

INVESTAR HOLDING CORP

FORM 8-K (Current report filing)

Filed 09/06/17 for the Period Ending 09/06/17

Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
Telephone	225-227-2222
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Symbol	ISTR
SIC Code	6022 - State Commercial Banks
Industry	Banks
Sector	Financials
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 6, 2017

Investar Holding Corporation

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction
of incorporation)

001-36522
(Commission
File Number)

27-1560715
(I.R.S. Employer
Identification No.)

7244 Perkins Road
Baton Rouge, Louisiana 70808
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (225) 227-2222

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

On September 6, 2017, officers of Investar Holding Corporation (the “Company”) will make presentations regarding the Company at the Raymond James U.S. Bank Conference in Chicago, Illinois. The slides furnished as Exhibit 99.1 to this Current Report on Form 8-K were prepared for the presentation.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Company that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

The exhibit to this report may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal securities law. Any forward-looking statements are based on the historical performance of the Company and its subsidiaries or on the Company’s current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to the Company’s operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, the Company’s actual results may vary materially from those indicated in these statements. The Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include, but are not limited to, the following, any one or more of which could materially affect the outcome of future events:

- business and economic conditions generally and in the financial services industry in particular, whether nationally, regionally or in the markets in which we operate;
- our ability to achieve organic loan and deposit growth, and the composition of that growth;
- changes (or the lack of changes) in interest rates, yield curves and interest rate spread relationships that affect our loan and deposit pricing;
- the extent of continuing client demand for the high level of personalized service that is a key element of our banking approach as well as our ability to execute our strategy generally;
- our dependence on our management team, and our ability to attract and retain qualified personnel;
- changes in the quality or composition of our loan or investment portfolios, including adverse developments in borrower industries or in the repayment ability of individual borrowers;
- inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates;
- the concentration of our business within our geographic areas of operation in Louisiana; and
- concentration of credit exposure.

These factors should not be construed as exhaustive. Additional information on these and other risk factors can be found in Item 1A. “Risk Factors” and Item 7. “Special Note Regarding Forward-Looking Statements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibit
99.1	Presentation slides to be used at the Raymond James U.S. Bank Conference on September 6, 2017.

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.

INVESTAR HOLDING CORPORATION

Date: September 6, 2017

By: /s/ John J. D'Angelo

John J. D'Angelo

President and Chief Executive Officer

EXHIBIT INDEX

Exhibit
Number

Description of Exhibit

[99.1](#)

Presentation slides to be used at the Raymond James U.S. Bank Conference on September 6, 2017.



INVESTAR[®]
HOLDING CORPORATION

NASDAQ: ISTR

**Raymond James Conference
September 2017**



FORWARD-LOOKING STATEMENTS



This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the Company's current views with respect to, among other things, future events and financial performance. The Company generally identifies forward-looking statements by terminology such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "could," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," or the negative version of those words or other comparable words. Any forward-looking statements contained in this presentation are based on the historical performance of the Company and its subsidiaries or on the Company's current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to the Company's operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, the Company's actual results may vary materially from those indicated in these statements. The Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include, but are not limited to, the following, any one or more of which could materially affect the outcome of future events:

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- changes (or the lack of changes) in interest rates, yield curves and interest rate spread relationships that affect our loan and deposit pricing;
- the extent of continuing client demand for the high level of personalized service that is a key element of our banking approach as well as our ability to execute our strategy generally;
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- changes in the quality or composition of our loan or investment portfolios, including adverse developments in borrower industries or in the repayment ability of individual borrowers;
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www.investarbank.com

NASDAQ: ISTR

We encourage everyone to visit the Investors Section of our website at www.investarbank.com, where we have posted additional important information such as press releases and SEC filings.

We intend to use our website to expedite public access to time-critical information regarding the Company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information.



COMPANY PROFILE AS OF JUNE 30, 2017



Market Data	
Shares Outstanding	8,815,119
Market Cap	\$201.9 million
Price per Share	\$22.90
Dividend Yield (YTD)	0.28%
Price/ Tangible Book Value	136.8%
Price/LTM EPS	22.23

Financial Highlights	
Assets	\$1.2 billion
Net Loans	\$925.6 million
Deposits	\$894.8 million
Tangible Equity	\$147.6 million
TE/TA	12.07%
Net Income	\$3.8 million
ROAA	0.65%
ROAE	5.71%
NPAs/Assets	0.41%
Net Interest Margin	3.28%
Cost of Funds	1.04%





SENIOR MANAGEMENT

**John J. D'Angelo,
*President & CEO***

- Founding President and Chief Executive Officer
- New Orleans native; graduate of Louisiana State University
- Prior to founding Investar, Mr. D'Angelo was president and director of Aegis Lending Corporation, a mortgage lending company with operations in 46 states and the District of Columbia
- Previously, Mr. D'Angelo held various senior positions at Hibernia National Bank (the predecessor to Capital One Bank, N.A.), focusing on the East Baton Rouge Parish, Louisiana, market
- Current ownership of 1.9%

**Christopher L. Hufft,
*Chief Financial Officer***

- Joined the Bank in February 2014 as Chief Accounting Officer, and assumed the role of Chief Financial Officer in October of 2015.
- Prior to joining the Bank, Mr. Hufft served for 9 years as the Vice President of Accounting at Amedisys, Inc., a publicly-traded home health and hospice company
- Mr. Hufft, a licensed certified public accountant, also spent seven years in public accounting, serving both public and privately-held clients in the banking, healthcare and manufacturing sectors
- B.S. Accounting – Louisiana State University

**Travis M. Lavergne,
*Chief Credit Officer***

- Served as Executive Vice President and Chief Credit Officer since March, 2013 and Chief Risk Management Officer since joining in July 2012
- Prior to joining the Bank, Mr. Lavergne was a Senior Examiner at the Louisiana Office of Financial Institutions from September 2005 to July 2012
- B.S. Finance – Louisiana State University
- M.B.A. Southeastern Louisiana University



ACCOMPLISHMENTS SINCE IPO

Since IPO in June 2014, Investar has experienced significant progress :

