

BancorpSouth, Inc. Announces Financial Results for the Third Quarter and First Nine Months of 2003

PRNewswire-FirstCall
TUPELO, Miss.

BancorpSouth, Inc. today announced that net income for the third quarter of 2003 was \$33.9 million, a 29.9 percent increase from \$26.1 million for the third quarter of 2002. Net income per basic and diluted share rose 30.3 percent to \$0.43 for the third quarter of 2003 from \$0.33 for the third quarter of 2002.

Net income increased 18.4 percent for the first nine months of 2003, to \$102.3 million from \$86.4 million for the first nine months of 2002. Net income per basic share rose 23.4 percent for the first nine months of 2003 to \$1.32 from \$1.07 for the first nine months of 2002, and net income per diluted share increased 22.4 percent to \$1.31 from \$1.07.

"BancorpSouth produced another solid financial performance for the third quarter of 2003, which we again attribute to the substantial growth of non- interest revenue," remarked Aubrey Patterson, Chairman and Chief Executive Officer of BancorpSouth. "Although interest rates exhibited more upward pressure in the third quarter of 2003 than they have in several quarters, our mortgage volume remained heavy, generating 33.8 percent greater origination volume for the third quarter of 2003 than the third quarter of 2002. In fact, through just the first nine months of 2003, we have originated mortgages of over \$1.06 billion, more than we have ever originated in any previous full fiscal year. In addition, we continued to benefit from substantial growth in service charges, and, primarily as a result of the August 1, 2003 consummation of the Ramsey, Krug, Farrell & Lensing acquisition following the second- quarter acquisition of Wright & Percy Insurance, our insurance commission revenue nearly doubled for the third quarter of 2003 versus the third quarter last year.

"The upward bias in interest rates during the third quarter is reflected in their impact on the valuation of our mortgage servicing asset at the quarter's end. Our third-quarter 2003 financial results benefited from a non- cash \$5.8 million reversal of a previously recorded impairment charge against the asset, compared with a non-cash provision for the impairment of the asset of \$9.2 million recorded for the third quarter of 2002. In addition, our non- interest revenue includes the relatively insignificant effect of net securities gains of \$60,000 for the third quarter of 2003 versus net securities gains of \$2.5 million for the third quarter of 2002. The net after-tax effect of the valuation change in the mortgage servicing asset combined with the net securities gain for each quarter was a \$0.05 per diluted share increase in earnings for the third quarter of 2003 and a \$0.05 per diluted share decrease in earnings for the third quarter of 2002.

"The significant growth in our non-interest revenue in the third quarter highlights the strategic importance of our multi-year effort to diversify our revenue stream. In an economic environment that

has provided little opportunity for loan growth, the comparable-quarter growth in our third- quarter non-interest revenue, excluding the items discussed above, essentially offset the decline in net interest revenue for the third quarter of 2003 from the third quarter of 2002."

Net Interest Revenue

For the third quarter of 2003, interest revenue was \$129.8 million, a decrease of 12.0 percent from \$147.5 million for the third quarter of 2002 and a 2.5 percent decrease from \$133.2 million for the second quarter of 2003. Interest expense declined 23.5 percent to \$42.0 million for the third quarter from \$54.9 million for the third quarter of 2002 and 8.9 percent from \$46.1 million for the second quarter of 2003.

The average taxable equivalent yield on earning assets was 5.52 percent for the third quarter of 2003, down from 6.40 percent for the comparable quarter in 2002 and 5.68 percent for the second quarter of 2003. The average rate paid on interest bearing liabilities declined to 2.07 percent for the third quarter of 2003 from 2.72 percent for the third quarter last year and from 2.26 percent for the second quarter this year.

Net interest revenue for the third quarter of 2003 was \$87.8 million, a 5.2 percent decline from \$92.6 million for the third quarter of 2002 and up 0.8 percent from \$87.1 million for the second quarter of 2003. Net interest margin was 3.76 percent for the third quarter of 2003, down from 4.07 percent for the same quarter of 2002 and up from 3.75 percent for the second quarter of 2003.

