

BancorpSouth, Inc. Announces Financial Results for the Second Quarter of 2004

PRNewswire-FirstCall
TUPELO, Miss.

BancorpSouth, Inc. today announced that net income for the second quarter of 2004 was \$31.3 million, or \$0.41 per basic share and \$0.40 per diluted share, compared with net income of \$29.2 million, or \$0.38 per basic share and \$0.37 per diluted share, for the second quarter of 2003.

For the first six months of 2004, net income was \$58.4 million, or \$0.76 and \$0.75 per basic and diluted share, respectively. Net income for the first six months of 2003 was \$68.4 million, or \$0.88 per basic and diluted share.

Aubrey Patterson, Chairman and Chief Executive Officer of BancorpSouth, commented, "We are pleased to report improved earnings for the latest quarter, compared with both the comparable second quarter of 2003 and the immediately preceding first quarter of 2004. We again attribute our growth for the quarter to a significant increase in noninterest revenue, including a 59.2 percent gain in insurance commissions as a result of our two acquisitions last year and substantial growth in the value of our mortgage servicing asset as a result of increasing mortgage interest rates. We were also pleased to see growing loan activity across our markets, which produced the first comparable- quarter increase in total loans in over a year. We believe that this is an early indicator of improvement in the economy of the region. In addition, while unusually low interest rates have continued to compress our net interest margin, we achieved a sequential-quarter increase in interest revenue for the first time since the fourth quarter of 2000.

"We are encouraged by these improvements during the second quarter, although we do not underestimate the ongoing challenges posed by the continued low interest rate environment. However, BancorpSouth's credit quality and liquidity remain strong, we have significant loan and deposit growth opportunities in a number of attractive markets throughout our six-state franchise, our investment portfolio is positioned for a rising interest rate environment and we are continuing to grow our noninterest revenue. We are, therefore, optimistic about BancorpSouth's growth prospects and the correctness of our long-term strategic direction."

Net Interest Revenue

Interest revenue was \$123.7 million for the second quarter of 2004, a decrease of 7.1 percent from \$133.2 for the second quarter of 2003 but an increase of 0.4 percent from \$123.2 million for the first quarter of 2004. Interest expense was \$40.0 million for the second quarter of 2004, a decrease of 13.3 percent from \$46.1 million for the second quarter of 2003 and an increase of 0.7 percent from \$39.7

million for the first quarter of 2004.

The average taxable equivalent yield on earning assets was 5.15 percent for the second quarter of 2004, a decline from 5.68 percent for the second quarter of 2003 and 5.22 percent for the first quarter of 2004. The average rate paid on interest bearing liabilities for the second quarter of 2004 was 1.93 percent, down from 2.26 percent for the second quarter of 2003 and 1.94 percent for the first quarter of 2004.

Net interest revenue for the second quarter of 2004 was \$83.7 million, a decrease of 3.9 percent from \$87.1 million for the second quarter of 2003 but an increase of 0.2 percent from \$83.5 million for the first quarter of 2004. Net interest margin declined to 3.52 percent for the second quarter of 2004 from 3.75 percent for the second quarter of 2003 and 3.57 percent for the first quarter of 2004.

"Although the comparable-quarter percentage decline in our second quarter net interest revenue was the lowest in over a year, the further compression of our net interest margin for the quarter indicates the continued difficulty in managing our assets and liabilities to limit our exposure to changing interest rates," said Patterson. "As we experienced in the first quarter, the low absolute level of interest rates affected our ability in the second quarter to match the decline in average taxable equivalent yield on earning assets with lower rates paid on interest-bearing liabilities. We expect the discipline with which we have maintained a conservative stance in the average maturity of our investment assets to enhance our ability to manage in a rising interest rate environment, partially mitigating our liability-sensitivity to interest rate increases."

Deposit and Loan Activity

Total assets of \$10.7 billion at June 30, 2004, increased 0.9 percent from \$10.6 billion at June 30, 2003. Total deposits of \$8.8 billion at June 30, 2004, increased 0.9 percent from \$8.7 billion at June 30, 2003. Loans, net of unearned discount, totaled \$6.42 billion at June 30, 2004, an increase of 1.9 percent from \$6.30 billion at June 30, 2003.

