MIDSOUTH BANCORP INC
Form 10QSB
August 14, 2002

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

FORM 10QSB

__X___QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended............. June 30, 2002

______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 2-91-000FW

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 __X__ 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, 2002

Common stock, $.10 par value 2,901,142

Transitional Small Business Disclosure Format:

Yes _______ No_____X______

PART 1 - FINANCIAL INFORMATION

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

	Three Months Ended June 30,		Six Months Ended June 30,	
EARNINGS DATA	2002	2001	2002	2001
Total interest income	$6,071,740	$6,922,327	$11,881,675	$13,690,50
Total interest expense	1,697,011	2,842,668	3,502,459	5,727,66
Net interest income	4,374,729	4,079,659	8,379,216	7,962,84
Provision for loan losses	336,000	1,034,244	694,000	1,357,34
Non-interest income	1,659,230	1,366,477	3,161,839	2,549,69
Non-interest expense	4,197,565	3,821,855	8,275,565	7,525,72

Provision for income tax	413,149	120,200	666,114	364,45
Net income	1,087,245	469,837	1,905,376	1,265,01
Preferred dividend requirement	-	22,458	-	52,75
Income available to common shareholders	$1,087,245	$447,379	$1,905,376	$1,212,26

PER COMMON SHARE DATA

Basic earnings per share	$0.38	$0.18	$0.66	$0.4
Diluted earnings per share	$0.37	$0.16	$0.65	$0.4
Book value at end of period	$8.57	$7.64	$8.57	$7.6
Market price at end of period	$13.10	$11.10	$13.10	$11.1
Weighted average shares outstanding				
Basic	2,883,142	2,514,972	2,883,142	2,503,64
Diluted	2,946,844	2,920,454	2,940,992	2,916,90

AVERAGE BALANCE SHEET DATA

Total assets	$359,946,669	$351,131,021	$357,858,495	$342,429,93
Earning assets	331,132,111	321,869,855	328,546,563	313,583,34
Loans and leases	220,395,576	206,236,001	216,785,462	204,910,39
Interest-bearing deposits	238,709,360	244,218,691	240,344,275	239,285,18
Total deposits	321,177,565	316,936,547	321,479,097	310,780,54
Common stockholders' equity	23,667,410	19,944,382	23,491,293	19,187,89
Total stockholders' equity	23,667,410	21,699,964	23,491,293	20,988,80

SELECTED RATIOS

Return on average assets (annualized)	1.21%	0.54%	1.07%	0.74
Return on average common equity (annualized)	18.43%	9.00%	16.36%	12.74
Return on average total equity (annualized)	18.43%	8.68%	16.36%	12.15
Leverage capital ratio	8.33%	7.80%	8.33%	7.80
Tier 1 risk-based capital ratio	11.96%	11.68%	11.96%	11.68
Total risk-based capital ratio	13.11%	12.72%	13.11%	12.72
Allowance for loan losses as a % of total loans	1.24%	1.14%	1.24%	1.14

PERIOD ENDING BALANCE SHEET DATA	6/30/02	6/30/01	Net Change	% Chang
Total assets	$379,991,713	$342,550,304	$37,441,409	10.93
Earning assets	348,349,503	314,864,754	$33,484,749	10.63
Loans and leases, net	227,212,579	210,532,711	$16,679,868	7.92
Interest-bearing deposits	263,550,361	233,194,779	$30,355,582	13.02
Total deposits	341,799,739	308,890,932	$32,908,807	10.65
Common stockholders' equity	24,852,271	19,794,639	$5,057,632	25.55
Total stockholders' equity	24,852,271	21,315,114	$3,537,157	16.59

