

INVESTAR HOLDING CORP

FORM 8-K (Current report filing)

Filed 02/05/15 for the Period Ending 02/05/15

| | |
|-------------|---|
| Address | 10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816 |
| Telephone | 225-227-2222 |
| CIK | 0001602658 |
| 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): February 5, 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 presentations regarding the Company at multiple investor meetings to be held during the months of February and March, 2015, at various locations in Texas, Florida and Arizona. The slides furnished as Exhibit 99.1 to this Current Report on Form 8-K 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

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------|--|
| 99.1 | Presentation slides to be used for various investor presentations during the months of February and March, 2015, at various locations in Texas, Florida and Arizona. |

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: February 5, 2015

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



INVESTAR[®]
HOLDING CORPORATION

NASDAQ: ISTR

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

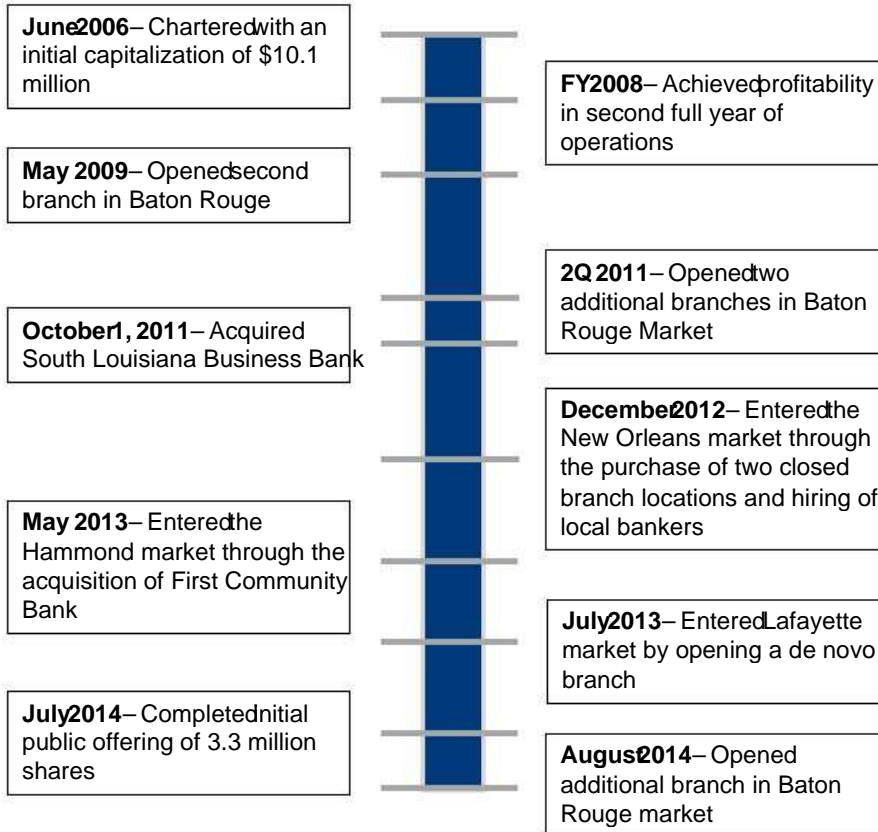
Nimble Institution Able to Shift Resources as Customer Needs Change

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

Franchise Overview

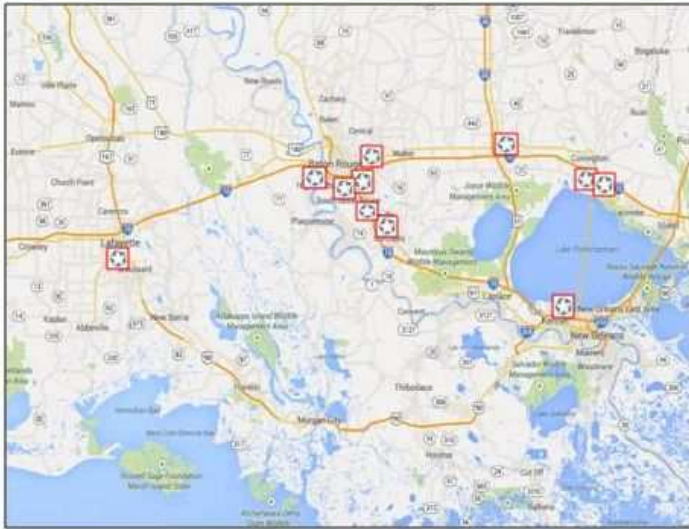


Franchise History



Franchise Overview

Branch Map



Current

- 11 full-service branches in the Baton Rouge, New Orleans, Hammond, and Lafayette markets
- 179 employees at 12/31/14
- One new branch opening in 2015
- Institutional ownership 38%
- Insider ownership 10%
- 5-year CAGRs¹
 - Assets –38.3%
 - Loans –39.8%
 - Deposits –34.2%

