UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____________ to __________

Commission file number 001-38487

Origin Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Louisiana	**72-1192928**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

500 South Service Road East
Ruston, Louisiana 71270
(318) 255-2222
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
	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. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $5.00 per share	OBNK	Nasdaq Global Select Market

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 23,745,985 shares of Common Stock, par value $5.00 per share, were issued and outstanding as of May 6, 2019.

ORIGIN BANCORP, INC.

FORM 10-Q

MARCH 31, 2019

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Cautionary Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements preceded by, followed by or that otherwise include the words "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," and similar expressions or future or conditional verbs such as "could," "may," "should," "will," and "would," are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing words. Forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- deterioration of our asset quality;
- factors that can impact the performance of our loan portfolio, including real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers and the success of construction projects that we finance, including any loans acquired in acquisition transactions;
- changes in the value of collateral securing our loans;
- our ability to anticipate interest rate changes and manage interest rate risk;
- our inability to receive dividends from our Bank and to service debt, pay dividends to our common stockholders and satisfy obligations as they become due;
- business and economic conditions generally and in the financial services industry, nationally and within our local market area;
- our ability to prudently manage our growth and execute our strategy;
- changes in management personnel;
- our ability to maintain important deposit customer relationships, our reputation or otherwise avoid liquidity risks;
- our costs may increase as we grow deposits;
- operational risks associated with our business;
- volatility and direction of market interest rates;
- increased competition in the financial services industry, particularly from regional and national institutions;
- changes in the laws, rules, regulations, interpretations or policies relating to financial institutions, as well as tax, trade, monetary and fiscal matters;
- periodic changes to the extensive body of accounting rules and best practices, including the current expected credit loss model, may change the treatment and recognition of critical financial line items and affect our profitability;
- further government intervention in the U.S. financial system;
- compliance with governmental and regulatory requirements, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and others relating to banking, consumer protection, securities and tax matters;

- natural disasters and adverse weather, acts of terrorism, an outbreak of hostilities or other international or domestic calamities, and other matters beyond our control; and

- other factors that are discussed in the sections titled "Item 1A. Risk Factors" in this report and in our annual report on Form 10-K for the year ended December 31, 2018.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New risks and uncertainties emerge from time to time, and it is not possible for us to predict those events or how they may affect us. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

ORIGIN BANCORP, INC.
Condensed Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)

	March 31, 2019	December 31, 2018
Assets	(Unaudited)	
Cash and due from banks	$ 66,312	$ 71,008
Interest-bearing deposits in banks	44,928	45,670
Total cash and cash equivalents	111,240	116,678
Securities:		
Available for sale	563,826	575,644
Held to maturity (fair value of $18,941 and $19,136 at March 31, 2019, and December 31, 2018, respectively)	19,033	19,169
Securities carried at fair value through income	11,510	11,361
Total securities	594,369	606,174
Non-marketable equity securities held in other financial institutions	42,314	42,149
Loans held for sale ($15,598 and $21,562 at fair value, at March 31, 2019, and December 31, 2018, respectively)	42,265	52,210
Loans, net of allowance for loan losses of $35,578 and $34,203 at March 31, 2019, and December 31, 2018, respectively; $18,387 and $18,571 at fair value, at March 31, 2019, and December 31, 2018, respectively)	3,802,765	3,754,902
Premises and equipment, net	78,684	75,014
Mortgage servicing rights	23,407	25,114
Cash surrender value of bank-owned life insurance	32,888	32,706
Goodwill and other intangible assets, net	32,497	32,861
Accrued interest receivable and other assets	111,772	83,768
Total assets	$ 4,872,201	$ 4,821,576
Liabilities and Stockholders' Equity		
Noninterest-bearing deposits	$ 977,919	$ 951,015
Interest-bearing deposits	2,101,706	2,027,720
Time deposits	818,623	804,403
Total deposits	3,898,248	3,783,138
Federal Home Loan Bank ("FHLB") advances and other borrowings	335,053	445,224
Junior subordinated debentures, net	9,651	9,644
Accrued expenses and other liabilities	61,127	33,791
Total liabilities	4,304,079	4,271,797
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, no par value, 2,000,000 shares authorized, zero issued at March 31, 2019, and December 31, 2018	—	—
Common stock ($5.00 par value; 50,000,000 shares authorized; 23,745,985 and 23,726,559 shares issued at March 31, 2019, and December 31, 2018, respectively)	118,730	118,633
Additional paid-in capital	242,579	242,041
Retained earnings	205,289	191,585
Accumulated other comprehensive income (loss)	1,524	(2,480)
Total equity	568,122	549,779
Total liabilities and stockholders' equity	$ 4,872,201	$ 4,821,576

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORIGIN BANCORP, INC.
Condensed Consolidated Statements of Income
(unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	**2018**
Interest and dividend income		
Interest and fees on loans	$ 49,175	$ 37,474
Investment securities-taxable	3,341	1,740
Investment securities-nontaxable	858	1,184
Interest and dividend income on assets held in other financial institutions	1,120	1,046
Total interest and dividend income	54,494	41,444
Interest expense		
Interest-bearing deposits	10,497	5,980
FHLB advances and other borrowings	1,834	604
Subordinated debentures	137	136
Total interest expense	12,468	6,720
Net interest income	42,026	34,724
Provision (benefit) for credit losses	1,005	(1,524)
Net interest income after provision (benefit) for credit losses	41,021	36,248
Noninterest income		
Service charges and fees	3,316	3,014
Mortgage banking revenue	2,606	2,394
Insurance commission and fee income	3,510	2,107
Gain (loss) on sales and disposals of other assets, net	3	(61)
Other fee income	276	452
Other income	1,893	1,894
Total noninterest income	11,604	9,800
Noninterest expense		
Salaries and employee benefits	22,613	18,241
Occupancy and equipment, net	4,044	3,653
Data processing	1,587	1,473
Electronic banking	689	743
Communications	586	515
Advertising and marketing	798	657
Professional services	904	665
Regulatory assessments	711	720
Loan related expenses	669	713
Office and operations	1,481	1,278
Other expenses	1,299	1,199
Total noninterest expense	35,381	29,857
Income before income tax expense	17,244	16,191
Income tax expense	3,089	2,784
Net income	$ 14,155	$ 13,407
Preferred stock dividends	$ —	$ 1,115
Net income allocated to participating stockholders	—	553
Net income available to common stockholders	$ 14,155	$ 11,739
Basic earnings per common share	$ 0.60	$ 0.60
Diluted earnings per common share	0.60	0.60

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORIGIN BANCORP, INC.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2019	**2018**
Net income	$ 14,155	$ 13,407
Other comprehensive income (loss)		
Securities available for sale and transferred securities:		
Net unrealized holding gains (losses) arising during the period	5,165	(5,683)
Net losses realized as a yield adjustment in interest on investment securities	(3)	(3)
Change in the net unrealized gains (losses) on investment securities, before tax	5,162	(5,686)
Income tax expense (benefit) related to net unrealized gains (losses) arising during the period	1,084	(1,194)
Change in the net unrealized gain (loss) on investment securities, net of tax	4,078	(4,492)
Cash flow hedges:		
Net unrealized (losses) gains arising during the period	(80)	165
Reclassification adjustment for (gain) losses included in net income	(14)	17
Change in the net unrealized (loss) gain on cash flow hedges, before tax	(94)	182
Income tax expense related to net unrealized (losses) gains on cash flow hedges	(20)	38
Change in the net unrealized (loss) gain on cash flow hedges, net of tax	(74)	144
Other comprehensive income (loss), net of tax	4,004	(4,348)
Comprehensive income	$ 18,159	$ 9,059

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORIGIN BANCORP, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited)
(Dollars in thousands, except per share amounts)

	Common Shares Outstanding	Preferred Stock Series SBLF	Preferred Stock Series D	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Less: Retirement Plan-Owned Shares	Total Stockholders' Equity
For the three months ended March 31, 2018									
Balance at January 1, 2018	19,518,752	$ 48,260	$ 16,998	$ 97,594	$ 146,061	$ 145,122	$ 1,307	$ (34,991)	$ 420,351
Net income	—	—	—	—	—	13,407	—	—	13,407
Other comprehensive loss, net of tax	—	—	—	—	—	—	(4,348)	—	(4,348)
Reclassification of tax effects related to the adoption of ASU 2018-02	—	—	—	—	—	(282)	282	—	—
Recognition of stock compensation, net	6,489	—	—	32	140	—	—	—	172
Dividends declared - Series SBLF preferred stock [1]	—	—	—	—	—	(1,086)	—	—	(1,086)
Dividends declared - Series D preferred stock ($0.0325 per share)	—	—	—	—	—	(29)	—	—	(29)
Dividends declared - common stock ($0.0325 per share)	—	—	—	—	—	(634)	—	—	(634)
Balance at March 31, 2018	19,525,241	$ 48,260	$ 16,998	$ 97,626	$ 146,201	$ 156,498	$ (2,759)	$ (34,991)	$ 427,833
For the three months ended March 31, 2019									
Balance at January 1, 2019	23,726,559	$ —	$ —	$ 118,633	$ 242,041	$ 191,585	$ (2,480)	$ —	$ 549,779
Net income	—	—	—	—	—	14,155	—	—	14,155
Other comprehensive income, net of tax	—	—	—	—	—	—	4,004	—	4,004
Impact of adoption of ASU 2016-02 related to leases	—	—	—	—	—	321	—	—	321
Recognition of stock compensation, net	19,426	—	—	97	538	—	—	—	635
Dividends declared - common stock ($0.0325 per share)	—	—	—	—	—	(772)	—	—	(772)
Balance at March 31, 2019	23,745,985	$ —	$ —	$ 118,730	$ 242,579	$ 205,289	$ 1,524	$ —	$ 568,122

[1] The dividend rate on the Senior Non-Cumulative Perpetual Preferred stock, Series SBLF ("SBLF preferred stock") was payable quarterly at a fixed annual rate of 9%. The Company redeemed all 48,260 shares of the SBLF preferred stock in June 2018.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORIGIN BANCORP, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
Cash flows from operating activities:	**2019**	**2018**
Net income	$ 14,155	$ 13,407
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision (benefit) for credit losses	1,005	(1,524)
Depreciation and amortization	1,597	1,342
Net amortization on securities	32	353
Amortization of investments in tax credit funds	405	488
Deferred income tax (benefit) expense	(346)	533
Stock-based compensation expense	470	194
Originations of mortgage loans held for sale	(46,100)	(74,938)
Proceeds from mortgage loans held for sale	49,507	84,528
Gain on mortgage loans held for sale, including origination of servicing rights	(1,380)	(2,049)
Net (gain) loss on disposals of premises and equipment	(11)	26
Increase in the cash surrender value of life insurance	(182)	(192)
Net losses on sales and write downs of other real estate owned	8	35
Other operating activities, net	(830)	4,198
Net cash provided by operating activities	18,330	26,401
Cash flows from investing activities:		
Purchases of securities available for sale	(6,825)	(118,334)
Maturities, paydowns and calls of securities available for sale	23,777	102,671
Maturities, paydowns and calls of securities held to maturity	135	327
Net purchases of non-marketable equity securities held in other financial institutions	(22)	—
Originations of mortgage warehouse loans	(786,112)	(943,243)
Proceeds from pay-offs of mortgage warehouse loans	791,239	1,007,133
Net increase in loans, excluding mortgage warehouse and loans held for sale	(49,377)	(70,945)
Return of capital on limited partnership investments	75	144
Capital calls on limited partnership investments	—	(1,450)
Purchases of premises and equipment	(5,058)	(544)
Proceeds from sales of premises and equipment	11	53
Proceeds from sales of other real estate owned	72	148
Net cash used in investing activities	(32,085)	(24,040)

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORIGIN BANCORP, INC.
Condensed Consolidated Statements of Cash Flows - Continued
(Dollars in thousands)

	Three Months Ended March 31,	
Cash flows from financing activities:	**2019**	**2018**
Net increase in deposits	115,110	68,724
Repayments on FHLB advances	(207)	(248)
Net decrease in other borrowed funds	(100,000)	—
Net decrease in securities sold under agreements to repurchase	(5,983)	(8,996)
Dividends paid	(768)	(1,749)
Taxes paid related to net share settlement of equity awards	—	(22)
Cash received from exercise of stock options	165	—
Net cash provided by financing activities	8,317	57,709
Net (decrease) increase in cash and cash equivalents	(5,438)	60,070
Cash and cash equivalents at beginning of period	116,678	187,187
Cash and cash equivalents at end of period	$ 111,240	$ 247,257
Interest paid	$ 12,106	$ 6,879
Income taxes paid	—	1
Significant non-cash transactions:		
Real estate acquired in settlement of loans	—	405

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1 - Significant Accounting Policies

Nature of Operations. Origin Bancorp, Inc. ("Company") is a financial holding company headquartered in Ruston, Louisiana. The Company's wholly owned bank subsidiary, Origin Bank ("Bank"), provides a broad range of financial services to businesses, municipalities, high net worth individuals and retail clients. The Company currently operates 42 banking centers located in North Louisiana, Central Mississippi, Dallas/Fort Worth and Houston, Texas. The Company principally operates in one business segment, community banking.

Basis of Presentation. The condensed consolidated financial statements in this quarterly report on Form 10-Q include the accounts of the Company and all other entities in which Origin Bancorp, Inc. has a controlling financial interest, including the Bank and Davison Insurance Agency, LLC ("Davison Insurance"), doing business as Thomas & Farr ("T&F") and Reeves, Coon and Funderburg ("RCF"). All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated financial statements in this quarterly report on Form 10-Q have not been audited by an independent registered public accounting firm, excluding the figures as of December 31, 2018, but in the opinion of management, reflect all adjustments necessary for fair presentation of the Company's financial position and results of operations for the periods presented. These condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

These unaudited condensed consolidated statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2018, included in the Company's annual report on Form 10-K ("2018 Form 10-K") filed with the SEC. Operating results for the interim periods disclosed herein are not necessarily indicative of results that may be expected for a full year. Certain prior year amounts have been reclassified to conform to the current year financial statement presentations. These reclassifications did not impact previously reported net income or comprehensive income.

The Company's significant accounting policies, including those for loans, impaired loans, non-accrual loans and allowance for loan losses, are described in Note 1 of the Notes to Consolidated Financial Statements for the year ended December 31, 2018, included in the Company's 2018 Form 10-K ("Note 1"). There have been no significant changes to these policies since December 31, 2018.

Effective January 1, 2019, two accounting policies were revised and updated from the accounting policies described in Note 1. Effective January 1, 2019, the Company began calculating earnings per share using the treasury method due to the conversion and redemption of all material participating securities during 2018, which eliminated the requirement to calculate earnings per share using the two-class method. See the discussion below titled "Earnings Per Share*"* for an explanation of these methodologies. Additionally, on January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)*, resulting in a change to the Company's lease accounting policies. See the discussion below titled "Effect of Recently Adopted Accounting Standards" for a description of policy revisions resulting from the Company's adoption of ASU 2016-02. There have been no other significant changes to the Company's accounting policies since December 31, 2018. For interim reporting purposes, the Company follows the same accounting policies and considers each interim period as an integral part of an annual period.

Use of Estimates*.* The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to change include the allowance for loan losses; the evaluation of investment securities for other than temporary impairment; fair value measurements of assets and liabilities; and income taxes. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the Company's consolidated financial statements in the period they are deemed necessary. While management uses its best judgment, actual results could differ from those estimates.

Earnings Per Share*.* Basic and diluted earnings per common share for periods beginning after December 31, 2018, are calculated using the treasury method. Under the treasury method, basic earnings per share is calculated as net income divided by the weighted average number of common shares outstanding during the period. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities in calculating earnings per share. Diluted earnings per share includes the dilutive effect of additional potential common shares issuable under stock options and restricted stock awards.

Basic and diluted earnings per common share for periods ending on or before December 31, 2018, were calculated using the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared (distributed earnings) and participation rights in undistributed earnings. Distributed and undistributed earnings were allocated between common and participating security stockholders based on their respective rights to receive dividends. Share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents were considered participating securities (e.g., restricted stock grants). Preferred stock that receives dividends based on dividends paid on common stock was also considered a participating security (e.g., Series D preferred stock). Undistributed net losses were not allocated to holders of participating securities, as they did not have a contractual obligation to fund the losses incurred by the Company. Net income attributable to common stockholders was then divided by the weighted average number of common shares outstanding during the period, net of participating securities and reduced for average unallocated shares held by the Company's Employee Retirement Plan ("Retirement Plan").

Diluted income per common share under the two-class method considers common stock issuable under the assumed release of unvested restricted stock awards, convertible preferred stock being converted to common stock, and the assumed exercise of stock options granted. The dilutive effect of share-based payment awards that were not deemed to be participating securities was calculated using the treasury stock method, which assumes that the proceeds from exercise were used to purchase common stock at the average market price for the period. The dilutive effect of participating securities was calculated using the more dilutive of the treasury stock method (which assumes that the participating securities are exercised/released) or the two-class method (which assumes that the participating securities are not exercised/released and earnings are reallocated between common and participating security stockholders). Potentially dilutive common stock equivalents were excluded from the computation of diluted earnings per common share in periods in which the effect would be antidilutive.

Effect of Recently Adopted Accounting Standards

ASU No. 2016-02 — Leases (Topic 842). ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use ("ROU") asset on the balance sheet for operating leases. Accounting for finance (formerly known as capital) leases is substantially unchanged. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted this ASU as of January 1, 2019. Please see Note 6 - Leases for more information.

Effect of Newly Issued But Not Yet Effective Accounting Standards

ASU No. 2018-13, Fair Value Measurement - (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this ASU modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in Financial Accounting Standards Board ("FASB") Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, including the consideration of costs and benefits. For public business entities that file reports with the SEC, the amendments in the update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is evaluating the impact of this ASU on the consolidated financial statements and disclosures.

ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current U.S. GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current U.S. GAAP. However Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Company anticipates a significant change in the processes and procedures to calculate the loan losses, including changes in assumptions and estimates to consider expected credit losses over the life of the loan versus the current accounting practice that utilizes the incurred loss model. The Company expects to recognize a one-time cumulative effect adjustment to the allowance for loan losses at the beginning of the first reporting period in which the new standard is effective, but cannot yet determine the magnitude of any such one-time adjustment or the overall impact on its results of operations, financial position or disclosures. However, the Company has begun developing processes and procedures to ensure the Company is compliant at the required adoption date. Among other things, the Company has initiated data gathering and assessment to support forecasting of asset quality, loan balances, and portfolio net charge-offs and developing asset quality forecast models in preparation for the implementation of this standard. For public business entities that are SEC filers, the amendments in the update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company continues to evaluate the impact of this ASU on the consolidated financial statements and disclosures.

Note 2 - Earnings Per Share

	Three Months Ended March 31,			
(Dollars in thousands, except per share amounts)	2019 [1]		2018 [1]	
Basic earnings per common share				
Net income	$	14,155	$	13,407
Less: Dividends to preferred stock		—		1,115
Net income allocated to participating stockholders		—		553
Net income available to common stockholders	$	14,155	$	11,739
Weighted average common shares outstanding		23,569,576		19,459,278
Basic earnings per common share	$	0.60	$	0.60
Diluted earnings per common share				
Diluted earnings applicable to common stockholders[2]	$	14,155	$	11,771
Weighted average diluted common shares outstanding:				
Weighted average common shares outstanding		23,569,576		19,459,278
Dilutive effect of stock-based awards		206,773		216,195
Weighted average diluted common shares outstanding		23,776,349		19,675,473
Diluted earnings per common share	$	0.60	$	0.60

(1) Series D preferred stockholders were participating stockholders during the three months ended March 31, 2018, requiring the Company to calculate earnings per share using the two-class method. Subsequent to the conversion of all Series D preferred stock in June 2018, the Company used the treasury method for the computation of earnings per share, including the period ended March 31, 2019.

(2) The two-class method for the computation of earnings per share was used for the quarter ended March 31, 2018. Net income available to common stockholders for basic and diluted earnings per share may differ under the two-class method as a result of adding common stock equivalents for options to dilutive shares outstanding, which alters the ratio used to allocate earnings to common stockholders and participating securities for the purposes of calculating diluted earnings per share.

