

# 2018

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ANNUAL REPORT

# THE ORIGIN VISION

TO CREATE UNIQUE BANKING EXPERIENCES THAT IMPACT THE WORLD AROUND US

**BEST BANKS TO WORK FOR 6 CONSECUTIVE YEARS**

AMERICAN BANKER

**OVER 250 ORGANIZATIONS SERVED**

IN OUR COMMUNITIES SINCE 2018

**41 BANKING CENTERS**

SERVING 22 COMMUNITIES



**TEXAS**

**TOP 100 PLACES TO WORK**

DALLAS MORNING NEWS

**BEST COMPANY TO WORK FOR**

FORT WORTH INC.



**LOUISIANA**

**BEST BANK FOR 12 CONSECUTIVE YEARS**

DELTA STYLE BEST OF THE DELTA AWARD

**BEST COMPANY TO WORK FOR**

FORT WORTH INC.



**MISSISSIPPI**

**TOP 100 PLACES TO WORK**

MISSISSIPPI BUSINESS JOURNAL

**BEST OF MS**

MISSISSIPPI BUSINESS JOURNAL



# LETTER FROM THE CEO

As I look back on all that took place in 2018, I am filled with a sense of pride in what our team was able to accomplish. When we set out to become a public company, we outlined a vision of the following key factors that are instrumental in the successful execution of our strategy.

■ CONTINUING OUR STRONG DEPOSIT FRANCHISE AND PROVEN TRACK RECORD OF ROBUST ORGANIC GROWTH

■ LEVERAGING RECENT INVESTMENTS IN OUR INFRASTRUCTURE TO CREATE EFFICIENT SCALE

■ FOCUSING ON OUR LEGACY MARKETS, WHICH PROVIDE LOW-COST FUNDING, TO GROW HIGHER YIELDING ASSETS IN LARGER METROPOLITAN AREAS

■ CENTRALIZING OUR OPERATIONS IN LOUISIANA TO PROVIDE EFFICIENCIES, ENHANCING PERFORMANCE

■ BOLSTERING OUR ORGANIC GROWTH BY LIFTING OUT TALENTED BANKING TEAMS IN KEY MARKETS

■ POSITIONING OURSELVES TO CAPITALIZE ON STRATEGIC M&A OPPORTUNITIES

In 2018, we delivered on our promises, and moving into 2019, we will continue to execute our strategic plan. We experienced significant improvement during 2018 as a company. Net income increased by \$36.9 million and earnings per share increased by \$1.70. Our net interest income was at a historically high level of \$153.5 million, representing an increase of \$23.1 million, or 17.8%. Total loans held for investment increased by 16.9% and total deposits grew by 7.7%. We also saw net interest margin improve to 3.75%, on a fully tax equivalent basis, an increase of 23 basis points from the previous year, and return on average assets increased 80 basis points to 1.16%.

Even as we have experienced significant growth, we remain focused on preserving our culture, which has been the foundation of our success for over a century. Our mission continues to include passionately pursuing ways to make banking more rewarding for our customers, employees, shareholders and communities. We are relationship-driven in all that we do. As proud as I am about the financial performance for the year, I am equally as proud of our team and their commitment to what we stand for and how we deliver results for our stakeholders.

## LOAN GROWTH

We have consistently emphasized the importance of building core relationships throughout our markets, and the growth we experienced in our loan portfolio in 2018 speaks to that emphasis. Our strategy is centered on organic growth, which includes hiring seasoned bankers and banking teams throughout our markets. Our teams remained focused on commercial lending to small and medium-sized businesses as well as their owners and executives. In 2018, loans held for investment grew 16.9%, or \$548.1 million. Commercial and industrial loans increased \$283.3 million in 2018, while commercial real estate loans increased \$145.1 million for the year. Moving forward, we will strive to continue building high quality relationships through our lending platform.