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

Louisiana

- Forecasting robust job creation of 34,100 in 2015 and 32,600 in 2016
- According to these forecasts, Louisiana will surpass more than 2,000,000 non-farm employees for the first time in the state's history
- Growth along and south of the I-10 corridor expected to be dynamic with modest expansion in central and northern regions of Louisiana

New Orleans MSA

- Projected to add 17,300 jobs in 2015-2016
- \$13.7 billion in industrial projects announced; \$3.6 billion of which are already under construction
- Additional \$2 billion in projects by the Corps and \$826 million improvement to MSY
- LSU Health Sciences Center and VA Hospital will open during 2015-2016, adding 2,100 high-paying jobs

Baton Rouge MSA

- Projected to add 19,600 new jobs in 2015-2016
- \$16.0 billion in industrial projects announced; \$6.6 billion of which already under construction.
- IBM's Technology Center under construction and will be home to 800 jobs
- Demand for construction workers jumped from 17,500 in August 2013 to 28,000 in February 2015

Lafayette MSA

- Projected to add 5,700 new jobs in 2015-2016
- Oil field service firms such as Haliburton, Danos, Frank's International, National Oilwell, Varco and Newpark Mats expanding
- Three new high tech firms choosing Lafayette MSA for their homes, creating about 1,100 jobs over the same period

Financial Highlights



Amounts in thousands, except share data

| | Year Ended December 31, | |
|----------------------------------|-------------------------|-----------|
| | 2014 | 2013 |
| Financial Highlights | | |
| Total Assets | \$879,354 | \$634,946 |
| Gross Loans | \$726,186 | \$509,124 |
| Total Deposits | \$628,118 | \$532,606 |
| Total Stockholders' Equity | \$103,384 | \$55,483 |
| Shares Outstanding | 7,262,085 | 3,945,114 |
| Capital Ratios | | |
| TE / TA | 11.76% | 8.74% |
| Tier 1 Leverage Ratio | 12.61% | 9.53% |
| Total RBC Ratio | 14.41% | 11.51% |
| Asset Quality Ratios | | |
| NPAs / Total Assets | 0.69% | 0.79% |
| NPLs / Loans | 0.54% | 0.30% |
| Loan Loss Reserves / Total Loans | 0.74% | 0.67% |
| Loan Loss Reserves / NPLs | 138.61% | 227.00% |
| NCOs / Avg Loans | 0.07% | 0.09% |
| Performance Ratios | | |
| Net Income | \$5,397 | \$3,168 |
| ROAE | 6.80% | 6.10% |
| ROAA | 0.73% | 0.64% |
| Net Interest Margin | 3.85% | 4.10% |
| Efficiency Ratio ⁽¹⁾ | 74.90% | 78.07% |
| Per Share Data | | |
| Tangible Book Value per Share | \$13.79 | \$13.24 |
| Diluted Earnings per Share | \$0.93 | \$0.81 |

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

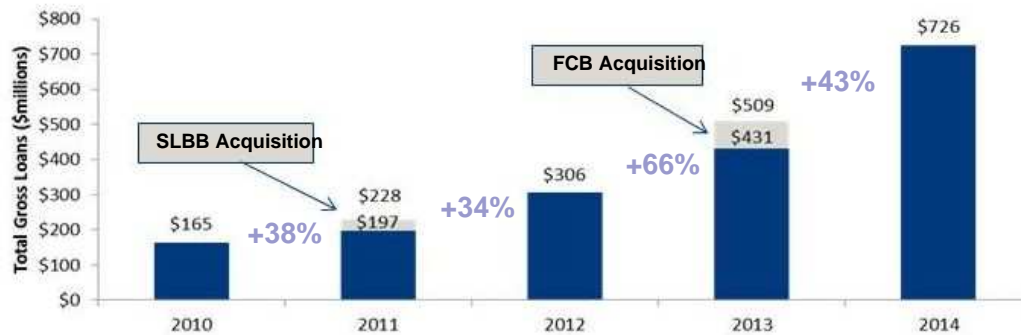
- **Management**
 - Continue to add experienced bankers in new and existing markets
- **Market**
 - Southern Louisiana focus with complementary new market expansion
- **Growth**
 - Leverage existing infrastructure in four markets
 - Limited de novo branching
 - Opportunistic, disciplined acquisition 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: 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

