057,054	100,302,641	98,999,661
Yield/Rate:							
(Taxable equivalent basis)							
Loans, loans held for sale, and leases net of unearned income	5.12%	5.09%	4.94%	4.72%	4.67%	5.11%	4.63%
Loans, loans held for sale, and leases net of unearned income, excluding net accretion on acquired loans and leases	5.02%	4.95%	4.83%	4.64%	4.57%	4.98%	4.54%
Available-for-sale securities:							
Taxable	2.10%	2.04%	1.92%	1.80%	1.77%	2.07%	1.74%
Tax-exempt	4.53%	4.63%	4.47%	4.40%	4.39%	4.58%	4.34%
Short-term, FHLB and other equity investments	2.52%	2.67%	2.84%	2.04%	2.02%	2.59%	1.70%
Total interest earning assets and revenue	4.61%	4.57%	4.45%	4.21%	4.15%	4.59%	4.10%
Deposits	0.68%	0.63%	0.52%	0.43%	0.34%	0.66%	0.33%
Demand - interest bearing	0.91%	0.85%	0.70%	0.59%	0.43%	0.88%	0.39%
Savings	0.29%	0.30%	0.30%	0.24%	0.15%	0.29%	0.14%
Other time	1.60%	1.46%	1.26%	1.06%	0.95%	1.53%	0.92%
Short-term borrowings	2.14%	2.16%	2.06%	1.79%	1.62%	2.15%	1.45%
Total interest bearing deposits and short-term borrowings	1.06%	1.01%	0.91%	0.77%	0.62%	1.03%	0.57%
Long-term debt	4.87%	4.88%	4.12%	4.06%	4.11%	4.88%	4.14%
Total interest bearing liabilities and expense	1.06%	1.01%	0.92%	0.78%	0.63%	1.03%	0.58%
Interest bearing liabilities to interest earning assets	70.47%	71.15%	69.79%	69.12%	70.27%	70.80%	70.59%
Net interest tax equivalent adjustment	\$ 974	\$ 1,035	\$ 1,088	\$ 1,088	\$ 1,119	\$ 2,009	\$ 2,444

*Denotes non-GAAP financial measure. Refer to related disclosure and reconciliation on pages 21 and 22.

BancorpSouth Bank
Consolidated Balance Sheets
(Unaudited)

	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
(Dollars in thousands)					
<u>Assets</u>					
Cash and due from banks	\$ 212,080	\$ 207,486	\$ 239,960	\$ 169,493	\$ 198,374
Interest bearing deposits with other banks and Federal funds sold	314,172	490,667	92,476	138,677	152,566
Available-for-sale securities, at fair value	2,760,732	2,692,499	2,749,188	2,826,359	2,828,754
Loans and leases	13,674,990	13,086,801	13,129,012	12,464,877	12,433,152
Less: Unearned income	16,463	15,742	16,863	14,882	15,038
Allowance for credit losses	115,691	116,499	120,070	121,019	119,920
Net loans and leases	13,542,836	12,954,560	12,992,079	12,328,976	12,298,194
Loans held for sale	175,898	138,379	140,300	132,080	153,396
Premises and equipment, net	447,564	432,540	361,859	342,947	339,372
Accrued interest receivable	60,598	59,038	57,054	56,369	51,921
Goodwill	734,473	699,073	695,720	590,292	588,004
Other identifiable intangibles	65,930	49,396	50,896	36,475	39,031
Bank owned life insurance	315,398	305,315	308,324	304,687	306,116
Other real estate owned	6,179	9,686	9,276	4,301	7,828
Other assets	300,954	275,544	304,408	318,519	258,935
Total Assets	\$ 18,936,814	\$ 18,314,183	\$ 18,001,540	\$ 17,249,175	\$ 17,222,491
<u>Liabilities</u>					
Deposits:					
Demand: Noninterest bearing	\$ 4,329,172	\$ 4,201,695	\$ 4,124,744	\$ 4,007,158	\$ 4,135,322
Interest bearing	6,511,332	6,353,731	5,898,851	5,535,689	5,509,901
Savings	1,861,247	1,855,024	1,836,167	1,783,602	1,810,149
Other time	2,434,897	2,282,159	2,210,204	2,020,744	2,021,186
Total deposits	15,136,648	14,692,609	14,069,966	13,347,193	13,476,558
Securities sold under agreement to repurchase	439,541	481,567	416,008	403,724	407,704
Federal funds purchased and other short-term borrowing	730,000	630,000	1,095,000	1,095,000	1,025,022
Accrued interest payable	12,225	9,718	8,543	7,330	5,961
Long-term debt	5,271	5,503	6,213	33,182	33,214
Other liabilities	286,009	268,201	200,073	246,371	201,949
Total Liabilities	16,609,694	16,087,598	15,795,803	15,132,800	15,150,408
<u>Shareholders' Equity</u>					
Common stock	251,629	247,667	249,493	246,314	246,751
Capital surplus	506,201	462,256	484,482	439,590	441,950
Accumulated other comprehensive loss	(53,252)	(69,924)	(80,491)	(91,650)	(88,751)
Retained earnings	1,622,542	1,586,586	1,552,253	1,522,121	1,472,133
Total Shareholders' Equity	2,327,120	2,226,585	2,205,737	2,116,375	2,072,083
Total Liabilities & Shareholders' Equity	\$ 18,936,814	\$ 18,314,183	\$ 18,001,540	\$ 17,249,175	\$ 17,222,491

