

BancorpSouth, Inc. Announces Increased Net Income and Earnings Per Share For Second Quarter

PRNewswire-FirstCall
TUPELO, Miss.

BancorpSouth, Inc. today announced net income for the second quarter of 2002 increased 33.0 percent to \$30.9 million, or \$0.38 per basic and diluted share, compared to net income of \$23.2 million, or \$0.28 per basic and diluted share, for the second quarter of 2001.

Net income for the six months ended June 30, 2002 totaled \$60.3 million, a 32.4 percent increase from \$45.6 million for the same period last year. Basic and diluted net income per share for the year-to-date period was \$0.74 per share, compared to basic and diluted net income per share of \$0.55 and \$0.54 respectively, for the same period in 2001.

"Our solid results in the second quarter are further validation of our strategy of careful market expansion and constant emphasis on credit quality," said Aubrey Patterson, BancorpSouth Chairman and Chief Executive Officer. "Interest rates have remained fairly flat through the first half of 2002, and we continue to see the positive effects of repricing activity on deposits, which contributes to an enhanced net interest margin."

During the second quarter of 2002, the Company recorded a decline of \$6.2 million in mortgage lending revenue when compared to the first quarter of 2001, with approximately \$4.2 million of the decline due to impairment to the Company's mortgage servicing asset in the second quarter of 2002. This impairment is a non-cash valuation which generally moves in tandem with mortgage interest rates. Offsetting this decline was a \$2.8 million gain in the second quarter of 2002 on the sale of securities that the Company had previously purchased. The net effect of both the mortgage servicing asset impairment charge and the gain on the sale of securities negatively impacted net income for the second quarter of 2002 by approximately \$900,000, or \$0.01 per basic and diluted share.

"Our ability to minimize interest rate risk through the use of financial instruments is an important factor behind the success of our mortgage business," Patterson continued. "While refinancing activity has slowed, originations remain strong, and our mortgage unit acquired in the February 2002 merger with Pinnacle Bancshares is contributing to our overall strength in mortgage activity."

Patterson noted that the results from the Pinnacle Bancshares merger are exceeding expectations, and the former Pinnacle locations were brought onto the BancorpSouth operating systems in April 2002. "Our proven integration procedures have resulted in minimal customer attrition and we are already beginning to see the benefits of this important entry into the Little Rock, Arkansas market," added Patterson.

Total interest revenue was \$150.2 million in the second quarter of 2002, down 11.5 percent from \$170.0 in the second quarter of 2001 and essentially flat from \$151.0 million in the first quarter of 2002. Revenue from loans, including fees, totaled \$115.1 million, a decrease of 12.6 percent versus the same quarter last year, but up slightly from the first quarter of 2002. Total interest expense for the second quarter was \$54.7 million, down 38.3 percent from \$88.8 million for the second quarter of 2001 and down 4.2 percent from \$57.1 million for the first quarter of 2002.

The average taxable equivalent yield on earning assets was 6.69 percent in the second quarter of 2002 versus 7.99 percent in the second quarter of 2001 and 6.96 percent in the first quarter of 2002. The average rate paid on interest-bearing liabilities during the second quarter of 2002 was 2.80 percent, compared to 4.84 percent during the second quarter of 2001 and 3.03 percent during the first quarter of 2002.

Net interest revenue was \$95.5 million in the second quarter of 2002, up 18.0 percent from \$80.9 million in the second quarter of 2001. Net interest margin was 4.30 percent in the second quarter of 2002 compared to 3.88 percent in the second quarter of 2001 and 4.38 percent in the first quarter of 2002.

Deposit and Loan Activity

At June 30, 2002, total assets were \$9.9 billion, up 6.8 percent from \$9.3 billion at June 30, 2001. Total deposits at June 30, 2002 grew 6.8 percent to \$8.3 billion from \$7.7 billion at June 30, 2001. Total loans at June 30, 2002 were \$6.3 billion, an increase of 6.2 percent over loans of \$6.0 billion on the same date a year ago.

