

INVESTAR HOLDING CORP

FORM 8-K (Current report filing)

Filed 09/09/15 for the Period Ending 09/09/15

Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
Telephone	225-227-2222
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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 9, 2015

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 a presentation regarding the Company at an investor meeting to be held on September 9, 2015 in Chicago, Illinois. The slides attached to this report as Exhibit 99.1 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. 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 most recent annual report on Form 10-K and subsequent periodic reports 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

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Presentation slides to be used on September 9, 2015 for the investor meeting 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: September 9, 2015

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



INVESTAR[®]
HOLDING CORPORATION

NASDAQ: ISTR

Raymond James Conference: September 9, 2015

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.

Company Profile as of June 30, 2015



Market Data		Financial Highlights	
Share Outstanding	7,293,209	Assets	\$921.9 million
Market Cap	\$110.9 million	Net Loans	\$667.9 million
Price per Share	\$15.20	Deposits	\$706.0 million
Dividend Yield (YTD)	0.19%	Tangible Equity	\$103.7 million
Price/ Tangible Book Value	106.9%	TE/TA	11.29%
Price/LTM EPS	15.2x	Net Income	\$3.8 million
		ROAA	0.86%
		ROAE	7.17%
		NPA's/Assets	0.56%
		Net Interest Margin	3.71%
		Cost of Funds	0.79%

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 2%

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

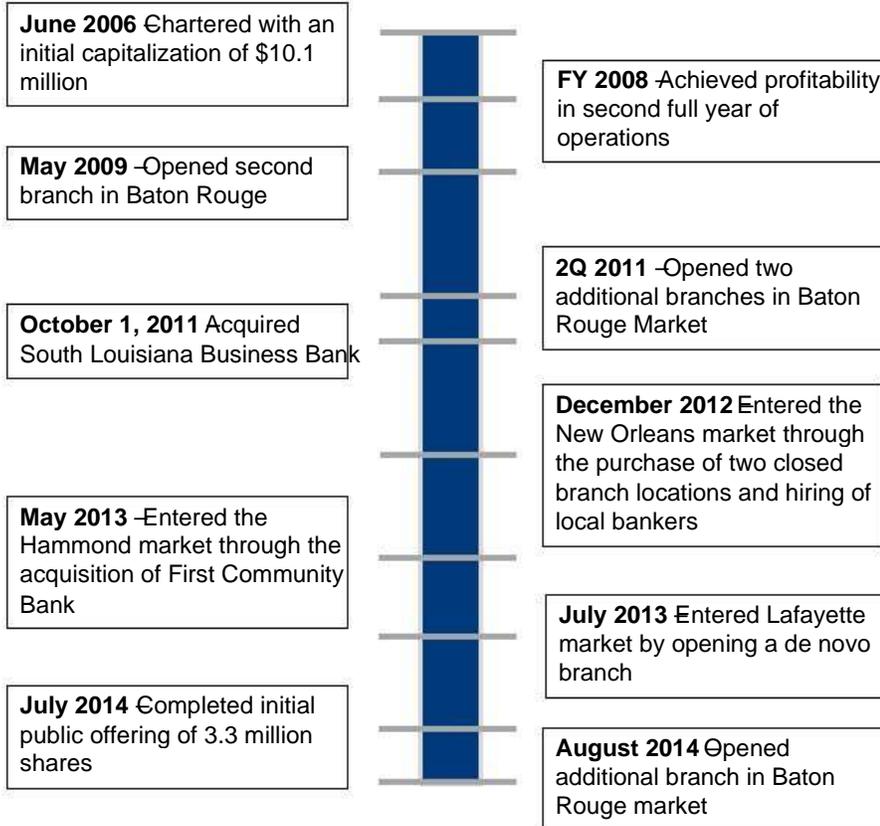
Nimble Institution Able to Shift Resources as Customers' Demands Change

Completed Initial Public Offering of 3.3 million shares generating net proceeds of \$41.7 million