BancorpSouth Bank
Consolidated Average Balance Sheets
(Unaudited)

	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
(Dollars in thousands)					
<u>Assets</u>					
Cash and due from banks	\$ 202,564	\$ 213,415	\$ 218,553	\$ 179,098	\$ 203,220
Interest bearing deposits with other banks and Federal funds sold	254,951	238,194	62,516	57,204	66,035
Available-for-sale securities, at fair value	2,733,335	2,704,383	2,784,437	2,814,751	2,906,235
Loans and leases	13,565,632	13,094,817	13,079,321	12,448,814	12,350,226
Less: Unearned income	16,041	16,596	15,899	15,113	15,470
Allowance for credit losses	116,339	118,352	120,426	120,678	119,622
Net loans and leases	13,433,252	12,959,869	12,942,996	12,313,023	12,215,134
Loans held for sale	117,995	86,294	96,588	112,387	144,400
Premises and equipment, net	453,239	430,675	372,488	340,456	342,395
Accrued interest receivable	54,977	54,296	54,156	50,437	48,767
Goodwill	735,540	695,787	668,544	588,777	583,188
Other identifiable intangibles	49,058	50,115	47,567	37,529	39,752
Bank owned life insurance	313,550	306,134	305,888	305,476	305,016
Other real estate owned	7,313	9,555	15,048	6,245	8,997
Other assets	281,484	284,796	310,300	254,482	231,144
Total Assets	\$ 18,637,258	\$ 18,033,513	\$ 17,879,081	\$ 17,059,865	\$ 17,094,283
<u>Liabilities</u>					
Deposits:					
Demand: Noninterest bearing	\$ 4,307,570	\$ 4,078,027	\$ 4,284,521	\$ 4,076,890	\$ 3,976,039
Interest bearing	6,485,523	6,283,089	5,753,655	5,495,517	5,697,444
Savings	1,872,552	1,837,197	1,836,148	1,794,229	1,820,013
Other time	2,415,240	2,247,521	2,198,092	2,021,213	2,045,828
Total deposits	15,080,885	14,445,834	14,072,416	13,387,849	13,539,324
Securities sold under agreement to repurchase	484,950	457,875	447,727	427,583	416,839
Federal funds purchased and other short-term borrowing	499,385	664,056	953,137	918,153	875,641
Accrued interest payable	12,239	9,998	8,305	6,617	5,600
Long-term debt	5,403	5,826	17,403	33,196	33,147
Other liabilities	255,884	237,176	188,241	196,721	172,280
Total Liabilities	16,338,746	15,820,765	15,687,229	14,970,119	15,042,831
<u>Shareholders' Equity</u>					
Common stock	252,351	248,810	250,752	246,635	247,120
Capital surplus	511,786	475,390	497,330	441,779	444,379
Accumulated other comprehensive loss	(66,048)	(78,255)	(91,541)	(89,244)	(88,962)
Retained earnings	1,600,423	1,566,803	1,535,311	1,490,576	1,448,915
Total Shareholders' Equity	2,298,512	2,212,748	2,191,852	2,089,746	2,051,452
Total Liabilities & Shareholders' Equity	\$ 18,637,258	\$ 18,033,513	\$ 17,879,081	\$ 17,059,865	\$ 17,094,283

BXS Announces Second Quarter 2019 Financial Results

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July 17, 2019

BancorpSouth Bank
Consolidated Condensed Statements of Income
(Dollars in thousands, except per share data)
(Unaudited)

