Origin Bancorp, Inc.
Second Quarter 2026
Earnings Call - Transcript

Transcribed By:

FINSIGHT
530 7th Avenue
New York, NY 10018

DISCLAIMER:

FINSIGHT makes every effort to ensure an accurate transcription. Enclosed is the output of transcribing from an audio recording. Although the transcription is largely accurate, in some cases, it may be incomplete or inaccurate due to inaudible passages or transcription errors. This transcript is provided as an aid to understanding but should not be treated as an authoritative record. FINSIGHT makes no representations or warranties to the accuracy and completeness of this transcript.

Evercall Moderator

Ladies and gentlemen, good morning and welcome to the Origin Bancorp, Inc. Second Quarter 2026 Earnings Call. My name is Tom and I'll be your Evercall coordinator. The format of the call includes prepared remarks from the company followed by a Q&A session. All attendees will be on a listen-only mode until the Q&A portion of the call. Please note this event is being recorded.

I would now like to turn the conference call over to Chris Reigelman, Director of Investor Relations. Please go ahead.

Chris Reigelman (Origin Bancorp)

Good morning and thank you for joining us today. We issued our earnings press release yesterday afternoon, a copy of which is available on our website, along with a slide presentation that we will refer to during this call.

Please refer to page 2 of our slide presentation, which includes our safe harbor statements regarding forward looking statements and use of non-GAAP financial measures. For those joining by phone, please note the slide presentation is available on our website at ir.origin.bank. Please also note that our safe harbor statements are available on page 7 of our earnings release filed with the SEC yesterday.

All comments made during today's call are subject to the safe harbor statements in our slide presentation and earnings release.

I'm joined this morning by Origin Bancorp's Chairman, President & CEO, Drake Mills; President and CEO of Origin Bank, Lance Hall; our Chief Financial Officer, Wally Wallace; Chief Risk Officer, Jim Crotwell; our Chief Accounting Officer, Steve Brolly; and our Chief Credit and Banking Officer, Preston Moore. After the presentation, we will be happy to address any questions you may have.

Drake, the call is yours.

Drake Mills (Origin Bancorp)

Thanks Chris, and thanks for being with us this morning.

This quarter marks another important step in the work we started about 18 months ago with Optimized Origin. We have remained disciplined in executing a strategy centered on delivering elite financial performance while strengthening the culture that has always differentiated Origin.

Today we are seeing the benefits of that work across our company.

We reported strong net income, ROA, and ROE results in Q2. We achieved these results while maintaining disciplined growth, strong credit performance, and continued investment in our people and our franchise. We believe the best long-term results come from balancing strong profitability with disciplined execution.

What encourages me most is the consistency of our performance. Optimize Origin has become the way we operate. It influences how we allocate capital, how we invest in technology, how we recruit talent, how we serve clients, and ultimately how we create value for our shareholders.

The opportunities we've discussed over the last several quarters continue to grow. The disruption we're seeing across our markets continues to create opportunities. Talented bankers and quality clients are looking for stability, a strong culture, and a long-term partner. Our teams continue to capitalize on this disruption. We are well positioned to grow relationships without compromising the credit standards and client selection process that have helped define Origin's success.

As we move through the remainder of 2026, our objectives remain clear. We will continue to execute on Optimize Origin, invest strategically across our footprint, attract exceptional talent, and appropriately deploy excess capital. These priorities position us well to achieve our near-term financial targets, while continuing our pursuit of becoming a top-quartile performer.

Now, I'll turn it over to Lance and the team.

Lance Hall (Origin Bancorp)

Thanks Drake, and good morning.

Over the past 18 months, Optimize Origin has transformed the way we operate. We are becoming a more disciplined, more intelligent, and more scalable organization. Optimize represents the intersection of focused execution, strategic investment, and the ability to capitalize on market disruption that positions Origin for long-term value creation.

The results we are reporting this quarter highlight the generational market disruption opportunity in our footprint on both the banker and client acquisition fronts. Since 04/01, we added 12 experienced bankers as part of our targeted and disciplined lift-out strategy. That follows the 15 bankers we added during the first quarter.