Franchise Overview

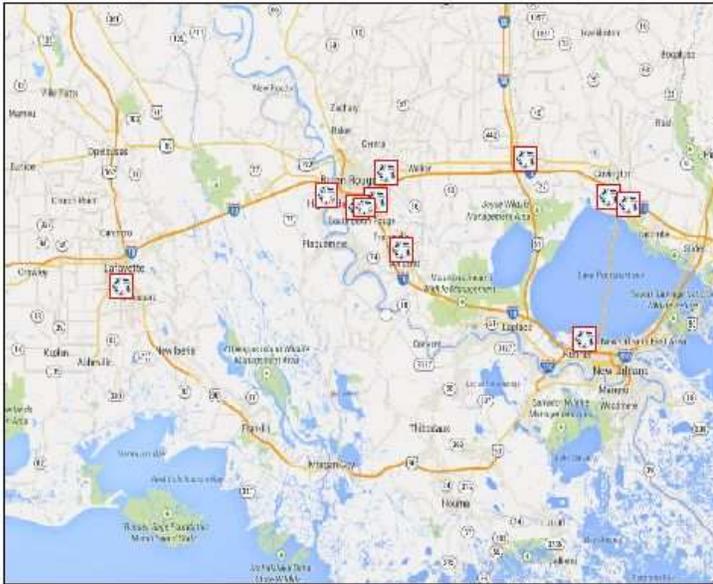


Franchise History



Franchise Overview

Branch Map



Current

- Total Assets: \$922 Million
- 11 full-service branches in the Baton Rouge, New Orleans, Hammond, and Lafayette markets
- 176 employees at June 30, 2015
- One new branch opening in 2015
- Institutional ownership 42%
- Insider ownership 9%
- 5-year CAGRs¹
 - Assets –38.3%
 - Loans –35.6%
 - Deposits –34.2%

(1) For the five years ended December 31, 2014

- **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

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

South Louisiana Business Bank	First Community Bank
<ul style="list-style-type: none">• Announced: June, 2011• Closed: October, 2011• 1 Branch in Prairieville, LA• \$31.5 million in gross loans¹• \$38.6 million in deposits¹	<ul style="list-style-type: none">• Announced: January, 2013• Closed: May, 2013• 2 Branches - Hammond and Mandeville, LA• \$77.5 million in gross loans¹• \$86.5 million in deposits¹
<p>Rationale</p> <ul style="list-style-type: none">• Entered Ascension Parish with 3.4% deposit market share• Capital accretive• Management talent	<p>Rationale</p> <ul style="list-style-type: none">• Recorded bargain purchase gain• 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
- 60% of Louisiana-headquartered banks < \$250 million in assets²
- 81% of Louisiana-headquartered banks < \$500 million in assets²

(1) Based on fair values at time of closing
(2) As of March 31, 2015

Growth Has Been the Story

Total Assets



Gross Loans



Note: Gray 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)

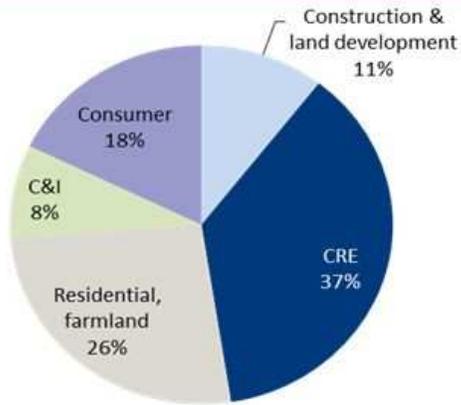
Loan Composition



Loan Composition	December 31,						June 30,		Increase/(Decrease)	
	2012		2013		2014		2015		Amount	%
	Amount	%	Amount	%	Amount	%	Amount	%		
Mortgage loans on real estate										
Construction and land development	\$20,271	7.0%	\$63,170	12.5%	\$71,350	11.4%	\$70,927	10.5%	(\$423)	-0.1%
1-4 Family	54,813	19.0	104,685	20.8	137,519	22.1	153,118	22.7	\$15,599	11.3
Multifamily	1,750	0.6	14,286	2.8	17,458	2.8	21,260	3.2	\$3,802	21.8
Farmland	64	0.0	830	0.2	2,919	0.5	3,001	0.4	\$82	2.8
Commercial real estate										
Owner occupied	52,533	18.2	78,415	15.6	119,668	19.2	129,825	19.3	\$10,157	8.5
Nonowner occupied	47,394	16.4	78,948	15.6	105,390	16.9	119,321	17.7	\$13,931	13.2
Commercial and industrial	15,319	5.3	32,665	6.5	54,187	8.7	56,485	8.4	\$2,298	4.2
Consumer	96,609	33.5	131,096	26.0	114,299	18.4	119,649	17.8	\$5,350	4.7
Total loans	\$288,753	100%	\$504,095	100%	\$622,790	100%	\$673,586	100%	\$50,796	8.2%
Loans held for sale	16,988		5,029		103,396		78,212		(25,184)	(24.4)
Total gross loans	\$305,741		\$509,124		\$726,186		\$751,798		\$25,612	3.5%

