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

(Mark One)

☒**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 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)

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

Title of Each Class	Trading Symbol(s)	Name of Exchange on which Registered
Common Stock, par value $5.00 per share	**OBNK**	**Nasdaq Global Select Market**

Securities Registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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, 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 ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was $733.5 million as of June 28, 2019, the last business day of the Registrant's most recently completed second fiscal quarter. Solely for the purpose of this computation, it has been assumed that executive officers and directors of the Registrant are "affiliates".

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 23,510,945 shares of Common Stock, par value $5.00 per share, were issued and outstanding as of February 25, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders of Origin Bancorp, Inc. to be held on April 22, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2019.

ORIGIN BANCORP, INC.

FORM 10-K

DECEMBER 31, 2019

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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," "foresees," "intends," "plans," "projects," and similar expressions or future or conditional verbs such as "could," "may," "might," "should," "will," and "would," or variations of such terms 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 our 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 adversely 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;
- the effectiveness of our risk management framework and quantitative models;
- our inability to receive dividends from our Bank and to service debt, pay dividends to our common stockholders, repurchase our shares of common stock 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;
- changes in our operation or expansion strategy or our ability to prudently manage our growth and execute our strategy;
- changes in management personnel;
- our ability to maintain important customer relationships, our reputation or otherwise avoid liquidity risks;
- increasing costs 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;
- uncertainty regarding the future of the London Interbank Offered Rate and the impact of any replacement alternatives on our business;
- natural disasters and adverse weather events, acts of terrorism, an outbreak of hostilities or public health outbreaks (such as the coronavirus) or other international or domestic calamities, and other matters beyond our control;
- system failures, cybersecurity threats and/or security breaches and the cost of defending against them;
- other factors that are discussed in the section titled "Item 1A. Risk Factors" in this report; and
- our ability to manage the risks involved in the foregoing.

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

Item 1. Business

Our Company

Unless the context otherwise requires, references in this Annual Report on Form 10-K 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.

Origin is a financial holding company headquartered in Ruston, Louisiana. Our wholly owned bank subsidiary, Origin Bank, was founded in 1912. Deeply rooted in our history is a culture committed to providing personalized, relationship banking to our clients and communities. We provide a broad range of financial services to small and medium-sized businesses, municipalities, high net worth individuals and retail clients. We currently operate 43 banking centers from Dallas/Fort Worth, Texas across North Louisiana to Central Mississippi, which we refer to as the I-20 Corridor, as well as in Houston, Texas. As of December 31, 2019, we had total assets of $5.32 billion, total loans of $4.14 billion, total deposits of $4.23 billion and total stockholders' equity of $599.3 million.

We completed an initial public offering of our common stock in May 2018. Our common stock is listed on the Nasdaq Global Select Market under the symbol "OBNK."

We are committed to building unique client experiences through a strong culture, experienced leadership team and a focus on delivering unmatched customer service throughout Texas, Louisiana and Mississippi. Our success has been based on (1) a talented team of relationship bankers, executives and directors, (2) a diverse footprint with stable and growth-oriented markets, (3) differentiated and customized delivery and service, (4) our core deposit franchise and (5) an ability to significantly leverage our infrastructure and technology.

Successful execution of our strategic plan has produced significant growth in our franchise. Since 2005, we have enhanced our growth by integrating three bank acquisitions, entering several expansion markets, expanding our product offerings in mortgage lending and servicing as well as in insurance and private banking. To support our growth, we have raised over $281.8 million of new tier 1 capital since 2006, including proceeds from our initial public offering completed in May 2018. Additionally, on February 6, 2020, Origin Bank, the wholly owned subsidiary of Origin Bancorp, Inc. announced the completion of an offering of $70 million in aggregate principal amount of subordinated notes, which are intended to qualify as Tier 2 capital for regulatory capital purposes for Origin Bank. We have also supported our entry into expansion markets by hiring a number of experienced in-market bankers and banking teams. Through these efforts, we have successfully increased our market share in our key geographic markets.

Our Competitive Strengths and Banking Strategy

Organic Growth Capabilities with Strategic Acquisitions

We have historically been able to demonstrate our ability to grow our loans and deposits organically. Our team of seasoned bankers has been an important driver of our organic growth by further developing banking relationships with current and potential clients. Our relationship bankers are motivated to increase the size of their loan and deposit portfolios and generate fee income while maintaining strong credit quality. To promote our organic growth, we strategically locate banking centers within our markets and employ highly experienced relationship bankers who proactively develop valuable relationships within the communities that we serve. Through these relationships, our bankers are able to capitalize on loan demand across a wide range of industries. This allows us to not only diversify our loan portfolio, but also focus on loans with quality credit characteristics.

We focus on generating core deposits and, in particular, noninterest-bearing deposits, as our primary funding source to support loan growth. We believe motivating our relationship bankers to generate strong core, noninterest-bearing deposit growth enhances our ability to build and strengthen client relationships and provide stable funding for future growth.

We also intend to continue pursuing selective acquisition opportunities that we expect will enhance our business model in markets across our attractive geographic footprint.

A Unique from Within Client Experience

Our mission is to passionately pursue ways to make banking and insurance more rewarding for our employees, customers, communities, and stockholders by providing a unique client experience. We recognize that providing a distinguished client service begins with a commitment to building, training and retaining a customer-focused team that exemplifies our core values. Relationships built upon trust, encouraging a strong work ethic, innovation, flexibility and forward-thinking, genuine respect for others, cultivating a commitment to our community and never compromising on integrity are the benchmarks of our values and our promise is to make every customer feel like our only customer, every time.

Concentration on Sound Asset Quality

We believe that asset quality is a key to long-term financial success. We seek to maintain sound asset quality by moderating credit risk, adhering to prudent lending practices and promoting a relationship-based approach to commercial and consumer banking. Our executive management team has extensive knowledge of the bank regulatory landscape, significant experience navigating interest rate and credit cycles and a long history of collaboration, which we believe may help us avoid or mitigate unforeseen losses.

Expanding Revenue Sources

We offer commercial and retail customers a wide range of products and services that provide us with a diversified revenue stream and help us to solidify customer relationships. We provide products and services that compete with large, national banks, but with the personalized attention and responsiveness of a relationship-focused community bank. Our offerings include traditional retail deposits, treasury management, commercial deposits, mortgage origination and servicing, insurance, mobile banking and online banking. Our clients value our ability to provide the sophisticated products and services of larger banks, but with a local and agile decision-making process, a focus on building personal relationships, and a commitment to investing in the local economy and community. This allows us to build Origin Bank by focusing on low-cost core deposit relationships, high credit quality loans, and fee income generated by value-added services. It also allows us to develop strong relationships across industries, creating a diverse commercial loan portfolio.

We believe we have an attractive mix of loans and deposits. As of December 31, 2019, our loans held for investment portfolio was comprised of 39.1% commercial and industrial loans (including mortgage warehouse loans), and 43.8% commercial real estate loans (including construction/land/land development). This focus on commercial lending increases the asset sensitivity of our balance sheet and provides potential growth opportunities due to our limited real estate concentrations. As of December 31, 2019, approximately 25.5% of our deposits were noninterest-bearing demand deposits and our cost of total deposits was 1.12% for the year ended December 31, 2019.

Our Markets

We currently operate in North Louisiana, Central Mississippi, Dallas/Fort Worth, as well as Houston, Texas, all of which offer an attractive combination of diversity, growth and stability. The Dallas/Fort Worth and Houston markets provide attractive economic environments and offer significant deposit and lending opportunities as they are home to many large and mid-size corporations across a wide range of industries that include healthcare, manufacturing, higher education, agriculture, transportation and technology.

Our legacy markets in North Louisiana offer a stable economic climate and a lower cost deposit-gathering and operational platform. Our footprint in Central Mississippi comprises areas of significant commercial investment and growth. We believe all of our markets consist of vibrant areas of the United States with favorable business climates, significant population and employment growth.

Our Banking Services

We offer products and services through a network of 43 retail branch offices. We are focused on delivering a broad range of relationship-driven financial services tailored to meet the needs of small and medium-sized businesses, municipalities, high net worth individuals and retail clients. We principally operate in one business segment, community banking. We are primarily engaged in attracting deposits from individuals and businesses and using these deposits and borrowed funds to originate commercial, residential mortgage, construction and consumer loans.

We have grown our assets, deposits, and business organically and through acquisitions by building on our lending products, expanding our deposit products and delivery capabilities, opening new branches, and hiring experienced bankers with existing customer relationships in our market areas.

A general discussion of the range of financial services we offer follows.

Lending Activities

We originate loans primarily secured by single and multi-family real estate, residential construction and commercial buildings. In addition, we make loans to small and mid-sized businesses, as well as to consumers for a variety of purposes. Our loan portfolio as of the dates indicated was comprised as follows:

(Dollars in thousands)	December 31,				
Real estate:	**2019**	**2018**	**2017**	**2016**	**2015**
Commercial real estate	$ 1,296,847	$ 1,228,402	$ 1,083,275	$ 1,026,752	$ 861,540
Construction/land/land development	517,688	429,660	322,404	311,279	310,773
Residential real estate	689,555	629,714	570,583	414,226	429,137
Total real estate	2,504,090	2,287,776	1,976,262	1,752,257	1,601,450
Commercial and industrial	1,343,475	1,272,566	989,220	1,135,683	1,232,265
Mortgage warehouse lines of credit	274,659	207,871	255,044	201,997	156,803
Consumer loans	20,971	20,892	20,505	22,138	22,145
Total loans held for investment	$ 4,143,195	$ 3,789,105	$ 3,241,031	$ 3,112,075	$ 3,012,663

Commercial Real Estate Loans and Construction/Land/Land Development Loans. We primarily originate commercial real estate loans and construction/land/land development loans that are generally secured by real estate located in our market areas. Our commercial mortgage loans are generally collateralized by first liens on real estate and amortized over 20 to 30 years with balloon payments typically due at the end of five years. These loans are generally underwritten by addressing cash flow (debt service coverage), primary and secondary sources of repayment, the financial strength of any guarantor, the strength of the tenant (if any), the borrower's liquidity and leverage, management experience, ownership structure, economic conditions, industry specific trends and collateral. Commercial real estate loans have contributed interest income of $64.2 million and $54.8 million for the years ended December 31, 2019 and 2018, respectively, while construction/land/land development loans have contributed interest income of $27.9 million and $19.6 million for the years ended December 31, 2019 and 2018, respectively.

Consumer Loans and Residential Real Estate Loans. Our consumer loan portfolio is primarily composed of secured and unsecured loans that we originate. The largest component of our consumer loan portfolio is for residential real estate purposes. We originate one-to-four family, owner occupied residential mortgage loans generally secured by property located in our primary market areas. The majority of our residential mortgage loans consist of loans secured by owner occupied, single family residences. These loans are underwritten by giving consideration to the borrower's ability to pay, stability of employment or source of income, debt-to-income ratio, credit history and loan-to-value ratio. Consumer loans also include closed-end second mortgages, home equity lines of credit and our mortgage loans held for sale.

Commercial and Industrial Loans. Commercial and industrial loans are made for a variety of business purposes, including working capital, inventory, equipment and capital expansion. The terms for commercial loans are generally one to seven years. Commercial loans are generally underwritten by addressing cash flow (debt service coverage), primary and secondary sources of repayment, the financial strength of any guarantor, the borrower's liquidity and leverage, management experience, ownership structure, economic conditions, industry specific trends and collateral. Commercial and industrial loans also include mortgage warehouse loans which are extended to mortgage companies and secured by loan participations in mortgages that are typically sold within 15 to 25 days. Commercial and industrial loans have contributed interest income of $69.0 million and $54.6 million for the years ended December 31, 2019 and 2018, respectively, while mortgage warehouse loans have contributed interest income of $10.7 million and $10.6 million for the years ended December 31, 2019 and 2018, respectively.

Credit Risks. The principal economic risk associated with each category of loans we make is the creditworthiness of the borrower and the ability of the borrower to repay the relevant loan. Borrower creditworthiness is affected by general economic conditions, including interest rates, inflation and in the case of commercial borrowers, demand for the borrower's products and services, and other factors affecting the borrower's customers, suppliers and employees.

Risks associated with real estate loans also include fluctuations in the value of real estate, new job creation trends, tenant vacancy rates and, in the case of commercial borrowers, the quality of the borrower's management. Consumer loan repayments depend on the borrower's financial stability and are more likely than commercial loans to be adversely affected by divorce, job loss, illness and other personal hardships.

Lending Philosophy. Our lending philosophy is driven by our commitment to centralized underwriting for all loans, local market knowledge, long-term customer relationships and a conservative credit culture. To implement this philosophy we have established various levels of authority and review, including our Credit Risk Management Group. In each loan review, we emphasize cash flow and secondary and tertiary repayment sources, such as guarantors and collateral. We generally avoid lending to highly cyclical industries and typically avoid making certain types of loans that we consider to be higher risk.

Lending Policies. We have established common documentation and policies for each type of loan. We have also established a corporate loan committee with authority to approve loans up to the legal lending limit of Origin Bank. Credits of $5.0 million or greater are generally presented for review or approval prior to committing to the loan. The corporate loan committee meets weekly and on an ad hoc basis as needed.

Origin Bank's board of directors periodically reviews our lending policies and procedures. In addition, there are legal restrictions on the maximum amount of loans available for each lending relationship. As of December 31, 2019, Origin Bank's legal lending limit under the Louisiana Banking Law and the Regulation O of the Federal Reserve was $176.3 million for secured loans, $70.5 million for unsecured loans and $88.6 million for loans to insiders. As of December 31, 2019, we had established a general in-house lending limit ranging between $30.0 million and $35.0 million to any one borrower, based upon our internal risk rating of the relationship.

Deposits and Other Sources of Funds

An important aspect of our business franchise is the ability to gather deposits. As of December 31, 2019, we held $4.23 billion of total deposits and have grown deposits at a compound annual growth rate of 22.8% since December 31, 2003. As of December 31, 2019, 88.8% of our total deposits were core deposits (defined as total deposits excluding time deposits greater than $250,000 and brokered deposits). We offer a wide range of deposit services, including checking, savings, money market accounts and time deposits. We obtain most of our deposits from individuals, small businesses and municipalities in our market areas. One area of focus has been to create a deposit-focused sales force of business development bankers who have extensive contacts and connections with targeted clients and centers of influence throughout our communities. We also have access to secondary sources of funding, including advances from the Federal Home Loan Bank of Dallas, borrowings at the Federal Reserve Discount Window and other borrowings.

Mortgage Banking

We are also engaged in the residential mortgage banking business, which primarily generates income from the sale of mortgage loans as well as the servicing of residential mortgage loans for others. We originate residential mortgage loans in our markets as a service to our existing customers and as a way to develop relationships with new customers, in order to support our core banking strategy. Revenue from our mortgage banking activities was $12.3 million, $9.6 million and $15.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Insurance

We offer a wide variety of personal and commercial property and casualty insurance products through our wholly owned insurance subsidiary, Davison Insurance Agency, LLC., doing business as Thomas & Farr Agency, Reeves, Coon & Funderburg ("RCF") and Simoneaux & Wallace Agency. With 30 years of growth in the insurance industry and more than 90 experienced professionals, our agencies have primary market locations across Louisiana, but also serve customers in Texas, Mississippi, Arkansas and other states across the U.S. We also have a 38% interest in the Lincoln Agency Group, a full-service insurance agency operating in North Louisiana. In July 2018, we completed the acquisition of RCF, solidifying our presence as one of the larger independent insurance agencies in North Louisiana. Insurance commission and fee income was $12.2 million, $9.7 million and $7.2 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Other Banking Services

Given customer demand for increased convenience and account access, we offer a wide range of products and services, including 24-hour Internet banking and voice response information, mobile applications, cash management, overdraft protection, direct deposit, safe deposit boxes, U.S. savings bonds and automatic account transfers.

Information Technology Systems

We continue to make significant investments in our information technology systems for our banking operations and treasury services to enhance our capabilities to offer new products and overall customer experience, to provide scale for future growth and acquisitions, and to increase controls and efficiencies in our back-office operations. Our core data processing platform is from a nationally recognized bank processing vendor and we leverage the capabilities of a third-party service provider in developing our network design and architecture. We also actively manage our business continuity plan. The majority of our other systems, including electronic funds transfer and transaction processing, are operated in-house. Online banking services and other public-facing web services are performed using third-party service providers. We strive to follow all recommendations outlined by the Federal Financial Institutions Examination Council and we perform regular tests of the adequacy of our contingency plans for key functions and systems.

Competition

The banking business is highly competitive, and our profitability will depend in large part on our ability to compete with other banks and non-bank financial service companies located in our markets for lending opportunities, deposit funds, financial products, bankers and acquisition targets.

We are subject to vigorous competition in all aspects of our business from banks, savings banks, savings and loan associations, finance companies, credit unions and other financial service providers, such as money market funds, brokerage firms, consumer finance companies, asset-based non-bank lenders, insurance companies and certain other non-financial entities, including retail stores which may maintain their own credit programs and certain governmental organizations which may offer more favorable financing than we can.

Many other commercial banks, savings institutions and credit unions have offices in our primary market areas. These institutions include many of the largest banks operating in Texas, Louisiana and Mississippi, including various leading national banks. Our competitors often have greater resources, have broader geographic markets, have higher lending limits, offer various services that we may not currently offer and make broader use of media advertising, support services and electronic technology than we do. To offset these competitive disadvantages, we depend on our reputation as having greater personal service, consistency, flexibility and the ability to make credit and other business decisions quickly.

Employees

As of December 31, 2019, we had 751 full-time equivalent employees. None of our employees are represented by any collective bargaining unit or are parties to a collective bargaining agreement. We believe that our relations with our employees are good.

Corporate Information

We were organized as a business corporation in 1991 under the laws of the state of Louisiana. Our principal executive offices are located at 500 South Service Road East, Ruston, Louisiana 71270, and our telephone number is (318) 255-2222. Our website is www.origin.bank. We make available at this address, free of charge, our Annual Report on Form 10-K, our annual reports to stockholders, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). These documents are also available on the SEC's website at www.sec.gov. The information contained on, or accessible from, our website does not constitute a part of this Annual Report on Form 10-K and is not incorporated by reference herein.

Regulation and Supervision

General

The U.S. banking industry is highly regulated under federal and state law. Consequently, our growth and earnings performance will be affected not only by management decisions and general and local economic conditions, but also by the statutes administered by, and the regulations and policies of, various governmental regulatory authorities. These authorities include the Federal Reserve, Federal Deposit Insurance Corporation ("FDIC"), Louisiana Office of Financial Institutions, Consumer Financial Protection Bureau ("Bureau"), Internal Revenue Service and state taxing authorities. The effect of these statutes, regulations and policies, and any changes to such statutes, regulations and policies, can be significant and cannot be predicted.

The primary goals of the bank regulatory scheme are to maintain a safe and sound banking system, facilitate the conduct of sound monetary policy and promote fairness and transparency for financial products and services. The system of supervision and regulation applicable to us and our subsidiaries establishes a comprehensive framework for their respective operations and is intended primarily for the protection of the FDIC's Deposit Insurance Fund, the Bank's depositors and the public, rather than our stockholders or creditors. The description below summarizes certain elements of the bank regulatory framework applicable to us. This description is not intended to describe all laws and regulations applicable to us and our subsidiaries, and the description is qualified in its entirety by reference to the full text of the statutes, regulations, policies, interpretive letters and other written guidance that are described herein.

Bank Holding Company Regulation

Because we control Origin Bank, we are subject to regulation under the Bank Holding Company Act of 1956, as amended, and to supervision, examination and enforcement by the Federal Reserve. The Bank Holding Company Act and other federal laws subject bank holding companies to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations. The Federal Reserve's jurisdiction also extends to any company that we directly or indirectly control, such as any nonbank subsidiaries and other companies in which we own a controlling investment.

Financial Services Industry Reform. The Dodd-Frank Act, which was enacted in 2010, broadly affects the financial services industry by implementing changes to the financial regulatory landscape aimed at strengthening the sound operation of the financial services sector, including provisions that, among other things:

- apply the same leverage and risk-based capital requirements that cover insured depository institutions to bank holding companies with total assets in excess of $1 billion;
- establish the Bureau to, among other things, establish and implement rules and regulations applicable to all entities offering consumer financial products or services;
- permanently increase FDIC deposit insurance maximum to $250,000 and broaden the base for FDIC insurance assessments from the amount of insured deposits to average total consolidated assets less average tangible equity during the assessment period, subject to certain adjustments;
- eliminate the upper limit for the reserve ratio designated by the FDIC each year for the Deposit Insurance Fund, increase the minimum designated reserve ratio of the deposit insurance fund from 1.15% to 1.35% of the estimated amount of total insured deposits, and eliminate the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds;
- permit banks to branch across state lines if the laws of the state where the new branch is to be established would permit the establishment of the branch if it were part of a bank that was chartered by such state;
- repeal the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts;
- require bank holding companies and banks to be "well capitalized" and "well managed" in order to acquire banks located outside of their home state and require any bank holding company electing to be treated as a financial holding company to be "well capitalized" and "well managed;"
- direct the Federal Reserve to establish limitations on interchange fees charged by debit card issuers with $10 billion or more in assets under a "reasonable and proportional cost" per transaction standard;
- prohibit a banking entity under a provision known as the Volcker Rule from engaging in proprietary trading or holding an ownership interest in or sponsoring a hedge fund or a private equity fund;
- increase regulation of consumer protections regarding mortgage originations, including originator compensation, minimum repayment standards, and prepayment consideration;
- implement corporate governance revisions, including with regard to executive compensation and proxy access by stockholders; and
- increase the authority of the Federal Reserve to examine us and any nonbank subsidiaries.

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA") was signed into law. While EGRRCPA preserves the fundamental elements of the post-Dodd-Frank Act regulatory framework, it includes modifications that are intended to result in meaningful regulatory relief both from certain provisions of the Dodd-Frank Act and from certain regulatory capital rules for smaller and certain regional banking organizations. Among other things, EGRRCPA exempts us from the Volcker Rule, allows us to avoid the risk-based capital rules if we maintain a specific "community bank leverage ratio," revises the capital treatment of certain commercial real estate loans, and amends certain Truth in Lending Act requirements for residential mortgage loans.

Even after the EGRRCPA modifications, the Dodd-Frank Act may impact the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. Failure to comply with any new requirements may negatively impact our results of operations and financial condition.

Revised Rules on Regulatory Capital. The Federal Reserve monitors our capital adequacy at the holding company level by using a combination of risk-based and leverage capital ratios and considers our capital levels when taking action on various types of applications and when conducting supervisory activities. The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profiles among financial institutions and their holding companies, to account for off-balance sheet exposure, and to minimize disincentives for holding liquid assets. The regulatory capital rules applicable to us were revised, effective January 1, 2015, under the Basel III regulatory capital framework. These rules include a common equity Tier 1 risk-based capital requirement and establish criteria that instruments must meet to be considered common equity Tier 1 capital, additional Tier 1 capital or Tier 2 capital. These enhancements are designed to both improve the quality and increase the quantity of capital required to be held by banking organizations, better equipping the U.S. banking system to cope with adverse economic conditions. Under these rules, we are required to satisfy four minimum capital standards: (1) a Tier 1 capital to average total consolidated assets ratio, or "leverage ratio," of at least 4.0%, (2) a common equity Tier 1 capital to risk-weighted assets ratio, or "common equity Tier 1 risk-based capital ratio," of 4.5%, (3) a Tier 1 capital to risk-weighted assets ratio, or "Tier 1 risk-based capital ratio," of at least 6.0%, and (4) a total risk-based capital (Tier 1 plus Tier 2) to risk-weighted assets ratio, or "total risk-based capital ratio," of at least 8.0%.

The capital rules also require bank holding companies to maintain a capital conservation buffer above the minimum capital requirements composed solely of common equity Tier 1 capital in order to avoid certain restrictions on capital distributions and discretionary bonus payments to executive officers. Now fully phased in, the capital conservation buffer requirement effectively requires banking organizations to maintain regulatory risk-based capital ratios at least 2.5% above the minimum risk-based capital requirements set forth above. This buffer is intended to help to ensure that banking organizations conserve capital when it is most needed, allowing them to better weather periods of economic stress.

The revised regulatory capital rules implement stricter eligibility criteria for regulatory capital instruments, exclude certain instruments, such as trust preferred securities (other than grandfathered trust preferred securities, such as those that we have issued), from Tier 1 capital going forward, and require new adjustments to and deductions from capital for minority interests, mortgage servicing assets, deferred tax assets and certain investments in the capital of unconsolidated financial institutions. In addition, the rules require that most regulatory capital deductions be made from common equity Tier 1 capital.

These rules also set forth certain changes in the methods of calculating certain risk-weighted assets, which in turn will affect the calculation of risk-based capital ratios. Under the rules, higher or more sensitive risk weights have been assigned to various categories of assets, including, certain credit facilities that finance the acquisition, development or construction of real property, certain exposures or credits that are 90 days past due or on nonaccrual status, foreign exposures and certain corporate exposures. In addition, these rules include greater recognition of collateral and guarantees, and revised capital treatment for derivatives and repo-style transactions.

EGRRCPA exempts most banking organizations with less than $10 billion in total consolidated assets from the risk-based and leverage capital rules and the capital conservation buffer if they maintain a "community bank leverage ratio" ("CBLR"). The federal agencies have set the CBLR at 9%. In order to qualify for the CBLR exemption, a banking organization may not have more than 25% of its assets in off-balance sheet exposures, nor may it have more than 5% of assets in trading assets and liabilities. We discuss the CBLR further below under "Bank Regulation - Capital Adequacy Requirements."

These capital requirements are minimum requirements. The Federal Reserve may also set higher capital requirements if warranted by our risk profile, economic conditions impacting our market or other circumstances particular to our organization. For example, holding companies experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets. Failure to meet capital guidelines could subject us to a variety of enforcement remedies, including issuance of a capital directive or restrictions on our operations and expansionary activities.

Imposition of Liability for Undercapitalized Subsidiaries. Federal banking regulations require FDIC-insured banks that become undercapitalized to submit a capital restoration plan. The capital restoration plan of a bank controlled by a bank holding company will not be accepted by the regulators unless each company having control of the undercapitalized institution guarantees the subsidiary's compliance with the capital restoration plan up to a certain specified amount. Any such guarantee from a bank holding company is entitled to a priority of payment in bankruptcy.

The aggregate liability of the holding company of an undercapitalized bank in such a guarantee is limited to the lesser of 5% of the bank's assets at the time it became undercapitalized or the amount necessary to cause the institution to be adequately capitalized. The federal banking agencies have greater power in situations where a bank becomes significantly or critically undercapitalized or fails to submit a capital restoration plan. For example, a bank holding company controlling such a bank may be required to obtain prior Federal Reserve approval of proposed dividends or to divest the bank or other affiliates.

Acquisitions by Bank Holding Companies. We must obtain the prior approval of the Federal Reserve before (1) acquiring more than 5% of the voting stock of any bank or other bank holding company, (2) acquiring all or substantially all of the assets of any bank or bank holding company, or (3) merging or consolidating with any other bank holding company. In evaluating applications with respect to these transactions, the Federal Reserve is required to consider, among other things, the effect of the acquisition on competition, the financial condition, managerial resources and future prospects of the bank holding company and the banks concerned, the convenience and needs of the communities to be served (including the record of performance under the Community Reinvestment Act), the effectiveness of the applicant in combating money laundering activities, and the extent to which the proposed acquisition would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. The Federal Reserve can deny an application based on the above criteria or other considerations. In addition, as a condition to receiving regulatory approval, the Federal Reserve can impose conditions on the acquirer or the business to be acquired, which may not be acceptable or, if acceptable, may reduce the benefit of a proposed acquisition.

Control Acquisitions. Subject to various exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval or non-objection prior to any person or company acquiring "control" of a bank holding company. Although "control" is based on all of the facts and circumstances surrounding the investment, control under the Bank Holding Company Act is conclusively presumed to exist if a person or company acquires 25% of more of any class of voting securities of the bank holding company, controls the election of a majority of the board of directors, or is able to exercise a controlling influence over the management or policies of the company. Under the Change in Bank Control Act, control of a bank holding company is presumed to exist (subject to rebuttal) if the acquiring person or entity will own 10% or more of any class of voting securities immediately following the transaction and either no other person will hold a greater percentage of that class of voting securities after the acquisition or the bank holding company has publicly registered securities.

Regulatory Restrictions on Dividends. As a financial holding company, we are subject to certain restrictions on dividends under applicable banking laws and regulations. The Federal Reserve has issued a supervisory letter that provides that a bank holding company should not pay dividends unless: (1) its net income over the last four quarters (net of dividends paid) has been sufficient to fully fund the dividends; (2) the prospective rate of earnings retention is consistent with the capital needs, asset quality and overall financial condition of the bank holding company; and (3) the bank holding company will continue to meet, and is not in danger of failing to meet, minimum regulatory capital adequacy ratios. Failure to comply with the supervisory letter could result in a supervisory finding that the bank holding company is operating in an unsafe and unsound manner. In addition, our ability to pay dividends may also be limited if we must maintain the capital conservation buffer under the regulatory capital rules. In the current financial and economic environment, the Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong. The Federal Reserve may further restrict the payment of dividends by engaging in supervisory action to restrict dividends or by requiring us to maintain a higher level of capital then would otherwise be required under the Basel III minimum capital requirements.

Source of Strength. Under longstanding Federal Reserve policy, which has been codified by the Dodd-Frank Act, we are expected to act as a source of financial strength to, and to commit resources to support, Origin Bank. This support may be required at times when we may not otherwise be inclined to provide it. In addition, any capital loans that we make to Origin Bank are subordinate in right of payment to deposits and to certain other indebtedness of Origin Bank. As discussed above, in certain circumstances, we could also be required to guarantee the capital restoration plan of Origin Bank, if it became undercapitalized for purposes of the Federal Reserve's prompt corrective action regulations. In the event of our bankruptcy, any commitment by us to a federal bank regulatory agency to maintain the capital of Origin Bank under a capital restoration plan would be assumed by the bankruptcy trustee and entitled to a priority of payment.

Scope of Permissible Activities. In general, the Bank Holding Company Act limits the activities permissible for bank holding companies to the business of banking, managing or controlling banks and such other activities as the Federal Reserve has determined to be so closely related to banking as to be properly incident thereto. Permissible activities for a bank holding company include, among others, operating a mortgage, finance, credit card or factoring company; performing certain data processing operations; providing investment and financial advice; acting as an insurance agent for certain types of credit-related insurance; leasing personal property on a full-payout, nonoperating basis; and providing certain stock brokerage services. A bank holding company may also make an investment of up to 5% of any class of voting securities of any company that is otherwise a non-controlling investment.

A bank holding company may elect to become a financial holding company, as we have done, and may thereby engage in activities that are (1) financial in nature or incidental to such financial activity or (2) complementary to a financial activity and that do not pose a substantial risk to the safety and soundness of a depository institution or to the financial system generally. These activities include securities dealing, underwriting and market making, insurance underwriting and agency activities, merchant banking and insurance company portfolio investments. Expanded financial activities of financial holding companies generally will be regulated according to the type of such financial activity: banking activities by banking regulators, securities activities by securities regulators and insurance activities by insurance regulators. A bank holding company may elect to be treated as a financial holding company if it is "well capitalized" and "well managed" and if each of its depository institution subsidiaries is "well capitalized" and "well managed," and has received a rating of not less than Satisfactory on each such institution's most recent examinations under the Community Reinvestment Act ("CRA"). We rely on our financial holding company status to engage in insurance agency activities.

If we fail to continue to meet any of the requirements for financial holding company status, we may be required to enter into an agreement with the Federal Reserve to comply with all applicable capital and management requirements within a certain period of time or lose our financial holding company designation, which could also result in a requirement to divest any businesses for which financial holding company status was required. In addition, the Federal Reserve may place limitations on our ability to conduct the broader financial activities permissible for financial holding companies during any period of noncompliance.

Volcker Rule. Section 13 of the Bank Holding Company Act, commonly known as the "Volcker Rule," has generally prohibited insured depository institutions and their affiliates from sponsoring or acquiring an ownership interest in certain investment funds, including hedge funds and private equity funds. The Volcker Rule also places restrictions on proprietary trading. EGRRCPA exempts insured depository institutions with $10 billion or less in total consolidated assets from the Volcker Rule, and the Federal Reserve has effectively extended the exemption to bank holding companies.

Safe and Sound Banking Practices. Bank holding companies are not permitted to engage in unsafe and unsound banking practices. For example, the Federal Reserve's Regulation Y generally requires a bank holding company to provide the Federal Reserve with prior notice of any redemption or repurchase of its own equity securities, if the consideration to be paid, together with the consideration paid for any repurchases or redemptions in the preceding year, is equal to 10.0% or more of the bank holding company's consolidated net worth. The Federal Reserve may oppose the transaction if it believes that the transaction would constitute an unsafe or unsound practice or would violate any law or regulation. In certain circumstances, the Federal Reserve could take the position that paying a dividend would constitute an unsafe or unsound banking practice. The Federal Reserve has broad authority to prohibit activities of bank holding companies and their nonbanking subsidiaries which represent unsafe and unsound banking practices, result in breaches of fiduciary duty or which constitute violations of laws or regulations, and can assess civil money penalties or take other enforcement action to remedy such activities, practices or violations.

Bank Regulation

Origin Bank is a commercial bank chartered under the laws of the State of Louisiana and is a member of the Federal Reserve System. In addition, its deposits are insured by the FDIC to the maximum extent permitted by law. As a result, Origin Bank is subject to extensive regulation, supervision and examination by the Louisiana Office of Financial Institutions and the Federal Reserve. As an insured depository institution, the bank is subject to regulation by the FDIC, although the Federal Reserve is the Bank's primary federal regulator. Origin Bank is also subject to secondary oversight by state banking authorities in other states in which it maintains banking offices. The bank regulatory agencies have the power to enforce compliance with applicable banking laws and regulations. These requirements and restrictions include requirements to maintain reserves against deposits, restrictions on the nature and amount of loans that may be made and the interest that may be charged thereon and restrictions relating to investments and other activities of Origin Bank. Origin Bank also is subject to consumer financial protection regulations that are interpreted and enforced by the Bureau.

Capital Adequacy Requirements. The Federal Reserve and Louisiana Office of Financial Institutions monitor the capital adequacy of Origin Bank by using a combination of risk-based and leverage capital ratios similar to those applied at the holding company level. These agencies consider the bank's capital levels when taking action on various types of applications and when conducting supervisory activities related to the safety and soundness of the bank and the banking system. Under the revised capital rules which became effective on January 1, 2015, Origin Bank is required to maintain four minimum capital standards: (1) a leverage ratio of at least 4.0%, (2) a common equity Tier 1 risk-based capital ratio of 4.5%, (3) a Tier 1 risk-based capital ratio of at least 6.0%, and (4) a total risk-based capital ratio of at least 8.0%. The capital rules also require FDIC-insured banks to maintain a capital conservation buffer above the minimum capital requirements to avoid certain restrictions on capital distributions and discretionary bonus payments to executive officers. The capital conservation buffer must be composed solely of common equity Tier 1 capital. Now fully phased in, the capital conservation buffer requirement effectively requires banking organizations to maintain regulatory risk-based capital ratios at least 2.5% above the minimum risk-based capital requirements.

Banks with less than $10 billion in total consolidated assets may be exempt from the risk-based and leverage capital requirements as well as the capital conservation buffer if they satisfy the CBLR and meet certain prerequisites. The federal banking agencies have fixed the CBLR at 9%. Use of the CBLR is subject to the conditions that a bank's off-balance sheet exposures not be more than 25% of its total consolidated assets and that its trading assets plus trading liabilities not exceed 5% of its total consolidated assets.

These capital requirements are minimum requirements. The Federal Reserve or Louisiana Office of Financial Institutions may also set higher capital requirements if warranted by the risk profile of Origin Bank, economic conditions impacting its markets or other circumstances particular to Origin Bank. For example, Federal Reserve guidance provides that higher capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities or securities trading activities. In addition, the Federal Reserve's prompt corrective action regulations discussed below may, in effect, increase the minimum regulatory capital ratios for banking organizations. Failure to meet capital guidelines could subject Origin Bank to a variety of enforcement remedies, including issuance of a capital directive, restrictions on business activities and other measures under the Federal Reserve's prompt corrective action regulations.

Corrective Measures for Capital Deficiencies. The federal banking regulators are required by the Federal Deposit Insurance Act to take "prompt corrective action" with respect to capital-deficient banks that are FDIC-insured. For the purpose of this framework, every bank is placed in one of the following five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." The bank's capital tier depends upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation.

To be well capitalized, a bank must have a total risk-based capital ratio of at least 10.0%, a Tier 1 risk-based capital ratio of at least 8.0%, a common equity Tier 1 risk-based capital ratio of at least 6.5%, and a leverage ratio of at least 5.0%, and must not be subject to any written agreement, order or directive requiring it to maintain a specific capital level for any capital measure. At December 31, 2019, Origin Bank met the requirements to be categorized as well capitalized under the prompt corrective action framework currently in effect.

As a bank's capital decreases, the bank comes under increasing scrutiny by its primary federal regulators. Banks that are adequately, but not well, capitalized may not accept, renew or rollover brokered deposits except with a waiver from the FDIC and are subject to restrictions on the interest rates that can be paid on its deposits. The Federal Reserve's prompt corrective action regulations also generally prohibit a bank from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if an otherwise adequately capitalized bank would thereafter be undercapitalized. Undercapitalized banks are also subject to growth limitations, may not accept, renew or rollover brokered deposits, and are required to submit a capital restoration plan. The Federal Reserve may not accept such a plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the bank's capital. Significantly undercapitalized banks may be subject to a number of additional requirements and restrictions, including orders to sell sufficient shares or obligations to become adequately capitalized, limitations on asset growth, and cessation of receipt of deposits from correspondent banks. Generally, subject to a narrow exception, the FDIC must appoint a receiver or conservator for an institution that is critically undercapitalized. The capital classification of a bank also affects the bank's ability to engage in certain activities and the deposit insurance premiums paid by the bank.

Bank Mergers. Section 18(c) of the Federal Deposit Insurance Act, known as the "Bank Merger Act," requires the written approval of a bank's primary federal regulator before the bank may (1) acquire through merger or consolidation, (2) purchase or otherwise acquire the assets of or (3) assume the deposit liabilities of another bank. The Bank Merger Act prohibits the reviewing agency from approving any proposed merger transaction that would result in a monopoly, or would further a combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. Similarly, the Bank Merger Act prohibits the reviewing agency from approving a proposed merger transaction the effect of which in any section of the country may be to substantially lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade. An exception may be made in the case of a merger transaction the effect of which would be to substantially lessen competition, tend to create a monopoly, or otherwise restrain trade, if the reviewing agency finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

In every proposed merger transaction, the reviewing agency must also consider the financial and managerial resources and future prospects of the existing and proposed institutions, the convenience and needs of the community to be served, and the effectiveness of each insured depository institution involved in the proposed merger transaction in combating money-laundering activities.

Branching. Under Louisiana law, Origin Bank is permitted to establish additional branch offices within Louisiana, subject to the approval of the Louisiana Office of Financial Institutions. As a result of the Dodd-Frank Act, the Bank may also establish additional branch offices outside of Louisiana, subject to prior regulatory approval, so long as the laws of the state where the branch is to be located would permit a state bank chartered in that state to establish a branch. Any new branch, whether located inside or outside of Louisiana, must also be approved by the Federal Reserve, as the Bank's primary federal regulator. Origin Bank may also establish offices in other states by merging with banks or by purchasing branches of other banks in other states, subject to certain restrictions.

Restrictions on Transactions with Affiliates and Insiders. Federal law strictly limits the ability of banks to engage in transactions with their affiliates, including their bank holding companies. Sections 23A and 23B of the Federal Reserve Act, and Federal Reserve's Regulation W, impose quantitative limits, qualitative standards and collateral requirements on certain transactions by a bank with, or for the benefit of, its affiliates. Generally, Sections 23A and 23B (1) limit the extent to which the bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of the bank's capital stock and surplus, and limit the aggregate of all such transactions with all affiliates to an amount equal to 20% of its capital stock and surplus, and (2) require that all such transactions be on terms substantially the same, or at least as favorable, to the bank or subsidiary as those that would be offered to a non-affiliate. The term "covered transaction" includes the making of loans to an affiliate, the purchase of assets from an affiliate, the issuance of a guarantee on behalf of an affiliate, and several other types of transactions.

The Dodd-Frank Act expanded the coverage and scope of the limitations on affiliate transactions within a banking organization, including an expansion of what types of transactions are covered transactions to include credit exposures related to derivatives, repurchase agreements and securities lending arrangements and an increase in the amount of time for which collateral requirements regarding covered transactions must be satisfied.

Federal law also limits a bank's authority to extend credit to its directors, executive officers and 10% stockholders, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the bank's capital. Loans to senior executive officers of a bank are subject to additional restrictions. Insiders may be subject to enforcement actions for accepting loans in violation of applicable restrictions.

Regulatory Restrictions on Dividends. Origin Bank is subject to certain restrictions on dividends under federal and state laws, regulations and policies. In general, Origin Bank may pay dividends to us without the approval of the Louisiana Office of Financial Institutions so long as the amount of the dividend does not exceed the bank's net profits earned during the current year combined with its retained net profits of the immediately preceding year. The bank is required to obtain the approval of the Louisiana Office of Financial Institutions for any amount in excess of this threshold. In addition, under federal law, Origin Bank may not pay any dividend to us if it is undercapitalized or the payment of the dividend would cause it to become undercapitalized. The Federal Reserve may further restrict the payment of dividends by requiring the bank to maintain a higher level of capital than would otherwise be required to be adequately capitalized for regulatory purposes. Under the capital rules, the failure to maintain an adequate capital conservation buffer, as discussed above, may also result in dividend restrictions. Moreover, if, in the opinion of the Federal Reserve, Origin Bank is engaged in an unsound practice (which could include the payment of dividends), the Federal Reserve may require, generally after notice and hearing, the bank to cease such practice. The Federal Reserve has indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe banking practice. The Federal Reserve has also issued guidance providing that a bank generally should pay dividends only when (1) the bank's net income available to common stockholders over the past year has been sufficient to fully fund the dividends and (2) the prospective rate of earnings retention appears consistent with the bank's capital needs, asset quality, and overall financial condition.

Incentive Compensation Guidance. The federal banking agencies have issued comprehensive guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of those organizations by encouraging excessive risk-taking. The incentive compensation guidance sets expectations for banking organizations concerning their incentive compensation arrangements and related risk management, control and governance processes. The incentive compensation guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon three primary principles: (1) balanced risk- taking incentives, (2) compatibility with effective controls and risk management and (3) strong corporate governance. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or take other actions. In addition, under the incentive compensation guidance, a banking organization's federal supervisor may initiate enforcement action if the organization's incentive compensation arrangements pose a risk to the safety and soundness of the organization. Further, the capital conservation buffer described above would limit discretionary bonus payments to bank executives if the institution's regulatory capital ratios failed to exceed certain thresholds. The scope and content of the U.S. banking regulators' policies on executive compensation are continuing to develop and evolve. The agencies (together with certain other federal agencies) proposed a regulation in 2016 on incentive compensation (as required by the Dodd-Frank Act) but have not finalized it.

Deposit Insurance Assessments. FDIC-insured banks are required to pay deposit insurance assessments to the FDIC. The amount of the assessment is based on the size of the bank's assessment base, which is equal to its average consolidated total assets less its average tangible equity, and its risk classification under an FDIC risk-based assessment system. The FDIC has revised its methodology for determining assessments from time to time. The current methodology, which has been in place since the third quarter of 2016, has a range of assessment rates from three basis points to 30 basis points on insured deposits. All insured depository institutions with the exception of large and complex banking organizations are assigned to one of three risk categories based on their composite CAMELS ratings. Each of the three risk categories has a range of rates, and the rate for a particular institution is determined based on seven financial ratios and the weighted average of its component CAMELS ratings. The FDIC may adjust assessment rates downward as the reserve ratio of the Deposit Insurance Fund exceeds 2.0% and higher thresholds. The FDIC can also impose special assessments in certain instances. If there are additional bank or financial institution failures or if the FDIC otherwise determines to increase assessment rates, Origin Bank may be required to pay higher FDIC insurance premiums. In addition, all FDIC-insured institutions have been required to pay assessments to the FDIC to fund interest payments on bonds issued by the Financing Corporation, an agency of the federal government established to recapitalize the predecessor to the Deposit Insurance Fund; these assessments ended in 2019 when all of the bonds had matured.

Community Reinvestment Act. The CRA and the related regulations are intended to encourage banks to help meet the credit needs of their entire assessment area, including low and moderate income neighborhoods, consistent with the safe and sound operations of such banks. These regulations also provide for regulatory assessment of a bank's CRA performance record when considering applications to establish branches, merger applications and applications to acquire the assets and assume the liabilities of another bank. The CRA requires federal banking agencies to make public their ratings of banks' performance under the CRA. In the case of a bank holding company transaction, the CRA performance record of the subsidiary banks of the bank holding companies involved in the transaction are reviewed in connection with the filing of an application to acquire ownership or control of shares or assets of a bank or to merge with any other bank holding company. An unsatisfactory CRA record could substantially delay approval or result in denial of an application. In addition, a financial holding company may face limitations on activities and acquisitions if its subsidiary depository institutions do not have a least a Satisfactory rating. A satisfactory or better CRA rating also is a prerequisite for certain regulatory benefits, such as expedited processing of applications. Origin Bank received a Satisfactory rating in its most recent CRA examination.

Financial Modernization. Under the Gramm-Leach-Bliley Act, banks may establish financial subsidiaries to engage, subject to limitations on investment, in activities that are financial in nature, other than insurance underwriting as principal, insurance company portfolio investment, real estate development, real estate investment, annuity issuance and merchant banking activities. To do so, a bank must be well capitalized, well managed and have a CRA rating from its primary federal regulator of Satisfactory or better. Subsidiary banks of financial holding companies or banks with financial subsidiaries must remain well capitalized and well managed in order to continue to engage in activities that are financial in nature without regulatory actions or additional restrictions. Such actions or restrictions could include divestiture of the financial subsidiary or subsidiaries. In addition, a financial holding company or a bank may not acquire a company that is engaged in activities that are financial in nature unless each of the subsidiary banks of the financial holding company or the bank has a CRA rating of Satisfactory of better.

Concentrated Commercial Real Estate Lending Regulations. The federal banking regulatory agencies have promulgated guidance governing financial institutions with concentrations in commercial real estate lending. The guidance provides that a bank may have a concentration in commercial real estate lending if (1) total reported loans for construction, land development, and other land represent 100.0% or more of total capital or (2) total commercial real estate loans represent 300.0% or more of the bank's total capital and the outstanding balance of the bank's commercial real estate loan portfolio has increased 50% or more during the prior 36 months. If a concentration is present, the bank will be subject to further regulatory scrutiny with respect to its risk management practices for commercial real estate lending. At December 31, 2019, Origin Bank's total reported loans for construction, land development, and other land represented less than 100% of the bank's total capital, and its total commercial real estate loans represented less than 300% of the bank's total capital.

Consumer Laws and Regulations. Origin Bank is subject to numerous laws and regulations intended to protect consumers in transactions with the bank. These laws include, among others, laws regarding unfair, deceptive and abusive acts and practices, state usury laws and federal consumer protection statutes, including the Electronic Fund Transfer Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Real Estate Procedures Act of 1974, the S.A.F.E. Mortgage Licensing Act of 2008, the Truth in Lending Act and the Truth in Savings Act, among others. Many states and local jurisdictions have consumer protection laws analogous and in addition to those enacted under federal law. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits, making loans and conducting other types of transactions. Failure to comply with these laws and regulations could give rise to regulatory sanctions, customer rescission rights, actions by state attorneys general and civil or criminal liability.

In addition, the Dodd-Frank Act created the Bureau, which has broad authority to regulate the offering and provision of consumer financial products. The Bureau has authority to promulgate regulations, issue orders, guidance, interpretations and policy statements, conduct examinations and bring enforcement actions with regard to consumer financial products and services. In general, banks with assets of $10 billion or less, such as Origin Bank, will continue to be examined for consumer compliance, and subject to enforcement actions, by their primary federal regulator, in our case the Federal Reserve. However, the Bureau may participate in examinations of these smaller institutions on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary federal regulators. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the Bureau, and state attorneys general are permitted to enforce certain consumer protection rules adopted by the Bureau against certain institutions.

