



# BancorpSouth Bank

Acquisition of:  
FNS Bancshares, Inc.

*January 13, 2021*



# Forward-Looking Statements and Disclaimers



## Forward-Looking Statements

Certain statements contained in this presentation and the accompanying slides may not be based upon historical facts and are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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,” “continue,” “seek,” “intend,” “estimate,” “expect,” “foresee,” “hope,” “may,” “might,” “plan,” “should,” “predict,” “project,” “goal,” “outlook,” “potential,” “will,” “will result,” “will likely result,” 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 terms, timing and closing of the merger, the benefits and synergies expected from the merger, and the ability of BancorpSouth Bank to close the merger in a timely manner or at all.

BancorpSouth Bank cautions readers not to place undue reliance on the forward-looking statements contained in this presentation and the accompanying slides, in that actual results could differ materially from those indicated in such forward-looking statements as a result of a variety of factors, many of which are beyond the control of BancorpSouth Bank. These factors may include, but are not limited to, the ability of BancorpSouth Bank and FNS Bancshares to complete the merger, the ability of BancorpSouth Bank and FNS Bancshares to satisfy the conditions to the completion of the merger, including the approval of the merger by FNS Bancshares’s shareholders and the receipt of all regulatory approvals required for the merger on the terms expected in the merger agreement, the ability of BancorpSouth Bank and FNS Bancshares to meet expectations regarding the timing, completion and accounting and tax treatments of the merger, the potential impact upon BancorpSouth Bank of any delay in the closing of the merger, the possibility that any of the anticipated benefits, cost savings and synergies of the merger will not be realized or will not be realized as expected, the acceptance by customers of FNS Bancshares of BancorpSouth Bank’s products and services if the merger closes, the failure of the merger to close for any other reason, the effect of the announcement of the merger on BancorpSouth Bank’s operating results, the possibility that the merger may be more expensive or time consuming to complete than anticipated, including as a result of unexpected factors or events, and the impact of all 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 the other factors described under the caption “Risk Factors” in the Form 10-K. Forward-looking statements speak only as of the date of this presentation and the accompanying slides and, except as required by law, BancorpSouth Bank does not undertake any obligation to update or revise forward-looking statements to reflect events or circumstances that occur after the date of this presentation and the accompanying slides.

## Additional Information and Participants in the Solicitation

This communication is being made in respect of the merger with FNS Bancshares discussed in this presentation and the accompanying slides. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. In connection with the merger, BancorpSouth Bank and FNS Bancshares will deliver a proxy statement and related offering materials to the shareholders of FNS Bancshares seeking approval of the merger and related matters. **THE SHAREHOLDERS OF FNS BANCSHARES ARE ENCOURAGED TO READ THE PROXY STATEMENT AND OFFERING MEMORANDUM CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER, BANCORPSOUTH BANK AND FNS BANCSHARES.** The proxy statement and related offering memorandum will also be made available without charge from the Corporate Secretary of each of BancorpSouth Bank and FNS Bancshares. The Corporate Secretary of BancorpSouth Bank may be contacted by mail at Attention: Corporate Secretary, BancorpSouth Bank, One Mississippi Plaza, Tupelo, Mississippi 38804.

BancorpSouth Bank and FNS Bancshares, and certain of their respective directors, executive officers and other members of management and employees, may be deemed to be participants in the solicitation of proxies from the shareholders of FNS Bancshares in respect of the merger. Certain information about the directors and executive officers of BancorpSouth Bank is set forth in its Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the Federal Deposit Insurance Corporation (the “FDIC”) on February 27, 2020 (the “Form 10-K”), and in its proxy statement for its 2020 annual meeting of shareholders, which was filed with the FDIC on March 11, 2020. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the proxy statement and related offering memorandum when they become available.

