

INVESTAR HOLDING CORP

FORM 8-K (Current report filing)

Filed 11/21/14 for the Period Ending 11/21/14

Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
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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): November 21, 2014

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, including 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 (see General Instruction A.2. below):

- 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 7.01. Regulation FD Disclosure

Investar Holding Corporation (the “Company”) has announced that John J. D’Angelo, Chief Executive Officer and President, will make presentations regarding the Company at multiple investor meetings to be held Friday, November 21, 2014 in Chicago, Illinois. The slides attached to this report as Exhibit 99.1 were prepared for the presentations.

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. It is important to note that the Company’s actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in the Company’s Registration Statement on Form S-1 that the Company originally filed with the SEC on May 16, 2014 (and subsequently amended) and other documents that the Company has filed with the Securities and Exchange Commission. The Company does not intend to update these statements unless required by the securities laws to do so, and the Company undertakes no obligation to publicly release the result of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit
Number

Description of Exhibit

99.1 Presentation slides to be used on November 21, 2014 for the investor presentations to be held in Chicago, Illinois.

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: November 21, 2014

By: /s/ John J. D'Angelo
John J. D'Angelo
President and Chief Executive Officer



INVESTAR[®]
HOLDING CORPORATION

NASDAQ: ISTR

Investor Presentation

November 21, 2014

Forward-looking Statements



This presentation may include forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and assumptions about our business that are subject to a variety of risks and uncertainties that could cause the actual results to differ materially from those described in this presentation. You should not rely on forward-looking statements as a prediction of future events.

Additional information regarding factors that could cause actual results to differ materially from those discussed in any forward looking statements are described in reports and registration statements we file with the SEC, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, copies of which are available on the Investar internet website <http://www.investarbank.com>.

We disclaim any obligation to update any forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based except as required by law.

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.

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 Accounting Officer

- Joined the Bank in February 2014 as Chief Accounting Officer
- 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 to Date



Since commencing operations in June 2006, Investar has successfully established a profitable commercial bank in multiple growth markets:

Firmly Established in Four Key Louisiana Markets

High Quality Organic Loan Portfolio

Very Strong Growth Complemented by Two Successful Acquisitions

Key Areas Staffed with Experienced Bankers

Nimble Institution Able to Shift Resources as Customer Demand Change

Completed Initial Public Offering of 3.3 million shares generating net proceeds of \$41.5 million

Franchise Overview



Franchise History

June 2006	June 2006 —Chartered with an initial capitalization of \$10.1 million
FY 2008	FY 2008 —Achieved profitability in second full year of operations
May 2009	May 2009 —Opened second branch in Baton Rouge
October 2011	2H 2011 —Opened two additional branches in Baton Rouge market October 1, 2011 —Acquired South Louisiana Business Bank
December 2012	December 2012 —Entered the New Orleans market through the purchase of two closed branch locations and hiring of local bankers
May 2013	May 2013 —Entered the Hammond market through the acquisition of First Community Bank
July 2013	July 2013 —Entered Lafayette market by opening a <i>de novo</i> branch
July 2014	July 2014 —Completed initial public offering of 3.3 million shares
August 2014	August 2014 —Opened additional branch in Baton Rouge market

Branch Map



Current

- 11 full-service branches in the Baton Rouge, New Orleans, Hammond, and Lafayette markets
- 175 employees at 9/30/14
- One new branch opening in 2015
- 5-year CAGRs¹
 - Assets –34.8%
 - Loans –33.2%
 - Deposits –35.2%

(1) For the five years ended December 31, 2013

Financial Highlights



Dollar values in thousands except share data

	Year Ended December 31,		Nine Months Ended
	2012	2013	9/30/2014
Financial Highlights			
Total Assets	\$375,446	\$634,946	\$784,597
Gross Loans	\$305,741	\$509,124	\$634,747
Total Deposits	\$299,670	\$532,606	\$621,612
Total Stockholders' Equity	\$43,553	\$55,483	\$102,165
Shares Outstanding	3,210,816	3,945,114	7,253,774
Capital Ratios			
TE / TA	11.60%	8.74%	13.03%
Tier 1 Leverage Ratio	11.55%	9.53%	13.52%
Total RBC Ratio	13.95%	11.51%	16.42%
Asset Quality			
NPAs / Total Assets	0.62%	0.79%	0.56%
NPLs / Loans	0.02%	0.30%	0.25%
Loan Loss Reserves / NPLs	5136.00%	227.00%	296.01%
NCOs / Avg Loans	(0.12%)	0.09%	0.04%
Performance Ratios			
Net Income	\$2,361	\$3,168	\$3,388
ROAE	5.90%	6.10%	6.34%
ROAA	0.74%	0.64%	0.64%
Net Interest Margin	4.04%	4.10%	3.85%
Efficiency Ratio ¹	74.32%	78.07%	73.69%
Per Share Data			
Tangible Book Value per Share	\$12.68	\$13.24	\$13.64
Diluted Earnings per Share	\$0.71	\$0.81	\$0.65

