

MIDSOUTH BANCORP INC
Form FWP
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Common Stock Offering Investor Presentation

C.

R.

Rusty
Cloutier

President
&
Chief
Executive
Officer
James R. McLemore, Jr.
Senior
Executive
Vice
President
&
Chief
Financial
Officer
December 2009
Filed
Pursuant
to
Rule
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Issuer
Free
Writing
Prospectus
dated
December
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2009
Relating
to
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dated
December
8,
2009
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Statement
No.
333-163361

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Cautionary Statements

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter, or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free 1-800-800-4693. This prospectus is available at <http://sec.gov/Archives/edgar/data/745981/000119312509249516/ds1a.htm>.

Certain statements included in this presentation, other than statements of historical fact, are forward-looking statements (as su

item is defined in Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, and the regulations thereunder), which are intended to be covered by the safe harbors created thereby. The words anticipate, believe, estimate, expect, intend, may, will, would, could, should, guidance, potential, continue, project, forecast, confident, and similar words are typically used to identify forward-looking statements. These forward-looking statements include, among others, statements regarding (1) our growth opportunities and ability to capitalize on them, (2) our ability to maintain our liquidity position, (3) our net interest margin and (4) our ability to implement cost savings initiatives to improve efficiency. These statements are based on assumptions and assessments made by management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guaranteed of MidSouth's future performance and are subject to risks and uncertainties and may be affected by various factors that may cause actual results, developments and business decisions to differ materially from those in the forward-looking statements. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include (i) changes in national or local economic and business conditions, including, without limitation, changes related to the oil and gas industries, (ii) greater than expected loan losses, (iii) changes in interest rates and/or market prices of securities and other assets, (iv) the timing and impact of potential future acquisitions, the success or failure of integration operations, and the ability to capitalize on growth opportunities upon entering new markets; (v) legislative and regulatory changes including changes in banking, securities and tax laws and regulations and their application by our regulators, and (vi) and the risk factors discussed under the heading "Risk Factors" in the prospectus.

MidSouth can give no assurance that any of the events anticipated by the forward-looking statements will occur or, if any of them does, what impact they will have on MidSouth's results of operations and financial condition. MidSouth disclaims any intent or obligation to publicly update or revise any forward-looking statements, regardless of whether new information becomes available or future developments occur or otherwise.

This presentation also includes non-GAAP financial measures determined by methods other than in accordance with generally accepted accounting principles (GAAP).
Such non-GAAP financial measures

include

(1)

the

ratio

of

tangible

common

equity

to

tangible assets, (2) tangible book value per share, and (3) pre-tax pre-provision numbers. The most comparable GAAP measure

to these measures are the ratio of equity to total assets, book value per share, and net income, respectively.

We use these non-GAAP financial measures because we believe they are useful for evaluating our financial condition, operations

and

performance

over

periods

of

time,

as

well

as

in

managing

and

evaluating

our

business

and

in

discussions

about

our

operations and performance. We also believe these non-GAAP financial measures provides users of our financial information

a meaningful measure for assessing our financial condition, financial results and credit trends, as well as comparison to financial

results for prior periods. These disclosures should not be viewed as a substitute for results determined in accordance with GAAP

and are not necessarily comparable to non-GAAP performance measures that other companies may use. For a reconciliation of

these non-GAAP financial measures to the most comparable GAAP measure, please see the page 20 of this presentation.

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Non-GAAP Financial Measures

Offering Summary

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Issuer

MidSouth Bancorp, Inc (NYSE Amex: MSL)

Type of Security

Common stock

Transaction Size

\$30 million

Over-Allotment Option

15%

Share Price

\$13.60 (as of 12/7/09)

Pre-Offering Market Capitalization

\$90.0 million (as of 12/7/09)

Pre-Offering Shares Outstanding

6,618,268 common shares (as of 9/30/09)

Use of Proceeds

Opportunistic acquisitions, organic growth
and general corporate purposes

Sole Book Running Manager

Howe Barnes Hoefler & Arnett

Co-Managers

Sterne Agee and FIG Partners

Company Profile -
Healthy Markets with Growth Opportunities
4
Headquarters
Lafayette, Louisiana
Founded
1985
Total assets (9/30/09)
\$947.8 million

Shareholders

equity (9/30/09)