Further Established in Four Key Louisiana Markets

Shifted from Consumer Loans to C&I and CRE Focus

Maintained High Quality Organic Loan Growth

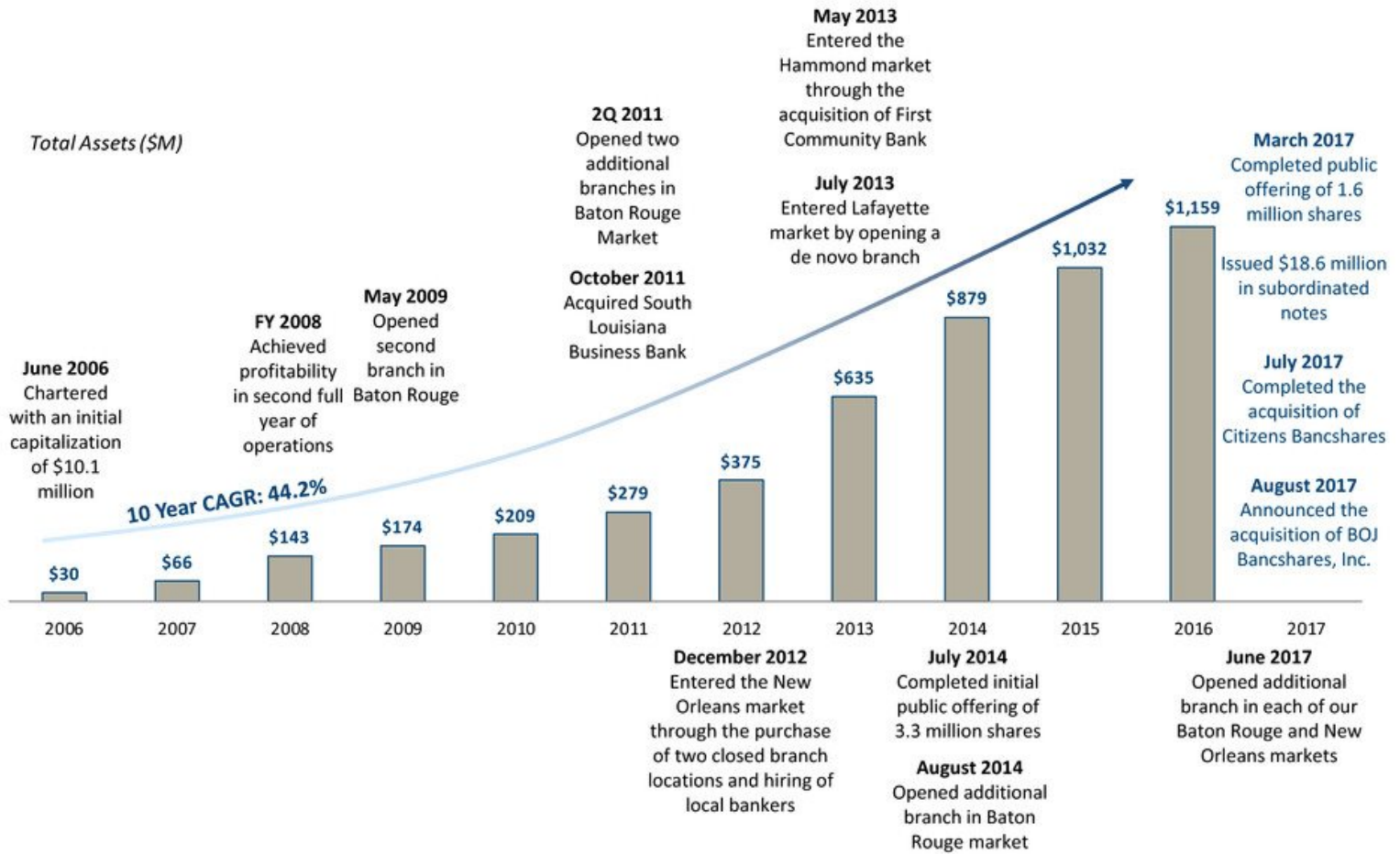
Transitioned from Transactional Banking to Relationship Banking

Continued to Add Experienced Bankers in Key Areas

**Completed Largest Acquisition Since Inception on July 1, 2017 and
Announced an Additional Acquisition for 2017**



INVESTAR TIMELINE



Note: Bank level data shown for 2006 through 2012 (holding company incorporated in 2013)

Company overview

- Chartered as a de novo commercial bank in June 2006 by John J. D'Angelo, the current President and Chief Executive Officer
- Completed initial public offering of 3.3 million shares in July 2014, generating net proceeds of \$41.7 million
- Headquartered in Baton Rouge, LA, ISTR offers a wide range of commercial banking products to meet the needs of small to medium-sized businesses
- Completed acquisition of Citizens Bancshares, Inc. ("Citizens") on July 1, 2017 and announced the acquisition of BOJ Bancshares in August 2017
- ISTR currently operates 15 full service banking offices, including the 3 branch locations acquired from Citizens, located throughout its primary markets of Baton Rouge, New Orleans, Lafayette, and Hammond, Louisiana
- Including deposits held at Citizens, ISTR is ranked 11th in the Louisiana market with \$1.1 billion of total deposits as of June 30, 2016, and 7th for those headquartered in Louisiana
- Experienced management team that has generated strong organic growth complemented by three successful acquisitions since 2011
- Strong capital position and disciplined credit philosophy
- ISTR had 157 full-time equivalents as of June 30, 2017

Financial highlights

	As of and for the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	\$879	\$1,032	\$1,159
Gross Loans	\$726	\$826	\$893
Total Deposits	\$628	\$737	\$908
Total Equity	\$103	\$109	\$113
Profitability			
ROAA	0.73%	0.77%	0.71%
Net Interest Margin	3.85%	3.61%	3.32%
Efficiency Ratio ¹	74.90%	68.72%	66.25%
Capital			
TCE / TA	11.43%	10.32%	9.48%
Total Risk-Based Ratio	14.41%	12.72%	12.47%
Asset Quality			
NPAs / Loans & OREO	0.97%	0.42%	0.67%
NCOs / Avg. Loans	0.07%	0.05%	0.14%
NPLs / Loans	0.54%	0.32%	0.22%



Note: Dollars in millions, unless noted otherwise

(1) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income

ATTRACTIVE MARKETS

- **Baton Rouge**
 - Louisiana's second largest market by deposits and the state capital, deemed the major industrial, medical, research, motion picture, and growing technology center of the American South
- **Hammond**
 - Commercial hub of a large agricultural segment of Louisiana, bedroom community of New Orleans, and home to Southeastern Louisiana University with 5.26% population growth projected from 2017 to 2022
- **Lafayette**
 - Louisiana's third largest city by population and deposits with 9.56% household income growth projected from 2017 to 2022
- **New Orleans**
 - Louisiana's largest city by population and deposits and a hub of hospitality, healthcare, universities, and energy

