

BancorpSouth Inc. Reports Fourth Quarter and Year 2000 Earnings

PRNewswire
TUPELO, Miss.

BancorpSouth, Inc. today reported earnings for the fourth quarter and year 2000. For the year ended December 31, 2000, net income was \$74.4 million or 88 cents per diluted share, compared to \$102.4 million or \$1.19 per diluted share for 1999. Net operating income (net income excluding merger-related items) totaled \$96.9 million or \$1.14 per diluted share, as compared to \$103.2 million or \$1.20 per diluted share for 1999.

For the fourth quarter of 2000, net income, which includes merger-related items, was \$12.3 million or 15 cents per diluted share, compared to \$26.4 million or 31 cents per diluted share in the same period of 1999. Net operating income, excluding merger-related items, for the fourth quarter of 2000 was \$22.8 million or 27 cents per diluted share, versus \$26.5 million or 31 cents per diluted share for the same quarter of 1999.

Fourth quarter results include the effect of restructuring the investment portfolio acquired on August 31, 2000 in the merger with First United Bancshares, Inc. The sale of investment securities resulted in a \$9.7 million, 12 cents per diluted share, after-tax loss in the fourth quarter. Other merger-related expenses in the fourth quarter of 2000 totaled \$900,000, net of tax, or one cent per diluted share.

BancorpSouth continued to experience growth in total assets, net loans and leases and total deposits in the fourth quarter. At the end of 2000, total assets were \$9.0 billion, up 7.2 percent from year-end 1999; net loans and leases were \$6.0 billion, up 10.0 percent since the end of 1999; while total deposits were \$7.5 billion, up 5.9 percent from year-end 1999.

Aubrey Patterson, Chairman and Chief Executive Officer, commented, "We are well on our way to creating a premier Mid-South regional financial services company. We have the products and services in place to play a major role in assisting our customers to create and to preserve wealth. While we expect that the company will experience increased levels of expenses for the next three quarters until the merger of First United Bancshares is fully integrated with BancorpSouth's operating systems, we believe that our most significant costs relating to the merger and investment security portfolio restructuring are behind us.

By the fourth quarter of 2001, we will begin to realize major cost savings associated with our acquisition of First United Bancshares. Realizing these cost savings as well as generating increased revenue by providing additional financial products and services to existing customers is the formula for increasing shareholder value in 2001 and beyond."

Taxable equivalent net interest earnings were \$85.9 million in the fourth quarter of 2000, compared to \$86.1 million for the corresponding period in 1999, a .2 percent decrease. The fourth quarter net interest margin was 4.03 percent, compared to 4.36 percent for fourth quarter 1999 and 3.98 percent in third quarter 2000. The cost of interest-bearing liabilities increased to 5.35 percent in the fourth quarter of 2000 from 4.57 percent in fourth quarter 1999, while the taxable equivalent yield on earning assets increased to 8.61 percent from 8.26 percent.

Excluding securities gains and losses, non-interest income totaled \$25.6 million for the fourth quarter 2000 versus \$24.0 million for fourth quarter 1999, an increase of 6.7 percent. Increases were experienced in deposit service charges, insurance service fees and broker/dealer revenues.

Non-interest expenses for the fourth quarter 2000, before merger-related items were \$68.3 million, compared to \$65.1 million in 1999, an increase of 5.0 percent. Excluding merger-related charges, the company's efficiency ratio, the ratio on non-interest expenses to net revenues, was 61.2 percent for the quarter and 59.6 percent for the year 2000.

The provision for loan losses in the fourth quarter of 2000 was \$5.5 million, compared to \$5.2 million for the fourth quarter 1999. Annualized net charge-offs for the fourth quarter of 2000 were .19 percent of average loans, compared to .35 percent of average loans in the year-ago quarter and .70 percent in the third quarter of 2000.

Non-performing assets totaled \$51.5 million (.85 percent of net loans) at December 31, 2000, compared to \$45.3 million at December 31, 1999 (.82 percent of net loans) and \$46.9 million at September 30, 2000 (.79 percent of net loans). The allowance for possible loan losses amounts to 1.34 percent of total net loans at December 31, 2000.

BancorpSouth, Inc. is a financial services company with \$9 billion in assets, headquartered in Tupelo, Mississippi. 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 earnings and shareholder value for 2001 and beyond.

