

## **BancorpSouth, Inc. Reports 33.3% Increase in First Quarter Earnings Per Share**

PRNewswire-FirstCall  
TUPELO, Miss.

BancorpSouth, Inc. today announced net income per share (basic and diluted) was \$.36 for the first quarter of 2002 as compared to \$.27 for the first quarter of 2001, an increase of 33.3 percent. Net income for the first quarter of 2002 was \$29.4 million compared to \$22.3 million for the first quarter of 2001, an increase of 31.8 percent.

BancorpSouth officials credited the successful merger integration of the former First United Bancshares and continued emphasis on local market management for the company's strong performance.

Aubrey Patterson, Chairman and Chief Executive Officer of BancorpSouth, commented, "we are focused on growing our business by increasing market share in our six-state region while continuing to stress credit quality and profitability. By concentrating on these fundamentals, we have been able to sustain earnings growth and enhance long-term shareholder value."

Patterson also commented, "Earnings benefited from the relative stability of interest rates during the quarter, a welcome change after four quarters of declining rates. Our net interest margin expanded as the average yield on deposits continued to decline while loan pricing remained relatively flat. Because we are not able to reprice deposits immediately in a period of falling rates, interest rates on deposits continue to decline for a number of months after any cuts by the Federal Reserve, while loan rates generally react to changes in market rates more rapidly.

"Our mortgage business, which has been a strong contributor to earnings over the past few quarters, continues to be active, although the pace has slowed somewhat as mortgage rates have begun to move up. Refinancings now represent a smaller proportion of total underwritings as the bubble of homeowners eager to take advantage of low rates has somewhat subsided.

"A highlight of the quarter was the completion of our merger with Pinnacle Bancshares, Inc. on February 28, 2002. This strategically important acquisition gives BancorpSouth two locations in Little Rock, the largest market in Arkansas but one where we have not had a presence. Pinnacle was not a large bank, \$130 million in assets, but it had a sophisticated professional staff and a clientele of top-tier small businesses and high net worth individuals. In addition, Pinnacle had a strong mortgage subsidiary, that was the second largest mortgage producer in Little Rock, and it will continue to operate under our mortgage department. We expect to convert the former Pinnacle offices to our systems in April 2002 at minimal cost."

## Net Interest Revenue

Total interest revenue was \$151.0 million in the first quarter of 2002, down 13.3 percent from \$174.1 million in the corresponding period in 2001 and down 3.8 percent from \$157.0 reported in the fourth quarter of 2001. Total interest expense for the first quarter of 2002 was \$57.1 million, down 38.3 percent from total interest expense of \$92.5 million in the same period in 2001 and 17.6 percent from total interest expense of \$69.3 million reported in the fourth quarter of 2001. Net interest revenue is the difference between interest revenue and interest expense. Net interest revenue for the first quarter of 2002 was \$93.9 million, an increase of \$12.3 million, or 15.1 percent, from net interest revenue of \$81.6 million in the same period of the prior year and increased 6.9 percent over net interest revenue reported in the fourth quarter of 2001. Net interest margin improved to 4.38 percent, compared to 4.01 percent in the first quarter of 2001 and 4.11 percent in the fourth quarter of 2001. The cost of interest-bearing liabilities was 3.03 percent in the first quarter of 2002, compared to 5.15 percent in the first quarter of 2001 and 3.73 percent in the fourth quarter of 2001, while the taxable equivalent yield on earning assets was 6.96 percent in the first quarter of 2002 versus 8.41 percent in the same period in 2001 and 7.26 percent in the fourth quarter of 2001.

## Deposit and Loan Activity

BancorpSouth reported growth in total assets and total deposits compared to both the end of the first quarter of 2001 and year-end 2001. As of March 31, 2002, total assets were \$9.8 billion, up 4.6 percent from total assets of \$9.4 billion as of both March 31, 2001 and December 31, 2001. Total deposits were \$8.2 billion, up 5.0 percent from March 31, 2001, and up 4.0 percent since December 31, 2001. Total loans as of March 31, 2001, were \$6.2 billion, 4.1 percent higher than the level as of March 31, 2001, and 2.2 percent greater than the balance as of December 31, 2001.