"We are pleased that in a more stable interest rate environment, we produced a sequential-quarter gain in net interest revenue for the third quarter from the second quarter, after a decline over the four previous consecutive quarters, and a sequential-quarter increase in net interest margin, after a decline over the five previous consecutive quarters," said Patterson. "However, the decline in these metrics in the third quarter of 2003 versus the third quarter of 2002 is evidence of both our national and regional economic climate and the significant decline in interest rates during the past year. Although we must constantly manage our assets and liabilities to limit our exposure to changing interest rates, we are working to position BancorpSouth for a rising interest rate environment, which we believe is the appropriate and conservative position at this time in the interest rate cycle."

Deposit and Loan Activity

Total assets were \$10.2 billion at September 30, 2003, a 0.6 percent increase from \$10.1 billion at September 30, 2002. Total deposits at the end of the third quarter of 2003 were \$8.4 billion, a decline of 0.8 percent from \$8.5 billion at the same time in 2002. Total loans at September 30, 2003 were \$6.3 billion, down 1.9 percent from \$6.4 billion at September 30, 2002. Patterson commented, "An important aspect of managing our asset and liability mix is responding to ebbs and flows in loan demand. We have continued to experience weak loan demand. As a result, we less aggressively sought interest bearing

deposits during the third quarter. While total savings and time deposits declined 3.6 percent for the quarter from the third quarter last year, we continued to expand our market share of low-cost funds with a 6.8 percent increase in non-interest bearing deposits and a 1.3 percent increase in interest bearing demand deposits for the quarter compared with the third quarter of 2002. We believe these increases demonstrate our continued penetration of our markets, which will support our ability to expand our lending activities in an improving economic environment."

Provision for Credit Losses and Allowance for Credit Losses

The Company reduced its provision for credit losses for the fourth consecutive quarter to \$4.7 million for the third quarter of 2003, down 43.2 percent from \$8.2 million for the third quarter of 2002 and 27.9 percent from the second quarter of 2003. Annualized net charges-offs declined to 0.34 percent of average loans for the third quarter from 0.44 percent for the third quarter last year, and increased from 0.31 percent for the second quarter of 2003.

Non-performing loans were \$46.3 million at September 30, 2003, or 0.74 percent of loans, up from \$34.4 million, or 0.54 percent of loans, at September 30, 2002, and up slightly from \$45.2 million, or 0.72 percent of loans, at June 30, 2003. The allowance for credit losses also increased to 1.45 percent of loans at the end of the third quarter from 1.37 percent at the same time in 2002, while remaining unchanged from 1.45 percent at the end of the second quarter of 2003.

"BancorpSouth's conservative lending and credit philosophy has continued to produce strong credit quality in an extended and challenging period of economic weakness," added Patterson. "Although non-performing loans increased during the past year, our charge-offs declined significantly for the third quarter compared with the third quarter last year. This decline in charge-offs, along with the decline in loans outstanding at September 30, 2003 when compared to September 30, 2002, enabled us to maintain an allowance for credit losses at 1.45 percent of loans. This is a significant improvement from the third quarter last year, in spite of a substantial reduction in our provision for credit losses. We remain fundamentally committed to conservative lending practices as an essential element of our strategies to achieve consistent long-term growth."

Non-Interest Revenue

BancorpSouth's non-interest revenue increased 81.3 percent for the third quarter of 2003 to \$53.1 million from \$29.3 million for the third quarter of 2002 and 23.8 percent from \$42.9 million for the second quarter of 2003. Although these growth rates include the impact of the changes in the valuation of our mortgage servicing asset and the net securities gains that are discussed above, non-interest revenue, excluding this impact, still increased more than 30 percent for the third quarter compared with the third quarter last year.

