

BancorpSouth, Inc. Reports Third Quarter Earnings

PRNewswire
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BancorpSouth, Inc. today announced that net income for the third quarter ended September 30, 2001, was \$21.6 million or \$0.26 per share (basic and diluted), compared to \$9.5 million or \$0.11 per share (basic and diluted) for the same period of 2000, an increase of 136% in per share earnings. Declining mortgage and short-term interest rates resulted in a \$6.0 million pre-tax, non-cash charge to earnings to record impairment of the mortgage servicing asset in the third quarter of 2001, equal to \$0.05 per share after tax. Excluding the impact of impairment of the mortgage servicing asset, net income was \$0.31 per share (basic and diluted) in the third quarter of 2001.

Net income for the nine months ended September 30, 2001, was \$67.1 million, or \$0.81 per share basic and \$0.80 per share diluted, compared to net income of \$62.1 million, or \$0.73 per share (basic and diluted) for the first nine months of 2000. The impairment of the mortgage servicing asset in the first nine months of 2001 resulted in a \$9.4 million pre-tax, non-cash charge to earnings, or \$0.07 per share after tax. Excluding the impact of impairment, net income was \$0.88 cents per share basic and \$0.87 cents per share diluted in the first nine months of 2001.

Aubrey Patterson, Chairman and Chief Executive Officer of BancorpSouth, commented, "We are pleased to report improved third quarter earnings despite the unprecedented drop of 400 basis points in the Federal Reserve's key interest rates since the beginning of the year. We achieved these results despite a non-cash, pre-tax charge of \$6.0 million, or \$0.05 per share after tax, related to the impairment of our mortgage servicing asset. Our net interest margin increased to 4.00% for the third quarter of 2001 compared to 3.88% for the second quarter of 2001, and our interest rate spread also increased to 3.35% for the third quarter of 2001 compared to 3.14% for the second quarter of 2001.

"In the third quarter of 2001, we completed the conversion of the former First United Bancshares offices to BancorpSouth systems as planned," continued Patterson. "When we began that process, our two primary goals were to have a seamless conversion from our customers point of view and to maintain market share. We have accomplished each of those goals, in fact increasing our share in some of those markets during the conversion process. All products have been standardized and all processes are uniform throughout the merged company. We now look forward to expanding the number of products and services we offer these customers while recognizing the cost benefits of the conversions, as we will no longer be running duplicate systems at the former First United offices. We are currently closing the operations center formerly used by First United and liquidating the equipment at the operations center.

"Looking forward, we believe that we will be somewhat insulated from the current economic slowdown

because of the breadth and diversity of our markets," concluded Patterson. "However, we do expect to see some slowdown in loan growth in the fourth quarter of 2001. The hallmark of BancorpSouth has always been our conservative credit culture, and we will maintain that focus during this period of economic uncertainty. This company has traditionally outperformed its peers in economic downturns because of our strong credit quality. In addition, we see opportunities for growth in our fee-based services despite the uncertain outlook for the economy."

Net Interest Revenue

Interest revenue was \$165.0 million in the third quarter of 2001, down 4.8% from \$173.3 million in the corresponding period of 2000, and down 2.8% from \$169.7 million in the second quarter of 2001. Interest expense for the 2001 third quarter was \$80.5 million, a 13.3% decrease from interest expense of \$92.8 million in the same period of 2000, and a decline of 9.3% from interest expense of \$88.8 million in the second quarter of 2001.

Net interest margin in the third quarter of 2001 was 4.00%, compared to 3.99% for the third quarter of 2000 and 3.88% in the second quarter of 2001. The average rate paid on interest-bearing liabilities was 4.35% in the third quarter of 2001, compared to 5.21% in the same quarter of 2000 and 4.84% in the second quarter of 2001. The average taxable equivalent yield on earning assets was 7.70% in the third quarter of 2001 versus 8.40% in the same period of 2000 and 7.99% in the second quarter of 2001.