	Quarter Ended					Year to Date	
	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Jun-19	Jun-18
INTEREST REVENUE:							
Loans and leases	\$ 172,748	\$ 163,679	\$ 162,237	\$ 147,404	\$ 143,029	\$ 336,427	\$ 279,597
Deposits with other banks	1,292	1,516	457	243	331	2,808	995
Federal funds sold, securities purchased under agreement to resell, FHLB and other equity investments	542	374	344	295	226	916	417
Available-for-sale securities:							
Taxable	13,223	12,437	12,208	11,529	11,554	25,660	22,867
Tax-exempt	1,890	2,121	2,308	2,394	2,435	4,011	4,939
Loans held for sale	1,368	1,006	1,296	1,293	1,715	2,374	2,670
Total interest revenue	<u>191,063</u>	<u>181,133</u>	<u>178,850</u>	<u>163,158</u>	<u>159,290</u>	<u>372,196</u>	<u>311,485</u>
INTEREST EXPENSE:							
Interest bearing demand	14,741	13,139	10,191	8,113	6,075	27,880	11,353
Savings	1,348	1,338	1,367	1,087	667	2,686	1,251
Other time	9,635	8,065	6,967	5,399	4,862	17,700	9,319
Federal funds purchased and securities sold under agreement to repurchase	1,972	1,775	2,563	2,071	1,898	3,747	3,239
Short-term and long-term debt	3,349	4,262	4,880	4,353	3,660	7,611	6,115
Other	1	-	1	-	-	1	2
Total interest expense	<u>31,046</u>	<u>28,579</u>	<u>25,969</u>	<u>21,023</u>	<u>17,162</u>	<u>59,625</u>	<u>31,279</u>
Net interest revenue	160,017	152,554	152,881	142,135	142,128	312,571	280,206
Provision for credit losses	500	500	1,000	-	2,500	1,000	3,500
Net interest revenue, after provision for credit losses	<u>159,517</u>	<u>152,054</u>	<u>151,881</u>	<u>142,135</u>	<u>139,628</u>	<u>311,571</u>	<u>276,706</u>
NONINTEREST REVENUE:							
Mortgage banking	351	2,040	(3,275)	6,517	6,904	2,391	20,169
Credit card, debit card and merchant fees	10,168	8,874	9,941	9,857	10,530	19,042	20,094
Deposit service charges	11,117	10,766	11,699	11,278	10,767	21,883	21,668
Security gains(losses), net	59	39	162	(54)	(2)	98	25
Insurance commissions	33,951	30,180	27,981	31,705	32,965	64,131	62,095
Wealth management	5,906	5,635	5,534	6,016	5,745	11,541	11,442
Other	4,780	6,686	6,989	6,297	5,547	11,466	15,897
Total noninterest revenue	<u>66,332</u>	<u>64,220</u>	<u>59,031</u>	<u>71,616</u>	<u>72,456</u>	<u>130,552</u>	<u>151,390</u>
NONINTEREST EXPENSE:							
Salaries and employee benefits	100,981	97,228	92,013	89,646	91,451	198,209	182,648
Occupancy, net of rental income	11,988	11,551	12,107	11,690	11,103	23,539	21,907
Equipment	4,423	3,888	3,837	3,994	3,804	8,311	7,558
Deposit insurance assessments	2,165	2,740	1,866	2,954	3,129	4,905	5,489
Other	38,117	34,561	42,519	34,125	35,695	72,678	75,281
Total noninterest expense	<u>157,674</u>	<u>149,968</u>	<u>152,342</u>	<u>142,409</u>	<u>145,182</u>	<u>307,642</u>	<u>292,883</u>
Income before income taxes	68,175	66,306	58,570	71,342	66,902	134,481	135,213
Income tax expense	15,118	14,708	11,473	4,659	12,856	29,826	27,676
Net income	<u>\$ 53,057</u>	<u>\$ 51,598</u>	<u>\$ 47,097</u>	<u>\$ 66,683</u>	<u>\$ 54,046</u>	<u>\$ 104,655</u>	<u>\$ 107,537</u>
Net income per share: Basic	<u>\$ 0.53</u>	<u>\$ 0.52</u>	<u>\$ 0.47</u>	<u>\$ 0.68</u>	<u>\$ 0.55</u>	<u>\$ 1.05</u>	<u>\$ 1.09</u>
Diluted	<u>\$ 0.53</u>	<u>\$ 0.52</u>	<u>\$ 0.47</u>	<u>\$ 0.67</u>	<u>\$ 0.55</u>	<u>\$ 1.04</u>	<u>\$ 1.09</u>

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

	Quarter Ended				
	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
LOAN AND LEASE PORTFOLIO:					
Commercial and industrial	1,832,016	1,728,897	\$ 1,766,515	\$ 1,617,293	\$ 1,668,174
Real estate					
Consumer mortgages	3,422,661	3,242,769	3,259,390	3,184,674	3,143,215
Home equity	670,352	663,120	663,572	655,213	653,450
Agricultural	332,902	309,931	318,038	315,842	315,828
Commercial and industrial-owner occupied	2,157,292	2,128,763	2,267,902	2,157,177	2,147,176
Construction, acquisition and development	1,441,269	1,322,671	1,286,786	1,103,532	1,346,370
Commercial real estate	3,287,453	3,169,117	3,026,214	2,923,791	2,636,533
Credit cards	101,024	99,260	105,569	102,353	102,790
All other	413,558	406,531	418,163	390,120	404,578
Total loans	<u>\$ 13,658,527</u>	<u>\$ 13,071,059</u>	<u>\$ 13,112,149</u>	<u>\$ 12,449,995</u>	<u>\$ 12,418,114</u>
ALLOWANCE FOR CREDIT LOSSES:					
Balance, beginning of period	\$ 116,499	\$ 120,070	\$ 121,019	\$ 119,920	\$ 119,434
Loans and leases charged-off:					
Commercial and industrial	(866)	(819)	(1,042)	(322)	(1,057)
Real estate					
Consumer mortgages	(237)	(185)	(298)	(210)	(366)
Home equity	(124)	(353)	(237)	(227)	(107)
Agricultural	-	-	(6)	(6)	(6)
Commercial and industrial-owner occupied	-	-	(237)	(315)	(279)
Construction, acquisition and development	(45)	-	(142)	(41)	(66)
Commercial real estate	(250)	(3,815)	(594)	-	(946)
Credit cards	(922)	(955)	(816)	(596)	(830)
All other	(912)	(831)	(761)	(941)	(551)
Total loans charged-off	<u>(3,356)</u>	<u>(6,958)</u>	<u>(4,133)</u>	<u>(2,658)</u>	<u>(4,208)</u>
Recoveries:					
Commercial and industrial	747	360	504	1,558	684
Real estate					
Consumer mortgages	244	1,081	419	522	361
Home equity	179	75	86	58	72
Agricultural	10	4	304	20	10
Commercial and industrial-owner occupied	71	100	40	413	46
Construction, acquisition and development	63	714	197	564	308
Commercial real estate	218	78	139	200	149
Credit cards	223	218	245	198	367
All other	293	257	250	224	197
Total recoveries	<u>2,048</u>	<u>2,887</u>	<u>2,184</u>	<u>3,757</u>	<u>2,194</u>
Net (charge-offs) recoveries	(1,308)	(4,071)	(1,949)	1,099	(2,014)
Provision charged to operating expense	500	500	1,000	-	2,500
Balance, end of period	<u>\$ 115,691</u>	<u>\$ 116,499</u>	<u>\$ 120,070</u>	<u>\$ 121,019</u>	<u>\$ 119,920</u>
Average loans for period	<u>\$ 13,549,591</u>	<u>\$ 13,078,221</u>	<u>\$ 13,063,422</u>	<u>\$ 12,433,701</u>	<u>\$ 12,334,756</u>
Ratio:					
Net charge-offs(recoveries) to average loans (annualized)	<u>0.04%</u>	<u>0.12%</u>	<u>0.06%</u>	<u>(0.04%)</u>	<u>0.07%</u>