"While our CDs only grew 1.6 percent over the same date last year, we saw significant pockets of growth in our demand deposits such as money market and checking accounts, as our customers kept a larger percentage of their wealth in cash and equivalents amid continued uncertainty in the equity markets," said Patterson.

Provision for Credit Losses and Allowance for Credit Losses

The provision for credit losses for the second quarter of 2002 was \$7.2 million compared to \$4.8 million for the same quarter last year and \$6.8 million for the first quarter of 2002. Annualized net charge-offs for the second quarter of 2002 were 0.39 percent of average loans compared to 0.29 percent of average loans for the second quarter of 2001 and 0.39 percent of average loans for the first quarter of 2002.

At June 30, 2002, non-performing assets totaled \$59.9 million, or 0.94 percent of loans, compared to \$48.8 million, or 0.82 percent of loans, at June 30, 2001 and \$57.2 million, or 0.92 percent of loans, at

March 31, 2002. The allowance for credit losses at June 30, 2002 was 1.36 percent of loans, compared to 1.35 percent of loans at June 30, 2001 and 1.37 percent of loans at March 31, 2002.

"Loan losses are running ahead of last year's pace due to the economic slowdown, but are comparable to the levels seen in the first quarter of this year," said Patterson. "Due to increasing loan volume, we increased our provision for credit losses consistent with our conservative stance regarding credit quality. We believe this vigilance sets us apart from our peer group."

Non-Interest Revenue

Total non-interest revenue for the second quarter of 2002 was \$31.4 million compared to \$32.0 million in the 2001 second quarter and \$33.5 million for the 2002 first quarter. The most significant events in the quarter were the gain on the sale of securities and the attendant impairment from revaluation of the Company's mortgage servicing asset as discussed above.

Service charges increased 15.5 percent to \$12.6 million in the second quarter of 2002 when compared to \$10.9 million in the second quarter of 2001, reflecting an expansion of the Company's deposit services which began in March 2002 and which should, based on second quarter results, continue to positively impact non-interest revenue.

Non-Interest Expense

Non-interest expense for the second quarter of 2002 was \$74.6 million, up 1.8 percent from \$73.2 million for the 2001 second quarter and down 3.4 percent from \$77.2 million for the first quarter of 2002. Salaries and employee benefits declined 5.6 percent between the first and second quarters of this year primarily due to the payment of other benefits related to employee bonuses in the first quarter and decreased stock appreciation rights expense in the second quarter.

Capital Management

During the second quarter of 2002, the Company repurchased 433,885 shares of its outstanding common stock to complete the repurchase of 4.2 million shares authorized under the repurchase program announced on March 5, 2001. In February of 2002, the Company announced a new common stock repurchase plan, which authorized the repurchase of up to an additional 4.1 million shares within a period of 18 months. Repurchase of common stock under this plan began during the second quarter of 2002 and 225,105 shares had been repurchased as of June 30, 2002.

Conference Call

BancorpSouth will conduct a conference call with stock analysts at 1:30 p.m. (Central Time) on July 19, 2002. Investors may listen via the Internet by accessing the Company's 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 approximately \$9.9 billion in assets. BancorpSouth operates approximately 250 commercial banking, insurance, trust, broker/dealer and consumer finance locations in Alabama, Arkansas, Louisiana, Mississippi, Tennessee and Texas.

Forward-Looking Statements

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," "could" or "intend." These forward-looking statements include, without limitation, those relating to interest rates, loan volume, credit quality, interest rate margin, integration of former First United Bancshares and Pinnacle Bancshares offices and related cost savings, expansion and prospects of products and services, deposits, capital management and liquidity, 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, the ability of BancorpSouth to reduce interest rates paid on deposits as interest rates decline or stabilize, ability to maintain credit quality, laws and regulations affecting financial institutions, the effects of repricing activity on deposits, 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 effectively manage its capital resources, the ability of BancorpSouth to attract, train and retain qualified personnel, the ability of BancorpSouth to effectively market its services and products, the ability of BancorpSouth to repurchase its common stock on favorable terms, the ability of BancorpSouth to identify potential acquisitions, 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.

