

MIDSOUTH BANCORP INC

Form 8-K/A

December 15, 2004

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K/A**

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**CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 1, 2004**

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**MIDSOUTH BANCORP, INC.  
(Exact name of registrant as specified in charter)**

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**Louisiana  
(State or other jurisdiction of incorporation)**

|                                                   |                                                               |
|---------------------------------------------------|---------------------------------------------------------------|
| <b>1-11826</b><br><b>(Commission File Number)</b> | <b>72-1020809</b><br><b>(IRS Employer Identification No.)</b> |
|---------------------------------------------------|---------------------------------------------------------------|

**102 Versailles Boulevard, Lafayette, Louisiana 70502  
(Address of principal executive offices, including zip code)**

**(337) 237-8343  
(Registrant's telephone number, including area code)**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS**

On May 27, 2004, MidSouth Bancorp, Inc. ( MidSouth ) and Lamar Bancshares, Inc. ( Lamar ) entered into an Agreement and Plan of Merger (the Agreement ), pursuant to which Lamar was merged into MidSouth (the Merger ). The Merger was consummated on October 1, 2004. MidSouth had no material relationship with Lamar or any of its affiliates prior to this transaction.

Under the terms of the Agreement, MidSouth issued shares of its common stock valued at approximately \$11.3 million and paid approximately \$10.8 million in cash for all of the outstanding shares of Lamar, bringing the total value of the transaction to approximately \$22.1 million. The approximately \$116.8 million in assets of Lamar acquired by MidSouth pursuant to the Merger consisted primarily of \$80.8 million in loans (net of allowance for loan losses), \$21.3 million in investment securities and federal funds sold, \$4.8 million in cash on hand and due from other banks, and \$2.8 million in fixed assets.

**ITEM 8.01 OTHER EVENTS**

On October 4, 2004, MidSouth Bancorp, Inc., issued a press release announcing the finalization of the merger of Lamar Bancshares, Inc. into MidSouth Bancorp, Inc.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(a) Financial Statements of Business Acquired.

Audited consolidated balance sheets of Lamar Bancshares, Inc. and its subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income and cash flows for the years ended December 31, 2003, 2002 and 2001 are included in the Registration Statement on Form S-4 filed with the Securities and Exchange Commission by MidSouth Bancorp, Inc. on August 6, 2004; and are incorporated herein by reference.

An unaudited consolidated balance sheet of Lamar Bancshares, Inc. and its subsidiaries as of September 30, 2004, and the related unaudited consolidated statements of income and cash flows for the nine-month periods ended September 30, 2004 and 2003 are attached hereto as Annex A.

(b) Pro Forma Financial Information

Pro forma financial information related to the acquisition required pursuant to Article 11 of Regulation S-X is attached hereto as Annex B.

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(c) Exhibits

2.1(i) Agreement and Plan of Merger, dated May 27, 2004, between MidSouth Bancorp, Inc. and Lamar Bancshares, Inc.

2.2(i) First Amendment to Agreement and Plan of Merger, dated July 14, 2004, between MidSouth Bancorp, Inc. and Lamar Bancshares, Inc.

2.3(ii) Second Amendment to Agreement and Plan of Merger, dated September 15, 2004, between MidSouth Bancorp, Inc. and Lamar Bancshares, Inc.

99.1(ii) Press release dated October 4, 2004 announcing the finalization of the merger of Lamar Bancshares, Inc. into MidSouth Bancorp, Inc.

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(i) Included in Exhibit 2.1 (amended and restated Agreement and Plan of Merger) to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission by MidSouth Bancorp, Inc. on August 6, 2004.

(ii) Attached as an exhibit to the Current Report on Form 8-K filed with the Securities and Exchange Commission by MidSouth Bancorp, Inc. on October 7, 2004.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MIDSOUTH BANCORP, INC.

By: /s/ C.R. Cloutier

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C.R. Cloutier  
President and Chief Executive Officer