The greatest portion of this growth resulted from a 95.1 percent increase in insurance commissions for

the third quarter of 2003 to \$11.9 million from \$6.1 million for the third quarter last year. In addition, service charges for the latest quarter were \$16.1 million, up 25.2 percent from \$12.9 million for the third quarter of 2002. BancorpSouth further benefited from a 33.8 percent increase in mortgage loan originations for the third quarter of 2003 to \$360.1 million from \$269.1 million for the comparable quarter in 2002. Revenue from these mortgage originations totaled \$8.3 million for the third quarter of 2003, up 33.9% from \$6.2 million for the third quarter of 2002.

Patterson said, "We are very pleased with the overall performance of our non-interest revenue generating activities, the growth of which is the result of our strategy to meet the demand for more comprehensive financial services within our customer base. We will continue to evaluate additional opportunities to expand the number of products and services we provide each customer through both accretive acquisitions, such as the Ramsey, Krug, Farrell & Lensing acquisition completed during the third quarter, and internal growth, such as the ongoing growth of our mortgage originations.

"We also remain committed to the mortgage servicing business and to the expansion of our mortgage servicing portfolio, which totaled \$2.8 billion at the end of the third quarter. Through our origination of more than \$1 billion of relatively low-interest rate mortgages during the first nine months of 2003, we believe the mortgage servicing portfolio's prepayment risk has declined significantly, enhancing its prospects of providing BancorpSouth a consistent, long-term contribution to earnings."

Non-Interest Expense

Non-interest expense totaled \$85.9 million for the third quarter of 2003, a 13.3 percent increase over \$75.8 million for the third quarter of 2002. The majority of the increase in non-interest expenses resulted from a 17.6 percent increase in salaries and employee benefits. The acquisition of a major insurance agency in each of the second and third quarters of 2003 contributed to this increase, as well as commissions earned by BancorpSouth's mortgage personnel as a result of the significant increase in mortgage loan originations. The addition of the two insurance agencies in 2003 also contributed to the 11.0 percent increase in other expenses for the third quarter of 2003 versus the third quarter last year.

Capital Management

During the third quarter of 2003, BancorpSouth repurchased the 230,892 shares of its common stock that remained available under the plan authorized in February 2002 for the repurchase of up to 4.1 million shares. In addition, BancorpSouth also repurchased approximately 327,000 shares during the third quarter of 2003 under another stock repurchase plan authorized in April 2003 for the repurchase of up to 3.9 million shares. Combined with the shares repurchased under a separate 4.2 million share stock repurchase plan authorized in March 2001 and completed in 2002, BancorpSouth had repurchased 8.6 million shares of its common stock as of September 30, 2003, or 10.3 percent of its outstanding shares at March 31, 2001. BancorpSouth will continue to evaluate additional share repurchases under

the April 2003 plan, which authorizes these repurchases during a two-year period.

Summary

Mr. Patterson concluded, "As our repurchase of over 10% of the Company's shares during the past 18 months indicates, not only do we believe that an investment in BancorpSouth's stock will provide an attractive long-term return for the Company, but we are also very focused on our goal of increasing BancorpSouth's shareholder value. We further support this goal through a cash dividend policy that has provided increasing annual dividends to our shareholders for 20 consecutive years.

"More importantly, however, we are fully committed to the continuing refinement and implementation of growth strategies to achieve consistent profitable growth over the long-term. These strategies are based both on our ability to create strong customer relationships through high quality customer service and on a conservative banking philosophy that stresses strong credit quality. In achieving these core values, we have moved aggressively and innovatively to create a unique market position across our six-state region, with substantial prospects for additional growth. As a result, we have continued to expand our business and market share throughout a multi-year period of economic weakness, and we are confident that BancorpSouth is well positioned to achieve further profitable growth in an improving economic environment."

Conference Call

BancorpSouth will conduct a conference call with analysts at 1:30 p.m. (Central Time) on October 20, 2003. 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 the acquisition of Ramsey, Krug, Farrell & Lensing, interest rates, loan demand and lending activities, credit quality, expansion of mortgage servicing portfolio and resulting benefits, non-interest revenue, expansion of products and services, internal growth and acquisitions, common stock repurchase plan, shareholder value, strategies to achieve consistent long-term growth and BancorpSouth's future growth and profitability.