(1) Efficiency ratio is a non-GAAP financial measure
 Note: Gross loans includes loans held for sale (HFS)

- **Management**
 - Continue to add experienced bankers in new and existing markets
- **Market**
 - Southern Louisiana focus with complementary new market expansion
- **Growth**
 - Leverage existing infrastructure in four markets
 - Limited de novo branching
 - Opportunistic, disciplined acquisition strategy
- **Asset Quality**
 - Loan portfolio diversity
 - Disciplined credit philosophy – legacy delinquencies less than 1%
- **Profitability**
 - Expected to increase as investment in infrastructure has already been made

Growth Has Been the Story

Total Assets



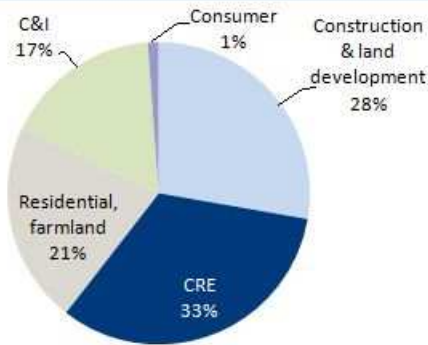
Gross Loans



Note: Grey shading denotes the marked value of acquired assets and loans on date of the respective acquisitions of South Louisiana Bank (closed on October 1, 2011) and First Community Bank (closed on May 1, 2013)

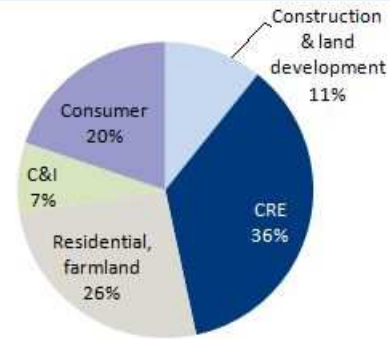
Loan Composition

2007



Total Loans¹: \$53.9 million

2014 Q3



Total Loans¹: \$581.4 million

Business Lending Portfolio²



(1) Total loans includes gross loans less loans held for sale

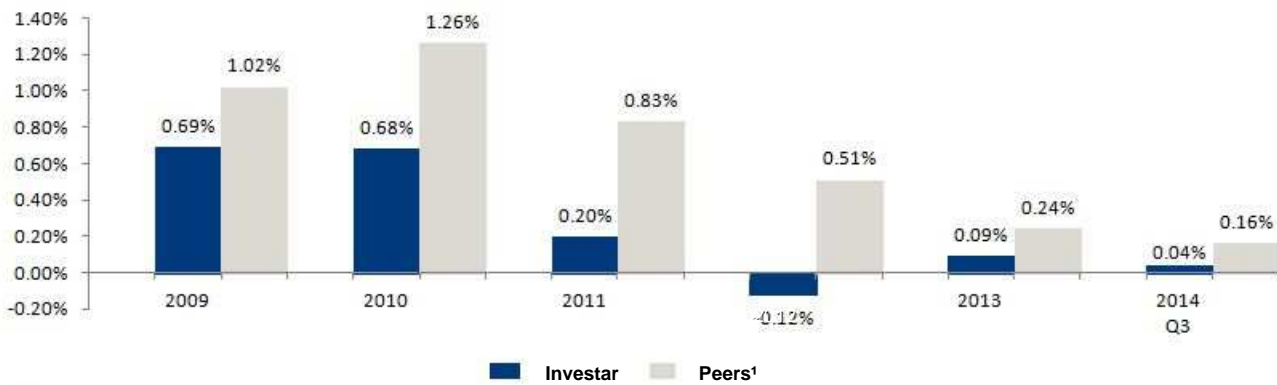
(2) Business lending portfolio includes Owner Occupied CRE and C&I loans as of September 30, 2014