DATE: December 15, 2004

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## Annex A

**LAMAR BANCSHARES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**

|                                                                                                               | <b>September 30,</b>                       |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------|
|                                                                                                               | <b>2004</b>                                |
| <hr/>                                                                                                         |                                            |
| <i>Assets</i>                                                                                                 |                                            |
| <i>Assets</i>                                                                                                 |                                            |
| Cash and due from banks                                                                                       | \$ 4,817,478                               |
| Federal funds sold                                                                                            | 600,000                                    |
| Securities available for sale                                                                                 | 20,705,119                                 |
| Loans                                                                                                         | 80,799,678                                 |
| Accrued interest receivable                                                                                   | 481,645                                    |
| Premises and equipment                                                                                        | 2,756,068                                  |
| Other assets                                                                                                  | 5,615,682                                  |
|                                                                                                               | <hr/>                                      |
| Total Assets                                                                                                  | \$115,775,670                              |
|                                                                                                               | <hr style="border-top: 3px solid black;"/> |
| <br><i>Liabilities and Stockholders Equity</i>                                                                |                                            |
| <i>Liabilities</i>                                                                                            |                                            |
| Demand deposits                                                                                               | \$ 21,162,341                              |
| Savings, NOW, and money market deposits                                                                       | 39,338,386                                 |
| Other time deposits                                                                                           | 36,230,067                                 |
|                                                                                                               | <hr/>                                      |
| Total Deposits                                                                                                | 96,730,794                                 |
| Accrued expenses and other liabilities                                                                        | 903,238                                    |
| Other borrowings                                                                                              | 6,000,218                                  |
|                                                                                                               | <hr/>                                      |
| Total Liabilities                                                                                             | 103,634,250                                |
|                                                                                                               | <hr/>                                      |
| <br><i>Commitments and Contingencies</i>                                                                      |                                            |
| <i>Stockholders Equity</i>                                                                                    |                                            |
| Common stock \$1.00 par value; 1,000,000 shares authorized; 244,760 shares issued; 222,339 shares outstanding | 244,760                                    |
| Additional paid-in capital                                                                                    | 3,021,675                                  |
| Retained earnings                                                                                             | 10,260,747                                 |
| Accumulated other comprehensive loss                                                                          | (101,617)                                  |

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|                                            |                             |
|--------------------------------------------|-----------------------------|
| Treasury stock, at cost - 22,421 shares    | (1,284,145)                 |
|                                            | <u>                    </u> |
| Total Stockholders' Equity                 | 12,141,420                  |
|                                            | <u>                    </u> |
| Total Liabilities and Stockholders' Equity | \$115,775,670               |
|                                            | <u>                    </u> |

The accompanying note is an integral part of these condensed consolidated financial statements.

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**LAMAR BANCSHARES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

|                                                     | <b>Nine Months Ended<br/>September 30,</b> |             |
|-----------------------------------------------------|--------------------------------------------|-------------|
|                                                     | <b>2004</b>                                | <b>2003</b> |
| <b><i>Interest and Dividend Income</i></b>          |                                            |             |
| Loans                                               | \$3,547,575                                | \$3,804,167 |
| Debt securities -                                   |                                            |             |
| Taxable                                             | 714,134                                    | 826,103     |
| Federal funds sold                                  | 24,515                                     | 35,838      |
| Time deposits with other banks                      | 10,642                                     |             |
| Dividends                                           | 6,469                                      | 8,634       |
|                                                     | <hr/>                                      | <hr/>       |
| Total Interest and Dividend Income                  | 4,303,335                                  | 4,674,742   |
|                                                     | <hr/>                                      | <hr/>       |
| <b><i>Interest Expense</i></b>                      |                                            |             |
| Deposits                                            | 702,689                                    | 989,327     |
| Other borrowings                                    | 7,204                                      |             |
|                                                     | <hr/>                                      | <hr/>       |
| Total Interest Expense                              | 709,893                                    | 989,327     |
|                                                     | <hr/>                                      | <hr/>       |
| Net Interest Income                                 | 3,593,442                                  | 3,685,415   |
| <b><i>Provision for Loan Losses</i></b>             | 155,106                                    | 156,019     |
|                                                     | <hr/>                                      | <hr/>       |
| Net Interest Income after Provision for Loan Losses | 3,438,336                                  | 3,529,396   |
|                                                     | <hr/>                                      | <hr/>       |
| <b><i>Noninterest Income</i></b>                    |                                            |             |
| Service charges on deposit accounts                 | 1,209,133                                  | 1,277,155   |
| Mortgage origination income                         | 467,921                                    | 520,508     |
| Other service charges and fees                      | 86,679                                     | 91,058      |
| Net gain on sales of securities                     | 55,593                                     |             |
| Other income                                        | 102,609                                    | 121,041     |
|                                                     | <hr/>                                      | <hr/>       |
| Total Noninterest Income                            | 1,921,935                                  | 2,009,762   |
|                                                     | <hr/>                                      | <hr/>       |

***Noninterest Expenses***

|                                  |                   |                    |
|----------------------------------|-------------------|--------------------|
| Salaries and employee benefits   | 2,268,222         | 2,158,866          |
| Occupancy and equipment          | 599,258           | 595,217            |
| Advertising                      | 90,602            | 59,463             |
| Data processing                  | 216,824           | 212,300            |
| Debit card expense               | 98,201            | 85,628             |
| Director fees                    | 51,450            | 53,076             |
| Merger expenses                  | 237,112           |                    |
| Postage                          | 86,503            | 84,122             |
| Printing, stationery and forms   | 93,495            | 87,960             |
| Repossession expenses            | 87,526            | 79,505             |
| Telephone                        | 82,754            | 78,549             |
| Other general and administrative | 564,156           | 460,653            |
|                                  | <hr/>             | <hr/>              |
| Total Noninterest Expenses       | 4,476,103         | 3,955,339          |
|                                  | <hr/>             | <hr/>              |
| <b><i>Net Income</i></b>         | <b>\$ 884,168</b> | <b>\$1,583,819</b> |
|                                  | <hr/>             | <hr/>              |

The accompanying note is an integral part of these condensed consolidated financial statements.

