

## **BancorpSouth, Inc. Announces Financial Results For The Second Quarter And First Six Months of 2003**

PRNewswire-FirstCall  
TUPELO, Miss.

BancorpSouth, Inc. today announced that net income for the second quarter of 2003 was \$29.2 million, a 5.5 percent decrease from \$30.9 million for the second quarter of 2002. Net income per basic share for the second quarter of 2003 was even with the second quarter of 2002, at \$0.38 for both quarters, while net income per diluted share was \$0.37, 2.6 percent below the \$0.38 earned for the second quarter of 2002.

Net income increased 13.4 percent for the first six months of 2003, to \$68.4 million from \$60.3 million for the first half of 2002. Net income per basic and diluted share rose 18.9 percent for the first six months of 2003 to \$0.88 from \$0.74 for the comparable period in 2002.

Aubrey Patterson, BancorpSouth's Chairman and Chief Executive Officer, commented, "BancorpSouth's second quarter results clearly demonstrate the strategic importance of its successful multi-year effort to build its non- interest revenue streams. Strong growth in mortgage lending fees for the quarter combined with substantial increases in service charges, insurance commissions and other fee income to drive a 30.8 percent increase in non- interest revenue, essentially offsetting the effect of an anticipated decline in net interest revenue that resulted from lower interest rates and reduced loan activity in a difficult economic environment. Our commitment to this strategy to diversify our revenue streams was again evident in the second quarter with the announcement of our acquisition of Wright & Percy Insurance of Baton Rouge, Louisiana's oldest and largest independent insurance agency, which is our fourth insurance-company acquisition in four years. Earlier this week, on July 14, we reinforced our commitment to this strategy with the announcement of our agreement to merge with Ramsey, Krug, Farrell & Lensing, Inc. of Little Rock, Arkansas, one of Arkansas' leading insurance agencies. The continued implementation of this strategy has not only reduced the impact of interest rate volatility on BancorpSouth's financial results, but it has also enabled the Company to develop a much more comprehensive array of financial services with which to serve its growing retail and small-to-mid- sized business customer base.

"As in previous quarters, our non-interest revenue results reflect the impact of interest rate movements on our mortgage servicing asset. For the second quarter of 2003, our results include a provision for the impairment of the mortgage servicing asset, which is a non-cash charge related to the decline in mortgage interest rates, of \$4.7 million, or \$0.04 per diluted share after tax. Net securities gains for the second quarter of 2003 totaled \$180,000. For the second quarter of 2002, the results include a provision for the impairment of the mortgage servicing asset of \$4.2 million, or \$0.03 per

diluted share after tax, and net securities gains of \$2.9 million, or \$0.02 per diluted share after tax."

#### Net Interest Revenue

Interest revenue was \$133.2 million for the second quarter of 2003, down 10.5 percent from \$148.8 million for the second quarter of 2002 and 3.3 percent from \$137.7 million for the first quarter of 2003. Interest expense declined 15.7 percent to \$46.1 million for the second quarter from \$54.7 million for the second quarter last year and 3.0 percent from \$47.5 million for the first quarter of 2003.

The average taxable equivalent yield on earning assets for the second quarter of 2003 decreased to 5.68 percent from 6.63 percent for the comparable quarter in 2002 and 6.00 percent for the first quarter of 2003. The average rate paid on interest-bearing liabilities for the second quarter of 2003 fell to 2.26 percent from 2.80 percent for the second quarter of 2002 and 2.36 percent for the first quarter of 2003.

Net interest revenue was \$87.1 million for the second quarter of 2003, a decrease of 7.5 percent from \$94.1 million for the second quarter of 2002 and 3.4 percent from \$90.1 million for the first quarter of 2003. Net interest margin was 3.75 percent for the second quarter of 2003, compared with 4.24 percent for the second quarter of 2002 and 3.97 percent for the first quarter of the current year.

Patterson added, "Declining interest rates in the second quarter continued to contribute to the reduction of BancorpSouth's net interest margin. In addition, as discussed in our first-quarter earnings release, the securities sale undertaken in the first quarter to narrow the interest sensitivity gap between maturing assets and liabilities also produced pressure on the net interest margin, as anticipated in a declining rate environment. While we constantly manage our assets and liabilities to limit our exposure to changing interest rates, we have actively sought to better position the Company to take advantage of rising interest rates when they occur, in spite of the short-term impact on the net interest margin. Having experienced the impact of many interest rate cycles, we stand by this more conservative posture, which we believe is consistent with our goals for long-term growth in shareholder value."

