

BANCORPSOUTH INC
Form PREM14A
August 15, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

BANCORPSOUTH, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- (1) Amount previously paid:

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(3) Filing party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT/OFFERING CIRCULAR, DATED AUGUST 15, 2017

- SUBJECT TO COMPLETION -

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholders:

On July 26, 2017, as part of a plan to effect a corporate entity reorganization, BancorpSouth, Inc., or the Company, and its wholly owned bank subsidiary, BancorpSouth Bank, or the Bank, entered into an Agreement and Plan of Reorganization, referred to as the plan of reorganization, a copy of which, as amended and restated, is attached as Appendix A, pursuant to which the Company will be merged with and into the Bank, with the Bank continuing as the surviving corporation, referred to as the reorganization. Before we can complete the reorganization, the Company's shareholders must approve the plan of reorganization. A special meeting of the Company's shareholders will be held on [], 2017 for that purpose.

Pursuant to the plan of reorganization, each share of the Company's common stock, par value \$2.50 per share, issued and outstanding immediately prior to the effective time of the reorganization will be converted into the right to receive one share of the Bank's common stock, par value \$2.50 per share, such that, following the reorganization, the separate corporate existence of the Company will cease and the share ownership of the Company immediately prior to the reorganization will become the share ownership of the Bank following the reorganization. The Bank will assume the Company's equity-based compensation plans and non-equity performance incentive plan as well as any previously granted and outstanding or accrued awards under these plans. Following the reorganization, outstanding or accrued awards under these plans will remain subject to the same terms and conditions that existed immediately prior to the reorganization. In addition, the Bank will assume and continue all of the Company's employee benefit plans.

The Company's board of directors unanimously recommends that the Company's shareholders vote **FOR** the approval of the plan of reorganization. We look forward to a successful completion of the reorganization and thank you for your prompt attention to this important matter.

James D. Rollins III

Chairman and Chief Executive Officer

BancorpSouth, Inc.

THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE REORGANIZATION ARE NOT SAVINGS ACCOUNTS OR DEPOSITS OR OTHER OBLIGATIONS OF ANY BANK. THESE SECURITIES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF YOUR INVESTMENT.

THIS DOCUMENT CONSTITUTES PART OF AN OFFERING CIRCULAR COVERING SECURITIES THAT ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED,

PURSUANT TO SECTION 3(a)(2) THEREOF. NONE OF THE SECURITIES AND EXCHANGE COMMISSION, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE MISSISSIPPI DEPARTMENT OF BANKING AND CONSUMER FINANCE OR ANY OTHER FEDERAL OR STATE REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PRELIMINARY PROXY STATEMENT/OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/offering circular is dated [], 2017 and is first being mailed to the Company's shareholders on or about [], 2017.

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PRELIMINARY PROXY STATEMENT/OFFERING CIRCULAR, DATED AUGUST 15, 2017

- SUBJECT TO COMPLETION -

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2017

Dear Shareholder:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of BancorpSouth, Inc., a Mississippi corporation (the "Company"), will be held at the Company's corporate headquarters, Second Floor, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804, on [], 2017 at 9:00 a.m., local time, for the following purpose:

1. To approve a proposal to approve the plan of reorganization, which is referred to as the reorganization proposal.

The Company will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The reorganization proposal is described in more detail in the accompanying proxy statement/offering circular, which you should read carefully in its entirety before voting. Only Company shareholders of record at the close of business on [], 2017 are entitled to notice of and to vote at the special meeting or any adjournments or postponements of the special meeting.

Your vote is very important. To ensure your representation at the special meeting, please complete, execute and promptly mail your proxy card in the return envelope enclosed. You may also vote by using the Internet or calling the toll-free number as further described in the enclosed proxy card. This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs.

The Company's board of directors has adopted the plan of reorganization and recommends that you vote **FOR** the reorganization proposal.

By Order of the Board of Directors,

James D. Rollins III

Chairman and Chief Executive Officer

BancorpSouth, Inc.

Tupelo, Mississippi

[], 2017

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WHERE YOU CAN FIND MORE INFORMATION

The Company is currently required to file annual, quarterly and current reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the "SEC"). You may read and copy any of the Company's materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, the Company currently files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You will also be able to obtain these documents, free of charge, from the Company's investor relations website at <http://www.bancorpsouth.investorroom.com>. The Bank currently is not required to file reports with the SEC. In connection with the reorganization, it intends to register its common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Following such registration, it will be subject to the reporting and other requirements of the Exchange Act. In accordance with the Exchange Act and as a bank that is not a member of the Federal Reserve System, the Bank will file certain reports, proxy materials, information statements and other information required by the Exchange Act with the Federal Deposit Insurance Corporation ("FDIC"), copies of which can be inspected and copied at the public reference facilities maintained by the FDIC, at the Public Reference Section, Room F-6043, 550 17th Street, N.W., Washington, DC 20429. Requests for copies may be made by telephone at (202) 898-8913 or by fax at (202) 898-3909. Certain financial and other information filed by the Bank with the FDIC will also be available electronically at the FDIC's website at <http://www.fdic.gov>. Following the reorganization, the Bank will maintain the same investor relations website currently used by the Company at <http://www.bancorpsouth.investorroom.com> and will include the Bank's filings at that location.

None of the information about the Company or the Bank maintained on the Company's or the Bank's website is incorporated into this proxy statement/offering circular by reference.

ABOUT THIS PROXY STATEMENT/OFFERING CIRCULAR

Unless the context otherwise requires, throughout this proxy statement/offering circular, the "Company" refers to BancorpSouth, Inc., and the "Bank" refers to the Company's wholly-owned bank subsidiary, BancorpSouth Bank. Also, we refer to the proposed merger of the Company with and into the Bank as the "reorganization," and the Agreement and Plan of Reorganization, dated July 26, 2017, by and between the Company and the Bank, as amended and restated on August 15, 2017, as the "plan of reorganization."

