FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

FDIC Certificate No. 11813

BANCORPSOUTH BANK

(Exact name of registrant as specified in its charter)

Mississippi	**64-0117230**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Mississippi Plaza, 201 South Spring Street Tupelo, Mississippi	**38804**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (662) 680-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, $2.50 par value per share	BXS	New York Stock Exchange
5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share	BXS-PrA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on June 30, 2020 was approximately $2,296,000,000, based on the last reported sale price per share of the registrant's common stock as reported on the New York Stock Exchange on June 30, 2020.

As of February 18, 2021, the registrant had outstanding 102,646,131 shares of common stock, par value $2.50 per share, and 6,900,000 shares of its 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share.

DOCUMENTS INCORPORATED BY REFERENCE

To the extent stated herein, portions of the Definitive Proxy Statement on Schedule 14A to be used in connection with the registrant's 2021 Annual Meeting of Shareholders, scheduled to be held April 28, 2021, are incorporated by reference into Part III of this annual report on Form 10-K.

BANCORPSOUTH BANK
FORM 10-K
For the Fiscal Year Ended December 31, 2020

TABLE OF CONTENTS

EXPLANATORY NOTE

Effective October 31, 2017, BancorpSouth, Inc., a Mississippi corporation, merged with and into its wholly owned subsidiary, BancorpSouth Bank, a Mississippi state-chartered bank, with BancorpSouth Bank continuing as the surviving entity (the "Reorganization"), all on and subject to the terms and conditions set forth in that certain Amended and Restated Agreement and Plan of Reorganization (the "Amended Plan of Reorganization"). The Amended Plan of Reorganization was previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K that was filed with the Federal Deposit Insurance Corporation ("FDIC") on November 1, 2017. As a result of the Reorganization, the separate existence of BancorpSouth, Inc. ceased, and all of the rights, privileges, powers, franchises, properties, assets, liabilities and obligations of BancorpSouth, Inc. were vested in and assumed by BancorpSouth Bank.

Accordingly, unless the context otherwise requires, references in this Report on Form 10-K (this "Report") to "the Company," "we," "us" and "our" for periods on or prior to October 31, 2017 refer to BancorpSouth, Inc. and its consolidated subsidiaries. For periods beginning on and after November 1, 2017, references in this Report to "the Company," "we," "us" and "our" refer to BancorpSouth Bank and its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this annual report on Form 10-K (this "Report") are not statements of historical fact and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "aspire," "assume," "believe," "budget," "contemplate," "continue," "could," "estimate," "expect," "forecast," "foresee," "goal," "hope," "indicate," "intend," "may," "might," "outlook," "plan," "project," "projection," "predict," "prospect," "potential," "roadmap," "seek," "should," "target," "will," and "would," or the negative versions of those words or other comparable words of a future or forward-looking nature. These forward-looking statements include, without limitation, discussions regarding general economic, interest rate, real estate market, competitive, employment, and credit market conditions, including the impact of the COVID-19 pandemic on our business; our: assets; business; cash flows; financial condition; liquidity; prospects; results of operations; deposit growth interest and fee-based revenue; capital resources; capital metrics; efficiency ratio; valuation of mortgage servicing rights; mortgage production volume; net income; net interest revenue; non-interest revenue; net interest margin; interest expense; non-interest expense; earnings per share; interest rate sensitivity; interest rate risk; balance sheet and liquidity management; off-balance sheet arrangements; fair value determinations; asset quality; credit quality; credit losses; provision and allowance for credit losses, impairments, charge-offs, recoveries and changes in volume; investment securities portfolio yields and values; ability to manage the impact of pandemics and natural disasters; adoption and use of critical accounting policies; adoption and implementation of new accounting standards and their effect on our financial results and our financial reporting; utilization of non-GAAP financial metrics; declaration and payment of dividends; ability to pay dividends or coupons on our 5.5% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, or the 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029; mortgage and insurance business and commission revenue growth; implementation and execution of cost savings initiatives; ability to successfully litigate; resolve or otherwise dispense with threatened, ongoing and future litigation and administrative and investigatory matters; ability to successfully complete pending or future acquisitions; dispositions and other strategic growth opportunities and initiatives; ability to successfully obtain regulatory approval for acquisitions and other growth initiatives; ability to successfully integrate and manage acquisitions; opportunities and efforts to grow market share; reputation; ability to compete with other financial institutions; ability to recruit and retain key employees and personnel; access to capital markets; investment in other financial institutions; and ability to operate our regulatory compliance programs in accordance with applicable law.

Forward-looking statements are based upon management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time such statements were made. Forward-looking statements are not historical facts, are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that are beyond our control and that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, without limitation, potential delays or other problems in implementing and executing our growth, expansion and acquisition strategies, including delays in obtaining regulatory or other necessary approvals or the failure to realize any anticipated benefits or synergies from any acquisitions or growth strategies; the risks of changes in interest rates and their effects on the level and composition of deposits, loan demand and the values of loan collateral, securities and interest sensitive assets and liabilities; the failure of assumptions underlying the establishment of reserves for possible credit losses, fair value for loans and other real estate owned; changes in real estate values; the availability of and access to capital; possible downgrades in our credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing deposits or to retain or grow loans; the ability to grow additional interest and fee income or to control noninterest expense; the potential impact of the proposed phase-out of the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on our net interest margin; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those actions in response to the COVID-19 pandemic such as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act") and any related rules and regulations; changes in U.S. Government monetary and fiscal policy, including any changes that result from the recent U.S. elections; Federal Deposit Insurance Corporation ("FDIC") special assessments or changes to regular assessments; possible adverse rulings, judgements, settlements and other outcomes of pending or future litigation or government actions (including litigation or actions arising from our participation in and administration of programs related to the COVID-19 pandemic (including, among other things, the PPP loan programs authorized by the CARES Act and the Economic Aid Act); the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting us or our customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global COVID-19 pandemic, including the magnitude and duration of the pandemic, and the impact of actions taken to contain or treat COVID-19 on us, our employees, our customers, the global economy and the financial markets; international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the effects from the adoption of the current expected credit loss methodology on January 1, 2020, or changes in existing standards; and other factors described in "Part I, Item 1A. Risk Factors" in this Report or as detailed from time to time in the Company's press and news releases, reports and other filings we file with the FDIC.

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

PART I

ITEM 1. BUSINESS.

GENERAL

BancorpSouth Bank (the "Company"), originally chartered in 1876, conducts commercial banking and financial services operations in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, Texas and Illinois. At December 31, 2020, the Company had total assets of $24.1 billion, total loans, net of unearned income of $15.0 billion, total deposits of $19.8 billion and shareholders' equity of $2.8 billion. The Company's principal office is located at One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804, and its telephone number is (662) 680-2000.

The Company's Internet website address is www.bancorpsouth.com. The Company makes available its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports free of charge on its website on the Investor Relations webpage under the caption "Public Filings" as soon as reasonably practicable after such material is electronically filed with, or furnished to, the FDIC. The FDIC maintains a website that contains reports and other information regarding issuers that file or furnish information electronically. The Company's website and the information contained therein or linked thereto are not, and are not intended to be, incorporated into this Report.

DESCRIPTION OF BUSINESS

BancorpSouth is a Mississippi state-chartered bank. BancorpSouth conducts its operations directly and through its banking-related subsidiaries. BancorpSouth operates over 300 commercial banking, mortgage and insurance locations in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee and Texas, including a single insurance location in Illinois and a single loan production office in Oklahoma.

COMPETITION

Vigorous competition exists in all major areas where the Company is engaged in business. The Company competes for available loans and depository accounts with state and national commercial banks, as well as federal savings banks, insurance companies, credit unions, money market mutual funds, automobile finance companies and financial services companies. None of these competitors is dominant in the entire area served by the Company.

The principal areas of competition in the banking industry center on a financial institution's ability and willingness to provide credit on a timely and competitively priced basis, to offer a sufficient range of deposit and investment opportunities at competitive prices and maturities, and to offer personal and business financial services of sufficient quality and at competitive prices. Management believes that the Company can compete effectively in all of these areas.

REGULATION AND SUPERVISION

The following discussion sets forth certain material elements of the regulatory framework applicable to the Company. This discussion is a brief summary of the regulatory environment in which the Company operates and is not designed to be a complete discussion of all statutes and regulations affecting the Company's operations. Regulation of financial institutions is intended primarily for the protection of depositors, the deposit insurance fund and the safety and soundness of the U.S. financial system and generally is not intended for the protection of shareholders. Changes in applicable laws, and their implementation and application by regulatory agencies, cannot necessarily be predicted but could have a material and adverse effect on the Company's assets, business, cash flows, financial condition, liquidity, prospects, and results of operations.

General

The Company is incorporated under the laws of the State of Mississippi and is subject to the applicable provisions of Mississippi banking laws, the laws of the various states in which it operates and federal law. The Company is subject to the supervision and examination of the FDIC and the Mississippi Department of Banking and Consumer Finance (the "MDBCF").

In addition, the Company's capital stock is listed on the New York Stock Exchange ("NYSE"), and such listing subjects the Company to compliance with the NYSE's requirements with respect to reporting and other rules and regulations.

The Dodd-Frank Act

The Dodd-Frank Act, enacted in 2010, significantly restructured financial regulation in the United States, including creating a new resolution authority, mandating higher capital and liquidity requirements, requiring banks to pay increased fees to regulatory agencies, and promulgating many other provisions intended to strengthen the financial services sector.

The Dodd-Frank Act established the CFPB, which has extensive regulatory and enforcement powers over consumer financial products and services, and the Financial Stability Oversight Council, which has oversight authority for monitoring and regulating systemic risk. In addition, the Dodd-Frank Act altered the authority and duties of the federal banking and securities regulatory agencies, implemented certain corporate governance requirements for all public companies, including financial institutions, with regard to executive compensation, proxy access by shareholders, and certain whistleblower provisions, and restricted certain proprietary trading and hedge fund and private equity activities of banks and their affiliates.

The CFPB has direct supervisory and examination authority over banks with more than $10 billion in assets, including the Company. The CFPB's responsibilities include implementing and enforcing federal consumer financial protection laws, reviewing the business practices of financial services providers for legal compliance, monitoring the marketplace for transparency on behalf of consumers and receiving complaints and questions from consumers about consumer financial products and services. The Dodd-Frank Act added prohibitions on unfair, deceptive or abusive acts and practices to the scope of consumer protection regulations overseen and enforced by the CFPB.

The Dodd-Frank Act also provided authority for national and state banks to establish de novo branches and to acquire an existing branch or branches in other states. For more information, see "–Interstate Banking and Branching Legislation."

The Economic Growth, Regulatory Relief, and Consumer Protection Act

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "EGRRCPA") was enacted, which amended certain provisions of the Dodd-Frank Act. The EGRRCPA provided regulatory relief to certain financial institutions while preserving the existing regulatory framework under which U.S. financial institutions are regulated. Among other changes, the EGRRCPA relieves banks with less than $100 billion in total consolidated assets, including the Company, from being subject to enhanced supervision and enhanced prudential standards imposed by Section 165 of the Dodd-Frank Act (including, but not limited to, enhanced liquidity and risk management requirements as well as stress testing requirements).

The EGRRCPA also included additional banking-related relief (such as reduced reporting requirements), consumer protection provisions and securities law provisions. Many of the EGRRCPA's statutory changes have been implemented by federal agencies through the rulemaking process. These rules and their enforcement remain subject to the regulatory discretion of the federal bank regulatory authorities. The Company continues to evaluate the potential impact of EGRRCPA as it is further implemented by these federal agencies.

Dividends

Various federal and state laws limit the amount of dividends that the Company may pay to its shareholders without regulatory approval. Under Mississippi law, the Company must obtain the non-objection of the Commissioner of the MDBCF prior to paying any dividend on the Company's capital stock. Further, the Company may not pay any dividends if, after paying the dividend, it would be undercapitalized under applicable capital requirements. The FDIC also has the authority to prohibit the Company from engaging in business practices that the FDIC considers to be unsafe or unsound, which, depending on the financial condition of the Company, could include the payment of dividends.

Basel III Capital Rules

On July 9, 2013, the FDIC approved the final rule implementing the BASEL III capital requirements (the "Basel III Capital Rules") for state banks chartered in the United States that are not members of the Federal Reserve. The major provisions of the revised capital rules applicable to the Company are:

- The revised rule implements higher minimum capital requirements, includes a common equity Tier 1 capital requirement, and establishes criteria that capital instruments must meet in order to be considered common equity Tier 1 capital, additional Tier 1 capital, or Tier 2 capital, respectively. These enhancements to the definition of capital both improve the quality and increase the quantity of capital required to be held by banking organizations and are intended to better equip the United States banking system to deal with adverse economic conditions.
- The minimum capital to risk-weighted assets requirements are as follows: (1) a common equity Tier 1 capital ratio of 4.5%, (2) a Tier 1 capital ratio of 6.0%, and (3) a total capital ratio of 8.0%. The minimum leverage ratio (Tier 1 capital to total assets) is 4.0 %.
- The revised capital rules improve the quality of capital by implementing changes to the definition of capital. Among the most important changes are stricter eligibility criteria for regulatory capital instruments that would disallow the inclusion of instruments such as trust preferred securities in Tier 1 capital going forward, and constraints on the inclusion of minority interests, mortgage-servicing assets, deferred tax assets, and certain investments in the capital of unconsolidated financial institutions. In addition, the rule requires that most regulatory capital deductions be made from common equity Tier 1 capital.
- Under the revised capital rules, in order to avoid limitations on capital distributions, including dividend payments, stock repurchases and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of common equity Tier 1 capital above its minimum risk-based capital requirements. This buffer, known as the capital conservation buffer, is intended to ensure that banking organizations conserve capital when it is most needed, allowing them to better weather periods of economic stress. The buffer is measured relative to risk-weighted assets. Phase-in of the capital conservation buffer requirements began on January 1, 2016. A banking organization with a buffer greater than 2.5% is not subject to limits on capital distributions or discretionary bonus payments; however, a banking organization with a buffer of less than 2.5% is subject to increasingly stringent limitations as the buffer approaches zero. The revised capital rules also prohibit a banking organization from making distributions or discretionary bonus payments during any quarter if its eligible retained income is negative in that quarter and its capital conservation buffer ratio was less than 2.5% at the beginning of the quarter. With the capital conservation buffer currently fully phased-in, the minimum capital requirements plus the capital conservation buffer exceeds the prompt corrective action well-capitalized thresholds.
- The revised capital rules also increases the risk weights for past-due loans, certain commercial real estate loans, and some equity exposures, and makes selected other changes in risk weights and credit conversion factors.

Prompt Corrective Action

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires federal bank regulatory authorities to take "prompt corrective action" with respect to depository institutions that do not meet minimum capital requirements. For these purposes, the FDICIA establishes five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized."

An institution is deemed to be:

- “well capitalized” if it has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, a Tier 1 leverage ratio of 5.0% or greater, and a common equity Tier 1 risk-based capital ratio of 6.5% or greater, and is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure;
- “adequately capitalized” if it has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a Tier 1 leverage ratio of 4.0% or greater, and a common equity Tier 1 risk-based capital ratio of 4.5% or greater, and the institution does not meet the definition of a “well capitalized” institution;
- “undercapitalized” if it does not meet the definition of an “adequately capitalized” institution;
- “significantly undercapitalized” if it has a total risk-based capital ratio that is less than 6.0%, a Tier 1 risk-based capital ratio that is less than 4.0%, a Tier 1 leverage ratio that is less than 3.0%, and a common equity Tier 1 risk-based capital ratio that is less than 3.0%; and
- “critically undercapitalized” if it has a ratio of tangible equity, as defined in the regulations, to total assets that is equal to or less than 2%.

Throughout 2020, the Company’s regulatory capital ratios were in excess of the levels established for “well capitalized” institutions.

The FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a cash dividend, if the depository institution would be “undercapitalized” after such payment. “Undercapitalized” institutions are subject to growth limitations and are required by the appropriate, primary federal regulator to submit a capital restoration plan.

If an “undercapitalized” institution fails to submit an acceptable plan, it is treated as if it is “significantly undercapitalized.” “Significantly undercapitalized” institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become “adequately capitalized,” requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks.

“Critically undercapitalized” institutions may not, beginning 60 days after becoming “critically undercapitalized,” make any payment of principal or interest on their subordinated debt. In addition, “critically undercapitalized” institutions are subject to appointment of a receiver or conservator within 90 days of becoming so classified.

Under FDICIA, a depository institution that is not “well capitalized” is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market. As previously stated, the Company is “well capitalized,” and the FDICIA brokered deposit rule did not adversely affect its ability to accept brokered deposits. The Company had $75.1 million in brokered deposits at December 31, 2020.

FDIC Insurance

The deposits of the Company are insured by the Deposit Insurance Fund (the “DIF”), which the FDIC administers. The Dodd-Frank Act permanently increased deposit insurance on most accounts to $250,000. To fund the DIF, FDIC-insured banks are required to pay deposit insurance assessments to the FDIC. The deposit insurance assessment base is based on an insured institution’s average consolidated total assets minus its average tangible equity. The FDIC uses a “scorecard” system to determine deposit insurance premiums for institutions like the Company that have more than $10 billion in assets. Each scorecard has a performance score and a loss-severity score that is combined to produce a total score. The FDIC is authorized to make discretionary adjustments to the total score based upon significant risk factors that are not adequately captured in the scorecard, which is translated into a premium rate.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe and unsound practices, is in a too unsafe or too unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Federal Reserve Control Regulations

Effective April 1, 2020, the Federal Reserve finalized a rule intended to simplify and increase the transparency of its rules for determining control of a bank. If a company has control over a bank, the company generally becomes subject to the Federal Reserve’s rules and regulations. The final rule establishes a comprehensive and public framework to determine when a company controls a bank or a bank controls a company. Previously, control reviews have been situation-specific and often followed precedents that were not available to regulated institutions or the public.

The framework uses several factors to determine if a company has control over a bank. The key factors include: the company’s total voting and non-voting equity investment in the bank; overlapping directors, officers, and employees between the company and the bank; and the scope of business relationships between the company and the bank. Under the rule, presumptions of control are generally based on: ownership of voting equity and total equity in a company; director representation and ability to elect directors; director and management interlocks; contractual rights to determine management or operational decisions (defined as "limiting contractual rights"); and business relationships. Greater levels of equity ownership by a "first company" in a "second company" result in the need for fewer and less significant relationships between the "first company" and the "second company" in other areas to give rise to a rebuttable presumption of control by the "first company."

The rule is generally less restrictive than the standard forms of passivity commitments formerly required by the Federal Reserve for investments of 10% or more of a class of voting securities of depository institutions and their holding companies. In particular, restrictions on resale by an investor of its shares are not required by the new rule, and more business is allowed to be conducted between the investor and the company in which it invests.

The rule applies only to "control" determinations under the BHC Act, and does not extend to the Change in Bank Control Act, Sections 23A and 23B of the Federal Reserve Act and Regulation W thereunder, or Regulation O. However, the Federal Reserve has indicated that it may choose to revisit the definition of "control" in these other regulations in the future.

Interstate Banking and Branching Legislation

Federal law allows banks to establish and operate a de novo branch in a state other than the bank's home state if the law of the state where the branch is to be located would permit establishment of the branch if the bank were chartered by that state, subject to standard regulatory review and approval requirements. Federal law also allows the Company to acquire an existing branch in a state in which the Company is not headquartered and does not maintain a branch if the FDIC and MDBCF approve the branch or acquisition, and if the law of the state in which the branch is located or to be located would permit the establishment of the branch if the Company were chartered by that state.

Once a bank has established branches in a state through an interstate merger transaction or through de novo branching, the bank may then establish and acquire additional branches within that state to the same extent that a state-chartered bank is allowed to establish or acquire branches within the state. Current federal law authorizes interstate acquisitions of banks without geographic limitation. Further, a bank headquartered in one state is authorized to merge with a bank headquartered in another state, as long as neither of the states have opted out of such interstate merger authority prior to such date, and subject to any state requirement that the target bank shall have been in existence and operating for a minimum period of time, not to exceed five years, and subject to certain deposit market-share limitations.

Affiliate Transactions and Insider Loans

The Company is subject to Regulation W, which comprehensively implements statutory restrictions on transactions between a bank and its affiliates. Regulation W combines the Federal Reserve's interpretations and exemptions relating to Sections 23A and 23B of the Federal Reserve Act. Regulation W and Section 23A place limits on the amount of loans or extensions of credit to, investments in, or certain other transactions with affiliates, and on the amount of advances to third parties collateralized by the securities or obligations of affiliates. In general, the Company's "affiliates" are the Company's non-bank subsidiaries.

Regulation W and Section 23B prohibit a bank from, among other things, engaging in certain transactions with affiliates unless the transactions are on terms substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions with non-affiliated companies.

The Company is also subject to certain restrictions on extensions of credit to executive officers, directors, certain principal shareholders and their related interests. Such extensions of credit must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and must not involve more than the normal risk of repayment or present other unfavorable features.

The Community Reinvestment Act

The Community Reinvestment Act ("CRA") provides an incentive for regulated financial institutions to meet the credit needs of their local community or communities, including low and moderate income neighborhoods, consistent with the safe and sound operation of such financial institutions. The regulations provide that the appropriate banking regulator will assess reports under CRA in connection with applications for establishment of domestic branches, acquisitions of banks or mergers involving financial holding companies. An unsatisfactory rating under CRA may serve as a basis to deny an application to acquire or establish a new bank, to establish a new branch or to expand banking services.

The Federal Reserve, the Office of the Comptroller of the Currency ("OCC") and the FDIC implement the CRA through their respective CRA regulations. In May 2019, the OCC and the FDIC issued a joint notice of proposed rulemaking to modernize the CRA implementing regulations. In May 2020, the OCC acted alone in finalizing a rule that is intended to (1) clarify which activities counted for CRA credit, (2) delineate assessment areas, (3) clarify criteria for measuring CRA performance, and (4) standardize CRA reporting requirements. The FDIC declined to join the final rule, citing timing concerns related to the COVID-19 pandemic. Meanwhile, the Federal Reserve declined to join the rulemaking altogether and, instead, in September 2020, issued a separate advance notice of proposed rulemaking ("ANPR") inviting public comment on an approach to revise and modernize the regulations implementing the CRA. The FDIC has not publicly opined on its own CRA reforms.

At this time, it remains unclear what impact, if any, the OCC's final rule, the Federal Reserve's ANPR or a formal FDIC position on CRA implementing regulations may have on the Company. The Company expects to monitor developments with respect to any CRA rulemakings and assess the impact, if any, of changes to the CRA regulations.

Anti-Terrorism and Money Laundering

Pursuant to federal law, the Company is required to: (i) establish an anti-money laundering program; (ii) establish due diligence policies, procedures and controls with respect to its private banking accounts and correspondent banking accounts involving foreign individuals and certain foreign financial institutions; and (iii) avoid establishing, maintaining, administering or managing correspondent accounts in the United States for, or on behalf of, foreign financial institutions that do not have a physical presence in any country. The Company is also required to follow certain minimum standards to verify the identity of customers, both foreign and domestic, when a customer opens an account. In addition, federal law encourages cooperation among financial institutions, regulatory authorities and law enforcement authorities with respect to individuals, entities and organizations engaged in, or reasonably suspected of engaging in, terrorist acts or money laundering activities. Federal banking regulators are required, when reviewing bank acquisition and merger applications, to take into account the effectiveness of the anti-money laundering activities of the applicants.

On December 11, 2020, the U.S. Congress passed the National Defense Authorization Act ("NDAA") which included, among other provisions, the Anti-Money Laundering Act of 2020 (the "AML Act"). The AML Act includes significant changes to anti-money laundering rules, including the creation of a national registry maintained by the Financial Crimes Enforcement Network that banks may rely on to comply with customer due diligence requirements, enhancement of cooperation between banks and law enforcement, and improvement of corporate transparency. On January 1, 2021, the U.S. Congress overrode the President's veto of the NDAA. Passage of the NDAA and, by extension, the AML Act, will start a rulemaking and policy development process that likely will lead to significant changes to the current regulatory infrastructure implementing Bank Secrecy Act and anti-money laundering legislation. It is unclear at this time what impact the AML Act will have on the Company, and the Company will continue to monitor developments related to the AML Act.

Consumer Privacy and Other Consumer Protection Laws

The Company, like all other financial institutions, is required to maintain the privacy of its customers' non-public, personal information. Such privacy requirements direct financial institutions to:

- provide notice to customers regarding privacy policies and practices;
- inform customers regarding the conditions under which their non-public personal information may be disclosed to non-affiliated third parties; and
- give customers an option to prevent disclosure of such information to non-affiliated third parties.

In addition, the Company's customers may also opt out of information sharing between and among the Company and its affiliates.

The Company is also subject, in connection with its deposit, lending and leasing activities, to numerous federal and state laws aimed at protecting consumers, including the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Truth in Lending Act, the Truth in Savings Act, the Fair Housing Act, the Fair Credit Reporting Act, the Electronic Funds Transfer Act, the Currency and Foreign Transactions Reporting Act, the National Flood Insurance Act, the Flood Protection Act, the Bank Secrecy Act, laws and regulations governing unfair, deceptive, and/or abusive acts and practices, the Servicemembers Civil Relief Act, the Housing and Economic Recovery Act, and the Credit Card Accountability Act, among others, as well as various state laws.

The Company's insurance subsidiaries are regulated by the insurance regulatory authorities and applicable laws and regulations of the states in which they operate.

Incentive Compensation

On May 16, 2016, the federal banking agencies invited public comment on a proposed rule to prohibit incentive-based compensation arrangements that encourage inappropriate risks at covered financial institutions. The proposed rules would apply to covered financial institutions with total assets of $1 billion or more. The requirements are tailored based on assets, and covered institutions would be divided into three categories:

- Level 1: institutions with assets of $250 billion and above;
- Level 2: institutions with assets of $50 billion to $250 billion; and
- Level 3: institutions with assets of $1 billion to $50 billion.

Many of the proposed rules would address requirements for senior executive officers and employees who are significant risk-takers at Level 1 and Level 2 institutions. All institutions that would be covered by the proposed rules would be required to annually document the structure of incentive-based compensation arrangements and retain those records for seven years. Boards of directors of covered institutions would be required to conduct oversight of the arrangements. All covered institutions would be subject to general prohibitions on incentive-based compensation arrangements that could encourage inappropriate risk-taking by providing excessive compensation or that could lead to a material financial loss.

The scope and content of banking regulators' policies on executive compensation are continuing to develop and are likely to continue evolving in the near future. It cannot be determined at this time whether compliance with such policies will adversely affect the Company's ability to hire, retain and motivate its key employees.

The Volcker Rule

Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company Act, also known as the "Volcker Rule," which generally prohibits any banking organization from engaging in proprietary trading or retaining an ownership interest in, sponsoring, or having certain relationships with covered funds (i.e., hedge funds or private equity funds). In addition, the Volcker Rule requires each regulated entity to establish an internal compliance program that is consistent with the extent to which it engages in activities covered by the Volcker Rule. In December 2013, five federal financial regulatory agencies adopted final rules implementing the Volcker Rule.

The final rules (a) prohibit insured depository institutions and their affiliates, referred to collectively as banking entities, from engaging in "proprietary trading," which is defined as engaging as principal for the "trading account" of the banking entity in securities or other instruments, and (b) imposes limits on banking entities' investments in, and other relationships with, covered funds. The final rules, however, do allow for certain forms of proprietary trading to qualify as "permitted activities," and therefore not be subject to the ban on proprietary trading, such as trading in United States government or agency obligations, or certain other state or municipal obligations, and the obligations of Fannie Mae, Freddie Mac or Ginnie Mae. In addition, the final rules provide exemptions for certain activities, including activities such as market making and trading in government obligations.

Since the adoption of the final rules in 2013, the agencies have further adopted several changes to the final rules. In January 2014, the federal agencies adopted an interim final rule permitting banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities if certain qualifications are met. In July 2019, the agencies adopted a final rule excluding community banks (i.e., those banks having under $10 billion in total consolidated assets) from the Volcker Rule. In October 2019, the agencies finalized revisions to the Volcker rule that simplified and streamlined compliance requirements for banking entities that do not have significant trading activities, while banking entities with significant trading activity would become subject to more stringent compliance requirements. These revisions became effective on January 1, 2020, with a required compliance date of January 1, 2021.

On June 25, 2020, the agencies finalized additional changes to the Volcker Rule that reduced margin requirements for derivatives trades and loosened restrictions on the ability of banks to invest in, sponsor or maintain certain relationships with covered funds. The revised Volcker Rule modifies the definition of "ownership interest" to exclude certain debt exposures to a covered fund, permits certain low-risk transactions between a bank and a related covered fund, and broadens the scope of permissible investment activities.

Although the Company is continuing to evaluate the impact of the Volcker Rule and the revisions adopted thereunder, the Company does not currently anticipate that the Volcker Rule will have a material effect on the operations of the Company. The Company may incur costs to adopt additional policies and systems to ensure compliance with the Volcker Rule, but any such costs are not expected to be material.

The Durbin Amendment

The "Durbin Amendment" provisions of the Dodd-Frank Act require the Federal Reserve to establish a cap on the rate merchants pay banks for electronic clearing of debit transactions (the interchange rate). The Federal Reserve issued a final rule establishing standards, including a cap, for debit card interchange fees and prohibiting network exclusivity arrangements and routing restrictions. The final rule established standards for assessing whether debit card interchange fees received by debit card issuers were reasonable and proportional to the costs incurred by issuers for electronic debit transactions. Under the final rule, the maximum permissible interchange fee that an issuer may receive for an electronic debit transaction is the sum of $0.21 per transaction, a $0.01 fraud prevention adjustment, and five basis points multiplied by the value of the transaction.

Effect of Governmental Policies

The Company is affected by the policies of regulatory authorities, including the Federal Reserve, the FDIC, and the MDBCF. An important function of the Federal Reserve is to regulate the national money supply. Among the instruments of monetary policy used by the Federal Reserve are: (i) purchases and sales of United States government and other securities in the marketplace; (ii) changes in the discount rate, which is the rate any depository institution must pay to borrow from the Federal

Reserve; (iii) changes in the reserve requirements of depository institutions; and (iv) indirectly, changes in the federal funds rate, which is the rate at which depository institutions lend money to each other overnight. These instruments are intended to influence economic and monetary growth, interest rate levels, and inflation.

The monetary policies of the Federal Reserve and other governmental policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. Because of changing conditions in the national and international economy and in the money markets, as well as the result of actions by monetary and fiscal authorities, it is not possible to predict with certainty future changes in interest rates, deposit levels, loan demand, or the business and results of operations of the Company, or whether changing economic conditions will have a positive or negative effect on operations and earnings.

Other Proposals

Bills occasionally are introduced in the United States Congress and the Mississippi State Legislature and other state legislatures, and regulations occasionally are proposed by federal and state regulatory agencies, any of which could affect the businesses, financial results, and financial condition of the Company. Generally, it cannot be predicted whether or in what form any particular proposals will be adopted or the extent to which the Company may be affected.

LENDING ACTIVITIES

The Company's lending activities include both commercial and consumer loans. Loan originations are derived from a number of sources including direct solicitation by the Company's loan officers, existing depositors and borrowers, builders, attorneys, walk-in customers and, in some instances, other lenders, real estate broker referrals and mortgage loan companies. The Company has established systematic procedures for approving and monitoring loans that vary depending on the size and nature of the loan, and applies these procedures in a disciplined manner.

Commercial Lending

The Company offers a variety of commercial loan services including term loans, lines of credit, equipment and receivable financing and agricultural loans. A broad range of short-to-medium term commercial loans, both secured and unsecured, are made available to businesses for working capital (including inventory and receivables), business expansion (including acquisition and development of real estate and improvements), and the purchase of equipment and machinery. The Company also makes construction loans to real estate developers for the acquisition, development and construction of residential subdivisions.

Commercial loans are granted based on the borrower's ability to generate cash flow to support its debt obligations and other cash related expenses. A borrower's ability to repay commercial loans is substantially dependent on the success of the business itself and on the quality of its management. As a general practice, the Company takes as collateral a security interest in any available real estate, equipment, inventory, receivables or other personal property, although such loans may also be made infrequently on an unsecured basis. In many instances, the Company requires personal guarantees of its commercial loans to provide additional credit support.

The Company has had very little exposure as an agricultural lender. Crop production loans have been either fully supported by the collateral and financial strength of the borrower, or a 90% loan guaranty has been obtained through the Farm Service Agency on such loans.

Residential Consumer Lending

A portion of the Company's lending activities consists of the origination of fixed and adjustable rate residential mortgage loans secured by owner-occupied property located in the Company's primary market areas. Home mortgage banking is unique in that a broad geographic territory may be served by originators working from strategically placed offices either within the Company's traditional banking facilities or from other locations. In addition, the Company offers construction loans, second mortgage loans and home equity lines of credit.

The Company finances the construction of individual, owner-occupied houses on the basis of written underwriting and construction loan management guidelines. First mortgage construction loans are made to qualified individual borrowers and are generally supported by a take-out commitment from a permanent lender. The Company makes residential construction loans to individuals who intend to erect owner-occupied housing on a purchased parcel of real estate. The construction phase of these loans has certain risks, including the viability of the contractor, the contractor's ability to complete the project and changes in interest rates.

In most cases, the Company sells its mortgage loans with terms of 15 years or more in the secondary market and either retains or releases the right to service those loans. The sale of mortgage loans to the secondary market allows the Company to manage the interest rate risks related to such lending operations. Generally, after the sale of a loan with servicing retained, the Company's only involvement is to act as a servicing agent. In certain cases, the Company may be required to repurchase mortgage loans upon which customers have defaulted that were previously sold in the secondary market if these loans did not meet the underwriting standards of the entity that purchased the loans. Any such loans are held by the Company in its mortgage loan portfolio.

Non-Residential Consumer Lending

Non-residential consumer loans made by the Company include loans for automobiles, recreation vehicles, boats, personal (secured and unsecured) and deposit account secured loans. Non-residential consumer loans are attractive to the Company because they typically have a shorter term and carry higher interest rates than those charged on other types of loans.

The Company also issues credit cards solicited on the basis of applications received through referrals from the Company's branches and other marketing efforts. The Company generally has a small portfolio of credit card receivables outstanding. Credit card lines are underwritten using conservative credit criteria, including past credit history and debt-to-income ratios, similar to the credit policies applicable to other personal consumer loans.

The Company grants consumer loans based on employment and financial information solicited from prospective borrowers as well as credit records collected from various reporting agencies. Financial stability and credit history of the borrower are the primary factors the Company considers in granting such loans. The availability of collateral is also a factor considered in making such loans. The geographic area of the borrower is another consideration, with preference given to borrowers in the Company's primary market areas.

DEPOSITS

Deposits originating within the communities served by the Company continue to be its primary source of funding its earning assets. At December 31, 2020, the Company had total deposits of $19.8 billion.

The Company has been able to compete effectively for deposits in its primary market areas, while continuing to manage the exposure to rising interest rates. The distribution and market share of deposits by type of deposit and by type of depositor are important considerations in the Company's assessment of the stability of its fund sources and its access to additional funds. Furthermore, management shifts the mix and maturity of the deposits depending on economic conditions and loan and investment policies in an attempt, within set policies, to minimize cost and maximize net interest margin.

For more information regarding the Company's deposits, see "Management's Discussion And Analysis of Financial Condition And Results Of Operations – Deposits and Other Interest Bearing Liabilities."

OTHER FINANCIAL SERVICES

The Company's insurance service subsidiary serves as an agent in the sale of commercial lines of insurance and a full line of property and casualty, life, health and employee benefits products and services and operates in Alabama, Arkansas, Louisiana, Mississippi, Missouri, Tennessee, Texas and Illinois.

SEGMENTS

See Note 21 to the Company's Consolidated Financial Statements included elsewhere in this Report for financial information about each segment of the Company, as defined by U.S. generally accepted accounting principles ("U.S. GAAP").

ASSET QUALITY

Management seeks to maintain a high quality of assets through conservative underwriting and sound lending practices. Management intends to follow this policy even though it may result in foregoing the funding of higher yielding loans. Management believes that the Company has adequate underwriting and loan administration policies in place and personnel to manage the associated risks prudently.

In an effort to maintain the quality of the loan portfolio, management seeks to limit high-risk loans. These loans include loans to provide initial equity and working capital to new businesses with no other capital strength, loans secured by unregistered stock, loans for speculative transactions in stock, land or commodity markets, loans to borrowers or the taking of collateral outside the Company's primary market areas, loans dependent on secondary liens as primary collateral and non-recourse loans. To the extent risks are identified, additional precautions are taken in order to reduce the Company's risk of loss. Commercial loans entail certain additional risks because they usually involve large loan balances to single borrowers or a related group of borrowers, resulting in a more concentrated loan portfolio. Further, because payment of these loans is usually dependent upon the successful operation of the commercial enterprise, the risk of loss with respect to these loans may increase in the event of adverse conditions in the economy.

The Board of Directors of the Company focuses much of its efforts and resources, and that of the Company's management and lending officials, on loan underwriting and credit quality monitoring policies and practices. Loan status and monitoring is handled through the Company's loan administration department. Also, an independent loan review department of the Company is responsible for reviewing the credit rating and classification of individual credits and assessing trends in the portfolio, adherence to internal credit policies and procedures and other factors that may affect the overall adequacy of the allowance for credit losses. Weak financial performance is identified and monitored using past due reporting, the internal loan rating system, loan review reports, the various loan committee functions and periodic asset quality rating committee meetings. Senior loan officers have established a review process with the objective of identifying, evaluating and initiating necessary corrective action for problem loans. The results of loan reviews are reported to the Credit Risk Committee of the Company's Board of Directors. This process is an integral element of the Company's loan program. Nonetheless, management maintains a cautious outlook in anticipating the potential effects of uncertain economic conditions (both locally and nationally) and the possibility of more stringent regulatory standards.

RECENT ACQUISITIONS AND TRANSACTION ACTIVITY

Casey Bancorp, Inc.

Effective April 1, 2019, the Company completed the acquisition of Casey Bancorp, Inc. and its wholly owned subsidiary, Grand Bank of Texas (collectively referred to as "Grand Bank") pursuant to which Grand Bank merged with and into the Company. Grand Bank operated four full-service banking offices in the cities of Dallas, Grand Prairie, Horseshoe Bay and Marble Falls, each located within the state of Texas. Under the terms of the definitive agreement, the Company issued approximately 1,275,000 shares of the Company's common stock, plus $14.6 million in cash for all outstanding shares of Grand Bank. See Note 2 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the acquisition of Grand Bank.

Merchants Trust, Inc.

Effective April 1, 2019, the Company completed the acquisition of Merchants Trust, Inc. and its wholly owned subsidiary, Merchants Bank (collectively referred to as "Merchants") pursuant to which Merchants merged with and into the Company. Merchants operated six full-service banking offices in Clarke and Mobile counties located in the state of Alabama. Under the terms of the definitive agreement, the Company issued approximately 950,000 shares of the Company's common stock, plus $9.7 million in cash for all outstanding shares of Merchants. See Note 2 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the acquisition of Merchants.

Summit Financial Enterprises, Inc.

Effective September 1, 2019, the Company completed the acquisition of Summit Financial Enterprises, Inc. and its wholly owned subsidiary, Summit Bank (collectively referred to as "Summit") pursuant to which Summit merged with and into the Company. Summit operated four full-service banking offices located in Panama City, Panama City Beach, Fort Walton Beach, and Pensacola, each located in the state of Florida. Under the terms of the definitive agreement, the Company issued approximately 2,500,000 shares of the Company's common stock, plus $26.8 million in cash for all outstanding shares of Summit. See Note 2 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the acquisition of Summit.

Van Alstyne Financial Corporation

Effective September 1, 2019, the Company completed the acquisition of Van Alstyne Financial Corporation and its wholly owned subsidiary, Texas Star Bank (collectively referred to as "Texas Star") pursuant to which Texas Star merged with and into the Company. Texas Star operated seven full-service banking offices located in Collin and Grayson counties in Texas, and one loan production office in Durant, Oklahoma. Under the terms of the definitive agreement, the Company issued approximately 2,100,000 shares of the Company's common stock, plus $21.4 million in cash for all outstanding shares of Texas Star. See Note 2 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the acquisition of Texas Star.

Note Offering

On November 13, 2019, BancorpSouth entered into an underwriting agreement (the "Notes Underwriting Agreement") with Keefe, Bruyette & Woods, Inc., as representative of the underwriters named in the Notes Underwriting Agreement, pursuant to which BancorpSouth agreed to sell, and the underwriters agreed to purchase, subject to and upon terms and conditions set forth therein (the "Notes Offering"), $300 million aggregate principal amount of the BancorpSouth's 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029 (the "Notes"). On November 20, 2019, BancorpSouth completed the Notes Offering of $300 million aggregate principal amount of its 4.125% Fixed-to-Floating Rate Subordinated

Notes due November 20, 2029 (the "Notes"). BancorpSouth received net proceeds from the Notes Offering, after deducting the underwriting discount and estimated expenses, of approximately $296.9 million. For more information regarding the Notes Offering, see BancorpSouth's Current Reports on Forms 8-K that were filed with the FDIC on November 15, 2019 and November 20, 2019.

Series A Preferred Stock Offering

On November 13, 2019, BancorpSouth entered into an underwriting agreement (the "Series A Preferred Stock Underwriting Agreement") with Keefe, Bruyette & Woods, Inc. and Raymond James & Associates, Inc., as representatives of the several underwriters named in the Series A Preferred Stock Underwriting Agreement, pursuant to which BancorpSouth agreed to sell, and the underwriters agreed to purchase, subject to and upon terms and conditions set forth therein, 6,000,000 shares of its 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $25 per share of Series A Preferred Stock (the "Series A Preferred Stock"), which represents $150,000,000 in aggregate liquidation preference (the "Series A Preferred Stock Offering"). On November 20, 2019, BancorpSouth completed its public offering of 6,000,000 shares of the Series A Preferred Stock, which represents $150,000,000 in aggregate liquidation preference. Additionally, on November 27, 2019, pursuant to the underwriter's overallotment option provided in the Series A Preferred Stock Underwriting Agreement, the underwriters elected to purchase and did purchase an additional 900,000 shares of Series A Preferred Stock (the "Option Offering"), which represents $22,500,000 in aggregate liquidation preference. BancorpSouth received net proceeds from the Series A Preferred Stock Offering and Option Offering, after deducting the underwriting discount and estimated expenses, of approximately $167.5 million. For more information regarding the Series A Preferred Stock Offering and Option Offering, see BancorpSouth's Current Reports on Forms 8-K that were filed with the FDIC on November 15, 2019 and November 20, 2019.

Texas First Bancshares, Inc.

Effective January 1, 2020, the Company completed the acquisition of Texas First Bancshares Inc., and its wholly owned subsidiary, Texas First State Bank (collectively referred to as "Texas First") pursuant to which Texas First merged with and into the Company. Texas First operated six full-service banking offices in Waco, Texas and Killeen-Temple, Texas metropolitan statistical areas. Under the terms of the definitive agreement, the Company issued approximately 1,040,000 shares of the Company's common stock, plus $13.0 million in cash for all outstanding shares of Texas First. See Note 2 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the acquisition of Texas First.

Alexander & Sanders Insurance Agency, Inc.

On October 7, 2020, the Company completed the acquisition of Alexander & Sanders Insurance Agency, Inc., headquartered in Baton Rouge, Louisiana. Alexander & Sanders provides risk management and insurance services to professional firms across Louisiana. The acquisition is considered immaterial to the Company's financial statements.

National United Bancshares, Inc.

On December 2, 2020, the Company announced the signing of a definitive merger agreement (the "National United Merger Agreement") with National United Bancshares, Inc., the parent company of National United, (collectively referred to as "National United"), pursuant to which National United will be merged with and into the Company (the "National United Merger"). National United operates 6 full-service banking offices in Killeen-Temple, Texas; Waco, Texas; and Austin-Round Rock-Georgetown, Texas metropolitan statistical areas. As of December 31, 2020, National United, collectively reported total assets of $752.3 million, total loans of $446.0 million and total deposits of $676.7 million. Under the terms of the National United Merger Agreement, the Company expects to issue approximately 3,110,000 shares of the Company's common stock plus $33.25 million in cash for all outstanding shares of National United. The National United Merger Agreement has been unanimously approved by the Boards of Directors of both the Company and National United. National United has agreed to convene a meeting of its shareholders to vote upon the approval of the National United Merger Agreement. Subject to the satisfaction of all closing conditions, including the receipt of regulatory approvals, the National United Merger is expected to be completed during the first half of 2021, although the Company can provide no assurance that the National United Merger will close during this time period or at all.

FNS Bancshares, Inc.

On January 13, 2021, the Company announced the signing of a definitive merger agreement (the "FNS Merger Agreement") with FNS Bancshares, Inc., the parent company of FNB Bank, (collectively referred to as "FNS"), pursuant to which FNS will be merged with and into the Company (the "FNS Merger"). FNS operates 17 full-service banking offices in Alabama, Georgia and Tennessee. The merger will expand the Company's presence in Jackson, DeKalb and Marshall counties in Alabama and the Chattanooga, Tennessee-Georgia and Nashville-Davidson-Murfreesboro-Franklin, Tennessee metropolitan statistical areas. As of December 31, 2020, FNS, collectively reported total assets of $797.0 million, total loans of $483.5 million and total deposits of $675.5 million. Under the terms of the FNS Merger Agreement, the Company expects to issue approximately 2,975,000 shares of the Company's common stock plus $18.0 million in cash for all outstanding shares of FNS. The FNS Merger Agreement has been unanimously approved by the Boards of Directors of both the Company and FNS. FNS has agreed to convene a meeting of its shareholders to vote upon the approval of the FNS Merger Agreement. Subject to the satisfaction of all closing conditions, including the receipt of regulatory approvals, the FNS Merger is expected to be completed during the first half of 2021, although the Company can provide no assurance that the FNS Merger will close during this time period or at all.

HUMAN CAPITAL

At December 31, 2020, the Company had approximately 4,596 full-time equivalent employees. The Company is not a party to any collective bargaining agreements and employee relations are considered to be good. The Company is committed to a culture of respect, diversity, and inclusion in both its workplace and communities, and the Company's Chief Executive Officer has signed the CEOAction Pledge to join a national effort supporting more inclusive workplaces. To empower employees to reach their full potential, the Company provides a wide range of employee development and training programs, opportunities, and resources. Further, the Company encourages and provides employees with opportunities to volunteer their time and lend their expertise to help the local communities in which they live and work. These opportunities include for example, financial education classes and community outreach projects as discussed more fully on the Company's Community Commitment page, which can be found at the following link: *https://www.bancorpsouth.com/hr-career-opportunities/hr-community-commitment*.

INTELLECTUAL PROPERTY AND INFORMATION TECHNOLOGY

We have registered the trademarks "BancorpSouth," both typed form and design, and "Bank of Mississippi," both typed form and design, with the U.S. Patent and Trademark Office. The trademark "BancorpSouth" will expire in 2024 and "Bank of Mississippi" will expire in 2030 unless we extend these trademarks for additional ten-year periods. Registrations of these trademarks with the U.S. Patent and Trademark Office generally may be renewed and continue indefinitely, provided that we continue to use these trademarks and file appropriate maintenance and renewal documentation with the U.S. Patent and Trademark Office at times required by the federal trademark laws and regulations.

In addition, the ability to access and use technology is an increasingly competitive factor in the financial services industry. Technology is not only important with respect to delivery of financial services and protection of the security of customer information but also in processing information. We must continually make technology investments to remain competitive in the financial services industry. Accordingly, we continually adapt to the changing technological needs and wants of our clients by investing in our electronic banking platform. We use a combination of online and mobile banking channels to attract and retain clients and expand the convenience of banking with us. In most cases, our clients can initiate banking transactions from the convenience of their personal computer or smart phone, reducing the number of in-branch visits necessary to conduct routine banking transactions. The remote transactions available to our clients include remote image deposit, bill payment, external and internal transfers, ACH origination and wire transfer. We believe that our investments in technology and innovation are consistent with our clients' needs and will support future migration of our clients' transactions to these and other developing electronic banking channels. Further, we closely monitor information security for trends and new threats, including cybersecurity risks, and invest significant resources to continuously improve the security and privacy of our systems and data.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Information about our executive officers is set forth below:

Name	Offices Held	Age
James D. Rollins III	Chairman and Chief Executive Officer Director of the Company	62
Christopher A. Bagley	President and Chief Operating Officer	60
John G. Copeland	Senior Executive Vice President and Chief Financial Officer	68
Jeffrey W. Jaggers	Senior Executive Vice President and Chief Information Officer	58
Michael J. Meyer	Senior Executive Vice President and Chief Banking Officer	62
Charles J. Pignuolo	Senior Executive Vice President and General Counsel	65
Cathy S. Freeman	Senior Executive Vice President and Chief Administrative Officer	55
Tyler L. Lambert	Senior Executive Vice President and Chief Risk Officer	39

None of our executive officers are related by blood, marriage or adoption to any other executive officer or to any of our directors or nominees for election at the 2021 Annual Meeting of Shareholders. There are no arrangements or understandings between any of the executive officers and any other person pursuant to which any individual was or is to be appointed as an executive officer. Our executive officers are appointed by the Board of Directors at its first meeting following the Annual Meeting of Shareholders, and they hold office until the next annual meeting or until their successors are duly appointed and qualified.

Mr. Rollins has served as our Chief Executive Officer for at least the past five years.

Mr. Bagley has served as our President and Chief Operating Officer for at least the past five years.

Mr. Copeland was appointed as our Senior Executive Vice President, Chief Financial Officer and Treasurer effective May 1, 2017. Prior to joining us, Mr. Copeland served as Chief Financial Officer of Evolve Bank and Trust for at least the prior two years.

Mr. Jaggers was appointed as our Senior Executive Vice President and Chief Information Officer effective January 2, 2017. Prior to being appointed to these offices, Mr. Jaggers served as our Executive Vice President and Chief Information Officer starting in 2012.

Mr. Meyer was appointed as our Senior Executive Vice President, Chief Banking Officer and Director of Community Lending effective October 1, 2017. Mr. Meyer joined us on March 4, 2014 and served as our Executive Vice President and Acting Regional President of Central Texas until February 16, 2016, when he was appointed as our Executive Vice President, Chief Banking Officer and Director of Community Lending.

Mr. Pignuolo has served as our Senior Executive Vice President and General Counsel for at least the past five years.

Mrs. Freeman has served as our Senior Executive Vice President, Chief Administrative Officer and Secretary for at least the past five years.

Mr. Lambert was appointed as our Senior Executive Vice President and Chief Risk Officer effective October 5, 2020. Mr. Lambert served as Chief Data Analytics Officer beginning August 8, 2018. Prior to his role as Chief Data Analytics Officer, Mr. Lambert served as Senior Vice President and Director of Treasury Analytics and in various other roles throughout the Company for at least the prior three years.

BOARD OF DIRECTORS OF THE REGISTRANT

Information follows concerning the Board of Directors of the Company:

Name	Occupation
Gus J. Blass III	General Partner Capital Properties, LLC Little Rock, AR
Shannon A. Brown	Senior Vice President US Operations Eastern Division, Chief Diversity Officer FedEx Express Memphis, TN
James E. Campbell III	Chief Executive Officer H+M Company, Inc. Jackson, TN
Deborah Cannon	Retired Houston, TX
Charlotte N. Corley	Retired Starkville, MS
William G. "Skipper" Holliman	President/Co-Founder HomeStretch Furniture Nettleton, MS
Warren A. Hood Jr.	Chairman and Chief Executive Officer Hood Companies, Inc. Hattiesburg, MS
Keith J. Jackson	President/Founder P.A.R.K. Little Rock, AR
Larry G. Kirk	Retired Oxford, MS
Guy W. Mitchell III	Attorney at Law Mitchell, McNutt & Sams, PA Tupelo, MS
Alan W. Perry	Attorney at Law Bradley Arant Boult Cummings, LLP Jackson, MS
James D. Rollins III	Chairman and Chief Executive Officer BancorpSouth Bank Tupelo, MS
Thomas R. Stanton	Chairman and Chief Executive Officer ADTRAN, Inc. Huntsville, AL

CORPORATE INFORMATION

Corporate Headquarters
BancorpSouth Bank
One Mississippi Plaza
201 South Spring Street
Tupelo, MS 38804

2021 Annual Meeting
9:00 a.m. (local time), April 28, 2021
Virtual Meeting
One Mississippi Plaza
201 South Spring Street
Tupelo, MS 38804

Shares of Common Stock
Listed on the NYSE
NYSE Symbol: BXS

Shares of Series A Preferred Stock
Listed on NYSE
NYSE Symbol: BXS-PrA

Transfer Agent and Registrar
Computershare
250 Royall Street
Canton, MA 02021
Tel: (800) 368-5948
Internet address: www.computershare.com

Corporate Counsel
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

ITEM 1A. RISK FACTORS.

SUMMARY OF RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including, but not limited, to the principal risks summarized below. Many of these risks are beyond our control although efforts are made to manage these risks while simultaneously optimizing operational and financial results. The occurrence of any of the following risks, as well as risks of which we are currently unaware or currently deem immaterial, could materially and adversely affect our assets, business, cash flows, condition (financial or otherwise), liquidity, prospects, results of operations and the trading price of our capital stock. See "Part I, Item 1A. Risk Factors" beginning on page 20 of this Report for more information regarding risk factors material to investors.

Risks related to our business

- conditions in the financial markets and economic conditions generally, which impact our borrowers;
- ability to grow our loan portfolio;
- profitability is dependent on our banking activities;
- dependence on key personnel;
- liquidity risk;
- impact of COVID-19;
- management of credit risk;
- adequacy of provision and allowance for credit losses;
- lending to small-to-medium sized businesses that may not have the resources to weather a downturn in the economy;
- inability to adapt our products and services to evolving industry standards and consumer preferences;

- impact of technological changes;
- recoupment of investments in technological improvements or obtain reliable technological;
- subject to a variety of systems-failure and cyber security risks.
- security breaches of third parties.

Risks associated with our industry

- Dodd-Frank Act and related rules and regulations;
- Consumer Financial Protection Bureau regulatory activity;
- changes to accounting standards.

Risks associated with our capitalization

- availability of capital on favorable terms;
- issuing additional shares of our common stock to acquire other banks, bank holding companies, financial holding companies and/or insurance agencies may result in dilution for existing shareholders and may adversely affect the market price of our stock.

General Risk Factors

- reputational risk;
- growth strategy includes risks that could have an adverse effect on financial performance;
- completed or potential acquisitions
- framework for managing risks;

RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including, but not limited, to the material risks described below. Many of these risks are beyond our control although efforts are made to manage these risks while simultaneously optimizing operational and financial results. The occurrence of any of the following risks, as well as risks of which we are currently unaware or currently deem immaterial, could materially and adversely affect our assets, business, cash flows, condition (financial or otherwise), liquidity, prospects, results of operations and the trading price of our capital stock. It is impossible to predict or identify all such factors and, as a result, the following factors should not be considered to be a complete discussion of the risks, uncertainties and assumptions that could materially and adversely affect our assets, business, cash flows, condition (financial or otherwise), liquidity, prospects, results of operations and the trading price of our capital stock.

In addition, certain statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" beginning on page 4 of this Report.

RISKS RELATED TO OUR BUSINESS

Our financial performance may be adversely affected by conditions in the financial markets and economic conditions generally.

Our financial performance generally, and in particular the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, is highly dependent upon the business environment in the markets where we operate and in the United States as a whole. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence, limitations on the availability or increases in the cost of credit and capital, increases in inflation or interest rates, high unemployment, natural disasters or a combination of these or other factors. A deterioration in economic conditions and/or the business environment may increase the cost and decrease the availability of liquidity.

In addition, global economic conditions have experienced significant fluctuations in recent years. Changes in the global economy could adversely affect the credit quality of our loans, our results of operations and our financial condition.

Because of the geographic concentration of our operations, our business is highly susceptible to local economic conditions.

Our business is primarily concentrated in selected markets in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, Texas and Illinois. As a result of this geographic concentration, our financial condition and results of operations depend largely upon economic conditions in these market areas. Deterioration in economic conditions in the markets we serve could result in one or more of the following: an increase in loan delinquencies; an increase in problem assets and foreclosures; a decrease in the demand for our products and services; and a decrease in the value of collateral for loans, especially real estate collateral, in turn reducing customers' borrowing power, the value of assets associated with problem loans and collateral coverage.

Our ability to grow our loan portfolio may be limited by, among other things, economic conditions, competition within our market areas, the timing of loan repayments and seasonality.

Our ability to continue to improve our results of operations is dependent upon, among other things, aggressively growing our loan portfolio. While we believe that our strategy to grow our loan portfolio is sound and our growth targets are achievable over an extended period of time, competition within our market areas is significant, particularly for borrowers whose businesses were less negatively impacted by the challenging economic conditions of the recession. We compete with both large regional and national financial institutions, who are sometimes able to offer more attractive interest rates and other financial terms than we choose to offer, and smaller community-based financial institutions who seek to offer a similar level of service to that which we offer. This competition can make loan growth challenging, particularly if we are unwilling to price loans at levels that would cause unacceptable levels of compression of our net interest margin or if we are unwilling to structure a loan in a manner that we believe results in a level of risk to us that we are not willing to accept. Moreover, loan growth throughout the year can fluctuate due in part to seasonality of the businesses of our borrowers and potential borrowers and the timing on loan repayments, particularly those of our borrowers with significant relationships with us, resulting from, among other things, excess levels of liquidity.

We compete with other financial holding companies, bank holding companies, banks, insurance and financial services companies.

The banking, insurance and financial services businesses are extremely competitive in our selected markets. Certain of our competitors, many of which are well-established banks, credit unions, insurance agencies and other large financial institutions, have an advantage over us through substantially greater financial resources, lending limits and larger distribution networks, and are able to offer a broader range of products and services. Other competitors, many of which are smaller, are privately-held and thus benefit from greater flexibility in adopting or modifying growth or operational strategies than we do. If we fail to compete effectively for deposits, loans, leases and other banking customers in our markets, we could lose substantial market share, suffer a slower growth rate or no growth and our financial condition, results of operations and liquidity could be adversely affected.

Our profitability is dependent on our banking activities.

The Company competes with other banking institutions on the basis of products, service, convenience and price. Due in part to both regulatory changes and consumer demands, banks have experienced increased competition from other entities offering similar products and services. As is the case with other similarly situated financial institutions, our profitability will be subject to the fluctuating cost and availability of funds, changes in the prime lending rate and other interest rates, changes in economic conditions in general, and other factors.

We depend upon key personnel and we may not be able to retain them or attract, assimilate and retain highly qualified employees in the future.

Our success depends in significant part upon the continued service of our senior management team and our continuing ability to attract, assimilate and retain highly qualified and skilled managerial, product development, lending, marketing and other personnel. We have an experienced senior management team and other key personnel that our board of directors believes is capable of managing and growing our business. The loss of the services of any member of our senior management or other key personnel or the inability to hire or retain qualified personnel in the future could adversely affect our business, results of operations and financial condition.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on the liquidity of the Company. Our access to funding sources in amounts adequate to finance our activities or the terms of which are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general. A decrease in the level of our business activity as a result of a downturn in the markets in which our loans are concentrated could detrimentally impact our access to liquidity sources. Our ability to borrow could also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry generally.

Changes in interest rates could have an adverse impact on our results of operations and financial condition.

Our earnings and financial condition are dependent to a large degree upon net interest income, which is the difference, or spread, between interest earned on loans, securities and other interest-earning assets and interest paid on deposits, borrowings and other interest-bearing liabilities. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities may fluctuate. This can cause decreases in our spread and can adversely affect our earnings and financial condition.

Interest rates are highly sensitive to many factors including:

- The rate of inflation;
- Economic conditions;
- Federal monetary policies; and
- Stability of domestic and foreign markets.

Although we have implemented procedures we believe will reduce the potential effects of changes in interest rates on our net interest income, these procedures may not always be successful. Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest income and our net interest margin, asset quality, loan and lease origination volume, liquidity, and overall profitability. We cannot assure you that we can minimize our interest rate risk.

In addition, the Company originates residential mortgage loans for sale and for our portfolio. The origination of residential mortgage loans is highly dependent on the local real estate market and the level of interest rates. Increasing interest rates tend to reduce the origination of loans for sale and fee income, which we report as gain on sale of loans. Decreasing interest rates generally result in increased prepayments of loans and mortgage-backed securities, as borrowers refinance their debt in order to reduce their borrowing cost. This typically leads to reinvestment at lower rates than the loans or securities were paying. Changes in market interest rates could also reduce the value of our financial assets. Our financial condition and results of operations could be adversely affected if we are unsuccessful in managing the effects of changes in interest rates.

The COVID-19 global pandemic ("COVID-19") has adversely affected, and could eventually have a materially adverse effect on, the Company's business, financial condition, results of operations and the market prices of the Company's capital stock, especially if domestic and global economies deteriorate and financial markets remain volatile for a significant period of time.

The success of the Company's business is dependent upon the willingness and ability of its customers to engage in banking and other financial transactions. COVID-19 has caused severe disruptions in domestic and global economies and financial markets which, in turn, has significantly disrupted the Company's business and the businesses of its customers. As a result, some of the Company's customers have had to suspend or materially limit, and in some circumstances cease, their operations. Beyond these operational disruptions, as of the date of this Report, COVID-19 has also led to emergency actions by the Federal Reserve and other federal and state governmental authorities, significant declines in interest rates and equity market valuations, emergency state and local governmental orders shutting down non-essential travel and businesses providing non-essential products and services as well as restricting residents within the Company's market area to shelter in place unless engaging in essential activities, and widespread illness and death.

Because of the aforementioned consequences of this pandemic, and its ongoing and evolving impact on economies and financial markets in which the Company participates, the Company cannot predict the ultimate impact of COVID-19 on its business, financial condition, results of operations or, ultimately, the market prices of the Company's capital stock. COVID-19 has, however, resulted, and may continue to result, in the following, the occurrence of any or all of which could have a materially adverse effect on the Company's business, financial condition, results of operations and stock prices:

- **Reductions in the Company's Net Interest Revenue and Net Interest Margin.** In an effort to try and offset the impact of COVID-19 on the U.S. economy and financial markets, in March 2020 the Federal Reserve took emergency action to reduce its benchmark interest rate to nearly 0%. The current interest rate environment has negatively impacted the Company's net interest margin. The Company's fully taxable equivalent net interest margin was 3.36% for 2020 compared to 3.84% for 2019. The Company expects that, as long as interest rates remain at or near these low levels, the Company's net interest revenue and net interest margin could continue to experience downward pressure. For more information regarding the impact that changes in interest rates could have on the Company's business, see "— Changes in interest rates could have an adverse impact on the Company's results of operations and financial condition".

- **Impact on the Company's Loan Portfolios.** For more information regarding the actual and potential impacts of COVID-19 on certain of the Company's loan portfolios, see the Company's earnings presentation that was furnished as Exhibit 99.1 to the Form 8-K that was filed with the FDIC on February 10, 2021. The earnings presentation is not, and is not intended to be, incorporated into this Report.

- **Increases in the Company's Provision and Allowance for Credit Losses.** COVID-19 has already reduced the ability of some of the Company's customers to meet their payment and other obligations under existing loans, and many more of the Company's customers could defer or default on loan repayments if the health and economic impacts of COVID-19 persist or worsen within the Company's market area. The Company has received a substantial number of requests for loan modifications from certain of the Company's customers, including requests for payment deferrals (of both principal and interest) and, as appropriate and consistent with recent statutory developments, regulatory guidance and sound banking practices, the Company has granted certain of these modifications. In particular, the Company is actively working with mortgage customers to take advantage of forbearance opportunities afforded by the CARES Act. In addition to these inbound customer requests, the Company is closely monitoring outstanding loans made to those of the Company's customers operating in the hotel, retail, and food services industries. As of December 31, 2020, these loan portfolios, in the aggregate, had total committed balances of approximately $2.2 billion and accounted for approximately 12.1% of total commitments in the Company's loan portfolio.

