

MIDSOUTH BANCORP INC
Form 10-Q
August 09, 2016

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR
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.
(Exact name of registrant as specified in its charter)

Louisiana 72-1020809
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

102 Versailles Boulevard, Lafayette, Louisiana 70501
(Address of principal executive offices, including zip code)
(337) 237-8343
(Registrant's telephone number, including area code)

Indicate by checkmark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer Small reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

YES NO

As of August 9, 2016, there were 11,362,705 shares of the registrant's Common Stock, par value \$0.10 per share, outstanding.

Part I – Financial Information	<u>3</u>
Item 1. <u>Financial Statements</u>	<u>3</u>
<u>Consolidated Balance Sheets</u>	<u>3</u>
<u>Consolidated Statements of Earnings (unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Comprehensive Income (unaudited)</u>	<u>5</u>
<u>Consolidated Statement of Shareholders' Equity (unaudited)</u>	<u>6</u>
<u>Consolidated Statements of Cash Flows (unaudited)</u>	<u>7</u>
<u>Notes to Interim Consolidated Financial Statements</u>	<u>8</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operation.</u>	<u>29</u>
<u>Forward-Looking Statements</u>	<u>29</u>
<u>Critical Accounting Policies</u>	<u>30</u>
<u>Results of Operations</u>	<u>30</u>
<u>Analysis of Balance Sheet</u>	<u>38</u>
<u>Liquidity and Capital</u>	<u>39</u>
<u>Asset Quality</u>	<u>39</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>43</u>
Item 4. <u>Controls and Procedures.</u>	<u>43</u>
Part II – Other Information	<u>44</u>
Item 1. <u>Legal Proceedings.</u>	<u>44</u>
Item 1A. <u>Risk Factors.</u>	<u>44</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>44</u>
Item 3. <u>Defaults Upon Senior Securities.</u>	<u>44</u>
Item 4. <u>Mine Safety Disclosures.</u>	<u>44</u>
Item 5. <u>Other Information.</u>	<u>44</u>
Item 6. <u>Exhibits.</u>	<u>44</u>

Table of Contents

Part I – Financial Information

Item 1. Financial Statements.

MidSouth Bancorp, Inc. and Subsidiaries

Consolidated Balance Sheets

(dollars in thousands, except share data)

	June 30, 2016 (unaudited)	December 31, 2015 (audited)
Assets		
Cash and due from banks, including required reserves of \$6,871 and \$8,522, respectively	\$31,608	\$37,170
Interest-bearing deposits in banks	65,144	48,331
Federal funds sold	1,783	3,700
Securities available-for-sale, at fair value (cost of \$312,614 at June 30, 2016 and \$317,375 at December 31, 2015)	318,239	318,159
Securities held-to-maturity (fair value of \$112,273 at June 30, 2016 and \$117,698 at December 31, 2015)	109,420	116,792
Other investments	11,036	11,188
Loans	1,262,389	1,263,645
Allowance for loan losses	(21,378)	(19,011)
Loans, net	1,241,011	1,244,634
Bank premises and equipment, net	68,468	69,105
Accrued interest receivable	6,485	6,594
Goodwill	42,171	42,171
Intangibles	5,175	5,728
Cash surrender value of life insurance	14,167	13,622
Other real estate	2,735	4,187
Other assets	5,082	6,352
Total assets	\$1,922,524	\$1,927,733
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits:		
Non-interest-bearing	\$383,797	\$374,261
Interest-bearing	1,176,269	1,176,589
Total deposits	1,560,066	1,550,850
Securities sold under agreements to repurchase	85,786	85,957
Short-term Federal Home Loan Bank advances	—	25,000
Long-term Federal Home Loan Bank advances	25,638	25,851
Junior subordinated debentures	22,167	22,167
Other liabilities	10,926	4,771
Total liabilities	1,704,583	1,714,596
Commitments and contingencies		
Shareholders' equity:		
Series B Preferred stock, no par value; 5,000,000 shares authorized, 32,000 shares issued and outstanding at June 30, 2016 and December 31, 2015	32,000	32,000
Series C Preferred stock, no par value; 100,000 shares authorized, 91,100 and 91,200 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	9,110	9,120
	1,136	1,136

Edgar Filing: MIDSOUTH BANCORP INC - Form 10-Q

Common stock, \$0.10 par value; 30,000,000 shares authorized, 11,362,705 and 11,362,150 shares issued and outstanding at June 30, 2016 and December 31, 2015

Additional paid-in capital	110,986	110,771
Unearned ESOP shares	(1,207)	(1,093)
Accumulated other comprehensive income	3,657	509
Retained earnings	62,259	60,694
Total shareholders' equity	217,941	213,137
Total liabilities and shareholders' equity	\$1,922,524	\$1,927,733

See notes to unaudited consolidated financial statements.

Table of Contents

MidSouth Bancorp, Inc. and Subsidiaries

Consolidated Statements of Earnings (unaudited)

(in thousands, except per share data)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2016	2015	2016	2015
Interest income:				
Loans, including fees	\$ 16,838	\$ 18,268	\$ 33,961	\$ 36,322
Securities and other investments:				
Taxable	1,940	1,853	3,976	3,778
Nontaxable	420	559	878	1,143
Federal funds sold	3			