Neither the Company nor the Bank has authorized anyone to give any information or make any representation about the plan of reorganization, the reorganization or the parties thereto that is different from, or in addition to, that contained in this proxy statement/offering circular or in any of the materials that have been incorporated by reference into this proxy statement/offering circular. Therefore, if anyone does give you information of this sort, you should not rely on it.

If you are in a jurisdiction where offers to exchange, purchase or sell, or solicitations of offers to exchange, purchase or sell, the securities offered by this proxy statement/offering circular or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/offering circular does not extend to you. The information contained in this proxy statement/offering circular speaks only as of the date of this document unless the information specifically indicates that another date applies.

The information contained in this proxy statement/offering circular is accurate only as of its date, regardless of the time of delivery of this proxy statement/offering circular. The assets, business, cash flows, condition (financial or otherwise), liquidity, prospects and/or results of operations of the Company or the Bank may have changed since that

date.

You should not interpret the contents of this proxy statement/offering circular to be legal, business, investment or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial and other issues that you should consider before voting.

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**PRELIMINARY PROXY STATEMENT FOR THE
SPECIAL MEETING OF SHAREHOLDERS
OF BANCORPSOUTH, INC.**

TO BE HELD ON [], 2017

**PRELIMINARY OFFERING CIRCULAR FOR
BANCORPSOUTH BANK COMMON STOCK**

QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION AND THE SPECIAL MEETING

The following are answers to certain questions you may have regarding the plan of reorganization, the reorganization and the special meeting. We urge you to read carefully the remainder of this proxy statement/offering circular, including Appendix A, because the information in this section may not provide all the information that might be important to you in determining how to vote.

Q: What is the reorganization?

A: BancorpSouth, Inc. (the Company) and its wholly-owned bank subsidiary, BancorpSouth Bank (the Bank), have entered into an Amended and Restated Agreement and Plan of Reorganization (the plan of reorganization) pursuant to which the Company will be merged with and into the Bank, with the Company's separate corporate existence ceasing and the Bank continuing as the surviving corporation, referred to herein as the reorganization. A copy of the plan of reorganization is attached as Appendix A to this proxy statement/offering circular. In order for us to complete the reorganization, we need not only the approval of the shareholders of the Company but also approval from the FDIC and the Mississippi Department of Banking and Consumer Finance (MDBCFC). Following the reorganization, it is expected that the shares of the Bank's common stock will be traded on the New York Stock Exchange (the NYSE) under the same ticker symbol currently used by the Company, BXS.

Q: What is the purpose of the reorganization?

A: The Company currently operates as the bank holding company of the Bank and conducts substantially all of its business through the Bank. The Company believes that the reorganization will further improve the combined entity's efficiency by eliminating redundant corporate infrastructure and activities as well as the associated supervision and oversight from the Federal Reserve Board (FRB) applicable to registered bank holding companies.

Q: Why am I receiving this proxy statement/offering circular?

A: We are delivering this document to you because it is a proxy statement being used by the Company's board of directors to solicit proxies of the Company's shareholders in connection with the approval of the plan of reorganization. To facilitate approval of the plan of reorganization, the Company has called a special meeting of its shareholders, which we refer to as the special meeting. This document serves as a proxy statement for the special meeting and describes the proposal to be presented at the special meeting.

This document also serves as the offering circular of the Bank with respect to the issuance of shares of the Bank's common stock to the Company's shareholders upon completion of the reorganization as more fully described herein.

This proxy statement/offering circular contains important information about the reorganization proposal being voted on at the special meeting. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without having to attend the special meeting. **Your vote is important. We encourage you to submit your proxy as soon as possible.**

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Q: What will Company shareholders receive in the reorganization?

A: If the plan of reorganization is approved and the reorganization is subsequently completed, then, at the effective time of the reorganization, each share of Company Stock, par value \$2.50 per share (Company Stock), outstanding immediately prior to the effective time of the reorganization will be automatically converted into the right to receive one share of Bank common stock, par value \$2.50 per share (Bank Stock). Any fraction of a share of Company Stock will also be automatically converted into the right to receive the same fraction of a share of Bank Stock. Accordingly, following the completion of the reorganization, shares of Bank Stock will be owned directly by the Company's shareholders in the same proportion as their ownership of shares of Company Stock immediately prior to the reorganization.

For more information regarding the procedures by which you may obtain a certificate representing an equivalent number of shares of Bank Stock or shares of Bank Stock in book-entry form, see Should I send in my stock certificates now? and The Reorganization and Plan of Reorganization Effects of the Reorganization Conversion of Company Stock into Right to Receive Bank Stock.

Q: Will the Bank assume the Company's restricted stock, performance share, stock option and other benefit plans?

A: Yes. The Bank will assume and continue all of the Company's restricted stock, performance share, stock option and stock incentive plans and will also assume all stock-based awards that were granted by the Company and that are outstanding under those plans. As a result, each of the Company's outstanding stock-based awards will be converted into similar stock-based awards that cover the same number of shares of the Bank's Stock, and with the same terms and conditions, including the same vesting, exercisability and other restrictions, which will not be affected by the reorganization. The Bank will also assume the Company's non-equity performance incentive plan as well as any non-equity performance awards that are outstanding. In addition, the Bank will assume all of the Company's employee benefit plans, including retirement, profit sharing, health and welfare plans and fringe benefit arrangements for its employees.

Q: Will the Bank assume the Company's change in control agreements with its officers?

A: Yes. The Bank will assume the Company's obligations under the change in control agreements it has with its key officers, and these officers will continue to be subject to the obligations and restrictive covenants included in the agreements.

Q: Will the reorganization result in payments to its key officers under the Company's change in control agreements?

A: No. The reorganization is not a change in control as defined in the change in control agreements that the Company maintains with its key officers. No payments will be due under those agreements as a result of the reorganization.

Q: Will the Bank keep the same stock exchange listing as the Company?

A: It is expected that, following the completion of the reorganization, the Bank's common stock will be listed on the NYSE under the same ticker symbol currently used by the Company, BXS.