"We were able to improve both our interest rate margin and spread compared to the second quarter of 2001 by careful pricing of assets and liabilities," commented Patterson. "Because approximately 79% of our deposits reprice in twelve months or less, we have been able to compensate for the decline in interest rates. However, given the 100 basis point drop in the Federal Funds rate over the past 45 days, maintaining our interest rate margin will be more challenging over the next few quarters."

Deposit and Loan Activity

As of September 30, 2001, total assets were \$9.4 billion, up 0.93% since September 30, 2000, and up 1.01% since June 30, 2001. Total deposits at September 30, 2001, were \$7.8 billion, up 5.72% from September 30, 2000, and up 1.01% since June 30, 2001. Total loans as of September 30, 2001, were \$6.1 billion, up 2.3% since September 30, 2000, and up 1.43% since June 30, 2001.

Part of the slowdown in net loan growth is due to management's strategic decision to reduce our exposure to indirect automobile sales financing by allowing BancorpSouth's portfolio of such loans to decline. This portfolio has decreased \$116.6 million since September 30, 2000, and \$27.8 million since June 30, 2001, reaching \$173.8 million as of September 30, 2001. Excluding the impact of this portfolio reduction, total loans would have increased 1.91% between June 30, 2001, and September 30, 2001.

"While we are seeing some slackening in loan demand as a result of the slowdown in the general

economy, our deposits have shown greater growth than we projected," said Patterson. "Deposits are the core of a retail-based bank like ours, and they have remained strong even in periods of economic weakness. While loan growth has softened, we benefit from diverse industries, including manufacturing, service industries and tourism, and our geographic reach over a number of strong markets. In addition, some of the slowdown is the result of intentional actions on the part of management, as we have been more conservative in our pursuit of lending opportunities at current rates. We expect a further slowdown in loan growth in the fourth quarter of 2001, but we anticipate a return to a more normal growth rate, reflective of the vibrancy of the markets we serve, by mid-2002."

Credit Losses

The provision for credit losses in the third quarter of 2001 was \$6.9 million, versus \$10.7 million in the same quarter of 2000, in which the provision was unusually high because of the merger with First United Bancshares, and \$4.8 million in the second quarter of 2001. Annualized net charge-offs for the third quarter of 2001 were 0.34% of average loans, versus 0.70% in the third quarter of 2000 and 0.29% in the second quarter of 2001.

For the nine months ended September 30, 2001, the provision for credit losses was \$15.7 million, down from \$20.7 million in the same period of 2000. Annualized net charge-offs were 0.33% of average loans in the first nine months of 2001, compared to 0.39% for the same period in 2000.

Non-performing assets totaled \$62.2 million (1.03% of net loans) as of September 30, 2001, compared to \$46.9 million (0.79% of net loans) as of September 30, 2000, and \$48.8 million (0.82% of net loans) at June 30, 2001. The allowance for credit losses amounted to 1.36% of total net loans at September 30, 2001.

"BancorpSouth has a reputation for strict quality standards, both at the time of origination and throughout the life of the loan," Patterson commented. "The allowance for loan losses as a percent of non-performing assets is a key ratio to demonstrate the health of a bank in a period of economic weakness. In this important metric, BancorpSouth has always maintained a high level of coverage of its non-performing assets. Looking forward, we anticipate that we will experience a moderate increase in delinquencies and foreclosures because of general economic conditions, but we believe that we have adequately provided for these situations."

Non-interest Revenue

Non-interest revenue totaled \$26.7 million in the third quarter of 2001, up 13.4% from \$23.6 million in the third quarter of 2000, but down 16.4% from \$32.0 million in the second quarter of 2001. For the first nine months of 2001, non-interest revenue totaled \$86.7 million, an increase of 14.8% over the first nine months of 2000.