  The continued deterioration in health and economic conditions that affect the Company's customers, updated information regarding the performance of the Company's existing loans, the identification of additional nonperforming loans and the impact of other rapidly changing metrics effected by this pandemic, both within and outside of the Company's control, are elements that the Company includes in the methodology for developing the Company's allowance for credit losses. For year ended December 31, 2020, the Company recorded a provision for credit losses of $86.0 million, primarily as a result of the impact of COVID-19 on the economy, and the Company's allowance for credit losses was $244.4 million, or 1.63% of net loans and leases, at December 31, 2020. Any further increase in the provision or allowance for credit losses will result in a further decrease in the Company's net income and, potentially, the Company's regulatory capital ratios. For more information regarding the impact of a continued increase in the Company's provision and allowance for credit losses, see "Our provision and allowance for credit losses may not be adequate to cover actual credit losses" in the section captioned "— Item 1A. - Risk Factors".

- **Revenue and Increases in Sources of Noninterest Expense.** As mentioned above, the COVID-19 outbreak in the U.S. during the first nine months of 2020 has led to a wide variety of federal, state and government actions and widespread illness and death, which, in turn, have increased the economic, logistical and health pressures on the Company's customers. These pressures directly affect the Company's customers' willingness and ability to spend or save their financial resources.

  The decisions of the Company's customers on how to deploy their financial resources directly impacts the demand for certain of the Company's products and services that drive the Company's noninterest revenue and impact the amount of noninterest expense that the Company incurs. Services and offerings that generate noninterest revenue include mortgage originations and servicing, credit and debit card fees, deposit account offerings, insurance products and wealth management services. Factors that drive noninterest expense include employee salaries and benefits, occupancy expense, equipment expenditures, deposit insurance assessments, foreclosed property expense and data processing, telecom and software costs. To the extent that, as a result of COVID-19, the Company's customers do not apply for mortgages, refinance existing mortgages, request and use credit and debit cards, open new deposit accounts or withdraw funds from existing deposit accounts, or they are forced to reduce or drop their insurance coverage or liquidate their investment accounts, or they experience losses in the value of the assets within their investment portfolios, or the Company elects to waive fees and charges, the Company's noninterest revenue will be adversely impacted.

  Further, if as a result of COVID-19 the Company must spend more capital on equipment and technological infrastructure as the Company's employees work from remote locations and as the demand for web-based and mobile banking grows, incur more expense for salaries and benefits of personnel, mobile technologies and cybersecurity, consume more advertising and public relations offerings in an effort to communicate more effectively with the Company's customers and pay for additional expenses related to foreclosed and repossessed properties, the Company anticipates that its noninterest expense will grow. For the year ended December 31, 2020, the Company's noninterest expense in the aggregate increased $24.3 million, or 3.9%, over the same period in 2019, driven primarily by employee salaries and benefits.

- **Increased Risk of Systems-Failure and Cybersecurity Risks.** In response to the COVID-19 pandemic and state and local mandates to close all non-essential businesses, many financial institutions have instituted work-from-home policies for much of their staff. The implementation of the Company's continuity of operations plan has led to a significant number of the Company's employees working remotely. The continuation of these work-from-home measures introduces additional operational risks, including increased cybersecurity risks. These cybersecurity risks include the potential for greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of the Company's information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore the systems in the event of a systems failure or interruption, greater risk of a security breach resulting in destruction or misuse of valuable information, and potential impairment of the Company's ability to perform critical functions, including wiring funds, all of which could expose us to risks of data or financial loss, litigation and liability and could seriously disrupt the Company's operations and the operations of any impacted customers.

- **Potential Impact on Goodwill Impairment.** In the current COVID-19 environment, forecasting cash flows, credit losses and growth, in addition to valuing the Company's assets with any degree of assurance is very difficult and subject to significant changes over very short periods of time. Management will continue to update its forecasts and analyses as circumstances evolve; however, if market conditions continue to be volatile and unpredictable, impairment of goodwill related to the Company's reporting segments may be necessary in future periods.

We May Be Adversely Impacted By The Transition From LIBOR As A Reference Rate.

In 2017, the United Kingdom's Financial Conduct Authority announced that after 2021 it would no longer compel banks to submit the rates required to calculate the London Interbank Offered Rate ("LIBOR"). This announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Consequently, at this time, it is not possible to predict whether and to what extent banks will continue to provide submissions for the calculation of LIBOR. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may be on the markets for LIBOR-indexed financial instruments.

In particular, regulators, industry groups and certain committees (e.g., the Alternative Reference Rates Committee) have, among other things, published recommended fall-back language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates (e.g., the Secured Overnight Financing Rate as the recommended alternative to U.S. Dollar LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. At this time, it is not possible to predict whether these specific recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating-rate financial instruments.

We have a significant number of loans, derivative contracts, borrowings and other financial instruments with attributes that are either directly or indirectly dependent on LIBOR. The transition from LIBOR could create considerable costs and additional risk. Since proposed alternative rates are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. The transition will change our market risk profiles, requiring changes to risk and pricing models, valuation tools, product design and hedging strategies. Furthermore, failure to adequately manage this transition process with our customers could adversely impact our reputation. Although we are currently unable to assess what the ultimate impact of the transition from LIBOR will be, failure to adequately manage the transition could have a material adverse effect on our business, financial condition and results of operations.

We rely on the mortgage secondary market for some of our liquidity.

We originate and sell a majority of our residential mortgage loans and their servicing rights, including $2.5 billion of residential mortgage loans sold during fiscal year 2020. We rely on the Federal National Mortgage Association ("FNMA") and other purchasers to purchase loans in order to reduce our credit risk and provide funding for additional loans we desire to originate. We cannot provide assurance that these purchasers will not materially limit their purchases from us due to capital constraints or other factors, including, with respect to FNMA, a change in the criteria for conforming loans. In addition, various proposals have been made to reform the U.S. residential mortgage finance market, including the role of FNMA. The exact effects of any such reforms are not yet known, but may limit our ability to sell conforming loans to FNMA. In addition, residential mortgage lending is highly regulated, and our inability to comply with all federal and state regulations and investor guidelines regarding the origination, underwriting documentation and servicing of residential mortgage loans may also impact our ability to continue selling residential mortgage loans. If we are unable to continue to sell loans in the secondary market, our ability to fund, and thus originate, additional residential mortgage loans may be adversely affected, which could have a material adverse effect on our business, financial condition or results of operations.

We obtain a significant portion of our noninterest revenue through service charges on core deposit accounts, and regulations impacting service charges could reduce our fee income.

A significant portion of our noninterest revenue is derived from service charge income. Management anticipates that changes in banking regulations and, in particular, the Federal Reserve's rules pertaining to certain overdraft payments on consumer accounts and the FDIC's Overdraft Payment Programs and Consumer Protection Final Overdraft Payment Supervisory Guidance, will continue to have an adverse impact on our service charge income. Additionally, changes in customer behavior as well as increased competition from other financial institutions may result in declines in deposit accounts or in overdraft frequency resulting in a decline in service charge income. A reduction in deposit account fee income could have a material adverse effect on our earnings.

If we do not properly manage our credit risk, our business could be seriously harmed.

There are substantial risks inherent in making any loan or lease, including, but not limited to:

- risks resulting from changes in economic and industry conditions;
- risks inherent in dealing with borrowers;
- risks inherent from uncertainties as to the future value of collateral; and
- the risk of non-payment of loans and leases.

Although we attempt to minimize our credit risk through prudent loan and lease underwriting procedures and by monitoring concentrations of our loans and leases, there can be no assurance that these underwriting and monitoring procedures will reduce these risks. Moreover, as we continue to expand into new markets, credit administration and loan and lease underwriting policies and procedures may need to be adapted to local conditions. The inability to properly manage our credit risk or appropriately adapt our credit administration and loan and lease underwriting policies and procedures to local market conditions or changing economic circumstances could have an adverse effect on our allowance and provision for loan and lease losses and our financial condition, results of operations and liquidity.

Our provision and allowance for credit losses may not be adequate to cover actual credit losses.

We make various assumptions and judgments about the collectability of our loan and lease portfolio and utilize these assumptions and judgments when determining the provision and allowance for credit losses. The determination of the appropriate level of the provision for credit losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the amount reserved in the allowance for credit losses. In addition, bank regulatory agencies periodically review our provision and the total allowance for credit losses and may require an increase in the allowance for credit losses or future provisions for credit losses, based on judgments different than those of management. Any increases in the provision or allowance for credit losses will result in a decrease in our net income and, potentially, capital, and may have a material adverse effect on our financial condition and results of operations. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Provision for Credit Losses and Allowance for Credit Losses" included herein for more information regarding our process for determining the appropriate level of the provision and allowance for credit losses.

We make loans to small-to-medium sized businesses that may not have the resources to weather a downturn in the economy, which could materially harm our operating results.

We make loans to privately-owned businesses, many of which are considered to be small-to-medium sized businesses. Small-to-medium sized businesses frequently have smaller market share than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience significant volatility in operating results. Any one or more of these factors may impair the borrower's ability to repay a loan. In addition, the success of a small-to-medium sized business often depends on the management talents and efforts of one or two persons or a small group of persons, and the death, disability or resignation of one or more of these persons could have a material adverse impact on the business and its ability to repay a loan. Economic downturns, a sustained decline in commodity prices and other events that negatively impact small businesses in our market areas could cause us to incur substantial credit losses that could negatively affect our results of operations and financial condition.

We make and hold in our portfolio real estate construction, acquisition and development loans, which are based upon estimates of costs and values associated with the completed project and which pose more credit risk than other types of loans typically made by financial institutions.

At December 31, 2020, we had a balance of $1.7 billion real estate construction, acquisition and development loans, representing 11.5% of our total loan portfolio. These real estate construction, acquisition and development loans have certain risks that are not present in other types of loans. The primary credit risks associated with real estate construction, acquisition and development loans are underwriting, project risks and market risks. Project risks include cost overruns, borrower credit risk, project completion risk, general contractor credit risk and environmental and other hazard risks. Market risks are risks associated with the sale of the completed residential and commercial units. They include affordability risk, which means the risk that borrowers cannot obtain affordable financing, product design risk, and risks posed by competing projects. Real estate construction, acquisition and development loans also involve additional risks because funds are advanced upon the security of the project, which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. As a result, real estate construction, acquisition and development loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If our appraisal of the value of the completed project proves to be overstated or market values or rental rates decline, we may have inadequate security for the repayment of the loan upon completion of construction of the project. If we are forced to foreclose on a project prior to or at completion due to a default, there can be no assurance that we will be able to recover all of the unpaid balance and accrued interest on the loan as well as related foreclosure and holding costs. In addition, we may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while we attempt to dispose of it. The adverse effects of the foregoing matters upon our real estate construction, acquisition and development portfolio could necessitate a further increase in non-performing loans related to this portfolio and these non-performing loans may result in a material level of charge-offs, which may have a material adverse effect on our financial condition and results of operations. At December 31, 2020, non-accrual real estate construction, acquisition and development loans totaled $9.7 million.

We hold other real estate owned and may acquire and hold significant additional amounts, which could lead to increased operating expenses and vulnerability to additional declines in real property values.

As our business necessitates, we foreclose on and take title to real estate serving as collateral for loans. At December 31, 2020, we had $11.4 million of other real estate owned ("OREO"), compared to $6.7 million at December 31, 2019. At December 31, 2020, $1.3 million, or 11.4%, of the total OREO balance had been carried on the books for longer than one year. As the properties held continue to age, we expect that future writedowns will become more likely and increase in amount. Although declining over recent years, significant OREO balances have resulted in substantial noninterest expenses as we incur costs to manage, maintain and dispose of foreclosed properties. We expect that our earnings will continue to be negatively affected by various expenses associated with OREO, including personnel costs, insurance and taxes, completion and repair costs, valuation adjustments and other expenses associated with real property ownership, as well as by the funding costs associated with OREO assets and any unfavorable pricing in connection with the disposition of foreclosed properties. The expenses associated with holding a significant amount of OREO could have a material adverse effect on our results of operations and financial condition.

OREO is reported at the lower of cost or fair value, less estimated selling costs. Fair value is determined on the basis of current appraisals, comparable sales and other estimates of value obtained principally from independent sources. At the time of foreclosure, any excess of the loan balance over the fair value of the real estate held as collateral is charged to the allowance for credit losses. Subsequent valuation adjustments on the periodic revaluation of the property will result in additional charges, with a corresponding write-down expense. Significant judgments and complex estimates are required in estimating the fair value of OREO, and the period of time within which such estimates can be considered current is significantly shortened during periods of market volatility, as we have experienced during the past few years. In response to market conditions and other economic factors, we may utilize alternative sale strategies other than orderly disposition as part of our OREO disposition strategy, such as immediate liquidation sales. As a result, the net proceeds realized from sales transactions could differ significantly from appraisals, comparable sales, and other estimates used to determine the fair value of OREO. A significant increase in the rate of foreclosures on real estate collateral with reported fair values less than the loan balances, a substantial additional decline in the value of our holdings of OREO or our failure to realize net proceeds from sales of substantial amounts of OREO equal to or greater than our reported values, or some combination of these, could have a material adverse effect on our financial condition.

We may be adversely affected by the soundness of other financial institutions.

Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks and other institutional clients. As a result, defaults by, or rumors or questions about, one or more financial services institutions, or the financial services industry generally, may result in market-wide liquidity problems and could lead to losses or defaults by such other institutions. Such occurrences could expose us to credit risk in the event of default of one or more counterparties and could have a material adverse effect on our financial position, results of operations and liquidity. In addition, our credit risk may be exacerbated when the collateral we hold cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure owed to us. Any such losses could have a material adverse effect on our financial condition and results of operations.

We could be required to write down goodwill and other intangible assets.

When we acquire a business, a portion of the purchase price of the acquisition is generally allocated to goodwill and other identifiable intangible assets. The amount of the purchase price that is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. At December 31, 2020, our goodwill and other identifiable intangible assets were $907.5 million. Under current accounting standards, if we determine goodwill or intangible assets are impaired because, for example, the acquired business does not meet projected revenue targets or certain key employees leave, we are required to write down the carrying value of these assets. We conduct a review at least annually to determine whether goodwill is impaired. Because of the volatile market conditions during which the Company's market value fell below book value, the Company performed a qualitative assessment of whether it was more likely than not that a reporting unit's fair value was less than its carrying value during each quarter of 2020 including a goodwill impairment assessment performed by a third party valuation specialist during the third quarter of 2020. Based on these assessments, it was determined that the Company's reporting segments' fair value exceeded their carrying value and no goodwill impairment was recorded during 2020. We cannot provide assurance, however, that we will not be required to take an impairment charge in the future. Any impairment charge would have an adverse effect on our shareholders' equity and financial results and could cause a decline in our stock price.

Maintaining or increasing our market share may depend upon our ability to adapt our products and services to evolving industry standards and consumer preferences.

Our success depends, in part, on our ability to adapt our products and services as well as our distribution of them to evolving industry standards and consumer preferences. Payment methods have evolved with the advancement of technology, such as consumer use of smart phones and online and mobile payment accounts to pay bills, thereby increasing competitive pressure in the delivery of financial products and services. The development and adoption by us of new technologies could require us to make substantial expenditures to modify our existing products and services. Further, we might not be successful in developing or introducing new products and services, adapting to changing consumer preferences and spending and saving habits, achieving market acceptance or regulatory approval, or sufficiently maintaining and growing a loyal customer base. Our inability to adapt to evolving industry standards and consumer preferences could have an adverse impact on our financial condition and results of operations.

Diversification in types of financial services may adversely affect our financial performance.

As part of our business strategy, we may further diversify our lines of business into areas that are not traditionally associated with the banking business. As a result, we would need to manage the development of new business lines in which we have not previously participated. Each new business line would require the investment of additional capital and the significant involvement of our senior management to develop and integrate the service subsidiaries with our traditional banking operations. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business and/or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, financial condition and results of operations. We can provide no assurances that we will be able to develop and integrate new services without adversely affecting our financial performance.

The performance of our investment securities portfolio is subject to fluctuation due to changes in interest rates and market conditions, including credit deterioration of the issuers of individual securities.

Changes in interest rates can negatively affect the performance of most of our investment securities. Interest rate volatility can reduce unrealized gains or increase unrealized losses in our portfolio. Interest rates are highly sensitive to many factors including monetary policies, domestic and international economic and political issues, and other factors beyond our control. Fluctuations in interest rates can materially affect both the returns on and market value of our investment securities. Additionally, actual investment income and cash flows from investment securities that carry prepayment risk, such as mortgage-backed securities and callable securities, may materially differ from those anticipated at the time of investment or subsequently as a result of changes in interest rates and market conditions.

Our investment securities portfolio consists of a number of securities whose trading markets are "not active." As a result, we utilize alternative methodologies for pricing these securities that include various estimates and assumptions. There can be no assurance that we can sell these investment securities at the price derived by these methodologies, or that we can sell these investment securities at all, which could have an adverse effect on our financial position, results of operation or liquidity.

We monitor the financial position of the various issues of investment securities in our portfolio, including each of the state and local governments and other political subdivisions where we have exposure. To the extent we have securities in our portfolio from issuers who have experienced a deterioration of financial condition, or who may experience future deterioration of financial condition, the value of such securities may decline and could result in an other-than-temporary impairment charge, which could have an adverse effect on our financial condition, results of operations and liquidity.

Technology is continually changing and we must effectively implement new innovations in providing services to our customers.

The financial services industry is undergoing rapid technological changes with frequent innovations in technology-driven products and services. In addition to better serving customers, the effective use of technology increases our efficiency and enables us to reduce costs. Our future success will depend, in part, upon our ability to address the needs of our customers using innovative methods, processes and technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand our market areas.

Our business is, and will continue to be, dependent on technology and an inability to invest in technological improvements or obtain reliable technological support may adversely affect our results of operation and financial condition.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our ability to grow and compete will depend in part upon our ability to address the needs of customers by using technology to provide products and services that will satisfy their operational needs, while managing the costs of expanding our technology infrastructure. Many competitors have substantially greater resources to invest in technological improvements and third-party support. There can be no assurance that we will be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. For the foreseeable future, we expect to rely on third-party service providers and on other third parties for services and technical support. If those products and services become unreliable or fail, the adverse impact on customer relationships and operations could be material.

We are subject to a variety of systems-failure and cyber security risks that could adversely affect our business and financial performance.

Our internal operations are subject to certain risks, including, but not limited to, information systems failures and errors, customer or employee fraud and catastrophic failures resulting from terrorist acts, data piracy or natural disasters. We maintain a system of internal controls and security to mitigate the risks of many of these occurrences and maintain insurance coverage for certain risks. However, should an event occur that is not prevented or detected by our internal controls, and is uninsured against or in excess of applicable insurance limits, such occurrence could have an adverse effect on our business, financial condition, results of operations and liquidity.

The computer systems and network infrastructure we use could be vulnerable to unforeseen problems. Our operations are dependent upon the ability to protect our computer equipment against damage from fire, severe storm, power loss, telecommunications failure or a similar catastrophic event. Any damage or failure of our computer systems or network infrastructure that causes an interruption in operations could have an adverse effect on our financial condition, results of operations and liquidity.

In addition, our operations are dependent upon our ability to protect the computer systems and network infrastructure against damage from physical break-ins, security breaches and other disruptive problems caused by Internet users or other users. Computer break-ins and other disruptions could jeopardize the security of information stored in and transmitted through our computer systems and networks, which may result in significant liability and reputation risk to us, and may deter potential customers. Although we, with the help of third-party service providers, intend to continue to actively monitor and, where necessary, implement improved security technology and develop additional operational procedures to prevent damage or unauthorized access to our computer systems and network, there can be no assurance that these security measures or operational procedures will be successful. In addition, new developments or advances in computer capabilities or new discoveries in the field of cryptography could enable hackers or data pirates to compromise or breach the security measures we use to protect customer data. Any failure to maintain adequate security over our customers' personal and transactional information could expose us to reputational risk or consumer litigation, and could have an adverse effect on our financial condition, results of operations and liquidity.

Our risk and exposure to cyber-attacks and other information security breaches remain heightened because of, among other things, the evolving nature of these threats and the prevalence of Internet and mobile banking. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. Disruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, or cyber-attacks or security breaches of the networks, systems or devices that customers use to access our products and services, could result in customer attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensation costs, including litigation expense and/or additional compliance costs, any of which could materially and adversely affect our business, results of operations or financial condition.

We rely on third-party vendors to provide many of our major systems, and any systems failures or interruptions could adversely affect our operations and the services we provide to our customers.

We outsource many of our major systems, such as data processing, recording and monitoring transactions, online banking interfaces and service, internet connections and network access. For example, we rely on a third-party core processor to provide our entire core banking system through a service bureau arrangement. An interruption or failure of the services we receive through these outsourced systems could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions.

Our business may be adversely affected by security breaches of third parties.

Our customers interact with their own and other third-party systems, which pose operational risks to us. We may be adversely affected by data breaches at retailers and other third parties who maintain data relating to our customers that involve the theft of customer data, including the theft of customers' debit card, credit card, wire transfer and other identifying and/or access information used to make purchases or payments at such retailers and to other third parties. Despite third-party security risks that are beyond our control, we offer our customers protection against fraud and attendant losses for unauthorized use of debit and credit cards in order to stay competitive in the marketplace. Offering such protection to customers exposes us to significant expenses and potential losses related to reimbursing our customers for fraud losses, reissuing the compromised cards and increased monitoring for suspicious activity. In the event of a data breach at one or more retailers of considerable magnitude, our business, financial condition and results of operations may be adversely affected.

Our earnings could be adversely impacted by incidences of fraud and compliance failures that are not within our direct control.

Financial institutions are inherently exposed to fraud risk. A fraud can be perpetrated by a customer of the Company, an employee, a vendor or members of the general public. We are most subject to fraud and compliance risk in connection with the origination of loans, automated clearing house transactions, ATM transactions and checking transactions. Our largest fraud risk, associated with the origination of loans, includes the intentional misstatement of information in property appraisals or other underwriting documentation provided to us by third parties. If any of the information upon which we rely is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to asset funding, the value of the asset may be significantly lower than expected, or we may fund a loan that it would not have funded or on terms it would not have extended. Whether a misrepresentation is made by the applicant or another third party, we generally bear the risk of loss associated with the misrepresentation. A loan subject to a material misrepresentation is typically unsellable or subject to repurchase if it is sold prior to detection of the misrepresentation. The sources of the misrepresentations are often difficult to locate, and it is often difficult to recover any of the monetary losses we may suffer. Accordingly, the compliance risk is that loans are not originated in compliance with applicable laws and regulations and our standards. There can be no assurance that we can prevent or detect acts of fraud or violation of law or our compliance standards by the third parties that we deal with. Repeated incidences of fraud or compliance failures could adversely impact the performance of our loan portfolio.

We may be subject to claims and litigation pertaining to fiduciary responsibility.

From time to time as part of our normal course of business, customers may make claims and take legal action against us based on actions or inactions related to the fiduciary responsibilities of our Company's wealth management department. If such claims and legal actions are not resolved in a manner favorable to us, they may result in financial liability and/or adversely affect our market perception or our products and services. Any financial liability or reputation damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

We may be subject to claims and litigation asserting lender liability.

From time to time, and particularly during periods of economic stress, customers, including real estate developers, may make claims or otherwise take legal action pertaining to performance of our responsibilities. These claims are often referred to as "lender liability" claims and are sometimes brought in an effort to produce or increase leverage against us in workout negotiations or debt collection proceedings. Lender liability claims frequently assert one or more of the following allegations: breach of fiduciary duties, fraud, economic duress, breach of contract, breach of the implied covenant of good faith and fair dealing, and similar claims. Whether customer claims and legal action related to the performance of our responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a favorable manner, they may result in significant financial liability and/or adversely affect our market perception, products and services, as well as potentially affecting customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition, results of operations and liquidity.

Our FDIC deposit insurance premiums and assessments may increase.

The deposits of our Company are insured by the FDIC up to legal limits and, accordingly, subject it to the payment of FDIC deposit insurance premiums and assessments. High levels of bank failures since the financial crisis and increases in the statutory deposit insurance limits have increased resolution costs to the FDIC and put significant pressure on the Deposit Insurance Fund. In order to maintain a strong funding position and restore the reserve ratios of the Deposit Insurance Fund following the financial crisis, the FDIC increased deposit insurance assessment rates and charged special assessments to all FDIC-insured financial institutions. Further increases in assessment rates or special assessments may occur in the future, especially if there are significant additional financial institution failures. Any future special assessments, increases in assessment rates or required prepayments in FDIC insurance premiums could reduce our profitability or limit our ability to pursue certain business opportunities, which could have a material adverse effect on our assets, business, cash flow, condition (financial or otherwise), liquidity, prospects and results of operations.

We are subject to environmental liability risk associated with our lending activities.

A significant portion of our loan portfolio is secured by real property. During the ordinary course of business, we may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our business, results of operations and financial condition.

RISKS ASSOCIATED WITH OUR INDUSTRY

Our operations are subject to extensive governmental regulation and supervision.

The Company is a Mississippi state banking corporation and is subject to extensive governmental regulation, supervision, legislation and control. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These laws and regulations limit the manner in which we operate, including the amount of loans we can originate, interest we can charge on loans and fees we can charge for certain services. See "Item 1. Business - Regulation and Supervision" included herein for more information regarding regulatory burden and supervision.

The Company is currently well capitalized under applicable guidelines. Our business could be negatively affected, however, if the Company fails to remain well capitalized.

Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. It is possible that there will be continued changes to the banking and financial institutions regulatory regimes in the future. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect us in substantial and unpredictable ways. Such changes could subject us to additional costs, limit the types of financial services and products we may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. We cannot predict the extent to which the government and governmental organizations may change any of these laws or controls. We also cannot predict how such changes would adversely affect our business and prospects.

The Dodd-Frank Act and related rules and regulations may adversely affect our business, financial condition and results of operations.

The Dodd-Frank Act contains a variety of far-reaching changes and reforms for the financial services industry and directs federal regulatory agencies to study the effects of, and issue implementing regulations for, these reforms. Many of the provisions of the Dodd-Frank Act could have a direct effect on our performance and, in some cases, impact our ability to conduct business. For a discussion of the Dodd-Frank Act and its changes and reforms, see "Part I, Item 1. Business – Regulation and Supervision."

Many of these provisions have already been the subject of proposed and final rules by regulatory authorities. Many other provisions, however, remain subject to regulatory rulemaking and implementation, the effects of which are not yet known. The provisions of the Dodd-Frank Act and any rules adopted to implement those provisions as well as any additional legislative or regulatory changes may impact the profitability of our business, may require that we change certain of our business practices, may materially affect our business model or affect retention of key personnel, may require us to raise additional capital and could expose us to additional costs (including increased compliance costs). These and other changes may also require us to invest significant management attention and resources to make any necessary changes and may adversely affect our ability to conduct our business as previously conducted or our financial condition and results of operations.

The short-term and long-term impact of changes to banking capital standards could negatively impact our regulatory capital and liquidity.

The Basel III Capital Rules represent the most comprehensive overhaul of the United States banking capital framework in over two decades. These rules require financial companies, such as the Company, to dedicate more resources to capital planning and regulatory compliance, and maintain substantially more capital as a result of higher required capital levels and more demanding regulatory capital risk-weightings and calculations. The rules also require all banks to change substantially the manner in which they collect and report information to calculate risk-weighted assets, and increase risk-weighted assets at many banking organizations as a result of applying higher risk-weightings to certain types of loans and securities. As a result, we may be forced to limit originations of certain types of commercial and mortgage loans, thereby reducing the amount of credit available to borrowers and limiting opportunities to earn interest income from the loan portfolio, or change the way we manage past-due exposures. As a result of the changes to bank capital levels and the calculation of risk-weighted assets, many banks could be required to access the capital markets on short notice and in relatively weak economic conditions, which could result in banks raising capital that significantly dilutes existing shareholders. Additionally, many community banks could be forced to limit banking operations and activities, and growth of loan portfolios and interest income, in order to focus on retention of earnings to improve capital levels. If the Basel III Capital Rules require us to access the capital markets in this manner, or similarly limit the Company's operations and activities, the Basel III Capital Rules would have a detrimental effect on our net income and return on equity and limit the products and services we provide to our customers. See "Item 1. Business - Regulation and Supervision" included herein for more information regarding the Basel III Capital Rules.

Monetary policies and economic factors may limit our ability to attract deposits or make loans.

The monetary policies of federal regulatory authorities and economic conditions in our service area, and the United States generally, affect our ability to attract deposits and extend loans. We cannot predict either the nature or timing of any changes in these monetary policies and economic conditions, including the Federal Reserve's interest rate policies, or their impact on our financial performance. Adverse conditions in the economic environment could also lead to a potential decline in deposits and demand for loans.

Consumers may decide not to use community banks to complete their financial transactions.

Technology and other changes are allowing parties to complete, through alternative methods, financial transactions that historically have involved community banks. For example, consumers can now maintain funds that would have historically been held as local bank deposits in brokerage accounts, mutual funds with an Internet-only bank, or with virtually any bank in the country through online banking. Consumers can also complete transactions such as purchasing goods and services, paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower-cost deposits as a source of funds could have an adverse effect on our financial condition, results of operations and liquidity.

The CFPB engages in rulemaking and enforcement activities which could result in enforcement actions, fines, penalties and the inherent reputational risk that results from such actions.

The Dodd-Frank Act established the CFPB, which has extensive regulatory and enforcement powers over consumer financial products and services. Among other regulatory powers, the CFPB has direct supervision and examination authority over banks with more than $10 billion in assets, including the Company. The CFPB's responsibilities include implementing and enforcing federal consumer financial protection laws, reviewing the business practices of financial services providers for legal compliance, monitoring the marketplace for transparency on behalf of consumers and receiving complaints and questions from consumers about consumer financial products and services. The CFPB also oversees and enforces certain prohibitions on unfair, deceptive or abusive financial acts and practices. The term "abusive" is new and untested, and we cannot predict how it will be enforced.

Any failure to comply with the laws and regulations enforced by the CFPB would adversely affect our ability to conduct our business as previously conducted or our financial condition and results of operations.

New accounting standards may require us to increase our allowance for loan losses and may have a material adverse effect on our financial condition and results of operations.

The preparation of the Company's financial statements is based on accounting standards established by the Financial Accounting Standards Board (FASB) and the Securities Exchange Commission (the "SEC"). From time to time, these accounting standards may change, which could have a material adverse effect on the Company's financial statements and may adversely affect its financial results or investor perceptions of those results.

For example, in June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses*, an ASU regarding credit losses on financial instruments. This ASU was effective for interim and annual periods after December 15, 2019. The new accounting standard, referred to as the Current Expected Credit Losses ("CECL") standard, required financial institutions to determine periodic estimates of lifetime expected credit losses on financial instruments. In addition, reasonable and supportable forecasts were utilized to inform such estimates in accordance with CECL. This approach differed significantly from the "incurred loss" methodology required under current generally accepted accounting principles ("GAAP"), which delayed recognition of a credit loss until it was probable that a loss had been incurred. Accordingly, we recognized that the adoption of the CECL standard would materially affect how we determined our allowance for loan and lease losses and would require a significant increase in our allowance, which would result in a material adverse effect on our financial condition. Furthermore, the CECL standard created more volatility in the level of our allowance for loan and lease losses from period to period. The Company evaluated the impact of the CECL standard upon our financial statements. A cross-functional working group was designated and comprised of individuals from areas including credit, risk, and finance. Our implementation plan included an assessment of processes, portfolio segmentation, model development, system requirements and the identification of data and resource needs, among other things.

RISKS ASSOCIATED WITH OUR CAPITALIZATION

The rights of our common shareholders are generally subordinate to the rights of holders of our debt securities and preferred stock and may be subordinate to the rights of holders of any class of preferred stock or any debt securities that we may issue in the future.

Our Board of Directors has the authority to issue debt securities as well as an aggregate of up to 500,000,000 shares of preferred stock without any further action on the part of our shareholders. Our Board of Directors also has the power, without shareholder approval, to set the terms of any debt securities or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In 2019, we issued 6,900,000 shares of our 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 (“Series A Preferred Stock”), with a liquidation preference of $25 per share, as well as a $300 million aggregate principal amount of our 4.125% Fixed-to-Floating Rate Subordinated Notes. The shares and subordinated notes have certain rights that are senior to our common stock. Any debt or shares of preferred stock that we may issue in the future may be senior to our common stock. Accordingly, you should assume that any debt securities or preferred stock that we may issue in the future will also be senior to our common stock. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, the amount, timing, nature or success of our future capital raising efforts is uncertain. Holders of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may negatively affect the market price of our common stock.

In the event that we issue preferred stock or debt securities in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected.

Adverse changes in the ratings for our debt securities or preferred stock could have a material adverse effect on our business, financial condition and liquidity and may increase our funding costs or impair our ability to effectively compete for business and clients.

The major rating agencies regularly evaluate us and their ratings of our long-term debt and preferred stock based on a number of factors, including our financial strength and conditions affecting the financial services industry generally. In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix and level and quality of earnings, and we may not be able to maintain our current credit ratings and preferred stock ratings. Our ratings remain subject to change at any time, and it is possible that any rating agency will take action to downgrade us in the future.

The ratings for our debt securities and preferred stock impact our ability to obtain funding. Reductions in any of the ratings for our debt securities or preferred stock could adversely affect our ability to borrow funds and raise capital. Downgrades in our ratings could trigger additional collateral or funding obligations, which may adversely impact our liquidity. Therefore, any negative credit rating actions could have a material adverse effect on our business, results of operations, financial condition or liquidity.

Furthermore, our clients and counterparties may be sensitive to the risks posed by a downgrade to our ratings and may terminate their relationships with us, may be less likely to engage in transactions with us, or may only engage in transactions with us at a substantially higher cost. We cannot predict the extent to which client relationships or opportunities for future relationships could be adversely affected due to a downgrade in our ratings. The inability to retain clients or to effectively compete for new business may have a material and adverse effect on our business, results of operations or financial condition.

Additionally, rating agencies themselves have been subject to scrutiny arising from the financial crisis. As a result or for unrelated reasons, the rating agencies may make or may be required to make substantial changes to their ratings policies and practices. Such changes may, among other things, adversely affect the ratings of our securities or other securities in which we have an economic interest.

We may elect or be compelled to seek additional capital in the future, but that capital may not be available on favorable terms when it is needed.

We are required by federal regulatory authorities to maintain adequate levels of capital to support our operations. In addition, we may elect to raise additional capital to support our business or to finance any acquisitions or we may otherwise elect or be required to raise additional capital. As a publicly-traded company, a likely source of additional funds is the capital markets, accomplished generally through the issuance of equity, including common stock, preferred stock, warrants, depository shares, rights, purchase contracts or units, and the issuance of senior or subordinated debt securities. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside our control, and on our financial performance. Accordingly, we cannot provide assurance of our ability to raise additional capital if needed or to be able to do so on terms acceptable to us. Any occurrence that may limit its access to the capital markets, such as a decline in the confidence of investors, depositors of the Company or counterparties participating in the capital markets, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Moreover, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would have to compete with those institutions for investors. If we cannot raise additional capital on favorable terms when needed, it may have a material adverse effect on our financial condition and results of operations.

Issuing additional shares of our common stock to acquire other banks, bank holding companies, financial holding companies and/or insurance agencies may result in dilution for existing shareholders and may adversely affect the market price of our stock.

In connection with our growth strategy, we have issued, and may issue in the future, shares of our capital stock to acquire additional banks, bank holding companies, financial holding companies, insurance agencies and/or other businesses related to the financial services industry that may complement our organizational structure. Resales of substantial amounts of capital stock in the public market and the potential of such sales could adversely affect the prevailing market price of our capital stock and impair our ability to raise additional capital through the sale of equity securities. We usually must pay an acquisition premium above the fair market value of acquired assets for the acquisition of banks, bank holding companies, financial holding companies and insurance agencies. Paying this acquisition premium, in addition to the dilutive effect of issuing additional shares, may also adversely affect the prevailing market price of our capital stock.

Securities that we issue, including our capital stock, are not FDIC insured.

Securities that we issue, including our capital stock, are not savings or deposit accounts or other obligations of any bank and are not insured by the FDIC or any other governmental agency or instrumentality or any private insurer and are subject to investment risk, including the possible loss of your investment.

We may issue debt or equity securities or securities convertible into equity securities, any of which may be senior to our common stock as to distributions and in liquidation, which could negatively affect the value of our common stock.

In the future, we may attempt to increase our capital resources by entering into debt or debt-like financing that is unsecured or secured by all or up to all of our assets, or by issuing additional debt or equity securities, which could include issuances of secured or unsecured commercial paper, medium-term notes, senior notes, subordinated notes, preferred stock or securities convertible into or exchangeable for equity securities. In the event of our liquidation, our lenders and holders of our debt and preferred securities would receive a distribution of our available assets before distributions to the holders of our common stock. Because any decision to incur debt or issue securities in future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings and debt financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

GENERAL RISK FACTORS

Reputational risk may impact our results.

Our ability to originate and maintain accounts is highly dependent upon customer and other external perceptions of our business practices and/or our financial health. Adverse perceptions regarding our business practices and/or our financial health could damage our reputation in both the customer and funding markets, leading to difficulties in generating and maintaining accounts as well as in financing them. Adverse developments with respect to the customer or other external perceptions regarding the practices of our competitors, or our industry as a whole, may also adversely impact our reputation. While we carefully monitor internal and external developments for areas of potential reputational risk and have established governance structures to assist in evaluating such risks in our business practices and decisions, adverse reputational impacts on third parties with whom we have important relationships may also adversely impact our reputation. Adverse impacts on our reputation, or the reputation of our industry, may also result in greater regulatory and/or legislative scrutiny, which may lead to laws, regulations or regulatory actions that may change or constrain the manner in which we engage with our customers and the products and services we offer. Adverse reputational impacts or events may also increase our litigation risk.

Our growth strategy includes risks that could have an adverse effect on our financial performance.

An element of our growth strategy is the acquisition of additional banks, bank holding companies, financial holding companies, insurance agencies and/or other businesses related to the financial services industry that may complement our organizational structure in order to achieve greater economies of scale. The market for acquisitions remains highly competitive. Accordingly, we cannot assure you that appropriate growth opportunities will continue to exist, that we will be able to acquire banks, insurance agencies, bank holding companies and/or financial holding companies that satisfy our criteria or that any such acquisitions will be on terms favorable to us. To the extent that we are unable to find suitable acquisition candidates, an important component of our growth strategy may be lost.

In addition, acquisitions of financial institutions involve operational risks and uncertainties and acquired companies may have unforeseen liabilities, exposure to asset quality problems, key employee and customer retention problems and other problems that could negatively affect our organization. We may incur substantial costs to expand, and we cannot give assurance such expansion will result in the levels of profits we seek. We may not be able to complete future acquisitions; and, if completed, we may not be able to successfully integrate the operations, management, products and services of the entities that we acquire and eliminate redundancies. The integration process could result in the loss of key employees or disruption of the combined entity's ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the transaction. The integration process may also require significant time and attention from our management that they would otherwise direct at servicing existing business and developing new business. Our inability to find suitable acquisition candidates and failure to successfully integrate the entities we acquire into our existing operations may increase our operating costs significantly and adversely affect our business and earnings.

Further, our growth strategy requires that we continue to hire qualified personnel, while concurrently expanding our managerial and operational infrastructure. We cannot assure you that we will be able to hire and retain qualified personnel or that we will be able to successfully expand our infrastructure to accommodate future acquisitions or growth. As a result of these factors, we may not realize the expected economic benefits associated with our acquisitions. This could have a material adverse effect on our financial performance.

If we are unable to manage our growth effectively, our operations could be negatively affected.

If we experience growth in the future, we could face various risks and difficulties, including:

- finding suitable markets for expansion;
- finding suitable candidates for acquisition;
- attracting funding to support additional growth;
- maintaining asset quality;
- attracting and retaining qualified management and personnel; and
- maintaining adequate regulatory capital.

In addition, in order to manage our growth and maintain adequate information and reporting systems within our organization, we must identify, hire and retain additional qualified associates, particularly in the accounting and operational areas of our business.

If we do not manage our growth effectively, our business, financial condition, results of operations and future prospects could be negatively affected, and we may not be able to continue to implement our business strategy and successfully conduct our operations.

We face risks in connection with completed or potential acquisitions.

Historically, we have grown through the acquisition of other financial institutions as well as the development of de novo offices. During 2020, we completed two mergers. As appropriate opportunities present themselves, we have pursued and intend to continue to pursue additional acquisitions in the future that we believe are strategic and accretive, including possible FDIC-assisted transactions.

There can be no assurance that we will be able to identify, negotiate, finance or consummate potential acquisitions successfully or, if consummated, integrate such acquisitions with our current business.

Our recent results may not be indicative of our future results.

We may not be able to grow our business at the same rate of growth achieved in recent years or even grow our business at all. Additionally, in the future we may not have the benefit of several factors that have been favorable to our business in past years, such as an interest rate environment where changes in rates occur at a relatively orderly and modest pace, the ability to find suitable expansion opportunities and acquisition targets or other factors and conditions. Numerous factors, such as weakening or deteriorating economic conditions, regulatory and legislative considerations, and competition may impede or restrict our ability to expand our market presence and could adversely affect our future operating results.

Changes in U.S. trade policies and other factors beyond our Company's control, including the imposition of tariffs and retaliatory tariffs, may adversely impact our business, financial condition and results of operations.

There have been changes and discussions with respect to U.S. trade policies, legislation, treaties and tariffs, including trade policies and tariffs affecting other countries, including China, the European Union, Canada and Mexico and retaliatory tariffs by such countries. Tariffs and retaliatory tariffs have been imposed, and additional tariffs and retaliation tariffs have been proposed. Such tariffs, retaliatory tariffs or other trade restrictions on products and materials that our customers import or export, including among others, agricultural products, could cause the prices of our customers' products to increase which could reduce demand for such products, or reduce our customer margins, and adversely impact their revenues, financial results and ability to service debt; which, in turn, could adversely affect our financial condition and results of operations. In addition, to the extent changes in the political environment have a negative impact on us or on the markets in which we operate our business, results of operations and financial condition could be materially and adversely impacted in the future. It remains unclear what the U.S. Administration or foreign governments will or will not do with respect to tariffs already imposed, additional tariffs that may be imposed, or international trade agreements and policies. On October 1, 2018, the United States, Canada and Mexico agreed to a new trade deal (the "USMCA") to replace the North American Free Trade Agreement. The USMCA was ratified by Mexico and the United States in 2018. On April 3, 2020, Canada notified the United States and Mexico that it ratified the USMCA. The full impact of the USMCA on us, our customers and on the economic conditions in our markets is currently unknown. A trade war or other governmental action related to tariffs or international trade agreements or policies has the potential to negatively impact ours and/or our customers' costs, demand for our customers' products, and/or the U.S. economy or certain sectors thereof and, thus, adversely impact our business, financial condition and results of operations.

Our framework for managing risks may not be effective in mitigating risk and any resulting loss.

Our risk management framework seeks to mitigate risk and any resulting loss. We have established processes intended to identify, measure, monitor, report and analyze the types of risk to which we are subject, including liquidity, credit, market, interest rate, operational, legal and compliance, and reputational risk. However, as with any risk management framework, there are inherent limitations to our risk management processes and strategies. There may exist, or develop in the future, risks that we have not appropriately anticipated or identified. Also, breakdowns in our risk management framework could have a material adverse effect on our financial condition and results of operations.

We may not be able to protect our intellectual property, and we may be subject to claims of third-party intellectual property rights.

If we are unable to protect our intellectual property and proprietary technology, our competitors may be able to duplicate our technology and products. To the extent that we do not effectively protect our proprietary intellectual property through patents or other means, other parties, including former employees, with knowledge of our intellectual property may seek to exploit our intellectual property for their own or others' advantage. In addition, we may unintentionally infringe on claims of third-party patents, and we may face intellectual property challenges from other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. Third-party intellectual rights, valid or not, may also impede our deployment of the full scope of our products and service capabilities in all of the market areas in which we operate or market our products and services. The intellectual property of an acquired business may be an important component of the value that we agree to pay for such a business. Such acquisitions, however, are subject to the risks that the acquired business may not own the intellectual property that we believe we are acquiring, that the intellectual property is dependent on licenses from third parties, that the acquired business infringes on the intellectual property rights of others, or that the technology does not have the acceptance in the marketplace that we may have anticipated.

We are involved in legal proceedings and may be the subject of additional litigation or government investigations in the future; the actual cost of legal proceedings may exceed our accruals for them.

The nature of our business ordinarily results in a certain amount of litigation and investigations by government agencies having oversight over our business. Although we have developed policies and procedures to minimize the impact of legal noncompliance and other disputes and endeavored to provide reasonable insurance coverage, litigation, government investigations and regulatory actions present an ongoing risk.

We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against us, our directors, management or employees, including remedies or damage awards. On at least a quarterly basis, we assess our liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of our business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established. For matters where it is probable we will incur a loss and the amount can be reasonably estimated, we establish an accrual for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any outstanding legal proceedings and the potential loss, however, may turn out to be substantially higher than the amount accrued. Further, our insurance may not cover all litigation, other proceedings or claims, or the costs of defense. While the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related expense we have accrued is adequate and that any incremental liability arising from pending legal proceedings, including class action litigation, and threatened claims and those otherwise arising in the ordinary course of business, will not have a material adverse effect on our business or consolidated financial condition. It is possible, however, that future developments could result in an unfavorable outcome for any lawsuit or investigation in which we or our subsidiaries are involved, which may have a material adverse effect on our business or our results of operations for one or more quarterly reporting periods. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Financial Condition - Certain Litigation and Other Contingencies" for more information regarding material pending legal proceedings and ongoing government investigations.

Hurricanes, tornados, tropical storms or other adverse weather events could negatively affect local economies where we maintain branch offices or cause disruption or damage to our branch office locations, which could have an adverse effect on our business or results of operations.

We have operations in Alabama, Florida, Louisiana, Mississippi and Texas, which include areas susceptible to hurricanes, tornados or tropical storms. Such weather conditions can disrupt our operations, result in damage to our branch office locations or negatively affect the local economies in which we operate. We cannot predict whether or to what extent damage caused by future hurricanes, tornados, tropical storms or other adverse weather events will affect our operations or the economies in our market areas, but such weather conditions could result in a decline in loan originations and an increase in the risk of delinquencies, foreclosures or loan losses. Our business or results of operations may be adversely affected by these and other negative effects of devastating hurricanes, tornados, tropical storms or other adverse weather events.

Our ability to declare and pay dividends is limited.

There can be no assurance of whether or when we may pay dividends on our capital stock in the future. Future dividends, if any, will be declared and paid at the discretion of our Board of Directors and will depend on a number of factors. Although the Company's asset quality, earnings performance, liquidity and capital requirements will be taken into account before we declare or pay any future dividends on our capital stock, our board of directors will also consider our liquidity and capital requirements. In addition, federal and state banking laws and regulations and state corporate laws restrict the amount of dividends we may declare and pay. See "Item 1. Business – Regulation and Supervision" included herein for more information. Finally, so long as any shares of our 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 ("Series A Preferred Stock") remain outstanding, unless we have paid in full (or declared and set aside funds sufficient for) applicable dividends on the Series A Preferred Stock, we may not declare or pay any dividend on our common stock, other than a dividend payable solely in shares of common stock or in connection with a shareholder rights plan.

The price of common stock and preferred stock may fluctuate significantly, which may make it difficult for investors to resell shares of common stock or preferred stock at a time or price they find attractive.

The price of our common stock and preferred stock may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. In addition to those described in "Cautionary Notice Regarding Forward Looking Statements," these factors include, among others:

- actual or anticipated quarterly fluctuations in our operating results, financial condition or asset quality;
- changes in financial estimates or the publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to us or other financial institutions;
- failure to declare dividends on our capital stock from time to time;
- failure to meet analysts' revenue or earnings estimates;
- failure to integrate acquisitions or realize anticipated benefits from acquisitions;
- strategic actions by us or our competitors, such as acquisitions, restructurings, dispositions or financings;
- fluctuations in the stock price and operating results of our competitors or other companies that investors deem
- comparable to us;
- future sales of our capital stock or other securities;
- proposed or final regulatory changes or developments;
- anticipated or pending regulatory investigations, proceedings, or litigation that may involve or affect us;
- reports in the press or investment community generally relating to our reputation or the financial services industry;

- domestic and international economic and political factors unrelated to our performance;
- general market conditions and, in particular, developments related to market conditions for the financial services industry;
- adverse weather conditions, including floods, tornadoes and hurricanes; and
- geopolitical conditions such as acts or threats of terrorism or military conflicts.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect the stock price of our capital stock, notwithstanding our operating results. We expect that the market price of our capital stock will continue to fluctuate and there can be no assurances about the levels of the market prices for our capital stock.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause the stock price of our capital stock to decrease regardless of operating results.

Anti-takeover provisions may discourage a change of our control.

Our governing documents and certain agreements to which we are a party contain provisions that make a change-in-control difficult to accomplish, and may discourage a potential acquirer. These include a classified or "staggered" board of directors, change-in-control agreements with members of management and supermajority voting requirements. These anti-takeover provisions may have an adverse effect on the market for our capital stock.

We may be adversely affected by the failure of certain third-party vendors to perform.

We rely upon certain third-party vendors to provide products and services necessary to maintain our day-to-day operations. These third parties provide key components of our business operations. Accordingly, our operations are exposed to the risk that these vendors might not perform in accordance with applicable contractual arrangements or service level agreements. Any complications caused by these third parties, including those resulting from disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches at a vendor, failure of a vendor to provide services for any reason or poor performance of services, could adversely affect our ability to deliver products and services to our customers and otherwise conduct our business. Financial or operational difficulties of a third-party vendor could also hurt our operations if those difficulties interfere with the vendor's ability to provide services. Furthermore, our vendors could also be sources of operational and information security risk, including from breakdowns or failures of their own systems or capacity constraints. Replacing these third-party vendors could also create significant delay and expense. Problems caused by external vendors could be disruptive to our operations, which could have a material adverse impact on our business and, in turn, our financial condition and results of operations. We maintain a system of policies and procedures designed to monitor vendor risks, including, among other things, (i) changes in the vendor's organizational structure, (ii) changes in the vendor's financial condition, (iii) changes in existing products and services or the introduction of new products and services, and (iv) changes in the vendor's support for existing products and services. While we believe these policies and procedures help to mitigate risk, the failure of an external vendor to perform in accordance with applicable contractual arrangements or service level agreements could be disruptive to our operations, which could have a material adverse effect on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

As of December 31, 2020, the physical properties of the Company are located in the states of Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, Texas and Illinois. The Company's main office is located at One Mississippi Plaza, 201 South Spring Street in the central business district of Tupelo, Mississippi in a seven-floor, modern, glass, concrete and steel office building owned by the Company. The Company occupies approximately 85% of the space, with the remainder leased to various unaffiliated tenants. The Company also owns additional 289 buildings that provide space for branch banking, computer operations, lease servicing, mortgage banking, warehouse needs and other general purposes. In addition to the facilities the Company owns, 61 branch-banking, mortgage banking, insurance and operational facilities are occupied under leases with unexpired terms ranging from one to eleven years. Of the owned and leased properties described above, 315 properties are used by the Banking Services Group segment, 107 are used by the Mortgage segment, 29 properties are used by the Insurance Agencies segment, 31 properties are used by the Wealth Management segment, and 12 properties are used by the General Corporate and Other segment. Management considers all of the Company's owned buildings and leased premises to be in good condition. None of the Company's properties are subject to any material encumbrances.

ITEM 3. LEGAL PROCEEDINGS.

The information in response to this item is incorporated herein by reference to "Note 23 - Commitments and Contingent Liabilities - Litigation" in the notes to consolidated financial statements included in Part II. Item 8. of this Report.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

MARKET FOR CAPITAL STOCK

The common stock of the Company trades on the NYSE under the symbol "BXS", and the 5.50% Series A Non-Cumulative Perpetual Preferred Stock trades on the NYSE under the symbol "BXS-PrA."

HOLDERS OF RECORD

As of February 18, 2021, there were 6,113 shareholders of record of the Company's common stock.

DIVIDENDS

The Company declared cash dividends each quarter in an aggregate annual amount of $0.745 and $0.710 per share of common stock during 2020 and 2019, respectively. Future dividends, if any, will vary depending on the Company's profitability, anticipated capital requirements and applicable federal and state regulations. Under Mississippi law, the Company must obtain the non-objection of the Commissioner of the MDBCF prior to paying any dividend on the Company's common stock. In addition, the Company may not pay any dividends if, after paying the dividend, it would be undercapitalized under applicable capital requirements. The Company is further restricted by the FDIC's authority to prohibit the Company from engaging in business practices that the FDIC considers to be unsafe or unsound, which, depending on the financial condition of the Company, could include the payment of dividends. There can be no assurance that the FDIC or other regulatory bodies will not limit or prohibit future dividends. Finally, so long as any shares of our Series A Preferred Stock remain outstanding, unless we have paid in full (or declared and set aside funds sufficient for) applicable dividends on the Series A Preferred Stock, we may not declare or pay any dividend on our common stock, other than a dividend payable solely in shares of common stock or in connection with a shareholder rights plan. See "Item 1. Business – Regulation and Supervision" included herein for more information on restrictions and limitations on the Company's ability to pay dividends.

ISSUER PURCHASES OF EQUITY SECURITIES

The Company had repurchases of shares of common stock during the quarter ended December 31, 2020 as follows:

Period	Total Number of Shares Purchased(1) (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)(3)
October 1-October 31	6,129	$ 22.72	—	4,700,000
November 1- November 30	2,558	23.82	—	4,700,000
December 1- December 31	1,345	28.34	—	6,000,000
Total	10,032			

(1) This column included 6,129 shares redeemed in October 2020, 2,558 shares redeemed in November 2020, and 1,345 shares redeemed in December of 2020 from employees for tax withholding purposes for stock compensation and no shares repurchased under the stock repurchase program that was completed in December 2020.

(2) On December 12, 2019, the Company announced a share repurchase program whereby the Company could acquire up to an aggregate of 8,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between January 2, 2020 through December 31, 2020. At the time of expiration on December 31, 2020, the Company had repurchased 3,300,000 shares under this repurchase program.

(3) On December 9, 2020, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 6,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between January 4, 2021 through December 31, 2021. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares will be available for use in connection with the Company's equity incentive plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. As of December 31, 2020, the Company had not repurchased any shares under this repurchase program.

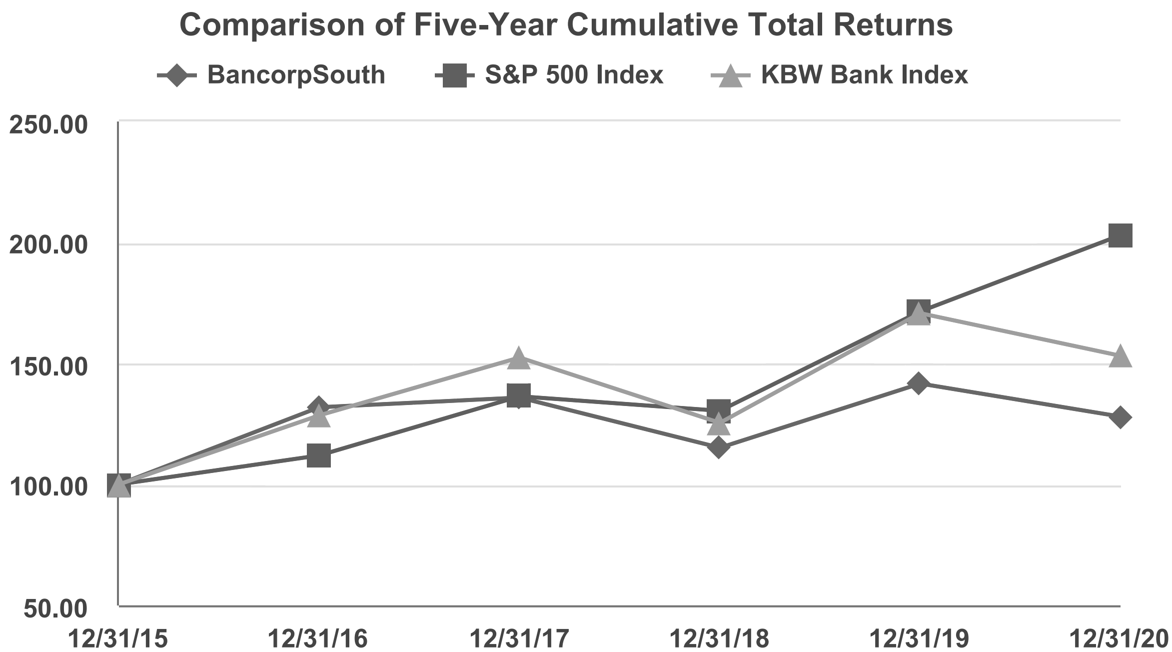
RECENT SALES OF UNREGISTERED SECURITIES

From time to time, the Company issues securities in certain transactions that are described in its period and current reports. The securities issued in these transactions are issued in reliance on the exemption provided by Section 3(a)(2) of the Securities Act of 1933, as amended, because the sales involve securities issued by a bank.

Pursuant to this exemption, on January 1, 2020, the Company issued approximately 1,040,000 shares in connection with its acquisition of Texas First. See Note 2 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the acquisition of Texas First.

STOCK PERFORMANCE GRAPH

The graph below compares the annual percentage change in the cumulative total shareholder return on the Company's common stock against the cumulative total return of the S&P 500 Index and the KBW Bank Index for a period of five years. The graph assumes an investment of $100 in the Company's common stock and in each respective index on December 31, 2015 and reinvestment of dividends without commissions. The KBW Bank Index is a modified cap-weighted index consisting of 24 exchange-listed National Market System stocks, representing national money center banks and leading regional institutions. The performance graph represents past performance and should not be considered to be an indication of future performance.



	Period Ending					
Index	*12/31/15*	*12/31/16*	*12/31/17*	*12/31/18*	*12/31/19*	*12/31/20*
BancorpSouth	*100.00*	*131.85*	*135.85*	*115.13*	*141.64*	*128.00*
S&P 500 Index	*100.00*	*111.95*	*136.38*	*130.39*	*171.44*	*202.96*
KBW Bank Index	*100.00*	*128.51*	*152.41*	*125.42*	*170.72*	*153.12*

This stock performance graph and related information shall not be deemed to be "soliciting material" or to be "filed" with the FDIC or subject to Regulation 14A or 14C of the Exchange Act or to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically requests that such information be treated as soliciting material or specifically incorporates it by reference into such filing.

ITEM 6. SELECTED FINANCIAL DATA.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Selected Financial Information" for the Selected Financial Data.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

EXPLANATORY NOTE

See "Explanatory Note" on page 4 of this Report prior to reading the information that follows.

OVERVIEW

The Company is a regional bank headquartered in Tupelo, Mississippi that had approximately $24.1 billion in assets at December 31, 2020. The Company has commercial banking operations in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee and Texas. The Company and its insurance agency subsidiary provide commercial banking, leasing, mortgage origination and servicing, insurance, brokerage and trust services to corporate customers, local governments, individuals and other financial institutions through an extensive network of branches and offices. The Company's insurance agency subsidiary also operates an office in Illinois.

Management's discussion and analysis provides a narrative discussion of the Company's financial condition and results of operations for the previous three years. For a complete understanding of the following discussion, you should refer to the Consolidated Financial Statements and related Notes presented elsewhere in this Report. Management's discussion and analysis should also be read in conjunction with the risk factors included in Item 1A of this Report. This discussion and analysis is based on reported financial information, and certain amounts for prior years have been reclassified to conform with the current financial statement presentation. The information that follows is provided to enhance comparability of financial information between years and to provide a better understanding of the Company's operations.

The financial condition and operating results of the Company are heavily influenced by economic trends nationally and in the specific markets in which the Company's subsidiaries provide financial services. Generally, the pressures of the national and regional economic cycle create a difficult operating environment for the financial services industry. During such times, the Company is not immune to pressures and any economic downturn may have a negative impact on the Company and its customers in all of the markets that it serves. Management believes that future weakness in the economic environment could adversely affect the strength of the credit quality of the Company's assets overall. Therefore, management will continue to focus on early identification and resolution of any credit issues.

The Company's efforts in 2020 were largely focused on navigating the health, logistical and economic impacts of the COVID-19 pandemic. While the Company has not yet seen increases in charge-offs or significant deterioration in other credit quality metrics, the Company did record a provision for credit losses of $86.0 million associated primarily with economic deterioration as a result of the COVID-19 pandemic. Outside of the additional provisioning, the Company continues to perform at a very high level. The Company has worked diligently to create an environment that protects the health and wellbeing of our teammates while also meeting the needs of our customers. It is still too early to predict the ultimate impact of the pandemic on our customers and loan portfolio, particularly in light of the government stimulus programs.

The largest source of the Company's revenue is derived from its banking operations. The financial condition and operating results of the Company are affected by the level and volatility of interest rates on loans, investment securities, deposits and other borrowed funds, and the impact of economic downturns on loan demand, collateral value and creditworthiness of existing borrowers. The financial services industry is highly competitive and heavily regulated. The Company's success depends on its ability to compete aggressively within its markets while maintaining sufficient asset quality and cost controls to generate net income.

The information that follows is provided to enhance comparability of financial information between periods and to provide a better understanding of the Company's operations.