\$97.4 million

Offices

35

Average daily trading volume

7,585 shares*

Insider ownership

32.6%*

Institutional ownership

9.2%*

*Source: SNL Financial LC

Market Employment More Robust Than National Levels
Market Employment
Unemployment rates
significantly below national
averages
Recovery in Louisiana
employment expected in
2010
Significant employment in

the oil and gas industry
Technology and research
industries supported by
major universities in local
markets

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Source: Bureau of Labor Statistics (as of 9/09)

U.S. Unemployment Rate (9.8%)

5.9

7.6

7.5

7.2

6.4

8.3

8.6

6.8

5.2

4.9

10.8

7.9

11.1

6.2

8.5

4.0

5.0

6.0

7.0

8.0

9.0

10.0

11.0

12.0

Offering Rationale

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Take advantage of strategic and organic growth opportunities

Opportunistic FDIC assisted acquisitions both in our current market area and throughout the southern U.S.

Organic growth opportunities created from weakened competitors

Selective acquisitions of other banks and bank branches

Support balance sheet growth

No immediate plans to repay TARP

Will reduce TARP warrants by half if closed by December 31, 2009

Further strengthens capital ratios

Strong current ratios (7.33% TCE / 15.87% total risk based)

Robust pro forma capital levels (10.03% TCE / 19.93% total risk based)*

*Assumes \$28.2 million of net proceeds

Strategic Growth Opportunities

Strategic

Opportunities

Near term focus: FDIC

assisted acquisitions

throughout the southern

U.S.

Long term focus:

Consolidation of numerous

smaller banks and thrifts

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*Banks and thrifts under \$1 billion in assets headquartered in Georgia, Louisiana and Texas

Source: SNL Financial, LC

Distressed Opportunities

(NPA s / assets over 5.00% at 9/30/2009)*

Other Potential Opportunities*

21

9

567

145

170

120

Organic Growth Opportunities
Organic Growth
Ability to grow significantly
in current markets with
limited additional branching
Some competitors are

weakened and are
encouraging customers to
leave
Dislocated bankers provide
attractive hiring
opportunities
Opportunity to de novo into
new markets
Market area had \$138.0
billion of deposits at
6/30/09
8

Deposits
Market
Market
of
in Market
Share
Rank
Institution (State)
Branches
(\$MM's)
%
1
JPMorgan Chase & Co. (NY)
279

44,525
\$
32.3%
2
Wells Fargo & Co. (CA)
202

16,910
12.3%
3
Bank of America Corp. (NC)
102

10,446
7.6%
4
Banco Bilbao Vizcaya Argentaria SA (Spain)
87

7,466

5.4%

5

Capital One Financial Corp. (VA)

113

7,182

5.2%

6

Zions Bancorp. (UT)

64

7,013

5.1%

7

Sterling Bancshares Inc. (TX)

38

3,324

2.4%

8

Regions Financial Corp. (AL)

58

3,024

2.2%

9

Whitney Holding Corp. (LA)

49

2,628

1.9%

10

Woodforest Financial Group Inc. (TX)

97

2,281

1.7%

11

Prosperity Bancshares Inc. (TX)

39

2,080

1.5%

12
IBERIABANK Corp. (LA)
22

2,016

1.5%
13
Cullen/Frost Bankers Inc. (TX)
20

1,681

1.2%
14
Comerica Inc. (TX)
28

1,237

0.9%
15
BOK Financial Corp. (OK)
12

1,066

0.8%
16
Hancock Holding Co. (MS)
21

1,013

0.7%
17
Citigroup Inc. (NY)
15

953

0.7%
18
CBFH Inc. (TX)
18

935

0.7%
19

Encore Bancshares Inc. (TX)

12

926

0.7%

20

MetroCorp Bancshares Inc. (TX)

8

771

0.6%

21

MidSouth Bancorp Inc. (LA)

35

768

0.6%

22

Teche Holding Co. (LA)

19

610

0.4%

23

Patriot Bancshares Inc. (TX)

5

601

0.4%

24

TCB Holding Co. (TX)

6

511

0.4%

25

Trustmark Corp. (MS)

13

480

0.3%

Grand total

1,871

137,963

\$

*Deposit information is as of 6/30/09; Ownership information is as of 12/9/09; Source: SNL Financial LC;