Patterson remarked, "Increasing economic momentum in our markets produced an increase in net loans at the end of the second quarter and a number of new commercial loan relationships. We achieved this growth despite the continued reduction of our exposure to indirect automobile sales financing and certain higher risk consumer loans, which fell, in total, to \$26.9 million at June 30, 2004, from \$81.4 million at June 30, 2003. The comparable-quarter growth in our total deposits represents the third consecutive quarter in which total deposits have increased entirely because of growth in low-cost demand deposits while total savings and time deposits declined as a result of our overt pricing actions to reduce our interest rate exposure. We continue to believe that the steady growth in demand deposits reflects increased household market share, which will enhance both our lending and noninterest revenue opportunities in a strengthening economy."

Provision for Credit Losses and Allowance for Credit Losses

The provision for credit losses for the second quarter of 2004 was \$4.8 million, down 25.3 percent from \$6.5 million for the second quarter of 2003 and up 20.4 percent from \$4.0 million for the first quarter of 2004. Annualized net charge-offs were 0.36 percent of average loans for the second quarter of 2004 compared with 0.31 percent for both the second quarter of 2003 and the first quarter of 2004.

Non-performing loans at June 30, 2004, were \$37.1 million, or 0.58 percent of loans, down 17.8 percent from \$45.2 million, or 0.72 percent of loans, at June 30, 2003, and down 6.6 percent from \$39.8 million, or 0.64 percent of loans, at March 31, 2004. The allowance for credit losses was 1.41 percent of loans at June 30, 2004, compared with 1.45 percent of loans at June 30, 2003, and 1.46 percent of loans at March 31, 2004.

Patterson added, "For the second consecutive quarter, we significantly reduced the provision for credit losses on a comparable-quarter basis because of improvement in our credit quality, again demonstrating the strength of our lending and credit practices. We increased the provision for credit losses on a sequential-quarter basis, primarily because of increased loan activity during the second quarter. Consistent with our core operating philosophies, we remain fully committed to maintaining an adequate allowance for credit losses calculated in a manner consistent with prior periods. Reserve coverage of non-performing loans was 2.44 at June 30, 2004 versus 2.02 at June 30, 2003."

Noninterest Revenue

Noninterest revenue was \$51.4 million for the second quarter of 2004, a 28.9 percent increase from \$39.9 million for the second quarter of 2003 and an 11.7 percent increase from \$46.0 million for the first quarter of 2004. Among other factors, the increase in noninterest revenue reflected a 59.2 percent increase in insurance commissions to \$13.2 million for the second quarter of 2004 from \$8.3 million for the second quarter of 2003. This growth is primarily the result of the acquisition of Wright & Percy Insurance, Baton Rouge, Louisiana, in the second quarter of 2003 and the acquisition of Ramsey, Krug, Farrell & Lensing Insurance, Little Rock, Arkansas, in the third quarter of 2003.

This growth also offset the impact of the anticipated decline in mortgage originations to \$172.3 million for the second quarter of 2004 from \$392.8 million for the second quarter of 2003. Total mortgage lending revenue for the second quarter of 2004 was \$11.4 million, which included a \$9.4 million reversal of previously recorded impairment charges against the Company's mortgage servicing asset. Total mortgage lending revenue for the second quarter of 2003 was \$1.6 million, which included a \$4.7 million non-cash charge for impairment of the Company's mortgage servicing asset.

"We remain pleased with the performance of our noninterest revenue products and services and the diversification of our revenue streams that they provide. We expect a strengthening economy to enhance our opportunities to expand noninterest revenue, as we continue to roll out products and

services across our existing markets and as we evaluate additional opportunities to expand our products and services and our markets through internal growth and acquisitions. We also expect mortgage originations will continue below the record levels of last year because of increased mortgage interest rates."

Noninterest Expense

Noninterest expense was \$84.0 million for the second quarter of 2004, a 7.3 percent increase from \$78.3 million for the second quarter of 2003 and a 2.3 percent decline from \$86.0 million for the first quarter of 2004. The increase for the second quarter of 2004 compared with the second quarter of the prior year primarily reflected salaries, employee benefits and other expenses related to the two insurance agencies acquired in the second and third quarters of 2003.

Capital Management

BancorpSouth repurchased 598,300 shares of its common stock during the second quarter of 2004 under a stock repurchase plan authorized in April 2003 for the repurchase of up to 3.9 million shares. A total of 1,630,708 shares had been purchased under this plan at the end of the second quarter of 2004. Combined with the 8.3 million shares repurchased under earlier plans, BancorpSouth had repurchased approximately 9.9 million shares of its common stock as of June 30, 2004, or 11.8 percent of its outstanding shares at March 5, 2001, when the first of these plans was authorized. BancorpSouth will continue to evaluate additional share repurchases under the April 2003 plan, which authorizes these repurchases during a two-year period.