SELECTED FINANCIAL INFORMATION

	At or for the Year Ended December 31,				
	2020	2019	2018	2017	2016
Earnings Summary:	(Dollars in thousands, except per share amounts)				
Interest revenue	$ 799,493	$ 775,012	$ 653,493	$ 512,991	$ 483,179
Interest expense	108,526	125,068	78,271	38,955	29,727
Net interest revenue	690,967	649,944	575,222	474,036	453,452
Provision for credit losses	86,000	1,500	4,500	3,000	4,000
Net interest revenue, after provision for credit losses	604,967	648,444	570,722	471,036	449,452
Noninterest revenue	336,504	280,681	282,037	268,033	274,901
Noninterest expense	653,926	629,607	587,634	507,446	527,909
Income before income taxes	287,545	299,518	265,125	231,623	196,444
Income tax expense	59,494	65,257	43,808	78,590	63,716
Net income	228,051	234,261	221,317	153,033	132,728
Less: Preferred dividends	9,488	—	—	—	—
Net income available to common shareholders	$ 218,563	$ 234,261	$ 221,317	$ 153,033	$ 132,728
Balance Sheet - Year-End Balances:					
Total assets	$ 24,081,194	$ 21,052,576	$ 18,001,540	$ 15,298,518	$ 14,724,388
Total securities	6,231,006	4,481,974	2,749,188	2,835,367	2,531,676
Loans and leases, net of unearned income	15,022,479	14,089,683	13,112,149	11,056,434	10,811,991
Total deposits	19,846,441	16,410,699	14,069,966	11,915,596	11,688,141
Long-term debt	4,402	5,053	6,213	30,000	530,000
Junior subordinated debt	297,250	296,547	—	—	12,888
Total shareholders' equity	2,822,477	2,685,017	2,205,737	1,713,485	1,723,883
Common shareholders' equity	2,655,484	2,517,996	2,205,737	1,713,485	1,723,883
Balance Sheet - Average Balances:					
Total assets	22,723,386	19,027,644	17,240,092	14,773,217	14,226,953
Total securities	5,010,378	2,934,654	2,867,439	2,454,545	2,193,937
Loans and leases, net of unearned income	14,984,356	13,606,951	12,481,534	10,932,505	10,557,103
Total deposits	18,559,655	15,319,130	13,641,476	11,871,281	11,520,186
Long-term debt	4,644	5,415	29,508	278,493	313,979
Junior subordinated debt	296,882	34,162	—	282	22,691
Total shareholders' equity	2,725,545	2,366,745	2,086,922	1,702,176	1,701,052
Common shareholders' equity	2,558,545	2,347,913	2,086,922	1,702,176	1,701,052
Common Share Data:					
Basic earnings per share	$ 2.12	$ 2.31	$ 2.24	$ 1.67	$ 1.41
Diluted earnings per share	2.12	2.30	2.23	1.67	1.41
Cash dividends per share	0.745	0.710	0.620	0.530	0.450
Book value per share	25.89	24.09	22.10	18.97	18.40
Tangible book value per share (1)	17.04	15.62	14.62	15.44	14.95
Dividend payout ratio	35.12 %	30.76 %	27.72 %	31.71 %	31.94 %
Financial Ratios:					
Return on average assets	1.00 %	1.23 %	1.28 %	1.04 %	0.93 %
Return on average shareholders' equity	8.37 %	9.90 %	10.60 %	8.99 %	7.80 %
Total shareholders' equity to total assets	11.72 %	12.75 %	12.25 %	11.20 %	11.71 %
Total common shareholders' equity to total assets	11.03 %	11.96 %	12.25 %	11.20 %	11.71 %
Tangible shareholders' equity to tangible assets (1)	8.26 %	8.92 %	8.46 %	9.31 %	9.73 %
Tangible common shareholders' equity to tangible assets (1)	7.54 %	8.09 %	8.46 %	9.31 %	9.73 %
Net interest margin-fully taxable equivalent	3.36 %	3.84 %	3.72 %	3.54 %	3.52 %
Credit Quality Ratios:					
Net charge-offs to average loans and leases	0.18 %	0.02 %	0.02 %	0.08 %	0.06 %
Provision for credit losses to average loans and leases	0.57 %	0.01 %	0.04 %	0.03 %	0.04 %
Allowance for credit losses to net loans and leases	1.63 %	0.85 %	0.92 %	1.07 %	1.14 %
Allowance for credit losses to NPLs	201.71 %	106.78 %	124.11 %	150.66 %	121.50 %
Allowance for credit losses to NPAs	184.37 %	100.68 %	113.25 %	139.89 %	112.84 %
NPLs to net loans and leases	0.81 %	0.79 %	0.74 %	0.71 %	0.94 %
NPAs to total assets	0.55 %	0.56 %	0.59 %	0.55 %	0.74 %
Capital Adequacy:					
Common Equity Tier 1 capital	10.70 %	10.57 %	10.84 %	12.15 %	12.23 %
Tier 1 capital	11.70 %	11.60 %	10.84 %	12.15 %	12.34 %
Total capital	14.24 %	14.17 %	11.68 %	13.13 %	13.38 %
Tier 1 leverage capital	8.63 %	9.69 %	9.06 %	10.12 %	10.32 %

(1) Non-GAAP financial measures- See "Non-GAAP Financial Measures and Reconciliations."

Non-GAAP Financial Measures and Reconciliations

In addition to financial ratios based on measures defined by U.S. GAAP, the Company utilizes tangible shareholders' equity, tangible shareholders' common equity, tangible assets, tangible shareholders' equity to tangible assets, tangible common shareholders' equity to tangible assets and tangible book value per share measures when evaluating the performance of the Company. Tangible shareholders' equity is defined by the Company as total shareholders' equity less goodwill and identifiable intangible assets. Tangible common shareholders' equity to tangible assets is defined by the Company as total shareholders' equity less preferred stock, goodwill and identifiable intangible assets, divided by total assets less goodwill and identifiable intangible assets. Tangible assets are defined by the Company as total assets less goodwill and identifiable intangible assets. Management believes the ratio of tangible shareholders' equity to tangible assets and tangible common shareholders' equity to tangible assets to be important to investors who are interested in evaluating the adequacy of the Company's capital levels. Tangible book value per share is defined by the Company as tangible shareholders' equity divided by total common shares outstanding. Management believes that tangible book value per share is important to investors who are interested in changes from period to period in book value per share exclusive of changes in intangible assets. The following table reconciles tangible shareholders' equity, tangible assets and tangible book value per share as presented above to U.S. GAAP financial measures as reflected in the Company's consolidated financial statements:

	December 31,				
	2020	2019	2018	2017	2016
	(Dollars in thousands)				
Tangible Assets:					
Total assets	$24,081,194	$21,052,576	$18,001,540	$15,298,518	$14,724,388
Less: Goodwill	851,612	825,679	695,720	300,798	300,798
Other identifiable intangible assets	55,899	60,008	50,896	17,882	21,894
Total tangible assets	$23,173,683	$20,166,889	$17,254,924	$14,979,838	$14,401,696
Tangible Shareholders' Equity:					
Total shareholders' equity	$ 2,822,477	$ 2,685,017	$ 2,205,737	$ 1,713,485	$ 1,723,883
Less: Goodwill	851,612	825,679	695,720	300,798	300,798
Other identifiable intangible assets	55,899	60,008	50,896	17,882	21,894
Total tangible shareholders' equity	$ 1,914,966	$ 1,799,330	$ 1,459,121	$ 1,394,805	$ 1,401,191
Less: Preferred stock	166,993	167,021	—	—	—
Total tangible common shareholders' equity	1,747,973	1,632,309	1,459,121	1,394,805	1,401,191
Total common shares outstanding	102,561,480	104,522,804	99,797,271	90,312,378	93,696,687
Tangible shareholders' equity to tangible assets	8.26 %	8.92 %	8.46 %	9.31 %	9.73 %
Tangible common shareholders' equity to tangible assets	7.54 %	8.09 %	8.46 %	9.31 %	9.73 %
Tangible book value per common share	$ 17.04	$ 15.62	$ 14.62	$ 15.44	$ 14.95

FINANCIAL HIGHLIGHTS

The Company reported net income available to common shareholders of $218.6 million for 2020 compared to $234.3 million for 2019 and $221.3 million for 2018. The Company adopted Accounting Standards Update 2016-13 "Financial Instruments - Credit Losses" ("CECL") effective January 1, 2020. A primary factor contributing to the decrease in net income available to common shareholders in 2020 was an increase in the provision for credit losses from $1.5 million in 2019 to $86.0 million in 2020 primarily as a result of the deterioration of economic factors included in the Company's allowance for credit losses methodology resulting from the COVID-19 pandemic. The increase in net income in 2019 was mostly attributable to the increase in net interest revenue, as net interest was $649.9 million in 2019 compared to $575.2 million in 2018. The increase in net interest revenue in 2019 is primarily a result of the increases in the average loan and lease portfolio and the related yields on that portfolio more than offsetting the increase in interest expense associated with interest bearing demand deposits and debt. The Company completed four acquisitions in 2019 and three acquisitions in 2018 which also contributed to the increase in net interest revenue in 2019.

The primary source of revenue for the Company is net interest revenue. Net interest revenue is the difference between interest earned on loans, investments and other earning assets and interest paid on deposits and other obligations. Net interest revenue for 2020 was $691.0 million, compared to $649.9 million for 2019 and $575.2 million for 2018. Net interest revenue is affected by the general level of interest rates, changes in interest rates and changes in the amount and composition of interest earning assets and interest bearing liabilities. One of the Company's long-term objectives is to manage those assets and liabilities to maximize net interest revenue, while balancing interest rate, credit, liquidity and capital risks. The 6.3% increase in net interest revenue in 2020 compared to 2019 was a result of the increase in interest revenue related to available-for-sale securities balances and the decrease in interest expense associated with interest-bearing demand and other time deposits due to declining rates. The 13.0% increase in net interest revenue in 2019 compared to 2018 was also a result of the increase in interest revenue related to loans and leases due to the increasing balance of loan and lease portfolio and the increasing yields on the loan portfolio more than offsetting the increase in interest expense associated with interest bearing demand deposits and debt.

The Company attempts to diversify its revenue stream by increasing the amount of revenue received from mortgage banking operations, insurance agency activities, brokerage and securities activities and other activities that generate fee income. Management believes this diversification is important to reduce the impact of fluctuations in net interest revenue on the overall operating results of the Company. Noninterest revenue for 2020 was $336.5 million, compared to $280.7 million for 2019 and $282.0 million for 2018. One of the primary contributors to the increase in noninterest revenue from 2019 to 2020 was the increase in mortgage banking revenue to $86.3 million in 2020 compared to $19.8 million in 2019. Mortgage origination volume increased by $1.4 billion in 2020 to $3.2 billion from $1.8 billion in 2019. Mortgage origination revenue increased to $90.3 million in 2020 from $24.3 million in 2019 due to higher origination volume. The change in the fair value of mortgage servicing rights ("MSRs") also contributed to the increase in mortgage banking revenue. The fair value of MSRs, including the hedge, was a negative $12.8 million in 2020 compared to a negative $14.5 million in 2019 and a negative $1.3 million in 2018. The change in noninterest revenue from 2018 to 2019 was due to a decrease in mortgage banking revenue from $23.4 million in 2018 to $19.8 million in 2019. The decrease in mortgage banking revenue in 2019 was primarily related to the decrease in the fair value of mortgage servicing rights. The fair value of MSRs, including the hedge, decreased $13.3 million in 2019 compared to a decrease of $1.3 million in 2018. The decrease in the fair value of MSRs was offset somewhat by the increase in mortgage origination revenue.

Deposit service charges decreased $8.1 million to $37.9 million in 2020 after increasing $1.4 million to $46.0 million in 2019 compared to $44.6 million in 2018. The decrease in 2020 compared to 2019 is primarily due to waived charges and fees in an effort to assist our customers during the pandemic coupled with reduced activity and the increase in 2019 compared to 2018 is related to activity from the four acquisitions in 2019. Insurance commissions increased $2.0 million in 2020 to $125.3 million after increasing $1.5 million to $123.3 million in 2019 from $121.8 million in 2018. The increase in insurance commissions is primarily a result of new policies and growth in coverage from existing policies.

Other noninterest revenue fluctuations in 2020 compared to 2019 included the decrease of bank-owned life insurance of $1.5 million, or 15.1% as a result of lower life insurance proceeds recorded in 2020 than 2019. In 2019 compared to 2018, bank-owned life insurance decreased $2.1 million or 17.6% as a result of lower life insurance proceeds recorded in 2019 than 2018. Other noninterest revenue decreased in 2020 compared to 2019 as a result of amortization of investments in historic tax credits coupled with decreased trading income and loan placement fees with this decrease offset somewhat by the $4.2 million gain associated with the sale of a book of business within the Company's insurance agency occurring in the first quarter of 2020. The overall reduction in future insurance commission revenue related to the sold book of business is not considered material. Other noninterest revenue increased in 2019 compared to 2018 due to increased loan placement fees and gains on sale of fixed assets.

Noninterest expense for 2020 was $653.9 million, an increase of 3.9% from $629.6 million for 2019, which was an increase of 7.1% from $587.6 million for 2018. The increase in noninterest expense in 2020 compared to 2019 was primarily a result of increases in salaries and employee benefits of $21.3 million, or 5.4%, as a result of salary increases and increased commissions and compensation costs associated with the one bank acquisition in 2020 as well as annual compensation increases. The increase in noninterest expense in 2020 compared to 2019 was also a result of the Company recording a charge of $5.8 million in accordance with ASC 715, *Compensation - Retirement Benefits* to reflect the settlement accounting impact of an elevated number of retirements and related lump sum pension payouts during the fourth quarter of 2020. Occupancy, data processing, and computer software also increased from 2019 to 2020 as a result of the one bank acquisition occurring in 2020 and a full year of expense being recorded in 2020 related to the four acquisitions in 2019. These increases were offset somewhat by a decrease in merger expense of $8.5 million due to one bank acquisition in 2020 compared to four acquisitions in 2019. The increase in noninterest expense in 2019 compared to 2018 was primarily a result of increases in salaries and employee benefits of $32.2 million, or 8.8%, as a result of salary increases and increases in commissions, as well as compensation costs associated with the four acquisitions in 2019. The increase in noninterest expense in 2019 compared to 2018 was also a result of increases in occupancy, equipment, data processing, and amortization of intangibles related to the four acquisitions previously mentioned. The major components of net income are discussed in more detail in the various sections that follow.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements are prepared in accordance with U.S. GAAP, which require the Company to make estimates and assumptions (see Note 1 to the Company's Consolidated Financial Statements included elsewhere in this Report). Management believes that its determination of the allowance for credit losses and the valuation of MSRs involve a higher degree of judgment and complexity than the Company's other significant accounting policies. Further, these estimates can be materially impacted by changes in market conditions or the actual or perceived financial condition of the Company's borrowers, subjecting the Company to significant volatility of earnings.

Allowance for Credit Losses on Loans and Leases

The allowance for credit losses ("ACL") is established through the provision for credit losses, which is a charge against earnings. Provisions for credit losses are made to reserve for current expected losses on loans and leases. The allowance for credit losses is a significant estimate and is regularly evaluated by the Company for adequacy by taking into consideration factors such as changes in the nature and volume of the loan and lease portfolio; trends in actual and forecasted portfolio credit quality, including delinquency, charge-off and bankruptcy rates; current economic conditions; and reasonable and supportable forecasts that may affect a borrower's ability to pay. In determining an adequate allowance for credit losses, management makes numerous assumptions, estimates and assessments. The use of different estimates or assumptions could produce different provisions for credit losses. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Provision for Credit Losses and Allowance for Credit Losses" included herein for more information. At December 31, 2020, the allowance for credit losses was $244.4 million, representing 1.63% of total loans and leases, net of unearned income. For loans with available commitments that are not unconditionally cancellable, expected losses were calculated by applying comparable loss rates on funded loans to the unfunded commitment balances. In addition, the weighted average maturity and relatively stable line utilization were considered when estimating losses on unfunded commitments. At December 31, 2020, the allowance for credit losses related to unfunded commitments was $7.0 million and classified on the balance sheet in other liabilities.

Mortgage Servicing Rights

The Company recognizes as assets the rights to service mortgage loans for others, known as MSRs. The Company records MSRs at fair value for all loans sold on a servicing retained basis with subsequent adjustments to fair value of MSRs in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 860, Transfers and Servicing ("FASB ASC 860"). An estimate of the fair value of the Company's MSRs is determined utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSRs is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could also produce different fair values. The Company hedges the change in fair value of the MSRs. At December 31, 2020 there was a hedge in place designed to cover approximately 16.7% of the MSR value. The Company is susceptible to fluctuations in their value in changing interest rate environments. At December 31, 2020, the Company's mortgage servicing asset was valued at $47.6 million.

RESULTS OF OPERATIONS

Net Interest Revenue

Net interest revenue is the difference between interest revenue earned on assets, such as loans, leases and securities, and interest expense paid on liabilities, such as deposits and borrowings, and continues to provide the Company with its principal source of revenue. Net interest revenue is affected by the general level of interest rates, changes in interest rates and changes in the amount and composition of interest earning assets and interest bearing liabilities. One of the Company's long-term objectives is to manage interest earning assets and interest bearing liabilities to maximize net interest revenue, while balancing interest rate, credit and liquidity risk. Net interest margin is determined by dividing fully taxable equivalent net interest revenue by average earning assets. For purposes of the following discussion, revenue from tax-exempt loans and investment securities has been adjusted to a fully taxable equivalent ("FTE") basis, using an effective tax rate of 21% for the years ended December 31, 2020, 2019 and 2018.

The following table presents average interest earning assets, average interest bearing liabilities, net interest revenue-FTE, net interest margin-FTE and net interest rate spread for the three years ended December 31, 2020:

	2020			2019			2018		
(Taxable equivalent basis)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
ASSETS	(Dollars in thousands, yields on taxable equivalent basis)								
Loans and leases (net of unearned income) (1)(2)	$ 14,984,356	$ 701,772	4.68 %	$ 13,606,951	$ 699,304	5.14 %	$ 12,481,534	$ 591,065	4.74 %
Loans held for sale, at fair value	246,007	8,357	3.40 %	134,211	5,201	3.88 %	113,002	5,259	4.65 %
Available-for-sale securities, at fair value:									
Taxable	4,879,279	85,466	1.75 %	2,746,780	56,660	2.06 %	2,589,181	46,604	1.80 %
Non-taxable (3)	131,099	5,043	3.85 %	187,874	9,063	4.82 %	278,258	12,204	4.39 %
Short-term, FHLB and other equity investments	375,443	1,621	0.43 %	360,802	8,566	2.37 %	137,595	2,751	2.00 %
Total interest earning assets and revenue	20,616,184	802,259	3.89 %	17,036,618	778,794	4.57 %	15,599,570	657,883	4.22 %
Other assets	2,331,023			2,108,170			1,760,420		
Less: allowance for credit losses	(223,821)			(117,144)			(119,898)		
Total	$ 22,723,386			$ 19,027,644			$ 17,240,092		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits:									
Demand - interest bearing	$ 7,859,680	$ 47,692	0.61 %	$ 6,576,213	$ 58,771	0.89 %	$ 5,710,234	$ 29,657	0.52 %
Savings	2,199,405	4,117	0.19 %	1,873,309	5,361	0.29 %	1,812,924	3,705	0.20 %
Other time	2,649,809	38,940	1.47 %	2,450,350	39,380	1.61 %	2,077,033	21,685	1.04 %
Federal funds purchased, securities sold under agreement to repurchase, short-term FHLB and other borrowings	837,036	4,488	0.54 %	1,029,312	19,810	1.93 %	1,289,063	22,010	1.71 %
Junior subordinated debt securities	296,882	13,063	4.40 %	34,162	1,482	4.17 %	—	—	— %
Long-term debt	4,644	226	4.87 %	5,415	264	4.88 %	29,508	1,214	4.11 %
Total interest bearing liabilities and expense	13,847,456	108,526	0.78 %	11,968,761	125,068	1.04 %	10,918,762	78,271	0.72 %
Demand deposits - noninterest bearing	5,850,761			4,419,258			4,041,285		
Other liabilities	299,624			272,880			193,123		
Total liabilities	19,997,841			16,660,899			15,153,170		
Shareholders' equity	2,725,545			2,366,745			2,086,922		
Total	$ 22,723,386			$ 19,027,644			$ 17,240,092		
Net interest revenue-FTE		$ 693,733			$ 653,726			$ 579,612	
Net interest margin-FTE			3.36 %			3.84 %			3.72 %
Net interest rate spread			3.11 %			3.53 %			3.50 %
Interest bearing liabilities to interest earning assets			67.17 %			70.25 %			69.99 %

(1) Includes taxable equivalent adjustment to interest of approximately $1,707,000, $1,879,000, and $1,827,000 in 2020, 2019 and 2018, respectively, using an effective tax rate of 21% for the year ended December 31, 2020, 2019 and 2018.

(2) Non-accrual loans are included in Loans and leases (net of unearned income).

(3) Includes taxable equivalent adjustment to interest of approximately $1,059,000, $1,903,000, and $2,563,000 in 2020, 2019 and 2018, respectively, using an effective tax rate of 21% for the year ended December 31, 2020, 2019 and 2018.

Net interest revenue-FTE increased 6.1% to $693.7 million in 2020 from $653.7 million in 2019, which represented an increase of 12.8% from $579.6 million in 2018. The increase in net interest revenue-FTE for 2020 compared to 2019 was primarily a result of the increase in interest revenue-FTE related to the increase in average earning assets offset somewhat by a decrease in rates earned on interest earning assets as well as a decrease in interest expense related to the decrease in rates paid offset somewhat by an increase in the average balance of interest bearing liabilities. The increase in earning assets was primarily a result of available-for-sale securities. Rates paid on interest-bearing liabilities decreased as a result of decreases in rates paid on all interest bearing categories. The increase in net interest revenue-FTE for 2019 compared to 2018 was primarily a result of the increase in interest revenue-FTE related to the increase in average earning assets and yields on those assets with that increase somewhat offset by the increase in interest expense related to the increase in rates paid and in the average balance of interest bearing liabilities. The increase in earning assets was primarily a result of loans and leases added in conjunction with the four acquisitions in 2019 coupled with an increase in higher rate available-for-sale securities. Rates paid on interest-bearing liabilities increased as a result of increases in rates paid on all interest bearing categories.

Interest revenue-FTE increased 3.0% to $802.3 million in 2020 from $778.8 million in 2019, which represented an increase of 18.4% from $657.9 million in 2018. The increase in interest revenue-FTE in 2020 compared to 2019 was a result of an increase in available-for-sale securities associated with elevated interest-bearing deposits due to various government stimulus programs with that increase offset somewhat by the decrease in rates earned on interest earning assets. The increase in interest revenue-FTE in 2019 compared to 2018 was a result of loan growth as a result of four acquisitions during 2019 and rising loan yields. The yield on average interest earning assets decreased 68 basis points in 2020 compared to 2019 and increased 35 basis points in 2019 compared to 2018. Average interest earning assets increased 21.0% to $20.6 billion in 2020 compared to $17.0 billion in 2019 after increasing 9.2% in 2019 compared to $15.6 billion in 2018.

Interest expense decreased 13.2% to $108.5 million in 2020 from $125.1 million in 2019, after increasing 59.8% from $78.3 million in 2018. The decrease in interest expense during 2020 and 2019 was a result of decreased rates paid on deposits and debt more than offsetting the increase in average balances of interest bearing liabilities. The overall rates paid on average interest bearing liabilities decreased 26 basis points from 2019 to 2020 after increasing 32 basis points from 2018 to 2019. Average interest bearing liabilities increased 15.7% to $13.8 billion in 2020 compared to $12.0 billion in 2019 after increasing 9.6% in 2019 compared to $10.9 billion in 2018.

Net interest margin-FTE for 2020 was 3.36%, a decrease of 48 basis points from 3.84% for 2019, which represented an increase of 12 basis points from 3.72% for 2018.

Net interest revenue-FTE may also be analyzed by segregating the rate and volume components of interest revenue and interest expense. The table below presents an analysis of rate and average volume change in net interest revenue from 2019 to 2020 and from 2018 to 2019. Changes that are not solely a result of volume or rate have been allocated to volume.

	2020 over 2019 - Increase (Decrease)			2019 over 2018 - Increase (Decrease)		
(Taxable equivalent basis)	Volume	Rate	Total	Volume	Rate	Total
INTEREST REVENUE			(In thousands)			
Loans and leases, net of unearned income	$ 64,509	$ (62,041)	$ 2,468	$ 57,839	$ 50,400	$ 108,239
Loans held for sale	3,798	(642)	3,156	822	(880)	(58)
Available-for-sale securities:						
Taxable	37,353	(8,547)	28,806	3,251	6,805	10,056
Non-taxable	(2,184)	(1,836)	(4,020)	(4,360)	1,219	(3,141)
Short-term, FHLB and other equity investments	63	(7,008)	(6,945)	5,299	516	5,815
Total increase (decrease)	103,539	(80,074)	23,465	62,851	58,060	120,911
INTEREST EXPENSE						
Demand deposits - interest bearing	7,788	(18,867)	(11,079)	7,739	21,375	29,114
Savings deposits	610	(1,854)	(1,244)	173	1,483	1,656
Other time deposits	2,931	(3,371)	(440)	6,000	11,695	17,695
Federal funds purchased, securities sold under agreement to repurchase, short-term FHLB and other borrowings	(975)	(14,347)	(15,322)	(5,069)	2,869	(2,200)
Junior subordinated debt securities	11,502	79	11,581	1,482	—	1,482
Long-term debt	(38)	—	(38)	(1,176)	226	(950)
Total increase (decrease)	21,818	(38,360)	(16,542)	9,149	37,648	46,797
Total net increase (decrease)	$ 81,721	$ (41,714)	$ 40,007	$ 53,702	$ 20,412	$ 74,114

Interest Rate Sensitivity

The interest rate sensitivity gap is the difference between the maturity or repricing opportunities of interest sensitive assets and interest sensitive liabilities for a given period of time. A prime objective of asset/liability management is to maximize net interest margin while maintaining a reasonable mix of interest sensitive assets and liabilities.

The following table presents the Company's interest rate sensitivity at December 31, 2020:

	Interest Rate Sensitivity - Maturing or Repricing (includes estimated prepayments)			
	0 to 90 Days	91 Days to One Year	Over One Year to Five Years	Over Five Years
	(In thousands)			
INTEREST EARNING ASSETS:				
Interest bearing deposits with banks	$ 133,273	$ —	$ —	$ —
Available-for-sale, FHLB and other equity securities	404,714	929,204	2,865,210	2,040,769
Loans and leases, net of unearned income	4,210,107	2,600,302	6,824,146	1,387,924
Loans held for sale	397,076	—	—	—
Total interest earning assets	5,145,170	3,529,506	9,689,356	3,428,693
INTEREST BEARING LIABILITIES:				
Interest bearing demand and savings deposits	10,976,069	—	—	—
Other time deposits	472,801	1,172,085	881,067	2,962
Federal funds purchased, securities sold under agreement to repurchase, short-term FHLB borrowings and other short-term borrowings	637,715	—	—	—
Long-term debt and junior subordinated debt securities	—	—	297,763	3,889
Total interest bearing liabilities	12,086,585	1,172,085	1,178,830	6,851
Interest rate sensitivity gap	$(6,941,415)	$ 2,357,421	$ 8,510,526	$ 3,421,842
Cumulative interest sensitivity gap	$(6,941,415)	$(4,583,994)	$ 3,926,532	$ 7,348,374

It should be noted that the balances shown in the table above are at December 31, 2020 and may not be reflective of positions at other times during the year or in subsequent periods. Allocations to specific interest rate sensitivity periods are based on the earlier of maturity or repricing dates. The elevated liability sensitivity in the 0 to 90 day category as compared to other categories was primarily a result of the Company's utilization of shorter term, lower cost deposits to fund earning assets.

While the table shown above indicates a liability sensitive position through the next 12 months, the Company's historical repricing sensitivity on interest bearing demand deposits and savings suggests that these deposits exhibit less repricing sensitivity when compared to a change in market rates. Depending upon the timing and magnitude of a change in interest rates, the Company is generally well-positioned in the event that interest rates increase after December 31, 2020, assuming that the cost of funds would increase at a slower rate than interest revenue on interest earning assets. In contrast, any benefit to reducing the cost of funds in the event that interest rates decline after December 31, 2020 would be limited by the impact of implied rate floors on interest bearing demand deposits and savings resulting from the historically low interest rate environment. As such, the Company is less favorably positioned for declining market rates, assuming that the cost of funds would decrease at a slower rate than interest revenue on interest earning assets.

As of December 31, 2020, the Company had $4.5 billion in variable rate loans with interest rates determined by a floor, or minimum rate. This portion of the loan portfolio had an average interest rate earned of 4.56%, an average maturity of 124 months and a fully-indexed interest rate of 3.66% at December 31, 2020. The fully-indexed interest rate is the interest rate that these loans would be earning without the effect of interest rate floors. The fully-indexed interest rate also considers the impact of loans that will earn an interest rate above their floor at their next repricing date, which can vary depending upon each loan's repricing term structure. Loans currently earning their floored interest rate may not experience an immediate impact on the interest rate earned should key indices rise in the future. Key indices include, but are not limited to, the Company's prime rate, the Wall Street Journal prime rate and the London Interbank Offering Rate ("LIBOR"). The Company has developed an internal working group that is actively working to evaluate the impact of and develop transition plans to address the potential discontinuance of LIBOR. At December 31, 2020, the Company had $104.6 million, $7.3 billion and $1.6 billion in variable rate loans with interest rates tied to the Company's prime rate, the Wall Street Journal prime rate and LIBOR, respectively. The Company's net interest margin may be negatively impacted by the timing and magnitude of a rise in key indices.

Interest Rate Risk Management

Interest rate risk refers to the potential changes in net interest income and Economic Value of Equity ("EVE") resulting from adverse movements in interest rates. EVE is defined as the net present value of the balance sheet's cash flow. EVE is calculated by discounting projected principal and interest cash flows under the current interest rate environment. The present value of asset cash flows less the present value of liability cash flows derives the net present value of the Company's balance sheet. The Company's Asset / Liability Committee utilizes financial simulation models to measure interest rate exposure. These models are designed to simulate the cash flow and accrual characteristics of the Company's balance sheet. In addition, the models incorporate assumptions about the direction and volatility of interest rates, the slope of the yield curve, and the changing composition of the Company's balance sheet arising from both strategic plans and customer behavior. Finally, management makes assumptions regarding loan and deposit growth, pricing, and prepayment speeds.

The sensitivity analysis included in the tables below delineates the percentage change in net interest income and EVE derived from instantaneous parallel rate shifts of plus and minus 400, 300, 200 and 100 basis points. The impact of minus 400, 300, 200 and 100 basis point rate shocks as of December 31, 2020 and 2019 was not considered meaningful because of the historically low interest rate environment. Variances were calculated from the base case scenario, which reflected prevailing market rates, and the net interest income forecasts used in the calculations spanned 12 months for each scenario.

For the tables below, average life assumptions and beta values for non-maturity deposits were estimated based on the historical behavior. Historical behavior suggests that non-maturity deposits have longer average lives for which to discount expected cash flows and less repricing sensitivity when compared to a change in market interest rates. The former results in a higher premium derived from the present value calculation, while the latter results in a slower rate of change and lower change in interest rate paid given a change in market rates. Both have a positive impact on the EVE calculation for rising rate shocks. Calculations using these assumptions are designed to delineate more precise risk exposure under the various shock scenarios. While the falling rate shocks are not considered meaningful in the historically low interest rate environment, the risk profile would be negatively impacted by downward rate shifts under these assumptions.

	Net Interest Income % Variance from Base Case Scenario	
Rate Shock	December 31, 2020	December 31, 2019
+400 basis points	3.3%	3.7%
+300 basis points	1.6%	2.8%
+200 basis points	1.5%	1.8%
+100 basis points	(0.1)%	0.8%
-100 basis points	NM	NM
-200 basis points	NM	NM
-300 basis points	NM	NM
-400 basis points	NM	NM

NM=not meaningful

	Economic Value of Equity % Variance from Base Case Scenario	
Rate Shock	December 31, 2020	December 31, 2019
+400 basis points	18.9%	16.9%
+300 basis points	15.5%	13.3%
+200 basis points	10.9%	9.3%
+100 basis points	4.2%	4.8%
-100 basis points	NM	NM
-200 basis points	NM	NM
-300 basis points	NM	NM
-400 basis points	NM	NM

NM=not meaningful

In addition to instantaneous rate shocks, the Company monitors interest rate exposure through simulations of gradual interest rate changes over a 12-month time horizon. The results of these analyses are included in the following table:

	Net Interest Income % Variance from Base Case Scenario	
Rate Ramp	December 31, 2020	December 31, 2019
+200 basis points	(0.1)%	0.6%
-200 basis points	NM	NM

NM=not meaningful

Provision for Credit Losses and Allowance for Credit Losses

In the normal course of business, the Company assumes risks in extending credit. The Company manages these risks through underwriting in accordance with its lending policies, loan review procedures and the diversification of its loan and lease portfolio. Although it is not possible to predict credit losses with certainty, management regularly reviews the characteristics of the loan and lease portfolio to determine its overall risk profile and quality.

The provision for credit losses is the periodic cost (or credit) of providing an allowance or reserve for expected losses on loans and leases. The Board of Directors has appointed a Credit Committee, composed of senior management and lending administration staff which meets on a quarterly basis or more frequently if required to review the recommendations of several internal working groups developed for specific purposes including the allowance for credit losses, specific provision amounts, and charge-offs. The ACL group bases its estimates of credit losses on three primary components: (1) estimates of expected losses that exist in various segments of performing loans and leases over the remaining life of the loan portfolio using a reasonable and supportable economic forecast; (2) specifically identified losses in individually analyzed credits which are collateral dependent; and (3) qualitative factors related to economic conditions, portfolio concentrations, regulatory policy updates, and other relevant factors that address estimates of expected losses not fully addressed based upon management's judgment of portfolio conditions. The Company utilizes credit risk models to estimate the probability of default and loss given default of loans over their remaining life. Credit factors such as financial condition of the borrower and guarantor, recent credit performance, delinquency, liquidity, cash flows, collateral type and value are used by the models to assess credit risk. Estimates of expected losses are influenced by the historical net losses experienced by the Company for loans and leases of comparable creditworthiness and structure. Specific loss assessments are performed for loans and leases based upon the collateral protection. The Company's reasonable and supportable economic forecast is utilized to estimate credit losses over a two-year time horizon before reverting back to longer term historical loss experience. The Company subscribes to various economic services and publications to assist with the development of inputs used in the modeling and qualitative framework for the ACL calculation. The economic forecast considers changes in real gross domestic product, nominal disposable income, unemployment rate, equity valuations and related volatility, valuations for residential and commercial real estate, and other indicators that may be correlated with the Company's expected credit losses.

With the exception of estimating losses for TDRs, the Company does not incorporate discounted cash flow into loss estimates for loans. The Company excludes accrued interest from interest income when it is determined that it is probable that all contractual principal and interest will not be collected for loans.

The COVID-19 pandemic became economically problematic in the United States in early March, prompting governmental action to restrict travel, business activity, and sporting events. In addition, "Social Distancing" advisories and state and local "Stay at Home" orders resulted in business suspensions and employee furloughs and layoffs. As a result, the U.S. economy experienced significant deterioration which was evident during the second and third quarters in many economic metrics included in the economic forecasts used to support the ACL, compared to the previous quarter. The U.S. economy and the regional economy in the Company's market area experienced both rapid decline and a rapid beginning of a recovery during this period. During the third quarter, there were early signs of a rapid recovery, however, the rate of improvement showed signs of slowing as the quarter ended and continued at a slower rate of recovery during the fourth quarter. The ACL estimate includes both portfolio changes and changes in economic conditions experienced during the quarter and a forecast of gradual recovery over the next eight quarters. The unemployment rate has the highest weighting within the Company's credit modeling framework. The Company's forecast for unemployment includes a range between 7.6 percent and 5.8 percent through the fourth quarter of 2022. The forecasts recognize the potential for a longer recovery period during the forecast period. The Company recognizes that despite vaccines and treatments, a recurrence in COVID-19 infections may occur and have short-term, long-term and regional impacts to the economic recovery. In addition, qualitative factors such as changes in economic conditions, concentrations of risk, and changes in portfolio risk resulting from regulatory changes are considered in determining the adequacy of the level of the allowance for credit losses.

Attention is paid to the quality of the loan and lease portfolio through a formal loan review process. An independent loan review department of the Company is responsible for reviewing the credit rating and classification of individual credits and assessing trends in the portfolio, adherence to internal credit policies and procedures and other factors that may affect the overall adequacy of the allowance for credit losses. The ACL group is responsible for ensuring that the allowance for credit losses provides adequate coverage of expected losses. The ACL group meets at least quarterly to determine the amount of adjustments to the allowance for credit losses. The ACL group is composed of senior management from the Company's lending administration, risk, and finance departments. The Impairment Group is responsible for evaluating individual loans that have been specifically identified through various channels, including examination of the Company's watch list, past due listings, and loan officer assessments. An analysis is prepared to assess the extent the loan is collateral-dependent and whether a loss exposure exists, for review by the Impairment Group. The Impairment Group reviews all loans restructured in a TDR if the loan is $500,000 or greater to determine if it is probable that the Company will be unable to collect the contractual principal and interest on the loan. The fair value of the underlying collateral is considered if the loan is collateral dependent. The Impairment Group meets at least quarterly. The Impairment Group is made up of senior management from the Company's lending administration, risk, and finance departments.

If financial concessions are granted to a borrower as a result of financial difficulties, the loan is classified as a TDR, with the amount of provision determined by estimating the net present value of future cash flows for TDRs that are not deemed to be collateral-dependent. TDRs are reserved in accordance with FASB ASC 326. Should the borrower's financial condition, collateral protection or performance deteriorate, warranting reassessment of the loan rating or specific provision, additional reserves and/or charge-offs may be required. The Federal Reserve and other regulatory agencies have taken several actions designed to cushion the economic fallout of COVID-19. The CARES Act was signed into law at the end of March 2020, the goal of which is to prevent a severe economic downturn through various measures, including direct financial aid to American families and economic stimulus to significantly impacted industry sectors. The package also includes extensive emergency funding for hospitals and providers. In keeping with regulatory guidance to work with borrowers during this unprecedented situation and as outlined in the CARES Act, the Company implemented a payment deferral program for its customers that are affected by the pandemic. The Company offered 90 day payment deferrals or interest-only terms on loans that are less than 30 days past due and in compliance with all borrowing covenants. Approximately 0.1% of the loan portfolio by outstanding balance was in deferral and 1.3% was converted to interest only as of December 31, 2020 In accordance with interagency guidance issued in March 2020 and the CARES Act, and extended through 2021 by the Consolidated Appropriations Act signed December 21, 2020, these short term deferrals and modifications are not considered TDRs.

Loans of $500,000 or more that are identified as collateral-dependent are reviewed by the Impairment Group which approves the amount of specific reserve, if any, and/or charge-off amounts. The evaluation of real estate loans generally focuses on the fair value of underlying collateral less estimated costs to sell obtained from appraisals, as the repayment of these loans may be dependent on the liquidation of the collateral. In certain circumstances, other information such as comparable sales data is deemed to be a more reliable indicator of fair value of the underlying collateral than the most recent appraisal. In these instances, such information is used in determining the specific provision recorded for the loan. For commercial and industrial loans, the evaluation generally focuses on these considerations, as well as the projected liquidation of any pledged collateral. The Impairment Group reviews the results of each evaluation and approves the final specific provision amounts, which are then included in the analysis of the adequacy of the allowance for credit losses in accordance with FASB ASC 326.

A new appraisal is generally ordered for loans $500,000 or greater that have characteristics of potential specific provision, such as delinquency or other loan-specific factors identified by management, when a current appraisal (dated within the prior 12 months) is not available or when a current appraisal uses assumptions that are not consistent with the expected disposition of the loan collateral. In order to measure specific provision properly at the time that a loan is reviewed, a bank officer may estimate the collateral fair value based upon earlier appraisals received from outside appraisers, sales contracts, approved foreclosure bids, comparable sales, officer estimates or current market conditions until a new appraisal is received. This estimate can be used to determine the extent of the specific provision on the loan. After a loan is determined to be collateral-dependent, it is management's policy to obtain an updated appraisal on at least an annual basis. Management performs a review of the pertinent facts and circumstances of each collateral-dependent loan, such as changes in outstanding balances, information received from loan officers and receipt of re-appraisals, at least quarterly. As of each review date, management considers whether additional provision and/or charge-offs should be recorded based on recent activity related to the loan-specific collateral as well as other relevant comparable assets. Any adjustment to reflect further exposure, either as a result of management's periodic review or as a result of an updated appraisal, are made through recording additional ACL provisions and/or charge-offs.

At December 31, 2020, loans with an internally assigned grade of impaired, irrespective of TDR status, totaled $29.5 million, which was net of cumulative charge-offs of $4.1 million. Additionally, the Company had specific reserves related to impaired loans of $0.8 million included in the allowance for credit losses. Impaired loans at December 31, 2020 were primarily from the Company's commercial real estate and commercial and industrial-owner occupied portfolios.

When a guarantor is relied upon as a source of repayment, it is the Company's policy to analyze the strength of the guaranty. This analysis varies based on circumstances, but may include a review of the guarantor's personal and business financial statements and credit history, a review of the guarantor's tax returns and the preparation of a cash flow analysis of the guarantor.

Any loan or portion thereof which is classified as "loss" or which is determined by management to be uncollectible, because of factors such as the borrower's failure to pay interest or principal, the borrower's financial condition, economic conditions in the borrower's industry or the inadequacy of underlying collateral, is charged off.

An analysis of the allowance for credit losses for the five years ended December 31, 2020 is provided in the following table:

	2020	2019	2018	2017	2016
			(Dollars in thousands)		
Balance, beginning of period	$ 119,066	$ 120,070	$ 118,200	$ 123,736	$ 126,458
Impact of adopting ASC 326 - cumulative effect adjustment	40,000	—	—	—	—
Impact of adopting ASC 326 - purchased loans with credit deterioration	22,634	—	—	—	—
Loans and leases charged off:					
Commercial and industrial					
Commercial and industrial- non real estate	(17,201)	(3,176)	(2,905)	(7,354)	(4,551)
Commercial and industrial-owner occupied	(1,806)	(257)	(872)	(2,604)	(1,095)
Total commercial and industrial	(19,007)	(3,433)	(3,777)	(9,958)	(5,646)
Commercial real estate					
Agricultural	(241)	(11)	(30)	(109)	(110)
Construction, acquisition and development	(4,955)	(71)	(412)	(319)	(521)
Commercial real estate	(3,939)	(4,114)	(1,575)	(228)	(1,129)
Total commercial real estate	(9,135)	(4,196)	(2,017)	(656)	(1,760)
Consumer					
Consumer mortgages	(1,460)	(1,364)	(1,008)	(3,084)	(2,687)
Home equity	(834)	(689)	(714)	(1,118)	(1,884)
Credit cards	(2,641)	(3,305)	(3,036)	(3,213)	(2,845)
Total consumer	(4,935)	(5,358)	(4,758)	(7,415)	(7,416)
All other	(2,784)	(3,603)	(2,978)	(2,488)	(2,197)
Total loans and leases charged off	(35,861)	(16,590)	(13,530)	(20,517)	(17,019)
Recoveries:					
Commercial and industrial					
Commercial and industrial-non real estate	1,705	2,295	3,118	2,604	1,833
Commercial and industrial-owner occupied	1,515	250	579	1,350	544
Total commercial and industrial	3,220	2,545	3,697	3,954	2,377
Commercial real estate					
Agricultural	39	21	413	159	175
Construction, acquisition and development	545	1,841	2,331	2,275	1,373
Commercial real estate	439	4,537	541	393	2,411
Total commercial real estate	1,023	6,399	3,285	2,827	3,959
Consumer					
Consumer mortgages	1,324	2,010	1,397	2,361	1,694
Home equity	622	1,201	549	913	506
Credit cards	961	883	1,030	849	850
Total consumer	2,907	4,094	2,976	4,123	3,050
All other	1,207	1,048	942	1,077	911
Total recoveries	8,357	14,086	10,900	11,981	10,297
Net charge-offs	(27,504)	(2,504)	(2,630)	(8,536)	(6,722)
Initial allowance on loans purchased with credit deterioration	4,226	—	—	—	—
Provision charged to operating expense	86,000	1,500	4,500	3,000	4,000
Balance, end of period	$ 244,422	$ 119,066	$ 120,070	$ 118,200	$ 123,736
Loans and leases, net of unearned income - average	$ 14,984,356	$ 13,606,951	$ 12,481,534	$ 10,932,505	$ 10,557,103
Loans and leases, net of unearned income - period end	$ 15,022,479	$ 14,089,683	$ 13,112,149	$ 11,056,434	$ 10,811,991
RATIOS					
Net charge-offs to average loans and leases	0.18 %	0.02 %	0.02 %	0.08 %	0.06 %
Provision for credit losses to average loans and leases, net of unearned income	0.57 %	0.01 %	0.04 %	0.03 %	0.04 %
Allowance for credit losses to loans and leases, net of unearned income	1.63 %	0.85 %	0.92 %	1.07 %	1.14 %

Net charge-offs increased $25.0 million, or 998.4%, in 2020 compared to 2019, and decreased approximately $126,000, or 4.8%, in 2019 compared to 2018. Net charge-offs as a percentage of average loans and leases was 0.18% in 2020 and was 0.02% in both 2019 and 2018. These increases in 2020 were primarily a result of the net charge-offs within the commercial and industrial-non real estate, construction, acquisition, and development and commercial real estate categories. Of the $35.9 million in gross charge-offs in 2020, $12.7 million were acquired loans that were previously recorded as purchased credit impaired prior to the adoption of ASU No. 2016-13, *Financial Instruments - Credit Losses* and were subsequently classified as purchased credit deteriorated loans.

A provision for credit losses of $86.0 million was recorded in 2020 compared to a $1.5 million provision recorded in 2019 and $4.5 million provision in 2018. The elevated provision for credit losses in 2020 was primarily a result of the impact of the COVID-19 pandemic on the economic factors included in the Company's allowance for credit losses methodology. As of December 31, 2020 and 2019, 31% and 31%, respectively, of nonaccrual loans had been charged down to net realizable value or had specific reserves to reflect recent appraised values. As a result, impaired loans had an aggregate net book value of 88% and 97% of their contractual principal balance at December 31, 2020 and 2019, respectively.

The allowance for credit losses increased $123.4 million to $244.4 million at December 31, 2020 compared to $119.1 million at December 31, 2019 after decreasing $1.0 million from $120.1 million at December 31, 2018. The increase in the allowance for credit losses at December 31, 2020 compared to December 31, 2019 was a result of the adoption of Accounting Standards Update 2016-13 “Financial Instruments - Credit Losses” coupled with the effects of the COVID-19 pandemic on the economic factors included in the Company's allowance for credit losses methodology. For more information about the Company’s classified, non-performing and impaired loans, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Loans and Leases” in this Report.

The breakdown of the allowance by loan and lease segment and class is based, in part, on evaluations of specific loan and lease histories and on economic conditions within specific industries or geographical areas. Accordingly, because all of these conditions are subject to change, the allocation is not necessarily indicative of the breakdown of any future allowance for losses. The following tables present (i) the breakdown of the allowance for credit losses by loan and lease segment and class and (ii) the percentage of each segment and class in the loan and lease portfolio to total loans and leases at December 31 of each of the years indicated:

	2020		2019		2018	
	Allowance for Credit Loss	% of Loans in Each Category to Total Loans	Allowance for Credit Loss	% of Loans in Each Category to Total Loans	Allowance for Credit Loss	% of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Commercial and industrial						
Commercial and industrial-non real estate	$ 31,906	17.8 %	$ 19,509	14.0 %	$ 17,382	13.5 %
Commercial and industrial-owner occupied	30,578	15.2	13,365	16.1	15,240	17.3
Total commercial and industrial	62,484	33.0	32,874	30.1	32,622	30.8
Commercial real estate						
Agricultural	4,910	2.1	2,198	2.4	2,251	2.4
Construction, acquisition and development	28,891	11.5	12,912	11.2	11,745	9.8
Commercial real estate	64,291	21.4	22,297	22.8	25,485	23.0
Total commercial real estate	98,092	35.0	37,407	36.4	39,481	35.2
Consumer						
Consumer mortgages	66,072	24.8	32,977	25.1	29,970	24.8
Home equity	4,421	4.2	5,785	4.8	5,831	5.1
Credit cards	9,620	0.6	6,615	0.7	6,684	0.8
Total consumer	80,113	29.6	45,377	30.6	42,485	30.7
All other	3,733	2.4	3,408	2.9	5,482	3.3
Total	$ 244,422	100.0 %	$ 119,066	100.0 %	$ 120,070	100.0 %

	2017		2016	
	Allowance for Credit Loss	% of Loans in Each Category to Total Loans	Allowance for Credit Loss	% of Loans in Each Category to Total Loans
	(Dollars in thousands)			
Commercial and industrial				
Commercial and industrial-non real estate	$ 16,962	13.4 %	$ 19,170	14.9 %
Commercial and industrial-owner occupied	15,639	16.7	12,899	16.3
Total commercial and industrial	32,601	30.1	32,069	31.2
Commercial real estate				
Agricultural	2,015	2.2	2,172	2.2
Construction, acquisition and development	12,591	10.4	13,957	10.7
Commercial real estate	20,432	21.2	24,845	20.7
Total commercial real estate	35,038	33.8	40,974	33.6
Consumer				
Consumer mortgages	30,944	25.9	30,386	24.4
Home equity	5,747	5.8	7,174	5.8
Credit cards	7,769	1.0	7,787	1.0
Total consumer	44,460	32.7	45,347	31.2
All other	6,101	3.4	5,346	4.0
Total	$ 118,200	100.0 %	$ 123,736	100.0 %

Noninterest Revenue

The components of noninterest revenue for the years ended December 31, 2020, 2019 and 2018 and the percentage change between such years are shown in the following table:

	2020		2019		2018
	Amount	% Change	Amount	% Change	Amount
	(Dollars in thousands)				
Mortgage banking excl. MSR market value adjustment	$ 99,067	188.9 %	$ 34,297	39.0 %	$ 24,671
MSR and hedge market value adjustment	(12,814)	(11.7)	(14,515)	1052.0	(1,260)
Credit card, debit card and merchant fees	38,247	(1.1)	38,656	(3.1)	39,892
Deposit service charges	37,929	(17.6)	46,015	3.1	44,645
Securities gains, net	58	(66.7)	174	30.8	133
Insurance commissions	125,286	1.6	123,291	1.2	121,781
Trust income*	16,025	(0.1)	16,042	6.1	15,121
Annuity fees*	215	(74.1)	830	(27.7)	1,148
Brokerage commissions and fees*	9,973	25.7	7,937	18.1	6,723
Bank-owned life insurance	8,181	(15.1)	9,632	(17.6)	11,684
Other miscellaneous income	14,337	(21.7)	18,322	4.7	17,499
Total noninterest revenue	$ 336,504	19.9 %	$ 280,681	(0.5)%	$ 282,037

*Included in wealth management revenue on the Consolidated Statements of Income

The Company's revenue from mortgage banking typically fluctuates as mortgage interest rates change and is primarily attributable to two activities - origination and sale of new mortgage loans and servicing mortgage loans. Since mortgage revenue can be significantly affected by changes in the valuation of MSRs in changing interest rate environments, the Company hedges the change in fair value of its MSRs. The Company's normal practice is to originate mortgage loans for sale in the secondary market and to either retain or release the associated MSRs with the loan sold. The Company records MSRs at fair value for all loans sold on a servicing retained basis with subsequent adjustments to fair value of MSRs in accordance with FASB ASC 860. For more information about the Company's treatment of MSRs, see "Item 7. Management's Discussion and

Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Mortgage Servicing Rights" in this Report.

In the course of conducting the Company's mortgage banking activities of originating mortgage loans and selling those loans in the secondary market, various representations and warranties are made to the purchasers of the mortgage loans. These representations and warranties also apply to underwriting the real estate appraisal opinion of value for the collateral securing these loans. Under the representations and warranties, failure by the Company to comply with the underwriting and/or appraisal standards could result in the Company being required to repurchase the mortgage loan or to reimburse the investor for losses incurred (i.e., make whole requests) if such failure cannot be cured by the Company within the specified period following discovery. During 2020, fifteen mortgage loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests. Losses of approximately $31,000 were recognized related to these repurchased and make whole loans. During 2019, twenty-nine mortgage loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests. Losses of approximately $705,000 were recognized related to these repurchased and make whole loans.

At December 31, 2020, the Company had reserved approximately $1.4 million for probable losses from representation and warranty obligations, compared to a reserve of approximately $1.6 million at December 31, 2019. The reserve is based on the Company's repurchase and loss trends, and quantitative and qualitative factors that may result in anticipated losses different than historical loss trends, including loan vintage, underwriting characteristics and macroeconomic trends.

Management believes that the Company's foreclosure process related to mortgage loans continues to operate effectively. Before beginning the foreclosure process, the Company reviews the identified delinquent loan. All documents and activities related to the foreclosure process are executed in-house by mortgage department personnel.

Origination revenue, a component of mortgage banking revenue, is comprised of gains or losses from the sale of the mortgage loans originated, origination fees, underwriting fees and other fees associated with the origination of loans. Mortgage loan origination volumes of $3.2 billion, $1.8 billion and $1.5 billion produced origination revenue of $90.3 million, $24.3 million and $15.9 million for 2020, 2019 and 2018, respectively. The increase in mortgage origination revenue in 2020 compared to 2019 was primarily a result of an increase in mortgage loan origination volumes. The increase in mortgage origination revenue in 2019 compared to 2018 was a result of a greater percentage of 2018 originations being transferred to the Company's loan portfolio versus being sold in the secondary market.

Revenue from the servicing process, another component of mortgage banking revenue, includes fees from the actual servicing of loans. Revenue from the servicing of loans was $21.5 million, $19.6 million and $19.5 million for 2020, 2019 and 2018, respectively.

Changes in the fair value of the Company's MSRs are generally a result of changes in mortgage interest rates from the previous reporting date. An increase in mortgage interest rates typically results in an increase in the fair value of the MSRs while a decrease in mortgage interest rates typically results in a decrease in the fair value of MSRs. The fair value of MSRs is also impacted by principal payments, prepayments, chargeoffs and payoffs on loans in the servicing portfolio. Decreases in value from principal payments, prepayments, chargeoffs and payoffs were $12.7 million, $9.7 million and $10.7 million for 2020, 2019 and 2018, respectively. The Company hedges the change in fair value of its MSRs. At December 31, 2020 and 2019 respectively, there was a hedge in place designed to cover approximately 16.7% and 24.0% of the MSR value. The Company is susceptible to significant fluctuations in their value in changing interest rate environments. Reflecting this sensitivity to interest rates, the fair value of MSRs, including the hedge, decreased $12.8 million and $14.5 million in 2020 and 2019, respectively, and decreased $1.3 million in 2018.

The following table presents the Company's mortgage banking operations for 2020, 2019 and 2018:

	2020		2019		2018
	Amount	% Change	Amount	% Change	Amount
	(Dollars in thousands)				
Production revenue:					
Origination	$ 90,293	271.1 %	$ 24,332	53.0 %	$ 15,902
Servicing	21,520	9.7	19,621	0.5	19,516
Payoffs/Paydowns	(12,746)	32.0	(9,656)	(10.2)	(10,747)
Total	99,067	188.9	34,297	39.0	24,671
MSR and hedge market value adjustment	(12,814)	(11.7)	(14,515)	1,052.0	(1,260)
Mortgage banking revenue	$ 86,253	336.0	$ 19,782	(15.5)	$ 23,411
	(Dollars in millions)				
Origination volume	$ 3,250	77.8 %	$ 1,828	21.5 %	$ 1,505
Outstanding principal balance of mortgage loans serviced at year-end	7,330	6.3	6,898	3.2	6,686

Credit card, debit card and merchant fees remained relatively stable in 2020 compared to 2019 and remained relatively stable in 2019 compared to 2018.

Deposit service charge revenue decreased $8.1 million in 2020 compared to 2019 primarily as a result of waived charges and fees in an effort to assist our customers during the pandemic coupled with decreased activity and increased $1.4 million in 2019 compared to 2018 as a result of activity from the four acquisitions in 2019.

Net securities gains of approximately $58,000, $174,000, and $133,000 were recorded in 2020, 2019 and 2018, respectively. These amounts reflected the sales and calls of securities from the available-for-sale portfolio and also the fair market value adjustment on other equity investments. Insurance commissions increased 1.6% in 2020 compared to 2019 and 1.2% in 2019 compared to 2018 primarily as a result of new policies and growth from existing customers.

Trust income remained relatively stable in 2020 compared to 2019 and in 2019 compared to 2018. Annuity fees decreased 74.1% in 2020 compared to 2019 after decreasing 27.7% in 2019 compared to 2018 as a result of less annuity sales. Brokerage commissions and fees increased 25.7% in 2020 compared to 2019 after increasing 18.1% in 2019 compared to 2018 primarily due to overall market appreciation resulting in more fee revenue during 2020 and 2019. Bank-owned life insurance revenue decreased 15.1% in 2020 compared to 2019 and decreased 17.6% in 2019 compared to 2018. The Company recorded life insurance proceeds of approximately $744,000, $1.9 million and $3.9 million during 2020, 2019 and 2018, respectively.

Other miscellaneous income includes safe deposit box rental income, gain or loss on disposal of assets, and other miscellaneous items. Other miscellaneous income decreased 21.7% in 2020 compared to 2019 and increased 4.7% in 2019 compared to 2018. The decrease in 2020 was a result of amortization of investments in historic tax credits coupled with decreased trading income and loan placement fees with the decrease offset somewhat by the sale of a book of business within the Company's insurance agency. The overall reduction in future insurance commission revenue related to the sold book of business is not considered material. The increase in 2019 was a result of increased loan placement fees and gains on sale of fixed asset.

Noninterest Expense

The components of noninterest expense for the years ended December 31, 2020, 2019 and 2018 and the percentage change between years are shown in the following table:

	2020		2019		2018
	Amount	% Change	Amount	% Change	Amount
	(Dollars in thousands)				
Salaries and employee benefits	$ 417,809	5.4 %	$ 396,500	8.8 %	$ 364,307
Occupancy, net of rental income	51,655	7.3	48,129	5.3	45,704
Equipment	18,686	5.5	17,712	15.1	15,389
Deposit insurance assessments	6,726	(26.4)	9,143	(11.3)	10,309
Pension settlement expense	5,846	NM	—	NM	—
Advertising	3,742	(23.8)	4,909	(2.7)	5,043
Foreclosed property expense	4,074	42.1	2,868	(15.5)	3,396
Telecommunications	5,883	3.9	5,663	8.4	5,226
Public relations	3,166	(13.2)	3,648	12.2	3,252
Data processing	38,796	9.2	35,517	12.1	31,674
Computer software	19,374	22.3	15,837	9.6	14,452
Amortization of intangibles	9,605	5.3	9,118	37.3	6,639
Legal fees	3,431	(3.5)	3,555	(11.1)	3,998
Merger expense	5,345	(61.5)	13,871	6.4	13,036
Postage and shipping	5,256	(0.1)	5,263	8.7	4,840
Other miscellaneous expense	54,532	(5.8)	57,874	(4.1)	60,369
Total noninterest expense	$ 653,926	3.9 %	$ 629,607	7.1 %	$ 587,634

NM = not meaningful

Salaries and employee benefits increased $21.3 million in 2020 compared to 2019 and increased $32.2 million in 2019 compared to 2018. The increase in salaries and employee benefits in 2020 compared to 2019 was a result of salary increases and increased commissions and compensation costs associated with the one acquisition in 2020 and a full year of acquisitions completed in 2019, as well as annual compensation increases. The increase in salaries and employee benefits in 2019 compared to 2018 was a result of salary increases and increased commissions and compensation costs associated with the four acquisitions in 2019. Occupancy expense increased $3.5 million in 2020 compared to 2019 and increased $2.4 million in 2019 and 2018. The increase in occupancy expense was a result of increased rent, ad valorem taxes and depreciation recorded on the branches related to the one acquisition in 2020 and the four acquisitions in 2019.

Equipment expense increased $1.0 million to $18.7 million in 2020 compared to 2019 after increasing $2.3 million in 2019 compared to 2018 primarily as a result of maintenance and depreciation recorded on the branches related to the one acquisition in 2020 and the four acquisitions in 2019 previously mentioned. Deposit insurance assessments decreased $2.4 million in 2020 compared to 2019 after decreasing $1.2 million in 2019 compared to 2018 as a result of movement evidenced in several variables utilized by the FDIC in calculating the deposit insurance assessment coupled with the one acquisition in 2020 and the four acquisitions in 2019 previously mentioned.

The Company recorded a charge of $5.8 million in accordance with ASC 715 "Compensation - Retirement Benefits" to reflect the settlement accounting impact of an elevated number of retirements and related lump sum pension payouts during the fourth quarter of 2020. No such charges were recorded in 2019 and 2018.

Foreclosed property expense increased $1.2 million in 2020 compared to 2019. During 2020, the Company added $17.0 million to OREO through foreclosures of legacy loans. Sales of OREO in 2020 were $11.6 million resulting in a net loss on sale of OREO of $1.1 million. The components of foreclosed property expense for the years ended December 31, 2020, 2019 and 2018 and the percentage change between years are shown in the following table:

	2020		2019		2018
	Amount	% Change	Amount	% Change	Amount
	(Dollars in thousands)				
Loss on sale of other real estate owned	$ 389	1,044.1 %	$ 34	(96.5)%	$ 980
Writedown of other real estate owned	731	93.9	377	(49.8)	751
Other foreclosed property expense	2,954	20.2	2,457	47.6	1,665
Total foreclosed property expense	$ 4,074	42.1 %	$ 2,868	(15.5)%	$ 3,396

The Company experienced fluctuations in various components of other noninterest expense, including data processing, computer software expense, merger expense and amortization of intangibles in 2020 compared to 2019 and in 2019 compared to 2018 primarily as a result of the one acquisition in 2020 and the four acquisitions in 2019 previously mentioned. Other miscellaneous expense decreased in 2020 compared to 2019 primarily due to a decrease in travel-related expenses coupled with meals and entertainments expenses due to the restrictions around the pandemic.

Income Taxes

The Company recorded income tax expense of $59.5 million in 2020 compared to an income tax expense of $65.3 million in 2019 and an income tax expense of $43.8 million in 2018. The decrease in tax expense in 2020 compared to 2019 can be attributed to lower pre-tax income in 2020, one-time impacts of implementing provisions of the CARES Act and investments in tax credits. The increase in tax expense in 2019 compared to 2018 was the result of higher pre-tax income and one-time impacts of implementing provisions of the Tax Act during 2018.

The effective tax rate for the year ended December 31, 2020 was favorably impacted by income tax benefits recorded during the first quarter of 2020 related to the Company's tax loss carrybacks as provided by certain tax provisions for corporations under the CARES Act. The effective tax rate for the year ended December 31, 2018 was favorably impacted by a net $14.0 million discrete income tax benefit. This discrete income tax benefit was driven by the Company's decision to make a pension contribution in the third quarter of 2018 and software development accounting method change as well as excess tax benefits from share-based compensation.

FINANCIAL CONDITION

The percentage of earning assets to total assets measures the effectiveness of management's efforts to invest available funds into the most efficient and profitable uses. Earning assets at December 31, 2020 were $21.8 billion, or 90.5% of total assets, compared with $18.9 billion, or 89.7% of total assets, at December 31, 2019.

Loans and Leases

The Company's loan and lease portfolio represents the largest single component of the Company's earning asset base, comprising 72.9% of average earning assets during 2020. The Company's lending activities include both commercial and consumer loans and leases. Loan and lease originations are derived from a number of sources, including direct solicitation by the Company's loan officers, existing depositors and borrowers, builders, attorneys, walk-in customers and, in some instances, other lenders, real estate broker referrals and mortgage loan companies. The Company has established systematic procedures for approving and monitoring loans and leases that vary depending on the size and nature of the loan or lease, and applies these procedures in a disciplined manner. The Company's loans and leases are widely diversified by borrower and industry. Loans and leases, net of unearned income, totaled $15.0 billion at December 31, 2020, representing a 6.6% increase from $14.1 billion at December 31, 2019.

The Company has actively participated in assisting its customers with applications for resources through the PPP, which is administered by the SBA with the intent to help businesses keep their workforce employed during the COVID-19 pandemic. PPP loans have a two-year or five-year term and earn interest at 1%. The Company believes that a significant portion of these loans will ultimately be forgiven by the SBA in accordance with the terms of the program. As of the end of the program on August 7, 2020, the Company had closed or approved applications for approximately 15,000 PPP loans representing approximately $1.2 billion in funding. The PPP loans are designed to be fully guaranteed by the U.S. government and as such should not present a credit risk. PPP loans of $975.4 million at December 31, 2020 are included in the commercial and industrial-non real estate loan class and all other loan segment.