We caution you not to place undue reliance on the forward-looking statements contained in this news release in that actual results could differ materially from those indicated in such forward-looking statements, due to a variety of factors. Those factors include, but are not limited to, changes in economic conditions and government fiscal and monetary policies, fluctuations in prevailing interest rates, the ability 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 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, 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 bank holding company headquartered in Tupelo, Mississippi with approximately \$10.2 billion in assets. BancorpSouth operates approximately 250 commercial banking, insurance, trust and broker/dealer locations in Alabama, Arkansas, Louisiana, Mississippi, Tennessee and Texas.

Selected Financial Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
(Dollars in thousands, except per share amounts)				
Earnings Summary:				
Net interest revenue	\$87,808	\$92,622	\$265,021	\$279,132
Provision for credit losses	4,664	8,208	17,658	22,183
Non-interest revenue	53,120	29,307	151,052	97,056
Non-interest expense	85,851	75,773	246,807	227,519
Income before income taxes	50,413	37,948	151,608	126,486
Income tax provision	16,539	11,876	49,345	40,090
Net income	\$33,874	\$26,072	\$102,263	\$86,396
Earning per share:				
Basic	\$0.43	\$0.33	\$1.32	\$1.07
Diluted:	\$0.43	\$0.33	\$1.31	\$1.07

Balance sheet data at September 30:

Total assets	\$10,185,547	\$10,120,612
Total earning assets	9,440,660	9,384,987
Loans and lease receivables, net of unearned discount	6,251,791	6,373,149
Allowance for credit		

losses	90,505	87,497
Total deposits	8,424,422	8,490,860
Common shareholders' equity	854,441	804,250
Book value per share	10.96	10.24

Average balance sheet data:

Total assets	\$10,254,503	\$9,977,577	\$10,244,623	\$9,797,543
Total earning assets	9,509,599	9,321,348	9,532,390	9,160,134
Loans and lease receivables, net of unearned discount	6,271,633	6,355,451	6,302,564	6,258,897
Total deposits	8,450,937	8,326,409	8,545,959	8,165,513
Common shareholders' equity	874,626	813,798	841,207	813,590

Non-performing assets at September 30:

Non-accrual loans	\$18,655	\$10,705
Loans 90+ days past due	25,773	23,629
Restructured loans	1,870	21
Other real estate owned	14,049	21,724

Net charge-offs as a

percentage of average loans (annualized)	0.34%	0.44%	0.32%	0.41%
--	-------	-------	-------	-------

Performance ratios (annualized)

Return on average assets	1.31%	1.04%	1.33%	1.18%
Return on common equity	15.37%	12.71%	16.25%	14.20%

Net interest margin	3.76%	4.07%	3.83%	4.20%
---------------------	-------	-------	-------	-------

Average shares

outstanding - diluted	78,415,306	80,166,776	78,095,332	81,115,325
-----------------------	------------	------------	------------	------------

BancorpSouth, Inc.
Consolidated Balance Sheets
(dollars in thousands)
(Unaudited)

	September 30, 2003	September 30, 2002	% Chg
Assets			
Cash & due from banks	\$302,520	\$340,868	(11.3%)
Interest bearing deposits with other banks	19,157	23,989	(20.1%)
Held-to-maturity securities	990,112	1,237,916	(20.0%)
Available-for-sale securities	1,997,318	1,434,485	39.2%
Federal funds sold and securities purchased under agreement to resell	139,872	247,118	(43.4%)
Loans & leases	6,251,791	6,373,149	(1.9%)
Allowance for credit losses	(90,505)	(87,497)	3.4%
Net loans & leases	6,161,286	6,285,652	(2.0%)
Mortgages held for sale	42,412	68,329	(37.9%)
Bank premises & equipment	212,282	209,637	1.3%
Accrued interest receivable	72,721	75,921	(4.2%)
Other real estate owned	14,049	21,724	(35.3%)
Other assets	233,818	174,973	33.6%
Total assets	\$10,185,547	\$10,120,612	0.6%
Liabilities			
Demand deposits:			
Non-interest bearing	\$1,246,955	\$1,168,087	6.8%
Interest bearing	2,434,498	2,402,511	1.3%
Total demand deposits	3,681,453	3,570,598	3.1%
Savings & time deposits:			
Savings	786,080	800,065	(1.7%)

