

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

MidSouth Bancorp, Inc. and wholly owned subsidiary MidSouth Bank, National Association

Point of Contact:	Teri Stelly	RSSD: (For Bank Holding Companies)	1086654
UST Sequence Number:	370	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	20,000,000	FDIC Certificate Number: (For Depository Institutions)	25884
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	January 09, 2009	City:	Lafayette
Date Repaid ¹ :	N/A	State:	Louisiana

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

Although MidSouth's loan portfolio decreased in 2010, we closed \$230 million in new loans, including access to credit available under new lines extended to our customers. Participating in the CPP funds raised our legal lending limit, giving us greater ability to meet the needs of our customers.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

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Increase securities purchased (ABS, MBS, etc.).

In 2010, customers were still apprehensive about taking on additional debt in the uncertain economic climate. With slow loan demand, excess liquidity from our capital offering and cashflow from loan and investment portfolios were invested in two and three year short-term US agency securities.

Make other investments.

Increase reserves for non-performing assets.

As a result of the current economic environment, our non-performing assets experienced an increase in 2010, primarily due to a large commercial real estate loan in our Houston market. Specific reserves assigned to problem credits increased the reserve in 2010.

Reduce borrowings.

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Increase charge-offs.

Empty response box for 'Increase charge-offs.'

Purchase another financial institution or purchase assets from another financial institution.

Empty response box for 'Purchase another financial institution or purchase assets from another financial institution.'

Held as non-leveraged increase to total capital.

CPP funds enabled us to fund more loans and increase the bond portfolio.

Empty response box for 'Held as non-leveraged increase to total capital.'

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Regulators continue to encourage higher levels of liquidity and stronger capital ratios to protect depositors and shareholders. Combined with our existing position of strength in capital ratios, credit quality and balance sheet mix, the CPP funds reinforce our ability to maintain adequate loan loss reserves and absorb charge-offs. Most importantly, CPP funds allow us to better serve the communities in which we operate.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to successfully raise almost \$40 million in new capital at the end of 2009, in part due to the \$20 million capital infusion of CPP funds earlier in the year. Without the capital infusion of CPP funds and before the follow-on offering, our leverage ratio would have approximated 8.38% compared to an approximated 10.34% including the CPP funds. Without the higher leverage ratio, it might have been difficult to raise additional capital. With our increased capital, we have bid on and are actively pursuing growth opportunities.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.