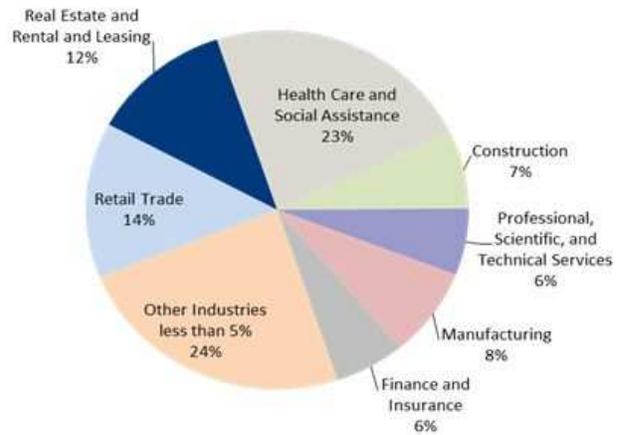
Loan Composition

June 30, 2015



Total Loans¹: \$673.6 million
Yield on loans: 4.73%
52% of CRE is owner occupied

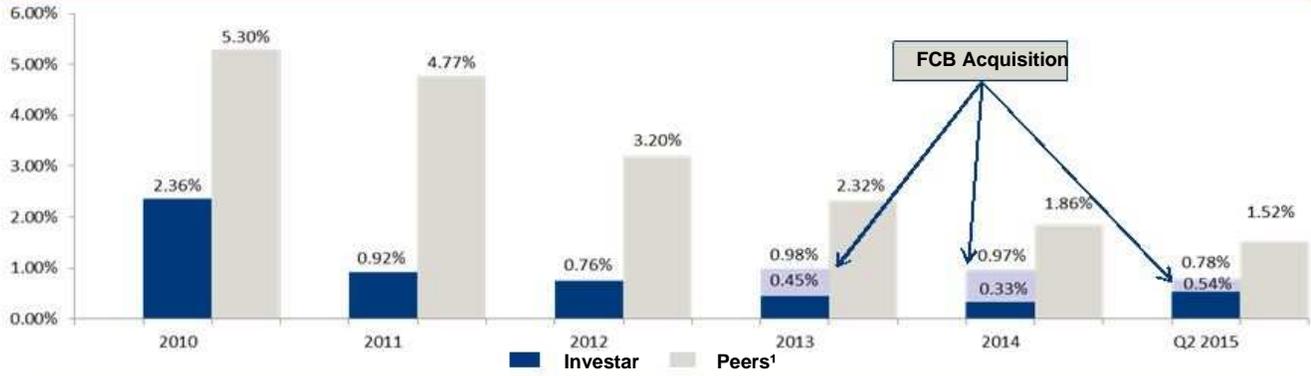
Business Lending Portfolio²



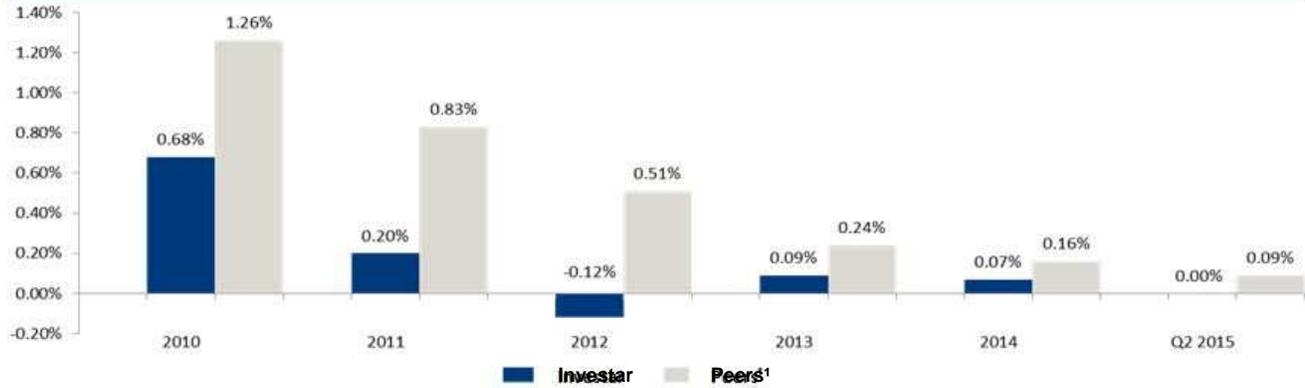
Total Business Lending Portfolio²: \$186.3 million

