

BancorpSouth, Inc. Announces Earnings Per Diluted Share of \$0.36 for the Third Quarter of 2004

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TUPELO, Miss.

BancorpSouth, Inc. today announced financial results for the third quarter and nine months ended September 30, 2004.

Highlights of the Quarter:

- * The third consecutive sequential-quarter increase in loans net of unearned discounts and the second consecutive comparable-quarter increase.
- * The first sequential-quarter increase in loan interest revenue since the third quarter of 2002.
- * Improved credit quality resulted in reduced provision for possible credit losses.
- * The growth in insurance commissions, up 20.3 percent for the third quarter compared with the third quarter of 2003.
- * The signing of definitive agreements to acquire Premier Bancorp, Inc. the holding company for Premier Bank of Brentwood, Tennessee, and Business Holding Corporation, the holding company for The Business Bank of Baton Rouge, Louisiana, which are expected to significantly expand BancorpSouth's presence in the growing Nashville and Baton Rouge markets.

Net income for the third quarter of 2004 was \$27.6 million, or \$0.36 per basic share and diluted share. Included in the results for the third quarter of 2004 is the net negative impact of \$0.02 per diluted share from a \$2.2 million non-cash charge for impairment of the Company's mortgage servicing asset related to a decline in mortgage interest rates and \$146,000 in net securities gains. Net income for the third quarter of 2003 was \$33.9 million, or \$0.43 per basic and diluted share. Included in the results for the third quarter of 2003 is the net positive impact of \$0.05 per diluted share from a \$5.8 million reversal of previously recorded impairment charges against the Company's mortgage servicing asset and \$60,000 in net securities gains.

For the first nine months of 2004, net income was \$86.0 million, or \$1.12 and \$1.11 per basic and diluted share, respectively. Included in the results for the first nine months of 2004 is the net positive impact of \$0.05 per diluted share from a \$4.8 million reversal of previously recorded impairment charges against the Company's mortgage servicing asset and \$822,000 in net securities gains. Net income for the first nine months of 2003 was \$102.3 million, or \$1.32 and \$1.31 per basic and diluted share, respectively. Included in the results for the first nine months of 2003 is the net positive impact of \$0.12 per diluted share from a \$1.9 million reversal of previously recorded impairment charges against the Company's mortgage servicing asset and \$13.8 million in net securities gains.

"We are pleased to have achieved continued expansion of our loan portfolio for the third quarter of

2004 and to have reversed the steady decline in loan interest revenue that has affected our results for the past two years," said Aubrey Patterson, Chairman and Chief Executive Officer of BancorpSouth. "While we are encouraged by these trends and by the strengthening economic activity that underlies them, we continue to face the challenge of short-term liability sensitivity in a rising interest rate environment.

"We are also encouraged by the further growth in insurance commissions, reflecting our two insurance agency acquisitions in 2003, which offset much of the impact of the anticipated decline in mortgage originations from the levels produced by historically low interest rates last year. These acquisitions illustrate the continuing potential of both our strategy to lower our dependence on interest-rate spreads by increasing our noninterest revenue and our ability to complement our organic growth through strategic acquisitions.

"In the third quarter, we again acted decisively to seize strategic opportunities through signing definitive agreements to acquire Premier Bank of Brentwood and The Business Bank of Baton Rouge. The acquisition of Premier Bank of Brentwood will significantly expand our presence in the rapidly growing suburban-Nashville market. The acquisition of The Business Bank of Baton Rouge will provide our initial banking assets in the dynamic Baton Rouge metropolitan market and enable us to leverage the significant market presence we created through last year's acquisition of Louisiana's oldest and largest insurance company, Wright and Percy Insurance, which is headquartered in Baton Rouge."

Net Interest Revenue

Interest revenue for the third quarter of 2004 was \$124.5 million, a 4.1 percent decrease from \$129.8 million for the third quarter of 2003 and an increase of 0.7 percent from \$123.7 million for the second quarter of 2004. Interest expense for the third quarter of 2004 was \$41.5 million, a 1.1 percent decrease from \$42.0 million for the third quarter of 2003 and an increase of 3.9 percent from \$40.0 million for the second quarter of 2004.