Mortgage Lending Rules. The Dodd-Frank Act authorized the Bureau to establish certain minimum standards for the origination of residential mortgages, including a determination of the borrower's ability to repay. Under the Dodd-Frank Act, financial institutions may not make a residential mortgage loan unless they make a "reasonable and good faith determination" that the consumer has a "reasonable ability" to repay the loan. The Dodd-Frank Act allows borrowers to raise certain defenses to foreclosure but provides a presumption or rebuttable presumption of compliance for loans that are "qualified mortgages." The Bureau has also issued regulations that, among other things, specify the types of income and assets that may be considered in the ability-to-repay determination, the permissible sources for income verification, and the required methods of calculating the loan's monthly payments. These regulations extend the requirement that creditors verify and document a borrower's income and assets to include a requirement to verify all information that creditors rely on in determining repayment ability. The rules also define "qualified mortgages" based on adherence to certain underwriting standards - for example, a borrower's debt-to-income ratio may not exceed 43.0% - and certain restrictions on loan terms. Points and fees are subject to a relatively stringent cap, and the terms include a wide array of payments that may be made in the course of closing a loan. Certain loans, including interest-only loans and negative amortization loans, cannot be qualified mortgages. Also, the Dodd-Frank Act and the Bureau's final rule on loan originator compensation prohibit certain compensation payments to loan originators and the steering of consumers to loans not in their interest, particularly if the loans will result in greater compensation for a loan originator. The Dodd-Frank Act and the Bureau's implementing regulations also impose additional disclosure requirements with respect to the origination and sale of residential mortgages. EGRRCPA modifies certain of these requirements by, among other things, creating a safe harbor from the ability-to-repay standards for certain mortgage loans made by a bank with less than $10 billion in total consolidated assets.

Anti-Money Laundering and OFAC. The Bank Secrecy Act requires federal savings associations and other financial institutions to establish a risk-based system of internal controls reasonably designed to prevent money laundering and the financing of terrorism. The principal requirements for an insured depository institution include (i) establishment of an anti-money laundering program that includes training and audit components; (ii) establishment of a "know your customer" program involving due diligence to confirm the identity of persons seeking to open accounts and to deny accounts to those persons unable to demonstrate their identities; (iii) the filing of currency transaction reports for deposits and withdrawals of large amounts of cash; (iv) additional precautions for accounts sought and managed for non-U.S. persons; and (v) verification and certification of money laundering risk with respect to private banking and foreign correspondent banking relationships. For many of these tasks a bank must keep records to be made available to its primary federal regulator. Anti-money laundering rules and policies are developed by a bureau within the U.S. Department of the Treasury, the Financial Crimes Enforcement Network, but compliance by individual institutions is overseen by its primary federal regulator, in the Bank's case, the Office of the Comptroller of the Currency.

The Office of Foreign Assets Control ("OFAC") administers laws and Executive Orders that prohibit U.S. entities from engaging in transactions with certain prohibited parties. OFAC publishes lists of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. Generally, if a bank identifies a transaction, account or wire transfer relating to a person or entity on an OFAC list, it must freeze the account or block the transaction, file a suspicious activity report and notify the appropriate authorities.

Bank regulators routinely examine institutions for compliance with these obligations and they must consider an institution's compliance in connection with the regulatory review of applications, including applications for bank mergers and acquisitions. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing and comply with OFAC sanctions, or to comply with relevant laws and regulations, could have serious legal, reputational and financial consequences for the institution.

Privacy. Federal law and regulations limit the ability of banks and other financial institutions to disclose non-public information about consumers to non-affiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a non-affiliated third party. These regulations affect how consumer information is transmitted through financial services companies and conveyed to outside vendors. In addition, consumers may also prevent disclosure of certain information among affiliated companies that is assembled or used to determine eligibility for a product or service, such as that shown on consumer credit reports and asset and income information from applications. Consumers also have the option to direct banks and other financial institutions not to share information about transactions and experiences with affiliated companies for the purpose of marketing products or services. In addition to applicable federal privacy regulations, Origin Bank is subject to certain state privacy laws.

Cybersecurity. The federal banking agencies pay close attention to the cybersecurity practices of banks, bank holding companies and their affiliates. The interagency council of the agencies, the Federal Financial Institutions Examination Council (the "FFIEC"), has issued several policy statements and other guidance for banks as new cybersecurity threats arise. The FFIEC has recently focused on such matters as compromised customer credentials and business continuity planning. Examinations by the banking agencies now include review of an institution's information technology and its ability to thwart cyberattacks.

Federal Home Loan Bank System. Origin Bank is a member of the Federal Home Loan Bank of Dallas, which is one of the 11 regional Federal Home Loan Banks composing the Federal Home Loan Bank system. The Federal Home Loan Banks make loans to their member banks in accordance with policies and procedures established by the Federal Home Loan Bank system and the boards of directors of each regional Federal Home Loan Bank. Any advances from a Federal Home Loan Bank must be secured by specified types of collateral, and all long-term advances may be obtained only for the purpose of providing funds for residential housing finance. As a member of the Federal Home Loan Bank of Dallas, Origin Bank is required to acquire and hold shares of capital stock in the Federal Home Loan Bank of Dallas. All loans, advances and other extensions of credit made by the Federal Home Loan Bank of Dallas to Origin Bank are secured by a portion of Origin Bank's mortgage loan portfolio, certain other investments and the capital stock of the Federal Home Loan Bank of Dallas held by Origin Bank.

Enforcement Powers. The bank regulatory agencies have broad enforcement powers, including the power to terminate deposit insurance and impose substantial fines and other civil and criminal penalties. Failure to comply with applicable laws, regulations and supervisory agreements, breaches of fiduciary duty or the maintenance of unsafe and unsound conditions or practices could subject us or our subsidiaries, including Origin Bank, as well as their respective officers, directors, and other institution-affiliated parties, to administrative sanctions and potentially substantial civil money penalties.

FDIC Conservatorship or Receivership. The bank regulatory agencies may appoint the FDIC as conservator or receiver for a bank (or the FDIC may appoint itself, under certain circumstances) if any one or more of a number of circumstances exist, including, without limitation, if the bank is undercapitalized and has no reasonable prospect of becoming adequately capitalized, fails to become adequately capitalized when required to do so, fails to submit a timely and acceptable capital restoration plan or materially fails to implement an accepted capital restoration plan.

Effect of Governmental Monetary Policies. The commercial banking business is affected not only by general economic conditions but also by U.S. fiscal policy and the monetary policies of the Federal Reserve. Some of the instruments of monetary policy available to the Federal Reserve include changes in the discount rate on member bank borrowings, the fluctuating availability of borrowings at the "discount window," open market operations as directed by the Federal Open Market Committee, the imposition of and changes in reserve requirements against member banks' deposits and certain borrowings by banks and their affiliates and assets of foreign branches. These policies influence to a significant extent the overall growth of bank loans, investments, and deposits and the interest rates charged on loans or paid on deposits. We cannot predict the nature of future fiscal and monetary policies or the effect of these policies on our operations and activities, financial condition, results of operations, growth plans or future prospects.

Impact of Current Laws and Regulations

The cumulative effect of these laws and regulations, while providing certain benefits, adds significantly to the cost of our operations and thus has a negative impact on our profitability. There has also been a notable expansion in recent years of financial service providers that are not subject to the examination, oversight, and other rules and regulations to which we are subject. Those providers, because they are not so highly regulated, may have a competitive advantage over us and may continue to draw large amounts of funds away from traditional banking institutions, with a continuing adverse effect on the banking industry in general.

Future Legislation and Regulatory Reform. From time to time, various legislative and regulatory initiatives are introduced in Congress and state legislatures. New regulations and statutes are regularly proposed that contain wide-ranging proposals for altering the structures, regulations and competitive relationships of financial institutions operating in the United States. We cannot predict whether or in what form any proposed regulation or statute will be adopted or the extent to which our business may be affected by any new regulation or statute. Future legislation, regulation and policies, and the effects of that legislation and regulation and those policies, may have a significant influence on our operations and activities, financial condition, results of operations, growth plans or future prospects and the overall growth and distribution of loans, investments and deposits. Such legislation, regulation and policies have had a significant effect on the operations and activities, financial condition, results of operations, growth plans and future prospects of commercial banks in the past and are expected to continue to do so.

Item 1A. Risk Factors

We face many risks and uncertainties, any one or more of which could have a material adverse effect on our business, results of operations, financial condition, prospects or the value of, or return on, an investment in our common stock. You should carefully consider the risks described below, together with all other information included and incorporated by reference in this report, including our consolidated financial statements and the related notes contained in Item 8 of this report. We believe the risks described below are material to us as of the date of this report but these risks are not the only risks that we face. Our business, financial condition, results of operations and prospects could also be affected by additional risks that apply to all financial services companies or companies operating in the United States and our specific geographic markets, as well as other risks that are not currently known to us or that we currently consider to be immaterial to our business, financial condition, results of operations and prospects. If any of these risks actually occur, our business, results of operations, financial condition and prospects could be adversely affected. Further, to the extent that any of the information in this report constitutes forward-looking statements, the risk factors below also are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf.

Risks Related to Our Business

The discontinuation of LIBOR could result in financial, operational, legal, reputational or compliance risks to us.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates London Interbank Offered Rate ("LIBOR"), announced that it will no longer persuade or require banks to submit rates for the calculation of LIBOR after 2021. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next two years. It is impossible to predict the effect of any such alternative rates on the value of LIBOR-based securities or other securities or financial arrangements, given LIBOR's role in determining market interest rates globally. Given LIBOR's extensive use across financial markets, the transition away from LIBOR presents various risks and challenges to financial markets and institutions and could have a range of effects on our business, financial condition and results of operations. Our commercial and consumer businesses issue, trade and hold various products that are currently indexed to LIBOR. Among other products, as of December 31, 2019, we had approximately $1.42 billion of loans indexed to LIBOR, including loans that mature after 2021. Our products that are indexed to LIBOR are significant, and if not sufficiently planned for, the discontinuation of LIBOR could result in financial, operational, legal, litigation, reputational or compliance risks to us.

Due to the uncertainty surrounding the future of LIBOR, it is expected that the transition will span several reporting periods through the end of 2021and may result in increased compliance costs and operational costs. One of the major identified risks is inadequate fallback language in the various instruments' contracts that may result in issues establishing an alternative index and adjusting the margin as applicable. We continue to monitor this activity and evaluate the related risks.

We may not be able to adequately measure and limit our credit risk, which could lead to unexpected losses.

Our business depends on our ability to successfully measure and manage credit risk. As a lender, we are exposed to the risk that the principal of, or interest on, a loan will not be repaid timely or at all or that the value of any collateral supporting a loan will be insufficient to cover our outstanding exposure. In addition, we are exposed to risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions, and risks inherent in dealing with individual loans and borrowers. The creditworthiness of a borrower is affected by many factors including local market conditions and general economic conditions. If the overall economic climate in the U.S., generally, or our market areas, specifically, experiences material disruption, our borrowers may experience difficulties in repaying their loans, the collateral we hold may decrease in value or become illiquid, and the level of nonperforming loans, charge-offs and delinquencies could rise and require significant additional provisions for credit losses. Additional factors related to the credit quality of commercial loans include the quality of the management of the business and the borrower's ability both to properly evaluate changes in the supply and demand characteristics affecting our market for products and services and to effectively respond to those changes. Additional factors related to the credit quality of commercial real estate loans include tenant vacancy rates and the quality of management of the property.

Our risk management practices, such as monitoring the concentration of our loans within specific industries and our credit approval, review and administrative practices may not adequately reduce credit risk, and our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. A failure to effectively measure and limit the credit risk associated with our loan portfolio may result in loan defaults, foreclosures and additional charge-offs, and may necessitate that we significantly increase our allowance for credit losses, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have an adverse effect on our business, financial condition and results of operations.

As a business operating in the financial services industry, adverse conditions in the general business or economic environment could have a material adverse effect on our financial condition and results of operations.

Our business and operations, which primarily consist of lending money to customers in the form of loans, borrowing money from customers in the form of deposits and investing in securities, are sensitive to general business and economic conditions in the U.S. Uncertainty about the federal fiscal policymaking process, and the medium and long-term fiscal outlook of the federal government and U.S. economy, is a concern for businesses, consumers and investors in the U.S. In addition, economic conditions in foreign countries, including global political hostilities or public health outbreaks and uncertainty over the stability of foreign currency, could affect the stability of global financial markets, which could hinder domestic economic growth. The current economic environment is characterized by interest rates at historically low levels, which impacts our ability to attract deposits and to generate attractive earnings through our investment portfolio and we are unable to predict changes in market interest rates. Additionally, our business could be adversely affected by the effects of a widespread outbreak of disease pandemics, including the recent outbreak of a novel coronavirus first identified in China which the Centers for Disease Control and Prevention has advised may spread significantly in the United States. Any outbreak of disease pandemics and other adverse public health developments could have an adverse effect on our business operations. A significant outbreak of disease pandemics or other adverse public health developments in the population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could adversely affect our customers' businesses and results of operations. All of these factors are detrimental to our business, and the interplay between these factors can be complex and unpredictable. Our business is also significantly affected by monetary and related policies of the U.S. government and its agencies. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control. Adverse economic conditions and government responses to such conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing certain of our loans and result in loan and other losses.

Real estate values in many Louisiana, Texas and Mississippi markets have experienced periods of fluctuation over the last several years, and the market value of real estate can fluctuate significantly in a short period of time. As of December 31, 2019, $2.5 billion, or 60.4%, of our total loans held for investment was comprised of loans with real estate as a primary component of collateral. We also make loans secured by real estate as a supplemental source of collateral. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, and could result in losses that adversely affect our business, financial condition, and results of operation. Negative changes in the economy affecting real estate values and liquidity in our market areas could significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in losses on such loans. Such declines and losses could have an adverse effect on our business, financial condition and results of operations. If real estate values decline, it is also more likely that we would be required to increase our allowance for loan losses, which could have an adverse effect on our business, financial condition and results of operations.

We rely heavily on our executive management team and other key employees, and the loss of any these individuals could adversely impact our business or reputation.

Our success depends in large part on the performance of our key personnel, as well as on our ability to attract, motivate and retain highly qualified senior and middle management and other skilled employees. Competition for employees is intense, and the process of locating key personnel with the combination of skills and attributes required to execute our business plan may be lengthy. We may not be successful in retaining our key employees, and the unexpected loss of services of one or more of our key personnel could have an adverse effect on our business because of their skills, knowledge of our primary markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel. If the services of any of our key personnel should become unavailable for any reason, we may not be able to identify and hire qualified persons on terms acceptable to us, or at all, which could have an adverse effect on our business, financial condition and results of operations.

Unauthorized access, cyber-crime and other threats to data security may require significant resources, harm our reputation, and otherwise cause harm to our business.

We necessarily collect, use and hold personal and financial information concerning individuals and businesses with which we have a banking relationship. This information includes non-public, personally-identifiable information that is protected under applicable federal and state laws and regulations. Additionally, certain of these data processing functions are not handled by us directly, but are outsourced to third party providers. Our facilities and systems, and those of our third party service providers, may be vulnerable to threats to data security, security breaches, acts of vandalism and other physical security threats, computer viruses or compromises, ransomware attacks, misplaced or lost data, programming and/or human errors or other similar events. Any security breach involving the misappropriation, loss or other unauthorized disclosure of our confidential business, employee or customer information, whether originating with us, our vendors or retail businesses, could severely damage our reputation, expose us to the risks of civil litigation and liability, require the payment of regulatory fines or penalties or undertaking of costly remediation efforts with respect to third parties affected by a security breach, disrupt our operations, and have a material adverse effect on our business, financial condition and results of operations.

It is difficult or impossible to defend against every risk being posed by changing technologies or criminals intent on committing cyber-crime. Our controls and protections and those of our vendors could prove inadequate. In the last few years, there have been an increasing number of cyber incidents and cyber criminals continue to increase their sophistication, including several well-publicized cyber-attacks that targeted other U.S. companies, including financial services companies much larger than us. These cyber incidents have been initiated from a variety of sources, including terrorist organizations and hostile foreign governments. As technology advances, the ability to initiate transactions and access data has also become more widely distributed among mobile devices, personal computers, automated teller machines, remote deposit capture sites and similar access points, some of which are not controlled or secured by us. It is possible that we could have exposure to liability and suffer losses as a result of a security breach or cyber-attack that occurred through no fault of the Company. Further, the probability of a successful cyber-attack against us or one of our third party services providers cannot be predicted.

Cyber-security risks appear to be growing and, as a result, the cyber-resilience of banking organizations is of increased importance to federal and state banking agencies and other regulators. New or revised laws and regulations may significantly impact our current and planned privacy, data protection and information security-related practices, the collection, use, sharing, retention and safeguarding of consumer and employee information, and current or planned business activities. Compliance with current or future privacy, data protection and information security laws to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could materially and adversely affect the Company's profitability.

Our ability to attract and retain profitable bankers is critical to the success of our business strategy.

Our ability to retain and grow our loans, deposits and fee income depends upon the business generation capabilities, reputation and relationship management skills of our bankers. If we were to lose the services of any of our bankers, including profitable bankers employed by banks that we may acquire, to a new or existing competitor or otherwise, we may not be able to retain valuable relationships and some of our customers could choose to use the services of a competitor instead of our services.

Our growth strategy also relies on our ability to attract and retain additional profitable bankers. We may face difficulties in recruiting and retaining bankers of our desired caliber, including as a result of competition from other financial institutions. In particular, many of our competitors are significantly larger with greater financial resources, and may be able to offer more attractive compensation packages and broader career opportunities. Additionally, we may incur significant expenses and expend significant time and resources on training, integration and business development before we are able to determine whether a new banker will be profitable or effective. If we are unable to attract and retain profitable bankers, or if our bankers fail to meet our expectations in terms of customer relationships and profitability, we may be unable to execute our business strategy, which could have an adverse effect on our business, financial condition and results of operations.

The geographic concentration of our markets in Texas, Louisiana and Mississippi makes us more sensitive than our more geographically diversified competitors to adverse changes in the local economy.

Unlike larger financial institutions that are more geographically diversified, we are a regional banking franchise concentrated in the Interstate 20 Corridor between the Dallas/Fort Worth metropolitan area and Jackson, Mississippi, as well as in Houston, Texas. At December 31, 2019, 47.4% of our total loans (by dollar amount) were made to borrowers who reside or conduct business in Texas, 30.3% attributable to Louisiana and 13.1% attributable to Mississippi, and substantially all of our real estate loans are secured by properties located in these states. A deterioration in local economic conditions or in the residential or commercial real estate markets could have an adverse effect on the quality of our portfolio, the demand for our products and services, the ability of borrowers to timely repay loans, and the value of the collateral securing loans. If the population, employment or income growth in one of our markets is negative or slower than projected, income levels, deposits and real estate development could be adversely impacted. Some of our larger competitors that are more geographically diverse may be better able to manage and mitigate risks posed by adverse conditions impacting only local or regional markets.

Our commercial real estate loan portfolio exposes us to risks that may be greater than the risks related to our other mortgage loans.

Our loan portfolio includes non-owner-occupied commercial real estate loans for individuals and businesses for various purposes, which are secured by commercial properties, as well as real estate construction and development loans. As of December 31, 2019, our non-owner-occupied commercial real estate loans totaled $855.3 million, or 20.6%, of our total loan portfolio. These loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service, which may be adversely affected by changes in the economy or local market conditions. These loans expose us to greater credit risk than loans secured by residential real estate because the collateral securing these loans typically cannot be liquidated as easily as residential real estate because there are fewer potential purchasers of the collateral. Additionally, non-owner-occupied commercial real estate loans generally involve relatively large balances to single borrowers or related groups of borrowers. Accordingly, charge-offs on non-owner-occupied commercial real estate loans may be larger on a per loan basis than those incurred with our residential or consumer loan portfolios. Unexpected deterioration in the credit quality of our commercial real estate loan portfolio would require us to increase our provision for loan losses, which would reduce our profitability, and could materially adversely affect our business, financial condition and results of operations.

A large portion of our loan portfolio is comprised of commercial loans secured by receivables, inventory, equipment or other commercial collateral, the deterioration in value of which could expose us to credit losses.

As of December 31, 2019, approximately $1.34 billion, or 32.5%, of our total loans were commercial loans to businesses. In general, these loans are collateralized by general business assets, including, among other things, accounts receivable, inventory and equipment and many are backed by a personal guaranty of the borrower or principal. These commercial loans are typically larger in amount than loans to individuals and, therefore, have the potential for larger losses on a single loan basis. Additionally, the repayment of commercial loans is subject to the ongoing business operations of the borrower. The collateral securing such loans generally includes movable property, such as equipment and inventory, which may decline in value more rapidly than we anticipate, exposing us to increased credit risk. In addition, a portion of our customer base, including customers in the energy and real estate business, may be exposed to volatile businesses or industries which are sensitive to commodity prices or market fluctuations, such as energy prices. Accordingly, negative changes in commodity prices and real estate values and liquidity could impair the value of the collateral securing these loans. Significant adverse changes in the economy or local market conditions in which our commercial lending customers operate could cause rapid declines in loan collectability and the values associated with general business assets resulting in inadequate collateral coverage that may expose us to credit losses and could adversely affect our business, financial condition and results of operations.

Our loan portfolio contains a number of large loans to certain borrowers, and deterioration in the financial condition of these borrowers could have a significant adverse impact on our asset quality.

Our growth over the past several years has been partially attributable to our ability to originate and retain relatively large loans given our asset size. As of December 31, 2019, the size of our average loan held for investment was approximately $303,573. Further, as of December 31, 2019, our 20 largest borrowing relationships, excluding mortgage loans held for sale, represented 17.0% of our outstanding loan portfolio, and 7.1% of our total commitments to extend credit. Along with other risks inherent in our loans, such as the deterioration of the underlying businesses or property securing these loans, the higher average size of our loans presents a risk to our lending operations. If any of our largest borrowers become unable to repay their loan obligations as a result of economic or market conditions or personal circumstances, our nonperforming loans and our provision for loan losses could increase significantly, which could have an adverse effect on our business, financial condition and results of operations.

Our allowance for loan losses may prove to be insufficient to absorb losses inherent in our loan portfolio and our earnings could decrease.

Our experience in the banking industry indicates that some portion of our loans will not be fully repaid in a timely manner or at all. Accordingly, we maintain an allowance for loan losses that represents management's judgment of probable losses and risks inherent in our loan portfolio. The level of the allowance reflects management's continuing evaluation of general economic conditions, diversification and seasoning of the loan portfolio, historic loss experience, identified credit problems, delinquency levels and adequacy of collateral. The determination of the appropriate level of the allowance for loan losses is inherently highly subjective and requires us to make significant estimates of and assumptions regarding current credit risks and future trends, all of which may undergo material changes. Inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require us to increase our allowance for loan losses and additional expenses may be incurred. At any time, we are likely to have loans in our portfolio that will result in losses but that have not been identified as nonperforming or potential problem credits. We cannot be certain that we will be able to identify deteriorating credits before they become nonperforming assets or that we will be able to limit or correctly estimate losses on those loans that are identified. In addition, our regulators, as an integral part of their periodic examination, review the adequacy of our allowance for loan losses and may direct us to make additions to the allowance based on their judgments about information available to them at the time of their examination. Changes in economic conditions or individual business or personal circumstances affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance. Further, if actual charge-offs in future periods exceed the amounts allocated to the allowance for loan losses, we may need additional provision for loan losses to restore the adequacy of our allowance for loan losses. If we are required to materially increase our level of allowance for loan losses for any reason, such increases could have an adverse effect on our business, financial condition and results of operations.

In addition, beginning January 1, 2020, our methodology for determining our allowance for loan losses changed due to the implementation of the Current Expected Credit Losses, or CECL, accounting standard. As a result, we recognized a one-time, after tax cumulative effect adjustment of $760,000 to retained earnings at the beginning of the first quarter of 2020, increasing the allowance for credit losses by approximately $1.3 million and decreasing the off-balance sheet reserve by $382,000. Our adjustment to the allowance for credit losses at the transition date may vary from our estimate due to refinements in the loss estimation models or factors.

We may have exposure to tax liabilities that are larger than we anticipate.

The tax laws applicable to our business activities are subject to interpretation and may change over time. From time to time, legislative initiatives, such as corporate tax rate changes, which may impact our effective tax rate and could adversely affect our deferred tax assets or our tax positions or liabilities, may be enacted. The taxing authorities in the jurisdictions in which we operate may challenge our tax positions, which could increase our effective tax rate and harm our financial position and results of operations. In addition, our future income taxes could be adversely affected by earnings being higher than anticipated in jurisdictions that have higher statutory tax rates or by changes in tax laws, regulations or accounting principles. We are subject to audit and review by U.S. federal and state tax authorities. Any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. In addition, the determination of our provision for income taxes and other liabilities requires significant judgment by management. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and could have a material adverse effect on our financial results in the period or periods for which such determination is made.

The small to medium-sized businesses that we lend to may have fewer resources to weather adverse business developments, which may impair our borrowers' ability to repay loans.

We focus our business development and marketing strategy primarily on small to medium-sized businesses. Small to medium-sized businesses frequently have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience substantial volatility in operating results, any of which may impair a borrower's ability to repay a loan. In addition, the success of a small and medium-sized business often depends on the management skills, talents and efforts of one or two people or a small group of people, and the death, disability or resignation of one or more of these people could have an adverse impact on the business and its ability to repay its loan. If general economic conditions negatively impact the markets in which we operate and small to medium-sized businesses are adversely affected or our borrowers are otherwise harmed by adverse business developments, this, in turn, could have an adverse effect on our business, financial condition and results of operations.

We face significant competition to attract and retain customers, which could impair our growth, decrease our profitability or result in loss of market share.

We operate in the highly competitive banking industry and face significant competition for customers from bank and non-bank competitors, particularly regional and nationwide institutions, in originating loans, attracting deposits and providing other financial services. Our competitors are generally larger and may have significantly more resources, greater name recognition, and more extensive and established branch networks or geographic footprints than we do. Because of their scale, many of these competitors can be more aggressive than we can on loan and deposit pricing. Also, many of our non-bank competitors have fewer regulatory constraints and may have lower cost structures. We expect competition to continue to intensify due to financial institution consolidation; legislative, regulatory and technological changes; and the emergence of alternative banking sources.

Our ability to compete successfully will depend on a number of factors, including, among other things:

- our ability to develop, maintain and build long-term customer relationships based on top quality service, high ethical standards and safe, sound assets;
- our scope, relevance and pricing of products and services offered to meet customer needs and demands;
- the rate at which we introduce new products and services relative to our competitors;
- customer satisfaction with our level of service;
- our ability to expand our market position;

- industry and general economic trends; and
- our ability to keep pace with technological advances and to invest in new technology.

Increased competition could require us to increase the rates we pay on deposits or lower the rates we offer on loans, which could reduce our profitability. Our failure to compete effectively in our primary markets could cause us to lose market share and could have an adverse effect on our business, financial condition and results of operations.

Our ability to maintain our reputation is critical to the success of our business.

Our business plan emphasizes relationship focused banking. We have benefited from strong relationships with and among our customers. As a result, our reputation is one of the most valuable components of our business. Our growth over the past several years has depended on attracting new customers from competing financial institutions and increasing our market share, primarily by our reputation in our primary markets and word-of-mouth advertising, rather than on growth in the market for banking services in our primary markets. As such, we strive to enhance our reputation by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve and delivering superior service to our customers. If our reputation is negatively affected by the actions of our employees or otherwise, our existing relationships may be damaged. We could lose some of our existing customers, including groups of large customers who have relationships with each other, and we may not be successful in attracting new customers. Any of these developments could have an adverse effect on our business, financial condition and results of operations.

Our business has grown rapidly, and we may not be able to maintain our historical rate of growth, which could have an adverse effect on our ability to successfully implement our business strategy.

Our business has grown rapidly. Financial institutions that grow rapidly can experience significant difficulties as a result of rapid growth. Furthermore, our primary strategy focuses on organic growth, supplemented by acquisitions of banking teams or other financial institutions. We may be unable to execute on aspects of our growth strategy to sustain our historical rate of growth or we may be unable to grow at all. For example, we may be unable to generate sufficient new loans and deposits within acceptable risk and expense tolerances, obtain the personnel or funding necessary for additional growth or find suitable banking teams or acquisition candidates. Various factors, such as economic conditions and competition, may impede or prohibit the growth of our operations, the opening of new branches, and the consummation of acquisitions. Further, we may be unable to attract and retain experienced bankers, which could adversely affect our growth. The success of our strategy also depends on our ability to effectively manage growth, which is dependent upon a number of factors, including our ability to adapt existing credit, operational, technology and governance infrastructure to accommodate our expanded operations. If we fail to build infrastructure sufficient to support rapid growth or fail to implement one or more aspects of our strategy, we may be unable to maintain historical earnings trends, which could have an adverse effect on our business, financial condition and results of operations. In addition, the Louisiana Office of Financial Institutions or the Federal Reserve may direct us to restrain our growth.

We may not be able to manage the risks associated with our anticipated growth and expansion through de novo branching.

Our business strategy includes evaluating strategic opportunities to grow through de novo branching, and we believe that banking location expansion has been meaningful to our growth since inception. De novo branching carries with it certain potential risks, including significant startup costs and anticipated initial operating losses; an inability to gain regulatory approval; an inability to secure the services of qualified senior management to operate the de novo banking location and successfully integrate and promote our corporate culture; poor market reception for de novo banking locations established in markets where we do not have a preexisting reputation; challenges posed by local economic conditions; challenges associated with securing attractive locations at a reasonable cost; and the additional strain on management resources and internal systems and controls. Failure to adequately manage the risks associated with our anticipated growth through de novo branching could have an adverse effect on our business, financial condition and results of operations. De novo branches require regulatory approval or non-objection, which may not be forthcoming.

Our financial condition and results of operations may be adversely affected by changes in accounting policies, standards and interpretations.

The Financial Accounting Standards Board ("FASB") and other bodies that establish accounting standards periodically change the financial accounting and reporting standards governing the preparation of our financial statements. Additionally, those bodies that establish and interpret the accounting standards (such as the FASB, SEC and banking regulators) may change prior interpretations or positions on how these standards should be applied. Changes resulting from these new standards may result in materially different financial results and may require that we change how we process, analyze and report financial information and that we change financial reporting controls.

Our adoption of CECL beginning January 1, 2020 resulted in a change in how we recognize credit losses and may have a material impact on our financial condition or results of operations in the future. As a result, we recognized a one-time, after tax cumulative effect adjustment of $760,000 to retained earnings at the beginning of the first quarter of 2020, increasing the allowance for credit losses by approximately $1.3 million and decreasing the off-balance sheet reserve by $382,000. Our adjustment to the allowance for credit losses at the transition date may vary from our estimate due to refinements in the loss estimation models or factors.

We may pursue acquisitions in the future, which could expose us to financial, execution and operational risks.

Although we plan to continue to grow our business organically, we may from time to time consider acquisition opportunities that we believe complement our activities and have the ability to enhance our profitability. Our acquisition activities could be material to our business and involve a number of risks, including those associated with:

- the identification of suitable institutions or assets for acquisition;
- the diversion of management attention from the operation of our existing business to identify, evaluate and negotiate potential transactions;
- the ability to attract funding to support additional growth within acceptable risk tolerances;
- the use of inaccurate estimates and judgments to evaluate credit, operations, management and market risks with respect to the target institution or assets;
- the ability to maintain asset quality;
- the adequacy of due diligence and the potential exposure to unknown or contingent liabilities related to the acquisition;
- the retention of customers and key personnel, including bankers;
- the timing and uncertainty associated with obtaining necessary regulatory approvals;
- the incurrence of an impairment of goodwill associated with an acquisition and adverse effects on our results of operations;
- the ability to successfully integrate acquired businesses; and
- the maintenance of adequate regulatory capital.

The market for acquisition targets is highly competitive, which may adversely affect our ability to find acquisition candidates that fit our strategy and standards at acceptable prices. We face significant competition in pursuing acquisition targets from other banks and financial institutions, many of which possess greater financial, human, technical and other resources than we do. Our ability to compete in acquiring target institutions will depend on our available financial resources to fund the acquisitions, including the amount of cash and cash equivalents we have and the liquidity and value of our common stock. In addition, increased competition may also drive up the acquisition consideration that we will be required to pay in order to successfully capitalize on attractive acquisition opportunities. To the extent that we are unable to find suitable acquisition targets, an important component of our growth strategy may not be realized.

Acquisitions of financial institutions also involve operational risks and uncertainties, such as unknown or contingent liabilities with no available manner of recourse, exposure to unexpected problems such as asset quality, the retention of key employees and customers, and other issues that could negatively affect our business. We may not be able to complete future acquisitions after dedicating substantial resources or, if completed, we may not be able to successfully integrate the operations, technology platforms, management, products and services of the entities that we acquire or to realize our expected benefits or our attempts to eliminate redundancies. The integration process may also require significant time and attention from our management that would otherwise be directed toward servicing existing business and developing new business. Failure to successfully integrate the entities we acquire into our existing operations in a timely manner may increase our operating costs significantly and could have an adverse effect on our business, financial condition and results of operations. Further, acquisitions typically involve the payment of a premium over book and market values and, therefore, some dilution of our book value and net income per common share may occur in connection with any future acquisition, and the carrying amount of any goodwill that we currently maintain or may acquire may be subject to impairment in future periods.

The markets in which we operate are susceptible to hurricanes and other natural disasters and adverse weather, which could result in a disruption of our operations and increases in loan losses.

A significant portion of our business is generated from markets that have been, and may continue to be, damaged by major hurricanes, floods, tropical storms, tornadoes and other natural disasters and adverse weather. Natural disasters can disrupt our operations, cause widespread property damage, and severely depress the local economies in which we operate. If the economies in our primary markets experience an overall decline as a result of a natural disaster, adverse weather, or other disaster, demand for loans and our other products and services could be reduced. In addition, the rates of delinquencies, foreclosures, bankruptcies and loan losses may increase substantially, as uninsured property losses or sustained job interruption or loss may materially impair the ability of borrowers to repay their loans. Moreover, the value of real estate or other collateral that secures the loans could be materially and adversely affected by a disaster. A disaster could, therefore, result in decreased revenue and loan losses that could have an adverse effect on our business, financial condition and results of operations.

We have a continuing need for technological change, and we may not have the resources to effectively implement new technology, or we may experience operational challenges when implementing new technology.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services and a growing demand for mobile and other phone and computer banking applications. The effective use of technology increases efficiency and enables financial institutions to reduce costs as well as service our customers better. Largely unregulated “fintech” businesses have increased their participation in the lending and payments businesses, and have increased competition in these businesses. This trend is expected to continue for the foreseeable future. Our future success will depend, at least in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand our products and service offerings. We may experience operational challenges as we implement these new technology enhancements or products, which could result in us not fully realizing the anticipated benefits from such new technology or require us to incur significant costs to remedy any such challenges in a timely manner.

These changes may be more difficult or expensive than we anticipate. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products compared to those that we will be able to provide, which would put us at a competitive disadvantage. Accordingly, we may lose customers seeking new technology-driven products and services to the extent we are unable to provide such products and services.

New lines of business, products, product enhancements or services may subject us to additional risks.

From time to time, we implement new lines of business, or offer new products and product enhancements as well as new services within our existing lines of business, and we will continue to do so in the future. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In implementing, developing or marketing new lines of business, products, product enhancements or services, we may invest significant time and resources, although we may not assign the appropriate level of resources or expertise necessary to make these new lines of business, products, product enhancements or services successful or to realize their expected benefits. Further, initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the ultimate implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have an adverse impact on our business, financial condition or results of operations.

We are dependent on the use of data and modeling in our management's decision-making and faulty data or modeling approaches could negatively impact our decision-making ability or possibly subject us to regulatory scrutiny in the future.

The use of statistical and quantitative models and other quantitative analyses is endemic to bank decision-making, and the employment of such analyses is becoming increasingly widespread in our operations. Liquidity stress testing, interest rate sensitivity analysis, and the identification of possible violations of anti-money laundering regulations are all examples of areas in which we are dependent on models and the data that underlies them. The use of statistical and quantitative models is also becoming more prevalent in regulatory compliance. While we are not currently subject to annual Dodd-Frank Act stress testing and the Comprehensive Capital Analysis and Review submissions, we currently utilize stress testing for capital, credit and liquidity purposes and anticipate that model-derived testing may become more extensively implemented by regulators in the future.

We anticipate data-based modeling will penetrate further into bank decision-making, particularly risk management efforts, as the capacities developed to meet rigorous stress testing requirements are able to be employed more widely and in differing applications. While we believe these quantitative techniques and approaches improve our decision-making, they also create the possibility that faulty data or flawed quantitative approaches could negatively impact our decision-making ability or, if we become subject to regulatory stress-testing in the future, adverse regulatory scrutiny. We seek to mitigate this risk by performing back-testing to analyze the accuracy of these techniques and approaches. Secondarily, because of the complexity inherent in these approaches, misunderstanding or misuse of their outputs could similarly result in suboptimal decision-making. Failure to successfully manage these risks could have an adverse impact on our business, financial condition or results of operations.

We may be required to repurchase mortgage loans in some circumstances, which could diminish our liquidity.

Historically, we have originated whole mortgage loans for sale in the secondary market. When mortgage loans are sold in the secondary market, we are required to make customary representations and warranties to the purchasers about the mortgage loans and the manner in which they were originated. The mortgage loan sale agreements require us to repurchase or substitute mortgage loans or indemnify buyers against losses, in the event we breach these representations and warranties. In addition, we may be required to repurchase mortgage loans as a result of early payment default of the borrower on a mortgage loan. With respect to loans that are originated by us through our broker or correspondents, the remedies available against the originating broker or correspondent, if any, may not be as broad as the remedies available to a purchaser of mortgage loans against us or the originating broker or correspondent, if any, may not have the financial capacity to perform remedies that otherwise may be available. Therefore, if a purchaser enforces their remedies against us, we may not be able to recover losses from the originating broker or correspondent. If repurchase and indemnity demands increase and such demands are valid claims, it could diminish our liquidity, which could have an adverse effect on our business, financial condition and results of operations. We were not required to repurchase any material amount of mortgage loans sold into the secondary market during 2019, 2018 or 2017, although we were subject to and settled a material indemnification claim in the third quarter of 2017 related to loans sold into the secondary market by an entity we acquired in 2011.

Interest rate shifts could reduce net interest income.

The majority of our banking assets are monetary in nature and subject to risk from changes in interest rates. Like most financial institutions, our earnings and cash flows depend to a great extent upon the level of our net interest income, or the difference between the interest income we earn on loans, investments and other interest-earning assets, and the interest we pay on interest-bearing liabilities, such as deposits and borrowings. Changes in interest rates can increase or decrease our net interest income, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice more quickly, or to a greater degree than interest-earning assets in the same period, an increase in interest rates could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly, or to a greater degree than interest-bearing liabilities, falling interest rates could reduce net interest income. As of December 31, 2019, $2.73 billion, or 54.6%, of our interest-earning assets and $2.39 billion, or 67.2%, of our interest-bearing liabilities were variable rate, which indicates that we expect our variable rate assets to reprice more quickly than our variable rate liabilities. Our interest sensitivity profile was asset sensitive as of December 31, 2019, meaning that we estimate our net interest income would increase from rising interest rates and decline with falling interest rates.

Additionally, an increase in interest rates may, among other things, reduce the demand for loans and our ability to originate loans and decrease loan repayment rates. A decrease in the general level of interest rates may affect us through, among other things, increased prepayments on our loan portfolio and increased competition for deposits. Accordingly, changes in the level of market interest rates affect our net yield on interest-earning assets, loan origination volume, loan portfolio and our overall results. Although our asset-liability management strategy is designed to control and mitigate exposure to the risks related to changes in market interest rates, those rates are affected by many factors outside of our control, including governmental monetary policies, inflation, deflation, recession, changes in unemployment, the money supply, international disorder and instability in domestic and foreign financial markets.

Changes in interest rates may change the value of our mortgage servicing rights portfolio, which may increase the volatility of our earnings.

As a result of our mortgage servicing business, we have a portfolio of mortgage servicing rights on unpaid principal balances of $1.99 billion at December 31, 2019. A mortgage servicing right is the right to service a mortgage loan - collect principal, interest and escrow amounts - for a fee. We measure and carry our entire residential mortgage servicing rights using the fair value measurement method. Fair value is determined as the present value of estimated future net servicing income, calculated based on a number of variables, including assumptions about the likelihood of prepayment by borrowers.

The primary risk associated with mortgage servicing rights is that in a declining interest rate environment, they will likely lose a substantial portion of their value as a result of higher than anticipated prepayments. Moreover, if prepayments are greater than expected, the cash we receive over the life of the mortgage loans would be reduced. Conversely, these assets generally increase in value in a rising interest rate environment to the extent that prepayments are slower than previously estimated. An increase in the size of our mortgage servicing rights portfolio may increase our interest rate risk. At December 31, 2019, our mortgage servicing rights had a fair value of $20.7 million, compared to $25.1 million at December 31, 2018. Changes in fair value of our mortgage servicing rights are recorded to earnings in each period. Depending on the interest rate environment, it is possible that the fair value of our mortgage servicing rights may be reduced in the future. If such changes in fair value significantly reduce the carrying value of our mortgage servicing rights, our business, financial condition and results of operations could be adversely affected.

A lack of liquidity could impair our ability to fund operations.

Liquidity is essential to our business, and we monitor our liquidity and manage our liquidity risk at the holding company and bank levels. We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. An inability to raise funds through deposits, borrowings, the sale of our investment securities, the sale of loans, and other sources could have a substantial negative effect on our liquidity. Our most important source of funds is deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff. If customers move money out of bank deposits and into other investments such as money market funds, we would lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net income.

Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities, and proceeds from the issuance and sale of our equity and debt securities to investors. Additional liquidity is provided by the ability to borrow from the Federal Reserve Bank of Dallas and the Federal Home Loan Bank of Dallas. We also may borrow funds from third-party lenders, such as other financial institutions. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable to us, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. Our access to funding sources could also be affected by a decrease in the level of our business activity as a result of a downturn in our primary market area or by one or more adverse regulatory actions against us.

Any decline in available funding could adversely impact our ability to originate loans, invest in securities, meet our expenses, or to fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity and could, in turn, have an adverse effect on our business, financial condition and results of operations. In addition, because our primary asset at the holding company level is the bank, our liquidity at the holding company level depends primarily on our receipt of dividends from the bank. If the bank is unable to pay dividends to us for any reason, we may be unable to satisfy our holding company level obligations, which include funding operating expenses and debt service obligations.

We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, we may not be able to maintain regulatory compliance.

We face significant capital and other regulatory requirements as a financial institution. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, which could include the possibility of financing acquisitions. In addition, we, on a consolidated basis, and Origin Bank, on a stand-alone basis, must meet certain regulatory capital requirements and maintain sufficient liquidity in such amounts as the regulators may require from time to time. Importantly, regulatory capital requirements could increase from current levels, which could require us to raise additional capital or reduce our operations. Even if we satisfy all applicable regulatory capital minimums, our regulators could ask us to maintain capital levels which are significantly in excess of those minimums. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to maintain capital to meet regulatory requirements, we could be subject to enforcement actions or other regulatory consequences, which could have an adverse effect on our business, financial condition and results of operation.

By engaging in derivative transactions, we are exposed to additional credit and market risk.

We use interest rate swaps to help manage our interest rate risk from recorded financial assets and liabilities when they can be demonstrated to effectively hedge a designated asset or liability and the asset or liability exposes us to interest rate risk or risks inherent in customer related derivatives. We use other derivative financial instruments to help manage other economic risks, such as liquidity and credit risk, including exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are used to manage differences in the amount, timing, and duration of our known or expected cash receipts principally related to our fixed rate loan assets. Hedging interest rate risk is a complex process, requiring sophisticated models and routine monitoring, and is not a perfect science. As a result of interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation will generally be offset by income or loss on the derivative instruments that are linked to the hedged assets and liabilities. By engaging in derivative transactions, we are exposed to credit and market risk. If the counterparty fails to perform, credit risk exists to the extent of the fair value gain in the derivative. Market risk exists to the extent that interest rates change in ways that are significantly different from what we expected when we entered into the derivative transaction. The transition away from LIBOR as the interest rate benchmark for derivatives, including interest rate swaps, also may present market risk. The existence of credit and market risk associated with our derivative instruments could adversely affect our net interest income and, therefore, could have an adverse effect on our business, financial condition and results of operations.

The fair value of our investment securities can fluctuate due to factors outside of our control.

As of December 31, 2019, the fair value of our portfolio of available for sale investment securities was approximately $501.1 million, which included a net unrealized gain of approximately $8.0 million. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized or unrealized losses in future periods and declines in other comprehensive income, which could have an adverse effect on our business, results of operations, financial condition and future prospects. The process for determining whether impairment of a security is other-than-temporary often requires complex, subjective judgments about whether there has been a significant deterioration in the financial condition of the issuer, whether management has the intent or ability to hold a security for a period of time sufficient to allow for any anticipated recovery in fair value, the future financial performance and liquidity of the issuer and any collateral underlying the security, and other relevant factors.

If we fail to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

Ensuring that we have adequate disclosure controls and procedures, including internal control over financial reporting, in place so that we can produce accurate financial statements on a timely basis, is costly and time-consuming and needs to be reevaluated frequently. Under applicable law, we must provide annual management assessments of the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective due to our failure to cure any identified material weakness or otherwise. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may not conclude that our internal control over financial reporting is effective. In the future, our independent registered public accounting firm may not be satisfied with our internal control over financial reporting or the level at which our controls are documented, designed, operated or reviewed, or it may interpret the relevant requirements differently from us. In addition, during the course of the evaluation, documentation and testing of our internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the SEC, for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. Any deficiencies in our internal control over financial reporting may also subject us to adverse regulatory consequences. If we fail to achieve and maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may be unable to report our financial information on a timely basis, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with applicable law, and we may suffer adverse regulatory consequences or violate applicable listing standards. In addition, if we fail to achieve and maintain the adequacy of our internal control over financial reporting, we could experience a loss of investor confidence in the reliability of our financial statements.

Material weaknesses in our financial reporting or internal controls could result in a material misstatement in our financial statements and negatively affect investor confidence.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The identification of any material weakness could also result in investors losing confidence in our internal control systems and questioning our reported financial information, which, among other things, could have a negative impact on the trading price of our common stock. Additionally, we could become subject to increased regulatory scrutiny and a higher risk of stockholder litigation, which could result in significant additional expenses and require additional financial and management resources.

We rely on third parties to provide key components of our business infrastructure, and a failure of these parties to perform for any reason could disrupt our operations.

Third parties provide key components of our business infrastructure such as data processing, internet connections, network access, core application processing, statement production and account analysis. Our business depends on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. Replacing vendors or addressing other issues with our third-party service providers could entail significant delay and expense. If we are unable to efficiently replace ineffective service providers, or if we experience a significant, sustained or repeated, system failure or service denial, it could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and subject us to additional regulatory scrutiny and possible financial liability, any of which could have an adverse effect on our business, financial condition and results of operations.

We are subject to environmental liability risk associated with our lending activities.

In the course of our business, we may purchase real estate, or we may foreclose on and take title to real estate. As a result, we could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination or may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Any significant environmental liabilities could cause an adverse effect on our business, financial condition and results of operations.

We are subject to claims and litigation pertaining to intellectual property.

Banking and other financial services companies, such as ours, rely on technology companies to provide information technology products and services necessary to support their day-to-day operations. Technology companies frequently enter into litigation based on allegations of patent infringement or other violations of intellectual property rights. In addition, patent holding companies seek to monetize patents they have purchased or otherwise obtained. Competitors of our vendors, or other individuals or companies, may from time to time claim to hold intellectual property sold to us by our vendors. Such claims may increase in the future as the financial services sector becomes more reliant on information technology vendors. The plaintiffs in these actions frequently seek injunctions and substantial damages.

Regardless of the scope or validity of such patents or other intellectual property rights, or the merits of any claims by potential or actual litigants, we may have to engage in protracted litigation. Such litigation is often expensive, time-consuming, disruptive to our operations and distracting to management. If we are found to infringe one or more patents or other intellectual property rights, we may be required to pay substantial damages or royalties to a third party. In certain cases, we may consider entering into licensing agreements for disputed intellectual property, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur. These licenses may also significantly increase our operating expenses. If legal matters related to intellectual property claims were resolved against us or settled, we could be required to make payments in amounts that could have an adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the soundness of other financial institutions.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services companies are interrelated as a result of trading, clearing, counterparty, and other relationships. We have exposure to different industries and counterparties, and through transactions with counterparties in the financial services industry, including broker-dealers, commercial banks, investment banks, and other financial intermediaries. In addition, we participate in loans originated by other institutions, and we participate in syndicated transactions (including shared national credits) in which other lenders serve as the lead bank. As a result, defaults by, declines in the financial condition of, or even rumors or questions about, one or more financial institutions, financial service companies or the financial services industry generally, may lead to market-wide liquidity, asset quality or other problems and could lead to losses or defaults by us or by other institutions. These problems, losses or defaults could have an adverse effect on our business, financial condition and results of operations.

Risks Related to the Regulation of Our Industry

We operate in a highly regulated environment and the laws and regulations that govern our operations, corporate governance, executive compensation and accounting principles, or changes in them, or our failure to comply with them, could subject us to regulatory action or penalties.

We are subject to extensive regulation, supervision and legal requirements that govern almost all aspects of our operations. These laws and regulations are not intended to protect our stockholders. Rather, these laws and regulations are intended to protect customers, depositors, the Deposit Insurance Fund and the overall financial stability of the U.S., and not stockholders or counterparties. These laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on the business activities in which we can engage, limit the dividends or distributions that Origin Bank can pay to us, and that we can pay to our stockholders, and impose certain specific accounting requirements on us that may be more restrictive and may result in greater or earlier charges to earnings or reductions in our capital than United States generally accepted accounting principles ("U.S. GAAP") would require. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. Our failure to comply with these laws and regulations, even if the failure follows good faith effort or reflects a difference in interpretation, could subject us to restrictions on our business activities, fines and other penalties, any of which could adversely affect our results of operations, capital base and the price of our securities. Further, any new laws, rules and regulations could make compliance more difficult or expensive. All of these laws and regulations, and the supervisory framework applicable to our industry, could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to stringent capital requirements, which may result in lower returns on equity, require us to raise additional capital, limit growth opportunities or result in regulatory restrictions.