Louisiana Deposit Market Share				
2016 Rank	Institution (ST)	Branches	Deposits (\$000)	Market Share (%)
1	JPMorgan Chase & Co. (NY)	147	17,299,155	17.78
2	Capital One Financial Corp. (VA)	131	16,926,353	17.39
3	Hancock Holding Co. (MS)	113	11,852,531	12.18
4	Regions Financial Corp. (AL)	103	7,358,196	7.56
5	IBERIABANK Corp. (LA)	78	6,866,575	7.06
6	Origin Bancorp Inc. (LA)	22	1,653,151	1.70
7	Red River Bancshares Inc. (LA)	21	1,411,881	1.45
8	MidSouth Bancorp Inc. (LA)	43	1,305,277	1.34
9	First Guaranty Bancshares Inc. (LA)	21	1,295,643	1.33
10	Gulf Coast Bank and Trust Co. (LA)	19	1,257,757	1.29
--	Pro Forma ISTR/ Citizens/ BOJ Bancshares, Inc. (LA)	18	1,201,075	1.23
11	Pro Forma ISTR/ Citizens (LA)	13	1,080,177	1.11
12	Home Bancorp Inc. (LA)	24	1,078,230	1.11
13	Louisiana Community Bancorp Inc. (LA)	25	1,020,091	1.05
14	Business First Bancshares Inc. (LA)	16	1,000,026	1.03
15	BancorpSouth Inc. (MS)	23	930,106	0.96
16	CB&T Holding Corp. (LA)	3	920,334	0.95
17	Citizens National Bancshares (LA)	12	739,604	0.76
18	One American Corp. (LA)	24	739,212	0.76
19	First Trust Corp. (LA)	11	700,373	0.72
20	Jeff Davis Bancshares Inc. (LA)	24	695,963	0.72
Total For Institutions In Market		1,510	97,318,053	



Note: Large banks defined as having over \$50 billion in assets
 Source: SNL Financial; Deposit data as of June 30, 2016

OPPORTUNISTIC ACQUISITIONS COMPLETED

Branch map



Whole bank acquisitions

- Three whole bank transactions completed since 2011
- Processes and infrastructure established to analyze selective opportunities going forward

South Louisiana Business Bank

- Announced: June 2011
- Closed: October 2011
- 1 Branch in Prairieville, LA
- \$31.5 million in gross loans and \$38.6 million in deposits¹

Rationale:

- Entered Ascension Parish with 3.4% deposit market share
- Capital accretive
- Management talent

First Community Bank

- Announced: January 2013
- Closed: May 2013
- 2 Branches – Hammond and Mandeville, LA
- \$77.5 million in gross loans and \$86.5 million in deposits¹

Rationale:

- Recorded bargain purchase gain
- Initial entrance into Hammond market plus another location in the New Orleans MSA

Citizens Bancshares, Inc.

- Announced: March 2017
- Closed: July 2017
- 3 Branches – Evangeline Parish, LA
- \$128.8 million in gross loans and \$216.5 million in deposits¹

Rationale:

- Further bolster core deposit base
- Initial entrance into Evangeline Parish market
- Profitable target with clean asset quality

(1) Based on fair values at time of closing

Transaction overview

- Citizens is a historically profitable institution, with LTM ROAA of approximately 0.90%
- Citizens offers ISTR an attractive deposit base, with noninterest-bearing deposits of approximately 20% of total deposits and cost of funds of 0.60%
- Clean asset quality, with NPAs / Assets of 0.58%
- Deal value equal to \$45.8 million (100% cash consideration)
- 128% of tangible book value at announcement
- Closed on July 1, 2017

Citizens historical financial highlights

	For the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	\$247	\$247	\$245
Net Loans	124	126	127
Deposits	213	212	208
Noninterest-Bearing Deposits	20%	20%	20%
Gross Loans / Deposits	59%	61%	62%
Capital			
Total Equity	\$32	\$34	\$36
TCE / TA	13.00%	13.66%	14.51%
Total Capital Ratio	30.80%	31.83%	33.63%
Earnings & Profitability			
Net Income	\$2.3	\$2.2	\$2.2
ROAA	0.92%	0.88%	0.87%
Net Interest Margin	3.08%	2.99%	3.09%
Efficiency Ratio	58.9%	59.8%	61.3%
Asset Quality			
NPAs / Assets	0.27%	0.37%	0.58%
Reserves / Loans	1.53%	1.50%	1.49%
NCOs / Average Loans	0.00%	0.00%	0.01%

Note: Dollars in millions; bank level regulatory data shown for Citizens as of December 31, 2016

RECENTLY ANNOUNCED ACQUISITION OF BOJ BANCSHARES, INC.



Transaction overview

- ISTR announced the acquisition of BOJ Bancshares, Inc., a \$150 million asset bank headquartered in Louisiana, on August 7, 2017
 - Expansion into East Baton Rouge Parishes, East Feliciana Parishes, and West Feliciana Parishes
 - BOJ bolsters ISTR's core deposit base, with noninterest-bearing deposits of approximately 27% of total deposits and cost of funds of 0.60%
 - BOJ has historically strong margins with NIM of 3.83% and yield on loans of 5.40%
- Deal value equal to \$22.1 million¹ (\$3.95 million of cash and 799,559 shares of ISTR common stock²)
- Expected closing fourth quarter of 2017

BOJ historical financial highlights

	For the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	\$140	\$137	\$155
Net Loans	100	97	106
Deposits	122	119	130
Noninterest-Bearing Deposits	22%	23%	28%
Gross Loans / Deposits	83%	82%	82%
Capital			
Total Equity	\$17	\$18	\$19
TCE / TA	12.31%	13.11%	12.13%
Total Capital Ratio	20.01%	21.22%	19.71%
Earnings & Profitability			
Net Income ³	\$1.3	\$0.9	\$1.3
ROAA ³	0.96%	0.65%	0.88%
Net Interest Margin	4.02%	3.87%	3.84%
Efficiency Ratio	64.2%	64.7%	65.5%
Asset Quality			
NPAs / Assets	1.32%	1.31%	1.89%
Reserves / Loans	1.02%	1.03%	0.90%
NCOs / Average Loans	0.28%	0.74%	0.21%