# Overview of FNS Bancshares, Inc.



Date Established: 1900  
 Number of Branches: 17

### Financial Highlights<sup>(1)</sup>

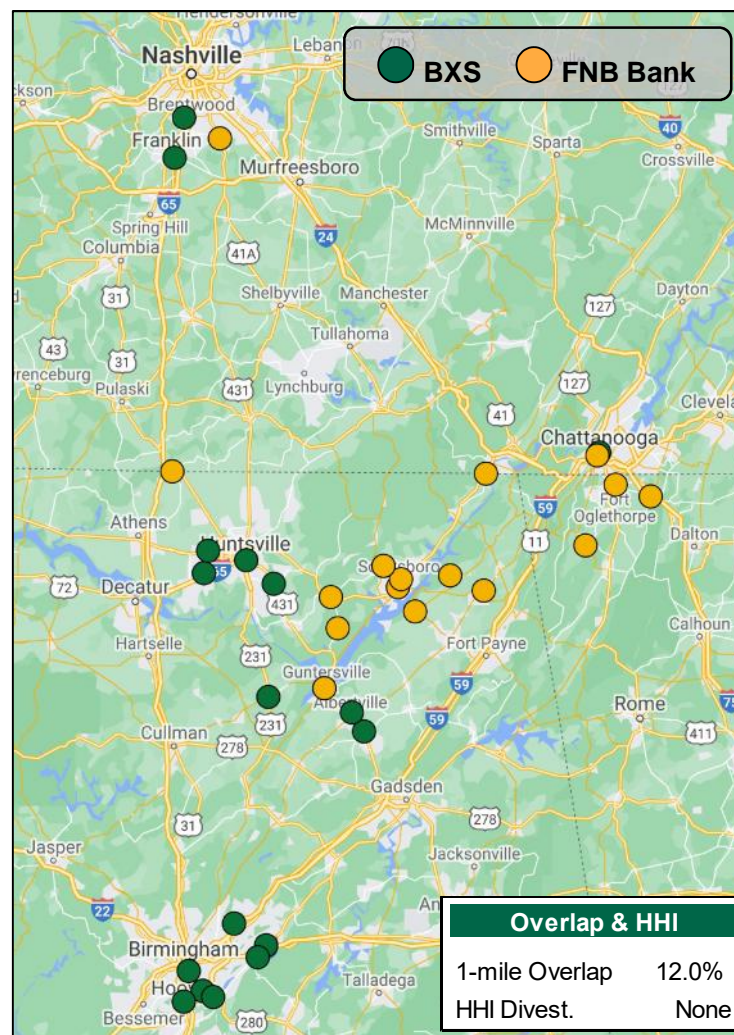
9/30/20

#### Balance Sheet Data

Total Assets (\$MM)	786.5
Total Loans Held for Investment (\$MM)	492.5
Total Deposits (\$MM)	665.9
Consolidated Tangible Common Equity (\$MM)	70.4
Loans to Deposits (%)	74.0
Noninterest Bearing Deposits / Deposits (%)	26.4

#### Profitability Data

Cost of Deposits (%) (MRQ)	0.50
Net Interest Margin (%) (MRQ)	3.50
Efficiency Ratio (%) (YTD)	74.6
Return on Average Assets (%) (YTD)	0.72
Pre-tax, pre-provision ROAA (%) (YTD)	0.96



(1) Financial information obtained from FDIC data and internal financial statements. Represents consolidated financial information.

# Transaction Summary



<b>Merger Partner</b>	<b>FNS Bancshares, Inc. and its wholly owned bank subsidiary, FNB Bank (collectively, "FNS")</b>
<b>Purchase Price<sup>(1)</sup></b>	<b>\$108.4 million</b>
<b>Consideration</b>	<b>2,975,000 shares of BXS common stock and \$18.0 million in cash</b>
<b>Consideration Mix<sup>(1)</sup></b>	<b>≈ 80% stock / 20% cash</b>
<b>Minimum Tangible Equity Requirement<sup>(2)</sup></b>	<b>\$66.0 million after seller-incurred expenses</b>
<b>Management Retention</b>	<b>Steve Rownd – Division President (Current Chief Executive Officer)</b>
<b>Required Approvals</b>	<b>Regulatory, FNS shareholders, &amp; other customary approvals</b>
<b>Anticipated Closing</b>	<b>First half of 2021</b>

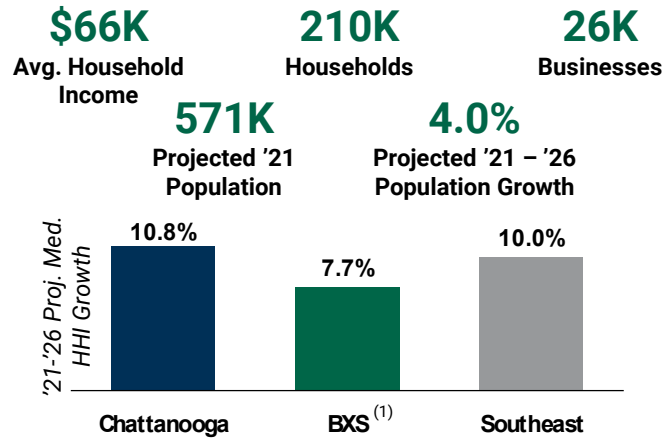
(1) Based upon BancorpSouth's closing price of \$30.37 on January 12, 2021.

