

MIDSOUTH BANK AUDIT COMMITTEE CHARTER

Purpose

The audit committee is a committee of the board of directors of MidSouth Bank (the “Bank”). Its primary function is to assist the board by overseeing the financial information that will be provided to the shareholders and others, the systems of internal control over financial reporting, and the internal and external audit processes. The committee shall seek at all times to enhance the independence of the audit function in order to promote objectivity, accuracy and transparency in the Bank’s financial reporting. It shall serve as the primary link between the Bank’s board of directors and its internal and external auditors, overseeing and monitoring the activities of the Bank’s independent internal and external auditors and ensuring the Bank’s audit plan is fulfilled. In carrying out the responsibilities set forth below, the policies and procedures of the committee noted in this charter shall be flexible in order to accommodate changing conditions and other developments.

Specifically, this committee shall assist the board of directors in (1) its oversight of the Bank’s accounting and financial reporting principles, policies and procedures, (2) its oversight of the Bank’s internal audit controls and procedures, (3) its oversight of the Bank’s financial statements and the independent audit of those financial statements, (4) recommending to the board the nomination of the external auditor to be proposed for shareholder consideration, evaluating the external auditor and, when deemed appropriate, recommending the replacement of the external auditor, (5) evaluating the independence of the external auditor, (6) remaining current on developments in laws, rules and regulations related to audit committees, and (7) evaluating and making recommendations with respect to this Charter.

The function of the committee is oversight. Management of the Bank is responsible for preparation, presentation, and integrity of the Bank’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles, policies and internal controls. The Internal Auditor is responsible for assuring compliance with accounting standards, applicable laws and regulations as well as monitoring of internal control systems. The External Auditor is responsible for planning and carrying out proper audits and reviews, including reviews of the Bank’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, each earnings report on Form 8-K, and other procedures. It is recognized that, in fulfilling their responsibilities

hereunder, members of the committee are not full-time employees of the Bank and are not, and most do not represent themselves to be, acting as accountants or auditors by profession or experts in the field of accounting or auditing. As such, it is not the duty or responsibility of the committee or its members to conduct field work or other types of auditing or accounting reviews or procedures. Each member of the committee shall be entitled to rely on (1) the integrity of those persons and organizations within and outside the Bank from which it receives information and (2) the accuracy of the financial and other information provided to the committee by such persons or organizations, absent actual knowledge to the contrary (which shall be promptly reported to the board).

The external auditor for the Bank is ultimately accountable to the board of directors (as assisted by the audit committee). The board, with the assistance of the committee, has the ultimate authority and responsibility to select, evaluate, and when appropriate, replace the external auditor (or to nominate the external auditor to be proposed for shareholder consideration); however, it is the intention of the board of MidSouth Bank that the audit committee shall have absolute authority to retain, discharge, monitor, and supervise the external and internal auditors subject only to being overruled by a majority of the members of the entire board of directors.

The external auditor shall submit to the Bank annually a formal written statement delineating all relationships between the external auditor and the Bank (Statement as to Independence), addressing at least the matters set forth in Independence Standards Board No. 1.

Size of the Audit Committee

The members of the audit committee shall be selected by the board of directors. It shall consist of at least three members. These members shall be directors of the Bank who meet the qualifications of the audit committee's charter.

Qualifications of Audit Committee Members

Each member of the committee either shall be financially literate, or within a reasonable time after appointment to the committee, shall become financially literate. At least one member shall have, or within a reasonable time after appointment shall obtain, accounting or related financial management expertise. Each member shall be independent as defined by the National Association of Securities Dealers, Inc., and free of any relationship that, in the opinion of the

board of directors, would interfere with his or her exercise of independent judgment. At least one member shall have, or as soon as practicable shall achieve, the status of financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002; however, it is the intention of the board of directors that the members of the audit committee shall be equally responsible for the audit committee function and that a person deemed, or qualified as, a financial expert shall not be more responsible, nor shall a person not so deemed or qualified be less responsible, for the functions and responsibilities of the audit committee.

Election of Audit Committee Members

Members of the committee are elected for a three-year term by the full board of directors of the Bank on the recommendation of the Bank's nominating committee. Such terms may be staggered by the board so that the terms of one-half or one-third of the members expire each year. Members shall serve at the pleasure of the Bank's board of directors and may be removed by the board of directors at any time, with or without cause, by the vote of a majority of the entire board of directors.