(1) Based on ISTR closing price of \$22.65 on August 4, 2017

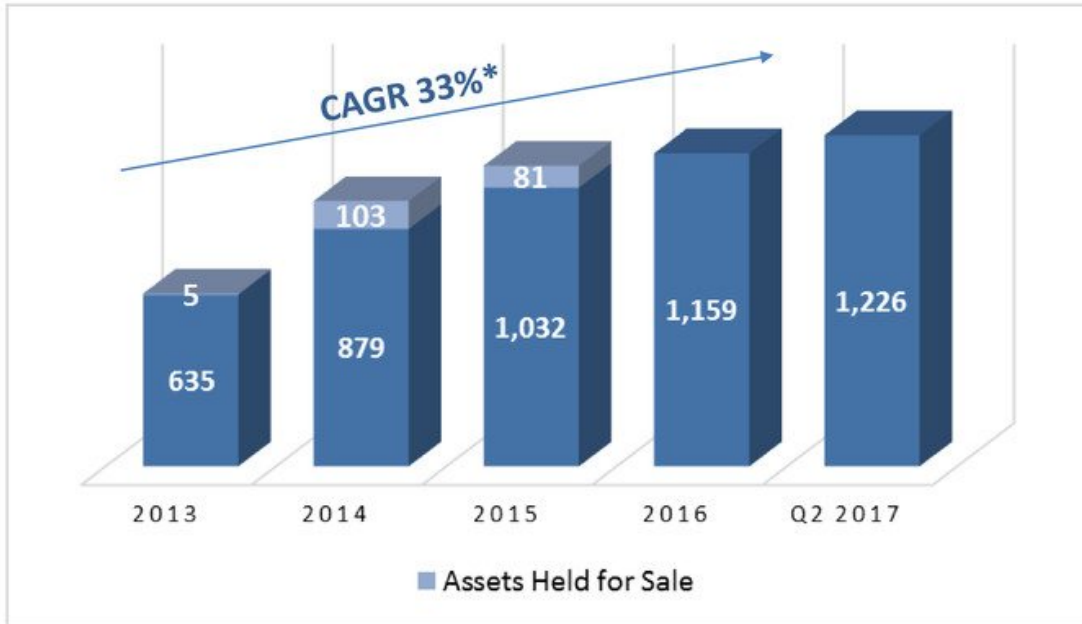
(2) Subject to adjustment based upon fluctuations in ISTR's average closing price for the ten consecutive trading days prior to the closing date

(3) S-Corp profitability adjusted for taxes assuming 35.0% tax rate

Note: Dollars in millions; bank level regulatory data shown for BOJ as of June 30, 2017

Total Assets

(in thousands)



*Represents the 4-year compounded annual growth rate for the four years ended December 31, 2016.

Total Loans

(in thousands)



* Growth % excludes Loans HFS

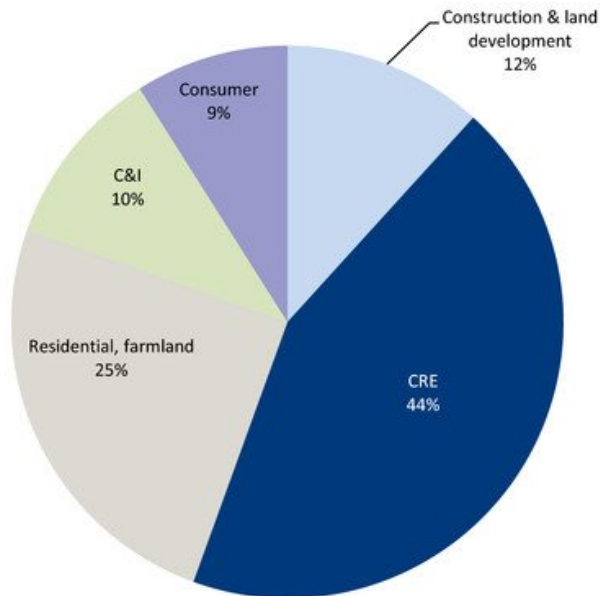
LOAN COMPOSITION



(dollars in thousands)	December 31,				June 30,		Increase/(Decrease)	
	2015		2016		2017		Amount	%
	Amount	%	Amount	%	Amount	%	Amount	%
Mortgage loans on real estate								
Construction and land development	\$ 81,863	11.0%	\$ 90,737	10.2%	\$ 109,627	11.8%	\$ 18,890	20.8%
1-4 Family	156,300	21.0	177,205	19.8	177,979	19.1	774	0.4
Multifamily	29,694	4.0	42,759	4.8	46,109	4.9	3,350	7.8
Farmland	2,955	0.4	8,207	0.9	8,006	0.9	(201)	(2.4)
Commercial real estate								
Owner-occupied	137,752	18.5	180,458	20.2	185,226	19.8	4,768	2.6
Nonowner-occupied	150,831	20.2	200,258	22.4	223,297	23.9	23,039	11.5
Commercial and industrial	69,961	9.4	85,377	9.6	98,837	10.6	13,460	15.8
Consumer	116,085	15.5	108,425	12.1	83,879	9.0	(24,546)	(22.6)
Total loans	\$ 745,441	100%	\$ 893,426	100%	\$ 932,960	100%	\$ 39,534	4.4%
Loans held for sale	80,509		-		-		-	-
Total gross loans	\$ 825,950		\$ 893,426		\$ 932,960		\$ 39,534	4.4%