Selected Financial Data

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
(Dollars in thousands, except per share amounts)				
Earnings Summary:				
Net interest revenue	\$95,492	\$80,924	\$189,374	\$162,524
Provision for credit losses	7,215	4,769	13,975	8,866
Noninterest revenue	31,409	31,991	64,885	59,940
Noninterest expense	74,574	73,246	151,746	146,078
Income before income taxes	45,112	34,900	88,538	67,520
Income tax provision	14,185	11,654	28,214	21,955
Net income	\$30,927	\$23,246	\$60,324	\$45,565
Earning per share: Basic	\$0.38	\$0.28	\$0.74	\$0.55
Diluted:	\$0.38	\$0.28	\$0.74	\$0.54

Balance sheet data at June

30:				
Total assets		\$9,923,525	\$9,294,145	
Total earning assets		9,257,974	8,639,134	
Loans and lease receivables, net of unearned discount		6,344,219	5,975,116	
Allowance for credit losses		86,276	80,829	
Total deposits		8,255,559	7,732,642	
Common shareholders' equity		830,801	798,539	
Book value per share		\$10.28	\$9.65	

Average balance sheet data:

Total assets	\$9,818,001	\$9,278,858	\$9,706,035	\$9,219,786
Total earning assets	9,187,581	8,670,155	9,078,189	8,605,052
Loans and lease receivables, net of unearned discount	6,276,605	5,968,176	6,209,820	5,996,800
Total deposits	8,165,640	7,694,561	8,083,731	7,653,726
Common shareholders' equity	819,941	799,757	813,484	794,852

Non-performing assets at June 30:

Non-accrual loans	13,202	12,929		
Loans 90+ days past due	28,755	25,931		
Restructured loans	22	243		
Other real estate owned	17,908	9,725		

Net charge-offs as a percentage of average loans

(annualized)	0.39%	0.29%	0.39%	0.33%
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Performance ratios (annualized)

Return on average assets	1.26%	1.00%	1.25%	1.00%
Return on common equity	15.13%	11.66%	14.95%	11.56%

Net interest margin	4.30%	3.88%	4.34%	3.95%
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Average shares outstanding

- diluted	81,498,916	83,658,238	81,589,600	83,936,788
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BancorpSouth, Inc.

Consolidated Balance Sheets

(dollars in thousands)

(Unaudited)	June 30, 2002	June 30, 2001
Assets		
Cash & due from banks	303,599	306,905
Interest bearing deposits with other banks	12,108	12,460
Held-to-maturity securities	1,223,435	1,140,030
Available-for-sale securities	1,115,762	881,202
Federal funds sold and securities purchased under agreement to resell	518,727	585,131
Loans & leases	6,344,219	5,975,116
Allowance for credit losses	(86,276)	(80,829)
Net loans & leases	6,257,943	5,894,287
Mortgages held for sale	43,723	45,194
Bank premises & equipment	211,451	206,069
Accrued interest receivable	79,524	89,298
Other real estate owned	18,295	9,650
Other assets	138,958	123,919
Total assets	9,923,525	9,294,145
Liabilities		
Demand deposits:		
Non-interest bearing	1,096,257	1,042,523
Interest bearing	2,306,227	1,847,738
Total demand deposits	3,402,484	2,890,261
Savings & time deposits:		
Savings	851,714	905,089
Certificates of deposit	4,001,361	3,937,292
Total savings & time deposits	4,853,075	4,842,381
Total deposits	8,255,559	7,732,642
Federal funds purchased and securities sold under agreement to repurchase	458,807	507,432
Short-term borrowings	4,000	0
Accrued interest payable	26,309	40,010
Long-term debt	140,357	141,503
Junior subordinated debt	125,000	0
Other liabilities	82,692	74,019
Total liabilities	9,092,724	8,495,606
Shareholders' Equity		
Common stock	202,052	206,857
Capital surplus	18,115	31,886
Unrealized gain(loss) on securities	27,080	22,551
Retained earnings	583,554	537,245
Total shareholders' equity	830,801	798,539
Total liabilities & shareholders' equity	9,923,525	9,294,145

BancorpSouth, Inc.