#### Deposit and Loan Activity

Total assets at June 30, 2003 increased 6.6 percent to \$10.6 billion from \$9.9 billion at June 30, 2002. Total deposits were \$8.7 billion at June 30, 2003, a 5.6 percent increase from \$8.3 billion at the end of the second quarter of 2002. Total loans of \$6.3 billion at June 30, 2003 fell 0.7 percent from \$6.3 billion at June 30, 2002.

"Like the banking industry as a whole, our loan activity for the second quarter reflects the continued listless economic environment in both our regional and the national markets," said Patterson. "Because of the geographic and business mix diversification we enjoy throughout our six-state market, we are confident that we remain well positioned to participate in improved loan activity that we would expect to accompany an improvement in the economic environment. We also continue to be encouraged by the

growth in market share evidenced by the 5.6 percent expansion of our total deposits. Within this total, non-interest bearing deposits grew 17.5 percent for the second quarter, which represents the second consecutive quarter of double-digit percentage growth for this low-cost source of funds."

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

The provision for credit losses for the second quarter of 2003 declined on both a comparable-quarter and sequential-quarter basis for the second consecutive quarter. For the latest quarter, the provision of \$6.5 million fell 10.3 percent from \$7.2 million for the second quarter of 2002 and 0.8 percent from \$6.5 million for the first quarter of 2003. Annualized net charge-offs were 0.31 percent of average loans for the latest quarter, versus 0.39 percent for the comparable quarter in 2002 and 0.30 percent for the first quarter of 2003.

Non-performing loans at June 30, 2003 totaled \$45.2 million, or 0.72 percent of loans, compared with \$40.9 million, or 0.65 percent of loans, at June 30, 2002, and \$40.2 million, or 0.64 percent of loans at the end of the first quarter of 2003. The allowance for credit losses at June 30, 2003, was 1.45 percent of loans, up from 1.36 percent at June 30, 2002 and 1.43 percent at March 31, 2003.

Patterson stated, "We remain pleased with BancorpSouth's credit quality as we enter the second half of 2003. As expected, the lack of material growth in the economy is a significant factor in the increase in our non-performing loans during the second quarter. However, through diligent efforts to salvage these assets, we reduced annualized charge-offs for the quarter compared with the second quarter of last year. This reduction, in turn, strengthened our allowance for credit losses compared with both the second quarter of 2002 and the first quarter of 2003, even as we reduced our provision for credit losses for the third consecutive quarter.

"We attribute BancorpSouth's strong credit quality to a conservative lending and credit philosophy that is an essential part of the foundation of this organization. Because the traditional banking industry is affected so directly by the economic cycle, we firmly believe that a key to long-term prosperity is a fully engaged loan review function that implements this conservative philosophy aggressively. While confident that adherence to this policy costs us some incremental business in the stronger part of the economic cycle, we are equally confident that, after two years of economic softness, it is accountable for our continued strong credit quality."

#### Non-Interest Revenue

Non-interest revenue increased 30.8 percent to \$42.9 million for the second quarter of 2003 from \$32.8 million for the second quarter of 2002 and decreased 22.0 percent from \$55.0 million for the first quarter of 2003. In addition to the net securities gains and impairment provisions discussed above for the second quarter of 2003 and 2002, these results include net securities gains for the first quarter of 2003 of \$13.6 million, as well as a reversal of previously recorded impairment charges for the first

quarter of 2003 of \$0.8 million.

The strong growth in revenue from mortgage loan originations for the second quarter of 2003 resulted from the continued low mortgage interest rates during the quarter. Because of this environment, BancorpSouth's mortgage loan originations for the second quarter of 2003 grew 120.8 percent to \$392.8 million from \$177.9 million for the second quarter of 2002, and its mortgage servicing portfolio expanded to \$2.8 billion at June 30, 2003, from \$2.6 billion at June 30, 2002.