Note 3 - Securities

The following table is a summary of the amortized cost and estimated fair value, including gross unrealized gains and losses, of available for sale, held to maturity and securities carried at fair value through income for the dates indicated:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2019				
Available for sale:				
State and municipal securities	$ 93,222	$ 2,093	$ (22)	$ 95,293
Corporate bonds	11,007	300	—	11,307
U.S. Government and agency securities	61,273	109	(9)	61,373
Commercial mortgage-backed securities	12,180	188	—	12,368
Residential mortgage-backed securities	185,023	1,462	(993)	185,492
Commercial collateralized mortgage obligations	4,377	19	—	4,396
Residential collateralized mortgage obligations	194,985	514	(1,902)	193,597
Total	$ 562,067	$ 4,685	$ (2,926)	$ 563,826
Held to maturity:				
State and municipal securities	$ 19,033	$ —	$ (92)	$ 18,941
Securities carried at fair value through income:				
State and municipal securities[(1)]	$ 11,503	$ —	$ —	$ 11,510
December 31, 2018				
Available for sale:				
State and municipal securities	$ 99,780	$ 1,266	$ (163)	$ 100,883
Corporate bonds	10,997	102	(65)	11,034
U.S. Government and agency securities	61,122	82	(54)	61,150
Commercial mortgage-backed securities	16,672	94	—	16,766
Residential mortgage-backed securities	188,058	417	(2,160)	186,315
Residential collateralized mortgage obligations	202,422	315	(3,241)	199,496
Total	$ 579,051	$ 2,276	$ (5,683)	$ 575,644
Held to maturity:				
State and municipal securities	$ 19,169	$ —	$ (33)	$ 19,136
Securities carried at fair value through income:				
State and municipal securities[(1)]	$ 11,503	$ —	$ —	$ 11,361

(1) Securities carried at fair value through income have no unrealized gains or losses at the balance sheet date as all changes in value have been recognized in the condensed consolidated statements of income. See Note 5 - Fair Value of Financial Instruments for more information.

Securities with unrealized losses at March 31, 2019, and December 31, 2018, aggregated by investment category and those individual securities that have been in a continuous unrealized loss position for less than 12 months and for 12 months or more were as follows:

(Dollars in thousands)	Less than 12 Months		12 Months or More		Total	
March 31, 2019	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
Available for sale:						
State and municipal securities	$ 1,050	$ (1)	$ 2,319	$ (21)	$ 3,369	$ (22)
U.S. Government and agency securities	737	(9)	—	—	737	(9)
Residential mortgage-backed securities	1,056	(5)	73,622	(988)	74,678	(993)
Residential collateralized mortgage obligations	8,561	(15)	119,291	(1,887)	127,852	(1,902)
Total	$ 11,404	$ (30)	$ 195,232	$ (2,896)	$ 206,636	$ (2,926)
Held to maturity:						
State and municipal securities	$ 18,941	$ (92)	$ —	$ —	$ 18,941	$ (92)
December 31, 2018						
Available for sale:						
State and municipal securities	$ 13,101	$ (50)	$ 8,463	$ (113)	$ 21,564	$ (163)
Corporate bonds	7,932	(65)	—	—	7,932	(65)
U.S. Government and agency securities	56,271	(54)	—	—	56,271	(54)
Residential mortgage-backed securities	18,836	(65)	77,471	(2,095)	96,307	(2,160)
Residential collateralized mortgage obligations	14,711	(79)	120,601	(3,162)	135,312	(3,241)
Total	$ 110,851	$ (313)	$ 206,535	$ (5,370)	$ 317,386	$ (5,683)
Held to maturity:						
State and municipal securities	$ 13,921	$ (33)	$ —	$ —	$ 13,921	$ (33)

At March 31, 2019, the Company had 77 individual securities that were in an unrealized loss position. The unrealized losses for each of the securities related to market interest rate changes. The Company has considered the current market for the securities in an unrealized loss position, as well as the severity and duration of the impairments, and expects that the value will recover. Management does not intend to sell these investments until the fair value exceeds amortized cost and it is more likely than not that the Company will not be required to sell debt securities before the anticipated recovery of the amortized cost basis of the security; thus, the impairment is determined not to be other-than-temporary.

The following table presents the amortized cost and fair value of securities available for sale and held to maturity at March 31, 2019, grouped by contractual maturity. Mortgage-backed securities and collateralized mortgage obligations, which do not have contractual payments due at a single maturity date, are shown separately. Actual maturities for mortgage-backed securities and collateralized mortgage obligations will differ from contractual maturities as a result of prepayments made on the underlying mortgages.

(Dollars in thousands)	Held to Maturity		Available for Sale	
March 31, 2019	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in one year or less	$ —	$ —	$ 59,523	$ 59,552
Due after one year through five years	13,820	13,808	24,357	24,731
Due after five years through ten years	—	—	76,290	78,255
Due after ten years	5,213	5,133	5,332	5,435
Commercial mortgage-backed securities	—	—	12,180	12,368
Residential mortgage-backed securities	—	—	185,023	185,492
Commercial collateralized mortgage obligations	—	—	4,377	4,396
Residential collateralized mortgage obligations	—	—	194,985	193,597
Total	$ 19,033	$ 18,941	$ 562,067	$ 563,826

The following table presents carrying amounts of securities pledged as collateral for public deposits and repurchase agreements for the period ends presented.

(Dollars in thousands)	March 31, 2019	December 31, 2018
Carrying value of securities pledged to secure public deposits	$ 334,352	$ 364,055
Carrying value of securities pledged to repurchase agreements	39,477	48,847

Note 4 - Loans

Loans consisted of the following:

(Dollars in thousands)	March 31, 2019	December 31, 2018
Loans held for sale	$ 42,265	$ 52,210
Loans held for investment:		
Loans secured by real estate:		
Commercial real estate	$ 1,202,269	$ 1,228,402
Construction/land/land development	488,167	429,660
Residential real estate	638,064	629,714
Total real estate	2,328,500	2,287,776
Commercial and industrial	1,287,300	1,272,566
Mortgage warehouse lines of credit	202,744	207,871
Consumer	19,799	20,892
Total loans held for investment[(1)]	3,838,343	3,789,105
Less: Allowance for loan losses	35,578	34,203
Net loans held for investment	$ 3,802,765	$ 3,754,902

(1) Includes net deferred loan fees of $3.3 million and $3.2 million at March 31, 2019, and December 31, 2018, respectively.

Included in total loans held for investment were $18.4 million and $18.6 million of commercial real estate loans for which the fair value option was elected as of March 31, 2019, and December 31, 2018, respectively. The Company mitigates the interest rate component of fair value risk on loans at fair value by entering into derivative interest rate contracts. See Note 5 - Fair Value of Financial Instruments for more information on loans for which the fair value option has been elected.

Credit quality indicators. As part of the Company's commitment to manage the credit quality of its loan portfolio, management annually updates and evaluates certain credit quality indicators, which include but are not limited to (i) weighted-average risk rating of the loan portfolio, (ii) net charge-offs, (iii) level of non-performing loans, (iv) level of classified loans, and (v) the general economic conditions in the states in which the Company operates. The Company maintains an internal risk rating system where ratings are assigned to individual loans based on assessed risk. Loan risk ratings are the primary indicator of credit quality for the loan portfolio and are continually evaluated to ensure they are appropriate based on currently available information.

The following is a summary description of the Company's internal risk ratings:

• Pass (1-6)	Loans within this risk rating are further categorized as follows:
Minimal risk (1)	Well-collateralized by cash equivalent instruments held by the Bank.
Moderate risk (2)	Borrowers with excellent asset quality and liquidity. Borrowers' capitalization and liquidity exceed industry norms. Borrowers in this category have significant levels of liquid assets and have a low level of leverage.
Better than average risk (3)	Borrowers with strong financial strength and excellent liquidity that consistently demonstrate strong operating performance. Borrowers in this category generally have a sizable net worth that can be converted into liquid assets within 12 months.
Average risk (4)	Borrowers with sound credit quality and financial performance, including liquidity. Borrowers are supported by sufficient cash flow coverage generated through operations across the full business cycle.

Marginally acceptable risk (5)	Loans generally meet minimum requirements for an acceptable loan in accordance with lending policy, but possess one or more attributes that cause the overall risk profile to be higher than the majority of newly approved loans.
Watch (6)	A passing loan with one or more factors that identify a potential weakness in the overall ability of the borrower to repay the loan. These weaknesses are generally mitigated by other factors that reduce the risk of delinquency or loss.
• Special Mention (7)	This grade is intended to be temporary and includes borrowers whose credit quality has deteriorated and is at risk of further decline.
• Substandard (8)	This grade includes "Substandard" loans under regulatory guidelines. Substandard loans exhibit a well-defined weakness that jeopardizes debt repayment in accordance with contractual agreements, even though the loan may be performing. These obligations are characterized by the distinct possibility that a loss may be incurred if these weaknesses are not corrected and repayment may be dependent upon collateral liquidation or secondary source of repayment.
• Doubtful (9)	This grade includes "Doubtful" loans under regulatory guidelines. Such loans are placed on nonaccrual status and repayment may be dependent upon collateral with no readily determinable valuation or valuations that are highly subjective in nature. Repayment for these loans is considered improbable based on currently existing facts and circumstances.
• Loss (0)	This grade includes "Loss" loans under regulatory guidelines. Loss loans are charged-off or written down when repayment is not expected.

The recorded investment in loans by credit quality indicator at March 31, 2019, and December 31, 2018, excluding loans held for sale, were as follows:

	March 31, 2019					
(Dollars in thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Loans secured by real estate:						
Commercial real estate	$ 1,169,170	$ 14,272	$ 18,827	$ —	$ —	$ 1,202,269
Construction/land/land development	484,912	1,004	2,251	—	—	488,167
Residential real estate	628,612	1,132	8,320	—	—	638,064
Total real estate	2,282,694	16,408	29,398	—	—	2,328,500
Commercial and industrial	1,217,732	25,253	44,315	—	—	1,287,300
Mortgage warehouse lines of credit	202,744	—	—	—	—	202,744
Consumer	19,593	—	206	—	—	19,799
Total loans held for investment	$ 3,722,763	$ 41,661	$ 73,919	$ —	$ —	$ 3,838,343

	December 31, 2018					
(Dollars in thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Loans secured by real estate:						
Commercial real estate	$ 1,206,194	$ 3,101	$ 19,107	$ —	$ —	$ 1,228,402
Construction/land/land development	426,770	157	2,733	—	—	429,660
Residential real estate	617,996	1,142	10,576	—	—	629,714
Total real estate	2,250,960	4,400	32,416	—	—	2,287,776
Commercial and industrial	1,190,718	34,964	46,884	—	—	1,272,566
Mortgage warehouse lines of credit	207,871	—	—	—	—	207,871
Consumer	20,712	—	180	—	—	20,892
Total loans held for investment	$ 3,670,261	$ 39,364	$ 79,480	$ —	$ —	$ 3,789,105

The following tables present the Company's loan portfolio aging analysis at the dates indicated:

	March 31, 2019						
(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Loans Past Due 90 Days or More	Total Past Due	Current Loans	Total Loans Receivable	Accruing Loans 90 or More Days Past Due
Loans secured by real estate:							
Commercial real estate	$ 3,079	$ —	$ 8,370	$ 11,449	$ 1,190,820	$ 1,202,269	$ —
Construction/land/land development	572	612	56	1,240	486,927	488,167	—
Residential real estate	2,424	317	2,988	5,729	632,335	638,064	—
Total real estate	6,075	929	11,414	18,418	2,310,082	2,328,500	—
Commercial and industrial	5,143	145	14,021	19,309	1,267,991	1,287,300	—
Mortgage warehouse lines of credit	—	—	—	—	202,744	202,744	—
Consumer	73	36	5	114	19,685	19,799	—
Total loans held for investment	$ 11,291	$ 1,110	$ 25,440	$ 37,841	$ 3,800,502	$ 3,838,343	$ —

	December 31, 2018						
(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Loans Past Due 90 Days or More	Total Past Due	Current Loans	Total Loans Receivable	Accruing Loans 90 or More Days Past Due
Loans secured by real estate:							
Commercial real estate	$ 458	$ 1,409	$ 7,224	$ 9,091	$ 1,219,311	$ 1,228,402	$ —
Construction/land/land development	2,657	—	435	3,092	426,568	429,660	—
Residential real estate	2,137	527	4,149	6,813	622,901	629,714	—
Total real estate	5,252	1,936	11,808	18,996	2,268,780	2,287,776	—
Commercial and industrial	276	8,263	6,157	14,696	1,257,870	1,272,566	—
Mortgage warehouse lines of credit	—	—	—	—	207,871	207,871	—
Consumer	383	8	2	393	20,499	20,892	—
Total loans held for investment	$ 5,911	$ 10,207	$ 17,967	$ 34,085	$ 3,755,020	$ 3,789,105	$ —

The following tables detail activity in the allowance for loan losses by portfolio segment. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Three Months Ended March 31, 2019				
(Dollars in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Benefit)[(1)]	Ending Balance
Loans secured by real estate:					
Commercial real estate	$ 8,999	$ 89	$ 51	$ 297	$ 9,258
Construction/land/land development	3,331	—	1	347	3,679
Residential real estate	5,705	—	27	(155)	5,577
Commercial and industrial	15,616	511	1,074	296	16,475
Mortgage warehouse lines of credit	316	—	—	49	365
Consumer	236	8	7	(11)	224
Total	$ 34,203	$ 608	$ 1,160	$ 823	$ 35,578

(1) The $1.0 million provision for credit losses on the condensed consolidated statements of income includes a $823,000 net loan loss provision and a $182,000 provision for off-balance sheet commitments for the three months ended March 31, 2019.

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	Three Months Ended March 31, 2018				
(Dollars in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Benefit)(1)	Ending Balance
Loans secured by real estate:					
Commercial real estate	$ 8,998	$ 9	$ 127	$ 1,028	$ 10,144
Construction/land/land development	2,950	—	1	(244)	2,707
Residential real estate	5,807	9	19	(346)	5,471
Commercial and industrial	18,831	1,703	174	(1,965)	15,337
Mortgage warehouse lines of credit	214	—	—	(56)	158
Consumer	283	17	24	25	315
Total	$ 37,083	$ 1,738	$ 345	$ (1,558)	$ 34,132

(1) The $1.5 million benefit for credit losses on the condensed consolidated statements of income includes a $1.6 million net loan loss benefit and a $34,000 provision for off-balance sheet commitments for the three months ended March 31, 2018.

The following tables present the balance of loans receivable by method of impairment evaluation at the dates indicated:

	March 31, 2019			
(Dollars in thousands)	Period End Allowance Allocated to Loans Individually Evaluated for Impairment	Period End Allowance Allocated to Loans Collectively Evaluated for Impairment	Period End Loan Balance Individually Evaluated for Impairment	Period End Loan Balance Collectively Evaluated for Impairment (1)
Loans secured by real estate:				
Commercial real estate	$ —	$ 9,258	$ 9,099	$ 1,174,783
Construction/land/land development	1	3,678	1,002	487,165
Residential real estate	15	5,562	4,867	633,197
Commercial and industrial	183	16,292	15,728	1,271,572
Mortgage warehouse lines of credit	—	365	—	202,744
Consumer	1	223	168	19,631
Total	$ 200	$ 35,378	$ 30,864	$ 3,789,092

(1) Excludes $18.4 million of commercial real estate loans at fair value, which are not evaluated for impairment due to the fair value option election. See Note 5 - Fair Value of Financial Instruments for more information.

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	December 31, 2018			
(Dollars in thousands)	Period End Allowance Allocated to Loans Individually Evaluated for Impairment	Period End Allowance Allocated to Loans Collectively Evaluated for Impairment	Period End Loan Balance Individually Evaluated for Impairment	Period End Loan Balance Collectively Evaluated for Impairment [(1)]
Loans secured by real estate:				
Commercial real estate	$ 5	$ 8,994	$ 8,773	$ 1,201,058
Construction/land/land development	19	3,312	1,017	428,643
Residential real estate	68	5,637	6,876	622,838
Commercial and industrial	255	15,361	16,428	1,256,138
Mortgage warehouse lines of credit	—	316	—	207,871
Consumer	19	217	184	20,708
Total	$ 366	$ 33,837	$ 33,278	$ 3,737,256

(1) Excludes $18.6 million of commercial real estate loans at fair value, which are not evaluated for impairment due to the fair value option election. See Note 5 - Fair Value of Financial Instruments for more information.

The following tables present impaired loans at the dates indicated. No mortgage warehouse lines of credit were impaired at either March 31, 2019, or December 31, 2018.

	March 31, 2019				
(Dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment with no Allowance	Recorded Investment with an Allowance	Total Recorded Investment	Allocation of Allowance for Loan Losses
Loans secured by real estate:					
Commercial real estate	$ 11,318	$ 9,052	$ 47	$ 9,099	$ —
Construction/land/land development	1,320	876	126	1,002	1
Residential real estate	5,764	4,165	702	4,867	15
Total real estate	18,402	14,093	875	14,968	16
Commercial and industrial	18,304	15,278	450	15,728	183
Consumer	185	—	168	168	1
Total impaired loans	$ 36,891	$ 29,371	$ 1,493	$ 30,864	$ 200

	December 31, 2018				
(Dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment with no Allowance	Recorded Investment with an Allowance	Total Recorded Investment	Allocation of Allowance for Loan Losses
Loans secured by real estate:					
Commercial real estate	$ 10,894	$ 8,725	$ 48	$ 8,773	$ 5
Construction/land/land development	1,329	838	179	1,017	19
Residential real estate	7,815	6,092	784	6,876	68
Total real estate	20,038	15,655	1,011	16,666	92
Commercial and industrial	18,883	15,806	622	16,428	255
Consumer	202	—	184	184	19
Total impaired loans	$ 39,123	$ 31,461	$ 1,817	$ 33,278	$ 366

The average recorded investment and interest recognized on impaired loans while classified as impaired for the three months ended March 31, 2019 and 2018, were as follows:

	Three Months Ended March 31,			
	2019		2018	
(Dollars in thousands)	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Loans secured by real estate:				
Commercial real estate	$ 9,076	$ 5	$ 9,864	$ 27
Construction/land/land development	1,013	2	1,847	9
Residential real estate	5,953	7	7,665	24
Total real estate	16,042	14	19,376	60
Commercial and industrial	16,191	6	17,717	88
Consumer	178	1	256	3
Total impaired loans	$ 32,411	$ 21	$ 37,349	$ 151

All interest accrued but not received for loans placed on nonaccrual status is reversed against interest income. Subsequent receipts on nonaccrual loans are recorded as a reduction of principal, and interest income is recorded only after principal recovery is reasonably assured. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Troubled debt restructurings ("TDRs") are included in certain loan categories within impaired loans. At March 31, 2019, the Company had no funding commitments in connection with impaired loans.

Non-performing (nonaccrual) loans held for investment were as follows:

(Dollars in thousands)	March 31, 2019	December 31, 2018
Loans secured by real estate:		
Commercial real estate	$ 8,622	$ 8,281
Construction/land/land development	922	935
Residential real estate	5,196	6,668
Total real estate	14,740	15,884
Commercial and industrial	15,309	15,792
Consumer	206	180
Total nonaccrual loans	$ 30,255	$ 31,856

For the three months ended March 31, 2019 and 2018, gross interest income that would have been recorded if the nonaccruing loans had been current in accordance with their original terms was $355,000 and $430,000, respectively. No interest income was recorded on these loans while they were considered nonaccrual during the three months ended March 31, 2019 or 2018.

The Company elects the fair value option for recording residential mortgage loans held for sale, as well as certain commercial real estate and commercial and industrial loans, in accordance with U.S. GAAP. The Company had $1.4 million of nonaccrual mortgage loans held for sale that were recorded using the fair value option election at March 31, 2019, and $741,000 at December 31, 2018. There were no nonaccrual loans held for investment that were recorded using the fair value option election at March 31, 2019, or December 31, 2018.

The following is a summary of loans classified as TDRs.

(Dollars in thousands)	March 31, 2019	December 31, 2018
TDRs		
Nonaccrual TDRs	$ 6,082	$ 5,793
Performing TDRs	1,270	2,054
Total	$ 7,352	$ 7,847

The following table presents the pre-modification balance of TDR modifications that occurred during the periods indicated and the ending balances by concession type as of the period presented.

(Dollars in thousands)	Number of Loans Restructured	Pre-modification Recorded Balance	Term Concessions	Combination	Total Modifications
	Three Months Ended March 31, 2019				
Loans secured by real estate:					
Construction/land/land development	1	$ 361	$ —	$ 360	$ 360
Commercial and industrial	1	19	18	—	18
Total	2	$ 380	$ 18	$ 360	$ 378

(Dollars in thousands)	Number of Loans Restructured	Pre-modification Recorded Balance	Term Concessions	Interest Rate Concessions	Combination	Total Modifications
	Three Months Ended March 31, 2018					
Loans secured by real estate:						
Residential real estate	1	$ 94	$ —	$ —	$ 91	$ 91

During the three months ended March 31, 2019 and 2018, no loan defaulted after having been modified as a TDR within the previous 12 months. A payment default is defined as a loan that was 90 or more days past due. The modifications made during the three months ended March 31, 2019, did not significantly impact the Company's determination of the allowance for loan losses. The Company monitors the performance of the modified loans to their restructured terms on an ongoing basis. In the event of a subsequent default, the allowance for loan losses continues to be reassessed on the basis of an individual evaluation of the loan.

Note 5 - Fair Value of Financial Instruments

Fair value is the exchange price that is expected to be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Certain assets and liabilities are recorded in the Company's condensed consolidated financial statements at fair value. Some are recorded on a recurring basis and some on a non-recurring basis.