(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 June 30, 2015

NPAs / Total Loans + OREO



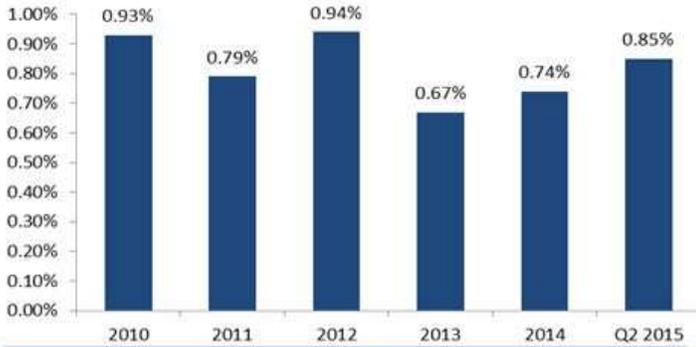
NCOs / Average Loans



(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.

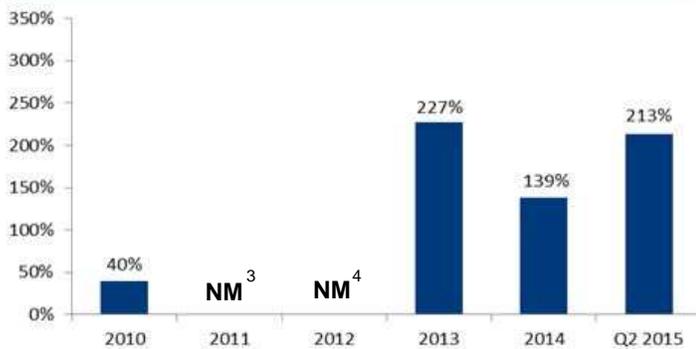
Disciplined Lending

Reserves / Total Loans⁽²⁾

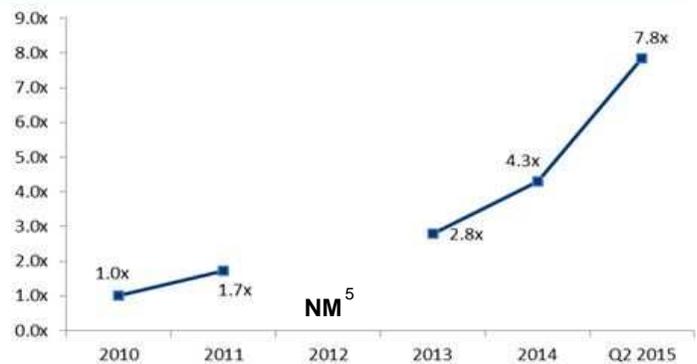


- Reserves / Total Loans \approx 0.85%
- Reserves / (Total Loans Acquired): 0.91%
- (Reserves + FV Marks) / Total Loans \approx 0.95%

Reserves / NPLs



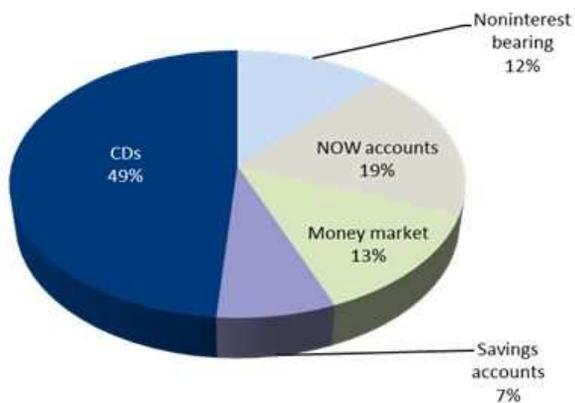
Provision Expense / NCOs



(1) Total loans excludes loans held for sale and allowance for loan losses
 (2) Includes \$41.1 million of loans from previous acquisitions that were marked-to-market as of June 30, 2015
 (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