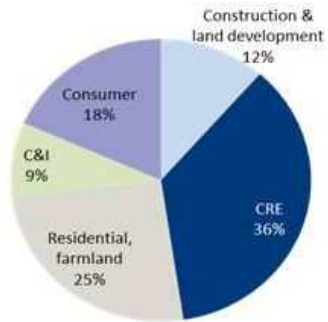


| Loan Composition | Year Ended December 31, | | | | | | Increase/(Decrease) | |
|--------------------------------------|-------------------------|---------------|------------------|---------------|------------------|---------------|---------------------|--------------|
| | 2012 | | 2013 | | 2014 | | 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% | \$8,180 | 12.9% |
| 1-4 Family | 54,813 | 19.0 | 104,685 | 20.8 | 137,519 | 22.1 | 32,834 | 31.4 |
| Multifamily | 1,750 | 0.6 | 14,286 | 2.8 | 17,458 | 2.8 | 3,172 | 22.2 |
| Farmland | 64 | 0.0 | 830 | 0.2 | 2,919 | 0.5 | 2,089 | 251.7 |
| Commercial real estate | | | | | | | | |
| Owner occupied | 52,533 | 18.2 | 78,415 | 15.6 | 119,668 | 19.2 | 41,253 | 52.6 |
| Nonowner occupied | 47,394 | 16.4 | 78,948 | 15.6 | 105,390 | 16.9 | 26,442 | 33.5 |
| Commercial and industrial | 15,319 | 5.3 | 32,665 | 6.5 | 54,187 | 8.7 | 21,522 | 65.9 |
| Consumer | 96,609 | 33.5 | 131,096 | 26.0 | 114,299 | 18.4 | (16,797) | (12.8) |
| Total loans | \$288,753 | 100.0% | \$504,095 | 100.0% | \$622,790 | 100.0% | \$118,695 | 23.5% |
| Loans held for sale | 16,988 | | 5,029 | | 103,396 | | 98,367 | 1,956.0 |
| Total gross loans | \$305,741 | | \$509,124 | | \$726,186 | | \$217,062 | 42.6% |