The Company utilizes fair value measurement to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The determination of fair values of financial instruments often requires the use of estimates. In cases where quoted market values in an active market are not available, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach to estimate the fair values of its financial instruments. Such valuation techniques are consistently applied.

A hierarchy for fair value has been established which categorizes the valuation techniques into three levels used to measure fair value. The three levels are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on significant other observable inputs that are generally determined based on a single price for each financial instrument provided to the Company by an unrelated third-party pricing service and is based on one or more of the following:

- Quoted prices for similar, but not identical, assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates; and
- Other inputs derived from or corroborated by observable market inputs.

Level 3 - Prices or valuation techniques that require inputs that are both significant and unobservable in the market. These instruments are valued using the best information available, some of which is internally developed, and reflects the Company's own assumptions about the risk premiums that market participants would generally require and the assumptions they would use.

There were no transfers between fair value reporting levels for any period presented.

Fair Values of Assets and Liabilities Recorded on a Recurring Basis

The following tables summarize financial assets and financial liabilities recorded at fair value on a recurring basis at March 31, 2019, and December 31, 2018, segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value. There were no changes in the valuation techniques during March 31, 2019, or December 31, 2018.

	March 31, 2019			
(Dollars in thousands)	Level 1	Level 2	Level 3	Total
State and municipal securities	$ —	$ 56,986	$ 38,307	$ 95,293
Corporate bonds	—	11,307	—	11,307
U.S. Government and agency securities	55,891	5,482	—	61,373
Commercial mortgage-backed securities	—	12,368	—	12,368
Residential mortgage-backed securities	—	185,492	—	185,492
Commercial collateralized mortgage obligations	—	4,396	—	4,396
Residential collateralized mortgage obligations	—	193,597	—	193,597
Securities available for sale	55,891	469,628	38,307	563,826
Securities carried at fair value through income	—	—	11,510	11,510
Loans held for sale	—	15,598	—	15,598
Loans at fair value	—	—	18,387	18,387
Mortgage servicing rights	—	—	23,407	23,407
Other assets - derivatives	—	5,816	—	5,816
Total recurring fair value measurements - assets	$ 55,891	$ 491,042	$ 91,611	$ 638,544
Other liabilities - derivatives	$ —	$ (5,047)	$ —	$ (5,047)
Total recurring fair value measurements - liabilities	$ —	$ (5,047)	$ —	$ (5,047)

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	December 31, 2018			
(Dollars in thousands)	Level 1	Level 2	Level 3	Total
State and municipal securities	$ —	$ 61,522	$ 39,361	$ 100,883
Corporate bonds	—	11,034	—	11,034
U.S. Government and agency securities	55,515	5,635	—	61,150
Commercial mortgage-backed securities	—	16,766	—	16,766
Residential mortgage-backed securities	—	186,315	—	186,315
Residential collateralized mortgage obligations	—	199,496	—	199,496
Securities available for sale	55,515	480,768	39,361	575,644
Securities carried at fair value through income	—	—	11,361	11,361
Loans held for sale	—	21,562	—	21,562
Loans at fair value	—	—	18,571	18,571
Mortgage servicing rights	—	—	25,114	25,114
Other assets - derivatives	—	3,563	—	3,563
Total recurring fair value measurements - assets	$ 55,515	$ 505,893	$ 94,407	$ 655,815
Other liabilities - derivatives	$ —	$ (2,846)	$ —	$ (2,846)
Total recurring fair value measurements - liabilities	$ —	$ (2,846)	$ —	$ (2,846)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2019 and 2018, are summarized as follows:

(Dollars in thousands)	Loans at Fair Value	MSRs	Securities Available for Sale	Securities at Fair Value Through Income
Balance at January 1, 2019	$ 18,571	$ 25,114	$ 39,361	$ 11,361
Gain (loss) recognized in earnings:				
Mortgage banking revenue[(1)]	—	(1,990)	—	—
Other noninterest income	72	—	—	149
Gain recognized in accumulated other comprehensive income	—	—	694	—
Purchases, issuances, sales and settlements:				
Originations	—	283	—	—
Purchases	—	—	—	—
Settlements	(256)	—	(1,748)	—
Balance at March 31, 2019	$ 18,387	$ 23,407	$ 38,307	$ 11,510
Balance at January 1, 2018	$ 26,611	$ 24,182	$ 42,015	$ 12,033
Gain (loss) recognized in earnings:				
Mortgage banking revenue[(1)]	—	1,274	—	—
Other noninterest income	(295)	—	—	(310)
Loss recognized in accumulated other comprehensive income	—	—	(727)	—
Purchases, issuances, sales, and settlements:				
Originations	—	543	—	—
Purchases	—	—	259	—
Settlements	(382)	—	(1,586)	—
Balance at March 31, 2018	$ 25,934	$ 25,999	$ 39,961	$ 11,723

(1) Total mortgage banking revenue includes changes in fair value due to market changes and run-off.

The following methodologies were used to measure the fair value of financial assets and liabilities valued on a recurring basis:

Securities Available for Sale

Securities classified as available for sale are reported at fair value utilizing Level 1, Level 2 or Level 3 inputs. For Level 2 securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that includes, but is not limited to dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, market consensus prepayment speeds, credit information and the security's terms and conditions. In order to ensure the fair values are consistent with Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, the Company periodically checks the fair value by comparing them to another pricing source, such as Bloomberg LP. The third-party pricing service is subject to an annual review of internal controls in accordance with the Statement on Standards for Attestation Engagement No.16, which was made available to the Company. In certain cases where Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Mortgage Servicing Rights ("MSR")

The carrying amounts of the MSRs equal fair value and are valued on a discounted cash flow valuation technique. The significant assumptions used to value MSRs were as follows:

	March 31, 2019	December 31, 2018
Prepayment speed	11.10%	9.90%
Discount rate	10.36	10.42

In recent years, there have been significant market-driven fluctuations in the assumptions listed above. These fluctuations can be rapid and may continue to be significant. Therefore, estimating these assumptions within ranges that market participants would use in determining the fair value of MSRs requires significant management judgment.

Derivatives

Fair values for interest rate swap agreements are based upon the amounts that are required to settle the contracts. Fair values for derivative loan commitments and forward loan sale commitments are based on fair values of the underlying mortgage loans and the probability of such commitments being exercised. Significant management judgment and estimation is required in determining these fair value measurements.

Fair Values of Assets Recorded on a Recurring Basis for which the Fair Value Option has been Elected

Certain assets are measured at fair value on a recurring basis due to the Company's election to adopt fair value accounting treatment for those assets. This election allows for a more effective offset of the changes in fair values of the assets and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting under ASC 815, *Derivatives and Hedging.* For assets for which the fair value has been elected, the earned current contractual interest payment is recognized in interest income, loan origination costs and fees on fair value option loans are recognized in earnings as incurred and not deferred. At March 31, 2019, and December 31, 2018, there were no gains or losses recorded attributable to changes in instrument-specific credit risk. The following tables summarize the difference between the fair value and the unpaid principal balance for financial instruments for which the fair value option has been elected.

	March 31, 2019		
(Dollars in thousands)	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference
Loans held for sale[(1)]	$ 15,598	$ 15,172	$ 426
Commercial real estate loans held for investment[(2)]	18,387	18,136	251
Securities carried at fair value through income	11,510	11,503	7
Total	$ 45,495	$ 44,811	$ 684

(1) A total of $1.4 million of loans held for sale were designated as nonaccrual or 90 days or more past due at March 31, 2019. Of this balance, $1.0 million was guaranteed by U.S. Government agencies.
(2) There were no commercial real estate loans for which the fair value had been elected that were designated as nonaccrual or 90 days or more past due at March 31, 2019.

	December 31, 2018		
(Dollars in thousands)	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference
Loans held for sale[(1)]	$ 21,562	$ 21,173	$ 389
Commercial real estate loans held for investment[(2)]	18,571	18,391	180
Securities carried at fair value through income	11,361	11,503	(142)
Total	$ 51,494	$ 51,067	$ 427

(1) A total of $741,000 of loans held for sale were designated as nonaccrual or 90 days or more past due at December 31, 2018. Of this balance, $582,000 was guaranteed by U.S. Government agencies.
(2) There were no commercial real estate loans for which the fair value had been elected that were designated as nonaccrual or 90 days or more past due at December 31, 2018.

Changes in the fair value of assets for which the Company elected the fair value option are classified in the condensed consolidated statement of income line items reflected in the following table.

	Three Months Ended March 31,	
(Dollars in thousands)	2019	2018
Changes in fair value included in noninterest income:		
Mortgage banking revenue	$ 37	$ (324)
Other income:		
Loans at fair value held for investment	72	(295)
Securities carried at fair value through income	149	(310)
Total impact on other income	221	(605)
Total fair value option impact on noninterest income [1]	$ 258	$ (929)

[1] The fair value option impact on noninterest income is offset by the derivative gain/loss recognized in noninterest income. Please see Note 7 - Mortgage Banking for more detail.

The following methodologies were used to measure the fair value of financial assets valued on a recurring basis for which the fair value option was elected:

Securities at Fair Value through Income

Securities carried at fair value through income are valued using a discounted cash flow with a credit spread applied to each instrument based on the creditworthiness of each issuer. Credit spreads ranged from 126 to 227 basis points at both March 31, 2019, and December 31, 2018. The Company believes the fair value approximates the price it would receive upon a sale in an orderly market transaction ("exit price").

Loans Held for Sale

Fair values for loans held for sale are established using anticipated sale prices for loans allocated to a sale commitment, and those unallocated to a commitment are valued based on the interest rate and term for similar loans allocated. The Company believes the fair value approximates an exit price.

Loans Held for Investment

For loans held for investment for which the fair value option has been elected, fair values are calculated using a discounted cash flow model with inputs including observable interest rate curves and unobservable credit adjustment spreads based on credit risk inherent in the loan. Credit spreads ranged from 290 to 413 basis points at both March 31, 2019, and December 31, 2018. The Company believes the fair value approximates an exit price.

Fair Value of Assets Recorded on a Nonrecurring Basis

Equity Securities without Readily Determinable Fair Values

Equity securities without readily determinable fair values totaled $42.3 million at March 31, 2019, and are shown on the face of the condensed consolidated balance sheet. The majority of the Company's equity investments qualify for the practical expedient allowed for equity securities without a readily determinable fair value, such that the Company has elected to carry these securities at cost adjusted for any observable transactions during the period, less any impairment. To date, no impairment has been recorded on the Company's investments in equity securities that do not have readily determinable fair values.

Government National Mortgage Association Repurchase Asset

The Company recorded $26.7 million and $30.6 million, respectively, at March 31, 2019, and December 31, 2018, for Government National Mortgage Association ("GNMA") repurchase assets included in mortgage loans held for sale on the condensed consolidated balance sheet. The assets are valued at the lower of cost or market and, where market is lower than cost, valued using anticipated sale prices for loans allocated to a sale commitment, and those unallocated to a commitment are valued based on the interest rate and term for similar loans allocated. The Company believes the fair value approximates an exit price. Please see Note 7 - Mortgage Banking for more information on the GNMA repurchase asset.

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Collateral Dependent Impaired Loans

Loans for which it is probable that the Company will not collect all principal and interest due according to contractual terms are measured for impairment. Allowable methods for determining the amount of impairment include estimating fair value using the fair value of the collateral for collateral-dependent loans. If the impaired loan is identified as collateral-dependent, the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value. Impaired loans that are collateral-dependent are classified within Level 3 of the fair value hierarchy when impairment is determined using the fair value method. The fair value of impaired loans with specific allocated losses was approximately $1.3 million and $1.4 million at March 31, 2019, and December 31, 2018, respectively.

Non-Financial Assets

Foreclosed assets held for sale are the only non-financial assets valued on a non-recurring basis that are initially recorded by the Company at fair value, less estimated costs to sell. At foreclosure, if the fair value, less estimated costs to sell, of the real estate acquired is less than the Company's recorded investment in the related loan, a write-down is recognized through a charge to the allowance for loan losses. Additionally, valuations are periodically performed by management and any subsequent reduction in value is recognized by a charge to income. The carrying value and fair value of foreclosed assets held for sale is estimated using Level 3 inputs based on observable market data and was $3.7 million at both March 31, 2019, and December 31, 2018. At March 31, 2019, the Company had $2.4 million in residential mortgage loans in the process of foreclosure.

Fair Values of Financial Instruments Not Recorded at Fair Value

The carrying value and estimated fair values of financial instruments not recorded at fair value are as follows:

(Dollars in thousands)	March 31, 2019		December 31, 2018	
Financial assets:	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Level 1 inputs:				
Cash and cash equivalents	$ 111,240	$ 111,240	$ 116,678	$ 116,678
Level 2 inputs:				
Securities held to maturity	19,033	18,941	19,169	19,136
Non-marketable equity securities held in other financial institutions	42,314	42,314	42,149	42,149
Accrued interest and loan fees receivable	15,872	15,872	16,454	16,454
Level 3 inputs:				
Loans held for investment, net[(1)]	3,784,378	3,639,333	3,736,331	3,605,142
Financial liabilities:				
Level 2 inputs:				
Deposits	3,898,248	3,710,982	3,783,138	3,537,283
FHLB advances and other borrowings	335,053	338,518	445,224	444,286
Junior subordinated debentures	9,651	10,721	9,644	10,723
Accrued interest payable	3,041	3,041	2,679	2,679

(1) Loans held for investment, net does not include loans for which the fair value option had been elected at March 31, 2019, or December 31, 2018, as these loans are carried at fair value on a recurring basis.

Note 6 - Leases

The Company adopted *ASU No. 2016-02 — Leases (Topic 842)* as of January 1, 2019, and recognized a $321,000 cumulative effect adjustment credit, net of tax, to retained earnings. The Company elected the package of practical expedients, which among other things, does not require reassessment of lease classification.

The Company determines if an arrangement is a lease at inception. Operating lease assets are included in accrued interest receivable and other assets, operating lease liabilities are included in accrued expenses and other liabilities in the

Company's consolidated balance sheets. The Company has made an accounting policy election not to recognize short-term lease assets and liabilities (less than a 12-month term) or immaterial equipment and server space leases in its balance sheets, the Company recognizes the lease expense for these leases on a straight-line basis over the life of the lease. The Company has no material finance leases.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company uses an estimated incremental collateralized borrowing rate, which is derived from information available at the lease commencement date and gives consideration to the applicable FHLB borrowing rates, when determining the present value of lease payments.

The Company's lease term includes options to extend the lease when it is reasonably certain that the Company will exercise that option. The Company's lease agreements do not contain any residual value guarantees. All of the Company's operating long-term leases are real estate leases, which account for the lease and non-lease components as a single lease component.

The Company leases certain real estate for its banking and insurance premises, as well as certain equipment, under non-cancelable operating leases that expire at various dates through 2038.

The balance sheet details and components of the Company's lease expense were as follows:

(Dollars in thousands)	At and for the Three Months Ended March 31, 2019	
Operating lease right of use assets (included in Accrued interest receivable and other assets)	$	26,267
Operating lease liabilities (included in Accrued expenses and other liabilities)		28,247
Finance lease liabilities (included in Accrued expenses and other liabilities)		444
Lease expense:		
Operating lease expense		1,146
Other lease expense		62
Total lease expense	$	1,208
Weighted average remaining lease term (years) - operating leases		9.87
Weighted average discount rate - operating leases		3.48%
Right of use assets obtained in exchange for new operating lease liabilities	$	940

Maturities of operating lease liabilities were as follows:

	March 31, 2019	
Year 1	$	4,799
Year 2		4,458
Year 3		3,893
Year 4		3,687
Year 5		3,279
Year 6 and thereafter		13,845
Total lease payments		33,961
Less: Imputed interest		5,714
Total lease obligations	$	28,247

Total lease expense was $956,000 for the three months ended March 31, 2018.

The Company had one sale-leaseback transaction from 2017 that resulted in a loss on sale. The loss was previously deferred and was being amortized to lease expense over the term of the lease. Upon the Company's adoption of ASU 842, the deferred loss of $962,000 was combined with the ROU asset.

Supplemental cash flow related to leases was as follows:

	Three Months Ended March 31, 2019
Operating cash flows from operating leases	$ 1,173

Note 7 - Mortgage Banking

The following table presents the Company's revenue from mortgage banking operations:

(Dollars in thousands)	Three Months Ended March 31,	
Mortgage banking revenue	**2019**	**2018**
Origination	$ 130	$ 210
Gain on sale of loans held for sale	1,097	2,024
Servicing	1,699	1,837
Total gross mortgage revenue	2,926	4,071
Mortgage derivatives gain (loss)	210	(539)
MSR change due to payoffs and paydowns	(718)	(784)
MSR and hedge fair value adjustment	188	(379)
Gain on MSR sale [1]	—	25
Mortgage banking revenue	$ 2,606	$ 2,394

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(1) Amount shown during the three months ended March 31, 2018, reflects final settlement on a loan servicing portfolio sold during the three months ended December 31, 2017.

Management uses forward contracts on mortgage-backed securities to mitigate the impact of changes in fair value of MSRs. See Note 8 - Derivative Financial Instruments for further information.

Mortgage Servicing Rights

Activity in MSRs was as follows:

	Three Months Ended March 31,	
(Dollars in thousands)	**2019**	**2018**
Balance at beginning of period	$ 25,114	$ 24,182
Origination of servicing rights	283	543
Change in fair value, including amortization, net	(1,990)	1,274
Balance at end of period	$ 23,407	$ 25,999

The Company receives annual servicing fee income approximating 0.28% of the outstanding balance of the underlying loans. In connection with the Company's activities as a servicer of mortgage loans, the investors and the securitization trusts have no recourse to the Company's assets for failure of debtors to pay when due.

The Company is potentially subject to losses in its loan servicing portfolio due to loan foreclosures. The Company has obligations to either repurchase the outstanding principal balance of a loan or make the purchaser whole for the economic benefits of a loan if it is determined that the loan sold was in violation of representations or warranties made by it at the time of the sale, which the Company refers to as mortgage loan servicing putback expenses. Such representations and warranties typically include those made regarding loans that had missing or insufficient file documentation and/or loans obtained through fraud by borrowers or other third parties. Putback claims may be made until the loan is paid in full. When a putback claim is received, the Company evaluates the claim and takes appropriate actions based on the nature of the claim. The Company is required by Federal National Mortgage Association and Federal Home Loan Mortgage Corporation to provide a response to putback claims within 60 days of the date of receipt.

There were no mortgage loan servicing putback expenses incurred by the Company for either the three months ended March 31, 2019 or 2018. At both March 31, 2019, and December 31, 2018, the reserve for mortgage loan servicing putback expenses totaled $196,000. There is inherent uncertainty in reasonably estimating the requirement for reserves against future mortgage loan servicing putback expenses. Future putback expenses depend on many subjective factors, including the review procedures of the purchasers, the potential refinance activity on loans sold with servicing released and the subsequent consequences under the representations and warranties.

GNMA optional repurchase programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase a delinquent loan for an amount equal to 100% of the remaining principal balance of the loan. This buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When the Company is deemed to have regained effective control over these loans under the unconditional buy-back option, the loans can no longer be reported as sold and must be included in the balance sheet as mortgage loans held for sale, regardless of whether the Company intends to exercise the buy-back option. These loans totaled $26.7 million and $30.6 million at March 31, 2019, and December 31, 2018, respectively, and were recorded as mortgage loans held for sale, at the lower of cost or fair value with a corresponding liability in FHLB advances and other borrowings on the Company's condensed consolidated balance sheets.

Note 8 - Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Company enters into derivative financial instruments to manage risks related to differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments, as well as to manage changes in fair values of some assets which are marked at fair value through the condensed consolidated statement of income on a recurring basis.

Cash Flow Hedges of Interest Rate Risk

The Company is a party to two interest rate swap agreements under which the Company receives interest at a variable rate and pays at a fixed rate. The derivative instruments represented by the swap agreements are designated as cash flow hedges of the Company's forecasted variable cash flows under its junior subordinated debentures. During the term of the swap agreements, the effective portion of changes in the fair value of the derivative instruments are recorded in accumulated other comprehensive income and subsequently reclassified into earnings in the periods that the hedged forecasted variable-rate interest payments affected earnings. There was no ineffective portion of the changes in fair value of the derivatives recognized directly in earnings. The entire swap fair values will be reclassified into earnings before the respective expiration dates of the swap agreements.

Derivatives Not Designated as Hedges

Customer interest rate derivative program

The Company offers certain derivatives products, primarily interest rate swaps, directly to qualified commercial banking customers to facilitate their risk management strategies. In some instances, the Company acts only as an intermediary, simultaneously entering into offsetting agreements with unrelated financial institutions, thereby mitigating its net risk exposure resulting from such transactions without significantly impacting its results of operations. Because the interest rate derivatives associated with this program do not meet hedge accounting requirements, changes in the fair value of both the customer derivatives and any offsetting derivatives are recognized directly in earnings as a component of noninterest income.