In Q2, we expanded into Birmingham, Alabama, with a well-known team of local, experienced bankers. We also added production talent in North Texas, Houston, East Texas and Mississippi. These additions reinforce our belief that Origin is increasingly becoming an institution of choice for talented bankers and quality clients who believe that trust is earned, not acquired. Great bankers attract great clients, and we are seeing that play out across our markets.

I am equally encouraged by the balance and discipline of our growth. Year to date, C&I and owner-occupied commercial real estate grew $196M, other commercial real estate categories grew $167M, and mortgage warehouse grew $61M. This healthy growth is based on full relationships with disciplined pricing and attractive long-term returns.

Our strategic investments in growth markets continue to validate our vision. Through the first half of the year, our Texas and Southeast markets generated $323M of loan growth, including roughly $250M from Texas alone on approximately $860M of new loan production. The market disruption opportunity is real. We are taking advantage of this opportunity during this period with new bankers, new clients, new production and strong pipelines across the company.

Our objective clearly is not just to grow asset size. Through data and models, our focus is on relationship profitability, pricing, core deposit generation, and long-term returns. That discipline – on both the asset and funding sides of the balance sheet – is becoming an important differentiator for Origin.

On the deposit side, I am very encouraged how we are executing. Noninterest-bearing deposits increased nearly $200M during the quarter and are now 26% of total deposits. That is a meaningful outcome, but more importantly, it's evidence that our bankers are winning primary banking relationships.

This is supported as I look more deeply into our deposit account-opening data. Account openings accelerated meaningfully during the first half of the year, up more than 36% year-over-year. The pace continued to build throughout Q2. June was the strongest month for deposit account openings in the last 18 months, with account openings up 82% year-over-year. To me, this growth is one of the clearest indicators that our relationship strategy is gaining traction. Deposit account growth is not just a funding metric; it is a client acquisition metric. It tells us that the businesses and families across our markets are choosing Origin as their primary banking partner.

While we continue investing in talented bankers, we are also making meaningful investments in technology, artificial intelligence, and data to enhance our operating model. These investments are designed to give our bankers better information, faster insights, and simpler processes so they can spend time doing what differentiates Origin – building deep relationships with clients. We believe these investments will improve productivity, enhance decision making, and allow us to scale the franchise more efficiently.

Finally, I want to spend a moment on culture because I believe it is directly connected to the financial results we are producing. As highlighted on Slide 7 of our presentation, our most recent Glint survey produced the highest scores in our company's history across Culture, Engagement, Employee Satisfaction, and Willingness to Recommend. These results are among the top 10% globally across all industries and reflect years of intentional investment in our people, our leadership, and our values. As our industry continues to evolve, I believe that Origin's culture remains one of our most meaningful competitive advantages. I am so optimistic about the momentum we are building and the opportunities ahead for Origin.

With that, I'll turn it over to Jim.

Jim Crotwell (Origin Bancorp)

Thanks Lance.

We experienced sound and improving credit metrics during Q2 of 2026.

Total past dues 30 to 89 days and accruing decreased to 0.06%, reflecting the lowest level over the past five quarters.

Net Charge-offs for the quarter were only $454K, benefiting from recoveries totaling $2M. On a percentage basis, annualized net charge-offs for the quarter were 0.02% and 0.08% year to date.

Non-performing assets decreased $9M, to 0.98% of loans representing the lowest level over the past five quarters.

Classified Assets also decreased to 1.79% from 1.97% as of the prior quarter, a decline of $10.2M driven primarily by the downgrade of four relationships more than offset by balance reductions in seven relationships.

For the quarter, our Allowance for Credit Losses declined $827K to $98.2M. On a percentage basis, our allowance reduced from 1.34% to 1.30% of total loans net of Mortgage Warehouse. As in recent quarters, we did not experience any significant changes in our CECL model assumptions with the primary drivers of the reserve for Q2 being the $5.5M in required reserves related to new loan production being offset by the $4.5M reserve release related to credit migration including payoffs as well as the $1.6M release driven by the reduction in historical loss factors within the CECL model.