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**LAMAR BANCSHARES, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

|                                                                                       | <b>Nine Months Ended<br/>September 30,</b> |              |
|---------------------------------------------------------------------------------------|--------------------------------------------|--------------|
|                                                                                       | <b>2004</b>                                | <b>2003</b>  |
| Cash Flows from Operating Activities                                                  |                                            |              |
| Net income                                                                            | \$ 884,168                                 | \$ 1,583,819 |
| Adjustments to reconcile net income to net cash provided<br>by operating activities - |                                            |              |
| Depreciation and amortization                                                         | 204,632                                    | 209,788      |
| Provision for loan losses                                                             | 155,106                                    | 156,019      |
| Net amortization of security premiums and discounts                                   | 122,833                                    | 115,552      |
| Net gain on sales of securities                                                       | (55,593)                                   |              |
| Net gain on sale of assets                                                            | (4,134)                                    | (9,720)      |
| Decrease in accrued interest receivable                                               | 92,055                                     | 69,914       |
| Increase (decrease) in accrued expenses and other<br>liabilities                      | 95,947                                     | (40,109)     |
| (Increase) decrease in other assets                                                   | (25,880)                                   | 141,577      |
| Other, net                                                                            | 134,000                                    | 134,000      |
| Total Adjustments                                                                     | 718,966                                    | 777,021      |
| Net Cash Provided by Operating Activities                                             | 1,603,134                                  | 2,360,840    |
| <b><i>Cash Flows from Investing Activities</i></b>                                    |                                            |              |
| Net (increase) decrease in time deposits with other banks                             | 2,893,000                                  | (2,893,000)  |
| Net (increase) decrease in federal funds sold                                         | 4,000,000                                  | (1,800,000)  |
| Activity in available-for-sale securities                                             |                                            |              |
| Sales                                                                                 | 1,552,299                                  |              |
| Maturities and principal paydowns                                                     | 3,431,954                                  | 6,650,733    |
| Purchases                                                                             | (5,098,167)                                | (4,402,298)  |
| Loan originations and principal collections, net                                      | (5,492,800)                                | (2,467,516)  |
| Additions to premises and equipment                                                   | (143,029)                                  | (130,902)    |
| Proceeds from sales of premises and equipment                                         | 38,750                                     | 24,297       |
| Purchase of life insurance                                                            | (1,800,000)                                |              |
| Increase in other assets                                                              | 363,019                                    | 199,091      |
| Other, net                                                                            | (1,857)                                    | (20,050)     |

|                                       |                  |                    |
|---------------------------------------|------------------|--------------------|
| Net Cash Used by Investing Activities | <u>(256,831)</u> | <u>(4,839,645)</u> |
|---------------------------------------|------------------|--------------------|

The accompanying note is an integral part of these condensed consolidated financial statements.

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**LAMAR BANCSHARES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

- Continued -

|                                                              | <b>Nine Months Ended<br/>September 30,</b> |              |
|--------------------------------------------------------------|--------------------------------------------|--------------|
|                                                              | <b>2004</b>                                | <b>2003</b>  |
| <b><i>Cash Flows from Financing Activities</i></b>           |                                            |              |
| Net increase (decrease) in deposits                          | (6,231,242)                                | 5,495,878    |
| Proceeds from other borrowings                               | 6,000,218                                  |              |
| Cash dividends paid on common stock                          | (1,417,536)                                | (1,519,140)  |
| Proceeds from sale of treasury stock                         | 344,404                                    | 607,682      |
|                                                              | <hr/>                                      | <hr/>        |
| Net Cash Provided (Used) by Financing Activities             | (1,304,156)                                | 4,584,420    |
|                                                              | <hr/>                                      | <hr/>        |
| Net Change in Cash and Due from Banks                        | 42,147                                     | 2,105,615    |
| <b><i>Cash and Due from Banks at Beginning of Period</i></b> | 4,775,331                                  | 4,998,441    |
|                                                              | <hr/>                                      | <hr/>        |
| <b><i>Cash and Due from Banks at End of Period</i></b>       | \$ 4,817,478                               | \$ 7,104,056 |
|                                                              | <hr/>                                      | <hr/>        |
| <b><i>Supplemental Cash Flow Information</i></b>             |                                            |              |
| Interest paid on deposits                                    | \$ 740,523                                 | \$ 979,450   |
|                                                              | <hr/>                                      | <hr/>        |
| <b><i>Noncash Investing Activities</i></b>                   |                                            |              |
| Other real estate acquired in settlement of loans            | \$                                         | \$ 362,186   |
|                                                              | <hr/>                                      | <hr/>        |

The accompanying note is an integral part of these condensed consolidated financial statements.