Operation of the Committee

From and after January 1, 2004, the committee is expected to meet at least four times per year or more frequently as circumstances require. The chair or any member may request a special meeting, which shall then be scheduled by the Bank's Chief Financial Officer. A quorum shall consist of a majority of the members, and the vote of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. In addition a special meeting may be called at any time by the committee's chairperson or the President, Chief Executive Officer or Chief Financial Officer of the Bank.

Proceedings of the committee over the signature of a member in attendance (or other person designated by the person chairing the meeting) shall be recorded in a minute book and reflect the names of those in attendance. The chair of the committee will present a report of committee activities to the full board of directors at its next regularly scheduled meeting. The secretary of the board will receive and permanently maintain the minutes of committee meetings. Meetings may be held jointly from time to time with any other committee if the majority of both committees so agree so long as the independence of the assembled committee is consistent with the independence requirements of the audit committee alone.

The committee shall have unrestricted access to Bank personnel and documents and will be given the resources necessary to discharge its responsibilities. The committee shall have the resources and authority to retain special legal, accounting, auditing or other experts or consultants to advise the committee. The Bank shall provide the committee with an appropriate annual budget and shall be sensitive at all times to requests for funding by the committee. The committee may request any officer or employee of the Bank or of the Bank's outside counsel or external auditor to attend a meeting of the committee or to meet with any members of, or consultants to, the committee. It will be the responsibility of the committee to maintain free and open means of communication between the directors and management of the Bank.

The committee shall meet separately at least annually with management, the internal auditor, and the external auditor in separate executive sessions to discuss any matters that the committee or any of these persons or firms believes should be discussed privately. It is intended that the Chair, President, Chief Executive Officer, and Chief Financial Officer of the Bank will routinely attend meetings of the committee; provided, that the committee shall have complete power to (1) request the attendance of other persons, or (2) exclude any person not a member of the committee from any meeting of the committee. Further, if the committee determines in good faith that a member of the committee is no longer independent, then they shall advise such person of such determination, together with a reasonably detailed (given the circumstances then and there prevailing) written explanation of the grounds for such determination. Such person shall then either resign from the committee or respond in writing to the asserted lack of independence. The chair of the committee, or an absolute majority of the members not subject to questioned independence, may (but need not) vote to exclude such person from the meeting, subject to the right of a majority of the full audit committee or a majority of the full board of directors of the Bank to reinstate such person based on its good faith determination that such person is in fact independent.

Duties and Responsibilities

- I. The committee will provide an open line of communication among the internal auditor, the external auditor, and the board of directors.
- II. The committee will review and update the committee's charter annually.
- III. With respect to the external auditor, the committee will:

- 3.1 Provide advice to the board in selecting, evaluating, terminating and replacing the external auditor, as circumstances warrant.
 - 3.2 Review the fees charged by the external auditor for audit and non-audit services.
 - 3.3 Seek to ensure that the external auditor prepares and delivers annually a Statement as to Independence (it being understood that the external auditor is responsible for the accuracy and completeness of this Statement), discuss with the external auditor any relationships or services disclosed in this Statement that may have an impact on the objectivity or independence of the Bank's external auditor and recommend that the board take appropriate action in response to this Statement to satisfy itself of the external auditor's independence.
- IV. The committee will advise the external auditor that the external auditor is ultimately accountable to the board and the committee.
- V. With respect to the internal auditing department or the internal auditing function, as applicable, the committee will:
 - 5.1 Make recommendations to the board concerning the appointment and removal of the Bank's internal auditor.
 - 5.2 Advise the internal auditor that he or she is expected to provide the committee summaries of, and as appropriate significant reports to, management prepared by the internal auditing department or by the independent internal auditor (if a non-employee internal auditor is utilized) and management's responses to them.
- VI. With respect to financial reporting principles and policies and internal audit controls and procedures, the committee will:
 - 6.1 Advise management, the internal auditor and the external auditor that each is expected to provide to the committee a timely analysis of significant financial reporting issues and practices.
 - 6.2 Consider any reports or communications (and management's and/or the internal auditor's responses thereto) submitted to the committee by

the external auditor required by, or referred to in, SAS 61 (as codified by AU Section 380), as may be modified or supplemented.