Deposit Composition and Growth

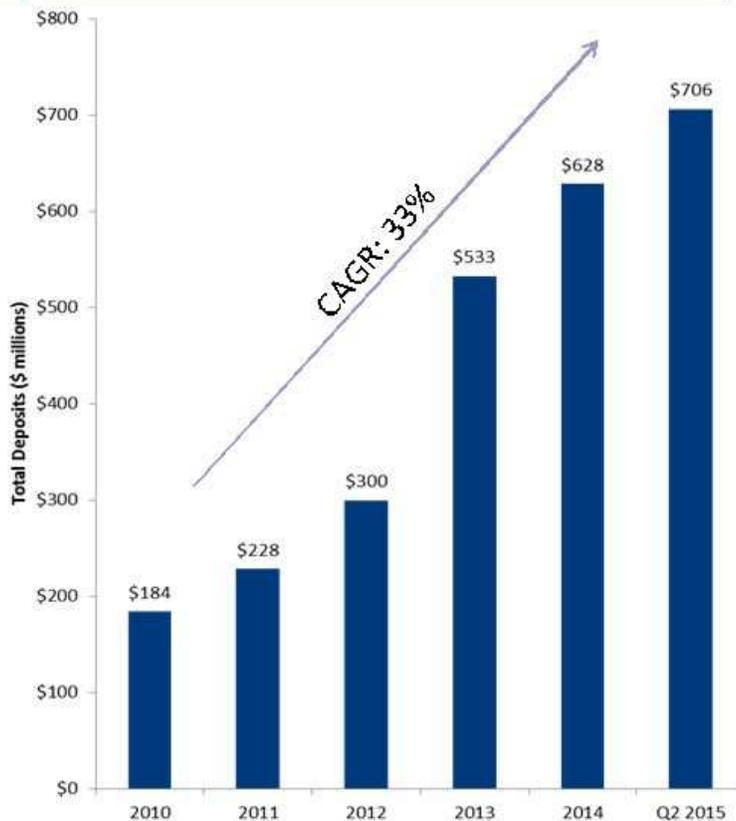
**Deposit Composition ¹
(\$706 million)**



Cost of funds of interest bearing deposits: 0.84%
Growth in noninterest bearing deposits: 23%

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

**Total Deposits
2010 - Present**



(1) As of June 30, 2015



Financial Highlights



Amounts in thousands, except share data

	Quarter Ended June 30,		Year Ended December 31,	
	2015	2014	2014	2013
Financial Highlights				
Total Assets	\$921,855	\$729,070	\$879,354	\$634,946
Gross Loans ⁽¹⁾	\$751,798	\$596,106	\$726,186	\$509,124
Total Deposits	\$706,007	\$578,667	\$628,118	\$532,606
Total Stockholders' Equity	\$106,873	\$57,940	\$103,384	\$55,483
Shares Outstanding	7,293,209	3,945,753	7,262,085	3,945,114
Capital Ratios				
Tangible Equity / Tangible Assets	11.29%	7.54%	11.76%	8.74%
Tier 1 Leverage Ratio	12.15%	8.37%	12.61%	9.53%
Total RBC Ratio	14.10%	10.46%	14.41%	11.51%
Asset Quality Ratios				
NPAs / Total Assets	0.56%	0.65%	0.69%	0.79%
NPLs / Loans	0.40%	0.23%	0.54%	0.30%
Loan Loss Reserves / Total Loans	0.85%	0.69%	0.74%	0.67%
Loan Loss Reserves / NPLs	213.20%	296.24%	138.61%	227.00%
NCOs / Avg Loans	0.00%	0.03%	0.07%	0.09%
Performance Ratios				
Net Income	\$1,813	\$1,067	\$5,397	\$3,168
ROAE	6.82%	7.45%	6.80%	6.10%
ROAA	0.82%	0.61%	0.73%	0.64%
Net Interest Margin	3.70%	3.85%	3.85%	4.10%
Efficiency Ratio ⁽²⁾	67.87%	73.85%	74.90%	78.07%
Per Share Data				
Tangible Book Value per Share	\$14.22	\$13.86	\$13.79	\$13.24
Diluted Earnings per Share	\$0.25	\$0.26	\$0.93	\$0.81