Mortgage banking derivatives

The Company enters into certain derivative agreements as part of its mortgage banking and related risk management activities. These agreements include interest rate lock commitments on prospective residential mortgage loans and forward contracts to sell these loans to investors on a mandatory delivery basis. The Company also economically hedges the value of MSRs by entering into a series of commitments to purchase mortgage-backed securities in the future.

Fair Values of Derivative Instruments on the Balance Sheet

The following tables disclose the fair value of derivative instruments in the Company's condensed consolidated balance sheets at March 31, 2019, and December 31, 2018, as well as the effect of these derivative instruments on the Company's condensed consolidated statements of income for the three months ended March 31, 2019 and 2018:

	Notional Amounts[(1)]		Fair Values	
(Dollars in thousands)	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Derivatives designated as cash flow hedging instruments:				
Interest rate swaps included in other assets	$ 10,500	$ 10,500	$ 58	$ 152
Derivatives not designated as hedging instruments:				
Interest rate swaps included in other assets	$ 150,487	$ 127,512	$ 4,354	$ 2,302
Interest rate swaps included in other liabilities	168,747	145,857	(4,901)	(2,625)
Forward commitments to purchase mortgage-backed securities included in other assets	290,000	140,000	906	709
Forward commitments to sell residential mortgage loans included in other liabilities	28,150	24,750	(146)	(221)
Interest rate-lock commitments on residential mortgage loans included in other assets	24,896	16,244	498	400
	$ 662,280	$ 454,363	$ 711	$ 565

(1) Notional or contractual amounts, which represent the extent of involvement in the derivatives market, are used to determine the contractual cash flows required in accordance with the terms of the agreement. These amounts are typically not exchanged, significantly exceed amounts subject to credit or market risk and are not reflected in the condensed consolidated balance sheets.

The weighted-average rates paid and received for interest rate swaps at March 31, 2019, were as follows:

	Weighted-Average	
	Interest Rate Paid	Interest Rate Received
Interest rate swaps:		
Cash flow hedges	4.81%	5.42%
Non-hedging interest rate swaps - financial institution counterparties	5.02	4.72
Non-hedging interest rate swaps - customer counterparties	4.80	5.06

Gains and losses recognized on derivative instruments not designated as hedging instruments were as follows:

(Dollars in thousands)	Three Months Ended March 31,	
Derivatives not designated as hedging instruments:	2019	2018
Amount of gain (loss) recognized in mortgage banking revenue [(1)]	$ 1,311	$ (1,661)
Amount of (loss) gain recognized in other non-interest income	(225)	523

(1) Gains and losses on these instruments are largely offset by market fluctuations in mortgage servicing rights. See Note 7 - Mortgage Banking for more information on components of mortgage banking revenue.

Some interest rate swaps included in other assets were subject to a master netting arrangement with the counterparty in all years presented and could be offset against some amounts included in interest rate swaps included in other liabilities. The Company has chosen not to net these exposures in the condensed consolidated balance sheets, and any impact of netting these amounts would not be significant.

At March 31, 2019, and December 31, 2018, the Company had cash collateral on deposit with swap counterparties totaling $5.0 million and $1.9 million, respectively. These amounts are included in interest-bearing deposits in banks in the condensed consolidated balance sheets and are considered restricted cash until such time as the underlying swaps are settled.

Note 9 - Stock and Incentive Compensation Plans

The Company has granted, and currently has outstanding, stock and incentive compensation awards subject to the provisions of the Company's 2012 Stock Incentive Plan (the "2012 Plan"). Additionally, awards have been issued prior to the establishment of the 2012 Plan, some of which are still outstanding at March 31, 2019. The 2012 Plan is designed to provide flexibility to the Company regarding its ability to motivate, attract and retain the services of key officers, employees and directors. The 2012 Plan allows the Company to make grants of dividend equivalent rights, incentive stock options, non-qualified stock options, performance unit awards, restricted stock awards, restricted stock units and stock appreciation rights. At March 31, 2019, the maximum number of shares of the Company's common stock available for issuance under the 2012 Plan was 987,324 shares.

Share-based compensation cost charged to income for the three months ended March 31, 2019 and 2018, is presented below:

	Three Months Ended March 31,	
(Dollars in thousands)	2019	2018
Restricted stock	$ 470	$ 194
Total stock compensation expense	$ 470	$ 194
Related tax benefits recognized in net income	$ 99	$ 41

Restricted Stock Grants

The Company's restricted stock grants are time-vested awards and are granted to the Company's Board of Directors, executives and senior management team. The service period in which time-vested awards are earned ranges from one to five years. Time-vested awards are valued utilizing the fair value of the Company's stock at the grant date. These awards are expensed on a straight-line method over the requisite service period, with forfeitures recognized as they occur.

The following table summarizes the Company's time-vested award activity:

	Three Months Ended March 31,			
	2019		2018	
	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value
Nonvested shares, January 1,	174,407	$ 35.01	61,293	$ 24.61
Granted	976	35.91	7,334	25.41
Vested	(3,568)	25.25	(4,397)	24.91
Forfeited	(1,550)	23.64	—	—
Nonvested shares, March 31,	170,265	$ 35.32	64,230	$ 24.68

During the three months ended March 31, 2019, no shares were retired by the Company upon vesting of restricted stock awards. During the three months ended March 31, 2018, award recipients surrendered and the Company retired 845 shares to cover taxes owed upon the vesting of restricted stock awards.

At March 31, 2019, there was $4.9 million of total unrecognized compensation cost related to nonvested restricted shares awarded under the 2012 Plan. That cost is expected to be recognized over a weighted average period of 3.13 years.

Stock Option Grants

The Company issues common stock options to select officers and employees through individual agreements and as a result of obligations assumed in association with certain business combinations. As a result, both incentive and nonqualified stock options have been issued and may be issued in the future. The exercise price of each option varies by agreement and is based on either the fair value of the stock at the date of the grant in circumstances where option grants occurred or based on the previously committed exercise price in the case of options acquired through merger. No outstanding stock option has a term that exceeds twenty years. Vesting periods range from immediate to ten years from the date of grant or merger. The Company recognizes compensation cost for stock option grants over the required service period based upon the grant date fair-value, which is established using a Black-Scholes valuation model. The Black-Scholes valuation model uses assumptions of risk-free interest rates, expected term of stock options, expected stock price volatility and expected dividends. Forfeitures are recognized as they occur.

The table below summarizes the status of the Company's stock options and changes during the three months ended March 31, 2019 and 2018.

(Dollars in thousands, except per share amounts)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Three months ended March 31, 2018				
Outstanding at January 1, 2018	319,500	$ 10.65	7.07	$ 4,840
Outstanding at March 31, 2018	319,500	10.65	6.82	4,843
Three months ended March 31, 2019				
Outstanding at January 1, 2019	274,000	$ 10.38	6.75	$ 6,493
Exercised	(20,000)	8.25	—	—
Outstanding at March 31, 2019	254,000	10.55	6.56	5,969
Exercisable at March 31, 2019	254,000	$ 10.55	6.56	$ 5,969

Note 10 - Income Taxes

The provision for income taxes was as follows:

	Three Months Ended March 31,	
(Dollars in thousands)	2019	2018
Federal income taxes:		
Current	$ 3,167	$ 2,175
Deferred	(336)	501
State income taxes:		
Current	268	76
Deferred	(10)	32
Income tax expense	$ 3,089	$ 2,784
Effective income tax rate	17.9%	17.2%

The effective income tax rates differed from the U.S. statutory federal income tax rates of 21% during 2019 and 2018, primarily due to the effect of tax-exempt income from securities, low income housing and qualified school construction bond tax credits, tax-exempt income from life insurance policies and income tax effects associated with stock-based compensation. Because of these items, the Company expects the effective income tax rate to continue to remain below the U.S. statutory rate. These tax-exempt items can have a larger than proportional effect on the effective income tax rate as net income decreases.

During the first quarter of 2018, the Company adopted the provisions of ASU 2018-02 which resulted in a $282,000 adjustment from accumulated other comprehensive income to retained earnings.

The Company files a consolidated income tax return in the U.S. federal jurisdiction and various states. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities in these taxing jurisdictions for the years before 2015.

Note 11 - Accumulated Other Comprehensive Income

Accumulated other comprehensive income ("AOCI") includes the after-tax change in unrealized gains and losses on available for sale ("AFS") securities and cash flow hedging activities.

(Dollars in thousands)	Unrealized Gains on AFS Securities	Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance at January 1, 2019	$ (2,601)	$ 121	$ (2,480)
Net change	4,078	(74)	4,004
Balance at March 31, 2019	$ 1,477	$ 47	$ 1,524
Balance at January 1, 2018	$ 1,280	$ 27	$ 1,307
Net change	(4,492)	144	(4,348)
Reclassification of tax effects related to the adoption of ASU 2018-02[1]:			
Current	(293)	17	(276)
Deferred	569	(11)	558
Balance at March 31, 2018	$ (2,936)	$ 177	$ (2,759)

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(1) During the first quarter of 2018, the Company adopted ASU 2018-02. The ASU was issued by the FASB in February 2018, to address the issue of other comprehensive income or loss that became stranded in AOCI as a result of the re-measurement of an entity's deferred income tax assets and liabilities following the reduction of the U.S. federal corporate tax rate from 35% to 21% pursuant to the enactment of the Tax Cuts and Jobs Act in December 2017. The Company also had certain current tax amounts stranded in AOCI that resulted from a tax accounting election to tax net gains and losses on AFS securities and cash flow hedges as current items beginning in 2016. The Company reclassifies the taxes from AOCI to earnings as the individual securities and hedges are realized. Due to the change in corporate tax rates, the Company had certain net gains and losses taxed at the 35% rate reflected in AOCI. As these transactions are realized over time, they will flow through income tax expense at the 21% rate. Rather than adjusting income tax expense for the difference as each of these securities and instruments are realized, the Company elected to adjust the difference (stranded tax effect) to retained earnings, consistent with the treatment of the deferred tax adjustment.

Note 12 - Capital and Regulatory Matters

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The Company is subject to the Basel III regulatory capital framework (the "Basel III Capital Rules"). Starting in January 2016, the implementation of the capital conservation buffer was effective for the Company starting at the 0.625% level, and increasing 0.625% each year thereafter, until it reached 2.5% on January 1, 2019. The capital conservation buffer is designed to absorb losses during periods of economic stress and requires increased capital levels for the purpose of capital distributions and other payments. Failure to meet the full amount of the buffer will result in restrictions on the Company's ability to make capital distributions, which includes dividend payments, stock repurchases and discretionary bonus payments to executive officers.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, CET1 and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, at March 31, 2019, and December 31, 2018, that the Company and the Bank met all capital adequacy requirements to which they are subject, including the capital buffer requirement.

At March 31, 2019, and December 31, 2018, the Bank's capital ratios exceeded those levels necessary to be categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Bank must maintain minimum total risk based, CET1, Tier 1 risk based and Tier 1 leverage ratios as set forth in the table.

The actual capital amounts and ratios of the Company and Bank at March 31, 2019, and December 31, 2018, are presented in the following table:

(Dollars in thousands)	Actual		Minimum Capital Required - Basel III Fully Phased-In		To be Well Capitalized Under Prompt Corrective Action Provisions	
March 31, 2019	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Common Equity Tier 1 Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	$ 534,230	12.05%	$ 310,382	7.00%	N/A	N/A
Origin Bank	523,866	11.85	309,522	7.00	$ 287,413	6.50%
Tier 1 Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	543,555	12.26	376,893	8.50	N/A	N/A
Origin Bank	523,866	11.85	375,848	8.50	353,739	8.00
Total Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	580,763	13.10	465,572	10.50	N/A	N/A
Origin Bank	561,074	12.69	464,282	10.50	442,174	10.00
Leverage Ratio						
Origin Bancorp, Inc.	543,555	11.23	193,656	4.00	N/A	N/A
Origin Bank	523,866	10.85	193,150	4.00	241,437	5.00
December 31, 2018						
Common Equity Tier 1 Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	$ 519,468	11.94%	$ 304,431	7.00%	N/A	N/A
Origin Bank	508,826	11.73	303,621	7.00	$ 281,934	6.50%
Tier 1 Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	528,786	12.16	369,668	8.50	N/A	N/A
Origin Bank	508,826	11.73	368,683	8.50	346,996	8.00
Total Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	564,437	12.98	456,647	10.50	N/A	N/A
Origin Bank	544,477	12.55	455,430	10.50	433,743	10.00
Leverage Ratio						
Origin Bancorp, Inc.	528,786	11.21	188,711	4.00	N/A	N/A
Origin Bank	508,826	10.81	188,229	4.00	235,287	5.00

In the ordinary course of business, the Company depends on dividends from the Bank to provide funds for the payment of dividends to stockholders and to provide for other cash requirements. Banking regulations may limit the amount of dividends that may be paid. Approval by regulatory authorities is required if the effect of dividends declared would cause the regulatory capital of the Bank to fall below specified minimum levels. Approval is also required if dividends declared and paid exceed the Bank's year-to-date net income combined with the retained net income for the preceding year. Under the foregoing dividend restrictions and while maintaining its "well capitalized" status, management believes that at March 31, 2019, the Bank could pay aggregate dividends of up to $61.0 million to the Company without prior regulatory approval.

Note 13 - Commitments and Contingencies

Credit Related Commitments

In the normal course of business, the Company enters into financial instruments, such as commitments to extend credit and letters of credit, to meet the financing needs of its customers. Such instruments are not reflected in the accompanying consolidated financial statements until they are funded, although they expose the Company to varying degrees of credit risk and interest rate risk in much the same way as funded loans.

Commitments to extend credit include revolving commercial credit lines, nonrevolving loan commitments issued mainly to finance the acquisition and development or construction of real property or equipment, and credit card and personal credit lines. The availability of funds under commercial credit lines and loan commitments generally depends on whether the borrower continues to meet credit standards established in the underlying contract and has not violated other contractual conditions. Loan commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. Credit card and personal credit lines are generally subject to cancellation if the borrower's credit quality deteriorates. A number of commercial and personal credit lines are used only partially or, in some cases, not at all before they expire, and the total commitment amounts do not necessarily represent future cash requirements of the Company.

A substantial majority of the letters of credit are standby agreements that obligate the Company to fulfill a customer's financial commitments to a third party if the customer is unable to perform. The Company issues standby letters of credit primarily to provide credit enhancement to its customers' other commercial or public financing arrangements and to help them demonstrate financial capacity to vendors of essential goods and services.

The contract amounts of these instruments reflect the Company's exposure to credit risk. The Company undertakes the same credit evaluation in making loan commitments and assuming conditional obligations as it does for on-balance sheet instruments and may require collateral or other credit support. These off-balance sheet financial instruments are summarized below:

(Dollars in thousands)	March 31, 2019	December 31, 2018
Commitments to extend credit	$ 1,219,539	$ 1,178,735
Standby letters of credit	50,781	46,860

In addition to the above, the Company guarantees the credit card debt of certain customers to the merchant bank that issues the credit cards. These guarantees are in place for as long as the guaranteed credit card is open. At March 31, 2019, and December 31, 2018, these credit card guarantees totaled $557,000 and $772,000, respectively. This amount represents the maximum potential amount of future payments under the guarantee for which the Company would be responsible in the event of customer non-payment.

At March 31, 2019, and December 31, 2018, the Company had FHLB letters of credit totaling $187.2 million and $172.0 million, respectively, available to secure public deposits, and for other purposes required or permitted by law.

Management establishes an asset-specific allowance for certain lending-related commitments and computes a formula-based allowance for performing consumer and commercial lending-related commitments. These are computed using a methodology similar to that used for the commercial loan portfolio, modified for expected maturities and probabilities of drawdown. The reserve for lending-related commitments was $1.6 million and $1.4 million at March 31, 2019, and December 31, 2018, respectively, and is included in other liabilities in the accompanying condensed consolidated balance sheets.

Loss Contingencies

From time to time the Company is also party to various legal actions arising in the ordinary course of business. At this time, management does not expect that loss contingencies, if any, arising from any such proceedings, either individually or in the aggregate, would have a material adverse effect on the consolidated financial position or liquidity of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context indicates otherwise, references in this report to "we," "us," "our," "our company," "the Company" or "Origin" refer to Origin Bancorp, Inc., a Louisiana corporation, and its consolidated subsidiaries. All references to "Origin Bank" or "the Bank" refer to Origin Bank, our wholly owned bank subsidiary.

The following discussion and analysis presents our financial condition and results of operations on a consolidated basis. However, we conduct all of our material business operations through our wholly owned bank subsidiary, Origin Bank, and the discussion and analysis that follows primarily relates to activities conducted at the Bank level.

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related notes contained in Item 1 of this report. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of our future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors." We assume no obligation to update any of these forward looking statements.

General

We are a financial holding company headquartered in Ruston, Louisiana. Through our wholly owned bank subsidiary, Origin Bank, we provide a broad range of financial services to small and medium-sized businesses, municipalities, high net worth individuals and retail clients through 42 banking centers in Louisiana, Texas and Mississippi. As a financial holding company operating through one segment, we generate the majority of our revenue from interest earned on loans and investments, service charges and fees on deposit accounts.

We incur interest expense on deposits and other borrowed funds and noninterest expense, such as salaries and employee benefits and occupancy expenses. We analyze our ability to maximize income generated from interest-earning assets and expense of our liabilities through our net interest margin. Net interest margin is a ratio calculated as net interest income divided by average interest-earning assets. Net interest income is the difference between interest income on interest-earning assets, such as loans, securities and interest-bearing cash, and interest expense on interest-bearing liabilities, such as deposits and borrowings. Net interest spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

Changes in market interest rates and the interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as in the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and stockholders' equity, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. Fluctuations in market interest rates are driven by many factors, including governmental monetary policies, inflation, deflation, macroeconomic developments, changes in unemployment, the money supply, political and international conditions and conditions in domestic and foreign financial markets. Periodic changes in the volume and types of loans in our loan portfolio are affected by, among other factors, economic and competitive conditions, as well as developments affecting the real estate, technology, financial services, insurance, transportation and manufacturing sectors within our target markets.

2019 First Quarter Executive Summary:

- Net income reached a historical quarterly high of $14.2 million for the quarter ended March 31, 2019, compared to $13.4 million for the quarter ended March 31, 2018.
- Total loans held for investment were $3.84 billion, an increase of $49.2 million, or 1.3%, from December 31, 2018. The yield earned on total loans held for investment during the quarter ended March 31, 2019, was 5.28%, compared to 4.73% for the quarter ended March 31, 2018.
- Total deposits increased by $115.1 million, or 3.0%, from December 31, 2018. The average rate paid on our interest-bearing deposits was 1.48% for the quarter ended March 31, 2019, compared to 0.90% for the quarter ended March 31, 2018.
- The Company's efficiency ratio improved to 65.97% for the quarter ended March 31, 2019, compared to 67.06% for the quarter ended March 31, 2018.

- Nonperforming loans held for investment to total loans held for investment was 0.79% at March 31, 2019, compared to 0.84% at December 31, 2018.
- The Company opened a new full service branch on April 1, 2019, in the Dallas/Fort Worth metroplex.

Comparison of the Results of Operations for the Three Months Ended March 31, 2019 and 2018

Net Interest Income

Net interest income for the quarter ended March 31, 2019, was $42.0 million, an increase of $7.3 million, or 21.0%, compared to the quarter ended March 31, 2018. The increase was primarily due to increases of $11.7 million and $1.3 million in interest income earned on loans and investment securities, respectively. The increase in interest income earned on loans was primarily driven by an $8.2 million combined increase in interest income on the commercial and industrial and commercial real estate loan portfolios. Of this combined increase, 59.5% was driven by average volumes and 40.5% was driven by yields on the loans in those portfolios. The increase in income earned on investment securities was primarily driven by increases in the average balance of taxable investment securities, which increased by $188.2 million, or 60.6%, compared to the quarter ended March 31, 2018. The increase in net interest income was partially offset by higher costs of funding, mostly as a result of increases in market interest rates impacting deposit accounts, as well as an increase in the average balance of outstanding borrowings, which was primarily driven by a $250.0 million FHLB advance obtained in the third quarter of 2018 which was re-deployed into higher yielding interest-earning assets and replaced higher rate FHLB advances ("leverage transaction").

The average rate paid on total interest-bearing liabilities for the quarter ended March 31, 2019, was 1.55%, representing an increase of 58 basis points compared to the quarter ended March 31, 2018. Additionally, average balances of total interest-bearing liabilities increased by $448.5 million, or 16.0% compared to the quarter ended March 31, 2018. The primary drivers of the increase in average interest-bearing liabilities compared to the same quarter in the previous year were increases in average FHLB borrowings of $260.5 million and average interest-bearing deposits of $177.0 million. The average rate paid on interest-bearing deposits was 1.48% for the quarter ended March 31, 2019, representing an increase of 58 basis points compared to the same quarter in the previous year. The increase in average balances in FHLB borrowings in the current period compared to the quarter ended March 31, 2018, was largely due to our leverage transaction in the third quarter of 2018.