(2) In the event FNS Bancshares' tangible equity capital at closing is less than \$66.0 million after seller-incurred expenses, then the consideration will be adjusted downward by an amount equal to such tangible equity capital shortfall. The tangible equity capital requirement is subject to certain adjustments dependent upon the actual closing date of the transaction.

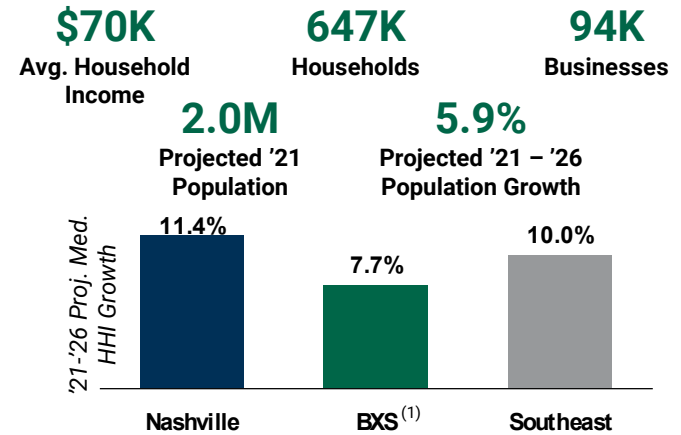
# FNS Market Overview



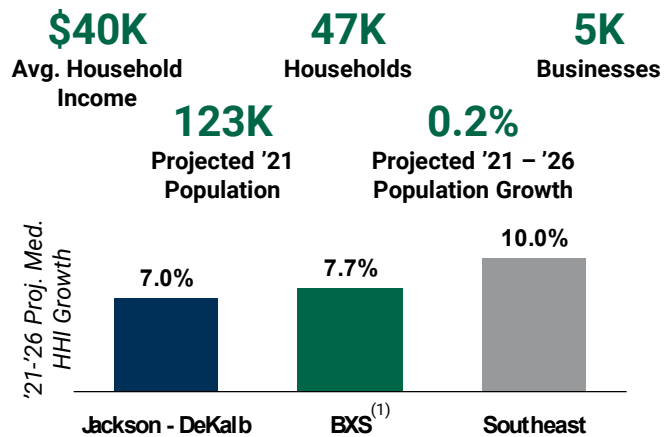
## Chattanooga, TN-GA MSA



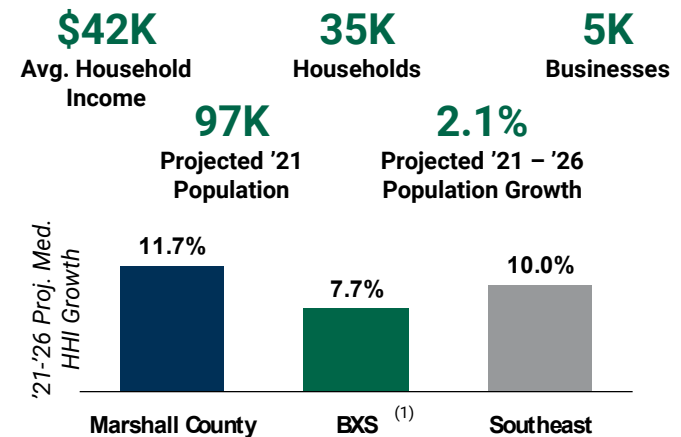
## Nashville-Davidson-Murfreesboro-Franklin, TN MSA



## Jackson-DeKalb County, AL Market



## Marshall County, AL Market



Source: S & P Global Market Intelligence, U.S. Census, DataUSA, Encyclopedia of Alabama & TownCharts  
 (1) Demographic data deposit weighted by county

# Transaction Assumptions and Valuation



**Cost Savings**

Minimum of 30% noninterest expense

**Mark-to-Market Adjustments<sup>(1)</sup>**

Estimated 2.0% mark on gross loans

**Core Deposit Intangibles**

Estimated 0.75% of all non-time accounts / 10 year amortization

(1) Excludes incremental provision associated with CECL and approximately \$18 million of Paycheck Protection Program Loans.