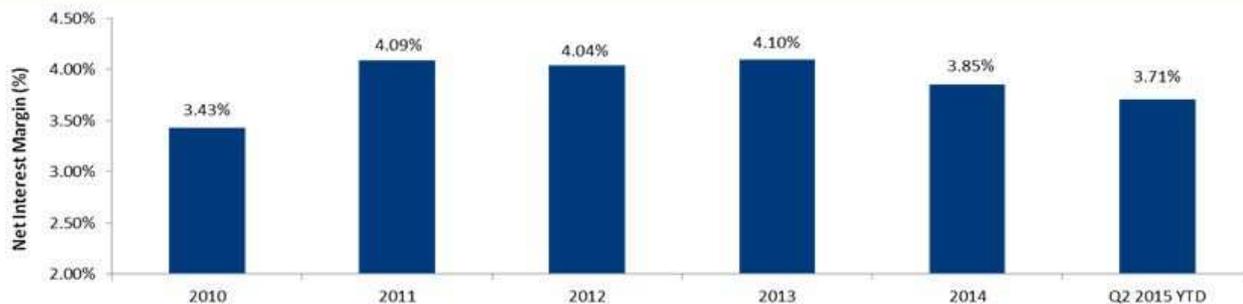
(1) Gross loans includes loans held for sale (HFS)

(2) Efficiency ratio is a non-GAAP financial measure

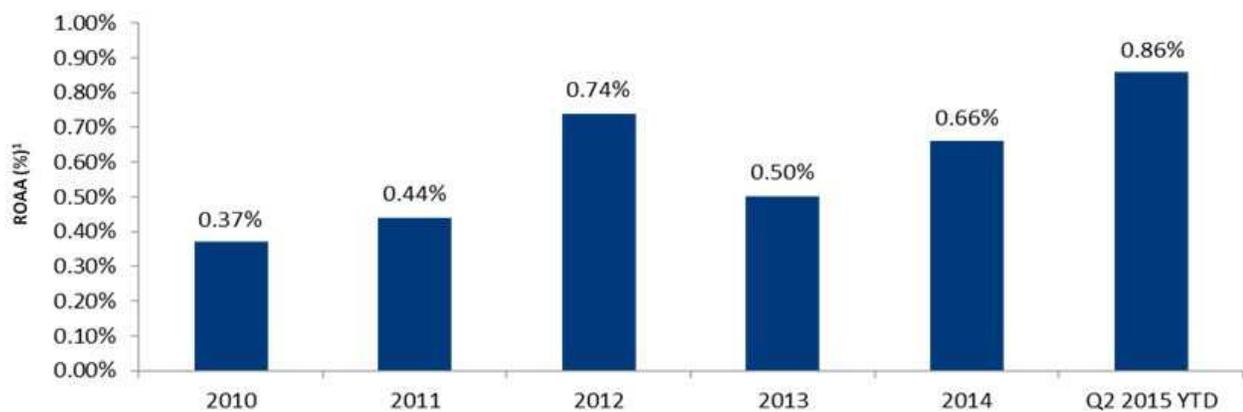
Performance Metrics



Net Interest Margin



Return on Average Assets

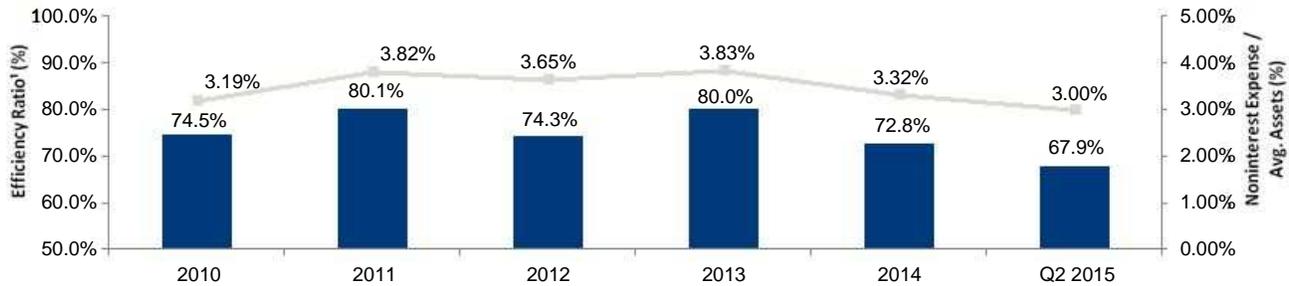


(1) Return on average assets was adjusted for the bargain purchase gain recognized in 2013 and the net effect of the Company's investment in a tax credit entity recognized in 2014.