The following table shows the composition of the Company's gross loans and leases by collateral type at December 31 for the years indicated:

	2020	2019	2018	2017	2016
			(In thousands)		
Commercial and industrial					
Commercial and industrial-non real estate	$ 2,674,208	$ 1,980,650	$ 1,768,352	$ 1,482,439	$ 1,615,608
Commercial and industrial-owner occupied	2,281,127	2,268,813	2,267,902	1,846,085	1,764,265
Total commercial and industrial	4,955,335	4,249,463	4,036,254	3,328,524	3,379,873
Commercial real estate					
Agricultural	317,994	337,349	318,038	243,449	245,377
Construction, acquisition and development	1,728,682	1,577,342	1,286,786	1,153,187	1,157,248
Commercial real estate	3,211,434	3,220,914	3,026,214	2,345,231	2,237,719
Total commercial real estate	5,258,110	5,135,605	4,631,038	3,741,867	3,640,344
Consumer					
Consumer mortgages	3,726,241	3,543,075	3,259,390	2,864,623	2,643,966
Home equity	630,097	683,515	663,572	638,394	628,846
Credit cards	89,077	102,559	105,569	107,848	109,656
Total consumer	4,445,415	4,329,149	4,028,531	3,610,865	3,382,468
All other	380,379	393,526	433,189	390,806	432,827
Gross loans and leases (1)	$15,039,239	$14,107,743	$13,129,012	$11,072,062	$10,835,512
Less: Unearned income	16,760	18,060	16,863	15,628	23,521
Net loans and leases	$15,022,479	$14,089,683	$13,112,149	$11,056,434	$10,811,991

(1) Gross loans and leases are net of deferred (fees) and costs of $(5.4) million, $7.9 million, $8.7 million, $4.4 million and approximately $282,000 at December 31, 2020, 2019, 2018, 2017 and 2016, respectively.

The following table shows the Company's net loans and leases by collateral type as of December 31, 2020 by geographical location:

	Alabama and Florida Panhandle	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas	Other	Total
				(In thousands)					
Commercial and industrial									
Commercial and industrial-non real estate	$ 235,705	$ 203,719	$ 315,937	$ 685,643	$ 78,660	$ 156,025	$ 993,617	$ 4,123	$ 2,673,429
Commercial and industrial-owner occupied	266,149	184,830	230,662	615,647	64,430	123,899	785,629	9,881	2,281,127
Total commercial and industrial	501,854	388,549	546,599	1,301,290	143,090	279,924	1,779,246	14,004	4,954,556
Commercial real estate									
Agricultural	26,568	67,754	18,735	69,091	6,818	10,552	117,374	1,102	317,994
Construction, acquisition and development	176,272	56,042	79,577	333,078	20,293	87,469	975,951	—	1,728,682
Commercial real estate	332,075	336,629	260,110	664,930	221,773	221,706	1,171,593	2,618	3,211,434
Total commercial real estate	534,915	460,425	358,422	1,067,099	248,884	319,727	2,264,918	3,720	5,258,110
Consumer									
Consumer mortgages	598,700	325,951	342,591	820,025	111,956	326,826	1,148,809	51,383	3,726,241
Home equity	94,774	46,559	77,749	218,451	16,314	133,636	42,268	346	630,097
Credit cards	—	—	—	—	—	—	—	89,077	89,077
Total consumer	693,474	372,510	420,340	1,038,476	128,270	460,462	1,191,077	140,806	4,445,415
All other	56,584	39,079	37,097	114,565	3,054	24,281	80,821	8,917	364,398
Total	$ 1,786,827	$ 1,260,563	$ 1,362,458	$ 3,521,430	$ 523,298	$ 1,084,394	$ 5,316,062	$ 167,447	$ 15,022,479

*Credit card receivables are spread across all geographic regions but are not viewed by the Company's management as part of the geographic breakdown.

The Company has identified the following pools of loans and leases with similar risk characteristics for measuring expected credit losses:

Commercial and Industrial:

Commercial and Industrial - Commercial and industrial loans are loans and leases to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal guarantees are generally required for these loans. Also included in this category are loans to finance agricultural production. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. Commercial and industrial loans outstanding increased 35.1% from December 31, 2019 to December 31, 2020 and is primarily related to PPP loans.

Real Estate – Commercial and Industrial-Owner Occupied - Commercial and industrial-owner occupied loans include loans secured by business facilities to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal guarantees are generally required for these loans. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. Commercial and industrial-owner occupied loans increased 0.5% from December 31, 2019 to December 31, 2020.

Commercial Real Estate:

Agricultural - Agricultural loans include loans to purchase agricultural land and production lines secured by farm land. The Company recognizes that risks in the agricultural sector including crop failures due to weather, insects and other blights, commodity prices, governmental intervention, lawsuits, labor or logistical disruptions and real estate market conditions may have an adverse impact on the scheduled repayment or performance of agricultural loans. Agricultural loans outstanding decreased 5.7% from December 31, 2019 to December 31, 2020.

Construction, Acquisition and Development - Construction, acquisition and development loans include both loans and credit lines for the purpose of purchasing, carrying and developing land into commercial developments or residential subdivisions. Also included are loans and credit lines for construction of residential, multi-family and commercial buildings. The Company generally engages in construction and development lending only in local markets served by its branches. The Company recognizes that risks are inherent in the financing of real estate development and construction. These risks include location, market conditions and price volatility, demand for developed land, lots and buildings, desirability of features and styling of completed developments and buildings, competition from other developments and builders, traffic patterns, governmental jurisdiction, tax structure, availability of utilities, roads, public transportation and schools, interest rates, availability of permanent financing for homebuyers, zoning, environmental restrictions, lawsuits, economic and business cycle, labor and reputation of the builder or developer. Construction, acquisition and development loans increased 9.6% from December 31, 2019 to December 31, 2020.

The underwriting process for construction, acquisition and development loans with interest reserves is essentially the same as that for a loan without interest reserves and may include analysis of borrower and guarantor financial strength, market demand for the proposed project, experience and success with similar projects, property values, time horizon for project completion and the availability of permanent financing once the project is completed. The Company's loan policy generally prohibits the use of interest reserves on loans. Construction, acquisition and development loans, with or without interest reserves, are inspected periodically to ensure that the project is on schedule and eligible for requested draws. Inspections may be performed by construction inspectors hired by the Company or by appropriate loan officers and are done periodically to monitor the progress of a particular project. These inspections may also include discussions with project managers and engineers.

At December 31, 2020, the Company had $134.3 million in construction, acquisition and development loans that provided for the use of interest reserves with $5.8 million recognized as interest income during 2020. There were no construction, acquisition and development loans with interest reserves that were on non-accrual status at December 31, 2020. Interest income would not be recognized on construction, acquisition and development loans with interest reserves that are in non-accrual status. Loans with interest reserves normally have a budget that includes the various cost components involved in the project. Interest is such a cost, along with hard and other soft costs. The Company's policy is to allow interest reserves only during the construction phase.

Each construction, acquisition and development loan is underwritten to address: (i) the desirability of the project, its market viability and projected absorption period; (ii) the creditworthiness of the borrower and the guarantor as to liquidity, cash flow and assets available to ensure performance of the loan; (iii) equity contribution to the project; (iv) the developer's experience and success with similar projects; and (v) the value of the collateral.

Commercial - Commercial loans include loans to finance income-producing commercial and multi-family properties. Lending in this category is generally limited to properties located in the Company's market area with only limited exposure to properties located elsewhere but owned by in-market borrowers. Loans in this category include loans for neighborhood retail centers, medical and professional offices, single retail stores, warehouses and apartments leased generally to local businesses and residents. The underwriting of these loans takes into consideration the occupancy and rental rates as well as the financial health of the borrower. The Company's exposure to national retail tenants is minimal. The Company has not purchased commercial real estate loans from brokers or third-party originators. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, delayed or missed rent payments, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. Commercial loans decreased 0.3% from December 31, 2019 to December 31, 2020.

Consumer:

Consumer Mortgages - Consumer mortgages are first or second-lien loans to consumers secured by a primary residence or second home. These loans are generally amortized over terms up to 25 years. The loans are generally secured by properties located within the local market area of the community bank which originates and services the loan. These loans are underwritten in accordance with the Company's general loan policies and procedures which require, among other things, proper documentation of each borrower's financial condition, satisfactory credit history and property value. In addition to loans originated through the Company's branches, the Company originates and services consumer mortgages sold in the secondary market which are underwritten and closed pursuant to investor and agency guidelines. The Company's exposure to sub-prime mortgages is minimal. Consumer mortgages outstanding increased 5.2% from December 31, 2019 to December 31, 2020.

Home Equity - Home equity loans include revolving credit lines which are secured by a first or second lien on a borrower's residence. Each loan is underwritten individually by lenders who specialize in home equity lending and must conform to Company lending policies and procedures for consumer loans as to borrower's financial condition, ability to repay, satisfactory credit history and the condition and value of collateral. Properties securing home equity loans are generally located in the local market area of the Company branch or office originating and servicing the loan. The Company has not purchased home equity loans from brokers or other lending institutions. Home equity loans outstanding decreased 7.8% from December 31, 2019 to December 31, 2020.

Credit Cards - Credit cards include consumer and business MasterCard and Visa accounts. The Company offers credit cards primarily to its deposit and loan customers. Credit card balances decreased 13.1% from December 31, 2019 to December 31, 2020.

The Company recognizes that there are risks in consumer lending which include interruptions in the borrower's personal and investment income due to loss of employment, market conditions, and general economic conditions, deterioration in the health and well-being of the borrower and family members, natural disasters, pandemics, lawsuits, losses or inability to generate income due to injury, accidents, theft, vandalism or incarceration.

All Other:

All Other - All other loans and leases include consumer installment loans and loans and leases to state, county and municipal governments and non-profit agencies. Consumer installment loans and leases include term loans of up to five years secured by automobiles, boats and recreational vehicles. The Company offers lease financing for vehicles and heavy equipment to state, county and municipal governments and medical equipment to healthcare providers across the southern states. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. All other loans and leases decreased 3.2% from December 31, 2019 to December 31, 2020.

The maturity distribution of the Company's loan portfolio is one factor in management's evaluation by collateral type of the risk characteristics of the loan and lease portfolio. The following table shows the maturity distribution of the Company's loans and leases, net of unearned income, as of December 31, 2020:

	One Year or Less	One to Five Years	After Five Years
		(In thousands)	
Commercial and industrial			
Commercial and industrial-non real estate	$ 621,591	$ 1,771,821	$ 280,017
Commercial and industrial-owner occupied	200,776	332,572	1,747,779
Total commercial and industrial	822,367	2,104,393	2,027,796
Commercial real estate			
Agricultural	37,565	40,967	239,462
Construction, acquisition and development	832,438	493,105	403,139
Commercial real estate	462,835	527,724	2,220,875
Total commercial real estate	1,332,838	1,061,796	2,863,476
Consumer			
Consumer mortgages	342,736	790,931	2,592,574
Home equity	105,863	516,110	8,124
Credit cards	89,077	—	—
Total consumer	537,676	1,307,041	2,600,698
All other	122,112	189,338	52,948
Total loans and leases, net of unearned income	$ 2,814,993	$ 4,662,568	$ 7,544,918

The interest rate sensitivity of the Company's loan and lease portfolio is important in the management of net interest margin. The Company attempts to manage the relationship between the interest rate sensitivity of its assets and liabilities to produce an effective interest differential that is not significantly impacted by changes in the level of interest rates. The following table shows the interest rate sensitivity of the Company's loans and leases, net of unearned income, due after one year as of December 31, 2020:

	Fixed Rate	Variable Rate
	(In thousands)	
Loan and lease portfolio		
Due after one year	$ 4,304,526	$ 7,902,960

NPLs consist of non-accrual loans and leases, loans and leases 90 days or more past due, still accruing, and accruing loans and leases that have been restructured (primarily in the form of reduced interest rates and modified payment terms) because of the borrower's or guarantor's weakened financial condition or bankruptcy proceedings. The Company's policy provides that loans and leases are generally placed in non-accrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless the loan or lease is both well-secured and in the process of collection. NPAs consist of NPLs and OREO, which consists of foreclosed properties. NPAs, which are carried either in the loan account or OREO on the Company's consolidated balance sheets, depending on foreclosure status, were as follows at the end of each year presented:

	2020	2019	2018	2017	2016
			(Dollars in thousands)		
Non-accrual loans and leases	$ 96,378	$ 78,796	$ 70,555	$ 61,891	$ 71,812
Loans 90 days or more past due, still accruing	14,320	17,531	18,695	8,503	3,983
Restructured loans and leases, still accruing	10,475	15,184	7,498	8,060	26,047
Total NPLs	121,173	111,511	96,748	78,454	101,842
Other real estate owned	11,395	6,746	9,276	6,038	7,810
Total NPAs	$ 132,568	$ 118,257	$ 106,024	$ 84,492	$ 109,652
NPLs to net loans and leases	0.81 %	0.79 %	0.74 %	0.71 %	0.94 %
NPAs to total assets	0.55 %	0.56 %	0.59 %	0.55 %	0.74 %

NPLs increased 8.7% in 2020 compared to 2019 and increased 15.3% in 2019 compared to 2018. However, NPLs as a percentage of net loans and leases remained stable at 0.81% and 0.79% at December 31, 2020 and 2019, respectively. Other real estate owned increased 68.9% in 2020 compared to 2019 and decreased 27.3% in 2019 compared to 2018. Included in NPLs at December 31, 2020 were $29.5 million of loans that were impaired. These impaired loans had a specific reserve of

$0.8 million included in the allowance for credit losses of $244.4 million at December 31, 2020, and were net of $4.1 million in partial charge-downs previously taken on these impaired loans. NPLs at December 31, 2019 included $24.1 million of loans that were impaired and had a specific reserve of $1.1 million included in the allowance for credit losses of $119.1 million at December 31, 2019. Restructured loans and leases still accruing decreased in 2020 compared to 2019 after increasing in 2019 compared to 2018 as a result of increased loans meeting the restructured criteria.

Non-accrual loans at December 31, 2020 reflected an increase of $17.6 million, or 22.3%, to $96.4 million from $78.8 million at December 31, 2019 after increasing $8.2 million, or 11.7%, from $70.6 million at December 31, 2018. While nonaccrual loans increased in several loan categories when comparing December 31, 2020 to December 31, 2019, the primary increase in non-accrual loans is recognized in the commercial and industrial-owner occupied and consumer mortgages portfolios. Non-accrual loans in the commercial and industrial-owner occupied portfolio increased $7.9 million, or 101.4% to $15.8 million and non-accrual loans in the consumer mortgages portfolio increased $4.1 million, or 14.1% to $33.0 million at December 31, 2020. Non-accrual loans in the consumer mortgages portfolio increased $4.9 million, or 20.7% to $28.9 million and non-accrual loans in the construction, acquisition, and development portfolio increased $3.1 million, or 99.3% to $6.2 million at December 31, 2019. The increase in non-accrual loans related to the portfolios previously mentioned was a result of the addition of new nonaccrual loans exceeding the paydowns on existing nonaccrual loans.

The following table presents the Company's NPLs by geographical location at December 31, 2020:

	Outstanding	90+ Days Past Due still Accruing	Non-accruing Loans	Restructured Loans, still accruing	NPLs	NPLs as a % of Outstanding
			(Dollars in thousands)			
Alabama and Florida Panhandle	$ 1,786,827	$ 4,032	$ 10,676	$ 100	$ 14,808	0.8 %
Arkansas	1,260,563	972	4,200	1,992	7,164	0.6
Louisiana	1,362,458	1,824	10,939	480	13,243	1.0
Mississippi	3,521,430	1,928	16,543	3,207	21,678	0.6
Missouri	523,298	1,111	2,264	109	3,484	0.7
Tennessee	1,084,394	311	4,172	334	4,817	0.4
Texas	5,316,062	3,509	46,328	3,613	53,450	1.0
Other	167,447	633	1,256	640	2,529	1.5
Total	$ 15,022,479	$ 14,320	$ 96,378	$ 10,475	$ 121,173	0.8 %

OREO increased by $4.6 million to $11.4 million at December 31, 2020 compared to $6.7 million at December 31, 2019, and decreased $2.5 million at December 31, 2019 from $9.3 million at December 31, 2018. The increase in OREO in 2020 was primarily the result of additions exceeding sales and writedowns. The decrease in OREO in 2019 was primarily a result of sales and writedowns exceeding additions. Writedowns were the result of continuing processes to value these properties at fair value. The Company recorded losses from the loans that were secured by these foreclosed properties in the allowance for credit losses at the time of foreclosure.

The Company has processes in place to review credits upon renewal or modification to determine if financial concessions are being granted that meet the requirements set forth in FASB ASC 326. Loans identified as meeting the criteria set out in FASB ASC 326 are identified as TDRs. The concessions granted most frequently for TDRs involve reductions or delays in required payments of principal and/or interest for a specified time, the rescheduling of payments in accordance with a bankruptcy plan or the charge-off of a portion of the loan. In some cases, the conditions of the credit also warrant non-accrual status, even after the restructure occurs. TDR loans may be returned to accrual status in years after the restructure if there has been at least a six-month sustained period of repayment performance under the restructured loan terms by the borrower and the interest rate at the time of restructure was at or above market for a comparable loan. For reporting purposes, if a restructured loan is 90 days or more past due or has been placed in non-accrual status, the restructured loan is included in the loans 90 days or more past due category or the non-accrual loan category of NPAs. Total restructured loans were $12.0 million and $17.9 million at December 31, 2020 and 2019, respectively. Restructured loans of $1.5 million and $2.7 million were included in the non-accrual and 90+ days past due, still accruing loan categories at December 31, 2020 and 2019, respectively. In keeping with regulatory guidance to work with borrowers during this unprecedented situation and as outlined in the CARES Act, the Company implemented a payment deferral program for its customers that are affected by the pandemic. The Company offered 90 day payment deferrals or interest-only terms on loans that are less than 30 days past due and in compliance with all borrowing covenants. Approximately 0.1% of the loan portfolio by outstanding balance was in deferral and 1.3% had been converted to interest only as of December 31, 2020. In accordance with interagency guidance issued in March 2020 and the CARES Act, these short term deferrals and modification are not considered TDRs. The following table details the portions of the loan portfolio with the most significant negative impacts related to the COVID-19 pandemic including deferrals and interest only credits at December 31, 2020.

	Outstanding Balance	Total Committed Balance	$ Loans Converted to Interest Only (1)	% Loans Converted to Interest Only (1)	$ Deferred (1)	% Deferred (1)
	(Dollars in thousands)					
Hotels & accommodation	$ 710,033	$ 787,887	$ 138,195	19.5 %	$ —	— %
Retail CRE	1,067,563	1,164,497	705	0.1	—	—
Food services	264,177	292,858	6,810	2.6	—	—
High risk portfolios	2,041,773	2,245,242	145,710	7.1	—	—
All other portfolios	12,980,706	16,364,953	31,765	0.3	20,585	0.2
Total	$15,022,479	$18,610,195	$ 177,475	1.3 %	$ 20,585	0.1 %

(1) Excludes PPP loans

During March 2020, the Company temporarily suspended all foreclosure activity in an effort to assist customers and comply with all governmental relief programs associated with the COVID-19 pandemic. Some foreclosure activity has resumed based upon specific state and county regulations The Company is also actively working with customers to comply with mortgage forbearance provisions provided by the CARES Acts with respect to both portfolio and serviced mortgage loans. Finally, the Company is considering other loan modifications and deferments on a case by case basis for qualifying customers.

The total amount of interest recorded on NPLs was $7.0 million, $4.1 million, $2.2 million, $1.5 million and $1.9 million in 2020, 2019, 2018, 2017 and 2016, respectively. The gross interest income that would have been recorded under the original terms of those loans and leases if they had been performing amounted to $9.6 million, $6.8 million, $4.9 million, $4.3 million, and $5.4 million in 2020, 2019, 2018, 2017 and 2016, respectively.

Loans with an internally assigned grade of impaired are individually analyzed collateral-dependent loans for which a specific provision has been considered to address the unsupported exposure. Loans with an internally assigned grade of impaired, irrespective of TDR status, which were included in NPLs, totaled $29.5 million, $24.1 million, $26.3 million, $25.8 million, and $38.2 million at December 31, 2020, 2019, 2018, 2017 and 2016, respectively, with a valuation allowance of $0.8 million, $1.1 million, $5.6 million, $3.2 million and $4.4 million, respectively.

At December 31, 2020, the Company did not have any concentration of loans or leases in excess of 10% of total loans and leases outstanding which were not otherwise disclosed as a category of loans or leases. Loan concentrations are considered to exist when there are amounts loaned to multiple borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. The Company conducts business in a geographically concentrated area and has a significant amount of loans secured by real estate to borrowers in varying activities and businesses, but does not consider these factors alone in identifying loan concentrations. The ability of the Company's borrowers to repay loans is somewhat dependent upon the economic conditions prevailing in the Company's market areas.

The Company utilizes an internal loan classification system to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. The following table provides details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at December 31, 2020:

	December 31, 2020							
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Purchased Credit Deteriorated (Loss)	Total
	(In thousands)							
Commercial and industrial								
Commercial and industrial-non real estate	$ 2,616,471	$ 7,202	$ 39,040	$ 172	$ —	$ 1,949	$ 8,595	$ 2,673,429
Commercial and industrial-owner occupied	2,208,214	—	58,683	—	—	11,579	2,651	2,281,127
Total commercial and industrial	4,824,685	7,202	97,723	172	—	13,528	11,246	4,954,556
Commercial real estate								
Agricultural	310,766	—	4,526	—	—	777	1,925	317,994
Construction, acquisition and development	1,686,907	1,534	32,363	—	—	2,054	5,824	1,728,682
Commercial real estate	3,062,894	—	134,054	—	—	10,780	3,706	3,211,434
Total commercial real estate	5,060,567	1,534	170,943	—	—	13,611	11,455	5,258,110
Consumer								
Consumer mortgages	3,645,357	—	78,287	—	—	2,406	191	3,726,241
Home equity	624,581	—	5,516	—	—	—	—	630,097
Credit cards	89,077	—	—	—	—	—	—	89,077
Total consumer	4,359,015	—	83,803	—	—	2,406	191	4,445,415
All other	357,812	—	6,519	—	—	—	67	364,398
Total	$14,602,079	$ 8,736	$ 358,988	$ 172	$ —	$ 29,545	$ 22,959	$15,022,479

(1) Impaired loans are shown exclusive of $10.5 million of accruing TDRs, $975,000 of non accruing TDRs and approximately $5,000 of 90+ days past due, still accruing TDRs.

In the normal course of business, management becomes aware of possible credit problems in which borrowers exhibit potential for the inability to comply with the contractual terms of their loans and leases, but which currently do not yet meet the criteria for disclosure as NPLs. However, based upon past experiences, some of these loans and leases with potential weaknesses will ultimately be restructured or placed in non-accrual status. At December 31, 2020, the Company had $10.5 million of potential problem loans or leases or loans and leases with potential weaknesses that were not included in the non-accrual loans and leases or in the loans 90 days or more past due categories. These loans or leases are included in the above rated categories. Loans with identified weaknesses based upon analysis of the credit quality indicators are included in the 90 days or more past due category or in the non-accrual loan and lease category which includes impaired loans. See Note 4 to the Company's Consolidated Financial Statements included elsewhere in this Report for additional information regarding the Company's internal loan classification system.

The following table provides details regarding the aging of the Company's loan and lease portfolio, net of unearned income, by internally assigned grade at December 31, 2020:

	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
	(In thousands)				
Pass	$ 14,575,216	$ 14,923	$ 1,543	$ 10,397	$ 14,602,079
Special Mention	8,736	—	—	—	8,736
Substandard	285,838	22,158	13,219	37,773	358,988
Doubtful	172	—	—	—	172
Loss	—	—	—	—	—
Impaired	16,091	—	190	13,264	29,545
Purchased Credit Deteriorated (Loss)	15,153	593	—	7,213	22,959
Total	$ 14,901,206	$ 37,674	$ 14,952	$ 68,647	$ 15,022,479

The Pass, Substandard, and Impaired loan categories increased at December 31, 2020 compared to December 31, 2019, with the Pass category increasing 6.3% and Impaired increasing 22.6%. Of the $359.0 million of Substandard loans and leases, 79.6% remained current as to scheduled repayment of principal and interest, with only 10.5% having outstanding balances that were 90 days or more past due at December 31, 2020. Of the $29.5 million of Impaired loans and leases, 54.5%

remained current as to scheduled repayment of principal and/or interest, with 44.9% having outstanding balances that were 90 days or more past due at December 31, 2020. Of the $23.0 million of Purchased Credit Deteriorated (Loss) loans and leases, 66.0% remained current as to scheduled repayment of principal and/or interest, with 31.4% having outstanding balances that were 90 days or more past due at December 31, 2020.

The following table provides details regarding the aging of the Company's nonaccrual loans and leases by segment and class at December 31, 2020:

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding
			(In thousands)			
Commercial and industrial						
Commercial and industrial-non real estate	$ 485	$ 191	$ 8,007	$ 8,683	$ 4,085	$ 12,768
Commercial and industrial-owner occupied	175	555	5,840	6,570	9,213	15,783
Total commercial and industrial	660	746	13,847	15,253	13,298	28,551
Commercial real estate						
Agricultural	101	—	2,438	2,539	2,474	5,013
Construction, acquisition and development	125	572	8,073	8,770	968	9,738
Commercial real estate	—	231	8,165	8,396	7,853	16,249
Total commercial real estate	226	803	18,676	19,705	11,295	31,000
Consumer						
Consumer mortgages	2,112	1,326	20,215	23,653	9,298	32,951
Home equity	257	11	1,077	1,345	1,312	2,657
Credit cards	42	11	44	97	76	173
Total consumer	2,411	1,348	21,336	25,095	10,686	35,781
All other	19	43	468	530	516	1,046
Total	$ 3,316	$ 2,940	$ 54,327	$ 60,583	$ 35,795	$ 96,378

Collateral for some of the Company's loans and leases is subject to fair value evaluations that fluctuate with market conditions and other external factors. In addition, while the Company has certain underwriting obligations related to such evaluations, the evaluations of some real property and other collateral are dependent upon third-party independent appraisers employed either by the Company's customers or as independent contractors of the Company. During the current economic cycle, some subsequent fair value appraisals have reported lower values than were originally reported. These declining collateral values could impact future losses and recoveries.

The following table provides additional details related to the Company's loan and lease portfolio, net of unearned income, and the distribution of NPLs at December 31, 2020:

Loans and leases, net of unearned income	Outstanding	90+ Days Past Due still Accruing	Non-accruing Loans	Restructured Loans, but Accruing	NPLs	NPLs as a % of Outstanding
			(Dollars in thousands)			
Commercial and industrial						
Commercial and industrial-non real estate	$ 2,673,429	$ 307	$ 12,768	$ 518	$ 13,593	0.5 %
Commercial and industrial-owner occupied	2,281,127	—	15,783	5,135	20,918	0.9
Total commercial and industrial	4,954,556	307	28,551	5,653	34,511	0.7
Commercial real estate						
Agricultural	317,994	—	5,013	4	5,017	1.6
Construction, acquisition and development	1,728,682	—	9,738	285	10,023	0.6
Commercial real estate	3,211,434	—	16,249	900	17,149	0.5
Total commercial real estate	5,258,110	—	31,000	1,189	32,189	0.6
Consumer						
Consumer mortgages	3,726,241	13,743	32,951	2,607	49,301	1.3
Home equity	630,097	—	2,657	494	3,151	0.5
Credit cards	89,077	256	173	489	918	1.0
Total consumer	4,445,415	13,999	35,781	3,590	53,370	1.2
All other	364,398	14	1,046	43	1,103	0.3
Total	$ 15,022,479	$ 14,320	$ 96,378	$ 10,475	$ 121,173	0.8 %

Securities

The Company uses its securities portfolio to make various term investments, to provide a source of liquidity and to serve as collateral to secure certain types of deposits. The following tables show the carrying value of the Company's available-for-sale securities by investment category at December 31, 2020, 2019, and 2018:

	2020	2019	2018
		(In thousands)	
Available-for-sale securities:			
U.S. Government agency securities	$ 2,871,408	$ 3,599,317	$ 2,200,158
U.S. Government agency issued residential mortgage-backed securities	2,421,409	133,375	136,846
U.S. Government agency issued commercial mortgage-backed securities	806,206	609,009	107,841
Taxable obligations of states and political subdivisions	12,520	14,980	50,549
Tax-exempt obligations of states and political subdivisions	101,433	125,293	253,794
Corporate bonds	18,030	—	—
Total	$ 6,231,006	$ 4,481,974	$ 2,749,188

A portion of the Company's securities portfolio continues to be tax-exempt. Investments in tax-exempt securities totaled $101.4 million at December 31, 2020, compared to $125.3 million at the end of 2019 and $253.8 million at the end of 2018. The Company invests only in investment grade securities, with the exception of obligations of certain counties and municipalities within the Company's market area, and avoids other high yield non-rated securities and investments.

At December 31, 2020, the Company's available-for-sale securities totaled $6.2 billion. These securities, which are subject to possible sale, are recorded at fair value. At December 31, 2020, no allowance for credit losses was recorded on available-for-sale securities.

The following table shows the maturities and weighted average yields at December 31, 2020 for the carrying value of the available-for-sale securities, excluding mortgage-backed securities:

	Securities Maturing				
	Within One Year	After One But Within Five Years	After Five But Within Ten Years	After Ten Years	Total
	(Dollars in thousands)				
Available-for-sale securities:					
U.S. Government agency securities	$ 953,262	$1,918,146	$ —	$ —	$ 2,871,408
Obligations of states and political subdivisions	5,493	31,011	26,789	50,660	113,953
Corporate bonds	—	—	16,020	2,010	18,030
Total	$ 958,755	$1,949,157	$ 42,809	$ 52,670	$ 3,003,391
Weighted average yield	2.41 %	1.84 %	4.35 %	3.11 %	

The yield on tax-exempt obligations of states and political subdivisions has been adjusted to a taxable equivalent basis using a 21% tax rate.

Net unrealized gains on available-for-sale securities as of December 31, 2020 totaled $101.0 million. Net unrealized gains on available-for-sale securities as of December 31, 2019 totaled $12.9 million.

The following table shows the available-for-sale securities portfolio by credit rating as obtained from Moody's Investors Services as of December 31, 2020:

	Amortized Cost		Estimated Fair Value	
	Amount	% of Total	Amount	% of Total
Available-for-sale securities:	(Dollars in thousands)			
Aaa	$ 6,007,196	98.0 %	$ 6,105,245	98.0 %
Aa1 to Aa3	43,494	0.7	44,863	0.7
A1 to A3	11,628	0.2	11,922	0.2
Not rated (1)	67,663	1.1	68,976	1.1
Total	$ 6,129,981	100.0 %	$ 6,231,006	100.0 %

(1) Not rated securities primarily consist of Mississippi and Arkansas municipal bonds.

Of the securities not rated by Moody's Investors Services, bonds with a book value of $19.7 million and a market value of $20.0 million were rated A- or better by Standard & Poor's Rating Services.

Goodwill

The Company's policy is to assess goodwill for impairment at the reporting segment level on an annual basis or sooner if an event occurs or circumstances change which indicate that the fair value of a reporting segment is below its carrying amount. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. Accounting standards require management to estimate the fair value of each reporting segment in assessing impairment at least annually. The Company's annual assessment date is during the Company's fourth quarter. Because of the volatile market conditions during which the Company's market value fell below book value, the Company performed a qualitative assessment of whether it was more likely than not that a reporting segment's fair value was less than its carrying value during each quarter of 2020 including a goodwill impairment assessment performed by a third party valuation specialist during the third quarter of 2020. Based on these assessments, it was determined that the Company's reporting segments' fair value exceeded their carrying value and no goodwill impairment was recorded during 2020.

In the current environment, forecasting cash flows, credit losses and growth in addition to valuing the Company's assets with any degree of assurance is very difficult and subject to significant changes over very short periods of time. Management will continue to update its analysis as circumstances change. If market conditions continue to be volatile and unpredictable, impairment of goodwill related to the Company's reporting segments may be necessary in future periods. Goodwill was $851.6 million and $825.7 million at December 31, 2020 and 2019, respectively. As a result of the one bank acquisition and one agency acquisition in 2020 and measurement period adjustments for three banks acquired during 2019, goodwill increased $25.9 million compared to December 31, 2019.

Other Real Estate Owned

OREO was $11.4 million and $6.7 million at December 31, 2020 and 2019, respectively. OREO at December 31, 2020 had aggregate loan balances at the time of foreclosure of $14.4 million. The following table presents the Company's OREO by collateral type at December 31, 2020 and 2019:

	December 31,	
	2020	2019
	(In thousands)	
Commercial and industrial		
Commercial and industrial-non real estate	$ —	$ 56
Commercial and industrial-owner occupied	1,136	973
Total commercial and industrial	1,136	1,029
Commercial real estate		
Agricultural	256	407
Construction, acquisition and development	384	4,010
Commercial real estate	9,002	77
Total commercial real estate	9,642	4,494
Consumer		
Consumer mortgages	478	1,207
Home equity	123	—
Credit cards	—	—
Total consumer	601	1,207
All other	16	16
Total	$ 11,395	$ 6,746

Because of the relatively high number of the Company's NPLs that have been determined to be collaterally dependent, management expects the resolution of a significant number of these loans to necessitate foreclosure proceedings resulting in further additions to OREO. While management expects future foreclosure activity in virtually all loan categories, the magnitude of NPLs in the commercial and industrial-owner occupied, commercial real estate and consumer mortgage real estate portfolios at December 31, 2020 indicated that a majority of additions to OREO in the near-term might be from those categories.

At the time of foreclosure, the fair value of OREO properties is typically determined by an appraisal performed by a third party appraiser holding professional certifications. Such appraisals are then reviewed and evaluated by the Company's internal appraisal group. A market value appraisal using a 180-360 day marketing period is typically ordered and the OREO is recorded at the time of foreclosure at its market value less estimated selling costs. For residential subdivisions that are not completed, the appraisals reflect the uncompleted status of the subdivision.

To attempt to ensure that OREO is carried at the lower of cost or fair value less estimated selling costs on an ongoing basis, new appraisals are obtained on at least an annual basis and the OREO carrying values are adjusted accordingly. The type of appraisals typically used for these periodic reappraisals are "Restricted Use Appraisals," meaning the appraisal is for client use only. Other indications of fair value are also used to attempt to ensure that OREO is carried at the lower of cost or fair value. These include listing the property with a broker and acceptance of an offer to purchase from a third party. If an OREO property is listed with a broker at an amount less than the current carrying value, the carrying value is immediately adjusted to reflect the list price less estimated selling costs and if an offer to purchase is accepted at a price less than the current carrying value, the carrying value is immediately adjusted to reflect that sales price, less estimated selling costs. The majority of the properties in OREO are actively marketed using a combination of real estate brokers, bank staff who are familiar with the particular properties and/or third parties.

Deposits and Other Interest Bearing Liabilities

Deposits originating within the communities served by the Company continue to be the Company's primary source of funding its earning assets. The Company has been able to compete effectively for deposits in its primary market areas, while continuing to manage the exposure to rising interest rates. The distribution and market share of deposits by type of deposit and by type of depositor are important considerations in the Company's assessment of the stability of its fund sources and its access to additional funds. Furthermore, management shifts the mix and maturity of the deposits depending on economic conditions and loan and investment policies in an attempt, within set policies, to minimize cost and maximize net interest margin.

The following table presents the Company's noninterest bearing, interest bearing demand, savings and other time deposits at December 31, 2020, 2019 and 2018 and the percentage change between years:

	2020		2019		2018
	Amount	% Change	Amount	% Change	Amount
	(Dollars in millions)				
Noninterest bearing demand deposits	$ 6,341	36.0%	$ 4,662	13.0%	$ 4,125
Interest bearing demand deposits	8,524	18.8	7,177	21.7	5,899
Savings	2,452	26.5	1,938	5.6	1,836
Other time	2,529	(4.0)	2,634	19.2	2,210
Total deposits	$ 19,846	20.9	$ 16,411	16.6	$ 14,070

The 20.9% increase in deposits at December 31, 2020 compared to December 31, 2019 was primarily a result of the impact of additional customer liquidity associated with the PPP loans and government stimulus payments, organic growth, and the acquisition that was effective January 1, 2020 as interest bearing deposits increased $1.3 billion, or 18.8%, to $8.5 billion at December 31, 2020 from $7.2 billion at December 31, 2019 and the increase in noninterest bearing demand deposits of $1.7 billion, or 36.0% to $6.3 billion at December 31, 2020 from $4.7 billion at December 31, 2019. The 16.6% increase in deposits at December 31, 2019 compared to December 31, 2018 was primarily a result of the increase in interest bearing demand deposits of $1.3 billion, or 21.7%, to $7.2 billion at December 31, 2019 from $5.9 billion at December 31, 2018 and the increase in noninterest bearing demand deposits of $537.1 million, or 13.0% to $4.7 billion at December 31, 2019 from $4.1 billion at December 31, 2018.

The following table presents the classification of the Company's deposits on an average basis for three years ended December 31, 2020:

	2020		2019		2018	
	Average Amount	Average Rate	Average Amount	Average Rate	Average Amount	Average Rate
	(Dollars in thousands)					
Noninterest bearing demand deposits	$ 5,850,761	—%	$ 4,419,258	—%	$ 4,041,285	—%
Interest bearing demand deposits	7,859,680	0.61	6,576,213	0.89	5,710,234	0.52
Savings deposits	2,199,405	0.19	1,873,309	0.29	1,812,924	0.20
Other time deposits	2,649,809	1.47	2,450,350	1.61	2,077,033	1.04
Total deposits	$18,559,655		$15,319,130		$13,641,476	

The Company's other time deposits of $100,000 and greater, including certificates of deposits of $100,000 and greater, at December 31, 2020 had maturities as follows:

Maturing in	Amount
	(In thousands)
Three months or less	$ 294,040
Over three months through six months	222,738
Over six months through 12 months	541,153
Over 12 months	578,077
Total	$ 1,636,008

The average maturity of time deposits at December 31, 2020 was approximately 13.7 months, compared to approximately 15.8 months at December 31, 2019.

Liquidity and Capital Resources

One of the Company's goals is to maintain adequate funds to meet increases in loan demand or any potential increase in the normal level of deposit withdrawals. This goal is accomplished primarily by generating cash from the Company's operating activities and maintaining sufficient short-term liquid assets. These sources, coupled with a stable deposit base and a historically strong reputation in the capital markets, allow the Company to fund earning assets and maintain the availability of funds. Management believes that the Company’s traditional sources of maturing loans and investment securities, sales of loans held for sale, cash from operating activities and a strong base of core deposits are adequate to meet the Company’s liquidity needs for normal operations over both the short-term and the long-term.

To provide additional liquidity, the Company utilizes short-term financing through the purchase of federal funds and securities sold under agreement to repurchase. All securities sold under agreements to repurchase are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. Further, the Company maintains a borrowing relationship with the FHLB which provides access to short-term and long-term borrowings. The Company also has access to the Federal Reserve discount window and other bank lines. The Company had no short-term borrowings from the FHLB or the Federal Reserve at December 31, 2020 and $725.0 million at and December 31, 2019. The Company had federal funds purchased and securities sold under agreement to repurchase of $637.7 million and $513.4 million at December 31, 2020 and 2019, respectively.

During November 2019, the Company completed an underwritten public offering of $300.0 million aggregate principal amount of its 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029 and an underwritten public offering of $172.5 million of its 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share. The Company intends to use the net proceeds from the offerings for general corporate purposes, potentially including repurchases of shares of its common stock, future acquisitions and ongoing working capital needs.

The Company had long-term borrowings from the FHLB and other long-term debt totaling $4.4 million and $5.1 million at December 31, 2020 and 2019, respectively. The Company has pledged eligible mortgage loans to secure the FHLB borrowings and had $7.0 billion in additional borrowing capacity under the existing FHLB borrowing agreement at December 31, 2020.

The Company had non-binding federal funds borrowing arrangements with other banks aggregating $1.2 billion at December 31, 2020. The unencumbered fair value of the Company’s federal government and government agencies securities portfolio may provide substantial additional liquidity.

The ability of the Company to obtain funding from these or other sources could be negatively affected should the Company experience a substantial deterioration in its financial condition or its debt rating, or should the availability of short-term funding become restricted as a result of the disruption in the financial markets. Management does not anticipate any short- or long-term changes to its liquidity strategies and believes that the Company has ample sources to meet the liquidity challenges caused by the current economic conditions. The Company utilizes, among other tools, maturity gap tables, interest rate shock scenarios and an active asset and liability management committee to analyze, manage and plan asset growth and to assist in managing the Company’s net interest margin and overall level of liquidity.

Off-Balance Sheet Arrangements

In the ordinary course of business, the Company enters into various off-balance sheet commitments and other arrangements to extend credit that are not reflected on the consolidated balance sheets of the Company. The business purpose of these off-balance sheet commitments is the routine extension of credit. As of December 31, 2020, commitments to extend credit included $75.0 million for letters of credit and $3.7 billion for interim mortgage financing, construction credit, credit card and other revolving line of credit arrangements. While most of the commitments to extend credit were made at variable rates, included in these commitments were forward commitments to fund individual fixed-rate mortgage loans of $407.0 million at December 31, 2020, with a carrying value and fair value reflecting a gain of $16.9 million, which has been recognized in the Company’s results of operations. Fixed-rate lending commitments expose the Company to risks associated with increases in interest rates. As a method to manage these risks, the Company also enters into forward commitments to sell individual fixed-rate mortgage loans. At December 31, 2020, the Company had $618.0 million in such commitments to sell, with a carrying value and fair value reflecting a gain of $0.3 million, which has been recognized in the Company’s results of operations. The Company also faces the risk of deteriorating credit quality of borrowers to whom a commitment to extend credit has been made; however, no significant credit losses are expected from these commitments and arrangements. As of December 31, 2020, the Company maintained a reserve for unfunded commitments of $7.0 million included in other liabilities.

Regulatory Requirements for Capital

The FDIC's capital-based supervisory system for insured financial institutions categorizes the capital position for banks into five categories, ranging from "well capitalized" to "critically undercapitalized." For a bank to be classified as "well capitalized," the common equity Tier 1 capital, Tier 1 capital, total capital and leverage capital ratios must be at least 6.5%, 8%, 10% and 5%, respectively. The Company met the criteria for the "well capitalized" category at December 31, 2020 and 2019 as follows:

	December 31, 2020		December 31, 2019	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
BancorpSouth Bank				
Common equity tier 1 capital (to risk-weighted assets)	$ 1,803,226	10.74%	$ 1,708,990	10.57%
Tier 1 capital (to risk-weighted assets)	1,970,219	11.74	1,876,011	11.60
Total capital (to risk-weighted assets)	2,430,884	14.48	2,291,643	14.17
Tier 1 leverage capital (to average assets)	1,970,219	8.67	1,876,011	9.69

Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends that the Company may declare and pay. Under Mississippi law, the Company cannot pay any dividend on its common stock unless it has received written approval of the Commissioner of the MDBCF. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. Moreover, the federal agencies have issued policy statements providing that insured banks should generally only pay dividends out of current operating earnings.

Uses of Capital

Subject to pre-approval of the FDIC and MDBCF, the Company may pursue acquisitions of depository institutions and businesses closely related to banking that further the Company's business strategies, including FDIC-assisted transactions. Management anticipates that consideration for any transactions other than FDIC-assisted transactions would include shares of the Company's common stock, cash or a combination thereof.

On October 31, 2017, the Company announced a share repurchase program whereby the Company may acquire up to an aggregate of 6,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between October 31, 2017 through December 31, 2019. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. As of October 31, 2018, the Company had completed the repurchase of all 6,000,000 shares under this program.

On December 5, 2018, the Company announced a share repurchase program whereby the Company may acquire up to an aggregate of 3,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between December 5, 2018 through December 31, 2019. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. At the time of expiration on December 31, 2019, 2,466,438 shares had been repurchased under this program.

On December 12, 2019, the Company announced a share repurchase program whereby the Company may acquire up to an aggregate of 8,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between January 2, 2020 through December 31, 2020. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. At the time of expiration on December 31, 2020, 3,300,000 shares had been repurchased under this program.

On December 9, 2020, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 6,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between January 4, 2021 through December 31, 2021. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. As of December 31, 2020, the Company had not repurchased any shares under this program.

On November 20, 2019, the Company completed its public offering of $300 million aggregate principal amount of its 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029. Please see Note 10 to the Company's Consolidated Financial Statements included elsewhere in this Report for further disclosures regarding subordinated debt.

On November 20, 2019, the Company completed its public offering of 6,900,000 shares of 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $25 per share of Series A Preferred Stock, which represents $172,500,000 in aggregate liquidation preference. Please see Note 11 to the Company's unaudited consolidated financial statements included elsewhere in this Report for further disclosures regarding preferred stock.

Contractual Obligations

The Company has contractual obligations to make future payments on debt and lease agreements. See Notes 1, 9, 10, and 23 to the Company's Consolidated Financial Statements included elsewhere in this Report for further disclosures regarding contractual obligations. The following table summarizes the Company's contractual obligations at December 31, 2020:

	Payment Due by Period				
	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
Contractual obligations:			(In thousands)		
Deposit maturities	$ 19,846,441	$ 18,962,412	$ 682,925	$ 198,142	$ 2,962
Junior subordinated debt	297,250	—	—	297,250	—
Long-term debt	4,402	—	513	—	3,889
Short-term FHLB and other borrowings	637,715	637,715	—	—	—
Operating lease obligations	89,932	8,441	15,815	13,963	51,713
Purchase obligations	268,756	54,816	93,897	81,518	38,525
Total contractual obligations	$ 21,144,496	$ 19,663,384	$ 793,150	$ 590,873	$ 97,089

The Company's operating lease obligations represent short and long-term operating lease and rental payments for facilities, certain software and data processing and other equipment. Purchase obligations represent obligations to purchase goods and services that are legally binding and enforceable on the Company and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The purchase obligation amounts presented above primarily relate to certain contractual payments for services provided related to information technology.

Impact of Inflation

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with U.S. GAAP and practices within the banking industry which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike many companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation.

Certain Litigation and Other Contingencies

The nature of the Company's business ordinarily results in certain types of claims, litigation, investigations and legal and administrative cases and proceedings. Although the Company and its subsidiaries have developed policies and procedures to minimize legal noncompliance and the impact of claims and other proceedings and endeavored to procure reasonable amounts of insurance coverage, litigation and regulatory actions present an ongoing risk.

The Company and its subsidiaries are engaged in lines of business that are heavily regulated and involve a large volume of financial transactions and potential transactions with numerous customers or applicants, and the Company is a public company with a large number of shareholders. From time to time, applicants, borrowers, customers, shareholders, former employees and other third parties have brought actions against the Company or its subsidiaries, in some cases claiming substantial damages. Financial services companies are subject to the risk of class action litigation, and, from time to time, the Company and its subsidiaries are subject to such actions brought against it. Additionally, the Company is, and management expects it to be, engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collections activities, which, from time to time, have resulted in counterclaims against the Company and its subsidiaries. Various legal proceedings have arisen and may arise in the future out of claims against entities to which the Company is a successor as a result of business combinations. The Company and its subsidiaries may also be subject to enforcement actions by federal or state regulators, including the FDIC, the CFPB, the DOJ, state attorneys general and the MDBCF.

When and as the Company determines it has meritorious defenses to the claims asserted, it vigorously defends against such claims. The Company will consider settlement of claims when, in management's judgment and in consultation with counsel, it is in the best interests of the Company to do so.

The Company cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against it, its subsidiaries and its directors, management or employees, including remedies or damage awards. On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of the Company's business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, the Company establishes an accrual for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any outstanding legal proceedings and the potential loss, however, may turn out to be substantially higher than the amount accrued. Further, the Company's insurance policies have deductibles and coverage limits, and such policies will likely not cover all costs and expenses related to the defense or prosecution of such legal proceedings or any losses arising therefrom.

Although the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related liability of $1.4 million accrued as of December 31, 2020 is adequate and that any incremental change in potential liability arising from the Company's legal proceedings and threatened claims, including the matters described herein and those otherwise arising in the ordinary course of business, will not have a material adverse effect on the Company's business or consolidated results of operations or financial condition. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which the Company or its subsidiaries are defendants, which may be material to the Company's business or consolidated results of operations or financial condition for a particular fiscal period or periods.

On June 29, 2016, the Company, the CFPB and the DOJ agreed to a settlement set forth in the consent order related to the joint investigation by the CFPB and the DOJ of the Company's fair lending program during the period between January 1, 2011 and December 31, 2013 (the "Consent Order"). The Consent Order was signed by the United States District Court for the Northern District of Mississippi on July 25, 2016. On January 27, 2020, the Consent Order was terminated by the U.S. District Court for the Northern Districts of Mississippi; accordingly, the Company is no longer subject to the Consent Order.

Statement Regarding the Impact of COVID-19 Pandemic

The Company prioritizes the health and safety of its teammates and customers, and it will continue to do so throughout the duration of the pandemic. At the same time, the Company remains focused on improving shareholder value, managing credit exposure, challenging expenses, enhancing the customer experience and supporting the communities it serves. As an SBA Preferred Lender, the Company is participating in the SBA's Paycheck Protection Program for the betterment of its customers and the communities that it serves.

In this Report, the Company has sought to describe the historical and future impact of the COVID-19 pandemic on the Company's assets, business, cash flows, financial condition, liquidity, prospects and results of operations, including the discussions regarding the increases in its provision and allowance for credit losses and the discussion regarding negative pressure to its net interest revenue and net interest margin. Although the Company believes that the statements that pertain to future events, results and trends and their impact on the Company's business are reasonable at the present time, those statements are not historical facts and are based upon current assumptions, expectations, estimates and projections, many of which, by their nature, are beyond the Company's control. Accordingly, all discussions regarding future events, results and trends and their impact on the Company's business, even in the near term, are necessarily uncertain given the fluid and evolving nature of the pandemic.

If the health, logistical or economic effects of the pandemic persist or worsen, or if the assumptions, expectations, estimates or projections that underlie the Company's statements regarding future effects or trends prove to be incorrect, then the Company's actual assets, business, cash flows, financial condition, liquidity, prospects and results of operations and the market prices of the Company's capital stock may be materially and adversely impacted in ways that the Company cannot reasonably forecast. See "Item 1A. Risk Factors" in this Report.

Accordingly, when reading this Report, undue reliance should not be placed upon any statement pertaining to future events, results and trends and their impact on the Company's business in future periods.

Recent Pronouncements

Refer to Note 1 – Summary of Significant Accounting Policies for a discussion of accounting standards currently effective for 2020 and accounting standards that have been issued but are not currently effective. This section is incorporated in this MD&A by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk reflects the risk of economic loss resulting from changes in interest rates and other relevant market prices. This risk of loss can be reflected in either reduced potential net interest revenue in future periods or diminished market values of financial assets.

The Company’s market risk arises primarily from interest rate risk that is inherent in its lending, investment and deposit taking activities. Financial institutions derive their income primarily from the excess of interest collected over interest paid. The rates of interest the Company earns on certain of its assets and owes on certain of its liabilities are established contractually for a period of time. Because market interest rates change over time, the Company is exposed to lower profit margins (or losses) if it cannot adapt to interest rate changes. Several techniques might be used by a financial institution to minimize interest rate risk. One approach used by the Company is to periodically analyze its assets and liabilities and make future financing and investing decisions based on payment streams, interest rates, contractual maturities, repricing opportunities and estimated sensitivity to actual or potential changes in market interest rates. Such activities fall under the broad definition of asset/liability management. The Company’s primary asset/liability management technique is the measurement of its asset/liability gap, that is, the difference between the amounts of interest-sensitive assets and liabilities that will be refinanced (repriced) during a given period. If the asset amount to be repriced exceeds the corresponding liability amount for a certain day, month, year or longer period, the Company is in an asset-sensitive gap position. In this situation, net interest revenue would increase if market interest rates rose or decrease if market interest rates fell. If, alternatively, more liabilities than assets will reprice, the Company is in a liability-sensitive position. Accordingly, net interest revenue would decline when rates rose and increase when rates fell. These examples assume that interest-rate changes for assets and liabilities are of the same magnitude, whereas actual interest-rate changes generally differ in magnitude for assets and liabilities.

Management seeks to manage interest rate risk through the utilization of various tools that include matching repricing periods for new assets and liabilities and managing the composition and size of the investment portfolio so as to reduce the risk in the deposit and loan portfolios, while at the same time maximizing the yield generated from the portfolio.

MSRs are sensitive to changes in interest rates. Changes in the fair value of the Company’s MSRs are generally a result of changes in mortgage interest rates from the previous reporting date. An increase in mortgage interest rates typically results in an increase in the fair value of the MSRs while a decrease in mortgage interest rates typically results in a decrease in the fair value of MSRs. The Company hedges the change in fair value of its MSRs. At December 31, 2020 there was a hedge in place designed to cover approximately 16.7% of the MSR value. The Company is susceptible to significant fluctuations in their value in changing interest rate environments.

The Company enters into interest rate swaps (derivative financial instruments) to meet the financing, interest rate and equity risk management needs of its customers. Upon entering into these instruments to meet customer needs, the Company enters into offsetting positions to minimize interest rate and equity risk to the Company. These instruments are reported at fair value and the value of these positions, which are offsetting, are recorded in other assets and other liabilities on the consolidated balance sheets.

The table below provides information about the Company’s financial instruments that are sensitive to changes in interest rates as of December 31, 2020. The expected maturity categories take into account repricing opportunities as well as contractual maturities. The fair value of loans, deposits and other borrowings are based on the discounted value of expected cash flows using a discount rate that is commensurate with the maturity. The fair value of securities is based on market prices or dealer quotes.

	Principal Amount Maturing/Repricing in:							Fair Value
	2021	2022	2023	2024	2025	Thereafter	Total	December 31, 2020
Rate-sensitive assets:				(Dollars in thousands)				
Fixed interest rate loans and leases	$ 1,415,605	1,350,856	406,018	331,799	337,271	1,878,582	$ 5,720,131	6,922,026
Average interest rate	4.14 %	3.39 %	4.62 %	4.88 %	4.14 %	4.26 %	4.08 %	
Variable interest rate loans and leases	$ 5,472,410	931,473	983,549	957,426	1,202,867	151,699	$ 9,699,424	8,946,041
Average interest rate	5.01 %	4.64 %	4.98 %	5.13 %	4.26 %	4.11 %	4.88 %	
Fixed interest rate securities	$ 1,325,774	1,271,030	1,044,831	200,924	330,332	2,067,006	$ 6,239,897	6,239,897
Average interest rate	2.04 %	1.72 %	1.50 %	1.27 %	1.17 %	1.28 %	1.56 %	
Other interest bearing assets	$ 133,273	—	—	—	—	—	$ 133,273	133,273
Average interest rate	0.25 %	—	—	—	—	—	0.25 %	
Mortgage servicing rights (1)	$ 47,571	—	—	—	—	—	$ 47,571	47,571
Rate-sensitive liabilities:								
Savings and interest bearing checking	$10,976,069	—	—	—	—	—	$10,976,069	10,976,069
Average interest rate	0.37 %	—	—	—	—	—	0.37 %	
Fixed interest rate time deposits	$ 1,644,886	447,212	235,713	128,899	69,243	2,962	$ 2,528,915	2,557,269
Average interest rate	0.95 %	1.64 %	1.88 %	2.39 %	0.84 %	0.53 %	1.23 %	
Fixed interest rate borrowings	—	—	513	—	—	3,889	$ 4,402	5,349
Average interest rate	—	—	5.08	— %	—	4.28 %	4.37 %	
Variable interest rate borrowings	$ 637,715	—	—	297,250	—		$ 934,965	921,786
Average interest rate	1.38 %	—	—	4.13	— %	—	2.25 %	
Rate-sensitive off balance sheet items:								
Commitments to extend credit for single family mortgage loans	$ 406,998	—	—	—	—	—	$ 406,998	16,865
Average interest rate	3.20 %	—	—	—	—	—	3.20 %	
Forward contracts to sell individual fixed rate mortgage loans	$ 618,025	—	—	—	—	—	$ 618,025	285
Average interest rate	2.58 %	—	—	—	—	—	2.58 %	
Interest rate swap position to receive	$ 374,393	—	—	—	—	—	$ 374,393	2,577
Average interest rate	2.49 %	—	—	—	—	—	2.49 %	
Interest rate swap position to pay	$ 374,393	—	—	—	—	—	$ 374,393	(2,885)
Average interest rate	5.12 %	—	—	—	—	—	5.12 %	

(1) MSRs represent a non-financial asset that is rate-sensitive in that its value is dependent upon the underlying mortgage loans being serviced that are rate-sensitive.

For additional information about the Company’s market risk and its strategies for minimizing this risk, see “– Interest Rate Risk Management”, and “– Financial Condition – Securities.”

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

SELECTED QUARTERLY FINANCIAL DATA

Summary of Quarterly Results

	Quarter Ended			
	March 31	June 30	Sept 30	Dec 31
2020	(In thousands, except per share amounts)			
Interest revenue	$ 202,064	$ 197,472	$ 200,670	$ 199,287
Net interest revenue	167,530	170,570	175,931	176,936
Provision for credit losses	46,000	20,000	15,000	5,000
Income before income taxes	30,020	79,324	95,350	82,851
Income tax expense	5,759	18,164	21,525	14,046
Net income	24,261	61,160	73,825	68,805
Earnings per share: Basic	0.21	0.57	0.70	0.65
Diluted	0.21	0.57	0.69	0.65
Dividends per share	0.185	0.185	0.185	0.190
2019				
Interest revenue	$ 181,133	$ 191,063	$ 199,004	$ 203,812
Net interest revenue	152,554	160,017	166,599	170,774
Provision for credit losses	500	500	500	—
Income before income taxes	66,306	68,175	81,917	83,120
Income tax expense	14,708	15,118	18,160	17,271
Net income	51,598	53,057	63,757	65,849
Earnings per share: Basic	0.52	0.53	0.63	0.63
Diluted	0.52	0.53	0.63	0.63
Dividends per share	0.170	0.170	0.185	0.185

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013).

Based on management's assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2020.

The Company's independent registered public accounting firm has issued a report on the effectiveness of the Company's internal control over financial reporting. That report appears on page 81 of this Report.

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors and Audit Committee
BancorpSouth Bank
Tupelo, Mississippi

Opinion on the Internal Control over Financial Reporting

We have audited BancorpSouth Bank's (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework:* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework:* (2013) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company and our report dated February 25, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definitions and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BKD, LLP

Jackson, Mississippi
February 25, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors and Audit Committee
BancorpSouth Bank
Tupelo, Mississippi

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of BancorpSouth Bank (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework:* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated February 25, 2021, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Adoption of New Accounting Standard

As discussed in *Notes 1* and *5* to the financial statements, the Company has changed its method of accounting for allowance for credit losses in 2020 due to the adoption of Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. As discussed below, the allowance for credit losses is considered a critical audit matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses

The Company's loan portfolio totaled $15.0 billion as of December 31, 2020, and the allowance for credit losses on loans was $244.4 million. The Company's unfunded loan commitments totaled $3.7 billion, with an allowance for credit loss of $7.0 million. Together these amounts represent the allowance for credit losses ("ACL").

As more fully described in *Notes 1, 4* and *5* to the Company's consolidated financial statements, the Company estimates its exposure to expected credit loss as of the balance sheet date for existing financial instruments held at amortized cost, and off-balance sheet exposures, such as unfunded loan commitments, letters of credit and other financial guarantees that are not unconditionally cancellable by the Company.

The determination of the ACL requires management to exercise significant judgment and consider numerous subjective factors, including (1) estimates of expected losses that exist in various segments of performing loans and leases over the remaining life of the loan portfolio using a reasonable and supportable economic forecast; (2) specifically identified losses in individually analyzed credits which are collateral dependent; and (3) qualitative factors related to economic conditions, portfolio concentrations, regulatory policy updates, and other relevant factors that address estimates of expected losses not fully addressed based upon management's judgment of portfolio conditions. The Company utilizes credit risk models to estimate the probability of default and loss given default of loans over their remaining life. The probability of default settings in the models incorporate a risk grading process by utilizing pool-specific historical default rates. In addition, the loss given default settings in the models utilize historical losses for different types of collateral on defaulted loans, while giving consideration for the loan-to-value ratio at the time of default. The product of the probability of default and loss given default derives a base expected loss rate for each loan. The base expected loss rate is adjusted by way of econometric models that measure the direction and magnitude of change in expected loss rates given a change in forecasted economic variables.

We identified the valuation of the ACL at December 31, 2020, as well as at the January 1, 2020 adoption date of Topic 326, as a critical audit matter. Auditing the allowance for credit losses involved a high degree of subjectivity in evaluating management's estimates, such as evaluating management's identification of qualitative factors, grouping of loans determined to be similar into pools, estimating the remaining life of loans in a pool, assessment of economic conditions and other environmental factors, evaluating the adequacy of specific allowances associated with individually evaluated loans and assessing the appropriateness of loan risk grades.

The primary procedures we performed at initial adoption of Topic 326 and as of December 31, 2020, to address this critical audit matter included:

- Obtained an understanding of the Company's process for establishing the ACL, including the implementation of models and the qualitative factor adjustments of the ACL;

- Evaluated and tested the design and operating effectiveness of controls, including those related to technology, over the ACL, including:

-
    - Loan data completeness and accuracy,
    - Classifications of loans by loan pool,
    - Model inputs utilized including probability of default, loss given default, remaining life and prepayment speed,
    - Approval of model assumptions selected,
    - Loan credit risk ratings, and
    - Establishment of qualitative adjustments;

- Tested the ACL model's computational accuracy, along with a review of validation procedures over the model;

- Evaluated the qualitative adjustments to the ACL, including assessing the basis for adjustments and the reasonableness of the significant assumptions, including consideration of impact of COVID-19;

- Evaluated credit quality trends in delinquencies, non-accruals, charge-offs and loan risk ratings;

- Tested the internal loan review function and evaluated the reasonableness of loan credit risk ratings;

- Considered the overall reasonableness of the ACL and compared to trends identified within peer groups;

- Evaluated the reasonableness of specific allowances on individually evaluated loans;

- Involved an internal specialist to review the appropriateness of the design and operation of the model;

- Evaluated the accuracy and completeness of Topic 326 disclosures in the consolidated financial statements.

Goodwill Impairment Analysis

The Company's goodwill totaled $852 million at December 31, 2020. As discussed in *Notes 1* and *8* to the consolidated financial statements, goodwill is tested for impairment at the reporting segment level on an annual basis in the fourth quarter, or sooner if a goodwill impairment indicator is identified. Because of the volatile market conditions, during which the Company's market value fell below book value, the Company performed a qualitative assessment each quarter during 2020 and included the use of a third-party valuation specialist during the third quarter of 2020. Based on these assessments, it was determined that the fair value of each of the Company's reporting segments exceeded the carrying value. No goodwill impairment was recorded as a result.

We identified the valuation of goodwill as a critical audit matter due to the subjective nature of the assumptions used to estimate the reporting unit's fair value. The Company's estimate of future cash flows is based on multiple assumptions, such as revenue growth projections and the ability to adhere to anticipated expense levels, as well as the selected discount rate and terminal values. These assumptions are sensitive to changes in future market or economic conditions, including uncertainty resulting from the COVID-19 pandemic.

We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over the Company's goodwill impairment process, including controls over management's review of the significant assumptions described above.

To test the estimated fair value of the Company's reporting units, with the support of our internal valuation specialists, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared the significant assumptions used by management to current industry and economic trends. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate changes in the fair value estimate of the reporting unit resulting from changes in the assumptions. In addition, we tested management's reconciliation of the fair value of the reporting unit to the market capitalization of the Company.