Summary

Patterson concluded, "Our second-quarter results reflect the impact of an unprecedented constriction in our net interest margin due to the multi-year decline in interest rates. While we are confident of our ability to expand our net interest margin over time as the interest rate cycle progresses -- and thereby produce results more in line with our historical trends -- we expect our net interest margin will continue to pose a challenge for the immediate future.

"Our second quarter results also provided evidence of an improving business environment, including increased loan activity and deposit growth, a sequential-quarter increase in net interest revenue, improved non-performing loans and the further significant growth of our noninterest revenue. We remain uniquely positioned in our six-state franchise as a customer service- driven organization offering a comprehensive array of financial products and services. We are fully committed to building on these strengths and on our foundation of strong credit quality and conservative operating philosophies."

Conference Call

BancorpSouth will conduct a conference call with analysts at 1:30 p.m. (Central Time) on July 20, 2004. Investors may listen via the Internet by accessing BancorpSouth's website at <http://www.bancorpsouth.com/>. A replay of the conference call will be available at BancorpSouth's website for at least two weeks following the call.

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, liquidity, loan and deposit growth opportunities, our investment portfolio, demand deposits, allowance for credit losses, net interest margin, market share, credit quality, mortgage originations, noninterest revenue, expansion of products and services, expansion of markets through internal growth and acquisitions, common stock repurchase plan, operating philosophies, long-term growth prospects 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. These 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 maintain credit quality, the ability of BancorpSouth to effectively integrate acquisitions, changes in laws and regulations affecting financial institutions in general, possible adverse rulings, judgments, settlements and other outcomes of pending litigation, the ability of BancorpSouth to compete with other financial services companies, the ability of BancorpSouth to provide and market 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 manage its growth and effectively serve an expanding customer and market base, the ability of BancorpSouth to attract, train and retain qualified personnel, 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.

BancorpSouth, Inc. is a financial holding company headquartered in Tupelo, Mississippi with approximately \$10.7 billion in assets. BancorpSouth operates approximately 250 commercial banking,

insurance, trust and broker/dealer locations in Alabama, Arkansas, Louisiana, Mississippi, Tennessee and Texas.

BancorpSouth, Inc.
Selected Financial Data

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
(Dollars in thousands, except per share amounts)				
Earnings Summary:				
Net interest revenue	\$83,684	\$87,069	\$167,166	\$177,213
Provision for credit losses	4,835	6,472	8,851	12,994
Noninterest revenue	51,416	39,882	97,456	92,192
Noninterest expense	84,031	78,300	170,036	155,216
Income before income taxes	46,234	42,179	85,735	101,195
Income tax provision	14,961	12,938	27,297	32,806
Net income	\$31,273	\$29,241	\$58,438	\$68,389
Earning per share: Basic	\$0.41	\$0.38	\$0.76	\$0.88
Diluted	\$0.40	\$0.37	\$0.75	\$0.88

Balance sheet data at June 30:

Total assets	\$10,670,323	\$10,576,453
Total earning assets	9,797,631	9,763,679
Loans and lease receivables, net of unearned discount	6,422,864	6,301,110
Allowance for credit losses	90,537	91,210
Total deposits	8,789,246	8,714,072
Common shareholders' equity	852,910	857,868
Book value per share	11.10	11.00

Average balance sheet data:

Total assets	\$10,614,248	\$10,287,130	\$10,533,989	\$10,239,601
Total earning assets	9,831,843	9,592,723	9,753,243	9,543,975
Loans and lease receivables, net of unearned discount	6,333,868	6,289,079	6,280,566	6,318,286
Total deposits	8,801,737	8,628,134	8,794,229	8,594,256
Common shareholders' equity	886,197	832,443	877,096	824,221

Non-performing assets at June 30:

Non-accrual loans	\$13,611	\$18,230
Loans 90+ days past due	19,462	26,954
Restructured loans	4,072	14
Other real estate owned	20,440	15,065

Net charge-offs as a percentage of average loans (annualized)	0.36%	0.31%	0.33%	0.31%
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Performance ratios
(annualized)

Return on average assets	1.18%	1.14%	1.12%	1.35%
Return on common equity	14.19%	14.09%	13.40%	16.73%