July 17, 2019

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

	Quarter Ended				
	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
NON-PERFORMING ASSETS					
NON-PERFORMING LOANS AND LEASES:					
Nonaccrual Loans and Leases					
Commercial and industrial	\$9,456	\$ 10,431	\$ 10,537	\$ 11,158	\$ 11,090
Real estate					
Consumer mortgages	28,779	25,680	23,932	23,015	22,588
Home equity	2,432	2,259	2,686	2,349	2,446
Agricultural	6,115	6,263	4,617	1,603	1,536
Commercial and industrial-owner occupied	8,648	8,782	8,637	7,927	12,275
Construction, acquisition and development	2,071	2,710	3,124	1,410	1,563
Commercial real estate	13,064	12,283	16,590	7,787	8,265
Credit cards	86	160	173	120	104
All other	425	381	259	163	178
Total nonaccrual loans and leases	<u>\$ 71,076</u>	<u>\$ 68,949</u>	<u>\$ 70,555</u>	<u>\$ 55,532</u>	<u>\$ 60,045</u>
Loans and Leases 90+ Days Past Due, Still Accruing:	8,053	8,471	18,695	2,934	6,335
Restructured Loans and Leases, Still Accruing	10,676	9,874	7,498	7,564	6,982
Total non-performing loans and leases	<u>\$ 89,805</u>	<u>\$ 87,294</u>	<u>\$ 96,748</u>	<u>\$ 66,030</u>	<u>\$ 73,362</u>
OTHER REAL ESTATE OWNED:	6,179	9,686	9,276	4,301	7,828
Total Non-performing Assets	<u>\$ 95,984</u>	<u>\$ 96,980</u>	<u>\$ 106,024</u>	<u>\$ 70,331</u>	<u>\$ 81,190</u>
BXS originated assets	\$ 76,816	\$ 77,110	\$ 72,527	\$ 66,062	\$ 75,980
Acquired assets	19,168	19,870	33,497	4,269	5,210
Total Non-performing Assets	<u>\$ 95,984</u>	<u>\$ 96,980</u>	<u>\$ 106,024</u>	<u>\$ 70,331</u>	<u>\$ 81,190</u>
Additions to Nonaccrual Loans and Leases During the Quarter	<u>\$ 22,002</u>	<u>\$ 15,419</u>	<u>\$ 28,572</u>	<u>\$ 12,217</u>	<u>\$ 16,902</u>
Loans and Leases 30-89 Days Past Due, Still Accruing:					
BXS originated loans	\$ 42,968	\$ 34,591	\$ 43,922	\$ 33,093	\$ 27,225
Acquired loans	14,042	10,840	9,769	11,294	11,810
Total Loans and Leases 30-89 days past due, still accruing	<u>\$ 57,010</u>	<u>\$ 45,431</u>	<u>\$ 53,691</u>	<u>\$ 44,387</u>	<u>\$ 39,035</u>
Credit Quality Ratios:					
Provision for credit losses to average loans and leases (annualized)	0.01%	0.02%	0.03%	0.00%	0.08%
Allowance for credit losses to net loans and leases	0.85%	0.89%	0.92%	0.97%	0.97%
Allowance for credit losses to non-performing loans and leases	128.83%	133.46%	124.11%	183.28%	163.46%
Allowance for credit losses to non-performing assets	120.53%	120.13%	113.25%	172.07%	147.70%
Non-performing loans and leases to net loans and leases	0.66%	0.67%	0.74%	0.53%	0.59%
Non-performing assets to net loans and leases	0.70%	0.74%	0.81%	0.56%	0.65%