The average taxable equivalent yield on earning assets was 5.17 percent for the third quarter of 2004, a decline from 5.52 percent for the third quarter of 2003 and an increase from 5.15 percent for the second quarter of 2004. The average rate paid on interest bearing liabilities was 1.99 percent for the third quarter of 2004, down from 2.07 percent for the third quarter of 2003 and up from 1.93 percent for the second quarter of 2004.

Net interest revenue was \$83.0 million for the third quarter of 2004, a decrease of 5.5 percent from \$87.8 million for the third quarter of 2003 and a decrease of 0.9 percent from \$83.7 million for the second quarter of 2004. Net interest margin declined to 3.48 percent for the third quarter of 2004 from 3.76 percent for the third quarter of 2003 and from 3.52 percent for the second quarter of 2004.

Patterson remarked, "As expected, net interest revenue and the pressure on net interest margin for

the quarter reflected the impact of our short-term liability sensitivity in a rising interest rate environment. In spite of the compression in net interest margin for the quarter, the increase in interest rates away from their low absolute level during the first half of the year enhances our ability to manage our assets and liabilities to limit our exposure to changing interest rates. The conservative posture in the average maturity of our investment assets will provide an opportunity to reduce pressure on net interest margin should loan demand continue to increase. This opportunity will reduce our appetite for higher priced deposits, thereby positively impacting net interest margin."

Deposit and Loan Activity

Total assets increased 4.1 percent to \$10.6 billion at September 30, 2004, from \$10.2 billion at September 30, 2003. Total deposits rose 5.0 percent to \$8.8 billion at September 30, 2004, from \$8.4 billion at September 30, 2003. Loans, net of unearned discount, increased 4.2 percent to \$6.5 billion at September 30, 2004, from \$6.3 billion at September 30, 2003.

"The solid growth in loans and deposits for the third quarter provides additional evidence that the economy is strengthening in our markets," said Patterson. "We added over \$90 million in loans during the latest quarter alone. We are also pleased with the continued growth in low-cost demand deposits, up 8.6% at the end of the third quarter of 2004 from the end of the third quarter last year, which indicated an increased share of the household market. In contrast, total time deposits only increased 3.0% on a comparable- quarter basis as a result of our ongoing actions to reduce our interest-rate exposure."

Provision for Credit Losses and Allowance for Credit Losses

The provision for credit losses decreased 24.3 percent to \$3.5 million for the third quarter of 2004 from \$4.7 million for the third quarter of 2003 and decreased 27.0 percent from \$4.8 million for the second quarter of 2004. Annualized net charge-offs were 0.25 percent of average loans for the third quarter of 2004, down from 0.34 percent for third quarter of 2003 and 0.36 percent for the second quarter of 2004.

Non-performing loans decreased 20.8 percent to \$36.7 million, or 0.56 percent of loans, at September 30, 2004, from \$46.3 million, or 0.74 percent of loans, at September 30, 2003, and decreased 1.2 percent from \$37.1 million, or 0.58 percent of loans, at June 30, 2004. The allowance for credit losses was 1.38 percent of loans at September 30, 2004, compared with 1.45 percent of loans at September 30, 2003 and 1.41 percent of loans at June 30, 2004.

Patterson continued, "We significantly reduced our third-quarter provision for credit losses on a sequential-quarter basis and for the third consecutive comparable-quarter because of further improvement in our credit quality. For the third quarter, this improvement included a substantial reduction in annualized net charge-offs and non-performing loans. As a result, our reserve coverage of

non-performing loans improved to 2.5 at September 30, 2004, from 2.0 and 2.4 at the end of the third quarter of 2003 and the second quarter of 2004, respectively, in spite of the lower allowance for credit losses as a percent of loans."

Noninterest Revenue

Noninterest revenue was \$42.3 million for the third quarter of 2004, a 15.0 percent decrease from \$49.8 million for the third quarter of 2003 and a 17.7 percent decrease from \$51.4 million for the second quarter of 2004. As discussed above, these results reflect the impact of the \$2.2 million non-cash charge for impairment of the Company's mortgage servicing asset for the third quarter of 2004 compared with the reversal of previously recorded impairment charges against the Company's mortgage servicing asset of \$5.8 million and \$9.4 million for the third quarter of 2003 and the second quarter of 2004, respectively. In addition, mortgage lending results for the latest quarter reflected the anticipated decline in mortgage originations to \$128.6 million from \$360.1 million for the third quarter of 2003.