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

ASSETS	June 30, 2002 (unaudited)	December 31, 2001 *
Cash and due from banks	$16,509,305	$18,547,278
Federal funds sold	12,100,000	17,300,000
Total cash and cash equivalents	28,609,305	35,847,278
Interest bearing deposits in banks	172,706	109,206
Securities available-for-sale, at fair value (cost of $80,803,744 in June 2002 and $75,052,952 in December 2001)	82,424,504	75,780,414
Securities held-to-maturity (estimated market value of $25,350,735 in June 2002 and $24,735,122 in December 2001)	23,583,870	23,584,850
Loans, net of allowance for loan losses of $2,855,844 in June 2002 and $2,705,058 in December 2001	227,212,579	211,685,063
Bank premises and equipment, net	12,431,839	11,950,701
Other real estate owned, net	108,752	359,336
Accrued interest receivable	2,394,503	2,197,794
Goodwill and other intangibles, net	927,513	431,987
Other assets	2,126,142	1,833,234
Total assets	$379,991,713	$363,779,863
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$78,249,378	$91,145,842
Interest bearing	263,550,361	239,431,616
Total deposits	341,799,739	330,577,458
Securities sold under repurchase agreements	3,698,013	663,079
Accrued interest payable	952,197	1,057,065
Notes payable	878,000	1,431,000
Junior subordinated debenture	7,000,000	7,000,000
Other liabilities	811,493	423,700
Total liabilities	355,139,442	341,152,302
Commitments and contingencies	-	-
Stockholders' Equity:		
Common stock, $.10 par value- 5,000,000		

shares authorized, 2,901,142 issued and outstanding on June 30, 2002 and December 31, 2001, respectively	290,114	290,114
Surplus	12,972,762	12,972,762
Unearned ESOP shares	(129,728)	(149,638)
Unrealized gains on securities available-for-sale, net of deferred taxes of $561,260 in June 2002 and $257,500 in December 2001	1,059,500	469,962
Retained earnings	10,659,623	9,044,361
Total stockholders' equity	24,852,271	22,627,561
Total liabilities and stockholders' equity	$379,991,713	$363,779,863

* The consolidated statement of condition at December 31, 2001 is taken from the audited balance sheet on that date.
See notes to unaudited consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
INTEREST INCOME:				
Loans, including fees	$4,777,307	$5,310,285	$9,357,437	$10,587,4
Securities				
Taxable	847,314	1,060,091	1,602,909	1,928,9
Nontaxable	428,934	379,155	851,402	735,5
Federal funds sold	18,185	172,796	69,927	438,5
TOTAL	6,071,740	6,922,327	11,881,675	13,690,5
INTEREST EXPENSE:				
Deposits	1,472,088	2,595,423	3,084,129	5,312,0
Securities sold under repurchase agreements, federal funds purchased and advances	27,428	21,750	30,688	32,5
Notes Payable	197,495	225,495	387,642	383,0
TOTAL	1,697,011	2,842,668	3,502,459	5,727,6

NET INTEREST INCOME	4,374,729	4,079,659	8,379,216	7,962,8
PROVISION FOR LOAN LOSSES	336,000	1,034,244	694,000	1,357,3
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,038,729	3,045,415	7,685,216	6,605,4
OTHER OPERATING INCOME:				
Service charges on deposits	1,158,404	846,841	2,233,717	1,639,8
Gains on securities, net	-	46,491	-	46,4
Credit life insurance	91,995	68,237	145,820	134,8
Other charges and fees	408,831	404,908	782,302	728,5
TOTAL OTHER INCOME	1,659,230	1,366,477	3,161,839	2,549,6
OTHER EXPENSES:				
Salaries and employee benefits	1,982,103	1,778,554	3,917,568	3,540,0
Occupancy expense	922,919	845,139	1,769,259	1,674,8
Other	1,292,543	1,198,162	2,588,738	2,310,7
TOTAL OTHER EXPENSES	4,197,565	3,821,855	8,275,565	7,525,7
INCOME BEFORE INCOME TAXES	1,500,394	590,037	2,571,490	1,629,4
PROVISION FOR INCOME TAXES	413,149	120,200	666,114	364,4
NET INCOME	1,087,245	469,837	1,905,376	1,265,0
PREFERRED DIVIDEND REQUIREMENT	-	22,458	-	52,7
INCOME AVAILABLE TO COMMON SHAREHOLDERS	$1,087,245	$447,379	$1,905,376	$1,212,2
BASIC EARNINGS PER COMMON SHARE	$0.38	$0.18	$0.66	$0.
DILUTED EARNINGS PER COMMON SHARE	$0.37	$0.16	$0.65	$0.