Performance Metrics



Expense Ratios

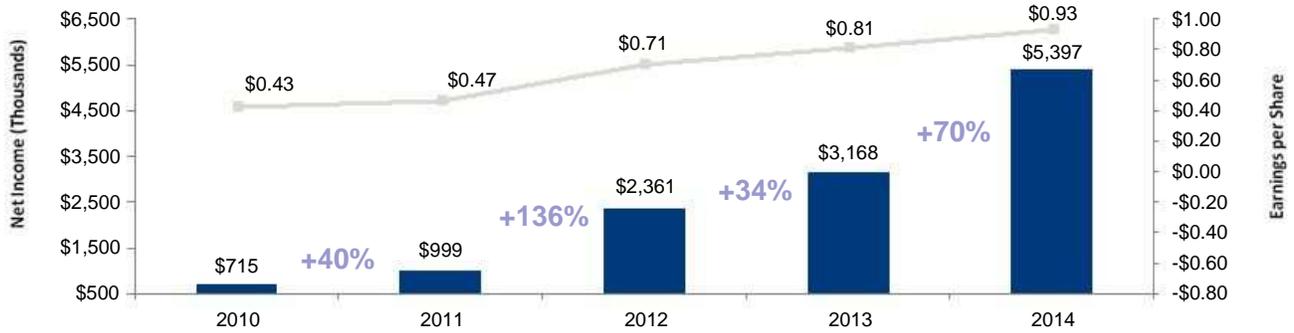


	Year Ended December 31,					
	2010	2011	2012	2013	2014	Q2 2015
Employees	49	70	100	167	179	176
Locations	4	5	7	10	11	11

(1) Efficiency ratio is a non-GAAP financial measure. The efficiency ratio was adjusted for the impairment related to the Company's investment in a tax credit entity for the quarter and year ended December 31, 2014 and for the bargain purchase gain recognized as a result of the acquisition of South Louisiana Business Bank for the year ended December 31, 2013.

Profitability

Net Income and Earnings Per Share





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

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,				Three Months Ended		
	2010	2011	2012	2013	2014	2014 Q2	2015 Q2
Total Stockholders' Equity GAAP	\$16,814	\$35,166	\$43,553	\$55,483	\$103,384	\$57,940	\$106,873
Adjustments							
Goodwill	\$0	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684
Other Intangibles	\$0	\$155	\$145	\$573	\$532	\$552	\$511
Tangible Equity	<u>\$16,814</u>	<u>\$32,327</u>	<u>\$40,724</u>	<u>\$52,226</u>	<u>\$100,168</u>	<u>\$54,704</u>	<u>\$103,678</u>
Total Assets GAAP	\$209,465	\$279,330	\$375,446	\$634,946	\$879,354	\$729,070	\$921,855
Adjustments							
Goodwill	\$0	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684
Other Intangibles	\$0	\$155	\$145	\$573	\$532	\$552	\$511
Tangible Assets	<u>\$209,465</u>	<u>\$276,491</u>	<u>\$372,617</u>	<u>\$631,689</u>	<u>\$876,138</u>	<u>\$725,834</u>	<u>\$918,660</u>
Total Shares Outstanding							
Book Value Per Share	\$11.46	\$12.82	\$13.56	\$14.06	\$14.24	\$14.68	\$14.65
Effect of Adjustment	\$0.00	(\$1.03)	(\$0.88)	(\$0.82)	(\$0.45)	\$0.82	(\$0.43)
Tangible Book Value Per Share	<u>\$11.46</u>	<u>\$11.79</u>	<u>\$12.68</u>	<u>\$13.24</u>	<u>\$13.79</u>	<u>\$13.86</u>	<u>\$14.22</u>
Total Equity to Total Assets	8.03%	12.59%	11.60%	8.74%	11.76%	7.95%	11.59%
Effect of Adjustment	-	(0.90)	(0.67)	(0.47)	(0.33)	(0.41)	0.30
Tangible Equity to Tangible Assets	<u>8.03%</u>	<u>11.69%</u>	<u>10.93%</u>	<u>8.27%</u>	<u>11.43%</u>	<u>7.54%</u>	<u>11.29%</u>
Efficiency Ratio							
Noninterest Expense	\$6,195	\$8,615	\$11,645	\$19,024	\$24,384	\$5,729	\$6,682
Income before Noninterest Expense	\$7,293	\$10,116	\$14,985	\$23,340	\$30,926	\$7,310	\$9,446
Provision	\$1,019	\$639	\$685	\$1,026	\$1,628	\$448	\$400
Efficiency Ratio	<u>74.5%</u>	<u>80.1%</u>	<u>74.3%</u>	<u>78.1%</u>	<u>74.9%</u>	<u>73.8%</u>	<u>67.9%</u>