Beginning January 1, 2015, we became subject to new rules designed to implement the recommendations with respect to regulatory capital standards, commonly known as Basel III, approved by the international Basel Committee on Banking Supervision. The rules established a new regulatory capital standard based on common equity tier 1, increase the minimum tier 1 risk-based capital ratio, and impose a capital conservation buffer of at least 2.5% of common equity tier 1 capital above the new minimum regulatory capital ratios, effective January 1, 2019. The rules also changed the manner in which a number of our regulatory capital components are calculated, including deferred tax assets, and the risk weights applicable to certain asset categories. The Basel III rules generally require us to maintain greater amounts of regulatory capital than we were required to maintain prior to implementation of such rules and may also limit or restrict how we utilize our capital. Increased regulatory capital requirements (and the associated compliance costs) whether due to the adoption of new laws and regulations, changes in existing laws and regulations, or more expansive or aggressive interpretations of existing laws and regulations, may require us to raise additional capital, or impact our ability to repurchase shares of capital stock, pay dividends or pay compensation to our executives, which could have a material and adverse effect on our business, financial condition, results of operations and the value of our common stock. If Origin Bank does not meet minimum capital requirements, it will be subject to prompt corrective action by the Federal Reserve. Prompt corrective action can include progressively more restrictive constraints on operations, management and capital distributions. Failure to exceed the capital conservation buffer will result in certain limitations on dividends, capital repurchases, and discretionary bonus payments to executive officers. Even if we meet minimum capital requirements, it is possible that our regulators may ask us to raise additional capital.

We face a risk of noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, USA Patriot Act of 2001 and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the Treasury to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal bank regulatory agencies, as well as the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. Federal bank regulatory agencies and state bank regulators also have begun to focus on compliance with Bank Secrecy Act and anti-money laundering regulations. If our policies, procedures and systems are deemed deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, which would negatively impact our business, financial condition and results of operations.

Failure by Origin Bank to perform satisfactorily on its Community Reinvestment Act evaluations could make it more difficult for our business to grow.

The performance of a bank under the CRA, in meeting the credit needs of its community is a factor that must be taken into consideration when the federal banking agencies evaluate applications related to mergers and acquisitions, as well as branch opening and relocations. If Origin Bank is unable to maintain at least a "Satisfactory" CRA rating, our ability to complete the acquisition of another financial institution or open a new branch will be adversely impacted. If Origin Bank received an overall CRA rating of less than "Satisfactory", the Federal Reserve would not re-evaluate its rating until its next CRA examination, which may not occur for several more years, and it is possible that a low CRA rating would not improve in the future.

Increases in Federal Deposit Insurance Corporation insurance premiums could adversely affect our earnings and results of operations.

The deposits of Origin Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to legal limits and, accordingly, subject it to the payment of FDIC deposit insurance assessments. The bank's regular assessments are determined by the level of its assessment base and its risk classification, which is based on its regulatory capital levels and the level of supervisory concern that it poses. Moreover, the FDIC has the unilateral power to change deposit insurance assessment rates and the manner in which deposit insurance is calculated and also to charge special assessments to FDIC-insured institutions. The FDIC utilized all of these powers during the financial crisis for the purpose of restoring the reserve ratios of the Deposit Insurance Fund. Any future special assessments, increases in assessment rates or premiums, or required prepayments in FDIC insurance premiums could reduce our profitability or limit our ability to pursue certain business opportunities, which could materially and adversely affect our business, financial condition, and results of operations.

Risks Related to Investing in Our Common Stock

The market price of our common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.

The market price of our common stock may be highly volatile, which may make it difficult for you to resell your shares at the volume, prices and times desired. There are many factors that may impact the market price and trading volume of our common stock, including, without limitation:

- actual or anticipated fluctuations in our operating results, financial condition or asset quality;
- changes in economic or business conditions;
- the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve, or in laws or regulations affecting us;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the number of securities analysts covering us;

- publication of research reports about us, our competitors, or the financial services industry generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;
- changes in market valuations or earnings of companies that investors deem comparable to us;
- the trading volume of our common stock;
- future issuances of our common stock or other securities;
- future sales of our common stock by us or our directors, executive officers or significant stockholders;
- additions or departures of key personnel;
- perceptions in the marketplace regarding our competitors and us;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving our competitors or us;
- other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services; and
- other news, announcements or disclosures (whether by us or others) related to us, our competitors, our core market or the financial services industry.

In particular, the realization of any of the risks described in this "Risk Factors" section of this report or other unknown risks could have a material adverse effect on the market price of our common stock and cause the value of your investment to decline. The stock market and, in particular, the market for financial institution stocks have experienced substantial fluctuations in recent years, which in many cases have been unrelated to the operating performance and prospects of particular companies. In addition, significant fluctuations in the trading volume of our common stock may cause significant price variations to occur. Increased market volatility could have an adverse effect on the market price of our common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

Our dividend policy may change without notice, and our future ability to pay dividends is subject to restrictions, and we may not pay dividends in the future. We are dependent on dividends from the Bank to meet our financial obligations and pay dividends to our stockholders.

Holders of our common stock are entitled to receive only such cash dividends as our board of directors may declare out of funds legally available for the payment of dividends. Our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely at any time without notice to our stockholders. Our ability to pay dividends may also be limited on account of our outstanding indebtedness as we generally must make payments on our junior subordinated debentures and our outstanding indebtedness before any dividends can be paid on our common stock.

Additionally, because our primary asset is our investment in the stock of Origin Bank, we are dependent upon dividends from the bank to pay our operating expenses, satisfy our obligations and pay dividends on our common stock, and the bank's ability to pay dividends on its common stock will substantially depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate and other factors deemed relevant by its board of directors. In addition, our and the Bank's ability to declare and pay dividends depends on numerous laws and banking regulations and guidance that limit our and Origin Bank's ability to pay dividends, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock. Any change in the level of our dividends or the suspension of the payment thereof could have a material adverse effect on the market price of our common stock.

Securities analysts may not continue coverage on us.

The trading market for our common stock will depend, in part, on the research and reports that securities analysts publish about us and our business. We do not have any control over these securities analysts, and they may not continue to cover us. If one or more of these analysts cease to cover us or fail to publish regular reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our common stock to decline. If we are covered by securities analysts and are the subject of an unfavorable report, the price of our common stock may decline.

An investment in our common stock is not an insured deposit and is subject to risk of loss.

Your investment in our common stock will not be a bank deposit and will not be insured or guaranteed by the FDIC or any other government agency. Your investment will be subject to investment risk, and you must be capable of affording the loss of your entire investment.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At December 31, 2019, our executive offices and those of Origin Bank were located at 500 South Service Road East, Ruston, Louisiana 71270 and we operate through 43 banking centers in Louisiana, Texas and Mississippi. At December 31, 2019, our primary offices outside of Louisiana were located in Dallas, Texas, Houston, Texas and Ridgeland, Mississippi. At December 31, 2019, Origin Bank owned its main office building and 24 of its banking centers, as well as a controlling interest in its operations center. The remaining facilities were occupied under lease agreements, terms of which range from month to month to 19 years. We believe that our banking and other offices are in good condition and are suitable and adequate to our needs.

Item 3. Legal Proceedings

We are subject to various legal actions that arise from time to time in the ordinary course of business. While the ultimate outcome of pending proceedings cannot be predicted with certainty, at this time management does not expect any such proceedings, either individually or in the aggregate, would have a material adverse effect on our consolidated financial position or results of operations. However, one or more unfavorable outcomes in any legal action against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may materially adversely affect our reputation, even if resolved in our favor.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the Nasdaq Global Select Market under the symbol "OBNK". Our common stock began trading on the Nasdaq Global Select Market on May 9, 2018. Prior to that date, there was no public trading market for our common stock.

At February 18, 2020, there were approximately 1,553 holders of record of our common stock as reported by our transfer agent.

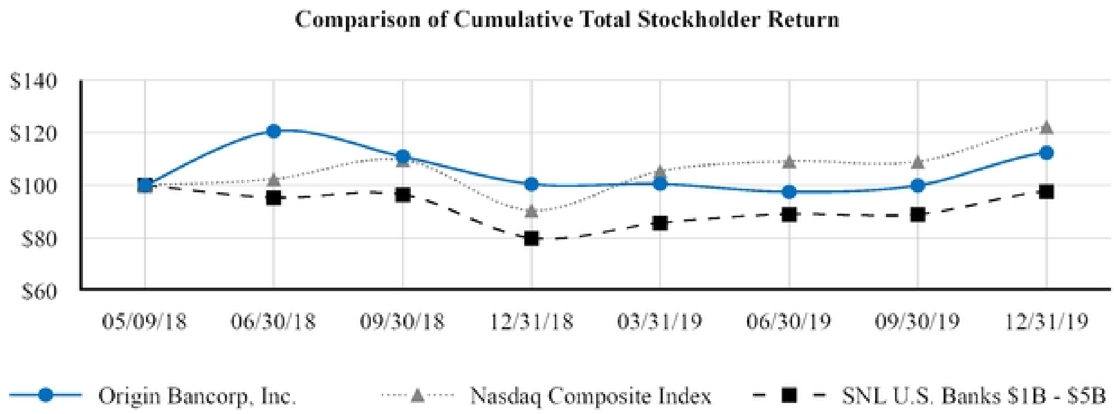
We intend to pay quarterly cash dividends on our common stock, subject to approval by our board of directors. Although we expect to pay dividends according to our dividend policy, we may elect not to pay dividends. Any declarations of dividends, and the amount and timing thereof, will be at the discretion of our board of directors. In determining the amount of any future dividends, our board of directors will take into account our earnings, capital requirements, financial condition and any other relevant factors. The primary source for dividends paid to stockholders are dividends or capital distributions paid to the Company from the Bank. There are regulatory restrictions on the ability of the Bank to pay dividends. Therefore, there can be no assurance that we will pay any dividends to holders of our stock or the amount of any such dividends. See "Item 1. Business - Regulation and Supervision" above and see Note 17 - Capital and Regulatory Matters contained in Item 8 of this report.

Equity Compensation Plans

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters"

Stock Performance Graph

The following graph compares the cumulative total stockholder return on our common stock to the cumulative total stockholder return for the Nasdaq Composite Index and the SNL Index for U.S. Banks with net assets between $1.0 billion and $5.0 billion for the period beginning on May 9, 2018, the first day of trading of our common stock on the Nasdaq Global Select Market under the symbol "OBNK", through December 31, 2019. The following reflects index values as of close of trading, assumes $100.00 invested on May 9, 2018, in our common stock, the Nasdaq Composite Index and the SNL Index for U.S. Banks total assets of $1.00 billion to $5.00 billion, and assumes the reinvestment of dividends, if any. The historical price of our common stock represented in this graph represents past performance and is not necessarily indicative of future performance.



	May 9, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019
Origin Bancorp, Inc.	$ 100.00	$ 120.51	$ 110.91	$ 100.48	$ 100.49	$ 97.49	$ 99.96	$ 112.41
Nasdaq Composite Index	100.00	102.32	109.62	90.40	105.31	109.08	108.98	122.24
SNL Index for U.S. Banks $1B - $5B	100.00	95.30	96.48	80.02	85.74	89.04	88.97	97.69

Unregistered Sales of Equity Securities and Use of Proceeds

On July 1, 2018, the Company acquired substantially all of the assets of RCF. The consideration paid in this transaction included 66,824 shares of the Company's common stock issued at the closing of the acquisition with an aggregate value of approximately $2,706,372, based on the closing sale price of the Company's stock on the acquisition date. The Company relied on the exemption from registration available under Section 4(a)(2) of the Securities Act of 1933, as amended ("Securities Act"), as the basis for exemption from registration for this issuance. These shares were issued in a privately negotiated transaction and not pursuant to a public solicitation. A Form D was filed on July 12, 2018.

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.

Stock Repurchases

In July 2019, our board of directors authorized a stock buyback program pursuant to which we may, from time to time, purchase up to $40 million of our outstanding common stock. The shares may be repurchased in the open market or in privately negotiated transactions from time to time, depending upon market conditions and other factors, and in accordance with applicable regulations of the Securities and Exchange Commission. The stock buyback program is intended to expire in three years, but may be terminated or amended by our board of directors at any time.

In a transaction that was consummated on August 2, 2019, we repurchased 300,000 shares of our common stock pursuant to our stock buyback program at an average price per share of $33.53 for an aggregate purchase price of $10.1 million. As of the date of this report, approximately $29.9 million may yet be purchased under the stock buyback program. The following table summarizes the Company's stock repurchase activity for the year ended December 31, 2019.

(Dollars in thousands, except per share amounts)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plan at the End of the Period
July 1, 2019 - July 31, 2019	—	$ —	—	$ 40,000
August 1, 2019 - August 31, 2019	300,000	33.53	300,000	29,941
September 1, 2019 - September 30, 2019	—	—	—	29,941
Total third quarter 2019	300,000	33.53	300,000	29,941
Total fourth quarter 2019	—	—	—	29,941
Total 2019	300,000	33.53	300,000	29,941

Item 6. Selected Financial Data

The following tables set forth certain selected historical consolidated financial data as of and for each of the years ended December 31, 2019, 2018, 2017, 2016 and 2015, and is derived from our audited consolidated financial statements. You should read this information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 of this report and our consolidated financial statements and related notes contained in Item 8 of this report.

(Dollars in thousands, except per share amounts)	At and for the Years Ended December 31,				
	2019	2018	2017	2016	2015
Statement of income data:					
Total interest income	$ 227,082	$ 188,096	$ 152,593	$ 139,151	$ 137,333
Total interest expense	53,370	34,644	22,288	18,468	16,056
Net interest income	173,712	153,452	130,305	120,683	121,277
Provision for credit losses	9,568	1,014	8,336	30,078	11,610
Net interest income after provision for credit losses	164,144	152,438	121,969	90,605	109,667
Noninterest income	46,478	41,240	29,187	41,868	44,131
Noninterest expense	144,074	131,236	130,674	116,707	113,995
Income before income taxes	66,548	62,442	20,482	15,766	39,803
Income tax expense	12,666	10,837	5,813	2,916	10,725
Net income	$ 53,882	$ 51,605	$ 14,669	$ 12,850	$ 29,078
Common stock dividends	$ 5,887	$ 2,937	$ 2,535	$ 2,331	$ 2,260
Balance sheet data (period end):					
Total assets	$ 5,324,626	$ 4,821,576	$ 4,153,995	$ 4,071,455	$ 3,971,343
Securities	541,203	606,174	436,753	408,738	388,400
Loans, net[(1)]	4,105,675	3,754,902	3,203,948	3,061,544	2,971,433
Allowance for loan losses	37,520	34,203	37,083	50,531	41,230
Goodwill and other intangible assets, net	31,540	32,861	24,336	24,854	26,322
Noninterest-bearing deposits	1,077,706	951,015	832,853	780,065	726,322
Total deposits	4,228,612	3,783,138	3,512,014	3,443,266	3,387,821
Total stockholders' equity[(2)]	599,262	549,779	455,342	448,657	398,440
SBLF preferred stock	—	—	48,260	48,260	48,260
Series D preferred stock	—	—	16,998	16,998	15,000
Earnings per share data:					
Net income	$ 53,882	$ 51,605	$ 14,669	$ 12,850	$ 29,078
Preferred stock dividends	—	1,923	4,461	4,398	636
Net income allocated to participating stockholders	—	1,029	377	316	1,367
Net income available to common stockholders	$ 53,882	$ 48,653	$ 9,831	$ 8,136	$ 27,075
Common shares outstanding at end of period[(3)]	23,480,945	23,726,559	19,518,752	19,483,718	17,419,680
Weighted average common shares outstanding[(3)]	23,470,746	21,995,990	19,418,278	17,545,655	17,284,100
Weighted average diluted common shares outstanding[(3)]	23,674,065	22,194,429	19,634,412	17,733,061	17,506,658
Basic earnings per share[(3)]	$ 2.30	$ 2.21	$ 0.51	$ 0.46	$ 1.57
Diluted earnings per share[(3)]	2.28	2.20	0.50	0.46	1.56
Performance ratios:					
Return on average assets[(4)]	1.06%	1.16%	0.36%	0.33%	0.76%
Return on average equity[(4)]	9.27	10.07	3.19	3.11	7.49
Net interest margin, fully tax equivalent[(5)]	3.69	3.75	3.52	3.38	3.48
Efficiency ratio[(6)]	65.43	67.41	81.93	71.80	68.92
Dividend payout ratio	10.93	6.04	25.79	28.65	8.35

(Dollars in thousands, except per share amounts)	At and for the Years Ended December 31,				
	2019	2018	2017	2016	2015
Asset quality ratios:					
Nonperforming assets to total assets	0.69%	0.75%	0.59%	1.67%	0.89%
Nonperforming loans to loans held for investment	0.75	0.84	0.73	2.14	1.12
Allowance for loan losses to nonperforming loans	120.46	107.37	155.80	75.92	121.74
Allowance for loan losses to loans held for investment	0.91	0.90	1.14	1.62	1.37
Net charge-offs as a percentage of average loans held for investment[4]	0.15	0.13	0.69	0.71	0.15
Capital ratios:					
Book value per common share	$ 25.52	$ 23.17	$ 19.99	$ 19.68	$ 19.24
Equity to assets	11.25%	11.40%	10.96%	11.02%	10.03%
Tier 1 capital to average assets[4]	10.91	11.21	10.53	10.67	9.79
Common equity tier 1 capital to risk-weighted assets	11.74	11.94	9.35	9.42	8.29
Tier 1 capital to risk-weighted assets	11.94	12.16	11.25	11.33	10.25
Total capital to risk-weighted assets	12.76	12.98	12.26	12.58	11.45

(1) Balances are shown net of the allowance for loan losses and exclude loans held for sale.
(2) Includes shares owned by our Employee Retirement Plan ("Retirement Plan") for periods prior to December 31, 2018.
(3) Presentation of share and per share amounts has been adjusted to reflect a 2-for-1 stock split that occurred on October 5, 2016.
(4) All average balances are calculated using average daily balances.
(5) Tax equivalent yields are calculated by applying a 21% estimated tax rate to tax-exempt interest earnings for the year ended December 31, 2019 and 2018, and 35% for all periods prior to December 31, 2018.
(6) We calculate the efficiency ratio by dividing noninterest expense by the sum of net interest income and noninterest income. The efficiency ratio is not calculated on a fully tax equivalent basis.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 consolidated financial statements and related notes contained in Item 8 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.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP and with general practices within the financial services industry. Application of these principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under current circumstances. These assumptions form the basis for our judgments about the carrying values of assets and liabilities that are not readily available from independent, objective sources. We evaluate our estimates on an ongoing basis. Use of alternative assumptions may have resulted in significantly different estimates. Actual results may differ from these estimates. Please refer to Note 1 - Significant Accounting Policies to our consolidated financial statements contained in Item 8 of this report for a full discussion of our accounting policies, including estimates.

We have identified the following accounting estimates that, due to the difficult, subjective or complex judgments and assumptions inherent in those estimates and the potential sensitivity of the financial statements to those judgments and assumptions, are critical to an understanding of our financial condition and results of operations. We believe that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate.

Allowance for Loan Losses. Our allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Loan losses are charged against the allowance for loan losses when management believes the loss is confirmed.

In addition, beginning January 1, 2020, our methodology for determining our allowance for loan losses changed due to the implementation of the CECL, accounting standard. As a result, we recognized a one-time, after tax cumulative effect adjustment of $760,000 to retained earnings at the beginning of the first quarter of 2020, increasing the allowance for credit losses by approximately $1.3 million and decreasing the off-balance sheet reserve by $382,000. Our adjustment to the allowance for credit losses at the transition date may vary from our estimate due to refinements in the loss estimation models or factors.

Mortgage Servicing Rights. We recognize the rights to service mortgage loans based on the estimated fair value of the Mortgage Servicing Right ("MSR") when loans are sold and the associated servicing rights are retained. We elected to account for the MSR at fair value.

The fair value of the MSR is determined using a valuation model administered by a third party that calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds, discount rate, default rates, cost to service (including delinquency and foreclosure costs), escrow account earnings, contractual servicing fee income and other ancillary income such as late fees. Management reviews all significant assumptions quarterly. Mortgage loan prepayment speeds, a key assumption in the model, is the annual rate at which borrowers are forecasted to repay their mortgage loan principal. The discount rate used to determine the present value of estimated future net servicing income, another key assumption in the model, is an estimate of the rate of return investors in the market would require for an asset with similar risk. Both assumptions can, and generally will, change as market conditions and interest rates change.

An increase in either the prepayment speed or discount rate assumption will result in a decrease in the fair value of the MSR, while a decrease in these assumptions will result in an increase in the fair value of the MSR. In recent years, there have been significant market-driven fluctuations in loan prepayment speeds and discount rates. These fluctuations can be rapid and may continue to be significant. Therefore, estimating prepayment speed and/or discount rates within ranges that market participants would use in determining the fair value of the MSR requires significant management judgment.

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 43 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.

The following discussion and analysis presents the significant factors that affected our financial conditions as of December 31, 2019 and 2018, and results of operations for each of the years then ended. Refer to Managements' Discussion and Analysis of Results of Operations and Financial Condition included in our Annual Report on Form 10-K filed with the SEC on February 28, 2019 (the "2018 Form 10-K") for a discussion and analysis of the significant factors that affected periods prior to 2018.

Comparison of Results of Operations for the Years Ended December 31, 2019, 2018 and 2017

Net Interest Income

Year ended December 31, 2019, compared to year ended December 31, 2018

Net interest income for the year ended December 31, 2019, was $173.7 million, an increase of $20.3 million over the year ended December 31, 2018. The increase was driven by higher average outstanding balances in our loan portfolio, partially offset by higher rates paid on our deposits. Average loans held for investment totaled $3.97 billion for the year ended December 31, 2019, compared to $3.40 billion for the year ended December 31, 2018. The yield earned on our loans held for investment was 5.18% for the year ended December 31, 2019, compared to 4.96% for the year ended December 31, 2018. Increases in average loans held for investment provided approximately $28.8 million of the increase in the yield earned on loans held for investment while the increase in rates provided approximately $8.7 million of the increase in interest income. Commercial and industrial, construction/land/land development and commercial real estate loans contributed a total of $32.1 million of the increase. These increases were partially offset by an increase in the cost of funding.

The average cost of our interest-bearing liabilities increased during the year ended December 31, 2019, compared to 2018, primarily due to higher overall deposit rates. The average rate paid on interest-bearing deposits was 1.53% for the year ended December 31, 2019, an increase of 43 basis points from 1.10% for the year ended December 31, 2018. The aggregate 75 basis point decrease in the Federal Reserve target fed funds rate during the second half of 2019 have impacted the yields earned on our commercial and industrial and residential real estate loan portfolios and the rates paid on our deposit products.

Year ended December 31, 2018, compared to year ended December 31, 2017

Net interest income for the year ended December 31, 2018, was $153.5 million, an increase of $23.1 million over the year ended December 31, 2017. The increase was driven by higher yields and higher average outstanding balances in our loan portfolio. The yield earned on our loans held for investment was 4.96% for the year ended December 31, 2018, compared to 4.38% for the year ended December 31, 2017. Average loans held for investment totaled $3.40 billion for the year ended December 31, 2018, compared to $3.13 billion for the year ended December 31, 2017. Increases in the yield earned on loans held for investment provided approximately $19.5 million of the increase in interest income, while average loans held for investment provided approximately $11.6 million of the increase. Commercial and industrial and commercial real estate loans contributed a total of $20.0 million of the increase. These increases were partially offset by an increase in the cost of funding primarily driven by increases in market interest rates.

The average cost of our interest-bearing liabilities increased for the year ended December 31, 2018, compared to 2017, primarily due to higher average savings and interest-bearing transaction account rates. The average rate paid on interest-bearing deposits was 1.10% for the year ended December 31, 2018, an increase of 36 basis points from 0.74% for the year ended December 31, 2017.

The following table presents average balance sheet information, interest income, interest expense and the corresponding average yields earned and rates paid for the years ended December 31, 2019, 2018 and 2017.

	Years Ended December 31,								
(Dollars in thousands)	2019			2018			2017		
Assets	Average Balance[1]	Income/Expense	Yield/Rate	Average Balance[1]	Income/Expense	Yield/Rate	Average Balance[1]	Income/Expense	Yield/Rate
Commercial real estate	$ 1,247,941	$ 64,214	5.15%	$ 1,119,184	$ 54,777	4.89%	$ 1,027,495	$ 46,071	4.48%
Construction/land/land development	505,795	27,918	5.52	369,999	19,579	5.29	319,980	14,720	4.60
Residential real estate	661,581	32,634	4.93	585,545	27,331	4.67	498,271	22,227	4.46
Commercial and industrial	1,324,002	68,991	5.21	1,100,560	54,633	4.96	1,050,464	43,291	4.12
Mortgage warehouse lines of credit	212,733	10,698	5.03	199,952	10,630	5.32	215,364	9,572	4.44
Consumer	20,809	1,426	6.85	20,941	1,410	6.73	21,656	1,363	6.29
Loans held for investment	3,972,861	205,881	5.18	3,396,181	168,360	4.96	3,133,230	137,244	4.38
Loans held for sale	29,656	1,018	3.43	22,959	1,024	4.46	44,335	1,614	3.64
Loans receivable	4,002,517	206,899	5.17	3,419,140	169,384	4.95	3,177,565	138,858	4.37
Investment securities-taxable	469,100	11,975	2.55	404,280	9,843	2.43	292,161	6,233	2.13
Investment securities-non-taxable	102,258	3,327	3.25	124,907	4,465	3.57	135,207	4,766	3.52
Non-marketable equity securities held in other financial institutions	46,233	1,421	3.07	29,615	897	3.03	19,607	734	3.74
Interest-bearing deposits in banks	145,090	3,460	2.38	177,020	3,499	1.98	179,998	2,002	1.11
Federal funds sold	—	—	—	329	8	2.43	—	—	—
Total interest-earning assets	4,765,198	227,082	4.77	4,155,291	188,096	4.53	3,804,538	152,593	4.01
Noninterest-earning assets[2]	327,773			307,847			292,429		
Total assets	$ 5,092,971			$ 4,463,138			$ 4,096,967		
Liabilities and Stockholders' Equity									
Liabilities									
Interest-bearing liabilities									
Savings and interest-bearing transaction accounts	$ 2,098,393	27,330	1.30	$ 1,996,364	19,002	0.95	$ 1,985,688	12,707	0.64
Time deposits	827,720	17,386	2.10	712,913	10,669	1.50	630,770	6,607	1.05
Total interest-bearing deposits	2,926,113	44,716	1.53	2,709,277	29,671	1.10	2,616,458	19,314	0.74
FHLB advances & other borrowings	397,739	7,746	1.95	179,359	4,138	2.31	76,374	2,340	3.06
Securities sold under agreements to repurchase	29,256	351	1.20	32,604	282	0.86	29,276	86	0.29
Subordinated debentures	9,658	557	5.69	9,631	553	5.67	9,607	548	5.70
Total interest-bearing liabilities	3,362,766	53,370	1.59	2,930,871	34,644	1.18	2,731,715	22,288	0.82
Noninterest-bearing deposits	1,054,903			948,585			841,375		
Other liabilities[2]	94,357			71,451			63,658		
Total liabilities	4,512,026			3,950,907			3,636,748		
Stockholders' Equity	580,945			512,231			460,219		
Total liabilities and stockholders' equity	$ 5,092,971			$ 4,463,138			$ 4,096,967		
Net interest spread			3.18%			3.35%			3.19%
Net interest income and margin		$ 173,712	3.65%		$ 153,452	3.69%		$ 130,305	3.42%
Net interest income and margin - (tax equivalent)[3]		$ 175,814	3.69%		$ 155,856	3.75%		$ 133,873	3.52%

(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) Includes Government National Mortgage Association ("GNMA") repurchase average balances of $26.0 million, $30.1 million and $26.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. The GNMA repurchase asset and liability are recorded as equal offsetting amounts in the 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 9 - Mortgage Banking in the notes to our consolidated financial statements.
(3) 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 years ended December 31, 2019 and 2018, and 35% for the year ended December 31, 2017. The tax-equivalent net interest margin would have been 3.49% for the year ended December 31, 2017, if we had been subject to the 21% Federal income tax rate enacted for 2018, in the Tax Cuts and Jobs Act.

Rate/Volume Analysis

The following tables present 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.

(Dollars in thousands)	**Year Ended December 31, 2019 vs. Year Ended December 31, 2018**		
Interest-earning assets	**Increase (Decrease) due to Change in**		
Loans:	**Volume**	**Yield/Rate**	**Total Change**
Commercial real estate	$ 6,302	$ 3,135	$ 9,437
Construction/land/land development	7,186	1,153	8,339
Residential real estate	3,549	1,754	5,303
Commercial and industrial	11,092	3,266	14,358
Mortgage warehouse lines of credit	679	(611)	68
Consumer	(9)	25	16
Loans held for sale	299	(305)	(6)
Loans receivable	29,098	8,417	37,515
Investment securities-taxable	1,578	554	2,132
Investment securities-non-taxable	(810)	(328)	(1,138)
Non-marketable equity securities held in other financial institutions	503	21	524
Interest-bearing deposits in banks	(631)	592	(39)
Federal funds sold	—	(8)	(8)
Total interest-earning assets	29,738	9,248	38,986
Interest-bearing liabilities			
Savings and interest-bearing transaction accounts	971	7,357	8,328
Time deposits	1,718	4,999	6,717
FHLB advances & other borrowings	5,038	(1,430)	3,608
Securities sold under agreements to repurchase	(29)	98	69
Junior subordinated debentures	2	2	4
Total interest-bearing liabilities	7,700	11,026	18,726
Net interest income	$ 22,038	$ (1,778)	$ 20,260

(Dollars in thousands)	Year Ended December 31, 2018 vs. Year Ended December 31, 2017		
Interest-earning assets	Increase (Decrease) due to Change in		
Loans:	Volume	Yield/Rate	Total Change
Commercial real estate	$ 4,111	$ 4,595	$ 8,706
Construction/land/land development	2,301	2,558	4,859
Residential real estate	3,893	1,211	5,104
Commercial and industrial	2,065	9,277	11,342
Mortgage warehouse lines of credit	(685)	1,743	1,058
Consumer	(45)	92	47
Loans held for sale	(778)	188	(590)
Loans receivable	10,862	19,664	30,526
Investment securities-taxable	2,392	1,218	3,610
Investment securities-non-taxable	(363)	62	(301)
Non-marketable equity securities held in other financial institutions	374	(211)	163
Interest-bearing deposits in banks	(33)	1,530	1,497
Federal funds sold	—	8	8
Total interest-earning assets	13,232	22,271	35,503
Interest-bearing liabilities			
Savings and interest-bearing transaction accounts	68	6,227	6,295
Time deposits	860	3,202	4,062
FHLB advances & other borrowings	3,156	(1,358)	1,798
Securities sold under agreements to repurchase	10	186	196
Junior subordinated debentures	1	4	5
Total interest-bearing liabilities	4,095	8,261	12,356
Net interest income	$ 9,137	$ 14,010	$ 23,147

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.

Year ended December 31, 2019, compared to year ended December 31, 2018 and 2017

We recorded provision expense of $9.6 million for the year ended December 31, 2019, compared to $1.0 million for the year ended December 31, 2018. We recorded provision expense of $1.0 million for the year ended December 31, 2018, a $7.3 million decrease from provision expense of $8.3 million for the year ended December 31, 2017. See the section captioned “Allowance for Loan Losses” elsewhere in this discussion for further analysis of the provision for loan losses.

Noninterest Income

Our primary sources of recurring noninterest income are service charges on deposit accounts, mortgage banking revenue, insurance commission and fee income, and other fee income.

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

(Dollars in thousands)	Years Ended December 31,			2019 vs. 2018		2018 vs. 2017	
Noninterest income:	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Service charges and fees	$ 13,859	$ 12,754	$ 11,606	$ 1,105	8.7 %	$ 1,148	9.9 %
Mortgage banking revenue	12,309	9,620	15,806	2,689	28.0	(6,186)	(39.1)
Insurance commission and fee income	12,177	9,720	7,207	2,457	25.3	2,513	34.9
Gains (loss) on sales of securities, net	20	(8)	—	28	N/M	(8)	N/M
Losses on non-mortgage loans held for sale, net	—	—	(12,708)	—	N/M	12,708	(100.0)
(Loss) gain on sales and disposals of other assets, net	(333)	(170)	1,036	(163)	95.9	(1,206)	(116.4)
Limited partnership investment income	(6)	823	444	(829)	(100.7)	379	85.4
Swap fee income	2,185	927	384	1,258	135.7	543	141.4
Change in fair value of equity investments	367	1,977	—	(1,610)	(81.4)	1,977	N/M
Other fee income	1,490	1,811	2,176	(321)	(17.7)	(365)	(16.8)
Other income	4,410	3,786	3,236	624	16.5	550	17.0
Total noninterest income	$ 46,478	$ 41,240	$ 29,187	$ 5,238	12.7 %	$ 12,053	41.3 %

N/M = Not meaningful.

Year ended December 31, 2019, compared to year ended December 31, 2018

Noninterest income for the year ended December 31, 2019, increased by $5.2 million, or 12.7%, to $46.5 million, compared to $41.2 million for the year ended December 31, 2018.

The increase in noninterest income during the year ended December 31, 2019, was largely driven by increases of $2.7 million, $2.5 million, $1.3 million and $1.1 million in mortgage banking revenue, insurance commission and fee income, swap fee income and service charges and fees, respectively. These increases were partially offset by a $1.6 million decrease in the fair value of equity investments.

Mortgage banking revenue. The $2.7 million increase in mortgage banking revenue compared to the year ended December 31, 2018, was primarily driven by a $1.7 million increase in pipeline valuation income coupled with a $1.3 million increase in MSRs based on changes in significant model assumptions, including prepayment speed and discount rate.

Insurance commission and fee income. The $2.5 million increase in insurance commission and fee income was primarily driven by our increased presence in the North Louisiana market after the acquisition of RCF, a Louisiana-based independent insurance agency offering commercial, personal, health and life insurance (the "RCF acquisition") in July 2018.

Swap fee income. The $1.3 million increase in swap fee income during the year ended December 31, 2019, was driven by higher volume of back-to-back swaps executed with commercial customers in the current period, compared to the same period in 2018. Given the low interest rate environment, customers have the opportunity to lock in fixed rates through swaps, driving increases in swap fees.

Service charges and fees. The $1.1 million increase in service charges and fees compared to the year ended December 31, 2018, was largely driven by increases in business account analysis fees and ATM interchange fees, which increased by $645,000 and $305,000, respectively. The increase in our account analysis fees is consistent with our strategy of focusing on commercial banking relationships in our Texas market, reflecting a $110.1 million increase in average business demand deposit accounts for the year ended December 31, 2019, when compared to the year ended December 31, 2018. Total average demand deposit accounts increased $113.8 million for the year ended December 31, 2019, when compared to the year ended December 31, 2018.

Change in fair value of equity investments. During the year ended December 31, 2019, we recorded a positive valuation adjustment of $367,000 on a common stock investment compared to a positive valuation adjustment of $2.0 million recorded during the year ended December 31, 2018.

Year ended December 31, 2018, compared to year ended December 31, 2017

Noninterest income for the year ended December 31, 2018, increased by $12.1 million, or 41.3%, to $41.2 million, compared to $29.2 million for the year ended December 31, 2017. The increase in noninterest income during the year ended December 31, 2018, was largely driven by $12.7 million in losses incurred on non-mortgage loans held for sale in 2017, with no comparable expense incurred during 2018.

Insurance commission and fee income. Increases in insurance commission and fee income of 2.5 million was primarily driven by the RCF acquisition in July 2018, which significantly expanded the Company's insurance presence in the North Louisiana market.

Change in fair value of equity investments. During the year ended December 31, 2018, we recorded a positive valuation adjustment of $2.0 million on a common stock investment due to an accounting standard change.

Mortgage banking revenue. Partially offsetting the net increase in noninterest income was a $6.2 million decrease in mortgage banking revenue. This decrease was primarily due to a 67.2% decline in the volume of mortgage loans sold, resulting in a $5.0 million decrease in gains on the sale of mortgage loans. The reduction in volume was primarily driven by the closing of a loan production office outside of our core geographic footprint that accounted for a significant portion of mortgage production, as we shifted our focus to retail originations within our core geographic banking footprint. Also contributing to the decrease in volume on mortgage loans sold was a broader downturn in the mortgage industry. As part of this strategy, we also reduced the amount of third party originations in our mortgage pipeline during 2018 compared to 2017.

Noninterest Expense

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

(Dollars in thousands)	Years Ended December 31,			2019 vs. 2018		2018 vs. 2017	
Noninterest expense:	2019	2018	2017	$ Change	% Change	$ Change	% Change
Salaries and employee benefits	$ 88,974	$ 80,487	$ 70,862	$ 8,487	10.5 %	$ 9,625	13.6 %
Occupancy and equipment, net	16,759	15,445	15,915	1,314	8.5	(470)	(3.0)
Data processing	6,961	6,182	5,209	779	12.6	973	18.7
Electronic banking	3,441	2,883	2,056	558	19.4	827	40.2
Communications	2,098	2,028	1,928	70	3.5	100	5.2
Advertising and marketing	3,808	4,275	2,923	(467)	(10.9)	1,352	46.3
Professional services	3,577	3,269	4,722	308	9.4	(1,453)	(30.8)
Regulatory assessments	1,694	2,457	2,867	(763)	(31.1)	(410)	(14.3)
Loan related expenses	4,174	3,039	4,419	1,135	37.3	(1,380)	(31.2)
Office and operations	6,674	5,881	5,498	793	13.5	383	7.0
Litigation settlement	—	—	10,000	—	N/M	(10,000)	N/M
Intangible asset amortization	1,321	961	518	360	37.5	443	85.5
Franchise tax expense	2,160	1,485	1,527	675	45.5	(42)	(2.8)
Other	2,433	2,844	2,230	(411)	(14.5)	614	27.5
Total noninterest expense	$ 144,074	$ 131,236	$ 130,674	$ 12,838	9.8 %	$ 562	0.4 %

N/M = Not meaningful.

Year ended December 31, 2019, compared to year ended December 31, 2018

Noninterest expense increased by $12.8 million, or 9.8%, in 2019 to $144.1 million, primarily due to increases in salaries and employee benefits, occupancy and equipment, net, and loan related expenses.

Salaries and employee benefits. Salaries and employee benefits increased by $8.5 million, or 10.5%, for the year ended December 31, 2019, compared to 2018. The addition of a Houston banking team and the RCF acquisition contributed $3.6 million to this increase. The residual $4.9 million increase was largely driven by a net increase of over $1.3 million for new hires, annual salary increases and promotions, and market-based salary adjustments for existing positions.

Occupancy and equipment, net. The $1.3 million increase in occupancy and equipment, net during the year ended December 31, 2019, compared to the same period in 2018 was primarily due to the opening of two new banking centers during mid-2019, which contributed $689,000 of the total increase, while the RCF acquisition contributed $194,000 of the total increase.

Loan related expenses. The $1.1 million increase in loan related expenses was driven by a $810,000 increase in loan related legal fees and a $336,000 increase in sub-servicing expense, respectively. The increase in legal costs was primarily due to costs associated with working out of two nonperforming loan relationships due to their bankruptcy during the year ended December 31, 2019, and the increase in sub-servicing expense was due to transferring the servicing of our mortgage loan portfolio to a sub-servicer in the fourth quarter of 2019.

These increases were partially offset by a decrease of $763,000 in regulatory assessments expenses. During the 2019 year we recognized a $1.0 million benefit from the FDIC insurance fund, which offset our total FDIC insurance obligation.

Year ended December 31, 2018, compared to year ended December 31, 2017

Noninterest expense increased by $562,000, or 0.4%, in 2018 to $131.2 million, primarily due to increases in salaries and employee benefits, advertising and marketing expenses and other noninterest expense.

Salaries and employee benefits increased by $9.6 million, or 13.6%, for the year ended December 31, 2018, compared to 2017. The increase was driven by increases in the cost of salaries and incentive compensation. The increase in salary expense was driven by the addition of our Houston banking team, consummation of the RCF acquisition and additional headcount to support our recent growth. The increase in incentive compensation was driven by the overall improvement in the Company's performance during 2018 compared to 2017, which resulted in performance targets, such as return on assets, individual loan volume and credit quality goals, being met by more employees.

The $1.4 million, or 46.3%, increase in advertising and marketing expense for the year ended December 31, 2018, compared to 2017, was due to a Company-wide expense management strategy that temporarily scaled back marketing expenditures in 2017. In March 2018, marketing efforts were resumed with the launch of a new advertising campaign.

Other noninterest expense increased by $1.0 million, or 23.7%, during the year ended December 31, 2018, compared to 2017. The most significant driver was intangible asset amortization expense, which increased by $352,000 due to the RCF acquisition in 2018.

These increases were partially offset by decreases of $10.0 million, $1.5 million and $1.4 million in litigation settlement expenses, professional services and loan related expenses, respectively.

During the year ended December 31, 2017, we entered into a Settlement and Release Agreement with respect to litigation with the ResCap Liquidating Trust ("ResCap"), as successor to Residential Funding Company, LLC f/k/a Residential Funding Corporation. Under the agreement, we paid $10.0 million to fully resolve all claims under the lawsuit and to avoid the further costs, disruption and distraction of defending the ResCap litigation. We recorded a charge to noninterest expense in our consolidated statement of income in 2017 to recognize this settlement. There were no such charges recorded during the year ended December 31, 2018.

During the year ended December 31, 2017, we incurred approximately $883,000 in consulting fees related to the marketing and sale of certain energy loans as part of our strategic initiative to reduce our exposure to nonperforming energy loans, and incurred approximately $613,000 in legal fees that were associated with the resolution of the ResCap litigation. Neither of these expenses were incurred during the year ended December 31, 2018.

The largest driver of the decrease in loan related expenses was a $544,000 decrease in loan related legal fees. During 2017, the Company incurred legal costs in conjunction with the marketing and sale of energy loans which were not incurred during 2018. The remaining decreases in loan related expenses were not individually significant and generally resulted from a lower volume of mortgage loans sold during 2018 compared to 2017.

Income Tax Expense

For the year ended December 31, 2019, we recognized income tax expense of $12.7 million, compared to $10.8 million and $5.8 million for the years ended December 31, 2018 and 2017, respectively. Our effective tax rate for the year ended December 31, 2019, was 19.0%, compared to 17.4% and 28.4% for the years ended December 31, 2018 and 2017, respectively. The increase in our effective tax rate for the year ended December 31, 2019, was primarily due to the decrease in income from tax-exempt securities, increase in state income taxes and decrease in low income housing tax credits. The decrease in our effective tax rate for the year ended December 31, 2018, compared to the rate for the year 2017 was the result of the Tax Cuts and Jobs Act ("Tax Act"), which was enacted on December 22, 2017.

The Tax Act lowered the Federal corporate income tax rate to 21% from 35% for tax years beginning in 2018. The Tax Act also required a revaluation of the Company's net deferred tax asset ("DTA") to account for the future impact of lower corporate income tax rates and other provisions of the legislation. The revaluation of the Company's DTA balance resulted in a $282,000 adjustment from accumulated other comprehensive income to retained earnings.

Our effective income tax rates have differed from the applicable U.S. statutory rates of 21% at both December 31, 2019 and 2018, and 35% for December 31, 2017, 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 applicable 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.

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

General

Total assets increased by $503.1 million, or 10.4%, to $5.32 billion at December 31, 2019, from $4.82 billion at December 31, 2018. The increase was primarily attributable to $354.1 million increase in loans held for investment and $183.7 million increase in interest-bearing deposits in banks partially offset by a decrease of $74.6 million in securities available for sale.

Loan Portfolio

Our loan portfolio is our largest category of interest-earning assets and interest income earned on our loan portfolio is our primary source of income. At December 31, 2019, 70.4% of the 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 at the dates indicated.

(Dollars in thousands)	December 31, 2019		December 31, 2018		2019 vs. 2018	
Real estate:	Amount	Percent	Amount	Percent	$ Change	% Change
Commercial real estate	$ 1,296,847	31.3%	$ 1,228,402	32.4%	$ 68,445	5.6%
Construction/land/land development	517,688	12.5	429,660	11.3	88,028	20.5
Residential real estate	689,555	16.6	629,714	16.6	59,841	9.5
Total real estate	2,504,090	60.4	2,287,776	60.3	216,314	9.5
Commercial and industrial	1,343,475	32.5	1,272,566	33.6	70,909	5.6
Mortgage warehouse lines of credit	274,659	6.6	207,871	5.5	66,788	32.1
Consumer	20,971	0.5	20,892	0.6	79	0.4
Total loans held for investment	$ 4,143,195	100.0%	$ 3,789,105	100.0%	$ 354,090	9.3%

(Dollars in thousands)	December 31, 2017		December 31, 2016		December 31, 2015	
Real estate:	Amount	Percent	Amount	Percent	Amount	Percent
Commercial real estate	$ 1,083,275	33.5%	$ 1,026,752	33.0%	$ 861,540	28.7%
Construction/land/land development	322,404	9.9	311,279	10.0	310,773	10.3
Residential real estate	570,583	17.6	414,226	13.3	429,137	14.2
Total real estate	1,976,262	61.0	1,752,257	56.3	1,601,450	53.2
Commercial and industrial	989,220	30.5	1,135,683	36.5	1,232,265	40.9
Mortgage warehouse lines of credit	255,044	7.9	201,997	6.5	156,803	5.2
Consumer	20,505	0.6	22,138	0.7	22,145	0.7
Total loans held for investment	$ 3,241,031	100.0%	$ 3,112,075	100.0%	$ 3,012,663	100.0%

At December 31, 2019, total loans held for investment were $4.14 billion, an increase of $354.1 million, or 9.3%, compared to $3.79 billion at December 31, 2018. The increase was driven by organic growth in all markets and led by increases in construction/land/land development and commercial and industrial loans. In 2018, as a complement to our organic growth strategy, several lift-out teams were on-boarded in our Houston market and seasoned lending professionals and relationship managers were recruited in our Dallas and Shreveport markets. Our Houston banking team was responsible for $259.8 million and $130.3 million in loan growth during 2019 and 2018, respectively.

Loan Portfolio Maturity Analysis

The table below presents the maturity distribution of our loans held for investment at December 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.

(Dollars in thousands)	December 31, 2019			
Real estate:	**One Year or Less**	**Over One Year Through Five Years**	**Over Five Years**	**Total**
Commercial real estate	$ 233,368	$ 820,253	$ 243,226	$ 1,296,847
Construction/land/land development	164,232	280,010	73,446	517,688
Residential real estate loans	96,122	265,066	328,367	689,555
Total real estate	493,722	1,365,329	645,039	2,504,090
Commercial and industrial loans	598,548	652,481	92,446	1,343,475
Mortgage warehouse lines of credit	274,659	—	—	274,659
Consumer loans	6,775	13,651	545	20,971
Total loans held for investment	$ 1,373,704	$ 2,031,461	$ 738,030	$ 4,143,195
Amounts with fixed rates	$ 274,233	$ 1,061,384	$ 325,196	$ 1,660,813
Amounts with variable rates	1,099,471	970,077	412,834	2,482,382
Total	$ 1,373,704	$ 2,031,461	$ 738,030	$ 4,143,195

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 borrowers' 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 table shows our nonperforming loans and nonperforming assets at the dates indicated:

(Dollars in thousands)	As of December 31,				
Nonperforming loans held for investment	2019	2018	2017	2016	2015
Commercial real estate	$ 6,994	$ 8,281	$ 1,745	$ 1,975	$ 2,638
Construction/land/land development	4,337	935	1,097	816	1,267
Residential real estate	5,132	6,668	7,166	7,188	11,272
Commercial and industrial	14,520	15,792	13,512	56,372	18,557
Consumer	163	180	282	210	132
Total nonperforming loans held for investment	31,146	31,856	23,802	66,561	33,866
Nonperforming loans held for sale	927	741	—	—	—
Total nonperforming loans	32,073	32,597	23,802	66,561	33,866
Other real estate owned					
Commercial real estate, construction/land/land development	4,165	2,993	390	794	1,195
Residential real estate	487	746	109	779	212
Total other real estate owned	4,652	3,739	499	1,573	1,407
Other repossessed assets owned	101	—	75	—	—
Total repossessed assets owned	4,753	3,739	574	1,573	1,407
Total nonperforming assets	$ 36,826	$ 36,336	$ 24,376	$ 68,134	$ 35,273
Troubled debt restructuring loans - nonaccrual	$ 6,609	$ 5,793	$ 2,622	$ 10,900	$ 5,844
Troubled debt restructuring loans - accruing	1,843	2,054	14,234	4,225	4,249
Total loans held for investment	4,143,195	3,789,105	3,241,031	3,112,075	3,012,663
Ratio of nonperforming loans held for investment to total loans held for investment	0.75%	0.84%	0.73%	2.14%	1.12%
Ratio of nonperforming assets to total assets	0.69	0.75	0.59	1.67	0.89

At December 31, 2019, total nonperforming loans held for investment decreased by $710,000, or 2.2%, from December 31, 2018. The increase in other real estate owned was due to the foreclosure of a $1.3 million commercial real estate secured chiropractic clinic that occurred during the year ended December 31, 2019. Over the last three years, we have experienced improvements in impaired and past due loans to the point that we currently believe our overall credit profile has stabilized. Please see Note 4 - Loans within our consolidated financial statements for more information.