"Non-interest revenue in the third quarter of 2001 was negatively impacted by a \$6.0 million pre-tax, non-cash charge for impairment of the value of BancorpSouth's mortgage servicing asset," Patterson stated. "This asset represents the present value of the future stream of servicing revenue to be earned on BancorpSouth's mortgage servicing portfolio. For the first nine months of 2001, the net impact of this impairment reduced pre-tax income by \$9.4 million. As interest rates decline, refinancing of home mortgages typically accelerates and the present value of the future stream of servicing fees typically declines as the expected lives of those mortgages shorten. BancorpSouth must recognize the decline in future revenue with a non-cash charge against income that is primarily influenced by changes in interest rates. To some extent, this charge is offset by higher loan origination fees as lower interest rates stimulate loan growth. As BancorpSouth expects to retain the mortgage servicing rights, the charge should reverse itself if interest rates rise, refinancing slows and the expected lives of the mortgages lengthen.

"Despite the impact of these non-cash charges on income, the mortgage servicing business is a potentially profitable business for BancorpSouth," Patterson added, "and we have increased our mortgage servicing portfolio to \$2.5 billion at September 30, 2001, from \$2.0 billion at September 30, 2000. We were able to offset the impact of the impairment in the third quarter of 2001 somewhat by making a short-term investment in intermediate term securities in anticipation of further reduction in interest rates during the third quarter of 2001. We purchased \$200 million of securities in July 2001 and sold them at the end of September 2001, recognizing a \$3.8 million gain that offset part of the \$6.0 million impairment charge. An additional benefit of this strategy was to increase our interest rate margin, as these securities carried a higher interest rate than the short-term assets used for the purchase of the securities."

Insurance commissions were \$5.1 million for the third quarter of 2001, an increase of 38.0% over the same period in 2000 but a decline of 4.8% from the second quarter of 2001. The gain is largely attributable to a significant increase in the sale of annuities, driven by an aggressive sales campaign, as well as the inclusion of the results of the Pittman, Seay and Turner Insurance Agency that we acquired in October 2000.

Non-interest Expense

Non-interest expenses for the third quarter of 2001 were \$73.3 million, compared to \$76.6 million for the third quarter of 2000 and \$73.2 million in the second quarter of 2001. The higher expense level in the third quarter of 2000 reflects costs associated with the merger with First United Bancshares.

"We expect to see expense savings now that we have completed the integration of First United Bancshares," explained Jim Kelley, President and Chief Operating Officer of BancorpSouth. "Even with the duplicate systems we have been running for the past year, our ratio of expenses to assets has been below that of our peer group. With those duplicate costs eliminated, expenses as a percent of revenue

should improve in the fourth quarter of 2001 as we approach a normal rate of expenses after a slight expense overlap in October of 2001."

Capital Management

During the third quarter of 2001, the company repurchased a total of 1,319,200 shares of its outstanding common stock under a repurchase program announced on March 5, 2001, that authorizes the company to acquire up to 4.2 million shares or approximately 5% of the shares outstanding at the time of the announcement. As of September 30, 2001, a total of 2,729,815 shares had been repurchased under that program.

BancorpSouth will conduct a conference call with stock analysts at 1:30 p.m. (Central Time) on Thursday, October 18, 2001. Investors may listen via the internet by accessing the website at <http://www.bancorpsouth.com/>. A replay of the conference call will be available at BancorpSouth's website following the call.

BancorpSouth, Inc. is a bank holding company headquartered in Tupelo, Mississippi, with \$9.4 billion in assets. The company operates approximately 250 commercial banking, insurance, trust, broker/dealer and consumer finance locations in Alabama, Arkansas, Louisiana, Mississippi, Tennessee and Texas.

Certain statements contained in this news release may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "may," "might," "will," "would" or "intend." These forward-looking statements include, without limitation, those relating to interest rates, loan volume, credit quality, fee-based services, interest rate margin, integration of former First United Bancshares offices and related cost savings, expansion and prospects of products and services, deposits, loan losses, liquidity, prospects for 2001 and 2002, mortgage servicing and BancorpSouth's future growth and profitability.

