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MIDSOUTH BANCORP INC  
Form 10QSB  
August 13, 2003

UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION  
WASHINGTON, D.C. 20549

FORM 10QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended... June 30, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from ..... to .....

COMMISSION FILE NUMBER 1-11826

MIDSOUTH BANCORP, INC.  
Louisiana 72 -1020809

102 Versailles Boulevard, Lafayette, Louisiana  
70501  
(337) 237-8343

Check whether the issuer (1) filed all reports required to be  
filed by Section 13 or 15(d) of the Exchange Act during the  
past 12 months (or for such shorter period that the registrant  
was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days.

YES  NO

State the number of shares outstanding of each of the issuer's  
classes of common equity, as of the latest practicable date.

Outstanding as of July 31, 2003

Common stock, \$.10 par value 3,191,256

Transitional Small Business Disclosure Format:

Yes  No

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited) Page

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December 31, 2002 3

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### MIDSOUTH BANCORP, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CONDITION

	June 30, 2003 (unaudited)	December 31, 2002*
<b>ASSETS</b>		
Cash and due from banks	\$20,539,097	\$18,066,035
Federal funds sold	2,600,000	9,400,000
Total cash and cash equivalents	23,139,097	27,466,035
Interest bearing deposits in banks	78,436	1,694
Securities available-for-sale, at fair value (cost of \$96,462,963 in June 2003 and \$87,755,456 in December 2002)	98,601,923	89,575,706
Securities held-to-maturity (estimated market value of \$25,953,992 in June 2003 and \$25,660,511 in December 2002)	23,397,517	23,398,282
Loans, net of allowance for loan losses of \$2,951,452 in June 2003 and \$2,891,380 in December 2002	238,875,718	224,160,846
Bank premises and equipment, net	12,121,788	12,321,510
Other real estate owned, net	174,800	174,800
Accrued interest receivable	2,710,588	2,502,684
Goodwill	431,987	431,987
Other assets	2,708,592	2,653,449

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Total assets	\$402,240,446	\$382,686,993
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$91,601,772	\$94,452,378
Interest bearing	266,597,842	249,022,468
	-----	-----
Total deposits	358,199,614	343,474,846
Securities sold under repurchase		
agreements and federal funds purchased	5,066,344	2,978,860
Accrued interest payable	612,013	705,106
Notes payable	421,000	568,030
Junior subordinated debenture	7,000,000	7,000,000
Other liabilities	1,041,854	841,592
	-----	-----
Total liabilities	372,340,825	355,568,434
	-----	-----
Commitments and contingencies	-	-
Stockholders' Equity:		
Common stock, \$.10 par value- 5,000,000		
shares authorized, 3,191,256 and		
2,901,142 issued and outstanding on		
June 30, 2003 and December 31, 2002,		
respectively	319,126	290,114
Surplus	18,582,456	12,997,762
Unearned ESOP shares	(90,739)	(108,975)
Unrealized gains on securities		
available-for-sale, net of deferred taxes		
of \$736,766 in June 2003 and \$628,750 in		
December 2002	1,402,194	1,191,500
Treasury stock - 5,300 shares, at cost	(91,257)	-
Retained earnings	9,777,841	12,748,158
	-----	-----
Total stockholders' equity	29,899,621	27,118,559
	-----	-----
Total liabilities and stockholders' equity	\$402,240,446	\$382,686,993
	=====	=====

\* The consolidated statement of condition at December 31, 2002 is taken from the audited balance sheet on that date.

See notes to unaudited consolidated financial statements.

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

=====

Three Months Ended  
June 30,

Six Months Ended  
June 30,



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See notes to unaudited consolidated financial statements.

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2003 (UNAUDITED)

	COMMON SHARES	STOCK AMOUNT	SURPLUS	ESOP OBLIGATION	UNREALIZED GAINS (LOSSES) ON SECURITIES AFS, NET	TREASURY STOCK
BALANCE, JANUARY 1, 2003	2,901,142	\$290,114	\$12,997,762	(\$108,975)	\$1,191,500	\$ -
Dividends on common stock, \$.10 per share						
Purchase of treasury stock						(91,257)
Stock dividend	290,114	29,012	5,584,694			
Net income						
ESOP obligation, repayments				18,236		
Net change in unrealized gain/loss on securities available-for -sale, net of income taxes					210,694	
BALANCE, JUNE 30, 2003	3,191,256	\$319,126	\$18,582,456	(\$90,739)	\$1,402,194	(\$91,257)

See notes to unaudited consolidated financial statements.