Q: Will the Bank have the same management?

A: After the reorganization, the Bank will have the same directors, with the same terms of service, as the Company had immediately prior to the reorganization. Officers of the Company immediately prior to the reorganization will hold the same positions and titles with the Bank following the reorganization.

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Q: What are Company shareholders being asked to vote on and why is this approval necessary?

A: Company shareholders are being asked to approve a proposal to approve the plan of reorganization, which is referred to as the reorganization proposal. Shareholder approval of the reorganization proposal is required for completion of the reorganization. The Company will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

Q: What if I return a proxy card but do not make a specific choice regarding the reorganization proposal?

A: Properly completed and returned proxies will be voted as instructed on the proxy card. If you are a shareholder of record and return the proxy card without marking a voting selection, your shares will be voted **FOR** the reorganization proposal. The board of directors is presently unaware of any other matter that may be presented for action at the special meeting. If any other matter does properly come before the special meeting, the board of directors intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

Q: If my broker holds my shares in street name, will my broker automatically vote my shares for me?

A: No. If your shares are held in street name in a stock brokerage account or by a bank or other agent as your nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other agent. Please note that you may not vote shares held in street name by returning a proxy card directly to the Company or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other agent.

Q: What if I fail to instruct my broker to vote my shares?

A: If you fail to instruct your broker, bank or other agent to vote your shares held in street name, then the broker, bank or other agent may not submit an unvoted proxy as to your shares. Your shares will not be counted as shares that are present at the special meeting and entitled to vote for purposes of determining the presence of a quorum. In addition, your shares will not be counted as votes cast and, therefore, will not have any effect on the voting for the reorganization proposal.

Q: How does the Company's board of directors recommend that shareholders vote at the special meeting?

A: The Company's board of directors unanimously recommends that shareholders vote **FOR** the reorganization proposal.

Q: What do I need to do now?

A: After you have carefully read this document, including Appendix A and any other documents to which this proxy statement/offering circular refers, indicate on your proxy card how you want your shares to be voted. Then date, sign and mail your proxy card in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the special meeting whether or not you attend.

Alternatively, you may vote through the Internet or by telephone. To submit a proxy to vote by Internet, access the website www.envisionreports.com/bxs, enter the 15-digit control number found on the enclosed proxy card and follow the instructions on the website. To submit a proxy to vote by telephone, call toll free 1-800-652-8683, enter the 15-digit control number on the enclosed proxy card and follow the instructions. A proxy to vote by Internet or

telephone may be submitted at any time until 2:00 a.m. (Central Time) on [], 2017, and either method should only require a few minutes to complete.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All shareholders are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting whether or not they have previously executed a proxy card. If a broker, bank or other agent

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holds your shares in street name, then you are not the shareholder of record, and you must ask your broker, bank or other agent how you can vote your shares at the special meeting.

Q: Can I change my vote after I return my proxy card?

A: Yes. If you are the record holder of your shares, you may revoke your proxy in any one of three ways: (1) you may submit another properly completed proxy card bearing a later date which is received prior to the special meeting; (2) you may send a written notice which is received prior to the special meeting that you are revoking your proxy to: BancorpSouth, Inc., One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804, Attention: Corporate Secretary; or (3) you may attend the special meeting and notify the election officials that you wish to revoke your proxy and vote in person. However, your attendance at the special meeting will not, by itself, revoke your proxy.

If your shares are held of record by your broker, bank or other agent, you should follow the instructions provided by your broker, bank or other agent.

Q: Will I be entitled to dissenters' rights?

A: No. The Company is a Mississippi corporation that is governed by the Mississippi Business Corporation Act (the MBCA). In accordance with Section 79-4-13.02(b)(2)(i) of the MBCA, the Company's shareholders are not entitled to appraisal or dissenters' or rights in connection with the reorganization, as the Company's shares are listed on the NYSE.

Q: Should I send in my stock certificates now?

A: No, please do not send your Company stock certificates with your proxy card. After the completion of the reorganization, Computershare, Inc., the Company's registrar and transfer agent (Computershare), will mail transmittal materials and instructions (Transmittal Materials) to those record holders of Company Stock whose shares are represented either in whole or in part by a stock certificate or certificates (each, a Company Certificate). The Transmittal Materials will describe how these record holders may submit to Computershare their Transmittal Materials and their Company Certificates. Company shareholders holding Company Certificates must deliver to Computershare properly completed and executed Transmittal Materials, including any Company Certificates, to receive a certificate representing an equivalent number of shares of Bank Stock or shares of Bank Stock in book-entry form. Upon the receipt of such properly completed and executed Transmittal Materials, including any Company Certificates, Computershare will issue to these record holders a certificate representing an equivalent number of shares of Bank Stock or will credit the accounts of these record holders with an equivalent number of shares of Bank Stock in book-entry form, as elected by record holders in their Transmittal Materials.

Record holders of Company Stock whose shares are held only in book-entry form will not receive Transmittal Materials from Computershare. The book-entry shares owned by these record holders will be automatically converted into an equivalent number of shares of Bank Stock in book-entry form, and their accounts will be credited accordingly.

Q: When do you expect the reorganization to be completed?

A: The Company currently expects to complete the reorganization late in the third quarter or in the fourth quarter of 2017, assuming all of the conditions to completion of the reorganization have been satisfied, although neither the Company nor the Bank can provide any assurances that the reorganization will close timely or at all.

Q: Will I be able to sell the shares of Bank Stock that I receive in the reorganization?

A: Yes. The shares of Bank Stock to be issued in the reorganization will not be registered under the Securities Act of 1933, as amended (the Securities Act), but they are exempt from the registration requirements under

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Section 3(a)(2) and Section 18 of the Securities Act and therefore may be resold without restriction. However, directors and certain officers of the Bank will be subject to restrictions after the reorganization that may preclude them from trading at certain times.

Q: What will happen if the reorganization proposal is not approved by the shareholders at the special meeting?