See notes to unaudited consolidated financial statements.

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	SURPLUS	ESOP OBLIGATION	UNREALIZED GAINS (LOSSES) ON SECURITIES AFS, NET	RET EAR
BALANCE, JANUARY 1, 2002	2,901,142	$290,114	$12,972,762	($149,638)	$469,962	$9,0
Dividends on common stock						(2
Net income						1,9
Increase in ESOP obligation, net of repayments				19,910		
Net change in unrealized gain/ loss on securities available-for-sale, net of income taxes					589,538	
BALANCE, JUNE 30, 2002	2,901,142	$290,114	$12,972,762	($129,728)	$1,059,500	$10,6
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See notes to unaudited consolidated financial statements.

MIDSOUTH BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001

	June 30, 2002	June 30,2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$1,905,376	$1,265,014
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	629,246	677,731
Provision for loan losses	694,000	1,357,344
Deferred income taxes (credit)	(16,418)	10,778
Discount accretion, net	213,304	43,638
Net gain on sale of securities	-	(46,491)
(Gain)/loss on sale of premises and equipment	40,175	(2,700)
Loss on sale of other real estate owned	25,571	11,542
Write-down of other real estate owned	-	22,787
Change in accrued interest receivable	(196,709)	(109,442)
Change in accrued interest payable	(104,868)	179,225

Other, net	3,845	(521,465)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,193,522	2,887,961
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in interest-bearing deposits in banks	(63,500)	(184,705)
Proceeds from sales of securities available-for-sale	-	1,647,500
Proceeds from maturities and calls of securities available-for-sale	18,542,669	12,464,181
Purchases of securities available-for-sale	(24,505,784)	(35,295,098)
Loan originations, net of repayments	(10,762,635)	(9,631,486)
Purchases of premises and equipment	(1,151,359)	(370,405)
Proceeds from sales of premises and equipment	800	2,700
Proceeds from sales of other real estate owned	225,013	135,266
Net cash received in connection with acquisition	6,043,721	-
NET CASH USED IN INVESTING ACTIVITIES	(11,671,075)	(31,232,047)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in deposits	(952,240)	(10,656,273)
Net increase in securities sold under repurchase agreements and Federal Home Loan Bank advances	3,034,934	658,539
Issuance of notes payable	-	20,000
Repayments of notes payable	(553,000)	(2,675,968)
Proceeds from issuance of common stock	-	33,764
Payment of dividends	(290,114)	(308,316)
Issuance of junior subordinated debentures	-	7,000,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,239,580	(5,928,254)
NET DECREASE IN CASH & CASH EQUIVALENTS	(7,237,973)	(34,272,340)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,847,278	49,798,538
CASH & CASH EQUIVALENTS AT END OF PERIOD	$28,609,305	$15,526,198

See notes to unaudited consolidated financial statements.

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, 2002 and the results of their operations and their cash flows for the periods presented. The consolidated financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto included in MidSouth's 2001 annual consolidated report and Form 10-KSB.

The results of operations for the six month period ended June 30, 2002 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, 2002	2001
Balance at beginning of period	$2,705,058	$2,276,187
Provision for loan losses	694,000	1,357,344
Recoveries	61,488	42,414
Loans charged off	(604,702)	(1,237,642)
Balance at end of period	$2,855,844	$2,438,303

3. COMPREHENSIVE INCOME

Comprehensive income includes net income and other comprehensive income 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, 2002 and 2001.