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**LAMAR BANCSHARES, INC. AND SUBSIDIARIES**

**NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*STATEMENT BY MANAGEMENT CONCERNING THE REVIEW OF UNAUDITED FINANCIAL INFORMATION*

The preceding unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly, in accordance with accounting principals generally accepted in the United States of America, the financial position of Lamar Bancshares, Inc. and its subsidiaries as of September 30, 2004 and the results of their operations and their cash flows for the periods presented. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto included in the Registration Statement on Form S-4 filed with the Securities and Exchange Commission by MidSouth Bancorp, Inc. on August 6, 2004.

The results of operations for the nine-month period ended September 30, 2004 are not necessarily indicative of the results to be expected for the entire year.

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**Annex B**

**SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following tables present unaudited pro forma condensed combined financial statements for MidSouth Bancorp, Inc. after giving effect to the completion of MidSouth Bancorp Inc.'s acquisition of Lamar Bancshares, Inc., with respect to the unaudited pro forma combined statement of condition as of September 30, 2004 and the related unaudited pro forma combined statements of income for the year ended December 31, 2003 and for the nine months ended September 30, 2004.

MidSouth Bancorp, Inc. acquired all of the outstanding common stock of Lamar Bancshares, Inc. in a transaction accounted for under the purchase accounting method in accordance with accounting principles generally accepted in the United States of America. MidSouth Bancorp, Inc. paid approximately \$10,780,000 in cash and issued 369,304 shares (based on an assumed market value of MidSouth Bancorp, Inc. stock of \$30.91 per share) of its common stock valued at approximately \$11,415,000, before consideration of issuance costs. MidSouth Bancorp, Inc. also incurred acquisition costs of approximately \$171,000.

The unaudited pro forma condensed combined financial statements give the effect of the acquisition under the purchase accounting method in accordance with accounting principles generally accepted in the United States of America. The unaudited pro forma combined financial statements of income combine the historical consolidated financial statements for MidSouth Bancorp, Inc. and Lamar Bancshares, Inc.

The information as of September 30, 2004 and for the year ended December 31, 2003 and the nine months ended September 30, 2004 is derived from:

the unaudited consolidated financial statements of Lamar Bancshares, Inc. for the nine months ended September 30, 2004, which are included elsewhere in this Form 8-K/A;

the audited consolidated financial statements of Lamar Bancshares, Inc. for the year ended December 31, 2003, including the related notes, which are included in the Registration Statement on Form S-4 filed with the Securities and Exchange Commission by MidSouth Bancorp, Inc. on August 6, 2004;

MidSouth Bancorp, Inc.'s unaudited consolidated financial statements for the nine months ended September 30, 2004, which are incorporated by reference into this Form 8-K/A from MidSouth Bancorp, Inc.'s Form 10-Q for the nine months ended September 30, 2004; and

MidSouth Bancorp, Inc.'s audited consolidated financial statements for the year ended December 31, 2003, including the related notes, which are incorporated by reference into this Form 8-K/A from MidSouth Bancorp, Inc.'s Form 10-KSB for the year ended December 31, 2003, including MidSouth Bancorp, Inc.'s accompanying annual report to shareholders.

MidSouth Bancorp, Inc. anticipates that the acquisition will provide the combined company with future financial benefits, such as reduced operating expenses and opportunities to earn more revenue. However, MidSouth Bancorp, Inc. does not reflect these anticipated cost savings and benefits in the unaudited pro forma financial information. While the unaudited pro forma financial information is helpful in showing the financial characteristics of the combined companies, it is not intended to show how the combined companies would have actually performed had they been combined throughout the periods, or how the combined companies would perform in the future. MidSouth Bancorp, Inc. has included in the unaudited pro forma financial statements all the adjustments, consisting of normal recurring adjustments believed necessary for a fair statement of results of the historical periods.

Given the information regarding the acquisition, the actual financial position and results of operations will differ, perhaps even significantly, from the unaudited pro forma amounts reflected below because, among other things:

assumptions used in preparing the unaudited pro forma condensed combined financial statements may be revised in the future due to changes in values of assets, including the finalization of the calculation of the core deposit intangible asset and changes in operating results between the dates of the unaudited pro forma financial information and the date on which the acquisition is completed; and

adjustments may need to be made to the unaudited historical financial information upon which such pro forma information was based.

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MidSouth Bancorp, Inc.