Consolidated Statements of Income

(amounts in thousands, except per share data)

(Unaudited) Quarter Ended

	Jun-02	Mar-02	Dec-01	Sep-01	Jun-01
Interest Revenue:					
Loans, including fees	\$115,144	\$114,796	\$121,626	\$128,049	\$131,794
Held-to-maturity securities:	16,093	16,429	16,706	17,698	16,630
Available-for-sale securities	15,571	16,413	14,772	14,757	14,243
Short term investments	3,427	3,363	3,932	4,477	7,009
Total interest revenue	150,235	151,001	157,036	164,981	169,676
Interest Expense:					
Deposits	46,834	49,901	63,060	73,071	80,763
Short term borrowings	1,186	1,034	1,571	2,700	3,082
Long term borrowings	2,069	2,112	2,100	2,105	2,171
Junior subordinated debt	2,547	1,783	0	0	0
Other interest expense	2,107	2,288	2,523	2,669	2,736
Total interest expense	54,743	57,118	69,254	80,545	88,752
Net interest revenue	95,492	93,883	87,782	84,436	80,924
Provision for credit losses	7,215	6,760	6,542	6,852	4,769
Net interest revenue, after credit loss provision	88,277	87,123	81,240	77,584	76,155
Other Revenue:					
Mortgage lending	900	5,554	12,913	(1,462)	7,068
Service charges	12,595	10,210	11,041	10,469	10,906
Life insurance premiums	1,091	1,127	1,155	1,151	1,127
Trust income	1,644	1,917	1,613	2,022	1,610
Securities gains, net	2,888	(25)	3,770	3,943	74
Insurance commissions	5,887	5,668	5,262	5,146	5,405
Other	6,404	9,025	6,205	5,465	5,801
Total other revenue	31,409	33,476	41,959	26,734	31,991
Other Expense:					
Salaries and employee benefits	40,226	42,591	41,451	37,083	38,425
Occupancy	5,422	5,254	5,132	5,263	5,005
Equipment	6,264	6,535	6,382	6,442	6,943
Telecommunications	2,032	1,925	2,143	2,244	2,123
Other	20,630	20,867	20,842	22,253	20,750
Total other expense	74,574	77,172	75,950	73,285	73,246
Income before income taxes	45,112	43,427	47,249	31,033	34,900
Income tax expense	14,185	14,029	15,935	9,450	11,654
Net Income	30,927	29,398	31,314	21,583	23,246
Net Income Per Share:					
Basic	\$0.38	\$0.36	\$0.39	\$0.26	\$0.28
Diluted	\$0.38	\$0.36	\$0.38	\$0.26	\$0.28

BancorpSouth, Inc.

Consolidated Statements of Income

(amounts in thousands, except per share data)

(Unaudited)

	Year To Date	
	Jun-02	Jun-01
Interest Revenue:		
Loans, including fees	\$229,941	\$268,531
Held-to-maturity securities:	32,522	32,681
Available-for-sale securities	31,984	29,819
Short term investments	6,789	12,787
Total interest revenue	301,236	343,818
Interest Expense:		
Deposits	96,736	164,707
Short term borrowings	2,220	6,639
Long term borrowings	4,181	4,436
Junior subordinated debt	4,330	0
Other interest expense	4,395	5,512
Total interest expense	111,862	181,294
Net interest revenue	189,374	162,524
Provision for credit losses	13,975	8,866
Net interest revenue, after credit loss provision	175,399	153,658
Other Revenue:		
Mortgage lending	6,454	5,735
Service charges	22,805	21,248
Life insurance premiums	2,218	2,222
Trust income	3,561	3,294
Securities gains, net	2,863	2,958
Insurance commissions	11,554	10,013
Other	15,430	14,470
Total other revenue	64,885	59,940
Other Expense:		
Salaries and employee benefits	82,817	77,146
Occupancy	10,676	10,134
Equipment	12,799	13,975
Telecommunications	3,957	4,305
Other	41,497	40,518
Total other expense	151,746	146,078
Income before income taxes	88,538	67,520
Income tax expense	28,214	21,955
Net Income	60,324	45,565
Net Income Per Share:		
Basic	\$0.74	\$0.55
Diluted	\$0.74	\$0.54

BancorpSouth, Inc.