We caution you not to place undue reliance on the forward-looking statements contained in this news release in that actual results could differ materially from those indicated in such forward-looking statements, due to a variety of factors. Those factors include, but are not limited to, changes in economic conditions and government fiscal and monetary policies, fluctuations in prevailing interest rates, ability to reduce interest rates paid on deposits as interest rates decline, laws and regulations affecting financial institutions, the ability of BancorpSouth to compete with other financial services companies, the ability of BancorpSouth to effectively integrate acquisitions, the ability of BancorpSouth to operate and integrate new technology, the ability of BancorpSouth to manage its growth and effectively serve an expanding customer and market base, the ability of BancorpSouth to provide

competitive services and products, changes in BancorpSouth's operating or expansion strategy, geographic concentration of BancorpSouth's assets, availability of and costs associated with obtaining adequate and timely sources of liquidity, the ability of BancorpSouth to attract, train and retain qualified personnel, the ability of BancorpSouth to effectively market its services and products, changes in consumer preferences, other factors generally understood to affect the financial results of financial services companies, and other factors described from time to time in BancorpSouth's filings with the Securities and Exchange Commission. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

BancorpSouth, Inc.

Selected Financial Data

	Three Months Ended September 30, 2001		Nine Months Ended September 30, 2000	
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(Dollars in thousands,
except per share amounts)

Earnings Summary:

Net interest revenue	\$84,436	\$80,568	\$246,960	\$244,353
Provision for credit losses	6,852	10,656	15,718	20,669
Non-interest revenue	26,734	23,566	86,674	75,526
Non-interest expense	73,285	76,607	219,363	204,561
Income before income taxes	31,033	16,871	98,553	94,649
Income tax provision	9,450	7,379	31,405	32,528
Net income	21,583	9,492	67,148	62,121
Earnings per share:				
Basic	\$0.26	\$0.11	\$0.81	\$0.73
Diluted	\$0.26	\$0.11	\$0.80	\$0.73

Balance sheet data at September 30:

Total assets	\$9,388,462	\$9,301,602
Total earning assets	8,703,017	8,719,705
Loans and lease receivables, net of unearned discount	6,061,146	5,922,564
Allowance for credit losses	82,605	78,100
Total deposits	7,810,741	7,388,073
Common shareholders' equity	796,441	766,827
Book value per share	9.78	9.12

Average balance sheet data:

Total assets	\$9,258,257	\$8,919,186	\$9,232,750	\$8,653,681
Total earning assets	8,653,305	8,350,814	8,621,313	8,090,793
Loans and lease receivables, net of unearned discount	6,004,966	5,854,839	5,999,552	5,707,257
Total deposits	7,699,507	7,311,159	7,669,154	7,215,438
Common shareholders' equity	789,400	762,114	793,014	758,044

Non-performing assets at

September 30:		
Non-accrual loans	\$13,238	\$21,171
Loans 90+ days past due	39,756	18,318
Restructured loans	46	913
Other real estate owned	9,143	6,452

Net charge-offs as a

percentage of average loans (annualized)	0.34%	0.70%	0.33%	0.39%
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Performance ratios

(annualized)				
Return on average assets	0.92%	0.43%	0.97%	0.96%
Return on common equity	10.85%	4.98%	11.32%	10.93%
Net interest margin	4.00%	3.99%	3.97%	4.18%
Average shares outstanding				
- diluted	82,437,761	84,397,588	83,437,112	84,993,344

BancorpSouth, Inc.

Consolidated Balance Sheets

(dollars in thousands)	September 30,	
(Unaudited)	2001	2000
Assets		
Cash & due from banks	\$332,241	\$260,218
Interest bearing deposits with other banks	17,781	13,089
Held-to-maturity securities	1,207,230	1,169,634
Federal funds sold and securities purchased under agreement to resell	260,020	75,000
Loans & leases	6,061,146	5,922,564
Allowance for credit losses	(82,605)	(78,100)
Net loans & leases	5,978,541	5,844,464
Available-for-sale securities	1,107,626	1,505,312
Mortgages held for sale	49,215	34,105
Bank premises & equipment	209,367	186,577
Accrued interest receivable	91,089	90,430
Other real estate owned	9,528	7,303
Other assets	125,824	115,470
Total assets	\$9,388,462	\$9,301,602
Liabilities		
Demand deposits:		
Non-interest bearing	\$1,064,780	\$1,007,326
Interest bearing	2,006,120	1,671,883
Total demand deposits	3,070,900	2,679,209
Savings & time deposits:		
Savings	427,436	441,992
Premium access	435,070	441,483
Certificates of deposit	3,877,335	3,825,389
Total savings & time deposits	4,739,841	4,708,866
Total deposits	7,810,741	7,388,073
Federal funds purchased and securities sold under agreement to repurchase	500,481	298,035
Short-term borrowings	0	570,000
Accrued interest payable	44,147	45,930
Long-term debt	141,223	165,803
Other liabilities	95,426	66,932
Total liabilities	8,592,020	8,534,776
Shareholders' Equity		
Common stock	214,484	214,484
Capital surplus	70,095	70,464
Unrealized gain(loss) on securities	31,043	(7,055)
Retained earnings	547,541	515,087
Less: Cost of treasury stock	(66,722)	(26,153)
Total shareholders' equity	796,441	766,827
Total liabilities & shareholders' equity	\$9,388,462	\$9,301,602