/s/ BKD, LLP

We have served as the Company's auditor since 2019.

Jackson, Mississippi
February 25, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
BancorpSouth Bank:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of income, comprehensive income, shareholders' equity, and cash flows of BancorpSouth Bank and subsidiaries (the Company) for the year ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations of the Company and its cash flows for the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 1973 to 2019.

Jackson, Mississippi
February 28, 2019

Consolidated Balance Sheets
BancorpSouth Bank and Subsidiaries

	December 31, 2020	December 31, 2019
	(Dollars in thousands, except share amounts)	
ASSETS		
Cash and due from banks	$ 284,095	$ 261,773
Interest bearing deposits with other banks	133,273	71,233
Available-for-sale securities, at fair value	6,231,006	4,481,974
Loans and leases	15,039,239	14,107,743
Less: Unearned income	16,760	18,060
Allowance for credit losses	244,422	119,066
Net loans and leases	14,778,057	13,970,617
Loans held for sale, at fair value	397,076	210,361
Premises and equipment, net	508,147	480,901
Accrued interest receivable	106,318	65,173
Goodwill	851,612	825,679
Other identifiable intangibles	55,899	60,008
Bank-owned life insurance	333,264	326,417
Other real estate owned	11,395	6,746
Other assets	391,052	291,694
TOTAL ASSETS	$ 24,081,194	$ 21,052,576
LIABILITIES		
Deposits:		
Demand: Noninterest bearing	$ 6,341,457	$ 4,661,821
Interest bearing	8,524,010	7,176,934
Savings	2,452,059	1,937,985
Other time	2,528,915	2,633,959
Total deposits	19,846,441	16,410,699
Securities sold under agreement to repurchase	637,715	513,422
Federal funds purchased and other short-term borrowings	—	725,000
Accrued interest payable	10,885	15,124
Junior subordinated debt securities	297,250	296,547
Long-term debt	4,402	5,053
Other liabilities	462,024	401,714
TOTAL LIABILITIES	21,258,717	18,367,559
SHAREHOLDERS' EQUITY		
Preferred stock, $0.01 par value per share Authorized and Issued - 6,900,000 shares for both years presented	166,993	167,021
Common stock, $2.50 par value per share Authorized - 500,000,000 shares; Issued - 102,561,480 and 104,522,804 shares, respectively	256,404	261,307
Capital surplus	565,187	605,976
Accumulated other comprehensive income (loss)	11,923	(62,663)
Retained earnings	1,821,970	1,713,376
TOTAL SHAREHOLDERS' EQUITY	2,822,477	2,685,017
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 24,081,194	$ 21,052,576

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income
BancorpSouth Bank and Subsidiaries

	Year Ended December 31,		
	2020	2019	2018
INTEREST REVENUE:	(In thousands, except per share amounts)		
Loans and leases	$ 700,065	$ 697,425	$ 589,238
Deposits with other banks	1,070	6,489	1,695
Federal funds sold, securities purchased under agreement to resell, FHLB and other equity investments	551	2,077	1,056
Available-for-sale securities:			
Taxable	85,466	56,660	46,604
Tax-exempt	3,984	7,160	9,641
Loans held for sale	8,357	5,201	5,259
Total interest revenue	799,493	775,012	653,493
INTEREST EXPENSE:			
Deposits:			
Interest bearing demand	47,692	58,771	29,657
Savings	4,117	5,361	3,705
Other time	38,940	39,380	21,685
Federal funds purchased and securities sold under agreement to repurchase	2,282	7,195	7,873
Short-term and long-term debt	2,430	12,875	15,348
Junior subordinated debt	13,063	1,482	—
Other	2	4	3
Total interest expense	108,526	125,068	78,271
Net interest revenue	690,967	649,944	575,222
Provision for credit losses	86,000	1,500	4,500
Net interest revenue, after provision for credit losses	604,967	648,444	570,722
NONINTEREST REVENUE:			
Mortgage banking	86,253	19,782	23,411
Credit card, debit card and merchant fees	38,247	38,656	39,892
Deposit service charges	37,929	46,015	44,645
Security gains, net	58	174	133
Insurance commissions	125,286	123,291	121,781
Wealth management	26,213	24,809	22,992
Other	22,518	27,954	29,183
Total noninterest revenue	336,504	280,681	282,037
NONINTEREST EXPENSE:			
Salaries and employee benefits	417,809	396,500	364,307
Occupancy, net of rental income	51,655	48,129	45,704
Equipment	18,686	17,712	15,389
Deposit insurance assessments	6,726	9,143	10,309
Pension settlement expense	5,846	—	—
Other	153,204	158,123	151,925
Total noninterest expense	653,926	629,607	587,634
Income before income taxes	287,545	299,518	265,125
Income tax expense	59,494	65,257	43,808
Net income	$ 228,051	$ 234,261	$ 221,317
Less: Preferred dividends	9,488	—	—
Net income available to common shareholders	$ 218,563	$ 234,261	$ 221,317
Earnings per common share: Basic	$ 2.12	$ 2.31	$ 2.24
Diluted	$ 2.12	$ 2.30	$ 2.23

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income
BancorpSouth Bank and Subsidiaries

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Net income	$ 228,051	$ 234,261	$ 221,317
Other comprehensive income (loss), net of tax			
Unrealized gains (losses) on securities	66,148	21,445	(7,274)
Pension and other postretirement benefits	8,438	(3,617)	2,877
Other comprehensive income (loss)	74,586	17,828	(4,397)
Comprehensive income	$ 302,637	$ 252,089	$ 216,920

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity
BancorpSouth Bank
Years Ended December 31, 2020, 2019 and 2018

	Preferred Stock		Common Stock		Capital Surplus	Accumulated Other Comprehensive Loss/Income	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
	(Dollars in thousands, except share amounts)							
Balance, December 31, 2017	—	$ —	90,312,378	$ 225,781	$ 177,624	$ (63,843)	$ 1,373,923	1,713,485
Net income	—	—	—	—	—	—	221,317	221,317
Change in fair value of available-for-sale securities, net of tax effect of ($2,514)	—	—	—	—	—	(7,274)	—	(7,274)
Change in pension funding status, net of tax effect of $956	—	—	—	—	—	2,877	—	2,877
Comprehensive income								216,920
Exercise of stock options	—	—	9,033	23	85	—	—	108
Recognition of stock compensation	—	—	639,043	1,598	10,903	—	—	12,501
Issuance of stock in conjunction with acquisitions	—	—	15,049,412	37,623	474,704	—	—	512,327
Repurchase of stock	—	—	(6,212,595)	(15,532)	(178,834)	—	—	(194,366)
Cumulative effect of change in accounting principles	—	—	—	—	—	(12,251)	18,596	6,345
Cash dividends declared, $0.62 per share	—	—	—	—	—	—	(61,583)	(61,583)
Balance, December 31, 2018	—	$ —	99,797,271	$ 249,493	$ 484,482	$ (80,491)	$ 1,552,253	$ 2,205,737
Net income	—	—	—	—	—	—	234,261	234,261
Change in fair value of available-for-sale securities, net of tax effect of $7,130	—	—	—	—	—	21,445	—	21,445
Change in pension funding status, net of tax effect of ($1,202)	—	—	—	—	—	(3,617)	—	(3,617)
Comprehensive income								252,089
Recognition of stock compensation	—	—	442,176	1,106	14,207	—	—	15,313
Issuance of stock in conjunction with acquisitions	—	—	6,824,576	17,061	172,630	—	—	189,691
Repurchase of stock	—	—	(2,541,219)	(6,353)	(65,343)	—	—	(71,696)
Issuance of preferred stock	6,900,000	167,021	—	—	—	—	—	167,021
Cumulative effect of change in accounting principles	—	—	—	—	—	—	(325)	(325)
Cash dividends declared, $0.71 per share	—	—	—	—	—	—	(72,813)	(72,813)
Balance, December 31, 2019	6,900,000	$ 167,021	104,522,804	$ 261,307	$ 605,976	$ (62,663)	$ 1,713,376	$ 2,685,017
Net income	—	—	—	—	—	—	228,051	228,051
Change in fair value of available-for-sale securities, net of tax effect of $21,989	—	—	—	—	—	66,148	—	66,148
Change in pension funding status, net of tax effect of ($2,805)	—	—	—	—	—	8,438	—	8,438
Comprehensive income								302,637
Recognition of stock compensation	—	—	465,798	1,165	11,655	—	—	12,820
Issuance of stock in conjunction with acquisitions	—	—	1,039,243	2,598	30,045	—	—	32,643
Repurchase of stock	—	—	(3,466,365)	(8,666)	(82,489)	—	—	(91,155)
Issuance of preferred stock	—	(28)						(28)
Cumulative effect of change in accounting principles	—	—	—	—	—	—	(33,500)	(33,500)
Preferred dividends declared, $1.375 per share	—	—	—	—	—	—	(9,488)	(9,488)
Cash dividends declared, $0.745 per share	—	—	—	—	—	—	(76,469)	(76,469)
Balance, December 31, 2020	6,900,000	$ 166,993	102,561,480	$ 256,404	$ 565,187	$ 11,923	$ 1,821,970	$ 2,822,477

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
BancorpSouth Bank and Subsidiaries

	Year Ended December 31,		
	2020	**2019**	**2018**
Operating Activities:		(In thousands)	
Net income	$ 228,051	$ 234,261	$ 221,317
Adjustment to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	86,000	1,500	4,500
Depreciation and amortization	33,769	29,533	27,907
Deferred taxes	(240)	1,502	25,924
Amortization of intangibles	9,605	9,118	6,639
Amortization of debt securities premium and discount, net	20,606	4,068	4,688
Share-based compensation expense	12,820	15,313	12,501
Security gains, net	(58)	(174)	(133)
Net decrease (increase) in deferred loan origination fees	11,138	356	(4,384)
Net (increase) decrease in interest receivable	(39,879)	(4,143)	194
Net (decrease) increase in interest payable	(4,377)	6,050	2,592
Realized gain on mortgages sold	(82,333)	(25,504)	(22,418)
Proceeds from mortgages sold	3,265,771	1,790,093	1,520,348
Origination of mortgages held for sale	(3,249,670)	(1,828,221)	(1,505,371)
Loss on other real estate owned, net	1,120	411	1,731
Increase in bank-owned life insurance	(7,642)	(7,566)	(3,686)
Net (increase) decrease in prepaid pension asset	(49,022)	4,621	(66,316)
Change in payments for operating leases	(10,040)	(9,589)	—
Other, net	923	17,952	(2,662)
Net cash provided by operating activities	226,542	239,581	223,371
Investing Activities:			
Proceeds from calls and maturities of available-for-sale securities	1,263,960	1,002,852	665,268
Proceeds from sales of available-for-sale securities	147,621	119,233	553,016
Purchases of available-for-sale securities	(3,037,984)	(2,590,913)	(579,150)
Decrease in short-term investments	20,000	38,646	57,875
(Increase) decrease in loans and leases	(783,286)	2,360	(243,821)
Purchases of premises and equipment	(55,912)	(54,988)	(39,538)
Proceeds from sale of premises and equipment	2,109	2,949	14,190
Acquisition of insurance agency, net of cash acquired	(4,778)	—	—
Acquisition of businesses, net of cash acquired	6,852	172,612	134,172
Proceeds from sale of other real estate owned	11,225	6,423	10,275
Purchases of bank-owned life insurance, net of proceeds from death benefits	795	5,912	6,326
Other, net	—	—	(1,026)
Net cash (used in) provided by investing activities	(2,429,398)	(1,294,914)	577,587
Financing Activities:			
Net increase (decrease) in deposits	3,065,670	1,016,822	(391,524)
Net decrease in short-term borrowings and other liabilities	(600,929)	(279,025)	(41,751)
Issuance of junior subordinated debt securities	—	296,606	—
Repayment of long-term debt	(392)	(1,067)	(171)
Issuance of preferred stock	(28)	167,021	—
Issuance of common stock	—	—	108
Repurchase of common stock	(91,155)	(71,696)	(194,366)
Payment of cash dividends on common stock	(76,460)	(72,758)	(61,541)
Payment of cash dividends on preferred stock	(9,488)	—	—
Net cash provided by (used in) financing activities	2,287,218	1,055,903	(689,245)
Increase in Cash and Cash Equivalents	84,362	570	111,713
Cash and Cash Equivalents at Beginning of Year	333,006	332,436	220,723
Cash and Cash Equivalents at End of Year	$ 417,368	$ 333,006	$ 332,436

See accompanying notes to consolidated financial statements.

	Year ended December 31		
	2020	2019	2018
Supplemental Cash Flow Information		(In thousands)	
Cash paid during the year for:			
Income tax payments, net	$ 74,721	$ 55,828	$ 4,937
Interest paid	104,288	131,649	81,964
Non-cash Activities			
Transfers of loans to other real estate owned	16,995	5,654	5,292
MSR and hedge fair value adjustment	(12,814)	(14,515)	(1,260)
Financed sales of other real estate owned	—	430	421
Transfers of loans held for sale to loan portfolio	3,059	1,615	438
Long-term to short-term debt reclass, FHLB	—	—	30,000
Stock issued in connection with bank acquisitions	32,643	189,691	512,327
Right-of-use assets obtained in exchange for new operating lease liabilities	(1,407)	71,795	—
Lease liabilities arising from obtaining ROU assets	200	(72,399)	—
Unsettled purchases of securities	(9,347)	(108,906)	—

See accompanying notes to consolidated financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in conformity with U.S. GAAP. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheets and revenues and expenses for the periods reported. Actual results could differ significantly from those estimates. The Company's subsidiaries are engaged in the business of banking, insurance, brokerage and other activities closely related to banking. The Company is subject to the regulations of certain federal and state regulatory agencies and undergo periodic examinations by those regulatory agencies. The following is a summary of the Company's more significant accounting and reporting policies. Certain 2019 and 2018 amounts have been reclassified to conform with the 2020 presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash Flow Statements

Cash equivalents include cash and amounts due from banks, including interest bearing deposits with other banks. The Company paid interest of $104.3 million, $131.6 million and $82.0 million and income taxes of $74.7 million, $55.8 million and $4.9 million for the years ended December 31, 2020, 2019 and 2018, respectively. Loans and leases of $35.9 million, $16.6 million and $13.5 million were charged-off during 2020, 2019 and 2018, respectively. Unsettled purchases of securities were $9.3 million and $108.9 million at December 31, 2020 and 2019, respectively, with no unsettled purchases of securities at December 31, 2018. Loans foreclosed and transferred to OREO were $17.0 million, $5.7 million and $5.3 million during 2020, 2019 and 2018, respectively. Loans to facilitate the sale of other real estate owned were approximately $430,000 and $421,000 for the years ended December 31, 2019 and 2018, respectively, with no loans to facilitate the sale of other real estate owned for the year ended December 31, 2020. The MSR and hedge market value adjustment was $(12.8) million, $(14.5) million and $(1.3) million for the years ended December 31, 2020, 2019 and 2018, respectively.

Securities

Securities are classified as either held-to-maturity, trading or available-for-sale. Held-to-maturity securities are debt securities for which the Company has the ability and management has the intent to hold to maturity. They are reported at amortized cost. Trading securities are debt and equity securities that are bought and held principally for the purpose of selling them in the near term. They are reported at fair value, with unrealized gains and losses included in earnings. Available-for-sale securities are debt and equity securities not classified as either held-to-maturity securities or trading securities. They are reported at fair value, with unrealized gains and losses excluded from earnings and reported, net of tax, as a separate component of shareholders' equity until realized. Gains and losses on securities are determined on the identified certificate basis. Amortization of premium and accretion of discount are computed using the interest method. Premiums are amortized at their earliest call date and discounts are generally amortized to maturity date, except for mortgaged-backed securities where prepayments are anticipated. Equity securities are carried at fair value and are not classified as available-for-sale, held-to-maturity, or trading. At December 31, 2020, the Company did not have any held-to-maturity or trading securities.

The Company evaluates available-for-sale securities in an unrealized loss position to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-related factors or noncredit-related factors. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. Credit-related impairment is recognized as an ACL on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value with a charge to earnings. Both the ACL and the charge to earnings may be reversed if conditions change. However, if the Company intends to sell an impaired available for sale security or will be more likely than not required to sell the security before recovering its amortized cost basis, the entire impairment amount must be recognized as a charge to earnings with a corresponding adjustment to the security's amortized cost basis. Because the security's amortized cost basis is adjusted to fair value, there is no ACL recorded for this security. In evaluating available for sale securities in unrealized loss positions for impairment, management considers the magnitude and duration of the decline, as well as the reasons for the decline, whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, whether the Company would be required to sell the securities before a full recovery of costs and the results of reviews of the issuers' financial condition, among other facts.

Prior to the adoption of ASU 2016-13, securities were evaluated periodically to determine whether a decline in their value was other-than-temporary. The term "other-than-temporary" was not intended to indicate a permanent decline in value.

Rather, it meant that the prospects for near term recovery of value were not necessarily favorable, or that there was a lack of evidence to support fair values equal to, or greater than, the carrying value of the investment. Management reviewed criteria such as the magnitude and duration of the decline, as well as the reasons for the decline, and whether the Company would be required to sell the securities before a full recovery of costs in order to predict whether the loss in value was other-than-temporary. Once a decline in value was determined to be other-than-temporary, the impairment was separated into (a) the amount of the impairment related to the credit loss and (b) the amount of the impairment related to all other factors. The value of the security was reduced by the other-than-temporary impairment with the amount of the impairment related to credit loss recognized as a charge to earnings and the amount of the impairment related to all other factors recognized in other comprehensive income. Also, the security was written to fair value if intent or ability was not to hold for recovery.

Securities Purchased and Sold Under Agreements to Resell or Repurchase

Securities purchased under agreements to resell are accounted for as short-term investments and securities sold under agreements to repurchase are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. The securities pledged as collateral are generally U.S. government and federal agency securities.

Loans and Leases and Related Provision and Allowance for Credit Losses

Loans and leases are recorded at the face amount of the notes reduced by collections of principal. Loans and leases include net unamortized deferred origination costs and fees. Net deferred origination costs and fees are recognized as a component of income using the effective interest method. In the event of a loan pay-off, the remaining net deferred origination costs and fees are automatically recognized into income and/or expense. Where doubt exists as to the collectability of the loans and leases, interest income is recorded as payment is received. Interest is recorded monthly as earned on all other loans.

Loans of $500,000 or more that are identified as collateral-dependent are reviewed by the Impairment Group which approves the amount of specific reserve, if any, and/or charge-off amounts. The evaluation of real estate loans generally focuses on the fair value of underlying collateral less estimated costs to sell obtained from appraisals, as the repayment of these loans may be dependent on the liquidation of the collateral. In certain circumstances, other information such as comparable sales data is deemed to be a more reliable indicator of fair value of the underlying collateral than the most recent appraisal. In these instances, such information is used in determining the specific provision recorded for the loan. For commercial and industrial loans, the evaluation generally focuses on these considerations, as well as the projected liquidation of any pledged collateral. The Impairment Group reviews the results of each evaluation and approves the final specific provision amounts, which are then included in the analysis of the adequacy of the allowance for credit losses in accordance with FASB ASC 326. These loans are internally classified as impaired.

A new appraisal is generally ordered for loans $500,000 or greater that have characteristics of potential specific provision, such as delinquency or other loan-specific factors identified by management, when a current appraisal (dated within the prior 12 months) is not available or when a current appraisal uses assumptions that are not consistent with the expected disposition of the loan collateral. In order to measure specific provision properly at the time that a loan is reviewed, a bank officer may estimate the collateral fair value based upon earlier appraisals received from outside appraisers, sales contracts, approved foreclosure bids, comparable sales, officer estimates or current market conditions until a new appraisal is received. This estimate can be used to determine the extent of the specific provision on the loan. After a loan is determined to be collateral-dependent, it is management's policy to obtain an updated appraisal on at least an annual basis. Management performs a review of the pertinent facts and circumstances of each collateral-dependent loan, such as changes in outstanding balances, information received from loan officers and receipt of re-appraisals, at least quarterly. As of each review date, management considers whether additional provision and/or charge-offs should be recorded based on recent activity related to the loan-specific collateral as well as other relevant comparable assets. Any adjustment to reflect further exposure, either as a result of management's periodic review or as a result of an updated appraisal, are made through recording additional ACL provisions and/or charge-offs.

At December 31, 2020, loans with an internally assigned grade of impaired, irrespective of TDR status, totaled $29.5 million, which was net of cumulative charge-offs of $4.1 million. Additionally, the Company had specific reserves of $0.8 million included in the allowance for credit losses. Impaired loans at December 31, 2020 were primarily from the Company's commercial and industrial-owner occupied and commercial real estate portfolios. Impaired loan charge-offs are determined necessary when management determines that the amount is not likely to be collected.

When a guarantor is relied upon as a source of repayment, the Company analyzes the strength of the guaranty. This analysis varies based on circumstances, but may include a review of the guarantor's personal and business financial statements and credit history, a review of the guarantor's tax returns and the preparation of a cash flow analysis of the guarantor. Management will continue to update its analysis on individual guarantors as circumstances change.

The Company's policy provides that loans and leases are generally placed in non-accrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless the loan or lease is both well-secured and in the process of collection. Once placed in non-accrual status, all accrued but uncollected interest related to the current fiscal year is reversed against the appropriate interest and fee income on loans and leases account with any accrued but uncollected interest related to prior fiscal years reversed against the allowance for credit losses account.

In the normal course of business, management may grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria set out in FASB ASC 310 are identified as TDRs. The concessions granted most frequently for TDRs involve reductions or delays in required payments of principal and interest for a specified period or the rescheduling of payments in accordance with a bankruptcy plan. In most cases, the conditions of the credit also warrant nonaccrual status, even after the restructure occurs. Other conditions that warrant a loan being considered a TDR include reductions in interest rates to below market rates due to bankruptcy plans or by the bank in an attempt to assist the borrower in working through liquidity problems. As part of the credit approval process, the restructured loans are evaluated for adequate collateral protection in determining the appropriate accrual status at the time of restructure. TDRs recorded as nonaccrual loans may generally be returned to accrual status in years after the restructure if there has been at least a six-month period of sustained repayment performance by the borrower in accordance with the terms of the restructured loan. During 2020, the most common concessions that were granted involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan. In keeping with regulatory guidance to work with borrowers during this unprecedented situation and as outlined in the CARES Act, the Company implemented a payment deferral program for its customers that are affected by the pandemic. The Company offered 90 day payment deferrals or interest-only terms on loans that are less than 30 days past due and in compliance with all borrowing covenants. In accordance with interagency guidance issued in March 2020 and the CARES Act, these short term deferrals and modification are not considered TDRs.

In the normal course of business, the Company assumes risks in extending credit. The Company manages these risks through underwriting in accordance with its lending policies, loan review procedures and the diversification of its loan and lease portfolio. Although it is not possible to predict credit losses with certainty, management regularly reviews the characteristics of the loan and lease portfolio to determine its overall risk profile and quality.

The provision for credit losses is the periodic cost (or credit) of providing an allowance or reserve for expected losses on loans and leases. The Board of Directors has appointed a Credit Committee, composed of senior management and lending administration staff which meets on a quarterly basis or more frequently if required to review the recommendations of several internal working groups developed for specific purposes including the allowance for credit losses, specific provision amounts, and charge-offs. The allowance for credit losses group (“ACL group”) bases its estimates of credit losses on three primary components: (1) estimates of expected losses that exist in various segments of performing loans and leases over the remaining life of the loan portfolio using a reasonable and supportable economic forecast; (2) specifically identified losses in individually analyzed credits which are collateral dependent; and (3) qualitative factors related to economic conditions, portfolio concentrations, regulatory policy updates, and other relevant factors that address estimates of expected losses not fully addressed based upon management’s judgment of portfolio conditions. The Company utilizes credit risk models to estimate the probability of default and loss given default of loans over their remaining life. The probability of default settings in the models incorporate a risk grading process by utilizing pool-specific historical default rates. In addition, the loss given default settings in the models utilize historical losses for different types of collateral on defaulted loans while giving consideration for the loan-to-value at the time of default. The product of the probability of default and loss given default derives a base expected loss rate for each loan. The base expected loss rate is adjusted by way of econometric models that measure the direction and magnitude of change in expected loss rates given a change in forecasted economic variables. The aforementioned credit risk models and econometric models were developed and are recalibrated upon the basis of historical experience. Credit factors such as financial condition of the borrower and guarantor, recent credit performance, delinquency, liquidity, cash flows, collateral type and value are used by the models to assess credit risk. Estimates of expected losses are influenced by the historical net losses experienced by the Company for loans and leases of comparable creditworthiness and structure. Specific loss assessments are performed for loans and leases based upon the collateral protection. The Company’s reasonable and supportable economic forecast is utilized to estimate credit losses over a two-year time horizon before reverting back to longer term historical loss experience. The Company subscribes to various economic services and publications to assist with the development of inputs used in the modeling and qualitative framework for the ACL calculation. The economic forecast considers changes in real gross domestic product, nominal disposable income, unemployment rate, equity valuations and related volatility, valuations for residential and commercial real estate, and other indicators that may be correlated with the Company’s expected credit losses. With the exception of estimating losses for TDRs, the Company does not incorporate discounted cash flow into loss estimates for loans. The Company excludes accrued interest from interest income when it is determined that it is probable that all contractual principal and interest will not be collected for loans. For loans with available commitments that are not unconditionally cancellable, expected losses were calculated by applying comparable loss rates on funded loans to the unfunded commitment balances. In addition, the weighted average maturity and relatively stable line utilization were considered when estimating losses on unfunded commitments.

Attention is paid to the quality of the loan and lease portfolio through a formal loan review process. An independent loan review department of the Company is responsible for reviewing the credit rating and classification of individual credits and assessing trends in the portfolio, adherence to internal credit policies and procedures and other factors that may affect the overall adequacy of the allowance for credit losses. The ACL group is responsible for ensuring that the allowance for credit losses provides adequate coverage of expected losses. The ACL group meets at least quarterly to determine the amount of adjustments to the allowance for credit losses. The ACL group is composed of senior management from the Company's lending administration, risk, and finance departments. The Impairment Group is responsible for evaluating individual loans that have been specifically identified through various channels, including examination of the Company's watch list, past due listings, and loan officer assessments. For all loans identified, an analysis is prepared to determine if the loan is collateral dependent and the extent of any loss exposure to be reviewed by the Impairment Group. The Impairment Group reviews all loans restructured in a TDR if the loan is $500,000 or greater to determine if it is probable that the Company will be unable to collect the contractual principal and interest on the loan. An evaluation of the circumstances surrounding the loan is performed in order to determine whether the loan was collateral-dependent. The fair value of the underlying collateral is considered if the loan is collateral-dependent. The Impairment Group meets at least quarterly. The Impairment Group is made up of senior management from the Company's lending administration, risk, and finance departments.

If financial concessions are granted to a borrower as a result of financial difficulties, the loan is classified as a TDR, with the amount of provision determined by estimating the net present value of future cash flows for TDRs that are not deemed to be collateral-dependent. TDRs are reserved in accordance with FASB ASC 326. Should the borrower's financial condition, collateral protection or performance deteriorate, warranting reassessment of the loan rating or specific provision, additional reserves and/or charge-offs may be required.

Any loan or portion thereof which is classified as "loss" or which is determined by management to be uncollectible, because of factors such as the borrower's failure to pay interest or principal, the borrower's financial condition, economic conditions in the borrower's industry or the inadequacy of underlying collateral, is charged off.

For all loans determined to be collateral-dependent and all loans restructured in a TDR, an evaluation of the circumstances surrounding the loan is performed in order to determine if and in what amount the Bank expects to encounter a loss. For loans which are collateral-dependent, a reserve will be established to cover the difference between the loan balance and the fair value of the collateral less costs to sell or that difference may be charged off. Large groups of smaller balance homogenous loans that are collectively evaluated for specific provision are excluded from review by the Impairment Group.

Prior to the adoption of ASU 2016-13, the allowance for credit losses on loans was established to reserve for estimated probable losses on loans and leases. The allowance for credit losses included calculations in accordance with ASC Topic 310, 'Receivables" and allowance allocations calculated in accordance with ASC Topic 450, "Contingencies."

Loans Held for Sale

The fair value of loans held for sale is based on commitments outstanding from investors as well as what secondary markets are currently offering for portfolios with similar characteristics. The Company has elected to carry loans held for sale at fair value. Loans held for sale are subjected to recurring fair value adjustments. Loan sales are recognized when the transaction closes, the proceeds are collected, ownership is transferred and, through the sales agreement, continuing involvement consists of the right to service the loan for a fee for the life of the loan, if applicable. Gains and losses on the sale of loans held for sale are recorded as part of mortgage banking revenue on the consolidated statement of income.

In the course of conducting the Company's mortgage banking activities of originating mortgage loans and selling those loans in the secondary market, various representations and warranties are made to the purchasers of the mortgage loans. Every loan closed by the Company's mortgage center is run through a government agency automated underwriting system. Any exceptions noted during this process are remedied prior to sale. These representations and warranties also apply to underwriting the real estate appraisal opinion of value for the collateral securing these loans. Under the representations and warranties, failure by the Company to comply with the underwriting and/or appraisal standards could result in the Company being required to repurchase the mortgage loan or to reimburse the investor for losses incurred (i.e., make whole requests) if such failure cannot be cured by the Company within the specified period following discovery. During 2020, 15 mortgage loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests. Losses of approximately $31,000 were recognized related to these repurchased and make whole loans. During 2019, 29 loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests. Losses of approximately $705,000 were recognized related to these repurchased and make whole loans. During 2018, 21 mortgage loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests. Losses of approximately $464,000 were recognized related to these repurchased and make whole loans. At December 31, 2020, the Company had reserved $1.4 million for probable losses from representation and warranty obligations.

Government National Mortgage Association ("GNMA") optional repurchase programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase such a delinquent loan for an amount equal to 100% of the remaining principal balance of the loan. Under FASB ASC 860, this buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When the Company is deemed to have regained effective control over these loans under the unconditional buy-back option, the loans can no longer be reported as sold and must be brought back onto the consolidated balance sheet as loans held for sale, regardless of whether the Company intends to exercise the buy-back option. These loans are reported as held for sale in accordance with U.S. GAAP with the offsetting liability being reported as other liabilities. At December 31, 2020, the amount of loans subject to buy back was $148.2 million.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization, computed using straight-line methods, are charged to expense over the shorter of the lease term or the estimated useful lives of the assets. Costs of major additions and improvements are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred.

Other Real Estate Owned

Real estate acquired through foreclosure, consisting of properties obtained through foreclosure proceedings or acceptance of a deed in lieu of foreclosure, is reported on an individual asset basis at the lower of cost or fair value, less estimated selling costs. Fair value is determined on the basis of current appraisals, comparable sales and other estimates of value obtained principally from independent sources. Any excess of the loan balance at the time of foreclosure over the fair value of the real estate, less costs to sell, held as collateral is charged to the allowance for credit losses. Based upon management's evaluation of the real estate acquired through foreclosure, additional expense may be recorded and included in other noninterest expense when necessary in an amount sufficient to reflect any declines in estimated fair value. Gains and losses realized on the disposition of the properties are included in other noninterest expense.

Goodwill and Other Intangible Assets

Goodwill represents costs in excess of the fair value of net assets acquired in connection with purchase business combinations. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of FASB ASC 350, Intangibles – Goodwill and Other. Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with FASB ASC 360, Property, Plant and Equipment. Goodwill and other intangible assets are reviewed annually within the fourth quarter for possible impairment, or sooner if a goodwill impairment indicator is identified. If impaired, the asset is written down to its estimated fair value. No impairment charges have been recognized through December 31, 2020. See Note 8, Goodwill and Other Intangible Assets, for additional information.

Mortgage Servicing Rights

The Company recognizes as assets the rights to service mortgage loans for others, known as MSRs. The Company records MSRs at fair value for all loans sold on a servicing retained basis with subsequent adjustments to fair value of MSRs in accordance with FASB ASC 860. An estimate of the fair value of the Company's MSRs is determined utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSRs is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could also produce different fair values. The Company hedges the fair value of MSRs. At December 31, 2020 there was a hedge in place designed to cover approximately 16.7% of the MSR value. The Company is susceptible to fluctuations in their value in changing interest rate environments. MSRs are included in the other assets category of the consolidated balance sheet. Changes in the fair value of MSRs are recorded as part of mortgage banking noninterest revenue on the consolidated statement of income.

Pension and Postretirement Benefits Accounting

The Company accounts for its defined benefit pension plans using an actuarial model as required by FASB ASC 715. This model uses an approach that allocates pension costs over the service period of employees in the plan. The Company also accounts for its other postretirement benefits using the requirements of FASB ASC 715. FASB ASC 715 requires the Company to recognize net periodic postretirement benefit costs as employees render the services necessary to earn their postretirement benefits. The principle underlying the accounting as required by FASB ASC 715 is that employees render service ratably over the service period and, therefore, the income statement effects of the Company's defined benefit pension and postretirement benefit plans should follow the same pattern. The Company accounts for the over-funded or under-funded status of its defined benefit and other postretirement plans as an asset or liability in its consolidated balance sheets.

The discount rate is the rate used to determine the present value of the Company's future benefit obligations for its pension and other postretirement benefit plans. The Company determines the discount rate to be used to discount plan liabilities at the measurement date with the assistance of its actuary using the actuary's proprietary model. The Company developed a level equivalent yield using its actuary's model as of December 31, 2020 and the expected cash flows from the BancorpSouth Bank Retirement Plan (the "Basic Plan"), the BancorpSouth Bank Restoration Plan (the "Restoration Plan") and the BancorpSouth Bank Supplemental Executive Retirement Plan (the "Supplemental Plan"). Based on this analysis, the Company established its discount rate assumptions for determination of the projected benefit obligation at 2.26% for the Basic Plan, 2.32% for the Restoration Plan and 1.67% for the Supplemental Plan based on a December 31, 2020 measurement date.

Stock-Based Compensation

At December 31, 2020, the Company had three stock-based employee compensation plans. The Company recognizes compensation costs related to these stock-based employee compensation plans in accordance with FASB ASC 718, Compensation – Stock Compensation ("FASB ASC 718"). See Note 15, Stock Incentive and Stock Option Plans, for further disclosures regarding stock-based compensation.

Derivative Instruments

The derivative instruments held by the Company include commitments to fund fixed-rate mortgage loans to customers and forward commitments to sell individual, fixed-rate mortgage loans. The Company's objective in obtaining the forward commitments is to mitigate the interest rate risk associated with the commitments to fund the fixed-rate mortgage loans. Both the commitments to fund fixed-rate mortgage loans and the forward commitments to sell individual fixed-rate mortgage loans are reported at fair value, with adjustments being recorded in current period earnings, and are not accounted for as hedges.

The Company also enters into derivative financial instruments to meet the financing, interest rate and equity risk management needs of its customers. Upon entering into these instruments to meet customer needs, the Company enters into offsetting positions to minimize interest rate and equity risk to the Company. These derivative financial instruments are reported at fair value with any resulting gain or loss recorded in current period earnings. These instruments and their offsetting positions are recorded in other assets and other liabilities on the consolidated balance sheets. As of December 31, 2020, the notional amount of customer related derivative financial instruments was $374.4 million with an average maturity of 28.4 months, an average interest receive rate of 2.5% and an average interest pay rate of 5.1%.

Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU 2018-02, "*Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income."* This ASU allows a reclassification from accumulated other comprehensive income to retained earnings for certain income tax effects stranded in AOCI as a result of the Tax Act. Consequently, the reclassification eliminates the stranded tax effects resulting from the Tax Act and is intended to improve the usefulness of information reported to financial statement users. However, because the ASU only relates to the reclassification of the income tax effects of the Tax Act, the underlying guidance that requires the effect of a change in tax laws or rates to be included in income is not affected. ASU No. 2018-02 was effective for the Company's reporting period beginning on January 1, 2019; early adoption was permitted. The Company elected to early adopt ASU No. 2018-02 during the first quarter of 2018, and elected to reclassify the income tax effects of the Tax Act from AOCI to retained earnings. The reclassification decreased AOCI and increased retained earnings by $12.3 million, with zero net effect on total shareholders' equity.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Deferred tax assets and liabilities are included in the other assets and other liabilities category of the consolidated balance sheet as applicable.

Recent Pronouncements

Revenue

In May 2014, the FASB issued 2014-09, *Revenue from Contracts with Customers*, an ASU regarding accounting for revenue from contracts with customers. This ASU implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i)identify the contract(s)with a customer, (ii)identify the performance obligations in the contract, (iii)determine the transaction price, (iv)allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 was originally going to be effective on January 1, 2017; however, the FASB issued *ASU 2015-14, "Revenue from Contracts with Customers (Topic 606)–Deferral of the Effective Date"* which deferred the effective date of ASU 2014-09 by one year to January 1, 2018. The Company's revenues are primarily comprised of net interest income of financial assets and financial liabilities, which are explicitly excluded from the scope of the new standard and noninterest revenue. The Company has changed how it recognizes certain components of noninterest revenue; however, these changes did not have a significant impact on our financial statements. The Company adopted the standard in the first quarter of 2018 using the modified retrospective method with a cumulative effect adjustment to opening retained earnings. Although the implementation of the above guidance does not have a significant impact on the measurement or recognition of revenue of prior periods, additional disclosures regarding timing and nature of our revenue practices are discussed in more detail below.

On January 1, 2018, the Company adopted ASU No. 2014-09 "*Revenue from Contracts with Customers*" (Topic 606) and all subsequent ASUs that modified Topic 606. The implementation was accomplished through a cumulative effect adjustment to opening retained earnings. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts were not adjusted.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. In addition, certain noninterest income streams such as fees associated with mortgage servicing rights, financial guarantees, derivatives, and certain credit card fees are also not in scope of the new guidance. Topic 606 is applicable to noninterest revenue streams such as trust and asset management income, deposit related fees, interchange fees and insurance commissions. However, the recognition of these revenue streams did not change significantly upon adoption of Topic 606. Noninterest revenue streams in-scope of Topic 606 are discussed below:

Asset management fees: Asset management fees represent fees on trust funds which are charged using a nominal rate in accordance with the Company's published fee schedules based on the average daily balance of a customer's account. The Company does not earn performance-based incentives. The Company's performance obligation for these fees is satisfied, and related revenue recognized, when services are rendered.

Trust fee arrangements: Fee arrangements represent fees on trust funds and can be variable based on the Company's responsibility ranging from 10 basis points for general custodial services to 125 basis points for full management of the fund. Revenue is collected monthly. The Company's performance obligation for these fees is satisfied, and related revenue recognized, when services are rendered.

Advisory fees for brokerage services: Advisory fees for brokerage services are collected monthly through a third party vendor at a predetermined rate in the contract. Revenue for such performance obligations are recognized at the time the performance obligations are satisfied.

Service charges on deposit accounts: Service charges on deposit accounts mostly consist of wire fees, ATM fees or overdraft fees. The Company's performance obligation for these fees is satisfied and related revenue recognized, when the service is rendered.

Fees and other service charges: Fees and other service charges primarily consist of debit and credit card income, merchant services and other service fees. These fees are earned at a point in time as the Company's performance obligation for service charges are satisfied, and related revenue recognized, when the services are rendered.

Insurance commissions: Insurance commissions consists of several types of insurance revenue related to insurance policy sales including direct bill commissions, agency commissions, installment and agency fee income, and contingency income. The Company acts as an intermediary between the Company's customer and the insurance carrier. For agency commissions, the Company's performance obligation is satisfied upon the issuance of the insurance policy, and therefore the Company recognizes the revenue at the time of policy issuance. For direct bill commissions, the carrier remits the commission payment to the Company according to the policy statement and the Company recognizes revenue monthly as the performance obligation is satisfied and no significant material reversal of revenue based on policy cancellations are anticipated. Installment and agency fee income is for revenue billed on a more frequent basis than annually. Prior to adoption of Topic 606, the income was recognized as it was billed. Under the new standard and, because it was determined that there is no additional performance obligation after the effective date of the policy, the Company recorded a cumulative adjustment of $2.0 million, net of tax, to retained earnings as of January 1, 2018 to reflect the revenue earned, under this new standard, prior to January 1, 2018 and not yet collected. Contingency income is additional revenue based on insurance carriers' profitability, loss ratios and production growth as determined by the insurance carriers. These fees are typically collected in the first quarter of the subsequent year following the calendar year of service. Under the old method, these were recognized when received. Under Topic 606, these are recognized during the calendar year of service. Due to the volatility of the income, significant judgement is required to estimate revenue. The Company considers several quantitative factors deemed by management to be appropriate for the estimate and it is periodically reviewed for any changes throughout the year to adjust revenue recognized for contingency income. Topic 606 requires that even with variable consideration, an estimate of revenue should be recorded at the time that the performance obligation is completed. Due to this change, a cumulative adjustment of $4.3 million, net of tax, was made as of January 1, 2018 to retained earnings to reflect the contingency income earned in 2017 that was expected to be received in 2018.

The following table shows opening balance adjustments after applying Topic 606 as of January 1, 2018:

Cumulative Adjustments to Account Balances as of January 1:	Dollar Value Adjustment
	(in thousands)
Other Assets*	$ 6,339
Retained earnings	6,339

*Cumulative adjustments to other assets include ($2.2 million) for related deferred taxes and $8.5 million for accounts receivable

The Company applied Topic 606 using the cumulative effect method by recognizing the cumulative effect of initially applying Topic 606 as an adjustment to the opening balance of equity at January 1, 2018. The details of the changes and quantitative impact are below:

	As of December 31, 2018		
Consolidated Balance Sheet:	As reported	Adjustment	Balances without adoption of Topic 606
		(in thousands)	
Other Assets*	$ 304,408	$ (7,128)	$ 297,280
Retained earnings	1,552,253	(7,128)	1,545,125

*Changes to other assets include approximately $88,000 for income tax payable, $2.2 million for related deferred taxes and ($9.4 million) for other accounts receivable

	For the year ended December 31, 2018		
Consolidated Statement of income:	As reported	Adjustment	Balances without adoption of Topic 606
		(in thousands)	
Net interest revenue, after provision	$ 570,722	$ —	$ 570,722
Insurance commissions	121,781	(352)	121,429
Other noninterest revenue	160,256	—	160,256
Total noninterest revenue	282,037	(352)	281,685
Total noninterest expense	587,634	—	587,634
Income before income taxes	$ 265,125	$ (352)	$ 264,773
Income tax expense	43,808	(88)	43,720
Net income	$ 221,317	$ (264)	$ 221,053

Leases

In February 2016, the FASB established *Topic 842, Leases*, by issuing ASU No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842*, Leases; and ASU No. 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard was effective for us on January 1, 2019, with early adoption permitted. We adopted the new standard on its effective date. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. We adopted the new standard on January 1, 2019 and used the effective date as our date of initial application. Consequently, financial information have not been updated and the disclosures required under the new standard have not been provided for dates and periods before January 1, 2019. The new standard provides a number of optional practical expedients in transition. We elected the 'package of practical expedients', which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us. The Company leases certain properties and equipment under operating leases. For leases in effect upon adoption of this standard at January 1, 2019 and for any leases commencing thereafter, the Company recognizes a liability based on future lease payments, called the lease liability, and recognizes the right of use of the underlying asset for the lease term, called the right-of-use asset. The lease liability is measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate. On January 1, 2019, the adoption of this standard resulted in recognition of a lease liability of $65.4 million and the recognition of a ROU asset of $65.0 million. The lease liability is reflected in other liabilities while the ROU asset is reflected with premises and equipment. The Company has no finance leases. We elected the short-term lease recognition exemption for our leases that qualify. This means, for those leases that qualify, we did not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. We also elected the practical expedient to not separate lease and non-lease components for all of our leases.

The ROU asset is measured at the amount of the lease liability adjusted for any unamortized initial direct costs, and any impairment of the ROU asset. Certain of the Company's leases contain options to renew the lease therefore these renewal options are included in the calculation of the lease liability as they are reasonably certain to be exercised. The Company's leases do not contain residual value guarantees or material variable lease payments. The Company does not have any material restrictions or covenants imposed by leases that would impact the Company's ability to pay dividends or cause the Company to incur additional financial obligations.

In determining whether a contract contains a lease, the Company examines the contract to ensure an asset was specifically identified and that the Company has control of use over the asset. The discount rate used in determining the lease liability and related right of use asset is based upon what would be obtained by the Company for similar loans as an incremental rate as of the date of origination or renewal.

The Company adopted ASU No. 2016-02 using a modified retrospective transition adoption at January 1, 2019 as noted above. As required, the following disclosure is provided for periods prior to adoption. Minimum lease commitments as of December 31, 2018 that have initial or remaining lease terms in excess of one year are as follows:

	Amount (In thousands)
2019	$ 8,666
2020	7,237
2021	6,830
2022	5,704
2023	2,558
Thereafter	5,102
Total future minimum lease payments	$ 36,097

Leases for which the Company is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately. The remaining lease periods vary from one month to five years and the contractual maturities of gross lease receivables were not material to the financial position of our Company. See Note 23 – Commitments and Contingent Liabilities for additional required disclosures under ASU No. 2016-02.

Accounting Standards currently effective for 2020:

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments—Credit Losses, an ASU regarding credit losses on financial instruments. This ASU provides financial statement users with more information regarding the expected credit losses on financial instruments and other commitments to extend credit at each reporting date than the incurred loss impairment method. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses which provides additional guidance to the previous ASU. This ASU and its update became effective for interim and annual periods beginning on or after December 15, 2019. ASU No. 2016-13 calls for the ACL to be based upon a reasonably supportable economic forecast of credit losses over the life of the loans in the portfolio. A cross-functional working group was designated and comprised of individuals from areas including credit, finance, and risk to implement the changes resulting from this ASU. The Company has evaluated the impact of ASU No. 2016-13 upon our financial statements, resulting in an increase of $62.6 million, to the ACL upon adoption, effective January 1, 2020. The increase in the Allowance for Credit Losses at adoption was based upon the composition of the loan portfolio and an economic forecast covering a two-year time horizon. Subsequent to the two-year forecast period, the Company reverts to longer term historical loss experience, adjusted for prepayments, to estimate losses over the remaining life of the loan portfolio. The increase in ACL upon adoption included $22.6 million, from a reduction in non-accretable difference for previously purchased credit impaired loans, known as the gross-up for loans meeting this criterion at adoption. This adjustment for purchased credit impaired loans had a neutral impact upon the Company's Tier 1 Capital. The remaining increase in Allowance for Credit Losses of $40.0 million, of the total increase, was attributed to: (1) the requirement of estimating credit losses over the life of the loan portfolio, which is longer than the Company's loss emergence period previously used in the incurred loss impairment method; and (2) the establishment of an allowance for acquired assets that had not experienced credit deterioration since acquisition. No allowance was recorded as a result of this ASU as applied to the Company's investment portfolio, given that our investments are Available-for-Sale and primarily consist of agency-backed securities that are assumed to have an immaterial risk of loss. For loans with available commitments that are not unconditionally cancellable, expected losses were calculated by applying comparable loss rates on funded loans to the unfunded commitment balances. In addition, the weighted average maturity and relatively stable line utilization were considered when estimating losses on unfunded commitments. At December 31, 2020, the allowance for credit losses related to unfunded commitments was $7.0 million and classified on the balance sheet in other liabilities.

The Company adopted ASU No. 2016-13 using the prospective transition approach for PCD financial assets, which were previously classified as PCI and accounted for under ASC 310-30. In accordance with the standard, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On January 1, 2020, the amortized cost basis of the PCD assets were adjusted to reflect the addition of $22.6 million in the allowance of credit losses. The yield component of the remaining fair value adjustment will be accreted into interest income over the remaining life of the asset as of January 1, 2020. Please see Note 4 – Loans and Leases and Note 5 – Allowance for Credit Losses for additional required disclosures under ASU No. 2016-13.

The following table illustrates the impact of ASC 326.

Cumulative Adjustments to Account Balances as of January 1:	Dollar Value Adjustment
	(in thousands)
Loans and leases	22,634
Allowance for credit losses	62,634
Other assets	10,500
Other liabilities	4,000
Retained earnings	(33,500)

In January 2017, the FASB issued No. ASU 2017-04, *Intangibles—Goodwill and Other*, regarding how goodwill is tested annually. This ASU simplifies the measurement of goodwill which will reduce cost and complexity of the evaluation process. This ASU became effective beginning after December 15, 2019. The adoption of this ASU did not have a significant impact on the financial position and results of operations of the Company.

In August 2018, the FASB issued No. ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes in the Disclosure Requirements for Fair Value Measurement*, to amend changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used in Level 3 fair value measurements and the narrative description of measurement uncertainty. This ASU became effective for interim and annual periods after December 15, 2019. The adoption of this ASU did not have a significant impact on our financial position or results of operations of the Company.

In August 2018, the FASB issued No. ASU 2018-15, *Intangibles—Goodwill and Other-Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. This ASU became effective for interim and annual periods after December 15, 2019. The adoption of this ASU did not have a significant impact on our financial position or results of operations of the Company.

Accounting Changes Issued but Not Currently Effective:

In August 2018, the FASB issued No. ASU 2018-12 *Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. This ASU is effective for interim and annual periods after December 15, 2020. The adoption of this ASU is not expected to have a significant impact on our financial position or results of operations of the Company.

In August 2018, the FASB issued No. ASU 2018-14 *Compensation – Retirement Benefits – Defined Benefit Plans–General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. This ASU is effective for interim and annual periods after December 15, 2020. This ASU modifies certain disclosures related to defined benefit plans. The adoption of this ASU impacts disclosures only and is not expected to have a significant impact on our financial position or results of operations of the Company.

In December 2019, the FASB issued No. ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This ASU is effective for interim and annual periods beginning after December 15, 2020. The adoption of this ASU is not expected to have a significant impact on the financial position or results of operations of the Company.

In January 2020, the FASB issued No. ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. This ASU is effective for interim and annual periods beginning after December 15, 2020. The adoption of this ASU is not expected to have a significant impact on the financial position or results of operations of the Company.

In March 2020, the FASB issued No. ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU is effective as of March 12, 2020 through December 31, 2022. The adoption of this ASU is not expected to have a significant impact on the financial position or results of operations of the Company.

(2) BUSINESS COMBINATIONS

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 merged with and into the Company. Grand Bank operated four full-service banking offices in the cities of Dallas, Grand Prairie, Horseshoe Bay and Marble Falls, all in Texas. Under the terms of the definitive merger agreement, the Company issued approximately 1,275,000 shares of the Company’s common stock, plus $14.6 million in cash for all outstanding shares of Grand Bank’s capital stock. The terms of the same definitive merger agreement provided for other options to pay the cash consideration, such as a dividend to shareholders, prior to closing in lieu of receiving the cash consideration from the Company. As of December 31, 2020, total goodwill related to the Grand Bank acquisition was $20.1 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $8.8 million of core deposit intangibles in conjunction with this acquisition. This acquisition was not considered significant to the Company’s consolidated financial statements and, therefore, pro forma data and related disclosures are not included.

The following table presents the amounts recorded on the consolidated balance sheets on the acquisition date of April 1, 2019 for Grand Bank, showing the fair value as adjusted during the measurement period (in thousands):

Assets:	
Cash and due from banks	$ 59,928
Interest bearing deposits with other banks	1,478
Federal funds sold	6,946
Loans and leases	257,687
Premises and equipment	7,806
Accrued interest receivable	818
Other identifiable intangibles	8,755
Other real estate owned	1,497
Other assets	2,539
Total Assets	$ 347,454
Liabilities assumed:	
Deposits	$ 323,462
Accrued interest payable	87
Other liabilities	1,896
Total liabilities	$ 325,445
Net assets acquired	$ 22,009
Consideration Paid:	
Market value of common stock	(35,980)
Total cash paid	(6,128)
Total fair value of consideration paid	(42,108)
Goodwill	$ 20,099

On April 1, 2019, the Company completed the merger with Merchants Trust, Inc. and its wholly owned subsidiary, Merchants Bank, (collectively referred to as "Merchants"), pursuant to which Merchants merged with and into the Company. Merchants operated six full-service banking offices in Clarke and Mobile counties in Alabama. Under the terms of the definitive merger agreement, the Company issued approximately 950,000 shares of the Company's common stock, plus $9.7 million in cash for all outstanding shares of Merchants' capital stock. The terms of the same definitive merger agreement provided for other options to pay the cash consideration, such as a dividend to shareholders, prior to closing in lieu of receiving the cash consideration from the Company. As of December 31, 2020, total goodwill related to the Merchants acquisition was $17.0 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $4.4 million of core deposit intangibles in conjunction with this acquisition. This acquisition was not considered significant to the Company's consolidated financial statements and, therefore, pro forma data and related disclosures are not included.

The following table presents the amounts recorded on the consolidated balance sheets on the acquisition date of April 1, 2019 for Merchants, showing the fair value as adjusted during the measurement period (in thousands):

Assets:		
Cash and due from banks	$	13,949
Interest bearing deposits with other banks		2,325
Available for sale securities and other equity investments		40,261
Loans and leases		146,779
Premises and equipment		8,254
Accrued interest receivable		885
Other identifiable intangibles		4,367
Other real estate owned		849
Bank owned life insurance		5,800
Other assets		273
Total Assets	$	223,742
Liabilities assumed:		
Deposits	$	205,508
Accrued interest payable		88
Other liabilities		3,963
Total liabilities	$	209,559
Net assets acquired	$	14,183
Consideration Paid:		
Market value of common stock		(26,807)
Total cash paid		(4,396)
Total fair value of consideration paid	$	(31,203)
Goodwill	$	17,020

On September 1, 2019, the Company completed the merger with Van Alstyne Financial Corporation and its wholly owned subsidiary, Texas Star Bank, (collectively referred to as “Texas Star”), pursuant to which Texas Star merged with and into the Company. Texas Star operated seven full-service banking offices in Collin and Grayson counties in Texas, and one loan production office in Durant, Oklahoma. Under the terms of the definitive merger agreement, the Company issued approximately 2,100,000 shares of the Company’s common stock, plus $21.4 million in cash for all outstanding shares of Texas Star’s capital stock. As of December 31, 2020, total goodwill related to the Texas Star acquisition was $46.7 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $2.1 million of core deposit intangibles in conjunction with this acquisition. This acquisition was not considered significant to the Company’s consolidated financial statements and, therefore, pro forma data and related disclosures are not included.

The following table presents the amounts recorded on the consolidated balance sheets on the acquisition date of September 1, 2019 for Texas Star, showing the fair value as adjusted during the measurement period (in thousands):

Assets:		
Cash and due from banks	$	11,739
Interest bearing deposits with other banks		504
Federal funds sold		31,700
Available for sale securities and other equity investments		15,230
Loans and leases		301,800
Premises and equipment		4,834
Accrued interest receivable		1,210
Other identifiable intangibles		2,112
Bank owned life insurance		3,499
Other assets		5,274
Total Assets	$	377,902
Liabilities assumed:		
Deposits	$	341,362
Accrued interest payable		217
Long-term debt		328
Other liabilities		3,385
Total liabilities	$	345,292
Net assets acquired	$	32,610
Consideration Paid:		
Market value of common stock		(57,937)
Total cash paid		(21,420)
Total fair value of consideration paid	$	(79,357)
Goodwill	$	46,747

On September 1, 2019, the Company completed the merger with Summit Financial Enterprises, Inc. and its wholly owned subsidiary, Summit Bank, (collectively referred to as “Summit”), pursuant to which Summit merged with and into the Company. Summit operated four full-service banking offices in Panama City, Panama City Beach, Fort Walton Beach, and Pensacola, Florida. Under the terms of the definitive merger agreement, the Company issued approximately 2,500,000 shares of the Company’s common stock, plus $26.75 million in cash for all outstanding shares of Summit’s capital stock. The terms of the same definitive merger agreement provided for other options to pay the cash consideration, such as a dividend to shareholders, prior to closing in lieu of receiving the cash consideration from the Company. As of December 31, 2020, total goodwill related to the Summit acquisition was $40.2 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $2.5 million of core deposit intangibles in conjunction with this acquisition. This acquisition was not considered significant to the Company’s consolidated financial statements and, therefore, pro forma data and related disclosures are not included.

The following table presents the amounts recorded on the consolidated balance sheets on the acquisition date of September 1, 2019 for Summit, showing the fair value as adjusted during the measurement period (in thousands):

Assets:	
Cash and due from banks	$ 137,876
Interest bearing deposits with other banks	1,276
Available for sale securities and other equity investments	74,894
Loans and leases	288,233
Premises and equipment	2,145
Accrued interest receivable	1,063
Other identifiable intangibles	2,512
Other real estate owned	488
Bank owned life insurance	7,140
Other assets	3,093
Total Assets	$ 518,720
Liabilities assumed:	
Deposits	$ 453,579
Federal funds purchased and other short-term borrowings	6,439
Accrued interest payable	139
Other liabilities	5,275
Total liabilities	$ 465,432
Net assets acquired	$ 53,288
Consideration Paid:	
Market value of common stock	(68,968)
Total cash paid	(24,519)
Total fair value of consideration paid	$ (93,487)
Goodwill	$ 40,199

On January 1, 2020, the Company completed the merger with Texas First Bancshares Inc., and its wholly owned subsidiary, Texas First State Bank, (collectively referred to as "Texas First"), pursuant to which Texas First was merged with and into the Company. Texas First operated six full-service banking offices in Waco, Texas and Killeen-Temple, Texas metropolitan statistical areas. Under the terms of the definitive merger agreement, the Company issued approximately 1,040,000 shares of the Company's common stock, plus $13.0 million in cash for all outstanding shares of Texas First's capital stock. As of December 31, 2020, total goodwill related to the Texas First acquisition was $22.0 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $2.4 million of core deposit intangibles in conjunction with this acquisition. This acquisition was not considered significant to the Company's consolidated financial statements and, therefore, pro forma data and related disclosures are not included.

The following table presents the amounts recorded on the consolidated balance sheets on the acquisition date of January 1, 2020 for Texas First, showing the fair value as adjusted during the measurement period (in thousands):

Assets:		
Cash and due from banks	$	19,714
Interest bearing deposits with other banks		139
Available for sale securities and other equity investments		154,568
Federal funds sold		20,000
Loans and leases		180,430
Premises and equipment		10,869
Accrued interest receivable		1,266
Other identifiable intangibles		2,445
Other assets		4,796
Total Assets	$	394,227
Liabilities assumed:		
Deposits	$	370,072
Accrued interest payable		138
Other liabilities		378
Total liabilities	$	370,588
Net assets acquired	$	23,639
Consideration Paid:		
Market value of common stock		(32,643)
Total cash paid		(13,001)
Total fair value of consideration paid	$	(45,644)
Goodwill	$	22,005

On October 7, 2020, the Company completed the acquisition of Alexander & Sanders Insurance Agency, Inc., headquartered in Baton Rouge, Louisiana. Alexander & Sanders provides risk management and insurance services to professional firms across Louisiana. The acquisition is considered immaterial to the Company's financial statements.

On December 2, 2020, the Company announced the signing of a definitive merger agreement (the "National United Merger Agreement") with National United Bancshares, Inc., the parent company of National United, (collectively referred to as "National United"), pursuant to which National United will be merged with and into the Company. National United operates 6 full-service banking offices in the Killeen-Temple, Texas; Waco, Texas; and Austin-Round Rock-Georgetown, Texas metropolitan statistical areas. As of December 31, 2020, National United collectively reported total assets of $752.3 million, total loans of $446.0 million and total deposits of $676.7 million. Under the terms of the National United Merger Agreement, the Company will issue approximately 3,110,000 shares of the Company's common stock plus $33.25 million in cash for all outstanding shares of National United.

On January 13, 2021, the Company announced the signing of a definitive merger agreement (the "FNS Merger Agreement") with FNS Bancshares, Inc., the parent company of FNB Bank, (collectively referred to as "FNS"), pursuant to which FNS will be merged with and into the Company. FNS operates 17 full-service banking offices in Alabama, Georgia and Tennessee. As of December 31, 2020, FNS collectively reported total assets of $797.0 million, total loans of $483.5 million and total deposits of $675.5 million. Under the terms of the FNS Merger Agreement, the Company will issue approximately 2,975,000 shares of the Company's common stock plus $18.0 million in cash for all outstanding shares of FNS.

(3) AVAILABLE-FOR-SALE SECURITIES

A comparison of amortized cost and estimated fair values of available-for-sale securities as of December 31, 2020 and 2019 follows:

	2020				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Allowance for Credit Losses
	(In thousands)				
U.S. Government agencies	$ 2,805,581	$ 65,827	$ —	$ 2,871,408	$ —
U.S. Government agency issued residential mortgage-backed securities	2,421,951	5,004	5,546	2,421,409	—
U.S. Government agency issued commercial mortgage-backed securities	773,578	33,050	422	806,206	—
Obligations of states and political subdivisions	110,871	3,082	—	113,953	—
Corporate bonds	18,000	78	48	18,030	—
Total	$ 6,129,981	$ 107,041	$ 6,016	$ 6,231,006	$ —

	2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	$ 3,585,226	$ 15,919	$ 1,828	$ 3,599,317
U.S. Government agency issued residential mortgage-backed securities	132,535	1,297	457	133,375
U.S. Government agency issued commercial mortgage-backed securities	613,080	1,599	5,670	609,009
Obligations of states and political subdivisions	138,246	2,031	4	140,273
Total	$ 4,469,087	$ 20,846	$ 7,959	$ 4,481,974

Gross gains of approximately $88,000 and no gross losses were recognized in 2020, gross gains of approximately $158,000 and no gross losses were recognized in 2019 and gross gains of approximately $227,000 and no gross losses were recognized in 2018 on available-for-sale securities. No allowance for credit losses was recorded in 2020, and no other-than-temporary impairment was recorded in 2019 or 2018.

Available-for-sale securities with a carrying value of $3.2 billion at December 31, 2020 were pledged to secure public and trust funds on deposit and for other purposes. Included in available-for-sale securities at December 31, 2020, were securities with a carrying value of $18.8 million issued by political subdivisions within the State of Mississippi, securities with a carrying value of $9.7 million issued by political subdivisions within the State of Ohio and securities with a carrying value of $17.6 million issued by political subdivisions within the State of Texas.

The amortized cost and estimated fair value of available-for-sale securities at December 31, 2020 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value	Weighted Average Yield
	(Dollars in thousands)		
Maturing in one year or less	$ 948,291	$ 958,755	2.41 %
Maturing after one year through five years	1,893,075	1,949,157	1.84
Maturing after five years through ten years	42,098	42,809	4.35
Maturing after ten years	50,988	52,670	3.11
Mortgage-backed securities	3,195,529	3,227,615	1.20
Total	$ 6,129,981	$ 6,231,006	

A summary of available-for-sale investments with continuous unrealized loss positions for which an allowance for credit losses has not been recorded at December 31, 2020 and 2019 follows:

	2020					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government agencies	$ —	$ —	$ —	$ —	$ —	$ —
U.S. Government agency issued residential mortgage-backed securities	1,459,476	5,546	—	—	1,459,476	5,546
U.S. Government agency issued commercial mortgage-backed securities	119,534	421	885	1	120,419	422
Obligations of states and political subdivisions	—	—	—	—	—	—
Corporate bonds	11,952	48	—	—	11,952	48
Total	$ 1,590,962	$ 6,015	$ 885	$ 1	$ 1,591,847	$ 6,016

	2019					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government agencies	$ 1,242,018	$ 1,774	$ 211,021	$ 54	$ 1,453,039	$ 1,828
U.S. Government agency issued residential mortgage-backed securities	21,017	98	24,250	359	45,267	457
U.S. Government agency issued commercial mortgage-backed securities	417,906	5,618	24,915	52	442,821	5,670
Obligations of states and political subdivisions	608	1	1,992	3	2,600	4
Total	$ 1,681,549	$ 7,491	$ 262,178	$ 468	$ 1,943,727	$ 7,959

Management evaluates available-for-sale securities in unrealized loss positions to determine whether the impairment is due to credit-related factors or noncredit-related factors. Based upon a review of the credit quality of these securities, management has no intent to sell these securities until the full recovery of unrealized losses, which may not be until maturity, and it is more likely than not that the Company would not be required to sell the securities prior to recovery of costs. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline. Management believes that the unrealized losses detailed in the previous tables are due to noncredit-related factors, such as changes in interest rates and other market conditions. Therefore, no allowance for credit losses was recorded related to these securities as of December 31, 2020 and impairments at December 31, 2019 were determined to be temporary. No unrealized losses were recorded into income during 2020 and no other-than-temporary impairment was recorded during 2019.