## DEPOSIT GROWTH

Throughout 2018, our bankers were strategically focused on core deposit growth and they remain committed to developing relationships and attracting quality deposits as we move into 2019. Total deposits at December 31, 2018, were \$3.78 billion, an increase of \$271.1 million compared to December 31, 2017. Noninterest-bearing deposit growth was a significant point of emphasis for Origin in 2018, and noninterest-bearing deposits accounted for 44% of our total deposit growth in 2018, which was instrumental in helping us keep our total cost of deposits low.

## **ASSET QUALITY**

In 2018, Origin continued our track record of strong credit quality across our core commercial lending portfolio. This is evidenced by the decrease in net charge-offs to average total loans held for investment, which was 0.13% for 2018, compared to 0.69% for 2017. We are proud that our significant loan growth in 2018 did not come at the expense of credit quality, and we remain committed to pursuing quality lending opportunities that create a strong balance sheet with a clean loan portfolio. We will continue to focus on proactively maintaining the credit standards and support that have served us well throughout our history.

## **INVESTING IN PEOPLE**

Our employees' commitment to our mission, vision and values has played a vital role in our success and growth over the past three decades. One aspect of Origin that makes us unique is the number of talented people who are dedicated to our organization and our ability to promote from within. This year, we were proud to elevate Lance Hall to President of Origin Bank. Lance has a deep passion for Origin and has demonstrated his ability to perform at a high level throughout his career. He has been a valuable partner to me and has been instrumental to the growth and success of our company.

Along with internal promotions, we have added new bankers across our markets in 2018 who were driven, in part, to join our Origin team because of our culture and dedication to strong relationships with our customers. This year, we were also excited to welcome Steve Brolly as our Chief Financial Officer. Steve's experience working with public companies has been extremely valuable and we are confident we will continue to benefit from his expertise as we move forward. Both Lance and Steve were instrumental in our successful initial public offering in May.

Our people consistently step up to meet challenges and capitalize on opportunities presented. Our new team members have embraced the Origin culture and have been welcomed into our organization in a dynamic way. Origin is strong because of our people, who are providing the highest level of service to our stakeholders.

## **INITIAL PUBLIC OFFERING**

In May 2018, Origin successfully completed our initial public offering (IPO). We issued over three million shares with net proceeds, before expenses, totaling approximately \$96.3 million, a portion of which we used to redeem all outstanding shares of our Series SBLF preferred stock. This redemption simplified our capital structure and lowered our overall cost of equity. I am grateful to our team and our partners who were instrumental in seeing this process through to completion.

## **CONCLUSION**

Origin is operating from a position of strength as we enter the next step in the evolution of our company. While I am pleased with our growth and profitability for 2018, I am also proud of our improved efficiency. Our efficiency ratio decreased from 81.93% in 2017 to 67.41% at the end of 2018. Through our IPO, we strengthened our capital position, allowing for deployment through continued organic growth and strategic acquisitions. This past year we completed the acquisition of Reeves, Coon & Funderburg, an independent insurance agency with locations throughout Louisiana. This acquisition solidifies our presence as one of the largest independent insurance agencies in north Louisiana, and will enhance our noninterest income mix in the coming years.

We have a great deal to be proud of as we reflect on 2018, but we also are aware of the challenges and opportunities before us. Like many in the banking industry, we face a tightening liquidity situation. While continuing to deliver strong, high-quality loan growth will remain a key priority for our markets, we are focused on driving core deposit growth. To execute our strategy, we have increased our emphasis on maximizing deposit relationships.

While we cannot predict what 2019 holds, we are confident in our ability to successfully adapt. We believe our future growth and profitability will be predicated on our commitment to differentiate our company by creating a unique client experience as we continue to operate as a relationship-focused community bank. Our emphasis on culture remains. This is evident by being recognized for the sixth consecutive year as one of the Best Banks to Work For by American Banker magazine. Our approach has proven effective throughout our history in attracting and retaining clients and employees, while growing our presence in our communities and driving shareholder value. These four segments of our mission: customers, employees, shareholders and communities, will remain our focus in 2019. On behalf of our employees and our board of directors, thank you for your investment and continued support.