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 December 31, 2019, is included in Note 4 - Loans in the notes to our consolidated financial statements contained in Item 8 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 distribute 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 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 should 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.

The following table presents the allowance for loan loss by loan category:

(Dollars in thousands)	December 31,					
	2019		2018		2017	
Loans secured by real estate:	Amount	%(1)	Amount	%(1)	Amount	%(1)
Commercial real estate	$ 10,013	31.3%	$ 8,999	32.4%	$ 8,998	33.5%
Construction/land/land development	3,711	12.5	3,331	11.3	2,950	9.9
Residential real estate	6,332	16.6	5,705	16.6	5,807	17.6
Commercial and industrial	16,960	32.5	15,616	33.6	18,831	30.5
Mortgage warehouse lines of credit	262	6.6	316	5.5	214	7.9
Consumer	242	0.5	236	0.6	283	0.6
Total	$ 37,520	100.0%	$ 34,203	100.0%	$ 37,083	100.0%

(Dollars in thousands)	December 31,			
	2016		2015	
Loans secured by real estate:	Amount	%(1)	Amount	%(1)
Commercial real estate	$ 8,718	33.0%	$ 7,451	28.7%
Construction/land/land development	2,805	10.0	3,927	10.3
Residential real estate	5,003	13.3	5,094	14.2
Commercial and industrial	33,590	36.5	23,648	40.9
Mortgage warehouse lines of credit	139	6.5	761	5.2
Consumer	276	0.7	349	0.7
Total	$ 50,531	100.0%	$ 41,230	100.0%

(1) Represents the ratio of each loan type to total loans held for investment.

Our allowance for loan losses increased by $3.3 million, or 9.7%, to $37.5 million at December 31, 2019, from $34.2 million at December 31, 2018. The ratio of allowance for loan losses to total loans held for investment at December 31, 2019 and 2018, was 0.91% and 0.90%, respectively. The increase in the total allowance for loan losses was driven by a $3.5 million increase in general reserves primarily due to significant growth in our loan portfolio. Our specific reserve was $199,000, at December 31, 2019, compared to $366,000, at December 31, 2018. Our general reserve totaled $37.3 million and $33.8 million at December 31, 2019 and 2018, respectively.

We recognized a one-time after tax cumulative effect adjustment of $760,000 to retained earnings at the beginning of the first quarter of 2020, increasing the allowance for credit losses by approximately $1.3 million and decreasing the off-balance sheet reserve by $382,000 due to the adoption of Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our investment securities were not materially affected by the adoption of this ASU due to the nature of the portfolio. Our adjustment to the allowance for credit losses at the transition date may vary from our estimate due to refinements in the loss estimation models or factors.

The following table presents an analysis of the allowance for loan losses and other related data as of the periods indicated.

(Dollars in thousands)	Years Ended December 31,				
Allowance for loan losses	**2019**	**2018**	**2017**	**2016**	**2015**
Balance at beginning of period	$ 34,203	$ 37,083	$ 50,531	$ 41,230	$ 34,781
Provision for loan losses	9,207	1,581	8,219	31,165	10,941
Charge-offs:					
Commercial real estate	1,420	1,300	463	422	338
Construction/land/land development	38	228	3	24	25
Residential real estate	265	407	1,446	505	885
Commercial and industrial	8,231	5,068	21,767	24,851	4,070
Mortgage warehouse lines of credit	29	—	—	—	—
Consumer	148	121	198	604	399
Total charge-offs	10,131	7,124	23,877	26,406	5,717
Recoveries:					
Commercial real estate	341	226	93	25	35
Construction/land/land development	40	6	5	7	13
Residential real estate	185	133	125	185	240
Commercial and industrial	3,627	2,206	1,918	4,199	804
Consumer	48	92	69	126	133
Total recoveries	4,241	2,663	2,210	4,542	1,225
Net charge-offs	5,890	4,461	21,667	21,864	4,492
Balance at end of period	$ 37,520	$ 34,203	$ 37,083	$ 50,531	$ 41,230
Ratio of allowance for loan losses to:					
Nonperforming loans held for investment	120.46%	107.37%	155.80%	75.92%	121.74%
Loans held for investment	0.91	0.90	1.14	1.62	1.37
Net charge-offs as a percentage of:					
Provision for loan losses	63.97	282.16	263.62	70.16	41.06
Allowance for loan losses	15.70	13.04	58.43	43.27	10.89
Average loans held for investment	0.15%	0.13%	0.69%	0.71%	0.15%

Securities

Our securities portfolio is the second largest component of earning assets and provides a significant source of revenue. We use the securities portfolio to provide a source of liquidity, provide an appropriate return on funds invested, manage interest rate risk and meet collateral as well as regulatory capital requirements. We manage the securities portfolio to optimize returns while maintaining an appropriate level of risk. Securities within the portfolio are classified as either held-to-maturity, available-for-sale or at fair value through income, based on the intent and objective of the investment and the ability to hold to maturity. Unrealized gains and losses arising in the available for sale portfolio as a result of changes in the fair value of the securities are reported on an after-tax basis as a component of accumulated other comprehensive income in stockholders' equity while securities classified as held to maturity are carried at amortized cost. For further discussion of the valuation components and classification of investment securities, see Note 1 - Significant Accounting Policies in the consolidated financial statements contained in Item 8 of this report.

Our securities portfolio totaled $541.2 million at December 31, 2019, representing a decrease of $65.0 million, or 10.7%, from $606.2 million at December 31, 2018. For additional information regarding our securities portfolio, please see Note 3 - Securities in the consolidated financial statements contained in Item 8 of this report.

The following table sets forth the composition of our securities portfolio at the dates indicated.

	December 31,					
(Dollars in thousands)	2019		2018		2017	
Available for sale:	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
State and municipal securities	$ 99,184	19.8%	$ 100,883	17.5%	$ 129,978	32.1%
Corporate bonds	16,817	3.4	11,034	1.9	3,136	0.8
U.S. government and agency securities	5,238	1.0	61,150	10.6	—	—
Commercial mortgage-backed securities	12,144	2.4	16,766	2.9	—	—
Residential mortgage-backed securities	207,506	41.4	186,315	32.4	105,029	26.0
Commercial collateralized mortgage obligations	4,394	0.9	—	—	—	—
Residential collateralized mortgage obligations	155,787	31.1	199,496	34.7	166,389	41.1
Total	$ 501,070	100.0%	$ 575,644	100.0%	$ 404,532	100.0%
Held to maturity:						
State and municipal securities	$ 28,620		$ 19,169		$ 20,188	
Securities carried at fair value through income:						
State and municipal securities	$ 11,513		$ 11,361		$ 12,033	

The following table presents the fair value of securities available for sale and amortized cost of securities held to maturity and their corresponding yields at December 31, 2019. The securities are grouped by contractual maturity and use amortized cost for all yield calculations. Mortgage backed securities and collateralized mortgage obligations, which do not have contractual payments due at a single maturity date, are shown at the date the last underlying mortgage matures.

	December 31, 2019									
(Dollars in thousands)	Within One Year		After One Year but Within Five Years		After Five Years but Within Ten Years		After Ten Years		Total	
Available for sale:	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**
State and municipal securities [(1)]	$ 4,020	2.73%	$ 38,991	1.95%	$ 40,499	2.59%	$ 15,674	2.65%	$ 99,184	2.35%
Corporate bonds	—	—	8,642	4.23	8,175	5.08	—	—	16,817	4.64
U.S. government and agency securities	—	—	—	—	4,567	3.36	671	3.76	5,238	3.41
Commercial mortgage-backed securities	—	—	7,591	2.78	4,553	3.24	—	—	12,144	2.95
Residential mortgage-backed securities	—	—	—	—	30,093	2.93	177,413	2.62	207,506	2.66
Commercial collateralized mortgage obligations	—	—	—	—	—	—	4,394	3.33	4,394	3.33
Residential collateralized mortgage obligations	—	—	—	—	—	—	155,787	2.38	155,787	2.38
Total securities available for sale	$ 4,020	2.73%	$ 55,224	2.42%	$ 87,887	3.01%	$ 353,939	2.53%	$ 501,070	2.60%
Held to maturity:										
State and municipal securities [(1)]	—	—	13,415	2.97	15,205	2.29	—	—	28,620	2.61
Securities carried at fair value through income:										
State and municipal securities [(1)]	—	—	—	—	—	—	11,513	4.48	11,513	4.48
Total	$ 4,020	2.73%	$ 68,639	2.53%	$ 103,092	2.90%	$ 365,452	2.59%	$ 541,203	2.64%

(1) Tax-exempt security yields are calculated without consideration of their tax benefit status.

The contractual maturity of mortgage-backed securities and collateralized mortgage obligations is not a reliable indicator of their expected life because borrowers have the right to prepay their obligations at any time. Mortgage-backed securities and collateralized mortgage obligations are typically issued with stated principal amounts and are backed by pools of mortgage loans and other loans with varying maturities. The term of the underlying mortgages and loans may vary significantly due to the ability of a borrower to prepay outstanding amounts. Monthly pay downs on mortgage-backed securities tend to cause the average life of the securities to be much different than the stated contractual maturity. During a period of increasing interest rates, fixed rate mortgage-backed securities do not tend to experience heavy prepayments of principal, and, consequently, the average life of this security is typically lengthened. If interest rates begin to fall, prepayments may increase, thereby shortening the estimated average life of this security.

Other than securities issued by government agencies or government sponsored enterprises, we did not own securities of any one issuer for which aggregate adjusted cost exceeded 10.0% of consolidated stockholders' equity at December 31, 2019 or 2018. Additionally, we do not hold any Fannie Mae or Freddie Mac preferred stock, collateralized debt obligations, structured investment vehicles or second lien elements in the investment portfolio, nor does the investment portfolio contain any securities that are directly backed by subprime or Alt-A mortgages.

Securities Carried at Fair Value through Income

At December 31, 2019 and 2018, we held two fixed-rate community investment bonds totaling $11.5 million and $11.4 million, respectively. We elected the fair value option on these securities to offset corresponding changes in the fair value of related interest rate swap agreements.

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. Our policy also permits the acceptance of brokered deposits on a limited basis, and our current deposits labeled as brokered are 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:

	December 31, 2019		December 31, 2018		December 31, 2017	
(Dollars in thousands)	Balance	% of Total	Balance	% of Total	Balance	% of Total
Noninterest-bearing demand	$ 1,077,706	25.5%	$ 951,015	25.1%	$ 832,853	23.7%
Interest-bearing demand	776,037	18.4	738,725	19.5	738,967	21.0
Money market	1,277,053	30.2	815,997	21.6	900,039	25.7
Time deposits	790,810	18.7	796,552	21.1	619,093	17.6
Brokered [(1)]	152,556	3.6	332,341	8.8	276,214	7.9
Savings	154,450	3.6	148,508	3.9	144,848	4.1
Total deposits	$ 4,228,612	100.0%	$ 3,783,138	100.0%	$ 3,512,014	100.0%

(1) Brokered time deposits of $7.9 million are included in the brokered category for December 31, 2018. There were no brokered time deposits at December 31, 2019 or 2017.

Business money market account balances increased $304.3 million, or 85.3%, for the year ended December 31, 2019, compared to business money market account balances for the year ended December 31, 2018. The increase was primarily due to shifting our focus to generating business relationships and deposits in order to reduce our reliance on brokered deposits. Brokered deposits decreased $179.8 million, or 54.1%, for the year ended December 31, 2019, when compared to the same period in 2018.

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

	Year Ended December 31,								
	2019			2018			2017		
(Dollars in thousands)	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid
Interest-bearing demand	$ 697,540	$ 6,026	0.86%	$ 690,061	$ 3,951	0.57%	$ 692,249	$ 2,728	0.39%
Money market	1,028,556	15,996	1.56	887,817	9,328	1.05	873,917	6,529	0.75
Time deposits	827,720	17,284	2.09	712,913	10,669	1.50	630,770	6,607	1.05
Brokered	218,714	5,157	2.36	270,109	5,530	2.05	275,957	3,272	1.19
Savings	153,583	253	0.16	148,377	193	0.13	143,565	178	0.12
Total interest-bearing	2,926,113	44,716	1.53	2,709,277	29,671	1.10	2,616,458	19,314	0.74
Noninterest-bearing demand	1,054,903	—		948,585	—		841,375	—	
Total average deposits	$ 3,981,016	$ 44,716	1.12%	$ 3,657,862	$ 29,671	0.81%	$ 3,457,833	$ 19,314	0.56%

Our average deposit balance was $3.98 billion for the year ended December 31, 2019, an increase of $323.2 million, or 8.8%, from $3.66 billion for the year ended December 31, 2018. This increase is primarily due to our continued relationship-based efforts to attract deposits within our markets. The average rate paid on our interest-bearing deposits for the year ended December 31, 2019, was 1.53%, compared to 1.10% for the year ended December 31, 2018. The increase in the average cost of our deposits was primarily the result of increases in market interest rates that occurred during 2018 and 2019, which caused us to increase the interest rates we paid on deposits to remain competitive with other depository institutions in our markets.

Average noninterest-bearing deposits at December 31, 2019, were $1.1 billion, compared to $948.6 million at December 31, 2018, an increase of $106.3 million, or 11.2%, and represented 26.5% and 25.9% of average total deposits for the years ended December 31, 2019 and 2018, respectively.

The following table presents the maturity distribution of our time deposits as of December 31, 2019:

(Dollars in thousands)	Time Deposits	
Remaining maturity:	Certificates less than $100,000	Certificates of $100,000 or more
3 months or less	$ 28,486	$ 102,401
Over 3 through 6 months	33,168	121,005
Over 6 through 12 months	54,751	220,366
Over 12 months	53,754	176,879
Total	$ 170,159	$ 620,651

Borrowings

Long-term advances from the FHLB decreased by $1.6 million, or 0.6%, at December 31, 2019, compared to December 31, 2018.

Borrowed funds are summarized as follows:

(Dollars in thousands)	December 31, 2019	2018	2017
Overnight repurchase agreements with depositors	$ 16,717	$ 40,314	$ 36,178
Short-term FHLB advances (1)	100,000	100,000	—
GNMA repurchase liability	27,860	30,649	32,575
Long-term FHLB advances (2)	272,613	274,261	75,604
Total FHLB advances and other borrowings	$ 417,190	$ 445,224	$ 144,357
Junior subordinated debentures	$ 9,671	$ 9,644	$ 9,619

(1) Short-term FHLB advances at December 31, 2019, carried a fixed interest rate of 1.35% and matured on January 2, 2020; at December 31, 2018, short-term FHLB advances carried a fixed interest rate of 2.70%, and matured on January 2, 2019.
(2) Includes a FHLB advance of $250.0 million at both December 31, 2019 and 2018, callable quarterly with a final maturity in 2033, carrying a rate of 1.65%.

Overnight repurchase agreements with depositors consist of obligations of ours to depositors and mature on a daily basis. These obligations to depositors carried a daily average interest rate of 1.20% and 0.86% for the years ended December 31, 2019 and 2018, respectively.

Our long-term debt consists of advances from the FHLB with original maturities greater than one year. Interest rates for FHLB long-term advances outstanding at December 31, 2019, ranged from 1.65% to 5.72% and were subject to restrictions or penalties in the event of prepayment.

As of December 31, 2019, we held 21 unfunded letters of credit from the FHLB totaling $241.3 million with expiration dates ranging from January 15, 2020, to February 25, 2021. These letters of credit either support pledges for our public fund deposits or confirm letters of credit we have issued to support our customers' businesses. Security for all indebtedness and outstanding commitments to the FHLB consists of a blanket floating lien on all of our first mortgage loans, commercial real estate and other real estate loans, as well as our investment in capital stock of the FHLB and deposit accounts at the FHLB. The net amounts available under the blanket floating lien as of December 31, 2019 and 2018, were $601.9 million and $468.8 million, respectively.

Additionally, as of December 31, 2019, we had the ability to borrow $855.1 million from the discount window at the Federal Reserve Bank of Dallas ("FRB"), with $1.09 billion in commercial and industrial loans pledged as collateral. There were no borrowings against this line as of December 31, 2019.

Liquidity

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 December 31, 2019 and 2018, our cash and liquid securities totaled 8.4% 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. The Company had available cash balances of $5.9 million at both December 31, 2019 and 2018. This cash is available for the 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. See Note 11 - Borrowings contained in Item 8 of this report for more information.

There are regulatory restrictions on the ability of the Bank to pay dividends under federal and state laws, regulations and policies. See "Item 1. Business - Regulation and Supervision" above for more information.

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 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. See Note 11 - Borrowings contained in Item 8 of this report for additional borrowing capacity and outstanding advances at the FHLB.

We also had unsecured federal funds lines of credit available to us, with no amounts outstanding at either date, please see Note 11 - Borrowings contained in Item 8 of this report for detail regarding our lines of credit. 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 December 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 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:

(Dollars in thousands)	Payments Due by Period				
December 31, 2019	Less than One Year	One-Three Years	Three-Five Years	Greater than Five Years	Total
Operating lease obligations	$ 4,703	$ 7,905	$ 5,751	$ 12,513	$ 30,872
FHLB advances[(1)]	101,070	3,596	7,395	260,552	372,613
Subordinated debentures	—	—	—	10,826	10,826
Time deposits	560,177	188,099	41,776	758	790,810
Limited partnership investments[(2)]	3,695	—	—	—	3,695
Low income housing tax credits	505	165	204	402	1,276
Overnight repurchase agreements with depositors	16,717	—	—	—	16,717
Total contractual obligations	$ 686,867	$ 199,765	$ 55,126	$ 285,051	$ 1,226,809

(1) Includes a long-term FHLB advance totaling $250.0 million at December 31, 2019, callable quarterly with a final maturity of 15 years and carries an interest rate of 1.65%. and a short-term $100.0 million FHLB advance at December 31, 2019, and carries an interest rate of 1.35% and matured on January 2, 2020.

(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:

	December 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)]	$ 561,534	$ 565,930	$ 188,102	$ 58,489	$ 1,374,055
Standby letters of credit	31,380	7,964	—	—	39,344
Total off-balance sheet commitments	$ 592,914	$ 573,894	$ 188,102	$ 58,489	$ 1,413,399

(1) Includes $425.6 million of unconditionally cancellable commitments at December 31, 2019.

LIBOR Transition

On July 27, 2017, the United Kingdom’s Financial Conduct Authority, which regulates London Interbank Offered Rate (“LIBOR”), announced that it will no longer persuade or require banks to submit rates for the calculation of LIBOR after 2021. For additional information related to the potential impact surrounding the transition from LIBOR on our business, see the section titled "Item 1A. Risk Factors" in this report.

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 December 31, 2019, stockholders' equity was $599.3 million, representing an increase of $49.5 million, or 9.0%, compared to $549.8 million at December 31, 2018. Net income of $53.9 million and other comprehensive income of $8.8 million for the year ended December 31, 2019, were the primary drivers of the increase in stockholders' equity compared to December 31, 2018, and were partially offset by the $10.1 million repurchase of our common stock and the dividend paid on our common stock that occurred during the period.

Initial Public Offering

In May 2018, we completed the initial public offering of our common stock at a price to the public of $34.00 per share. We issued 3,045,426 shares in the offering, including 545,426 shares sold at the option of the underwriters, and certain selling stockholders sold 1,136,176 shares in the offering. We received net proceeds of $96.3 million, before expenses, in the offering. Our common stock became eligible for trading on May 9, 2018, on the Nasdaq Global Select Market under the symbol "OBNK."

Stock Repurchases

In a transaction that was consummated on August 2, 2019, we repurchased 300,000 shares of our common stock pursuant to our stock buyback program at a price per share of $33.50 for an aggregate purchase price of $10.1 million. As of the date of this report, approximately $29.9 million may still be purchased under the stock buyback program.

RCF Acquisition

In July 2018, we acquired RCF, a Louisiana-based independent insurance agency, in a cash and stock transaction by issuing 66,824 shares of our common stock at a price of $40.50 per share. Our common stock outstanding and additional paid in capital increased by $334,000 and $2.4 million, respectively, as a result of the transaction.

Preferred Stock

In 2018, we redeemed all of the 48,260 shares of our Senior Non-Cumulative Perpetual Preferred Stock, Series SBLF ("SBLF Preferred Stock"). The aggregate redemption price of the SBLF Preferred Stock was $49.1 million, which included accrued dividends of $808,000. The SBLF Preferred Stock was redeemed from our surplus capital, which included the proceeds of our initial public offering and terminated our participation in the Small Business Lending Fund program.

During 2018, all of the 901,644 shares of our outstanding Series D preferred stock were converted into shares of our common stock, on a one-for-one basis. As a result, no shares of Series D preferred stock were outstanding at December 31, 2018.

Regulatory Capital Requirements

Together with the Bank, we are subject to various regulatory capital requirements administered by federal banking agencies. These requirements are discussed in greater detail in "Item 1. Business - Regulation and Supervision". 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 December 31, 2019 and 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:

	As of December 31,			
	2019		2018	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio
Origin Bancorp, Inc.				
Common equity tier 1 capital (to risk-weighted assets)	$ 561,630	11.74%	$ 519,468	11.94%
Tier 1 capital (to risk-weighted assets)	570,975	11.94	528,786	12.16
Total capital (to risk-weighted assets)	610,305	12.76	564,437	12.98
Tier 1 capital (to average assets)	570,975	10.91	528,786	11.21
Origin Bank				
Common equity tier 1 capital (to risk-weighted assets)	$ 551,060	11.55%	$ 508,826	11.73%
Tier 1 capital (to risk-weighted assets)	551,060	11.55	508,826	11.73
Total capital (to risk-weighted assets)	590,390	12.38	544,477	12.55
Tier 1 capital (to average assets)	551,060	10.56	508,826	10.81

On February 6, 2020, Origin Bank, our wholly owned subsidiary, announced the completion of an offering of $70 million in aggregate principal amount of fixed-to-floating rate subordinated notes which will count as tier 2 risk based capital for the Bank. Please see Note 23 - Subsequent Events for further information.

Item 7A. 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. We continue to monitor our asset sensitivity and evaluate strategies to prevent being significantly impacted by declining interest rates in the near future. As of December 31, 2019, we modeled outside of our internal policy limits in certain interest rate shock scenarios due to our asset sensitivity. We continue to monitor our asset sensitivity and evaluate strategies to prevent being significantly impacted by 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:

	December 31, 2019	
Change in Interest Rates (basis points)	**% Change in Net Interest Income**	**% Change in Fair Value of Equity**
+400	22.3 %	3.8 %
+300	17.0	3.1
+200	11.7	2.6
+100	6.7	2.6
Base		
-100	(11.0)	(8.0)
-200	(22.6)	(17.8)

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 verses 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 consolidated financial statements and related notes included in Item 8 of this report 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.

Market Risk

On July 27, 2017, the United Kingdom’s Financial Conduct Authority, which regulates London Interbank Offered Rate ("LIBOR"), announced that it will no longer persuade or require banks to submit rates for the calculation of LIBOR after 2021. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next two years. Please see Item 1A Risk Factors - Risks Related to Our Business for further information.

Item 8. Financial Statements and Supplementary Data

ORIGIN BANCORP, INC.

Financial Statements

DECEMBER 31, 2019, 2018 and 2017

INDEX

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Origin Bancorp, Inc.
Ruston, Louisiana

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Origin Bancorp, Inc. (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 28, 2020, expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex auditor judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

As more fully described in *Notes 1* and *4* to the Company’s consolidated financial statements, the allowance for loan losses represents losses that are estimated to have occurred. The allowance for loan losses is based on collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. The allowance consists of allocated and general components. The allocated component relates to specific allowances on loans that are classified as impaired. The general component relates to loans that are not classified as impaired and is based on historical charge-off experience and the expected loss, given default, derived from the Company's 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. Management discloses that this evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

We identified the valuation of the allowance for loan losses as a critical audit matter. Auditing the allowance for loan losses involves a high degree of subjectivity in evaluating management's estimates, such as evaluating management's assessment of economic conditions and other qualitative or environmental factors, evaluating the adequacy of specific allowances associated with impaired loans and assessing the appropriateness of loan risk ratings.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and operating effectiveness of controls, including those related to technology, over the allowance for loan losses including data completeness and accuracy, classifications of loans by loan segment, historical loss data, the calculation of loss rates, the establishment of qualitative adjustments, grading and risk classification of loans and establishment of specific reserves on impaired loans and management's review and disclosure controls over the allowance for loan losses;
- Testing of completeness and accuracy of the information utilized in the allowance for loan losses;
- Testing the allowance for loan losses model's computational accuracy;
- Evaluating the qualitative adjustments to historical loss rates, including assessing the basis for the adjustments and the reasonableness of the significant assumptions;
- Testing the external loan review functions and evaluating the reasonableness of loan risk ratings;
- Evaluating the reasonableness of specific allowances on impaired loans;
- Evaluating the overall reasonableness of assumptions used by management considering the past performance of the Company and evaluating trends identified within peer groups;
- Evaluating the disclosures in the consolidated financial statements.

Emphasis of Matter

As discussed in *Note 1* to the consolidated financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of Topic 842.

/s/ BKD, LLP

We have served as the Company's auditor since 2016.

Little Rock, Arkansas
February 28, 2020

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

	December 31,	
	2019	**2018**
Assets		
Cash and due from banks	$ 62,160	$ 71,008
Interest-bearing deposits in banks	229,358	45,670
Total cash and cash equivalents	291,518	116,678
Securities:		
Available for sale	501,070	575,644
Held to maturity	28,620	19,169
Securities carried at fair value through income	11,513	11,361
Total securities	541,203	606,174
Non-marketable equity securities held in other financial institutions	39,808	42,149
Loans held for sale ($36,977 and $21,562 at fair value, respectively)	64,837	52,210
Loans, net of allowance for loan losses of $37,520 and $34,203, respectively ($17,670 and $18,571 at fair value, respectively)	4,105,675	3,754,902
Premises and equipment, net	80,457	75,014
Mortgage servicing rights	20,697	25,114
Cash surrender value of bank-owned life insurance	37,961	32,706
Goodwill and other intangible assets, net	31,540	32,861
Accrued interest receivable and other assets	110,930	83,768
Total assets	$ 5,324,626	$ 4,821,576
Liabilities and Stockholders' Equity		
Noninterest-bearing deposits	$ 1,077,706	$ 951,015
Interest-bearing deposits	2,360,096	2,027,720
Time deposits	790,810	804,403
Total deposits	4,228,612	3,783,138
Federal Home Loan Bank ("FHLB") advances and other borrowings	417,190	445,224
Junior subordinated debentures, net	9,671	9,644
Accrued expenses and other liabilities	69,891	33,791
Total liabilities	4,725,364	4,271,797
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, no par value, 2,000,000 shares authorized	—	—
Common stock ($5.00 par value; 50,000,000 shares authorized; 23,480,945 and 23,726,559 shares issued at December 31, 2019 and 2018, respectively)	117,405	118,633
Additional paid-in capital	235,623	242,041
Retained earnings	239,901	191,585
Accumulated other comprehensive income (loss)	6,333	(2,480)
Total stockholders' equity	599,262	549,779
Total liabilities and stockholders' equity	$ 5,324,626	$ 4,821,576

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

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

	Years Ended December 31,		
	2019	**2018**	**2017**
Interest and dividend income			
Interest and fees on loans	$ 206,899	$ 169,384	$ 138,858
Investment securities-taxable	11,975	9,843	6,233
Investment securities-nontaxable	3,327	4,465	4,766
Interest and dividend income on assets held in other financial institutions	4,881	4,404	2,736
Total interest and dividend income	227,082	188,096	152,593
Interest expense			
Interest-bearing deposits	44,716	29,671	19,314
FHLB advances and other borrowings	8,097	4,420	2,426
Subordinated debentures	557	553	548
Total interest expense	53,370	34,644	22,288
Net interest income	173,712	153,452	130,305
Provision for credit losses	9,568	1,014	8,336
Net interest income after provision for credit losses	164,144	152,438	121,969
Noninterest income			
Service charges and fees	13,859	12,754	11,606
Mortgage banking revenue	12,309	9,620	15,806
Insurance commission and fee income	12,177	9,720	7,207
Income (loss) on sales of securities, net	20	(8)	—
Loss on non-mortgage loans held for sale, net	—	—	(12,708)
(Loss) gain on sales and disposals of other assets, net	(333)	(170)	1,036
Limited partnership investment (loss) income	(6)	823	444
Swap fee income	2,185	927	384
Change in fair value of equity investments	367	1,977	—
Other fee income	1,490	1,811	2,176
Other income	4,410	3,786	3,236
Total noninterest income	46,478	41,240	29,187

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

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

	Years Ended December 31,		
	2019	**2018**	**2017**
Noninterest expense			
Salaries and employee benefits	88,974	80,487	70,862
Occupancy and equipment, net	16,759	15,445	15,915
Data processing	6,961	6,182	5,209
Electronic banking	3,441	2,883	2,056
Communications	2,098	2,028	1,928
Advertising and marketing	3,808	4,275	2,923
Professional services	3,577	3,269	4,722
Regulatory assessments	1,694	2,457	2,867
Loan related expenses	4,174	3,039	4,419
Office and operations	6,674	5,881	5,498
Litigation settlement	—	—	10,000
Intangible asset amortization	1,321	961	518
Franchise tax expense	2,160	1,485	1,527
Other expenses	2,433	2,844	2,230
Total noninterest expense	144,074	131,236	130,674
Income before income tax expense	66,548	62,442	20,482
Income tax expense	12,666	10,837	5,813
Net income	$ 53,882	$ 51,605	$ 14,669
Preferred stock dividends	$ —	$ 1,923	$ 4,461
Net income allocated to participating stockholders	—	1,029	377
Net income available to common stockholders	$ 53,882	$ 48,653	$ 9,831
Basic earnings per common share	$ 2.30	$ 2.21	$ 0.51
Diluted earnings per common share	2.28	2.20	0.50

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

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

	Years Ended December 31,		
	2019	**2018**	**2017**
Net income	$ 53,882	$ 51,605	$ 14,669
Other comprehensive income (loss)			
Securities available for sale and transferred securities:			
Net unrealized holding gain (loss) arising during the period	11,439	(5,260)	(3,414)
Net losses realized as a yield adjustment in interest on investment securities	(10)	(10)	(10)
Reclassification adjustment for net (gain) loss included in net income	(20)	8	—
Change in the net unrealized gain (loss) on investment securities, before tax	11,409	(5,262)	(3,424)
Income tax benefit related to net unrealized gains (loss) arising during the period	2,396	(1,105)	(1,199)
Change in the net unrealized gain (loss) on investment securities, net of tax	9,013	(4,157)	(2,225)
Cash flow hedges:			
Net unrealized (loss) gain arising during the period	(216)	104	4
Reclassification adjustment for loss (gain) included in net income	37	(7)	(102)
Change in the net unrealized (loss) gain on cash flow hedges, before tax	(253)	111	106
Income tax expense related to net unrealized (loss) gain on cash flow hedges	(53)	23	37
Change in the net unrealized (loss) gain on cash flow hedges, net of tax	(200)	88	69
Other comprehensive income (loss), net of tax	8,813	(4,069)	(2,156)
Comprehensive income	$ 62,695	$ 47,536	$ 12,513

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

ORIGIN BANCORP, INC.
Consolidated Statements of Changes in Stockholders' Equity
(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
Balance at January 1, 2017	19,483,718	$ 48,260	$ 16,998	$ 97,419	$ 145,068	$ 137,449	$ 3,463	$ (28,564)	$ 420,093
Net income	—	—	—	—	—	14,669	—	—	14,669
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,156)	—	(2,156)
Recognition of stock compensation, net	35,034	—	—	175	750	—	—	—	925
Net change in fair value of Retirement Plan-owned (formerly ESOP) shares	—	—	—	—	—	—	—	(6,427)	(6,427)
Tax benefit of 2016 stock issuance costs	—	—	—	—	243	—	—	—	243
Dividends declared - Series SBLF preferred stock [1]	—	—	—	—	—	(4,344)	—	—	(4,344)
Dividends declared - Series D preferred stock	—	—	—	—	—	(117)	—	—	(117)
Dividends declared - common stock ($0.13 per share)	—	—	—	—	—	(2,535)	—	—	(2,535)
Balance at December 31, 2017	19,518,752	48,260	16,998	97,594	146,061	145,122	1,307	(34,991)	420,351
Net income	—	—	—	—	—	51,605	—	—	51,605
Other comprehensive loss, net of tax	—	—	—	—	—	—	(4,069)	—	(4,069)
Reclassification of tax effects related to the adoption of ASU 2018-02	—	—	—	—	—	(282)	282	—	—
Recognition of stock compensation, net	193,913	—	—	970	1,028	—	—	—	1,998
Termination of ESOP put option	—	—	—	—	—	—	—	34,991	34,991
Stock issuance - Common	3,045,426	—	—	15,227	79,449	—	—	—	94,676
Stock issuance - RCF acquisition	66,824	—	—	334	2,372	—	—	—	2,706
Redemption of preferred stock - Series SBLF	—	(48,260)	—	—	—	—	—	—	(48,260)
Conversion of preferred stock - Series D to common stock	901,644	—	(16,998)	4,508	12,490	—	—	—	—
Tax benefit of 2018 stock issuance cost	—	—	—	—	641	—	—	—	641
Dividends declared - Series SBLF preferred stock [1]	—	—	—	—	—	(1,894)	—	—	(1,894)
Dividends declared - Series D preferred stock	—	—	—	—	—	(29)	—	—	(29)
Dividends declared - common stock ($0.13 per share)	—	—	—	—	—	(2,937)	—	—	(2,937)
Balance at December 31, 2018	23,726,559	—	—	118,633	242,041	191,585	(2,480)	—	549,779
Net income	—	—	—	—	—	53,882	—	—	53,882
Other comprehensive income, net of tax	—	—	—	—	—	—	8,813	—	8,813
Impact of adoption of ASU 2016-02 related to leases	—	—	—	—	—	321	—	—	321
Recognition of stock compensation, net	54,386	—	—	272	2,141	—	—	—	2,413
Dividends declared - common stock ($0.25 per share)	—	—	—	—	—	(5,887)	—	—	(5,887)
Repurchase of common stock	(300,000)	—	—	(1,500)	(8,559)	—	—	—	(10,059)
Balance at December 31, 2019	23,480,945	$ —	$ —	$ 117,405	$ 235,623	$ 239,901	$ 6,333	$ —	$ 599,262

(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 consolidated financial statements.

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

	Years Ended December 31,		
Cash flows from operating activities:	**2019**	**2018**	**2017**
Net income	$ 53,882	$ 51,605	$ 14,669
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	9,568	1,014	8,336
Depreciation and amortization	6,706	5,869	5,852
Net amortization on securities	975	1,138	1,416
Amortization of investments in tax credit funds	1,608	1,899	2,629
Net realized (gain) loss on securities sold	(20)	8	—
Deferred income tax (benefit) expense	(2,596)	5,637	4,931
Stock-based compensation expense	2,247	1,462	1,150
Originations of mortgage loans held for sale	(353,090)	(300,093)	(500,234)
Proceeds from mortgage loans held for sale	334,958	309,153	517,326
Gain on mortgage loans held for sale, including origination of servicing rights	(6,943)	(6,403)	(11,615)
Mortgage servicing rights valuation adjustment	7,012	963	6,014
Net loss (gain) on disposals of premises and equipment	139	75	(1,434)
Loss on non-mortgage loans held for sale	—	—	12,708
Increase in the cash surrender value of life insurance	(755)	(713)	(631)
Gain on equity securities without a readily determinable fair value	(367)	(1,977)	—
Net losses on sales and write downs of other real estate owned	194	95	398
Other operating activities, net	8,035	8,094	473
Net cash provided by operating activities	61,553	77,826	61,988
Cash flows from investing activities:			
Cash paid for business combinations, net of cash acquired	—	(6,596)	—
Purchases of securities available for sale	(94,544)	(477,548)	(443,033)
Maturities, paydowns and calls of securities available for sale	154,473	279,152	409,180
Proceeds from sales of securities available for sale	27,766	20,877	—
Purchase of securities held to maturity	(10,000)	—	—
Maturities, paydowns and calls of securities held to maturity	541	1,018	520
Paydowns of securities carried at fair value	434	414	381
Net (sales) purchases of non-marketable equity securities held in other financial institutions	3,386	(17,026)	(3,199)
Paydowns and proceeds from non-mortgage loans held for sale	—	—	13,260
Originations of mortgage warehouse loans	(4,306,171)	(4,495,650)	(4,343,469)
Proceeds from pay-offs of mortgage warehouse loans	4,239,381	4,542,822	4,344,800
Net increase in loans, excluding mortgage warehouse and loans held for sale	(290,278)	(601,153)	(179,383)
Purchase of bank-owned life insurance	(4,500)	(4,000)	—
Return of capital on limited partnership investments	503	456	844
Capital calls on limited partnership investments	(1,521)	(2,838)	(2,175)
Purchases of premises and equipment	(11,152)	(5,482)	(3,031)
Proceeds from sales of premises and equipment	27	111	4,411
Proceeds from sales of other real estate owned	470	516	3,244
Net cash used in investing activities	(291,185)	(764,927)	(197,650)

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

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

	Years Ended December 31,		
Cash flows from financing activities:	**2019**	**2018**	**2017**
Net increase in deposits	445,474	271,124	68,748
Proceeds from long-term FHLB advances	100,000	250,000	—
Repayments on long-term FHLB advances	(101,649)	(51,342)	(1,294)
Proceeds from short-term FHLB advances	2,815,000	667,065	—
Repayments on short-term FHLB advances	(2,815,000)	(567,065)	—
Net increase in other borrowed funds	—	1,164	—
Net (decrease) increase in securities sold under agreements to repurchase	(23,597)	4,135	2,733
Dividends paid	(5,863)	(5,941)	(6,996)
Taxes paid related to net share settlement of equity awards	—	(25)	(348)
Cash received from exercise of stock options	166	559	123
Proceeds from issuance of common stock, net of offering expenses	—	95,178	—
Redemption of Series SBLF preferred stock	—	(48,260)	—
Common stock repurchased	(10,059)	—	—
Net cash provided by financing activities	404,472	616,592	62,966
Net increase (decrease) in cash and cash equivalents	174,840	(70,509)	(72,696)
Cash and cash equivalents at beginning of period	116,678	187,187	259,883
Cash and cash equivalents at end of period	$ 291,518	$ 116,678	$ 187,187
Interest paid	$ 53,227	$ 34,390	$ 22,686
Income taxes paid	10,023	675	5,268
Significant non-cash transactions:			
Unsettled liability for investment purchases recorded at trade date	2,659	—	—
Real estate acquired in settlement of loans	1,577	1,057	749
Conversion of Series D preferred stock to common stock	—	16,998	—
Fair value of common stock issued in conjunction with business combination	—	2,706	—

The accompanying notes are an integral part of these 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 43 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 consolidated financial statements 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 Agency, and Reeves, Coon and Funderburg ("RCF"). All significant intercompany balances and transactions have been eliminated in consolidation. The Company's accounting and financial reporting policies conform, in all material respects, to accounting principles generally accepted in the United States ("U.S. GAAP") and to general practices within the financial services industry. The Company has evaluated subsequent events for potential recognition and/or disclosure through the date these consolidated financial statements were issued.

Reclassifications. Certain amounts previously reported have been reclassified to conform to the current presentation. Such reclassifications had no effect on prior year net income or stockholders' equity.

Variable Interest Entities. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity ("VIE") under U.S. GAAP. Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. The Company consolidates voting interest entities in which it has all, or at least a majority of, the voting interest. As defined in applicable accounting standards, VIEs are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in a VIE is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. The Company's wholly owned subsidiaries CTB Statutory Trust I and First Louisiana Statutory Trust I are VIEs for which the Company is not the primary beneficiary. Accordingly, the accounts of these trusts are not included in the Company's consolidated financial statements.

Operating Segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Bank is the only significant subsidiary upon which management makes decisions regarding how to allocate resources and assess performance. Individual bank branches offer a group of similar services, including commercial, real estate and consumer loans, time deposits, checking and savings accounts, all with similar operating and economic characteristics. While the chief operating decision-maker monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the community banking services and branch locations are considered by management to be aggregated into one reportable operating segment, community banking.

Use of Estimates. To prepare financial statements in conformity with U.S. GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. Material estimates that are subject to significant change in the near term are the allowance for loan losses, valuation of other real estate owned, fair value of mortgage servicing rights, realization of deferred tax assets, fair values of financial instruments and the status of contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the statement of cash flows, the Company considers all cash on hand, demand deposits with other banks, federal funds sold and short term interest-bearing cash items with an original maturity less than 90 days to be cash equivalents. The Company maintains deposits with other financial institutions in amounts that exceed federal deposit insurance coverage. Furthermore, federal funds sold are essentially uncollateralized loans to other financial institutions. Management regularly evaluates the credit risk associated with the counterparties to these transactions and believes that the Company is not exposed to any significant credit risks on cash and cash equivalents.

At December 31, 2019 and 2018 the Company had cash collateral required to be held with counterparties on certain derivative transactions as discussed in Note 12 - Derivative Financial Instruments. At December 31, 2019 and 2018 the Company had no reserve requirement for cash balances with the Federal Reserve.

Securities. The Company accounts for debt and equity securities as follows:

Available for Sale ("AFS") - Debt and equity securities that will be held for indefinite periods of time, including securities that may be sold in response to changes in market interest or prepayment rates, needs for liquidity and changes in the availability of and the yield of alternative investments are classified as AFS. These assets are carried at fair value. Fair value is determined using published quotes. If quoted market prices are not available, fair values are based on other methods including, but not limited to the discounting of cash flows.

Held to Maturity ("HTM") - Debt securities that management has the positive intent and ability to hold until maturity are classified as HTM and are carried at their remaining unpaid principal balance, net of unamortized premiums or unaccreted discounts.

Securities Carried at Fair Value through Income - Debt securities for which the Company has elected the fair value option for accounting are classified as securities carried at fair value through income. Management has elected the fair value option for these items to offset the corresponding change in fair value of related interest rate swap agreements. Fair value is determined using discounted cash flows and credit quality indicators. Changes in fair value are reported through the consolidated statements of income as a part of other noninterest income.

Unrealized gains and losses on AFS securities are excluded from earnings and reported net of tax in accumulated other comprehensive income until realized. Declines in the fair value of AFS and HTM securities below their cost are reflected in earnings as realized losses to the extent the impairment is deemed to be other-than-temporary credit losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) management's intent and ability to retain the investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. The amount of the impairment related to other factors is recognized in other comprehensive income unless there is no ability or intent to hold to recovery.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities to the earlier of the call date or maturity date. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Non-marketable Equity Securities Held in Other Financial Institutions. Securities with limited marketability, such as stock in the Federal Reserve Bank of Dallas ("FRB") or the Federal Home Loan Bank of Dallas ("FHLB"), are carried at cost, less impairment, if any. These investments in stock do not have readily determinable fair values. The Company's remaining equity investments in other financial institutions, totaling $12.1 million and $11.7 million at December 31, 2019 and 2018, respectively, qualify for the practicability exception under Accounting Standards Update ("ASU") 2016-01 due to having illiquid markets and are carried at cost, less impairment, plus or minus any observable price changes. The carrying value of these securities was evaluated and was determined not to be impaired for the years ended December 31, 2019, 2018 and 2017.

Loans Held for Sale. Loans held for sale include mortgage loans and are carried at fair value, with unrealized gains and losses recorded in the consolidated statements of income.

Forward commitments to sell mortgage loans are acquired to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. The forward commitments acquired by the Company for mortgage loans in process of origination are mandatory forward commitments, and the Company is required to substitute another loan or to buy back the commitment if the original loan does not fund. Typically, the Company delivers the mortgage loans within a few days after the loans are funded. These commitments are derivative instruments carried at fair value.

Gains and losses resulting from sales of mortgage loans are realized when the respective loans are sold to investors. Gains and losses are determined by the difference between the selling price (including the fair value of any items such as mortgage servicing rights) and the carrying amount of the loans sold. Fees received from borrowers to guarantee the funding of mortgage loans held for sale are recognized as income or expense when the loans are sold or when it becomes evident that the commitment will not be used.

Loans. Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, and certain direct origination costs, are deferred and amortized as a yield adjustment over the lives of the related loans using the interest method. Late fees are recognized as income when earned, assuming collectability is reasonably assured.

The Company has elected the fair value option on a small portion of its loans held for investment, with changes in fair value recorded in noninterest income. For these loans, the earned current contractual interest payment is recognized in interest income. Loan origination costs and fees are recognized in earnings as incurred and not deferred. Because these loans are recognized at fair value, the Company's allowance for loan losses policy does not apply to these loans. Fair value is determined using discounted cash flows and credit quality indicators.

In addition to loans issued in the normal course of business, the Company considers overdrafts on customer deposit accounts to be loans and classifies these overdrafts as loans in its consolidated balance sheets.

Loans are placed on nonaccrual status when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful, or generally when loans are 90 days or more past due. When accrual of interest is discontinued, all unpaid accrued interest is reversed. Past due status is based on contractual terms of the loan. Interest income on nonaccrual loans may be recognized to the extent cash payments are received, but payments received are usually applied to principal. Nonaccrual loans are generally returned to accrual status when principal and interest payments are less than 90 days past due, the customer has made required payments for at least six months, and the Company reasonably expects to collect all principal and interest.

Allowance for Loan Losses. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Loans are charged off against the allowance for loan losses when management believes the loss is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired, and an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component relates to loans that are not classified as impaired and is based on historical charge-off experience and the expected loss, given default, derived from the Company's 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.

Delinquency statistics are updated at least monthly and are the most meaningful indicator of the credit quality of one-to-four single family residential, home equity loans and lines of credit and other consumer loans. Internal risk ratings are considered the most meaningful indicator of credit quality for commercial and industrial, construction, and commercial real estate loans. Internal risk ratings are a key factor in identifying loans that are individually evaluated for impairment and impact management's estimates of loss factors used in determining the amount of the allowance for loan losses. Internal risk ratings are updated on a regular basis.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Impaired loans include nonperforming loans and loans modified in troubled debt restructurings ("TDRs"). TDRs are loans for which the contractual terms on the loan have been modified and both of the following conditions exist: (1) the borrower is experiencing financial difficulty and (2) the restructuring constitutes a concession. Concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. The Company assesses all loan modifications to determine whether they constitute a TDR. All TDRs are considered impaired loans. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Premises and Equipment, net. Land is carried at cost. Buildings and improvements are stated at cost less accumulated depreciation computed using the straight-line method over the estimated useful lives of the assets, which range from 35 to 39 years. Furniture, fixtures, and equipment are stated at cost less accumulated depreciation computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Leases. The Company adopted ASU No. 2016-02 — Leases (Topic 842) as of January 1, 2019, and recorded a $19.7 million right-of-use ("ROU") asset offset by a $19.4 million lease liability, recognizing a net after tax $321,000 cumulative effect adjustment credit 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; instead, 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 terms include options to extend a 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 are accounted for as a single lease component.

Mortgage Servicing Rights and Transfers of Financial Assets. Gains or losses on "servicing-retained" loan sale transactions generally include a component reflecting the differential between the contractual interest rate of the loan and the interest rate to be received by the investor. The present value of the estimated future profit for servicing the loans is also taken into account in determining the amount of gain or loss on the sale of these loans. For loans sold servicing-retained, the fair value of mortgage servicing rights is recorded as an asset, with their value estimated using a discounted cash flow methodology to arrive at the present value of future expected earnings from the servicing of the loans. Significant model inputs include prepayment speeds, discount rates, and servicing costs. Servicing revenues are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned.

Loans sold into the secondary market are considered transfers of financial assets. These transfers are accounted for as sales when control over the asset has been surrendered, which is deemed to have occurred when: an asset does not have any claims to it by the transferor or their creditors, including in bankruptcy or other receivership situations; the transferee obtains the unconditional right to pledge or exchange the asset; or the transfer does not include a repurchase provision above the limited recourse provisions of these loan sales.

Derivative Instruments and Hedging Activities. All derivatives are recorded on the accompanying consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. During the term of a cash flow hedge contract the effective portion of changes in fair value in the derivative instrument are recorded in accumulated other comprehensive income. Changes in the fair value of derivatives to which hedge accounting does not apply are recognized immediately in earnings. Note 12 - Derivative Financial Instruments describes the derivative instruments currently used by the Company and discloses how these derivatives impact its consolidated balance sheets and statements of income.