Average Balances, Interest Income and Expense,

and Average Yields and Rates

(dollars in thousands)

Unaudited

	Year To Date		
	June 30, 2002		
	Average	Yield/	
(Taxable equivalent basis)	Balance	Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,262,136	\$230,884	7.44%
Held-to-maturity securities:			
Taxable	944,906	27,581	5.89%
Non Taxable	197,359	7,601	7.77%
Available-for-sale securities			
Taxable	1,073,660	27,673	5.20%
Non Taxable	195,347	6,632	6.85%
Short term investments	404,781	6,790	3.38%

Total interest earning assets and revenue	9,078,189	307,161	6.82%
Other assets	712,714		
Less: allowance for credit losses	(84,868)		
Total	\$9,706,035		

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$2,290,828	\$18,129	1.60%
Savings	878,716	6,984	1.60%
Time	3,873,088	71,623	3.73%
Short-term borrowings	452,543	6,616	2.95%
Junior subordinated debt	104,282	4,330	8.15%
Long-term debt	140,160	4,181	6.02%

Total interest bearing liabilities and expense	7,739,617	111,863	2.91%
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Demand deposits - non-interest bearing	1,041,099		
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Other liabilities	111,834		
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Total liabilities	8,892,550		
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Shareholders' equity	\$813,484		
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Total	\$9,706,035		
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Net interest revenue	\$195,298		
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Net interest margin	4.34%		
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Net interest rate spread	3.91%		
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Interest bearing liabilities to interest earning assets	85.26%		
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Net interest tax equivalent adjustment	\$5,925		
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BancorpSouth, Inc.

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

(dollars in thousands) Year To Date

Unaudited June 30, 2001

	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		
ASSETS			
Loans net of Unearned Income	\$6,043,981	\$269,174	8.98%
Held-to-maturity securities:			
Taxable	875,977	27,176	6.26%
Non Taxable	223,420	8,469	7.64%
Available-for-sale securities			
Taxable	803,572	25,665	6.44%
Non Taxable	169,367	6,391	7.61%
Short term investments	488,735	12,787	5.28%
Total interest earning assets and revenue	8,605,052	349,662	8.19%
Other assets	695,422		
Less: allowance for credit losses	(80,688)		
Total	\$9,219,786		

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$1,800,927	\$27,685	3.10%
Savings	893,345	19,698	4.45%
Time	3,973,173	117,324	5.95%
Short-term borrowings	501,479	12,151	4.89%
Junior subordinated debt	0	0	
Long-term debt	149,080	4,436	6.00%

Total interest bearing liabilities and expense	7,318,004	181,294	5.00%
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Demand deposits - non-interest bearing	986,281		
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Other liabilities	120,649		
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Total liabilities	8,424,934		
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Shareholders' equity	\$794,852		
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Total	\$9,219,786	
Net interest revenue	\$168,368	
Net interest margin	3.95%	
Net interest rate spread	3.20%	
Interest bearing liabilities to interest earning assets	85.04%	

Net interest tax equivalent adjustment	\$5,844
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BancorpSouth, Inc.

Average Balances, Interest Income
and Expense,

and Average Yields and Rates

(dollars in thousands) Quarter Ended

Unaudited June 30, 2002

	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		
ASSETS			
Loans net of Unearned Income	\$6,323,983	\$115,611	7.33%
Held-to-maturity securities:			
Taxable	954,261	13,643	5.73%
Non Taxable	196,409	3,769	7.70%
Available-for-sale securities			
Taxable	1,091,573	13,417	4.93%
Non Taxable	197,212	3,314	6.74%
Short term investments	424,143	3,427	3.24%
Total interest earning assets and revenue	9,187,581	153,181	6.69%
Other assets	715,892		
Less: allowance for credit losses	(85,472)		
Total	\$9,818,001		