Loan Composition

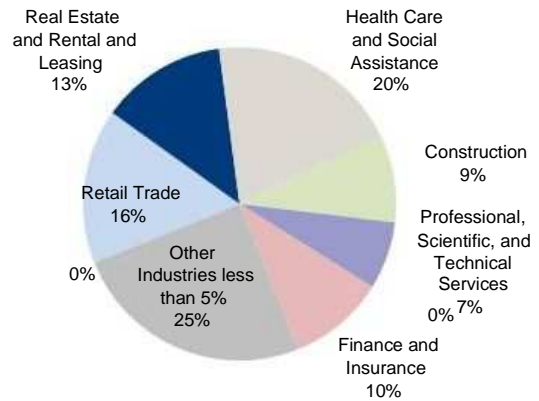


December 31, 2014



Total Loans¹: \$622.8 million
Yield on loans: 4.99%
53% of CRE is owner occupied

Business Lending Portfolio²



Total Business Lending Portfolio ² :
\$173.9 million

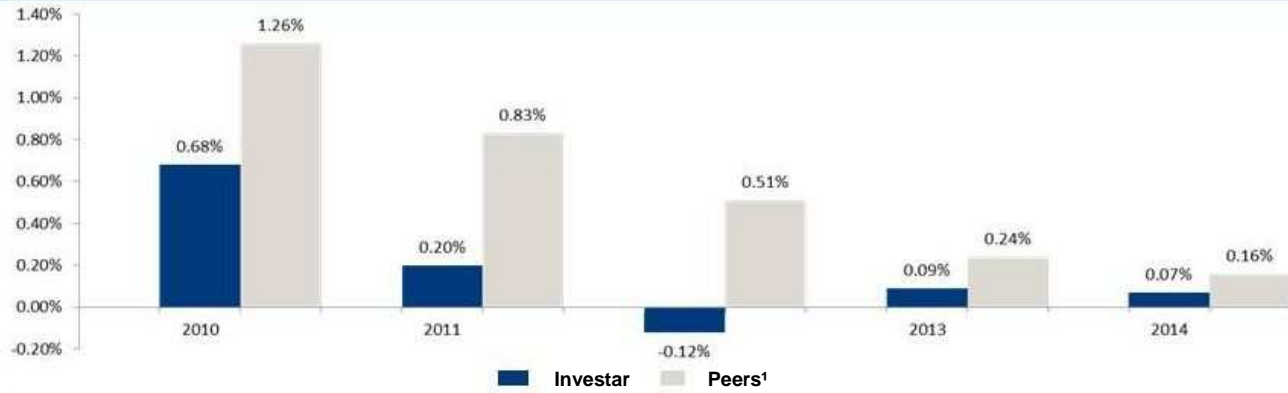
(1) Total loans includes gross loans less loans held for sale
 (2) Business lending portfolio includes owner occupied CRE and C&I loans as of December 31, 2014

Credit Metrics

NPAs / Total Loans + OREO



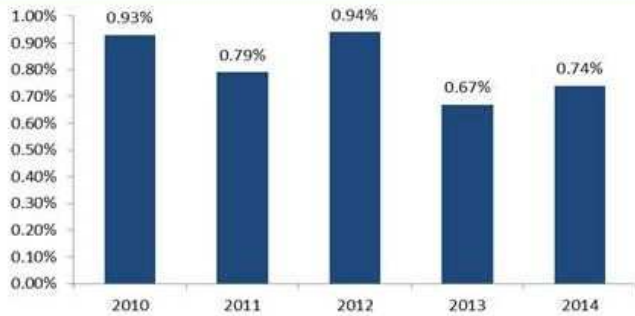
NCOs / Average Loans



(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

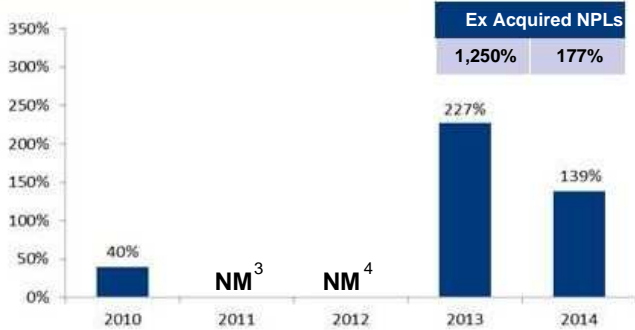
Disciplined Lending

Reserves Total Loans²

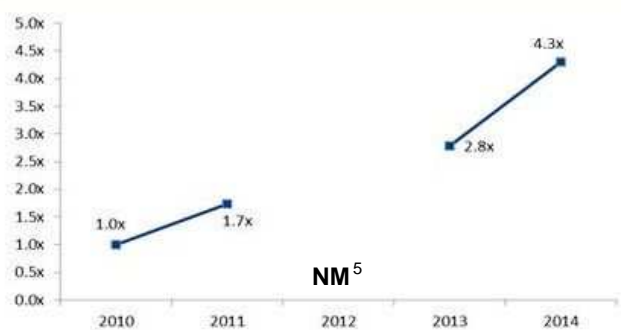


- Reserves Total Loans²: 0.74%
- Reserves / (Total Loans Acquired): 0.80%
- (Reserves FV Marks) / Total Loans²: 0.89%

Reserves / NPLs



Provision Expense / NCOs

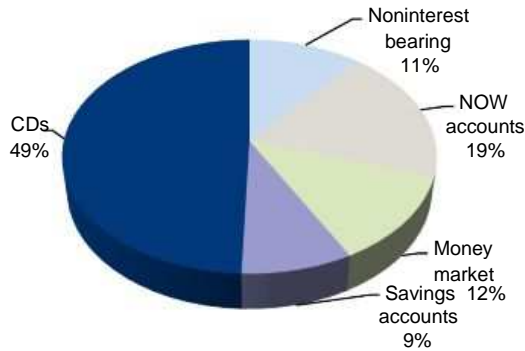


(1) Total loans excludes loans held for sale and allowance for loan losses
 (2) Includes \$43.1 million of loans from previous acquisitions that were marked-to-market as of December 31, 2014
 (3) Reserves/NPLs for December 31, 2011 was 6,236%
 (4) Reserves/NPLs for December 31, 2012 was 5,136%
 (5) Investar recorded net recoveries in FY 2012