Non-interest revenue for the second quarter of 2003 also reflected 28.9 percent growth in service charges, to \$16.2 million for the latest quarter from \$12.6 million for the second quarter last year, as well as 41.2 percent growth in insurance commissions, to \$8.3 million from \$5.9 million, and 40.3 percent growth in other non-interest revenue, to \$11.0 million from \$7.8 million.

"The growth in non-interest revenue to nearly half the size of net interest revenue for the second quarter of 2003, up from 34.9 percent of net interest revenue for the second quarter of 2002, has contributed substantially to the profitability of BancorpSouth," continued Patterson. "We expect the expansion of our mortgage servicing portfolio at historically low interest rates will create future benefits as well, not only through the reduction of pre-payment risk for mortgages within the portfolio, but also through the new and expanded customer relationships the growth in mortgage originations has produced. We intend to market a full array of traditional banking products to these customers, as well as our growing portfolio of non-interest revenue products, such as deposit, insurance, cash management and investment brokerage products and services."

#### Non-Interest Expense

Non-interest expense increased 9.1 percent for the second quarter of 2003 to \$81.3 million from \$74.6 million for the second quarter of 2002. The substantial majority of this increase occurred in salaries and employee benefits, primarily due to commissions related to increased mortgage loan originations. Equipment, telecommunications and other expenses declined on a comparable-quarter and sequential-quarter basis with the completion of initiatives to improve operating efficiency.

#### Capital Management

During the second quarter of 2003, BancorpSouth did not repurchase any shares of its common stock under any of its stock repurchase plans. At the end of the second quarter of 2003, approximately 231,000 shares of common stock remained available for repurchase under the plan authorized in February 2002 for the repurchase of up to 4.1 million shares. Additionally, in April 2003, the Company's Board of Directors authorized a new plan, under which the Company may repurchase up to an additional 3.9 million shares. No shares have been repurchased under this recently adopted plan. Combined with the shares repurchased under a separate 4.2 million share plan authorized in March 2001 that was completed in 2002, the Company has repurchased approximately 8.1 million shares of its common stock

as of June 30, 2003, or 9.6 percent of its outstanding shares at March 31, 2001. BancorpSouth will continue to evaluate additional share repurchases under the February 2002 and April 2003 plans, which authorize these repurchases during an eighteen-month and two-year period, respectively.

## Summary

Mr. Patterson concluded, "The latest stock repurchase plan authorized by the Board of Directors is a clear indication of its confidence in the growth potential of BancorpSouth. This confidence is based on the continuing efforts of a highly experienced management team and employees throughout BancorpSouth, who have demonstrated their ability to produce long-term growth in shareholder value. Through these efforts, BancorpSouth occupies a unique competitive position in its six-state market, which is based on its commitment to provide "community bank" customer service supported by the product and systems sophistication of one of the country's 50 largest banking organizations. In addition to traditional banking services, we have decisively positioned BancorpSouth to pursue a growing non-interest revenue opportunity, and we have enhanced our ability to scale our operations profitably through a substantial level of back office centralization. We have consistently proven our ability to expand market share through both internal growth and accretive acquisitions, even as we maintain a conservative lending posture and strong credit quality. As a result, we believe BancorpSouth is well positioned to weather the current economic uncertainty and, through the consistent implementation of its long-term growth strategies, produce further gains in shareholder value."

## Conference Call

BancorpSouth will conduct a conference call with analysts at 2:30 p.m. (Central Time) on July 17, 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 a least two weeks following the call.

BancorpSouth, Inc. is a bank holding company headquartered in Tupelo, Mississippi with approximately \$10.6 billion in assets. BancorpSouth operates approximately 250 commercial banking, insurance, trust, broker/dealer and consumer finance locations in Alabama, Arkansas, Louisiana, Mississippi, Tennessee and Texas.

## Forward-Looking Statements

Certain statements contained in this news release may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "may," "might," "will," "would," "could" or "intend." These forward-looking statements include, without limitation, those relating to the

acquisition of Ramsey, Krug, Farrell & Lensing, interest rates, loan volume, credit quality, expansion of mortgage servicing portfolio and resulting benefits, net interest margin, non-interest revenue, ability to scale operations profitably through back office centralization, market share, expansion and prospects of products and services, internal growth and acquisitions, common stock repurchase plan, shareholder value 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, the inability to complete the acquisition of Ramsey, Krug, Farrell & Lensing, 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 reduce interest rates paid on deposits as interest rates decline or stabilize, 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.

