

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): **April 26, 2021**

MID-SOUTHERN BANCORP, INC.

(Exact name of registrant as specified in its charter)

Indiana (State or other jurisdiction of incorporation)	001-38491 (Commission File Number)	82-4821705 (I.R.S. Employer Identification No.)
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300 North Water Street (Address of principal executive offices)	47167 (Zip Code)
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Registrant's telephone number, including area code: **(812) 883-2639**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	MSVB	The NASDAQ Stock Market LLC

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2021, Mid-Southern Bancorp, Inc. issued its earnings release for the quarter ended March 31, 2021. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is being furnished herewith and this list shall constitute the exhibit index:

99.1 [Press release dated April 26, 2021](#)

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.

MID-SOUTHERN BANCORP, INC.

Date: April 26, 2021

/s/ Alexander G. Babey

Alexander G. Babey

President and Chief Executive Officer

Contact:**Alexander G. Babey, President and Chief Executive Officer****Robert W. DeRossett, Chief Financial Officer****Mid-Southern Bancorp, Inc.****812-883-2639****MID-SOUTHERN BANCORP, INC.****REPORTS RESULTS OF OPERATIONS FOR THE FIRST QUARTER ENDED MARCH 31, 2021**

Salem, Indiana—April 26, 2021. Mid-Southern Bancorp, Inc. (the “Company”) (NASDAQ: MSVB), the holding company for Mid-Southern Savings Bank, FSB (the “Bank”), reported net income for the first quarter ended March 31, 2021 of \$378,000 or \$0.13 per diluted share compared to \$385,000 or \$0.12 per diluted share for the same period in 2020.

In light of the events surrounding the COVID-19 pandemic, the Company is continually assessing the effects of the pandemic to its employees, customers and communities. In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted. The CARES Act contains many provisions related to banking, lending, mortgage forbearance and taxation, and the Company supported its customers through the SBA Paycheck Protection Program (“PPP”), loan modifications and deferrals and fee waivers on early withdrawal of certificates of deposit due to hardship. The deadline for PPP loan applications for the first round was extended to August 8, 2020, and during this round in 2020, the Bank funded 29 PPP loans totaling \$474,000. As of March 31, 2021, 25 loans with a total principal balance of \$395,000 received full forgiveness from the SBA, and one PPP loan totaling approximately \$21,000 was charged off during 2020 due to the death of the borrower but is expected to be recovered in full. The remaining three loans had an outstanding principal balance of \$58,000 as of March 31, 2021.

In late December 2020, the Emergency Coronavirus Relief Act of 2020 (the “Relief Act”) was enacted. The Relief Act extended certain provisions of the CARES Act, and allotted \$284 billion to the SBA for a second round of PPP loans. The deadline for PPP loan applications for the second round has been extended from March 31, 2021 to May 31, 2021. For the three months ended March 31, 2021, the Bank has funded 24 PPP loans totaling \$459,000 as part of this second round, and these 24 loans remain outstanding as of March 31, 2021.

While the ultimate impact of the crisis is difficult to predict, management believes the Company is well-capitalized and has the financial stability to continue to responsibly serve its customers and communities during this unprecedented time.

Income Statement Review

Net interest income after provision for loan losses increased \$82,000, or 5.1%, for the quarter ended March 31, 2021 to \$1.7 million. Total interest income decreased \$68,000, or 3.5%, when comparing the two periods, due to a decrease in the yield earned on interest-earning assets partially offset by an increase in the average balance of interest-earning assets. The average tax equivalent yield on interest-earning assets decreased to 3.43% for the quarter ended March 31, 2021 from 3.98% for the quarter ended March 31, 2020, due primarily to a decrease in market interest rates, driven by decreases in the targeted federal funds rate in response to the COVID-19 pandemic. The average balance of interest-earning assets increased to \$228.8 million for the quarter ended March 31, 2021 from \$200.4 million for the quarter ended March 31, 2020, due primarily to increases in investment securities, partially offset by decreases in loans receivable and cash and cash equivalents. Total interest expense decreased \$93,000, or 35.4%, when comparing the two periods due to a decrease in the average cost of interest-bearing liabilities, partially offset by an increase in the average balance of interest-bearing liabilities. The average cost of interest-bearing liabilities decreased to 0.42% for the quarter ended March 31, 2021 from 0.76% for the same period in 2020. The average balance of interest-bearing liabilities increased to \$163.0 million for the quarter ended March 31, 2021 from \$139.0 million for the same period in 2020, due primarily to an increase in the number and balance of savings and interest-bearing demand deposit accounts, partially offset by a decrease in time deposits. As a result of the changes in interest-earning assets and interest-bearing liabilities, the interest rate spread decreased to 3.01% from 3.22% and the net interest margin decreased to 3.13% from 3.46% for the quarters ended March 31, 2021 and 2020, respectively.

Noninterest income increased \$102,000, or 59.3%, for the quarter ended March 31, 2021 as compared to the same period in 2020, due primarily to increases of \$61,000 and \$38,000 in brokered loan fees and ATM and debit card fee income, respectively.