Continuing a practice begun in the first quarter of 2000, the company sold its accumulated inventory of insured student loans in the first quarter of 2002. The sale of the \$80.1 million loan portfolio created a pretax gain of \$2.1 million. In addition, management continued to reduce the company's exposure to indirect automobile sales financing by allowing our portfolio of such loans to decline. The portfolio declined \$23.4 million in the first quarter of 2002, reaching a balance of \$123.0 million at March 31, 2002 and has decreased \$107.1 million since the first quarter of 2001. Excluding the impact of these two items and the Pinnacle Bancshares merger, total loan volume would have increased 5.7 percent on an annualized basis from December 31, 2001 to March 31, 2002.

"As loan growth slowed in response to the weaker economy, we have focused on improving our interest rate spread through careful pricing of deposits," Patterson stated. "The growth in deposits stems from a 'flight to quality,' as customers are moving more of their assets to demand deposits while they wait for the financial markets to stabilize.

"Recently we have begun to see encouraging signals from economic indicators, not signals of robust growth, but solidly positive, and we look for both loan demand and deposit growth to increase in the second half of this year. We suffered less than many others during the recent economic slowdown because of the diverse economic sectors represented in our markets. Our Jackson, Mississippi and Gulf Coast markets continue to be relatively insulated from the economic slowdown, but our manufacturing-dependent markets felt the impact. In these markets, orders are beginning to pick up and employment is rising. In some of our urban markets, lending for real estate development slowed, particularly for housing development, because of oversupply in the market. However, now that we are entering the home building season, we expect to see a positive trend in home construction financing."

#### Provision for Credit Losses and Allowance for Credit Losses

The provision for credit losses in the first quarter of 2002 was \$6.8 million, versus \$4.1 million in the same quarter of 2001 and \$6.5 million in the fourth quarter of 2001. Annualized net charge-offs for the first quarter of 2002 were 0.39 percent of average loans, while they were 0.36 percent of average loans in the same quarter of 2001 and 0.40 percent of average loans in the fourth quarter of 2001.

Non-performing assets totaled \$57.2 (0.92 percent of loans) as of March 31, 2002, compared to \$43.6 (0.73 percent of loans) as of March 31, 2001, and \$59.6 million (0.98 percent of loans) at December 31, 2001. The allowance for credit losses amounted to 1.37 percent of loans at March 31, 2002, compared to 1.34 percent of loans at March 31, 2001 and 1.37 percent of loans at December 31, 2001.

"Measures of credit quality typically lag the economy, as successive quarters of economic weakness have a cumulative effect on borrowers," Patterson explained. "Therefore, while we continue to adhere to our strict credit standards, we were not surprised to see some slippage in our credit quality indicators in the first quarter. We expect to see improvement in these indicators as the economic recovery continues."

#### Non-interest Revenue

Non-interest revenue totaled \$33.5 million in the first quarter of 2002, up 19.8 percent from the \$27.9 million reported in the first quarter of 2001, but 20.2 percent lower than \$42.0 million reported in the fourth quarter of 2001.

These comparisons were impacted by several significant items. Much of the variance was caused by swings in the revenue from mortgage lending, due in part to changes in the value of our mortgage servicing asset, which represents the present value of the future stream of servicing revenue. Mortgage lending contributed \$5.6 million in the first quarter of 2002, which includes a \$0.5 million recovery of previously recorded impairment charges to the mortgage servicing asset. This compares to a loss of \$1.3 million in the first quarter of 2001 as falling interest rates caused a \$4.3 million impairment in the value of our mortgage servicing asset. In the fourth quarter of 2001, mortgage revenue was \$12.9

million as low interest rates generated high volumes of both new originations and mortgage refinancings, and the company benefited from the reversal during the fourth quarter of 2001 of \$4.5 million in previously recorded impairment charges to the mortgage servicing asset as mortgage rates moved up. Net gains on the sale of securities also had a substantial impact. The company showed a loss of \$25,000 in the first quarter of 2002, compared to gains of \$2.9 million in the first quarter of 2001 and \$3.8 million in the fourth quarter of 2001.