#### Selected Financial Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
(Dollars in thousands, except per share amounts)				
Earnings Summary:				
Net interest revenue	\$87,069	\$94,083	\$177,213	\$186,510
Provision for credit losses	6,472	7,215	12,994	13,975
Non-interest revenue	42,915	32,818	97,932	67,749
Non-interest expense	81,333	74,574	160,956	151,746
Income before income taxes	42,179	45,112	101,195	88,538
Income tax provision	12,938	14,185	32,806	28,214
Net income	\$29,241	\$30,927	\$68,389	\$60,324
Earnings per share:				
Basic	\$0.38	\$0.38	\$0.88	\$0.74
Diluted	\$0.37	\$0.38	\$0.88	\$0.74

#### Balance sheet data at June 30:

Total assets	\$10,576,453	\$9,923,525
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Total earning assets	9,763,679	9,257,974
Loans and lease receivables, net of unearned discount	6,301,110	6,344,219
Allowance for credit losses	91,210	86,276
Total deposits	8,714,072	8,255,559
Common shareholders' equity	857,868	830,801
Book value per share	11.00	10.28

Average balance sheet data:

Total assets	\$10,287,130	\$9,818,001	\$10,239,601	\$9,706,035
Total earning assets	9,592,723	9,187,581	9,543,975	9,078,189
Loans and lease receivables, net of unearned discount	6,289,079	6,276,605	6,318,286	6,209,820
Total deposits	8,628,134	8,165,640	8,594,256	8,083,731
Common shareholders' equity	832,443	819,941	824,221	813,484

Non-performing assets at June 30:

Non-accrual loans	\$18,230	\$12,166
Loans 90+ days past due	26,954	28,755
Restructured loans	14	22
Other real estate owned	15,065	18,798

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

0.31%	0.39%	0.31%	0.39%
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Performance ratios (annualized)

Return on average assets	1.14%	1.26%	1.35%	1.25%
Return on common equity	14.09%	15.13%	16.73%	14.95%

Net interest margin	3.75%	4.24%	3.86%	4.27%
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Average shares

outstanding - diluted	78,013,329	81,498,916	77,935,346	81,589,600
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BancorpSouth, Inc.  
Consolidated Balance Sheets  
(dollars in thousands)  
(Unaudited)

	June 30, 2003	June 30, 2002	% Chg
<b>Assets</b>			
Cash & due from banks	\$393,390	\$303,599	29.6%
Interest bearing deposits with other banks	5,059	12,108	(58.2%)
Held-to-maturity securities	1,552,070	1,223,435	26.9%
Available-for-sale securities	1,723,766	1,115,762	54.5%
Federal funds sold and securities purchased under agreement to resell	94,999	518,727	(81.7%)
Loans & leases	6,301,110	6,344,219	(0.7%)
Allowance for credit losses	(91,210)	(86,276)	5.7%
Net loans & leases	6,209,900	6,257,943	(0.8%)
Mortgages held for sale	86,676	43,723	98.2%
Bank premises & equipment	209,746	211,451	(0.8%)
Accrued interest receivable	76,015	79,524	(4.4%)
Other real estate owned	15,065	18,295	(17.7%)
Other assets	209,767	138,958	51.0%
<b>Total assets</b>	<b>\$10,576,453</b>	<b>\$9,923,525</b>	<b>6.6%</b>

Liabilities				
Demand deposits:				
Non-interest bearing	\$1,287,846	\$1,096,257	17.5%	
Interest bearing	2,463,010	2,306,227	6.8%	
Total demand deposits	3,750,856	3,402,484	10.2%	
Savings & time deposits:				
Savings	797,880	851,714	(6.3%)	
Certificates of deposit	4,165,336	4,001,361	4.1%	
Total savings & time deposits	4,963,216	4,853,075	2.3%	
Total deposits	8,714,072	8,255,559	5.6%	
Federal funds purchased and securities sold under agreement to repurchase				
	576,727	458,807	25.7%	
Short-term borrowings	50,000	4,000		
Accrued interest payable	21,101	26,309	(19.8%)	
Junior subordinated debt	125,000	125,000	---	
Long-term debt	139,137	140,357	(0.9%)	
Other liabilities	92,548	82,692	11.9%	
Total liabilities	9,718,585	9,092,724	6.9%	
Shareholders' Equity				
Common stock	195,017	202,052	(3.5%)	
Capital surplus	31,031	18,115	71.3%	
Unrealized gain (loss) on securities				
	39,368	27,080	45.4%	
Retained earnings	592,452	583,554	1.5%	
Total shareholders' equity	857,868	830,801	3.3%	
Total liabilities & shareholders' equity	\$10,576,453	\$9,923,525	6.6%	