Goodwill and Other Intangible Assets. Goodwill, which represents the excess of cost over the fair value of the net assets of an acquired business, is not amortized but tested for impairment on an annual basis, which is October 1 for the Company, or more often if events or circumstances indicate that there may be impairment. Other intangible assets, such as relationship based intangibles and core deposit intangibles, are amortized on a basis consistent with the receipt of economic benefit to us. Such assets are evaluated at least annually as to the recoverability of their carrying value for potential impairment. In the quarter following the period in which identified intangible assets become fully amortized, the fully amortized balances are removed from the gross asset and accumulated amortization amounts.

Other Real Estate Owned. Other real estate owned ("OREO") represents properties acquired through foreclosure or acceptance of a deed in lieu of foreclosure on loans on which the borrowers have defaulted as to payment of principal and interest. OREO also includes bank-owned real estate which the Company is no longer utilizing and intends to sell. These properties are initially recorded at fair value, less cost to sell, at the date of foreclosure establishing a new cost basis. Fair value is determined based on third party appraisals. Any subsequent capital improvements that increase value are added to the balance of the properties. Any valuation adjustments required at the date of transfer from loans to OREO are charged to the allowance for loan losses. Any subsequent write-downs to reflect current fair value, or gains and losses on the sale of the properties are charged to noninterest income. At December 31, 2019 and 2018, the balance of OREO was $4.7 million and $3.7 million, respectively, and included as a component of other assets in the accompanying consolidated balance sheets.

Overnight Repurchase Agreements with Depositors. The Company enters into agreements under which it sells securities subject to an obligation to repurchase the same or similar securities. Under these arrangements, the Company may transfer legal control over the assets but still retain effective control through an agreement that both entitles and obligates it to repurchase the assets. Securities sold under agreements to repurchase generally mature on the banking day following that on which the investment was initially sold and are treated as collateralized financing transactions which are recorded at the amounts at which the securities were sold plus accrued interest. Interest rates and maturity dates of the securities involved vary and are not intended to be matched with funds from customers.

Mortgage Banking Revenue. This revenue category primarily reflects the Company's mortgage production, sales and mortgage servicing revenue, including fees and income derived from mortgages originated with the intent to sell; mortgage sales and servicing; and the impact of risk management activities associated with the mortgage pipeline and mortgage servicing rights ("MSRs"). This revenue category also includes gains and losses on sales and changes in fair value for mortgage loans originated with the intent to sell and measured at fair value under the fair value option. Changes in the fair value of MSRs are reported in mortgage banking revenue. Net interest income from mortgage loans is recorded in interest income.

Income Taxes. Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company did not have any amount accrued with respect to uncertainty in income taxes at December 31, 2019 and 2018.

The Company recognizes interest and/or penalties related to income tax matters as a component of noninterest expense. There were no penalties or related interest for the years ended December 31, 2019, 2018 or 2017. Federal income tax expense or benefit has been allocated to subsidiaries on a separate return basis.

Stock-Based Compensation. The cost of employee services received in exchange for stock options or restricted stock grants are measured using the fair value of the award on the grant date and is recognized over the service period.

Other Investments. The Company accounts for investments in limited partnerships, limited liability companies ("LLCs"), and other privately held companies using either the equity method of accounting or at amortized cost net of impairments and observable price changes. The accounting treatment depends upon the Company's percentage ownership or degree of management influence.

Under the equity method of accounting, the Company records its initial investment at cost. Subsequently, the carrying amount of the investment is increased or decreased to reflect its share of income or loss of the investee. The Company's recognition of earnings or losses from an equity method investment is based on its ownership percentage in the investee and the investee's earnings for the reporting period, and is recorded on a one-quarter lag.

All of the Company's investments in limited partnerships, LLCs, and other companies are privately held, and their fair values are not readily available. Management evaluates the investments in investees for impairment based on the investee's ability to generate cash through its operations or obtain alternative financing, and other subjective factors. There are inherent risks associated with investments in such companies, which may result in volatility in the consolidated statements of income in future periods.

At December 31, 2019 and 2018, investments in limited partnerships, LLCs and other privately held companies totaled $16.0 million and $14.5 million, respectively, and were included in other assets in the accompanying consolidated balance sheets.

Investments in Tax Credit Entities. As part of its Community Reinvestment Act responsibilities and due to their favorable economic characteristics, the Company invests in tax credit-motivated projects primarily in the markets it serves. These projects are directed at tax credits issued under Low-Income Housing Tax Credits. The Company generates returns on tax credit motivated projects through the receipt of federal, and if applicable, state tax credits. The federal tax credits are recorded as an offset to the income tax provision in the year that they are earned under federal income tax law – over 10 to 15 years beginning in the year in which rental activity commences. These credits, if not used in the tax return for the year of origination, can be carried forward for 20 years.

The Company invests in a tax credit entity, usually an LLC, which owns the real estate. The Company receives a nonvoting interest in the entity that must be retained during the compliance period for the credits (15 years for Low-Income Housing Tax Credit programs). Control of the tax credit entity rests in the 0.1% interest general partner, who has the power and authority to make decisions that impact economic performance of the project and is required to oversee and manage the project. Due to the lack of any voting, economic, or managerial control, and due to the contractual reduction in the investment, the Company accounts for its investment by amortizing the investment, beginning at the issuance of the certificate of occupancy of the project, over the compliance period, as management believes any potential residual value in the real estate will have limited value. Amortization is included as a component of income tax expense.

The Company has the risk of credit recapture if the project does not maintain compliance during the compliance period. No such events have occurred to date. At December 31, 2019 and 2018, the Company had investments in tax credit entities of $9.0 million and $10.6 million, respectively, which are included in other assets in the accompanying consolidated balance sheets.

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. 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). 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.

Diluted income per common share 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 are not deemed to be participating securities is calculated using the treasury stock method, which assumes that the proceeds from exercise are used to purchase common stock at the average market price for the period. The dilutive effect of participating securities is 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 are 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. 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Since these amendments only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. These amendments require that an entity disclose a description of the accounting policy for releasing income tax effects from accumulated other comprehensive income. These amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted, including adoption in any interim period, for reporting periods for which financial statements have not yet been issued. These amendments should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. Rather than adjusting income tax expense for the differences as the effect of the change in the U.S. federal corporate income tax rates are realized, the Company elected to adjust the difference (stranded tax effect) to retained earnings, consistent with the treatment of the deferred tax adjustment. The Company adopted this guidance during the first quarter of 2018, which resulted in a reclassification of $282,000 from accumulated other comprehensive income to retained earnings. The Company's policy is to release material stranded tax effects on a specific identification basis.

ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. ASU 2017-12 permits hedge accounting for risk components in hedging relationships involving nonfinancial risk and interest rate risk. It also changes the guidance for designating fair value hedges of interest rate risk and for measuring the change in fair value of the hedged item in fair value hedges of interest rate risk. In addition to the amendments to the designation and measurement guidance for qualifying hedging relationships, the amendments in this ASU also align the recognition and presentation of the effects of the hedging instrument and the hedged item in the consolidated financial statements. This ASU requires an entity to present the earnings effect of the hedging instrument in the same line item in the statement of income in which the earnings effect of the hedged item is reported. For public entities, these amendments were effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early application was permitted. The Company analyzed its hedges and determined that the amendments in this ASU were not applicable to any hedge relationships in effect and therefore, no transition adjustment was necessary. The Company adopted this ASU during the first quarter of 2018.

ASU No. 2016-15 —Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The Company adopted this guidance on January 1, 2018, and, as a result, reclassified $844,000 of return of capital proceeds from limited partnership investments from operating activities to investing activities for the year ended December 31, 2017.

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. The Company adopted this ASU as of January 1, 2019. Please see the ***Leases*** paragraphs above in this footnote for more information.

ASU No. 2016-01 —Financial Instruments —Overall (Subtopic 825-10). The Company adopted this update effective January 1, 2018. The main provisions are to eliminate the AFS classification of accounting for equity securities and to adjust the fair value disclosures for financial instruments carried at amortized cost such that the disclosed fair values represent an exit price as opposed to an entry price. 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 which do not have readily determinable fair values. The disclosure of fair value of the loan and interest-bearing deposit portfolios has been presented using an exit price methodology and had an immaterial impact on the Company's financial position.

ASU No. 2014-09 —Revenue from Contracts with Customers (*Topic 606*). The Company adopted this ASU on January 1, 2018, which outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers. The implementation of this new guidance did not have a material impact on the measurement or recognition of revenue and no cumulative effect adjustment was recorded to opening retained earnings. Results for reporting periods beginning after January 1, 2018, are presented under Topic 606, while prior period amounts were not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605.

The majority of the Company's revenue is generated from sources outside the scope of Topic 606. Interest and fees on loans, income from investment securities and mortgage banking revenue are all outside the scope of Topic 606 and are recorded in adherence with U.S. GAAP. Service charges and fees on deposit accounts, credit card interchange, insurance commission and fee income, as well as gains and losses on the sale of other assets including OREO are within the scope of Topic 606; however, the recognition of these revenue streams did not change significantly upon adoption of Topic 606. Descriptions of the Company's revenue generating activities that are within the scope of Topic 606 are described below.

Service charges and fees on deposit accounts

Service charges and fees on deposit accounts are primarily comprised of maintenance fees, service fees, stop payment and insufficient funds fees. The Company's performance obligation for service fees or other fees covering a period of time are generally satisfied, and related revenue recognized, over the period in which the service is provided. The Company's performance obligations for transactional-based fees are generally satisfied, and related revenue recognized, at a point in time.

Insurance commission and fee income

The Company earns commission income through production on behalf of insurance carriers and also earns fee income by providing complementary services such as collection of premiums. In most instances the Company considers the performance obligation to be complete at the time the service was rendered.

Credit card interchange income

The Company records credit card interchange income at a point in time as card transactions occur. The Company's performance obligation for these transactions is deemed to have occurred upon completion of each transaction. The amounts are included as a component of other income in the consolidated statements of income.

Gain or loss on sale of other assets and OREO

In the normal course of business, the Company recognizes the sale on other assets and OREO, along with any gain or loss, when control of the property transfers to the buyer through an executed contractual agreement. The transaction price is fixed, and on occasion the Company will finance a portion of the purchase price of the transferred asset.

ASU No. 2018-15, Intangibles, Goodwill and Other, Internal Use Software - (Topic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract. The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). Accordingly, the amendments require an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. The amendments also require the entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement, which includes reasonably certain renewals. For public business entities that file reports with the Securities and Exchange Commission ("SEC"), the amendments in the update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, early adoption is permitted.

The Company prospectively adopted ASU 2018-15 effective October 1, 2018. As a result of this implementation, capitalized costs relating to internal use software totaled $455,000 at December 31, 2018, and are expensed over the useful life of the contract rather than expensed as incurred. The asset is reflected on the consolidated balance sheets in accrued interest receivable and other assets and the related amortization expense is reflected in data processing expense on the consolidated statements of income.

Effect of Newly Issued But Not Yet Effective Accounting Standards

ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses; ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments; ASU 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief; ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses; collectively, the "ASUs". These ASUs introduce and amend ASC Topic 326, *Financial Instruments - Credit Losses* and amend 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 current incurred loss approach 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. This guidance also changes the accounting for purchased loans and securities with credit deterioration.

Topic 326 also applies to off-balance sheet exposures such as unfunded loan commitments, letters of credit and other financial guarantees. Expected credit losses related to off-balance sheet exposures will be presented as a liability rather than as an allowance.

The ASUs allow for certain accounting policy elections related to the treatment of accrued interest, the amortized cost components of charged-off balances, the treatment of prepayment assumptions related to discounted cash flow methodology and a limited use of the fair value option.

Topic 326 retains many of the current required disclosures, expands certain disclosures and adds some additional disclosures. For available for sale debt securities, entities are required to determine whether all or a portion of the unrealized loss on those securities is a credit loss. The guidance also eliminates the option for management to consider the length of time a security has been in an unrealized loss position as a factor in determining whether or not a credit loss exists. Topic 326 requires that credit losses be presented as an allowance for credit losses rather than as a direct write-down of the investment balance. This change allows improvements in credit quality to be recognized in earnings.

The Company has made significant changes in the processes and procedures to calculate the allowance for credit 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. In order to validate the operations and outputs associated with these ASUs, the Company is running parallel models and has made substantial progress toward (1) defining risk characteristics and creating loan pools based on those characteristics, (2) determining internal and external data sources that will be used, (3) deciding the loss methodologies that will be used, (4) calculating historical loss data and making appropriate adjustments using internal and external sources, (5) developing and refining an economic forecasting model, (6) documenting processes, procedures and model assumptions, (7) developing accounting policies relevant to the credit loss estimation process and (8) developing internal control procedures around the credit loss estimation process. For public business entities that are SEC filers, the ASUs are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company will implement these amendments in its fiscal year beginning January 1, 2020.

Upon adoption of these ASUs, the Company recognized a one-time, after tax cumulative effect adjustment of $760,000 to retained earnings at the beginning of the first quarter of 2020, increasing the allowance for credit losses by approximately $1.3 million and decreasing the off-balance sheet reserve by $382,000. The Company's held-to-maturity and available for sale securities were not materially affected by the adoption of this ASU due to the nature of the portfolios which consist of approximately 73% of U.S. government agency and mortgage-backed securities. Our adjustment to the allowance for credit losses at the transition date may vary from our estimate due to refinements in the loss estimation models or factors.

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 implementation of this ASU will not materially impact the consolidated financial statements. Certain fair value disclosures will be revised to comply with this ASU.

ASU No. 2019-10, Financial Instruments —Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842). ASU 2019-10 defers the effective dates related to (1) ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Credit Losses), (2) ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (Hedging) and (3) ASU 2016-02, Leases (Topic 842) (Leases) for non-SEC filers. The ASU amends the effective date for SEC filers for ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment to periods beginning after December 15, 2019, aligning it with the effective date for Credit Losses. The impact of this ASU alleviates step 2 of the goodwill impairment test effective January 1, 2020. The implementation of this ASU will not materially impact the consolidated financial statements or disclosures. The effective date of this ASU was November 15, 2019.

ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. ASU 2019-12 simplifies the accounting for income taxes by eliminating some exceptions to the general approach in Accounting Standards Codification (ASC) 740, Income Taxes. It also clarifies certain aspects of the existing guidance to promote more consistent application, among other things. The amendments in the update are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is evaluating the impact of this ASU on the consolidated financial statements and disclosures.

Note 2 - Earnings Per Share

(Dollars in thousands, except per share amounts)	Years Ended December 31,		
Basic earnings per common share	**2019**	**2018**	**2017**
Net income	$ 53,882	$ 51,605	$ 14,669
Less: Dividends to preferred stock (1)	—	1,923	4,461
Net income allocated to participating stockholders (1) (2)	—	1,029	377
Net income available to common stockholders (3)	$ 53,882	$ 48,653	$ 9,831
Weighted average common shares outstanding	23,470,746	21,995,990	19,418,278
Basic earnings per common share	$ 2.30	$ 2.21	$ 0.51
Diluted earnings per common share			
Diluted earnings applicable to common stockholders (3)	$ 53,882	$ 48,819	$ 9,861
Weighted average diluted common shares outstanding:			
Weighted average common shares outstanding	23,470,746	21,995,990	19,418,278
Dilutive effect of common stock options	203,319	198,439	216,134
Weighted average diluted common shares outstanding	23,674,065	22,194,429	19,634,412
Diluted earnings per common share	$ 2.28	$ 2.20	$ 0.50

(1) Participating stockholders include those that hold certain share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents. Such shares or units are considered participating securities (i.e., nonvested restricted stock grants). Additionally, for period prior to June 30, 2018, Series D preferred stockholders were participating stockholders as those shares participate in dividends with common shares on a one for one basis. Net income allocated to participating stockholders does not include dividends paid to preferred stockholders.

(2) The average participating share count for the calculation of earnings per share for the year ended December 31, 2018, includes an allocation for Series D preferred stockholders, which were converted to common stock during the quarter ended June 30, 2018.

(3) 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) December 31, 2019	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
State and municipal securities	$ 96,180	$ 3,039	$ (35)	$ 99,184
Corporate bonds	16,037	780	—	16,817
U.S. government and agency securities	5,063	183	(8)	5,238
Commercial mortgage-backed securities	11,882	262	—	12,144
Residential mortgage-backed securities	204,650	3,105	(249)	207,506
Commercial collateralized mortgage obligations	4,321	73	—	4,394
Residential collateralized mortgage obligations	154,925	1,186	(324)	155,787
Total	$ 493,058	$ 8,628	$ (616)	$ 501,070
Held to maturity:				
State and municipal securities	$ 28,620	$ 903	$ —	$ 29,523
Securities carried at fair value through income:				
State and municipal securities[1]	$ 11,070	$ —	$ —	$ 11,513
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 consolidated statements of income. See Note 5 - Fair Value of Financial Instruments for more information.

Securities with unrealized losses at December 31, 2019 and 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. There were no losses on held to maturity securities at December 31, 2019.

(Dollars in thousands)	Less than 12 Months		12 Months or More		Total	
December 31, 2019	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
Available for sale:						
State and municipal securities	$ 6,996	$ (35)	$ —	$ —	$ 6,996	$ (35)
U.S. government and agency securities	—	—	663	(8)	663	(8)
Residential mortgage-backed securities	29,184	(151)	14,917	(98)	44,101	(249)
Residential collateralized mortgage obligations	20,266	(118)	24,275	(206)	44,541	(324)
Total	$ 56,446	$ (304)	$ 39,855	$ (312)	$ 96,301	$ (616)
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 December 31, 2019, the Company had 54 individual securities with unrealized losses. The unrealized losses for each of the securities relate 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.

Proceeds from sales of securities available for sale and gross gains for the years ended December 31, 2019 and 2018. There were no security sales during the year ended December 31, 2017.

	December 31,	
(Dollars in thousands)	**2019**	**2018**
Proceeds from sales	$ 27,766	$ 20,877
Gross realized gains	161	381
Gross realized losses	(141)	(389)
Tax expense (benefit) related to securities gains/losses	4	(2)

The following table presents the amortized cost and fair value of securities available for sale and held to maturity at December 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	
December 31, 2019	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in one year or less	$ —	$ —	$ 3,998	$ 4,020
Due after one year through five years	13,415	13,498	46,610	48,698
Due after five years through ten years	15,205	16,025	50,419	52,176
Due after ten years	—	—	16,253	16,345
Commercial mortgage-backed securities	—	—	11,882	12,144
Residential mortgage-backed securities	—	—	204,650	207,506
Commercial collateralized mortgage obligations	—	—	4,321	4,394
Residential collateralized mortgage obligations	—	—	154,925	155,787
Total	$ 28,620	$ 29,523	$ 493,058	$ 501,070

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

	December 31,	
(Dollars in thousands)	**2019**	**2018**
Carrying value of securities pledged to secure public deposits	$ 285,552	$ 364,055
Carrying value of securities pledged to repurchase agreements	20,356	48,847

Note 4 - Loans

Loans consist of the following:

	December 31,	
(Dollars in thousands)	**2019**	**2018**
Loans held for sale	$ 64,837	$ 52,210
Loans held for investment:		
Loans secured by real estate:		
Commercial real estate	$ 1,296,847	$ 1,228,402
Construction/land/land development	517,688	429,660
Residential real estate	689,555	629,714
Total real estate	2,504,090	2,287,776
Commercial and industrial	1,343,475	1,272,566
Mortgage warehouse lines of credit	274,659	207,871
Consumer	20,971	20,892
Total loans held for investment[(1)]	4,143,195	3,789,105
Less: Allowance for loan losses	37,520	34,203
Net loans held for investment	$ 4,105,675	$ 3,754,902

(1) Includes net deferred loan fees of $3.6 million and $3.2 million at December 31, 2019 and 2018, respectively.

Included in total loans held for investment were $17.7 million and $18.6 million of commercial real estate loans for which the fair value option was elected as of December 31, 2019 and 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 have 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.

Loans held for investment by credit quality indicator at December 31, 2019 and 2018, were as follows:

(Dollars in thousands)	December 31, 2019					
Loans secured by real estate:	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	$ 1,269,493	$ 12,479	$ 14,875	$ —	$ —	$ 1,296,847
Construction/land/land development	512,901	149	4,638	—	—	517,688
Residential real estate	680,046	1,558	7,951	—	—	689,555
Total real estate	2,462,440	14,186	27,464	—	—	2,504,090
Commercial and industrial	1,277,564	28,478	37,433	—	—	1,343,475
Mortgage warehouse lines of credit	274,659	—	—	—	—	274,659
Consumer	20,808	—	163	—	—	20,971
Total loans held for investment	$ 4,035,471	$ 42,664	$ 65,060	$ —	$ —	$ 4,143,195

(Dollars in thousands)	December 31, 2018					
Loans secured by real estate:	Pass	Special Mention	Substandard	Doubtful	Loss	Total
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:

(Dollars in thousands)	December 31, 2019						
Loans secured by real estate:	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
Commercial real estate	$ 917	$ —	$ 5,891	$ 6,808	$ 1,290,039	$ 1,296,847	$ —
Construction/land/land development	3,569	133	56	3,758	513,930	517,688	—
Residential real estate	2,174	1,918	913	5,005	684,550	689,555	—
Total real estate	6,660	2,051	6,860	15,571	2,488,519	2,504,090	—
Commercial and industrial	1,588	1,037	11,545	14,170	1,329,305	1,343,475	—
Mortgage warehouse lines of credit	—	—	—	—	274,659	274,659	—
Consumer	164	35	40	239	20,732	20,971	—
Total loans held for investment	$ 8,412	$ 3,123	$ 18,445	$ 29,980	$ 4,113,215	$ 4,143,195	$ —

(Dollars in thousands)	December 31, 2018													
Loans secured by real estate:	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	
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.

(Dollars in thousands)	Year Ended December 31, 2019									
Loans secured by real estate:	Beginning Balance		Charge-offs		Recoveries		Provision (Benefit)[(1)]		Ending Balance	
Commercial real estate	$	8,999	$	1,420	$	341	$	2,093	$	10,013
Construction/land/land development		3,331		38		40		378		3,711
Residential real estate		5,705		265		185		707		6,332
Commercial and industrial		15,616		8,231		3,627		5,948		16,960
Mortgage warehouse lines of credit		316		29		—		(25)		262
Consumer		236		148		48		106		242
Total	$	34,203	$	10,131	$	4,241	$	9,207	$	37,520

(1) The $9.6 provision for credit losses on the consolidated statements of income includes a $9.2 million net loan loss provision and a $361,000 provision for off-balance sheet commitments for the year ended December 31, 2019.

(Dollars in thousands)	Year Ended December 31, 2018									
Loans secured by real estate:	Beginning Balance		Charge-offs		Recoveries		Provision (Benefit)[(1)]		Ending Balance	
Commercial real estate	$	8,998	$	1,300	$	226	$	1,075	$	8,999
Construction/land/land development		2,950		228		6		603		3,331
Residential real estate		5,807		407		133		172		5,705
Commercial and industrial		18,831		5,068		2,206		(353)		15,616
Mortgage warehouse lines of credit		214		—		—		102		316
Consumer		283		121		92		(18)		236
Total	$	37,083	$	7,124	$	2,663	$	1,581	$	34,203

(1) The $1.0 million provision for credit losses on the consolidated statements of income includes a $1.6 million net loan loss provision and an $567,000 release of provision for off-balance sheet commitments for the year ended December 31, 2018.

(Dollars in thousands)	Year Ended December 31, 2017				
Loans secured by real estate:	Beginning Balance	Charge-offs	Recoveries	Provision[(1)]	Ending Balance
Commercial real estate	$ 8,718	$ 463	$ 93	$ 650	$ 8,998
Construction/land/land development	2,805	3	5	143	2,950
Residential real estate	5,003	1,446	125	2,125	5,807
Commercial and industrial	33,590	21,767	1,918	5,090	18,831
Mortgage warehouse lines of credit	139	—	—	75	214
Consumer	276	198	69	136	283
Total	$ 50,531	$ 23,877	$ 2,210	$ 8,219	$ 37,083

(1) The $8.3 million provision for credit losses on the consolidated statements of income includes a $8.2 million loan loss provision and a $117,000 provision for off-balance sheet commitments for the year ended December 31, 2017.

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

(Dollars in thousands)	December 31, 2019			
Loans secured by real estate:	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)]
Commercial real estate	$ 3	$ 10,010	$ 7,446	$ 1,271,731
Construction/land/land development	3	3,708	4,329	513,359
Residential real estate	21	6,311	4,937	684,618
Commercial and industrial	168	16,792	15,662	1,327,813
Mortgage warehouse lines of credit	—	262	—	274,659
Consumer	4	238	100	20,871
Total	$ 199	$ 37,321	$ 32,474	$ 4,093,051

(1) Excludes $17.7 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.

(Dollars in thousands)	December 31, 2018			
Loans secured by real estate:	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)]
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 December 31, 2019 or 2018.

(Dollars in thousands)	December 31, 2019				
Loans secured by real estate:	Unpaid Contractual Principal Balance	Recorded Investment with no Allowance	Recorded Investment with an Allowance	Total Recorded Investment	Allocation of Allowance for Loan Losses
Commercial real estate	$ 10,788	$ 7,375	$ 71	$ 7,446	$ 3
Construction/land/land development	4,692	4,256	73	4,329	3
Residential real estate	5,846	4,407	530	4,937	21
Total real estate	21,326	16,038	674	16,712	27
Commercial and industrial	22,857	14,385	1,277	15,662	168
Consumer	110	—	100	100	4
Total impaired loans	$ 44,293	$ 30,423	$ 2,051	$ 32,474	$ 199

(Dollars in thousands)	December 31, 2018				
Loans secured by real estate:	Unpaid Contractual Principal Balance	Recorded Investment with no Allowance	Recorded Investment with an Allowance	Total Recorded Investment	Allocation of Allowance for Loan Losses
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 income recognized on impaired loans while classified as impaired for the years ended December 31, 2019, 2018 and 2017, were as follows:

	Years Ended December 31,					
(Dollars in thousands)	2019		2018		2017	
Loans secured by real estate:	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Commercial real estate	$ 8,842	$ 21	$ 9,901	$ 67	$ 7,046	$ 165
Construction/land/land development	1,266	8	1,401	16	1,053	10
Residential real estate	5,090	22	7,529	60	9,398	75
Total real estate	15,198	51	18,831	143	17,497	250
Commercial and industrial	16,449	49	14,814	199	40,316	375
Consumer	150	3	251	5	244	7
Total impaired loans	$ 31,797	$ 103	$ 33,896	$ 347	$ 58,057	$ 632

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. TDRs are included in certain loan categories within impaired loans. At December 31, 2019, there were no unfunded commitments to advance on impaired loans.

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

(Dollars in thousands)	December 31,	
Loans secured by real estate:	2019	2018
Commercial real estate	$ 6,994	$ 8,281
Construction/land/land development	4,337	935
Residential real estate	5,132	6,668
Total real estate	16,463	15,884
Commercial and industrial	14,520	15,792
Consumer	163	180
Total nonaccrual loans	$ 31,146	$ 31,856

For the years ended December 31, 2019, 2018 and 2017, gross interest income that would have been recorded had the nonaccruing loans been current in accordance with their original terms was $1.5 million, $1.4 million and $1.3 million, respectively. No interest income was recorded on these loans while they were considered nonaccrual during the years ended December 31, 2019, 2018 or 2017.

The Company elects the fair value option for recording residential mortgage loans held for sale, as well as certain commercial real estate in accordance with U.S. GAAP. The Company had $927,000 of nonaccrual mortgage loans held for sale that were recorded using the fair value option election at December 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 December 31, 2019, or December 31, 2018.

The following is a summary of loans classified as TDRs.

(Dollars in thousands)	December 31,	
TDRs	2019	2018
Nonaccrual TDRs	$ 6,609	$ 5,793
Performing TDRs	1,843	2,054
Total	$ 8,452	$ 7,847

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

(Dollars in thousands)	Year Ended December 31, 2019					
Loans secured by real estate:	Number of Loans Restructured	Pre-Modification Recorded Balance	Term Concessions	Interest Rate Concessions	Combination	Total Modifications
Construction/land/land development	1	$ 361	$ —	$ —	$ 343	$ 343
Residential real estate	2	2,516	—	—	2,410	2,410
Total real estate	3	2,877	—	—	2,753	2,753
Commercial and industrial	5	1,314	852	—	—	852
Consumer	1	11	9	—	—	9
Total	9	$ 4,202	$ 861	$ —	$ 2,753	$ 3,614

(Dollars in thousands)	Year Ended December 31, 2018					
Loans secured by real estate:	Number of Loans Restructured	Pre-Modification Recorded Balance	Term Concessions	Interest Rate Concessions	Combination	Total Modifications
Commercial real estate	1	$ 252	$ 150	$ —	$ —	$ 150
Residential real estate	6	428	48	19	331	398
Total real estate	7	680	198	19	331	548
Commercial and industrial	3	198	180	—	14	194
Consumer	1	33	—	—	29	29
Total	11	$ 911	$ 378	$ 19	$ 374	$ 771

(Dollars in thousands)	Year Ended December 31, 2017					
Loans secured by real estate:	Number of Loans Restructured	Pre-Modification Recorded Balance	Term Concessions	Interest Rate Concessions	Combination	Total Modifications
Commercial real estate	4	$ 2,071	$ 2,057	$ —	$ —	$ 2,057
Residential real estate	3	133	38	—	210	248
Total real estate	7	2,204	2,095	—	210	2,305
Commercial and industrial	8	10,799	9,882	—	40	9,922
Consumer	1	49	45	—	—	45
Total	16	$ 13,052	$ 12,022	$ —	$ 250	$ 12,272

During the year ended December 31, 2019, two loans with a combined outstanding principal balance of $117,000 defaulted after having been modified as a TDR within the previous 12 months. During the year ended December 31, 2018, no loans defaulted after having been modified as a TDR within the previous 12 months. During the year ended December 31, 2017, one loan with an outstanding principal balance of $241,000 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 year ended December 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 each 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 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;
- 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 December 31, 2019 and 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 2019 or 2018.

	December 31, 2019			
(Dollars in thousands)	Level 1	Level 2	Level 3	Total
State and municipal securities	$ —	$ 61,011	$ 38,173	$ 99,184
Corporate bonds	—	16,817	—	16,817
U.S. government agency securities	—	5,238	—	5,238
Commercial mortgage-backed securities	—	12,144	—	12,144
Residential mortgage-backed securities	—	207,506	—	207,506
Commercial collateralized mortgage obligations	—	4,394	—	4,394
Residential collateralized mortgage obligations	—	155,787	—	155,787
Securities available for sale	—	462,897	38,173	501,070
Securities carried at fair value through income	—	—	11,513	11,513
Loans held for sale	—	36,977	—	36,977
Loans at fair value	—	—	17,670	17,670
Mortgage servicing rights	—	—	20,697	20,697
Other assets - derivatives	—	9,384	—	9,384
Total recurring fair value measurements - assets	$ —	$ 509,258	$ 88,053	$ 597,311
Other liabilities - derivatives	$ —	$ (9,488)	$ —	$ (9,488)
Total recurring fair value measurements - liabilities	$ —	$ (9,488)	$ —	$ (9,488)

(Dollars in thousands)	December 31, 2018 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. treasury securities	55,515	—	—	55,515
U.S. government agency securities	—	5,635	—	5,635
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 years ended December 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)]	—	(7,012)	—	—
Other noninterest income	124	—	—	586
Gain (loss) recognized in AOCI	—	—	1,673	—
Purchases, issuances, sales and settlements:				
Originations	—	2,595	—	—
Sales	—	—	(2,861)	—
Settlements	(1,025)	—	—	(434)
Balance at December 31, 2019	$ 17,670	$ 20,697	$ 38,173	$ 11,513
Balance at January 1, 2018	$ 26,611	$ 24,182	$ 42,015	$ 12,033
Losses recognized in earnings:				
Mortgage banking revenue[(1)]	—	(963)	—	—
Other noninterest income	(389)	—	—	(258)
Loss recognized in AOCI	—	—	(597)	—
Purchases, issuances, sales, and settlements:				
Originations	—	1,895	—	—
Purchases	—	—	259	—
Settlements	(7,651)	—	(2,316)	(414)
Balance at December 31, 2018	$ 18,571	$ 25,114	$ 39,361	$ 11,361

(1) 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 may include 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, among other things. 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 Engagements 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 using a discounted cash flow valuation technique. The significant assumptions used to value MSRs were as follows:

	December 31,	
	2019	2018
Prepayment speed	12.46%	9.90%
Discount rate	9.55	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 would be 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 December 31, 2019 and 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:

	December 31, 2019		
(Dollars in thousands)	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference
Loans held for sale[1]	$ 36,977	$ 36,037	$ 940
Commercial real estate loans held for investment[2]	17,670	17,366	304
Securities carried at fair value through income	11,513	11,070	443
Total	$ 66,160	$ 64,473	$ 1,687

[1] A total of $927,000 of loans held for sale were designated as nonaccrual or 90 days or more past due at December 31, 2019. Of this balance, the Company had guarantees receivable from U.S. Government agencies totaling $709,000.
[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, 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, the Company had guarantees receivable from U.S. government agencies totaling $582,000.
[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 consolidated statement of income line items reflected in the following table:

(Dollars in thousands)	Years Ended December 31,		
Changes in fair value included in noninterest income:	2019	2018	2017
Mortgage banking revenue	$ 550	$ (163)	$ 477
Other income:			
Loans at fair value held for investment	124	(389)	(712)
Securities carried at fair value through income	586	(258)	(97)
Total impact on other income	710	(647)	(809)
Total fair value option impact on noninterest income [1]	$ 1,260	$ (810)	$ (332)

[1] The fair value option impact on noninterest income is offset by the derivative gain/loss recognized in noninterest income. Please see Note 9 - 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 credit worthiness of each issuer. Credit spreads ranged from 83 to 227 basis points at both December 31, 2019 and 2018. The Company believes the fair value approximates an 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 December 31, 2019, and ranged from 290 to 413 basis points at 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 $39.8 million at December 31, 2019, and are shown on the face of the consolidated balance sheets. 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 $27.9 million and $30.6 million, respectively, at December 31, 2019 and 2018, for Government National Mortgage Association ("GNMA") repurchase assets included in mortgage loans held for sale on the consolidated balance sheets. 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 9 - Mortgage Banking for more information on the GNMA repurchase asset.

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 $1.9 million and $1.4 million at December 31, 2019 and 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 $4.7 million and $3.7 million at December 31, 2019 and 2018, respectively. At December 31, 2019, the Company had $786,000 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)	December 31,			
Financial assets:	2019		2018	
Level 1 inputs:	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash and cash equivalents	$ 291,518	$ 291,518	$ 116,678	$ 116,678
Level 2 inputs:				
Non-marketable equity securities held in other financial institutions	39,808	39,808	42,149	42,149
Accrued interest and loan fees receivable	16,430	16,430	16,454	16,454
Level 3 inputs:				
Securities held to maturity	28,620	29,523	19,169	19,136
Loans held for investment, net[(1)]	4,088,005	3,940,347	3,736,331	3,605,142
Financial liabilities:				
Level 2 inputs:				
Deposits	4,228,612	4,081,430	3,783,138	3,537,283
FHLB advances and other borrowings	417,190	425,318	445,224	444,286
Junior subordinated debentures	9,671	10,717	9,644	10,723
Accrued interest payable	2,822	2,822	2,679	2,679

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

Note 6 - Premises and Equipment

Major classifications of premises and equipment are summarized below:

	December 31,	
(Dollars in thousands)	2019	2018
Land, buildings and improvements	$ 83,161	$ 82,114
Furniture, fixtures and equipment	27,911	24,946
Leasehold improvements	15,790	11,345
Construction in process	407	1,715
	127,269	120,120
Accumulated depreciation	(46,812)	(45,106)
Total	$ 80,457	$ 75,014

Depreciation expense for premises and equipment totaled $5.4 million, $4.9 million and $5.3 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Note 7 - Leases

The Company leases certain real estate, 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)	December 31, 2019	
Operating lease right of use assets (included in Accrued interest receivable and other assets)	$	24,013
Operating lease liabilities (included in Accrued expenses and other liabilities)		25,810
Finance lease liabilities (included in Accrued expenses and other liabilities)		248
Weighted average remaining lease term (years) - operating leases		9.58
Weighted average discount rate - operating leases		3.49%

(Dollars in thousands)	Year Ended December 31, 2019	
Lease expense:		
Operating lease expense	$	4,716
Other lease expense		245
Total lease expense	$	4,961
Right of use assets obtained in exchange for new operating lease liabilities	$	1,256

Total lease expense was $4.4 million and $4.2 million for the year ended December 31, 2018 and 2017. Maturities of operating lease liabilities at December 31, 2019, were as follows:

	December 31, 2019	
Year 1	$	4,703
Year 2		4,079
Year 3		3,826
Year 4		3,402
Year 5		2,349
Year 6 and thereafter		12,513
Total lease payments		30,872
Less: Imputed interest		5,062
Total lease obligations	$	25,810

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 2016-02, the deferred loss of $962,000 was combined with the ROU asset.

Supplemental cash flow related to leases was as follows:

	Year Ended December 31, 2019	
Cash paid for operating leases	$	4,796

Note 8 - Goodwill and Other Intangible Assets

There were no changes to the carrying amount of the Company's goodwill during the year ended December 31, 2019. During 2018, the Company recorded goodwill totaling $4.5 million and other intangible assets totaling $4.9 million in connection with the Reeves, Coon & Funderburg acquisition.

The components of the Company's goodwill and other intangible assets are as follows:

(Dollars in thousands)

December 31, 2019	Gross	Accumulated Amortization	Net
Goodwill	$ 26,741	$ —	$ 26,741
Other intangible assets:			
Core deposit intangibles	1,260	(1,091)	169
Relationship based intangibles	7,304	(2,781)	4,523
Tradename	186	(124)	62
Non-compete	270	(225)	45
Total	$ 35,761	$ (4,221)	$ 31,540
December 31, 2018			
Goodwill	$ 26,741	$ —	$ 26,741
Other intangible assets:			
Core deposit intangibles	1,260	(945)	315
Relationship based intangibles	7,304	(1,819)	5,485
Tradename	186	(46)	140
Non-compete	270	(90)	180
Total	$ 35,761	$ (2,900)	$ 32,861

Amortization expense on other intangible assets totaled $1.3 million, $961,000 and $518,000 for the years ended December 31, 2019, 2018 and 2017, respectively, and was included as a component of other noninterest expense in the consolidated statements of income.

Estimated future amortization expense for intangible assets remaining at December 31, 2019, was as follows:

(Dollars in thousands)

Years Ended December 31,	
2020	$ 1,060
2021	844
2022	689
2023	582
2024	488
Thereafter	1,136
Total	$ 4,799

Note 9 - Mortgage Banking

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

(Dollars in thousands)	Years Ended December 31,		
Mortgage banking revenue	**2019**	**2018**	**2017**
Origination	$ 1,000	$ 854	$ 1,281
Gain on sale of loans held for sale	6,943	6,403	11,615
Servicing	6,547	7,081	7,872
Total gross mortgage revenue	14,490	14,338	20,768
Mortgage derivatives gain (loss)	979	(725)	(205)
MSR change due to payoffs and paydowns	(4,087)	(3,618)	(4,005)
MSR and hedge fair value adjustment	927	(400)	(249)
Gain (loss) on MSR sale [1]	—	25	(503)
Mortgage banking revenue	$ 12,309	$ 9,620	$ 15,806

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

Management uses mortgage-backed securities to mitigate the impact of changes in fair value of MSRs. See Note 12 - Derivative Financial Instruments for further information.

Mortgage Servicing Rights

Activity in MSRs was as follows:

	Years Ended December 31,		
(Dollars in thousands)	**2019**	**2018**	**2017**
Balance at beginning of period	$ 25,114	$ 24,182	$ 29,385
Origination of servicing rights	2,595	1,895	3,061
Change in fair value, including amortization, net	(7,012)	(963)	(6,014)
Sale of servicing rights	—	—	(2,250)
Balance at end of period	$ 20,697	$ 25,114	$ 24,182

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.

The Company incurred $33,000 in mortgage loan servicing putback expense for the year ended December 31, 2019, and $106,000 for the year ended December 31, 2017. The Company incurred no mortgage loan servicing putback expense for the year ended December 31, 2018. At December 31, 2019 and 2018, the reserve for mortgage loan servicing putback expenses totaled $229,000 and $196,000, respectively. 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 and 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 totaling $27.9 million and $30.6 million at December 31, 2019 and 2018, respectively, were reported as held for sale at lower of cost or market and included in mortgage loans held for sale and FHLB advances and other borrowings in the consolidated financial statements.

Note 10 - Deposits

Deposit balances are summarized as follows:

	December 31,	
(Dollars in thousands)	2019	2018
Noninterest-bearing demand	$ 1,077,706	$ 951,015
Interest bearing demand	776,037	738,725
Money market	1,277,053	815,997
Brokered [(1)]	152,556	332,341
Savings	154,450	148,508
Time deposits [(1)]	790,810	796,552
Total Deposits	$ 4,228,612	$ 3,783,138

(1) There were no brokered time deposits at December 31, 2019, and $7.9 million time deposits included in the brokered category at December 31, 2018.

Municipal deposits totaled $423.8 million and $395.0 million at December 31, 2019 and 2018, respectively.

Included in time deposits at December 31, 2019 and 2018, are $319.1 million and $364.1 million, respectively, of time deposits in denominations of $250,000 or more, inclusive of any brokered time deposits.

Maturities of time deposits, at December 31, 2019, are as follows:

(Dollars in thousands)	
Year Ended December 31,	
2020	$ 560,177
2021	142,889
2022	45,210
2023	18,032
2024	24,502
Total	$ 790,810

At December 31, 2019 and 2018, overdrawn deposits of $1.1 million and $841,000, respectively, were reclassified as unsecured loans.

Note 11 - Borrowings

Borrowed funds are summarized as follows:

	December 31,	
(Dollars in thousands)	2019	2018
Overnight repurchase agreements with depositors	$ 16,717	$ 40,314
Short-term FHLB advances [1]	100,000	100,000
GNMA repurchase liability	27,860	30,649
Long-term FHLB advances [2]	272,613	274,261
Total FHLB advances and other borrowings	$ 417,190	$ 445,224
Junior subordinated debentures, net	$ 9,671	$ 9,644

(1) Short-term FHLB advances at December 31, 2019, carried a fixed interest rate of 1.35% and matured on January 2, 2020, and short-term FHLB advances at December 31, 2018, carried a fixed interest rate of 2.70%, and matured on January 2, 2019.
(2) Includes a FHLB advance of $250.0 million at both December 31, 2019 and 2018, callable quarterly with a final maturity in 2033, carrying a rate of 1.65%.

Short-Term Borrowings

As of December 31, 2019 and 2018, the Company had unsecured lines of credit for the purchase of federal funds in the amount of $180.0 million as of December 31, 2019 and 2018. The Company also had a $75.0 million secured repurchase line of credit as of December 31, 2019. There were no amounts outstanding on these lines at either date. It is customary for the financial institutions granting the unsecured lines of credit to require a minimum amount of cash be held on deposit at that institution. Amounts required to be held on deposit are typically $250,000 or less, and the Company has complied with all compensating balance requirements to allow utilization of these lines of credit.

Securities sold under agreements to repurchase consist of the Company's obligations to other parties and mature on a daily basis. These obligations to other parties carried a daily average interest rate of 1.20% and 0.86% for the years ended December 31, 2019 and 2018, respectively.

Long-Term Borrowings

Interest rates for FHLB long-term advances outstanding at December 31, 2019, ranged from 1.65% to 5.72%, and at December 31, 2018, ranged from 1.65% to 5.72%. These advances are all fixed rate and are subject to restrictions or penalties in the event of prepayment.

Scheduled maturities of long-term advances from the FHLB at December 31, 2019, are as follows:

(Dollars in thousands)	
Years Ended December 31,	
2020	$ 1,070
2021	1,117
2022	2,479
2023	4,253
2024	3,142
Thereafter [1]	260,552
Total	$ 272,613

(1) Includes a FHLB advances totaling $250.0 million callable quarterly with a final maturity in 2033, carrying a rate of 1.65%.

Security for all indebtedness and outstanding commitments to the FHLB consists of a blanket floating lien on all of the Company's first mortgage loans, commercial real estate and other real estate loans, as well as the Company's investment in capital stock of the FHLB and deposit accounts at the FHLB. The net amounts available under the blanket floating lien as of December 31, 2019 and 2018, were $601.9 million and $468.8 million, respectively.

Additionally, as of December 31, 2019 and December 31, 2018, the Company had the availability to borrow $855.1 million and $795.5 million, respectively, from the discount window at the Federal Reserve Bank of Dallas, with $1.09 billion and $1.05 billion in commercial and industrial loans pledged as collateral, respectively. There were no borrowings against this line as of December 31, 2019 or 2018.

Holding Company Line of Credit

During 2018, the Company entered into a Loan Agreement (the "Loan Agreement") with NexBank SSB ("Lender") pursuant to which the Lender will make one or more revolving credit loans of up to $50 million at any time that the Company may use for working capital and general corporate purposes. The principal amounts borrowed under the Loan Agreement will bear interest at a variable rate equal to the applicable one-month LIBOR rate plus 3.25%. The line of credit available to the Company under the Loan Agreement expires on October 5, 2021, or such date of the acceleration of the obligation pursuant to the Loan Agreement, at which time all amounts borrowed, together with applicable interest, fees and other amounts owed by the Company shall be due and payable. There were no outstanding revolving credit loans under the Loan Agreement as of December 31, 2019 or 2018.

In connection with the entry into the Loan Agreement, the Company issued the Lender a Revolving Promissory Note dated October 5, 2018 (the "Note") in a principal amount of up to $50 million. The Company's obligations under the Loan Agreement and the Note are secured by a pledge of all of the issued and outstanding shares of Origin Bank (such shares, the "Collateral"), pursuant to the Pledge and Security Agreement, dated October 5, 2018 (the "Pledge Agreement"). The Loan Agreement, Note and the Pledge Agreement contain customary representations, warranties and covenants, including covenants requiring the Company and Origin Bank to maintain certain financial and capital ratios. The Loan Agreement, Note and the Pledge Agreement also provide for certain events of default, the occurrence of which, after any applicable cure period, would permit the Lender, among other things, to accelerate payment of all amounts outstanding under the Loan Agreement and the Note, as applicable, and to exercise its remedies with respect to the Collateral, including the sale of the Collateral.

Junior Subordinated Debentures

The Company has two wholly-owned, unconsolidated subsidiary grantor trusts that were established for the purpose of issuing trust preferred securities. The trust preferred securities accrue and pay distributions periodically at specified annual rates as provided in each trust agreement. The trusts used the net proceeds from each of the offerings to purchase a like amount of junior subordinated debentures (the "debentures") of the Company. The debentures are the sole assets of the trusts. The Company's obligations under the debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of the obligations of the trusts. The trust preferred securities are mandatorily redeemable upon maturity of the debentures, or upon earlier redemption as provided in the respective indentures. The Company has the right to redeem the debentures, in whole or in part on or after specific dates, at a redemption price specified in the indentures governing the debentures plus any accrued but unpaid interest to the redemption date. Due to the extended maturity date of the trust preferred securities, they are included in Tier I capital for regulatory purposes, subject to certain limitations.

The following table is a summary of the terms of the current debentures at December 31, 2019:

(Dollars in thousands) Issuance Trust	Issuance Date	Maturity Date	Amount Outstanding	Rate Type	Current Rate	Maximum Rate
CTB Statutory Trust I	07/2001	07/2031	$ 6,702	Variable [1]	5.23%	12.50%
First Louisiana Statutory Trust I	09/2006	12/2036	4,124	Variable [2]	3.69	16.00
			$ 10,826			

(1) The trust preferred securities reprice quarterly based on the three-month LIBOR plus 3.30%, with the last reprice date on October 29, 2019.
(2) The trust preferred securities reprice quarterly based on the three-month LIBOR plus 1.80%, with the last reprice date on December 12, 2019.

The balance of the debentures outstanding varies from the amounts carried on the consolidated balance sheets due to the remaining purchase discount of $1.2 million at both December 31, 2019 and 2018, which was established with the acquisition of the issuer of the First Louisiana Statutory Trust I securities, and which is being amortized over the remaining life of the securities using the interest method.

Note 12 - 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 consolidated statement of income on a recurring basis.

Cash Flow Hedges of Interest Rate Risk

The Company is a party to an interest rate swap agreement under which the Company receives interest at a variable rate and pays at a fixed rate. The derivative instrument represented by this swap agreement is designated as a cash flow hedge of the Company's forecasted variable cash flows under a variable-rate term borrowing agreement. During the term of the swap agreement, the effective portion of changes in the fair value of the derivative instrument 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 change in fair value of the derivative recognized directly in earnings. The entire swap fair value will be reclassified into earnings before the expiration date of the swap agreement.

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 commitments 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 balance sheets at December 31, 2019, 2018 and 2017, as well as the effect of these derivative instruments on the Company's consolidated statements of income for the years ended December 31, 2019 and 2018:

	Notional Amounts[1]		Fair Values	
(Dollars in thousands)	December 31,		December 31,	
Derivatives designated as cash flow hedging instruments:	2019	2018	2019	2018
Interest rate swaps included in other (liabilities) assets	$ 10,500	$ 10,500	$ (101)	$ 152
Derivatives not designated as hedging instruments:				
Interest rate swaps included in other assets	$ 217,633	$ 127,512	$ 8,425	$ 2,302
Interest rate swaps included in other liabilities	246,397	145,857	(9,278)	(2,625)
Forward commitments to purchase mortgage-backed securities included in other assets	200,000	140,000	242	709
Forward commitments to sell residential mortgage loans included in other liabilities	60,600	24,750	(109)	(221)
Interest rate-lock commitments on residential mortgage loans included in other assets	37,382	16,244	717	400
	$ 762,012	$ 454,363	$ (3)	$ 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 consolidated balance sheets.