Market area includes the following counties / parishes: Brazos, TX; Calcasieu, LA; East Baton Rouge, LA; Harris, TX; Iberia, LA; Lafourche, LA; Montgomery, TX; Orange, TX; St. Landry, LA; St. Martin, LA; St. Mary, LA; Terrebonne, LA

Strong Capital Levels & Growth Potential

Capital Levels

Conservative philosophy -
avoided over-leveraging
capital

Strong capital ratios

Offering will more than
double MidSouth's growth
capacity**

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*Assumes \$28.2 million of net proceeds

** Growth in risk weighted assets possible while maintaining a 12% total capital ratio

Strong Capital Ratios

7.33%

10.62%

14.65%

15.87%

10.03%

13.28%

18.72%

19.93%

0%

2%

4%

6%

8%

10%

12%

14%

16%

18%

20%

Tangible common
equity / tangible assets

Leverage ratio

Tier 1 risk based ratio

Total risk based ratio

9/30/09

As Adjusted*

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Business Strategy

Disciplined operating philosophy

Focused on profitable operating results

Attractive and stable funding

Predominantly funded with low cost core deposits -

no brokered CDs

Strong capital position

Consistent with conservative approach to balance sheet management

Robust risk management

Dedicated Risk Management Group of experienced audit and legal professionals

Conservative balance sheet management

Low loan-to-deposit ratio and access to significant off-balance sheet liquidity

Care for customers

Superior customer satisfaction, based an average rating of 98% over ten years

Liquidity
Strong liquidity
position
Continued core
deposit growth
Opportunity to grow
loan portfolio
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Conservative Balance Sheet Management

\$442.8

\$499.0

\$569.5

\$609.0

\$588.6

\$624.9

\$716.2

\$733.5

\$766.7

\$772.1

76.2%

79.4%

77.6%

69.7%

70.9%

\$300.0

\$400.0

\$500.0

\$600.0

\$700.0

\$800.0

2005

2006

2007

2008

9/30/09

50.0%

55.0%

60.0%

65.0%

70.0%

75.0%

80.0%

85.0%

Loans (\$ millions)

Deposits (\$ millions)

Loan-to-deposit ratio

Diversified Loan Portfolio
Loan Mix as of 9/30/09
Diversified loan portfolio
Focus on C&I and owner occupied
commercial real estate
Loans underwritten primarily on
cash flows versus collateral
valuations
Land & lot development loans are

only 3% of total portfolio

Limited construction exposure, most
of which is to fund commercial
projects

70% of CRE is owner-occupied

Over half of consumer real estate

loans are first mortgages

No sub-prime lending

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Consumer

14%

Other

1%

Commercial

real estate

30%

Commercial &

industrial

34%

Other real

estate

21%

Commercial Real Estate (CRE)

13

Other Real Estate

Real Estate Loan Composition

Non-owner

occupied

\$53.2 million

30.0% of CRE

Owner occupied

\$123.6 million

70.0% of CRE

1-4 Family Homes

\$71.0 million

56.9% of Other RE

Multi-family

\$13.4 million

10.7% of Other RE

Farmland

\$3.0 million

2.4% of Other RE

Construction

\$37.4 million

30.0% of Other RE

Strong Asset Quality
Asset Quality
Manageable level of
non-performing
assets at 9/30/09
81% of nonaccrual
loans at 9/30/09 were
in the Baton Rouge
market

Most of non-performing assets are outside core C&I and owner occupied CRE portfolios

Reserves / loans of 1.36% at 9/30/09

14
\$10.4
\$11.0
\$18.1
\$17.5
\$18.0
1.13%
1.17%
1.96%
1.89%
1.90%
\$0.0
\$2.0
\$4.0
\$6.0
\$8.0
\$10.0
\$12.0
\$14.0
\$16.0
\$18.0
\$20.0
3Q08
4Q08
1Q09
2Q09
3Q09
0.00%
0.20%
0.40%
0.60%
0.80%
1.00%
1.20%
1.40%
1.60%
1.80%
2.00%
NPA's
NPA's / assets

Attractive Core Deposit Mix
Deposit Mix
Low priced and
stable core funding
drives profitability
and a strong net
interest margin
Checking accounts
make up 46.2% of

total deposits
Non-time deposits
make up 81.6% of
deposits
No brokered CDs
No FHLB borrowings
15
Time deposits
18.4%
Interest
bearing
checking
22.7%
Non-interest
bearing
23.5%
Money market
& savings
35.4%