Income Statement



	Year Ended December 31,					Three Months Ended	
	2010	2011	2012	2013	2014	2014 Q2	2015 Q2
INTEREST INCOME							
Interest and fees on loans	\$ 9,082	\$ 10,877	\$ 13,968	\$ 21,686	\$ 29,979	\$ 7,119	\$ 8,646
Interest on investment securities	611	406	585	756	1,339	278	523
Other interest income	17	19	34	30	50	10	18
TOTAL INTEREST INCOME	<u>9,710</u>	<u>11,302</u>	<u>14,857</u>	<u>22,472</u>	<u>31,368</u>	<u>7,407</u>	<u>9,187</u>
INTEREST EXPENSE							
Interest on deposits	3,194	2,445	2,361	3,204	4,273	1,050	1,299
Interest on borrowings	300	134	181	256	402	108	108
TOTAL INTEREST EXPENSE	<u>3,494</u>	<u>2,579</u>	<u>2,542</u>	<u>3,460</u>	<u>4,675</u>	<u>1,158</u>	<u>1,407</u>
NET INTEREST INCOME	<u>6,216</u>	<u>8,723</u>	<u>12,042</u>	<u>19,012</u>	<u>26,694</u>	<u>6,249</u>	<u>7,780</u>
PROVISION FOR LOAN LOSSES	<u>1,019</u>	<u>639</u>	<u>685</u>	<u>1,026</u>	<u>1,628</u>	<u>448</u>	<u>400</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>5,197</u>	<u>8,084</u>	<u>11,360</u>	<u>17,986</u>	<u>25,066</u>	<u>5,801</u>	<u>7,380</u>
NON-INTEREST INCOME							
Service charges on deposit accounts	74	102	118	214	305	73	97
Gain on sale of investment securities, net	184	160	139	449	340	48	134
Net gain on sale of assets	-	55	36	346	1,892	1,026	1,084
Bargain purchase gain	-	-	-	906	-	-	-
Fee income on mortgage loans held for sale, net	1,733	1,569	3,131	2,843	2,119	89	210
Other operating income	105	146	201	596	1,204	273	541
TOTAL NON-INTEREST INCOME	<u>2,096</u>	<u>2,032</u>	<u>3,625</u>	<u>5,354</u>	<u>5,860</u>	<u>1,509</u>	<u>2,066</u>
INCOME BEFORE NON-INTEREST EXPENSE	<u>7,293</u>	<u>10,116</u>	<u>14,985</u>	<u>23,340</u>	<u>30,926</u>	<u>7,310</u>	<u>9,446</u>
NON-INTEREST EXPENSE							
Salaries and employee benefits	3,538	4,909	7,461	11,772	14,565	3,491	3,971
Impairment on investment in tax credit entity	-	-	-	-	690	-	-
Operating expenses	2,657	3,706	4,184	7,252	9,129	2,238	2,711
TOTAL NON-INTEREST EXPENSE	<u>6,195</u>	<u>8,615</u>	<u>11,645</u>	<u>19,024</u>	<u>24,384</u>	<u>5,729</u>	<u>6,682</u>
INCOME BEFORE INCOME TAX EXPENSE	<u>1,098</u>	<u>1,501</u>	<u>3,340</u>	<u>4,316</u>	<u>6,542</u>	<u>1,581</u>	<u>2,764</u>
INCOME TAX EXPENSE	<u>383</u>	<u>502</u>	<u>979</u>	<u>1,148</u>	<u>1,145</u>	<u>514</u>	<u>951</u>
NET INCOME	<u>\$ 715</u>	<u>\$ 999</u>	<u>\$ 2,361</u>	<u>\$ 3,168</u>	<u>\$ 5,397</u>	<u>\$ 1,067</u>	<u>\$ 1,813</u>
Basic earnings per share	\$ 0.51	\$ 0.54	\$ 0.79	\$ 0.86	\$ 0.98	\$ 0.27	\$ 0.25
Diluted earnings per share	\$ 0.43	\$ 0.47	\$ 0.71	\$ 0.81	\$ 0.93	\$ 0.26	\$ 0.25