The weighted-average rates paid and received for interest rate swaps at December 31, 2019 and 2018, were as follows:

	Weighted-Average Interest Rate			
	December 31,			
	2019		2018	
Interest rate swaps:	Paid	Received	Paid	Received
Cash flow hedges	4.81%	4.64%	4.81%	5.36%
Non-hedging interest rate swaps - financial institution counterparties	4.93	4.13	5.02	4.67
Non-hedging interest rate swaps - customer counterparties	4.18	4.93	4.73	5.05

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

(Dollars in thousands)	Years Ended December 31,		
Derivatives not designated as hedging instruments:	2019	2018	2017
Amount of gain (loss) recognized in mortgage banking revenue [1]	$ 3,079	$ (2,450)	$ (259)
Amount of (loss) gain recognized in other non-interest income	(530)	584	707

(1) Gains and losses on these instruments are largely offset by market fluctuations in mortgage servicing rights. See Note 9 - 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 consolidated balance sheets, and any impact of netting these amounts would not be significant.

At December 31, 2019 and 2018, the Company had cash collateral on deposit with swap counterparties totaling $15.3 million and $1.9 million, respectively. These amounts are included in interest-bearing deposits in banks in the consolidated balance sheets and are considered restricted cash until such time as the underlying swaps are settled.

Note 13 - 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 ("2012 Plan"). Additionally, awards have been issued prior to the establishment of the 2012 Plan, some of which were still outstanding at December 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 December 31, 2019, the maximum number of shares of the Company's common stock available for issuance under the 2012 Plan was 950,152 shares.

Share-based compensation cost charged to income for the years ended December 31, 2019, 2018 and 2017, is presented below:

	Years Ended December 31,		
(Dollars in thousands)	2019	2018	2017
Restricted stock	$ 2,247	$ 1,462	$ 1,180
Stock options[(1)]	—	—	(30)
Total stock compensation expense	$ 2,247	$ 1,462	$ 1,150
Related tax benefits recognized in net income	$ 472	$ 307	$ 403

(1) Stock option expense for the year ended December 31, 2017, included expense reversal related to 16,638 common stock options forfeited during the period. All remaining stock options became fully vested during the first quarter of 2017, with no further expense incurred after February 2017.

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 recognized on the 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:

	Years Ended December 31,					
	2019		2018		2017	
	Shares	Weighted Average Grant-Date Fair Value	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	84,019	$ 24.22
Granted	37,641	32.77	151,324	37.51	35,913	25.14
Vested	(59,344)	33.50	(36,209)	27.70	(55,003)	24.39
Forfeited	(3,255)	30.21	(2,001)	37.47	(3,636)	24.12
Nonvested shares, December 31,	149,449	$ 35.15	174,407	$ 35.01	61,293	$ 24.61

During the year ended December 31, 2019, no shares were retired by the Company upon vesting of restricted stock awards. During the year ended December 31, 2018, award recipients surrendered and the Company retired 910 shares to cover taxes owed upon the vesting of restricted stock awards. During the year ended December 31, 2017, award recipients surrendered and the Company retired 11,843 shares to cover taxes owed upon the vesting of restricted stock awards.

At December 31, 2019, there was $4.2 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 2.5 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, and all of the outstanding options are fully vested. 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 rate, 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 years ended December 31, 2019, 2018 and 2017.

(Dollars in thousands, except per share amounts)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[(1)]
Outstanding at January 1, 2017	358,638	$ 11.37	7.79	$ 3,844
Exercised	(22,500)	12.29	—	304
Forfeited and expired	(16,638)	23.89	—	—
Outstanding at December 31, 2017	319,500	10.65	7.07	4,840
Exercised	(45,500)	12.29	—	—
Outstanding at December 31, 2018	274,000	10.38	6.75	6,493
Exercised	(20,000)	8.25	—	—
Outstanding at December 31, 2019	254,000	$ 10.55	5.81	$ 6,932
Exercisable at December 31, 2019	254,000	$ 10.55	5.81	$ 6,932

(1) The intrinsic value for stock options for periods at or prior to December 31, 2017, is calculated based on the difference between the weighted average exercised price of the underlying awards and the weighted average market price of the Company's common stock calculated over thirty days immediately prior to the last day of the Company's fiscal year.

Note 14 - Employee Retirement Plan

Defined Contribution Retirement Plan

The Company maintains the Origin Bancorp, Inc. Employee Retirement Plan ("Retirement Plan") that is a defined contribution benefit plan. During 2018, the Company amended and restated its Employee Stock Ownership Plan ("ESOP") as the Retirement Plan, a profit-sharing plan that allows contributions under section 401(k) of the Internal Revenue Code. The Retirement Plan covers substantially all employees who meet certain other requirements and employment classification criteria. Under the provisions of the Retirement Plan, the Company may make discretionary matching contributions on a percentage, not to exceed 6%, of a participant's elective deferrals. Any percentage(s) determined by the Company shall apply to all eligible persons for the entire plan year. Historically, the Company has matched 50% of the first 6% of eligible compensation deferred by a participant. Eligible compensation includes salaries, wages, overtime and bonuses, and excludes expense reimbursements and fringe benefits. In addition, the Company may make additional discretionary contributions out of current or accumulated net profit. Matching contributions are invested as directed by the participant. The total of the Company's contributions may not exceed limitations set forth in the Retirement Plan document or the maximum deductible under the Internal Revenue Code.

Although it has not expressed any intention to do so, the Company has the right to terminate the Retirement Plan at any time. The total expense related to the Retirement Plan, including optional contributions, was $1.8 million, $1.6 million and $1.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

In 2018, as a result of the Company's initial public offering, the presentation requirement of Retirement Plan shares as deducted from permanent stockholders' equity in the consolidated balance sheets was removed. The change in presentation is seen in the consolidated statement of changes in stockholders' equity for the year ended December 31, 2018.

Other Benefit Plans

The Company has established non-qualified defined benefit plans for some of its key executives for which deferred compensation liabilities are recorded as a component of accrued expenses and other liabilities in the accompanying consolidated balance sheets. The deferred compensation liability was $9.8 million and $9.0 million as of December 31, 2019 and 2018, respectively. The expense recorded for the deferred compensation plan totaled $1.2 million for the year ended December 31, 2019, and $1.1 million for each of the years ended December 31, 2018 and 2017.

Note 15 - Income Taxes

The provision for income taxes is as follows:

(Dollars in thousands)	Years Ended December 31,		
Federal income taxes:	2019	2018	2017
Current	$ 14,232	$ 4,562	$ 715
Deferred	(2,513)	5,658	4,644
State income taxes:			
Current	1,030	638	167
Deferred	(83)	(21)	287
Income tax expense	$ 12,666	$ 10,837	$ 5,813

The Tax Cuts and Jobs Act, enacted on December 22, 2017, reduced the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. The Company remeasured certain deferred tax assets and liabilities in the period of enactment based on the rates at which they are expected to reverse in the future, which is generally 21%. The Company completed its analysis of the remeasurement of the Company's deferred tax asset within the measurement period and the amount is not materially different from the provisional amount recorded in 2017.

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.

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is below:

	Years Ended December 31,					
	2019		2018		2017	
(Dollars in thousands)	Amount	%	Amount	%	Amount	%
Income taxes computed at statutory rate	$ 13,975	21.00 %	$ 13,113	21.00 %	$ 7,169	35.00 %
Tax exempt revenue, net of nondeductible interest	(644)	(0.97)	(907)	(1.45)	(1,629)	(7.95)
Low-income housing tax credits, net of amortization	(514)	(0.77)	(691)	(1.11)	(624)	(3.05)
Other tax credits, net of add-backs	(1,218)	(1.83)	(1,218)	(1.95)	(1,002)	(4.89)
Bank-owned life insurance income	(158)	(0.24)	(150)	(0.24)	(221)	(1.08)
State income taxes, net of federal benefit	730	1.10	469	0.75	186	0.91
Stock-based compensation	(100)	(0.15)	(252)	(0.40)	(80)	(0.39)
Deferred tax write-down for enacted tax rate changes	—	—	231	0.37	1,972	9.63
Other	595	0.89	242	0.38	42	0.20
Total income tax expense	$ 12,666	19.03 %	$ 10,837	17.35 %	$ 5,813	28.38 %

Significant components of deferred tax assets and liabilities are as follows:

(Dollars in thousands)	December 31,	
Deferred tax assets:	2019	2018
Credit loss allowances	$ 8,557	$ 7,762
Deferred compensation and share-based compensation	3,698	2,471
Net operating loss carryforwards	1,245	1,238
Other	1,441	1,068
Gross deferred tax assets	14,941	12,539
Valuation allowance	(970)	(867)
Deferred tax assets net of valuation allowance	$ 13,971	$ 11,672
Deferred tax liabilities:		
Basis difference in premises and equipment	$ 2,669	$ 1,655
Intangible assets	157	218
Mortgage servicing rights	4,472	5,426
Other	152	565
Gross deferred tax liabilities	7,450	7,864
Net deferred tax asset	$ 6,521	$ 3,808

At December 31, 2019, the Company has $3.7 million in Federal gross net operating loss carryforwards acquired in previous business combinations expiring between 2022 and 2028, and $11.1 million in state net operating losses. Due to limitations on the amounts of these losses that can be recognized annually, the Company has determined that it is more likely than not that some of these net operating loss carryforwards will expire unused, and has established a $970,000 valuation allowance related to these carryforwards.

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 2016.

Note 16 - Accumulated Other Comprehensive Income

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

(Dollars in thousands)	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance at January 1, 2017	$ 3,505	$ (42)	$ 3,463
Net change	(2,225)	69	(2,156)
Balance at January 1, 2018	1,280	27	1,307
Net change	(4,157)	88	(4,069)
Reclassification of tax effects related to the adoption of ASU 2018-02[(1)]:			
Current	(293)	17	(276)
Deferred	569	(11)	558
Balance at January 1, 2019	(2,601)	121	(2,480)
Net change	9,013	(200)	8,813
Balance at December 31, 2019	$ 6,412	$ (79)	$ 6,333

(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 17 - 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 ("Basel III Capital Rules"), which includes a 2.5% capital conservation buffer effective for the Company as of 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 and stock repurchases and to pay discretionary bonuses 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 December 31, 2019 and 2018, that the Company and the Bank met all capital adequacy requirements to which they are subject, including the capital buffer requirement.

At December 31, 2019 and 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 December 31, 2019 and 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	
December 31, 2019						
Common Equity Tier 1 Capital to Risk-Weighted Assets	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Origin Bancorp, Inc.	$ 561,630	11.74%	$ 334,785	7.00%	N/A	N/A
Origin Bank	551,060	11.55	333,924	7.00	$ 310,072	6.50%
Tier 1 Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	570,975	11.94	406,524	8.50	N/A	N/A
Origin Bank	551,060	11.55	405,479	8.50	381,627	8.00
Total Capital to Risk-Weighted Assets						
Origin Bancorp, Inc.	610,305	12.76	502,175	10.50	N/A	N/A
Origin Bank	590,390	12.38	500,888	10.50	477,037	10.00
Leverage Ratio						
Origin Bancorp, Inc.	570,975	10.91	209,298	4.00	N/A	N/A
Origin Bank	551,060	10.56	208,774	4.00	260,968	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, which was $86.5 million as of December 31, 2019.

Stock Repurchases

In a transaction that was consummated on August 2, 2019, we repurchased 300,000 shares of our common stock pursuant to our stock buyback program at a price per share of $33.50 for an aggregate purchase price of $10.1 million. As of the date of this report, approximately $29.9 million may still be purchased under the stock buyback program.

Note 18 - 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:

	December 31,	
(Dollars in thousands)	2019	2018
Commitments to extend credit	$ 1,374,055	$ 1,178,735
Standby letters of credit	39,344	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 December 31, 2019 and 2018, these credit card guarantees totaled $489,000 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 December 31, 2019 and 2018, the Company had FHLB letters of credit totaling $228.0 million and $172.0 million, respectively, available to secure public deposits, and for other purposes required or permitted by law.

As of December 31, 2019, the Company held 21 unfunded letters of credit from the FHLB totaling $241.3 million with expiration dates ranging from January 15, 2020, to February 25, 2021. As of December 31, 2018, the Company held 16 unfunded letters of credit from the FHLB totaling $186.6 million with expiration dates ranging from February 14, 2019, to November 30, 2020.

Management establishes an asset-specific allowance for lending-related commitments that are considered impaired 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 $1.8 million and $1.4 million at December 31, 2019 and 2018, respectively, and is included in other liabilities in the accompanying 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.

Note 19 - Related Party Transactions

Loans to executive officers, directors, and their affiliates at December 31, 2019 and 2018, were as follows:

(Dollars in thousands)	2019	2018
Balance, beginning of year	$ 1,328	$ 9,934
Advances	450	1,775
Principal repayments	(495)	(1,845)
Effect of changes in composition of related parties	(190)	(8,536)
Balance, end of year	$ 1,093	$ 1,328
Commitments to extend credit	$ 2,212	$ 3,420

None of the above loans were considered non-performing or potential problem loans. These loans were made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other unaffiliated persons and do not involve more than normal risk of collectability.

Deposits from related parties held by the Company at December 31, 2019 and 2018, amounted to $27.0 and $30.3 million, respectively.

Note 20 - Business Combinations

All acquisitions are accounted for using the acquisition method of accounting. Accordingly, the assets and liabilities of acquired entities were recorded at their estimated fair values at the acquisition date. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market willing participants at the measurement date. The Company determines the estimated fair values after review and consideration of relevant information, including discounted cash flows, quoted market prices, third party valuations, and estimates made by management. Purchase price allocations on completed acquisitions may be modified through the measurement period which cannot exceed one year from the acquisition date. The excess of the purchase price over the estimated fair value of the net assets for tax-free acquisitions is recorded as goodwill, none of which is deductible for tax purposes. Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred. The results of operations for the acquisition described below have been included in the Company's consolidated financial statements beginning on the acquisition date.

Reeves, Coon & Funderburg

On July 1, 2018, the Company acquired certain assets and assumed certain liabilities of Reeves, Coon & Funderburg, ("RCF"), a Louisiana-based independent insurance agency offering commercial, personal, health and life insurance. Total consideration was $9.5 million, which was comprised of 66,824 shares of its common stock at a price of $40.50 per share, based upon the closing stock price on the date of the acquisition, and $6.8 million in cash.

As the consideration paid for RCF exceeded the provisional value of the tangible net assets acquired, goodwill of $4.5 million and identifiable intangible assets valued at $4.9 million associated primarily with RCF's customer relationships were recorded related to the acquisition. This goodwill resulted from the combination of expected operational synergies and increased market share.

Note 21 - Condensed Parent Company Only Financial Statements

Financial statements of Origin Bancorp, Inc. (parent company only) are as follows:

(Dollars in thousands)	December 31,	
Condensed Balance Sheets	**2019**	**2018**
Assets		
Cash and cash equivalents	$ 5,909	$ 5,882
Investment in affiliates/subsidiaries	593,079	543,515
Other assets	10,531	10,393
Total assets	$ 609,519	$ 559,790
Liabilities and Stockholders' Equity		
Junior subordinated debentures	$ 9,671	$ 9,644
Accrued expenses and other liabilities	586	367
Total liabilities	10,257	10,011
Stockholders' Equity		
Common stock	117,405	118,633
Additional paid-in capital	235,623	242,041
Retained earnings	239,901	191,585
Accumulated other comprehensive income (loss)	6,333	(2,480)
Total stockholders' equity	599,262	549,779
Total liabilities and stockholders' equity	$ 609,519	$ 559,790

(Dollars in thousands)	Years Ended December 31,		
Condensed Statements of Income	**2019**	**2018**	**2017**
Income:			
Dividends from subsidiaries	$ 17,500	$ 4,500	$ 8,000
Other	470	2,052	41
Total income	17,970	6,552	8,041
Expenses:			
Interest expense	7	—	—
Salaries and employee benefits	728	658	433
Other	2,121	2,015	1,384
Total expenses	2,856	2,673	1,817
Income before income taxes and equity in undistributed net income of subsidiaries	15,114	3,879	6,224
Income tax benefit	502	84	477
Income before equity in undistributed net income of subsidiaries	15,616	3,963	6,701
Equity in undistributed net income of subsidiaries	38,266	47,642	7,968
Net income	$ 53,882	$ 51,605	$ 14,669

(Dollars in thousands)	Years Ended December 31,		
Condensed Statements of Cash Flows	**2019**	**2018**	**2017**
Cash flows from operating activities:			
Net income	$ 53,882	$ 51,605	$ 14,669
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	9	9	11
Equity in undistributed net income of subsidiaries	(38,266)	(47,642)	(7,968)
Amortization of subordinated debentures discount	28	25	23
Stock compensation	283	356	78
Other, net	(153)	(2,543)	5,488
Net cash provided by operating activities	15,783	1,810	12,301
Cash flows from investing activities:			
Capital contributed to subsidiaries	—	(45,794)	—
Net purchases of non-marketable equity securities held in other financial institutions	—	(2,213)	(2,065)
Net cash used in investing activities	—	(48,007)	(2,065)
Cash flows from financing activities:			
Dividends paid	(5,863)	(5,941)	(6,996)
Taxes paid related to net share settlement of equity awards	—	(23)	(410)
Cash received on exercise of stock options	166	559	186
Proceeds from issuance of common stock	—	95,178	—
Payment to repurchase preferred stock	(10,059)	(48,260)	—
Net cash provided by (used by) financing activities	(15,756)	41,513	(7,220)
Net increase (decrease) in cash and cash equivalents	27	(4,684)	3,016
Cash and cash equivalents at beginning of year	5,882	10,566	7,550
Cash and cash equivalents at end of year	$ 5,909	$ 5,882	$ 10,566

Note 22 - Summary of Quarterly Financial Statements (Unaudited)

The following tables present selected unaudited data from the Company's condensed consolidated quarterly statements of income for the quarterly periods within the years ended December 31, 2019 and 2018:

	Quarters Ended - 2019			
(Dollars in thousands)	December 31	September 30	June 30	March 31
Total interest income	$ 56,719	$ 58,806	$ 57,063	$ 54,494
Total interest expense	12,624	14,184	14,094	12,468
Net interest income	44,095	44,622	42,969	42,026
Provision for credit losses	2,377	4,201	1,985	1,005
Net interest income after provision for credit losses	41,718	40,421	40,984	41,021
Non-interest income, exclusive of gain on sales of securities, net	10,818	12,860	11,176	11,604
Gain on sales of securities, net	—	20	—	—
Non-interest expense	36,534	35,064	37,095	35,381
Income before income taxes	16,002	18,237	15,065	17,244
Income tax expense	3,175	3,620	2,782	3,089
Net income	$ 12,827	$ 14,617	$ 12,283	$ 14,155
Basic earnings per common share [(1)]	$ 0.55	$ 0.62	$ 0.52	$ 0.60
Diluted earnings per common share [(1)]	0.55	0.62	0.52	0.60

[(1)] Due to the combined impact of the repurchase of common stock on the quarterly average common shares outstanding calculation compared to the impact of the repurchase of common stock on the year-to-date average common shares outstanding calculation, and the effect of rounding, the sum of the quarterly earnings per common share will not equal the year-to-date earnings per common share amount.

	Quarters Ended - 2018			
(Dollars in thousands)	December 31	September 30	June 30	March 31
Total interest income	$ 53,058	$ 48,842	$ 44,752	$ 41,444
Total interest expense	10,997	9,345	7,582	6,720
Net interest income	42,061	39,497	37,170	34,724
Provision (benefit) for credit losses	1,723	504	311	(1,524)
Net interest income after provision for credit losses	40,338	38,993	36,859	36,248
Non-interest income, exclusive of (loss) on sales of securities, net	10,596	10,237	10,615	9,800
Loss on sales of securities, net	(8)	—	—	—
Non-interest expense	35,023	34,344	32,012	29,857
Income before income taxes	15,903	14,886	15,462	16,191
Income tax expense	2,725	2,568	2,760	2,784
Net income	13,178	12,318	12,702	13,407
Less preferred stock dividends	—	—	808	1,115
Less income allocated to participating stockholders[(1)]	86	54	40	553
Net income available to common stockholders[(1)]	$ 13,092	$ 12,264	$ 11,854	$ 11,739
Basic earnings per common share[(1)]	$ 0.56	$ 0.52	$ 0.54	$ 0.60
Diluted earnings per common share[(1)]	0.55	0.52	0.53	0.60

[(1)] Due to the methodology of how share allocations for preferred stock - Series D and losses are allocated under the two-class method, the sum of the quarterly periods may not agree to the year-to-date total presented in the consolidated statements of income for the year ended December 31, 2018.

Note 23 - Subsequent Events

On February 6, 2020, Origin Bank, the wholly owned subsidiary of Origin Bancorp, Inc. announced the completion of an offering of $70 million in aggregate principal amount of 4.25% fixed-to-floating rate subordinated notes (the “Notes”) to certain investors in a transaction exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended. The Notes will initially bear interest at a fixed annual rate of 4.25%, payable semi-annually in arrears, to but excluding February 15, 2025. From and including February 15, 2025 to but excluding the maturity date or early redemption date, the interest rate will equal the three-month LIBOR rate (provided, that in the event the three-month LIBOR is less than zero, the three-month LIBOR will be deemed to be zero) plus 282 basis points, payable quarterly in arrears. Origin Bank is entitled to redeem the Notes, in whole or in part, on or after February 15, 2025, and to redeem the Notes at any time in whole upon certain other specified events. Origin Bank intends to use the proceeds from the offering for general corporate purposes. The Notes are intended to qualify as Tier 2 capital for regulatory capital purposes for Origin Bank.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures — As of the end of the period covered by this report, an evaluation was performed by the Company, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its 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 Securities Exchange Act of 1934, as amended (the "Exchange Act")) were effective at the end of the period covered by this report.

Management's annual report on internal control over financial reporting — Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). As of December 31, 2019, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in “2013 Internal Control - Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, management determined that we maintained effective internal control over financial reporting as of December 31, 2019, based on those criteria. The effectiveness of our internal control over financial reporting as of December 31, 2019, has been audited by BKD LLP, an independent registered public accounting firm, as stated in its report which is included in Part II, Item 8 of 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 December 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures — Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Origin Bancorp, Inc.
Ruston, Louisiana

Opinion on the Internal Control over Financial Reporting

We have audited Origin Bancorp, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework: (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company and our report dated February 28, 2020, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definitions and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BKD, LLP

Little Rock, Arkansas
February 28, 2020

Item 9B. Other Information

On February 27, 2020, the Company entered into restated employment agreements with Drake Mills and Lance Hall (individually an “executive” or collectively the “executives”). The restated employment agreements contain substantially similar terms. The principal terms of each of the restated employment agreements are summarized below.

Under the restated employment agreements, Mr. Mills will serve as Chairman, CEO and President of the Company and Chairman of Origin Bank, with a base salary of $835,800 (subject to discretionary annual adjustment by the Board of Directors), and Mr. Hall will serve as President and CEO of Origin Bank, with a base salary of $500,000 (subject to discretionary annual adjustment by the Company). Messrs. Mills and Hall are eligible for an annual bonus, the amount of which is based on formulae and criteria determined by the Board of Directors (for Mr. Mills) or by the Company (for Mr. Hall). Both agreements provide for three-year terms that renew automatically for successive three-year terms unless either party provides at least 180 days’ notice of non-renewal.

Under the restated employment agreements, Messrs. Mills and Hall are eligible to participate in the Company’s employee benefit plans in a comparable manner as other executives, to use a Company-provided vehicle and to receive reimbursement or payment of professional development dues, professional organization membership costs, country-club dues, and business-related travel expenses.

The restated employment agreements contain certain restrictive covenants and obligations. These include indefinite obligations of confidentiality and non-disparagement, and time-limited covenants, including covenants barring Messrs. Mills and Hall from soliciting Company customers or from soliciting or hiring Company employees at all times during employment and for two years after termination of employment. As is required under Louisiana law, certain geographic limitations apply to the covenant barring solicitation of customers.

Under the restated employment agreements, the Company has the right to terminate the employment of either executive at any time with or without Cause, and the each executive has the right to terminate his or her employment at any time, with or without Good Reason. The executives have the right to a hearing before the Board of Directors before a termination without Cause, and the Company has a right to cure prior to a termination by the executive for Good Reason. Upon termination of employment for any reason other than Cause, the executives will be paid a prorated bonus based on his actual performance for the year.

As defined in the restated employment agreements, “Cause” means any of the following behavior or actions by the executive: the misuse of drugs (including alcohol), which materially affects the executive’s ability to perform his duties; conviction of, or plea of guilty no contest to, a felony or crime involving breach of trust, dishonesty, or moral turpitude; willful engagement in disloyal conduct materially injurious to the Company; gross negligence, willful misconduct or harassment (including but not limited to sexual harassment or sexual abuse, whether or not such harassment occurs in the course of the executive’s performance of the executive’s job duties); violation of state or federal securities or banking laws; refusal to cooperate with a legitimate internal, regulatory, or law enforcement investigation; or material breach of his restated employment agreement, or other failure to perform his obligations under the restated employment agreement, after notice and at least 30 days to correct such actions.

As defined in the restated employment agreements, “Good Reason” means a material diminishment of the executive’s responsibilities or base salary or bonus opportunity; a change by the Company in the executive’s primary work location more than thirty (30) miles from his then-current primary work location; or the Company’s material breach of the restated employment agreement.

If either executive's employment is terminated by the Company without Cause or by the executive for Good Reason, and such termination does not occur within a Change in Control Protection Period, then, subject to a valid release of claims in favor of the Company, the executive will be entitled receive two times the sum of (x) his then-current base salary, plus (y) the average annual bonus he received in the three calendar years immediately preceding termination, to be paid in equal monthly installments over the twenty-four months following termination. The Company will also pay the cost of the executive's premiums for continued participation in the Company medical hospitalization insurance program under COBRA for up to twenty-four months following termination, or, if doing so would cause the plans to provide discriminatory benefits, the Company will make monthly cash payments to the executive in an amount equal to the premium payments.

As defined in the restated employment agreements, "Change in Control Protection Period" means the time period (i) commencing on the earlier to occur of (A) execution of a definitive acquisition agreement contemplating a Change in Control and (B) consummation of a Change in Control, and (ii) ending (A) twenty-four (24) months following the consummation of such Change in Control or (B) if the Change in Control is not consummated, that date on which the definitive acquisition agreement expires or is terminated.

If either executive's employment is terminated by the Company without Cause or by the executive for Good Reason, and such termination occurs within the Change in Control Protection Period, then, subject to a valid release of claims in favor of the Company, the executive will be entitled to the sum of (x) three times his then-current base salary, plus (y) three times the average bonus paid to him in the three calendar years immediately preceding the Change in Control, with such total amount reduced pro-rata for each full month that has elapsed between the Change in Control and the termination. The amount will be paid in a lump sum within sixty days of termination; however, to the extent necessary to avoid adverse tax treatment under Code Section 409A, if the termination occurs before the Change in Control is consummated, the amount will be paid according to the schedule described in the preceding paragraph. The Company will pay the cost of COBRA premium-payments under similar terms as described in the preceding paragraph, except that the Company will provide for the payments for a maximum of eighteen months.

The restated agreements contain Section 280G "cut-back" provisions, which provide that, in the case of a Change in Control, the total payments to each of Mr. Mills and Mr. Hall will be reduced to the extent necessary to avoid the imposition of any excise tax under Code Section 4999. In some circumstances, payments under the restated employment agreements could also be reduced in the event of certain regulatory actions.

This summary of the restated employment agreements does not purport to be complete and is subject to and qualified in its entirety by reference to the text of each restated employment agreements, which have been filed as exhibits to this report.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated herein by reference to our Proxy Statement (Schedule 14A) for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year end.

Item 11. Executive Compensation

The information required by this Item is incorporated herein by reference to our Proxy Statement (Schedule 14A) for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year end.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

With the exception of the equity compensation plan information provided below, the information required by this Item is incorporated herein by reference to our Proxy Statement (Schedule 14A) for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year end.

Information regarding stock-based compensation awards outstanding and available for future grants as of December 31, 2019 is presented in the table below. Additional information regarding stock-based compensation plans is presented in Note 13 - Stock and Incentive Compensation Plans in the notes to our consolidated financial statements contained in Item 8 of this report.

	Number of Securities to be Issued upon Exercise of Outstanding Options[1]	Weighted Average Exercise Price	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
2012 Stock Incentive Plan	—	$ —	950,152
Issued prior to establishment of the 2012 Stock Incentive Plan	254,000	10.55	—
Total	254,000	$ 10.55	950,152

[1] Includes any compensation plan and individual compensation arrangement of the Company under which equity securities of the Company are authorized for issuance.

Certain information regarding securities authorized for issuance under our equity compensation plans is included under the section captioned "Stock-Based Compensation Plans" in Part II, Item 5, elsewhere in this Annual Report on Form 10-K.

Further information regarding security ownership of our 5% stockholders and our directors, director nominees and executive officers required by this Item is incorporated herein by reference to our Proxy Statement (Schedule 14A) for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year end.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated herein by reference to our Proxy Statement (Schedule 14A) for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year-end.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated herein by reference to our Proxy Statement (Schedule 14A) for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of our fiscal year-end.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this Report:

(1) Financial Statements: Reference is made to the information set forth in Part II, Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

See Part II—Item 8. Financial Statements and Supplementary Data.

(2) Financial Statement Schedules: All financial statement schedules are omitted because they are either not applicable or not required, or because the required information is included in the consolidated financial statements or the notes thereto is included in Part II, Item 8 of this Annual Report on Form 10-K.

(3) Exhibits: See (b) below

(b) Exhibits:

Exhibit Number	Description
3.1	Restated Articles of Incorporation, dated August 7, 2018, incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q filed August 9, 2018 (File No. 001-38487).
3.2	Bylaws, incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed April 10, 2018 (File No. 333-224225).
4.1	Specimen common stock certificate, incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed April 10, 2018 (File No. 333-224225).
4.2	Instruments defining the rights of holders of long-term debt of the Company and its subsidiaries are not filed as Exhibits because the amount of debt under each instrument is less than 10% of the consolidated assets of the Company. The Company undertakes to file these instruments with the SEC upon request.
4.3	Description of Common Stock.
10.1	Community Trust Financial Corporation 2012 Stock Incentive Plan, incorporated by reference to Exhibit 10.1 of the Registrant's Registration Statement on Form S-1 filed April 10, 2018 (File No. 333-224225).
10.2	Form of Restricted Stock Award Agreement under the Origin Bancorp, Inc. 2012 Stock Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed August 28, 2018 (File No. 001-38487).
10.3	Form of Stock Option Award Agreement under the Community Trust Financial Corporation 2012 Stock Incentive Plan, incorporated by reference to Exhibit 10.3 of the Registrant's Registration Statement on Form S-1 filed April 10, 2018 (File No. 333-224225).
10.4	Community Trust Financial Corporation Employee Stock Ownership Plan and Trust Agreement, dated January 1, 2014, as amended, incorporated by reference to Exhibit 10.4 of Amendment No. 2 to the Registrant's Registration Statement on Form S-1 filed April 27, 2018 (File No. 333-224225).
10.5	2020 Restated Employment Agreement, dated February 27, 2020, by and between Origin Bancorp, Inc. and Drake Mills.
10.6	Amended and Restated Executive Salary Continuation Plan, effective May 1, 2008, between Community Trust Bank and Drake Mills, incorporated by reference to Exhibit 10.1 to the Company’s 10-Q for the Quarter ended March 31, 2019 (File No. 001-38487).
10.7	Executive Deferred Compensation Agreement, dated March 30, 2001, by and between Community Trust Bank and Drake Mills, incorporated by reference to Exhibit 10.12 of Amendment No. 1 to the Company's Registration Statement on Form S-1 filed April 19, 2018 (File No. 333-224225).
10.8	Amended and Restated Life Insurance Endorsement Method Split Dollar Plan Agreement, dated April 25, 2018, by and among New York Life Insurance Company, Origin Bank and Drake Mills, incorporated by reference to Exhibit 10.13 of Amendment No. 2 to the Company's Registration Statement on Form S-1 filed April 27, 2018 (File No. 333-224225).
10.9	Amended and Restated Life Insurance Endorsement Method Split Dollar Plan Agreement, dated April 26, 2018, by and among Great-West Life & Annuity Insurance Company, Origin Bank and Drake Mills, incorporated by reference to Exhibit 10.14 of Amendment No. 2 to the Company's Registration Statement on Form S-1 filed April 27, 2018 (File No. 333-224225).
10.10	Amended and Restated Endorsement Split Dollar Life Insurance Agreement, dated February 27, 2020, by and between Origin Bank and Drake Mills.

Exhibit Number	Description
10.11	2020 Restated Employment Agreement, dated February 27, 2020, by and between Origin Bancorp, Inc. and M. Lance Hall.
10.12	§409A Amended & Restated Executive Salary Continuation Agreement, dated December 13, 2008, by and between Community Trust Bank and M. Lance Hall, incorporated by reference to Exhibit 10.11 of Amendment No. 1 to the Company's Registration Statement on Form S-1 filed April 19, 2018 (File No. 333-224225).
10.13	Life Insurance Endorsement Method Split Dollar Plan Agreement, dated September 4, 2002, by and between Community Trust Bank and M. Lance Hall, incorporated by reference to Exhibit 10.15 of Amendment No. 1 to the Company's Registration Statement on Form S-1 filed April 19, 2018 (File No. 333-224225).
10.14	Amendment to the Life Insurance Endorsement Split Dollar Plan Agreement, dated December 8, 2008, by and between Community Trust Bank and M. Lance Hall, incorporated by reference to Exhibit 10.16 of Amendment No. 1 to the Company's Registration Statement on Form S-1 filed April 19, 2018 (File No. 333-224225).
10.15	Amendment to the Life Insurance Endorsement Method Split Dollar Plan Agreement, dated December 18, 2009, by and between Community Trust Bank and M. Lance Hall, incorporated by reference to Exhibit 10.17 of Amendment No. 1 to the Company's Registration Statement on Form S-1 filed April 19, 2018 (File No. 333-224225).
10.16	Executive Supplemental Income Agreement, dated October 29, 2019, by and between Origin Bank and M. Lance Hall, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed October 31, 2019 (File No. 001-38487).
10.17	Endorsement Split Dollar Life Insurance Agreement, dated October 29, 2019, by and between Origin Bank and M. Lance Hall, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed October 31, 2019 (File No. 001-38487).
10.18	Change in Control Agreement, dated April 5, 2017, by and between Origin Bank, Origin Bancorp, Inc. and F. Ronnie Myrick, incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement on Form S-1 filed April 10, 2018 (File No. 333-224225).
10.19	Supplemental Executive Retirement Plan, dated August 17, 2018, by and between Origin Bank and Stephen H. Brolly, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed August 21, 2018 (File No. 001-38487).
10.20	Endorsement Split Dollar Life Insurance Agreement, dated August 17, 2018, by and between Origin Bank and Stephen H. Brolly, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed August 21, 2018 (File No. 001-38487).
10.21	Change in Control Agreement, dated April 2, 2018, among Origin Bank, Origin Bancorp, Inc. and Stephen H. Brolly, incorporated by reference to Exhibit 10.2 to the Company’s 10-Q for the Quarter ended March 31, 2019 (File No. 001-38487).
10.22	Employment Agreement, effective October 1, 2008, as amended July 14, 2014, and as amended March 15, 2018, between Community Trust Bank and Cary Davis.
10.23	§409A Amended & Restated Executive Salary Continuation Agreement, dated December 15, 2008, between Community Trust Bank and Cary Davis.
10.24	2016 Amendment, dated December 14, 2016, between Origin Bank and Cary Davis, to the §409A Amended & Restated Executive Salary Continuation Agreement, dated December 15, 2008, between Community Trust Bank and Cary Davis.
10.25	Life Insurance Endorsement Method Split Dollar Plan Agreement, effective February 7, 2001, as amended on January 26, 2007, December 12, 2008, December 18, 2009, and June 10, 2014, between Community Trust Bank and Cary Davis.
10.26	Loan Agreement, dated as of October 5, 2018, by and between Origin Bancorp, Inc. and NexBank SSB, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed October 11, 2018 (File No. 001-38487).
10.27	Revolving Promissory Note issued to NexBank SSB on October 5, 2018, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed October 11, 2018 (File No. 001-38487).
10.28	Pledge and Security Agreement, dated as of October 5, 2018, by and between Origin Bancorp, Inc. and NexBank SSB, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed October 11, 2018 (File No. 001-38487).
10.29	Fiscal and Paying Agency Agreement, dated as of February 6, 2020, by and between Origin Bank and U.S. Bank National Association, as Fiscal and Paying Agent, incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed February 6, 2020 (File No. 001-38487).
10.30	Form of Subordinated Note Purchase Agreement, dated as of February 6, 2020, by and among Origin Bank and the several Purchasers, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed February 6, 2020 (File No. 001-38487).
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm

Exhibit Number	Description
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. Annual Report on Form 10-K for the year ended December 31, 2019, is formatted in XBRL: (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Stockholders' Equity and Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to 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

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Origin Bancorp, Inc.

(Registrant)

Date: February 28, 2020

By: **/s/ Drake Mills**

Drake Mills

Chairman, President and Chief Executive Officer
(*Principal Executive Officer*)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Date
/s/ Drake Mills **Drake Mills, Chairman, President and Chief Executive Officer (Principal Executive Officer)**	February 28, 2020
/s/ Stephen H. Brolly **Stephen H. Brolly, Chief Financial Officer/Senior Executive Officer (Principal Financial & Principal Accounting Officer)**	February 28, 2020
/s/ James S. D'Agostino **James S. D'Agostino, Director**	February 28, 2020
/s/ James E. Davison, Jr. **James E. Davison, Jr., Director**	February 28, 2020
/s/ Richard Gallot, Jr. **Richard Gallot, Jr., Director**	February 28, 2020
/s/ Stacey W. Goff **Stacey W. Goff, Director**	February 28, 2020
/s/ Michael A. Jones **Michael A. Jones, Director**	February 28, 2020
/s/ Gary E. Luffey **Gary E. Luffey, Director**	February 28, 2020
/s/ Farrell J. Malone **Farrell J. Malone, Director**	February 28, 2020
/s/ F. Ronnie Myrick **F. Ronnie Myrick, Director**	February 28, 2020
/s/ George M. Snellings, IV **George M. Snellings, IV, Director**	February 28, 2020
/s/ Elizabeth E. Solender **Elizabeth E. Solender, Director**	February 28, 2020
/s/ Steven Taylor **Steven Taylor, Director**	February 28, 2020

Exhibit 4.3

DESCRIPTION OF COMMON STOCK

Our common stock is listed on the Nasdaq Global Select Market under the symbol "OBNK." All outstanding shares of common stock are validly issued, fully paid, and nonassessable.

The following description of the terms of our common stock is not complete and is qualified in its entirety by reference to our Restated Articles of Incorporation, as amended (the "Articles of Incorporation"), and our Bylaws (the "Bylaws"), both of which are exhibits to our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

Voting and Other Rights

The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders, unless otherwise provided by law and subject to the rights and preferences of the holders of any outstanding shares of our preferred stock. Our Articles of Incorporation provide that the affirmative vote of at least two-thirds of the total voting power of the Company is required to amend or repeal Article VI (Voting Amendments), Article VII (Limitation of Liability) or Article VIII (Indemnification) of our Articles of Incorporation, and that such amendment or repeal will be prospective only. Our Articles of Incorporation also provide that our Bylaws may be amended by a vote of not less than two-thirds of the total number of directors then holding office, subject to the power of the stockholders, acting by a vote of the holders of not less than two-thirds of the total voting power of the Company, to change or repeal the Bylaws, including any amendments to the Bylaws adopted by our board of directors.

Our directors are divided into three classes (Class A, Class B and Class C). Holders of our common stock are not entitled to cumulative voting in the election of directors. Directors are elected by the vote of a majority of the votes cast by the holders of shares entitled to vote at any meeting for the election of directors at which a quorum is present, provided that if the number of director nominees exceeds the number of directors to be elected at such meeting, the directors will be elected by a plurality of the votes cast by the holders of shares entitled to vote at such meeting at which a quorum is present.

No holder of our common stock has a right under the LBCA, or our Articles of Incorporation or Bylaws, to purchase shares of common stock upon any future issuance. Holders of our common stock have no conversion rights or other subscription rights. There are no other redemption or sinking fund provisions that are applicable to our common stock. In the event of our liquidation, dissolution or winding-up, whether voluntarily or involuntarily, the holders of our common stock would be entitled to share ratably in any of the net assets or funds which are available for distribution to stockholders, after the satisfaction of all liabilities and accrued and unpaid dividends and liquidation preferences on any outstanding preferred stock.

Dividends

All shares of our common stock are entitled to share equally in dividends from legally available funds, when, as, and if declared by our board of directors. Our ability to pay dividends depends on the amount of dividends paid to us by the Bank. The payment of dividends by us and the Bank is subject to government regulation, in that regulatory authorities may prohibit banks and financial holding companies from paying dividends in a manner that would constitute an unsafe or unsound banking practice. In addition, a bank may not pay cash dividends if doing so would reduce the amount of its capital below that necessary to meet minimum regulatory capital requirements. State and federal laws also limit a bank's ability to pay dividends. Accordingly, the dividend restrictions imposed on our subsidiaries by statute or regulation may effectively limit the amount of dividends we can pay.

Holders of our debt securities have priority to distributions and payment over holders of our common stock. The dividend rights of holders of our common stock could also become subject to the dividend rights of holders of any outstanding preferred stock that we issue in the future.

Transfer Agent

The transfer agent and registrar for our common stock is EQ Shareowner Services.

Antitakeover Effects of Governing Documents

Our Articles of Incorporation and Bylaws contain certain provisions that could delay, discourage or prevent an attempted acquisition or change of control of the Company.

Articles of Incorporation

Article IV divides our board of directors into three classes and the directors in each class serve a three-year term. The election of directors is staggered so that approximately one-third of the board of directors is elected at each annual meeting. A vote of not less than two-thirds of the total number of directors then holding office is required to increase or decrease the number of directors.

Our Articles of Incorporation provide that the affirmative vote of at least two-thirds of the total voting power of the Company is required to amend or repeal Article VI (Voting Amendments), Article VII (Limitation of Liability) or Article VIII (Indemnification) of our Articles of Incorporation, and that such amendment or repeal will be prospective only. Additionally, our Articles of Incorporation require the vote of not less than two-thirds of the total number of directors then holding office, subject to the power of the stockholders, acting by a vote of the holders of not less than two-thirds of the total voting power of our company, to change or repeal the Bylaws, including any amendments to the Bylaws made by our board of directors.

Article IX provides that except as otherwise specifically provided by law, special meetings of the stockholders of the Company may be called by our board of directors, the chairman of our board or our chief executive officer, and shall be called by the secretary of the Company upon the written demand of the holders of at least 25% of all shares entitled to vote at the proposed meeting pursuant to a request made in accordance with procedures set forth in our Bylaws.

Finally, our board of directors, without stockholder approval, has the authority under our Articles of Incorporation to issue preferred stock with rights superior to the rights of the holders of common stock. As a result, preferred stock, while not intended as a defensive measure against takeovers, could be issued quickly and easily, which may adversely affect the rights of holders of common stock and could make it more difficult or time consuming for a third party to acquire a majority of our outstanding voting stock or otherwise effect a change of control. Within the limits described below under "*Description of Preferred Stock,*" our board of directors may issue preferred stock for capital raising transactions, acquisitions, joint ventures or other corporate purposes that has the effect of making an acquisition of the Company more difficult or costly.

Bylaws

Our Bylaws establish an advance notice procedure with regard to business to be brought before an annual or special meeting of stockholders and with regard to the nomination of candidates for election as directors, other than by or at the direction of the board of directors. Although this procedure does not give our board of directors any power to approve or disapprove stockholder nominations for the election of directors or proposals for action, it may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if the established procedure is not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its proposal without regard to whether consideration of the nominees or proposals might be harmful or beneficial to our stockholders and us. Our board of directors may amend our Bylaws without shareholder approval.

Exhibit 10.5

2020 RESTATED EMPLOYMENT AGREEMENT BETWEEN ORIGIN BANCORP, INC.

AND DRAKE MILLS

2020 Restated Employment Agreement

This 2020 Restated Employment Agreement (hereinafter referred to as "Agreement") is made and entered into effective as of the 27th day of February 2020 ("Effective Date") by and between:

Origin Bancorp, Inc., formerly known as Community Trust Financial Corporation and CTB Financial Corporation, a bank holding company chartered under the laws of the State of Louisiana and domiciled in Lincoln Parish, Louisiana ("Origin Bancorp"), and/or its Substantial Subsidiaries, jointly or individually, appearing herein through James D'Agostino, its Director (hereinafter referred to as "Employer"),

And

Drake Mills, an adult resident and domiciliary of Lincoln Parish, Louisiana, whose mailing address is PO Box 2525, Ruston, LA 71273 (hereinafter referred to as "Employee").

1. **Definitions:**

The following terms shall have the meaning set forth below for purposes of this Agreement:

A. Base Salary — The amount of compensation paid to, or on behalf of, Employee by Employer exclusive of: cash or non-cash bonuses, Employer contributions to deferred compensation arrangements, Employer contributions to employee benefit plans, life insurance premiums, membership dues, reimbursement of travel and business related expenses, and any other non-compensation related payments to Employee by Employer.

B. Cause — A finding by Employer of any of the following: (1) Employee's misuse of drugs (including alcohol), which materially affects his ability to perform duties outlined herein; (2) Employee's conviction, guilty plea or no contest plea to any felony or any other crime involving breach of trust, dishonesty, or moral turpitude; (3) the willful engagement by Employee in disloyal conduct which is materially and demonstrably injurious to Employer; (4) Employee's engagement in gross negligence, willful misconduct or harassment (including but not limited to sexual harassment or sexual abuse, whether or not such harassment occurs in the course of Employee's performance of Employee's job duties); (5) Employee's violation of state or federal securities or banking laws; (6) Employee's refusal to cooperate with a legitimate internal, regulatory, or law enforcement investigation; (7) Employee's material breach of this Agreement, or otherwise failing to perform obligations as set forth in this Agreement, after notice and a reasonable opportunity (not to exceed 30 days) to correct such actions; or (8) Employee has been prohibited from engaging in the business of banking by any applicable government agency or regulatory body.

C. Change in Control — Any of the following:

i. An Investor and/or Investor Group beneficially owns through equity dividends, grants, stock options, purchases, inheritances or otherwise, inclusive of options or warrants to acquire stock in the future, fifty percent (50%) or more of the value or voting power of Employer's then issued and outstanding capital stock of Employer;

ii. A change in the effective control of Employer which occurs on the date that a majority of members of the Board of Directors of Employer are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors of Employer prior to the date of the appointment or election. For purposes of this clause, if any person is considered to be in effective control of Employer, the acquisition of additional control of Employer by the same person will not be considered a Change in Control;

iii. Employer completes a merger or consolidation with another corporation, other than a merger or consolidation which would result in the voting securities of Employer outstanding immediately prior thereto continuing to represent (either by remaining securities outstanding or by being converted into voting securities of the surviving entity) a majority of the combined voting power of the voting securities of Employer, or such surviving entity, as applicable, outstanding immediately after such merger; or

iv. The consummation of the sale, transfer or other disposition of all or substantially all of Employer's assets (other than (x) to a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by Employer, (y) to a corporation or other entity owned directly or indirectly by the stockholders of Employer in substantially the same proportions as their ownership of the common stock of the consolidation or corporate reorganization which does not result in a Change in Control as defined herein).

D. <u>Change in Control Protection Period</u> — The time period (i) commencing on the earlier to occur of (A) execution of a definitive acquisition agreement contemplating a Change in Control and (B) consummation of a Change in Control, and (ii) ending (A) twenty-four (24) months following the consummation of such Change in Control or (B) if the Change in Control is not consummated, that date on which the definitive acquisition agreement expires or is terminated.

E. <u>Good Reason</u> — Any of the following, without Employee's consent: (a) Employee's responsibilities or base salary or bonus opportunity are materially diminished; (b) a change by Employer in the location at which Employee performs Employee's principal duties for Employer to a new location that is more than thirty (30) miles from the location at which Employee performed Employee's principal duties for Employer immediately prior to such change; or (c) a material breach by Employer of this Agreement.

F. <u>Investor</u> — An individual, partnership, corporation or other legal entity that owns voting stock in Employer and/or any of its Substantial Subsidiaries, exclusive of Employer, as the parent.

G. <u>Investor Group</u> — A group of Investors, acting under a formal or informal agreement or arrangement and/or under a common objective, common purpose or to the joint mutual benefit, that is distinguishable from all Investors, as a group, excluding Employer's Origin Bancorp, Inc. Employee Retirement Plan.

H. <u>Severance Period</u> — The twenty-four (24) months following Employee's termination without Cause or resignation for Good Reason.