Deposit Composition and Growth



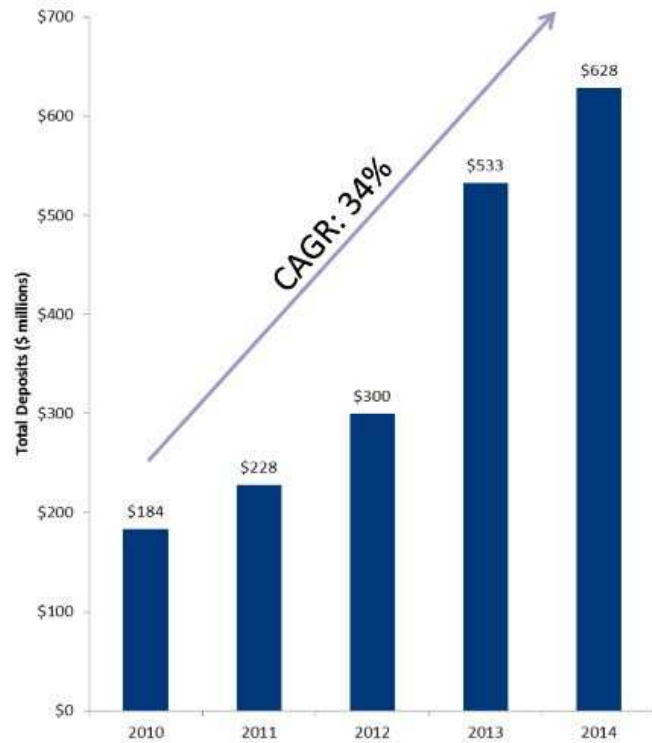
Deposit Composition ¹ (\$628.1 million)



Rate on interest bearing deposits 0.83%
Growth in noninterest bearing deposits 19.4%²

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

Total Deposits 2010 -Present

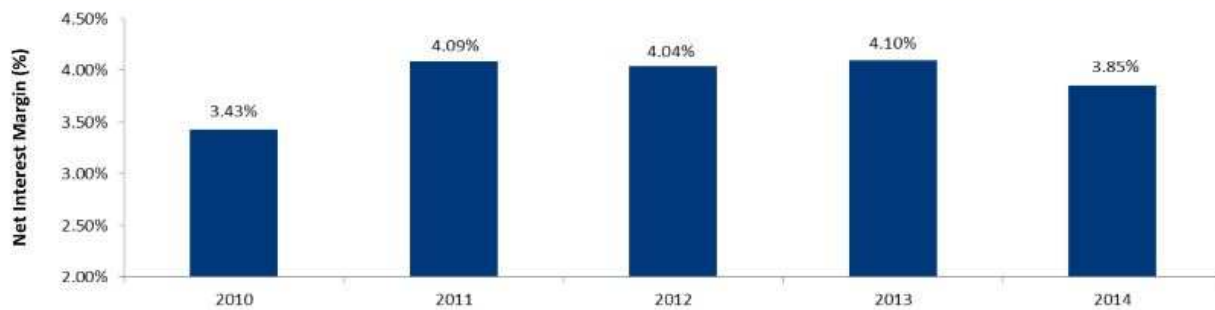


(1) As of December 31, 2014

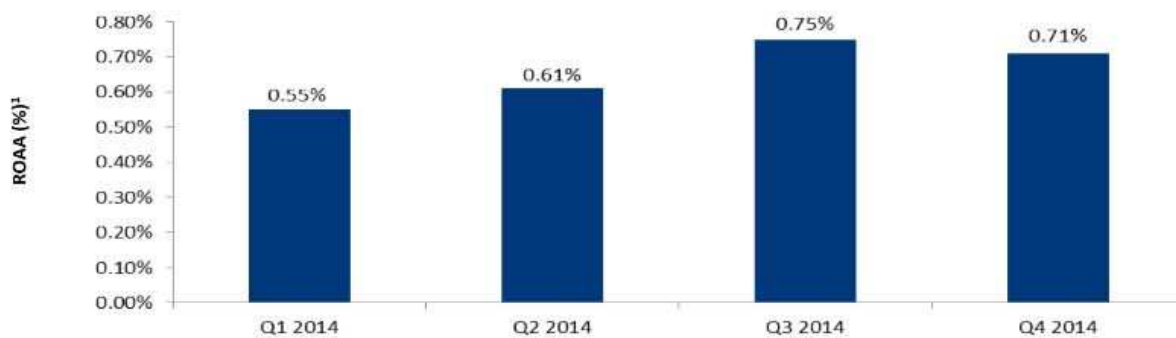
(2) After adjusting for a \$14 million short term deposit made by a commercial customer in late December 2013 that was fully withdrawn in January 2014.