- 6.3 Meet with management, the internal auditor, and/or the external auditor to discuss the scope of the annual audit, the audited financial statements and the form of opinion thereon proposed by the external auditor, any significant matters arising from any audit or report or communication with respect to significant reports to management prepared by the internal auditor or required by, or referred to in, SAS 61 relating to the Bank's financial statements, and significant changes to the Bank's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditor, the internal auditor or management, and inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks.
- 6.4 Review such other financial reporting, credit, internal controls, and comparable matters as the committee shall determine or the board may request.

VII. With respect to reporting and recommendations, the committee will:

- 7.1 Prepare any report, including any recommendation of the committee, required by the rules of the Securities and Exchange Commission to be included in the Bank's annual proxy statement.
- 7.2 Review and reassess the adequacy of this Charter as set forth above and recommend any changes to the board.
- 7.3 Publish this Charter at least every three years and as needed to reflect any changes to the Charter deemed material by the committee or by the board.

VIII. The committee will review and approve all consulting (non-audit) services and related fees to be provided by the external auditor, and consider the impact of such services on the independence of the auditor.

IX. The committee will review the appointment, replacement, reassignment, or dismissal of internal auditor and receive a report from management that is

consistent with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and any other applicable laws, rules and regulations.

- X. The committee will work with management, the internal auditor, the external auditor and external consultants to identify significant financial risks and exposures and assess the steps management has taken to monitor and control such risks.
- XI. The committee will consider, in consultation with the external auditor and the internal auditor, the planned external and internal audit scopes and discuss the coordination of audit effort with the internal auditor and external auditor in order to create an audit program designed to assure the completeness of coverage, reduction of redundant work, and the effective use of audit resources.
- XII. The committee will determine whether to permit the release of *pro forma* earnings.
- XIII. The committee will consider and discuss with the external auditor and/or the internal auditor:
 - 13.1 The adequacy of the Bank's internal controls over financial reporting and over compliance with laws and regulations.
 - 13.2 Any material findings (reportable conditions) and recommendations about internal control from the external auditor and/or the internal auditor.
- XIV. At the completion of the annual audit, the committee will discuss with management and the external auditor (prior to issuance of earnings announcements and financial statements):
 - 14.1 The Bank's annual financial statements, including financial items to be included in the Annual Report on Form 10-K and/or in the Bank's Annual Report to its Shareholders.
 - 14.2 The audit of the financial statements and related audit report.
 - 14.3 Material changes in the external audit plan.

- 14.4 Any material difficulties, including any restrictions on the scope of work or access to information, or disputes with management.
 - 14.5 The quality and appropriateness of the Bank's accounting principles, as applied in its financial statements.
 - 14.6 Other matters related to the audit that are required by Statements of Auditing Standards to be communicated to the committee .
- XV. The committee will receive, in writing, a confirmation from the external auditor that the audit firm is independent within the meaning of the Securities Act and that it and its activities are in compliance with the Sarbanes-Oxley Act of 2002 insofar as the Bank and its affiliates are concerned. In addition, the committee shall receive such other reports, certifications, and assurances from the external auditor that it is in compliance with the Sarbanes-Oxley Act of 2002, including those specified in "Title II - Auditor Independence" of that Act, as the committee shall deem appropriate. Finally, the committee shall obtain from the external auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under that Act.
- XVI. The committee will discuss independence with the external auditor and recommend that the board of directors take appropriate action regarding any independence issues.
- XVII. The committee will deliver reports of committee activities/actions to the board of directors at appropriate meeting(s) of the board.
- XVIII. The committee will recommend to the board of directors that the audited financial statements be filed with the SEC.
- XIX. The committee shall be authorized from time to time to adopt and revise a complaints and/or a whistle blower policy, subject only to revision by a majority of the entire committee and/or by a majority of the entire board of directors.
- XX. The committee will seek to comply with the requirements of the Securities Exchange Act of 1934, as amended and the Sarbanes-Oxley Act of 2002,

including all rules and regulations promulgated thereunder. In particular the committee shall be mindful of and shall comply with Section 301 of said Act as it applies to the audit committees of issuers (as defined in that Act).

XXI. Each member of the committee, and each internal and external auditor, is hereby required to promptly report in writing to the full board of directors any improper attempt to influence the conduct of an audit in contravention of Section 303 of the Sarbanes-Oxley Act of 2002.

XXII. This Charter is hereby amended to comply with the requirements of the Sarbanes-Oxley Act of 2002.

Amended and Adopted: March 12, 2008

Percy E. Dempsey, III, Chairman