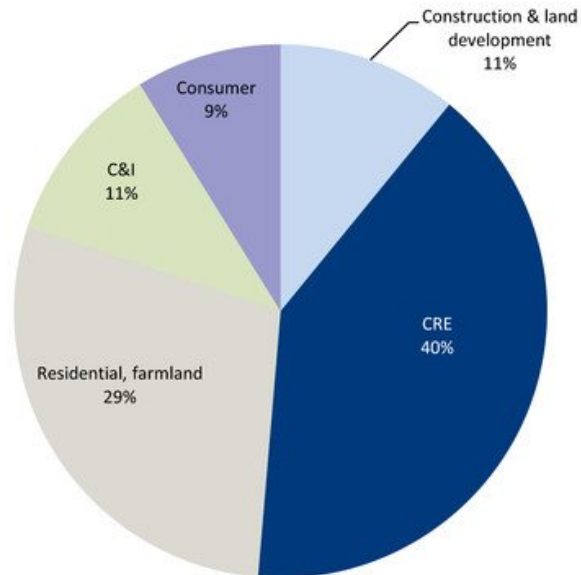
LOAN COMPOSITION

June 30, 2017



Total Loans: \$933 million
Yield on loans: 4.59%
45% of CRE is owner-occupied

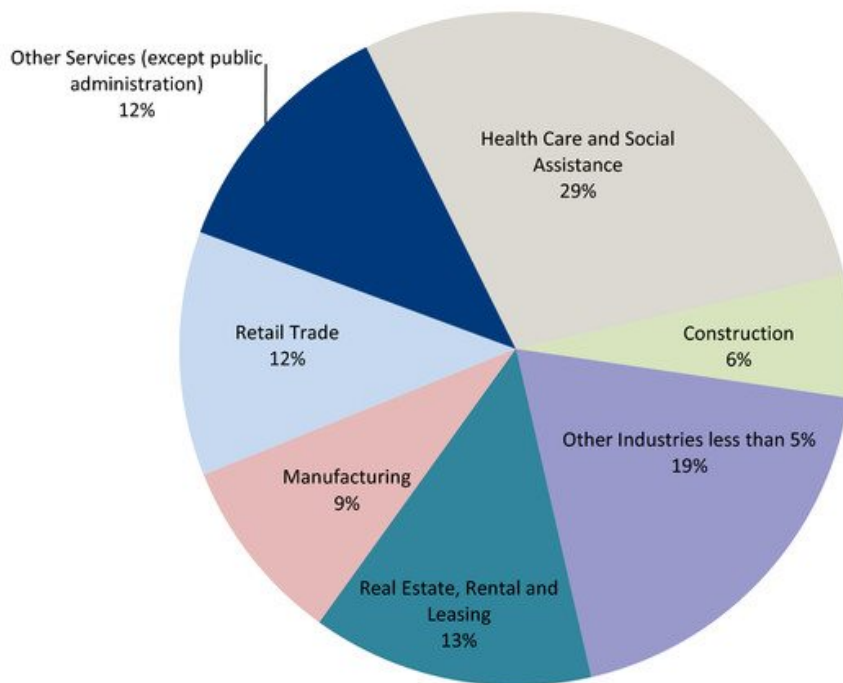
Pro Forma with Citizens¹



Total Loans: \$1,065 million
Yield on loans: 4.67%

(1) Pro forma information includes June 30, 2017 balances of Citizens Bancshares, Inc., which was acquired on July 1, 2017

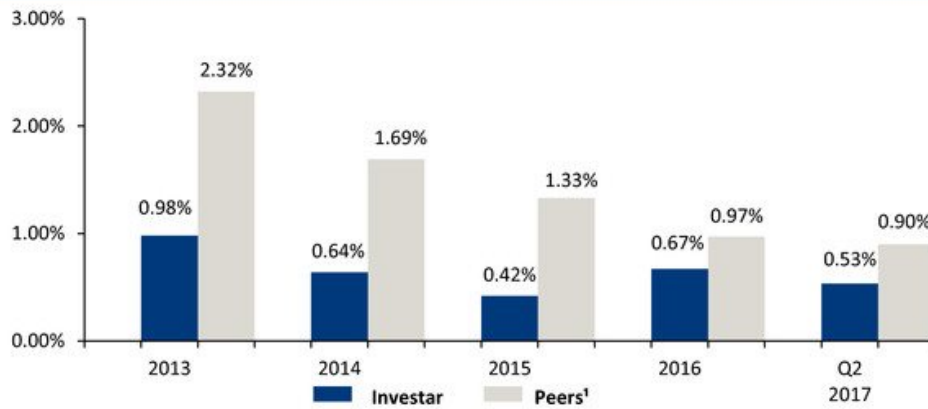
Business Lending Portfolio¹



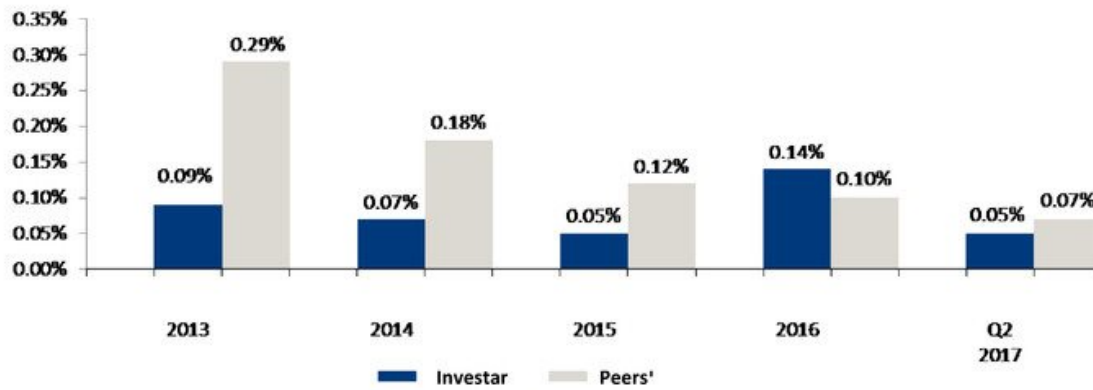
**Total Business Lending Portfolio¹:
\$284.1 million**

(1) Business lending portfolio includes owner-occupied CRE and C&I loans as of June 30, 2017

NPAs / Total Loans + OREO



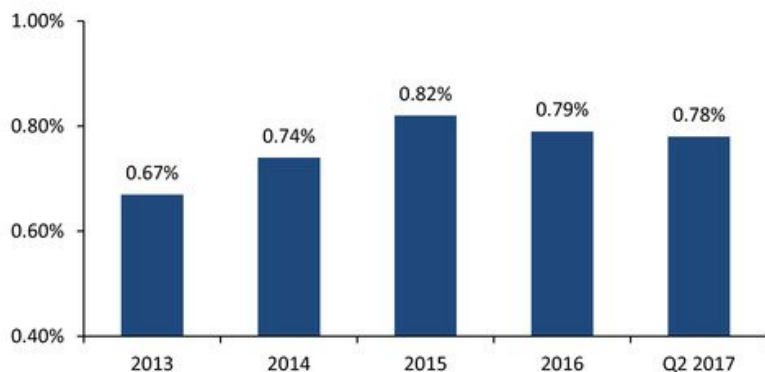
NCOs / Average Loans



(1) Peer group consists of UBPR peers produced by the FFIEC and defined by a combination of asset size, number of branches and location in a Metropolitan Statistical Area; peer information not yet available for Q1 2017.