Unaudited Pro Forma Combined Statement of Condition

(Dollars in thousands except share data)

As of September 30, 2004

|                                             | <b>Historical<br/>MidSouth</b> | <b>Historical<br/>Lamar</b> | <b>Historical<br/>Combined</b> | <b>Pro Forma<br/>Adjustments</b> | <b>Pro Forma<br/>Combined</b> |
|---------------------------------------------|--------------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------------------|
| <b>ASSETS</b>                               |                                |                             |                                |                                  |                               |
| Cash and due from banks                     | \$ 11,616                      | \$ 4,817                    | \$ 16,433                      |                                  | \$ 16,433                     |
| Federal funds sold                          | 21,600                         | 600                         | 22,600                         | (10,951)(1)                      | 11,249                        |
| Total cash and cash equivalents             | 33,216                         | 5,417                       | 38,633                         |                                  | 27,682                        |
| Interest-bearing deposits in banks          | 11                             |                             | 11                             |                                  | 11                            |
| Securities available-for-sale               | 135,137                        | 20,705                      | 155,842                        |                                  | 155,842                       |
| Securities held-to-maturity                 | 23,133                         |                             | 23,133                         |                                  | 23,133                        |
| Loans, net                                  | 291,113                        | 80,800                      | 371,913                        | 604(1)                           | 372,517                       |
| Bank premises and equipment, net            | 12,553                         | 2,756                       | 15,309                         | 2,111(1)                         | 17,420                        |
| Other real estate owned, net                | 86                             |                             | 86                             |                                  | 86                            |
| Accrued interest receivable                 | 3,225                          | 482                         | 3,707                          |                                  | 3,707                         |
| Goodwill, net                               | 432                            | 1,430                       | 1,862                          | (1,430)(1)                       | 9,677                         |
| Intangibles                                 | 509                            |                             | 509                            | 9,245(1)                         | 1,602                         |
| Other assets                                | 2,816                          | 4,186                       | 7,002                          | 1,093(1)                         | 7,002                         |
| <b>TOTAL ASSETS</b>                         | <b>\$502,231</b>               | <b>\$115,776</b>            | <b>\$618,007</b>               | <b>\$ 672</b>                    | <b>\$618,679</b>              |
| <b>LIABILITIES &amp; STOCKHOLDERS</b>       |                                |                             |                                |                                  |                               |
| <b>EQUITY</b>                               |                                |                             |                                |                                  |                               |
| <b>Deposits:</b>                            |                                |                             |                                |                                  |                               |
| Non-interest bearing                        | \$100,296                      | \$ 21,162                   | \$121,458                      |                                  | \$121,458                     |
| Interest bearing                            | 343,454                        | 75,569                      | 419,023                        | 426(1)                           | 419,449                       |
| Total deposits                              | 443,750                        | 96,731                      | 540,481                        | 426(1)                           | 540,907                       |
| Securities sold under repurchase agreements | 5,213                          |                             | 5,213                          |                                  | 5,213                         |
| Other liabilities                           | 1,710                          | 6,903                       | 8,613                          | 1,065(1)                         | 9,678                         |
| Junior subordinated debentures              | 15,000                         |                             | 15,000                         |                                  | 15,000                        |
| Total liabilities                           | 465,673                        | 103,634                     | 569,307                        | 1,491                            | 570,798                       |
| <b>Stockholders Equity:</b>                 |                                |                             |                                |                                  |                               |
| Common stock                                | 322                            | 245                         | 567                            | 37(1)                            | \$ 359                        |
|                                             |                                |                             |                                | (245)(1)                         |                               |

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|                                                                        |                   |                   |                   |                         |                   |
|------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|
| Surplus                                                                | 18,992            | 3,022             | 22,014            | 11,286(1)<br>(3,022)(1) | 30,278            |
| Unearned ESOP shares                                                   | (69)              |                   | (69)              |                         | (69)              |
| Unrealized (losses) gains on securities available-for-sale, net of tax | 803               | (102)             | 701               | 102(1)                  | 803               |
| Retained earnings                                                      | 17,257            | 10,261            | 27,518            | (10,261)(1)             | 17,257            |
| Treasury stock                                                         | (747)             | (1,284)           | (2,031)           | 1,284(1)                | (747)             |
|                                                                        | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u>       | <u>          </u> |
| TOTAL STOCKHOLDERS EQUITY                                              | <u>36,558</u>     | <u>12,142</u>     | <u>48,700</u>     | <u>(819)</u>            | <u>47,881</u>     |
|                                                                        |                   |                   |                   |                         |                   |
| TOTAL LIABILITIES & STOCKHOLDERS EQUITY                                | <u>\$502,231</u>  | <u>\$115,776</u>  | <u>\$618,007</u>  | <u>\$ 672</u>           | <u>\$618,679</u>  |

See accompanying notes to unaudited pro forma condensed combined financial statements.