	Six Months Ended June 30, 2002	2001
Net income	$1,905,376	$1,265,014
Other comprehensive income		
Unrealized gains (losses) on securities available-for-sale, net:		

Unrealized holding gains arising during the period	589,538	475,319
Less reclassification adjustment for gains included in net income	-	(30,219)
Total other comprehensive income	589,538	445,100
Total comprehensive income	$2,494,914	$1,710,114

4. On June 21, 2002 MidSouth acquired the Morgan City, Louisiana branch of IberiaBank for an amount which was approximately $500,00 in excess of book value of those assets on IberiaBank's books. The purchase included, among other things, approximately $6.0 million of cash, $5.4 million of loans, and the assumption of $12.2 million of deposits. MidSouth is presently evaluating the assets purcahsed and liabilities assumed, and expects to complete that evaluation by December 31, 2002. It is presently extimated that any intangible associated with this acquisition will relate to core deposit intangibles and will be amortized over approximately 8 - 10 years on an accelerated basis.

Item 2.
MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This review should be read in conjunction with MidSouth Bancorp Inc.'s ("MidSouth") consolidated financial statements and accompanying notes contained herein, as well as with MidSouth's 2001 annual consolidated financial statements, the notes thereto and the related Management's Discussion and Analysis.

MidSouth Bancorp, Inc. recorded net income of $1,087,245 for the second quarter of 2002, a 131% increase from net income of $469,837 for the second quarter of 2001. Second quarter 2001 earnings reflected a net after tax charge of $500,000 for the default and charge-off of one commercial loan. Basic earnings per share were $.38 and $.18 for the quarters ended June 30, 2002 and 2001, respectively. Diluted earnings per share were $.37 for the second quarter of 2002 compared to $.16 for the second quarter of 2001.

Net income for the six months ended June 30, 2002 totaled $1,905,376 compared to $1,265,014 for the six months ended June 30, 2001. Loan loss provisions decreased $663,344 over the six months ended June 30, 2002. Basic earnings per share were $.66 and $.48 for the two six month periods, respectively. Diluted earnings per share were $.65

for the six months ended June 30, 2002 compared to $.43 for the six months ended June 30, 2001.

MidSouth's net interest income continued to improve in quarterly and year-to-date comparison due to improvement in the net interest margin combined with a higher volume of earning assets. Net interest income increased 7%, or $295,070 in quarterly comparison and 5% or $416,374 in year-to-date comparison. Non-interest income, excluding net gains on sales of securities recorded in 2001, increased 26% or $339,244 in quarterly comparison and 26% or $658,637 in year-to-date comparison, primarily due to increased transaction volume on deposit accounts resulting in increased service charge and insufficient funds fee income. Non-interest expense, primarily salaries, benefits and occupancy expenses, increased 10% or $375,710 in quarterly comparison and 10% or $749,842 in year-to-date comparison.

Consolidated assets totaled $380.0 million at June 30, 2002, up 4% from $363.8 million at December 31, 2001 and 11% from $342.5 million at June 30, 2001. Total deposits increased $32.9 million over the past twelve months, from $308.9 million at June 30, 2001 to $330.6 million at December 31, 2001 and to $341.8 million at June 30, 2002. The increase included $12.2 million in deposits from the purchase of IberiaBank's Morgan City branch. The purchase was completed on June 21, 2002 and also added $5.4 million to MidSouth's loan portfolio.

Loans, net of Allowance for Loan Losses ("ALL"), increased $16.7 million or 8%, from $210.5 million in the second quarter of 2001 to $227.2 million in the second quarter of 2002. Provisions for loan and lease losses totaled $336,000 in the second quarter of 2002 compared to $1,034,244 in the second quarter of 2001, and $694,000 in the first six months of 2002 compared to $1,357,344 in the first six months of 2001. Provisions for the three and six month period ended June 30, 2001 were substantially higher due to an additional $700,000 allocated for the default and charge-off of one commercial loan.

Nonperforming loans as a percentage of total loans increased from .20% at June 30, 2001 to .36% at June 30, 2002. Loans past due ninety days and over and still accruing decreased from $854,216 at June 30, 2001 to $716,639 at June 30, 2002. Other real estate owned decreased $234,977 for the same period to $108,752. The ALL represented 303.5% of nonperforming assets as of June 30, 2002 compared to 314.5% as of June 30, 2001.