Performance Metrics

Net Interest Margin



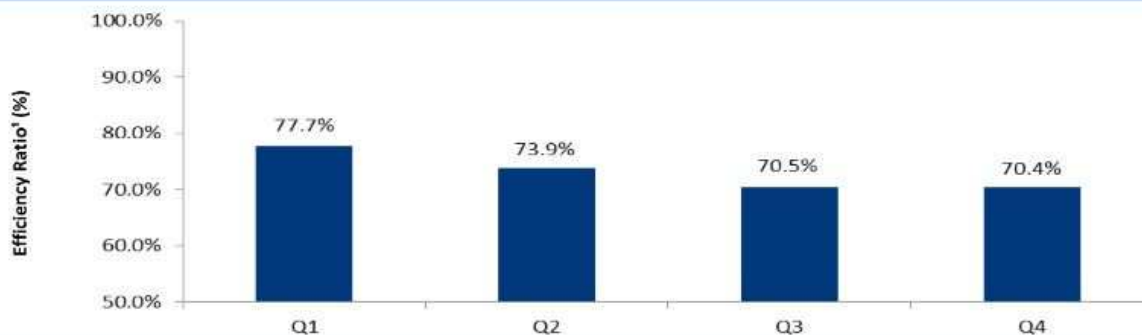
2014 Return on Average Assets



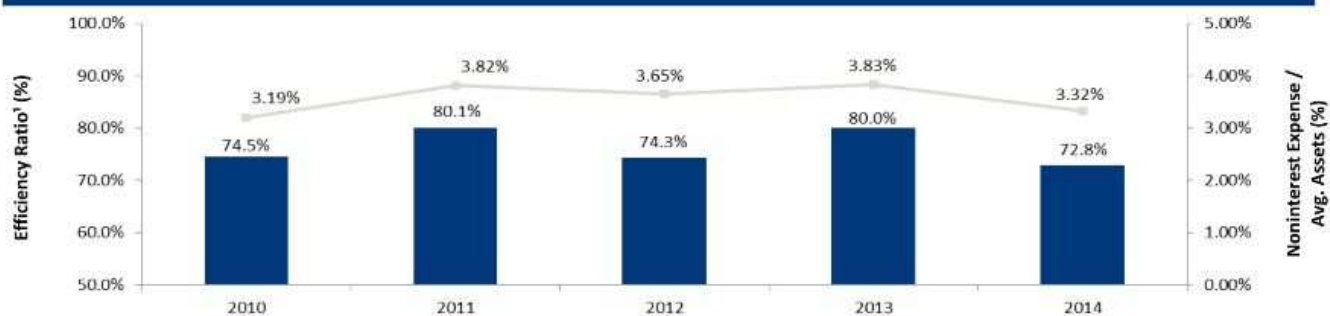
(1) Return on average assets was adjusted for the net effect of the Company's investment in a tax credit entity recognized in 2014.

Performance Metrics

2014 Efficiency Ratio



Expense Ratios

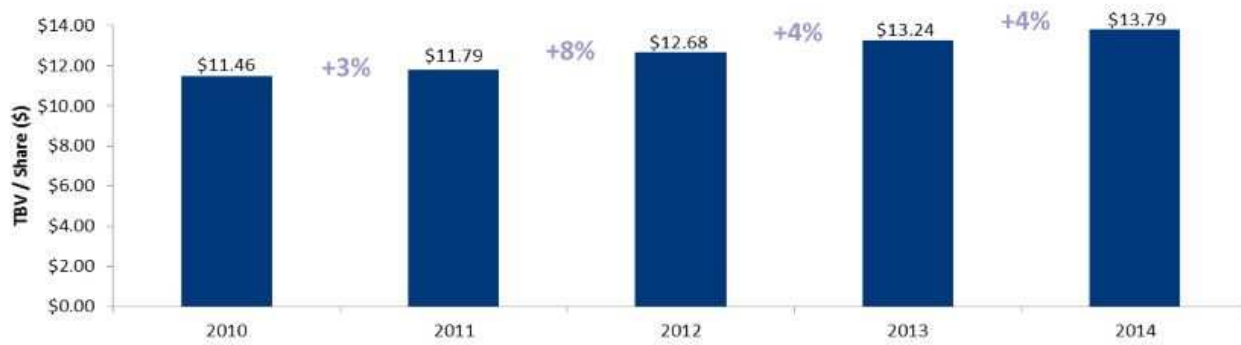


| | Year Ended December 31, | | | | |
|------------------|-------------------------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Employees | 49 | 70 | 100 | 167 | 179 |
| Locations | 4 | 5 | 7 | 10 | 11 |

(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.