The following table presents average balance sheet information, interest income, interest expense and the corresponding average yields earned and rates paid for the three months ended March 31, 2019 and 2018.

(Dollars in thousands)	Three Months Ended March 31, 2019			Three Months Ended March 31, 2018		
Assets	**Average Balance[1]**	**Income/Expense**	**Yield/Rate[2]**	**Average Balance[1]**	**Income/Expense**	**Yield/Rate[2]**
Commercial real estate	$ 1,214,682	$ 15,496	5.17%	$ 1,085,597	$ 12,564	4.69%
Construction/land/land development	457,175	6,473	5.74	327,472	3,932	4.87
Residential real estate	634,287	7,633	4.81	575,511	6,438	4.47
Commercial and industrial	1,287,461	16,999	5.35	1,001,894	11,777	4.77
Mortgage warehouse lines of credit	147,453	2,045	5.63	174,714	2,147	4.98
Consumer	20,482	350	6.83	21,054	340	6.45
Loans held for investment	3,761,540	48,996	5.28	3,186,242	37,198	4.73
Loans held for sale	17,687	179	4.05	27,082	276	4.08
Loans receivable	3,779,227	49,175	5.28	3,213,324	37,474	4.73
Investment securities-taxable	498,733	3,341	2.68	310,519	1,740	2.24
Investment securities-non-taxable	101,794	858	3.37	132,660	1,184	3.57
Non-marketable equity securities held in other financial institutions	42,161	301	2.90	22,968	168	2.97
Interest-bearing balances due from banks	123,326	819	2.69	217,313	878	1.64
Total interest-earning assets	4,545,241	54,494	4.86%	3,896,784	41,444	4.31%
Noninterest-earning assets[3]	325,807			301,069		
Total assets	$ 4,871,048			$ 4,197,853		
Liabilities and Stockholders' Equity						
Liabilities						
Interest-bearing liabilities						
Savings and interest-bearing transaction accounts	$ 2,020,440	$ 6,259	1.26%	$ 2,073,120	$ 4,160	0.81%
Time deposits	848,629	4,238	2.03	618,994	1,820	1.19
Total interest-bearing deposits	2,869,069	10,497	1.48	2,692,114	5,980	0.90
Federal funds purchased [4]	19	—	2.89	—	—	—
FHLB advances	335,891	1,698	2.05	75,439	570	3.06
Securities sold under agreements to repurchase	39,757	136	1.39	28,713	34	0.47
Subordinated debentures	9,647	137	5.78	9,622	136	5.65
Total interest-bearing liabilities	3,254,383	12,468	1.55	2,805,888	6,720	0.97
Noninterest-bearing deposits	972,617			864,552		
Other liabilities[3]	83,957			67,459		
Total liabilities	4,310,957			3,737,899		
Stockholders' Equity	560,091			459,954		
Total liabilities and stockholders' equity	$ 4,871,048			$ 4,197,853		
Net interest spread			3.31%			3.34%
Net interest income and margin		$ 42,026	3.75%		$ 34,724	3.61%
Net interest income and margin - (tax equivalent)[5]		$ 42,555	3.80%		$ 35,338	3.68%

(1) Nonaccrual loans are included in their respective loan category for the purpose of calculating the yield earned. All average balances are daily average balances.

(2) Yields earned and rates paid are calculated at the portfolio level using the actual number of days in each month over the actual number of days in the year, except for our securities, consumer real estate and held for sale loan portfolios, which are calculated using 30 days in a month over 360 days in a year. Rates paid for subordinated debentures are calculated at the portfolio level using the actual number of days in each month over 360 days in a year.

(3) Includes Government National Mortgage Association ("GNMA") repurchase average balances of $30.1 million and $32.0 million for the three months ended March 31, 2019, and March 31, 2018, respectively. The GNMA repurchase asset and liability accounts are recorded as equal offsetting amounts in the condensed consolidated balance sheets, with the asset included in loans held for sale and the liability included in FHLB advances and other borrowings. For more information on the GNMA repurchase option, see Note 7 - Mortgage Banking in the notes to our condensed consolidated financial statements.

(4) Interest paid on Federal funds purchased was less than the rounding threshold and is not shown.

(5) In order to present pre-tax income and resulting yields on tax-exempt investments comparable to those on taxable investments, a tax-equivalent adjustment has been computed. This adjustment also includes income tax credits received on Qualified School Construction Bonds. Income from tax-exempt investments and tax credits were computed using a federal income tax rate of 21% for the three months ended March 31, 2019 and 2018.

Rate/Volume Analysis

The following table presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. It distinguishes between the changes related to outstanding balances and those due to changes in interest rates. The change in interest attributable to rate changes has been determined by applying the change in rate between periods to average balances outstanding in the earlier period. The change in interest due to volume has been determined by applying the rate from the earlier period to the change in average balances outstanding between periods. For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

	Three Months Ended March 31, 2019 vs. Three Months Ended March 31, 2018		
(Dollars in thousands)	**Increase (Decrease) due to Change in**		
Interest-earning assets	**Volume**	**Yield/Rate**	**Total Change**
Loans:			
Commercial real estate	$ 1,494	$ 1,438	$ 2,932
Construction/land/land development	1,557	984	2,541
Residential real estate	658	537	1,195
Commercial and industrial	3,357	1,865	5,222
Mortgage warehouse lines of credit	(335)	233	(102)
Consumer	(9)	19	10
Loans held for sale	(96)	(1)	(97)
Loans receivable	6,626	5,075	11,701
Investment securities-taxable	1,055	546	1,601
Investment securities-non-taxable	(276)	(50)	(326)
Non-marketable equity securities held in other financial institutions	141	(8)	133
Interest-bearing deposits in banks	(380)	321	(59)
Total interest-earning assets	7,166	5,884	13,050
Interest-bearing liabilities			
Savings and interest-bearing transaction accounts	(106)	2,205	2,099
Time deposits	675	1,743	2,418
FHLB advances	1,968	(840)	1,128
Securities sold under agreements to repurchase	13	89	102
Junior subordinated debentures	—	1	1
Total interest-bearing liabilities	2,550	3,198	5,748
Net interest income	$ 4,616	$ 2,686	$ 7,302

Provision for Credit Losses

The provision for credit losses, which includes both the provision for loan losses and provision for off-balance sheet commitments, is based on management's assessment of the adequacy of both our allowance for loan losses and our reserve for off-balance sheet lending commitments. Factors impacting the provision include inherent risk characteristics in our loan portfolio, the level of nonperforming loans and net charge-offs, both current and historic, local economic and credit conditions, the direction of the change in collateral values, and the funding probability on unfunded lending commitments. The provision for credit losses is charged against earnings in order to maintain our allowance for loan losses, which reflects management's best estimate of probable losses inherent in our loan portfolio at the balance sheet date, and our reserve for off-balance sheet lending commitments, which reflects management's best estimate of probable losses inherent in our legally binding lending-related commitments. The allowance is increased by the provision for loan losses and decreased by charge-offs, net of recoveries.

We recorded provision expense of $1.0 million for the quarter ended March 31, 2019, an increase of $2.5 million from a benefit for credit losses of $1.5 million for the quarter ended March 31, 2018. During the quarter ended March 31, 2018, we recorded a release of provision primarily due to paydowns and improvements in certain collateral dependent impaired loans. Our allowance for loan losses was 0.93% of total loans held for investment at March 31, 2019, compared to 1.05% at March 31, 2018, due to improvement in overall credit quality of our loan portfolio. Allowance for loan losses as a percentage of nonperforming loans held for investment was 117.59% at March 31, 2019, compared to 126.37% at March 31, 2018, and specific reserves on impaired loans totaled $200,000 and $3.3 million at March 31, 2019, and March 31, 2018, respectively. Reserves on impaired loans decreased primarily due to $3.0 million of write-downs taken on three loan relationships subsequent to March 31, 2018.

Noninterest Income

The table below presents the various components of and changes in our noninterest income for the periods indicated.

(Dollars in thousands)	Three Months Ended March 31,			
Noninterest income:	**2019**	**2018**	**$ Change**	**% Change**
Service charges and fees	$ 3,316	$ 3,014	$ 302	10.0 %
Mortgage banking revenue	2,606	2,394	212	8.9
Insurance commission and fee income	3,510	2,107	1,403	66.6
Gain (loss) on sales and disposals of other assets, net	3	(61)	64	(104.9)
Other fee income	276	452	(176)	(38.9)
Other income	1,893	1,894	(1)	(0.1)
Total noninterest income	$ 11,604	$ 9,800	$ 1,804	18.4 %

Noninterest income for the three months ended March 31, 2019, increased by $1.8 million, or 18.4%, to $11.6 million, compared to $9.8 million for the three months ended March 31, 2018. The primary driver of the increase was a $1.4 million, or 66.6% increase in insurance commission and fee income caused by our increased presence in North Louisiana after our acquisition of RCF in July 2018.

Noninterest Expense

The following table presents the significant components of noninterest expense for the periods indicated.

(Dollars in thousands)	Three Months Ended March 31,			
Noninterest expense:	2019	2018	$ Change	% Change
Salaries and employee benefits	$ 22,613	$ 18,241	$ 4,372	24.0 %
Occupancy and equipment, net	4,044	3,653	391	10.7
Data processing	1,587	1,473	114	7.7
Electronic banking	689	743	(54)	(7.3)
Communications	586	515	71	13.8
Advertising and marketing	798	657	141	21.5
Professional services	904	665	239	35.9
Regulatory assessments	711	720	(9)	(1.3)
Loan related expenses	669	713	(44)	(6.2)
Office and operations	1,481	1,278	203	15.9
Other	1,299	1,199	100	8.3
Total noninterest expense	$ 35,381	$ 29,857	$ 5,524	18.5 %

Noninterest expense for the three months ended March 31, 2019, increased by $5.5 million, or 18.5%, to $35.4 million, compared to $29.9 million for the three months ended March 31, 2018. This increase was primarily driven by increases of $4.4 million and $391,000 in salaries and employee benefits and net occupancy expenses, respectively.

Salaries and employee benefits. The $4.4 million increase in salaries and employee benefits was primarily driven by the addition of the Houston lift-out team, our acquisition of RCF in July 2018, and increases in incentive compensation which contributed $1.4 million, $900,000 and $443,000 respectively, to the overall increase.

Occupancy and equipment, net. The $391,000 increase in occupancy and equipment expense, net was largely due to the addition of the Houston lift-out team, Dallas and Shreveport lending professionals and the locations acquired in the RCF acquisition in July 2018, as well our opening of a new banking center in the third quarter of 2018.

Income Tax Expense

For the three months ended March 31, 2019, we recognized income tax expense of $3.1 million, compared to income tax expense of $2.8 million for the three months ended March 31, 2018. Our effective tax rate for the three months ended March 31, 2019, was 17.9%, compared to 17.2% for the three months ended March 31, 2018. The higher effective tax rate for the 2019 period was driven by a change in the mix of taxable and tax free sources of income compared to the 2018 period.

Our effective income tax rates have differed from the U.S. statutory rate of 21% during the three months ended March 31, 2019 and 2018, due to the effect of tax-exempt income from securities, low income housing and qualified school construction bond tax credits, tax-exempt income from life insurance policies and income tax effects associated with stock-based compensation. Because of these items, we expect our effective income tax rate to continue to remain below the U.S. statutory rate. These tax-exempt items can have a smaller than proportional effect on the effective income tax rate as net income increases.

Comparison of Financial Condition at March 31, 2019, and December 31, 2018

General

Total assets increased by $50.6 million, or 1.0%, to $4.87 billion at March 31, 2019, from $4.82 billion at December 31, 2018. The increase was primarily attributable to an increase in loans held for investment of $49.2 million and an increase in accrued interest receivable and other assets of $28.0 million. These increases were partially offset by decreases of $11.8 million and $9.9 million in investment securities and mortgage loans held for sale, respectively. Please see Note 6 - Leases in the notes to our condensed consolidated financial statements for more information on our right of use assets included in our accrued interest receivable and other assets.

Loan Portfolio

At March 31, 2019, 70.1% of our loan portfolio held for investment was comprised of commercial and industrial loans, mortgage warehouse lines of credit and commercial real estate loans, which were primarily originated within our market areas of North Louisiana, Texas and Mississippi.

The following table presents the ending balance of our loan portfolio held for investment by purpose category at the dates indicated.

	March 31, 2019		December 31, 2018			
(Dollars in thousands)	Amount	Percent	Amount	Percent	$ Change	% Change
Real estate:						
Commercial real estate	$ 1,202,269	31.3%	$ 1,228,402	32.4%	$ (26,133)	(2.1)%
Construction/land/land development	488,167	12.7	429,660	11.3	58,507	13.6
Residential real estate	638,064	16.6	629,714	16.6	8,350	1.3
Total real estate	2,328,500	60.6	2,287,776	60.3	40,724	1.8
Commercial and industrial	1,287,300	33.6	1,272,566	33.6	14,734	1.2
Mortgage warehouse lines of credit	202,744	5.3	207,871	5.5	(5,127)	(2.5)
Consumer	19,799	0.5	20,892	0.6	(1,093)	(5.2)
Total loans held for investment	$ 3,838,343	100.0%	$ 3,789,105	100.0%	$ 49,238	1.3 %

At March 31, 2019, total loans held for investment were $3.84 billion, an increase of $49.2 million, or 1.3%, compared to $3.79 billion at December 31, 2018. The increase was driven by increases in real estate and commercial and industrial loans.

Loan Portfolio Maturity Analysis

The table below presents the maturity distribution of our loans held for investment at March 31, 2019. The table also presents the portion of our loans that have fixed interest rates, rather than interest rates that fluctuate over the life of the loans based on changes in the interest rate environment.

	March 31, 2019			
(Dollars in thousands)	One Year or Less	Over One Year Through Five Years	Over Five Years	Total
Real estate:				
Commercial real estate	$ 183,659	$ 788,848	$ 229,762	$ 1,202,269
Construction/land/land development	136,820	308,911	42,436	488,167
Residential real estate loans	56,408	276,743	304,913	638,064
Total real estate	376,887	1,374,502	577,111	2,328,500
Commercial and industrial loans	521,712	661,807	103,781	1,287,300
Mortgage warehouse lines of credit	202,744	—	—	202,744
Consumer loans	5,752	13,380	667	19,799
Total loans held for investment	$ 1,107,095	$ 2,049,689	$ 681,559	$ 3,838,343
Amounts with fixed rates	$ 211,231	$ 1,071,190	$ 294,432	$ 1,576,853
Amounts with variable rates	895,864	978,499	387,127	2,261,490
Total	$ 1,107,095	$ 2,049,689	$ 681,559	$ 3,838,343

Nonperforming Assets

Nonperforming assets consist of nonperforming loans and property acquired through foreclosures or repossession. Our nonperforming loans are comprised of nonaccrual loans and accruing loans that are contractually 90 days or more past due.

Loans are considered past due when principal and interest payments have not been received at the date such payments are contractually due. We discontinue accruing interest on loans when we determine the borrower's financial condition is such that collection of interest and principal payments in accordance with the terms of the loan are not reasonably assured. Loans may be placed on nonaccrual status even if the contractual payments are not past due if information becomes available that causes substantial doubt about the borrower's ability to meet the contractual obligations of the loan. All interest accrued but not collected for loans that are placed on nonaccrual status is reversed against interest income. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal outstanding. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. If a loan is determined by management to be uncollectible, regardless of size, the portion of the loan determined to be uncollectible is then charged to the allowance for loan losses.

We manage the quality of our lending portfolio in part through a disciplined underwriting policy and through continual monitoring of loan performance and each borrower's financial condition. There can be no assurance, however, that our loan portfolio will not become subject to losses due to declines in economic conditions or deterioration in the financial condition of our borrowers.

The following schedule shows our nonperforming loans and nonperforming assets at the dates indicated.

(Dollars in thousands)	March 31, 2019	December 31, 2018
Nonperforming loans held for investment		
Commercial real estate	$ 8,622	$ 8,281
Construction/land/land development	922	935
Residential real estate	5,196	6,668
Commercial and industrial	15,309	15,792
Consumer	206	180
Total nonperforming loans held for investment	30,255	31,856
Nonperforming loans held for sale	1,390	741
Total nonperforming loans	31,645	32,597
Other real estate owned		
Commercial real estate, construction/land/land development	2,993	2,993
Residential real estate	666	746
Total other real estate owned	3,659	3,739
Total repossessed assets owned	3,659	3,739
Total nonperforming assets	$ 35,304	$ 36,336
Troubled debt restructuring loans - nonaccrual	$ 6,082	$ 5,793
Troubled debt restructuring loans - accruing	1,270	2,054
Total loans held for investment	3,838,343	3,789,105
Total allowance for loan losses	35,578	34,203
Ratio of allowance for loan losses to total nonperforming loans held for investment	117.59%	107.37%
Ratio of nonperforming loans held for investment to total loans held for investment	0.79	0.84
Ratio of nonperforming assets to total assets	0.72	0.75

At March 31, 2019, total nonperforming loans decreased by $952,000, or 2.9%, over December 31, 2018, primarily as a result of a $1.2 million residential real estate loan was paid off during the three months ended March 31, 2019. In the last two years, we have experienced downward trends in impaired and past due loans to the point that we currently feel our overall credit profile has stabilized. Please see Note 4 - Loans in the notes to our condensed consolidated financial statements for more information on nonperforming loans.

Potential Problem Loans

From a credit risk standpoint, we classify loans in one of five categories: pass, special mention, substandard, doubtful or loss. The classifications of loans reflect a judgment about the risks of default and loss associated with the loan. We review the ratings on loans and adjust them to reflect the degree of risk and loss that is felt to be inherent in each loan. The methodology is structured so that reserve allocations are increased in accordance with deterioration in credit quality (and a corresponding increase in risk and loss) or decreased in accordance with improvement in credit quality (and a corresponding decrease in risk and loss). Loans rated special mention reflect borrowers who exhibit credit weaknesses or downward trends deserving close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. While potentially weak, no loss of principal or interest is envisioned and these borrowers currently do not pose sufficient risk to warrant adverse classification.

Loans rated substandard are those borrowers with deteriorating trends and well-defined weaknesses that jeopardize the orderly liquidation of debt. A substandard loan is inadequately protected by the current sound worth and paying capacity of the obligor or by the collateral pledged, if any. Normal repayment from the borrower might be in jeopardy, although no loss of principal is envisioned.

Loans rated as doubtful have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable and there is a high probability of loss based on currently existing facts, conditions and values. Loans classified as loss are charged-off and we have no expectation of the recovery of any payments in respect to loans rated as loss. Information regarding the internal risk ratings of our loans at March 31, 2019, is included in Note 4 - Loans in the notes to our condensed consolidated financial statements included in Item 1 of this report.

Allowance for Loan Losses

We maintain an allowance for loan losses that represents management's estimate of loan losses inherent within the portfolio of loans held for investment at the respective balance sheet date. The allowance for loan losses is maintained at a level which management believes is adequate to absorb all existing probable losses on loans in the loan portfolio. The amount of the allowance for loan losses should not be interpreted as an indication that charge-offs in future periods will necessarily occur in those amounts, or at all. In determining the allowance for loan losses, we estimate losses on specific loans, or groups of loans, where the probable loss can be identified and reasonably determined. The balance of the allowance for loan losses is based on internally assigned risk classifications of loans, historical loan loss rates, changes in the nature of the loan portfolio, overall portfolio quality, industry concentrations, delinquency trends, current economic factors and the estimated impact of current economic conditions on certain historical loan loss rates.

The amount of the allowance is affected by loan charge-offs, which decrease the allowance, recoveries on loans previously charged off, which increase the allowance, as well as the provision for loan losses charged to income, which increases the allowance. We allocate the allowance for loan losses either to specific allocations, or general allocations for each major loan category. In determining the provision for loan losses, management monitors fluctuations in the allowance resulting from actual charge-offs and recoveries and to periodically review the size and composition of the loan portfolio in light of current and anticipated economic conditions. If actual losses exceed the amount of allowance for loan losses, it could materially and adversely affect our earnings.

As a general rule, when it becomes evident that the full principal and accrued interest of a loan may not be collected, or at 90 days past due, we will reflect that loan as nonperforming. It will remain nonperforming until it performs in a manner that it is reasonable to expect that we will collect principal and accrued interest in full. When the amount or likelihood of a loss on a loan has been confirmed, a charge-off will be taken in the period it is determined.

We establish general allocations for each major loan category and credit quality. The general allocation is based, in part, on historical charge-off experience and the expected loss given default, derived from our internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. We give consideration to trends, changes in loan mix, delinquencies, prior losses and other related information.