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

	June 30, 2019							
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired	Purchased Credit Impaired	Total
LOAN PORTFOLIO BY INTERNALLY ASSIGNED GRADE:								
Commercial and industrial	\$ 1,779,607	\$ 490	\$ 38,074	\$ 218	\$ -	\$ 3,320	\$ 10,307	\$ 1,832,016
Real estate								
Consumer mortgages	3,363,963	-	53,149	-	-	4,844	705	3,422,661
Home equity	663,978	-	6,374	-	-	-	-	670,352
Agricultural	319,673	-	9,558	-	-	1,409	2,262	332,902
Commercial and industrial-owner occupied	2,108,890	-	38,077	-	-	4,075	6,250	2,157,292
Construction, acquisition and development	1,417,312	-	18,140	-	-	-	5,817	1,441,269
Commercial real estate	3,203,433	-	72,798	-	-	10,400	822	3,287,453
Credit cards	101,024	-	-	-	-	-	-	101,024
All other	405,143	-	8,415	-	-	-	-	413,558
Total loans	\$ 13,363,023	\$ 490	\$ 244,585	\$ 218	\$ -	\$ 24,048	\$ 26,163	\$ 13,658,527
BXS originated loans	\$ 11,876,557	\$ -	\$ 181,045	\$ 218	\$ -	\$ 22,821	\$ -	\$ 12,080,641
Acquired loans	1,486,466	490	63,540	-	-	1,227	26,163	1,577,886
Total Loans	\$ 13,363,023	\$ 490	\$ 244,585	\$ 218	\$ -	\$ 24,048	\$ 26,163	\$ 13,658,527

	March 31, 2019							
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired	Purchased Credit Impaired	Total
LOAN PORTFOLIO BY INTERNALLY ASSIGNED GRADE:								
Commercial and industrial	\$ 1,667,040	\$ -	\$ 45,639	\$ 407	\$ -	\$ 5,598	\$ 10,213	\$ 1,728,897
Real estate								
Consumer mortgages	3,183,452	-	54,091	379	-	4,847	-	3,242,769
Home equity	655,726	-	7,171	-	-	223	-	663,120
Agricultural	296,177	-	9,806	-	-	1,594	2,354	309,931
Commercial and industrial-owner occupied	2,067,541	-	53,467	-	-	3,422	4,333	2,128,763
Construction, acquisition and development	1,292,434	534	23,889	-	-	-	5,814	1,322,671
Commercial real estate	3,096,319	-	62,937	-	-	9,861	-	3,169,117
Credit cards	99,260	-	-	-	-	-	-	99,260
All other	399,393	-	7,138	-	-	-	-	406,531
Total loans	\$ 12,757,342	\$ 534	\$ 264,138	\$ 786	\$ -	\$ 25,545	\$ 22,714	\$ 13,071,059
BXS originated loans	\$ 11,537,493	\$ 534	\$ 205,512	\$ 786	\$ -	\$ 25,545	\$ -	\$ 11,769,870
Acquired loans	1,219,849	-	58,626	-	-	-	22,714	1,301,189
Total Loans	\$ 12,757,342	\$ 534	\$ 264,138	\$ 786	\$ -	\$ 25,545	\$ 22,714	\$ 13,071,059

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

June 30, 2019

	Alabama and Florida Panhandle	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas	Other	Total
LOAN AND LEASE PORTFOLIO:									
Commercial and industrial	\$ 112,980	\$ 143,521	\$ 284,816	\$ 556,062	\$ 74,847	\$ 98,559	\$ 530,335	\$ 30,896	\$ 1,832,016
Real estate									
Consumer mortgages	498,395	335,700	340,948	874,321	92,474	324,804	847,393	108,626	3,422,661
Home equity	104,129	48,650	90,385	237,924	18,746	142,862	27,656	-	670,352
Agricultural	27,411	80,452	33,657	70,741	6,030	11,250	103,361	-	332,902
Commercial and industrial-owner occupied	230,972	198,336	278,965	664,008	52,893	137,048	595,070	-	2,157,292
Construction, acquisition and development	140,034	61,897	84,435	277,541	25,554	160,048	691,760	-	1,441,269
Commercial real estate	290,573	376,969	359,875	722,238	205,919	213,976	1,117,903	-	3,287,453
Credit cards	-	-	-	-	-	-	-	101,024	101,024
All other	53,561	38,307	25,609	186,420	4,187	17,585	82,333	5,556	413,558
Total loans	\$ 1,458,055	\$ 1,283,832	\$ 1,498,690	\$ 3,589,255	\$ 480,650	\$ 1,106,132	\$ 3,995,811	\$ 246,102	\$ 13,658,527
NON-PERFORMING LOANS AND LEASES:									
Commercial and industrial	\$ 37	\$ 362	626	\$ 1,115	\$ 681	\$ 1,375	\$ 5,969	\$ 234	\$ 10,399
Real estate									
Consumer mortgages	3,606	2,959	5,661	11,657	234	1,996	6,677	544	33,334
Home equity	253	196	441	1,244	30	763	46	-	2,973
Agricultural	291	930	2	1,522	-	-	3,679	-	6,424
Commercial and industrial-owner occupied	395	418	1,573	4,597	132	826	8,831	-	16,772
Construction, acquisition and development	268	272	79	344	-	221	974	-	2,158
Commercial real estate	351	112	3,392	829	-	-	11,602	-	16,286
Credit cards	-	-	-	-	-	-	-	961	961
All other	65	135	9	35	-	24	223	7	498
Total loans	\$ 5,266	\$ 5,384	\$ 11,783	\$ 21,343	\$ 1,077	\$ 5,205	\$ 38,001	\$ 1,746	\$ 89,805
NON-PERFORMING LOANS AND LEASES AS A PERCENTAGE OF OUTSTANDING:									
Commercial and industrial	0.03%	0.25%	0.22%	0.20%	0.91%	1.40%	1.13%	0.76%	0.57%
Real estate									
Consumer mortgages	0.72%	0.88%	1.66%	1.33%	0.25%	0.61%	0.79%	0.50%	0.97%
Home equity	0.24%	0.40%	0.49%	0.52%	0.16%	0.53%	0.17%	N/A	0.44%
Agricultural	1.06%	1.16%	0.01%	2.15%	0.00%	0.00%	3.56%	N/A	1.93%
Commercial and industrial-owner occupied	0.17%	0.21%	0.56%	0.69%	0.25%	0.60%	1.48%	N/A	0.78%
Construction, acquisition and development	0.19%	0.44%	0.09%	0.12%	0.00%	0.14%	0.14%	N/A	0.15%
Commercial real estate	0.12%	0.03%	0.94%	0.11%	0.00%	0.00%	1.04%	N/A	0.50%
Credit cards	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.95%	0.95%
All other	0.12%	0.35%	0.04%	0.02%	0.00%	0.14%	0.27%	0.13%	0.12%
Total loans	0.36%	0.42%	0.79%	0.59%	0.22%	0.47%	0.95%	0.71%	0.66%