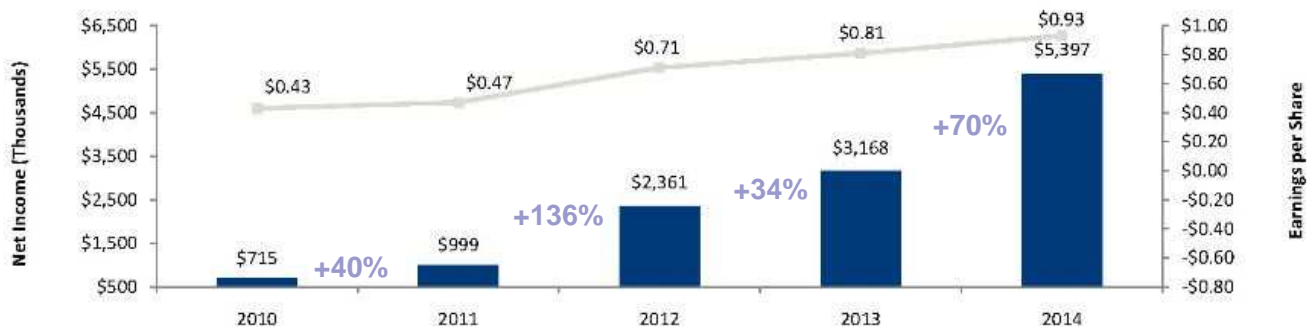
Per Share Growth

Tangible Book Value (TBV) / Share



Profitability

Net Income and Earnings Per Share



- 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
- 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

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, | | | | |
|---|-------------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Stockholders' Equity - GAAP | \$16,814 | \$35,166 | \$43,553 | \$55,483 | \$103,384 |
| Adjustments | | | | | |
| Goodwill | \$0 | \$2,684 | \$2,684 | \$2,684 | \$2,684 |
| Other Intangibles | \$0 | \$155 | \$145 | \$573 | \$532 |
| Tangible Equity | \$16,814 | \$32,327 | \$40,724 | \$52,226 | \$100,168 |
| Total Assets - GAAP | \$209,465 | \$279,330 | \$375,446 | \$634,946 | \$879,354 |
| Adjustments | | | | | |
| Goodwill | \$0 | \$2,684 | \$2,684 | \$2,684 | \$2,684 |
| Other Intangibles | \$0 | \$155 | \$145 | \$573 | \$532 |
| Tangible Assets | \$209,465 | \$276,491 | \$372,617 | \$631,689 | \$876,138 |
| Total Shares Outstanding | | | | | |
| Book Value Per Share | \$11.46 | \$12.82 | \$13.56 | \$14.06 | \$14.24 |
| Effect of Adjustment | \$0.00 | (\$1.03) | (\$0.88) | (\$0.82) | (\$0.45) |
| Tangible Book Value Per Share | \$11.46 | \$11.79 | \$12.68 | \$13.24 | \$13.79 |
| Total Equity to Total Assets | 8.03% | 12.59% | 11.60% | 8.74% | 11.76% |
| Effect of Adjustment | 0 | (0.90) | (0.67) | (0.47) | (0.33) |
| Tangible Equity to Tangible Assets | 8.03% | 11.69% | 10.93% | 8.27% | 11.43% |
| Efficiency Ratio | | | | | |
| Noninterest Expense | \$6,195 | \$8,615 | \$11,645 | \$19,024 | \$24,384 |
| Income before Noninterest Expense | \$7,293 | \$10,116 | \$14,985 | \$23,340 | \$30,926 |
| Provision | \$1,019 | \$639 | \$685 | \$1,026 | \$1,628 |
| Efficiency Ratio | 74.5% | 80.1% | 74.3% | 78.1% | 74.9% |

Income Statement



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