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

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FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

	June 30, 2003	Jun
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$2,933,693	\$1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	751,667	
Provision for loan losses	300,000	
Provision for deferred taxes	(82,359)	
Amortization of premiums on securities, net	543,817	
Gain on sale of securities, net	(87,632)	
(Gain)/loss on sale of premises and equipment	(14,834)	
(Gain)/loss on sale of other assets repossessed/OREO	(6,152)	
Change in accrued interest receivable	(207,904)	
Change in accrued interest payable	(93,093)	
Other, net	231,365	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>4,268,568</b>	<b>3</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net increase in interest-bearing deposits in banks	(76,742)	
Proceeds from sales of securities available-for-sale	5,427,085	
Proceeds from maturities and calls of securities available-for-sale	20,618,435	18
Purchases of securities available-for-sale	(35,208,449)	(24)
Loan originations, net of repayments	(15,034,283)	(10)
Purchases of premises and equipment	(543,881)	(1)
Proceeds from sales of premises and equipment	39,610	
Proceeds from sales of other real estate owned	43,800	
Net cash received in connection with acquisition	-	6
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(24,734,425)</b>	<b>(11)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in deposits	14,724,768	
Net increase in securities sold under repurchase agreements and federal funds purchased	2,087,484	3
Repayments of notes payable	(147,030)	
Purchase of treasury stock	(91,257)	
Payment of dividends	(435,046)	
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>16,138,919</b>	<b>1</b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(4,326,938)</b>	<b>(7)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>27,466,035</b>	<b>35</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$23,139,097</b>	<b>\$28</b>

See notes to unaudited consolidated financial statements.

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MIDSOUTH BANCORP, INC. AND SUBSIDIARIES  
 NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT BY MANAGEMENT CONCERNING THE REVIEW OF UNAUDITED FINANCIAL INFORMATION

The accompanying unaudited consolidated financial statements and notes thereto contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of MidSouth Bancorp, Inc. ("MidSouth") and its subsidiaries as of June 30, 2003 and the results of their operations and their cash flows for the periods presented. These consolidated financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto included in MidSouth's 2002 annual report and Form 10KSB.

The results of operations for the six month period ended June 30, 2003 are not necessarily indicative of the results to be expected for the entire year.

2. ALLOWANCE FOR LOAN AND LOSSES

An analysis of the activity in the allowance for loan losses is as follows:

	Six Months Ended June 30,	
	2003	2002
Balance at beginning of period	\$2,891,380	\$2,705,058
Provision for loan losses	300,000	694,000
Recoveries	108,516	61,488
Loans charged off	(348,444)	(604,702)
Balance at end of period	\$2,951,452	\$2,855,844

3. COMPREHENSIVE INCOME

Comprehensive income includes net income and other comprehensive income (losses) which, in the case of MidSouth, only includes unrealized gains and losses on securities available-for-sale. Following is a summary of MidSouth's comprehensive income for the six months ended June 30, 2003 and 2002.

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	Six Months Ended June 30,	
	2003	2002
	_____	_____
Net income	\$2,933,693	\$1,905,376
Other comprehensive income		
Unrealized gains (losses) on securities available-for-sale, net:		
Unrealized holding gains arising during the period	268,531	589,538
Less reclassification adjustment for (gains) losses included in net income	57,837	-
	_____	_____
Total other comprehensive loss	210,694	589,538
	_____	_____
Total comprehensive income	\$3,144,387	\$2,494,914
	=====	=====

4. STOCK DIVIDEND

On May 27, 2003, MidSouth declared a 10% stock dividend to stockholders of record on July 31, 2003. All earnings per share information has been adjusted to give retroactive effect to this stock dividend.

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

5. STOCK BASED COMPENSATION

MidSouth applies the Accounting Practices Board (APB) Opinion No. 25 and related interpretations in accounting for its stock options. Accordingly, no compensation cost has been recognized. MidSouth has adopted the disclosure-only option under SFAS No. 123. Had compensation costs for MidSouth's stock options been determined based on the fair value at the grant date, consistent with the method under SFAS No. 123, MidSouth's net income and earnings per share would have been as indicated below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	_____	_____	_____	_____
Net earnings available to common stockholders (in thousands):				
As reported	\$1,624,141	\$1,087,245	\$2,933,693	\$1,905,376
Deduct total stock based compensation determined under fair value method	(12,000)	(5,000)	(30,000)	(12,000)

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Pro forma	\$1,612,141	\$1,082,245	\$2,903,693	\$1,893,376
Basic earnings per share:	=====	=====	=====	=====
As reported	\$0.51	\$0.34	\$0.92	\$0.60
Pro forma	\$0.51	\$0.34	\$0.91	\$0.60
Diluted earnings per share:				
As reported	\$0.49	\$0.34	\$0.89	\$0.59
Pro forma	\$0.49	\$0.33	\$0.88	\$0.58

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES  
FINANCIAL HIGHLIGHTS (UNAUDITED)

EARNINGS DATA	Three Months Ended		Six Months Ended	
	2003	2002	2003	2002
Total interest income	\$5,912,446	\$6,071,740	\$11,765,358	\$11,881,675
Total interest expense	1,168,864	1,697,011	2,434,573	3,502,459
Net interest income	4,743,582	4,374,729	9,330,785	8,379,216
Provision for loan losses	100,000	336,000	300,000	694,000
Non-interest income	2,029,150	1,659,230	3,742,249	3,161,839
Non-interest expense	4,438,454	4,197,565	8,750,328	8,275,565
Provision for income tax	610,137	413,149	1,089,013	666,114
Net income	1,624,141	1,087,245	2,933,693	1,905,376

PER COMMON SHARE DATA