

BancorpSouth, Inc. Reports Second Quarter Earnings

PRNewswire
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BancorpSouth, Inc. today announced that net income for the second quarter ended June 30, 2001, was \$23.2 million or \$0.28 per share (basic and diluted), compared to \$26.0 million or \$0.31 per share (basic and diluted) for the same period of 2000.

Net income for the six months ended June 30, 2001, excluding the impact of impairment of the company's mortgage servicing asset, was \$47.6 million or \$0.57 per common share, basic and diluted. Declining interest rates, both mortgage and short-term, resulted in a \$3.3 million pre-tax, non-cash charge to earnings to record impairment to the Company's mortgage servicing asset in the first half of 2001, which reduced net income to \$45.6 million, or \$0.55 per share basic and \$0.54 diluted, compared to net income of \$52.6 million, or \$0.62 per share (basic and diluted) for the first six months of 2000.

Aubrey Patterson, Chairman and Chief Executive Officer of BancorpSouth commented, "Since January, the Federal Reserve has dropped key interest rates 275 basis points, which has had a short-term impact on our profits. The most obvious result is the temporary narrowing of our interest rate margin, as interest rates earned on some of our outstanding loans reacted to the changes more rapidly than interest rates we paid on some of our deposits. However, while we are asset-sensitive over the short term, the impact should lessen after about six months as the decline in loan rates is offset by reductions in deposit rates. We anticipate that the low point of the current interest rate cycle will be reached before the end of 2001. Under that scenario, we expect an improvement in our net interest margin in the second half of 2001 as we see more opportunities to reprice deposits while short-term loan rates remain relatively stable.

"In the second half of the year, we also expect to begin seeing cost savings from the integration of the former First United Bancshares' banks, which is expected to be completed late in the third quarter of 2001," continued Patterson. "That process continues as planned. Five more banks were recently converted to BancorpSouth systems, leaving only 3 more banks to convert. We designed the transition process to minimize customer attrition, and we have accomplished that objective. Now we will turn our attention to expanding the number of products and services we offer these customers."

Net Interest Income

Interest revenue was \$169.7 million in the second quarter of 2001, up 3.7% from the \$163.6 million reported for corresponding period in 2000. Total interest expense for the 2001 second quarter was \$88.8 million, a 9.4% increase from total interest expense of \$81.1 million in the same period of 2000.

The net interest margin in the second quarter of 2001 was 3.88%, compared to 4.30% for the second quarter of 2000. The average rate paid on interest-bearing liabilities was 4.84% in the second quarter of 2001, unchanged from the same quarter of 2000. The taxable equivalent yield on earning assets was 7.99% in the second quarter of 2001 versus 8.38% in the same period of 2000.

"We expect to see improved net interest margin in the second half of the year," commented Patterson. "Approximately 63% of our deposits are subject to being repriced in six months or less. Therefore, we should be able to reduce the interest rates paid on deposits as they mature, while the rates earned on loans are not expected to decrease at the same pace. In fact, we are seeing an increase in the slope of the yield curve as some long-term rates are moving up."

Deposit and Loan Activity

Growth in total assets and total deposits slowed in the second quarter of 2001. As of June 30, 2001, total assets were \$9.3 billion, up 6.6% since June 30, 2000, but down 1.0% since March 31, 2001. Total deposits at June 30, 2001, were \$7.7 billion, up 5.7% from June 30, 2000, but down 0.7% since March 31, 2001. Total loans as of June 30, 2001 were \$6.0 billion, 2.9% higher than the total as of June 30, 2000, but essentially unchanged since the end of the first quarter of 2001.

Management has made a strategic decision to reduce the company's exposure to indirect automobile sales financing and is allowing BancorpSouth's portfolio of such loans to decline. The portfolio has decreased \$119.6 million since June 30, 2000 and \$28.4 million in the second quarter of 2001, to \$201.6 million as of June 30, 2001. Excluding the impact of this portfolio reduction, total loan volume would have increased 0.7 percent from March 31, 2001 to June 30, 2001.

"We are seeing some slackening in loan demand as a result of the slowdown in the general economy," said Patterson, "but it is not a dramatic shift. An advantage of operating over a broad geographic area is that we service markets that are engaged in diverse industries. Thus, while traditional manufacturing may be experiencing some demand-driven layoffs, the service economy in the Memphis area and the tourist economies along the Gulf Coast are less impacted. Unemployment is up slightly in Arkansas but flat in Mississippi. Businesses are being conservative in their investment spending and developers are downscaling their activities in a responsible effort to avoid overbuilding in some markets.