I. <u>Substantial Subsidiaries</u> — Banking or non-banking subsidiaries of Employer as of the date of this Agreement, or any measurement or assessment date thereafter, that comprise 25% or more of the total assets of Employer, accounted for as a consolidated entity.

2. **<u>Employment and Duties</u>:** Employer hereby employs Employee in the capacity as Chairman of Employer and of Origin Bank and to perform such other duties consistent with Employee's executive status as President and CEO of Employer, all as may be determined and assigned to Employee by Origin Bancorp's Board of Directors (the "Board of Directors"). This Agreement supersedes any and all "at will" employment provisions of Employer with respect to Employee and any prior employment agreements (including the Restated Employment Agreement by and between Origin Bancorp and Employee, dated as of January 1, 2016), and shall serve as the complete and comprehensive basis of the employment relationship between Employer and Employee.

3. **<u>Performance</u>:** Employee shall devote his full time (except for reasonable vacation time and absence due to sickness or similar disability), attention and best efforts to the duties set forth in Section 2 above and shall

generally perform his duties with the same level of competency and commitment as Employer has come to expect based on past performance.

4. **Term:** The initial term of Employee's employment is for the period commencing on the Effective Date and ending on the third anniversary of the Effective Date, unless earlier terminated as provided in this Agreement. Thereafter, this Agreement shall automatically renew for successive three-year periods unless either party shall notify the other, in writing, not less than one hundred eighty (180) days prior to the end of the initial term or any renewal term of its or his intention not to renew this Agreement. The initial term of this Agreement plus any and all renewal terms are referred herein collectively as the "Employment Term."

5. **Compensation:** For all services to be rendered by Employee in any capacity hereunder Employer agrees to pay Employee a base salary ("Base Salary") to be established annually by the Board of Directors at a rate not less than $835,800.00, such Base Salary to be paid to Employee in accordance with Employer's payroll schedule.

   In addition to the Base Salary to be paid to Employee hereunder, Employer agrees to pay Employee an annual bonus ("Bonus") in such amount and based upon such formulae and criteria as may be determined by the Board of Directors from time to time. Except as otherwise explicitly set forth in Section 10, Employee must be employed on December 31 of the applicable year to receive a Bonus for such year, and each such Bonus shall be paid on or before March 15 of the calendar year following the calendar year in which the Bonus is earned.

6. **Insurance:** Employer shall provide Employee with medical and hospitalization insurance, disability income insurance and group life insurance upon such terms and conditions as may be determined by Employer from time to time and through such programs as is provided to other employees of Employer.

   Employee agrees that Employer, in its discretion, may apply for and procure in its own name and for its own benefit, life insurance in any amount or amounts considered advisable; and that Employee shall have no right, title or interest therein, and further, agrees to submit to any medical or other examination and to execute and deliver any application or other instrument in writing, reasonably necessary to effectuate such insurance.

7. **Pension and Profit Sharing:** Employer shall include Employee in all Employer sponsored 401(k) Plans and other pension and profit-sharing plans in a comparable manner as provided for Employer's other executive officers. In addition, Employer shall include Employee in a Supplemental Executive Retirement Plan (SERP) upon terms and conditions agreed upon by the Board of Directors.

8. **Miscellaneous Benefits:** Employer agrees to provide Employee with the following additional benefits at Employer's sole expense:

   A. Professional dues and program costs for all professional organization memberships and continuing education programs deemed reasonably necessary by Employee to maintain his professional standing as Chairman of Employer, subject to Employer's policies, as in effect from time to time;

   B. Paid Time Off benefits as are granted pursuant to Employer's policy;

   C. All expenses, including meals, lodging, transportation and miscellaneous for business and related travel. Employer agrees to reimburse Employee for said travel expenses subject to Employer's policies, as in effect from time to time, including with respect to substantiation and receipts; provided that any taxable reimbursement due under the terms of this Agreement shall be paid no later than December 31 of the year after the year in which the expense is incurred and shall comply with Treas. Reg. § 1.409A-3(i)(1)(iv);

D. Disability benefits, to include payment to Employee of the periodic Base Salary installments as stated above, commencing on the date Employee is unable to perform his duties as Chairman and continuing until disability benefits are provided to Employee by Employer or the disability insurance provider;

E. Monthly membership dues at Squire Creek Country Club, Choudrant, LA; and

F. A vehicle to be agreed upon by Employer and Employee, including all routine operating and routine maintenance expenses, subject to Employer's policies, as in effect from to time.

9. **Termination:** Unless otherwise agreed to in writing by Employer and Employee, Employee's employment under this Agreement shall terminate upon the occurrence of any of the following events:

A. At any time by mutual agreement in writing between Employer and Employee;

B. At any time by Employee by giving 30 days written notice addressed to Employer and delivered to any member of the Board of Directors;

C. Immediately upon the death of Employee;

D. Immediately upon Employee becoming permanently and totally disabled, which shall result in the permanent inability to satisfactorily perform Employee's regular duties as performed prior to such disability, which disability shall be defined in Employer's benefit plan and determined in good faith by the Board of Directors;

E. At any time by written notice by Employer, with or without Cause, provided, however, that:

i. Prior to a termination for Cause, Employee shall be given a written notice that (1) indicates the specific provision on which Cause may be based, (2) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee's employment under the provisions so indicated, (3) indicates the expected termination date, and (4) explains Employee's right to a hearing before the Board of Directors, and

ii. Termination for Cause shall not occur unless and until (1) the notice described above is provided to Employee, (2) Employee is given an opportunity, together with counsel, to be heard before the Board of Directors, and (3) there shall have been delivered to Employee a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board of Directors at a meeting of said Board of Directors that, in the good faith opinion of the Board, Employee is guilty of the applicable conduct and shall be terminated for Cause; or

F. By Employee for Good Reason; provided, however, that (a) Employee provides notice to Employer within 60 days after the occurrence of a purported basis for Good Reason, (b) Employer fails to cure such basis for Good Reason within 30 days following the date of Employee's notice, and (c) Employee resigns for Good Reason within 30 days following the end of such cure period; provided, further, that in no event shall Employee being placed on a paid leave for up to ninety (90) days while Employer conducts a good faith investigation into Employee's alleged misconduct constitute Good Reason. For the avoidance of doubt, actions or changes that are planned, pending or anticipated to occur upon the consummation of a Change of Control but have not yet transpired will not be a basis for Good Reason, and the time period in clause (a) above shall not begin to run, until after the consummation of the Change of Control and the effectiveness of such actions or changes.

10. **<u>Compensation upon Termination of Employment</u>:**

A. <u>In General</u>: Upon termination of this Agreement in accordance with Section 9 above, Employee shall be entitled to receive such Base Salary and other benefits as may be provided in this Agreement and as are accrued and unpaid as of Employee's last day of employment. In addition, except in the event of a termination for Cause by Employer, Employee shall also receive a Bonus for the year of termination based on actual performance for such year and prorated based upon the number of days Employee was employed during such calendar year, to be paid at the same time bonuses are paid to other executive employees.

B. <u>Termination without Cause or for Good Reason</u>: If Employee is terminated without Cause pursuant to Section 9(E) or resigns for Good Reason pursuant to Section 9(F) and the termination date is not within the Change in Control Protection Period, Employee shall also be entitled to the following, subject to Employee's compliance with the release obligation in Section 10(D) below:

i. An amount equal to (a) the sum of Employee's then-current annual Base Salary (but without taking into account any reduction that was the basis for Good Reason) and Employee's average annual Bonus paid during the three (3) calendar years immediately preceding the date of termination, *multiplied by* (b) a fraction, the numerator of which is the number of months in the Severance Period and the denominator of which is twelve (12); such amount to be paid in substantially equal installments, in accordance with Employer's regular payroll schedule, during the Severance Period; and

ii. To receive or have paid on Employee's behalf for the Severance Period, all premiums for the continuation of Employer's current medical hospitalization insurance program, provided that (A) Employee shall timely elect continuation of coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); and (B) Employee's benefits under this Section 10(B)(ii) shall terminate if and when (x) Employee secures alternative health benefits from a new employer, of which he shall promptly notify Employer, or (y) Employee's COBRA coverage terminates; <u>provided</u>, <u>however</u>, that should Employer be unable to provide for any such benefits under Employer's health benefit plans because it would cause the plans to provide discriminatory benefits, Employer shall pay Employee monthly an amount in cash equal to the premiums Employer would have paid on Employee's behalf.

C. <u>Termination without Cause or for Good Reason Following a Change in Control</u>: If Employee is terminated without Cause or resigns for Good Reason during the Change in Control Protection Period, Employee shall be entitled upon the occurrence of such termination to the payment of the following additional consideration, in addition to all other compensation accrued through the date of such termination, subject to Employee's compliance with the release obligation in Section 10(D) below:

i. To receive an amount equal to sum of three (3) times Employee's annual Base Salary as of the termination date (but without taking into account any reduction that was the basis for Good Reason) plus (b) three (3) times the average of the Bonus paid to Employee during the three (3) calendar years immediately preceding the consummation of the Change in Control (or the three (3) calendar years immediately preceding the termination date if the termination occurs prior to the Change in Control), but with such sum to be diminished by the positive amount, if any, equal to the product of multiplying the such sum by a fraction, the numerator of which is the number of full months elapsed between the Change in Control and termination and the denominator of which is 36. The foregoing amount shall be paid in lump sum within sixty (60) days following the date of termination; <u>provided</u>, <u>however</u>, that solely to the extent necessary to avoid the imposition of taxes under Section 409A (as defined below), if Employee's termination date occurs before the consummation of the Change in Control (but within the Change in Control Protection Period), such amount will be paid in substantially equal installments, in accordance with Employer's regular payroll schedule, during the Severance Period; and

ii. To receive or have paid on Employee's behalf for a period of up to eighteen (18) months following the termination date, all premiums for the continuation of Employer's current medical hospitalization insurance program, provided that (A) Employee shall timely elect continuation of coverage under COBRA; (B) Employee's benefits under this Section 10(C)(ii) shall terminate if and when (x) Employee secures alternative health benefits from a new employer, of which he shall promptly notify Employer, or (y) Employee's COBRA coverage terminates; provided, however, that should Employer be unable to provide for any such benefits under Employer's health benefit plans because it would cause the plans to provide discriminatory benefits, Employer shall pay Employee monthly an amount in cash equal to the premiums Employer would have paid on Employee's behalf.

D. Release: All payments and benefits under Section 10(B) and Section 10(C) are conditioned upon Employee executing a valid general release agreement, in the form attached to this Agreement, within forty-five (45) days following Employee's date of termination, releasing Employer and its affiliates from any and all liability (other than amounts to be paid hereunder), and not revoking such release within the seven (7) days following Employee's execution of such release. Any such amounts due for the period after termination and before the Release becomes effective shall be paid with the first payment after the Release becomes effective. If the period during which Employee has discretion to execute or revoke the Release straddles two calendar years, Employer shall make payments conditioned on the Release no earlier than January 1st of the second calendar year, regardless of which year the Release becomes effective.

E. Section 280G Parachute Payments:

i. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by Employer or its affiliates to Employee or for Employee's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and would, but for this Section 10(E) be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (a) the Net Benefit (as defined below) to Employee of the Covered Payments after payment of the Excise Tax to (b) the Net Benefit to Employee if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (a) above is less than the amount under (b) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

ii. Any such reduction shall be made in accordance with Section 409A (as defined below), and in the following order: (a) cash payments that do not constitute nonqualified deferred compensation subject to Section 409A, (b) cash payments that do constitute nonqualified deferred compensation subject to Section 409A, (c) equity-based payments and acceleration of equity, and (d) other non-cash benefits. To the extent any such payment is to be made over time (e.g., in installments, etc.), the payments shall be waived in reverse chronological order.

iii. Any determination required under this Section 10(E) shall be made in writing in good faith by an independent accounting firm selected by Employer (the "Accountants"). Employer and Employee shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 10(E). For purposes of making the calculations and determinations required by this Section 10(E), the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants' determinations shall be final and binding on Employer and Employee. Employer shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 10(E).

11. **Confidentiality:**

A. Non-Disclosure Obligation: Employee acknowledges that in rendering services to Employer, Employee has had and will have contact with and develop relationships with the customers of Employer. In all of Employee's activities pursuant to this Agreement, Employee, through nature of Employee's work, also has had and will have access to and will acquire confidential information related to such customers and the business operations and policies of Employer. Employee acknowledges that all such information with respect to Employer's customers, business, operations and policies is the property solely of Employer (in this Agreement referred to as "Confidential Information") and at no time, even following termination of this Agreement, shall Employee disclose or otherwise, disseminate or use such Confidential Information, including the terms and conditions of this Agreement, without having first obtained the prior written consent of Employer.

B. Compulsory Disclosures: Except as expressly prohibited by court order, if Employee is requested or required by law, rule, regulation or judicial order to disclose any Confidential Information, Employee will provide Employer with prompt written notice of any such request or requirement so that Employer may seek an appropriate protective order or waiver of Employee's compliance with the provisions of this Section 11. Employee will not oppose any reasonable action by, and will cooperate with, Employer, at Employer's expense, to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded to the Confidential Information. If, failing the entry of a protective order or the receipt of a waiver hereunder, Employee is compelled by law, rule, regulation or judicial order to disclose a portion of the Confidential Information, Employee may disclose without liability hereunder only that portion of the Confidential Information and only to the extent which Employee is legally required to disclose.

C. Protected Disclosures: Notwithstanding any provisions in this Agreement to the contrary, nothing in this Agreement prohibits Employee from reporting possible violations of law or to restrict or impede Employee from exercising other protected rights to the extent that such rights cannot be waived by agreement. Employee acknowledges that he may have immunity, pursuant to the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b), for certain disclosures to his attorney or government officials.

12. **Non-Solicitation:**

A. Non-Solicitation of Customers With Whom Employee Has Had Direct Contact: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally take any action, of any kind, which will disturb or may or might disturb the existing business and/or relationship of Employer with any Covered Customer with whom Employee had direct contact during his Employment Term; for the avoidance of doubt, the actions prohibited by this provision include (but are not limited to) the solicitation of banking business from the Covered Customers.

B. Non-Solicitation of Customers With Whom Employee Has Had Indirect Contact: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally take any action, of any kind, which will disturb or may or might disturb the existing business and/or relationship of Employer with any Covered Customer with whom Employee had indirect contact through Employee’s direct subordinates or superiors during his Employment Term; for the avoidance of doubt, the actions prohibited by this provision include (but are not limited to) the solicitation of banking business from the Covered Customers.

C. Non-Solicitation of Customers For Competitive Purposes: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally solicit the business of any Covered Customers for the purpose of competing with Employer.

D. Non-Solicitation of Employees: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally solicit, recruit, or induce any employee of Employer to terminate his or her employment with Employer. For purposes of the preceding sentence, “employee” includes any current employee of Employer and any employee who terminated employment with Employer for any reason within the six (6) months preceding any action or communication prohibited by this provision.

E. No Hiring of Employees: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally hire any employee of Employer. For purposes of the preceding sentence, “employee” includes any current employee of Employer and any employee who terminated employment with Employer for any reason within the six (6) months preceding any action or communication prohibited by this provision.

F. Attempted Solicitation: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, offer, attempt, or prepare to take any of the actions restricted by Sections 12(A)–(E).

G. Definitions and Acknowledgments:

i. “Non-Solicitation Period” means the time period that includes the term of this Agreement and the period of two (2) years following the termination or expiration thereof.

ii. “Covered Customer” means any individual or entity who is, or was, at any time during the Employment Term, a customer of Employer within the parishes, counties, and municipalities listed in Exhibit A. Employee acknowledges and agrees that Exhibit A may be amended from time to time by Employer to include any additional parishes and counties in which Employer has a branch banking facility, which amendment(s) will be presented to Employee in writing and will be become effective and binding on Employee unless Employee provides a notice of termination by the fifth business day following the date on which notice of the amendment is duly given under this Agreement. For purposes of this Section 12, “customer” includes, but is not limited to, any business, person or entity for whom Employer has extended credit, accepted deposits or provided other financial services, including mortgage banking or brokerage services, or with whom

Employer has had contracts, agreements, arrangements or any type of business, or working relationship. Employee acknowledges and represents that he understands the nature of the customer relationships of Employer and who and what comprises its customers.

iii. Employee acknowledges and agrees that the "business" of Employer involves and relates to extending credit, accepting deposits, and engaging in those other activities permissible for financial holding companies and FDIC-insured financial institutions, including mortgage banking or brokerage services, either directly or indirectly, through financial or operating subsidiaries and affiliates. Employee is familiar with and fully understands the business in which Employer is engaged and the scope, activities and business pursuits involved in the business of Employer. Employee understands and acknowledges that the non-solicitation covenants contained in this Agreement prohibit Employee from engaging in or conducting, in any capacity or in any position, any business activities similar to that of Employer.

iv. As used in this Agreement, the term "solicit" includes, but is in no way limited to, (A) any and all direct and indirect solicitation of business (whether directly by Employee or through others) and (B) engagement in communications (through any format or medium) for the purpose of generating or attempting to generate business, services, work or other business activities with the customer. Employee may not avoid the purpose and intent of this Section 12 by communicating with individuals or entities within the geographically-limited area (or engaging in conduct involving activities in the geographically-limited area) from a remote location through means such as telecommunications, written correspondence, computer generated or assisted communications, or other similar methods.

v. Employee acknowledges and agrees (i) that one of the principal causes and considerations of Employer employing Employee in an executive position is the restrictive covenants to which Employee is obligated under this Agreement; (ii) that Employee will be granted access to and will be provided Confidential Information to which only certain senior executives of Employer have access that will enable Employee the opportunity to reap material pecuniary rewards over the term of this Agreement; (iii) that Employee will be obtaining unique knowledge, experience and skills through employment with Employer; (iv) that Employer is expending substantial resources to provide Employee with a guaranteed term of employment and to make Employee an integral part of its current and future business plans; (v) that Employee will become familiar with the salary, pay scale, capabilities, experiences, skill and desires of Employer's employees; (vi) that Employee would not have obtained such experience and opportunities from other sources without the employment relationship with Employer; and (vii) that Employer's willingness to provide the foregoing is based upon its reliance on these restrictive covenants and Employee's other obligations contained in this Agreement.

vi. Employee acknowledges and agrees that the length and scope of the restrictions contained in this Section 12 are reasonable and necessary to protect the legitimate business interests, including goodwill, of Employer and that Employee received valuable and adequate consideration for agreeing to be bound by such restrictions. Employee agrees that in the event of the breach of any of the terms and provisions of this Section 12, Employer shall be entitled to secure an order in any suit brought for that purpose to enjoin Employee from violating any of the provisions of this Agreement and that pending the hearing and decision on the application for such order, Employer shall be entitled to a temporary restraining order or other equitable relief, without prejudice to any other remedy available at Employer, all at the expense of Employee, including reasonable attorney's fees incurred by Employer. Employee understands that the covenants of this Section 12 are of fundamental importance to this Agreement, without which no agreement would be entered into by Employer. The provisions of this Section 12 shall in no event be construed to be an exclusive remedy and such remedy shall be held and construed to be cumulative and not exclusive of any rights of remedies, whether in law or equity, otherwise available under the terms of this Agreement or under the laws of the United States of America or the State of Louisiana.

vii. The covenants and agreements made by Employee in this Section 12 shall be construed as an agreement independent of any other provision in this Agreement and the existence of any claim or cause of action by Employee against Employer whether predicted on this Agreement or otherwise shall not constitute a defense to the enforcement by Employer, by injunctive relief or otherwise of the provisions of this Section 12. No failure or failures on the part of Employer to enforce any violation by Employee of this Section 12 shall constitute a waiver of Employer's rights thereafter to enforce all of the terms, covenants, provisions, and agreements herein contained.

13. **Non-Disparagement:** Employee agrees and covenants that Employee shall not at any time make, publish, or communicate to any person or entity or in any public forum any defamatory, maliciously false, or disparaging remarks, comments, or statements concerning Employer or its businesses, or any of its employees, officers, or directors and its existing and prospective customers, and other associated third parties, now or in the future. This Section 13 shall not prohibit Employee from responding truthfully to any governmental investigation or inquiry by a governmental entity or any other law, subpoena, court order or other compulsory legal process.

14. **Option to Purchase Stock:**

A. Options: Employee was previously granted two options to purchase shares of common stock of Origin Bancorp. The number of outstanding shares underlying each option (as of the date indicated), the related exercise price per share, and the expiration date applicable to each option are set forth in the table below. (The number of outstanding shares and the related exercise price per share reflect certain subsequent adjustments that have been applied in accordance with the principles described in Section 14.C.)

	Outstanding Shares as of February 25, 2020	Exercise Price	Expiration Date
First Option	120,000	$8.25	Dec. 31, 2024
Second Option	50,000	$17.50	Dec. 31, 2030

B. Exercise: All options reflected in the table above are fully vested as of the date of this Agreement and may be exercised by Employee at any time before the applicable expiration date of such option by written notice delivered to Employer together with a cashier's check for the respective purchase prices of stock in respect of the options being exercised; alternatively, solely with respect to the shares granted under the Second Option, the notice may direct that Employer withhold from the common stock to be issued to Employee upon such exercise, shares of common stock of Origin Bancorp issuable upon exercise of the option with an aggregate fair market value equal in value to the full exercise price as to which the option is being exercised (a "cashless exercise").

C. Adjustment: At any time, the remaining number of unexercised shares and related exercise price per share of the Origin Bancorp's common stock subject to the options as described herein, are to be adjusted ratably to reflect changes to the Origin Bancorp's total issued and outstanding common stock caused by Origin Bancorp's actions subsequent to the date of this Agreement so that the resulting number of unexercised shares, calculated as a percentage of total common shares issued and outstanding, and the related value of the exercise price per share, are equivalent immediately following the change as they were immediately prior to the change. Such events include, yet are not limited to, stock dividends, stock splits, and issuances of additional classes of common stock other than for cash, pursuant to a merger or pursuant to exercise of other options.

15. **Notices:** Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and shall be deemed given if delivered personally or sent by commercial delivery service, or mailed by registered or certified mail (return receipt requested), as follows:

Notice to Employer:	Origin Bancorp, Inc. Attn: Board of Directors 1511 N. Trenton St. Ruston, LA 71270
Notice to Employee:	Drake Mills PO Box 2525 Ruston, LA 71273

16. **Regulatory Considerations:** 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, Employee may be prevented from obtaining or enforcing any or all of Employee'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 Origin Bank, and not Employer, Employer will make the required payments; (ii) if and to the extent the prohibitions are applicable to Employer and not Origin Bank, Origin Bank will make the required payments, provided that any such payments are consistent with sections 23A and 23B of the Federal Reserve Act; and (iii) if the prohibitions apply to both Origin Bank and Employer, the maximum amount possible of required payments not prohibited will be made by Origin Bank and/or Employer. Notwithstanding anything to the contrary in this Agreement, nothing herein will require Origin Bank or Employer to perform any obligation hereunder, including any payment obligation to Employee, to the extent that such performance or payment is prohibited or limited by applicable law or regulation, including but not limited to the restrictions on golden parachute payments in section 18(k) of the Federal Deposit Insurance Act and 12 C.F.R. part 359, as amended from time to time. The application of the foregoing sentence this Section 16 will not constitute "Good Reason" under this Agreement or constitute a breach of this Agreement. The parties acknowledge and agree that it is the intent of this Agreement that it be enforced to the fullest degree permitted by law and regulation.

17. **General:**

A. Entire Agreement: This Agreement as written and its terms, conditions and provisions shall represent and constitute the entirety of the employment agreement existing between the parties hereto and shall supersede any and all other agreements, writings, conversations or representations, if any, made by either party or their representatives, agents or employees at any time either prior to or subsequent to the execution of this Agreement.

B. Waivers: By an instrument in writing signed by both Employee and Employer, Employee or Employer may waive compliance by the other party with any specifically identified provision of this Agreement that such other party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

C. Amendment: No amendment or modification of this Agreement shall be deemed effective unless or until executed in writing by the parties hereto with the same formality attending execution of this Agreement, and signed by both Employer and Employee.

D. Severability: It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement, including under Section 12, or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

E. Construction: This Agreement shall be deemed drafted equally by both Employer and Employee. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) “includes” and “including” are each “without limitation”; (iii) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

F. Designated Beneficiary: In the event of Employee’s death or determination of disability as provided for in Section 9(D) whereupon Employee could not legally act on his/her own behalf, Employee’s designated beneficiary(s) shall be entitled to receive any and all amounts or other benefits specified in this Agreement, including any extensions thereto as documented in an addendum, as would Employee had he been alive or of full capacity and make elections under the terms of this Agreement in the same capacity as Employee for a period of no more than ninety (90) calendar days following Employee’s date of death or disability determination. Employee shall designate his beneficiary in writing to Employer upon execution of this Agreement and may amend his designation at any time and from time to time through written notice to Employer. Individuals designated as beneficiaries by Employee must be of majority age at the date of designation.

G. Assignment: The performance of Employee’s obligations under this Agreement are personal and non-inheritable obligations of Employee and shall not be assignable to others.

H. Remedies: No right, power or remedy conferred upon a party in this Agreement shall be exclusive, and each such right, power and remedy shall be cumulative and in addition to every other right, power, or remedy, whether conferred in this Agreement or any other agreement, or now or hereafter available at law or in equity or by statute or otherwise.

18. **<u>Withholding and Section 409A</u>:**

A. <u>Withholding</u>: All compensation and benefits provided pursuant to this Agreement shall be paid less all applicable tax withholdings and any other withholdings required by law, as determined by Employer, or as authorized by Employee.

B. <u>Section 409A</u>: The parties intend that the provisions of this Agreement comply with or be exempt from Section 409A of the Code and the regulations thereunder (collectively, "Section 409A") and all provisions of this Agreement shall be construed in a manner consistent with the requirements for preventing taxes or penalties under Section 409A. Notwithstanding the foregoing, nothing in this Agreement shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply with Section 409A) from Employee to Employer or to any other individual or entity. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination also constitutes a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," "separation from service" or like terms shall mean such a separation from service. Each installment payment under this Agreement shall be considered a separate payment for purposes of Section 409A. If, upon separation from service, Employee is a "specified employee" within the meaning of Section 409A, any payment under this Agreement that is subject to Section 409A and would otherwise be paid within six (6) months after Employee's separation from service will instead be paid in the seventh (7th) month following his separation from service (to the extent required by Section 409A(a)(2)(B)(i)).

19. **<u>Governing Law</u>:** This Agreement having been executed and delivered in the State of Louisiana will have its validity, interpretation, performance and enforcement governed by the laws of said state.

20. **<u>Employee Acknowledgment</u>:** In signing below, Employee acknowledges that prior to accepting the terms and conditions set out in the Agreement (including its attachments): (i) Employee has sought independent legal and financial advice on the terms of this Agreement or waives his right to do so; (ii) Employee has read the Agreement and understands the documents and its implications; and (iii) Employee agrees to be bound by the terms and conditions of the Agreement and perform the responsibilities and duties of the position in accordance with Employer's policies and procedures as implemented by Employer from time to time.

Thus done and signed at Ruston, Louisiana, on this 27th day of February, 2020.

Employer:	**Employee**
/s/ James G. D'Agostino	/s/ Drake Mills
Origin Bancorp, Inc.	Drake Mills

By: James D'Agostino,
Director on behalf of
the Board of Directors of Origin Bancorp

Exhibit A

The following are the parishes, counties, and municipalities in which Employer is actively engaged in its business, as defined in Section 12 of the 2020 Restated Employment Agreement.

- Bienville Parish, Louisiana
- Claiborne Parish, Louisiana
- Jackson Parish, Louisiana
- Lincoln Parish, Louisiana
- Morehouse Parish, Louisiana
- Ouachita Parish, Louisiana
- Union Parish, Louisiana
- Hinds Country, Mississippi
- Lafayette County, Mississippi
- Madison County, Mississippi
- Collin County, Texas
- Dallas County, Texas
- Harris County, Texas
- Montgomery County, Texas
- Tarrant County, Texas

Exhibit 10.10

ORIGIN BANK
AMENDED AND RESTATED
ENDORSEMENT SPLIT DOLLAR LIFE INSURANCE AGREEMENT

THIS AMENDED AND RESTATED ENDORSEMENT SPLIT DOLLAR LIFE INSURANCE AGREEMENT ("Agreement") is made and entered into this 27th day of February, 2020, by and between Origin Bank ("Bank"), a bank located in Choudrant, Louisiana and Drake D. Mills ("Executive"). This Agreement amends and restates, and supersedes and replaces, that certain Endorsement Split Dollar Life Insurance Agreement, dated October 29, 2019, by and between the Bank and the Executive.

The purpose of this Agreement is to retain and reward the Executive by dividing the death proceeds of certain life insurance policies on the life of the Executive that are owned by the Bank with the designated beneficiary of the Executive. The Bank will pay the life insurance premiums from its general assets.

Article 1
Definitions

Whenever used in this Agreement, the following terms shall have the meanings specified:

1.1 "Bank's Interest" means the benefit set forth in Section 2.1.

1.2 "Beneficiary" means each designated person, or the estate of the deceased Executive, entitled to benefits, if any, upon the death of the Executive.

1.3 "Beneficiary Designation Form" means the form established from time to time by the Plan Administrator that the Executive completes, signs and returns to the Plan Administrator to designate one or more Beneficiaries.

1.4 "Board" means the Board of Directors of the Bank as from time to time constituted.

1.5 "Effective Date" of this Agreement means February 27, 2020.

1.6 "Executive's Interest" means the benefit set forth in Section 2.2.

1.7 "Insured" means the individual Executive whose life is insured.

1.8 "Insurer" means the insurance company issuing the Policy on the life of the Executive.

1.9 "Policy" or "Policies" means the individual insurance policy or policies adopted by the Bank for purposes of insuring the Executive's life under this Agreement.

1.10 "Termination for Cause" means the termination of the Executive's employment with the Bank for "cause" as defined in Section 6.1 below.

1.11 “Termination of Employment” means the termination of the Executive’s service with the Bank (by either Bank or Executive) for reasons other than (i) death or (ii) leave of absence approved by the Bank.

Article 2
Policy Ownership and Interests

2.1 Bank’s Interest. The Bank shall own the Policy and shall have the right to exercise all incidents of ownership except as limited herein. The Bank shall be the beneficiary of the remaining death proceeds of the Policy after the Executive’s Interest is determined and paid according to Section 2.2 below.

2.2 Executive’s Interest. Upon the Executive’s death, whether or not employed by the Bank at such time, the Executive’s Beneficiary shall be entitled to an amount of death proceeds equal to One Million Five Hundred Thousand Dollars ($1,500,000.00). The Executive, or the Executive’s assignee, shall have the right to designate the Beneficiary pursuant to the terms of this Agreement. Distribution of Executive’s interest determined under this Section 2.2 shall be in a single lump sum distribution to the Executive’s Beneficiary(ies).

2.3 Bank has no Obligation to Pay. Death proceeds payable under this Agreement shall be paid solely by the Insurer from the proceeds of any Policy on the life of the Insured. In no event shall the Bank be obligated to pay a death benefit under this Agreement from its general funds. Notwithstanding anything to the contrary contained herein, should an Insurer refuse or be unable to pay death proceeds endorsed to Insured under the express terms of this Agreement, or should the Policy be cancelled for any reason, including but not limited to Policy cancellation by the Bank, as determined in its sole and absolute discretion, the Executive’s Beneficiary shall not be entitled to a death benefit.

Article 3
Forfeiture of Benefit

Notwithstanding anything to the contrary herein, the Executive will forfeit the benefit described in Section 2.2 if: (a) any provision of Article 6 applies; or (b) the Executive provides written notice to the Bank declining further participation in the Agreement.

Article 4
Comparable Coverage

4.1 Offer to Purchase. If the Bank discontinues a Policy while the Executive is employed by the Bank at the date of discontinuance, the Bank shall give the Executive at least thirty (30) days to purchase such Policy. The purchase price shall be the fair market value of the Policy, as determined under Treasury Reg. §1.61-22(g)(2) or any subsequent applicable authority. The Bank shall give written notice to the Executive in the event the Bank discontinues the Policy.

Article 5
Premiums and Imputed Income

5.1 <u>Premium Payment</u>. The Bank shall pay all premiums due on all Policies.

5.2 <u>Economic Benefit</u>. The Bank shall determine the economic benefit attributable to the Executive based on the life insurance premium factor for the Executive's age multiplied by the aggregate death benefit payable to the Beneficiary. The "life insurance premium factor" is the minimum factor applicable under guidance published pursuant to Treasury Reg. § 1.61-22(d)(3)(ii) or any subsequent authority.

5.3 <u>Imputed Income</u>. The Bank shall impute the economic benefit to the Executive on an annual basis, by adding the economic benefit to the Executive's W-2.

Article 6
General Limitations

6.1 <u>Termination for Cause.</u> Upon a Termination for Cause, the Executive shall forfeit all benefits under this Agreement. For this purpose, <u>Cause</u> shall have the meaning set forth in the employment agreement by and between the Bank and the Executive as in effect at the time of a determination of Termination for Cause, and if no such employment agreement shall be in place or in effect at such time, "Termination for Cause" or "Cause" shall mean the Executive's Termination of Employment as a result of any of the following that results in an adverse effect on the Bank. If a dispute arises as to discharge "For Cause," such dispute shall be resolved by arbitration by an arbitrator selected by mutual agreement of the Bank and the Executive.

(a) The conviction of a felony or gross misdemeanor involving fraud or dishonesty;
(b) The willful violation of any banking law, rule, or regulation (other than a traffic violation or similar offense);
(c) An intentional failure to perform stated duties; or
(d) A breach of fiduciary duty involving personal profit.

6.2 <u>Removal</u>. Notwithstanding any provision of this Agreement to the contrary, the Executive's rights in the Agreement shall terminate if the Executive is subject to a final removal or prohibition order issued by an appropriate federal banking agency pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA").

6.3 <u>Suicide or Misstatement</u>. No benefits shall be payable if the Executive commits suicide during the Policy exclusion period, or if the insurance company denies coverage (i) for material misstatements of fact made by the Executive on any application for life insurance purchased by the Bank, or (ii) for any other reason; provided, however that the Bank shall evaluate the reason for the denial, and upon advice of legal counsel and in its sole discretion, consider judicially challenging any denial.

Article 7
Beneficiaries

7.1 Beneficiary. The Executive shall have the right, at any time, to designate a Beneficiary (ies) to receive any benefits payable under the Agreement upon the death of the Executive. The Beneficiary designated under this Agreement may be the same as or different from the beneficiary designation under any other Agreement of the Bank in which the Executive participates.

7.2 Beneficiary Designation; Change. The Executive shall designate a Beneficiary by completing and signing the Beneficiary Designation Form and delivering it to the Bank or its designated agent. The Executive's beneficiary designation shall be deemed automatically revoked if the Executive names a spouse as Beneficiary and the marriage is subsequently dissolved. The Executive shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Bank's rules and procedures, as in effect from time to time. Upon the acceptance by the Bank of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be revoked and cancelled. The Bank shall be entitled to rely on the last Beneficiary Designation Form filed by the Executive and accepted by the Bank prior to the Executive's death.

7.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Bank or its designated agent.

7.4 No Beneficiary Designation. If the Executive dies without a valid designation of beneficiary, or if all designated Beneficiaries predecease the Executive, then the Executive's surviving spouse shall be the designated Beneficiary. If the Executive has no surviving spouse, the benefits shall be made payable to the personal representative of the Executive's estate.

7.5 Facility of Payment. If the Bank 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 Bank may direct payment of such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent person or incapable person. The Bank may require proof of incompetence, minority or guardianship as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Executive and the Executive's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Agreement for such payment amount.

Article 8
Assignment

The Executive may irrevocably assign without consideration all of the Executive's Interest in this Agreement to any person, entity, or trust. In the event the Executive shall transfer all of the Executive's Interest, then all of the Executive's Interest in this Agreement shall be vested in the Executive's transferee, who shall be substituted as a party hereunder, and the Executive shall have no further interest in this Agreement. Notwithstanding any assignment made by the Executive under this Article 8, for the purpose of determining benefits payable under this Agreement, Executive's employment status shall continue to control the terms of any vesting and/or forfeiture of benefits.

Article 9
Insurer

The Insurer shall be bound only by the terms of its given Policy. The Insurer shall not be bound by or deemed to have notice of the provisions of this Agreement. The Insurer shall have the right to rely on the Bank's representations with regard to any definitions, interpretations or Policy interests as specified under this Agreement.

Article 10
Claims and Review Procedure

10.1 Claims Procedure. The Executive or Beneficiary ("Claimant") who has not received benefits under the Agreement that he or she believes should be paid shall make a claim for such benefits as follows:

10.1.1 Initiation – Written Claim. The Claimant initiates a claim by submitting to the Bank a written claim for the benefits. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

10.1.2 Timing of Bank Response. The Bank shall respond to such Claimant within ninety (90) days after receiving the claim. If the Bank determines that special circumstances require additional time for processing the claim, the Bank can extend the response period by an additional ninety (90) days by notifying the Claimant in writing, prior to the end of the initial ninety (90) day period that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Bank expects to render its decision.

10.1.3 Notice of Decision. If the Bank denies part or all of the claim, the Bank shall notify the Claimant in writing of such denial. The Bank shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth:

(a) The specific reasons for the denial;
(b) A reference to the specific provisions of the Agreement on which the denial is based;
(c) A description of any additional information or material necessary for the Claimant to perfect the claim and an explanation of why it is needed; and
(d) An explanation of the Agreement's review procedures and the time limits applicable to such procedures;

10.2 Review Procedure. If the Bank denies part or all of the claim, the Claimant shall have the opportunity for a full and fair review by the Bank of the denial, as follows:

10.2.1 Initiation – Written Request. To initiate the review, the Claimant, within sixty (60) days after receiving the Bank's notice of denial, must file with the Bank a written request for review.

10.2.2 Additional Submissions – Information Access. The Claimant shall then have the opportunity to submit written comments, documents, records and other information relating to the claim. The Bank shall also provide the Claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits.

10.2.3 Considerations on Review. In considering the review, the Bank shall consider all materials and information the Claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

10.2.4 Timing of Bank's Response. The Bank shall respond in writing to such Claimant within sixty (60) days after receiving the request for review. If the Bank determines that special circumstances require additional time for processing the claim, the Bank can extend the response period by an additional sixty (60) days by notifying the Claimant in writing, prior to the end of the initial sixty (60) day period that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Bank expects to render its decision.

10.2.5 Notice of Decision. The Bank shall notify the Claimant in writing of its decision on review. The Bank shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth:

(a) The specific reasons for the denial;
(b) A reference to the specific provisions of the Agreement on which the denial is based; and

(c) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits.

Article 11
Amendments and Termination

Notwithstanding anything to the contrary herein, the Bank may amend or terminate this Agreement only if: (i) continuation of the Agreement would cause significant financial harm to the Bank, (ii) the Executive agrees to such action, or (iii) the Bank's banking regulator(s) issues a written directive to amend or terminate the Agreement. This Agreement will automatically terminate if (a) any provision of Article 6 applies; or (b) the Executive provides written notice to the Bank declining further participation in the Agreement.

Article 12
Administration

12.1 Plan Administrator. This Agreement shall be administered by a Plan Administrator which shall consist of the Board, or such committee or persons as the Board may choose. The Plan Administrator shall also have the discretion and authority to (i) make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Agreement and (ii) decide or resolve any and all questions including interpretations of this Agreement, as may arise in connection with this Agreement.

12.2 Agents. In the administration of this Agreement, the Plan Administrator may employ agents and delegate to them such administrative duties as it sees fit, (including acting through a duly appointed representative), and may from time to time consult with counsel who may be counsel to the Bank.

12.3 Binding Effect of Decisions. The decision or action of the Plan Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of this Agreement and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in this Agreement.

12.4 Indemnity of Plan Administrator. The Bank shall indemnify and hold harmless any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by such contracted party.

12.5 Information. To enable any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement, the Bank shall supply full and timely information to such contracted party on all matters relating to the Executive's base salary of the Executive, the date and circumstances of the retirement, disability, death or

Termination of Employment of the Executive, and such other pertinent information as such contracted party may reasonably require.

Article 13
Miscellaneous

13.1 Binding Effect. This Agreement shall bind the Executive and the Bank, their beneficiaries, survivors, executors, administrators and transferees and any Beneficiary.

13.2 No Guarantee of Employment. This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an Executive of the Bank, nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an Executive nor interfere with the Executive's right to terminate employment at any time.

13.3 Applicable Law. The Agreement and all rights hereunder shall be governed by and construed according to the laws of the State of Louisiana, except to the extent preempted by the laws of the United States of America.

13.4 Reorganization. The Bank shall not merge or consolidate into or with another company, or reorganize, or sell substantially all of its assets to another company, firm or person unless such succeeding or continuing company, firm or person agrees to assume and discharge the obligations of the Bank under this Agreement. Upon the occurrence of such event, the term "Bank" as used in this Agreement shall be deemed to refer to the successor or survivor company.

13.5 Notice. Any notice or filing required or permitted to be given to the Bank under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Origin Bank
500 South Service Road East
Ruston, Louisiana 71270

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification. Any notice or filing required or permitted to be given to the Executive under this Agreement shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Executive.

13.6 Entire Agreement. This Agreement, along with the Executive's Beneficiary Designation Form and the SERP, constitutes the entire agreement between the Bank and the Executive as to the subject matter hereof. No rights are granted to the Executive under this Agreement other than those specifically set forth herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first indicated above.

EXECUTIVE:	**BANK:**
	Origin Bank
/s/ Drake Mills	By: /s/ Steve Brolly
Drake D. Mills	
	Title: CFO

BENEFICIARY DESIGNATION FORM

I, Drake D. Mills, designate the following as Beneficiary under the Agreement:

Primary: ____ Name Relationship ____ Name Relationship ____ Name Relationship	_____% _____% _____%
Contingent: ____ Name Relationship ____ Name Relationship ____ Name Relationship	_____% _____% _____%

Notes:

- **Please PRINT CLEARLY or TYPE the names of the beneficiaries.**
- **To name a trust as beneficiary, please provide the name of the trustee(s) and the <u>exact</u> name and date of the trust agreement.**
- **To name your estate as beneficiary, please write "Estate of [<u>your name</u>]".**
- **Be aware that none of the contingent beneficiaries will receive anything unless ALL of the primary beneficiaries predecease you.**

I understand that I may change these beneficiary designations by delivering a new written designation to the Plan Administrator, which shall be effective only upon receipt and acknowledgment by the Plan Administrator prior to my death. I further understand that the designations will be automatically revoked if I have named my spouse as beneficiary and our marriage is subsequently dissolved.

SPOUSAL CONSENT (Required if Spouse is not named beneficiary):

I consent to the beneficiary designation above, and acknowledge that if I am named Beneficiary and our marriage is subsequently dissolved, the designation will automatically be revoked.

Spouse Name: ______________________________

Signature: ______________________________ Date: ______________________________

Name: ______________________________

Signature: ______________________________ **Date:** ______________________________

Received by the Plan Administrator this _____ day of __________________, 2019

By: ____

Title: ____

Exhibit 10.11

2020 RESTATED EMPLOYMENT AGREEMENT BETWEEN
ORIGIN BANCORP, INC.

AND LANCE HALL

2020 Restated Employment Agreement

This 2020 Restated Employment Agreement (hereinafter referred to as “Agreement”) is made and entered into effective as of the 27th day of February 2020 (“Effective Date”) by and between:

Origin Bancorp, Inc., formerly known as Community Trust Financial Corporation and CTB Financial Corporation, a bank holding company chartered under the laws of the State of Louisiana and domiciled in Lincoln Parish, Louisiana (“Origin Bancorp”), and/or its Substantial Subsidiaries, jointly or individually, appearing herein through Drake Mills, its CEO, President, and Chairman (hereinafter referred to as “Employer”),

And

Lance Hall, an adult resident and domiciliary of Lincoln Parish, Louisiana, whose mailing address is 320 Audubon Drive, Ruston, LA 71270 (hereinafter referred to as “Employee”).

1. **Definitions:**

The following terms shall have the meaning set forth below for purposes of this Agreement:

A. Base Salary — The amount of compensation paid to, or on behalf of, Employee by Employer exclusive of: cash or non-cash bonuses, Employer contributions to deferred compensation arrangements, Employer contributions to employee benefit plans, life insurance premiums, membership dues, reimbursement of travel and business related expenses, and any other non-compensation related payments to Employee by Employer.

B. Cause — A finding by Employer of any of the following: (1) Employee’s misuse of drugs (including alcohol), which materially affects his ability to perform duties outlined herein; (2) Employee’s conviction, guilty plea or no contest plea to any felony or any other crime involving breach of trust, dishonesty, or moral turpitude; (3) the willful engagement by Employee in disloyal conduct which is materially and demonstrably injurious to Employer; (4) Employee’s engagement in gross negligence, willful misconduct or harassment (including but not limited to sexual harassment or sexual abuse, whether or not such harassment occurs in the course of Employee’s performance of Employee’s job duties); (5) Employee’s violation of state or federal securities or banking laws; (6) Employee’s refusal to cooperate with a legitimate internal, regulatory, or law enforcement investigation; (7) Employee’s material breach of this Agreement, or otherwise failing to perform obligations as set forth in this Agreement, after notice and a reasonable opportunity (not to exceed 30 days) to correct such actions; or (8) Employee has been prohibited from engaging in the business of banking by any applicable government agency or regulatory body.

C. Change in Control — Any of the following:

i. An Investor and/or Investor Group beneficially owns through equity dividends, grants, stock options, purchases, inheritances or otherwise, inclusive of options or warrants to acquire stock in the future, fifty percent (50%) or more of the value or voting power of Employer’s then issued and outstanding capital stock of Employer;

ii. A change in the effective control of Employer which occurs on the date that a majority of members of the Board of Directors of Employer are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors of Employer prior to the date of the appointment or election. For purposes of this clause, if any person is considered to be in effective control of Employer, the acquisition of additional control of Employer by the same person will not be considered a Change in Control;

iii. Employer completes a merger or consolidation with another corporation, other than a merger or consolidation which would result in the voting securities of Employer outstanding immediately prior thereto continuing to represent (either by remaining securities outstanding or by being converted into voting securities of the surviving entity) a majority of the combined voting power of the voting securities of Employer, or such surviving entity, as applicable, outstanding immediately after such merger; or

iv. The consummation of the sale, transfer or other disposition of all or substantially all of Employer's assets (other than (x) to a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by Employer, (y) to a corporation or other entity owned directly or indirectly by the stockholders of Employer in substantially the same proportions as their ownership of the common stock of the consolidation or corporate reorganization which does not result in a Change in Control as defined herein).

D. <u>Change in Control Protection Period</u> — The time period (i) commencing on the earlier to occur of (A) execution of a definitive acquisition agreement contemplating a Change in Control and (B) consummation of a Change in Control, and (ii) ending (A) twenty-four (24) months following the consummation of such Change in Control or (B) if the Change in Control is not consummated, that date on which the definitive acquisition agreement expires or is terminated.

E. <u>Good Reason</u> — Any of the following, without Employee's consent: (a) Employee's responsibilities or base salary or bonus opportunity are materially diminished; (b) a change by Employer in the location at which Employee performs Employee's principal duties for Employer to a new location that is more than thirty (30) miles from the location at which Employee performed Employee's principal duties for Employer immediately prior to such change; or (c) a material breach by Employer of this Agreement.

F. <u>Investor</u> — An individual, partnership, corporation or other legal entity that owns voting stock in Employer and/or any of its Substantial Subsidiaries, exclusive of Employer, as the parent.

G. <u>Investor Group</u> — A group of Investors, acting under a formal or informal agreement or arrangement and/or under a common objective, common purpose or to the joint mutual benefit, that is distinguishable from all Investors, as a group, excluding Employer's Origin Bancorp, Inc. Employee Retirement Plan.

H. <u>Severance Period</u> — The twenty-four (24) months following Employee's termination without Cause or resignation for Good Reason.

I. <u>Substantial Subsidiaries</u> — Banking or non-banking subsidiaries of Employer as of the date of this Agreement, or any measurement or assessment date thereafter, that comprise 25% or more of the total assets of Employer, accounted for as a consolidated entity.

2. **<u>Employment and Duties</u>:** Employer hereby employs Employee in the capacity as President and Chief Executive Officer of Origin Bank and to perform such other duties consistent with Employee's executive status all as may be determined and assigned to Employee by Employer. This Agreement supersedes any and all "at will" employment provisions of Employer with respect to Employee and any prior employment agreements (including the Restated Employment Agreement by and between Community Trust Bank and Employee, dated as of October 10, 2008, as amended), and shall serve as the complete and comprehensive basis of the employment relationship between Employer and Employee.

3. **<u>Performance</u>:** Employee shall devote his full time (except for reasonable vacation time and absence due to sickness or similar disability), attention and best efforts to the duties set forth in Section 2 above and shall

generally perform his duties with the same level of competency and commitment as Employer has come to expect based on past performance.