As to total ADC and CRE and as we have shared on previous calls, we continue to have ample capacity to meet the needs of our clients and grow this segment of our portfolio, reflecting funding to total risked based capital of 51% for ADC and 237% for CRE.

We continue to be pleased with the sound credit performance of our portfolio.

I'll now turn it over to Wally.

Wally Wallace (Origin Bancorp)

Thanks Jim, and good morning everyone.

Turning to our financial highlights, in Q2 we reported diluted earnings per share of $1.09, representing our strongest quarterly earnings performance since Q4 2021. Net income totaled $33.8M, resulting in a return on average assets of 1.35%, well above our 1.15% near-term run-rate objective and another meaningful step toward our long-term goal of becoming a top-quartile performer. On a pre-tax, pre-provision basis, ROA was 1.73%. As you can see on Slide 26, notable items were negligible during the quarter resulting in no impact to EPS.

On the balance sheet side, loans grew 2.7% sequentially and 1.9% when excluding mortgage warehouse. Total deposits declined 0.6% during the quarter, consistent with seasonal trends. Importantly, noninterest bearing deposits grew 9.6% sequentially and 5.2% on an average basis, ending the quarter at 26% of total deposits, or 25% on an average basis. Moving forward, we continue to target loan and deposit growth in the mid- to high-single digits for the year, though we are still tracking towards the higher end of the range.

Turning to the Income Statement, Net Interest Margin expanded 21 basis points during the quarter to 3.92%, substantially exceeding our expectations entering the quarter. This expansion drove a 5.7% sequential increase in net interest income to $92.2M despite a 1.0% decline in average earning assets. Margin expansion was driven by a combination of improved loan yields, slightly lower cost of deposits, and runoff of excess liquidity due to normal seasonality in our deposit portfolio during the quarter. Moving forward, we have removed any Fed rate actions from our forecast for the remainder of the year, and we expect margin will remain relatively flat. Combined with our balance sheet growth expectations, we now anticipate net interest income growth in the high-single digits for both the full year and Q4 over Q4.

Shifting to noninterest income, we reported $15.4M in Q2. Excluding notable items, noninterest income decreased to $15.4M from $16.4M in Q1, primarily due to normal seasonality in our insurance business. We continue to track toward the lower end of our prior noninterest income outlook, resulting in an adjusted outlook for full year noninterest income growth in the low- to mid-single digits with Q4 over Q4 growth in the low-single digits, when excluding notable items.

We reported noninterest expense of $64.4M in Q2. Excluding $0.1M in net expense from notable items in Q2 and $1.0M in Q1, noninterest expense increased to $64.3M from $62.8M in Q1, consistent with our expectations. Our expense growth outlook remains mid-single digit growth for both the full year and on a Q4 over Q4 basis, after excluding notable items. Notably, we are maintaining our run-rate ROA expectation of at least 1.15% in Q4 and a pre-tax, pre-provision run rate ROA in excess of 1.72%, though we are tracking ahead of expectations.

Lastly, turning to capital, we note that Q2 tangible book value grew sequentially to $36.37, the 15th consecutive quarter of growth, and the TCE ratio ended the quarter at 11.1%. During Q2, we repurchased 217,034 shares at an average price of $46.60, while maintaining all regulatory capital ratios above levels considered well capitalized. Notably, the board increased our share repurchase authorization by $100M leaving $121.6 million in remaining authorization. During the quarter, we also continued returning capital through our recently increased quarterly dividend. We believe our balance sheet, earnings profile, and capital position provide us with significant flexibility as we continue investing in growth while also returning capital to shareholders as appropriate.

With that, I'll turn it back over to Drake.

Drake Mills (Origin Bancorp)

Thanks Wally.

Over the past several quarters, we've talked extensively about Optimize Origin and the transformation across our company. Today, we're seeing what that transformation looks like when it's more fully reflected in our financial performance.

This quarter wasn't simply about reporting strong earnings. It was about demonstrating that we can consistently produce higher levels of profitability while remaining disciplined in how we grow, how we manage risk, and how we invest in our people and our communities.