"Despite the slower economy, we continue to generate deposits which we anticipate will be adequate to meet our needs for funds even as we have reduced the interest rates we pay on deposits," added Patterson. "We continue to expect modest growth in loan volume for the year and our overall liquidity should preclude the necessity for outside funding because of our solid base of deposits."

Loan Losses

The provision for loan losses in the second quarter of 2001 was \$4.8 million, versus \$5.4 million in the

same quarter of 2000 and \$4.1 million in the first quarter of 2001. Annualized net charge-offs for the second quarter of 2001 were 0.29% of average loans, equal to the percentage in the second quarter of 2000 and down from 0.36% in the first quarter of 2001.

For the six months ended June 30, 2001, the provision for loan losses was \$8.9 million, down from \$10.0 million in the first half of 2000. Annualized net charge-offs were 0.33% of average loans in the first half of 2001, compared to 0.23% for the same period in 2000.

Non-performing assets totaled \$48.8 million (0.82% of net loans) as of June 30, 2001, compared to \$51.2 million (0.88% of net loans) as of June 30, 2000, and \$43.6 million (0.73% of net loans) at March 31, 2001.

The reduced provision for loan losses in the second quarter and first six months of 2001 when compared to the same periods of 2000 reflects the decline in the rate of growth of the Company's loan portfolio and the reduced exposure to losses from indirect automobile sales financing as that portfolio of loans continues to decrease. The allowance for credit losses remained at 1.35% of net loans outstanding June 30, 2001, unchanged from the end of the first quarter of 2001.

"In the current economic environment, our attention is focused on loan quality," Patterson commented. "BancorpSouth has a reputation for strict quality standards, both at the time of origination and throughout the life of the loan. In the second quarter of 2001, measures of loan quality improved

over the first quarter despite some weakening in the economies in some of our markets. Based on current trends, we anticipate that loan losses for the balance of the year will remain close to the level experienced in the second quarter."

Non-interest Revenue

Non-interest revenue totaled \$32.0 million in the second quarter of 2001, up 26.5% from the \$25.3 million in the second quarter of 2000 and up 14.5% from \$27.9 million in the first quarter of 2001.

"Revenue from mortgage banking in the second quarter of 2001 increased 131% from the second quarter of 2000 and was the leading contributor to the strong growth in non-interest revenue," Patterson stated. "We saw a slight up-tick in long-term interest rates in the second quarter, which suggested that long-term rates may have stabilized. As homeowners decided that it was time to lock-in the current rates, mortgage lending fees benefited from the increase in refinancings."

In addition, in the second quarter of 2001 BancorpSouth benefited from a net recovery of value in the mortgage servicing asset totaling \$1.0 million, which partially reversed a \$4.3 million impairment of the company's mortgage servicing asset that was recorded in the first quarter of 2001. 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 the underlying mortgages shorten. The

company must recognize the decline in expected future revenue with a non-cash charge against income. This charge reverses itself if interest rates rise, refinancing slows and the expected lives of the mortgages lengthen.

Insurance commissions increased to \$5.4 million for the second quarter of 2001, an increase of 36.0% compared to the same period in 2000 and an increase of 17.3% compared to the first quarter of 2001. The gain is attributable to a significant increase in the sales of annuities, driven by an aggressive sales campaign, as well as the inclusion of the results of the Pittman, Seay and Turner Insurance Agency, which was acquired in October 2000 in a transaction accounted for as a purchase.

For the first six months of 2001, non-interest revenue totaled \$59.9 million, an increase of 15.4% over the first half of 2000. Non-interest revenue for the first six months of 2001 included a pre-tax gain of \$2.2 million that resulted from the sale of certain investment securities out of the available-for-sale portfolio in the first quarter of 2001.

Non-interest Expense

Non-interest expenses for the second quarter of 2001 were \$73.2 million, compared to \$63.8 million for the second quarter of 2000 and \$72.8 million in the first quarter of 2001. Salaries and employee benefits expense increased 20% during the second quarter of 2001 compared to the second quarter of 2000, which reflected the inclusion of the Pittman, Seay and Turner Insurance Agency, and Texarkana First Financial Corporation, a Texas savings and loan company, both acquired in October 2000 in transactions accounted for as purchases. In addition, included in salaries and employee benefits expense was a \$1.0 million charge for stock appreciation rights for the second quarter of 2001 compared to a reduction of expense of \$1.2 million in the second quarter of 2000. When the market price of the Company's common stock increases or decreases, there is a corresponding change in the value of the outstanding stock appreciation rights, and this change in value is recorded as an expense, for an increase in market price, or a reduction of expense, for a decrease in market price.