A: If the shareholders do not approve the reorganization proposal, the Company and the Bank will likely terminate the plan of reorganization. The Company expects that it would continue to operate in its current holding company structure, rather than in the simpler structure that is being proposed. In that case, the Company would likely continue to incur certain costs, such as administrative costs, that could potentially be avoided if the reorganization were completed and the structure simplified.

Q: Whom should I call with questions?

A: If you have any questions concerning the reorganization or this proxy statement/offering circular, would like additional copies of this proxy statement/offering circular, or need help voting your shares of Company Stock, please write to the following address or call the following telephone number: BancorpSouth, Inc., One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804, Attention: Corporate Secretary or (662) 680-2000.

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SUMMARY

This summary highlights selected information included in this document and does not contain all of the information that may be important to you in deciding how to vote. You should read this entire proxy statement/offering circular, including Appendix A, and the other documents to which this document refers before you decide how to vote with respect to the plan of reorganization. Each item in this summary includes a page reference directing you to a more complete description of that item.

The Reorganization

In the reorganization, the Company will be merged with and into the Bank, with the Company's separate corporate existence ceasing and the Bank continuing as the surviving corporation. The terms and conditions of the reorganization are contained in the plan of reorganization, a copy of which is attached to this document as Appendix A. We encourage you to read that agreement carefully.

Parties to the Reorganization (page [])

BancorpSouth, Inc., a Mississippi corporation, is the parent bank holding company for BancorpSouth Bank, a Mississippi state banking corporation. Company Stock currently trades on the NYSE under the symbol BXS. At June 30, 2017, the Company had consolidated total assets of approximately \$14.8 billion, total deposits of approximately \$11.9 billion and total common shareholders' equity of approximately \$1.7 billion.

The Bank conducts general commercial banking, trust and insurance business through 234 offices located in Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, Texas and Illinois. The Bank and its subsidiaries provide a range of financial services to individuals and small-to-medium size businesses. The Bank also operates an insurance agency subsidiary which engages in sales of insurance products. The Bank's wealth management department offers a variety of services, including investment brokerage services, personal trust and estate services, certain employee benefit accounts and plans, including individual retirement accounts, and limited corporate trust functions. All of the Bank's assets are located in the United States and substantially all of its revenue is generated from external customers living within the United States.

The Company and the Bank share a principal office located at One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804, and the telephone number at the principal office is (662) 680-2000.

Effects of the Reorganization (page [])

Conversion of Company Stock into Right to Receive Bank Stock. If the plan of reorganization is approved and the reorganization is subsequently completed, at the effective time of the reorganization, the outstanding shares of Company Stock will be converted into the right to receive one validly issued, fully paid, and nonassessable share of Bank Stock. Any fraction of a share of Company Stock will also be converted into the right to receive the same fraction of a share of Bank Stock. Accordingly, following the completion of the reorganization, shares of Bank Stock will be owned directly by the Company's shareholders in the same proportion as their ownership of shares of Company Stock immediately prior to the reorganization.

Procedures to Receive Bank Stock. After the completion of the reorganization, Computershare, Inc. will mail Transmittal Materials to those record holders of Company Stock whose shares are represented either in whole or in part by a Company Certificate or Company Certificates. The Transmittal Materials will describe how these record holders may submit to Computershare their Company Certificates. Company shareholders holding Company

Certificates must deliver to Computershare properly completed and executed Transmittal Materials, including any Company Certificates, to receive a certificate representing an equivalent number of shares of Bank Stock or shares of Bank Stock in book-entry form. Upon the receipt of such properly completed and executed Transmittal Materials, including any Company Certificates, Computershare will issue to these record holders a

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certificate representing an equivalent number of shares of Bank Stock or will credit the accounts of these record holders with an equivalent number of shares of Bank Stock in book-entry form, as elected by record holders in their Transmittal Materials.

Record holders of Company Stock whose shares are held only in book-entry form will not receive Transmittal Materials from Computershare. The book-entry shares owned by these record holders will be automatically converted into an equivalent number of shares of Bank Stock in book-entry form, and their accounts will be credited accordingly.

Assumption of Equity-Based Plans and Awards, Non-Equity Performance Incentive Plan and Awards, and Employee Benefit Plans. The Bank will assume and continue all of the Company's restricted stock, performance share, stock option and stock incentive plans and will also assume all stock-based awards that were granted by the Company and that are outstanding under those plans. As a result, each of the Company's outstanding stock-based awards will be converted into similar stock-based awards that cover the same number of shares of the Bank's Stock, and with the same terms and conditions, including the same vesting, exercisability and other restrictions, which will not be affected by the reorganization. The Bank will also assume the Company's non-equity performance incentive plan as well as any non-equity performance awards that are outstanding or accrued under this plan. In addition, the Bank will assume all of the Company's employee benefit plans, including retirement, profit sharing, health and welfare plans and fringe benefit arrangements for its employees.

Assumption of Change in Control Awards. The Bank will assume the Company's obligations under its change in control agreements with key officers, and the key officers will continue to be subject to the obligations and restrictive covenants included in the agreements. The reorganization is not a change in control under these agreements. No payments will be due under those agreements as a result of the reorganization.

Management and Operations After the Reorganization. After completion of the reorganization, the business of the Bank will remain unchanged. The Bank will continue to have the same directors, with the same terms of service, after the reorganization as the Company had immediately prior thereto. Officers of the Company immediately prior to the reorganization will hold the same positions and titles with the Bank following the reorganization, and it is expected that the employees of the Bank will continue in their respective capacities. The offices and other business premises of the Bank will likewise continue to be occupied by the Bank.

The Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of the Bank will be substantially similar to the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of the Company as in effect immediately prior to the time of the reorganization. Immediately following the reorganization, the Bank will have the same outstanding capital stock with the same rights and privileges as the outstanding capital stock of the Company immediately prior to the reorganization. Immediately after the reorganization, the Bank will have substantially the same consolidated assets, liabilities and shareholders' equity as the Company.