BancorpSouth Bank
Acquired Loan Information
(Dollars in thousands)
(Unaudited)

	Quarter Ended June 30, 2019		
	Acquired Loans Accounted for Under ASC 310-20	Acquired Loans Accounted for Under ASC 310-30	Total Acquired Loans
	Net book value of acquired loans at beginning of period	\$ 1,168,959	\$ 22,714
Fair value of loans acquired during the period	401,801	3,895	405,696
Changes in acquired loans	(175,620)	(446)	(176,066)
Net book value of acquired loans at end of period	<u>\$ 1,395,140</u>	<u>\$ 26,163</u>	<u>\$ 1,421,303</u>
Loan mark on acquired loans at beginning of period	\$ (11,249)	\$ (19,533)	\$ (30,782)
Loan mark recorded on loans acquired during the period	(6,857)	(4,634)	(11,491)
Change in remaining nonaccretable difference (for ASC 310-30 loans only)	-	298	298
Net accretion recognized on acquired loans	2,613	954	3,567
Remaining loan mark on acquired loans*	<u>\$ (15,493)</u>	<u>\$ (22,915)</u>	<u>\$ (38,408)</u>
	Quarter Ended March 31, 2019		
	Acquired Loans Accounted for Under ASC 310-20	Acquired Loans Accounted for Under ASC 310-30	Total Acquired Loans
Net book value of acquired loans at beginning of period	\$ 1,279,296	\$ 30,793	\$ 1,310,089
Fair value of loans acquired during the period	-	-	-
Changes in acquired loans	(110,337)	(8,079)	(118,416)
Net book value of acquired loans at end of period	<u>\$ 1,168,959</u>	<u>\$ 22,714</u>	<u>\$ 1,191,673</u>
Loan mark on acquired loans at beginning of period	\$ (13,819)	\$ (23,547)	\$ (37,366)
Loan mark recorded on loans acquired during the period	-	-	-
Change in remaining nonaccretable difference (for ASC 310-30 loans only)	-	1,997	1,997
Net accretion recognized on acquired loans	2,570	2,017	4,587
Remaining loan mark on acquired loans	<u>\$ (11,249)</u>	<u>\$ (19,533)</u>	<u>\$ (30,782)</u>
	Quarter Ended 6/30/2019	Quarter Ended 3/31/2019	Quarter Ended 12/31/2018
Loan yield, as reported	5.12%	5.09%	4.94%
Loan yield, excluding net accretion on acquired loans	5.02%	4.95%	4.83%
Net interest margin, as reported	3.87%	3.86%	3.80%
Net interest margin, excluding net accretion on acquired loans	3.79%	3.74%	3.71%

Certain balances within the Acquired Loan Information have been adjusted for prior periods to reflect changes made to loans accounted for under ASC 310-30 during the measurement period. These changes may result in certain balances not agreeing to other prior period information presented within this press release.

* The remaining loan mark shown above for loans accounted for under ASC 310-30 includes \$1.0 million in accretable yield as of June 30, 2019 compared to \$1.1 million in accretable yield as of March 31, 2019. In addition, the same loans include \$21.9 million in nonaccretable difference as of June 30, 2019 compared to \$18.4 million as of March 31, 2019.