"Non-interest expense continued to run ahead of last year's level as we complete the integration of the former First United banks," explained Jim Kelley, President and Chief Operating Officer of BancorpSouth. "The benefits of retaining customers through the transition more than compensates for the cost of operating redundant systems to ensure a smooth process. In the second quarter of 2001, we completed the transition of an additional 7 former First United banks to BancorpSouth systems, and now have a total of 8 banks completed to date. We are on schedule to complete the transition of the

remaining 3 banks by the end of the third quarter and expect to see cost savings in the fourth quarter."

Capital Management

During the second quarter of 2001, the company repurchased a total of 1,155,915 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 June 30, 2001, a total of 1,410,615 shares had been repurchased under that program.

BancorpSouth, Inc. is a bank holding company headquartered in Tupelo, Mississippi with \$9.3 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, net interest margin, integration of former First United Bancshare's banks and related cost savings, deposits, loan volume, loan losses, liquidity, prospects for 2001, mortgage servicing and the Company'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.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000

(Dollars in thousands,
except per share amounts)

Earnings Summary:

Net interest revenue	\$80,924	\$82,458	\$162,524	\$163,786
Provision for credit losses	4,769	5,398	8,866	10,013
Noninterest revenue	31,991	25,285	59,940	51,959
Noninterest expense	73,246	63,835	146,078	127,955
Income before income taxes	34,900	38,510	67,520	77,777
Income tax provision	11,654	12,527	21,955	25,148
Net income	23,246	25,983	45,565	52,629
Earning per share: Basic	\$0.28	\$0.31	\$0.55	\$0.62
Diluted:	\$0.28	\$0.31	\$0.54	\$0.62

Balance sheet data at June 30:

Total assets	\$9,294,145	\$8,716,594
Total earning assets	8,639,134	8,123,828
Loans and lease receivables, net of unearned discount	5,975,116	5,804,781
Allowance for credit losses	80,829	77,685
Total deposits	7,732,642	7,317,468
Common shareholders' equity	798,539	759,723
Book value per share	9.65	9.03

Average balance sheet data:

Total assets	\$9,278,858	\$8,559,373	\$9,219,786	\$8,519,470
Total earning assets	8,670,155	7,999,532	8,605,052	7,959,354
Loans and lease receivables, net of unearned discount	5,968,176	5,705,366	5,996,800	5,632,654
Total deposits	7,694,561	7,208,261	7,653,725	7,167,052
Common shareholders' equity	799,757	756,957	794,852	755,986

Non-performing assets at June 30:

Non-accrual loans	\$12,929	\$20,510
Loans 90+ days past due	25,931	19,123
Restructured loans	243	1,038
Other real estate owned	9,725	10,546

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

0.29%	0.29%	0.33%	0.23%
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Performance ratios (annualized)

Return on average assets	1.00%	1.22%	1.00%	1.24%
Return on common equity	11.66%	13.81%	11.56%	13.96%

Net interest margin	3.88%	4.30%	3.95%	4.29%
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Average shares outstanding

- diluted	83,658,238	84,878,228	83,936,788	85,291,221
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BancorpSouth, Inc.

Consolidated Balance Sheets

(dollars in thousands)