DISCIPLINED LENDING

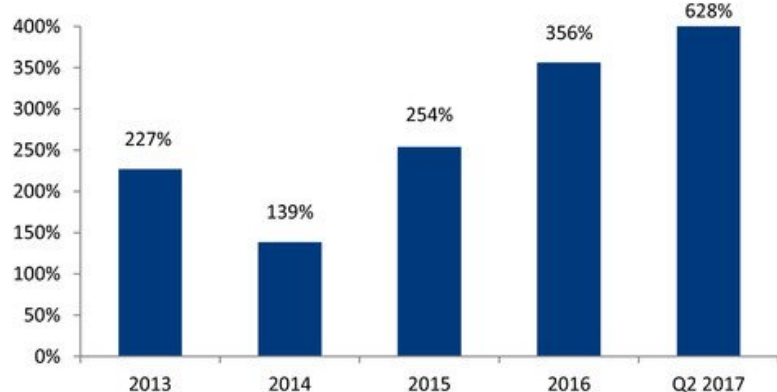
Reserves / Total Loans¹



At June 30, 2017:

- Reserves / Total Loans¹: 0.78%

Reserves / NPLs



Provision Expense / NCOs

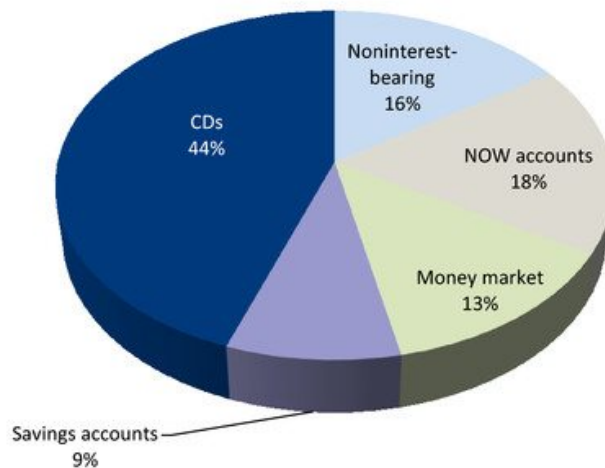
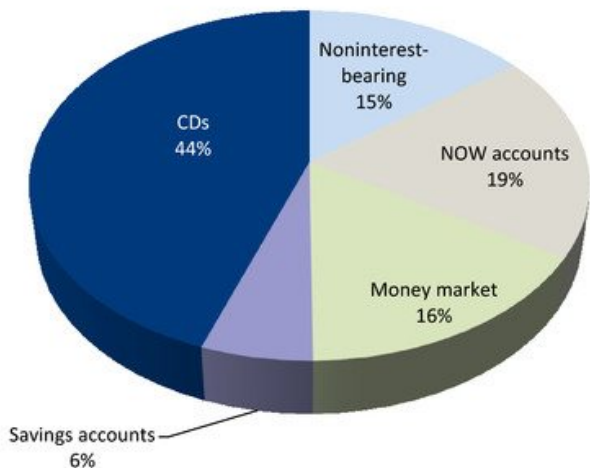


(1) Total loans excludes loans held for sale, if applicable, and allowance for loan losses

DEPOSIT COMPOSITION AND GROWTH

Deposit Composition ¹
(\$895 million)

Pro Forma Deposit Composition with Citizens²
(\$1,107 million)



Cost of funds of interest-bearing deposits: 0.97%
Annualized Growth in noninterest-bearing deposits: 41%

Cost of funds of interest-bearing deposits: 0.91%

Target: 20% of total deposits are noninterest-bearing

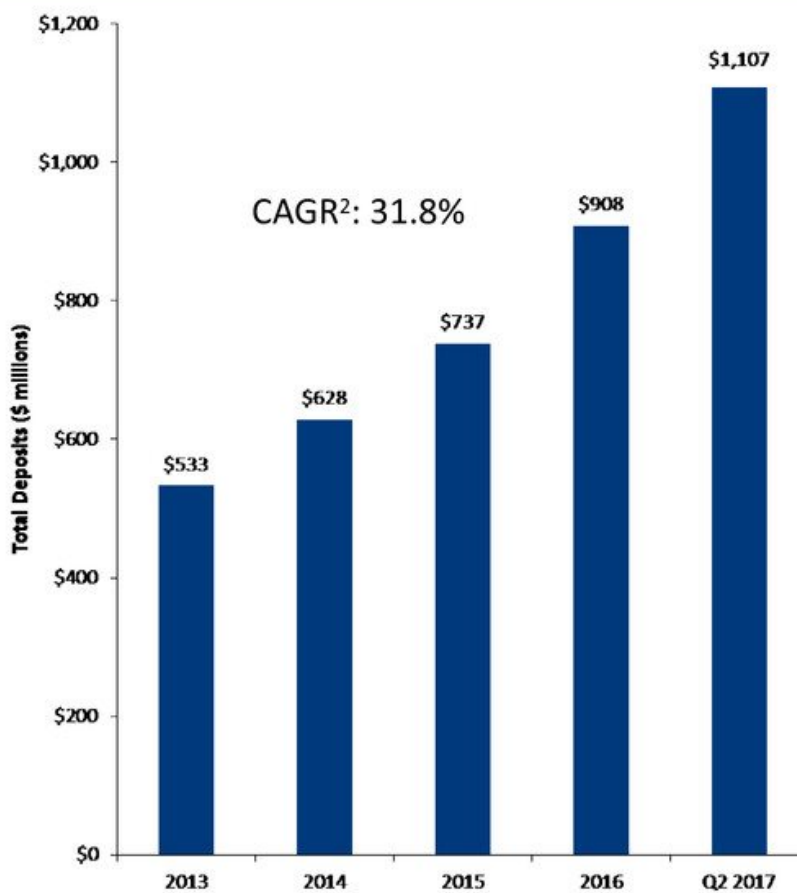
- Treasury Management
- Small Business Banking
- Focus on Relationship Banking
- Strategic Acquisitions

(1) As of June 30, 2017

(2) Pro forma information includes June 30, 2017 balances of Citizens Bancshares, Inc., which was acquired on July 1, 2017

DEPOSIT COMPOSITION AND GROWTH

Total Deposits¹



(1) Balance at Q2 2017 includes deposit balance of Citizens Bancshares, Inc., which was acquired on July 1, 2017

(2) Based on the deposit balances for each of the five years ended December 31, 2016