I'm extremely confident in Origin's future. Our markets present outstanding long-term opportunities. We are attracting talented bankers and high-quality clients. Our investments in technology and innovation are improving how we serve our customers and how we operate as an organization. And perhaps most importantly, we are executing with a high-level of discipline.

When I step back and look at Origin today compared to 18 months ago, I see a fundamentally different company. Through Optimize Origin, we've become more disciplined in our execution, more intentional in our investments, more data-driven in our decisions, and more focused on long-term value.

The results we're discussing today aren't the destination; it's evidence that the transformation is working.

Thanks for being on the call. We'll open it up for questions.

Evercall Moderator

Thank you again, team.

Ladies and gentlemen, at this time we will conduct the Q&A session. If you'd like to ask a question, please press *1 on your telephone keypad to enter the queue, or if you've joined via web, please press the raise hand icon on the right side of your Deal Roadshow screen. Again, that'll be *1 on your telephone keypad or the raise hand icon on the right side of your Deal Roadshow screen. We will pause here briefly to allow any questions to generate.

Our first question comes from Matt with Stephens. Matt, your line is open, you may proceed.

Matt Olney (Stephens)

Hey, thanks. Good morning. I appreciate you taking my questions.

Starting on the loan growth front. Another quarter of solid loan growth, based on Lance's comments, a lot of that growth was in Texas and also in the Southeast markets. Just any, any more color you can share about the loan growth, the loan pipeline from here, and specifically what you're seeing around loan pricing. I think Wally mentioned in the Q2 that the loan yields improved. Anything to call out there. Thanks.

Lance Hall (Origin Bancorp)

Yeah, hey, good morning. Thanks.

Yeah, we're incredibly proud and optimistic at the same time of what we're seeing on the loan side. Really a combination of, you know, the fact that we really just have dynamic markets that we're working in, and in Houston, Dallas, our investments we made. I actually saw a chart the other day, Matt, that KBW put out talking about dislocation markets. Across the US and the #2 market was Houston, the #4 market was Dallas, the #6 market was Birmingham. So I think it aligns with where our investments are, where we're focused on liftouts, where we're investing in teams, and I think that makes a ton of sense.

We've actually had loan growth in all of our markets, but the primary driver has been in Texas in the Southeast, as you would expect. Very, very granular in what we're seeing across those footprints. I mean, our average loan size is still about 590K going through with Preston and Jim, kind of the industries of the markets that we're seeing those come across. More than 50% of our loan growth has been CNI for the year. The CERE is exactly what you would expect for us, and it's been reflected in our credit quality. So just incredibly, incredibly positive.

On the pricing side, our new loans for the month, the most recent month, are coming in about 6.4%. So the discipline has been strong, really proud of our bankers and what they're accomplishing. We're seeing just full relationships. I mean, Treasury management revenue continues to grow about 15% annualized, so just an incredibly positive story there.

Clearly we are seeing pricing pressure from our competitors on, sort of, on the loan and the deposit side, and we're also starting to see term pressure. I would say looking at some larger relationships across the market, we're seeing a lot of our competitors sort of offer non-recourse and more regularly than we've been seeing before. That not the way that we've modeled our business. I mean, we're pretty conservative on our credit culture and our credit quality, so I think we'll continue to do that.

That being said, the pipelines remain very strong because of the markets, but also because of the liftouts. We've done a good job, as we talked about. Now, I think its 27 hires this year, being very strategic with those hires. At this point, only $12M of our loan growth has come from bankers that have been hired in 2026. So I think the theme for us continues to be, you know, ROA ramp, but at the same time investing on future revenue streams.

Matt Olney (Stephens)

OK, that's great, Lance. Appreciate the commentary on that.

And then I guess if I were to switch over to deposits, I'm curious about deposit pricing.

Obviously we didn't see any deposit growth in Q2 from the seasonality that I mentioned, but I think the guidance implies you do expect some good deposit growth the back half of the year. So just any more color of what you're seeing on deposit growth in the back half of the year and where you expect it to come from just trying to get a better idea of If we should anticipate your average deposit costs moving higher from here, thanks.