# Transaction Assumptions and Valuation



## Merger Multiples

<b>Aggregate Transaction Value<sup>(1)</sup></b>	\$108.4 million
<b>Price / Tangible Book Value</b>	1.54x
<b>Price / LTM Net Income</b>	19.2x
<b>Core Deposit Premium</b>	6.4%

## Financial Impact

	<b>Actual Transaction Structure</b>	<b>Illustrative Transaction Structure – 100% Stock<sup>(3)</sup></b>
<b>EPS Accretion<sup>(2)</sup></b>	1 <sup>st</sup> Year of Combined Operations	1 <sup>st</sup> Year of Combined Operations
<b>Initial TBV Dilution</b>	Less Than 0.5%	Accretive
<b>TBV Earnback Period</b>	Approximately 2 Years	N/A
<b>Regulatory Capital Ratios</b>	Remain Well Capitalized	Remain Well Capitalized

1) Based upon BancorpSouth's closing price of \$30.37 on January 12, 2021.

2) Excludes deal charges and CECL related provision expense.

3) For comparative purposes only.



# Credit Quality Highlights



- **Historically strong credit quality with low levels of recent charge-offs**
  - Net charge-offs of 0.55% of net loans and leases for 2019 and 0.10% annualized for 2020
  - 0.70% NPLS / Loans YTD
  - 67% of current NPAs were acquired via the purchases of Commerce Bancshares (2017) and Catoosa Bancshares (2018)
- **Very granular, diversified loan portfolio with an average outstanding loan balance of approximately \$92 thousand**
- **Low exposure to portfolios adversely impacted by COVID-19 pandemic**
  - Approximately \$38 million in hotel, food service, and other hospitality loans
- **Performed thorough due diligence obtaining significant coverage of loan portfolio**
  - Loan diligence performed in December 2020
  - Performed detailed file reviews of over 80% of outstanding commercial loans by balance as well as 100% of credits that were either adversely rated, on nonaccrual status, or past due 30 days or more
  - Preliminary credit mark of approximately 2.0% of gross loans<sup>(1)</sup>

1) Excludes incremental provision associated with CECL and approximately \$18 million of Paycheck Protection Program Loans. All data as of September 30, 2020 unless otherwise indicated



# Deposit Market Share (\$ in '000s)



Market	BXS Market Share Rank	Total BXS Deposits <sup>(1)</sup>	BXS Market Share 2020 (%)	FNS Bancshares	Pro Forma Deposits 6/30/20	Pro Forma Market Share Rank	Pro Forma Market Share 2020 (%)
Mississippi	3	6,887,365	10.6%	-	6,887,365	3	10.6%
Texas	28	5,095,902	0.4%	-	5,095,902	28	0.4%
Arkansas	8	1,852,711	2.2%	-	1,852,711	8	2.2%
Alabama	16	1,387,997	1.1%	451,490	1,839,487	11	1.4%
Louisiana	12	1,760,703	1.4%	-	1,760,703	12	1.4%
Tennessee	17	1,681,484	0.9%	95,026	1,776,510	17	0.9%
Florida	78	490,118	0.1%	-	490,118	78	0.1%
Missouri	68	439,903	0.2%	-	439,903	68	0.2%
Georgia	-	-	-	115,755	115,755	115	<0.1%
<b>Total</b>		<b>19,596,183</b>		<b>662,271</b>	<b>20,258,454</b>		

1) Includes deposits from previously announced National United merger agreement  
Source: FDIC Summary of Deposits (as of 6/30/20)

# Strategic Rationale



**Contiguous market acquisition that deepens existing Alabama franchise and expands presence in the two metropolitan markets of Chattanooga and Nashville**

- Within Chattanooga, adds three new sub-markets with strong local deposit bases and commercial lending teams



**120 year old institution with deep local ties and long-standing relationships**



**Clean asset quality with a conservative credit culture**



**Provides liquidity with a core-funded, low-cost deposit base**



**Opportunity for efficiency improvement**



**Compatible community banking model with local decision making**

BancorpSouth's common stock is listed on the New York Stock Exchange under the symbol BXS and its Series A Preferred Stock is listed under the symbol BXS-PrA. Additional information can be found at [www.bancorpsouth.com](http://www.bancorpsouth.com).\* As a reminder, all of the BancorpSouth Bank's Securities Exchange Act filings are made with the Federal Deposit Insurance Corporation and can be found at <https://efr.fdic.gov/fcxweb/efr/index.html>.



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