MidSouth's leverage ratio was 8.33% at June 30, 2002, up from 7.80% at June 30, 2001. Return on average common equity for the quarter was 18.43% compared to 9.00% for the second quarter of 2001. Return on average assets was

1.21% for the second quarter of 2002 compared to .54% for the second quarter of 2001.

EARNINGS ANALYSIS

Net Interest Income

Average earning assets increased $9.2 million, from $321.9 million for the three months ended June 30, 2001 to $331.1 million for the three months ended June 30, 2002. The mix of earning assets shifted from 64% of average earning assets in loans for the second quarter of 2001 up to 67% in the second quarter of 2002. The average yield on loans decreased 164 basis points, from 10.33% to 8.69% for the three months ended June 30, 2002.

Decreases in the prime lending rate and market competition for quality credits lowered commercial and real estate loan yields by 148 basis points in quarterly comparison. The average volume of the commercial and real estate portfolio grew 8% or $13.3 million in quarterly comparison, from $164.2 million for the quarter ending June 30, 2001 to $177.5 million for the quarter ending June 30, 2002. Consumer loan yields decreased 201 basis points primarily due to falling interest rates and the average volume increased slightly, from $42.0 million for the quarter ending June 30, 2001 to $ 42.8 million for the quarter ending June 30, 2002.

Investment volume increased by $5.8 million, from $100.5 million at June 30, 2001 to $106.3 million at June 30, 2002. The volume of federal funds sold decreased $10.7 million in quarterly comparison. The average taxable-equivalent yield on investments decreased 89 basis points, from 6.41% at June 30, 2001 to 5.52% at June 30, 2002.

Lower yields in both loans and investments decreased the taxable-equivalent yield on quarterly average earning assets 125 basis points, from 8.83% for the second quarter of 2001 to 7.58% for the second quarter of 2002.

Average interest-bearing deposits decreased $5.5 million in

quarterly comparison, from $244.2 million for the quarter ending June 30, 2001 to $238.7 million for the quarter ending June 30, 2002. The decrease in average volume resulted from a decline in certificates of deposits partially offset by an increase in interest-bearing transaction and money market deposits. The rate paid on interest-bearing deposits decreased 179 basis points for the same period, from 4.26% to 2.47%. Included in interest-bearing liabilities is $7,000,000 in trust preferred securities issued in February 2001. The interest rate on the trust preferred securities is 10.20% with interest payable semiannually. The average rate paid on total interest-bearing liabilities decreased 177 basis points, from 4.47% for the quarter ended June 30, 2001 to 2.70% for the quarter ended June 30, 2002.

The net effect of changes in the volume and mix of average earning assets and interest-bearing liabilities resulted in a 23 basis point improvement in the net taxable-equivalent yield on average earning assets, from 5.29% for the quarter ended June 30, 2001 to 5.52% for the quarter ended June 30, 2002. A review of the changes in the volume and yields of average earning assets and interest-bearing liabilities between the two six month periods ended June 30, 2001 and 2002 reflected results similar to the quarterly comparison. The net taxable-equivalent yield on average earning assets for the six months ended June 30, 2002 increased 4 basis points from 5.33% at June 30, 2001 to 5.37% at June 30, 2002. Volume increases in earning assets resulted in an increase to net interest income of $416,374 between the two six month periods.

Non-interest Income

MidSouth's primary source of non-interest income, service charges on deposit accounts, increased $311,563 for the three months and $593,914 for the six months ended June 30, 2002 as compared to the same periods for 2001. The increases were due primarily to a higher volume of transactions on deposit accounts, which resulted in increased insufficient funds fees. Other non-interest income, net of gains on sales of investment securities, increased $27,671 in quarterly comparison and $64,723 in year-to-date comparison.

Non-interest Expense

Non-interest expense increased $375,710 for the three months and $749,842 for the six months ended June 30, 2002 compared to the three and six months ended June 30, 2001. Increases were recorded primarily in the categories of salaries and employee benefits, occupancy expense, printing and office supplies expenses, and professional fees.