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MidSouth Bancorp, Inc.  
 Unaudited Pro Forma Combined Statement of Income  
 Nine Months Ended September 30, 2004  
 (Dollars in thousands except share data)

|                                                                                         | <b>Historical<br/>MidSouth</b> | <b>Historical<br/>Lamar</b> | <b>Historical<br/>Combined</b> | <b>Pro Forma<br/>Adjustments</b> | <b>Pro Forma<br/>Combined</b> |
|-----------------------------------------------------------------------------------------|--------------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------------------|
| <b>INTEREST INCOME:</b>                                                                 |                                |                             |                                |                                  |                               |
| Loans, including fees                                                                   | \$ 15,448                      | \$ 3,548                    | \$ 18,996                      |                                  | \$ 18,996                     |
| Securities                                                                              |                                |                             |                                |                                  |                               |
| Taxable                                                                                 | 2,007                          | 730                         | 2,737                          |                                  | 2,737                         |
| Nontaxable                                                                              | 1,742                          |                             | 1,742                          |                                  | 1,742                         |
| Federal funds sold                                                                      | 98                             | 25                          | 123                            | (28)(2)                          | 95                            |
| <b>TOTAL</b>                                                                            | <b>19,295</b>                  | <b>4,303</b>                | <b>23,598</b>                  | <b>(28)</b>                      | <b>23,570</b>                 |
| <b>INTEREST EXPENSE:</b>                                                                |                                |                             |                                |                                  |                               |
| Deposits                                                                                | 3,203                          | 703                         | 3,906                          |                                  | 3,906                         |
| Securities sold under repurchase<br>agreements, federal funds purchased and<br>advances | 60                             | 7                           | 67                             |                                  | 67                            |
| Long term debt                                                                          | 541                            |                             | 541                            | 260(3)                           | 801                           |
| <b>TOTAL</b>                                                                            | <b>3,804</b>                   | <b>710</b>                  | <b>4,514</b>                   | <b>260</b>                       | <b>4,774</b>                  |
| <b>NET INTEREST INCOME</b>                                                              | <b>15,491</b>                  | <b>3,593</b>                | <b>19,084</b>                  | <b>(288)</b>                     | <b>18,796</b>                 |
| <b>PROVISION FOR LOAN LOSSES</b>                                                        | <b>670</b>                     | <b>155</b>                  | <b>825</b>                     |                                  | <b>825</b>                    |
| <b>NET INTEREST INCOME AFTER<br/>PROVISION FOR LOAN LOSSES</b>                          | <b>14,821</b>                  | <b>3,438</b>                | <b>18,259</b>                  | <b>(288)</b>                     | <b>17,971</b>                 |
| <b>OTHER OPERATING INCOME:</b>                                                          |                                |                             |                                |                                  |                               |
| Service charges on deposits                                                             | 4,665                          | 1,209                       | 5,874                          |                                  | 5,874                         |
| Gains on securities, net                                                                | 132                            | 56                          | 188                            |                                  | 188                           |
| Credit life insurance                                                                   | 79                             |                             | 79                             |                                  | 79                            |
| Other charges and fees                                                                  | 1,415                          | 657                         | 2,072                          |                                  | 2,072                         |
| <b>TOTAL OTHER INCOME</b>                                                               | <b>6,291</b>                   | <b>1,922</b>                | <b>8,213</b>                   |                                  | <b>8,213</b>                  |
| <b>NON INTEREST EXPENSES:</b>                                                           |                                |                             |                                |                                  |                               |
| Salaries and employee benefits                                                          | 6,829                          | 2,268                       | 9,097                          |                                  | 9,097                         |

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|                                                    |                   |                   |                   |                   |                   |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Occupancy expense                                  | 3,003             | 599               | 3,602             |                   | 3,602             |
| Other                                              | 4,069             | 1,609             | 5,678             | 285(4)            | 5,963             |
|                                                    | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| TOTAL OTHER EXPENSES                               | 13,901            | 4,476             | 18,377            | 285               | 18,662            |
|                                                    | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| INCOME BEFORE INCOME TAXES                         | 7,211             | 884               | 8,095             | (573)             | 7,522             |
| PROVISION FOR INCOME TAXES                         | 1,851             |                   | 1,851             | 106(5)            | 1,957             |
|                                                    | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| NET INCOME                                         | \$ 5,360          | \$ 884            | \$ 6,244          | (\$ 679)          | \$ 5,565          |
|                                                    | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| EARNINGS PER SHARE:                                |                   |                   |                   |                   |                   |
| Basic                                              | \$ 1.68           |                   |                   |                   | \$ 1.57           |
| Diluted                                            | \$ 1.61           |                   |                   |                   | \$ 1.50           |
| SHARES USED IN COMPUTATON<br>OF EARNINGS PER SHARE |                   |                   |                   |                   |                   |
| Basic                                              | 3,186,058         |                   |                   |                   | 3,555,058         |
| Diluted                                            | 3,329,397         |                   |                   |                   | 3,698,397         |

See accompanying notes to unaudited pro forma condensed combined financial statements.