As of December 31, 2020, the Company had FHLB stock with carrying value of $8.0 million compared to a required investment of $7.1 million. At December 31, 2019, the Company had FHLB stock with both a carrying value and required investment of $36.8 million. FHLB stock is included in other assets on the consolidated balance sheet.

(4) LOANS AND LEASES

The Company's loan and lease portfolio is disaggregated into the following segments: commercial and industrial; commercial real estate; consumer; and all other. The commercial and industrial segment is further disaggregated into commercial and industrial-non real estate and commercial and industrial-owner occupied classes. The commercial real estate segment is further disaggregated into agricultural, construction, acquisition, and development, and commercial real estate classes. The consumer segment is further disaggregated into consumer mortgages, home equity, and credit cards classes. A summary of gross loans and leases by segment and class at December 31, 2020 and 2019 follows:

	2020	2019
	(In thousands)	
Commercial and industrial		
Commercial and industrial-non real estate	$ 2,674,208	$ 1,980,650
Commercial and industrial-owner occupied	2,281,127	2,268,813
Total commercial and industrial	4,955,335	4,249,463
Commercial real estate		
Agricultural	317,994	337,349
Construction, acquisition and development	1,728,682	1,577,342
Commercial real estate	3,211,434	3,220,914
Total commercial real estate	5,258,110	5,135,605
Consumer		
Consumer mortgages	3,726,241	3,543,075
Home equity	630,097	683,515
Credit cards	89,077	102,559
Total consumer	4,445,415	4,329,149
All other	380,379	393,526
Gross loans and leases (1)	$ 15,039,239	$ 14,107,743
Less: Unearned income	16,760	18,060
Net loans and leases	$ 15,022,479	$ 14,089,683

(1) Gross loans and leases are net of deferred (fees) and costs of $(5.4) million and $7.9 million at December 31, 2020 and 2019, respectively.

The Company engages in lending primarily to consumers, small and medium-sized business enterprises and government entities. Loans are issued generally to finance home purchases and improvements, personal expenditures, business investment and operations, construction and development and income producing properties. The Company provides financing to publicly traded businesses only on a limited basis through syndications and participations. Loans are underwritten to be repaid primarily by available cash flow from personal income, investment income, business operations, rental income or the sale of developed or constructed properties. Collateral and personal guaranties of business owners are generally required as a condition of financing arrangements and provide additional cash flow and proceeds from asset sales of guarantors in the event primary sources of repayment are no longer sufficient.

While loans are structured to provide protection to the Company if borrowers are unable to repay as agreed, the Company recognizes that there are numerous risks that may result in deterioration of the repayment ability of borrowers and guarantors. These risks include failure of business operations due to economic, legal, market, logistical, weather, health and governmental or *force majeur*e events. The economic disruption resulting from the coronavirus (“COVID-19”) pandemic and the accompanying stay-at-home restrictions, which developed late in the first quarter, had a substantial impact on the risk that businesses may experience difficulty in meeting repayment obligations and that the Company may experience losses or deterioration in performance in its loan portfolio.

The Company has actively participated in assisting its customers with applications for resources through the Paycheck Protection Program (“PPP”), which is administered by the Small Business Administration (“SBA”) with the intent to help businesses keep their workforce employed during the COVID-19 pandemic. PPP loans have a two-year or five-year term and earn interest at 1%. The Company believes that a significant portion of these loans will ultimately be forgiven by the SBA in accordance with the terms of the program. As of the expiration of the PPP on August 7, 2020, the Company had closed or approved applications for approximately 15,021 PPP loans representing approximately $1.2 billion in funding. The PPP loans are designed to be fully guaranteed by the U.S. government and as such should not present a credit risk. PPP loans of $975.4 million at December 31, 2020 are included in the commercial and industrial-non real estate loan class and all other loan segment.

The Company has identified the following pools of loans and leases with similar risk characteristics for measuring expected credit losses:

Commercial and Industrial:

Commercial and Industrial - Commercial and industrial loans are loans and leases to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal guarantees are generally required for these loans. Also included in this category are loans to finance agricultural production. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Real Estate – Commercial and Industrial-Owner Occupied - Commercial and industrial-owner occupied loans include loans secured by business facilities to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal guarantees are generally required for these loans. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Commercial Real Estate:

Agricultural - Agricultural loans include loans to purchase agricultural land and production lines secured by farm land. The Company recognizes that risks in the agricultural sector including crop failures due to weather, insects and other blights, commodity prices, governmental intervention, lawsuits, labor or logistical disruptions and real estate market conditions may have an adverse impact on the scheduled repayment or performance of agricultural loans.

Construction, Acquisition and Development - Construction, acquisition and development loans include both loans and credit lines for the purpose of purchasing, carrying and developing land into commercial developments or residential subdivisions. Also included are loans and credit lines for construction of residential, multi-family and commercial buildings. The Company generally engages in construction and development lending only in local markets served by its branches. The Company recognizes that risks are inherent in the financing of real estate development and construction. These risks include location, market conditions and price volatility, demand for developed land, lots and buildings, desirability of features and styling of completed developments and buildings, competition from other developments and builders, traffic patterns, governmental jurisdiction, tax structure, availability of utilities, roads, public transportation and schools, interest rates, availability of permanent financing for homebuyers, zoning, environmental restrictions, lawsuits, economic and business cycle, labor and reputation of the builder or developer.

The underwriting process for construction, acquisition and development loans with interest reserves is essentially the same as that for a loan without interest reserves and may include analysis of borrower and guarantor financial strength, market demand for the proposed project, experience and success with similar projects, property values, time horizon for project completion and the availability of permanent financing once the project is completed. The Company's loan policy generally prohibits the use of interest reserves on loans. Construction, acquisition and development loans, with or without interest reserves, are inspected periodically to ensure that the project is on schedule and eligible for requested draws. Inspections may be performed by construction inspectors hired by the Company or by appropriate loan officers and are done periodically to monitor the progress of a particular project. These inspections may also include discussions with project managers and engineers.

Each construction, acquisition and development loan is underwritten to address: (i) the desirability of the project, its market viability and projected absorption period; (ii) the creditworthiness of the borrower and the guarantor as to liquidity, cash flow and assets available to ensure performance of the loan; (iii) equity contribution to the project; (iv) the developer's experience and success with similar projects; and (v) the value of the collateral.

Commercial - Commercial loans include loans to finance income-producing commercial and multi-family properties. Lending in this category is generally limited to properties located in the Company's market area with only limited exposure to properties located elsewhere but owned by in-market borrowers. Loans in this category include loans for neighborhood retail centers, medical and professional offices, single retail stores, warehouses and apartments leased generally to local businesses and residents. The underwriting of these loans takes into consideration the occupancy and rental rates as well as the financial health of the borrower. The Company's exposure to national retail tenants is minimal. The Company has not purchased commercial real estate loans from brokers or third-party originators. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, delayed or missed rent payments, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Consumer:

Consumer Mortgages - Consumer mortgages are first or second-lien loans to consumers secured by a primary residence or second home. These loans are generally amortized over terms up to 25 years. The loans are generally secured by properties located within the local market area of the community bank which originates and services the loan. These loans are underwritten in accordance with the Company's general loan policies and procedures which require, among other things, proper documentation of each borrower's financial condition, satisfactory credit history and property value. In addition to loans originated through the Company's branches, the Company originates and services consumer mortgages sold in the secondary market which are underwritten and closed pursuant to investor and agency guidelines. The Company's exposure to sub-prime mortgages is minimal.

Home Equity - Home equity loans include revolving credit lines which are secured by a first or second lien on a borrower's residence. Each loan is underwritten individually by lenders who specialize in home equity lending and must conform to Company lending policies and procedures for consumer loans as to borrower's financial condition, ability to repay, satisfactory credit history and the condition and value of collateral. Properties securing home equity loans are generally located in the local market area of the Company branch or office originating and servicing the loan. The Company has not purchased home equity loans from brokers or other lending institutions.

Credit Cards - Credit cards include consumer and business MasterCard and Visa accounts. The Company offers credit cards primarily to its deposit and loan customers.

The Company recognizes that there are risks in consumer lending which include interruptions in the borrower's personal and investment income due to loss of employment, market conditions, and general economic conditions, deterioration in the health and well-being of the borrower and family members, natural disasters, pandemics, lawsuits, losses or inability to generate income due to injury, accidents, theft, vandalism or incarceration.

All Other:

All Other - All other loans and leases include consumer installment loans and loans and leases to state, county and municipal governments and non-profit agencies. Consumer installment loans and leases include term loans of up to five years secured by automobiles, boats and recreational vehicles. The Company offers lease financing for vehicles and heavy equipment to state, county and municipal governments and medical equipment to healthcare providers across the southern states. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

The following table shows the Company's loan and leases, net of unearned income, as of December 31, 2020 by geographical location:

	Alabama and Florida Panhandle	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Texas	Other	Total
					(In thousands)				
Commercial and industrial									
Commercial and industrial-non real estate	$ 235,705	$ 203,719	$ 315,937	$ 685,643	$ 78,660	$ 156,025	$ 993,617	$ 4,123	$ 2,673,429
Commercial and industrial-owner occupied	266,149	184,830	230,662	615,647	64,430	123,899	785,629	9,881	$ 2,281,127
Total commercial and industrial	501,854	388,549	546,599	1,301,290	143,090	279,924	1,779,246	14,004	4,954,556
Commercial real estate									
Agricultural	26,568	67,754	18,735	69,091	6,818	10,552	117,374	1,102	$ 317,994
Construction, acquisition and development	176,272	56,042	79,577	333,078	20,293	87,469	975,951	—	$ 1,728,682
Commercial real estate	332,075	336,629	260,110	664,930	221,773	221,706	1,171,593	2,618	$ 3,211,434
Total commercial real estate	534,915	460,425	358,422	1,067,099	248,884	319,727	2,264,918	3,720	$ 5,258,110
Consumer									
Consumer mortgages	598,700	325,951	342,591	820,025	111,956	326,826	1,148,809	51,383	$ 3,726,241
Home equity	94,774	46,559	77,749	218,451	16,314	133,636	42,268	346	$ 630,097
Credit cards	—	—	—	—	—	—	—	89,077	$ 89,077
Total consumer	693,474	372,510	420,340	1,038,476	128,270	460,462	1,191,077	140,806	$ 4,445,415
All other	56,584	39,079	37,097	114,565	3,054	24,281	80,821	8,917	$ 364,398
Total	$ 1,786,827	$ 1,260,563	$ 1,362,458	$ 3,521,430	$ 523,298	$ 1,084,394	$ 5,316,062	$ 167,447	$15,022,479

*Credit card receivables are spread across all geographic regions but are not viewed by the Company's management as part of the geographic breakdown.

There are no other loan and lease concentrations which exceed 10% of total loans and leases not already reflected in the preceding tables. A substantial portion of construction, acquisition and development loans are secured by real estate in markets in which the Company is located. The Company's loan policy generally prohibits loans for the sole purpose of carrying interest reserves. Certain of the construction, acquisition and development loans were structured with interest-only terms. A portion of the consumer mortgage and commercial real estate portfolios were originated through the permanent financing of construction, acquisition and development loans. Future economic distress could negatively impact borrowers' and guarantors' ability to repay their debt which will make more of the Company's loans collateral dependent.

The following tables provide details regarding the aging of the Company's loan and lease portfolio, net of unearned income, at December 31, 2020 and 2019:

	2020						
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
				(In thousands)			
Commercial and industrial							
Commercial and industrial-non real estate	$ 2,572	$ 1,203	$ 8,314	$ 12,089	$ 2,661,340	$ 2,673,429	$ 307
Commercial and industrial-owner occupied	2,629	621	5,840	9,090	2,272,037	2,281,127	—
Total commercial and industrial	5,201	1,824	14,154	21,179	4,933,377	4,954,556	307
Commercial real estate							
Agricultural	1,706	—	2,438	4,144	313,850	317,994	—
Construction, acquisition and development	650	2,092	8,073	10,815	1,717,867	1,728,682	—
Commercial real estate	865	1,500	8,165	10,530	3,200,904	3,211,434	—
Total commercial real estate	3,221	3,592	18,676	25,489	5,232,621	5,258,110	—
Consumer							
Consumer mortgages	26,791	8,959	33,959	69,709	3,656,532	3,726,241	13,743
Home equity	1,208	174	1,077	2,459	627,638	630,097	—
Credit cards	325	233	301	859	88,218	89,077	256
Total consumer	28,324	9,366	35,337	73,027	4,372,388	4,445,415	13,999
All other	928	170	480	1,578	362,820	364,398	14
Total	$ 37,674	$ 14,952	$ 68,647	$ 121,273	$14,901,206	$15,022,479	$ 14,320

	2019						
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
				(In thousands)			
Commercial and industrial							
Commercial and industrial-non real estate	$ 8,024	$ 1,558	$ 9,231	18,813	$ 1,960,694	1,979,507	$ 1,038
Commercial and industrial-owner occupied	1,314	2,920	10,581	14,815	2,253,998	2,268,813	3,877
Total commercial and industrial	9,338	4,478	19,812	33,628	4,214,692	4,248,320	4,915
Commercial real estate							
Agricultural	1,699	683	2,567	4,949	332,400	337,349	714
Construction, acquisition and development	1,795	1,367	11,870	15,032	1,562,310	1,577,342	5,775
Commercial real estate	6,357	17,225	4,749	28,331	3,192,583	3,220,914	—
Total commercial real estate	9,851	19,275	19,186	48,312	5,087,293	5,135,605	6,489
Consumer							
Consumer mortgages	28,184	8,749	21,229	58,162	3,484,913	3,543,075	5,678
Home equity	2,220	606	1,314	4,140	679,375	683,515	—
Credit cards	389	275	460	1,124	101,435	102,559	445
Total consumer	30,793	9,630	23,003	63,426	4,265,723	4,329,149	6,123
All other	1,308	393	323	2,024	374,585	376,609	4
Total	$ 51,290	$ 33,776	$ 62,324	147,390	$13,942,293	14,089,683	$ 17,531

The Company utilizes an internal loan classification system to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. The Company's internal loan classification system is compatible with classifications used by the FDIC, as well as other regulatory agencies. Loans may be classified as follows:

Pass: Loans which are performing as agreed with few or no signs of weakness. These loans show sufficient cash flow, capital and collateral to repay the loan as agreed.

Special Mention: Loans where potential weaknesses have developed which could cause a more serious problem if not corrected.

Substandard: Loans where well-defined weaknesses exist that require corrective action to prevent further deterioration. Loans are further characterized by the possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans having all the characteristics of Substandard and which have deteriorated to a point where collection and liquidation in full is highly questionable.

Loss: Loans that are considered uncollectible or with limited possible recovery.

Impaired: An internal grade for individually analyzed collateral-dependent loans for which a specific provision has been considered to address the unsupported exposure.

Purchased Credit Deteriorated (Loss): An internal grade for loans with evidence of deterioration of credit quality since origination that are acquired by completion of a transfer, and for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable. While these loans are generally collateral-dependent, loans purchased with credit deterioration that are not collateral-dependent are initially classified as Substandard but may improve or deteriorate in credit quality after acquisition with their ratings adjusted accordingly.

Purchased Credit-Impaired ("PCI"): Loans with evidence of deterioration of credit quality since origination that are acquired by completion of a transfer, and for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable. This loan classification was no longer used subsequent to December 31, 2019.

The following tables provide details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at December 31, 2020 and 2019:

	December 31, 2020							
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Purchased Credit Deteriorated (Loss)	Total
	(In thousands)							
Commercial and industrial								
Commercial and industrial-non real estate	$ 2,616,471	$ 7,202	$ 39,040	$ 172	$ —	$ 1,949	$ 8,595	$ 2,673,429
Commercial and industrial-owner occupied	2,208,214	—	58,683	—	—	11,579	2,651	2,281,127
Total commercial and industrial	4,824,685	7,202	97,723	172	—	13,528	11,246	4,954,556
Commercial real estate								
Agricultural	310,766	—	4,526	—	—	777	1,925	317,994
Construction, acquisition and development	1,686,907	1,534	32,363	—	—	2,054	5,824	1,728,682
Commercial real estate	3,062,894	—	134,054	—	—	10,780	3,706	3,211,434
Total commercial real estate	5,060,567	1,534	170,943	—	—	13,611	11,455	5,258,110
Consumer								
Consumer mortgages	3,645,357	—	78,287	—	—	2,406	191	3,726,241
Home equity	624,581	—	5,516	—	—	—	—	630,097
Credit cards	89,077	—	—	—	—	—	—	89,077
Total consumer	4,359,015	—	83,803	—	—	2,406	191	4,445,415
All other	357,812	—	6,519	—	—	—	67	364,398
Total	$14,602,079	$ 8,736	$ 358,988	$ 172	$ —	$ 29,545	$ 22,959	$15,022,479

(1) Impaired loans are shown exclusive of $10.5 million of accruing TDRs, approximately $975,000 of non accruing TDRs and approximately $5,000 of 90+ days past due, still accruing TDRs.

	December 31, 2019							
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Purchased Credit Impaired	Total
	(In thousands)							
Commercial and industrial								
Commercial and industrial-non real estate	$ 1,914,055	$ —	$ 56,035	$ 194	$ —	$ 1,054	$ 8,169	$ 1,979,507
Commercial and industrial-owner occupied	2,214,870	—	44,077	—	—	4,296	5,570	2,268,813
Total commercial and industrial	4,128,925	—	100,112	194	—	5,350	13,739	4,248,320
Commercial real estate								
Agricultural	326,983	—	8,200	—	—	757	1,409	337,349
Construction, acquisition and development	1,554,291	—	11,759	—	—	5,457	5,835	1,577,342
Commercial real estate	3,130,489	—	74,606	—	—	11,934	3,885	3,220,914
Total commercial real estate	5,011,763	—	94,565	—	—	18,148	11,129	5,135,605
Consumer								
Consumer mortgages	3,455,307	—	86,373	—	—	596	799	3,543,075
Home equity	675,642	—	7,873	—	—	—	—	683,515
Credit cards	102,559	—	—	—	—	—	—	102,559
Total consumer	4,233,508	—	94,246	—	—	596	799	4,329,149
All other	364,783	2,240	9,568	—	—	—	18	376,609
Total	$13,738,979	$ 2,240	$ 298,491	$ 194	$ —	$ 24,094	$ 25,685	$14,089,683

(1) Impaired loans are shown exclusive of $15.2 million of accruing TDRs, $2.0 million of non accruing TDRs and approximately $57,000 of 90+ days past due, still accruing TDRs.

The following tables provide credit quality indicators by class and period of origination as of December 31, 2020:

Commercial and Industrial - Non Real Estate	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
	Period Originated:								
Pass	$ 1,336,424	$ 278,282	$ 164,830	$ 144,292	$ 41,721	$ 57,149	$ 571,076	$ 22,697	$ 2,616,471
Special Mention	—	—	7,202	—	—	—	—	—	7,202
Substandard	3,612	9,402	3,342	6,025	653	755	14,066	1,185	39,040
Doubtful	—	—	—	—	—	172	—	—	172
Impaired	560	—	7	—	692	—	690	—	1,949
Purchased Credit Deteriorated (Loss)	—	1,939	100	2,183	—	3,878	495	—	8,595
Total	$ 1,340,596	$ 289,623	$ 175,481	$ 152,500	$ 43,066	$ 61,954	$ 586,327	$ 23,882	$ 2,673,429
% Criticized	0.3%	3.9%	6.1%	5.4%	3.1%	7.8%	2.6%	5.0%	2.1%

Commercial and Industrial - Owner Occupied	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
	Period Originated:								
Pass	$ 459,161	$ 366,548	$ 338,614	$ 258,564	$ 210,823	$ 362,305	$ 175,585	$ 36,614	$ 2,208,214
Substandard	1,469	9,348	9,804	6,282	6,135	16,815	8,830	—	58,683
Impaired	—	7,351	1,139	2,117	—	563	409	—	11,579
Purchased Credit Deteriorated (Loss)	—	—	484	—	—	2,167	—	—	2,651
Total	$ 460,630	$ 383,247	$ 350,041	$ 266,963	$ 216,958	$ 381,850	$ 184,824	$ 36,614	$ 2,281,127
% Criticized	0.3%	4.4%	3.3%	3.1%	2.8%	5.1%	5.0%	—%	3.2%

Agricultural	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
	Period Originated:								
Pass	$ 76,877	$ 49,455	$ 53,608	$ 49,135	$ 21,040	$ 37,211	$ 22,392	$ 1,048	$ 310,766
Substandard	92	846	325	938	2,196	102	—	27	4,526
Impaired	—	—	675	102	—	—	—	—	777
Purchased Credit Deteriorated (Loss)	—	190	—	593	1,142	—	—	—	1,925
Total	$ 76,969	$ 50,491	$ 54,608	$ 50,768	$ 24,378	$ 37,313	$ 22,392	$ 1,075	$ 317,994
% Criticized	0.1%	2.1%	1.8%	3.2%	13.7%	0.3%	—%	2.5%	2.3%

Construction, Acquisition, & Development	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
	Period Originated:								
Pass	$ 218,301	$ 138,547	$ 100,454	$ 45,566	$ 23,824	$ 26,833	$1,101,186	$ 32,196	$ 1,686,907
Special Mention	—	—	—	—	—	—	1,534	—	1,534
Substandard	2,961	1,263	10,167	1,205	1,386	306	11,528	3,547	32,363
Impaired	—	2,054	—	—	—	—	—	—	2,054
Purchased Credit Deteriorated (Loss)	—	—	5,824	—	—	—	—	—	5,824
Total	$ 221,262	$ 141,864	$ 116,445	$ 46,771	$ 25,210	$ 27,139	$1,114,248	$ 35,743	$ 1,728,682
% Criticized	1.3%	2.3%	13.7%	2.6%	5.5%	1.1%	1.2%	9.9%	2.4%

	Commercial Real Estate								
	Period Originated:								
	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 390,066	$ 425,472	$ 481,726	$ 370,632	$ 465,593	$ 518,347	$ 340,017	$ 71,041	$ 3,062,894
Substandard	6,328	5,088	19,578	57,942	17,370	15,480	10,110	2,158	134,054
Impaired	—	—	—	5,225	5,365	—	190	—	10,780
Purchased Credit Deteriorated (Loss)	—	2,933	773	—	—	—	—	—	3,706
Total	$ 396,394	$ 433,493	$ 502,077	$ 433,799	$ 488,328	$ 533,827	$ 350,317	$ 73,199	$ 3,211,434
% Criticized	1.6%	1.9%	4.1%	14.6%	4.7%	2.9%	2.9%	2.9%	4.6%

	Consumer Mortgages								
	Period Originated:								
	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 1,176,140	$ 615,866	$ 534,372	$ 423,722	$ 321,085	$ 477,734	$ 92,332	$ 4,106	$ 3,645,357
Substandard	5,551	12,532	17,098	12,334	7,393	20,442	2,757	180	78,287
Impaired	—	1,856	—	—	—	550	—	—	2,406
Purchased Credit Deteriorated (Loss)	—	—	—	138	—	53	—	—	191
Total	$ 1,181,691	$ 630,254	$ 551,470	$ 436,194	$ 328,478	$ 498,779	$ 95,089	$ 4,286	$ 3,726,241
% Criticized	0.5%	2.3%	3.1%	2.9%	2.3%	4.2%	2.9%	4.2%	2.2%

	All Other								
	Period Originated:								
	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 147,756	$ 43,545	$ 37,108	$ 21,715	$ 10,553	$ 22,287	$ 73,393	$ 1,455	$ 357,812
Substandard	865	1,562	1,152	328	221	1,687	347	357	6,519
Purchased Credit Deteriorated (Loss)	—	67	—	—	—	—	—	—	67
Total	$ 148,621	$ 45,174	$ 38,260	$ 22,043	$ 10,774	$ 23,974	$ 73,740	$ 1,812	$ 364,398
% Criticized	0.6%	3.6%	3.0%	1.5%	2.1%	7.0%	0.5%	19.7%	1.8%

The following table provides the credit quality indicators for line-of-credit arrangements at December 31, 2020:

	Home equity	Credit card
Non-performing (1)	$ 3,151	$ 918
Performing	626,946	88,159
Total	$ 630,097	$ 89,077

(1) Non-performing loans and leases consist of non-accrual loans and leases, loans and leases 90 days or more past due and still accruing, and restructured loans and leases still accruing.

In connection with the acquisitions discussed in Note 2-Business Combinations, the Company acquired loans both with and without evidence of credit quality deterioration since origination.

Acquired loans are recorded at their fair value at the time of acquisition with no carryover from the acquired institution's previously recorded allowance for loan and lease losses. Effective January 1, 2020, acquired loans are accounted for under the following accounting pronouncements: Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326, *Financial Instruments-Credit Losses*.

The fair value for acquired loans recorded at the time of acquisition is based upon several factors including the timing and payment of expected cash flows, as adjusted for estimated credit losses and prepayments, and then discounting these cash flows using comparable market rates. The resulting fair value adjustment is recorded in the form of premium or discount to the unpaid principal balance of each acquired loan. As it relates to acquired loans that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination ("PCD"), the net premium or net discount is adjusted to reflect the Company's allowance for credit losses ("ACL") recorded for PCD loans at the time of acquisition, and the remaining fair value adjustment is accreted or amortized into interest income over the remaining life of the loan. As it relates to acquired loans not classified as PCD ("non-PCD") loans, the credit loss and yield components of the fair value adjustment are aggregated, and the resulting net premium or net discount is accreted or amortized into interest income over the remaining life of the loan. The Company records an ACL for non-PCD loans at the time of acquisition through provision expense, and therefore, no further adjustments are made to the net premium or net discount for non-PCD loans.

In addition, a grade is assigned to each loan during the valuation process. For acquired loans that are not individually reviewed during the valuation process, such loans are assumed to have characteristics similar to the assigned rating of the acquired institution's risk rating, adjusted for any estimated differences between the Company's rating methodology and the acquired institution's rating methodology.

The following table represents the fair value of loans purchased through the acquisition of Texas First by portfolio segment:

	January 1, 2020
	(In thousands)
Commercial and industrial	
Commercial and industrial-non real estate	$ 18,175
Commercial and industrial-owner occupied	6,527
Total commercial and industrial	24,702
Commercial real estate	
Agricultural	4,895
Construction, acquisition and development	37,326
Commercial real estate	66,317
Total commercial real estate	108,538
Consumer mortgages	42,710
All other	4,480
Total	$ 180,430

The Company purchased loans through the acquisition of Texas First for which there was, at the date of acquisition, more than insignificant deterioration of credit quality since origination. The carrying amount of those loans is as follows:

	January 1, 2020
	(In thousands)
Purchase price of loans at acquisition	$ 7,177
Allowance for credit losses at acquisition	4,226
Non-credit discount (premium) at acquisition	597
Par value of acquired loans at acquisition	$ 12,000

The following tables present the amortized cost basis of collateral-dependent loans by segment and class and type of collateral as of December 31, 2020:

	Company Originated				
	Real Estate Commercial	Real Estate Consumer	Equipment	Other	Total
	(In thousands)				
Commercial and industrial					
Commercial and industrial-non real estate	$ —	$ —	$ 793	$ 1,156	$ 1,949
Commercial and industrial-owner occupied	7,689	—	—	—	7,689
Total commercial and industrial	7,689	—	793	1,156	9,638
Commercial real estate					
Agricultural	—	—	—	—	—
Construction, acquisition and development	1,414	640	—	—	2,054
Commercial real estate	3,422	—	—	—	3,422
Total commercial real estate	4,836	640	—	—	5,476
Consumer					
Consumer mortgages	1,856	550	—	—	2,406
Home equity	—	—	—	—	—
Credit cards	—	—	—	—	—
Total consumer	1,856	550	—	—	2,406
All other	—	—	—	—	—
Total	$ 14,381	$ 1,190	$ 793	$ 1,156	$ 17,520

	Acquired				
	Real Estate Commercial	Real Estate Consumer	Equipment	Other	Total
	(In thousands)				
Commercial and industrial					
Commercial and industrial-non real estate	$ —	$ —	$ 5,434	$ 3,161	$ 8,595
Commercial and industrial-owner occupied	6,541	—	—	—	6,541
Total commercial and industrial	6,541	—	5,434	3,161	15,136
Commercial real estate					
Agricultural	2,702	—	—	—	2,702
Construction, acquisition and development	5,400	424	—	—	5,824
Commercial real estate	11,064	—	—	—	11,064
Total commercial real estate	19,166	424	—	—	19,590
Consumer					
Consumer mortgages	138	53	—	—	191
Home equity	—	—	—	—	—
Credit cards	—	—	—	—	—
Total consumer	138	53	—	—	191
All other	—	—	67	—	67
Total	$ 25,845	$ 477	$ 5,501	$ 3,161	$ 34,984

	Total				
	Real Estate Commercial	Real Estate Consumer	Equipment	Other	Total
	(In thousands)				
Commercial and industrial					
Commercial and industrial-non real estate	$ —	$ —	$ 6,227	$ 4,317	$ 10,544
Commercial and industrial-owner occupied	14,230	—	—	—	14,230
Total commercial and industrial	14,230	—	6,227	4,317	24,774
Commercial real estate					
Agricultural	2,702	—	—	—	2,702
Construction, acquisition and development	6,814	1,064	—	—	7,878
Commercial real estate	14,486	—	—	—	14,486
Total commercial real estate	24,002	1,064	—	—	25,066
Consumer					
Consumer mortgages	1,994	603	—	—	2,597
Home equity	—	—	—	—	—
Credit cards	—	—	—	—	—
Total consumer	1,994	603	—	—	2,597
All other	—	—	67	—	67
Total	$ 40,226	$ 1,667	$ 6,294	$ 4,317	$ 52,504

The following tables provide details regarding loans and leases with an internally assigned grade of impaired, net of unearned income, which exclude accruing TDRs, by segment and class as of and for the years ended December 31, 2019:

	December 31, 2019				
	Recorded Investment in Impaired Loans (1)	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
			(In thousands)		
With no related allowance:					
Commercial and industrial					
Commercial and industrial-non real estate	$ —	$ —	$ —	$ 1,703	$ —
Commercial and industrial-owner occupied	669	1,246	—	2,597	29
Total commercial and industrial	669	1,246	—	4,300	29
Commercial real estate					
Agricultural	757	1,003	—	736	—
Construction, acquisition and development	5,457	5,457	—	913	—
Commercial real estate	11,274	11,298	—	2,705	7
Total commercial real estate	17,488	17,758	—	4,354	7
Consumer					
Consumer mortgages	—	—	—	274	—
Home equity	—	—	—	86	1
Total consumer	—	—	—	360	1
All other	—	—	—	—	—
Total	$ 18,157	$ 19,004	$ —	$ 9,014	$ 37
With an allowance:					
Commercial and industrial					
Commercial and industrial-non real estate	$ 1,054	$ 1,054	$ 354	$ 1,814	$ 35
Commercial and industrial-owner occupied	3,627	3,627	489	1,356	—
Total commercial and industrial	4,681	4,681	843	3,170	35
Commercial real estate					
Agricultural	—	—	—	—	—
Construction, acquisition and development	—	—	—	—	—
Commercial real estate	660	664	185	8,937	5
Total commercial real estate	660	664	185	8,937	5
Consumer					
Consumer mortgages	596	596	46	3,378	15
Home equity	—	—	—	—	—
Total consumer	596	596	46	3,378	15
All other	—	—	—	—	—
Total	$ 5,937	$ 5,941	$ 1,074	$ 15,485	$ 55
Total:					
Commercial and industrial					
Commercial and industrial-non real estate	$ 1,054	$ 1,054	$ 354	$ 3,517	$ 35
Commercial and industrial-owner occupied	4,296	4,873	489	3,953	29
Total commercial and industrial	5,350	5,927	843	7,470	64
Commercial real estate					
Agricultural	757	1,003	—	736	—
Construction, acquisition and development	5,457	5,457	—	913	—
Commercial real estate	11,934	11,962	185	11,642	12
Total commercial real estate	18,148	18,422	185	13,291	12
Consumer					
Consumer mortgages	596	596	46	3,652	15
Home equity	—	—	—	86	1
Total consumer	596	596	46	3,738	16
All other	—	—	—	—	—
Total	$ 24,094	$ 24,945	$ 1,074	$ 24,499	$ 92

(1) Impaired loans are shown exclusive of $15.2 million of accruing TDRs, $2.0 million of non accruing TDRs and approximately $57,000 of 90+ days past due, still accruing TDRs.

The following tables provide details regarding impaired loans and leases, net of unearned income, which include accruing TDRs, by segment and class as of and for the years ended December 31, 2019:

	December 31, 2019				
	Recorded Investment in Impaired Loans	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
			(In thousands)		
With no related allowance:					
Commercial and industrial					
Commercial and industrial-non real estate	$ —	$ 11	$ —	$ 1,703	$ —
Commercial and industrial-owner occupied	1,296	2,523	—	3,916	111
Total commercial and industrial	1,296	2,534	—	5,619	111
Commercial real estate					
Agricultural	757	1,003	—	736	—
Construction, acquisition and development	5,457	5,457	—	913	—
Commercial real estate	11,274	11,635	—	4,067	99
Total commercial real estate	17,488	18,095	—	5,716	99
Consumer					
Consumer mortgages	17	48	—	292	—
Home equity	—	10	—	86	1
Total consumer	17	58	—	378	1
All other	17	32	—	14	—
Total	$ 18,818	$ 20,719	$ —	$ 11,727	$ 211
With an allowance:					
Commercial and industrial					
Commercial and industrial-non real estate	$ 3,713	$ 3,713	$ 660	$ 3,498	$ 119
Commercial and industrial-owner occupied	8,865	9,339	751	4,905	155
Total commercial and industrial	12,578	13,052	1,411	8,403	274
Commercial real estate					
Agricultural	15	15	1	53	1
Construction, acquisition and development	778	778	105	331	10
Commercial real estate	5,380	5,384	212	11,312	119
Total commercial real estate	6,173	6,177	318	11,696	130
Consumer					
Consumer mortgages	2,385	2,561	202	5,525	85
Home equity	588	588	33	427	23
Credit cards	777	777	50	755	301
Total consumer	3,750	3,926	285	6,707	409
All other	64	75	10	183	5
Total	$ 22,565	$ 23,230	$ 2,024	$ 26,989	$ 818
Total:					
Commercial and industrial					
Commercial and industrial-non real estate	$ 3,713	$ 3,724	$ 660	$ 5,201	$ 119
Commercial and industrial-owner occupied	10,161	11,862	751	8,821	266
Total commercial and industrial	13,874	15,586	1,411	14,022	385
Commercial real estate					
Agricultural	772	1,018	1	789	1
Construction, acquisition and development	6,235	6,235	105	1,244	10
Commercial real estate	16,654	17,019	212	15,379	218
Total commercial real estate	23,661	24,272	318	17,412	229
Consumer					
Consumer mortgages	2,402	2,609	202	5,817	85
Home equity	588	598	33	513	24
Credit cards	777	777	50	755	301
Total consumer	3,767	3,984	285	7,085	410
All other	81	107	10	197	5
Total	$ 41,383	$ 43,949	$ 2,024	$ 38,716	$ 1,029

Loans of $500,000 or greater are considered for specific provision when management has determined based on current information and events, it is probable that the creditor will be unable to collect all amounts due according to the contractual terms of the note and that the loan is collateral dependent. The Company's recorded investment in collateral-dependent loans at December 31, 2020 and 2019 was $52.5 million and $24.1 million, respectively. At December 31, 2020 and 2019, $23.6 million and $5.9 million, respectively, of those loans had a valuation allowance of $5.7 million and $1.1 million, respectively. The remaining balance of collateral-dependent loans of $28.9 million and $18.2 million at December 31, 2020 and 2019, respectively, have sufficient collateral supporting the collection of all contractual principal and interest or were charged down to the underlying collateral's fair value, less estimated selling costs. Therefore, such loans did not have an associated valuation allowance.

NPLs consist of non-accrual loans and leases, loans and leases 90 days or more past due and still accruing, and loans and leases that have been restructured because of the borrower's weakened financial condition. The following table presents information concerning NPLs at December 31, 2020 and 2019:

	2020	2019
	(In thousands)	
Non-accrual loans and leases	$ 96,378	$ 78,796
Loans and leases 90 days or more past due, still accruing	14,320	17,531
Restructured loans and leases still accruing	10,475	15,184
Total	$ 121,173	$ 111,511

The Company's policy for all loan classifications provides that loans and leases are generally placed in non-accrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless such loan or lease is both well-secured and in the process of collection. At December 31, 2020, the Company's geographic NPL distribution was concentrated primarily in its Mississippi and Texas markets.

The following table presents the amortized cost basis of loans on nonaccrual status and loans 90 days or more past due by segment and class at December 31, 2020:

	December 31, 2020				December 31, 2019
	Amortized Cost of Non-accrual Loans	Interest Income Recognized on Non-accrual Loans	Non-accrual Loans with No Related Allowance	Loans 90+ Days Past Due, still Accruing	Amortized Cost of Non-accrual Loans
Commercial and industrial					
Commercial and industrial-non real estate	$ 12,768	$ 190	$ 2,481	$ 307	$ 11,105
Commercial and industrial- owner occupied	15,783	562	11,579	—	7,838
Total commercial and industrial	28,551	752	14,060	307	18,943
Commercial real estate					
Agricultural	5,013	216	777	—	4,772
Construction, acquisition and development	9,738	49	7,454	—	6,225
Commercial real estate	16,249	323	12,513	—	16,199
Total commercial real estate	31,000	588	20,744	—	27,196
Consumer					
Consumer mortgages	32,951	939	2,544	13,743	28,879
Home equity	2,657	77	—	—	2,993
Credit cards	173	—	—	256	63
Total consumer	35,781	1,016	2,544	13,999	31,935
All other	1,046	50	—	14	722
Total	$ 96,378	$ 2,406	$ 37,348	$ 14,320	$ 78,796

The total amount of interest recorded on NPLs was $7.0 million, $4.1 million and $2.2 million in 2020, 2019 and 2018, respectively. The gross interest income which would have been recorded under the original terms of those loans and leases amounted to $9.6 million, $6.8 million and $4.9 million in 2020, 2019 and 2018, respectively.

In the normal course of business, management may grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria set out in FASB ASC 310 are identified as TDRs. The concessions granted most frequently for TDRs involve reductions or delays in required payments of principal and interest for a specified period or the rescheduling of payments in accordance with a bankruptcy plan. In most cases, the conditions of the credit also warrant nonaccrual status, even after the restructure occurs. Other conditions that warrant a loan being considered a TDR include reductions in interest rates to below market rates due to bankruptcy plans or by the bank in an attempt to assist the borrower in working through liquidity problems. As part of the credit approval process, the restructured loans are evaluated for adequate collateral protection in determining the appropriate accrual status at the time of restructure. TDRs recorded as nonaccrual loans may generally be returned to accrual status in years after the restructure if there has been at least a six-month period of sustained repayment performance by the borrower in accordance with the terms of the restructured loan. The most common concessions that were granted involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan.

The Federal Reserve and other regulatory agencies have taken several actions designed to cushion the economic fallout of COVID-19. The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law at the end of March 2020, the goal of which is to prevent a severe economic downturn through various measures, including direct financial aid to American families and economic stimulus to significantly impacted industry sectors. The package also includes extensive emergency funding for hospitals and providers. In keeping with regulatory guidance to work with borrowers during this unprecedented situation and as outlined in the CARES Act, the Company implemented a payment deferral program for its customers that are affected by the pandemic. The Company offered 90 day payment deferrals or interest-only terms on loans that are less than 30 days past due and in compliance with all borrowing covenants. Approximately 0.1% of the loan portfolio by outstanding balance was in deferral and 1.3% had been converted to interest only as of December 31, 2020. In accordance with interagency guidance issued in March 2020 and the CARES Act, these short term deferrals and modifications are not considered TDRs. The following table details the portions of the loan portfolio with the most significant negative impacts related to the COVID-19 pandemic including deferrals and interest only credits at December 31, 2020.

	Outstanding Balance	Total Committed Balance	$ Loans Converted to Interest Only (1)	% Loans Converted to Interest Only (1)	$ Deferred (1)	% Deferred (1)
	(Dollars in thousands)					
Hotels & accommodation	$ 710,033	$ 787,887	$ 138,195	19.5 %	$ —	— %
Retail CRE	1,067,563	1,164,497	705	0.1	—	—
Food services	264,177	292,858	6,810	2.6	—	—
High risk portfolios	2,041,773	2,245,242	145,710	7.1	—	—
All other portfolios	12,980,706	16,364,953	31,765	0.3	20,585	0.2
Total	$15,022,479	$18,610,195	$ 177,475	1.3 %	$ 20,585	0.1 %

(1) Excludes PPP loans

The following tables summarize the financial effect of TDRs for the years ended December 31, 2020 and 2019:

	December 31, 2020		
	Number of Contracts	Pre-Modification Outstanding Amortized Cost	Post-Modification Outstanding Amortized Cost
	(Dollars in thousands)		
Commercial and industrial			
Commercial and industrial-non real estate	8	377	359
Commercial and industrial-owner occupied	4	2,844	2,843
Total commercial and industrial	12	3,221	3,202
Commercial real estate			
Construction, acquisition and development	2	151	151
Consumer			
Consumer mortgages	9	811	808
Home equity	4	228	116
Total consumer	13	1,039	924
All other	11	129	128
Total	38	4,540	4,405

	December 31, 2019		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)		
Commercial and industrial			
Commercial and industrial-non real estate	36	$ 3,648	$ 3,420
Commercial and industrial-owner occupied	4	1,944	1,943
Total commercial and industrial	40	5,592	5,363
Commercial real estate			
Agricultural	1	9	9
Construction, acquisition and development	4	601	597
Commercial real estate	4	3,615	3,613
Total commercial real estate	9	4,225	4,219
Consumer			
Consumer mortgages	20	1,052	869
Home equity	11	659	651
Total consumer	31	1,711	1,520
All other	14	96	75
Total	94	$ 11,624	$ 11,177

The following tables summarize TDRs modified within 2020 and 2019 for which there was a payment default during the indicated year (i.e., 30 days or more past due at any given time during 2020 or 2019):

	Year Ended December 31, 2020	
	Number of Contracts	Amortized Cost
	(Dollars in thousands)	
Commercial and industrial		
Commercial and industrial-non real estate	3	$ 178
Commercial and industrial-owner occupied	1	2,465
Total commercial and industrial	4	2,643
Commercial real estate		
Construction, acquisition and development	1	26
Consumer		
Consumer mortgages	3	151
Home equity	1	51
Total consumer	4	202
All other	1	3
Total	10	$ 2,874

	Year Ended December 31, 2019	
	Number of Contracts	Recorded Investment
	(Dollars in thousands)	
Commercial and industrial-non real estate	8	$ 496
Commercial real estate		
Agricultural	1	9
Construction, acquisition and development	2	54
Commercial real estate	1	87
Total commercial real estate	4	150
Consumer		
Consumer mortgages	7	280
Home equity	8	379
Total consumer	15	659
All other	9	32
Total	36	$ 1,337

During 2020, 2019 and 2018, the most common concessions involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan or a reduction in interest rates.

(5) ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the allowance for credit losses for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
		(In thousands)	
Balance at beginning of year	$ 119,066	$ 120,070	$ 118,200
Impact of adopting ASC 326	62,634	—	—
Initial allowance on loans purchased with credit deterioration	4,226	—	—
Provision charged to expense	86,000	1,500	4,500
Recoveries	8,357	14,086	10,900
Loans and leases charged off	(35,861)	(16,590)	(13,530)
Balance at end of year	$ 244,422	$ 119,066	$ 120,070

The following tables summarize the changes in the allowance for credit losses by segment and class for the years ended December 31, 2020 and 2019:

	2020						
	Balance, Beginning of Period	Impact of Adopting ASC 326	Initial Allowance on Loans Purchased with Credit Deterioration	Charge-offs	Recoveries	Provision	Balance, End of Period
				(In thousands)			
Commercial and industrial							
Commercial and industrial-non real estate	$ 19,509	$ 13,372	$ 1,043	$ (17,201)	$ 1,705	$ 13,478	$ 31,906
Commercial and industrial-owner occupied	13,365	8,509	49	(1,806)	1,515	8,946	30,578
Total commercial and industrial	32,874	21,881	1,092	(19,007)	3,220	22,424	62,484
Commercial real estate							
Agricultural	2,198	2,099	1,142	(241)	39	(327)	4,910
Construction, acquisition and development	12,912	1,091	—	(4,955)	545	19,298	28,891
Commercial real estate	22,297	12,891	1,920	(3,939)	439	30,683	64,291
Total commercial real estate	37,407	16,081	3,062	(9,135)	1,023	49,654	98,092
Consumer							
Consumer mortgages	32,977	27,443	69	(1,460)	1,324	5,719	66,072
Home equity	5,785	(506)	—	(834)	622	(646)	4,421
Credit cards	6,615	(3,284)	—	(2,641)	961	7,969	9,620
Total consumer	45,377	23,653	69	(4,935)	2,907	13,042	80,113
All other	3,408	1,019	3	(2,784)	1,207	880	3,733
Total	$ 119,066	$ 62,634	$ 4,226	$ (35,861)	$ 8,357	$ 86,000	$ 244,422

	2019				
	Balance, Beginning of Period	Charge-offs	Recoveries	Provision	Balance, End of Period
			(In thousands)		
Commercial and industrial					
Commercial and industrial-non real estate	$ 17,382	$ (3,176)	$ 2,295	$ 3,008	$ 19,509
Commercial and industrial-owner occupied	15,240	(257)	250	(1,868)	13,365
Total commercial and industrial	32,622	(3,433)	2,545	1,140	32,874
Commercial real estate					
Agricultural	2,251	(11)	21	(63)	2,198
Construction, acquisition and development	11,745	(71)	1,841	(603)	12,912
Commercial real estate	25,485	(4,114)	4,537	(3,611)	22,297
Total commercial real estate	39,481	(4,196)	6,399	(4,277)	37,407
Consumer					
Consumer mortgages	29,970	(1,364)	2,010	2,361	32,977
Home equity	5,831	(689)	1,201	(558)	5,785
Credit cards	6,684	(3,305)	883	2,353	6,615
Total consumer	42,485	(5,358)	4,094	4,156	45,377
All other	5,482	(3,603)	1,048	481	3,408
Total	$ 120,070	$ (16,590)	$ 14,086	$ 1,500	$ 119,066

The following tables provide the allowance for credit losses by segment and class based on impairment status at December 31, 2019:

	December 31, 2019					
	Recorded Balance of Impaired Loans (1)	Allowance for Impaired Loans and Leases (A)	Recorded Balance of PCI Loans	Allowance for PCI Loans (B)	Allowance for All Other Loans and Leases (C)	Total Allowance (A+B+C)
			(In thousands)			
Commercial and industrial						
Commercial and industrial-non real estate	1,054	354	8,169	—	19,155	19,509
Commercial and industrial-owner occupied	4,296	489	5,570	—	12,876	13,365
Total commercial and industrial	5,350	843	13,739	—	32,031	32,874
Commercial real estate						
Agricultural	757	—	1,409	—	2,198	2,198
Construction, acquisition and development	5,457	—	5,835	—	12,912	12,912
Commercial real estate	11,934	185	3,885	—	22,112	22,297
Total commercial real estate	18,148	185	11,129	—	37,222	37,407
Consumer						
Consumer mortgages	596	46	799	—	32,931	32,977
Home equity	—	—	—	—	5,785	5,785
Credit cards	—	—	—	—	6,615	6,615
Total consumer	596	46	799	—	45,331	45,377
All other	—	—	18	—	3,408	3,408
Total	24,094	1,074	25,685	—	117,992	119,066

(1) Impaired loans are shown exclusive of $15.2 million of accruing TDRs, $2.0 million of non accruing TDRs and approximately $57,000 of 90+ days past due, still accruing TDRs. The allowance for accruing TDRs was approximately $950,000 at December 31, 2019.

The COVID-19 pandemic became economically problematic in the United States in early March 2020, prompting governmental action to restrict travel, business activity, and sporting events. In addition, “Social Distancing” advisories and state and local “Stay at Home” orders resulted in business suspensions and employee furloughs and layoffs. As a result, the

U.S. economy experienced significant deterioration which was evident during the second and third quarters in many economic metrics included in the economic forecasts used to support the ACL, compared to the previous quarters. The U.S. economy and the regional economy in the Company's market area experienced both rapid decline and a rapid beginning of a recovery during this period. During the third quarter, there were early signs of a rapid recovery, however, the rate of improvement showed signs of slowing as the quarter ended and continued at a slower rate of recovery during the fourth quarter. The ACL estimate includes both portfolio changes and changes in economic conditions experienced during the quarter and a forecast of gradual recovery over the next eight quarters. The unemployment rate has the highest weighting within the Company's credit modeling framework. The Company's forecast for unemployment includes a range between 7.6 percent and 5.8 percent through the fourth quarter of 2022. The forecasts recognize the potential for a longer recovery period during the forecast period. The Company recognizes that despite the development of vaccines and treatments, a recurrence in COVID-19 infections may occur and have short-term, long-term and regional impacts to the economic recovery. In addition, qualitative factors such as changes in economic conditions, concentrations of risk, and changes in portfolio risk resulting from regulatory changes are considered in determining the adequacy of the level of the allowance for credit losses.

(6) OTHER REAL ESTATE OWNED

The following table presents the activity in OREO for the years ended December 31, 2020 and 2019:

	2020	2019
	(In thousands)	
Balance at beginning of year	$ 6,746	$ 9,276
Additions to foreclosed properties		
New foreclosed properties, including through acquisitions	16,994	8,489
Reductions in foreclosed properties		
Sales including realized losses	(11,614)	(6,457)
Writedowns for unrealized losses	(731)	(4,562)
Balance at end of year	11,395	6,746

The following table presents the OREO by collateral type at December 31, 2020 and 2019:

	December 31,	
	2020	2019
	(In thousands)	
Commercial and industrial		
Commercial and industrial-non real estate	$ —	$ 56
Commercial and industrial-owner occupied	1,136	973
Total commercial and industrial	1,136	1,029
Commercial real estate		
Agricultural	256	407
Construction, acquisition and development	384	4,010
Commercial real estate	9,002	77
Total commercial real estate	9,642	4,494
Consumer		
Consumer mortgages	478	1,207
Home equity	123	—
Credit cards	—	—
Total consumer	601	1,207
All other	16	16
Total	$ 11,395	$ 6,746

The Company incurred total foreclosed property expenses of $4.1 million, $2.9 million and $3.4 million in 2020, 2019 and 2018, respectively. Realized net losses on dispositions and holding losses on valuations of these properties, a component of total foreclosed property expenses, were $1.1 million, approximately $411,000 and $1.7 million in 2020, 2019 and 2018, respectively.

(7) PREMISES AND EQUIPMENT

A summary by asset classification at December 31, 2020 and 2019 follows:

	Estimated Useful Life (Years)	2020	2019
		(In thousands)	
Land	N/A	$ 103,697	$ 102,993
Buildings and improvements	10-40	444,695	417,735
Leasehold improvements	10-39	13,937	12,496
Equipment, furniture and fixtures	3-12	354,990	317,502
Construction in progress	N/A	27,421	38,256
Right of use - lease	N/A	70,388	71,795
Subtotal		1,015,128	960,777
Accumulated depreciation and amortization		506,981	479,876
Premises and equipment, net		$ 508,147	$ 480,901

(8) GOODWILL AND OTHER INTANGIBLE ASSETS

The following tables present the changes in the carrying amount of goodwill by operating segment for the years ended December 31, 2020 and 2019:

	2020		
	Community Banking	Insurance Agencies	Total
		(In thousands)	
Balance as of January 1, 2020	$ 742,499	$ 83,180	$ 825,679
Goodwill recorded during the year	22,648	3,285	25,933
Balance as of December 31, 2020	$ 765,147	$ 86,465	$ 851,612

	2019		
	Community Banking	Insurance Agencies	Total
		(In thousands)	
Balance as of January 1, 2019	$ 612,540	$ 83,180	$ 695,720
Goodwill recorded during the year	129,959	—	129,959
Balance as of December 31, 2019	$ 742,499	$ 83,180	$ 825,679

The goodwill recorded in the Company’s Community Banking reporting segment during 2020 was related to one bank acquired during 2020 and measurement period adjustments for three banks acquired during 2019. The goodwill recorded in the Company's Insurance Agencies Banking reporting segment during 2020 was related to one insurance agency acquired during 2020. As a result of these acquisitions, goodwill increased $25.9 million compared to December 31, 2019.

The Company’s policy is to assess goodwill for impairment at the reporting segment level on an annual basis or sooner if an event occurs or circumstances change which indicate that the fair value of a reporting segment is below its carrying amount. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. Accounting standards require management to estimate the fair value of each reporting segment in assessing impairment at least annually. The Company’s annual assessment date is during the Company’s fourth quarter. Because of the volatile market conditions during which the Company’s market value fell below book value, the Company performed a qualitative assessment of whether it was more likely than not that a reporting unit’s fair value was less than its carrying value during each quarter of 2020 including a goodwill impairment assessment performed by a third party valuation specialist during the third quarter of 2020. Based on these assessments, it was determined that the Company’s reporting segments’ fair value exceeded their carrying value and no goodwill impairment was recorded during 2020. The Company’s annual goodwill impairment evaluation for 2019 also indicated no impairment of goodwill for its reporting segments. The Company will continue to test reporting segment goodwill for potential impairment on an annual basis in the Company's fourth quarter, or sooner if a goodwill impairment indicator is identified.

In the current economic environment, forecasting cash flows, credit losses and growth in addition to valuing the Company's assets with any degree of assurance is very difficult and subject to significant changes over very short periods of time. Management will continue to update its analysis as circumstances change. As market conditions continue to be volatile and unpredictable, impairment of goodwill related to the Company's reporting segments may be necessary in future periods.

The following tables present information regarding the components of the Company's other identifiable intangible assets as of December 31, 2020 and 2019 and for the three-year period ended December 31, 2020:

	December 31, 2020		December 31, 2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:		(In thousands)		
Core deposit intangibles	$ 84,690	$ 39,995	$ 82,244	$ 33,291
Customer relationship intangibles	47,771	38,779	45,758	37,726
Non-solicitation intangibles	3,461	1,937	3,790	1,455
Total	$ 135,922	$ 80,711	$ 131,792	$ 72,472
Unamortized intangible assets:				
Trade names	$ 688	$ —	$ 688	$ —
Total	$ 688	$ —	$ 688	$ —

	Year ended December 31,		
	2020	2019	2018
Aggregate amortization expense for:		(In thousands)	
Core deposit intangibles	$ 6,704	$ 5,842	$ 3,309
Customer relationship intangibles	2,023	2,288	2,697
Non-solicitation intangibles	878	988	633
Total	$ 9,605	$ 9,118	$ 6,639

Core deposit intangibles of $2.4 million were recorded for Texas First in 2020, $8.8 million for Grand Bank, $4.4 million for Merchants, $2.1 million for Texas Star, and $2.5 million for Summit in 2019 as a result of the acquisitions. Customer relationship intangibles added due to the acquired agency in 2020 were $3.6 million.

The following table presents information regarding estimated amortization expense of the Company's amortizable identifiable intangible assets for the year ending December 31, 2021, and the succeeding four years:

	Core Deposit Intangibles	Customer Relationship Intangibles	Non-Solicitation Intangibles	Total
Estimated amortization expense:		(In thousands)		
For the year ending December 31, 2021	$ 6,538	$ 1,867	$ 871	$ 9,276
For the year ending December 31, 2022	6,152	1,618	653	8,423
For the year ending December 31, 2023	5,906	1,340	—	7,246
For the year ending December 31, 2024	5,673	1,107	—	6,780
For the year ending December 31, 2025	5,412	874	—	6,286

(9) TIME DEPOSITS AND SHORT-TERM DEBT

Time deposits of $100,000 or more amounting to $1.6 billion and $1.7 billion were outstanding at December 31, 2020 and 2019, respectively. Total interest expense relating to time deposits of $100,000 or more totaled $27.1 million, $25.8

million and $12.7 million for the years ended December 31, 2020, 2019 and 2018, respectively. Time deposits with a balance of $250,000 or more amounting to $794.1 million and $777.3 million were outstanding at December 31, 2020 and 2019 respectively.

For time deposits with a remaining maturity of more than one year at December 31, 2020, the aggregate amount of time deposits maturing in each of the following five years is presented in the following table:

Maturing in	Amount
(In thousands)	
2022	$ 447,213
2023	235,713
2024	128,899
2025	69,243
2026	2,962
Thereafter	—
Total	$ 884,030

The following tables present information relating to short-term debt for the years ended December 31, 2020, 2019 and 2018:

	2020				
	End of Period		Daily Average		Maximum Outstanding at any Month End
	Balance	Interest Rate	Balance	Interest Rate	
	(Dollars in thousands)				
Federal funds purchased	$ —	—%	$ 36,516	0.85%	$ 100,000
Securities sold under agreement to repurchase	637,715	0.16	635,042	0.31	683,183
Short-term FHLB advances	—	—	165,477	1.35	450,224
Total	$ 637,715		$ 837,035		$ 1,233,407

	2019				
	End of Period		Daily Average		Maximum Outstanding at any Month End
	Balance	Interest Rate	Balance	Interest Rate	
	(Dollars in thousands)				
Federal funds purchased	$ —	—%	$ 10,214	2.08%	$ —
Securities sold under agreement to repurchase	513,422	1.03	495,382	1.41	556,006
Short-term FHLB advances	725,000	1.56	523,715	2.42	790,000
Total	$ 1,238,422		$ 1,029,311		$ 1,346,006

	2018				
	End of Period		Daily Average		Maximum Outstanding at any Month End
	Balance	Interest Rate	Balance	Interest Rate	
	(Dollars in thousands)				
Federal funds purchased	$ 105,000	2.50%	$ 155,532	2.03 %	$ 335,000
Securities sold under agreement to repurchase	416,008	1.38	438,032	1.08	469,114
Short-term FHLB advances	990,000	2.49	695,464	2.04	990,000
Total	$ 1,511,008		$ 1,289,028		$ 1,794,114

Federal funds purchased generally mature the day following the date of purchase while securities sold under repurchase agreements generally mature within 30 days from the date of sale. Federal Reserve discount window borrowings generally mature within 90 days following the date of purchase and short-term FHLB borrowings generally mature within 30 days following the date of purchase. At December 31, 2020, the Company had established non-binding federal funds borrowing lines of credit with other banks aggregating $1.2 billion.

(10) LONG-TERM AND JUNIOR SUBORDINATED DEBT

The Company has entered into a blanket floating lien security agreement with the FHLB of Dallas. Under the terms of this agreement, the Company is required to maintain sufficient collateral to secure borrowings in an aggregate amount of the lesser of 75% of the book value (i.e., unpaid principal balance) of the Company's eligible mortgage loans pledged as collateral or 35% of the Company's assets. At December 31, 2020, there were no call features on long-term FHLB borrowings.

At December 31, 2020, long term debt was repayable as follows:

Final due date	Interest rate	Amount
	(In thousands)	
2022	—%	$ —
2023	various	513
2024	—	—
2025	—	—
2026	5.75	1,730
Thereafter	various	$ 2,159

The Company had long-term FHLB and other borrowings totaling $4.4 million at December 31, 2020. The Company had long-term FHLB and other borrowings from the FHLB totaling $5.1 million at December 31, 2019.

On November 20, 2019, the Company completed its public offering of $300 million aggregate principal amount of its 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029 (the "Notes"). The Company received net proceeds, after deducting the underwriting discount and estimated expenses, of approximately $296.9 million. Beginning November 20, 2019, the Notes began to bear interest at a fixed annual interest rate equal to 4.125%, payable semiannually in arrears commencing May 20, 2020. Beginning November 20, 2024, the interest rate will reset quarterly to an annual interest rate equal to the three-month LIBOR plus 2.47%, payable quarterly in arrears. The Notes are unsecured obligations of the Company and will not be guaranteed by any of its subsidiaries. The Notes are subordinated and rank junior in right of payment to all of the Company's existing and future senior indebtedness. There is no sinking fund for the Notes. The Company may on or after November 20, 2024, and on any interest payment date thereafter, redeem the Notes, in whole or in part, subject to certain conditions. The Notes do not contain any covenants or restrictions restricting the incurrence of debt, or restrictions on the payment of dividends.

(11) PREFERRED STOCK

On November 20, 2019, the Company completed its public offering of 6,900,000 shares of 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $25 per share of Series A Preferred Stock (the "Series A Preferred Stock"), which represents $172,500,000 in aggregate liquidation preference (the "Series A Preferred Stock Offering"). The Company received net proceeds from the Series A Preferred Stock Offering, after deducting the underwriting discount and estimated expenses, of approximately $167.5 million. Holders of the Series A Preferred Stock will be entitled to receive, only when, as, and if declared by the Company's board of directors, non-cumulative cash dividends based upon the liquidation preference of $25 per share of Series A Preferred Stock, and no more, at a rate equal to 5.50% per annum, payable quarterly, in arrears, on February 20, May 20, August 20 and November 20 of each year beginning on February 20, 2020. The Series A Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provision. The Company may redeem shares of Series A Preferred Stock at its option, subject to regulatory approval, at a redemption price equal to $25 per share, plus any declared and unpaid dividends. The Board of Directors of the Company declared quarterly cash dividends of $0.34375 per share of Series A Preferred Stock that were paid on February 20, 2020 to shareholders of record at the close of business on February 5, 2020, paid on May 20, 2020 to shareholders of record at the close of business on May 5, 2020, paid on August 20, 2020 to shareholders of record at the close of business on August 5, 2020, and paid on November 20, 2020 to shareholders of record at the close of business on November 5, 2020.

(12) INCOME TAXES

Total income taxes for the years ended December 31, 2020, 2019 and 2018 were allocated as follows:

	2020	2019	2018
		(In thousands)	
Income tax expense	$ 59,494	$ 65,257	$ 43,808
Shareholders' equity for other comprehensive income (loss)	24,794	5,928	(1,558)
Total	$ 84,288	$ 71,185	$ 42,250

The components of income tax expense attributable to operations were as follows for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
Current:		(In thousands)	
Federal	$ 51,229	$ 54,728	$ 12,527
State	8,505	9,027	5,357
Deferred:			
Federal	637	1,994	21,733
State	(877)	(492)	4,191
Total	$ 59,494	$ 65,257	$ 43,808

During 2020, the Company recognized certain tax expense related to stock options in the amount of approximately $152,000. During 2019 and 2018 the Company recognized approximately $497,000, and $2.8 million, respectively.

The Company had income tax receivable of $32.2 million, $13.3 million and $21.5 million at December 31, 2020, 2019 and 2018, respectively.