In connection with the review of our loan portfolio, we consider risk elements attributable to particular loan types or categories in assessing the quality of individual loans. Some of the risk elements we consider include:

- for commercial real estate loans, the debt service coverage ratio, operating results of the owner in the case of owner occupied properties, the loan to value ratio, the age and condition of the collateral and the volatility of income, property value and future operating results typical of properties of that type;
- for construction, land and land development loans, the perceived feasibility of the project including the ability to sell developed lots or improvements constructed for resale or the ability to lease property constructed for lease, the quality and nature of contracts for presale or prelease, if any, experience and ability of the developer and loan to value ratio;
- for residential mortgage loans, the borrower's ability to repay the loan, including a consideration of the debt to income ratio and employment and income stability, the loan-to-value ratio, and the age, condition and marketability of the collateral; and

- for commercial and industrial loans, the debt service coverage ratio (income from the business in excess of operating expenses compared to loan repayment requirements), the operating results of the commercial, industrial or professional enterprise, the borrower's business, professional and financial ability and expertise, the specific risks and volatility of income and operating results typical for businesses in that category and the value, nature and marketability of collateral.

Our allowance for loan losses increased by $1.4 million, or 4.0%, to $35.6 million at March 31, 2019, from $34.2 million at December 31, 2018. The ratio of the allowance for loan losses to loans held for investment at March 31, 2019, and December 31, 2018, was 0.93% and 0.90%, respectively. The increase in the total allowance for loan losses was driven primarily by a small increase in the required general reserve based on current qualitative factors and an increase in total loans held for investment. Our general reserve, a part of our total reserve, was 0.92% of total loans held for investment at March 31, 2019, compared to 0.89% at December 31, 2018. Specific reserves on impaired loans at March 31, 2019, and December 31, 2018, totaled $200,000 and $366,000, respectively.

(Dollars in thousands)	Three Months Ended March 31,		Year Ended December 31,
Loans held for investment	**2019**	**2018**	**2018**
Allowance for loan losses			
Balance at beginning of period	$ 34,203	$ 37,083	$ 37,083
Provision (benefit) for loan losses	823	(1,558)	1,581
Charge-offs:			
Commercial real estate	89	9	1,300
Construction/land/land development	—	—	228
Residential real estate	—	9	407
Commercial and industrial	511	1,703	5,068
Consumer	8	17	121
Total charge-offs	608	1,738	7,124
Recoveries:			
Commercial real estate	51	127	226
Construction/land/land development	1	1	6
Residential real estate	27	19	133
Commercial and industrial	1,074	174	2,206
Consumer	7	24	92
Total recoveries	1,160	345	2,663
Net (recoveries) charge-offs	(552)	1,393	4,461
Balance at end of period	$ 35,578	$ 34,132	$ 34,203
Ratio of allowance for loan losses to:			
Nonperforming loans held for investment	117.59%	126.37%	107.37%
Total loans held for investment	0.93	1.05	0.90

Securities

Our securities portfolio totaled $594.4 million at March 31, 2019, representing a decrease of $11.8 million, or 1.9%, from $606.2 million at December 31, 2018. Please see Note 3 - Securities in the notes to our condensed consolidated financial statements for more information on our securities portfolio.

Deposits

Deposits are the primary funding source used to fund our loans, investments and operating needs. We offer a variety of products designed to attract and retain both consumer and commercial deposit customers. These products consist of noninterest and interest-bearing checking accounts, savings deposits, money market accounts and time deposits. Deposits are primarily gathered from individuals, partnerships and corporations in our market areas. We also obtain deposits from local municipalities and state agencies. Our policy also permits the acceptance of brokered deposits on a limited basis, and our current deposits labeled as brokered are primarily relationship-based accounts that we believe are stable.

We manage our interest expense on deposits through specific deposit product pricing that is based on competitive pricing, economic conditions and current and anticipated funding needs. We may use interest rates as a mechanism to attract or deter additional deposits based on our anticipated funding needs and liquidity position. We also consider potential interest rate risk caused by extended maturities of time deposits when setting the interest rates in periods of future economic uncertainty.

The following table presents our deposit mix at the dates indicated and the dollar and percentage change between periods.

	March 31, 2019		December 31, 2018			
(Dollars in thousands)	**Balance**	**% of Total**	**Balance**	**% of Total**	**$ Change**	**% Change**
Noninterest-bearing demand	$ 977,919	25.1%	$ 951,015	25.1%	$ 26,904	2.8 %
Interest-bearing demand	693,081	17.8	738,725	19.5	(45,644)	(6.2)
Money market	936,419	24.0	815,997	21.6	120,422	14.8
Time deposits	808,828	20.7	796,552	21.1	12,276	1.5
Brokered [1]	327,693	8.4	332,341	8.8	(4,648)	(1.4)
Savings	154,308	4.0	148,508	3.9	5,800	3.9
Total deposits	$ 3,898,248	100.0%	$ 3,783,138	100.0%	$ 115,110	3.0 %

(1) Brokered time deposits of $9.8 million and $7.9 million are included in the brokered category for March 31, 2019, and December 31, 2018, respectively.

The following table reflects the classification of our average deposits and the average rate paid on each deposit category for the periods indicated.

	Three Months Ended March 31,					
	2019			2018		
(Dollars in thousands)	Average Balance	Interest Expense	Annualized Average Rate Paid	Average Balance	Interest Expense	Annualized Average Rate Paid
Interest-bearing demand	$ 715,284	$ 1,356	0.77%	$ 722,365	$ 887	0.50%
Money market	837,821	2,884	1.40	916,479	2,049	0.91
Time deposits	840,052	4,218	2.04	618,994	1,820	1.19
Brokered (1)	325,160	1,987	2.48	287,294	1,179	1.66
Savings	150,752	52	0.14	146,982	45	0.12
Total interest-bearing	$ 2,869,069	$ 10,497	1.48	$ 2,692,114	$ 5,980	0.90
Noninterest-bearing demand	972,617			864,552		
Total average deposits	$ 3,841,686	$ 10,497	1.11%	$ 3,556,666	$ 5,980	0.68%

(1) Average brokered time deposits of $8.6 million are included in the brokered category for March 31, 2019.

Our average deposit balance was $3.84 billion for the three months ended March 31, 2019, an increase of $285.0 million, or 8.0%, from $3.56 billion for the three months ended March 31, 2018. This increase was primarily due to our continued relationship-based efforts to attract deposits within our key markets. The average annualized rate paid on our interest-bearing deposits for the three months ended March 31, 2019, was 1.48%, compared to 0.90% for the three months ended March 31, 2018. The increase in the average cost of our deposits was primarily the result of increases in market interest rates that have occurred since March 31, 2018, which caused the cost of our brokered deposits to increase by 82 basis points, and drove 17.9% of the increase in our overall deposit costs. The Federal Reserve raised the federal funds rate four times during 2018, resulting in an aggregate 1.00% total increase from December 2017 to March 2019. We have also experienced significant deposit growth in our North Texas and Houston markets, which have carried higher cost of deposits than those in North Louisiana. We expect to continue seeing pressure on our deposit costs as we grow deposits to fund loans.

Average noninterest-bearing deposits at March 31, 2019, were $972.6 million, compared to $864.6 million at March 31, 2018, an increase of $108.1 million, or 12.5%. Average noninterest-bearing deposits represented 25.3% and 24.3% of average total deposits for the three months ended March 31, 2019, and 2018, respectively.

Borrowings

Short-term advances from the FHLB decreased by $110.0 million at March 31, 2019, compared to December 31, 2018. Short-term FHLB advances were utilized during the fourth quarter of 2018 to provide short-term liquidity as we experienced a delay in the receipt of bank deposits from state and local municipalities compared to the timing of historical cash inflows. The short-term liquidity demand was driven primarily by significant loan growth during the fourth quarter of 2018.

The table below shows FHLB advances by maturity and weighted average rate at March 31, 2019:

(Dollars in thousands)	Balance	Weighted Average Rate
Less than 90 days	$ 453	5.10%
90 days to less than one year	370	5.41
One to three years	3,211	5.11
Three to five years	5,953	5.37
After five years[(1)]	264,068	1.78
Total	$ 274,055	1.91%

(1) Included in the after five years category is a single FHLB advance of $250.0 million, with a final maturity in 2033 that may be called quarterly at the option of the FHLB beginning in the third quarter of 2019. The advance carries a rate of 1.65%.

At March 31, 2019, we were eligible to borrow an additional $640.7 million from the FHLB.

Liquidity and Capital Resources

Management oversees our liquidity position to ensure adequate cash and liquid assets are available to support our operations and satisfy current and future financial obligations, including demand for loan funding and deposit withdrawals. Management continually monitors, forecasts and tests our liquidity and non-core dependency ratios to ensure compliance with targets established by our Asset-Liability Management Committee and approved by our board of directors.

Management measures our liquidity position by giving consideration to both on-balance sheet and off-balance sheet sources of and demands for funds on a daily and weekly basis. At March 31, 2019, and December 31, 2018, our cash and liquid securities totaled 5.5% and 5.0% of total assets, respectively, providing liquidity to support our existing operations.

The Company, which is a separate legal entity apart from the Bank, must provide for its own liquidity, including payment of any dividends that may be declared for our common stockholders and interest and principal on any outstanding debt or trust preferred securities incurred by the Company. At both March 31, 2019, and December 31, 2018, the Company had available cash balances of $5.9 million. This cash is available for general corporate purposes described above, as well as providing capital support to the Bank and financing potential future acquisitions. In addition, the Company has up to $50.0 million available under a line of credit. There are regulatory restrictions on the ability of the Bank to pay dividends under federal and state laws, regulations and policies, please see Note 12 - Capital and Regulatory Matters for more information on the availability of Bank dividends.

In addition to cash generated from operations, we utilize a number of funding sources to manage our liquidity, including core deposits, investment securities, cash and cash equivalents, loan repayments, federal funds lines of credit available from other financial institutions, as well as advances from the FHLB. We may also use the discount window at the Federal Reserve Bank ("FRB") as a source of short-term funding.

Core deposits, which are total deposits excluding time deposits greater than $250,000 and brokered deposits, are a major source of funds used to meet cash flow needs. Maintaining the ability to acquire these funds as needed in a variety of markets is the key to assuring our liquidity.

The investment portfolio is another source for meeting our liquidity needs. Monthly payments on mortgage-backed securities are used for short-term liquidity, and our investments are generally traded in active markets that offer a readily available source of cash through sales, if needed. Securities in our investment portfolio are also used to secure certain deposit types, such as deposits from state and local municipalities.

Other sources available for meeting liquidity needs include long- and short-term advances from the FHLB, and federal funds lines of credit. Long-term funds obtained from the FHLB are primarily used as an alternative source to fund long-term growth of the balance sheet by supporting growth in loans and other long-term interest-earning assets. We typically rely on such funding when the cost of such borrowings compares favorably to the rates that we would be required to pay for other funding sources, including certain deposits.

We also had unsecured federal funds lines of credit available to us, with no amounts outstanding at either date. These lines of credit primarily provide short-term liquidity and in order to ensure availability of these funds, we test these lines of credit at least annually. Interest is charged at the prevailing market rate on federal funds purchased and FHLB advances.

Additionally, we had the ability to borrow at the discount window of the FRB using our commercial and industrial loans as collateral. There were no borrowings against this line as of March 31, 2019.

Off-Balance Sheet Arrangements and Contractual Obligations

In the normal course of business as a financial services provider, we enter into financial instruments, such as certain contractual obligations and commitments to extend credit and letters of credit, to meet the financing needs of our customers. These commitments involve elements of credit risk, interest rate risk and liquidity risk. Some instruments may not be reflected in our condensed consolidated financial statements until they are funded, and a significant portion of commitments to extend credit may expire without being drawn, although they expose us to varying degrees of credit risk and interest rate risk in much the same way as funded loans.

The table below presents the funding requirements of our most significant financial commitments, excluding interest and purchase discounts, at the date indicated.

	Payments Due by Period				
(Dollars in thousands)	Less than One Year	One-Three Years	Three-Five Years	Greater than Five Years	Total
March 31, 2019					
FHLB advances[(1)]	$ 823	$ 3,211	$ 5,953	$ 264,068	$ 274,055
Subordinated debentures	—	—	—	10,826	10,826
Time deposits	465,364	305,682	47,560	17	818,623
Limited partnership investments[(2)]	5,216	—	—	—	5,216
Low income housing tax credits	505	165	205	484	1,359
Overnight repurchase agreements with depositors	34,331	—	—	—	34,331
Total contractual obligations	$ 506,239	$ 309,058	$ 53,718	$ 275,395	$ 1,144,410

(1) Included in the greater than five years category is a single FHLB advance of $250.0 million, which has a final maturity in 2033 that may be called quarterly at the option of the FHLB beginning in the third quarter of 2019.

(2) These commitments represent amounts we are obligated to contribute to various limited partnership investments in accordance with the provisions of the respective limited partnership agreements. The capital contributions may be required at any time, and are therefore reflected in the less than one year category.

Credit Related Commitments

Commitments to extend credit include revolving commercial credit lines, non-revolving loan commitments issued mainly to finance the acquisition and development or construction of real property or equipment, and credit card and personal credit lines. The availability of funds under commercial credit lines and loan commitments generally depends on whether the borrower continues to meet credit standards established in the underlying contract and has not violated other contractual conditions. Loan commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. Credit card and personal credit lines are generally subject to cancellation if the borrower's credit quality deteriorates. A number of commercial and personal credit lines are used only partially or, in some cases, not at all before they expire, and the total commitment amounts do not necessarily represent future cash requirements.

A substantial majority of the letters of credit are standby agreements that obligate us to fulfill a customer's financial commitments to a third party if the customer is unable to perform. We issue standby letters of credit primarily to provide credit enhancement to our customers' other commercial or public financing arrangements and to help them demonstrate financial capacity to vendors of essential goods and services.

The table below presents our commitments to extend credit by commitment expiration date for the date indicated.

	March 31, 2019				
(Dollars in thousands)	Less than One Year	One-Three Years	Three-Five Years	Greater than Five Years	Total
Commitments to extend credit[(1)]	$ 435,237	$ 518,266	$ 193,392	$ 72,644	$ 1,219,539
Standby letters of credit	47,517	3,264	—	—	50,781
Total off-balance sheet commitments	$ 482,754	$ 521,530	$ 193,392	$ 72,644	$ 1,270,320

(1) Includes $372.0 million of unconditionally cancellable commitments at March 31, 2019.

Stockholders' Equity

Stockholders' equity provides a source of permanent funding, allows for future growth and provides a degree of protection to withstand unforeseen adverse developments. At March 31, 2019, stockholders equity was $568.1 million, representing an increase of $18.3 million, or 3.3%, compared to $549.8 million at December 31, 2018, and an increase of $140.3 million, or 32.8%, compared to March 31, 2018. Net income of $14.2 million and other comprehensive income of $4.0 million for the three months ended March 31, 2019, was the primary driver of the increase in stockholders' equity compared to December 31, 2018.

Regulatory Capital Requirements

Together with the Bank, we are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements may result in certain actions by regulators that, if enforced, could have a direct material effect on our financial statements. At March 31, 2019, and December 31, 2018, we and the Bank were in compliance with all applicable regulatory capital requirements, and the Bank was classified as "well capitalized" for purposes of the prompt corrective action regulations of the Federal Deposit Insurance Corporation. As we deploy capital and continue to grow operations, regulatory capital levels may decrease depending on the level of earnings. However, we expect to monitor and control growth in order to remain "well capitalized" under applicable regulatory guidelines and in compliance with all applicable regulatory capital standards.

The following table presents our regulatory capital ratios, as well as those of the Bank, at the dates indicated.

(Dollars in thousands)	March 31, 2019		December 31, 2018	
Origin Bancorp, Inc.	**Amount**	**Ratio**	**Amount**	**Ratio**
Common equity tier 1 capital (to risk-weighted assets)	$ 534,230	12.05%	$ 519,468	11.94%
Tier 1 capital (to risk-weighted assets)	543,555	12.26	528,786	12.16
Total capital (to risk-weighted assets)	580,763	13.10	564,437	12.98
Tier 1 capital (to average assets)	543,555	11.23	528,786	11.21
Origin Bank				
Common equity tier 1 capital (to risk-weighted assets)	$ 523,866	11.85%	$ 508,826	11.73%
Tier 1 capital (to risk-weighted assets)	523,866	11.85	508,826	11.73
Total capital (to risk-weighted assets)	561,074	12.69	544,477	12.55
Tier 1 capital (to average assets)	523,866	10.85	508,826	10.81

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity and Market Risk

As a financial institution, our primary component of market risk is interest rate volatility. Our financial management policy provides management with guidelines for effective funds management and we have established a measurement system for monitoring the net interest rate sensitivity position.

Fluctuations in interest rates will ultimately impact both the level of income and expense recorded on most of our assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which have a short term to maturity. Interest rate risk is the potential of economic losses due to future interest rate changes. These economic losses can be reflected as a loss of future net interest income and/or a loss of current fair market values. The objective is to measure the effect on net interest income and to adjust the balance sheet to minimize the inherent risk while at the same time maximizing income.

We manage exposure to interest rates by structuring the balance sheet in the ordinary course of business. Additionally, from time to time we enter into derivatives and futures contracts to mitigate interest rate risk from specific transactions. Based upon the nature of operations, we are not subject to foreign exchange or commodity price risk. We have entered into interest rate swaps to mitigate interest rate risk in limited circumstances, but it is not our policy to enter into such transactions on a regular basis.

Our exposure to interest rate risk is managed by the Bank's Asset-Liability Management Committee in accordance with policies approved by the Bank's board of directors. The committee formulates strategies based on appropriate levels of interest rate risk. In determining the appropriate level of interest rate risk, the committee considers the impact on earnings and capital of the current outlook on interest rates, potential changes in interest rates, regional economies, liquidity, business strategies and other factors.

The committee meets regularly to review, among other things, the sensitivity of assets and liabilities to interest rate changes, the book and market values of assets and liabilities, unrealized gains and losses, purchase and sale activities, commitments to originate loans and the maturities of investments and borrowings. Additionally, the committee reviews liquidity, cash flow flexibility, maturities of deposits and consumer and commercial deposit activity. We employ methodologies to manage interest rate risk which include an analysis of relationships between interest-earning assets and interest-bearing liabilities, and an interest rate shock simulation model.

We use interest rate risk simulation models and shock analyses to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics. Contractual maturities and re-pricing opportunities of loans are incorporated in the model as are prepayment assumptions, maturity data and call options within the investment portfolio. The average life of non-maturity deposit accounts is based on our balance retention rates using a vintage study methodology. The assumptions used are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

On a quarterly basis, we run various simulation models including a static balance sheet and dynamic growth balance sheet. These models test the impact on net interest income and fair value of equity from changes in market interest rates under various scenarios. Under the static model, rates are shocked instantaneously and ramped rates change over a twelve-month and twenty-four month horizon based upon parallel yield curve shifts. Parallel shock scenarios assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. Additionally, we run non-parallel simulation involving analysis of interest income and expense under various changes in the shape of the yield curve. Internal policy regarding interest rate risk simulations currently specifies that for instantaneous parallel shifts of the yield curve, estimated net interest income at risk for the subsequent one-year period should not decline by more than 8.0% for a 100 basis point shift, 15.0% for a 200 basis point shift, 20.0% for a 300 basis point shift, and 25.0% for a 400 basis point shift. As of March 31, 2019, we modeled outside of our internal policy limits in all down interest rate shock scenarios due to our asset sensitivity. We are actively evaluating strategies to help mitigate the potential impact of declining interest rates in the future.

The following table summarizes the impact of an instantaneous, sustained simulated change in net interest income and fair value of equity over a 12-month horizon at the date indicated.

	March 31, 2019	
Change in Interest Rates (basis points)	% Change in Net Interest Income	% Change in Fair Value of Equity
+400	32.3 %	6.4 %
+300	24.6	5.0
+200	16.9	3.3
+100	9.1	1.8
Base		
-100	(8.9)	(6.0)
-200	(18.3)%	(13.0)%

We have found that, historically, interest rates on deposits change more slowly than changes in the discount and federal funds rates. This assumption is incorporated into the simulation model and is generally not fully reflected in a gap analysis, meaning that process by which we measure the gap between interest rate sensitive assets versus interest rate sensitive liabilities. The assumptions incorporated into the model are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various strategies.

Impact of Inflation

Our condensed consolidated financial statements and related notes included in this quarterly report on Form 10-Q have been prepared in accordance with U.S. GAAP. These require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative value of money over time due to inflation or recession. Inflation generally increases the costs of funds and operating overhead, and to the extent loans and other assets bear variable rates, the yields on such assets. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant effect on the performance of a financial institution than the effects of general levels of inflation. In addition, inflation affects a financial institution's cost of goods and services purchased, the cost of salaries and benefits, occupancy expense and similar items. Inflation and related increases in interest rates generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings and stockholders' equity.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures — As of the end of the period covered by this report, in accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") an evaluation was performed by the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply judgment in evaluating its controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) were effective at the end of the period covered by this report.