Insurance commissions rose 20.3 percent to \$14.4 million for the third quarter of 2004 from \$11.9 million for the third quarter of 2003, primarily driven by 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.

"Demonstrating our commitment to diversifying our revenue streams, our third-quarter noninterest revenue equaled more than half of our net interest revenue, even with the impairment charge to our mortgage servicing asset. We are confident of continuing opportunities to increase noninterest revenue as we expand these products and services within our existing markets and enter new markets, through both organic growth and acquisition. Through the ongoing successful implementation of our noninterest revenue strategy, we expect to achieve both further reductions in our interest-rate spread dependence and stronger customer relationships as we serve more of our customers' financial needs."

Noninterest Expense

Noninterest expense was \$85.0 million for the third quarter of 2004, a 2.9 percent increase from \$82.6 million for the third quarter of 2003 and a 1.1 percent increase from \$84.0 million for the second quarter of 2004. The increases primarily reflected salaries, employee benefits and other expenses related to the growth in insurance commissions, as well as to the acquisition of Ramsey, Krug, Farrell & Lensing Insurance in the third quarter of 2003.

Capital Management

BancorpSouth repurchased 374,400 shares of its common stock during the third 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 2,005,108 shares had been purchased under this plan at the end of the third quarter of 2004.

Combined with the 8.3 million shares repurchased under earlier plans, BancorpSouth had repurchased approximately 10.3 million shares of its common stock as of September 30, 2004, or 12.3 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, "Although our third-quarter results were clearly affected by the constriction in our net interest margin, we believe the strengthening economy and the initial movements toward more sustainable levels of interest rates are beginning to create a foundation for future profitable growth. We expect our net interest margin will continue to pose a challenge for the immediate future. However, we are also confident that through our strong competitive position in our six-state franchise, proven organic growth and acquisition strategies, high credit quality and conservative capitalization, we are positioned to produce long-term growth consistent with our historical results."

Conference Call

BancorpSouth will conduct a conference call with analysts at 1:30 p.m. (Central Time) on October 19, 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, loan demand, loan and deposit growth insurance commissions, demand deposits, allowance for credit losses, net interest margin, customer relationships, credit quality, noninterest revenue, expansion of products and services, proposed acquisitions of Premier Bancorp and Business Holding Corporation, expansion of markets and entry into new markets through growth and acquisitions, common stock repurchase plan, competitive position, 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, the ability of BancorpSouth to manage its assets and liabilities to limit exposure to changing interest rates, 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 \$10.6 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		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
(Dollars in thousands, except per share amounts)				
Earnings Summary:				
Net interest revenue	\$82,958	\$87,808	\$250,124	\$265,021
Provision for credit losses	3,530	4,664	12,381	17,658
Noninterest revenue	42,327	49,820	139,784	142,012
Noninterest expense	84,980	82,551	255,016	237,767
Income before income taxes	36,775	50,413	122,511	151,608
Income tax provision	9,187	16,539	36,484	49,345
Net income	\$27,588	\$33,874	\$86,027	\$102,263
Earning per share:				
Basic	\$0.36	\$0.43	\$1.12	\$1.32
Diluted:	\$0.36	\$0.43	\$1.11	\$1.31

Balance sheet data at
September 30:

Total assets	\$10,608,150	\$10,185,547
Total earning assets	9,767,438	9,440,660
Loans and lease receivables, net of unearned discount	6,512,969	6,251,791
Allowance for credit		

losses	90,100	90,505
Total deposits	8,843,239	8,424,422
Common shareholders' equity	875,142	854,441
Book value per share	11.44	10.96

Average balance sheet
data:

Total assets	\$10,582,191	\$10,254,503	\$10,550,174	\$10,244,623
Total earning assets	9,751,609	9,509,599	9,752,694	9,532,390
Loans and lease receivables, net of unearned discount	6,460,163	6,271,633	6,340,868	6,302,564
Total deposits	8,825,726	8,450,937	8,804,805	8,545,959
Common shareholders' equity	859,514	874,626	871,192	841,207