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

	Quarter Ended					Year to Date	
	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Jun-19	Jun-18
NONINTEREST REVENUE:							
Mortgage banking excl. MSR and MSR Hedge market value adj	\$ 9,167	\$ 6,909	\$ 4,789	\$ 5,045	\$ 7,105	\$ 16,076	\$ 14,837
MSR and MSR Hedge market value adjustment	(8,816)	(4,869)	(8,064)	1,472	(201)	(13,685)	5,332
Credit card, debit card and merchant fees	10,168	8,874	9,941	9,857	10,530	19,042	20,094
Deposit service charges	11,117	10,766	11,699	11,278	10,767	21,883	21,668
Securities gains (losses), net	59	39	162	(54)	(2)	98	25
Insurance commissions	33,951	30,180	27,981	31,705	32,965	64,131	62,095
Trust income	3,815	3,788	3,681	3,742	3,850	7,603	7,698
Annuity fees	245	265	218	276	357	510	654
Brokerage commissions and fees	1,846	1,582	1,635	1,998	1,538	3,428	3,090
Bank-owned life insurance	1,854	1,822	3,636	2,842	3,259	3,676	5,206
Other miscellaneous income	2,926	4,864	3,353	3,455	2,288	7,790	10,691
Total noninterest revenue	<u>\$ 66,332</u>	<u>\$ 64,220</u>	<u>\$ 59,031</u>	<u>\$ 71,616</u>	<u>\$ 72,456</u>	<u>\$ 130,552</u>	<u>\$ 151,390</u>
NONINTEREST EXPENSE:							
Salaries and employee benefits	\$ 100,981	\$ 97,228	\$ 92,013	\$ 89,646	\$ 91,451	\$ 198,209	\$ 182,648
Occupancy, net of rental income	11,988	11,551	12,107	11,690	11,103	23,539	21,907
Equipment	4,423	3,888	3,837	3,994	3,804	8,311	7,558
Deposit insurance assessments	2,165	2,740	1,866	2,954	3,129	4,905	5,489
Advertising	1,427	947	1,440	1,522	1,226	2,374	2,081
Foreclosed property expense	519	624	1,113	920	997	1,143	1,363
Telecommunications	1,419	1,340	1,364	1,318	1,327	2,759	2,544
Public relations	934	765	834	795	829	1,699	1,623
Data processing	7,968	8,442	8,231	8,113	7,970	16,410	15,330
Computer software	3,835	3,699	3,840	3,652	3,624	7,534	6,960
Amortization of intangibles	2,508	1,985	2,040	1,438	1,559	4,493	3,161
Legal	1,310	605	1,082	657	1,568	1,915	2,259
Merger expense	3,136	891	4,456	942	1,911	4,027	7,638
Postage and shipping	1,217	1,412	1,214	1,238	1,151	2,629	2,388
Other miscellaneous expense	13,844	13,851	16,905	13,530	13,533	27,695	29,934
Total noninterest expense	<u>\$ 157,674</u>	<u>\$ 149,968</u>	<u>\$ 152,342</u>	<u>\$ 142,409</u>	<u>\$ 145,182</u>	<u>\$ 307,642</u>	<u>\$ 292,883</u>
INSURANCE COMMISSIONS:							
Property and casualty commissions	\$ 23,429	\$ 21,238	\$ 19,242	\$ 21,907	\$ 23,041	\$ 44,667	\$ 43,141
Life and health commissions	7,355	5,982	5,892	6,162	6,753	13,337	12,696
Risk management income	622	587	558	635	605	1,209	1,355
Other	2,545	2,373	2,289	3,001	2,566	4,918	4,903
Total insurance commissions	<u>\$ 33,951</u>	<u>\$ 30,180</u>	<u>\$ 27,981</u>	<u>\$ 31,705</u>	<u>\$ 32,965</u>	<u>\$ 64,131</u>	<u>\$ 62,095</u>

BancorpSouth Bank
Selected Additional Information
(Dollars in thousands)
(Unaudited)

	Quarter Ended				
	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
MORTGAGE SERVICING RIGHTS:					
Fair value, beginning of period	\$ 64,643	\$ 69,822	\$ 77,796	\$ 75,614	\$ 75,206
Additions to mortgage servicing rights:					
Originations of servicing assets	2,790	1,976	2,840	3,520	3,516
Changes in fair value:					
Due to payoffs/paydowns	(2,739)	(2,052)	(2,465)	(2,984)	(2,916)
Due to change in valuation inputs or assumptions used in the valuation model	(9,399)	(5,103)	(8,348)	1,646	(191)
Other changes in fair value	(1)	-	(1)	-	(1)
Fair value, end of period	<u>\$ 55,294</u>	<u>\$ 64,643</u>	<u>\$ 69,822</u>	<u>\$ 77,796</u>	<u>\$ 75,614</u>
MORTGAGE BANKING REVENUE:					
Production revenue:					
Origination	\$ 7,016	\$ 4,068	\$ 2,207	\$ 3,161	\$ 5,295
Servicing	4,890	4,893	5,047	4,868	4,726
Payoffs/Paydowns	(2,739)	(2,052)	(2,465)	(2,984)	(2,916)
Total production revenue	<u>9,167</u>	<u>6,909</u>	<u>4,789</u>	<u>5,045</u>	<u>7,105</u>
Market value adjustment on MSR	(9,399)	(5,103)	(8,348)	1,646	(191)
Market value adjustment on MSR Hedge	583	234	284	(174)	(10)
Total mortgage banking revenue	<u>\$ 351</u>	<u>\$ 2,040</u>	<u>\$ (3,275)</u>	<u>\$ 6,517</u>	<u>\$ 6,904</u>
Mortgage loans serviced	\$ 6,749,416	\$ 6,718,236	\$ 6,686,475	\$ 6,628,445	\$ 6,579,444
MSR/mtg loans serviced	0.82%	0.96%	1.04%	1.17%	1.15%
AVAILABLE-FOR-SALE SECURITIES, at fair value					
U.S. Government agencies	\$ 2,283,899	\$ 2,179,699	\$ 2,200,158	\$ 2,260,949	\$ 2,235,238
U.S. Government agency issued residential mortgage-back securities	134,648	141,542	136,846	138,624	141,443
U.S. Government agency issued commercial mortgage-back securities	94,878	98,941	107,841	107,506	122,974
Obligations of states and political subdivisions	247,307	272,317	304,343	319,280	329,099
Total available-for-sale securities	<u>\$ 2,760,732</u>	<u>\$ 2,692,499</u>	<u>\$ 2,749,188</u>	<u>\$ 2,826,359</u>	<u>\$ 2,828,754</u>