Credit Metrics

NPAs / Total Loans + OREO



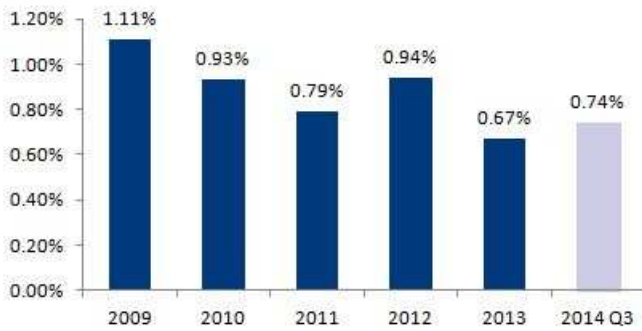
NCOs / Average Loans



(1) Peergroup consists of 2013 UBPR peers produced by the FFIEC and defined by a combination of asset size, number of branches and location in a Metropolitan Statistical Area

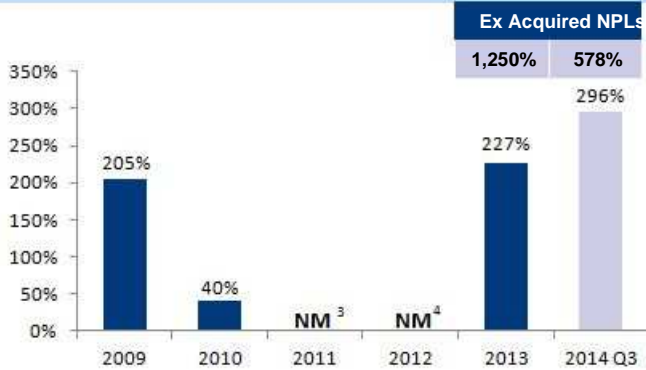
Disciplined Lending

Reserves / Total Loans¹

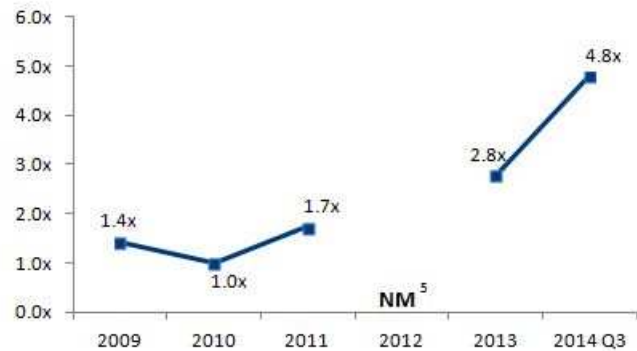


- Reserves / Total Loans²: 0.74%
- Reserves / (Total Loans Acquired): 0.81%
- (Reserves - FV Marks) / Total Loans²: 0.90%

Reserves / NPLs



Provision Expense / NCOs



(1) Total loans excludes loans held for sale and allowance for loan losses
 (2) Includes \$48.6 million of loans from previous acquisitions that were marked-to-market as of September 30, 2014
 (3) Reserves/NPLs for December 31, 2011 was 6,236%
 (4) Reserves/NPLs for December 31, 2012 was 5,136%
 (5) Investar recorded net recoveries in FY 2012

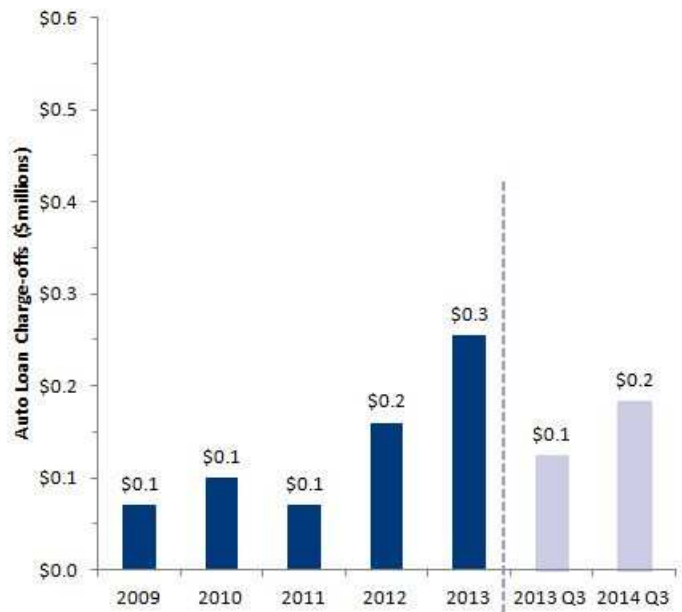
- **Core competency**
 - 19.8% of the loan portfolio, net of HFS
- **Program began early 2008**
 - Hired an experienced team from Capital One and have added experienced personnel, most recently from Chase
- **Long-term relationships with auto dealers**
 - Non-exclusive relationships with dealerships in Baton Rouge, New Orleans, Hammond and Lafayette
 - Currently evaluating new markets including Texas, Mississippi, Alabama and Florida
- **Minimized losses**
- **Utilize reporting capabilities to produce static pools**
 - Helps identify any negative trends and effectively manage risk
- **Centralized underwriting process performed by Bank**
- **Planned sale of pools to manage size of portfolio**
 - Approximately \$50 million classified as held for sale at September 30, 2014
- **In general, servicing rights are retained (began in 2013)**