Lance Hall (Origin Bancorp)

Yeah, the most recent kind of new deposit costs for us are about 2.7%. Q2, that didn't surprise us as we've talked about a lot, you know, as you know our story, the seasonality there with, you know, being here for over 100 years, we have deep relationships with community partners, so our public fund portfolio kind of moves down in the Q2 and we'll see it ramp back up in Q4 and Q1 of next year.

Also with the balance of CNI that we have, tax dollars affect us in Q2 probably more than other banks. But overall deposits is a big positive story for us. I was looking at year over year we've had about 7.5% growth in deposits, so it's a little over 600M, but the exciting part was we had 23% growth in NIBs, and I think that kind of goes back to using data the way we're using it to focus our bankers on CNI growth and CNI clients.

The interesting story is just how real dislocation is in our markets. I was looking at new deposit account openings, and that story has been extraordinary. I’m going to give you some numbers. I mean, we opened over 1.8k new deposit accounts in June. Go back 12 months ago, that was right under 1k. So I mean literally almost doubling the new deposit accounts we're seeing, and I would say, you know, while that is a combination of lift out, it's also an extreme effect of what we're seeing as far as dislocation, new client acquisition, client dissatisfaction in the market from some of our competitors. That is ramping every month, and I could think that's going to continue to be that. So while our loan pipelines are good, I'm confident in our ability to fund that.

Matt Olney (Stephens)

OK, thanks for the commentary guys. I'll step back.

Drake Mills (Origin Bancorp)

Thank you, Matt.

Evercall Moderator

Thank you again, Matt. Our next question comes from Woody with KBW. Woody, your line is open, you may proceed.

Woody Lay (KBW)

Hey, good morning guys.

Drake Mills (Origin Bancorp)

Good morning, Woody. How are you doing?

Woody Lay (KBW)

I'm doing good.

I wanted to follow up on the non-interest bearing and, you know, have you noticed, or as you noted, the growth you saw in the quarter was really impressive, and I was just wondering, you know, how sticky do you think that growth ultimately is, because it does feel like if it is sticky, then, you know, that could be a positive to total cost of deposits, next quarter.

Drake Mills (Origin Bancorp)

Yeah, Woody. I think there's the between lift outs and between market disruption, but our focus on CNI and the impact that these non-interest bearing accounts and relationships are having, I think are extremely sticky. I think that's why I feel the focus we have on growing that side of the business and how our lift out strategy is focused on CNI lenders is really starting to pay dividends. So I think it's one of the stickiest dollars we have other than, you know, through the utilization of those into the company's investments and those types of activities, but we're really pleased with that growth on the NIB side.

Woody Lay (KBW)

Got it.

And then maybe if I could shift to fee income, and just wanted some color on the Origin fees this quarter. It looks like they took a step down, and just was curious on the outlook there.

Wally Wallace (Origin Bancorp)

Yeah, hey, Woody.

So we, we book the Argent, our portion of Argent income on an estimate basis, and from time to time we just have to adjust the estimates for based on actuals, and I would just say that since Argent's acquisition of the Huntington Trust business, their earnings have been a little bit more volatile, but net, our outlook for the year remains unchanged right in that kind of five to $6M range which we've spoken about consistently.

Woody Lay (KBW)

OK, got it.

And, then maybe just last for me, just curious, you know, given all the growth momentum you have, it feels like a $10B cross is likely this year. Is that still the plan? And could you just remind us of the impact of Durbin and some of the levers you have to help offset that.

Drake Mills (Origin Bancorp)

Yeah, well we've completely crossed it, I mean, we're over the $10B mark. We're there. Great relationship with everyone working towards making sure that we're prepared and behind, have most of that behind us. Durbin amendment impacts us mid-year next year, and that's going to be in the four to $4.5M range, but we're working feverishly to have other opportunities to replace that. You know originally the wonderful relationship we have with our Argent partners and what they were able to, what they're, it's amazing what they're, how they're growing the company and how impactful they are. That was always a plan for us to utilize that relationship and the equity method of accounting to be able to offset the Durbin impact. But we're there, we're over $10B. We have great growth. We have most of the costs behind us, obviously. We will continue to improve on our audit process, we still have some investment there and certainly IT audit in some areas like that, but we're in a good place today and have the majority of that $10B cost behind us.