Average Balances, Interest Income and Expense,
and Average Yields and Rates

(dollars in thousands) Quarter Ended

Unaudited Sept. 30, 2001

	Average	Yield/		
(Taxable equivalent basis)	Balance	Interest	Rate	
ASSETS				
Loans net of Unearned Income	\$6,054,016	\$128,367	8.41%	
Held-to-maturity securities:				
Taxable	1,005,116	15,086	5.95%	
Non Taxable	207,277	4,017	7.69%	
Available-for-sale securities				
Taxable	831,339	12,559	5.99%	
Non Taxable	190,362	3,368	7.02%	
Short term investments	365,195	4,487	4.87%	
Total interest earning assets and revenue	8,653,305	167,884	7.70%	
Other assets	686,603			
Less: allowance for credit losses	(81,651)			
Total	\$9,258,257			

**LIABILITIES AND
SHAREHOLDERS' EQUITY**

Deposits:

Demand - interest bearing	\$1,921,604	\$12,952	2.67%	
Savings	872,486	6,303	2.87%	
Time	3,899,185	53,816	5.48%	
Short-term borrowings	511,342	5,370	4.17%	
Long-term debt	141,323	2,105	5.91%	
Total interest bearing liabilities and expense	7,345,940	80,546	4.35%	
Demand deposits - non-interest bearing	1,006,233			
Other liabilities	116,684			
Total liabilities	8,468,857			
Shareholders' equity	789,400			
Total	\$9,258,257			
Net interest revenue	\$87,338			
Net interest margin		4.00%		
Net interest rate spread		3.35%		
Interest bearing liabilities to interest earning assets		84.9%		

Net interest tax equivalent adjustment \$2,901

BancorpSouth, Inc.

Average Balances, Interest Income and Expense,
and Average Yields and Rates

(dollars in thousands) Quarter Ended

Unaudited June 30, 2001

	Average	Yield/		
(Taxable equivalent basis)	Balance	Interest	Rate	
ASSETS				
Loans net of Unearned Income	\$6,024,236	\$132,119	8.80%	
Held-to-maturity securities:				
Taxable	908,896	13,964	6.16%	
Non Taxable	214,305	4,103	7.68%	
Available-for-sale securities				
Taxable	767,913	12,056	6.30%	
Non Taxable	182,598	3,360	7.38%	
Short term investments	572,207	7,013	4.92%	
Total interest earning assets and revenue	8,670,155	172,615	7.99%	
Other assets	689,128			
Less: allowance for credit losses	(80,425)			
Total	\$9,278,858			

**LIABILITIES AND
SHAREHOLDERS' EQUITY**

Deposits:				
Demand - interest bearing	\$1,830,983	\$13,345	2.92%	
Savings	889,841	9,013	4.06%	
Time	3,971,149	58,405	5.90%	
Short-term borrowings	512,104	5,819	4.56%	
Long-term debt	146,321	2,171	5.95%	
Total interest bearing liabilities and expense	7,350,398	88,753	4.84%	
Demand deposits - non-interest bearing	1,002,588			
Other liabilities	126,115			
Total liabilities	8,479,101			
Shareholders' equity	799,757			
Total	\$9,278,858			
Net interest revenue		\$83,862		
Net interest margin		3.88%		
Net interest rate spread		3.14%		
Interest bearing liabilities to interest earning assets		84.78%		
Net interest tax equivalent adjustment	\$2,938			

BancorpSouth, Inc.