Non-performing assets
at September 30:

Non-accrual loans	\$13,843	\$18,655
Loans 90+ days past due	20,675	25,773
Restructured loans	2,164	1,870
Other real estate owned	19,413	14,049

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

0.25%	0.34%	0.30%	0.32%
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Performance ratios
(annualized)

Return on average assets	1.04%	1.31%	1.09%	1.33%
Return on common equity	12.77%	15.37%	13.19%	16.25%

Net interest margin	3.48%	3.76%	3.52%	3.83%
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Average shares

outstanding - diluted	76,978,834	78,415,306	77,515,403	78,095,332
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BancorpSouth, Inc.
Consolidated Statement of Condition
(Unaudited)

	September 30, 2004	2003	% Change
	(In thousands)		
Assets			
Cash and due from banks	\$304,389	\$302,520	0.62%
Interest bearing deposits with other banks	35,090	19,157	83.17%
Held-to-maturity securities, at amortized cost	1,384,061	990,112	39.79%
Available-for-sale securities, at fair market value	1,758,945	1,997,318	(11.93%)
Federal funds sold and securities purchased under agreement to resell	7,180	139,872	(94.87%)
Loans	6,543,720	6,287,265	4.08%
Less: Unearned discount	(30,751)	(35,474)	(13.31%)
Allowance for credit losses	(90,100)	(90,505)	(0.45%)
Net loans	6,422,869	6,161,286	4.25%
Loans held for sale	69,194	42,412	63.15%
Premises and equipment, net	224,685	212,282	5.84%
Accrued interest receivable	67,849	72,721	(6.70%)
Goodwill	64,164	55,906	14.77%
Other assets	269,724	191,961	40.51%
Total Assets	\$10,608,150	\$10,185,547	4.15%
Liabilities			

Deposits:

Demand: Noninterest bearing	\$1,343,698	\$1,246,955	7.76%
Interest bearing	2,653,386	2,434,498	8.99%
Savings	772,159	786,080	(1.77%)
Other time	4,073,996	3,956,889	2.96%
Total deposits	8,843,239	8,424,422	4.97%

Federal funds purchased and securities

sold under agreement to repurchase	496,647	517,420	(4.01%)
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Accrued interest payable	19,330	20,371	(5.11%)
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Junior Subordinated Debt Securities	128,866	125,000	3.09%
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Long-term debt	137,500	138,820	(0.95%)
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Other liabilities	107,426	105,073	2.24%
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Total Liabilities	9,733,008	9,331,106	4.31%
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Shareholders' Equity

Common stock	191,278	194,900	(1.86%)
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Capital surplus	45,440	40,770	11.45%
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Other comprehensive income	6,724	15,419	(56.39%)
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Retained earnings	631,700	603,352	4.70%
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Total Shareholders' Equity	875,142	854,441	2.42%
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Total Liabilities & Shareholders' Equity	\$10,608,150	\$10,185,547	4.15%
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BancorpSouth, Inc.

Consolidated Statements of Income

(Dollars in thousands, except per share data)

(Unaudited)

Quarter Ended
Sep 2004 Jun 2004 Mar 2004

INTEREST REVENUE:

Loans	\$93,759	\$91,358	\$92,250
Deposits with other banks	102	288	128
Federal funds sold and securities purchased under agreement to resell	111	115	697
Held-to-maturity securities:			
Taxable	12,020	12,791	10,112
Tax-exempt	1,693	1,694	1,796
Available-for-sale securities:			
Taxable	14,691	15,309	15,688
Tax-exempt	1,613	1,650	1,759
Loans held for sale	517	478	756
Total interest revenue	124,506	123,683	123,186

INTEREST EXPENSE:

Deposits	35,198	33,915	33,918
Fed funds purchased and securities sold under agreement to repurchase	1,336	1,101	1,063
Other	5,014	4,983	4,723
Total interest expense	41,548	39,999	39,704
Net interest revenue	82,958	83,684	83,482
Provision for credit losses	3,530	4,835	4,015
Net interest revenue, after provision for credit losses	79,428	78,849	79,467

NONINTEREST REVENUE:

Mortgage lending	(672)	11,365	(1,141)
Service charges	15,965	16,057	14,318
Life insurance premiums	397	478	562
Trust income	2,059	1,842	1,686
Security gains, net	146	59	618
Insurance commissions	14,366	13,232	14,458
Other	10,066	8,383	15,539
Total noninterest revenue	42,327	51,416	46,040

NONINTEREST EXPENSES:

Salaries and employee benefits	49,176	48,628	50,036
Occupancy, net of rental income	6,264	6,084	5,956
Equipment	5,390	5,636	5,460
Telecommunications	1,667	1,825	1,838
Other	22,483	21,858	22,716

Total noninterest expenses	84,980	84,031	86,006
Income before income taxes	36,775	46,234	39,501
Income tax expense	9,187	14,961	12,336
Net income	\$27,588	\$31,273	\$27,165

Net income per share: Basic	\$0.36	\$0.41	\$0.35
Diluted	\$0.36	\$0.40	\$0.35

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

	Dec 2003	Sep 2003
INTEREST REVENUE:		
Loans	\$94,822	\$98,292
Deposits with other banks	96	67
Federal funds sold and securities purchased under agreement to resell		772
		1,295
Held-to-maturity securities:		
Taxable	9,831	10,258
Tax-exempt	1,860	1,941
Available-for-sale securities:		
Taxable	16,108	15,160
Tax-exempt	1,878	1,903
Loans held for sale	856	896
Total interest revenue	126,223	129,812
INTEREST EXPENSE:		
Deposits	33,929	35,260
Fed funds purchased and securities sold under agreement to repurchase		1,551
		2,018
Other	4,658	4,726
Total interest expense	40,138	42,004
Net interest revenue	86,085	87,808
Provision for credit losses	7,472	4,664
Net interest revenue, after provision for credit losses	78,613	83,144
NONINTEREST REVENUE:		
Mortgage lending	6,441	10,323
Service charges	15,882	16,131
Life insurance premiums	657	760
Trust income	2,138	1,905
Security gains, net	40	60
Insurance commissions	13,101	11,946
Other	9,815	8,695
Total noninterest revenue	48,074	49,820
NONINTEREST EXPENSES:		
Salaries and employee benefits	47,633	46,449
Occupancy, net of rental income	5,853	5,932
Equipment	5,569	6,063
Telecommunications	1,874	1,915
Other	23,898	22,192
Total noninterest expenses	84,827	82,551
Income before income taxes	41,860	50,413
Income tax expense	12,990	16,539
Net income	\$28,870	\$33,874
Net income per share: Basic	\$0.37	\$0.43
Diluted	\$0.37	\$0.43

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

Year To Date
Sep 2004 Sep 2003

INTEREST REVENUE:

Loans	\$277,367	\$305,207
Deposits with other banks	518	251
Federal funds sold and securities purchased under agreement to resell	922	5,816
Held-to-maturity securities:		
Taxable	34,922	36,489
Tax-exempt	5,183	6,236
Available-for-sale securities:		
Taxable	45,688	38,319
Tax-exempt	5,022	5,992
Loans held for sale	1,752	2,378
Total interest revenue	371,374	400,688

INTEREST EXPENSE:

Deposits	103,031	115,093
Fed funds purchased and securities sold under agreement to repurchase	3,499	6,563
Other	14,720	14,011
Total interest expense	121,250	135,667
Net interest revenue	250,124	265,021
Provision for credit losses	12,381	17,658
Net interest revenue, after provision for credit losses	237,743	247,363

NONINTEREST REVENUE:

Mortgage lending	9,552	16,811
Service charges	46,340	46,017
Life insurance premiums	1,437	2,598
Trust income	5,587	5,075
Security gains, net	822	13,796
Insurance commissions	42,056	26,647
Other	33,990	31,068
Total noninterest revenue	139,784	142,012

NONINTEREST EXPENSES:

Salaries and employee benefits	147,840	134,177
Occupancy, net of rental income	18,303	17,120
Equipment	16,486	17,842
Telecommunications	5,330	5,603
Other	67,057	63,025
Total noninterest expenses	255,016	237,767
Income before income taxes	122,511	151,608
Income tax expense	36,484	49,345
Net income	\$86,027	\$102,263