Woody Lay (KBW)

All right, well, I appreciate all the color. Congrats on the strong quarter.

Drake Mills (Origin Bancorp)

Thank you.

Evercall Moderator

Thank you again, Woody.

Our next question comes from Michael with Raymond James and Associates. Michael, your line is open. You may proceed.

Michael Rose (Raymond James & Associates Inc (Raymond James))

Hey, good morning, guys. Thanks for taking my questions.

Just wanted to go back to the loan side. Obviously I understand that not much of the growth has come from the hires that you've put on the books this year. Also saw that you just opened the Birmingham market, which is good to see. You're already talking towards the upper end. It does assume some deceleration in the back half of the year, I guess with driving that and. I guess the real question is there potential upside to that, that outlook just based on all the commentary on pipelines, hiring, kind of etc? Thanks.

Lance Hall (Origin Bancorp)

Yeah, hey, thanks. Good question.

Yeah, you know what is hard for us to control obviously is competition when it comes to sort of terms and rates, and so that kind of makes us stay to that sort of mid to high single digit, but you're not wrong in the sense that everything we're seeing from a pipeline perspective, especially once we get past kind of non-solicitation time frames on these new hires, I agree with you.

Couldn't be more excited for Will and the team that we hired in Birmingham and the business that they're going to build there. We've had, as I've talked about 12 new hires across our footprint, excited about what we're doing in East Texas. So I am also very optimistic and think that there's an upside to what we're doing, and it's going to just be really subject to kind of the battle around terms and rates on some of the bigger CNI stuff, but I feel confident in our ability there.

Michael Rose (Raymond James & Associates Inc (Raymond James))

Helpful. And then maybe one for Wally, just as it relates to the margin. I'm sorry if I missed this, but any one-timers in there this quarter, because the guide just to get to the kind of…I know it's plus or minus five bids, but if I were just to get to the 385, it would apply some downside from here so just want to understand the puts and takes. Thanks.

Wally Wallace (Origin Bancorp)

Right now, in our modeling, Michael, we're modeling margin will be essentially flat to the Q2, in the third and fourth quarters. The Q2 did have some, some interest reversal or recovery on non-accrual loans. That was about three basis points of benefit.

You know, we've got, call it a quarter of a billion of fixed-rate loans that will reprice or pay off in the back half of the year we're picking up based on current pricing, about

160–170 basis points on those. In our securities portfolio, we have about $35–40M of principal roll-off each quarter. We're picking up about 100 basis points as we reinvest those monies. So there's some good tailwinds to help for them, but we are modeling that deposit pricing pressures and loan pricing pressures will be somewhat of an offset of that.

So, I would say the real big thing that would kind of shift that plus or minus five basis points is really liquidity. You saw, if you look at our average cash balances, they declined about $400M during the quarter, which was a pretty meaningful positive impact to net interest margin. If seasonality builds or we have large success bringing deposits on faster than loans, you could see some pressure to net interest margin, but that would be very positive to net interest income so we'll take that pressure.

Michael Rose (Raymond James & Associates Inc (Raymond James))

Very helpful. I'll step back. Thanks for taking my questions, guys.

Evercall Moderator

Thank you again, Michael. Our next question comes from Gary with D.A Davidson. Gary, your line is open. You may proceed.

Gary Tenner (D.A Davidson)

Thanks. Good morning.

I wanted to kind of go back to the loan yield conversation earlier. I think you kind of suggested what you're seeing this quarter, but I'm curious, given the benefit to NIM from loan yield pickup in the Q2, if you could give us a sense of, kind of, what the origination yields were in the Q2 versus what you saw in Q2.

Wally Wallace (Origin Bancorp)

So, as Lance mentioned, our new loan pricing has been right around 640, and that's been pretty consistent. I mean, we'll have five to 10 basis points swings depending on mix from month to month, but pretty consistently around that 640 range this year. Every month.

Gary Tenner (D.A Davidson)

OK, so you had, you've not really seen much in the way of spread compression really evolving recently, is that kind of the read?