Salaries and employee benefits increased primarily due to additional staff and an increase in the cost of group health insurance. The number of full-time equivalent ("FTE") employees increased by 12, from 197 in June 2001 to 209 in June 2002. Staff additions over the past twelve months included a compliance officer, two internal auditors and a collateral documentation officer to enhance the risk management and loan administration functions.

Occupancy expense increased in the three and six month periods ended June 30, 2002 compared to the same period of 2001 due to increases in lease expense, depreciation and maintenance expenses on computer hardware and software and property taxes.

Printing expenses increased primarily due to Bank-paid check orders associated with MidSouth's Business Value Checking and Select 50 programs. Office supplies increased due primarily to the completion of a new facility in Jennings and new offices at MidSouth's main office in Lafayette. The increase in professional fees resulted primarily from consulting fees associated with a process and workflow review of MidSouth's retail, lending and technology areas.

BALANCE SHEET ANALYSIS

MidSouth ended the second quarter of 2002 with consolidated assets of $379,991,713, an increase of $16.2 million from the $363,779,863 reported for December 31, 2001. Deposits increased over the six months ended June 30, 2002 by $11.2 million, from $330,577,458 at December 31, 2001 to $341,799,739 due to the $12.2 million in deposits acquired through the IberiaBank Morgan City branch purchase on June 21, 2002.

Loans experienced growth of $15.7 million in the first six months of 2002, $5.4 million of which was acquired through the branch purchase. Securities available-for-sale increased by $6.6 milllion, from $99.4 million at December 31, 2001 to $106.0 million at June 30, 2002. The increase reflects purchases of $24.5 million offset by sales, maturities and principal paydowns of $18.5 million. Net unrealized gains in the securities available-for-sale portfolio, net of tax effect, were $1,059,500 at June 30, 2002, compared to a net unrealized gain of $469,962 at December 31, 2001. These amounts result from interest rate fluctuations and do not represent permanent adjustment of value. Moreover, classification of securities as available-for-sale does not necessarily indicate that the securities will be sold prior to maturity.

Capital

As of June 30, 2002, MidSouth's leverage ratio was 8.33% as compared to 7.80% at December 31, 2001. Tier 1 capital to risk-weighted assets was 11.96% and total capital to risk-weighted assets was 13.11% at the end of the second quarter of 2002. At year-end 2001, Tier 1 capital to risk-weighted assets was 11.68% and total capital to risk-weighted assets was 12.72%. Included in the capital ratio calculations is $7 million in Trust Preferred Securities issued in February of 2001. For regulatory purposes, these funds qualify as Tier 1 capital. For financial reporting purposes, these funds are included as a liability under generally accepted accounting principles.

Nonperforming Assets and Past Due Loans

Table 1 summarizes MidSouth's nonaccrual, past due and restructured loans and nonperforming assets.

Nonperforming Assets and

Loans Past Due 90 Days

	June 30, 2002	December 31, 2001	June 30, 2001
Nonperforming loans	$832,209	$768,753	$431,570
Other real estate owned, net	108,752	359,336	343,729
Total nonperforming assets	$940,961	$1,128,089	$775,299
Loans past due 90 days or more and still accruing	$716,639	$999,538	$854,216
Nonperforming loans as a % of total loans	0.36%	0.38%	0.20%
Nonperforming assets as a % of total loans, other real estate owned and other assets Repossessed	0.41%	0.55%	0.36%
ALL as a % of nonperforming assets	303.50%	201.77%	314.50%

Nonperforming assets were $940,961 as of June 30, 2002 a decrease of $187,128 from the $1,128,089 reported for December 31, 2001 and an increase of $165,662 from the $775,299 reported for June 30, 2001. Loans past due 90 days or more decreased in June 2002 to $716,639 from $999,538 in December 2001 and decreased from $854,216 as of June 30, 2001.