Changes in internal control over financial reporting — There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(e) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 13 - Commitments and Contingencies - Loss contingencies in the notes to the condensed consolidated financial statements included in Item 1 of this report for additional information regarding legal proceedings not reportable under this Item.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In May 2018, the Company sold 3,045,426 shares of the Company's common stock at a public offering price of $34.00 per share in its initial public offering, including 545,426 shares sold in connection with the exercise of the underwriters' option to purchase additional shares, and certain selling stockholders sold 1,136,176 shares in the offering. The offer and sale of all the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-224225), which was declared effective by the SEC on May 8, 2018.

There has been no material change in the planned use of proceeds from our initial public offering as described in the prospectus filed with the SEC on May 9, 2018, pursuant to Rule 424(b)(4) under the Securities Act.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
10.1	Amended and Restated Executive Salary Continuation Plan, dated April 2, 2018, between Origin Bancorp, Inc., and Drake Mills.
10.2	Change in Control Agreement, dated April 2, 2018, between Origin Bancorp, Inc. and Stephen H. Brolly.
31.1	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Origin Bancorp, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, is formatted in XBRL: (i) the Unaudited Condensed Consolidated Statements of Financial Condition, (ii) the Unaudited Condensed Consolidated Statements of Income, (iii) the Unaudited Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income, (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Unaudited Condensed Consolidated Financial Statements
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Origin Bancorp, Inc.
(Registrant)

Date:	May 09, 2019	By:	**/s/ Drake Mills**
			Drake Mills
			Chairman, President and Chief Executive Officer
Date:	May 09, 2019	By:	**/s/ Stephen H. Brolly**
			Stephen H. Brolly
			Executive Vice President and Chief Financial Officer

Exhibit 10.1

AMENDED AND RESTATED
EXECUTIVE SALARY CONTINUATION PLAN

THIS PLAN, made and entered into this 1st day of May, 2008, by and between Community Trust Bank, a bank organized and existing under the laws of the State of Louisiana (hereinafter referred to as the "Bank"), and Drake D. Mills, an Executive of the Bank (hereinafter referred to as the "Executive"), a member of a select group of management and highly compensated employees of the Bank, shall amend and restate the Executive Salary Continuation Agreement effective January 1, 2004.

WHEREAS, the Executive has been and continues to be a valued Executive of the Bank; and

WHEREAS, the purpose of this Plan is to further the growth and development of the Bank by providing the Executive with supplemental retirement income, and thereby encourage the Executive's productive efforts on behalf of the Bank and the Bank's shareholders, and to align the interests of the Executive and those shareholders; and

WHEREAS, it is the desire of the Bank and the Executive to enter into this Plan under which the Bank will agree to make certain payments to the Executive at retirement or the Executive's Beneficiary in the event of the Executive's death pursuant to this Plan; and

ACCORDINGLY, it is intended that the Plan be "unfunded" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("BRISA") and not be construed to provide income to the participant or beneficiary under the Internal Revenue Code of 1986, as amended (the "Code"), particularly Section 409A of the Code and guidance or regulations issued thereunder, prior to actual receipt of benefits; and

NOW THEREFORE, it is agreed as follows:

I. EFFECTIVE DATE

The Effective Date of this Plan shall be May 1, 2008.

II. FRINGE BENEFITS

The salary continuation benefits provided by this Plan are granted by the Bank as a fringe benefit to the Executive and are not part of any salary reduction plan or an arrangement deferring a bonus or a salary increase. The Executive has no option to take any current payment or bonus in lieu of these salary continuation benefits except as set forth hereinafter.

III. DEFINITIONS

A. Beneficiary:

The Executive shall have the right to name a Beneficiary of the Death Benefit. The Executive shall have the right to name such Beneficiary at any time prior to the Executive's death and submit it to the Plan Administrator (or Plan Administrator's representative) on the form provided. Once received and acknowledged by the Plan Administrator, the form shall be effective. The Executive may change a Beneficiary designation at any time by submitting a new form to the Plan Administrator. Any such change shall follow the same rules as for the original Beneficiary designation and shall automatically supersede the existing Beneficiary form on file with the Plan Administrator.

If the Executive names someone other than his or her spouse as a Beneficiary, a spousal consent, in the form designated by the Plan Administrator, must be signed by that Executive's spouse and returned to the Plan Administrator.

If the Executive dies without a valid Beneficiary designation on file with the Plan Administrator, death benefits shall be paid to the Executive’s estate.

If the Plan Administrator determines in its discretion that a benefit is to be paid to a minor, to a person declared incompetent, or to a person incapable of handling the disposition of that person's property, the Plan Administrator may direct distribution of such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent person or incapable person. The Plan Administrator may require proof of incompetence, minority or guardianship as it may deem appropriate prior to distribution of the benefit.

Any distribution of a benefit shall be a distribution for the account of the Executive and the Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such distribution amount.

B. Change in Control:

"Change in Control" shall mean a change in ownership or control of the Bank as defined in Treasury Regulation Section 1.409A-3(i) (5) or any subsequently applicable Treasury Regulation

C. Disability or Disabled:

"Disability or Disabled" shall mean the Executive: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Bank. Medical determination of Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering executives of the Bank, provided that the definition of Disability applied under such Disability insurance programs complies with the requirements of Section 409A. Upon the request of the Plan Administrator, the Executive must submit proof to the Plan Administrator of the Social Security Administration's or provider's determination.

D. Discharge For Cause:

The term "For Cause" shall mean any of the following that result in an adverse effect on the Bank: (i) the conviction of a felony or gross misdemeanor involving fraud or dishonesty; (ii) the willful violation of any banking law, rule, or banking regulation (other than a traffic violation or similar offense); (iii) an intentional failure to perform stated duties; or (iv) a breach of fiduciary duty involving personal profit. If a dispute arises as to discharge "For Cause," such dispute shall be resolved by arbitration as set forth in this Plan.

E. Normal Retirement Age:

"Normal Retirement Age" shall mean the date on which the Executive attains age sixty-five (65).

F. Plan Year:

Any reference to "Plan Year" shall mean a calendar year from January 1st to December 31st. In the year of implementation, the term "Plan Year" shall mean the period from the Effective Date to December 31st of the year of the Effective Date.

G. Restriction on Timing of Distribution:

Notwithstanding any provision of this Plan to the contrary, distributions hereunder may not commence earlier than six (6) months after the date of a Separation from Service, as that term is used under Section 409A if, pursuant to Internal Revenue Code Section 409A, the Executive is considered a "specified employee" of the Bank under Internal Revenue Code Section 416(i), if any stock of the Bank is publicly traded on an established securities market or otherwise. In the event a distribution is delayed pursuant to this paragraph, the originally scheduled payment shall be delayed for six (6) months, and shall commence instead on the first day of the seventh month following Separation from Service. If payments are scheduled to be made in installments, the first six (6) months of installment payments shall be delayed, aggregated, and paid instead on the first day of the seventh month, after which all installment payments shall be made on their regular schedule. If payment is scheduled to be made in a lump sum, the lump sum payment shall be delayed for six (6) months and instead be made on the first day of the seventh month.

H. Retirement Date:

"Retirement Date" shall mean the later of the Executive's Normal Retirement Age or Separation from Service.

I. Separation from Service:

"Separation from Service" shall mean the Executive has experienced a termination of employment with the Bank. For purposes of this Plan, whether a termination of employment or service has occurred is determined based on whether the facts and circumstances indicate that the Bank and Executive reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Executive would perform after such date (whether as an Executive or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an Executive or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to the Bank if the Executive has been providing services to the Bank less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Executive continues to be treated as an Executive for other purposes (such as continuation of salary and participation in Executive benefit programs), whether similarly situated service providers have been treated consistently, and whether the Executive is permitted, and realistically available, to perform services for other service recipients in the same line of business. The Executive will be presumed not to have separated from service where the level of bona fide services performed continues at a level that is fifty percent (50%) or more of the average level of service performed by the Executive during the immediately preceding thirty-six (36) month period.

IV. RETIREMENT BENEFIT

Upon attainment of the Retirement Date, the Bank shall pay the Executive an annual benefit equal to Two Hundred Sixty-Four Thousand Forty and 00/100ths Dollars ($264,040.00). For each year that the Executive or the Executive's Beneficiary shall receive a benefit, said benefit amount shall be increased by one and one-half percent (1.5%) from the previous year's benefit amount. Said benefit shall be paid in equal annual installments until the death of the Executive. Said payment shall be made the first day of the month following Separation from Service.

V. DEATH BENEFIT

In the event the Executive should die at any time after the Effective Date of this Plan, the Bank will pay the accrued balance on the date of death, of the Executive's Accrued Liability Retirement Account in one (1) lump sum to the Executive's Beneficiary. Said payment due hereunder shall be made within sixty (60) days of the Executive's death.

VI. BENEFIT ACCOUNTING/ACCRUED LIABILITY RETIREMENT ACCOUNT

The Bank shall account for this benefit using the regulatory accounting principles of the Bank's primary federal regulator. The Bank shall establish an Accrued Liability Retirement Account for the Executive on the books of the Bank into which appropriate reserves shall be accrued.

VII. VESTING

The Executive shall be ten percent (10%) vested in the Accrued Liability Retirement Account, for each year of employment with the Bank, from the Effective Date of the original Plan (February 7, 2001), to a maximum of one hundred percent (100%).

VIII. TERMINATION PRIOR TO NORMAL RETIREMENT AGE

Subject to Paragraph IX, in the event that the employment of the Executive shall terminate prior to the Normal Retirement Age, by the Executive's voluntary action, or by the Executive's discharge by the Bank without cause, the Bank shall pay to the Executive an amount of money equal to the balance of the Executive's Accrued Liability Retirement Account on the date of Separation from Service, multiplied by the Executive's cumulative vested percentage. Such balance shall be paid in three (3) annual installments, commencing the first day of the month following Separation from Service, and continuing on the following anniversary date thereof, until said annual installments are paid in full.

IX. DISCHARGE FOR CAUSE

Notwithstanding anything to the contrary, in the event the Executive shall be discharged for Cause at any time, this Plan shall terminate and all benefits provided herein shall be forfeited.

X. DISABILITY OR DISABLED

In the event the Executive becomes Disabled prior to the Executive's Normal Retirement Age, the Executive shall become one hundred percent (100%) vested in the balance of the Accrued Liability Retirement Account. Said balance shall be paid in a lump sum, thirty (30) days following the Executive's Disability.

XI. CHANGE IN CONTROL

Upon a Change in Control, the Executive shall become one hundred percent (100%) vested in the Retirement Benefit. The Executive shall receive the Retirement Benefit as if the Executive had been continuously employed by the Bank until the Executive's Normal Retirement Age. Such benefit shall be paid in accordance with Paragraph IV, commencing on the first day of the month following the Executive's Normal Retirement Age.

XII. RESTRICTIONS ON FUNDING

The Bank shall have no obligation to set aside, earmark or entrust any fund or money with which to pay its obligations under this Plan. The Executive, their Beneficiary, or any successor in interest shall be and remain simply a general creditor of the Bank in the same manner as any other creditor having a general claim for matured and unpaid compensation.

The Bank reserves the absolute right, at its sole discretion, to either fund the obligations undertaken by this Plan or to refrain from funding the same and to determine the extent, nature and method of such funding. Should the Bank elect to fund this Plan, in whole or in part, through the purchase of life insurance, mutual funds, Disability policies or annuities, the Bank reserves the absolute right, in its sole discretion, to terminate such funding at any time, in whole or in part. At no time shall any Executive be deemed to have any lien, right, title or interest in any specific funding investment or assets of the Bank.

If the Bank elects to invest in a life insurance, Disability or annuity policy on the life of the Executive, then the Executive shall assist the Bank by freely submitting to a physical exam and supplying such additional information necessary to obtain such insurance or annuities.

XIII. MISCELLANEOUS

A. Alienability and Assignment Prohibition:

Neither the Executive nor any Beneficiary under this Plan shall have any power or right to transfer, assign, anticipate, hypothecate, mortgage, commute, modify or otherwise encumber in advance any of the benefits payable hereunder nor shall any of said benefits be subject to seizure for the payment of any debts, judgments, alimony or separate maintenance owed by the Executive or the Executive's Beneficiary, nor be transferable by operation of law in the event of bankruptcy, insolvency or otherwise.

B. Amendment or Revocation:

Subject to Paragraph XV, during the lifetime of the Executive, this Plan may be amended or revoked at any time or times, in whole or in part only, by the mutual written consent of the Executive and the Bank. Any such amendment shall not be effective to decrease or restrict the Executive's accrued benefit under this Plan, determined as of the date of amendment, unless agreed to in writing by the Executive, and provided further, no amendment shall be made, or if made, shall be effective, if such amendment would cause the Plan to violate Internal Revenue Code Section 409A.

C. Applicable Law:

The validity and interpretation of this Plan shall be governed by the laws of the State of Louisiana.

D. Binding Obligation of the Bank and any Successor in Interest:

The Bank shall not merge or consolidate into or with another bank or sell substantially all of its assets to another bank, firm or person until such bank, firm or person expressly agrees, in writing, to assume and discharge the duties and obligations of the Bank under this Plan. This Plan shall be binding upon the parties hereto, their successors, assignees, beneficiaries, heirs and personal representatives.

E. Gender:

Whenever in this Plan words are used in the masculine or neutral gender, they shall be read and construed as in the masculine, feminine or neutral gender, whenever they should so apply.

F. Headings:

Headings and subheadings in this Plan are inserted for reference and convenience only and shall not be deemed a part of this Plan.

G. Not a Contract of Employment:

This Plan shall not be deemed to constitute a contract of employment between the parties hereto, nor shall any provision here of restrict the right of the Bank to discharge the Executive, or restrict the right of the Executive to terminate employment.

H. Opportunity to Consult with Independent Advisors:

The Executive acknowledges that he has been afforded the opportunity to consult with independent advisors of his choosing including, without limitation, accountants or tax advisors and legal counsel regarding both the benefits granted to him under the terms of this Plan and the: (i) terms and conditions which may affect the Executive's right to these benefits; and (ii) personal tax effects of such benefits including, without limitation, the effects of any federal or state taxes, Section 280G of the Code, Section 409A of the Code and guidance or regulations thereunder, and any other taxes, costs, expenses or liabilities whatsoever related to such benefits, which in any of the foregoing instances the Executive acknowledges and agrees shall be the sole responsibility of the Executive notwithstanding any other term or provision of this Plan. The Executive further acknowledges and agrees that the Bank shall have no liability whatsoever related to any such personal tax effects or other personal costs, expenses, or liabilities applicable to the Executive and further specifically waives any right for himself or herself, and his or her heirs, beneficiaries, legal representative, agents, successor and assign to claim or assert liability on the part of the Bank related to the matters described above in this paragraph. The Executive further acknowledges that he has read, understands and consents to all of the terms and conditions of this Plan, and that he enters into this Plan with a full understanding of its terms and conditions.

I. Partial Invalidity:

If any term, provision, covenant, or condition of this Plan is determined by an arbitrator or a court, as the case may be, to be invalid, void, or unenforceable, such determination shall not render any other term, provision, covenant, or condition invalid, void, or unenforceable, and the Plan shall remain in full force and effect notwithstanding such partial invalidity.

J. Permissible Acceleration Provision:

Under Treasury Regulation Section l.409A-3(j)(4), a payment of deferred compensation may not be accelerated except as provided in regulations by the Internal Revenue Code. This Plan allows all permissible payment accelerations under l.409A-3(j)(4) that include but are not limited to payments necessary to comply with a domestic relations order, payments necessary to comply with certain conflict of interest rules, payments intended to pay employment taxes, and other permissible payments are allowed as permitted by statute or regulation.

K. Subsequent Changes to Time and Form of Payment:

The Bank may permit subsequent changes to the time and form of payment. Any such change shall be considered made only when it becomes irrevocable under the terms of the Plan. Any subsequent time and form of payment changes will be considered irrevocable not later than thirty (30) days following acceptance of the change by the Plan Administrator, subject to the following rules:

a. the subsequent change may not take effect until at least twelve (12) months after the date on which the change is made;

b. the payment (except in the case of death, disability, or unforeseeable emergency) upon which the change is made is deferred for a period of not less than five (5) years from the date such payment would otherwise have been paid; and

c. in the case of a payment made at a specified time, the change must be made not less than twelve (12) months before the date the payment is scheduled to be paid.

L. Tax Withholding:

The Bank shall withhold any taxes that are required to be withheld from the benefits provided under this Plan. The Executive acknowledges that the Bank's sole liability regarding taxes is to forward any amounts withheld to the appropriate taxing authority(ies).

XIV. ADMINISTRATIVE AND CLAIMS PROVISIONS

A. Plan Administrator:

The "Plan Administrator" of this Plan shall be Community Trust Bank. As Plan Administrator, the Bank shall be responsible for the management, control and administration of the Plan. The Plan Administrator may delegate to others certain aspects of the management and operation responsibilities of the Plan including the employment of advisors and the delegation of ministerial duties to qualified individuals.

B. Claims Procedure:

a. Filing a Claim for Benefits:

Any insured, Beneficiary, or other individual, ("Claimant") entitled to benefits under this Plan will file a claim request with the Plan Administrator. The Plan Administrator will, upon written request of a Claimant, make available copies of all forms and instructions necessary to file a claim for benefits or advise the Claimant where such forms and instructions may be obtained. If the claim relates to disability benefits, then the Plan Administrator shall designate a sub-committee to conduct the initial review of the claim (and applicable references below to the Plan Administrator shall mean such sub-committee).

b. Denial of Claim:

A claim for benefits under this Plan will be denied if the Bank determines that the Claimant is not entitled to receive benefits under the Plan. Notice of a denial shall be furnished the Claimant within a reasonable period of time after receipt of the claim for benefits by the Plan Administrator. This time period shall not exceed more than ninety (90) days after the receipt of the properly submitted claim. In the event that the claim for benefits pertains to disability, the Plan Administrator shall provide written notice within forty-five (45) days. However, if the Plan Administrator determines, in its discretion, that an extension of time for processing the claim is required, such extension shall not exceed an additional ninety (90) days. In the case of a claim for disability benefits, the forty-five (45) day review period may be extended for up to thirty (30) days if necessary due to circumstances beyond the Plan Administrator's control, and for an additional thirty (30) days, if necessary. Any extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review.

c. Content of Notice:

The Plan Administrator shall provide written notice to every Claimant who is denied a claim for benefits which notice shall set forth the following:

(i.) The specific reason or reasons for the denial;

(ii.) Specific reference to pertinent Plan provisions on which the denial is based;

(iii.) A description of any additional material or information necessary for the Claimant to perfect the claim, and any explanation of why such material or information is necessary; and

(iv.) Any other information required by applicable regulations, including with respect to disability benefits.

d. Review Procedure:

The purpose of the Review Procedure is to provide a method by which a Claimant may have a reasonable opportunity to appeal a denial of a claim to the Plan Administrator for a full and fair review. The Claimant, or his duly authorized representative, may:

(i.) Request a review upon written application to the Plan Administrator. Application for review must be made within sixty (60) days of receipt of written notice of denial of claim. If the denial of claim pertains to disability, application for review must be made within one hundred eighty (180) days of receipt of written notice of the denial of claim;

(ii.) Review and copy (free of charge) pertinent Plan documents, records and other information relevant to the Claimant's claim for benefits;

(iii.) Submit issues and concerns in writing, as well as documents, records, and other information relating to the claim.

e. Decision on Review:

A decision on review of a denied claim shall be made in the following manner:

(i.) The Plan Administrator may, in its sole discretion, hold a hearing on the denied claim. If the Claimant's initial claim is for disability benefits, any review of a denied claim shall be made by members of the Plan Administrator other than the original decision maker(s) and such person(s) shall not be a subordinate of the original decision maker(s). The decision on review shall be made promptly, but generally not later than sixty (60) days after receipt of the application for review. In the event that the denied claim pertains to disability, such decision shall not be made later than forty five (45) days after receipt of the application for review. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall the extension exceed a period of sixty (60) days from the end of the initial period. In the event the denied claim pertains to disability, written notice of such extension shall be furnished to the Claimant prior to the termination of the initial forty-five (45) day period. In no event shall the extension exceed a period of thirty (30) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review.

(ii.) The decision on review shall be in writing and shall include specific reasons for the decision written in an understandable manner with specific references to the pertinent Plan provisions upon which the decision is based.

(iii.) The review will take into account all comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination. Additional considerations shall be required in the case of a claim for disability benefits. For example, the claim will be reviewed without deference to the initial adverse benefits determination and, if the initial adverse benefit determination was based in whole or in part on a medical judgment, the Plan Administrator will consult with a health care professional with appropriate training and experience in the field of medicine involving the medical judgment. The health care professional who is consulted on appeal will not be the same individual who was consulted during the initial determination or the subordinate of such individual. If the Plan Administrator obtained the advice of medical or vocational experts in making the initial adverse benefits determination (regardless of whether the advice was relied upon), the Plan Administrator will identify such experts.