Lance Hall (Origin Bancorp)

Yeah, we have not, but I think that's, you know, kind of a function that we've stayed pretty disciplined on that, you know, as we're seeing competition out there, you are seeing banks take lower sofa spreads than we've been doing, so you kind of feel it on the horizon, but at this point it hasn't affected us.

Gary Tenner (D.A Davidson)

OK, I appreciate that, and you talked, you know, many times over the past several quarters about, kind of, the market opportunity you mentioned dislocation several times on, today's call and obviously the recruiting strategy has played out well. Can you talk about expectations around that for the back half of the year?

Lance Hall (Origin Bancorp)

Yeah, I think it's still our number one priority as we think about the opportunity we have today to really create transformational growth for us in franchise value through market share of growing.

What I think is kind of the best markets in America right now. So, you know, I kind of made the comment last quarter. I think I felt like last year I was spending all my time focused around, you know, efficiency opportunities. Right now I'm spending all my time around recruiting, and I think that's a good place for us to be, you know, it's not 13-person teams as we may have done five, 10 years ago. This is twos and fours, but it is very strategic and very disciplined on bringing in CNI, bankers, bringing in Treasury management officers, deposit specialists as we want to think about how we grow this.

We talk about it a lot internally about a unique point in time right now where we can Ramp ROA at the same time we're making investments in technology and automation and artificial intelligence. Our new CTIO has been transformational for us. The pipelines of opportunities we have there, really focusing around renegotiating. We've renegotiated our two largest technology contracts in the last six months. It's really clicking on all cylinders right now.

Gary Tenner (D.A Davidson)

Great, appreciate that.

Evercall Moderator

Thank you again, Gary.

Ladies and gentlemen, as a reminder, if you'd like to ask a question, that will be *1 on your telephone keypad to enter the queue, or if you join via web, please press the raise hand icon on the right side of your Deal Roadshow screen. We'll pause here briefly once more to allow any final questions to generate.

Our next question comes from Stephen with Piper Sandler. Stephen, your line is open. You may proceed.

Stephen Scouten (Piper Sandler & Co)

Hey, thanks, good morning.

I guess one thing, and apologies if I missed it, but obviously you took up the repurchase authorization. How can we think about the potential pace of the repurchase? How aggressive do you think you could potentially be? Maybe how price sensitive and are there any kind of internal impediments and, whether it's cash to the holding company or otherwise that may, you know, keep that more muted than we would think otherwise?

Wally Wallace (Origin Bancorp)

Hey, Stephen, thanks for the question.

So, to answer the last part of what you said first, we have, our buyback has been, really kind of driven by the cash that the holding company that we're allowed to push up from the bank. You know, remember, we repaid about $150M of sub-debt. And so, that hampers the amount of cash that we can dividend up. Those constraints are now generally lifted. We think now valuation will become the bigger driver of volume that you'll see in the buyback, you know, sub 1.5 times tangible, the math still works for us. Over 1.5 times tangible, the math becomes a little bit more squishy.

Stephen Scouten (Piper Sandler & Co)

OK, great, that's very good color. Thanks, Wally.

And then you know that, I think, at least an ROA of 115 in Q4 of this year, I guess, you know, if everything goes right and the pace of new hires continues and I mean the trend line you guys are on has been tremendous, so is there like a, a stretch goal that you guys have out there or, hey, here's this, you know, again if everything goes right, here's where we could be in Q4 and here's what we think could be possible maybe even in '27. Can you, can you speak to maybe a Goldilocks scenario potentially?

Drake Mills (Origin Bancorp)

Hey, Stephen, Drake.

You know, certainly we've discussed openly our desire to be in the, you know, top quartile performers, and we feel like in the next three years we can achieve that. We understand where we are today. We certainly have our sights in set for what we had planned on ending the fourth quarter run rate for this year. That's certainly in hand, and we feel like we're going to be able to maintain that. We are continuing to invest in this business because of the opportunities we have, but we have to do it at a pace where it doesn't impact significantly our ROA hurdle points.