"Fee-based services are contributing a revenue stream that is not impacted by changes in interest rates, thus adding stable growth," Patterson stated. "In the recent quarter, trust fees increased 13.8 percent while insurance commissions gained 23.0 percent, with strong annuity sales more than offsetting some weakness in the commercial market. We will be introducing our products to the customers of Pinnacle Bank, as well as continuing their penetration in former First United markets."

#### Non-interest Expense

Non-interest expense for the first quarter of 2002 was \$77.2 million, up 6.0 percent from \$72.9 million for the first quarter of 2001 and up 1.6 percent from \$76.0 million in the fourth quarter of 2001.

"We continue to see the positive impact of cost reductions resulting from the integration of First United, particularly in terms of data processing costs," explained Jim Kelley, President and Chief Operating Officer of BancorpSouth. "We are continuing to make progress as we gradually implement our loan file centralization process, which is our other major cost-saving initiative. This project currently generates some incremental cost because we are operating some redundant systems through the implementation phase, but we expect it to generate cost savings in the future."

As of January 1, 2002, the company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which changes the accounting treatment of goodwill and other intangible assets. Under SFAS 142, companies will no longer record the amortization of goodwill as an expense for financial reporting purposes. Instead, companies must test their intangible assets annually for impairment of the assets' value and write off any impairment. We expect to complete the initial impairment test under SFAS 142 in the second quarter of 2002. In the first quarter of 2002, this accounting change reduced goodwill amortization by \$768,000 compared to the same quarter of 2001.

#### Capital Management

We issued \$125 million of 8.15 percent Trust Preferred Securities in January 2002. This new long-term regulatory capital will be used for general corporate purposes, which may include repurchasing common stock and financing acquisitions.

"We went to market with this issue at the optimum time," said Patterson, "catching the low point of interest rates. At the time these securities were issued, the 8.15 percent distribution rate was the lowest

rate received by a regional bank holding company for a similar security offering with a similar credit rating. This additional funding enables us to take advantage of any potential investment opportunities that will enhance our growth, including strategic acquisitions."

During the first quarter of 2002, we repurchased a total of 801,000 shares of our outstanding common stock under a repurchase program announced on March 5, 2001, which authorized us to acquire up to 4.2 million shares, or approximately 5% of the shares outstanding at the time of the announcement. As of March 31, 2002, a total of 3,766,000 shares have been repurchased under this program and there are 434,000 shares remaining under this authorization. In addition, in February 2002 we announced a new common stock repurchase program, which authorized the repurchase of up to an additional 4.1 million shares within a period of 18 months, of which no shares have been repurchased as of March 31, 2002.

#### Conference Call

BancorpSouth will conduct a conference call with stock analysts at 1:30 p.m. (Central Time) on April 19, 2002. Investors may listen via the internet by accessing our 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 \$9.8 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, fee-based services, 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, the exposure to indirect automobile sales financing, home construction financing, capital management and liquidity, prospects for 2002, accounting treatment of intangible assets, use of proceeds from the Trust Preferred Securities, 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 or stabilize, ability to maintain credit quality, 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 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 March 31,	
	2002	2001
(Dollars in thousands, except per share amounts)		
Earnings Summary:		
Net interest revenue	\$93,883	\$81,599
Provision for credit losses	6,760	4,097
Noninterest revenue	33,476	27,949
Noninterest expense	77,172	72,832
Income before income taxes	43,427	32,619
Income tax provision	14,029	10,300
Net income	\$29,398	\$22,319
Earning per share: Basic	\$0.36	\$0.27
Diluted:	\$0.36	\$0.27