(Unaudited) June 30, 2001 June 30, 2000

Assets

Cash & due from banks	\$306,905	\$278,835
Interest bearing deposits with other banks	12,460	17,523
Held-to-maturity securities	1,140,030	1,065,866
Federal funds sold and securities purchased under agreement to resell	585,131	19,793
Loans & leases	5,975,116	5,804,781
Allowance for credit losses	(80,829)	(77,685)
Net loans & leases	5,894,287	5,727,096
Available-for-sale securities	881,202	1,187,157
Mortgages held for sale	45,194	28,708
Bank premises & equipment	206,069	177,816
Accrued interest receivable	89,298	80,757
Other real estate owned	9,650	10,546
Other assets	123,919	122,497
Total assets	\$9,294,145	\$8,716,594
Liabilities		
Demand deposits:		
Non-interest bearing	\$1,042,523	\$984,253
Interest bearing	1,847,738	1,687,006
Total demand deposits	2,890,261	2,671,259
Savings & time deposits:		
Savings	462,469	350,473
Premium access	442,620	502,952
Certificates of deposit	3,937,292	3,792,784
Total savings & time deposits	4,842,382	4,646,209
Total deposits	7,732,643	7,317,468
Federal funds purchased and securities sold under agreement to repurchase	507,432	295,085
Short-term borrowings	0	75,000
Accrued interest payable	40,010	33,534
Long-term debt	141,503	171,321
Other liabilities	74,019	64,463
Total liabilities	8,495,606	7,956,871
Shareholders' Equity		
Common stock	214,484	214,410
Capital surplus	70,231	70,359
Unrealized gain(loss) on securities	22,551	(18,487)
Retained earnings	537,245	517,998
Less: Cost of treasury stock	(45,972)	(24,557)
Total shareholders' equity	798,539	759,723
Total liabilities & shareholders' equity	\$9,294,145	\$8,716,594

BancorpSouth, Inc.

Consolidated Statements of Income

(amounts in thousands, except per share data)

(Unaudited)

Quarter Ended

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

Interest Revenue:

Loans, including fees	\$131,794	\$136,737	\$140,892	\$134,910	\$129,030
Held-to-maturity securities:	16,630	16,051	18,141	15,899	15,307
Available-for-sale securities	14,240	15,586	16,177	21,554	17,696
Short term investments	7,012	5,767	3,185	962	1,554
Total interest revenue	169,677	174,140	178,395	173,325	163,586
Interest Expense:					
Deposits	80,763	83,944	84,709	81,031	74,088
Short term borrowings	3,082	3,557	7,007	9,058	4,416
Long term borrowings	2,171	2,265	2,378	2,559	2,442
Other interest expense	2,736	2,776	1,503	110	182
Total interest expense	88,752	92,542	95,597	92,757	81,128
Net interest revenue	80,924	81,598	82,798	80,567	82,458
Provision for credit losses	4,769	4,097	5,497	10,655	5,398
Net interest revenue, after credit loss provision	76,155	77,502	77,301	69,912	77,060
Other Revenue:					
Mortgage lending	7,068	(1,333)	1,900	2,493	3,059
Service charges	10,906	10,342	10,927	10,213	10,234
Life insurance premiums	1,127	1,094	1,116	1,107	1,058
Trust income	1,610	1,684	1,625	1,794	1,637
Securities gains, net	74	2,884	(15,549)	(254)	(7)
Insurance commissions	5,405	4,608	4,845	3,717	3,972
Other	5,801	8,669	5,189	4,496	5,332
Total other revenue	31,991	27,949	10,052	23,567	25,285
Other Expense:					
Salaries and employee benefits	38,425	38,721	33,845	34,070	32,008
Occupancy	5,005	5,129	4,838	4,647	4,409
Equipment	6,943	7,032	6,960	6,124	5,506
Telecommunications	2,123	2,182	2,041	1,868	1,751
Other	20,752	19,767	21,980	29,900	20,161
Total other expense	73,246	72,832	69,664	76,607	63,835
Income before income taxes	34,900	32,619	17,688	16,871	38,510
Income tax expense	11,654	10,300	5,413	7,379	12,527
Net Income	\$23,246	\$22,319	\$12,275	\$9,492	\$25,983
Net Income Per Share:					
Basic	\$0.28	\$0.27	\$0.15	\$0.11	\$0.31
Diluted	\$0.28	\$0.27	\$0.15	\$0.11	\$0.31

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

	Jun-01	Jun-00
Interest Revenue:		
Loans, including fees	\$268,531	\$253,390
Held-to-maturity securities:	32,681	30,715
Available-for-sale securities	29,826	34,852
Short term investments	12,779	3,359
Total interest revenue	343,818	322,315
Interest Expense:		
Deposits	164,707	144,625
Short term borrowings	6,639	8,689
Long term borrowings	4,436	4,839
Other interest expense	5,512	376
Total interest expense	181,294	158,529
Net interest revenue	162,524	163,786
Provision for credit losses	8,866	10,013
Net interest revenue, after credit loss provision	153,658	153,773
Other Revenue:		
Mortgage lending	5,735	6,480
Service charges	21,248	19,331
Life insurance premiums	2,222	2,077
Trust income	3,294	3,281
Securities gains, net	2,958	171
Insurance commissions	10,014	7,472
Other	14,470	13,147
Total other revenue	59,940	51,959
Other Expense:		
Salaries and employee benefits	77,146	65,941
Occupancy	10,134	8,857
Equipment	13,975	11,053
Telecommunications	4,305	3,326
Other	40,518	38,778
Total other expense	146,078	127,955
Income before income taxes	67,520	77,777
Income tax expense	21,955	25,148
Net Income	\$45,565	\$52,629
Net Income Per Share:		
Basic	\$0.55	\$0.62
Diluted	\$0.54	\$0.62