Certificates of deposit	3,956,889	4,120,197	(4.0%)
Total savings & time deposits	4,742,969	4,920,262	(3.6%)
Total deposits	8,424,422	8,490,860	(0.8%)
Federal funds purchased and securities sold under agreement to repurchase	517,420	446,588	15.9%
Accrued interest payable	20,371	27,665	(26.4%)
Junior subordinated debt	125,000	125,000	NA
Long-term debt	138,820	140,060	(0.9%)
Other liabilities	105,073	86,189	21.9%
Total liabilities	9,331,106	9,316,362	0.2%
Shareholders' Equity			
Common stock	194,900	196,320	(0.7%)
Capital surplus	40,770	18,598	119.2%
Unrealized gain on securities	15,419	32,556	(52.6%)
Retained earnings	603,352	556,776	8.4%
Total shareholders' equity	854,441	804,250	6.2%
Total liabilities & shareholders' equity	\$10,185,547	\$10,120,612	0.6%

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

	Quarter Ended				
	Sep-03	Jun-03	Mar-03	Dec-02	Sep-02
Interest Revenue:					
Loans, including fees	\$99,188	\$103,146	\$105,252	\$110,129	\$113,922
Held-to-maturity securities:	12,199	14,707	15,818	15,681	16,577
Available-for-sale securities	17,063	13,026	14,221	16,277	14,440
Short term investments	1,362	2,315	2,391	2,451	2,569
Total interest revenue	129,812	133,194	137,682	144,538	147,508
Interest Expense:					
Deposits	35,260	39,289	40,544	44,695	47,099
Short term borrowings	1,055	987	904	1,132	1,268
Long term borrowings	2,075	2,079	2,082	2,090	2,095
Junior subordinated debt	2,547	2,547	2,547	2,547	2,547
Other interest expense	1,067	1,223	1,461	1,680	1,877
Total interest expense	42,004	46,125	47,538	52,144	54,886
Net interest revenue	87,808	87,069	90,144	92,394	92,622
Provision for credit losses	4,664	6,472	6,522	7,228	8,208
Net interest revenue, after credit loss provision	83,144	80,597	83,622	85,166	84,414
Other Revenue:					
Mortgage lending	13,623	4,667	7,561	6,069	(2,595)
Service charges	16,131	16,232	13,654	13,557	12,888
Life insurance premiums	760	876	961	1,031	1,091
Trust income	1,905	1,684	1,486	1,767	1,693
Securities gains, net	60	180	13,556	170	2,453
Insurance commissions	11,946	8,314	6,387	5,927	6,123
Other	8,695	10,962	11,411	6,661	7,654
Total other revenue	53,120	42,915	55,016	35,182	29,307
Other Expense:					
Salaries and employee benefits	49,749	48,007	45,461	45,985	42,301
Occupancy	5,932	5,609	5,580	5,497	5,485
Equipment	6,063	5,776	6,003	6,093	6,070
Telecommunications	1,915	1,828	1,860	1,948	1,922
Other	22,192	20,113	20,719	25,356	19,995
Total other expense	85,851	81,333	79,623	84,879	75,773
Income before income taxes	50,413	42,179	59,015	35,469	37,948
Income tax expense	16,539	12,938	19,867	9,848	11,876
Net Income	\$33,874	\$29,241	\$39,148	\$25,621	\$26,072
Net Income Per Share:					