Net interest margin	3.52%	3.75%	3.54%	3.86%
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Average shares

outstanding - diluted	77,444,302	78,013,329	77,783,687	77,935,346
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	June 30, 2004	2003	% Change
(In thousands)			
Assets			
Cash and due from banks	\$333,697	\$393,390	(15.17%)
Interest bearing deposits with other banks	18,024	5,059	256.28%
Held-to-maturity securities, at amortized cost	1,510,209	1,552,070	(2.70%)
Available-for-sale securities, at fair market value	1,793,134	1,723,766	4.02%
Federal funds sold and securities purchased under agreement to resell	10,488	94,999	
Loans	6,452,602	6,339,538	1.78%
Less: Unearned discount	(29,738)	(38,428)	(22.61%)
Allowance for credit losses	(90,537)	(91,210)	(0.74%)
Net loans	6,332,327	6,209,900	1.97%
Loans held for sale	42,913	86,676	(50.49%)
Premises and equipment, net	218,456	209,746	4.15%
Accrued interest receivable	68,690	76,015	(9.64%)
Goodwill	61,445	42,535	44.46%
Other assets	280,940	182,297	54.11%
Total Assets	\$10,670,323	\$10,576,453	0.89%
Liabilities			
Deposits:			
Demand: Noninterest bearing	\$1,311,477	\$1,287,846	1.83%
Interest bearing	2,607,141	2,463,010	5.85%
Savings	786,235	797,880	(1.46%)
Other time	4,084,393	4,165,336	(1.94%)
Total deposits	8,789,246	8,714,072	0.86%
Federal funds purchased and securities sold under agreement to repurchase	458,116	576,727	(20.57%)
Short term borrowings	185,000	50,000	270.00%
Accrued interest payable	17,590	21,101	(16.64%)
Junior Subordinated Debt Securities	128,866	125,000	3.09%
Long-term debt	137,838	139,137	(0.93%)
Other liabilities	100,757	92,548	8.87%
Total Liabilities	9,817,413	9,718,585	1.02%
Shareholders' Equity			
Common stock	192,086	195,017	(1.50%)
Capital surplus	44,445	31,031	43.23%
Other comprehensive income	(8,276)	39,368	(121.02%)
Retained earnings	624,655	592,452	5.44%
Total Shareholders' Equity	852,910	857,868	(0.58%)
Total Liabilities & Shareholders' Equity	\$10,670,323	\$10,576,453	0.89%

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

	Quarter Ended			
	Jun 2004	Mar 2004	Dec 2003	Sept 2003
INTEREST REVENUE:				
Loans	\$91,358	\$92,250	\$94,822	\$98,292
Deposits with other banks	288	128	96	67
Federal funds sold and securities purchased under agreement to resell	115	697	772	1,295
Held-to-maturity securities:				
Taxable	12,791	10,112	9,831	10,258
Tax-exempt	1,694	1,796	1,860	1,941
Available-for-sale securities:				
Taxable	15,309	15,688	16,108	15,160
Tax-exempt	1,650	1,759	1,878	1,903
Loans held for sale	478	756	856	896
Total interest				

revenue	123,683	123,186	126,223	129,812
INTEREST EXPENSE:				
Deposits	33,915	33,918	33,929	35,260
Federal funds purchased and securities sold under agreement to repurchase	1,101	1,063	1,551	2,018
Other	4,983	4,723	4,658	4,726
Total interest expense	39,999	39,704	40,138	42,004
Net interest revenue	83,684	83,482	86,085	87,808
Provision for credit losses	4,835	4,015	7,472	4,664
Net interest revenue, after provision for credit losses	78,849	79,467	78,613	83,144
NONINTEREST REVENUE:				
Mortgage lending	11,365	(1,141)	6,441	10,323
Service charges	16,057	14,318	15,882	16,131
Life insurance premiums	478	562	657	760
Trust income	1,842	1,686	2,138	1,905
Security gains, net	59	618	40	60
Insurance commissions	13,232	14,458	13,101	11,946
Other	8,383	15,539	9,815	8,695
Total noninterest revenue	51,416	46,040	48,074	49,820
NONINTEREST EXPENSE:				
Salaries and employee benefits	48,628	50,036	47,633	46,449
Occupancy, net of rental income	6,084	5,956	5,853	5,932
Equipment	5,636	5,460	5,569	6,063
Telecommunications	1,825	1,838	1,874	1,915
Other	21,858	22,716	23,898	22,192
Total noninterest expenses	84,031	86,006	84,827	82,551
Income before income taxes	46,234	39,501	41,860	50,413
Income tax expense	14,961	12,336	12,990	16,539
Net income	\$31,273	\$27,165	\$28,870	\$33,874
Net income per share: Basic	\$0.41	\$0.35	\$0.37	\$0.43
Diluted	\$0.40	\$0.35	\$0.37	\$0.43