Auto Portfolio –By the Numbers



- As of September 30, 2014:
 - 19.8% of loan portfolio, net of HFS
 - 69 month average original term
 - 3.57% average yield
 - 736 average FICO score
 - 0.12% auto-NCOs / Avg auto loans

Auto Charge-offs

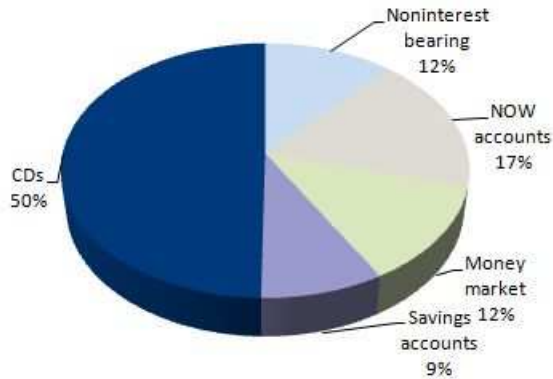


Dollar values in millions

Average Auto Loans						
Year Ended December 31,					Nine Months Ended	
2009	2010	2011	2012	2013	2013 Q3	2014 Q3
\$30.5	\$44.4	\$70.0	\$87.5	\$108.4	\$101.1	\$155.8

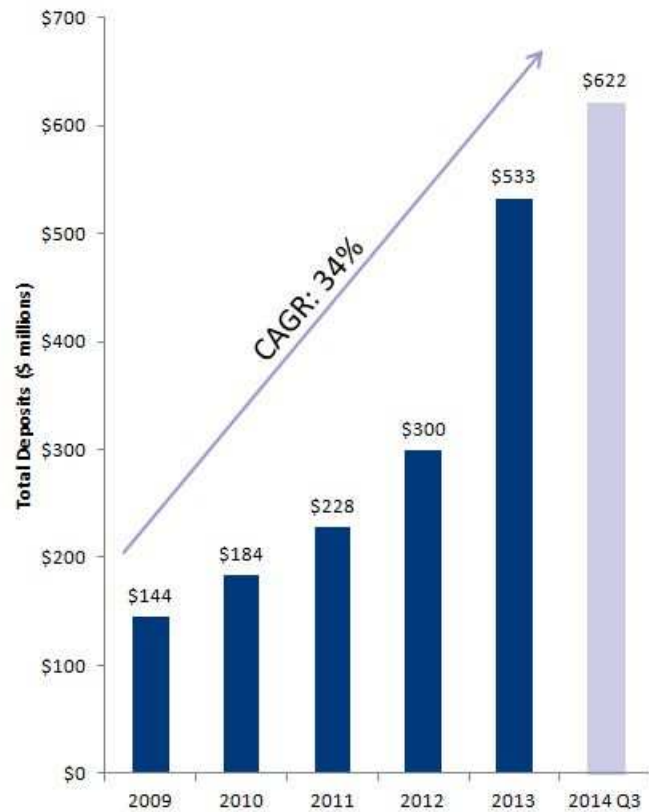
Deposit Composition and Growth

Deposit Composition ¹
(\$621.6 million)



- Strategy has been to bring in customers through competitive rates, then implement an aggressive cross-sell strategy