Specific reserves have been established in the ALL to cover probable losses on nonperforming assets. The ALL is analyzed quarterly and additional reserves, if needed, are allocated at that time. Management believes that the $2,855,844 in the allowance as of June 30, 2002 is sufficient to cover probable losses in nonperforming assets and in the loan portfolio. Loans classified for regulatory purposes but not included in Table 1 do not represent material credits about which management has serious doubts as to the ability of the borrower to comply with loan repayment terms.

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of shareholders of MidSouth Bancorp, Inc. held May 21, 2002 at 4:00 p.m., the Class III Directors and an additional Class II Director were elected.

The following provides information as to the votes:

Election of Class III Directors	For	Withheld
James R. Davis, Jr.	2,390,693	8,706
Karen L. Hail	2,388,654	10,745
Milton B. Kidd, III, O.D.	2,388,574	10,825
Election of an additional Class II Director		
Stephen C. May	2,390,693	8,706

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exihibit Number	Document Description
3.1	Amended and Restated Articles of Incorporation of MidSouth Bancorp, Inc. is included as Exhibit 3.1

	to the MidSouth's Report on Form 10-K for the year ended December 31, 1993, and is incorporated herein by reference.
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation dated July 19, 1995 are included as Exhibit 4.2 to MidSouth's Registration Statement on Form S-8 filed September 20, 1995 and is incorporated herein by reference.
3.3	Amended and Restated By-laws adopted by the Board of Directors on April 12, 1995 are included as Exhibit 3.2 to Amendment No. 1 to MidSouth's Registration Statement on Form S-4 (Reg. No. 33-58499) filed on June 1, 1995.
10.1	MidSouth National Bank Lease Agreement with Southwest Bank Building Limited Partnership is included as Exhibit 10.7 to the Company's annual report on Form 10-K for the Year Ended December 31, 1992, and is incorporated herein by reference.
10.2	First Amendment to Lease between MBL Life Assurance Corporation, successor in interest to Southwest Bank Building Limited Partnership in Commendam, and MidSouth National Bank is included as Exhibit 10.1 to Report on the Company's annual report on Form 10-KSB for the year ended December 31, 1994, and is incorporated herein by reference.
10.3	Amended and Restated Deferred Compensation Plan and Trust is included as Exhibit 10.3 to the Company's annual report on Form 10-K for the year ended December 31, 1992 and is incorporated herein by reference.
10.4	Employment Agreements with C. R. Cloutier and Karen L. Hail are included as Exhibit 5(c) to MidSouth's Form 1-A and are incorporated herein by reference.
10.6	MidSouth Bancorp, Inc.'s 1997 Stock Incentive Plan is included as Exhibit 4.5 to MidSouth's definitive Proxy Statement filed April 11, 1997, and is incorporated herein by reference.

10.7	The MidSouth Bancorp, Inc. Dividend Reinvestment and Stock Purchase Plan is included as Exhibit 4.6 to MidSouth Bancorp, Inc.'s Form S-3D filed on July 25, 1997 and is incorporated herein by reference.
10.8	Loan Agreements and Master Notes for lines of credit established for MidSouth Bancorp, Inc. and Financial Services of the South, Inc. are included as

	Exhibit 10.7 of MidSouth's Form 10-QSB filed on August 14, 1997 and is incorporated herein by reference.
10.9	Modification Agreement to the Loan Agreement and Master Note for the Line of Credit established for MidSouth Bancorp, Inc. is included as Exhibit 10.9 of MidSouth's Form 10-QSB filed on August 13, 1999 and is incorporated herein by reference.
10.10	Junior Subordinated Debentures Interest Debenture issued on February 22, 2001 by Midsouth Bancorp, Inc. is included as Exhibit 99 to MidSouth Bancorp, Inc.'s Form 10-QSB filed on May 15, 2001, and is incorporated hereing by reference.
11	Computation of earnings per share
99.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports Filed on Form 8-K

(none)

Signatures

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MidSouth Bancorp, Inc.
(Registrant)

Date: August 14, 2002

____
C. R. Cloutier, President & CEO

____
Karen L. Hail, Executive Vice President & CFO

____
Teri S. Stelly, Senior Vice President & Controller