After the reorganization, the Bank's board of directors will have the same corporate governance and oversight committees, including the Nominating and Governance Committee, the Audit Committee, the Executive Compensation and Stock Incentive Committee, and the Risk Management Committee, as the Company's board of directors had immediately prior to the reorganization, including the same committee charters and committee chairmen as were in place prior to the reorganization.

The Bank will continue to be subject to regulation by the MDBC and the FDIC. The Company is currently subject to regulation by the FRB; following the reorganization, the Bank will not be subject to FRB regulation (except such regulations as are made applicable to the Bank by law and regulations of the FDIC).

Recommendation of the Company's Board of Directors (page [])

After careful consideration, the Company's board of directors determined that the plan of reorganization and the transactions contemplated by the plan of reorganization, constituting the reorganization, are fair, advisable and in

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the best interests of the Company and its shareholders and adopted the plan of reorganization. The Company's board of directors recommends that you vote **FOR** the reorganization proposal. For the factors considered by the Company's board of directors in reaching its decision to adopt the plan of reorganization, see **The Reorganization and Plan of Reorganization** **The Company's Reasons for the Reorganization; Recommendation of the Company's Board of Directors** on page [].

Special Meeting of Shareholders (page [])

The Company will hold a special meeting of its shareholders on [], 2017, at 9:00 a.m., local time, at the Company's corporate headquarters, Second Floor, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804. At the special meeting, shareholders will be asked to vote to approve the reorganization proposal. Shareholder approval of the reorganization proposal is required to complete the reorganization. The Company will not transact any business at the special meeting other than to conduct a shareholder vote on the reorganizational proposal, except for business properly brought before the special meeting or any adjournment or postponement thereof.

You may vote at the special meeting if you owned shares of Company Stock at the close of business on the record date, [], 2017. On that date, there were [] shares of Company Stock outstanding and entitled to vote at the special meeting. You may cast one vote for each share of Company Stock you owned on the record date.

Holders of at least a majority of the outstanding shares of the Company's common stock must be present, in person or by properly executed proxy, to constitute a quorum at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present at the special meeting. If a quorum is present, the reorganization proposal will be approved if the votes cast **FOR** the reorganization proposal exceed the sum of the votes cast **AGAINST** the reorganization proposal plus all votes to **ABSTAIN**.

Even if you expect to attend the special meeting, the Company recommends that you promptly complete and return your proxy card in the enclosed return envelope or vote by Internet or telephone.

Interests of Company Executive Officers and Directors in the Reorganization (page [])

The executive officers and directors of the Company will hold the same offices with the Bank after the reorganization as they held with the Company prior to the reorganization, and will continue to be entitled to the same compensation and equity-based and other incentive awards as they were immediately prior to the reorganization. As such, other than their interests as Company shareholders, the executive officers and directors of the Company do not have any material interests in the reorganization.

Material United States Federal Income Tax Consequences of the Reorganization (page [])

The Company and the Bank intend that the reorganization be treated as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the **Code**) for United States federal income tax purposes. It is expected that, for United States federal income tax purposes, you generally will not recognize any gain or loss with respect to the conversion of your shares of Company Stock to shares of Bank Stock in the reorganization.

You should read **Material United States Federal Income Tax Consequences of the Reorganization** on page [] for a more complete discussion of the federal income tax consequences of the reorganization. Tax matters can be complicated and the tax consequences of the reorganization to you will depend on your particular tax situation and could vary from the general consequences described above. We strongly recommend that you consult your tax advisor to fully understand the tax consequences of the reorganization to you.

Regulatory Approvals Required for the Reorganization (page [])

To complete the reorganization, the Company must receive the prior approval of the FDIC and the MDBCFC. The applications for approval of the reorganization were filed with the FDIC on [], 2017 and with the MDBCFC on

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[], 2017. In addition, the Company and the Bank will file articles of merger with the MDBCFC and the Mississippi Secretary of State, and the Company and the Bank will comply with any obligations to make filings with the SEC and the FDIC relating to the merger and reorganization under the Securities Act and the Exchange Act.

Conditions to the Reorganization (page [])

Completion of the reorganization depends on a number of conditions being satisfied or waived, including the following:

approval of the plan of reorganization by the Company's shareholders;

all required regulatory approvals must have been obtained and remain in full force and all statutory waiting periods must have expired or been terminated;

all required and advisable third-party consents must have been obtained;

the shares of Bank Stock must have been registered pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act);

the shares of Bank Stock must have been authorized for listing on the NYSE; and

the completion of the reorganization must not be illegal or otherwise prohibited and no order, statute, law, regulation, judgment or restraining order preventing the completion of the reorganization shall be in effect. Neither the Company nor the Bank can guarantee that the conditions to the reorganization will be satisfied or waived or that the reorganization will be completed in a timely manner or at all.

Termination of the Plan of Reorganization (page [])

Pursuant to its terms, at any time prior to the completion of the reorganization, the plan of reorganization may be terminated and the reorganization abandoned for any reason by resolution of either of the Company's or the Bank's board of directors.

Description of Bank Capital Stock and Comparison of Shareholders' Rights (page [])

The rights of Company shareholders who become Bank shareholders as a result of the reorganization will continue to be governed by Mississippi law. After the reorganization is completed, the Amended and Restated Articles of Incorporation and the Amended and Restated Bylaws of the Bank, rather than the Amended and Restated Articles of Incorporation and the Amended and Restated Bylaws of the Company, will govern your rights as a Bank shareholder. The material differences between these organizational documents and the rights of shareholders of the Company and shareholders of the Bank, as well as a description of the Bank Stock to be issued in the reorganization, are set forth in more detail under the section Description of Bank Capital Stock and Comparison of Shareholders' Rights beginning on

page [].