#### Balance sheet data at March 31:

Total assets	\$9,816,856	\$9,384,078
Total earning assets	9,156,724	8,738,930
Loans and lease receivables, net of unearned discount	6,206,910	5,960,862
Allowance for credit losses	85,140	80,461
Total deposits	8,175,131	7,785,627
Common shareholders' equity	810,667	804,085
Book value per share	9.98	9.59

#### Average balance sheet data:

Total assets	\$9,592,825	\$9,160,057
Total earning assets	8,967,582	8,539,226
Loans and lease receivables, net of unearned discount	6,142,294	6,025,742
Total deposits	8,000,913	7,612,436
Common shareholders' equity	806,956	789,892

Non-performing assets at March 31:		
Non-accrual loans	\$9,714	\$12,116
Loans 90+ days past due	30,789	22,338
Restructured loans	38	1,542
Other real estate owned	16,640	7,643
Net charge-offs as a percentage of average loans (annualized)	0.39%	0.36%
Performance ratios (annualized)		
Return on average assets	1.24%	0.99%
Return on common equity	14.77%	11.46%
Net interest margin	4.38%	4.01%
Average shares outstanding - diluted	81,680,282	84,215,338

BancorpSouth, Inc.

Consolidated Balance Sheets

(dollars in thousands)

(Unaudited)                      March 31, 2002      March 31, 2001

Assets		
Cash & due from banks	288,797	298,663
Interest bearing deposits with other banks	13,608	7,871
Held-to-maturity securities	1,180,333	1,224,997
Available-for-sale securities	1,420,635	973,847
Federal funds sold and securities purchased under agreement to resell	278,053	520,399
Loans & leases	6,206,910	5,960,862
Allowance for credit losses	(85,140)	(80,461)
Net loans & leases	6,121,770	5,880,401
Mortgages held for sale	57,185	50,953
Bank premises & equipment	213,329	202,539
Accrued interest receivable	85,555	90,827
Other real estate owned	17,047	7,568
Other assets	140,544	126,013
Total assets	9,816,856	9,384,078
Liabilities		
Demand deposits:		
Non-interest bearing	1,084,148	1,032,551
Interest bearing	2,320,449	1,828,324
Total demand deposits	3,404,597	2,860,875
Savings & time deposits:		
Savings	893,693	895,771
Certificates of deposit	3,876,841	4,028,981
Total savings & time deposits	4,770,534	4,924,752
Total deposits	8,175,131	7,785,627
Federal funds purchased and securities sold under agreement to repurchase		
	444,137	502,749
Short-term borrowings	4,000	0
Accrued interest payable	31,956	52,466
Long-term debt	140,651	151,778
Junior subordinated debt	125,000	0
Other liabilities	85,314	87,373
Total liabilities	9,006,189	8,579,993
Shareholders' Equity		
Common stock	203,078	209,615
Capital surplus	15,112	46,153
Unrealized gain (loss) on securities	15,790	22,933
Retained earnings	576,687	525,384
Total shareholders' equity	810,667	804,085

Total liabilities & shareholders' equity	9,816,856	9,384,078
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BancorpSouth, Inc.

Consolidated Statements of Income

(amounts in thousands, except per share data)

(Unaudited)

Quarter Ended

	Mar-02	Dec-01	Sep-01	Jun-01	Mar-01
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Interest Revenue:

Loans, including

fees	\$114,796	\$121,626	\$128,049	\$131,794	\$136,737
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Held-to-maturity

securities:	16,429	16,706	17,698	16,630	16,050
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Available-for-

sale securities	16,413	14,772	14,757	14,243	15,576
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Short term

investments	3,363	3,932	4,477	7,009	5,777
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Total interest

revenue	151,001	157,036	164,981	169,676	174,140
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Interest Expense:

