



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

MidSouth Bancorp, Inc.

Person to be contacted regarding this report:	Teri Stelly	RSSD: (For Bank Holding Companies)	1086654
CPP Funds Received:	\$20,000,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	25884
Date Funded (first funding):	1/9/2009	City:	Lafayette
Date Repaid ¹ :		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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Although MidSouth's loan portfolio decreased in 2009, we closed \$233 million in new loans, including access to credit available under new lines extended to our customers. Additionally, the CPP funds raised our legal lending limit, giving us greater ability to meet the needs of our customers.
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<input type="checkbox"/>	<p>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.).</p>	
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>In 2009, we found our customers apprehensive about taking on additional debt in the uncertain economic climate. With a lack of loan demand, excess liquidity from CPP funds and deposits were invested in two and three year short-term U.S. agency securities.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input checked="" type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	<p>Although our markets report stronger economic conditions than many others across the country, the trickle-down effect resulted in an increase in our non-performing assets in 2009, primarily due to two large commercial real estate loans in our Baton Rouge market.</p>

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Our net charge-offs increased \$2.6 million in 2009 compared to 2008, and included \$1.8 million charged-off on one large commercial real estate credit in our Baton Rouge market. We also realized an increase in charge-offs in the consumer loan portfolio as a result of the economic environment.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Accepting \$20 million in CPP funds provided us additional capital to look for opportunities to expand our franchise in order to better serve the communities in which we operate.

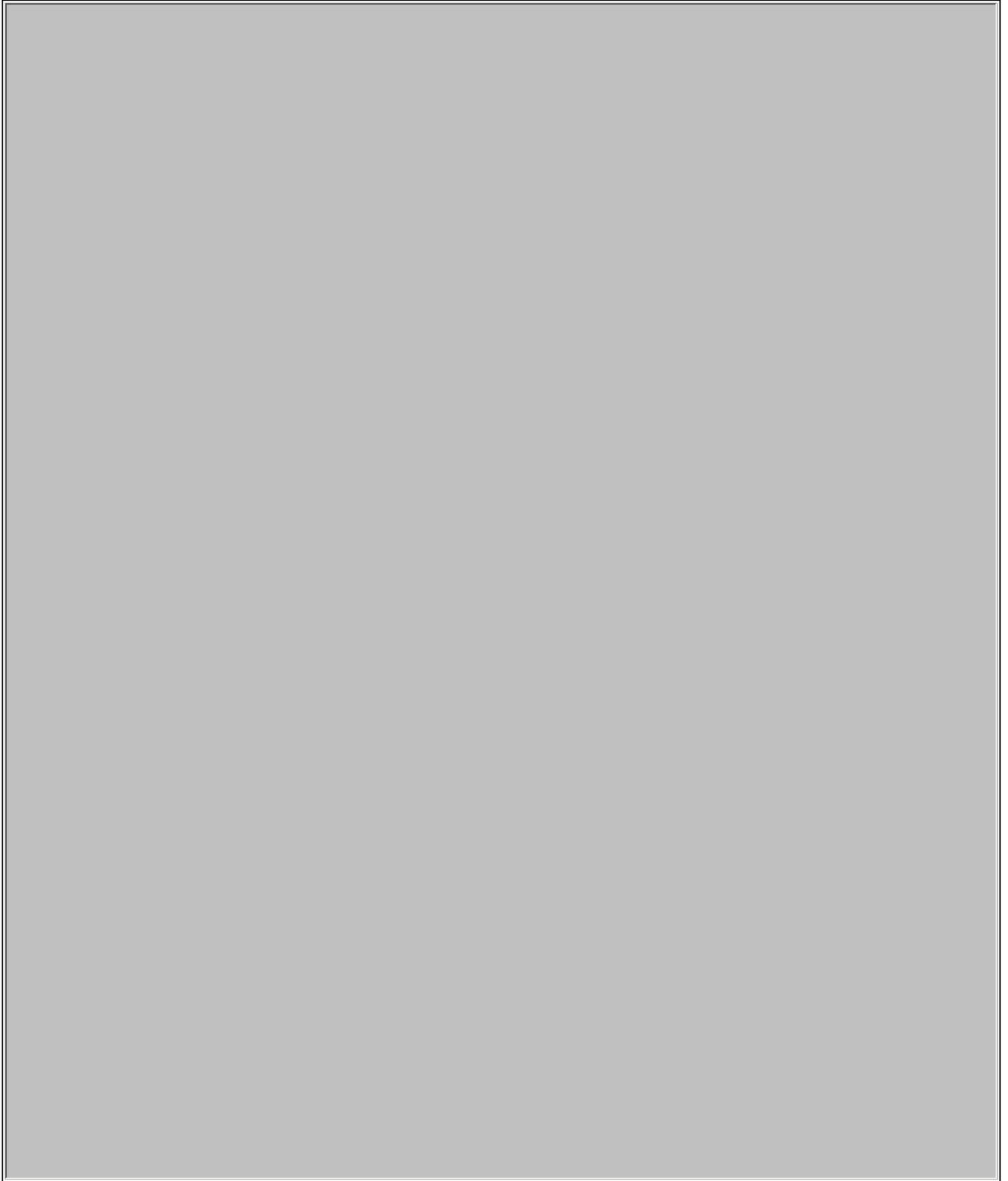
What actions were you able to avoid because of the capital infusion of CPP funds?

In the current economic environment, regulators 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 provided an additional layer of protection. Additionally, the funds reinforced our ability to maintain adequate loan loss reserves and absorb charge-offs.

What actions were you able to take that you may not have taken without the capital infusion of CPP 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.

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



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.