Noninterest expense increased \$226,000, or 16.8%, for the quarter ended March 31, 2021 as compared to the same period in 2020. The increase was due primarily to increases in compensation and benefits of \$135,000, directors' compensation expense of \$26,000, occupancy and equipment expenses of \$25,000, professional fees of \$18,000 and deposit insurance premiums of \$15,000, partially offset by decreases in data processing expenses of \$15,000.

The Company recorded an income tax expense of \$17,000 for the quarter ended March 31, 2021, compared to an expense of \$52,000 for the same period in 2020 resulting from a reduction in our effective tax rate to 4.3% for 2021 compared to 11.9% for 2020. The decrease in the effective tax rate is due largely to increased tax-exempt investment income proportionate to overall pre-tax income.

Balance Sheet Review

Total assets as of March 31, 2021 were \$244.9 million compared to \$235.4 million at December 31, 2020. Increases in cash and cash equivalents of \$14.1 million were partially offset by decreases in investment securities and net loans. Investment securities decreased \$3.4 million due primarily to \$2.4 million in scheduled principal payments and maturities of mortgage-backed and tax-exempt securities and a \$2.0 million increase in the unrealized loss on available for sale securities, partially offset by the purchase of \$1.1 million in available for sale securities. The decrease in net loans was due primarily to decreases of \$1.7 million in multi-family residential loans and \$1.5 million in commercial real estate loans, partially offset by increases of \$1.9 million in commercial business loans. Total liabilities, comprised mostly of deposits, increased \$10.6 million to \$197.0 million as of March 31, 2021. The increase was due primarily to increases of \$9.1 million and \$3.0 million in interest-bearing deposits and noninterest-bearing deposits, respectively, partially offset by a decrease of \$1.0 million in borrowings from the Federal Home Loan Bank of Indianapolis.

Credit Quality

Non-performing loans decreased to \$971,000 at March 31, 2021 compared to \$1.3 million at December 31, 2020, or 0.9% and 1.1% of total loans, respectively. At March 31, 2021, \$573,000 or 59.0% of non-performing loans were current on their loan payments. At March 31, 2021, non-performing troubled debt restructured loans totaled \$206,000. There was no foreclosed real estate owned at either March 31, 2021 or December 31, 2020.

Based on management's analysis of the allowance for loan losses, the Company did not record a provision for loan losses for the quarter ended March 31, 2021, compared to a \$57,000 provision for loan losses for the same period in 2020. The provision for the current quarter reflects expected credit losses based upon the conditions that existed as of March 31, 2021. The Company recognized net recoveries of \$1,000 for the quarter ended March 31, 2021 compared to net charge offs of \$14,000 for the same period in 2020. The allowance for loan losses totaled \$1.6 million, representing 1.4% of total loans at both March 31, 2021 and December 31, 2020. The allowance for loan losses represented 163.7% of non-performing loans at March 31, 2021, compared to 126.5% at December 31, 2020.

Capital

On May 23, 2018, the President signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act passed by Congress (the "Act"). The Act contains a number of provisions extending regulatory relief to banks and savings institutions and their holding companies. Effective January 1, 2020, a bank or savings institution electing to use the Community Bank Leverage Ratio ("CBLR") will generally be considered well-capitalized and to have met the risk-based and leverage capital requirements of the capital regulations if it has a leverage ratio greater than 9.0% (adjusted to 8.0% effective April 1, 2020 and 8.5% effective January 1, 2021). On October 9, 2020, the Office of the Comptroller of the Currency along with the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation, published a final rule, effective November 9, 2020, implementing a temporary change to the CBLR framework pursuant to the CARES Act, providing a graduated increase to the 9.0% requirement as established under the

final rule published in 2019. To be eligible to elect to use the CBLR, the bank or savings institution also must have total consolidated assets of less than \$10 billion, off-balance sheet exposures of 25.0% or less of its total consolidated assets, and trading assets and trading liabilities of 5.0% or less of its total consolidated assets, all as of the end of the most recent quarter. The Bank elected to use the CBLR effective January 1, 2020.

At March 31, 2021, the Bank was considered well-capitalized under applicable federal regulatory capital guidelines with a CBLR of 16.8%.

The Company's stockholders' equity decreased to \$47.9 million at March 31, 2021, from \$49.0 million at December 31, 2020. The decrease was due primarily to a decrease in the accumulated other comprehensive income, net of tax, of \$1.5 million, partially offset by net income of \$378,000. At March 31, 2021, a total of 69,362 shares remain authorized for future purchases under the current stock repurchase plan.

About Mid-Southern Bancorp, Inc.