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

	Quarter Ended Jun 2003	Year To Date Jun 2004	Jun 2003
INTEREST REVENUE:			
Loans	\$102,369	\$183,608	\$206,915
Deposits with other banks	100	416	184
Federal funds sold and securities purchased under agreement to resell		2,215	811
Held-to-maturity securities:			4,522
Taxable	12,628	22,903	26,230
Tax-exempt	2,079	3,490	4,295
Available-for-sale securities:			
Taxable	11,031	30,997	23,159
Tax-exempt	1,995	3,409	4,089
Loans held for sale	777	1,234	1,482
Total interest revenue	133,194	246,868	270,876

INTEREST EXPENSE:

Deposits	39,289	67,832	79,833
Federal funds purchased and securities sold under agreement to repurchase	2,191	2,163	4,546
Other	4,645	9,707	9,284
Total interest expense	46,125	79,702	93,663
Net interest revenue	87,069	167,166	177,213
Provision for credit losses	6,472	8,851	12,994
Net interest revenue, after provision for credit losses	80,597	158,315	164,219

NONINTEREST REVENUE:

Mortgage lending	1,634	10,224	6,488
Service charges	16,232	30,375	29,886
Life insurance premiums	876	1,040	1,838
Trust income	1,684	3,528	3,170
Security gains, net	180	677	13,737
Insurance commissions	8,314	27,690	14,702
Other	10,962	23,922	22,371
Total noninterest revenue	39,882	97,456	92,192

NONINTEREST EXPENSE:

Salaries and employee benefits	44,974	98,663	87,728
Occupancy, net of rental income	5,609	12,040	11,188
Equipment	5,776	11,096	11,779
Telecommunications	1,828	3,663	3,688
Other	20,113	44,574	40,833
Total noninterest expenses	78,300	170,036	155,216
Income before income taxes	42,179	85,735	101,195
Income tax expense	12,938	27,297	32,806
Net income	\$29,241	\$58,438	\$68,389

Net income per share: Basic	\$0.38	\$0.76	\$0.88
Diluted	\$0.37	\$0.75	\$0.88

BancorpSouth, Inc.
Average Balances, Interest Income and Expense,
and Average Yields and Rates
(Dollars in thousands)
(Unaudited)

	Quarter Ended June 30, 2004		
(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of unearned income	\$6,374,578	\$92,361	5.83%
Held-to-maturity securities:			
Taxable	1,343,048	12,791	3.83%
Tax-exempt	148,345	2,606	7.06%
Available-for-sale securities:			
Taxable	1,718,434	15,307	3.58%
Tax-exempt	152,756	2,538	6.68%
Short-term investments	94,682	402	1.71%
Total interest earning assets and revenue	9,831,843	126,005	5.15%
Other assets	874,186		
Less: allowance for credit losses	(91,781)		
Total	\$10,614,248		

LIABILITIES AND
SHAREHOLDERS' EQUITY
Deposits:

Demand - interest bearing	\$2,669,270	\$5,765	0.87%
Savings	790,000	1,353	0.69%
Other time	4,059,635	26,798	2.65%
Short-term borrowings	531,398	1,400	1.06%
Junior subordinated debt	128,866	2,625	8.19%
Long-term debt	137,952	2,058	6.00%

Total interest bearing liabilities and expense	8,317,122	39,999	1.93%
Demand deposits - noninterest bearing	1,282,832		
Other liabilities	128,097		
Total liabilities	9,728,051		
Shareholders' equity	886,197		
Total	\$10,614,248		
Net interest revenue		\$86,006	
Net interest margin		3.52%	
Net interest rate spread		3.22%	
Interest bearing liabilities to interest earning assets		84.59%	
Net interest tax equivalent adjustment	\$2,322		

BancorpSouth, Inc.
Average Balances, Interest Income and Expense,
and Average Yields and Rates
(Dollars in thousands)
(Unaudited)