Total Deposits
2009 - Present

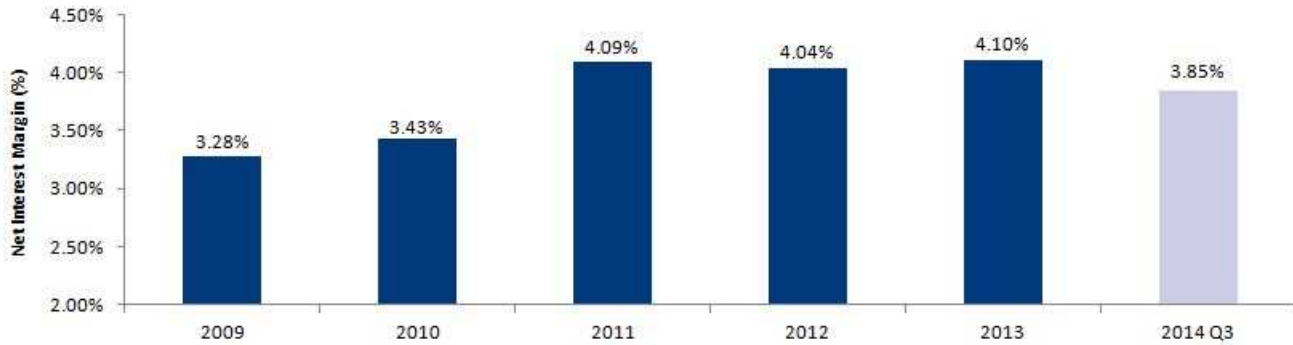


(1) As of September 30, 2014

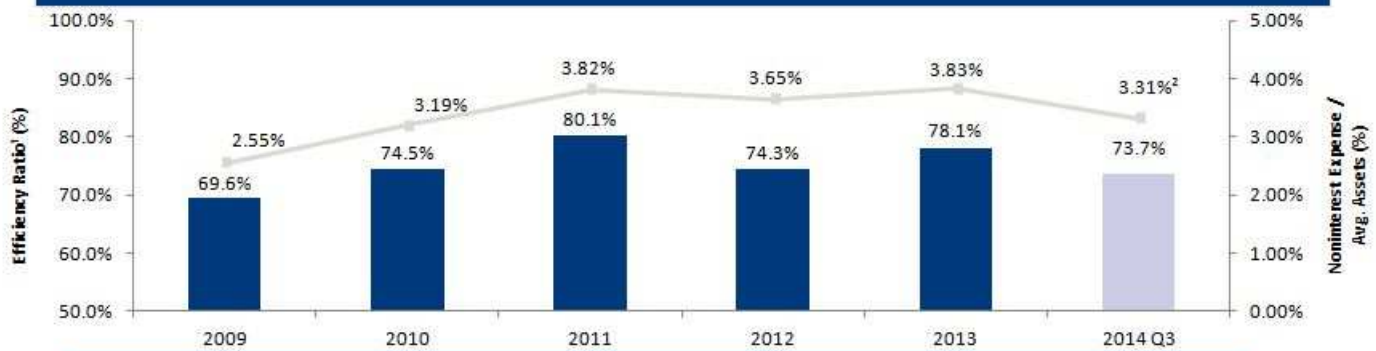
Performance Metrics



Net Interest Margin



Expense Ratios

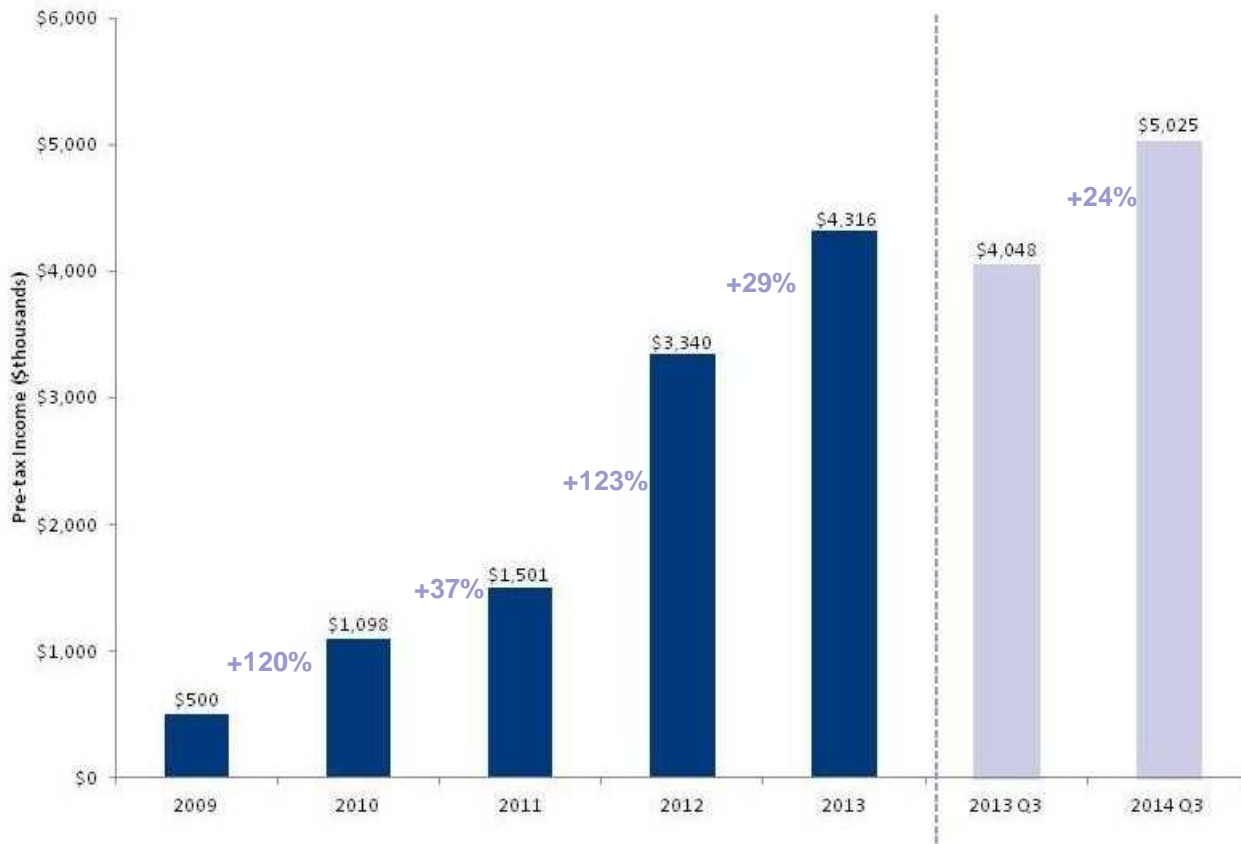


	Year Ended,					
	2009	2010	2011	2012	2013	2014 Q3
Employees	23	49	70	100	167	175
Locations	2	4	5	7	10	11

(1) Efficiency ratio is a non-GAAP financial measure
 (2) Represents annualized Q3 2014 data

Profitability

Pre-Tax Income



- Two whole bank transactions 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 loans¹
- \$38.6 million in deposits¹

Rationale

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

First Community Bank

- Announced: January, 2013
- Closed: May, 2013
- 2 Branches - Hammond and Mandeville, LA
- \$77.5 million in gross loans¹
- \$86.5 million in deposits¹

Rationale

- Recorded bargain purchase gain (86% of book value)
- Initial entrance into Hammond market plus another location in the New Orleans MSA

Current Landscape

- Focused on existing footprint and complementary markets in Southern Louisiana
- 63% of Louisiana-headquartered banks < \$250 million in assets²
- 83% of Louisiana-headquartered banks < \$500 million in assets²

(1) Based on fair values at time of closing
 (2) As of March 31, 2014



Investment Highlights

- Strong historical balance sheet and earnings growth
- Meaningful organic opportunities exist in market
- Profitable with room to grow into current infrastructure
- Clean asset quality
- Experienced management team
- Experienced, disciplined acquirer
- Committed level of insider ownership