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MidSouth Bancorp, Inc.  
 Unaudited Pro Forma Combined Statement of Income  
 Year Ended December 31, 2003  
 (Dollars in thousands except share data)

|                                                                                         | <b>Historical<br/>MidSouth</b> | <b>Historical<br/>Lamar</b> | <b>Historical<br/>Combined</b> | <b>Pro Forma<br/>Adjustments</b> | <b>Pro Forma<br/>Combined</b> |
|-----------------------------------------------------------------------------------------|--------------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------------------|
| <b>INTEREST INCOME:</b>                                                                 |                                |                             |                                |                                  |                               |
| Loans, including fees                                                                   | \$ 19,828                      | \$5,052                     | \$24,880                       |                                  | \$ 24,880                     |
| Securities                                                                              |                                |                             |                                |                                  |                               |
| Taxable                                                                                 | 2,323                          | 1,096                       | 3,419                          |                                  | 3,419                         |
| Nontaxable                                                                              | 2,015                          |                             | 2,015                          |                                  | 2,015                         |
| Federal funds sold                                                                      | 64                             | 47                          | 111                            | (37)(2)                          | 74                            |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |
| <b>TOTAL</b>                                                                            | <b>24,230</b>                  | <b>6,195</b>                | <b>30,425</b>                  | <b>(37)</b>                      | <b>30,388</b>                 |
| <b>INTEREST EXPENSE:</b>                                                                |                                |                             |                                |                                  |                               |
| Deposits                                                                                | 3,879                          | 1,280                       | 5,159                          |                                  | 5,159                         |
| Securities sold under repurchase<br>agreements, federal funds<br>purchased and advances | 66                             |                             | 66                             |                                  | 66                            |
| Long term debt                                                                          | 734                            |                             | 734                            | 347(3)                           | 1,081                         |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |
| <b>TOTAL</b>                                                                            | <b>4,679</b>                   | <b>1,280</b>                | <b>5,959</b>                   | <b>347</b>                       | <b>6,306</b>                  |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |
| <b>NET INTEREST INCOME<br/>PROVISION FOR LOAN<br/>LOSSES</b>                            | <b>19,551</b>                  | <b>4,915</b>                | <b>24,466</b>                  | <b>(384)</b>                     | <b>24,082</b>                 |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |
| <b>NET INTEREST INCOME<br/>AFTER PROVISION FOR<br/>LOAN LOSSES</b>                      | <b>19,001</b>                  | <b>4,638</b>                | <b>23,639</b>                  | <b>(384)</b>                     | <b>23,255</b>                 |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |
| <b>NON INTEREST INCOME:</b>                                                             |                                |                             |                                |                                  |                               |
| Service charges on deposits                                                             | 5,273                          | 1,683                       | 6,956                          |                                  | 6,956                         |
| Gains on securities, net                                                                | 98                             |                             | 98                             |                                  | 98                            |
| Credit life insurance                                                                   | 165                            |                             | 165                            |                                  | 165                           |
| Other charges and fees                                                                  | 2,061                          | 998                         | 3,059                          |                                  | 3,059                         |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |
| <b>TOTAL OTHER INCOME</b>                                                               | <b>7,597</b>                   | <b>2,681</b>                | <b>10,278</b>                  |                                  | <b>10,278</b>                 |
|                                                                                         | <u>        </u>                | <u>        </u>             | <u>        </u>                | <u>        </u>                  | <u>        </u>               |

## NON INTEREST EXPENSES:

|                                |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Salaries and employee benefits | 8,649             | 2,888             | 11,537            |                   | 11,537            |
| Occupancy expense              | 3,882             | 790               | 4,672             |                   | 4,672             |
| Other                          | 5,440             | 1,721             | 7,161             | 380(4)            | 7,541             |
|                                | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

|                      |               |              |               |            |               |
|----------------------|---------------|--------------|---------------|------------|---------------|
| TOTAL OTHER EXPENSES | <u>17,971</u> | <u>5,399</u> | <u>23,370</u> | <u>380</u> | <u>23,750</u> |
|----------------------|---------------|--------------|---------------|------------|---------------|

## INCOME BEFORE INCOME TAXES

|                            |              |                   |              |               |              |
|----------------------------|--------------|-------------------|--------------|---------------|--------------|
|                            | 8,627        | 1,920             | 10,547       | (764)         | 9,783        |
| PROVISION FOR INCOME TAXES | <u>2,294</u> | <u>          </u> | <u>2,294</u> | <u>393(5)</u> | <u>2,687</u> |

|            |                 |                |                 |                  |                 |
|------------|-----------------|----------------|-----------------|------------------|-----------------|
| NET INCOME | <u>\$ 6,333</u> | <u>\$1,920</u> | <u>\$ 8,253</u> | <u>(\$1,157)</u> | <u>\$ 7,096</u> |
|------------|-----------------|----------------|-----------------|------------------|-----------------|