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RISK FACTORS

By approving the reorganization, at the effective time, Company shareholders will receive Bank Stock in place of their Company Stock, and as a result, will be investing in Bank Stock. An investment in the Bank's common stock in connection with the reorganization involves risks. The following risks and other information in this document should be carefully considered before deciding how to vote your shares. These risks may adversely affect the Bank's financial condition, results of operations or liquidity. Many of these risks are beyond the Bank's control, though efforts are made to manage those risks while optimizing financial results. These risks are not the only ones the Bank faces. Additional risks and uncertainties that the Bank is not aware of or that it currently deems immaterial may also materially and adversely affect its business and operation.

Because the operations of the Company are conducted through the Bank, the risks faced by the Bank are substantially the same as those faced by the Company.

For a description of such risks, see Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 which was filed with the SEC on February 27, 2017 and which is incorporated herein by reference. In addition, risks that are specific to the reorganization and/or the Bank are described below.

The reorganization is subject to the receipt of consents and approvals from government entities that may impose conditions that could have an adverse effect on the Bank.

Before the reorganization may be completed, various approvals or consents must be obtained from federal and state governmental entities. These governmental entities may impose conditions on the completion of the reorganization or require changes to the terms of the reorganization. Although the Company does not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the reorganization or imposing additional costs on or limiting the revenues of the Bank following the reorganization, any of which might have a material adverse effect on the Bank following the reorganization. For more information, see The Reorganization and Plan of Reorganization Regulatory Approvals Required for the Reorganization beginning on page [].

The reorganization may fail to qualify as a reorganization for federal tax purposes, resulting in your recognition of taxable gain or loss in respect of your shares of Company Stock.

The Company and the Bank intend the reorganization to qualify as a reorganization within the meaning of Section 368(a) of the Code. Although the Internal Revenue Service (IRS) will not provide a ruling on the matter, the Company will, as a condition to closing, obtain satisfactory evidence that the reorganization will constitute a reorganization under Code Section 368(a) for federal income tax purposes. If the reorganization fails to qualify as such a reorganization, Company shareholders generally would recognize gain or loss on each share of Company Stock surrendered in an amount equal to the difference between such shareholders' adjusted tax basis in that share and the fair market value of one share of the Bank Stock received in exchange for that share upon completion of the reorganization.

There can be no assurance that Central Community Corporation (CCC) or Ouachita Bancshares Corp. (OIB) will agree to amend their merger agreements with the Company in order to change the consideration under such agreements from Company Stock to Bank Stock.

The Company has entered into definitive merger agreements with each of CCC and OIB pursuant to which the Company would acquire both CCC and OIB. As merger consideration in the merger with CCC, the Company agreed

to issue approximately 7,250,000 shares of its common stock plus \$28.5 million in cash for all of the outstanding shares of CCC's capital stock, subject to certain conditions and potential adjustments. As merger consideration in the merger with OIB, the Company agreed to issue approximately 3,675,000 shares of its common stock plus \$22.875 million in cash for all outstanding shares of OIB's capital stock, subject to certain conditions and potential adjustments. For the most recent information regarding the status of the mergers with

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CCC and OIB, see the Current Report on Form 8-K that the Company filed with the SEC on October 14, 2016 which is incorporated by reference herein.

If, as expected, the reorganization is completed before the mergers with CCC and OIB are completed, then there can be no assurance that either or both of CCC and OIB would be willing to amend their respective merger agreement to change the equity component of the merger consideration from Company Stock to Bank Stock. If either or both of CCC and OIB are unwilling to amend their merger agreement, then the Company may be unable to complete one or both of the mergers. Alternatively, the need to change the equity component of the merger consideration could lead to additional negotiation between the parties which could in turn result in a material delay in the Bank's ability to complete one or both of the mergers. If CCC or OIB are unwilling to amend their merger agreement to accept Bank Stock instead of Company Stock or if the need to change the equity component of the merger consideration leads to additional negotiation between the parties, (i) the mergers may be significantly delayed or abandoned, (ii) the Bank may not realize the anticipated benefits and cost savings associated with each of the mergers and (iii) the Bank will have incurred a substantial amount of expenses in connection with its efforts to complete the mergers.

The Bank may need to raise additional capital in the future to continue to grow, but that capital may not be available when needed.

Federal and state bank regulators require the Bank to maintain adequate levels of capital to support operations. At June 30, 2017, the Bank's regulatory capital ratios were at well-capitalized levels under regulatory guidelines. However, the Bank's business strategy calls for continued growth in its existing banking markets (through currently operating offices, opening additional offices and making additional acquisitions) and to expand into new markets as appropriate opportunities arise. Growth in assets at rates in excess of the rate at which the Bank's capital is increased through retained earnings will reduce its capital ratios unless it continues to increase capital through external sources. If the Bank's capital ratios were to fall below well-capitalized levels, the FDIC insurance assessment rate would increase until capital is restored and maintained at a well-capitalized level. Additionally, should the Bank's capital ratios fall below well-capitalized levels, certain funding sources could become more costly or could cease to be available to the Bank until such time as capital is restored and maintained at a well-capitalized level. A higher assessment rate resulting in an increase in FDIC insurance premiums, increased cost of funding or loss of funding sources could have an adverse effect on the Bank's financial condition, results of operations and liquidity.

The Bank may need to raise additional capital in the future to provide it with sufficient capital resources and liquidity to meet its commitments and business needs. Prior to the reorganization, the Company was able to raise capital and contribute the proceeds to the Bank as its subsidiary; following the reorganization, the Bank will have no holding company on which to rely for funding. Because the Bank will be 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, stock purchase contracts or stock purchase units, and the issuance of senior debt or subordinated debt. The Bank's ability to raise additional capital, including senior debt or subordinated debt, if needed, will depend, among other things, on conditions in the equity and/or debt markets at that time, which are outside of its control, and its financial performance. Other than common stock, any issuance of equity or debt by the Bank will require the prior approval of the MDBCF, and may be accompanied by time delays associated with obtaining such approval. If market conditions change during any time delays associated with obtaining regulatory approval, the Bank may not be able to issue equity or debt on as favorable terms as were contemplated at the time of commencement of the process, or at all.