Average Balances, Interest Income and Expense, and Average Yields and Rates

(dollars in thousands) Quarter Ended

Unaudited March 31, 2001

	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		
ASSETS			
Loans net of Unearned Income	\$6,063,946	\$137,055	9.17%
Held-to-maturity securities:			
Taxable	842,693	13,212	6.36%
Non Taxable	232,636	4,366	7.61%
Available-for-sale securities			
Taxable	838,410	13,616	6.59%
Non Taxable	155,988	3,031	7.88%
Short term investments	405,553	5,767	5.77%
Total interest earning assets and revenue	8,539,226	177,047	8.41%
Other assets	701,784		
Less: allowance for credit losses	(80,953)		
Total	\$9,160,057		

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:				
Demand - interest bearing	\$1,770,537	\$14,340	3.28%	
Savings	896,888	10,685	4.83%	
Time	3,975,219	58,918	6.01%	
Short-term borrowings	490,736	6,333	5.23%	
Long-term debt	151,870	2,265	6.05%	
Total interest bearing liabilities and expense	7,285,250	92,541	5.15%	
Demand deposits - non-interest bearing	969,793			
Other liabilities	115,122			
Total liabilities	8,370,165			
Shareholders' equity	789,892			
Total	\$9,160,057			
Net interest revenue		\$84,506		
Net interest margin		4.01%		
Net interest rate spread		3.26%		
Interest bearing liabilities to interest earning assets		85.32%		
Net interest tax equivalent adjustment	\$2,907			

BancorpSouth, Inc.

Average Balances, Interest Income and Expense,
and Average Yields and Rates

(dollars in thousands)

(dollars in thousands)	Quarter Ended			
Unaudited	December 31, 2000			
	Average	Yield/		
(Taxable equivalent basis)	Balance	Interest	Rate	
ASSETS				
Loans net of Unearned Income	\$6,073,609	\$141,295	9.25%	
Held-to-maturity securities:				
Taxable	889,349	14,114	6.31%	
Non Taxable	327,673	6,195	7.52%	
Available-for-sale securities				
Taxable	913,866	15,271	6.65%	
Non Taxable	69,280	1,394	8.00%	
Short term investments	198,310	3,185	6.39%	
Total interest earning assets and revenue	8,472,087	181,454	8.52%	
Other assets	670,163			
Less: allowance for credit losses		(79,633)		
Total	\$9,062,617			

LIABILITIES AND

SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$1,668,090	\$13,960	3.33%	
Savings	904,717	11,888	5.23%	
Time	3,883,979	58,861	6.03%	
Short-term borrowings	567,066	8,509	5.97%	
Long-term debt	157,786	2,378	6.00%	
Total interest bearing liabilities and expense	7,181,638	95,596	5.30%	
Demand deposits - non-interest bearing	987,644			
Other liabilities	120,012			
Total liabilities	8,289,294			
Shareholders' equity	773,323			
Total	\$9,062,617			
Net interest revenue		\$85,858		
Net interest margin		4.03%		
Net interest rate spread		3.23%		
Interest bearing liabilities to interest earning assets		84.77%		

Net interest tax equivalent
adjustment

\$3,060

BancorpSouth, Inc.

Average Balances, Interest Income and Expense,
and Average Yields and Rates

(dollars in thousands)

(dollars in thousands)	Quarter Ended			
Unaudited	Sept. 30, 2000			
	Average	Yield/		
(Taxable equivalent basis)	Balance	Interest	Rate	
ASSETS				
Loans net of Unearned Income	\$5,888,736	\$135,311	9.14%	
Held-to-maturity securities:				
Taxable	760,409	11,951	6.25%	
Non Taxable	325,687	6,074	7.42%	
Available-for-sale securities				
Taxable	1,242,043	20,519	6.57%	
Non Taxable	75,530	1,591	8.38%	
Short term investments	58,408	962	6.55%	
Total interest earning				
assets and revenue	8,350,813	176,408	8.40%	
Other assets	645,252			
Less: allowance for credit losses	(76,879)			
Total	\$8,919,186			