The Company did not have any stock options expiring during 2020 and 2019. During 2018, the Company reversed the deferred tax asset associated with stock options expiring in the amount of approximately $9,000. For 2018, the reversal was recorded as an increase in income tax expense and as a reduction in deferred tax asset.

On March 27, 2020, the CARES Act was signed into law in response to the COVID-19 pandemic. Section 2303(b) of the CARES Act allows for certain net operating losses generated after December 31, 2017, but before December 31, 2021, to be carried back to the five tax years preceding the loss. The Company recorded a benefit of approximately $832,000 due to the carryback of these net operating losses.

Income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 21% to income before income taxes for the years ended December 31, 2020, 2019 and 2018 resulting from the following:

	2020	2019	2018
		(In thousands)	
Tax expense at statutory rates	$ 60,384	$ 62,899	$ 55,676
Increase (decrease) in taxes resulting from:			
State income taxes, net of federal tax benefit	5,625	6,635	7,543
Tax-exempt interest revenue	(2,101)	(2,839)	(3,235)
Tax-exempt earnings on life insurance	(1,718)	(1,907)	(2,454)
Deductible dividends paid on 401(k) plan	(546)	(530)	(453)
Stock equity awards	134	(441)	(2,276)
Tax rate change revaluation of deferreds	—	—	(11,848)
Excess salary disallowance	903	523	473
Tax credits	(3,203)	(321)	(793)
FDIC disallowance	497	517	443
Nondeductible merger costs	582	256	330
Meals and entertainment	242	471	348
CARES Act benefit	(832)	—	—
Other, net	(473)	(6)	54
Total	$ 59,494	$ 65,257	$ 43,808

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019 were as follows:

	2020	2019
Deferred tax assets:	(In thousands)	
Loans, principally due to allowance for credit losses	$ 58,152	$ 28,513
Other real estate owned	2,406	2,616
Loans- fair value adjustment	4,254	10,196
Accrued liabilities, principally due to compensation arrangements and vacation accruals	7,964	9,131
Net operating loss carryforwards	25	126
Lease liability - ASC 842	16,511	17,546
Investments	160	—
Other	—	1,577
Unrecognized pension expense	21,241	24,047
Total gross deferred tax assets	110,713	93,752
Less: valuation allowance	—	—
Deferred tax assets	$ 110,713	$ 93,752
Deferred tax liabilities:		
Lease transactions	$ 2,326	$ 4,545
Employment benefits	32,521	24,667
Premises and equipment, principally due to differences in depreciation	17,774	11,014
Mortgage servicing rights	11,318	13,675
Intangible assets	18,626	19,392
Investments, principally due to interest income recognition	—	987
Deferred loan points	7,913	5,660
Right of Use Asset - ASC 842	16,099	17,401
Unrealized net gains on available-for-sale securities	25,206	3,217
Other	3,664	—
Total gross deferred tax liabilities	135,447	100,558
Net deferred tax liabilities	$ (24,734)	$ (6,806)

Based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences existing at December 31, 2020.

Pursuant to IRC §382, a change in the ownership of a company limits the gross amount of net operating loss carryover a company can use per year (the annual limitation). The Company acquired net operating losses during the year which are subject to IRC §382 annual limitation. The acquired net operating loss does not have an expiration. There is no valuation allowance on the net operating loss carryover.

The Company recognizes accrued interest related to unrecognized tax benefits and penalties as a component of other noninterest expense. The Company accrued no interest for 2020, 2019 and 2018.

The following table presents a summary of the beginning and ending amounts of unrecognized income tax benefits:

	Years Ended December 31, 2020	2019	2018
	(In thousands)		
Balance at January 1	$ 399	$ 325	$ —
Additions based on income tax positions related to current year	—	74	—
Additions for income tax positions for prior year	92	—	325
Additions from acquisitions	—	—	—
Reductions for income tax positions of prior years	—	—	—
Statute of limitations expirations	—	—	—
Settlements	—	—	—
Balance at December 31,	$ 491	$ 399	$ 325

Note: Unrecognized state income tax benefits are not adjusted for the federal income tax impact.

The Company is subject to taxation in the United States and various states and local jurisdictions. The Company files a consolidated United States federal return. Based on the laws of the applicable state where the Company conducts business operations, the Company and its applicable subsidiaries either file a consolidated, combined or separate return. The tax years that remain open for examination for the Company's major jurisdictions of the United States—federal, Mississippi, Arkansas, Tennessee, Alabama, Louisiana, Texas and Missouri—are 2017, 2018 and 2019.

(13) PENSION, OTHER POST RETIREMENT BENEFIT AND PROFIT SHARING PLANS

The Basic Plan is a non-contributory defined benefit pension plan managed by a trustee covering substantially all full-time employees who have at least one year of service, worked at least 1,000 hours and have attained the age of 18. For such employees hired prior to January 1, 2006, benefits were based on years of service and the employee's compensation until January 1, 2017, at which time benefits were based on a 2.5% cash balance formula. For such employees hired on or after January 1, 2006, benefits accrue based on a cash balance formula, effective January 1, 2012. The Company's funding policy is to contribute to the Basic Plan the amount that meets the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Company determines to be appropriate. The difference between the plan assets and projected benefit obligation is included in other assets or other liabilities, as appropriate. Actuarial assumptions are evaluated periodically.

The Restoration Plan provides for the payment of retirement benefits to certain participants in the Basic Plan. The Restoration Plan is a non-qualified plan that covers any employee whose benefit under the Basic Plan is limited by the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and any employee who elects to participate in the BancorpSouth Bank Deferred Compensation Plan, which reduces the employee's benefit under the Basic Plan. For such employees hired prior to January 1, 2006, benefits were based on years of service and the employee's compensation until January 1, 2017, at which time benefits were based on a 2.5% cash balance formula. For such employees hired on or after January 1, 2006, benefits accrue based on a cash balance formula, effective January 1, 2012. The Supplemental Plan is a non-qualified defined benefit supplemental retirement plan for certain key employees. Benefits commence when the employee retires and are payable over a period of ten years.

The Company measured benefit obligations using the most recent Pri-2012 mortality tables and MP-2020 mortality improvement scale in selecting mortality assumptions as of December 31, 2020.

The Company uses a December 31 measurement date for its pension and other benefit plans.

A summary of the three defined benefit retirement plans at and for the years ended December 31, 2020, 2019 and 2018 follows:

	Pension Benefits		
	2020	2019	2018
Change in benefit obligations:		(In thousands)	
Projected benefit obligations at beginning of year	$ 309,007	$ 278,201	$ 300,235
Service cost	7,411	5,918	6,188
Interest cost	6,991	10,436	9,517
Actuarial (gain) loss	10,500	38,586	(25,553)
Benefits paid	(10,254)	(23,233)	(11,204)
Administrative expenses paid	(1,261)	(901)	(982)
Settlements	(19,075)	—	—
Projected benefit obligations at end of year	$ 303,319	$ 309,007	$ 278,201
Change in plans' assets:			
Fair value of plans' assets at beginning of year	351,307	325,235	277,503
Actual return on assets	32,797	47,592	(12,752)
Employer contributions	41,613	2,614	72,670
Benefits paid	(10,254)	(23,233)	(11,204)
Administrative expenses paid	(1,261)	(901)	(982)
Settlements (1)	(20,978)	—	—
Fair value of plans' assets at end of year	$ 393,224	$ 351,307	$ 325,235
Funded status:			
Projected benefit obligations	(303,319)	(309,007)	(278,201)
Fair value of plans' assets	393,224	351,307	325,235
Net amount recognized	$ 89,905	$ 42,300	$ 47,034

(1) The total lump sums paid during 2020 were $21.0 million compared to a settlement threshold of $12.8 million. As a result, a charge of $5.8 million was recognized for 2020.

Amounts recognized in the consolidated balance sheets consisted of:

	Pension Benefits		
	2020	2019	2018
		(In thousands)	
Prepaid benefit cost	$ 201,571	$ 165,387	$ 164,946
Accrued benefit liability	(26,530)	(26,708)	(26,353)
Accumulated other comprehensive loss adjustment	(85,136)	(96,379)	(91,559)
Net amount recognized	$ 89,905	$ 42,300	$ 47,034

Pre-tax amounts recognized in accumulated other comprehensive loss consisted of:

	December 31,	
	2020	2019
	(In thousands)	
Net prior service benefit	$ (264)	$ (982)
Net actuarial loss	85,400	97,361
Total accumulated other comprehensive loss	$ 85,136	$ 96,379

The net prior service benefit and net actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are approximately ($264,000) and $4.7 million, respectively. No further transition obligation remains to be amortized.

The components of net periodic benefit cost for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Pension Benefits		
	2020	2019	2018
Components of net periodic benefit cost:		(In thousands)	
Service cost	$ 7,411	$ 5,918	$ 6,188
Interest cost	6,991	10,436	9,517
Expected return on assets	(20,409)	(19,108)	(14,911)
Recognized prior service benefit	(718)	(718)	(718)
Recognized net loss	6,130	6,001	6,659
Settlement loss (gain)	5,846	—	—
Net periodic benefit cost (1)	$ 5,251	$ 2,529	$ 6,735

(1) While service cost is included in salaries and employee benefits, the components of net periodic pension costs other than the service cost component are included in the line item "other noninterest expense" in the consolidated statement of income for the years ended December 31, 2020, 2019 and 2018.

The weighted-average assumptions used to determine benefit obligations at December 31, 2020 and 2019 were as follows:

	Basic Plan		Restoration Plan		Supplemental Plan	
	2020	2019	2020	2019	2020	2019
Discount rate	2.26%	3.13%	2.32%	3.18%	1.67%	2.77%
Rate of compensation increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Basic Plan		
	2020	2019	2018
Discount rate-service cost	2.45%	3.27%	3.64%
Discount rate-interest cost	1.42%	2.59%	3.28%
Rate of compensation increase	3.00%	3.00%	3.00%
Expected rate of return on plan assets	6.00%	6.00%	5.50%
	Restoration Plan		
	2020	2019	2018
Discount rate-service cost	1.64%	2.77%	3.19%
Discount rate-interest cost	1.70%	2.77%	3.22%
Rate of compensation increase	3.00%	3.00%	3.00%
Expected rate of return on plan assets	N/A	N/A	N/A
	Supplemental Plan		
	2020	2019	2018
Discount rate-service cost	1.81%	2.91%	3.48%
Discount rate-interest cost	1.20%	2.44%	2.84%
Rate of compensation increase	3.00%	3.00%	3.00%
Expected rate of return on plan assets	N/A	N/A	N/A

The following table presents information related to the defined benefit plans that had accumulated benefit obligations in excess of plan assets at December 31, 2020 and 2019:

	2020	2019
	(In thousands)	
Projected benefit obligation	$ 38,082	$ 36,665
Accumulated benefit obligation	36,075	34,557
Fair value of assets	—	—

In selecting the expected long-term rate of return on assets used for the Basic Plan, the Company considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plan. This included considering the trust asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year. The discount rate is the rate used to determine the present value of the Company's future benefit obligations for its pension and other postretirement benefit plans.

Plan assets are managed on a total return basis to meet future obligations. Risk is managed through asset allocation, diversification, asset valuation analysis and maintaining a long-term focus. Assets are invested in multiple asset classes including, but not limited to, domestic equities, international equities and fixed income securities. Factors considered for the Plan's asset allocation include, but are not limited to, the Plan's funding status, long-term expected liabilities and expected long-term investment performance. To meet the Plan's obligation, long-term returns take priority over short term market volatility and uncertainty. The Plan asset allocation, diversification and long-term performance are evaluated by the Retirement Committee multiple times throughout each calendar year.

The Company's pension plan weighted-average asset allocations at December 31, 2020 and 2019 and the Company's target allocations for 2021, by asset category, were as follows:

	Plan assets at December 31		Target for
Asset category:	2020	2019	2021
Equity securities	53 %	48 %	33-60%
Debt securities	45 %	50 %	40-67%
Cash and equivalents	2 %	2 %	
Total	100 %	100 %	

Equity securities held in the Basic Plan included shares of the Company's common stock with a fair value of $2.3 million (0.58% of total plan assets) and $2.6 million (0.74% of total plan assets) at December 31, 2020 and 2019, respectively. An analysis by management is performed annually to determine whether the Company will make a contribution to the Basic Plan.

The following table presents information regarding expected future benefit payments, which reflect expected service, as appropriate:

	Pension Benefits
Expected future benefit payments:	(In thousands)
2021	$ 27,613
2022	27,214
2023	25,356
2024	24,209
2025	23,305
2026-2030	103,957

The following table presents the fair value of each major category of plan assets held in the Basic Plan at December 31, 2020 and 2019:

	Plan Assets	
	2020	2019
Investments, at fair value:	(In thousands)	
Cash and cash equivalents	$ 5,574	$ 19,334
U.S. agency debt obligations	23,095	33,985
Mutual funds	284,480	206,715
U. S. government debt obligations	—	6,001
Common stock of BancorpSouth Bank	2,257	2,584
Brokered certificates of deposit	77,044	81,816
Total investments, at fair value	392,450	350,435
Accrued interest and dividends	774	872
Fair value of plan assets	$ 393,224	$ 351,307

Fair values are determined based on valuation techniques categorized as follows: Level 1 means the use of quoted prices for identical instruments in active markets; Level 2 means the use of quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; Level 3 means the use of unobservable inputs. Quoted market prices, when available, are used to value investments. Pension plan investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Because of the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported.

The following tables set forth by level, within the FASB ASC 820, Fair Value Measurement (“FASB ASC 820”), fair value hierarchy, the plan investments at fair value as of December 31, 2020 and 2019:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	$ 5,574	$ —	$ —	$ 5,574
U.S. agency debt obligations	—	23,095	—	23,095
U.S. government debt obligations	—	—	—	—
Mutual funds	284,480	—	—	284,480
Common stock of BancorpSouth Bank	2,257	—	—	2,257
Brokered certificates of deposit	—	77,044	—	77,044
Total	$ 292,311	$ 100,139	$ —	$ 392,450

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	$ 19,334	$ —	$ —	$ 19,334
U.S. agency debt obligations	—	33,985	—	33,985
U.S. government debt obligations	—	6,001	—	6,001
Mutual funds	206,715	—	—	206,715
Common stock of BancorpSouth Bank	2,584	—	—	2,584
Brokered certificates of deposit	—	81,816	—	81,816
Total	$ 228,633	$ 121,802	$ —	$ 350,435

The following investments represented 5% or more of the total plan asset value as of December 31, 2020:

		2020
		(In thousands)
Goldman Sachs Large Cap Growth Insights Fund Institutional Class	$	22,625
John Hancock Discip Value Fund		26,855
John Hancock Discip Value Mid Cap Fund		23,320
John Hancock Funds III - International Growth Fund		23,168
Fidelity Advisor Total Bond Fund Class Z		20,508
JP Morgan Equity Income R6		28,337
Pioneer Multi-Asset Ultrashort Inc Fund		19,898
JP Morgan Strategic Income Opp Fund		20,440

The Company has a defined contribution plan (commonly referred to as a “401(k) Plan”). Pursuant to the 401(k) Plan, employees may contribute a portion of their compensation, as set forth in the 401(k) Plan, subject to the limitations as established by the Code. Employee contributions (up to 5% of defined compensation) are matched dollar-for-dollar by the Company. Employer contributions were $14.9 million, $12.6 million and $11.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

(14) FAIR VALUE DISCLOSURES

“Fair value” is defined by FASB ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The hierarchy is broken down into the following three levels, based on the reliability of inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Determination of Fair Value

The Company uses the valuation methodologies listed below to measure different financial instruments at fair value. An indication of the level in the fair value hierarchy in which each instrument is generally classified is included. Where appropriate, the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

Available-for-sale securities and other equity investments. Available-for-sale securities and other equity investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities’ relationship to other benchmark quoted securities. The Company’s available-for-sale securities and other equity investments that are traded on an active exchange, such as the NYSE, are classified as Level 1. Available-for-sale securities and other equity investments valued using matrix pricing are classified as Level 2. Available-for-sale securities and other equity investments valued using matrix pricing that has been adjusted to compensate for the present value of expected cash flows, market liquidity, credit quality and volatility are classified as Level 3.

Mortgage servicing rights. The Company records MSRs at fair value on a recurring basis with subsequent remeasurement of MSRs based on change in fair value. An estimate of the fair value of the Company's MSRs is determined by utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. All of the Company's MSRs are classified as Level 3.

Derivative instruments. The Company's derivative instruments consist of commitments to fund fixed-rate mortgage loans to customers and forward commitments to sell individual fixed-rate mortgage loans. Fair value of these derivative instruments is measured on a recurring basis using recent observable market prices. The Company also enters into interest rate swaps to meet the financing, interest rate and equity risk management needs of its customers. The fair value of these instruments is either an observable market price or a discounted cash flow valuation using the terms of swap agreements but substituting original interest rates with prevailing interest rates ranging from 1.7% to 3.1%. The Company also considers the associated counterparty credit risk when determining the fair value of these instruments. The Company's interest rate swaps, commitments to fund fixed-rate mortgage loans to customers and forward commitments to sell individual fixed-rate mortgage loans are classified as Level 3.

Loans held for sale. Loans held for sale are carried at fair value. The fair value of loans held for sale is based on commitments outstanding from investors as well as what secondary markets are currently offering for portfolios with similar characteristics. Therefore, loans held for sale are subjected to recurring fair value adjustments and are classified as Level 2. The Company obtains quotes, bids, or pricing indications on all or part of these loans directly from the buyers. Premiums and discounts received or to be received on the quotes, bids or pricing indications are indicative of the fact that the cost is lower or higher than fair value.

Collateral-dependent loans. Collateral-dependent loans considered for specific reserve under FASB ASC 326 are loans for which, based on current information and events, it is probable that the creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Collateral-dependent loans include impaired loans and purchased credit deteriorated (loss) loans. Collateral-dependent loans are subject to nonrecurring fair value adjustments to reflect (1) partial write-downs that are based on the observable market price or current appraised value of the collateral, or (2) the full charge-off of the loan carrying value. All of the Company's collateral-dependent loans are classified as Level 3.

Other real estate owned. OREO is carried at the lower of cost or estimated fair value, less estimated selling costs and is subjected to nonrecurring fair value adjustments. Estimated fair value is determined on the basis of independent appraisals and other relevant factors less an average of 7% for estimated costs to sell. All of the Company's OREO is classified as Level 3.

Off-Balance sheet financial instruments. The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreement and the present creditworthiness of the counterparties. The Company has reviewed the unfunded portion of commitments to extend credit as well as standby and other letters of credit, and has determined that the fair value of such financial instruments is not material. The Company classifies the estimated fair value of credit-related financial instruments as Level 3.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:	(In thousands)			
Available-for-sale securities:				
U.S. Government agencies	$ —	$ 2,871,408	$ —	$ 2,871,408
U.S. Government agency issued residential mortgage-backed securities	—	2,421,409	—	2,421,409
U.S. Government agency issued commercial mortgage-backed securities	—	806,206	—	806,206
Obligations of states and political subdivisions	—	113,953	—	113,953
Corporate bonds	—	18,030	—	18,030
Other equity investments	230	671		901
Mortgage servicing rights	—	—	47,571	47,571
Derivative instruments	—	—	22,542	22,542
Loans held for sale	—	397,076	—	397,076
Total	$ 230	$ 6,628,753	$ 70,113	$ 6,699,096
Liabilities:				
Derivative instruments	$ —	$ —	$ 5,700	$ 5,700

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:	(In thousands)			
Available-for-sale securities:				
U.S. Government agencies	$ —	$ 3,599,317	$ —	$ 3,599,317
U.S. Government agency issued residential mortgage-backed securities	—	133,375	—	133,375
U.S. Government agency issued commercial mortgage-backed securities	—	609,009	—	609,009
Obligations of states and political subdivisions	—	140,273	—	140,273
Other equity investments	259	671		930
Mortgage servicing rights	—	—	57,109	57,109
Derivative instruments	—	—	5,421	5,421
Loans held for sale	—	210,361	—	210,361
Total	$ 259	$ 4,693,006	$ 62,530	$ 4,755,795
Liabilities:				
Derivative instruments	$ —	$ —	$ 2,626	$ 2,626

The following tables present the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2020 and 2019:

	Mortgage Servicing Rights	Derivative Instruments
	(In thousands)	
Balance at December 31, 2019	$ 57,109	$ 2,795
Total net gains for the year included in:		
Net (loss) gain	(30,563)	14,047
Other comprehensive income	—	—
Additions	21,025	—
Transfers in and/or out of Level 3	—	—
Balance at December 31, 2020	$ 47,571	$ 16,842
Net unrealized (losses) gains included in net income for the year relating to assets and liabilities held at December 31, 2020	$ (17,816)	$ 14,047

	Mortgage Servicing Rights	Derivative Instruments
	(In thousands)	
Balance at December 31, 2018	$ 69,822	$ 2,176
Total net gains for the year included in:		
Net (loss) gain	(24,914)	619
Other comprehensive income	—	—
Additions	12,201	—
Transfers in and/or out of Level 3	—	—
Balance at December 31, 2019	$ 57,109	$ 2,795
Net unrealized (losses) gains included in net income for the year relating to assets and liabilities held at December 31, 2019	$ (15,256)	$ 619

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The following tables present the balances of assets and liabilities measured at fair value on a nonrecurring basis as of December 31, 2020 and 2019:

	December 31, 2020				Year ended December 31, 2020
	Level 1	Level 2	Level 3	Total	Net Losses
Assets:	(In thousands)				
Impaired loans, collateral dependent	$ —	$ —	$ 29,545	$ 29,545	$ (3,075)
Purchased Credit Deteriorated (Loss)	—	—	22,959	22,959	(4,591)
Other real estate owned	—	—	11,395	11,395	(351)

	December 31, 2019				Year ended December 31, 2019
	Level 1	Level 2	Level 3	Total	Net Losses
Assets:	(In thousands)				
Impaired loans, collateral dependent	$ —	$ —	$ 24,094	$ 24,094	$ (3,755)
Other real estate owned	—	—	6,746	6,746	(91)

Fair Value of Financial Instruments

FASB ASC 825, Financial Instruments ("FASB ASC 825"), requires that the Company disclose estimated fair values for its financial instruments. Fair value estimates, methods and assumptions that are used by the Company in estimating fair values of financial instruments and that are not disclosed above in this Note 14 are set forth below.

Cash and Equivalents. The carrying amounts for cash and equivalents approximate fair values due to their immediate and shorter-term maturities. Cash and equivalents include cash and amounts due from banks, including interest bearing deposits with other banks.

Loans and Leases. Fair values are estimated for portfolios of loans and leases with similar financial characteristics. The fair value of loans and leases is calculated by discounting scheduled cash flows through the estimated maturity using rates the Company would currently offer customers based on the credit and interest rate risk inherent in the loan or lease. Assumptions regarding credit risk, cash flows and discount rates are judgmentally determined using available market and borrower information. The aforementioned assumptions are utilized to provide an estimate of the exit price considered in an orderly transaction between market participants. Estimated maturity represents the expected average cash flow period, which in some instances is different than the stated maturity. All of the Company's loans and leases are classified as Level 3.

Deposit Liabilities. Under FASB ASC 825, the fair value of deposits with no stated maturity, such as noninterest bearing demand deposits, interest bearing demand deposits and savings, is equal to the amount payable on demand as of the reporting date. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the prevailing rates offered for deposits of similar maturities. The Company's noninterest bearing demand deposits, interest bearing demand deposits and savings are classified as Level 1. Certificates of deposit are classified as Level 2.

Debt. The carrying amounts for federal funds purchased and repurchase agreements approximate fair value because of their short-term maturity. The fair value of the Company's fixed-term FHLB advances is based on the discounted value of contractual cash flows. The discount rate is estimated using the prevailing rates available for advances of similar maturities. The fair value of the Company's junior subordinated debt is based on market prices or dealer quotes. The Company's federal funds purchased, repurchase agreements and junior subordinated debt are classified as Level 1. FHLB advances are classified as Level 2.

Lending Commitments. The Company's lending commitments are negotiated at prevailing market rates and are relatively short-term in nature. As a matter of policy, the Company generally makes commitments for fixed-rate loans for relatively short periods of time. Therefore, the estimated value of the Company's lending commitments approximates the carrying amount and is immaterial to the financial statements. The Company's lending commitments are classified as Level 2. The Company's off-balance sheet commitments, including letters of credit, which totaled $75.0 million at December 31, 2020, are funded at current market rates at the date they are drawn upon. It is management's opinion that the fair value of these commitments would approximate their carrying value, if drawn upon. See Note 23, Commitments and Contingent Liabilities, for additional information regarding lending commitments.

The following table presents carrying and fair value information of financial instruments at December 31, 2020 and 2019:

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:	(In thousands)			
Cash and due from banks	284,095	284,095	261,773	261,773
Interest bearing deposits with other banks	133,273	133,273	71,233	71,233
Available for sale securities, FHLB and other equity investments	6,239,897	6,239,897	4,519,744	4,519,744
Net loans and leases	14,778,057	15,226,569	13,970,617	14,231,252
Loans held for sale	397,076	397,076	210,361	210,361
Accrued interest receivable	106,318	106,318	65,173	65,173
Mortgage servicing rights	47,571	47,571	57,109	57,109
Liabilities:				
Noninterest bearing deposits	6,341,457	6,341,457	4,661,821	4,661,821
Savings and interest bearing deposits	10,976,069	10,976,069	9,114,919	9,114,919
Other time deposits	2,528,915	2,557,269	2,633,959	2,634,750
Federal funds purchased and securities sold under agreement to repurchase and other short-term borrowings	637,715	624,536	1,238,422	1,227,753
Accrued interest payable	10,885	10,885	15,124	15,124
Long-term debt and other borrowings	301,652	302,599	301,600	301,600
Derivative instruments:				
Forward commitments to sell fixed rate mortgage loans	285	285	(184)	(184)
Commitments to fund fixed rate mortgage loans	16,865	16,865	2,999	2,999
Interest rate swap position to receive	2,577	2,577	1,524	1,524
Interest rate swap position to pay	(2,885)	(2,885)	(1,543)	(1,543)

(15) STOCK INCENTIVE AND STOCK OPTION PLANS

Key employees and directors of the Company have been granted stock options under the Company's Long-Term Equity Incentive Plan, 1995 Non-Qualified Stock Option Plan for Non-Employees (the "1995 Plan") and 1998 Stock Option Plan (collectively, the "Plans"). Further, restricted stock and restricted stock units may be awarded under the 1995 Plan, and restricted stock, restricted stock units and performance shares may be awarded under the Long-Term Equity Incentive Plan. All options granted pursuant to these plans have an exercise price equal to the market value on the date of the grant and are exercisable over periods of one to ten years. Upon the exercise of stock options, new shares are issued by the Company.

FASB ASC 718 requires that compensation expense be measured using estimates of fair value of all stock-based awards. No stock options were granted during 2020, 2019 or 2018.

No stock options were outstanding at the beginning of 2019 nor was there any activity in 2020 and 2019. The following tables present the stock option activity under the Plans as of December 31, 2018 and changes during the year then ended:

	2018			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In thousands)
Options				
Outstanding at January 1, 2018	9,634	11.93		
Exercised	(9,033)	—		
Expired	(601)	—		
Outstanding at December 31, 2018	—	$ —	—	$ —
Exercisable at December 31, 2018	—	$ —	—	$ —

No changes to vested options were made during 2018.

The intrinsic value of stock options exercised during the year ended December 31, 2018 was approximately $128,000.

The Company's Long-Term Equity Incentive plan allows for the issuance of performance shares. Performance shares entitle the recipient to receive shares of the Company's common stock upon the achievement of performance goals that are specified in the award over a specified performance period. The recipient of performance shares is not treated as a shareholder of the Company and is not entitled to vote or receive dividends until the performance conditions stated in the award are satisfied and the shares of stock are actually issued to the recipient. In January 2016, the Company granted 99,277 performance shares to employees for the two-year performance period from January 1, 2016 through December 31, 2017. In January 2017, the Company granted 93,606 performance shares to employees for the two-year performance period from January 1, 2017 through December 31, 2018. In January 2018, the Company granted 82,661 performance shares to employees for the two-year performance period from January 1, 2018 through December 31, 2019. In January 2019, the company granted 138,028 performance shares to employees for the two-year performance period from January 1, 2019 through December 31, 2020. In January 2020, the company granted 138,974 performance shares to employees for the two-year performance period from January 1, 2020 through December 31, 2021. All of these performance shares vest over a three-year period and are valued at the fair value of the Company's stock at the grant date based upon the estimated number of shares expected to vest. No Compensation expense was recorded in 2018 related to the 2016 grant of performance shares. Compensation expense of $1.6 million and $2.0 million was recognized in 2019 and 2018 respectively, related to the 2017 grant of performance shares. Compensation expense of $1.4 million, $1.9 million and $2.0 million was recognized in 2020, 2019, and 2018 respectively, related to the 2018 grant of performance shares. Compensation expense of $2.5 million and $2.7 million was recognized in 2020 and 2019 related to the 2019 grant of performance shares. Compensation expense of $3.2 million was recognized in 2020 related to the 2020 grant of performance shares.

In May 2017, the Company awarded 16,550 restricted stock units covering 16,550 shares of Company common stock to its directors with the shares of stock covered by this award issued to the directors in May 2018. In May 2018, the Company awarded 15,570 restricted stock units covering 15,570 shares of Company common stock to its directors with the shares of stock covered by this award issued to the directors in May 2019. In May 2019, the Company awarded 16,800 restricted stock units covering 16,800 shares of Company common stock to its directors with the shares of stock covered by this award issued to the directors in May 2020. In May 2020, the Company awarded 26,983 restricted stock units covering 26,983 shares of Company common stock to its directors with the shares of stock covered by this award issued to the directors in May 2021. Compensation expense of approximately $548,000, $511,000, and $516,000 was recognized in 2020, 2019, and 2018, respectively, related to the restricted stock units issued to the Company's directors.

In March 2013, pursuant to the Long-Term Equity Incentive Plan, the Company awarded 592,500 shares of restricted stock to employees, with the shares of stock covered by this award to be issued to employees in May 2018. Compensation expense of approximately $607,000 was recorded in 2018 related to the restricted stock issued to the Company's employees.

In 2014, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 349,900 shares of restricted stock to employees with 64,500 shares vesting in February 2015, 51,500 shares vesting in February 2018, 207,650 shares vesting in May 2019 and 26,250 shares vesting in May 2020. Compensation expense of approximately $26,000, approximately $359,000 and approximately $816,000 was recorded in 2020, 2019 and 2018, respectively, related to these 2014 restricted stock awards issued to the Company's employees.

In 2015, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 273,269 shares of restricted stock to employees with 8,700 shares vesting in May 2018, 6,500 shares vesting in May 2019, and 258,069 shares vesting in May 2020. Compensation expense of approximately $370,000, $1.0 million and $1.0 million was recorded in 2020, 2019, and 2018, respectively, related to these 2015 restricted stock awards issued to the Company's employees.

In 2016, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 297,251 shares of restricted stock to employees with 16,750 shares vesting in May 2019, 203,000 shares vesting in May 2021, and 77,500 shares vesting in May 2023. Compensation expense of $1.0 million, $1.1 million, and $1.1 million was recorded in 2020, 2019, and 2018, respectively, related to these 2016 restricted stock awards issued to the Company's employees.

In 2017, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 256,110 shares of restricted stock to employees with 15,000 shares vesting in May 2021, 193,610 shares vesting in May 2022, and 47,500 shares vesting in May 2023. Compensation expense of $1.3 million, $1.4 million, and $1.4 million was recorded in 2020, 2019 and 2018 for those 2017 restricted stock awards issued to the Company's employees.

In 2018, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 559,268 shares of restricted stock to employees with 30,200 shares vesting in May 2020, 75,950 shares vesting in May 2021, 500 shares vesting in May 2022 and 452,918 shares vesting in May 2023. Compensation expense of $3.2 million, $3.9 million and $3.1 million was recorded in 2020, 2019 and 2018 for those 2018 restricted stock awards issued to the Company's employees.

In 2019, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 481,592 shares of restricted stock to employees with 6,000 vesting in May 2022, 471,592 vesting in May 2024 and 4,000 vesting in May 2025. Compensation expense of $2.5 million and $1.9 million was recorded in 2020 and 2019 for those 2019 restricted stock awards issued to the Company's employees.

In 2020, at various dates, pursuant to the Long-term Equity Incentive Plan, the Company awarded a total of 366,850 shares of restricted stock to employees with 3,500 vesting in May 2022, 2,500 vesting in May 2023, 324,350 vesting in May 2025 and 36,500 vesting in May 2027. Compensation expense of $1.8 million was recorded in 2020 for those 2020 restricted stock awards issued to the Company's employees.

As of December 31, 2020, there was $24.5 million of unrecognized compensation cost related to unvested restricted stock compensation that is expected to be recognized over a weighted average period of 3.3 years.

The following table summarizes the Company's restricted stock activity for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,					
	2020		2019		2018	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	1,696,597	$ 28.37	1,474,959	$ 27.98	1,493,578	$ 22.05
Granted	366,850	28.96	481,592	27.67	559,268	33.93
Forfeited	(94,130)	31.55	(72,308)	30.47	(40,635)	31.79
Vested	(322,035)	24.86	(187,646)	23.46	(537,252)	17.15
Nonvested at end of year	1,647,282	$ 29.00	1,696,597	$ 28.37	1,474,959	$ 27.98

The following table presents information regarding the vesting of the Company's nonvested restricted stock at December 31, 2020:

Vesting in	Number of Shares
2021	237,706
2022	171,274
2023	460,254
2024	425,379
2025	316,169
2027	36,500
Total Nonvested Shares	1,647,282

(16) EARNINGS PER SHARE AND DIVIDEND DATA

Basic and diluted earnings per share ("EPS") are calculated in accordance with ASC 260, "Earnings Per Share". Under ASC 260, basic EPS is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. There were no weighted average antidilutive stock options to purchase Company common stock for 2020, 2019, or 2018 to be excluded from diluted shares. There were no antidilutive other equity awards for 2020, 2019 and 2018.

The following tables provide a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the years ended December 31, 2020, 2019 and 2018:

	2020		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS:	(In thousands, except per share amounts)		
Net income	$ 228,051		
Preferred stock dividends	9,488		
Income available to common shareholders	218,563	103,023	$ 2.12
Dilutive effect of stock compensation	—	282	
Diluted EPS:			
Income available to common shareholders plus assumed exercise	$ 218,563	103,305	$ 2.12

	2019		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS:	(In thousands, except per share amounts)		
Net income	$ 234,261		
Preferred stock dividends	—		
Income available to common shareholders	$ 234,261	101,507	$ 2.31
Dilutive effect of stock compensation	—	304	
Diluted EPS:			
Income available to common shareholders plus assumed exercise	$ 234,261	101,811	$ 2.30

	2018		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS:	(In thousands, except per share amounts)		
Net income	$ 221,317		
Preferred stock dividends	—		
Income available to common shareholders	$ 221,317	98,965	$ 2.24
Dilutive effect of stock compensation	—	170	
Diluted EPS:			
Income available to common shareholders plus assumed exercise	$ 221,317	99,135	$ 2.23

Dividends to shareholders are subject to approval by the applicable state regulatory authority.

(17) ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables present the components of accumulated other comprehensive income (loss) and the related tax effects allocated to each component for the years ended December 31, 2020, 2019 and 2018:

	2020		
	Before Tax Amount	Tax Effect	Net of Tax Amount
		(In thousands)	
Net unrealized gains on available-for-sale securities:			
Unrealized gains (losses) arising during holding period	$ 88,225	$ (22,012)	$ 66,213
Reclassification adjustment for net (gains) losses realized in net income (1)	(87)	22	(65)
Recognized employee benefit plan net periodic benefit cost (2)	11,243	(2,805)	8,438
Change in Accumulated Other Comprehensive Income ("AOCI")	$ 99,381	$ (24,795)	$ 74,586
Net income			228,051
Comprehensive income			$ 302,637

	2019		
	Before Tax Amount	Tax Effect	Net of Tax Amount
		(In thousands)	
Net unrealized gains on available-for-sale securities:			
Unrealized gains (losses) arising during holding period	$ 28,733	$ (7,169)	$ 21,564
Reclassification adjustment for net (gains) losses realized in net income (1)	(158)	39	(119)
Recognized employee benefit plan net periodic benefit cost (2)	(4,819)	1,202	(3,617)
Change in AOCI	$ 23,756	$ (5,928)	$ 17,828
Net income			234,261
Comprehensive income			$ 252,089

	2018				
	Before Tax Amount	Tax Effect (3)	Net of Tax Amount	Reclassification to retained earnings, net of tax(4)	Net Change in AOCI
		(In thousands)			
Net unrealized gains on available-for-sale securities:					
Unrealized (losses) gains arising during holding period	$ (9,561)	$ 2,457	$ (7,104)	$ (755)	$ (7,859)
Reclassification adjustment for net (gains) losses realized in net income (1)	(227)	57	(170)	—	(170)
Recognized employee benefit plan net periodic benefit cost (2)	3,833	(956)	2,877	(11,496)	(8,619)
Change in AOCI	$ (5,955)	$ 1,558	$ (4,397)	$ (12,251)	$ (16,648)
Net income			221,317		
Comprehensive income			$ 216,920		

(1) Reclassification adjustments for net gains on available-for-sale securities are reported as security gains, net on the consolidated statement of income.
(2) Recognized employee benefit plan net periodic benefit cost include, recognized prior service cost and recognized net loss. For more information, see Footnote 13 – Pension, Other Post Retirement Benefit and Profit Sharing Plans.

(3) Tax (expense) benefit excludes the pension and securities adjustment of approximately ($546,000) and ($11.5 million), respectively, recorded as a result of the Tax Act.
(4) Reclassification from AOCI to retained earnings for certain income tax effects remaining in AOCI as a result of the Tax Act and the implementation of ASU 2016-01.

(18) RELATED PARTY TRANSACTIONS

The Company has made, and expects in the future to continue to make in the ordinary course of business, loans to directors and executive officers of the Company and their affiliates. In management's opinion, these transactions with directors and executive officers were made on substantially the same terms as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present any other unfavorable features. A summary of such outstanding loans is as follows:

	Amount
	(In thousands)
Loans outstanding at December 31, 2019	$ 17,534
New loans to related parties	7,223
Repayments	(8,942)
Changes in directors and executive officers	—
Loans outstanding at December 31, 2020	$ 15,815

(19) MORTGAGE SERVICING RIGHTS

MSRs, which are recognized as a separate asset on the date the corresponding mortgage loan is sold on a servicing retained basis, are recorded at fair value as determined at each accounting period end. An estimate of the fair value of the Company's MSRs is determined utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. Data and assumptions used in the fair value calculation related to MSRs as of December 31, 2020, 2019 and 2018 were as follows:

	2020	2019	2018
	(Dollars in thousands)		
Unpaid principal balance	$ 7,330,293	$ 6,898,195	$ 6,686,475
Weighted-average prepayment speed (CPR)	15.6	13.9	11.2
Discount rate (annual percentage)	9.5	9.5	9.5
Weighted-average coupon interest rate (percentage)	3.8	4.1	4.0
Weighted-average remaining maturity (months)	332.0	335.0	331.0
Weighted-average servicing fee (basis points)	27.5	27.4	27.0

Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSRs is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could also produce different fair values. As of December 31, 2020, 2019 and 2018, the Company had a hedge in place designed to cover approximately 16.7%, 24.0% and 4.0%, respectively, of the MSR. The Company is susceptible to fluctuations in the fair value of its MSRs in changing interest rate environments.

The Company has one class of mortgage servicing asset comprised of closed end loans for one-to-four family residences, secured by first liens. The following table presents the activity in this class for the years indicated:

	2020	2019
	(In thousands)	
Fair value at beginning of year	$ 57,109	$ 69,822
Additions:		
Origination of servicing assets	21,025	12,201
Changes in fair value:		
Due to payoffs/paydowns	(12,746)	(9,656)
Due to change in valuation inputs or assumptions used in the valuation model	(17,816)	(15,256)
Other changes in fair value	(1)	(2)
Fair value at end of year	$ 47,571	$ 57,109

All of the changes to the fair value of the MSRs are recorded as part of mortgage banking noninterest revenue on the income statement. As part of mortgage banking noninterest revenue, the Company recorded contractual servicing fees of $19.3 million, $18.7 million and $18.0 million and late and other ancillary fees of $6.8 million, $1.5 million and $1.5 million in 2020, 2019, and 2018, respectively.

(20) CAPITAL AND REGULATORY MATTERS

The Company is subject to various regulatory capital requirements administered by the federal and state banking agencies. Regulatory capital ratios at December 31, 2020 were calculated in accordance with the Basel III capital framework as well as the interagency interim final rule published on March 31, 2020 entitled “Revised Transition of the Current Expected Credit Losses Methodology for Allowances”. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on the Company’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company’s assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company’s capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings and other factors. Quantitative measures established by the FDIC to ensure capital adequacy require the Company to maintain minimum capital amounts and ratios (risk-based capital ratios). The minimum capital to risk-weighted assets requirements are as follows: (1) a common equity Tier 1 capital ratio of 4.5%, (2) a Tier 1 capital ratio of 6.0%, and (3) a total capital ratio of 8.0%. The minimum leverage ratio (Tier 1 capital to total assets) is 4.0%. The regulations also define well capitalized levels of Common equity Tier 1 capital, Tier 1 capital, total capital and Tier 1 leverage as 6.5%, 8%, 10% and 5%, respectively. The Company had common equity Tier 1, Tier 1, total capital and Tier 1 leverage above the well capitalized levels at December 31, 2020 and 2019, respectively, as set forth in the following table:

	2020		2019	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Common Equity Tier 1 capital (to risk-weighted assets)				
BancorpSouth Bank	$ 1,803,226	10.74 %	$ 1,708,990	10.57 %
Tier 1 capital (to risk-weighted assets)				
BancorpSouth Bank	1,970,219	11.74	1,876,011	11.60
Total capital (to risk-weighted assets)				
BancorpSouth Bank	2,430,884	14.48	2,291,643	14.17
Tier 1 leverage capital (to average assets)				
BancorpSouth Bank	1,970,219	8.67	1,876,011	9.69

On October 31, 2017, the Company announced a new stock repurchase program whereby the Company may acquire up to an aggregate of 6,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between October 31, 2017 through December 31, 2019. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. As of October 31, 2018, all shares had been repurchased under this program.

On December 5, 2018, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 3,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between December 5, 2018 through December 31, 2019. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. At the time of expiration on December 31, 2019, 2,466,438 shares had been repurchased under this program.

On December 12, 2019, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 8,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period January 2, 2020 through December 31, 2020. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, and other transactions or for other corporate purposes as determined by the Company's Board of Directors. As of December 31, 2020, the Company had repurchased 3,300,000 shares under this repurchase program.

On December 9, 2020, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 6,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period January 4, 2021 through December 31, 2021. The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized but unissued shares. These authorized but unissued shares are available for use in connection with the Company's stock option plans, other compensation programs, and other transactions or for other corporate purposes as determined by the Company's Board of Directors. As of December 31, 2020, the Company had not repurchased any shares under this repurchase program.

(21) SEGMENT REPORTING

The Company determines reportable segments based upon the services offered, the significance of those services to the Company's financial condition and operating results and management's regular review of the operating results of those services. The Company's primary segment is the Banking Services Group, which includes providing a full range of deposit products, commercial loans and consumer loans. The Company has also designated four additional reportable segments—Mortgage, Insurance Agencies, Wealth Management, and General Corporate and Other. The Company's Mortgage segment includes the mortgage banking activities of originating mortgage loans, selling mortgage loans in the secondary market and servicing the mortgage loans that are sold on a servicing retained basis. The Company's insurance agencies serve as agents in the sale of commercial lines of insurance and full lines of property and casualty, life, health and employee benefits products and services. The Wealth Management segment offers individuals, businesses, governmental institutions and non-profit entities a wide range of solutions to help protect, grow and transfer wealth. Offerings include credit related products, trust and investment management, asset management, retirement and savings solutions, estate planning and annuity products. The General Corporate and Other segment includes other activities not allocated to Banking Services Group, Mortgage, Insurance Agencies or Wealth Management segments.

Results of operations and selected financial information by operating segment for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Results of Operations			(in thousands)			
Year ended December 31, 2020						
Results of Operations						
Net interest revenue	$ 664,722	$ 39,366	$ 39	$ 23	$ (13,183)	$ 690,967
Provision for credit losses	—	—	—	—	86,000	86,000
Net interest revenue after provision for credit losses	664,722	39,366	39	23	(99,183)	604,967
Noninterest revenue	81,792	86,295	130,739	28,528	9,150	336,504
Noninterest expense	416,693	27,227	109,286	18,508	82,212	653,926
Income before income taxes	329,821	98,434	21,492	10,043	(172,245)	287,545
Income tax expense (benefit)	68,466	20,884	5,708	2,131	(37,695)	59,494
Net income	$ 261,355	$ 77,550	$ 15,784	$ 7,912	$ (134,550)	$ 228,051
Selected Financial Information						
Total assets at end of period	$ 20,450,240	$ 1,586,658	$ 296,495	$ 51,606	$ 1,696,195	$ 24,081,194
Depreciation and amortization	28,909	647	3,151	104	10,563	43,374

	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Results of Operations			(in thousands)			
Year ended December 31, 2019						
Results of Operations						
Net interest revenue	$ 621,772	$ 30,449	$ 95	$ 112	$ (2,484)	$ 649,944
Provision for credit losses	—	—	—	—	1,500	1,500
Net interest revenue after provision for credit losses	621,772	30,449	95	112	(3,984)	648,444
Noninterest revenue	96,115	19,786	125,684	27,362	11,734	280,681
Noninterest expense	379,112	30,999	110,201	18,258	91,037	629,607
Income before income taxes	338,775	19,236	15,578	9,216	(83,287)	299,518
Income tax expense (benefit)	75,228	4,399	4,242	2,108	(20,720)	65,257
Net income	$ 263,547	$ 14,837	$ 11,336	$ 7,108	$ (62,567)	$ 234,261
Selected Financial Information						
Total assets at end of period	$ 17,963,067	$ 1,102,245	$ 275,545	$ 42,468	$ 1,669,251	$ 21,052,576
Depreciation and amortization	24,624	759	3,479	107	9,682	38,651

	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Results of Operations			(in thousands)			
Year ended December 31, 2018						
Results of Operations						
Net interest revenue	$ 548,878	$ 24,315	$ 63	$ 92	$ 1,874	$ 575,222
Provision for credit losses	—	—	—	—	4,500	4,500
Net interest revenue after provision for credit losses	548,878	24,315	63	92	(2,626)	570,722
Noninterest revenue	95,662	23,433	122,931	25,273	14,738	282,037
Noninterest expense	347,700	28,043	108,660	16,499	86,732	587,634
Income before income taxes	296,840	19,705	14,334	8,866	(74,620)	265,125
Income tax expense (benefit)	63,802	4,409	3,817	1,984	(30,204)	43,808
Net income	$ 233,038	$ 15,296	$ 10,517	$ 6,882	$ (44,416)	$ 221,317
Selected Financial Information						
Total assets at end of period	$ 15,454,860	$ 851,093	$ 240,702	$ 34,411	$ 1,420,474	$ 18,001,540
Depreciation and amortization	23,400	787	4,107	83	6,169	34,546

The increase in the loss of the General, Corporate and Other segment for December 31, 2020 compared to December 31, 2019 was mainly due to an increase in provision expense. The increase in net income in the Mortgage segment was largely due to increases in noninterest revenue as a result of higher mortgage production volumes. The increase in the loss in General, Corporate and Other segment when comparing December 31, 2019 to December 31, 2018 is a result of the increase in noninterest expense and a decrease in income tax benefit.

The following table shows revenue disaggregated by segment for non-interest revenue type as of the following years:

	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Year ended December 31, 2020			(in thousands)			
Noninterest Income						
In Scope of Topic 606						
Credit card, debit card and merchant fees	$ 38,247	$ —	$ —	$ —	$ —	$ 38,247
Deposit service charges	37,929	—	—	—	—	37,929
Insurance commissions	—	—	125,286	—	—	125,286
Trust income	—	—	—	16,025	—	16,025
Brokerage commissions and fees	—	—	—	9,973	—	9,973
Total noninterest income (in-scope of Topic 606)	76,176	—	125,286	25,998	—	227,460
Total noninterest income (out-of-scope of Topic 606)	5,616	86,295	5,453	2,530	9,150	109,044
Total noninterest income	$ 81,792	$ 86,295	$ 130,739	$ 28,528	$ 9,150	$ 336,504

	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Year ended December 31, 2019			(in thousands)			
Noninterest Income						
In Scope of Topic 606						
Credit card, debit card and merchant fees	$ 38,656	$ —	$ —	$ —	$ —	$ 38,656
Deposit service charges	46,015	—	—	—	—	46,015
Insurance commissions	—	—	123,291	—	—	123,291
Trust income	—	—	—	16,042	—	16,042
Brokerage commissions and fees	—	—	—	7,937	—	7,937
Total noninterest income (in-scope of Topic 606)	84,671	—	123,291	23,979	—	231,941
Total noninterest income (out-of-scope of Topic 606)	11,444	19,786	2,393	3,383	11,734	48,740
Total noninterest income	$ 96,115	$ 19,786	$ 125,684	$ 27,362	$ 11,734	$ 280,681

	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Year ended December 31, 2018			(in thousands)			
Noninterest Income						
In Scope of Topic 606						
Credit card, debit card and merchant fees	$ 39,892	$ —	$ —	$ —	$ —	$ 39,892
Deposit service charges	44,645	—	—	—	—	44,645
Insurance commissions	—	—	121,781	—	—	121,781
Trust income	—	—	—	15,121	—	15,121
Brokerage commissions and fees	—	—	—	6,723	—	6,723
Total noninterest income (in-scope of Topic 606)	84,537	—	121,781	21,844	—	228,162
Total noninterest income (out-of-scope of Topic 606)	11,125	23,433	1,150	3,429	14,738	53,875
Total noninterest income	$ 95,662	$ 23,433	$ 122,931	$ 25,273	$ 14,738	$ 282,037

(22) DERIVATIVE INSTRUMENTS

The derivative instruments held by the Company include commitments to fund fixed-rate mortgage loans to customers and forward commitments to sell individual, fixed-rate mortgage loans. The Company's objective in obtaining the forward commitments is to mitigate the interest rate risk associated with the commitments to fund the fixed-rate mortgage loans. Both the commitments to fund fixed-rate mortgage loans and the forward commitments to sell individual fixed-rate mortgage loans are reported at fair value, with adjustments being recorded in current period earnings, and are not accounted for as hedges. At December 31, 2020, the notional amount of forward commitments to sell individual fixed-rate mortgage loans was $618.0 million, with a carrying value and fair value reflecting a gain of $0.3 million. At December 31, 2019, the notional amount of forward commitments to sell individual fixed-rate mortgage loans was $359.8 million, with a carrying value and fair value reflecting a loss of $0.2 million. At December 31, 2020, the notional amount of commitments to fund individual fixed-rate mortgage loans was $407.0 million, with a carrying value and fair value reflecting a gain of $16.9 million. At December 31, 2019, the notional amount of commitments to fund individual fixed-rate mortgage loans was $133.4 million, with a carrying value and fair value reflecting a gain of $3.0 million.

The Company also enters into derivative financial instruments in the form of interest rate swaps to meet the financing, interest rate and equity risk management needs of its customers. Upon entering into these interest rate swaps to meet customer needs, the Company enters into offsetting positions to minimize interest rate and equity risk to the Company. These derivative financial instruments are reported at fair value with any resulting gain or loss recorded in current period earnings. These instruments and their offsetting positions are recorded in other assets and other liabilities on the consolidated balance sheets. As of December 31, 2020, the notional amount of customer related derivative financial instruments was $374.4 million, with an average maturity of 28.4 months, an average interest receive rate of 2.5% and an average interest pay rate of 5.1%. As of December 31, 2019, the notional amount of customer related derivative financial instruments was $286.6 million, with an average maturity of 39.7 months, an average interest receive rate of 4.3% and an average interest pay rate of 5.2%.

Additionally, the Company utilizes securities sold under agreements to repurchase to facilitate the needs of our customers and to facilitate secured short-term funding needs. Securities sold under agreements to repurchase are stated at the amount of cash received in connection with the transaction. The Company monitors collateral levels on a continuous basis and may be required to provide additional collateral based on the fair value of the underlying securities. Securities sold under agreement to repurchase were $637.7 million and $513.4 million at December 31, 2020 and 2019, respectively.

Certain financial instruments, such as derivatives, may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements or similar agreements. The Company's derivative transactions with upstream financial institution counterparties are generally executed under International Swaps and Derivative Association master agreements which include "right of set-off" provisions. In such cases, there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset such financial instruments for financial reporting purposes.

The following table presents components of financial instruments eligible for offsetting for the periods indicated:

	December 31, 2020					
				Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Recognized	Financial Instruments	Financial Collateral Pledged	Net Amount
	(In thousands)					
Financial assets:						
Derivatives:						
Forward commitments	$ 19,965	$ —	$ 19,965	$ —	$ —	$ 19,965
Loan/lease interest rate swaps	2,885	—	2,885	—	—	2,885
Total financial assets	$ 22,850	$ —	$ 22,850	$ —	$ —	$ 22,850
Financial liabilities:						
Derivatives:						
Forward commitments	$ 2,815	$ —	$ 2,815	$ —	$ —	$ 2,815
Loan/lease interest rate swaps	2,885	—	2,885	—	(2,885)	—
Repurchase arrangements	637,715	—	637,715	(637,715)	—	—
Total financial liabilities	$ 643,415	$ —	$ 643,415	$ (637,715)	$ (2,885)	$ 2,815

	December 31, 2019					
				Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Recognized	Financial Instruments	Financial Collateral Pledged	Net Amount
	(In thousands)					
Financial assets:						
Derivatives:						
Forward commitments	$ 3,898	$ —	$ 3,898	$ —	$ —	$ 3,898
Loan/lease interest rate swaps	1,543	—	1,543	—	—	1,543
Total financial assets	$ 5,441	$ —	$ 5,441	$ —	$ —	$ 5,441
Financial liabilities:						
Derivatives:						
Forward commitments	$ 1,083	$ —	$ 1,083	$ —	$ —	$ 1,083
Loan/lease interest rate swaps	1,543	—	1,543	—	(1,543)	—
Repurchase arrangements	513,422	—	513,422	(513,422)	—	—
Total financial liabilities	$ 516,048	$ —	$ 516,048	$ (513,422)	$ (1,543)	$ 1,083

(23) COMMITMENTS AND CONTINGENT LIABILITIES

Leases

For the years ended December 31, 2020 and 2019, the weighted average remaining lease term for operating leases was 13.7 years and 13.5 years, respectively, and the weighted average discount rate used in the measurement of operating lease liabilities was 3.1% and 3.3% at December 31, 2020 and 2019, respectively.

Lease costs were as follows at December 31, 2020 and 2019:

	2020	2019
	(in thousands)	
Operating lease costs	$ 8,861	$ 8,602
Short-term lease costs	—	54
Variable lease costs	1,233	976
Sublease income	(29)	(28)
Total operating lease costs	$ 10,065	$ 9,604

There were no leveraged leases or lease transactions with related parties during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, the Company had no leases that had not yet commenced.

For leases that may contain renewal options or options to extend the lease term, the Company is reasonably certain to do so, therefore, these extended terms are included in our lease liability calculation. A maturity analysis of operating lease liabilities is included in the table below as of December 31, 2020:

	Amount
	(In thousands)
2021	$ 8,441
2022	8,333
2023	7,482
2024	7,282
2025	6,681
Thereafter	51,713
Total future minimum lease payments	89,932
Discount effect of cash flows	17,733
Present value of net future minimum lease payments	$ 72,199

As of December 31, 2020 and 2019, the Company’s operating lease ROU assets were $70.4 million and $71.8 million, respectively, and ROU liabilities were $72.2 million and $72.4 million, respectively.

Mortgage Loans Serviced for Others

The Company services mortgage loans for others that are not included as assets in the Company’s accompanying consolidated financial statements. Included in the $7.3 billion of loans serviced for investors at December 31, 2020 was $1.8 million of primary recourse servicing pursuant to which the Company is responsible for any losses incurred in the event of nonperformance by the mortgagor. The Company's exposure to credit loss in the event of such nonperformance is the unpaid principal balance at the time of default. This exposure is limited by the underlying collateral, which consists of single family residences and either federal or private mortgage insurance.

Lending Commitments

In the normal course of business, there are outstanding various commitments and other arrangements for credit which are not reflected in the consolidated balance sheets. As of December 31, 2020, these included $75.0 million for letters of credit and $3.7 billion for interim mortgage financing, construction credit, credit card and revolving line of credit arrangements. The Company did not realize significant credit losses from these commitments and arrangements during the years ended December 31, 2020, 2019 and 2018.

Litigation

The nature of the Company’s business ordinarily results in certain types of claims, litigation, investigations and legal and administrative cases and proceedings. Although the Company and its subsidiaries have developed policies and procedures to minimize legal noncompliance and the impact of claims and other proceedings and endeavored to procure reasonable amounts of insurance coverage, litigation and regulatory actions present an ongoing risk.

The Company and its subsidiaries are engaged in lines of business that are heavily regulated and involve a large volume of financial transactions and potential transactions with numerous customers or applicants, and the Company is a public company with a large number of shareholders. From time to time, applicants, borrowers, customers, shareholders, former employees and other third parties have brought actions against the Company or its subsidiaries, in some cases claiming substantial damages. Financial services companies are subject to the risk of class action litigation, and, from time to time, the Company and its subsidiaries are subject to such actions brought against it. Additionally, the Company is, and management expects it to be, engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collections activities, which, from time to time, have resulted in counterclaims against the Company and its subsidiaries. Various legal proceedings have arisen and may arise in the future out of claims against entities to which the Company is a successor as a result of business combinations. The Company and its subsidiaries may also be subject to enforcement actions by federal or state regulators, including the FDIC, the CFPB, the United States Department of Justice (the "DOJ"), state attorneys general and the Mississippi Department of Banking and Consumer Finance (the "MDBCF").

When and as the Company determines it has meritorious defenses to the claims asserted, it vigorously defends against such claims. The Company will consider settlement of claims when, in management's judgment and in consultation with counsel, it is in the best interests of the Company to do so.

The Company cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against it, its subsidiaries and its directors, management or employees, including remedies or damage awards. On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of the Company's business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, the Company establishes an accrual for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any outstanding legal proceedings and the potential loss, however, may turn out to be substantially higher than the amount accrued. Further, the Company's insurance policies have deductibles and coverage limits, and such policies will likely not cover all costs and expenses related to the defense or prosecution of such legal proceedings or any losses arising therefrom.

Although the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related liability of $1.4 million accrued as of December 31, 2020 is adequate and that any incremental change in potential liability arising from the Company's legal proceedings and threatened claims, including the matters described herein and those otherwise arising in the ordinary course of business, will not have a material adverse effect on the Company's business or consolidated results of operations or financial condition. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which the Company or its subsidiaries are defendants, which may be material to the Company's business or consolidated results of operations or financial condition for a particular fiscal period or periods.

On June 29, 2016, the Company, the CFPB and the DOJ agreed to a settlement set forth in a consent order related to the joint investigation by the CFPB and the DOJ of the Company's fair lending program during the period between January 1, 2011 and December 31, 2013. The Consent Order was signed by the United States District Court for the Northern District of Mississippi on July 25, 2016. On January 27, 2020, the Consent Order was terminated by the U.S. District Court for the Northern Districts of Mississippi; accordingly, the Company is no longer subject to the Consent Order.

(24) OTHER NONINTEREST INCOME AND EXPENSE

The following table details other noninterest income for the three years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
		(In thousands)	
Bank-owned life insurance	$ 8,181	$ 9,632	$ 11,684
Other miscellaneous income	14,337	18,322	17,499
Total other noninterest income	$ 22,518	$ 27,954	$ 29,183

The following table details other noninterest expense for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
		(In thousands)	
Advertising	$ 3,742	$ 4,909	$ 5,043
Foreclosed property expense	4,074	2,868	3,396
Telecommunications	5,883	5,663	5,226
Public relations	3,166	3,648	3,252
Data processing	38,796	35,517	31,674
Computer software	19,374	15,837	14,452
Amortization of intangibles	9,605	9,118	6,639
Legal fees	3,431	3,555	3,998
Merger expense	5,345	13,871	13,036
Postage and shipping	5,256	5,263	4,840
Other miscellaneous expense	54,532	57,874	60,369
Total other noninterest expense	$ 153,204	$ 158,123	$ 151,925

(25) SUBSEQUENT EVENTS

On January 13, 2021, the Company announced the signing of the FNS Merger Agreement with FNS, pursuant to which FNS will be merged with and into the Company. FNS operates 17 full-service banking offices in Alabama, Georgia and Tennessee. As of December 31, 2020, FNS collectively reported total assets of $797.0 million, total loans of $483.5 million and total deposits of $675.5 million. Under the terms of the FNS Merger Agreement, the Company will issue approximately 2,975,000 shares of the Company's common stock plus $18.0 million in cash for all outstanding shares of FNS.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

CONCLUSION REGARDING THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Company, with the participation of its management, including the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Report.

Based upon that evaluation and as of the end of the period covered by this Report, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in its reports that the Company files or submits to the FDIC under the Exchange Act is recorded, processed, summarized and reported on a timely basis.

Pursuant to Section 404 of the Sarbanes-Oxley Act, the Company has included a report of management's assessment of the design and operating effectiveness of its internal controls over financial reporting as part of this Report. The Company's independent registered public accounting firm reported on the effectiveness of the Company's internal control over financial reporting. Management's report and the independent registered public accounting firm's report are included in Item 8 of this Report under the captions entitled "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm."

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

The Company adopted an amendment to the Company's Amended and Restated Bylaws (the "Bylaws"), effective as of February 25, 2021, to explicitly permit meetings of shareholders to be held either in person or by electronic transmission or other means of remote communication. Prior to the amendment, the Bylaws did not address Executive Orders of the Mississippi Governor issued during the ongoing COVID-19 pandemic that suspend the provisions of the Mississippi Business Corporation Act (the "MBCA") to the extent they require meetings of shareholders to be noticed and held at a physical location. The amendment is also consistent with currently proposed legislation that, if enacted, will authorize corporations incorporated under the MBCA to hold annual or special shareholder meetings remotely.

The foregoing description of the amendment to the Bylaws is qualified in its entirety by the text of the First Amendment to the Bylaws, which is filed herewith as Exhibit 3(d) and is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The required information regarding our executive officers is included under the section captioned "Information about our Executive Officers" in Part I, Item 1 of this Report.

MATERIAL CHANGES TO PROCEDURES BY WHICH SECURITY HOLDERS MAY RECOMMEND NOMINEES

The Company has not made any material changes to the procedures by which its shareholders may recommend nominees to the Company's Board of Directors since the date of the Company's Definitive Proxy Statement for its 2020 Annual Meeting of Shareholders.

CERTAIN CORPORATE GOVERNANCE DOCUMENTS

The Company has adopted a Code of Business Conduct and Ethics that applies to its directors, officers, and employees. The Company has also adopted Corporate Governance Principles for its Board of Directors. These documents, as well as the links to charters of the Audit Committee, Executive Compensation and Stock Incentive Committee and Nominating and Corporate Governance Committee of the Board of Directors, are available on the Company's website at www.bancorpsouth.com on the Investors Relations webpage under the captions "Corporate Information - Governance Documents" and "- Board Committees," or shareholders may request a free copy of these documents from:

BancorpSouth Bank
Attn: Corporate Secretary
One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804
(662) 680-2000

The Company intends to disclose any amendments to its Code of Business Conduct and Ethics and any waiver from a provision of the code on the Company's website within four business days following such amendment or waiver.