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

	Quarter Ended				
	Jun-03	Mar-03	Dec-02	Sep-02	Jun-02
Interest Revenue:					
Loans, including fees	\$103,146	\$105,252	\$110,129	\$113,922	\$113,735
Held-to-maturity securities:					
	14,707	15,818	15,681	16,577	16,093
Available-for-sale securities					
	13,026	14,221	16,277	14,440	15,571
Short term investments	2,315	2,391	2,451	2,569	3,427
Total interest revenue	133,194	137,682	144,538	147,508	148,826
Interest Expense:					
Deposits	39,289	40,544	44,695	47,099	46,834
Short term borrowings	987	904	1,132	1,268	1,186
Long term borrowings	2,079	2,082	2,090	2,095	2,069
Junior subordinated debt	2,547	2,547	2,547	2,547	2,547
Other interest expense	1,223	1,461	1,680	1,877	2,107
Total interest expense	46,125	47,538	52,144	54,886	54,743
Net interest revenue	87,069	90,144	92,394	92,622	94,083
Provision for credit losses					
	6,472	6,522	7,228	8,208	7,215
Net interest revenue, after credit loss provision					
	80,597	83,622	85,166	84,414	86,868
Other Revenue:					
Mortgage lending	4,667	7,561	6,069	(2,595)	900
Service charges	16,232	13,654	13,557	12,888	12,595
Life insurance premiums	876	961	1,031	1,091	1,091
Trust income	1,684	1,486	1,767	1,693	1,644
Securities gains, net	180	13,556	170	2,453	2,888
Insurance commissions	8,314	6,387	5,927	6,123	5,887
Other	10,962	11,411	6,661	7,654	7,813
Total other revenue	42,915	55,016	35,182	29,307	32,818
Other Expense:					
Salaries and employee					



benefits	48,007	45,461	45,985	42,301	40,226
Occupancy	5,609	5,580	5,497	5,485	5,422
Equipment	5,776	6,003	6,093	6,070	6,264
Telecommunications	1,828	1,860	1,948	1,922	2,032
Other	20,113	20,719	25,356	19,995	20,630
Total other expense	81,333	79,623	84,879	75,773	74,574
Income before					
income taxes	42,179	59,015	35,469	37,948	45,112
Income tax expense	12,938	19,867	9,848	11,876	14,185
Net Income	\$29,241	\$39,148	\$25,621	\$26,072	\$30,927
Net Income Per Share:					
Basic	\$0.38	\$0.51	\$0.33	\$0.33	\$0.38
Diluted	\$0.37	\$0.50	\$0.33	\$0.33	\$0.38

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

	Year To Date Jun-03	Jun-02
Interest Revenue:		
Loans, including fees	\$208,397	\$227,077
Held-to-maturity securities:	30,525	32,522
Available-for-sale securities	27,248	31,984
Short term investments	4,706	6,789
Total interest revenue	270,876	298,372
Interest Expense:		
Deposits	79,833	96,736
Short term borrowings	1,891	2,220
Long term borrowings	4,161	4,181
Junior subordinated debt	5,094	4,330
Other interest expense	2,684	4,395
Total interest expense	93,663	111,862
Net interest revenue	177,213	186,510
Provision for credit losses	12,994	13,975
Net interest revenue, after credit loss provision	164,219	172,535
Other Revenue:		
Mortgage lending	12,228	6,454
Service charges	29,886	22,805
Life insurance premiums	1,838	2,218
Trust income	3,170	3,561
Securities gains, net	13,737	2,863
Insurance commissions	14,702	11,554
Other	22,371	18,294
Total other revenue	97,932	67,749
Other Expense:		
Salaries and employee benefits	93,468	82,817
Occupancy	11,188	10,676
Equipment	11,779	12,799
Telecommunications	3,688	3,957
Other	40,833	41,497
Total other expense	160,956	151,746
Income before income taxes	101,195	88,538
Income tax expense	32,806	28,214
Net Income	\$68,389	\$60,324
Net Income Per Share:		
Basic	\$0.88	\$0.74
Diluted	\$0.88	\$0.74