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
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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
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) 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) Quarter Ended

Unaudited September 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) Quarter Ended
Unaudited June 30, 2000

(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of Unearned Income	\$5,750,197	\$129,411	9.05%
Held-to-maturity securities:			
Taxable	753,072	11,446	6.11%
Non Taxable	324,755	5,941	7.36%
Available-for-sale securities			
Taxable	996,124	16,685	6.74%
Non Taxable	76,029	1,555	8.23%
Short term investments	99,355	1,553	6.29%
Total interest earning			
assets and revenue	7,999,532	166,591	8.38%
Other assets	636,386		
Less: allowance for credit losses	(76,545)		
Total	\$8,559,373		

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$1,707,641	\$13,758	3.24%
Savings	826,070	8,206	4.00%
Time	3,708,808	52,124	5.65%
Short-term borrowings	328,870	4,598	5.62%
Long-term debt	165,584	2,442	5.93%
Total interest bearing			
liabilities and expense	6,736,973	81,128	4.84%
Demand deposits -			
non-interest bearing	965,742		
Other liabilities	99,701		
Total liabilities	7,802,416		
Shareholders' equity	756,957		
Total	\$8,559,373		
Net interest revenue	\$85,463		
Net interest margin			4.30%
Net interest rate spread			3.53%

Interest bearing liabilities to interest earning assets	84.22%
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Net interest tax equivalent adjustment	\$4,896
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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 Balance	Yield/ Interest	Rate
(Taxable equivalent basis)			
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	802,967	25,672	6.45%
Non Taxable	169,367	6,391	7.61%
Short term investments	489,340	12,780	5.27%
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	117,323	5.95%
Short-term borrowings	501,479	12,152	4.89%
Long-term debt	149,080	4,436	6.00%
Total interest bearing liabilities and expense	7,318,004	181,294	5.00%
Demand deposits - non-interest bearing	986,281		
Other liabilities	120,649		
Total liabilities	8,424,934		
Shareholders' equity	794,852		
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	\$5,845		

BancorpSouth, Inc.

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

(dollars in thousands) Year to Date

Unaudited June 30, 2000

	Average Balance	Yield/ Interest	Rate
(Taxable equivalent basis)			
ASSETS			
Loans net of Unearned Income	\$5,679,237	\$254,124	9.00%
Held-to-maturity securities:			
Taxable	767,055	23,021	6.04%
Non Taxable	323,356	11,839	7.36%
Available-for-sale securities			
Taxable	1,001,681	32,791	6.58%

Non Taxable	75,268	3,169	8.47%
Short term investments	112,757	3,358	5.99%
Total interest earning assets and revenue	7,959,354	328,302	8.29%
Other assets	635,931		
Less: allowance for credit losses	(75,815)		
Total	\$8,519,470		

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$1,681,215	\$26,424	3.16%
Savings	858,358	17,103	4.01%
Time	3,672,113	101,097	5.54%
Short-term borrowings	333,471	9,065	5.47%
Long-term debt	165,693	4,839	5.87%
Total interest bearing liabilities and expense	6,710,850	158,528	4.75%
Demand deposits - non-interest bearing	955,366		
Other liabilities	97,268		
Total liabilities	7,763,484		
Shareholders' equity	755,986		
Total	\$8,519,470		
Net interest revenue	\$169,774		
Net interest margin		4.29%	
Net interest rate spread		3.54%	
Interest bearing liabilities to interest earning assets		84.31%	
Net interest tax equivalent adjustment	\$5,989		

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SOURCE: BancorpSouth, Inc.

Contact: L. Nash Allen, Jr., +1-662-680-2330, or Gary C. Bonds,
+1-662-680-2332, both of BancorpSouth, Inc.

Website: <http://www.bancorpsouth.com/>

BancorpSouth Bank

201 S. Spring St., Tupelo, MS 38804 | (662) 680-2000

<https://ir.cadencebank.com/news?item=291>