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, changes in BancorpSouth's investment strategy, BancorpSouth's ability to realize anticipated returns on its investment portfolio 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 December 31,		Twelve Months Ended December 31,	
	2000	1999	2000	1999

(Dollars in thousands except per share amounts)

Earnings summary (excluding merger- related costs):

Net interest revenue	\$82,799	\$83,087	\$327,152	\$316,520
Provision for credit losses	5,497	5,169	20,059	17,812
Noninterest revenue	25,698	24,099	101,224	100,321
Noninterest expense	68,315	65,090	262,376	250,664
Income before income taxes	34,685	36,927	145,941	148,365
Income tax provision	11,846	10,436	49,040	45,202
Net income	\$22,839	\$26,491	\$96,901	\$103,163
Earnings per share: Basic	\$0.27	\$0.31	\$1.15	\$1.21
Diluted	\$0.27	\$0.31	\$1.14	\$1.20

Earnings summary (as reported):

Net interest revenue	\$82,799	\$83,087	\$327,152	\$316,520
Provision for credit losses	5,497	5,169	26,166	17,812
Noninterest revenue	10,014	24,099	85,540	100,321
Noninterest expense	69,628	65,206	274,189	251,882
Income before income taxes	17,688	36,811	112,337	147,147
Income tax provision	5,413	10,392	37,941	44,736
Net income	\$12,275	\$26,419	\$74,396	\$102,411
Earnings per share: Basic	\$0.15	\$0.31	\$0.88	\$1.20
Diluted	\$0.15	\$0.31	\$0.88	\$1.19

Balance sheet data at December 31:

Total assets	\$9,044,505	\$8,441,697
Total earning assets	8,394,275	7,814,004
Loans and lease receivables, net of unearned discount	6,095,314	5,541,961
Allowance for credit losses	81,730	74,232
Total deposits	7,480,920	7,066,645
Common shareholders' equity	790,086	757,111
Book value per share	9.40	8.84

Average balance sheet data:

Total assets	\$9,062,776	\$8,402,617	\$8,756,554	\$8,139,506
Total earning assets	8,472,087	7,836,941	8,186,639	7,608,176
Loans and lease receivables,				

net of unearned discount	6,073,609	5,506,297	5,831,030	5,263,492
Total deposits	7,444,430	7,015,409	7,272,998	6,852,868
Common shareholders' equity	773,495	753,017	761,841	737,543

Non-performing assets at
December 31:

Non-accrual loans	\$15,572	\$16,501		
Loans 90+ days past due	25,731	17,311		
Restructured loans	2,789	1,179		
Other real estate owned	7,432	10,332		

Net charge-off as a
percentage of
average loans
(annualized)

0.19%	0.35%	0.34%	0.25%
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Performance ratios
(annualized) (excluding
merger-related costs)

Return on average assets	1.01%	1.26%	1.11%	1.27%
Return on common equity	11.81%	14.07%	12.72%	13.99%

Performance ratios
(annualized) (as
reported):

Return on average assets	0.54%	1.26%	0.85%	1.26%
Return on common equity	6.35%	14.03%	9.77%	13.89%

Net interest margin	4.03%	4.36%	4.14%	4.32%
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Average shares

outstanding-diluted	84,264,285	85,983,977	84,811,079	86,007,740
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BancorpSouth, Inc.
Consolidated Balance Sheets
(dollars in thousands)
(Unaudited)

	December 31, 2000	December 31, 1999
Assets		
Cash & due from banks	\$314,888	\$329,553
Interest bearing deposits with other banks	11,687	12,058
Held-to-maturity securities	1,189,129	1,031,062
Federal funds sold and securities purchased under agreement to resell	212,925	110,875
Loans & leases	6,095,315	5,541,962
Allowance for credit losses	(81,730)	(74,232)
Net loans & leases	6,013,585	5,467,730
Available-for-sale securities	857,205	1,080,063
Mortgages held for sale	27,820	37,513
Bank premises & equipment	197,898	171,867
Accrued interest receivable	89,605	73,076
Other real estate owned	7,892	11,182
Other assets	121,871	116,718
Total assets	\$9,044,505	\$8,441,697
Liabilities		
Demand deposits:		
Non-interest bearing	\$1,009,808	\$966,491
Interest bearing	1,682,278	1,589,155
Total demand deposits	2,692,086	2,555,646
Savings & time deposits:		

Savings	487,035	269,786
Premium access	437,556	667,722
Certificates of deposit	3,864,243	3,573,492
Total savings & time deposits	4,788,834	4,511,000
Total deposits	7,480,920	7,066,646
Federal funds purchased and securities sold under agreement to repurchase	304,502	257,427
Short-term borrowings	0	89,000
Accrued interest payable	40,611	30,929
Long-term debt	152,049	166,247
Other liabilities	276,337	74,337
Total liabilities	8,254,419	7,684,586