Basic	\$0.43	\$0.38	\$0.51	\$0.33	\$0.33
Diluted	\$0.43	\$0.37	\$0.50	\$0.33	\$0.33

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

	Year To Date	
	Sep-03	Sep-02
Interest Revenue:		
Loans, including fees	\$307,585	\$340,999
Held-to-maturity securities:	42,725	49,098
Available-for-sale securities	44,311	46,425
Short term investments	6,067	9,358
Total interest revenue	400,688	445,880
Interest Expense:		
Deposits	115,093	143,835
Short term borrowings	2,946	3,488
Long term borrowings	6,236	6,276
Junior subordinated debt	7,641	6,877
Other interest expense	3,751	6,272
Total interest expense	135,667	166,748
Net interest revenue	265,021	279,132
Provision for credit losses	17,658	22,183
Net interest revenue, after credit loss provision	247,363	256,949
Other Revenue:		
Mortgage lending	25,851	3,859
Service charges	46,017	35,693
Life insurance premiums	2,598	3,309
Trust income	5,075	5,253
Securities gains, net	13,796	5,316
Insurance commissions	26,647	17,676
Other	31,068	25,950
Total other revenue	151,052	97,056
Other Expense:		
Salaries and employee benefits	143,217	125,119
Occupancy	17,120	16,161
Equipment	17,842	18,869
Telecommunications	5,603	5,879
Other	63,025	61,491
Total other expense	246,807	227,519
Income before income taxes	151,608	126,486
Income tax expense	49,345	40,090
Net Income	\$102,263	\$86,396
Net Income Per Share:		
Basic	\$1.32	\$1.07
Diluted	\$1.31	\$1.07

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

	Quarter Ended		
	September 30, 2003		
(Taxable equivalent basis)	Average Balance	Yield/Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,344,679	\$99,535	6.22%
Held-to-maturity securities:			
Taxable	928,655	10,258	4.38%

Non Taxable	159,698	2,987	7.42%
Available-for-sale securities:			
Taxable	1,738,380	15,160	3.46%
Non Taxable	184,639	2,928	6.29%
Short term investments	153,548	1,362	3.52%
Total interest earning assets and revenue	9,509,599	132,230	5.52%
Other assets	836,643		
Less: allowance for credit losses	(91,739)		
Total	\$10,254,503		

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$2,462,312	\$5,220	0.84%
Savings	791,963	1,431	0.72%
Time	3,982,951	28,608	2.85%
Short-term borrowings	533,933	2,123	1.58%
Junior subordinated debt	125,000	2,547	8.15%
Long-term debt	138,929	2,075	5.93%
Total interest bearing liabilities and expense	8,035,088	42,004	2.07%
Demand deposits - non-interest bearing	1,213,711		
Other liabilities	131,078		
Total liabilities	9,379,877		
Shareholders' equity	874,626		
Total	\$10,254,503		
Net interest revenue		\$90,226	
Net interest margin			3.76%
Net interest rate spread			3.44%
Interest bearing liabilities to interest earning assets			84.49%
Net interest tax equivalent adjustment		\$2,418	

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

	Quarter Ended September 30, 2002		
(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,412,420	\$114,389	7.08%
Held-to-maturity securities:			
Taxable	1,089,342	14,182	5.17%
Non Taxable	194,142	3,685	7.53%
Available-for-sale securities:			
Taxable	1,175,225	12,274	4.14%
Non Taxable	201,465	3,333	6.56%
Short term investments	248,754	2,569	4.10%
Total interest earning assets and revenue	9,321,348	150,432	6.40%
Other assets	743,218		
Less: allowance for credit losses	(86,990)		
Total	\$9,977,577		