The other information required by this Item 10 will be presented in, and is incorporated herein by reference to, BancorpSouth's Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders which will be filed with the FDIC within 120 days of December 31, 2020.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 will be presented in, and is incorporated herein by reference to, BancorpSouth's Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders which will be filed with the FDIC within 120 days of December 31, 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table provides information as of December 31, 2020 with respect to compensation plans (including individual compensation arrangements) under which shares of Company common stock are authorized for issuance:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities related to column (a))
	(a)	(b)	(c)
Equity compensation plans approved by shareholders (1)			1,331,955

(1) Excludes 1,647,282 restricted shares that were unvested, 26,983 restricted stock units that were unvested and 730,743 performance shares that were unearned as of December 31, 2020. Equity compensation plans approved by shareholders include the BancorpSouth Equity Incentive Plan for Non-employee Directors, as amended, which includes 454,977 shares remaining available for future issuance, and the BancorpSouth Bank Long-Term Equity Incentive Plan, as amended, which includes 876,978 shares remaining available for future issuance.

The other information required by this Item 12 will be presented in, and is incorporated herein by reference to, BancorpSouth's Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders which will be filed with the FDIC within 120 days of December 31, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item 13 will be presented in, and is incorporated herein by reference to, BancorpSouth's Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders which will be filed with the FDIC within 120 days of December 31, 2020.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this Item 14 will be presented in, and is incorporated herein by reference to, BancorpSouth's Definitive Proxy Statement for the 2021 Annual Meeting of Shareholders which will be filed with the FDIC within 120 days of December 31, 2020.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(2)

a) Agreement and Plan of Reorganization, dated as of July 26, 2017, by and between BancorpSouth, Inc. and BancorpSouth Bank. (Filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 27, 2017 (file number 1-12991) and incorporated herein by reference thereto).

b) Amended and Restated Agreement and Plan of Reorganization, dated as of August 15, 2017, by and between BancorpSouth, Inc. and BancorpSouth Bank. (Filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 15, 2017 (file number 1-12991) and incorporated herein by reference thereto).

(3)

a) Amended and Restated Articles of Incorporation of BancorpSouth Bank. (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the FDIC on November 1, 2017 and incorporated herein by reference thereto).
b) Articles of Amendment to the Amended and Restated Articles of Incorporation of BancorpSouth Bank (Filed as Exhibit 3.2 to the Company's Form 8-A filed with the FDIC on November 20, 2029 and incorporated herein by reference thereto).
c) Amended and Restated Bylaws of BancorpSouth Bank. (Filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the FDIC on November 1, 2017 and incorporated herein by reference thereto).
d) First Amendment to the Amended and Restated Bylaws of BancorpSouth Bank*

(4)

a) Specimen Common Stock Certificate. (Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the FDIC on November 1, 2017 and incorporated herein by reference thereto).
b) Form of Certificate Representing the Series A Preferred Stock (Filed as Exhibit 4.1 to the Company's Form 8-A filed with the FDIC on November 20, 2019 and incorporated herein by reference thereto).
c) Fiscal and Paying Agency agreement, dated November 20, 2019, between BancorpSouth Bank and U.S. Bank National Association (Filed as Exhibit 4.2 to the Company's Form 8-A filed with the FDIC on November 20, 2019 and incorporated herein by reference thereto).
d) Form of Global Subordinated Note, dated November 20, 2019, made by BancorpSouth Bank (Filed as Exhibit 4.3 to the Company's Form 8-A filed with the FDIC on November 20, 2019 and incorporated herein by reference thereto).
e) Description of BancorpSouth Bank's Capital Stock (Filed as Exhibit 4(e) to the Company's Form 10-K filed with the FDIC on February 27, 2020 and incorporated herein by reference thereto).

(10)

a) BancorpSouth, Inc. Supplemental Executive Retirement Plan, as amended and restated. (Filed with the SEC as Exhibit 10(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (file number 1-12991) and incorporated herein by reference thereto). †
b) Amendment to the BancorpSouth, Inc. Supplemental Executive Retirement Plan. (Filed with the SEC as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2012 (file number 1-12991) and incorporated herein by reference thereto). †
c) Amended and Restated BancorpSouth Bank Long-Term Equity Incentive Plan.†*
d) BancorpSouth, Inc. Amended and Restated Executive Performance Incentive Plan., effective January 1, 2020 (Filed as Exhibit 10(e) to the Company's Annual Report on Form 10-K filed with the FDIC on February 27, 2020 and incorporated herein by reference thereto). †
e) Form of Performance Share Award Agreement. (Filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 7, 2007 (file number 1-12991) and incorporated herein by reference thereto).†
f) Form of Long-Term Equity Incentive Plan Restricted Stock Agreement. (Filed with the SEC as Exhibit 10(E) to the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2013 (file number 1-12991) and incorporated herein by reference thereto).†
g) Amended and Restated BancorpSouth Equity Incentive Plan for Non-Employee Directors.†*
h) Amendment to BancorpSouth, Inc. Long-Term Equity Incentive Plan. (Filed with the SEC as Exhibit 10(D) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (file number 1-12991) and incorporated herein by reference thereto). †
i) BancorpSouth, Inc. Restoration Plan, as amended and restated. (Filed with the SEC as Exhibit 10(F) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (file number 1-12991) and incorporated herein by reference thereto).†
j) BancorpSouth, Inc. Amended and Restated Deferred Compensation Plan. (Filed with the SEC as Exhibit 10(G) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (file number 1-12991) and incorporated herein by reference thereto).†
k) Description of Dividend Reinvestment Plan. (Filed with the SEC as the Company's prospectus pursuant to Rule 424(b)(2) filed on January 5, 2004 (Registration No. 033-03009) and incorporated herein by reference thereto).†
l) Form of BancorpSouth Bank Change in Control Agreement. (Filed as Exhibit 10(t) to the Company's Annual Report on Form 10-K filed with the FDIC on February 27, 2020). †

m) BancorpSouth, Inc. Deferred Directors' Fee Unfunded Plan, as amended and restated. (Filed with the SEC as Exhibit 10(U) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (file number 1-12991) and incorporated herein by reference thereto).†
n) Employment Details for Chris Bagley. (Filed with the SEC as Exhibit 10(PP) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (file number 1-12991) and incorporated herein by reference thereto).
o) Consent Order. (Filed as Exhibit 10.1 to the Company's Current Report on form 8-K filed with the SEC on June 29, 2016 (file number 1-12991) and incorporated herein by reference thereto.)
p) Order Terminating Consent Order, dated January 27, 2020 (Filed with the SEC as Exhibit 10(aa) to the Company's Current Report on form 10-K filed with the FDIC on February 27, 2020 and incorporated herein by reference thereto).
q) Retirement and Consulting Agreement, dated September 26, 2017, by and between BancorpSouth, Inc., BancorpSouth Bank and James R. Hodges. (Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 2, 2017 (file-number 1-12991) and incorporated herein by reference thereto).†
r) BancorpSouth Split Dollar Life Insurance Plan, as amended and restated (Filed as Exhibit 10(gg) to the Company's Annual Report on Form 10-K filed with the FDIC on February 26, 2018 and incorporated herein by reference thereto).†

(21) Subsidiaries of the Registrant.*

(31.1) Certification of the Chief Executive Officer of BancorpSouth Bank pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

(31.2) Certification of the Chief Financial Officer of BancorpSouth Bank pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

(32.1) Certification of the Chief Executive Officer of BancorpSouth Bank pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

(32.2) Certification of the Chief Financial Officer of BancorpSouth Bank pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

† Management contract or compensatory plan or arrangement.

* Filed herewith

** Furnished herewith

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BANCORPSOUTH BANK

DATE: February 25, 2021

By: /s/ James D. Rollins III
James D. Rollins III
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ James D. Rollins III James D. Rollins III	Chief Executive Officer (Principal Executive Officer) and Director	February 25, 2021
/s/ John G. Copeland John G. Copeland	Senior Executive Vice President, Treasurer and Chief Financial Officer	February 25, 2021
/s/ Gus J. Blass III Gus J. Blass III	Director	February 25, 2021
/s/ Shannon A. Brown Shannon A. Brown	Director	February 25, 2021
/s/ James E. Campbell III James E. Campbell III	Director	February 25, 2021
/s/ Deborah Cannon Deborah Cannon	Director	February 25, 2021
/s/ Charlotte N. Corley Charlotte N. Corley	Director	February 25, 2021
/s/ William G. Holliman William G. Holliman	Director	February 25, 2021
/s/ Warren A. Hood Jr. Warren A Hood Jr.	Director	February 25, 2021
/s/ Keith J. Jackson Keith J. Jackson	Director	February 25, 2021
/s/ Larry G. Kirk Larry G. Kirk	Director	February 25, 2021
/s/ Guy W. Mitchell III Guy W. Mitchell III	Director	February 25, 2021
/s/ Alan W. Perry Alan W. Perry	Director	February 25, 2021
/s/ Thomas R. Stanton Thomas R. Stanton	Director	February 25, 2021

<u>Exhibit 3(d)</u>

FIRST AMENDMENT TO THE
AMENDED AND RESTATED BYLAWS
OF
BANCORPSOUTH BANK

The Amended and Restated Bylaws (the "**Bylaws**") of BancorpSouth Bank (the "**Bank**"), are hereby amended effective as of February 25, 2021 (the "**Effective Date**") as follows:

1. Article II, Section 2.1 of the Bylaws is hereby deleted in its entirety and a new Article II, Section 2.1 is hereby added to the Bylaws and reads as follows:

> Section 2.1 GENERAL. All meetings of the shareholders of the Bank shall be held (a) at such place (either within or outside the State of Mississippi), or (b) by such means of electronic transmission or other means of remote communication, or a combination thereof, including, but not limited to, communications through conference telephone, videoconference, the internet or such other means by which persons not physically present in the same location may communicate with each other on a substantially concurrent basis, on such date and at such time as may be set forth in these Bylaws or as shall be determined from time to time by the Board of Directors. All references in this Article II to "in person" representation or appearance at a meeting of the shareholders or voting at any such meeting shall be deemed to include representation, appearance or voting by means of electronic transmission or other means of remote communication established by the Board of Directors for such purpose.

2. Article II, Section 2.4 of the Bylaws is hereby deleted in its entirety and a new Article II, Section 2.4 is hereby added to the Bylaws and reads as follows:

> Section 2.4 NOTICE OF MEETING.
>
> (a) Written notice stating the (i) place or providing instructions on how to access the meeting by electronic transmission or other means of remote communication, (ii) date, and (iii) time of the annual meeting of shareholders of the Bank and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, by or at the direction of the Board of Directors, the Chairman, Chief Executive Officer or the Secretary, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the Bank with postage paid thereon.
>
> (b) Without limiting the manner by which notice otherwise may be given effectively to shareholders, any notice to shareholders given by the Bank under any provision of Chapter 5 of Title 18 of the Mississippi Code (the "Banking Act"), the Mississippi Business Corporation Act (the "Act"), the Bank's Articles of Incorporation (the "Articles") or these Bylaws, shall be effective if given by a form of electronic transmission consented to by the shareholder to whom the notice is given. Any such consent shall be revocable by the shareholder by written notice to the Bank. Any such consent shall be deemed revoked if (i) the Bank is unable to deliver by electronic transmission two consecutive notices given by the Bank in accordance with such consent,

and (ii) such inability becomes known to the Secretary of the Bank or to the transfer agent or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 2.4(b) shall be deemed delivered: (1) if by facsimile telecommunication, when directed to a number at which the shareholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the shareholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the shareholder of such specific posting when such notice is directed to the record address of the shareholder or to such other address at which the shareholder has consented to receive notice, upon the later of such posting or the giving of such separate notice; and (4) if by any other form of electronic transmission, when consented to by the shareholder. In addition, notice can be given in any manner authorized by the Act.

Exhibit 10(c)

BANCORPSOUTH
LONG-TERM EQUITY INCENTIVE PLAN

PREAMBLE

WHEREAS, BancorpSouth, Inc., the predecessor to BancorpSouth Bank (the "Company"), established the BancorpSouth, Inc. 1994 Stock Incentive Plan effective December 28, 1994, which Plan was assumed by the Company on October 31, 2017, and amended and restated effective January 1, 2020 (the "Plan");

WHEREAS, the Company desires to amend the Plan to: (i) provide that payments of dividends and dividend equivalent payments will be accumulated and only paid upon vesting of awards; and (ii) provide for certain other restrictions on awards and administrative limitations that are recommended by proxy advisory services;

WHEREAS, pursuant to the requirements under Section 10.6 of the Plan, the amendment and restatement of the Plan has been approved by the board of directors of the Company;

NOW THEREFORE, the Company hereby adopts an amended and restated Plan as follows, effective as of January 1, 2021:

ARTICLE I
DEFINITIONS

1.1 Affiliate. A corporate parent, corporate subsidiary, limited liability company, partnership or other business entity that is directly or indirectly wholly owned or controlled by the Company.

1.2 Agreement. A written agreement (including any amendment or supplement thereto) between the Company or an Affiliate and a Participant specifying the terms and conditions of an Award granted to such Participant.

1.3 Award. A right that is granted under this Plan to a Participant by the Company, which may be in the form of Options, Performance Shares, Restricted Stock or Restricted Stock Units.

1.4 Board. The board of directors of the Company.

1.5 Change in Control. Change in Control has the meaning set forth in Section 8.3(a).

1.6 Code. The Internal Revenue Code of 1986, as amended.

1.7 Committee. A committee of the Board that is designated by the Board as the "Executive Compensation and Stock Incentive Committee" of the Board, or such committee that is otherwise designated to administer this Plan, and is composed of at least two individuals or such number that satisfies the minimum requirements of Rule 16b-3 of the Exchange Act, and the listing rules of any national securities exchange or over-the-counter national market upon which Stock is traded, whose members are not employees of the Company or an Affiliate.

1.8 Company. BancorpSouth Bank and its successors.

1.9 Date of Exercise. The date that the Company accepts tender of the exercise price of an Option.

1.10 Exchange Act. The Securities Exchange Act of 1934, as amended.

1.11 Fair Market Value. On any given date, Fair Market Value shall be as described below:

(a) If the Stock is traded on a national securities exchange or over-the-counter national market, Fair Market Value shall be determined by reference to the price of the Stock on such exchange or market with respect to the date for which Fair Market Value is being determined (unless the Committee determines in good faith the fair market value of the Stock to be otherwise).

(b) If the Stock is not traded on a recognized exchange or national market, Fair Market Value shall be the value determined in good faith by the Committee in a manner that is consistent with the standards of section 409A of the Code, provided that such value may be determined in a manner that is consistent with the standards of section 422 of the Code with respect to the award of Incentive Options.

1.12 Incentive Option. An Option that is intended to qualify as an "incentive stock option" within the meaning of section 422 of the Code. An Incentive Option, or a portion thereof, shall not be invalid for failure to qualify under section 422 of the Code, but shall be treated as a Nonqualified Option.

1.13 Nonqualified Option. An Option that is not an Incentive Option.

1.14 Option. The right that is granted hereunder to a Participant to purchase from the Company a stated number of shares of Stock at the price set forth in an Agreement. As used herein, the term "Option" includes both Incentive Options and Nonqualified Options.

1.15 Participant. An officer, employee or other persons providing services to the Company or an Affiliate who either satisfies the requirements of Article IV and is selected by the Committee to receive an Award, or receives an Award pursuant to a grant specified in this Plan.

1.16 Performance Period. The period designated by the Committee during which a Participant must satisfy conditions or performance objectives stated in an Award.

1.17 Performance Shares. An Award described in Section 6.7 that is denominated as a number of shares of Stock that are transferred to a Participant upon the achievement of performance goals within the Performance Period specified in the Award.

1.18 Plan. The BancorpSouth Long-Term Equity Incentive Plan.

1.19 Restricted Stock. An Award described in Section 6.5 that grants Stock that is subject to restrictions on transfer and/or a risk of forfeiture during a Performance Period, as described in Section 6.5. Shares of Stock that are subject to any such restrictions or risks of forfeiture shall cease to be Restricted Stock at the time that such restrictions and risks of forfeiture lapse in accordance with the terms of the Agreement or this Plan.

1.20 Restricted Stock Unit. An Award described in Section 6.6 that entitles a Participant to receive shares of Stock, cash or a combination of Stock and cash, as determined by the Committee. A Restricted Stock Unit represents an unfunded promise by the Company and is not a transfer of property within the meaning of section 83 of the Code.

1.21 Stock. The common stock of the Company, $2.50 par value per share.

1.22 Ten Percent Shareholder. An individual who owns more than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate at the time he is granted an Incentive Option. For the purpose of determining if an individual is a Ten Percent Shareholder, he shall be deemed to own any voting stock owned (directly or indirectly) by or for his brothers and sisters (whether by whole or half-blood), spouse, ancestors or lineal descendants and shall be considered to own proportionately any voting stock owned (directly or indirectly) by or for a corporation, partnership, estate or trust of which such individual is a shareholder, partner or beneficiary.

1.23 Termination Event. Termination Event has the meaning set forth in Section 8.3(b).

ARTICLE II
PURPOSE OF PLAN

The purpose of this Plan is to provide a performance incentive to, and to encourage stock ownership by, officers, employees and other persons providing services to the Company and its Affiliates, and to align the interests of such individuals with those of the Company, its Affiliates and its shareholders. It is intended that Participants may acquire or increase their proprietary interests in the Company and be encouraged to remain in the employ of the Company or of its Affiliates. The proceeds received by the Company from the sale of Stock pursuant to this Plan may be used for general corporate purposes.

ARTICLE III
ADMINISTRATION

3.1 Administration of Plan. This Plan shall be administered by the Committee. The express grant in this Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. Any decision made or action taken by the Committee to administer this Plan shall be final and conclusive. No member of the Committee shall be liable for any act done in good faith with respect to this Plan or any Agreement or Award. The Company shall bear all expenses of Plan administration. In addition to all other authority vested with the Committee under this Plan, the Committee shall have complete authority to:

(a) Interpret all provisions of this Plan;

(b) Prescribe the form of any Agreement and notice and manner for executing or giving the same;

(c) Make amendments to all Agreements;

(d) Adopt, amend and rescind rules for Plan administration; and

(e) Make all determinations it deems advisable for the administration of this Plan.

3.2 Authority to Grant Awards. The Committee shall have the authority to grant Awards upon such terms as the Committee deems appropriate and that are not inconsistent with the provisions of this Plan. Such terms may include conditions on the exercise of all or any part of an Award. In addition, the Committee or a subcommittee thereof may grant Awards that are subject to the terms specified in the BancorpSouth Executive Performance Incentive Plan.

3.3 Persons Subject to Section 16(b). Notwithstanding anything in this Plan to the contrary, the Committee, in its absolute discretion, may bifurcate this Plan so as to restrict, limit or condition the use of any provision of this Plan to participants who are officers subject to section 16(b) of the Exchange Act, without so restricting, limiting or conditioning this Plan with respect to other Participants.

3.4 Employee Status. The Committee shall determine the extent to which a leave of absence for military or government service, illness, temporary disability or other reasons shall be treated as a termination or interruption of employment, and the treatment of services provided by a service provider under any other arrangement, for purposes of determining questions of vesting, forfeiture and rights to exercise of an Award; provided, however, that if the period treated as employment following a termination of employment with respect to an Incentive Option exceeds three months, such Option shall be deemed a Nonqualified Option.

3.5 Limitation on Option Repricing. The Committee's authority hereunder to amend Agreements or otherwise modify an Award is limited in accordance with the Listing Company

Manual of the New York Stock Exchange. Pursuant to Rule 303A.08 thereof, any modification or amendment of an Option that would be treated as a "repricing" shall be effective only upon the approval of the Company's shareholders. The term "repricing" for this purpose means any of the following or any other action that has the same effect:

(a) Lowering the exercise price of an Option after it is granted;

(b) Any other action that is treated as a repricing under generally accepted accounting principles; or

(c) Cancelling an Option at a time when its exercise price exceeds the Fair Market Value of the Stock subject to the Option, in exchange for another Option, Restricted Stock or any other Award that is based on Stock or any other equity of the Company, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction.

ARTICLE IV
ELIGIBILITY

4.1 Participation. The Committee may from time to time designate officers, employees and other persons providing services to the Company and its Affiliates to whom Awards are to be granted and who are eligible to become Participants. Such designation shall specify the number of shares of Stock, Restricted Stock Units or Performance Shares, if any, subject to each Award. All Awards granted under this Plan shall be evidenced by Agreements which shall be subject to applicable provisions of this Plan or such other provisions as the Committee may adopt that are not inconsistent with this Plan, including the provisions of the BancorpSouth Executive Performance Incentive Plan.

4.2 Grant of Awards. An Award shall be deemed to be granted to a Participant at the time that the Committee designates in a writing that is adopted by the Committee as the grant of an Award, and that makes reference to the Participant and the number and type of shares that are subject to the Award. Accordingly, an Award may be deemed to be granted prior to the time that an Agreement is executed by the Participant and the Company. In addition thereto, and not by way of limitation, the Committee or a subcommittee thereof may grant Awards to certain Participants that are subject to the terms specified in the BancorpSouth Executive Performance Incentive Plan.

4.3 Limitation on Incentive Options. A person who is not an employee of the Company or an Affiliate is not eligible to receive an Incentive Option. To the extent that the aggregate Fair Market Value of Stock with respect to which an Incentive Option is exercisable for the first time by an eligible Participant during any calendar year (under all stock incentive plans of the Company and its Affiliates) exceeds $100,000 (or the amount specified in section 422 of the Code), determined as of the date the Incentive Option is granted, the excess portion of such Option shall be treated as a Nonqualified Option. This provision shall be applied by taking Incentive Options into account in the order in which they were granted.

ARTICLE V
STOCK SUBJECT TO PLAN

5.1 Source of Shares. Upon the satisfaction of conditions specified in an Award, the Company shall deliver to Participants authorized but previously unissued Stock or Stock that is held by the Company as treasury stock.

5.2 Maximum Number of Shares. The maximum aggregate number of shares of Stock that may be issued pursuant to the exercise of Awards is 9,916,000, subject to the adjustments described in Article VIII.

5.3 Forfeitures. If any Option granted hereunder expires or terminates for any reason without having been exercised in full, if any portion of a Restricted Stock Award is forfeited to the Company, or shares that are subject to any other Award are not transferable at the close of a Performance Period, the shares of Stock subject thereto shall again be available for issuance of an Award under this Plan.

ARTICLE VI
TERMS OF AWARDS

6.1 Exercise Price. The exercise price of an Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date the Option is granted. In the case of a Ten Percent Shareholder, however, the exercise price of an Incentive Option shall not be less than 110% of the Fair Market Value of a share of Stock on the date the Incentive Option is granted.

6.2 Right to Exercise and Vesting. An Award shall be exercisable or vested on any date established by the Committee or provided for in an Agreement; provided, however, that Options shall not be exercisable and Stock under any Award shall not be transferable until the vesting and/or performance conditions established by the Committee under the Award have been satisfied. No Award shall be exercisable or become vested for a period of less than 12 months following the date the Award is granted, except in the case of death, disability or a Change in Control as provided herein or in an Agreement. A Participant must exercise an Incentive Option while the Participant is an employee of the Company or an Affiliate or within the periods that may be specified in the Agreement after termination of employment, death, disability or a "change in control" (as defined in any change in control agreement to which the Company and any such Participant are parties).

6.3 Maximum Exercise Period. The maximum period in which an Award may be exercised shall be determined by the Committee on the date of grant, except that no Option shall be exercisable after the expiration of 10 years (five years in the case of Incentive Options granted to a Ten Percent Shareholder). Options shall terminate on the date the Participant's employment with the Company terminates, except as otherwise provided in the Agreement with respect to termination of employment, death, disability or a change in control.

6.4 Transferability. Generally, any Award granted under this Plan shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the Participant only by the Participant. However, the Committee may provide for the transfer of certain Awards (other than Incentive Options) to a "family member" of the Participant, as defined in the General Instructions to Securities and Exchange Commission Form S-8. Further, no right or interest of a Participant in any Award shall be liable for, or subject to, any lien, obligation or liability of such Participant.

6.5 Restricted Stock. Each Award of Restricted Stock to a Participant shall specify the risks of forfeiture and/or restrictions on transfer during a Performance Period. The Committee may grant Restricted Stock to a Participant as a part of any arrangement established by the Committee and specified in an Agreement, and may include the obligation by the Participant to pay a purchase price specified by the Committee. A Participant who receives Restricted Stock shall be treated as a shareholder of the Company, subject to the restrictions in Section 7.4.

6.6 Restricted Stock Units. Each Restricted Stock Unit Award shall specify the number of shares of Stock, the formula for determining the number of shares of Stock, and/or the amount of cash that a Participant may receive upon the satisfaction of conditions specified in the Award during the Performance Period, which may include the obligation of the Participant to pay a purchase price specified by the Committee. A Participant who receives Restricted Stock Units shall not be treated as a shareholder of the Company until such vesting and any holding period conditions specified in the Award have been satisfied for the transfer of Stock to the Participant.

6.7 Performance Shares. Each Performance Share Award shall specify the number of shares of Stock, or the formula for determining the number of shares of Stock, that a Participant may receive upon the satisfaction of conditions specified in the Award during the Performance Period, which may include the obligation of the Participant to pay a purchase price specified by the Committee. A Participant who receives Performance Shares shall not be treated as a shareholder of the Company until the vesting conditions and any holding period specified in the Award have been satisfied for the transfer of Stock to the Participant.

6.8 Dividend Equivalent Payments. The Committee may with respect to Restricted Stock Units or Performance Awards provide for a cash payment that is equivalent to dividends that have been paid on Stock during the Performance Period and any subsequent holding period specified in the Award. However, such dividend equivalent payments will be accrued and only paid only at such time that all vesting conditions have been satisfied and shares of Stock have been transferred to the Participant under the terms of the Award.

ARTICLE VII
AWARD EXERCISE AND STOCK TRANSFERS

7.1 Exercise. An Option granted hereunder shall be deemed to have been exercised on the Date of Exercise. Subject to the provisions of Articles VI and IX, an Option may be exercised in whole or in part at such times and in compliance with such requirements as the Committee shall determine.

7.2 Payment. Unless otherwise provided by the Agreement, payment of an exercise or purchase price under an Award shall be made in cash, and/or other consideration acceptable to the Committee, or a combination thereof. Payment of the exercise price must include payment of withholding taxes as described in Section 7.3 in cash or under an arrangement that is acceptable to the Committee.

7.3 Withholding Tax Requirements. Upon exercise of a Nonqualified Option, the lapse of restrictions on Restricted Stock, the transfer of Stock pursuant to an Award of Restricted Stock Units or Performance Shares, or any other event that results in liability for income tax by a Participant who received an Award as an employee of the Company or an Affiliate, the Participant shall, upon notification of the amount due and prior to or concurrently with the delivery of the shares, pay to the Company amounts necessary to satisfy applicable federal, state and local withholding tax requirements or shall otherwise make arrangements satisfactory to the Company for such requirements. Such withholding requirements shall not apply to the exercise of an Incentive Option, or to a disqualifying disposition of Stock that is acquired with an Incentive Option, unless the Committee gives the Participant notice that withholding described in this Section is required.

7.4 Shareholder Rights and Dividends. A Participant shall not have any rights as a shareholder prior to (i) the Date of Exercise of an Option, the satisfaction of the conditions for vesting of Restricted Stock Units or Performance Shares or the transfer of shares of Restricted Stock, and (ii) compliance with the obligations and conditions of Article IX. While shares of Stock are subject to such restrictions, the Company may issue the shares in book entry form only and delay the delivery of the shares until all restrictions specified in an Award have lapsed and the Stock is no longer subject to a substantial risk of forfeiture. Participants shall be entitled to exercise voting rights with respect to shares of Stock issued under an Award to the extent that a Participant is deemed to be a shareholder. However, no dividends or amounts equivalent to dividends shall be paid on any Award that is unvested. Dividends that would be payable on Stock issued under an Award shall be retained by the Company to be paid upon the vesting of the Award.

7.5 Issuance and Delivery of Shares. Subject to the conditions of Article IX, shares of Stock to be issued pursuant to an Award shall be delivered to Participants by the Company (or its transfer agent) as soon as administratively feasible after (i) a Participant receives an Award of Restricted Stock, (ii) a Participant exercises an Option, or (iii) the end of the Performance Period during which the Participant satisfies the requirements specified in a Restricted Stock Unit Award or Performance Share Award, as well as any subsequent holding period specified in the Award; provided, however, that the Company may condition the delivery of shares on the Participant's execution of any applicable shareholder agreement or agreement described in Section 9.2 that the Company requires at the time of exercise; and provided further that the Company may delay the delivery of Stock until all restrictions specified in an Award have lapsed.

ARTICLE VIII
ADJUSTMENT UPON CORPORATE CHANGES

8.1 Adjustments to Shares. In the event of any corporate event or transaction (including a change in the Stock), such as a reclassification, recapitalization, merger, consolidation, reorganization, or stock split, reverse stock split, spin-off, split-up, combination or exchange of shares of Stock, or other like change in corporate structure, partial or complete liquidation of the Company or extraordinary dividend distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall substitute or adjust, as applicable, the number, class and kind of securities which may be delivered under Article V, the number, class and kind, and/or exercise price of securities subject to outstanding Awards; and other value determinations applicable to outstanding Awards, in order to prevent dilution or enlargement of Participants' rights under this Plan; provided, however, that the number of shares of Stock subject to any Award shall be calculated as a whole number. The Committee shall also make appropriate adjustments and modifications in the terms of any outstanding Awards to reflect or related to any such events, adjustments, substitutions or changes. Any adjustment, substitution or change pursuant to this Section 8.1 made with respect to an Award shall be done in a manner that results in a transaction to which section 424 of the Code applies. The Committee shall not make any adjustment pursuant to this Section 8.1 that would cause an Award that is otherwise exempt from section 409A of the Code to become subject to section 409A, or that would cause an Award that is subject to section 409A to fail to satisfy the requirements of section 409A. All determinations of the Committee as to adjustments or changes, if any, under this Section 8.1 shall be conclusive and binding on the Participants.

8.2 Substitution of Awards on Merger or Acquisition. The Committee may grant Awards in substitution for stock awards, stock options, stock appreciation rights or similar awards held by an individual who becomes an employee of the Company or an Affiliate in connection with a transaction to which section 424(a) of the Code applies. The terms of such substituted Awards shall be determined by the Committee in its sole discretion, subject only to the limitations of Article V.

8.3 Effect of Certain Transactions. Upon the occurrence of both a "Change in Control," as defined in Section 8.3(a), and a "Termination Event" described in Section 8.3(b), then, whether or not the vesting requirements set forth in any Agreement have been satisfied, all Awards that are outstanding at the time of the Change in Control shall thereupon become fully vested and, as appropriate, exercisable. A Participant's Agreement may include Change in Control vesting conditions that are more restrictive than those included in this Section 8.3.

(a) A Change in Control will be deemed to have occurred for purposes hereof, upon any of the following:

(1) the merger, acquisition or consolidation of the Company with any corporation pursuant to which the other corporation immediately after such merger, acquisition or consolidation owns more than 55% of the voting securities (defined as any securities which vote generally in the election of its directors) of the Company outstanding immediately prior thereto or more than 55% of the Company's total fair market value immediately prior thereto;

(2) the date that any person, or persons acting as a group, as described in Treas. Reg. § 1.409A-3(i)(5) (a "Person"), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation controlling the Company or owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the beneficial owner (as

determined under Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 30% of the total voting power represented by the Company's then outstanding voting securities (as defined above);

(3) the date that a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(4) the date that any Person acquires (or has acquired within the 12-month period ending on such date) assets from the Company that have a gross fair market value equal to 40% or more of the fair market value of the Company's total assets;

provided, however, that any of the following acquisitions will be excluded from such calculations:

(i) an acquisition by a shareholder of the Company (immediately before the acquisition) in exchange for or with respect to its stock;

(ii) an acquisition by an entity 50% or more of the total value or voting power of which is owned directly or indirectly by the Company;

(iii) an acquisition by a Person that owns directly or indirectly 50% or more of the total value or voting power of the outstanding stock of the Company; or

(iv) an acquisition by an entity 50% or more of the total value or voting power of which is owned directly or indirectly by a Person described in paragraph (iii) above.

(b) A "Termination Event" is the termination of a Participant's employment with the Company that is in connection with a Change in Control, but is not a termination for "Cause." Termination of employment within 30 days prior to or 18 months following a Change in Control shall be deemed to be in connection with the Change in Control. A termination for Cause means a termination of employment following written notice within 90 days of the date that the Cause event has occurred or is initiated and was not materially cured by the Participant within 30 days after receiving such notice for any of the following events: (i) an act of misconduct or dishonesty that is injurious to the Company or an Affiliate; (ii) an act of fraud, embezzlement, theft, or any other crime of moral turpitude (without necessity of formal criminal proceedings being initiated); (iii) willful violation of a material Company policy or procedure; (iv) suspension and/or temporary prohibition from participating in the affairs of the Company or an Affiliate by a notice served under section 8(e)(3) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. §§1818(e)(3) and (g)(1)) or other law or regulation; or (v) a material breach of the terms of a restrictive covenant agreement with the Company or an Affiliate.

(c) If, as a result of the Change in Control, the Company is not the surviving entity after the transaction, or survives only as a subsidiary that is controlled by another entity, all Options that are held by the Participant immediately after the Change in Control shall be assumed by the entity which is the survivor of the transaction, or converted into options to purchase the common stock of the surviving entity, in a transaction to which section 424(a) of the Code applies.

(d) Notwithstanding the foregoing, a portion of the acceleration of vesting described in this Section shall not occur with respect to an Award to the extent such acceleration of vesting would cause the Participant or holder of such Award to realize less income, net of taxes, after deducting the amount of excise taxes that would be imposed pursuant to section 4999 of the Code, than if accelerated vesting of that portion of the Award did not occur.

8.4 No Adjustment Upon Certain Transactions. The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services rendered, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, outstanding Awards.

8.5 Fractional Shares. Only whole shares of Stock may be acquired through the exercise of an Award. Any amounts tendered in the exercise of an Award remaining after the maximum number of whole shares have been purchased will be returned to the Participant in the form of cash.

ARTICLE IX
COMPLIANCE WITH LAW AND REGULATORY APPROVAL

9.1 General. No Award shall be exercisable, no Stock shall be issued, no certificates for shares of Stock shall be delivered or book entries made, and no payment shall be made under this Plan except in compliance with all federal or state laws and regulations (including, without limitation, withholding tax requirements), federal and state securities laws and regulations and the rules of all national securities exchanges or national markets on which the Company's shares may be listed. The Company shall have the right to rely on an opinion of its counsel as to such compliance. Any certificate issued to evidence shares of Stock for which an Award is exercised may bear such legends and statements as the Committee upon advice of counsel may deem advisable to assure compliance with federal or state laws and regulations.

9.2 Representations by Participants. As a condition to the exercise of an Award, the Company may require a Participant to represent and warrant at the time of any such exercise that Stock is being purchased only for investment and without any present intention to sell or distribute such shares of Stock, if, in the opinion of counsel for the Company, such representation is required by any relevant provision of the laws referred to in Section 9.1. At the option of the Company, a stop transfer order against any shares of Stock may be placed on the official stock books and records of the Company, and a legend indicating that the Stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided (concurred in by counsel for the Company) and stating that such transfer is not in violation of any applicable law or regulation may be stamped on the stock certificate in order to assure exemption from registration. The Committee may also require such other action or agreement by the Participants as may from time to time be necessary to comply with federal or state securities laws. This provision shall not obligate the Company or any Affiliate to undertake registration of Stock or Awards issued hereunder.

ARTICLE X
GENERAL PROVISIONS

10.1 Effect on Employment. Neither the amendment and restatement of this Plan, nor its operation, nor any documents describing or referring to this Plan (or any part thereof), including any Agreement, shall confer upon any employee any right to continue in the employ of the Company or an Affiliate or in any way affect any right and power of the Company or an Affiliate to terminate the employment of any employee at any time with or without assigning a reason therefor.

10.2 Unfunded Plan. This Plan, insofar as it provides for grants, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by grants under this Plan. Any liability of the Company to any person with respect to any grant under this Plan shall be based solely upon contractual obligations that may be created hereunder. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

10.3 Rules of Construction. Headings are given to the articles and sections of this Plan solely as a convenience to facilitate reference. The masculine gender when used herein refers to both masculine and feminine. The reference to any statute, regulation or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

10.4 Governing Law. The internal laws of the State of Mississippi shall apply to all matters arising under this Plan, to the extent that federal law does not otherwise apply or preempt Mississippi law.

10.5 Compliance With Section 16 of the Exchange Act. With respect to persons subject to liability under section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 (or successor provisions) under the Exchange Act. To the extent any provision of this Plan or action by Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

10.6 Amendment. The Board may amend or terminate this Plan at any time; provided, however, an amendment that would have a material adverse effect on the rights of a Participant under an outstanding Award is not valid with respect to such Award without the Participant's consent, except as necessary for Awards to satisfy the conditions imposed under the Code; and provided, further, that the shareholders of the Company must approve:

(a) 12 months before or after the date of adoption, any amendment that increases the aggregate number of shares of Stock that may be issued under Incentive Options or changes the employees (or class of employees) eligible to receive Incentive Options;

(b) before the effective date thereof, any amendment that increases the number of shares in the aggregate which may be issued pursuant to Awards granted under this Plan or the maximum number of shares with respect to which any individual may receive options in any calendar year, or increases the period during which Awards may be granted or exercised; and

(c) any amendment that is subject to approval of shareholders under the rules of the New York Stock Exchange, or such other national securities exchange or national market on which Stock becomes traded.

10.7 Duration of Plan. This Plan shall continue until it is terminated by the Board pursuant to Section 10.6. However, awards of Incentive Options under this Plan may be granted with respect to shares of Stock that are reserved under Section 5.2 and approved by shareholders for a period of ten years following the adoption of this Plan by the Company that was approved by shareholders effective October 31, 2017. Incentive Options granted prior thereto shall remain valid in accordance with their terms.

Exhibit 10(g)

BANCORPSOUTH EQUITY INCENTIVE PLAN
FOR NON-EMPLOYEE DIRECTORS

AMENDED AND RESTATED JANUARY 1, 2021

THIS AMENDMENT AND RESTATEMENT of the BancorpSouth Equity Incentive Plan for Non-Employee Directors (the "Plan") is adopted by BancorpSouth Bank, a Mississippi Banking Corporation (the "Company") effective January 1, 2021.

PREAMBLE

WHEREAS, the predecessor of the Company, BancorpSouth, Inc., established the Plan effective January 24, 1995, and the Company last amended and restated the Plan on August 20, 2020 to update administrative features of the Plan;

WHEREAS, the Company desires to amend and restate the Plan to conform the terms to modifications that have been adopted to the Company's Long-Term Equity Incentive Plan;

WHEREAS, Section 9.5 of the Plan empowers the Company to amend the Plan by action of its Board of Directors, and the Board of Directors has approved the adoption of this instrument as the amendment and restatement of Plan;

NOW THEREFORE, the Company hereby amends and restates the Plan as follows, effective as of January 1, 2021:

ARTICLE I. DEFINITIONS

I.1 Affiliate. An entity in a chain of entities in which the Company owns an interest of at least 50%, or is an entity in a chain of entities that holds an interest in the Company of at least 50%, as described in Treasury Regulation § 1.409A-1(b)(5)(E)(iii)(A).

I.2 Agreement. A written agreement (including any amendment or supplement thereto) between the Company or an Affiliate and a Participant specifying the terms and conditions of an Award granted to such Participant.

I.3 Award. A right that is granted under this Plan to a Participant by the Company, which may be in the form of an Option, Restricted Stock, or Restricted Stock Units.

I.4 Board. The board of directors of the Company.

I.5 Change in Control. Change in Control has the meaning set forth in Section 8.3(a).

I.6 Code. The Internal Revenue Code of 1986, as amended.

I.7 Committee. A committee of the Board that is designated by the Board as the "Executive Compensation and Stock Incentive Committee" of the Board, or such committee that is otherwise designated to administer this Plan, and is composed of at least two individuals or such number that satisfies the minimum requirements of Rule 16b-3 of the Exchange Act, and the listing rules of any national securities exchange or over-the-counter national market upon which Stock is traded, whose members are not employees of the Company or an Affiliate.

I.8 Company. BancorpSouth Bank and its successors.

I.9 Date of Exercise. The date that the Company accepts tender of the exercise price of an Option.

I.10 Exchange Act. The Securities Exchange Act of 1934, as amended.

I.11 Fair Market Value. On any given date, Fair Market Value shall be as described below:

(a) If the Stock is traded on a national securities exchange or over-the-counter national market, Fair Market Value shall be determined by reference to the price of the Stock on such exchange or market with respect to the date for which Fair Market Value is being determined (unless the Committee determines in good faith the fair market value of the Stock to be otherwise).

(b) If the Stock is not traded on a recognized exchange or national market, Fair Market Value shall be the value determined in good faith by the Committee in a manner that is consistent with the standards of section 409A of the Code, provided that such value may be determined in a manner that is consistent with the standards of section 422 of the Code with respect to the award of Incentive Options.

I.12 Option. The right that is granted hereunder to a Participant to purchase from the Company a stated number of shares of Stock at the price set forth in an Agreement. Options are not qualified as an "incentive stock options" under section 422 of the Code.

I.13 Participant. A member of the Board, as described in Section 3.2, who has been granted an Award.

I.14 Plan. The BancorpSouth Equity Incentive Plan for Non-Employee Directors.

I.15 Restricted Stock. An Award described in Section 6.5 that is a transfer of Stock to the Participant that is subject to forfeiture and/or restrictions on transfer that are identified in an Agreement.

I.16 Restricted Stock Unit. An Award described in Section 6.6 that entitles a Participant to receive shares of Stock, cash or a combination of Stock and cash, as determined by the Committee. A Restricted Stock Unit represents an unfunded promise by the Company and is not a transfer of property within the meaning of section 83 of the Code.

I.17 Stock. The common stock of the Company, $2.50 par value per share.

I.18 Termination Event. Termination Event has the meaning set forth in Section 8.3(b).

ARTICLE II. PURPOSE OF PLAN

The purpose of the Plan is to maintain the Company's ability to attract and retain the services of experienced and highly-qualified non-employee directors and to encourage stock ownership by such directors, and to align the interests of such individuals with those of the Company, its Affiliates and its shareholders. It is intended that Participants may acquire or increase their proprietary interests in the Company and be encouraged to remain in the directorship of the Company. The proceeds received by the Company from the sale of Stock pursuant to this Plan may be used for general corporate purposes.

ARTICLE III. ADMINISTRATION

Administration of Plan. This Plan shall be administered by the Committee. The express grant in this Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. Any decision made or action taken by the Committee to administer this Plan shall be final and conclusive. No member of the Committee shall be liable for any act done in good faith with respect to this Plan or any Agreement or Award. The Company shall bear all expenses of Plan administration. In addition to all other authority vested with the Committee under this Plan, the Committee shall have complete authority to:

(a) Interpret all provisions of this Plan;

(b) Prescribe the form of any Agreement and notice and manner for executing or giving the same;

(c) Make amendments to all Agreements;

(d) Adopt, amend, and rescind rules for Plan administration; and

(e) Make all determinations it deems advisable for the administration of this Plan.

Authority to Grant Awards. The Committee shall have the authority to grant Awards to each individual serving the Company as a director who is not an employee of the Company or an Affiliate. Awards shall be subject to such terms the Committee deems appropriate and that are not inconsistent with the provisions of this Plan. Such terms may include conditions on the exercise or payment of all or any part of an Award. The Committee shall specify the type of Award that is granted and number of shares of Stock subject thereto. The Committee may from time to time take action to provide for the automatic grant of an Award to all Participants to be effective on a specified date or dates (*e.g.*, the beginning of each board term). The Committee may prospectively modify the terms of any such automatic grant through a subsequent action.

Limitation on Option Repricing. The Committee's authority hereunder to amend Agreements or otherwise modify an Award is limited in accordance with the Listing Company Manual of the New York Stock Exchange. Pursuant to Rule 303A.08 thereof, any modification or amendment of an Option that would be treated as a "repricing" shall be effective only upon the approval of the Company's shareholders. The term "repricing" for this purpose means any of the following or any other action that has the same effect:

(a) Lowering the exercise price of an Option after it is granted;

(b) Any other action that is treated as a repricing under generally accepted accounting principles; or

(c) Cancelling an Option at a time when its exercise price exceeds the Fair Market Value of the Stock subject to the Option, in exchange for another Option, Restricted Stock or any other Award that is based on Stock or any other equity of the Company, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction.

ARTICLE IV. ELIGIBILITY AND LIMITATIONS ON AWARDS

IV.3 Participation. The Committee may from time to time designate directors of the Company to whom Awards are to be granted and who are eligible to become Participants. Such designation shall specify the number of shares of Stock or Restricted Stock Units, if any, subject to each Award. All Awards granted under this Plan shall be evidenced by Agreements which shall be subject to applicable provisions of this Plan or such other provisions as the Committee may adopt that are not inconsistent with this Plan.

IV.4 Grant of Awards. An Award shall be deemed to be granted to a Participant at the time that the Committee designates in a writing that is adopted by the Committee as the grant of an Award, and that makes reference to the Participant and the number and type of shares that are subject to the Award. Accordingly, an Award may be deemed to be granted prior to the time that an Agreement is executed by the Participant and the Company.

ARTICLE V. STOCK SUBJECT TO PLAN

Source of Shares. Upon the satisfaction of conditions specified in an Award, the Company shall deliver to Participants authorized but previously unissued Stock or Stock that is held by the Company as treasury stock.

Maximum Number of Shares. The maximum aggregate number of shares of Stock that may be issued pursuant to this Plan is 964,000, subject to the adjustments described in Article VIII.

V.3 Limited Reuse of Stock. Shares of Stock under an Award will only be available for reissuance under a new Award in the following circumstances: (i) the expiration or termination of an Option with respect to the shares not acquired by exercise; (ii) the forfeiture of any portion of a Restricted Stock Award with respect to the shares that are forfeited; and (iii) those shares of Stock covered by a Restricted Stock Unit Award that are not earned or are forfeited under the terms of the Award. Shares of Stock that are tendered or withheld as payment of the exercise price of an Option or to satisfy tax withholding obligations under an Award, or returned to the Company for any reason other than as described in clauses (i) through (iii), or repurchased under a Stock repurchase program of the Company shall not be treated as available for reissuance hereunder.

ARTICLE VI. TERMS OF AWARDS

VI.3 Exercise Price. The exercise price of an Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date the Option is granted. In the case of a Ten Percent Shareholder, however, the exercise price of an Incentive Option shall not be less than 110% of the Fair Market Value of a share of Stock on the date the Incentive Option is granted.

VI.4 Right to Exercise and Vesting. An Award shall be exercisable or vested on any date established by the Committee or provided for in an Agreement; provided, however, that Options shall not be exercisable and Stock under any Award shall not be transferable until the vesting and/or performance conditions established by the Committee under the Award have been satisfied. No Award shall be exercisable or become vested for a period of less than 12 months following the date the Award is granted, except in the case of death, disability or a Change in Control as provided herein or in an Agreement. A Participant must exercise an Incentive Option while the Participant is an employee of the Company or an Affiliate or within the periods that may be specified in the Agreement after termination of employment, death, disability or a “change in control” (as defined in any change in control agreement to which the Company and any such Participant are parties).

VI.5 Maximum Exercise Period. The maximum period in which an Option may be exercised shall be determined by the Committee on the date of grant, except that no Option shall be exercisable after the expiration of 10 years (five years in the case of Incentive Options granted to a Ten Percent Shareholder). Options shall terminate on the date the Participant’s employment with the Company terminates, except as otherwise provided in the Agreement with respect to termination of employment, death, disability or a change in control.

VI.6 Transferability. Generally, any Award granted under this Plan shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the Participant only by the Participant. However, the Committee may provide for the transfer of certain Awards (other than Incentive Options) to a “family member” of the Participant, as defined in the General Instructions to Securities and Exchange Commission Form S-8. Further, no right or interest of a Participant in any Award shall be liable for, or subject to, any lien, obligation or liability of such Participant.

VI.7 Restricted Stock. Each Award of Restricted Stock to a Participant shall specify the risks of forfeiture and/or restrictions on transfer during all or part of a performance period or vesting period. The Committee may grant Restricted Stock to a Participant under a performance incentive arrangement established by the Committee to determine the number of shares subject to the Award. The Award may include an obligation by the Participant to pay a purchase price specified by the Committee. A Participant who receives Restricted Stock shall be treated as a shareholder of the Company, subject to the restrictions in Section 7.4.

VI.8 Restricted Stock Units. Each Restricted Stock Unit Award shall specify the number of shares of Stock, the formula for determining the number of shares of Stock, and/or the amount of cash that a Participant may receive upon the satisfaction of conditions specified in the Award during a performance period or vesting period, which may include the obligation of the Participant to pay a purchase price specified by the Committee. The Committee may grant Restricted Stock Units to a Participant under a performance incentive arrangement established by the Committee to determine the number of shares subject to the Award. A Participant who receives Restricted Stock Units shall not be treated as a shareholder of the Company until the vesting conditions and any holding period specified in the Award have been satisfied for the transfer of Stock to the Participant.

VI.9 Dividend Equivalent Payments. The Committee may with respect to Restricted Stock Units provide for a cash payment that is equivalent to dividends that have been paid on Stock during the vesting or holding period specified in the Award. However, such dividend equivalent payments will be accrued and only paid at such time that all vesting conditions have been satisfied and shares of Stock have been transferred to the Participant under the terms of the Award.

VI.10 Treatment of Options on Termination of Service, Death, Etc. Each Option shall terminate prior to the expiration date stated in Award under the following conditions:

(a) Cause. If the directorship of the Participant is terminated on account of fraud, dishonesty or other acts detrimental to the interests of the Company or any Affiliate of the Company, the Option shall automatically terminate as of the date of such termination.

(b) Death. If the Participant shall die while a director of the Company, and prior to the expiration of an Option, the Option may be exercised, to the extent that the Participant was entitled to exercise it at the date of the Participant's death, within one year after the Participant's death by the executor or administrator of the estate of the Participant, or by person or persons who shall have acquired the Option directly from the Participant by bequest or inheritance.

(c) Other Termination. If the directorship of a Participant is terminated for any reason other than retirement, death or removal for cause, an Option may be exercised, to the extent the Participant was able to do so at the date of termination of the directorship, within three months after such termination or, if less, through expiration date of the Option. Upon a Participant's retirement, that is approved by the Board, in accordance with the Company's normal retirement policies, all Options will remain exercisable until the expiration date stated in the Option Award.

ARTICLE VII
AWARD EXERCISE AND STOCK TRANSFERS

7.1 Exercise. An Option granted hereunder shall be deemed to have been exercised on the Date of Exercise. Subject to the provisions of Articles VI and IX, an Option may be exercised in whole or in part at such times and in compliance with such requirements as the Committee shall determine.

7.2 Payment. Unless otherwise provided by the Agreement, payment of an exercise or purchase price under an Award shall be made in cash, and/or other consideration acceptable to the Committee, or a combination thereof. Payment of the exercise price must include payment of withholding taxes as described in Section 7.3 in cash or under an arrangement that is acceptable to the Committee.

7.3 Withholding Tax Requirements. Generally, tax-withholdings are not required under the Plan. However, in the event that the Committee determines that such withholdings are required, the Participant shall, upon notification of the amount due and prior to or concurrently with the delivery of the shares, pay to the Company amounts necessary to satisfy applicable federal, state and local withholding tax required.

7.4 Shareholder Rights and Dividends. A Participant shall not have any rights as a shareholder prior to (i) the Date of Exercise of an Option, the satisfaction of the conditions for vesting of Restricted Stock Units or the transfer of shares of Restricted Stock, and (ii) compliance with the obligations and conditions of Article IX. While shares of Stock are subject to such restrictions, the Company may issue the shares in book entry form only and delay the delivery of the shares until all restrictions specified in an Award have lapsed and the Stock is no longer subject to a substantial risk of forfeiture. Participants shall be entitled to exercise voting rights with respect to shares of Stock issued under an Award to the extent that a Participant is deemed to be a shareholder. However, no dividends or amounts equivalent to dividends shall paid on any Award that is unvested. Dividends that would be payable on Stock issued under an Award shall be retained by the Company to be paid upon the vesting of the Award.

7.5 Issuance and Delivery of Shares. Subject to the conditions of Article IX, shares of Stock to be issued pursuant to an Award shall be delivered to Participants by the Company (or its transfer agent) as soon as administratively feasible after (i) a Participant receives an Award of Restricted Stock, (ii) a Participant exercises an Option, or (iii) the end of the period during which the Participant satisfies the requirements specified in a Restricted Stock Unit Award, as well as any subsequent holding period specified in the Award; provided, however, that the Company may condition the delivery of shares on the Participant's execution of any applicable shareholder agreement or agreement described in Section 9.2 that the Company requires at the time of exercise; and provided further that the Company may delay the delivery of Stock until all restrictions specified in an Award have lapsed.

ARTICLE VIII. ADJUSTMENT UPON CORPORATE CHANGES

Adjustments to Shares. In the event of any corporate event or transaction (including a change in the Stock), such as a reclassification, recapitalization, merger, consolidation, reorganization, or stock split, reverse stock split, spin-off, split-up, combination or exchange of shares of Stock, or other like change in corporate structure, partial or complete liquidation of the Company or extraordinary dividend distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall substitute or adjust, as applicable, the number, class and kind of securities which may be delivered under Article V, the number, class and kind, and/or exercise price of securities subject to outstanding Awards; and other value determinations applicable to outstanding Awards, in order to prevent dilution or enlargement of Participants' rights under this Plan; provided, however, that the number of shares of Stock subject to any Award shall be calculated as a whole number. The Committee shall also make appropriate adjustments and modifications in the terms of any outstanding Awards to reflect or related to any such events, adjustments, substitutions or changes. Any adjustment, substitution or change pursuant to this Section 8.1 made with respect to an Award shall be done in a manner that results in a transaction to which section 424 of the Code applies. The Committee shall not make any adjustment pursuant to this Section 8.1 that would cause an Award that is otherwise exempt from section 409A of the Code to become subject to section 409A, or that would cause an Award that is subject to section 409A to fail to satisfy the requirements of section 409A. All determinations of the Committee as to adjustments or changes, if any, under this Section 8.1 shall be conclusive and binding on the Participants.

VIII.1 Substitution of Awards on Merger or Acquisition. The Committee may grant Awards in substitution for stock awards, stock options, stock appreciation rights or similar awards held by an individual who becomes an employee of the Company or an Affiliate in connection with a transaction to which section 424(a) of the Code applies. The terms of such substituted Awards shall be determined by the Committee in its sole discretion, subject only to the limitations of Article V.

Effect of Certain Transactions. Upon the occurrence of both a "Change in Control" as defined in Section 8.3(a) and a "Termination Event" described in Section 8.3(b), then, whether or not the vesting requirements set forth in any Agreement have been satisfied, (i) all Restricted Stock Awards that are outstanding at the time of the Change in Control shall thereupon become fully vested to the extent provided in the Award agreement, (ii) all Options will become exercisable, and (iii) all Restricted Stock Units will become vested and transferable to the Participant to the extent provided in the Award Agreement. A Participant's Agreement may include Change in Control vesting conditions that are more restrictive than those included in this Section 8.3. With respect to Awards that are or may be assumed in an acquisition of the Company, the Committee shall have the authority to negotiate the terms of such assumption in good faith to preserve the rights of Participants hereunder.

(a) A Change in Control will be deemed to have occurred for purposes hereof, upon any of the following:

(1) the merger, acquisition or consolidation of the Company with any corporation pursuant to which the other corporation immediately after such merger, acquisition or consolidation owns more than 65% of the voting securities (defined as any securities which vote generally in the election of its directors) of the Company outstanding immediately prior thereto or more than 65% of the Company's total fair market value immediately prior thereto;

(2) the date that any person, or persons acting as a group, as described in Treas. Reg. § 1.409A-3(i)(5) (a "Person"), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation controlling the Company or owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the beneficial owner (as determined under Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 30% of the total voting power represented by the Company's then outstanding voting securities (as defined above);

(3) the date that a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(4) the date that any Person acquires (or has acquired within the 12-month period ending on such date) assets from the Company that have a gross fair market value equal to 40% or more of the fair market value of the Company's total assets;

provided, however, that any of the following acquisitions will be excluded from such calculations:

(i) an acquisition by a shareholder of the Company (immediately before the acquisition) in exchange for or with respect to its stock;

(ii) an acquisition by an entity 50% or more of the total value or voting power of which is owned directly or indirectly by the Company;

(iii) an acquisition by a Person that owns directly or indirectly 50% or more of the total value or voting power of the outstanding stock of the Company; or

(iv) an acquisition by an entity 50% or more of the total value or voting power of which is owned directly or indirectly by a Person described in paragraph (iii) above.

(b) A "Termination Event" is the termination of a Participant's directorship with the Company that is in connection with a Change in Control, but is not a termination for "Cause." Termination of directorship within 30 days prior to or 18 months following a Change in Control shall be deemed to be in connection with the Change in Control. A termination for Cause means a termination of directorship following written notice within 90 days of the date that the Cause event has occurred or is initiated and was not materially cured by the Participant within 30 days after receiving such notice for any of the following events: (i) an act of misconduct or dishonesty that is injurious to the Company or an Affiliate; (ii) an act of fraud, embezzlement, theft, or any other crime of moral turpitude (without necessity of formal criminal proceedings being initiated); (iii) willful violation of a material Company policy or procedure; (iv) suspension and/or temporary prohibition from participating in the affairs of the Company or an Affiliate by a notice served under section 8(e)(3) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. §§1818(e)(3) and (g)(1)) or other law or regulation; or (v) a material breach of the terms of a restrictive covenant agreement with the Company or an Affiliate.

(c) If, as a result of the Change in Control, the Company is not the surviving entity after the transaction, or survives only as a subsidiary that is controlled by another entity, all Awards that are held by the Participant immediately after the Change in Control shall be assumed by the entity which is the survivor of the transaction, or converted into awards to acquire the common stock of the surviving entity, in a transaction to which section 424(a) of the Code applies.

(d) Notwithstanding the foregoing, a portion of the acceleration of vesting described in this Section shall not occur with respect to an Award to the extent such acceleration of vesting would cause the Participant or holder of such Award to realize less income, net of taxes, after deducting the amount of excise taxes that would be imposed pursuant to section 4999 of the Code, than if accelerated vesting of that portion of the Award did not occur.

No Adjustment Upon Certain Transactions. The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services rendered, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, outstanding Awards.

Fractional Shares. Only whole shares of Stock may be acquired through an Award. Any amounts tendered in the exercise of an Option remaining after the maximum number of whole shares have been purchased will be returned to the Participant in the form of cash.

ARTICLE IX. COMPLIANCE WITH LAW AND REGULATORY APPROVAL

General. No Award shall be exercisable, no Stock shall be issued, no certificates for shares of Stock shall be delivered or book entries made and no payment shall be made under this Plan except in compliance with all federal or state laws and regulations (including, without limitation, withholding tax requirements), federal and state securities laws and regulations and the rules of all national securities exchanges or national markets on which the Company's shares may be listed. The Company shall have the right to rely on an opinion of its counsel as to such compliance. Any certificate issued to evidence shares of Stock for which an Award is exercised may bear such legends and statements as the Committee upon advice of counsel may deem advisable to assure compliance with federal or state laws and regulations.

Representations by Participants. As a condition to the exercise of an Award, the Company may require a Participant to represent and warrant at the time of any such exercise that Stock is being purchased only for investment and without any present intention to sell or distribute such shares of Stock, if, in the opinion of counsel for the Company, such representation is required by any relevant provision of the laws referred to in Section 9.1. At the option of the Company, a stop transfer order against any shares of Stock may be placed on the official stock books and records of the Company, and a legend indicating that the Stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided (concurred in by counsel for the Company) and stating that such transfer is not in violation of any applicable law or regulation may be stamped on the stock certificate in order to assure exemption from registration. The Committee may also require such other action or agreement by the Participants as may from time to time be necessary to comply with federal or state securities laws. This provision shall not obligate the Company or any Affiliate to undertake registration of Stock or Awards issued hereunder.

ARTICLE X. GENERAL PROVISIONS

Unfunded Plan. This Plan, insofar as it provides for grants, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by grants under this Plan. Any liability of the Company to any person with respect to any grant under this Plan shall be based solely upon contractual obligations that may be created hereunder. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

Rules of Construction. Headings are given to the articles and sections of this Plan solely as a convenience to facilitate reference. The masculine gender when used herein refers to both masculine and feminine. The reference to any statute, regulation or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

Governing Law. The internal laws of the State of Mississippi shall apply to all matters arising under this Plan, except to the extent that federal law does not otherwise apply or preempt Mississippi law.

Compliance With Section 16 of the Exchange Act. Transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 (or successor provisions) under the Exchange Act. To the extent any provision of this Plan or action by Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

Amendment. The Board may amend or terminate this Plan at any time; provided, however, an amendment that would have a material adverse effect on the rights of a Participant under an outstanding Award is not valid with respect to such Award without the Participant's consent, except as necessary for Awards to satisfy the conditions imposed under the Code; and provided, further, that the shareholders of the Company must approve:

(a) before the effective date thereof, any amendment that increases the number of shares in the aggregate which may be issued pursuant to Awards granted under this Plan or the maximum number of shares with respect to which any individual may receive options in any calendar year, or increases the period during which Awards may be granted or exercised; and

(b) any amendment that is subject to approval of shareholders under the rules of the New York Stock Exchange, or such other national securities exchange or national market system on which Stock becomes traded.

Duration of Plan. This Plan shall continue until it is terminated by the Board pursuant to Section 10.5.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction of Incorporation/ Organization	Holder of Outstanding Stock
BancorpSouth Bank Securities Corporation	Mississippi	BancorpSouth Bank
BancorpSouth Municipal Development Corporation	Arkansas	BancorpSouth Bank
BXS Community Fund, LLC	Mississippi	BancorpSouth Bank
BXS Insurance, Inc.	Mississippi	BancorpSouth Bank

EXHIBIT 31.1

BANCORPSOUTH BANK
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James D. Rollins III, certify that:

1. I have reviewed this annual report on Form 10-K of BancorpSouth Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2021

/s/ James D. Rollins III

James D. Rollins III
Chief Executive Officer

EXHIBIT 31.2

BANCORPSOUTH BANK
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John G. Copeland, certify that:

1. I have reviewed this annual report on Form 10-K of BancorpSouth Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2021

/s/ John G. Copeland

John G. Copeland
Senior Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

BANCORPSOUTH BANK
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of BancorpSouth Bank (the “Company”), for the year ended December 31, 2020, as filed with the Federal Deposit Insurance Corporation on the date hereof (the “Report”), I, James D. Rollins III, Chief Executive Officer of the Company, certify in my capacity as an executive officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2021

/s/ James D. Rollins III
James D. Rollins III
Chief Executive Officer

EXHIBIT 32.2

BANCORPSOUTH BANK
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of BancorpSouth Bank (the "Company"), for the year ended December 31, 2020, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, John G. Copeland, Chief Financial Officer of the Company, certify in my capacity as an executive officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2021	/s/ John G. Copeland
	John G. Copeland
	Senior Executive Vice President and Chief Financial Officer

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