LIABILITIES AND

SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$2,323,638	\$9,295	1.60%
Savings	866,708	3,424	1.58%
Time	3,930,864	34,115	3.48%
Short-term borrowings	453,611	3,293	2.91%
Junior subordinated debt	125,000	2,547	8.15%
Long-term debt	140,458	2,069	5.91%
Total interest bearing liabilities and expense	7,840,279	54,743	2.80%
Demand deposits - non-interest bearing	1,044,430		
Other liabilities	113,351		
Total liabilities	8,998,060		
Shareholders' equity	\$819,941		
Total	\$9,818,001		

Net interest revenue	\$98,438	
Net interest margin	4.30%	
Net interest rate spread	3.89%	
Interest bearing liabilities to interest earning assets	85.34%	

Net interest tax equivalent adjustment	\$2,946
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BancorpSouth, Inc.

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

(dollars in thousands) Quarter Ended

Unaudited March 31, 2002

	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		
ASSETS			
Loans net of Unearned Income	\$6,199,602	\$115,273	7.54%
Held-to-maturity securities:			
Taxable	935,448	13,938	6.04%

Non Taxable	198,319	3,832	7.84%
Available-for-sale securities			
Taxable	1,055,547	14,256	5.48%
Non Taxable	193,462	3,318	6.96%
Short term investments	385,204	3,363	3.54%
Total interest earning assets and revenue	8,967,582	153,980	6.96%
Other assets	709,501		
Less: allowance for credit losses	(84,258)		
Total	\$9,592,825		

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$2,257,654	\$8,834	1.59%
Savings	890,858	3,560	1.62%
Time	3,814,671	37,509	3.99%
Short-term borrowings	451,464	3,322	2.98%
Junior subordinated debt	83,333	1,783	8.15%
Long-term debt	139,859	2,112	6.12%
Total interest bearing liabilities and expense	7,637,839	57,118	3.03%
Demand deposits - non-interest bearing	1,037,730		
Other liabilities	110,299		
Total liabilities	8,785,869		
Shareholders' equity	\$806,956		
Total	\$9,592,825		
Net interest revenue		\$96,862	
Net interest margin		4.38%	
Net interest rate spread		3.93%	
Interest bearing liabilities to interest earning assets		85.17%	
Net interest tax equivalent adjustment	\$2,979		

BancorpSouth, Inc.

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

(dollars in thousands) Quarter Ended

Unaudited December 31, 2001

	Average	Yield/	
(Taxable equivalent basis)	Balance	Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,114,950	\$121,938	7.91%
Held-to-maturity securities:			
Taxable	925,219	14,155	6.07%
Non Taxable	204,945	3,925	7.60%
Available-for-sale securities			
Taxable	889,326	12,617	5.63%
Non Taxable	192,026	3,314	6.85%
Short term investments	416,228	3,933	3.75%
Total interest earning assets and revenue	8,742,694	159,882	7.26%
Other assets	689,115		
Less: allowance for credit losses	(83,361)		
Total	\$9,348,448		

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$2,045,838	\$10,089	1.96%
Savings	881,196	5,838	2.63%
Time	3,806,071	47,133	4.91%
Short-term borrowings	497,747	4,094	3.26%
Long-term debt	141,036	2,100	5.91%
Total interest bearing liabilities and expense	7,371,888	69,254	3.73%
Demand deposits -			

non-interest bearing	1,033,567	
Other liabilities	135,332	
Total liabilities	8,540,787	
Shareholders' equity	807,661	
Total	\$9,348,448	
Net interest revenue		\$90,628
Net interest margin		4.11%
Net interest rate spread		3.53%
Interest bearing liabilities to interest earning assets		84.3%
Net interest tax equivalent adjustment	\$2,846	

BancorpSouth, Inc.

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

(dollars in thousands) Quarter Ended

Unaudited September 30, 2001

	Average Balance	Yield/ Interest	Rate
(Taxable equivalent basis)			
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 Balance	Yield/ Interest	Rate
(Taxable equivalent basis)			
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		3.15%	
Interest bearing liabilities to interest earning assets		84.78%	
Net interest tax equivalent adjustment	\$2,938		

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SOURCE: BancorpSouth, Inc.

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