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$2,357,120	\$9,528	1.60%
Savings	821,663	2,917	1.41%
Time	4,088,905	34,654	3.36%
Short-term borrowings	464,639	3,146	2.69%
Junior subordinated debt	125,000	2,547	8.15%
Long-term debt	140,162	2,095	5.93%
Total interest bearing			

liabilities and expense	7,997,489	54,887	2.72%
Demand deposits - non-interest bearing	1,058,721		
Other liabilities	107,569		
Total liabilities	9,163,779		
Shareholders' equity	813,798		
Total	\$9,977,577		
Net interest revenue		\$95,545	
Net interest margin			4.07%
Net interest rate spread			3.68%
Interest bearing liabilities to interest earning assets			85.80%
Net interest tax equivalent adjustment	\$2,923		

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

Year to Date September 30, 2003				
(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate	
ASSETS				
Loans net of Unearned Income	\$6,365,923	\$308,716	6.48%	
Held-to-maturity securities:				
Taxable	1,212,104	36,488	4.02%	
Non Taxable	168,234	9,594	7.62%	
Available-for-sale securities:				
Taxable	1,276,990	38,318	4.01%	
Non Taxable	193,580	9,219	6.37%	
Short term investments	315,559	6,067	2.57%	
Total interest earning assets and revenue	9,532,390	408,402	5.73%	
Other assets	802,732			
Less: allowance for credit losses	(90,499)			
Total	\$10,244,623			

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:				
Demand - interest bearing	\$2,478,536	\$19,018	1.03%	
Savings	804,946	5,669	0.94%	
Time	4,098,528	90,406	2.95%	
Short-term borrowings	476,410	6,698	1.88%	
Junior subordinated debt	125,000	7,641	8.15%	
Long-term debt	139,241	6,236	5.99%	
Total interest bearing liabilities and expense	8,122,661	135,668	2.23%	
Demand deposits - non-interest bearing	1,163,949			
Other liabilities	116,806			
Total liabilities	9,403,416			
Shareholders' equity	841,207			
Total	\$10,244,623			
Net interest revenue		\$272,734		
Net interest margin			3.83%	
Net interest rate spread			3.50%	
Interest bearing liabilities to interest earning assets			85.21%	
Net interest tax equivalent adjustment	\$7,713			

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

(dollars in thousands)
(Unaudited)

(Taxable equivalent basis)	Year to Date September 30, 2002		
	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,312,781	\$342,409	7.25%
Held-to-maturity securities:			
Taxable	993,581	41,763	5.62%
Non Taxable	196,275	11,286	7.69%
Available-for-sale securities:			
Taxable	1,107,887	39,947	4.82%
Non Taxable	197,409	9,965	6.75%
Short term investments	352,201	9,359	3.55%
Total interest earning assets and revenue	9,160,134	454,729	6.64%
Other assets	722,992		
Less: allowance for credit losses	(85,583)		
Total	\$9,797,543		

**LIABILITIES AND
SHAREHOLDERS' EQUITY**

Deposits:			
Demand - interest bearing	\$2,313,168	\$27,657	1.60%
Savings	859,490	9,901	1.54%
Time	3,945,818	106,277	3.60%
Short-term borrowings	456,620	9,762	2.86%
Junior subordinated debt	111,264	6,877	8.26%
Long-term debt	140,161	6,276	5.99%
Total interest bearing liabilities and expense	7,826,521	166,750	2.85%
Demand deposits - non-interest bearing	1,047,037		
Other liabilities	110,396		
Total liabilities	8,983,954		
Shareholders' equity	813,590		
Total	\$9,797,544		
Net interest revenue		\$287,979	
Net interest margin		4.20%	
Net interest rate spread		3.79%	
Interest bearing liabilities to interest earning assets		85.44%	
Net interest tax equivalent adjustment	\$8,847		

SOURCE: BancorpSouth, Inc.

CONTACT: L. Nash Allen, Jr., Treasurer and Chief Financial Officer,
+1-662-680-2330, or Gary C. Bonds, Senior Vice President and Controller,
+1-662-680-2332, both of BancorpSouth, Inc.

Web site: <http://www.bancorpsouth.com/>

Cadence Bank

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

<https://ir.cadencebank.com/news?item=133>