(iv.) The decision on review will include a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records or other information relevant to the Claimant's claim for benefits.

f. Exhaustion of Remedies:

A Claimant must follow the claims review procedures under this Plan and exhaust his or her administrative remedies before taking any further action with respect to a claim for benefits.

C. <u>Arbitration:</u>

If claimants continue to dispute the benefit denial based upon completed performance of this Plan or the meaning and effect of the terms and conditions thereof, then claimants may submit the dispute to an Arbitrator for final arbitration. The Arbitrator shall be selected by mutual agreement of the Bank and the claimants. The Arbitrator shall operate under any generally recognized set of arbitration rules. The parties hereto agree that they and their heirs, personal representatives, successors and assigns shall be bound by the decision of such Arbitrator with respect to any controversy properly submitted to it for determination.

Where a dispute arises as to the Bank's discharge of the Executive “For Cause," such dispute shall likewise be submitted to arbitration as above described and the parties hereto agree to be bound by the decision thereunder.

XV. TERMINATION OR MODIFICATION OF PLAN BY REASON OF CHANGES IN THE LAW, RULES OR REGULATIONS

The Bank is entering into this Plan upon the assumption that certain existing tax laws, rules and regulations will continue in effect in their current form. If any of said tax laws, rules or regulations should change and said change has a detrimental effect on this Plan, then the Bank reserves the right to terminate or modify this Plan accordingly. Any such termination or modification shall not be effective to decrease or restrict the Accrued Liability Retirement Account under this Plan, determined as of the date of amendment, unless agreed to in writing by the Executive, and provided further, no amendment shall be made, or if made, shall be effective, if such termination or modification would cause the Plan to violate Internal Revenue Code Section 409A.

IN WITNESS WHEREOF, the parties hereto acknowledge that each has carefully read this Plan and executed the original thereof effective as of the first day set forth hereinabove, and that, upon execution, each has received a conforming copy.

COMMUNITY TRUST BANK

Ruston, LA

By: /s/ Vonda B. Madden	**By: /s/ Cary S. Davis EVP**
Witness	(Bank Officer other than Executive) Title
By: /s/ Dianne Sullivan	**By: /s/ Drake Mills**
Witness	Drake D. Mills

BENEFICIARY DESIGNATION FORM FOR THE
AMENDED AND RESTATED
EXECUTIVE SALARY CONTINUATION PLAN

I. PRIMARY DESIGNATIONS

A. Person(s) as a Primary Designation:

(Please indicate the percentage for each beneficiary.)

1. Name:_________________Relationship:_________________SS#:_________________%_________________

   Address:____
   (Street) (City) (State) (Zip)

2. Name:_________________Relationship:_________________SS#:_________________%_________________

   Address:____
   (Street) (City) (State) (Zip)

3. Name:_________________Relationship:_________________SS#:_________________%_________________

   Address:____
   (Street) (City) (State) (Zip)

4. Name:_________________Relationship:_________________SS#:_________________%_________________

   Address:____
   (Street) (City) (State) (Zip)

II. ESTATE AND/OR TRUST AS PRIMARY DESIGNATIONS

A. Estate as a Primary Designation:

An Estate can still be listed even if there is no will.

My Primary Beneficiary is The Estate of ______________________________as set forth in the Last Will and Testament
(Insert full name)
dated the day of , 200 and any codicils thereto.

B. Trust as a Primary Designation:

Name of the Trust:___

Execution Date of the Trust:__Name of the Trustee:__

Beneficiary of the Trust:
*(please indicate the percentage for each beneficiary):*__

Name(s):__

Name(s):__

Is this an Irrevocable Life Insurance Trust? pYes pNo
(If yes and this designation is for a Joint Beneficiary Designation Agreement, an Assignment of Rights form ***must*** be completed.)

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT is made as of the 2nd day of April , 2018, by and among **ORIGIN BANK**, a Louisiana state bank (the "Bank"), **ORIGIN BANCORP, INC.**, a Louisiana corporation and registered bank holding company for the Bank ("Origin"), and Stephen H. Brolly ("Executive").

RECITALS

WHEREAS, Executive is employed by the Bank as Chief Financial Officer, Senior Executive Officer, Ruston;

WHEREAS, the Bank and Origin desire to attract and retain well-qualified executives and key personnel and to incentivize such personnel to remain in the employ of the Bank; and

WHEREAS, the Bank and Origin recognize that Executive is a valuable resource and desire to ensure Executive's employment, continued loyalty and services and, in the event Executive is terminated or Executive's position with the Bank or Origin is adversely changed in connection with a Change in Control (as hereinafter defined), to ensure Executive of adequate severance.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Eligibility.

Executive will be eligible for the benefits described in Section 3 of this Agreement upon the occurrence of any one of the following events:

(a) Executive is employed by the Bank or Origin on the Effective Date of a Change in Control (as defined in Section 6(d)) in the same position, or in a position having comparable duties and authority, as on the date of the execution of this Agreement and, within the two-year period beginning on the Effective Date of a Change in Control, Executive experiences a Termination of Service (as defined in Section 6(g)) by the Bank or Origin other than for Cause (as defined in Section 6(a));

(b) Executive is employed by the Bank or Origin on the Effective Date of a Change in Control in the same position, or in a position having comparable duties and authority, as on the date of the execution of this Agreement and, within the two-year period beginning on the Effective Date of a Change in Control, Executive experiences a Termination of Service by Executive for Good Reason (as defined in Section 6(d)); or

(c) Within the Pre-Change in Control Period (as defined in Section 6(f)), Executive experiences a Termination of Service by the Bank or Origin other than for Cause, or a Termination of Service by Executive for Good Reason, if it is demonstrated by Executive that such termination or event giving rise to Good Reason was at the request of a third party who took steps reasonably calculated to effect a Change in Control or otherwise arose in anticipation of a Change in Control.

If Executive is transferred to a position that does not have comparable duties or authority during the Pre-Change in Control Period but does not experience a Termination of Service prior to the Effective Date of a Change in Control then for all purposes of this Agreement, Executive will be deemed to be employed on the applicable Effective Date of a Change in Control in the same or a comparable position as on the date of execution of this Agreement.

2. Effective Date and Term.

This Agreement will have a term of three years, commencing on the date of this Agreement; provided however, that at the end of the initial term of this Agreement and each renewal term thereafter, this Agreement will automatically renew for successive one year terms unless not later than 90 days preceding the upcoming renewal date, either party notifies the other, in writing, of the termination of this Agreement at the end of the current term. Notwithstanding the preceding, this Agreement will earlier terminate, automatically, upon Executive's Termination of Service prior to the expiration of the term of this Agreement or any renewal thereof. In such event, all obligations of the parties under this Agreement will terminate, except as otherwise specifically provided herein.

3. Severance Benefit.

(a) Upon the occurrence of the events described in Section 1(a), 1(b) or 1(c), the Bank and/or Origin will pay to Executive, and Executive will receive a severance benefit, consisting of the following: (i) a lump sum cash payment of two times Executive's then-current annual base salary, (ii) a lump sum cash payment of two times the average of the incentive bonus paid within the three calendar years (or such fewer full calendar years as Executive has been employed by the Bank and/or Origin) immediately preceding the date of Executive's Termination of Service and (iii) any stock option, stock appreciation right, restricted stock unit award, or other equity-type award under any plan or agreement in Executive has, or will have, in the capital stock in the Bank or Origin will become fully vested and exercisable (collectively, (i) through (iii) being the "Change in Control Severance Benefits"). Notwithstanding the preceding, the Change in Control Severance Benefits will not become payable to Executive and neither the Bank or Origin will have any obligation for the payment of the Change in Control Severance Benefits to Executive if in connection with such termination or resignation Executive remains employed, or is simultaneously reemployed, by Origin or any affiliate thereof in a position having comparable duties, authority and compensation as Executive's position with the Bank or Origin immediately preceding such Change in Control.

(b) The Change in Control Severance Benefits, if any, will be paid no later than the 30^{th} day following the later of (i) Executive's Termination of Service and (ii) the Effective Date of a Change in Control. In no event will any payment be made under this Section 3 unless and until Executive incurs a Termination of Service.

(c) Notwithstanding anything in this Agreement to the contrary, if Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code) and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Executive has the right to receive from the Bank, Origin or any other person would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then, the payments and benefits provided for in this Agreement will be either (i) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Bank, Origin and/or such person(s) will be $1.00 less than three times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive will be subject to the excise tax imposed by Section 4999 of the Code or (ii) paid in full, whichever produces the better "net after-tax position" to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, will be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order.

4. Confidential and Proprietary Information.

Executive acknowledges and agrees that any and all non-public information regarding the Bank, Origin and their respective customers and affiliates is confidential and the unauthorized disclosure of such information will result in irreparable harm to the Bank and/or Origin. Executive will not, during Executive's employment by the Bank, Origin or any affiliate thereof and until such time as such confidential information becomes generally available to the public through no fault of Executive or other person under a duty of confidentiality to the Bank, Origin or any affiliate thereof, disclose or permit the disclosure of any such confidential information to any person other than an employee of the Bank, Origin or an affiliate thereof, or to an individual engaged by the Bank, Origin or an affiliate thereof to render professional services thereto under circumstances that require such person to maintain the confidentiality of such information, except as such disclosure may be required by law. The provisions of this Section 4 will survive any termination of this Agreement. For purposes of this Section 4, the term "confidential information" will not include information that was or becomes generally available to the public other than as a result of disclosure by Executive, or was or becomes available to Executive on a non-confidential basis from a source other than the Bank or Origin.

5. Non-solicitation.

Executive agrees that during Executive's employment by the Bank or a successor following a Change in Control and for a period of one year thereafter (the "Restrictive Period"), Executive will not:

(a) Solicit, in order to divert from the Bank, Origin or any affiliate thereof (or any successor) any business by influencing or attempting to influence or soliciting or attempting to solicit any customers of the Bank, Origin or any affiliate (or any successor) or any particular customer with whom the Bank, Origin or any affiliates thereof (or any successor) had business contacts in the one-year period immediately preceding Executive's termination or with whom Executive dealt at any time during Executive's employment by the Bank, Origin or an affiliate thereof (or any successor); provided, that this restriction will not apply to any circumstance where any customer of the Bank, Origin, or any affiliate (or any successor) desires to do business or does business with Executive as a result of its own decision without solicitation from Executive. The provisions of this Section 5(a) will apply in the parishes and counties listed in the Exhibit A to this Agreement, which is made a part hereof, as the same may be amended from time to time. Exhibit A may be amended from time to time by the Bank to include the parishes and counties in which the Bank is doing business, which amendment(s) will be presented to Executive in writing and will be become effective and binding on Executive if Executive remains employed by Bank on the third business day following the date on which notice of the amendment is duly given under this Agreement.

(b) Recruit, solicit, attempt to hire, or assist any other person to hire any employee of the Bank, Origin or any affiliate thereof (or any successor) or any person who was an employee of any of the foregoing in the six months immediately preceding Executive's Termination of Service, or solicit or encourage any employee of any of the foregoing to terminate employment; provided, that this restriction will not apply to any circumstance where any employee of the Bank, Origin, or any affiliate (or any successor) desires to become employed or does become employed with Executive as a result of his or her own decision without solicitation from Executive.

(c) Assist any person in any way to do, or attempt to do, anything prohibited by the foregoing.

The provisions of this Section 5 will survive any termination of this Agreement.

6. Definitions.

For purposes of this Agreement, the following terms have the meanings given them in this Section 6.

(a) "Cause" means:

(i) The willful continued failure by Executive to substantially perform Executive's duties after a demand for substantial performance is delivered to Executive that specifically identifies the manner in which the Bank and Origin in good faith reasonably believe that Executive has not substantially performed Executive's duties, and Executive has failed to resume substantial performance of Executive's duties on a continuous basis within 14 days of receiving such demand;

(ii) The willful engaging by Executive in conduct which is demonstrably and materially injurious to the Bank, Origin, and/or any affiliate thereof, monetarily or otherwise; or

(iii) Executive's conviction of a felony or conviction of a misdemeanor which materially impairs Executive's ability substantially to perform Executive's duties.

For purposes of this definition, no act, or failure to act, on Executive's part will be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interest of the Bank, Origin and/or any affiliate thereof.

(b) "Change in Control" means:

(i) The acquisition by any one person, or by more than one person acting as a group, of ownership of stock that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Bank or Origin, or any successor;

(ii) The acquisition by any one person, or by more than one person acting as a group, during the twelve-month period ending on the date of the most recent acquisition, of ownership of stock possessing 50% or more of the total voting power of the stock of the Bank or Origin;

(iii) The replacement during any 12-month period of a majority of the members of Origin's Board of Directors by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors before the date of such appointment or election; or

(iv) The acquisition by any one person, or more than one person acting as a group, during the twelve-month period ending on the date of the most recent acquisition, of assets of the Bank or Origin having a total gross fair market value of more than 50% of the total gross fair market value of all of the assets of the Bank or Origin immediately prior to such acquisition or acquisitions.

The parties intend that the definition of Change in Control will be the same as a change of ownership of a corporation, a change in the effective control of a corporation and/or a change in the ownership of a substantial portion of a corporation's assets within the meaning of Treasury Regulations Section 1.409A-3(i)(5), as modified by the substitution of the higher percentage requirement in clauses (b) and (d) above, and all questions or determinations in connection with any such Change in Control will be construed and interpreted in accordance with the provisions of such Treasury Regulations. This definition of Change in Control will be applicable only for purposes of determining Executive's rights under this Agreement and for no other purpose.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Effective Date of a Change in Control" means the date on which the event or events constituting a Change in Control is consummated.

(e) "Good Reason" means any of the following occurring without Executive's consent:

(i) A material diminution in Executive's authority, duties or responsibilities;

(ii) A material diminution in the authority, duties, or responsibilities or Executive's supervisor;

(iii) A relocation of Executive's principal place of employment by more than 30 miles;

(iv) A material diminution in the budget over which Executive retains authority;

(v) A material diminution in Executive's annual base salary; or

(vi) Any other action or inaction that constitutes a material breach by the Bank or Origin of any agreement, including this Agreement, pursuant to which Executive performs services for the Bank or Origin.

Notwithstanding the preceding, none of these actions or conditions will constitute "Good Reason" unless (1) within 90 days from Executive first acquiring knowledge of the existence of the Good Reason condition, Executive provides the Bank and/or Origin written notice of his or her intention to terminate employment for Good Reason and the grounds for such termination; (2) such grounds for termination (if susceptible to correction) are not corrected by the Bank and/or Origin within 30 days of the receipt of such notice (or, in the event that such grounds cannot be corrected within the 30 day period, the Bank and/or Origin has not taken all reasonable steps within such 30-day period to correct such grounds as promptly as practicable thereafter); and (3) Executive terminates his or her employment with the Bank immediately following expiration of such 30-day period. Any attempt by the Bank and/or Origin to correct a stated Good Reason will not be deemed an admission by the Bank and/or Origin that Executive's assertion of Good Reason is valid.

(f) "Pre-Change in Control Period" means the period commencing on the earlier of (i) the date of commencement of negotiations leading to the consummation of a Change in Control and (ii) six months prior to the Effective Date of a Change in Control.

(g) "Termination of Service" means the termination of Executive's employment with the Bank, Origin and all affiliates thereof for any reason, and which termination of service constitutes a "separation from service" determined in accordance with the provisions of Section 409A of the Code and the Treasury Regulations thereunder.

7. Regulatory Restrictions.

The parties recognize that the enforceability of compensation agreements with banks are subject to some uncertainty and that banks and their bank holding companies are subject to regulatory restrictions that change from time to time. As a result, Executive may be prevented from obtaining or enforcing any or all of Executive's rights hereunder. If the payment required to be made hereunder cannot be made because of such regulatory restrictions or other prohibitions of law, lawful regulations or binding order of a court, tribunal, or regulatory agency, then, (i) if and to the extent the prohibitions are applicable to the Bank, and not Origin, Origin will make the required payments; (ii) if and to the extent the prohibitions are applicable to Origin and not the Bank, the Bank will make the required payments; and (iii) if the prohibitions apply to both Origin and the Bank, the maximum amount possible of required payments not prohibited will be made by the Bank and/or Origin. Nothing herein will require the Bank or Origin to perform any obligation hereunder if such performance is prohibited or limited by applicable law or regulation, as determined in a proceeding or adjudication by a court, tribunal, or regulatory agency having authority to so determine, which determination is final and subject to no further appeals. The parties further acknowledge and agree that it is the intent of this Agreement that it be enforced to the fullest degree permitted by law and regulation.

8. Notices.

All notices and other communications provided for by this Agreement will be in writing and will be deemed to have been duly given when delivered in person or mailed by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:
Stephen H. Brolly

If to Origin or Bank:
Origin Bank
500 South Service Road East
Ruston, LA 71270
Attn: Linda Tuten

or to such other addresses any party may have furnished to the other in writing in accordance with this Agreement.

9. 409A Compliance.

(a) This Agreement is intended either to avoid the application of, or comply with, Section 409A of the Code. To that end, this Agreement will at all times be interpreted in a manner that is consistent with Section 409A of the Code. Notwithstanding any other provision in this Agreement to the contrary, the Bank and/or Origin will have the right, in its sole discretion, to adopt such amendments to this Agreement or take such other actions (including amendments and actions with retroactive effect) as it determines is necessary or appropriate for this Agreement to comply with Section 409A of the Code.

(b) Any payment following a Termination of Service that would be subject to Section 409A(a)(2)(A)(i) of the Code as a distribution following a Termination of Service of a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code) will be made on the first to occur of (i) the first business day after the expiration of the six month period following the Termination of Service, (ii) death or (iii) such earlier date that complies with Section 409A of the Code.

(c) Any reimbursement of any costs and expenses by the Bank and/or Origin to Executive under this Agreement will be made in no event later than the close of Executive's taxable year following the taxable year in which the cost or expense is incurred by Executive. The expenses incurred by Executive in any calendar year that are eligible for reimbursement under this Agreement will not affect the expenses incurred by Executive in any other calendar year that are eligible for reimbursement hereunder and Executive's right to receive any reimbursement hereunder will not be subject to liquidation or exchange for any other benefit.

(d) Each payment that Executive may receive under this Agreement will be treated as a "separate payment" for purposes of Section 409A of the Code.

10. Not a Contract of Employment.

The parties acknowledge and agree that Executive's employment by the Bank or Origin is at will and that Executive may resign from employment with the Bank and/or Origin at any time, whether before or after the occurrence of a Change in Control. Executive further acknowledges and agrees that Executive's employment is at the pleasure of the Board of Directors of the Bank and/or Origin and that Executive may be removed at any time. If such termination occurs by a decision of any successor after a Change in Control, the terms of this Agreement will remain in full force and effect.

11. Governing Law.

The provisions of this Agreement will be interpreted and construed in accordance with, and enforcement may be made under, the laws of the State of Louisiana. If suit, action of other proceeding is filed by any party to enforce the provisions of this Agreement or otherwise with respect to the subject matter of this Agreement, the prevailing party will be entitled to recover its reasonable costs incurred to third parties, including attorney fees and litigation expenses.

12. Successors and Assigns.

The Agreement is personal to Executive and, without the prior written consent of the Bank and Origin, will not be assignable by Executive. Subject to the foregoing, this Agreement will binding upon and inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

13. Severability.

If any provision of this Agreement is determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by applicable law.

14. Entire Agreement; Amendment.

This Agreement sets forth the entire agreement of the parties regarding the subject matter hereof and supersedes all prior agreements, understandings and covenants with respect to the subject matter hereof. This Agreement may be amended or terminated only by mutual agreement of the parties in writing.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the day and year first above written.

ORIGIN BANK

By:	**/s/ Linda W. Tuten**
Name:	Linda W. Tuten
Title:	EVP/CP&DO

ORIGIN BANCORP, INC.

By:	**/s/ Drake Mills**
Name:	Drake Mills
Title:	Chairman, President and CEO

EXECUTIVE

/s/ Steve Brolly

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Drake Mills, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Origin Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 09, 2019 By: /s/ Drake Mills

Drake Mills
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Stephen H. Brolly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Origin Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 09, 2019 By: /s/ Stephen H. Brolly

Stephen H. Brolly
Executive Vice President and Chief Financial Officer

Exhibit 32.1

STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Origin Bancorp, Inc. (the “Company”) for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Drake Mills, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods presented in the financial statements included in such Report.

Date: May 09, 2019	By:	/s/ Drake Mills
		Drake Mills
		Chairman, President and Chief Executive Officer

Exhibit 32.2

STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Origin Bancorp, Inc. (the “Company”) for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen H. Brolly, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company at the dates and for the periods presented in the financial statements included in such Report.

Date: May 09, 2019	By:	/s/ Stephen H. Brolly
		Stephen H. Brolly
		Executive Vice President and Chief Financial Officer