Appendix

Loan Composition



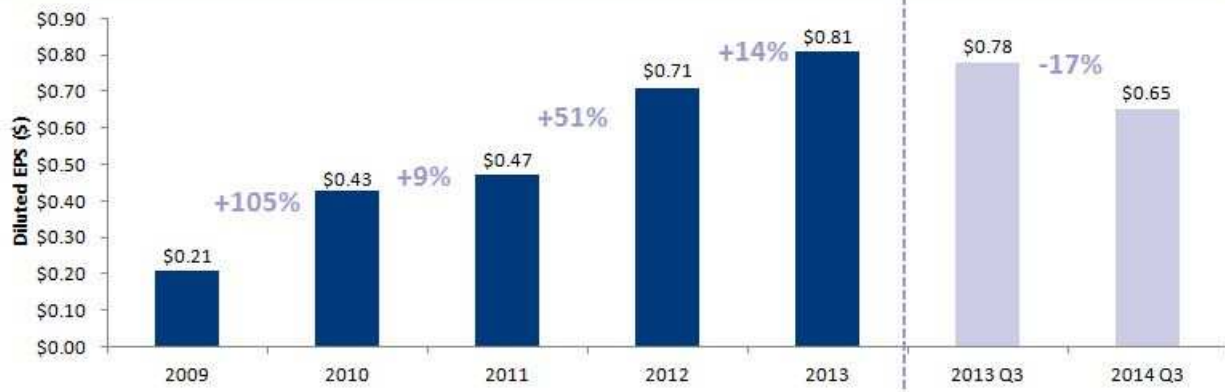
Loan Composition	Year Ended December 31,						Quarter Ended	
	2011		2012		2013		September 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Mortgage Loans on Real Estate								
Construction and Land Development	\$21,171	9.61%	\$20,271	7.02%	\$63,170	12.53%	\$62,342	10.72%
1-4 Family	46,664	21.19	54,813	18.98	104,685	20.77	131,953	22.69
Multifamily	1,454	0.66	1,750	0.61	14,286	2.83	16,665	2.87
Farmland	8	0.00	64	0.02	830	0.16	2,249	0.39
Non-farmland, Non-residential	56,467	25.64	99,927	34.61	157,363	31.22	208,868	35.92
Commercial and Industrial	11,499	5.22	15,319	5.31	32,665	6.48	44,299	7.62
Consumer Installment Loans	82,986	37.68	96,609	33.46	131,096	26.01	115,065	19.79
Total Loans	\$220,249	100.00%	\$288,753	100.00%	\$504,095	100.00%	\$581,441	100.00%

Per Share Growth

TBV / Share



Diluted EPS



Non-GAAP Financial Measures



Tangible book value per share, the ratio of tangible equity to tangible assets and the efficiency ratio 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

	Year Ended December 31,					Nine Months Ended	
	2009	2010	2011	2012	2013	2013 Q3	2014 Q3
Total Stockholders' Equity - GAAP	\$15,219	\$16,814	\$35,166	\$43,553	\$55,483	\$55,504	\$102,165
Adjustments							
Goodwill	\$0	\$0	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684
Other Intangibles	\$0	\$0	\$155	\$145	\$573	\$583	\$542
Tangible Equity	\$15,219	\$16,814	\$32,327	\$40,724	\$52,226	\$52,237	\$98,939
Total Assets GAAP	\$173,915	\$209,465	\$279,330	\$375,446	\$634,946	\$563,818	\$784,597
Adjustments							
Goodwill	\$0	\$0	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684
Other Intangibles	\$0	\$0	\$155	\$145	\$573	\$583	\$542
Tangible Assets	\$173,915	\$209,465	\$276,491	\$372,617	\$631,689	\$560,551	\$781,371
Total Shares Outstanding							
Book Value Per Share	\$10.88	\$11.46	\$12.82	\$13.56	\$14.06	\$14.07	\$14.08
Effect of Adjustment	\$0.00	\$0.00	(\$1.03)	(\$0.88)	(\$0.82)	(\$0.82)	(\$0.44)
Tangible Book Value Per Share	\$10.88	\$11.46	\$11.79	\$12.68	\$13.24	\$13.25	\$13.64
Total Equity to Total Assets	8.75%	8.03%	12.59%	11.60%	8.74%	9.84%	13.03%
Effect of Adjustment	0	0	(0.90)	(0.67)	(0.47)	(0.52)	(0.37)
Tangible Equity to Tangible Assets	8.75%	8.03%	11.69%	10.93%	8.27%	9.32%	12.66%
Efficiency Ratio							
Noninterest Expense	\$4,052	\$6,195	\$8,615	\$11,645	\$19,024	\$13,406	\$17,429
Income before Noninterest Expense	\$4,552	\$7,293	\$10,116	\$14,985	\$23,340	\$17,454	\$22,454
Provision	\$1,273	\$1,019	\$639	\$685	\$1,026	\$340	\$1,198
Efficiency Ratio	69.6%	74.5%	80.1%	74.3%	78.1%	75.3%	73.7%