To get to the point where we want to be next year, we do feel like there is going to be some pricing pressures and potentially some NIM pressures in '27, which might slow that pace down. But everything we're doing organically, internally, is focused on these hurdle points of achieving these ROA run rates so I feel confident in where we can be at the end of '27. It's a little murky because of our opportunities in this footprint, and we are going to take advantage of those opportunities. But again, not going to be an institution that tells investors, hey, we had this plan, but boy, we did all this investment, but we're also on top of the opportunities we have in the market, we are focused with, like Lance said, with our new CITO and, and focused heavily on ensuring that the transformation of technology in this organization creates value immediately for us. That is the focus through ‘27.

So all the moving parts, I think we can hit our hurdle points and in the next three years be in the upper quartile of performance of our peers.

Stephen Scouten (Piper Sandler & Co)

Yeah, that's fantastic.

And I guess if I'm hearing you correctly, Drake, and the team, it sounds as though you're not going to let maybe a little bit of a near term potential drag in expenses be an impediment to taking advantage of the dislocation opportunity and the hiring opportunities. That would be, it sounds like maybe focus on taking advantage of the opportunity and building the franchise for the long term, and you'll earn back that expense over time. Is that the right way to think about how you'd approach opportunities?

Drake Mills (Origin Bancorp)

Yeah, I would just finish that sentence with: but ultimately not at the expense of our ROA run rates that we're attempting to achieve.

Stephen Scouten (Piper Sandler & Co)

Perfect, perfect. Great. Thank you very much. Congrats on a really good quarter.

Drake Mills (Origin Bancorp)

Thank you.

Evercall Moderator

Thank you again, Stephen.

Our final question is a follow up from Matt with Stephens. Matt, your line is open, you may proceed.

Matt Olney (Stephens)

Yeah, just one more follow up here.

On the market disruption, you quantified the new hires in the first half of the year. Is it fair to think that that pace could continue the back half of the year given the conversations you're having, at this point, or is the, the bulk of the disruption, from as far as new producer hires now, now in the numbers? And then, part two I guess, remind us of just the overall number of producers you have right now, just to put it in context, the 27 you've hired so far this year. Thanks.

Lance Hall (Origin Bancorp)

Yeah, I don't know that it's going to continue at quite the same pace, but there is going to continue to be new strategic hires across the market. I'm incredibly confident in that. Now, can I say we're going to do 27 the back half of the year like we did the first half? I wouldn't think so. We're just trying to be really smart about that. And obviously Birmingham was the big emphasis for us. Yeah, you know, as we talked about, Matt, I think when we started Optimize we were like in the 123 producer range. Right now we're right under 100 and with these new hires… because at the same time we're still actively managing, through our data, our profitability models. We're actively managing lower producers just as we're bringing in higher producers, so we're going to continue to do that. That's going to continue to be a focus for ours. Our geographic delivery model, our culture. People really like the idea of coming to work for us, so there's lots of exciting conversations happening right now.

Matt Olney (Stephens)

OK, makes sense, thank you.

Evercall Moderator

Thank you again, Matt.

It appears there are currently no further questions, handing it back to Drake Mills for any final remarks.

Drake Mills (Origin Bancorp)

You know, as I mentioned in my comments today, I'm most pleased about our continued ability to create consistent performance, and I think that's been the missing link for a number of years that we invested in this business, but we are approaching this through a very disciplined position. We feel confident in our growth throughout our footprint as generational dislocation continues to fuel exceptional opportunity. We are experiencing acceleration of production pipelines as we focused on discipline pricing, and I would say that's the key. It's not about 10% growth. It's not about, it's about whatever that growth is at a margin impact, so very pleased there. Our employees have such a deep commitment. To deliver on Optimized Origin while maintaining one of the strongest cultures in the industry. I am extremely pleased with our momentum. I'm extremely pleased with the position we are, the markets we're in, and especially the attraction of talent and the attraction of new customers.

So in a wonderful position, we'll continue to leverage our position to hopefully be consistent in our performance. I appreciate each one of you being on the call today and thank you for your support and look forward to seeing you in the future. Thank you.

Evercall Moderator

Ladies and gentlemen, this concludes today's Evercall. Thank you all and have a great day.