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. Generally Accepted Accounting Principles (GAAP), including net operating income, net operating income-excluding MSR, total operating expense, tangible shareholders' equity to tangible assets, return 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 efficiency 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 capital 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 financial 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 to Date		
	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018	6/30/2019	6/30/2018
Net income	\$ 53,057	\$ 51,598	\$ 47,097	\$ 66,683	\$ 54,046	\$ 104,655	\$ 107,537
Plus: Merger expense, net of tax	2,354	669	3,345	707	1,434	3,023	5,732
Less: Security gains(losses), net of tax	45	29	122	(40)	(2)	74	18
Tax-related matters	-	-	-	11,288	-	-	-
Net operating income	<u>\$ 55,366</u>	<u>\$ 52,238</u>	<u>\$ 50,320</u>	<u>\$ 56,142</u>	<u>\$ 55,482</u>	<u>\$ 107,604</u>	<u>\$ 113,251</u>
Less: MSR market value adjustment, net of tax	(6,616)	(3,654)	(6,052)	1,103	(151)	(10,270)	4,004
Net operating income-excluding MSR	<u>\$ 61,982</u>	<u>\$ 55,892</u>	<u>\$ 56,372</u>	<u>\$ 55,039</u>	<u>\$ 55,633</u>	<u>\$ 117,874</u>	<u>\$ 109,247</u>

Reconciliation of Total Operating Expense to Total Noninterest Expense:

Total noninterest expense	\$ 157,674	\$ 149,968	\$ 152,342	\$ 142,409	\$ 145,182	\$ 307,642	\$ 292,883
Less: Merger expense	3,136	891	4,456	942	1,911	4,027	7,638
Total operating expense	<u>\$ 154,538</u>	<u>\$ 149,077</u>	<u>\$ 147,886</u>	<u>\$ 141,467</u>	<u>\$ 143,271</u>	<u>\$ 303,615</u>	<u>\$ 285,245</u>

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 to Date	
	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018	6/30/2019	6/30/2018
Tangible assets							
Total assets	\$ 18,936,814	\$ 18,314,183	\$ 18,001,540	\$ 17,249,175	\$ 17,222,491	\$ 18,936,814	\$ 17,222,491
Less: Goodwill	734,473	699,073	695,720	590,292	588,004	734,473	588,004
Other identifiable intangible assets	65,930	49,396	50,896	36,475	39,031	65,930	39,031
Total tangible assets	\$ 18,136,411	\$ 17,565,714	\$ 17,254,924	\$ 16,622,408	\$ 16,595,456	\$ 18,136,411	\$ 16,595,456
Tangible shareholders' equity							
Total shareholders' equity	\$ 2,327,120	\$ 2,226,585	\$ 2,205,737	\$ 2,116,375	\$ 2,072,083	\$ 2,327,120	\$ 2,072,083
Less: Goodwill	734,473	699,073	695,720	590,292	588,004	734,473	588,004
Other identifiable intangible assets	65,930	49,396	50,896	36,475	39,031	65,930	39,031
Total tangible shareholders' equity	\$ 1,526,717	\$ 1,478,116	\$ 1,459,121	\$ 1,489,608	\$ 1,445,048	\$ 1,526,717	\$ 1,445,048
Total average assets	\$ 18,637,258	\$ 18,033,513	\$ 17,879,081	\$ 17,059,865	\$ 17,094,283	\$ 18,337,053	\$ 17,006,910
Total shares of common stock outstanding	100,651,798	99,066,856	99,797,271	98,525,516	98,700,509	100,651,798	98,700,509
Average shares outstanding-diluted	100,888,164	99,717,119	99,720,219	98,819,905	99,057,054	100,302,641	98,999,661
Tangible shareholders' equity to tangible assets (1)	8.42%	8.41%	8.46%	8.96%	8.71%	8.42%	8.71%
Return on tangible equity (2)	13.94%	14.16%	12.81%	17.76%	15.00%	13.82%	15.01%
Operating return on tangible equity-excluding MSR (3)	16.28%	15.34%	15.33%	14.66%	15.44%	15.57%	15.25%
Operating return on average assets-excluding MSR (4)	1.33%	1.26%	1.25%	1.28%	1.31%	1.30%	1.30%
Operating return on average shareholders' equity-excluding MSR (5)	10.82%	10.24%	10.20%	10.45%	10.88%	10.54%	10.84%
Tangible book value per share (6)	\$ 15.17	\$ 14.92	\$ 14.62	\$ 15.12	\$ 14.64	\$ 15.17	\$ 14.64
Operating earnings per share (7)	\$ 0.55	\$ 0.52	\$ 0.51	\$ 0.57	\$ 0.56	\$ 1.07	\$ 1.14
Operating earnings per share-excluding MSR (8)	\$ 0.61	\$ 0.56	\$ 0.57	\$ 0.56	\$ 0.56	\$ 1.18	\$ 1.10

- (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.