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%
Non Taxable	166,218	3,198	7.72%
Available-for-sale securities:			
Taxable	1,028,778	11,031	4.30%
Non Taxable	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%
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 - non-interest 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)

Quarter Ended

June 30, 2002

(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of Unearned Income	\$6,323,983	\$114,202	7.24%
Held-to-maturity securities:			
Taxable	954,261	13,643	5.73%
Non Taxable	196,409	3,769	7.70%
Available-for-sale securities:			
Taxable	1,091,573	13,417	4.93%
Non Taxable	197,212	3,314	6.74%
Short term investments	424,143	3,427	3.24%
Total interest earning assets and revenue	9,187,581	151,772	6.63%
Other assets	715,892		
Less: allowance for credit losses	(85,472)		

Total \$9,818,001

LIABILITIES AND  
SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$2,323,638	\$9,295	1.60%
Savings	866,708	3,424	1.58%
Time	3,930,864	34,115	3.48%

Short-term borrowings	453,611	3,294	2.91%
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Junior subordinated debt	125,000	2,547	8.15%
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Long-term debt	140,458	2,069	5.91%
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Total interest bearing liabilities and expense	7,840,279	54,744	2.80%
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Demand deposits - non-interest bearing	1,044,430		
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Other liabilities	113,351		
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Total liabilities	8,998,060		
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Shareholders' equity	819,941		
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Total	\$9,818,001		
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Net interest revenue	\$97,028		
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Net interest margin			4.24%
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Net interest rate spread			3.83%
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Interest bearing liabilities to interest earning assets			85.34%
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Net interest tax equivalent adjustment	\$2,945		
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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%
Non Taxable	172,573	6,607	7.72%
Available-for-sale securities:			
Taxable	1,042,471	23,158	4.48%
Non Taxable	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%
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 - non-interest 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
Net interest margin	3.86%
Net interest rate spread	3.52%
Interest bearing liabilities to interest earning assets	85.57%
Net interest tax equivalent adjustment	\$5,295

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

	Year to Date June 30, 2002		
	Average	Yield/ Interest	Rate
(Taxable equivalent basis)	Balance		
ASSETS			
Loans net of Unearned Income	\$6,262,136	\$228,020	7.34%
Held-to-maturity securities:			
Taxable	944,906	27,581	5.89%
Non Taxable	197,359	7,601	7.77%
Available-for-sale securities:			
Taxable	1,073,660	27,673	5.20%
Non Taxable	195,347	6,632	6.85%
Short term investments	404,781	6,790	3.38%
Total interest earning assets and revenue	9,078,189	304,297	6.76%
Other assets	712,714		
Less: allowance for credit losses	(84,868)		
Total	\$9,706,035		

LIABILITIES AND  
SHAREHOLDERS' EQUITY

Deposits:			
Demand - interest bearing	\$2,290,828	\$18,129	1.60%
Savings	878,716	6,984	1.60%
Time	3,873,088	71,623	3.73%
Short-term borrowings	452,543	6,616	2.95%
Junior subordinated debt	104,282	4,330	
Long-term debt	140,160	4,181	6.02%
Total interest bearing liabilities and expense	7,739,617	111,863	2.91%
Demand deposits - non-interest bearing	1,041,099		
Other liabilities	111,834		
Total liabilities	8,892,550		
Shareholders' equity	813,484		
Total	\$9,706,035		
Net interest revenue	\$192,434		
Net interest margin		4.27%	
Net interest rate spread		3.84%	
Interest bearing liabilities to interest earning assets		85.26%	
Net interest tax equivalent adjustment	\$5,924		

SOURCE: BancorpSouth, Inc.

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## ***BancorpSouth Bank***

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