Shareholders' Equity		
Common stock	214,484	214,405
Capital surplus	71,351	71,777
Unrealized gain(loss) on securities	15,202	(14,149)
Retained earnings	515,599	486,541
Less: Cost of treasury stock	(26,550)	(1,463)
Total shareholders' equity	790,086	757,111
Total liabilities & shareholders' equity	\$9,044,505	\$8,441,697

BancorpSouth, Inc.
Consolidated Statements of Income
(amounts in thousands, except per share data)
(Unaudited)

	Quarter Ended				
	Dec-00	Sep-00	Jun-00	Mar-00	Dec-99
Interest Revenue:					
Loans, including fees	\$140,892	\$134,910	\$129,030	\$124,360	\$123,471
Held-to-maturity securities:	18,141	15,899	15,307	15,408	14,176
Available-for-sale securities	16,177	21,554	17,696	17,155	18,134
Short term investments	3,185	962	1,553	1,805	2,210
Total interest revenue	178,395	173,325	163,586	158,729	157,991
Interest Expense:					
Deposits	84,709	81,031	74,088	70,536	68,036
Short term borrowings	7,007	9,058	4,416	4,274	4,183
Long term borrowings	2,378	2,559	2,442	2,397	2,498
Other interest expense	1,503	110	182	193	187
Total interest expense	95,596	92,757	81,128	77,400	74,904
Net interest revenue	82,799	80,567	82,458	81,328	83,087
Provision for credit losses	5,497	10,656	5,398	4,615	5,169
Net interest revenue, after credit loss provision	77,301	69,912	77,059	76,713	77,918
Other Revenue:					
Mortgage lending	1,900	2,493	3,059	3,422	3,466
Service charges	10,927	10,213	10,234	9,098	10,006
Life insurance premiums	1,116	1,107	1,058	1,020	1,015
Trust income	1,625	1,794	1,637	1,644	1,793
Securities gains, net	(15,549)	(254)	(7)	177	83
Insurance commissions	4,845	3,717	3,972	3,499	3,281
Other	5,151	4,496	5,333	7,814	4,455
Total other revenue	10,014	23,567	25,286	26,674	24,099
Other Expense:					
Salaries and employee benefits	33,794	34,070	32,008	33,933	33,068
Occupancy net of rental income	4,838	4,647	4,409	4,449	4,543
Equipment	6,960	6,124	5,506	5,544	5,479
Telecommunications	2,041	1,868	1,751	1,574	2,019

Other	21,994	29,900	20,161	18,619	20,098
Total other expense	69,628	76,607	63,835	64,120	65,206
Income before income taxes	14,688	16,871	38,510	39,267	36,811
Income tax expense	5,413	7,379	12,527	12,622	10,392
Net Income	\$12,275	\$9,492	\$25,983	\$26,645	\$26,419
Net Income Per Share:					
Basic	\$0.15	\$0.11	\$0.31	\$0.31	\$0.31
Diluted	\$0.15	\$0.11	\$0.31	\$0.31	\$0.31

BancorpSouth, Inc.
Consolidated
Statements of Income
(amounts in thousands, except per share data)
(Unaudited)

	Year To Date	
	Dec-00	Dec-99
Interest Revenue:		
Loans, including fees	\$529,192	\$461,938
Held-to-maturity securities:	64,756	54,004
Available-for-sale securities	72,582	72,590
Short term investments	7,505	8,141
Total interest revenue	674,034	596,674
Interest Expense:		
Deposits	310,365	256,755
Short term borrowings	24,754	11,518
Long term borrowings	9,775	10,616
Other interest expense	1,988	1,265
Total interest expense	346,883	280,154
Net interest revenue	327,152	316,520
Provision for credit losses	26,166	17,812
Net interest revenue, after credit loss provision	300,986	298,708
Other Revenue:		
Mortgage lending	10,874	18,289
Service charges	40,472	36,503
Life insurance premiums	4,300	3,975
Trust income	6,700	6,400
Securities gains, net	(15,632)	4,420
Insurance commissions	16,034	13,573
Other	22,793	17,161
Total other revenue	85,540	100,321
Other Expense:		
Salaries and employee benefits	133,805	124,750
Occupancy net of rental income	18,343	16,918
Equipment	24,134	21,611
Telecommunications	7,234	7,096
Other	90,673	81,508
Total other expense	274,189	251,882
Income before income taxes	112,337	147,147
Income tax expense	37,941	44,736
Net Income	\$74,396	\$102,411
Net Income Per Share: Basic	\$0.88	\$1.20
Diluted	\$0.88	\$1.19

FIRST AND FINAL ADD -- ADDITIONAL TABLES -- TO FOLLOW

SOURCE: BancorpSouth, Inc.

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