### **DRAKE MILLS**

Chairman of the Board,  
President & Chief Executive Officer  
Origin Bancorp, Inc.

# FINANCIAL HIGHLIGHTS

## FOR THE YEAR ENDED DECEMBER 31,

(dollar amounts in thousands except per share data)

SUMMARY INCOME STATEMENT	2018	2017
Net Interest Income	\$ 153,452	\$ 130,305
Provision for Credit Losses	1,014	8,336
Noninterest Income	41,240	29,187
Noninterest Expense	131,236	130,674
Net Income	51,605	14,669
SUMMARY BALANCE SHEET		
Total Loans Held for Investment	\$ 3,789,105	\$ 3,241,031
Total Assets	4,821,576	4,153,995
Total Deposits	3,783,138	3,512,014
Total Stockholders' Equity <sup>(1)</sup>	549,779	455,342
PER COMMON SHARE DATA		
Diluted Earnings Per Common Share	\$ 2.20	\$ 0.50
Cash Dividends Declared Per Common Share	0.13	0.13
Book Value Per Common Share	23.17	19.99
RATIOS		
Return on Average Assets <sup>(2)</sup>	1.16%	0.36%
Return on Average Equity <sup>(2)</sup>	10.07%	3.19%
Tier 1 Capital Ratio <sup>(3)</sup>	12.16%	11.25%
Total Capital Ratio <sup>(3)</sup>	12.98%	12.26%

<sup>(1)</sup> Includes shares owned by our Employee Retirement Plan for periods prior to December 31, 2018.

<sup>(2)</sup> All average balances are calculated using average daily balances.

<sup>(3)</sup> Calculated using standards and criteria established by federal regulations for financial institutions, as applicable.

# THE BOARD OF DIRECTORS

ORIGIN BANCORP, INC. / ORIGIN BANK

**John Buske**<sup>1</sup>

Retired Businessman

**James D'Agostino, Jr.**

Encore Interests LLC  
Managing Director

**James Davison, Jr.**

Investments

**Oliver Goldstein**<sup>2</sup>

Pine Brook®  
Managing Director

**Michael Jones**

Certified Public Accountant

**Gary Luffey, M.D.**

Green Clinic  
Partner

**Farrell Malone**

KPMG LLP  
Partner (Retired)

**Drake Mills**

Chairman, President &  
Chief Executive Officer

**Ronnie Myrick**

Origin Bank  
Chairman

**John Pietrzak**<sup>1</sup>

Castle Creek®  
Managing Principal

**George Snellings**

Nelson, Zentner, Sartor  
& Snellings, LLC  
Attorney

**Elizabeth Solender**

Solender/Hall, Inc.  
President

**Steven Taylor**

Auto Dealer

**John Emory**

Chairman Emeritus

## ORIGIN BANK MANAGEMENT

**Drake Mills** - Chief Executive Officer

**Chase Anderson**

Chief Accounting Officer

**Warrie Birdwell**

Regional President  
North Texas

**Steve Brolly**

Chief Financial Officer

**Russ Chase**

Chief Community Banking  
Officer

**Jim Crotwell**

Deputy Chief Risk &  
Credit Officer

**Cary Davis**

Chief Risk Officer

**Lance Hall**

President

**Josh Hammett**

Chief Information  
Officer

**David Harrison**

Chief Audit  
Executive

**Grant James**

Regional President  
Fort Worth

**Ryan Kilpatrick**

Chief Brand &  
Communications Officer

**Larry Little**

State President  
Louisiana

**Regina McNeill**

Market Analytics &  
Strategic Planning

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Regional President  
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Chief Retail Banking  
Officer

**Ken Simmons**

Chief Compliance  
Officer

**Linda Tuten**

Chief People &  
Diversity Officer

**Debbie Williamson**

Chief Operations  
Officer

<sup>1</sup> Retiring, effective April 24, 2019

<sup>2</sup> Resigned, effective February 1, 2019



[www.Origin.bank](http://www.Origin.bank)

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