Net income per share: Basic	\$1.12	\$1.32
Diluted	\$1.11	\$1.31

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

Quarter Ended
September 30, 2004

(Taxable equivalent basis)	Average Balance	Yield/ Interest	Rate
ASSETS			
Loans net of unearned income	\$6,509,800	\$94,804	5.79%
Held-to-maturity securities:			
Taxable	1,301,470	12,020	3.67%
Tax-exempt	144,936	2,604	7.15%
Available-for-sale securities:			
Taxable	1,616,975	14,691	3.61%
Tax-exempt	145,919	2,482	6.77%
Short-term investments	32,509	213	2.61%
Total interest earning assets and revenue	9,751,609	126,814	5.17%
Other assets	921,768		

Less: Allowance for credit losses	(91,186)
Total	\$10,582,191

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:

Demand - interest bearing	\$2,661,627	\$6,171	0.92%
Savings	780,567	1,479	0.75%
Other time	4,078,551	27,549	2.69%
Short-term borrowings	524,659	1,670	1.27%
Junior subordinated debt	128,866	2,626	8.11%
Long-term debt	137,614	2,054	5.94%
Total interest bearing liabilities and expense	8,311,884	41,548	1.99%

Demand deposits - noninterest bearing	1,304,983
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Other liabilities	105,810
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Total liabilities	9,722,677
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Shareholders' equity	859,514
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Total	\$10,582,191
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Net interest revenue	\$85,266
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Net interest margin	3.48%
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Net interest rate spread	3.18%
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Interest bearing liabilities to interest earning assets	85.24%
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Net interest tax equivalent adjustment	\$2,308
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BancorpSouth, Inc.
Average Balances, Interest Income and Expense,
and Average Yields and Rates
(Dollars in thousands)
(Unaudited)

Quarter Ended
September 30, 2003
Average Yield/

(Taxable equivalent basis)	Balance	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%
Tax-exempt	159,698	2,987	7.42%
Available-for-sale securities:			
Taxable	1,738,380	15,160	3.46%
Tax-exempt	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%
Other 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 - noninterest bearing	1,213,711
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Other liabilities	131,078
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Total liabilities	9,379,877
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Shareholders' equity	874,626
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Total	\$10,254,503
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Net interest revenue	\$90,226
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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)

Year To Date September 30, 2004				
(Taxable equivalent basis)	Average	Yield/ Interest	Rate	
ASSETS				
Loans net of unearned income	\$6,400,120	\$280,687	5.86%	
Held-to-maturity securities:				
Taxable	1,214,775	34,923	3.84%	
Tax-exempt	147,506	7,972	7.22%	
Available-for-sale securities:				
Taxable	1,692,356	45,684	3.61%	
Tax-exempt	154,596	7,726	6.68%	
Short-term investments	143,341	1,441	1.34%	
Total interest earning assets and revenue	9,752,694	378,433	5.18%	
Other assets	889,244			
Less: Allowance for credit losses	(91,764)			
Total	\$10,550,174			

LIABILITIES AND
SHAREHOLDERS' EQUITY

Deposits:				
Demand - interest bearing	\$2,677,259	\$17,629	0.88%	
Savings	784,894	4,194	0.71%	
Other time	4,067,648	81,208	2.67%	
Short-term borrowings	489,379	4,167	1.14%	
Junior subordinated debt	128,866	7,877	8.16%	
Long-term debt	137,949	6,175	5.98%	
Total interest bearing liabilities and expense	8,285,995	121,250	1.95%	
Demand deposits - noninterest bearing	1,275,004			
Other liabilities	117,983			
Total liabilities	9,678,982			
Shareholders' equity	871,192			
Total	\$10,550,174			
Net interest revenue	\$257,183			
Net interest margin		3.52%		
Net interest rate spread		3.23%		
Interest bearing liabilities to interest earning assets		84.96%		
Net interest tax equivalent adjustment	\$7,059			

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%
Tax-exempt	168,234	9,594	7.62%
Available-for-sale securities:			
Taxable	1,276,990	38,318	4.01%
Tax-exempt	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%
Other 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 - noninterest 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		

SOURCE: BancorpSouth, Inc.

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