## EARNINGS PER SHARE:

|         |         |  |  |  |         |
|---------|---------|--|--|--|---------|
| Basic   | \$ 1.99 |  |  |  | \$ 2.00 |
| Diluted | \$ 1.91 |  |  |  | \$ 1.93 |

## SHARES USED IN COMPUTATION OF EARNINGS PER SHARE

|         |           |  |  |  |           |
|---------|-----------|--|--|--|-----------|
| Basic   | 3,174,880 |  |  |  | 3,543,880 |
| Diluted | 3,308,166 |  |  |  | 3,677,166 |

See accompanying notes to unaudited pro forma condensed combined financial statements.

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MidSouth Bancorp, Inc and Subsidiaries

Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

**A. ACQUISITION OF LAMAR BANCSHARES, INC. AND SUBSIDIARIES**

MidSouth Bancorp, Inc. acquired all of the outstanding common stock of Lamar Bancshares, Inc. in a transaction accounted for under the purchase accounting method in accordance with accounting principles generally accepted in the United States of America. MidSouth Bancorp, Inc. paid approximately \$10,780,000 in cash and issued 369,304 shares (based on an assumed market value of MidSouth Bancorp, Inc. stock of \$30.91 per share) of its common stock valued at approximately \$11,415,000, before consideration of issuance costs. MidSouth Bancorp, Inc. also incurred acquisition costs of approximately \$171,000.

**B. KEY TO PRO FORMA ADJUSTMENTS**

- 1) To record the issuance of common stock, the payment of cash to the Lamar Bancshares, Inc. stockholders and for acquisition costs, the adjustment of Lamar Bancshares, Inc. s assets and liabilities to fair value, and the elimination of the Lamar Bancshares, Inc. equity accounts:

|                                                                                                                                                  |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Cash paid to Lamar Bancshares, Inc. s stockholders                                                                                               | (10,780) |
| Cash paid for acquisition costs                                                                                                                  | (171)    |
| To record increase to estimated fair value of Lamar Bancshares, Inc. s loans                                                                     | 604      |
| To record increase to estimated fair value of Lamar Bancshares, Inc. s bank premises                                                             | 2,111    |
| To record increase to estimated fair value of Lamar Bancshares, Inc. s deposits                                                                  | (426)    |
| To record estimated fair value of the core deposit intangible of Lamar Bancshares, Inc.                                                          | 1,093    |
| To eliminate preacquisition goodwill on Lamar Bancshares, Inc. s financial statements                                                            | (1,430)  |
| To record goodwill relating to acquisition                                                                                                       | 9,245    |
| To record estimated deferred income taxes                                                                                                        | (1,065)  |
| To record the par value of MidSouth Bancorp, Inc. common stock to be issued to the Lamar Bancshares, Inc. shareholders                           | 37       |
| To record the excess of fair value over par value of MidSouth Bancorp, Inc. common stock to be issued to the Lamar Bancshares, Inc. shareholders | 11,286   |
| Common stock-par value-Lamar                                                                                                                     | (245)    |
| Additional paid in capital-Lamar                                                                                                                 | (3,022)  |
| Unrealized gain on securities available for sale-Lamar                                                                                           | 102      |
| Retained earnings-Lamar                                                                                                                          | (10,261) |
| Treasury stock-Lamar                                                                                                                             | 1,284    |

- 2) To record effect of interest income not earned on funds used in Lamar Bancshares, Inc. acquisition less proceeds from issuance of trust preferred stock at an average rate of 1.25%:

|                                      |    |
|--------------------------------------|----|
| Nine months ended September 30, 2004 | 28 |
| Year ended December 31, 2003         | 37 |

- 3) To record interest expense on trust preferred stock at an average rate of 4.34%:

|                                      |     |
|--------------------------------------|-----|
| Nine months ended September 30, 2004 | 260 |
| Year ended December 31, 2003         | 347 |

- 4)

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To record estimated amortization of core deposit intangible and write-up on loans and deposits using accelerated method and an estimated life of ten years:

|                                      |     |
|--------------------------------------|-----|
| Nine months ended September 30, 2004 | 285 |
| Year ended December 31, 2003         | 380 |

- 5) To record income taxes relating to (1) the historic income of Lamar Bancshares, Inc. which was not subject to income taxes due to Lamar Bancshares, Inc. election under subchapter S and (2) the effect of adjustments 2, 3 and 4 above:

|                                      |     |
|--------------------------------------|-----|
| Nine months ended September 30, 2004 | 106 |
| Year ended December 31, 2003         | 393 |