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$1,659,533	\$13,842	3.32%
Savings	877,041	9,956	4.52%
Time	3,801,938	57,233	5.99%

Short-term borrowings 579,725 9,168 6.29%

Long-term debt 169,573 2,559 6.00%

Total interest bearing liabilities and expense 7,087,810 92,758 5.21%

Demand deposits - non-interest bearing 972,647

Other liabilities 96,615

Total liabilities 8,157,072

Shareholders' equity 762,114

Total \$8,919,186

Net interest revenue \$83,650

Net interest margin 3.99%

Net interest rate spread 3.20%

Interest bearing liabilities to interest earning assets 84.88%

Net interest tax equivalent

adjustment \$3,083

BancorpSouth, Inc.

Average Balances, Interest Income and Expense,
and Average Yields and Rates

(dollars in thousands) Year to Date

Unaudited Sept. 30, 2001

	Average	Yield/	
(Taxable equivalent basis)	Balance	Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,047,363	\$397,541	8.79%
Held-to-maturity securities:			
Taxable	919,497	42,262	6.15%
Non Taxable	217,980	12,486	7.66%
Available-for-sale securities			
Taxable	812,528	38,231	6.29%
Non Taxable	176,442	9,759	7.39%
Short term investments	447,504	17,267	5.16%
Total interest earning assets and revenue	8,621,314	517,546	8.03%
Other assets	692,448		
Less: allowance for credit losses	(81,012)		
Total	\$9,232,750		

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$1,841,595	\$40,637	2.95%
Savings	886,316	26,001	3.92%
Time	3,948,239	171,139	5.80%

Short-term borrowings 504,803 17,522 4.64%

Long-term debt 146,466 6,541 5.97%

Total interest bearing liabilities and expense 7,327,419 261,840 4.78%

Demand deposits - non-interest bearing 993,005

Other liabilities 119,312

Total liabilities 8,439,736

Shareholders' equity 793,015

Total \$9,232,751

Net interest revenue \$255,706

Net interest margin 3.97%

Net interest rate spread 3.25%

Interest bearing liabilities to interest earning assets 84.99%

Net interest tax equivalent adjustment	\$8,746
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BancorpSouth, Inc.

Average Balances, Interest Income and Expense,
and Average Yields and Rates

(dollars in thousands) Year to Date

Unaudited Sept. 30, 2000

	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		
ASSETS			
Loans net of Unearned Income	\$5,749,580	\$389,435	9.05%
Held-to-maturity securities:			
Taxable	764,823	34,972	6.11%
Non Taxable	324,138	17,913	7.38%
Available-for-sale securities			
Taxable	1,082,386	53,310	6.58%
Non Taxable	75,356	4,760	8.44%
Short term investments	94,508	4,320	6.11%
Total interest earning assets and revenue	8,090,791	504,710	8.33%
Other assets	639,062		
Less: allowance for credit losses	(76,172)		
Total	\$8,653,681		

LIABILITIES AND

SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$1,673,935	\$40,266	3.21%
Savings	864,631	27,059	4.18%
Time	3,715,704	158,330	5.69%
Short-term borrowings	416,155	18,233	5.85%
Long-term debt	166,996	7,398	5.92%
Total interest bearing liabilities and expense	6,837,421	251,286	4.91%
Demand deposits - non-interest bearing	961,168		
Other liabilities	97,048		
Total liabilities	7,895,637		
Shareholders' equity	758,044		
Total	\$8,653,681		
Net interest revenue	\$253,424		
Net interest margin		4.18%	
Net interest rate spread		3.42%	
Interest bearing liabilities to interest earning assets		84.51%	

Net interest tax equivalent adjustment	\$9,071
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BancorpSouth, Inc.