Deposits	49,901	63,060	73,071	80,763	83,944
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Short term

borrowings	1,034	1,571	2,700	3,082	3,557
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Long term

borrowings	2,112	2,100	2,105	2,171	2,265
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Other interest

expense	4,071	2,523	2,669	2,736	2,775
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Total interest

expense	57,118	69,254	80,545	88,752	92,541
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Net interest

revenue	93,883	87,782	84,436	80,924	81,599
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Provision for

credit losses	6,760	6,542	6,852	4,769	4,097
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Net interest

revenue,

after credit

loss provision	87,123	81,240	77,584	76,155	77,502
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Other Revenue:

Mortgage lending	5,554	12,913	(1,462)	7,068	(1,333)
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Service charges	10,210	11,041	10,469	10,906	10,342
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Life insurance

premiums	1,127	1,155	1,151	1,127	1,094
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Trust income	1,917	1,613	2,022	1,610	1,684
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Securities gains,

net	(25)	3,770	3,943	74	2,884
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Insurance

commissions	5,668	5,262	5,146	5,405	4,608
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Other	9,025	6,205	5,465	5,801	8,670
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Total other

revenue	33,476	41,959	26,734	31,991	27,949
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Other Expense:

Salaries and

employee benefits	42,591	41,451	37,083	38,425	38,721
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Occupancy	5,254	5,132	5,263	5,005	5,129
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Equipment	6,535	6,382	6,442	6,943	7,032
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Telecommunications	1,925	2,143	2,244	2,123	2,182
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Other	20,867	20,842	22,253	20,750	19,768
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Total other

expense	77,172	75,950	73,285	73,246	72,832
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Income before

income taxes	43,427	47,249	31,033	34,900	32,619
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Income tax expense	14,029	15,935	9,450	11,654	10,300
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Net Income	\$29,398	\$31,314	\$21,583	\$23,246	\$22,319
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Net Income Per

Share:

Basic	\$0.36	\$0.39	\$0.26	\$0.28	\$0.27
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Diluted	\$0.36	\$0.38	\$0.26	\$0.28	\$0.27
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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/		
(Taxable equivalent basis)	Balance	Interest	Rate	
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
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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%
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Long-term debt	141,036	2,100	5.91%
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Total interest bearing liabilities and expense	7,371,888	69,254	3.73%
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Demand deposits - non-interest bearing	1,033,567
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Other liabilities	135,332
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Total liabilities	8,540,787
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Shareholders' equity	807,661
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Total	\$9,348,448
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Net interest revenue	\$90,628
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Net interest margin	4.11%
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Net interest rate spread	3.53%
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Interest bearing liabilities to interest earning assets	84.3%
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Net interest tax equivalent adjustment	\$2,846
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BancorpSouth, Inc.

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

(dollars in thousands) Quarter Ended

Unaudited September 30, 2001

	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		

ASSETS

Loans net of Unearned Income	\$6,054,016	\$128,367	8.41%
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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%
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Total interest earning assets and revenue	8,653,305	167,884	7.70%
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Other assets	686,603
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Less: allowance for credit losses	(81,651)
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Total	\$9,258,257
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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%
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Long-term debt	141,323	2,105	5.91%
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Total interest bearing liabilities and expense	7,345,940	80,546	4.35%
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Demand deposits - non-interest bearing	1,006,233
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Other liabilities	116,684
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Total liabilities	8,468,857
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Shareholders' equity	789,400
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Total	\$9,258,257
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Net interest revenue	\$87,338
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Net interest margin	4.00%
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Net interest rate spread	3.35%
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Interest bearing liabilities to interest earning assets	84.9%
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Net interest tax equivalent adjustment	\$2,901
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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, 2001

	Average	Yield/	
(Taxable equivalent basis)	Balance	Interest	Rate
<b>ASSETS</b>			
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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BancorpSouth, Inc.

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

(dollars in thousands) Quarter Ended

Unaudited March 31, 2001

	Average	Yield/	
(Taxable equivalent basis)	Balance	Interest	Rate
<b>ASSETS</b>			
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		

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SOURCE: BancorpSouth, Inc.

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## ***Cadence Bank***

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