Net Interest
Margin
Strong historical net
interest margin
Driven by attractive
deposit mix
Active management of
loan and deposit
pricing

Balanced interest rate
sensitivity

Net Interest Margin

16

7.82%

8.67%

8.95%

7.91%

6.97%

2.21%

3.19%

3.35%

2.32%

1.45%

4.96%

4.93%

5.10%

4.90%

4.96%

0.00%

1.00%

2.00%

3.00%

4.00%

5.00%

6.00%

7.00%

8.00%

9.00%

2005

2006

2007

2008

YTD 9/30/09

Yield on loans

Cost of interest bearing deposits

Net interest margin

Operating
Performance
History of double digit
ROE and 100bps +
ROA
Profitable in each
quarter of 2008 and
2009
Recent results

impacted by provisions
and FDIC expenses
Annualized pre-tax pre
provision income
similar to 2008 levels

Operating Performance

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Pre-tax Pre-Provision Income

(\$ millions)

\$10.7

\$11.8

\$12.2

\$10.5

\$10.2

\$0.0

\$2.0

\$4.0

\$6.0

\$8.0

\$10.0

\$12.0

\$14.0

2005

2006

2007

2008

YTD 9/30/09

(annualized)

1.13%

1.08%

1.06%

0.60%

0.37%

14.24%

14.68%

13.83%

7.79%

3.54%

0.00%

0.20%

0.40%

0.60%

0.80%

1.00%

1.20%

1.40%

2005

2006

2007

2008

YTD 9/30/09

0.00%

2.00%

4.00%

6.00%

8.00%

10.00%

12.00%

14.00%

16.00%

Return on average assets

Return on average equity

Focus on Shareholder Value

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Shareholder

focus

Focus on increasing

long term earnings per

share and tangible

book value per share

Current dividend of

\$0.07 per quarter /
\$0.28 per year
53 quarters of
consecutive dividend
payments

Insider ownership of

32.6%

\$6.61

\$7.60

\$8.93

\$9.59

\$10.39

\$1.10

\$1.24

\$1.32

\$0.83

\$0.38

\$0.00

\$2.00

\$4.00

\$6.00

\$8.00

\$10.00

\$12.00

2005

2006

2007

2008

YTD 9/30/09

\$0.00

\$0.20

\$0.40

\$0.60

\$0.80

\$1.00

\$1.20

\$1.40

\$1.60

Tangible book value per share

Earnings per share

Investment Considerations

Positioned to be a successful consolidator

Healthy markets with significant growth opportunities

Conservative operating philosophy

Continued growth in core deposit base

Diversified loan portfolio with limited construction exposure

C&I and owner-occupied commercial real estate lending focus

Experienced management team

Strong pro forma capital position

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Non-GAAP Reconciliation
As of and for
the nine months
As of and for the year ended December 31,
ended
As
2005
2006

2007

2008

9/30/09

Adjusted

Book value per common share

8.18

\$

9.12

\$

10.41

\$

11.04

\$

11.83

\$

Effect of intangible assets per share

1.57

1.52

1.48

1.45

1.44

Tangible book value per common share

6.61

\$

7.60

\$

8.93

\$

9.59

\$

10.39

\$

Equity to total assets at period end

7.61

%

7.42

%

8.02

%

7.80

%

10.28

%

12.87

%

Effect of intangible assets

1.38

1.16

1.07

0.96

0.91

0.85

Tangible equity to tangible assets at period end

6.23

%

6.26

%

6.95

%

6.84

%

9.37

%

12.02

%

Effect of preferred equity

-

-

-

-

2.04

1.99

Tangible common equity to tangible assets at period end

6.23

%

6.26

%
6.95

%
6.84

%
7.33

%
10.03

%
(in \$ millions)
Earnings before income taxes

9.7

\$
10.9

\$
11.1

\$
6.0

\$
3.5

\$
Provision for loan losses

1.0

0.9

1.2

4.6

4.1

Pre-tax pre-provision income

10.7
\$

11.8
\$

12.2
\$

10.5
\$

7.6
\$

Annualized

10.2

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Common Stock Offering Investor Presentation
C. R. Rusty
Cloutier
President
& Chief Executive Officer
James R. McLemore, Jr.
Senior Executive Vice President & Chief Financial Officer

December 2009