The Bank cannot assure you that access to such external capital and liquidity sources will be available to it on acceptable terms or at all. Any occurrence that may limit its access to the capital markets, such as a decline in the confidence of our depositors or counterparties participating in the capital markets, may materially and adversely affect

its capital costs and its ability to raise capital and, in turn, its liquidity. If the Bank cannot raise additional capital when needed, its ability to expand through internal growth or acquisitions or to continue operations could be impaired.

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The price of the Bank's common stock will be affected by a variety of factors, many of which are outside the Bank's control.

Stock price volatility may make it more difficult for investors to sell shares of the Bank's common stock at times and prices they find attractive. The Bank's common stock price may fluctuate significantly in response to a variety of factors, including, among other things:

actual or anticipated variations in quarterly results of operations;

recommendations or changes in recommendations by securities analysts;

operating and stock price performance of other financial services companies that investors deem comparable to the Bank;

news reports relating to trends, concerns and other issues in the financial services industry;

perceptions in the marketplace about the Bank and/or its competitors;

new technology used, or services offered, by competitors;

significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving the Bank or its competitors; and

changes in governmental regulations.

General market fluctuations, industry factors and general economic and political conditions and events such as economic slowdowns, expected or actual interest rate changes, credit loss trends and various other factors and events could adversely affect the price of the Bank's common stock.

The Bank cannot guarantee that it will pay dividends to common shareholders in the future.

The Bank's shareholders are only entitled to receive dividends on its common stock as the Bank's board of directors may declare out of funds legally available for such payments. Although the Company has historically declared such dividends, the Bank is not required to do so and may reduce or eliminate its common stock dividend in the future. The Bank's ability to pay dividends to its shareholders is subject to the restrictions set forth in Mississippi law, as well as by the Federal Deposit Insurance Corporation (FDIC). There can be no assurance that the Bank will pay dividends to its common shareholders in the future.

The Bank's common stock trading volume may not provide adequate liquidity for investors.

Although shares of the Bank's common stock are expected to be listed on the NYSE, the average daily trading volume in the common stock may be less than that of larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of a sufficient number of willing buyers and sellers of the common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which the Bank has no control. Significant sales of the Bank's common stock in a brief period of time, or the expectation of these sales, could adversely affect the liquidity of the common stock in the marketplace and/or cause a decline in the price of the common stock.

Future issuances of additional equity securities could result in dilution of existing shareholders' equity ownership and may adversely affect the market price of the Bank's stock.

In connection with the reorganization, the Bank will assume all of the obligations of the Company with respect to outstanding equity-based awards under the Company's employee and director equity-based incentive plans. In the future the Bank may grant additional restricted stock awards or other equity-based awards to retain, compensate and/or motivate its employees and directors. Further, in connection with the Bank's growth strategy,

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it may in the future issue shares of its common stock to acquire additional banks, bank holding companies, and/or other businesses related to the financial services industry, as is the case with the CCC and OIB transactions. Resales of substantial amounts of common stock in the public market and the potential of such sales could adversely affect the prevailing market price of the Bank's common stock and impair its ability to raise additional capital through the sale of equity securities. These assumed obligations and potential future issuances of the Bank's securities may dilute the voting and economic interests of existing shareholders.

The Bank's common stock is not an insured deposit.

Shares of the Bank's common stock are not a bank deposit and, therefore, losses in value are not insured by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in shares of the Bank's common stock is inherently risky for the reasons described in this Risk Factors section of this proxy statement/offering circular and in the section captioned Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 which was filed with the SEC on February 27, 2017, and is subject to the same market forces and investment risks that affect the price of common stock in any other publicly traded company, including the possible loss of some or all principal invested.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this proxy statement/offering circular may not be based upon historical facts and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as anticipate, believe, could, estimate, expect, foresee, hope, intend, may, might, plan, will, or would or future or conditional variations or negatives of such terms. These forward-looking statements include, but are not limited to, statements about the financial condition, results of operations and business of the Company and the Bank; the benefits of the reorganization, including future financial and operating results and cost savings that may be realized from the reorganization; the respective plans, objectives, expectations and intentions of the Company or the Bank; and other statements that are not historical facts. These forward-looking statements are based on current beliefs and expectations of the parties' management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the parties' control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, including the risks and uncertainties listed in *Risk Factors* beginning on page [] of this proxy statement/offering circular, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

higher than expected costs and expenses incurred in connection with the reorganization;

the cost savings from the reorganization may not be fully realized, may take longer to realize than expected or may not be realized at all;

disruptions to the businesses of the Company and the Bank as a result of the announcement and pendency of the reorganization;

regulatory approvals of the reorganization may not be obtained, or adverse conditions may be imposed in connection with regulatory approvals of the reorganization;

the outcome of any legal proceeding related to the reorganization that may be instituted against the Company or the Bank; and

material adverse changes in the Company's or the Bank's operations or earnings.

All subsequent written and oral forward-looking statements concerning the reorganization or other matters attributable to either the Company or the Bank or any person acting on the Company's or the Bank's behalf are expressly qualified in their entirety by the cautionary statements above. Forward-looking statements speak only as of the date that they were made, and, except as required by law, neither the Company nor the Bank undertakes any obligation to update or revise forward-looking statements to reflect events or circumstances that occur after the date of this proxy statement/offering circular.

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SPECIAL MEETING OF SHAREHOLDERS

The Company is mailing this proxy statement/offering circular to you, as a shareholder of the Company, on or about [], 2017. With this document, the Company is sending you a notice of the Company's special meeting of shareholders and a form of proxy that is solicited by the Company's board of directors. The special meeting will be held on [], 2017 at 9:00 a.m., local time, at the Company's corporate headquarters, Second Floor, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804.

Matter to be Considered

At the special meeting, shareholders will be asked to approve a proposal to approve the plan of reorganization, which is referred to as the reorganization proposal.