Consolidated Statements of Income

(amounts in thousands, except per share data)

(Unaudited) Quarter Ended

Sep-01 Jun-01 Mar-01 Dec-00 Sep-00

Interest Revenue:

Loans, including fees	\$128,049	\$131,794	\$136,737	\$140,892	\$134,910
Held-to-maturity securities:	17,697	16,630	16,051	18,141	15,899
Available-for-sale securities	14,749	14,240	15,586	16,177	21,554
Short term investments	4,487	7,013	5,767	3,185	962
Total interest revenue	164,982	169,677	174,140	178,395	173,325
Interest Expense:					
Deposits	73,071	80,763	83,944	84,709	81,031

Short term borrowings	2,700	3,082	3,557	7,007	9,058
Long term borrowings	2,105	2,171	2,265	2,378	2,559
Other interest expense	2,670	2,737	2,776	1,503	110
Total interest expense	80,545	88,754	92,542	95,596	92,758
Net interest revenue	84,437	80,924	81,598	82,799	80,567
Provision for credit losses	6,852	4,769	4,097	5,497	10,656
Net interest revenue, after credit loss provision	77,584	76,155	77,502	77,302	69,911
Other Revenue:					
Mortgage lending	(1,462)	7,068	(1,333)	1,900	2,493
Service charges	10,469	10,906	10,342	10,927	10,213
Life insurance premiums	1,151	1,127	1,094	1,116	1,107
Trust income	2,022	1,610	1,684	1,625	1,794
Securities gains, net	3,943	74	2,884	(15,549)	(254)
Insurance commissions	5,146	5,405	4,608	4,845	3,717
Other	5,464	5,801	8,669	5,189	4,496
Total other revenue	26,734	31,991	27,948	10,052	23,567
Other Expense:					
Salaries and employee benefits	37,084	38,425	38,721	33,845	34,070
Occupancy	5,263	5,005	5,129	4,838	4,647
Equipment	6,442	6,943	7,032	6,960	6,124
Telecommunications	2,244	2,123	2,182	2,041	1,868
Other	22,253	20,751	19,767	21,982	29,900
Total other expense	73,285	73,246	72,832	69,665	76,607
Income before income taxes	31,033	34,899	32,619	17,689	16,870
Income tax expense	9,450	11,654	10,300	5,413	7,379
Net Income	\$21,583	\$23,246	\$22,319	\$12,275	\$9,492
Net Income Per Share:					
Basic	\$0.26	\$0.28	\$0.27	\$0.15	\$0.11
Diluted	\$0.26	\$0.28	\$0.27	\$0.15	\$0.11

BancorpSouth, Inc.

Consolidated Statements of Income

(amounts in thousands, except per share data)

(Unaudited)

Year To Date

Sep-01 Sep-00

Interest Revenue:

Loans, including fees	\$396,580	\$388,299
Held-to-maturity securities:	50,378	46,615
Available-for-sale securities	44,575	56,405
Short term investments	17,266	4,320
Total interest revenue	508,799	495,640

Interest Expense:

Deposits	237,778	225,656
Short term borrowings	9,338	17,748
Long term borrowings	6,540	7,398
Other interest expense	8,183	486
Total interest expense	261,839	251,287
Net interest revenue	246,960	244,353
Provision for credit losses	15,718	20,669
Net interest revenue, after credit loss provision	231,242	223,684

Other Revenue:

Mortgage lending	4,273	8,973
Service charges	31,718	29,545

Life insurance premiums	3,373	3,184
Trust income	5,316	5,075
Securities gains, net	6,901	(83)
Insurance commissions	15,160	11,189
Other	19,934	17,642
Total other revenue	86,674	75,526
Other Expense:		
Salaries and employee benefits	114,230	100,011
Occupancy	15,397	13,504
Equipment	20,417	17,174
Telecommunications	6,549	5,193
Other	62,771	68,680
Total other expense	219,363	204,562
Income before income taxes	98,553	94,648
Income tax expense	31,405	32,528
Net Income	\$67,148	\$62,121
Net Income Per Share:		
Basic	\$0.81	\$0.73
Diluted	\$0.80	\$0.73

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SOURCE: BancorpSouth, Inc.

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