Mid-Southern Savings Bank, FSB is a federally chartered savings bank headquartered in Salem, Indiana, approximately 40 miles northwest of Louisville, Kentucky. The Bank conducts business from its main office in Salem and through its branch offices located in Mitchell and Orleans, Indiana and loan production offices located in New Albany, Indiana and Louisville, Kentucky.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may be identified by reference to a future period or periods, or by the use of forward-looking terminology, such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect,” “will,” “may,” “continue,” or similar terms or variations on those terms, or the negative of those terms. Forward-looking statements, by their nature, are subject to risks and uncertainties. Certain factors that could cause actual results to differ materially from expected results include the effect of the COVID-19 pandemic, including on the Company’s credit quality and business operations, as well as its impact on general economic and financial market conditions and other uncertainties resulting from the COVID-19 pandemic, such as the extent and duration of the impact on public health, the U.S. and global economies, and consumer and corporate customers, including economic activity, employment levels and market liquidity; increased competitive pressures; changes in the interest rate environment; general economic conditions or conditions within the securities markets; and legislative and regulatory changes affecting financial institutions, including regulatory compliance costs and capital requirements that could adversely affect the business in which the Company and the Bank are engaged; and other factors described in the Company’s latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission that are available on our website at mid-southern.com and on the SEC’s website at www.sec.gov.

The factors listed above could materially affect the Company’s financial performance and could cause the Company’s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

Except as required by applicable law, the Company does not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. When considering forward-looking statements, you should keep in mind these risks and uncertainties. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made.

MID-SOUTHERN BANCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS (Unaudited)
(Dollars in thousands, except per share information)

OPERATING DATA	Three Months Ended March 31,	
	2021	2020
Total interest income	\$ 1,865	\$ 1,933
Total interest expense	170	263
Net interest income	1,695	1,670
Provision for loan losses	—	57
Net interest income after provision for loan losses	1,695	1,613
Total non-interest income	274	172
Total non-interest expense	1,574	1,348
Income before income taxes	395	437
Income tax expense	17	52
Net income	<u>\$ 378</u>	<u>\$ 385</u>
Net income per share attributable to common shareholders:		
Basic	<u>\$ 0.13</u>	<u>\$ 0.12</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.12</u>
Weighted average common shares outstanding:		
Basic	2,965,780	3,345,460
Diluted	2,974,417	3,346,629
BALANCE SHEET INFORMATION	March 31,	December 31,
	2021	2020
Cash and cash equivalents	\$ 23,785	\$ 9,661
Investment securities	101,115	104,487
Loans, net	111,980	113,259
Interest-earning assets	237,462	227,996
Total assets	244,855	235,363
Deposits	186,249	174,113
Borrowings	10,000	11,000
Stockholders' equity	47,880	49,004
Book value per share ⁽¹⁾	15.09	15.44
Tangible book value per share ⁽²⁾	15.09	15.44
Non-performing assets:		
Nonaccrual loans	971	1,256
Accruing loans past due 90 days or more	—	—
Foreclosed real estate	—	—
Troubled debt restructurings on accrual status	913	892

OTHER FINANCIAL DATA

Performance ratios:	Three Months Ended	
	March 31,	
	2021	2020
Cash dividends per share	\$ 0.03	\$ 0.02
Return on average assets (annualized)	0.63 %	0.74 %
Return on average stockholders' equity (annualized)	3.08 %	3.00 %
Net interest margin	3.13 %	3.46 %
Interest rate spread	3.01 %	3.22 %
Efficiency ratio	79.9 %	73.2 %
Average interest-earning assets to average interest-bearing liabilities	140.4 %	144.2 %
Average stockholders' equity to average assets	20.5 %	24.5 %
Stockholders' equity to total assets at end of period	19.6 %	23.8 %

Capital ratios: ⁽³⁾	March 31,	December 31,
	2021	2020
Community Bank Leverage Ratio	16.8 %	17.6 %

Asset quality ratios:	March 31,	December 31,
	2021	2020
Allowance for loan losses as a percent of total loans	1.4 %	1.4 %
Allowance for loan losses as percent of non-performing loans	163.7 %	126.5 %
Net charge-offs to average outstanding loans during the period	0.0 %	0.0 %
Non-performing loans as a percent of total loans	0.9 %	1.1 %
Non-performing assets as a percent of total assets	0.4 %	0.5 %

(1) - We calculate book value per share as total stockholders' equity at the end of the relevant period divided by the outstanding number of our common shares at the end of each period.

(2) - Tangible book value per share is a non-GAAP financial measure. We calculate tangible book value per share as total stockholders' equity at the end of the relevant period, less goodwill and other intangible assets, divided by the outstanding number of our common shares at the end of each period. The most directly comparable GAAP financial measure is book value per share. We had no goodwill or other intangible assets as of any of the dates indicated. As a result, tangible book value per share is the same as book value per share as of each of the dates indicated. We provide the tangible book value per share in addition to those defined by banking regulators because of its widespread use by investors as a means to evaluate capital adequacy.

(3) - Effective January 1, 2020, the Bank elected to use the CBLR, as provided by the Act. The Act contains a number of provisions extending regulatory relief to banks and savings institutions and their holding companies. A bank or savings institution that elects to use the CBLR will generally be considered well-capitalized and to have met the risk-based and leverage capital requirements of the capital regulations if it has a leverage ratio greater than 9.0% (adjusted to 8.0% effective April 1, 2020 and 8.5% effective January 1, 2021).