Proxy Card, Revocation of Proxy

You should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting of shareholders, regardless of whether you plan to attend. If you are the record holder of your Company shares, you may revoke your proxy in any one of three ways:

you may submit another properly completed proxy card bearing a later date which is received prior to the special meeting;

you may send a written notice which is received prior to the special meeting that you are revoking your proxy to: BancorpSouth, Inc., One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804, Attention: Corporate Secretary; or

you may attend the special meeting and notify the election officials that you wish to revoke your proxy and vote in person. However, your attendance at the special meeting will not, by itself, revoke your proxy. If your shares are held by your broker in street name, you should follow the instructions you receive from your broker in order to direct your broker how to vote and you should also follow the instructions of your broker regarding revocation of proxies.

All shares represented by valid proxies that are not revoked will be voted in accordance with your instructions on the proxy card. If you sign your proxy card, but make no specification on the card as to how you want your shares voted, your proxy card will be voted **FOR** approval of the reorganization proposal. The board of directors is presently unaware of any other matter that may be presented for action at the special meeting of shareholders. If any other matter does properly come before the special meeting, the board of directors intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

Solicitation of Proxies

The solicitation of proxies is being made by the Company primarily by mail, but may also be made in person or by telephone, facsimile or email, by certain of our directors, officers and employees. No additional compensation will be

paid to those individuals for any such services. We will bear the cost of printing, mailing and other expenses in connection with this solicitation of proxies and will also reimburse brokers and other persons holding shares of common stock in their names or in the names of nominees for their expenses in forwarding this proxy material to the beneficial owners of such shares.

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Record Date

The close of business on [], 2017 has been fixed as the record date for determining the Company's shareholders entitled to receive notice of and to vote at the special meeting of shareholders. As of the close of business on the record date, [] shares of the Company's common stock were issued and outstanding and entitled to vote at the special meeting.

Quorum Requirement, Required Votes and Counting of Votes

Holders of at least a majority of the outstanding shares of the Company's common stock must be present, in person or by properly executed proxy, to constitute a quorum at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present at the special meeting.

If a quorum is present, the reorganization proposal will be approved if the votes cast **FOR** the reorganization proposal exceed the sum of the votes cast **AGAINST** the reorganization proposal plus all votes to **ABSTAIN**.

Votes will be counted by the inspector of election appointed for the special meeting.

Reorganization Proposal

As discussed throughout this proxy statement/offering circular, the Company is asking its shareholders to approve the reorganization proposal. Holders of Company Stock should carefully read this document in its entirety for more detailed information concerning the proposed reorganization. In particular, holders of Company Stock are directed to the plan of reorganization, a copy of which is attached as Appendix A to this document and incorporated into this document by reference.

The Company's board of directors has determined that the plan of reorganization and the transactions contemplated by the plan of reorganization, including the reorganization, are fair, advisable and in the best interests of the Company and its shareholders, and has adopted the plan of reorganization and the transactions contemplated by the plan of reorganization.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR THE REORGANIZATION PROPOSAL.**

Other Matters to Come Before the Special Meeting

No other matters are intended to be brought before the special meeting by the Company, and the Company does not know of any matters to be brought before the special meeting by others. If, however, any other matters properly come before the special meeting, the persons named in the proxy will vote the shares represented thereby in accordance with their best judgment on any such matter.

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THE REORGANIZATION AND PLAN OF REORGANIZATION

The description of the reorganization and the plan of reorganization contained in this proxy statement/offering circular describes what we believe are the material effects of the reorganization and the material terms of the plan of reorganization. This summary description, however, is qualified in its entirety by reference to the plan of reorganization, which is attached to this proxy statement/offering circular as Appendix A and incorporated herein by reference.

General

The plan of reorganization provides for the merger of the Company with and into the Bank, with the Company's separate corporate existence ceasing at the effective time of the reorganization, and the Bank continuing as the surviving corporation. If the Company's shareholders approve the plan of reorganization at the special meeting, and if the required regulatory approvals are obtained and the other conditions to the parties' obligations to effect the reorganization are met or waived (to the extent permitted by law), we anticipate that the reorganization will be completed late in third quarter or in the fourth quarter of 2017, although neither the Company nor the Bank can provide any assurances that the reorganization will close timely or at all.

The Company's Reasons for the Reorganization; Recommendation of the Company's Board of Directors

The Company's board of directors believes that the reorganization, on the terms and conditions set forth in the plan of reorganization, is fair, advisable and in the best interests of the Company and its shareholders. Accordingly, the Company's board of directors has adopted the plan of reorganization and the transactions contemplated thereby, including the reorganization, and unanimously recommends that the Company's shareholders vote **FOR** approval of the plan of reorganization and the transactions contemplated thereby.

The Company's board of directors, prior to and in reaching its decision to adopt the plan of reorganization and the transactions contemplated thereby and to recommend that the Company's shareholders approve the plan of reorganization and the transactions contemplated thereby, consulted with the Company's management and advisors and considered a variety of potential positive factors, potential risks and potential negative factors relating to the reorganization, including, without limitation or in any particular order of importance, the following:

the reorganization is expected to lead to managerial, operational and administrative cost savings and efficiencies associated with the elimination of redundant activities, including but not limited to, simplified financial reporting (consolidated accounting), elimination of regulatory oversight by the FRB with respect to bank holding company activities, decreased SEC registration fees as the Bank's stock is exempt from registration under the Securities Act, and consolidation of governance and organizational structure, including Company/Bank policies and procedures, risk management, and the elimination of dual boards of directors and joint board meetings;

certain transactions by the Bank will be subject to MDBC regulatory review or approval, including but not limited to, increases or reduction in authorized shares of stock, issuance of preferred stock, issuance or retirement of debt instruments (including capital notes and debentures), reduction in the amount or redemption of any part of its common or preferred capital stock, and the conduct of certain types of activities that are incidental or closely related to banking;

the possibility of delays in accessing the capital markets for the issuance of equity (other than common stock) or debt securities associated with seeking the prior approval of the MDBCf;

the expectation that the merger of the Company into the Bank, with the Bank continuing as the surviving entity, would qualify