	Quarter Ended June 30, 2003		
(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of unearned income	\$6,355,052	\$103,521	6.53%
Held-to-maturity securities:			
Taxable	1,437,348	12,628	3.52%
Tax-exempt	166,218	3,198	7.72%
Available-for-sale securities:			
Taxable	1,028,778	11,031	4.30%
Tax-exempt	194,543	3,069	6.33%
Short-term investments	410,784	2,315	2.26%
Total interest earning assets and revenue	9,592,723	135,762	5.68%
Other assets	785,412		
Less: allowance for credit losses	(91,005)		
Total	\$10,287,130		

**LIABILITIES AND
SHAREHOLDERS' EQUITY**

Deposits:			
Demand - interest bearing	\$2,473,411	\$6,664	1.08%
Savings	802,359	2,079	1.04%
Other time	4,181,442	30,546	2.93%
Short-term borrowings	448,519	2,211	1.98%
Junior subordinated debt	125,000	2,547	8.15%
Long-term debt	139,243	2,079	5.99%
Total interest bearing liabilities and expense	8,169,974	46,126	2.26%
Demand deposits - noninterest bearing	1,170,922		
Other liabilities	113,791		
Total liabilities	9,454,687		
Shareholders' equity	832,443		
Total	\$10,287,130		
Net interest revenue		\$89,636	
Net interest margin		3.75%	
Net interest rate spread		3.41%	
Interest bearing liabilities to interest earning assets		85.17%	
Net interest tax equivalent adjustment	\$2,567		

BancorpSouth, Inc.
Average Balances, Interest Income and Expense,

and Average Yields and Rates
(Dollars in thousands)
(Unaudited)

	Year To Date June 30, 2004		
(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of unearned income	\$6,344,678	\$185,883	5.89%
Held-to-maturity securities:			
Taxable	1,170,951	22,903	3.93%
Tax-exempt	148,805	5,368	7.25%
Available-for-sale securities:			
Taxable	1,730,460	30,994	3.60%
Tax-exempt	158,982	5,244	6.63%
Short-term investments	199,367	1,227	1.24%
Total interest earning assets and revenue	9,753,243	251,619	5.19%
Other assets	872,802		
Less: allowance for credit losses	(92,056)		
Total	\$10,533,989		

LIABILITIES AND

SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$2,685,161	\$11,459	0.86%
Savings	787,081	2,715	0.69%
Other time	4,062,137	53,659	2.66%
Short-term borrowings	471,545	2,497	1.06%
Junior subordinated debt	128,866	5,251	8.19%
Long-term debt	138,117	4,122	6.00%
Total interest bearing liabilities and expense	8,272,907	79,702	1.94%
Demand deposits - noninterest bearing	1,259,850		
Other liabilities	124,136		
Total liabilities	9,656,893		
Shareholders' equity	876,096		
Total	\$10,533,989		
Net interest revenue		\$171,917	
Net interest margin			3.54%
Net interest rate spread			3.25%
Interest bearing liabilities to interest earning assets			84.82%

Net interest tax equivalent
adjustment \$4,751

BancorpSouth, Inc.
Average Balances, Interest Income and Expense,
and Average Yields and Rates
(Dollars in thousands)
(Unaudited)

	Year To Date June 30, 2003		
(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of unearned income	\$6,376,722	\$209,181	6.62%
Held-to-maturity securities:			
Taxable	1,356,177	26,230	3.90%
Tax-exempt	172,573	6,607	7.72%
Available-for-sale securities:			
Taxable	1,042,471	23,158	4.48%
Tax-exempt	198,125	6,291	6.40%
Short-term investments	397,907	4,705	2.38%
Total interest earning assets and revenue	9,543,975	276,172	5.84%
Other assets	785,494		

Less: allowance for credit losses	(89,868)
Total	\$10,239,601

LIABILITIES AND

SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$2,486,782	\$13,798	1.12%
Savings	811,544	4,238	1.05%
Other time	4,157,274	61,798	3.00%

Short-term borrowings	447,172	4,575	2.06%
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Junior subordinated debt	125,000	5,094	8.15%
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Long-term debt	139,400	4,161	6.02%
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Total interest bearing liabilities and expense	8,167,172	93,664	2.31%
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Demand deposits - noninterest bearing	1,138,656
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Other liabilities	109,553
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Total liabilities	9,415,381
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Shareholders' equity	824,221
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Total	\$10,239,601
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Net interest revenue	\$182,508
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Net interest margin	3.86%
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Net interest rate spread	3.52%
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Interest bearing liabilities to interest earning assets	85.57%
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Net interest tax equivalent adjustment	\$5,295
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SOURCE: BancorpSouth, Inc.

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