FINANCIAL HIGHLIGHTS



Amounts in thousands, except share data

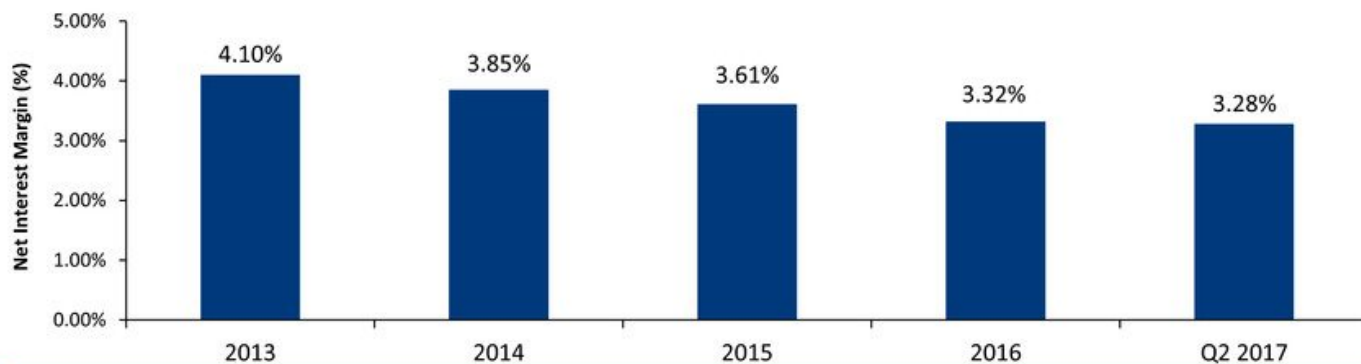
Amounts in thousands, except share data	Six Months Ended			
	June 30, 2017	2016	Year Ended December 31, 2015 2014	
Financial Highlights				
Total Assets	\$1,225,526	\$1,158,960	\$1,031,555	\$879,354
Gross Loans ⁽¹⁾	\$932,960	\$893,846	\$825,950	\$726,186
Total Deposits	\$894,825	\$907,787	\$737,406	\$628,118
Total Stockholders' Equity	\$150,796	\$112,757	\$109,350	\$103,384
Shares Outstanding	8,815,119	7,101,851	7,264,282	7,262,085
Capital Ratios				
Tangible Equity / Tangible Assets	12.07%	9.48%	10.32%	11.43%
Tier 1 Leverage Ratio	12.71%	10.10%	11.39%	12.61%
Total Capital Ratio	17.22%	12.47%	12.72%	14.41%
Asset Quality Ratios				
NPAs / Total Assets	0.41%	0.52%	0.30%	0.69%
NPLs / Loans	0.13%	0.22%	0.32%	0.54%
Loan Loss Reserves / Total Loans	0.78%	0.79%	0.82%	0.74%
Loan Loss Reserves / NPLs	627.6%	356.2%	254.2%	138.6%
NCOs / Avg Loans	0.05%	0.14%	0.05%	0.07%
Performance Ratios				
Net Income	\$3,787	\$7,880	\$7,073	\$5,397
ROAE	5.71%	6.99%	6.60%	6.80%
ROAA	0.65%	0.71%	0.77%	0.73%
Net Interest Margin	3.28%	3.32%	3.61%	3.85%
Efficiency Ratio ⁽²⁾	68.58%	66.25%	68.72%	74.90%
Per Share Data				
Tangible Book Value per Share	\$16.74	\$15.42	\$14.62	\$13.79
Diluted Earnings per Share	\$0.22	\$1.10	\$0.97	\$0.93

(1) Gross loans includes loans held for sale (HFS)

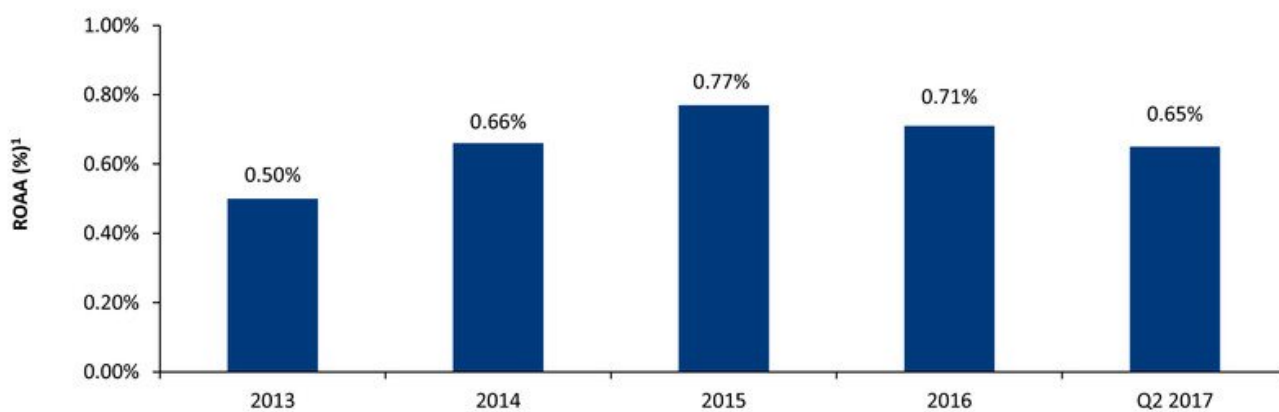
(2) Efficiency ratio represents noninterest expense divided by the sum of net interest income (before provision for loan losses) and noninterest income.

PERFORMANCE METRICS

Net Interest Margin



Return on Average Assets

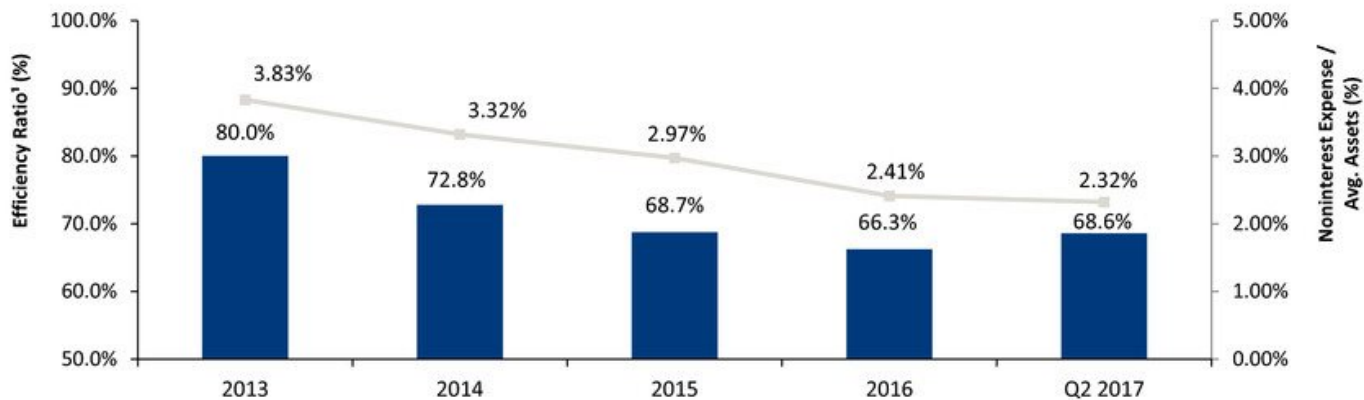


(1) Return on average assets was adjusted for the bargain purchase gain recognized in 2013, and the net effect of the Company's investment in a tax credit entity recognized in 2014.

PERFORMANCE METRICS



Expense Ratios



	December 31,				June 30,
	2013	2014	2015	2016	2017
Employees	167	179	165	152	157
Locations	10	11	11	10	12

(1) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income. The efficiency ratio was adjusted for the impairment related to the Company's investment in a tax credit entity for the year ended December 31, 2014 and for the bargain purchase gain recognized as a result of the acquisition of First Community Bank for the year ended December 31, 2013.

PROFITABILITY

Net Income and Diluted Earnings Per Share





INVESTMENT OPPORTUNITY

1 Management

- Legacy team with proven industry expertise tied to the Southern Louisiana region
- Continue to add experienced bankers in new and existing markets

2 Market

- Southern Louisiana focus with complementary new market expansion

3 Growth

- Leverage existing infrastructure in core markets
- Limited de novo branching
- Opportunistic, disciplined acquisition strategy
- Focus on relationship banking

4 Asset Quality

- Loan portfolio diversity
- Disciplined credit philosophy – legacy delinquencies less than 1%

5 Profitability

- Expected to increase as investment in infrastructure has already been made



APPENDIX

NON-GAAP FINANCIAL MEASURES



Tangible book value per share and the ratio of tangible equity to tangible assets are not financial measures recognized under GAAP and, therefore, are considered non-GAAP financial measures. Our management, banking regulators, many financial analysts and other investors use these non-GAAP financial measures to compare the capital adequacy of banking organizations with significant amounts of preferred equity and/or goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions. Tangible equity, tangible assets, tangible book value per share or related measures should not be considered in isolation or as a substitute for total stockholders' equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate tangible equity, tangible assets, tangible book value per share and any other related measures may differ from that of other companies reporting measures with similar names. The following table reconciles, as of the dates set forth below, stockholders' equity (on a GAAP basis) to tangible equity and total assets (on a GAAP basis) to tangible assets and calculates our tangible book value per share.

Dollar values in thousands except per share amounts

<i>Dollar values in thousands except per share amounts</i>	December 31,				June 30,
	2013	2014	2015	2016	2017
Total Stockholders' Equity - GAAP	\$ 55,483	\$ 103,384	\$ 109,350	\$ 112,757	\$ 150,796
Adjustments					
Goodwill	2,684	2,684	2,684	2,684	2,684
Other Intangibles	573	532	491	550	529
Tangible Equity	<u>\$ 52,226</u>	<u>\$ 100,168</u>	<u>\$ 106,175</u>	<u>\$ 109,523</u>	<u>\$ 147,583</u>
Total Assets - GAAP	\$ 634,946	\$ 879,354	\$ 1,031,555	\$ 1,158,960	\$ 1,225,526
Adjustments					
Goodwill	2,684	2,684	2,684	2,684	2,684
Other Intangibles	573	532	491	550	529
Tangible Assets	<u>\$ 631,689</u>	<u>\$ 876,138</u>	<u>\$ 1,028,380</u>	<u>\$ 1,155,726</u>	<u>\$ 1,222,313</u>
Total Shares Outstanding					
Book Value Per Share	\$ 14.06	\$ 14.24	\$ 15.05	\$ 15.88	\$ 17.11
Effect of Adjustment	(0.82)	(0.45)	(0.43)	(0.46)	(0.37)
Tangible Book Value Per Share	<u>\$ 13.24</u>	<u>\$ 13.79</u>	<u>\$ 14.62</u>	<u>\$ 15.42</u>	<u>\$ 16.74</u>
Total Equity to Total Assets	8.74%	11.76%	10.60%	9.73%	12.30%
Effect of Adjustment	(0.47)	(0.33)	(0.28)	(0.25)	(0.23)
Tangible Equity to Tangible Assets	8.27%	11.43%	10.32%	9.48%	12.07%

INCOME STATEMENT



(dollars in thousands, except share data)

	Year Ended December 31,				Six Months Ended	
	2013	2014	2015	2016	Q2 2017	Q2 2016
INTEREST INCOME						
Interest and fees on loans	\$ 21,686	\$ 29,979	\$ 35,076	\$ 39,380	\$ 20,563	\$ 19,266
Interest on investment securities	756	1,339	2,189	3,565	2,228	1,747
Other interest income	30	50	75	207	146	84
TOTAL INTEREST INCOME	22,472	31,368	37,340	43,152	22,937	21,097
INTEREST EXPENSE						
Interest on deposits	3,204	4,273	5,250	7,182	3,680	3,278
Interest on borrowings	256	402	632	1,231	1,095	614
TOTAL INTEREST EXPENSE	3,460	4,675	5,882	8,413	4,775	3,892
NET INTEREST INCOME	19,012	26,694	31,458	34,739	18,162	17,205
PROVISION FOR LOAN LOSSES	1,026	1,628	1,865	2,079	725	1,254
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	17,986	25,066	29,593	32,660	17,437	15,951
NON-INTEREST INCOME						
Service charges on deposit accounts	214	305	380	343	193	185
Gain on sale of investment securities, net	449	340	489	443	215	224
Net gain on sale of assets	346	3,682	4,278	1,684	19	1,576
Bargain purchase gain	906	-	-	-	-	-
Servicing fees and fee income on serviced loans	2,843	885	2,543	2,087	801	1,128
Other operating income	596	648	654	911	458	430
TOTAL NON-INTEREST INCOME	5,354	5,860	8,344	5,468	1,686	3,543
INCOME BEFORE NON-INTEREST EXPENSE	23,340	30,926	37,937	38,128	19,123	19,494
NON-INTEREST EXPENSE						
Salaries and employee benefits	11,772	14,565	16,398	15,609	8,059	7,763
Impairment on investment in tax credit entity	-	690	54	11	-	-
Operating expenses	7,252	9,129	10,901	11,019	5,553	5,725
TOTAL NON-INTEREST EXPENSE	19,024	24,384	27,353	26,639	13,612	13,488
INCOME BEFORE INCOME TAX EXPENSE	4,316	6,542	10,584	11,489	5,511	6,006
INCOME TAX EXPENSE	1,148	1,145	3,511	3,609	1,724	2,011
NET INCOME	\$ 3,168	\$ 5,397	\$ 7,073	\$ 7,880	\$ 3,787	\$ 3,995
Basic earnings per share	\$ 0.86	\$ 0.98	\$ 0.98	\$ 1.11	\$ 0.48	\$ 0.56
Diluted earnings per share	\$ 0.81	\$ 0.93	\$ 0.97	\$ 1.10	\$ 0.47	\$ 0.55