4. **<u>Term</u>:** The initial term of Employee's employment is for the period commencing on the Effective Date and ending on the third anniversary of the Effective Date, unless earlier terminated as provided in this Agreement. Thereafter, this Agreement shall automatically renew for successive three-year periods unless either party shall notify the other, in writing, not less than one hundred eighty (180) days prior to the end of the initial term or any renewal term of its or his intention not to renew this Agreement. The initial term of this Agreement plus any and all renewal terms are referred herein collectively as the "Employment Term."

5. **<u>Compensation</u>:** For all services to be rendered by Employee in any capacity hereunder Employer agrees to pay Employee a base salary ("Base Salary") to be established annually by Employer at a rate not less than $500,000.00 per year, such Base Salary to be paid to Employee in accordance with Employer's payroll schedule.

   In addition to the Base Salary to be paid to Employee hereunder, Employer agrees to pay Employee an annual bonus ("Bonus") in such amount and based upon such formulae and criteria as may be determined by Employer from time to time. Except as otherwise explicitly set forth in Section 10, Employee must be employed on December 31 of the applicable year to receive a Bonus for such year, and each such Bonus shall be paid on or before March 15 of the calendar year following the calendar year in which the Bonus is earned.

6. **<u>Insurance</u>:** Employer shall provide Employee with medical and hospitalization insurance, disability income insurance and group life insurance upon such terms and conditions as may be determined by Employer from time to time and through such programs as is provided to other employees of Employer.

   Employee agrees that Employer, in its discretion, may apply for and procure in its own name and for its own benefit, life insurance in any amount or amounts considered advisable; and that Employee shall have no right, title or interest therein, and further, agrees to submit to any medical or other examination and to execute and deliver any application or other instrument in writing, reasonably necessary to effectuate such insurance.

7. **<u>Pension and Profit Sharing</u>:** Employer shall include Employee in all Employer sponsored 401(k) Plans and other pension and profit-sharing plans in a comparable manner as provided for Employer's other executive officers.

8. **<u>Miscellaneous Benefits</u>:** Employer agrees to provide Employee with the following additional benefits at Employer's sole expense:

   A. Professional dues and program costs for all professional organization memberships and continuing education programs deemed reasonably necessary by Employee to maintain his professional standing as President and Chief Executive Officer of Origin Bank, subject to Employer's policies, as in effect from time to time;

   B. Paid Time Off benefits as are granted pursuant to Employer's policy;

   C. All expenses, including meals, lodging, transportation and miscellaneous for business and related travel. Employer agrees to reimburse Employee for said travel expenses subject to Employer's policies, as in effect from time to time, including with respect to substantiation and receipts; provided that any taxable reimbursement due under the terms of this Agreement shall be paid no later than December 31 of the year after the year in which the expense is incurred and shall comply with Treas. Reg. § 1.409A-3(i)(1)(iv);

D. Disability benefits, to include payment to Employee of the periodic Base Salary installments as stated above, commencing on the date Employee is unable to perform his duties as President and Chief Executive Officer of Origin Bank and continuing until disability benefits are provided to Employee by Employer or the disability insurance provider;

E. Monthly membership dues at Squire Creek Country Club, Choudrant, LA; and

F. A vehicle, along with gas, servicing and insurance, subject to Employer's policies, as in effect from to time.

9. **<u>Termination</u>:** Unless otherwise agreed to in writing by Employer and Employee, Employee's employment under this Agreement shall terminate upon the occurrence of any of the following events:

A. At any time by mutual agreement in writing between Employer and Employee;

B. At any time by Employee by giving 30 days written notice addressed to Employer and delivered to Drake Mills;

C. Immediately upon the death of Employee;

D. Immediately upon Employee becoming permanently and totally disabled, which shall result in the permanent inability to satisfactorily perform Employee's regular duties as performed prior to such disability, which disability shall be defined in Employer's benefit plan and determined in good faith by the Board of Directors;

E. At any time by written notice by Employer, with or without Cause; provided, however, that:

i. Prior to a termination for Cause, Employee shall be given a written notice that (1) indicates the specific provision on which Cause may be based, (2) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee's employment under the provisions so indicated, (3) indicates the expected termination date, and (4) explains Employee's right to a hearing before the Board of Directors, and

ii. Termination for Cause shall not occur unless and until (1) the notice described above is provided to Employee, (2) Employee is given an opportunity, together with counsel, to be heard before the Board of Directors, and (3) there shall have been delivered to Employee a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board of Directors at a meeting of said Board of Directors that, in the good faith opinion of the Board, Employee is guilty of the applicable conduct and shall be terminated for Cause; or

F. By Employee for Good Reason; provided, however, that (a) Employee provides notice to Employer within 60 days after the occurrence of a purported basis for Good Reason, (b) Employer fails to cure such basis for Good Reason within 30 days following the date of Employee's notice, and (c) Employee resigns for Good Reason within 30 days following the end of such cure period; provided, further, that in no event shall Employee being placed on a paid leave for up to ninety (90) days while Employer conducts a good faith investigation into Employee's alleged misconduct constitute Good Reason. For the avoidance of doubt, actions or changes that are planned, pending or anticipated to occur upon the consummation of a Change of Control but have not yet transpired will not be a basis for Good Reason, and the time period in clause (a) above shall not begin to run, until after the consummation of the Change of Control and the effectiveness of such actions or changes.

10. **<u>Compensation upon Termination of Employment</u>:**

A. <u>In General</u>: Upon termination of this Agreement in accordance with Section 9 above, Employee shall be entitled to receive such Base Salary and other benefits as may be provided in this Agreement and as are accrued and unpaid as of Employee's last day of employment. In addition, except in the event of a termination for Cause by Employer, Employee shall also receive a Bonus for the year of termination based on actual performance for such year and prorated based upon the number of days Employee was employed during such calendar year, to be paid at the same time bonuses are paid to other executive employees.

B. <u>Termination without Cause or for Good Reason</u>: If Employee is terminated without Cause pursuant to Section 9(E) or resigns for Good Reason pursuant to Section 9(F) and the termination date is not within the Change in Control Protection Period, Employee shall also be entitled to the following, subject to Employee's compliance with the release obligation in Section 10(D) below:

i. An amount equal to (a) the sum of Employee's then-current annual Base Salary (but without taking into account any reduction that was the basis for Good Reason) and Employee's average annual Bonus paid during the three (3) calendar years immediately preceding the date of termination, *multiplied by* (b) a fraction, the numerator of which is the number of months in the Severance Period and the denominator of which is twelve (12); such amount to be paid in substantially equal installments, in accordance with Employer's regular payroll schedule, during the Severance Period; and

ii. To receive or have paid on Employee's behalf for the Severance Period, all premiums for the continuation of Employer's current medical hospitalization insurance program, provided that (A) Employee shall timely elect continuation of coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); and (B) Employee's benefits under this Section 10(B)(ii) shall terminate if and when (x) Employee secures alternative health benefits from a new employer, of which he shall promptly notify Employer, or (y) Employee's COBRA coverage terminates; <u>provided</u>, <u>however</u>, that should Employer be unable to provide for any such benefits under Employer's health benefit plans because it would cause the plans to provide discriminatory benefits, Employer shall pay Employee monthly an amount in cash equal to the premiums Employer would have paid on Employee's behalf.

C. <u>Termination without Cause or for Good Reason Following a Change in Control</u>: If Employee is terminated without Cause or resigns for Good Reason during the Change in Control Protection Period, Employee shall be entitled upon the occurrence of such termination to the payment of the following additional consideration, in addition to all other compensation accrued through the date of such termination, subject to Employee's compliance with the release obligation in Section 10(D) below:

i. To receive an amount equal to sum of three (3) times Employee's annual Base Salary as of the termination date (but without taking into account any reduction that was the basis for Good Reason) plus (b) three (3) times the average of the Bonus paid to Employee during the three (3) calendar years immediately preceding the consummation of the Change in Control (or the three (3) calendar years immediately preceding the termination date if the termination occurs prior to the Change in Control), but with such sum to be diminished by the positive amount, if any, equal to the product of multiplying the such sum by a fraction, the numerator of which is the number of full months elapsed between the Change in Control and termination and the denominator of which is 36. The foregoing amount shall be paid in lump sum within sixty (60) days following the date of termination; <u>provided</u>, <u>however</u>, that solely to the extent necessary to avoid the imposition of taxes under Section 409A (as defined below), if Employee's termination date occurs before the consummation of the Change in Control (but within the Change in Control Protection Period), such amount will be paid in substantially equal installments, in accordance with Employer's regular payroll schedule, during the Severance Period; and

ii. To receive or have paid on Employee's behalf for a period of up to eighteen (18) months following the termination date, all premiums for the continuation of Employer's current medical hospitalization insurance program, provided that (A) Employee shall timely elect continuation of coverage under COBRA; (B) Employee's benefits under this Section 10(C)(ii) shall terminate if and when (x) Employee secures alternative health benefits from a new employer, of which he shall promptly notify Employer, or (y) Employee's COBRA coverage terminates; provided, however, that should Employer be unable to provide for any such benefits under Employer's health benefit plans because it would cause the plans to provide discriminatory benefits, Employer shall pay Employee monthly an amount in cash equal to the premiums Employer would have paid on Employee's behalf.

D. Release: All payments and benefits under Section 10(B) and Section 10(C) are conditioned upon Employee executing a valid general release agreement, in the form attached to this Agreement, within forty-five (45) days following Employee's date of termination, releasing Employer and its affiliates from any and all liability (other than amounts to be paid hereunder), and not revoking such release within the seven (7) days following Employee's execution of such release. Any such amounts due for the period after termination and before the Release becomes effective shall be paid with the first payment after the Release becomes effective. If the period during which Employee has discretion to execute or revoke the Release straddles two calendar years, Employer shall make payments conditioned on the Release no earlier than January 1st of the second calendar year, regardless of which year the Release becomes effective.

E. Section 280G Parachute Payments:

i. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by Employer or its affiliates to Employee or for Employee's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and would, but for this Section 10(E) be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (a) the Net Benefit (as defined below) to Employee of the Covered Payments after payment of the Excise Tax to (b) the Net Benefit to Employee if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (a) above is less than the amount under (b) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

ii. Any such reduction shall be made in accordance with Section 409A (as defined below), and in the following order: (a) cash payments that do not constitute nonqualified deferred compensation subject to Section 409A, (b) cash payments that do constitute nonqualified deferred compensation subject to Section 409A, (c) equity-based payments and acceleration of equity, and (d) other non-cash benefits. To the extent any such payment is to be made over time (e.g., in installments, etc.), the payments shall be waived in reverse chronological order.

iii. Any determination required under this Section 10(E) shall be made in writing in good faith by an independent accounting firm selected by Employer (the “Accountants”). Employer and Employee shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 10(E). For purposes of making the calculations and determinations required by this Section 10(E), the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants’ determinations shall be final and binding on Employer and Employee. Employer shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 10(E).

11. **Confidentiality:**

A. Non-Disclosure Obligation: Employee acknowledges that in rendering services to Employer, Employee has had and will have contact with and develop relationships with the customers of Employer. In all of Employee’s activities pursuant to this Agreement, Employee, through nature of Employee’s work, also has had and will have access to and will acquire confidential information related to such customers and the business operations and policies of Employer. Employee acknowledges that all such information with respect to Employer’s customers, business, operations and policies is the property solely of Employer (in this Agreement referred to as “Confidential Information”) and at no time, even following termination of this Agreement, shall Employee disclose or otherwise, disseminate or use such Confidential Information, including the terms and conditions of this Agreement, without having first obtained the prior written consent of Employer.

B. Compulsory Disclosures: Except as expressly prohibited by court order, if Employee is requested or required by law, rule, regulation or judicial order to disclose any Confidential Information, Employee will provide Employer with prompt written notice of any such request or requirement so that Employer may seek an appropriate protective order or waiver of Employee’s compliance with the provisions of this Section 11. Employee will not oppose any reasonable action by, and will cooperate with, Employer, at Employer’s expense, to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded to the Confidential Information. If, failing the entry of a protective order or the receipt of a waiver hereunder, Employee is compelled by law, rule, regulation or judicial order to disclose a portion of the Confidential Information, Employee may disclose without liability hereunder only that portion of the Confidential Information and only to the extent which Employee is legally required to disclose.

C. Protected Disclosures: Notwithstanding any provisions in this Agreement to the contrary, nothing in this Agreement prohibits Employee from reporting possible violations of law or to restrict or impede Employee from exercising other protected rights to the extent that such rights cannot be waived by agreement. Employee acknowledges that he may have immunity, pursuant to the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b), for certain disclosures to his attorney or government officials.

12. **Non-Solicitation:**

A. Non-Solicitation of Customers With Whom Employee Has Had Direct Contact: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally take any action, of any kind, which will disturb or may or might disturb the existing business and/or relationship of Employer with any Covered Customer with whom Employee had direct contact during his Employment Term; for the avoidance of doubt, the actions prohibited by this provision include (but are not limited to) the solicitation of banking business from the Covered Customers.

B. <u>Non-Solicitation of Customers With Whom Employee Has Had Indirect Contact</u>: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally take any action, of any kind, which will disturb or may or might disturb the existing business and/or relationship of Employer with any Covered Customer with whom Employee had indirect contact through Employee's direct subordinates or superiors during his Employment Term; for the avoidance of doubt, the actions prohibited by this provision include (but are not limited to) the solicitation of banking business from the Covered Customers.

C. <u>Non-Solicitation of Customers For Competitive Purposes</u>: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally solicit the business of any Covered Customers for the purpose of competing with Employer.

D. <u>Non-Solicitation of Employees</u>: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally solicit, recruit, or induce any employee of Employer to terminate his or her employment with Employer. For purposes of the preceding sentence, "employee" includes any current employee of Employer and any employee who terminated employment with Employer for any reason within the six (6) months preceding any action or communication prohibited by this provision.

E. <u>No Hiring of Employees</u>: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, intentionally hire any employee of Employer. For purposes of the preceding sentence, "employee" includes any current employee of Employer and any employee who terminated employment with Employer for any reason within the six (6) months preceding any action or communication prohibited by this provision.

F. <u>Attempted Solicitation</u>: Employee irrevocably warrants, covenants and agrees that during the Non-Solicitation Period, Employee will not, for any reason, directly or by assisting or encouraging others, offer, attempt, or prepare to take any of the actions restricted by Sections 12(A)–(E).

G. <u>Definitions and Acknowledgments</u>:

i. "Non-Solicitation Period" means the time period that includes the term of this Agreement and the period of two (2) years following the termination or expiration thereof.

ii. "Covered Customer" means any individual or entity who is, or was, at any time during the Employment Term, a customer of Employer within the parishes, counties, and municipalities listed in Exhibit A. Employee acknowledges and agrees that Exhibit A may be amended from time to time by Employer to include any additional parishes and counties in which Employer has a branch banking facility, which amendment(s) will be presented to Employee in writing and will be become effective and binding on Employee unless Employee provides a notice of termination by the fifth business day following the date on which notice of the amendment is duly given under this Agreement. For purposes of this Section 12, "customer" includes, but is not limited to, any business, person or entity for whom Employer has extended credit, accepted deposits or provided other financial services, including mortgage banking or brokerage services, or with whom

Employer has had contracts, agreements, arrangements or any type of business, or working relationship. Employee acknowledges and represents that he understands the nature of the customer relationships of Employer and who and what comprises its customers.

iii. Employee acknowledges and agrees that the “business” of Employer involves and relates to extending credit, accepting deposits, and engaging in those other activities permissible for financial holding companies and FDIC-insured financial institutions, including mortgage banking or brokerage services, either directly or indirectly, through financial or operating subsidiaries and affiliates. Employee is familiar with and fully understands the business in which Employer is engaged and the scope, activities and business pursuits involved in the business of Employer. Employee understands and acknowledges that the non-solicitation covenants contained in this Agreement prohibit Employee from engaging in or conducting, in any capacity or in any position, any business activities similar to that of Employer.

iv. As used in this Agreement, the term “solicit” includes, but is in no way limited to, (A) any and all direct and indirect solicitation of business (whether directly by Employee or through others) and (B) engagement in communications (through any format or medium) for the purpose of generating or attempting to generate business, services, work or other business activities with the customer. Employee may not avoid the purpose and intent of this Section 12 by communicating with individuals or entities within the geographically-limited area (or engaging in conduct involving activities in the geographically-limited area) from a remote location through means such as telecommunications, written correspondence, computer generated or assisted communications, or other similar methods.

v. Employee acknowledges and agrees (i) that one of the principal causes and considerations of Employer employing Employee in an executive position is the restrictive covenants to which Employee is obligated under this Agreement; (ii) that Employee will be granted access to and will be provided Confidential Information to which only certain senior executives of Employer have access that will enable Employee the opportunity to reap material pecuniary rewards over the term of this Agreement; (iii) that Employee will be obtaining unique knowledge, experience and skills through employment with Employer; (iv) that Employer is expending substantial resources to provide Employee with a guaranteed term of employment and to make Employee an integral part of its current and future business plans; (v) that Employee will become familiar with the salary, pay scale, capabilities, experiences, skill and desires of Employer’s employees; (vi) that Employee would not have obtained such experience and opportunities from other sources without the employment relationship with Employer; and (vii) that Employer’s willingness to provide the foregoing is based upon its reliance on these restrictive covenants and Employee’s other obligations contained in this Agreement.

vi. Employee acknowledges and agrees that the length and scope of the restrictions contained in this Section 12 are reasonable and necessary to protect the legitimate business interests, including goodwill, of Employer and that Employee received valuable and adequate consideration for agreeing to be bound by such restrictions. Employee agrees that in the event of the breach of any of the terms and provisions of this Section 12, Employer shall be entitled to secure an order in any suit brought for that purpose to enjoin Employee from violating any of the provisions of this Agreement and that pending the hearing and decision on the application for such order, Employer shall be entitled to a temporary restraining order or other equitable relief, without prejudice to any other remedy available at Employer, all at the expense of Employee, including reasonable attorney's fees incurred by Employer. Employee understands that the covenants of this Section 12 are of fundamental importance to this Agreement, without which no agreement would be entered into by Employer. The provisions of this Section 12 shall in no event be construed to be an exclusive remedy and such remedy shall be held and construed to be cumulative and not exclusive of any rights of remedies, whether in law or equity, otherwise available under the terms of this Agreement or under the laws of the United States of America or the State of Louisiana.

vii. The covenants and agreements made by Employee in this Section 12 shall be construed as an agreement independent of any other provision in this Agreement and the existence of any claim or cause of action by Employee against Employer whether predicted on this Agreement or otherwise shall not constitute a defense to the enforcement by Employer, by injunctive relief or otherwise of the provisions of this Section 12. No failure or failures on the part of Employer to enforce any violation by Employee of this Section 12 shall constitute a waiver of Employer's rights thereafter to enforce all of the terms, covenants, provisions, and agreements herein contained.

13. **Non-Disparagement:** Employee agrees and covenants that Employee shall not at any time make, publish, or communicate to any person or entity or in any public forum any defamatory, maliciously false, or disparaging remarks, comments, or statements concerning Employer or its businesses, or any of its employees, officers, or directors and its existing and prospective customers, and other associated third parties, now or in the future. This Section 13 shall not prohibit Employee from responding truthfully to any governmental investigation or inquiry by a governmental entity or any other law, subpoena, court order or other compulsory legal process.

14. **Notices:** Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and shall be deemed given if delivered personally or sent by commercial delivery service, or mailed by registered or certified mail (return receipt requested), as follows:

Notice to Employer:	Origin Bancorp, Inc. Attn: Drake Mills 1511 N. Trenton St. Ruston, LA 71270
Notice to Employee:	Lance Hall 320 Audubon Drive Ruston, LA 71270

15. **Regulatory Considerations:** 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, Employee may be prevented from obtaining or enforcing any or all of Employee'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 Origin Bank, and not Employer, Employer will make the required payments; (ii) if and to the extent the prohibitions are applicable to Employer and not Origin Bank, Origin Bank will make the required payments, provided that any such payments are consistent with sections 23A and 23B of the Federal Reserve Act; and (iii) if the prohibitions apply to both Origin Bank and Employer, the maximum amount possible of required payments not prohibited will be made by Origin Bank and/or Employer. Notwithstanding anything to the contrary in this Agreement, nothing herein will require Origin Bank or Employer to perform any obligation hereunder, including any payment obligation to Employee, to

the extent that such performance or payment is prohibited or limited by applicable law or regulation, including but not limited to the restrictions on golden parachute payments in section 18(k) of the Federal Deposit Insurance Act and 12 C.F.R. part 359, as amended from time to time. The application of the foregoing sentence this Section 15 will not constitute “Good Reason” under this Agreement or constitute a breach of this Agreement. The parties acknowledge and agree that it is the intent of this Agreement that it be enforced to the fullest degree permitted by law and regulation.

16. **General:**

A. Entire Agreement: This Agreement as written and its terms, conditions and provisions shall represent and constitute the entirety of the employment agreement existing between the parties hereto and shall supersede any and all other agreements, writings, conversations or representations, if any, made by either party or their representatives, agents or employees at any time either prior to or subsequent to the execution of this Agreement.

B. Waivers: By an instrument in writing signed by both Employee and Employer, Employee or Employer may waive compliance by the other party with any specifically identified provision of this Agreement that such other party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

C. Amendment: No amendment or modification of this Agreement shall be deemed effective unless or until executed in writing by the parties hereto with the same formality attending execution of this Agreement, and signed by both Employer and Employee.

D. Severability: It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement, including under Section 12, or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

E. Construction: This Agreement shall be deemed drafted equally by both Employer and Employee. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) “includes” and “including” are each “without limitation”; (iii) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

F. Designated Beneficiary: In the event of Employee’s death or determination of disability as provided for in Section 9(D) whereupon Employee could not legally act on his/her own behalf, Employee’s designated beneficiary(s) shall be entitled to receive any and all amounts or other benefits specified in this Agreement, including any extensions thereto as documented in an addendum, as would Employee had he been alive or of full capacity and make elections under the terms of this Agreement in the same capacity as Employee for a period of no more than ninety (90) calendar days following Employee's date of death or disability determination. Employee shall designate his beneficiary in writing to Employer upon execution of this Agreement and may amend his designation at any time and from time to time through written notice to Employer. Individuals designated as beneficiaries by Employee must be of majority age at the date of designation.

G. Assignment: The performance of Employee's obligations under this Agreement are personal and non-inheritable obligations of Employee and shall not be assignable to others.

H. Remedies: No right, power or remedy conferred upon a party in this Agreement shall be exclusive, and each such right, power and remedy shall be cumulative and in addition to every other right, power, or remedy, whether conferred in this Agreement or any other agreement, or now or hereafter available at law or in equity or by statute or otherwise.

17. **Withholding and Section 409A:**

A. Withholding: All compensation and benefits provided pursuant to this Agreement shall be paid less all applicable tax withholdings and any other withholdings required by law, as determined by Employer, or as authorized by Employee.

B. Section 409A: The parties intend that the provisions of this Agreement comply with or be exempt from Section 409A of the Code and the regulations thereunder (collectively, "Section 409A") and all provisions of this Agreement shall be construed in a manner consistent with the requirements for preventing taxes or penalties under Section 409A. Notwithstanding the foregoing, nothing in this Agreement shall be interpreted or construed to transfer any liability for any tax (including a tax or penalty due as a result of a failure to comply with Section 409A) from Employee to Employer or to any other individual or entity. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination also constitutes a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," "separation from service" or like terms shall mean such a separation from service. Each installment payment under this Agreement shall be considered a separate payment for purposes of Section 409A. If, upon separation from service, Employee is a "specified employee" within the meaning of Section 409A, any payment under this Agreement that is subject to Section 409A and would otherwise be paid within six (6) months after Employee's separation from service will instead be paid in the seventh (7th) month following his separation from service (to the extent required by Section 409A(a)(2)(B)(i)).

18. **Governing Law:** This Agreement having been executed and delivered in the State of Louisiana will have its validity, interpretation, performance and enforcement governed by the laws of said state.

19. **Employee Acknowledgment:** In signing below, Employee acknowledges that prior to accepting the terms and conditions set out in the Agreement (including its attachments): (i) Employee has sought independent legal and financial advice on the terms of this Agreement or waives his right to do so; (ii) Employee has read the Agreement and understands the documents and its implications; and (iii) Employee agrees to be bound by the terms and conditions of the Agreement and perform the responsibilities and duties of the position in accordance with Employer's policies and procedures as implemented by Employer from time to time.

Thus done and signed at Ruston, Louisiana, on this 27th day of February, 2020.

Employer:	**Employee**
/s/ Drake Mills	/s/ Lance Hall
Origin Bancorp, Inc.	Lance Hall

By: Drake Mills
CEO,President, and Chairman

Exhibit A

The following are the parishes, counties, and municipalities in which Employer is actively engaged in its business, as defined in Section 12 of the 2020 Restated Employment Agreement.

- Bienville Parish, Louisiana
- Claiborne Parish, Louisiana
- Jackson Parish, Louisiana
- Lincoln Parish, Louisiana
- Morehouse Parish, Louisiana
- Ouachita Parish, Louisiana
- Union Parish, Louisiana
- Hinds County, Mississippi
- Lafayette County, Mississippi
- Madison County, Mississippi
- Collin County, Texas
- Dallas County, Texas
- Harris County, Texas
- Montgomery County, Texas
- Tarrant County, Texas

Exhibit 10.22

EMPLOYMENT AGREEMENT

BETWEEN

COMMUNITY TRUST FINANCIAL CORP

&

CARY DAVIS

Employment Agreement

This Employment Agreement (hereinafter referred to as "Agreement") is made and entered into effective as of the October 1, 2008, by and between:

Community Trust Financial Corp, a holding company chartered under the laws of the State of Louisiana and domiciled in Lincoln Parish, Louisiana, and/or its Substantial Subsidiaries, jointly or individually, appearing herein through Drake Mills, its CEO and President, hereinafter called "Employer,"

And

Cary Davis, an adult resident and domiciliary of Lincoln, Parish, whose mailing address is 399 Loblolly Lane, Choudrant, LA 71227, hereinafter referred to as "Employee."

1. **<u>Definitions</u>**:
   A. <u>Substantial Subsidiaries</u> – Banking or non-banking subsidiaries of Community Trust Financial Corp as of the date of this Agreement, or any measurement or assessment date thereafter, that comprise 25% or more of the total assets of Community Trust Financial Corp, accounted for as a consolidated entity
   B. <u>Investor</u> – An individual, partnership, corporation or other legal entity that owns voting stock in Community Trust Financial Corp and/or any of its Substantial Subsidiaries, exclusive of Community Trust Financial Corp, as the parent.
   C. <u>Investor Group</u> – A group of Investors, acting under a formal or informal agreement or arrangement and/or under a common objective, common purpose or to the joint mutual benefit, that is distinguishable from all Investors, as a group.
   D. <u>Base Salary</u> – The amount of compensation paid to, or on behalf of, the Employee by the Employer exclusive of:: cash or non-cash bonuses, deferred compensation arrangements, contributions to employment benefit plans, life-insurance premiums, membership dues, reimbursement of travel and business related expenses, and any other non-compensation related payments to the Employee by the Employer.

2. **<u>Employment and Duties</u>**: Employer hereby employs Employee in the capacity as Executive Vice President, Chief Risk Officer and to perform such other duties consistent with Employee's executive status all as may be determined and assigned to Employee by Employer. This Agreement supersedes any and all "at will" employment provisions of the Employer with respect to the Employee and shall serve as the complete and comprehensive basis of the employment relationship between the Employer and Employee.

3. **<u>Performance:</u>** Employee shall devote his full time (except for reasonable vacation time and absence due to sickness or similar disability) attention and best efforts to the duties set forth in Section 2 above and shall generally perform his duties the same level of competency and intensity as Employer has come to expect based either upon his past performance or that of a person in a similar position with similar duties and responsibilities.

4. **<u>Term:</u>** The term of the Agreement is for a period of five years and is renewable upon the mutual agreement of both the Employer/Employee at the conclusion of the initial contract period.

5. **<u>Compensation:</u>** For all services to be rendered by Employee in any capacity hereunder Employer agrees to pay Employee a base salary (Base Salary") to be established annually by Employer at a rate not less than $7,500 in equal semi-monthly installments which is equivalent to $180,000 per year.

In addition to the Base Salary to be paid to Employee hereunder, Employer agrees to pay Employee an annual bonus ("Bonus") in such amount and based upon such formulae and criteria as may be determined by the Employer from time to time.

6. **<u>Insurance:</u>** Employer shall provide Employee with medical and hospitalization insurance, disability income insurance, and group life insurance upon such terms and conditions as may be determined by the Employer from time to time and through such programs as is provided to other employees of Employer.

Employee agrees that Employer, in its discretion, may apply for and procure in its own name and for its own benefit, life insurance upon Employee in any amount or amounts considered advisable; and that Employee shall have no right, title or interest therein (except as otherwise provided), and further, agrees to submit to any medical or other examination and to execute and deliver any application or other instrument in writing, reasonably necessary to effectuate such insurance.

7. **<u>Pension and Profit Sharing:</u>** Employer shall include Employee in all Employer sponsored 401K Plans and other pension and profit-sharing plans in a comparable manner as provided for Employer's other executive officers.

8. **<u>Miscellaneous Benefits:</u>** Employer agrees to provide Employee with the following additional benefits at Employer's sole expense:

A. Professional dues and program costs for all professional organization memberships and continuing education programs deemed reasonably necessary by Employee to maintain his professional standing as EVP, Chief Risk Officer of Employer;
B. PTO benefits as are granted pursuant to Employer's policy;
C. All expenses, including meals, lodging, transportation and miscellaneous for business and related travel. Employer agrees to reimburse Employee for said travel expenses upon written request;
D. Disability benefits, to include payment to Employee of the periodic Base Salary installments as stated above, commencing on the date the Employee is unable to perform his duties as EVP, Chief Risk Manager and continuing until disability benefits are provided to the Employee from the disability insurance provider.
E. Monthly membership dues at Squire Creek Country Club
F. Company provided vehicle; gas, servicing and insurance provided by the bank.

9. **<u>Termination:</u>** Notwithstanding anything contained in this Agreement to the contrary, and subject to the provisions of Section 16, and unless otherwise agreed to in writing by Employer and Employee, this Agreement shall terminate upon the occurrence of any of the following events:

A. At any time by mutual agreement in writing between Employer and Employee;
B. Immediately upon the death of the Employee;
C. Immediately upon the Employee becoming permanently and totally disabled, which shall result in the permanent inability to satisfactorily perform the Employee's regular duties as performed prior to such disability, which disability shall be determined by a panel of three (3) physicians by a majority vote, which panel shall be comprised of one physician selected by Employer, one physician selected by Employee, and third physician selected by the two panel members selected by the Employer and Employee. The majority vote of the three member panel shall be sufficient to determine whether Employee is permanently and totally disabled from performing his regular duties, imposed upon him by this Agreement.
D. For "cause" which, for purposes of this Agreement ,shall mean:
(i) Immediately upon a finding by Employer and supported by a physician's review that the Employee is addicted to intoxicating drugs (including alcohol), which materially and adversely affects his ability to perform his duties outlined herein;

(ii) A conviction, guilty plea or no contest plea to a felony offense and entered before a criminal court of competent jurisdiction involving Employee's dishonesty or moral turpitude;

(iii) Willful, substantiated and material disloyalty of Employee to Employer that caused or is likely to cause demonstrable injury or damages to Employer;

(iv) Failure of Employee to perform the duties and obligations as set forth in this Agreement, after Employee is provided notice of such failure(s) and a reasonable opportunity (not to exceed 90 days) to cure them.

Employee shall be provided a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provisions so indicated, (iii) the termination date.

10. **<u>Compensation upon Termination of Employment:</u>**

A. Upon termination of this Agreement in accordance with Section 9 above, Employee shall be entitled to receive such Base Salary and other benefits as may be provided in this Agreement and as are accrued and unpaid as of Employee's last day of employment. Such benefits shall include (except in the event of a termination pursuant to Section 9 D), Employee's bonus equal to the bonus paid the Employee for the year immediately preceding the year during which termination occurs prorated based upon the number of days Employee was employed during such year.

B. Notwithstanding any of the foregoing, in the event there is a change of control of the Employer, Employee will be entitled to additional benefits. Change of control shall be defined as follows:
   - i. An event that occurs subsequent to the date of this Agreement, and
   - ii. Whereby an Investor and/or Investor Group acquires or accumulates, through equity dividends, grants, stock options, purchases, inheritances or otherwise, inclusive of options to acquire stock in the future and that said options are deemed irrevocable or enforceable, fifty percent (50%) or more of the value or voting power of the Employer's then issued and outstanding capital stock of Community Trust Financial Corp and/or any of its Substantial Subsidiaries; or
   - iii. Community Trust Financial Corp completes a merger or consolidation with another corporation, other than a merger or consolidation which would result in the voting securities of Community Trust Financial Corp outstanding immediately prior thereto continuing to represent (either by remaining securities outstanding or by being converted into voting securities of the surviving entity) more than fifty-one percent (51%) of the combined voting power of the voting securities of the Community Trust Financial Corp, as applicable, or such surviving entity outstanding immediately after such merger.

C. In the event that Employer undergoes a change of control, as outlined hereinabove, in addition to all other compensation accrued through the date of termination of this Agreement, the Employer is required to notify the Employee in writing within ten (10) business days following the change in control and the Employee shall be entitled as full and final consideration of Employer's obligation hereunder:
   - i. To receive a payment within 30 days following the change of control in an amount equal to twenty-four (24) months Employee's then current Base Salary;
   - ii. To receive a payment within 30 days following the change of control in an amount equal to two times the average of the Bonus paid to Employee during the three (3) calendar years immediately preceding the termination of this Agreement;
   - iii. To exercise any or all of Employee's outstanding and unexercised stock options (whether vested or not) to purchase shares of Employer, which as of the date of

this Agreement shall equal Fifteen Thousand (15,000) such options at the price and upon such other terms and conditions as are set forth in Section 11.

D. If the Employee and Employer agree, the employment relationship between the Employer and Employee may continue beyond the change in control date to a mutually agreed upon future date. Should such a mutual arrangement occur, the resulting terms and conditions of the future employment relationship shall be committed to writing and added as an addendum to this Agreement. With the exception of the specific provisions of this Agreement that are superseded by said addendum, all provisions of this Agreement will remain in force until the conclusion of the employment relationship between the Employer and Employee. Should this Agreement be extended beyond the change in control date, all payments of cash and vesting of stock will occur within ten business days following the change in control date within the provisions of Section 10(E). Post employment insurance provisions will automatically be deferred to become effective upon the final date of termination of employment.

E. Employer shall, upon termination of this Agreement, transfer to Employee any and all life insurance policies which Employer may have acquired, insuring the life of Employee, together with any and all cash values, if any. Change of ownership shall include the right of Employee to change the beneficiary to whichever beneficiary Employee designates.

Notwithstanding the specific provisions as stated herein, all amounts to be paid to Employee pursuant to this Section 10 shall be paid, transferred or provided to the Employee by the Employer no later than sixty (60) days following the Employee’s termination of employment.

11. **Option to Purchase Stock**: Conditional upon this Agreement being in full force and effect and Employee not being in default hereunder, Employee shall, effective on or before November 10, 2008, be granted the option to purchase up to fifteen thousand (15,000) shares of common stock of Employer for a price equal to the lower of Twenty –Four Dollars and 57 cents ($24.57) dollars per share or such other lower price per share as occurs in any sale(s) of additional shares of common stock by Employer over the next six (6) months. Vesting period shall be effective on date of hire and options shall be fully vested over a five (5) year term at 20% (3000 shares) per year. In the event the agreement is terminated for any reason as provided, or if this agreement expires, the employee will immediately thereupon cease to be granted additional options as provided for herein. However, the employee will remain totally vested in those unexercised options to which he was vested as of the date of this agreement termination and/or expiration. Notwithstanding the above, under no circumstances will any option, as granted by the agreement be exercisable later then December 31, 2016. The total number of shares which Employee may acquire pursuant to this Section shall not exceed fifteen thousand (15,000) shares. The options herein granted to Employee are personal to Employee and, except as provided for under Section 16, shall not be encumbered, assigned, transferred or otherwise disposed of. Such options shall be exercised by written notice delivered to Employer together with a cashier's check for the respective purchase prices of stock in respect of the options being exercised. No option granted hereunder constitutes an offer to purchase until Employee is provided with, or given reasonable access to full and fair disclosure of all material information relating to the business and affairs of Employer and the purchase of stock. At any time, the remaining number of unexercised shares and related exercise price per share of the Employers common stock available for purchase as described in this Section, are to be adjusted ratably to reflect changes to the Employer’s total issued and outstanding common stock caused by the Employer’s actions subsequent to the date of this Agreement so that the resulting number of unexercised shares, calculated as a percentage of total common shares issued and outstanding, or the related value of the exercise price per share, are equivalent in value immediately following the change as they were immediately prior to the change. Such events include, yet are not limited to, stock dividends, stock splits, and issuances of additional classes of common stock.

12. **Notices:** Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and sent by certified mail as follows:

Notice to Employer:	Community Trust Financial Corp Attn: Drake Mills 1511 N. Trenton St. Ruston, LA 71270
Notice to Employee:	Cary Davis 399 Loblolly Lane Choudrant, LA 71227

13. **Entire Agreement:** This Agreement as written and its terms, conditions and provisions shall represent and constitute the entirety of the employment agreement existing between the parties hereto and shall supersede any and all other agreements, writings, conversations or representations, if any, made by either party or their representatives, agents or employees at any time either prior to or subsequent to the execution of this Agreement. This Agreement, and any written amendments hereto, shall apply to and be binding upon the Employer and Employee, together with their agents, successors, assigns and inheritors, as the case may be.

14. **Waivers:** The waiver by any party hereto of a breach of any provision of this Agreement unless or until executed in writing by the parties hereto with the same formality attending execution of this Agreement, and signed by both the Employer and Employee.

15. **Amendment:** No amendment or modification of this Agreement shall be deemed effective unless or until executed in writing by the parties hereto with the same formality attending execution of this Agreement, and signed by both Employer and Employee.

16. **Designated Beneficiary:** In the event of the Employees death or determination of total and permanent disability as provided for in Section 9(B) and Section 9(C) whereupon the Employee could not legally act on his/her own behalf, the Employee's designated beneficiary(s) shall be entitled to receive any and all amounts or other benefits specified in this Agreement, including any extensions thereto as documented in an addendum, as would the Employee had he been alive or of full capacity and make elections under the terms of this Agreement in the same capacity as the Employee for a period of no more than ninety (90) calendar days following the Employee's date of death or disability determination. The Employee shall designate his beneficiary in writing to the Employer upon execution of this Agreement and may amend his designation at any time and from time to time through written notice to the Employer. Individuals designated as beneficiaries by the Employee must be of majority age at the date of designation.

17. **Assignment:** The performance of all the obligations under this Agreement is personal and non-inheritable obligations of the Employee and shall not be assignable to others.

18. **Governing Law:** This Agreement having been executed and delivered in the State of Louisiana will have its validity, interpretation, performance and enforcement governed by the laws of said state.

Thus done and signed at Ruston, Louisiana on this 10th day of October, 2008.

Employer:

/s/ Drake Mills

Community Trust Financial Corp
By Drake Mills
President & CEO

Employee:

/s/ Cary Davis

Cary Davis

AMENDMENT TO
EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement is made and entered into this the 14th day of July, 2014, by and between **COMMUNITY TRUST FINANCIAL CORPORATION**, a bank holding company chartered under the laws of the State of Louisiana ("Employer") and Cary Davis, an adult resident and domiciliary of Choudrant, LA ("Employee").

WITNESSETH:

WHEREAS, Employer and Employee entered into that certain Employment Agreement effective the 1st day of October, 2008 (the "Agreement"), a copy of which is attached hereto as Exhibit "A;" and

WHEREAS, the initial term of the Agreement was for a period of five (5) years, renewable upon the mutual agreement of both Employer and Employee; and

WHEREAS, Employer and Employee hereby acknowledge and confirm that, following the initial five (5) year term of the Agreement, the parties have by mutual consent renewed and continued in effect the Agreement and Employee's employment by Employer in accordance with the terms of the Agreement; and

WHEREAS, the parties desire to amend the Agreement to set forth and document their agreement as to the renewal thereof and to provide for the continued renewal of the Agreement.

NOW, THEREFORE, Employer and Employee agree that the Agreement is hereby amended as follows:

I.

Employer and Employee hereby acknowledge and confirm that, following the initial five (5) year term of the Agreement, the Agreement has been renewed by mutual agreement of the parties and the Agreement continues in effect in accordance with its provisions.

II.

Section 4 "Term" of the Agreement is hereby amended by the deletion of that section in its entirety and the substitution of the following:

Term: The initial term of the Agreement is for the period of five (5) years commencing on the effective date of this Agreement. Thereafter the Agreement shall automatically renew for successive one-year terms unless either party shall notify the other of its or his intent not to renew the agreement at least thirty (30) days prior to the end of the then-current term.

III.

Employer and Employee acknowledge and agree that as of the date hereof Employee has become one hundred percent (100%) vested in the option granted pursuant to Section 11 of the Agreement for the purchase of fifteen thousand (15,000) shares of common stock of the Employer.

IV.

All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Employer and the Employee have executed this Agreement as of the date first noted above.

Employer:	Employee:
/s/ Drake Mills	/s/ Cary Davis
Community Trust Financial Corp	Signature
	Cary S. Davis
By Drake Mills, Chairman/President & CEO	Print Name

2018 AMENDMENT TO
EMPLOYMENT AGREEMENT

THIS 2018 AMENDMENT (this "Amendment"), made and entered into this 15th day of March, 2018, by and between Origin Bank (formerly Community Trust Bank), a bank organized and existing under the laws of the State of Louisiana (hereinafter referred to as the "Bank"), and Cary S. Davis, an Employee of the Bank, an adult resident and domiciliary of Dallas, TX ("Employee").

WITNESSETH:

WHEREAS, Bank and Employee previously entered into that certain Employment Agreement effective the first day of October, 2008 (as amended, the "Agreement"), and

WHEREAS, the parties desire to amend the Agreement as set forth below.

NOW, THEREFORE, Employer and Employee agree that the Agreement is hereby amended as follows:

Section 10.E. of the Agreement is hereby amended by the deletion of the first paragraph of that section, such that it shall read in its entirety as follows:

E. Notwithstanding the specific provisions as stated herein, all amounts to be paid to Employee pursuant to this Section 10 shall be paid, transferred or provided to the Employee by the Employer no later than sixty (60) days following the Employee's termination of employment.

This Amendment shall be effective the 1st day of .January 2018. To the extent that any term, provision, or paragraph of the Agreement is not specifically amended herein, or i n any other amendment thereto, said term, provision, or paragraph shall remain in full force and effect as set forth in said Agreement.

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

Origin Bank	**Cary S. Davis**
By: /s/ Linda W Tuten (Bank Officer other than Employee)	/s/ Cary S. Davis
Title: EVP / Chief People & Diversity Officer	

§409A AMENDED & RESTATED EXECUTIVE SALARY CONTINUATION AGREEMENT

THIS AGREEMENT, made and entered into this 15th day of December, 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 Cary S. Davis, an Executive of the Bank (hereinafter referred to as the "Executive").

WITNESSETH:

WHEREAS, the Bank and the Executive were parties to an Executive Supplemental Retirement Plan Executive Agreement dated the 7th day of February, 2001, between Community Trust Bank and Cary S. Davis that provided for the payment of certain benefits. Said Executive Supplemental Retirement Plan Executive Agreement was superseded and replaced by an Executive Salary Continuation Agreement dated July 7, 2004. This §409A Amended & Restated Executive Salary Continuation Agreement and the benefits provided hereunder shall supercede and replace the existing Executive Salary Continuation Agreement and the benefits provided thereby;

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

WHEREAS, it is the consensus of the Board of Directors (hereinafter referred to as the "Board") that the Executive's services to the Bank in the past have been of exceptional merit and have constituted an invaluable contribution to the general welfare of the Bank in bringing the Bank to its present status of operating efficiency and present position in its field of activity;

WHEREAS, the Executive's experience, knowledge of the affairs of the Bank, reputation, and contacts in the industry are so valuable that assurance of the Executive's continued services is essential for the future growth and profits of the Bank and it is in the best interests of the Bank to arrange terms of continued employment for the Executive so as to reasonably assure the Executive remains in the Bank's employ during the Executive's lifetime or until the age of retirement;

WHEREAS, it is the desire of the Bank that the Executive's services be retained as herein provided;

WHEREAS, the Executive is willing to continue in the employ of the Bank provided the Bank agrees to pay the Executive or the Executive's beneficiary(ies), certain benefits in accordance with the terms and conditions hereinafter set forth;

ACCORDINGLY, it is the desire of the Bank and the Executive to enter into this Agreement under which the Bank will agree to make certain payments to the Executive at retirement or the Executive's beneficiary(ies) in the event of the Executive's death pursuant to this Agreement;

FURTHERMORE, it is the intent of the parties hereto that this Executive Plan be considered an unfunded arrangement maintained primarily to provide supplemental retirement benefits for the Executive, and be considered a non-qualified benefit plan for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Executive is fully advised of the Bank's financial status and has had substantial input in the design and operation of this benefit plan; and

NOW, THEREFORE, in consideration of services performed in the past and to be performed in the future as well as of the mutual promises and covenants herein contained it is agreed as follows:

I. EMPLOYMENT

The Bank agrees to employ the Executive in such capacity as the Bank may from time to time determine. The Executive will continue in the employ of the Bank in such capacity and with such duties and responsibilities as may be assigned to him, and with such compensation as may be determined from time to time by the Board of Directors of the Bank.

II. FRINGE BENEFITS

The Salary continuation benefits provided by this Agreement 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. RETIREMENT DATE AND NORMAL RETIREMENT AGE

A. Retirement Date:

If the Executive remains in the continuous employ of the Bank, the Executive shall retire from active employment with the Bank on the later of the Executive's sixty-fifth (65^{th}) birthday or such other date as the Executive may actually retire.

B. Normal Retirement Age:

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

C. Separation from Service:

Notwithstanding anything to the contrary in this Agreement, to the extent that any benefit under this Agreement is payable upon a "Termination of Employment," "Termination of Service," or other event involving the Executive's cessation of services, such payment(s) shall not be made unless such event constitutes a "Separation from Service" as defined in Treasury Regulations Section 1.409A-1(h).

IV. RETIREMENT BENEFIT AND POST-RETIREMENT DEATH BENEFIT

Upon said retirement, the Bank, commencing with the first day of the month following the date of such retirement, shall pay the Executive an annual benefit equal to Fifty Nine Thousand One Hundred Seventy Seven and 00/100th Dollars ($59,177.00). For each year that the Executive or Executive's beneficiary(ies) 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. Upon the death of the Executive, if there is a balance in the accrued liability retirement account, such balance shall be paid in a lump sum to such individual or individuals as the Executive may have designated in writing and filed with the Bank. In the absence of any effective beneficiary designation, any such amounts becoming due and payable upon the death of the Executive shall be payable to the duly qualified executor or administrator of the Executive's estate. Said payment due hereunder shall be made the first day of the second month following the decease of the Executive.

V. DEATH BENEFIT PRIOR TO RETIREMENT

In the event the Executive should die while actively employed by the Bank at any time after the date of this Agreement but prior to the Executive's Retirement Date, the Bank will pay a benefit equal to the accrued balance, on the date of death, of the Executive's accrued liability retirement account paid in a lump sum to such individual or individuals as the Executive may have designated in writing and filed with the Bank. In the absence of any effective beneficiary designation, any such amounts becoming due and payable upon the death of the Executive shall be payable to the duly qualified executor or administrator of the Executive's estate. Said payment due hereunder shall be made the first day of the second month following the decease of the Executive.

VI. BENEFIT ACCOUNTING

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 into which appropriate reserves shall be accrued.

VII. VESTING

Prior to the attainment of the Executive's Normal Retirement Age (Subparagraph III [B]), the Executive's interest in the severance compensation as stated in Other Termination of Employment (Paragraph VIII), shall be subject to an annual vesting percentage of ten percent (10%) for each full year of service with the Bank from the date of the original Agreement dated February 7, 2001, (to a maximum of 100%).

VIII. OTHER TERMINATION OF EMPLOYMENT

Subject to Subparagraph VIII (i) hereinbelow, in the event that the employment of the Executive shall terminate prior to Normal Retirement Age, as provided in Paragraph III (B), by the Executive's voluntary action, or by the Executive's discharge by the Bank without cause, then this Agreement shall terminate upon the date of such termination of employment and the Bank shall pay to the Executive as severance compensation an amount of money equal to the accrued balance, on the date of termination, of the Executive's liability reserve account multiplied by the Executive's cumulative vested percentage (Paragraph VII). This severance compensation shall be paid in fifteen (15) equal annual installments with interest equal to the one-year Treasury bill as of the date of termination. Said payments shall commence upon the Executive's attaining Normal Retirement Age.

In the event the Executive's death should occur after such severance but prior to the completion of the annual payments provided for in this Paragraph VIII, the remaining payments shall be paid in a lump sum to such individual or individuals as the Executive may have designated in writing and filed with the Bank. In the absence of any effective beneficiary designation, any such amounts shall be payable to the duly qualified executor or administrator of the Executive's estate. Said payments due hereunder shall begin the first day of the second month following the decease of the Executive.

(i) Discharge for Cause: In the event the Executive shall be discharged for cause at any time, all benefits provided herein shall be forfeited. The term "for cause" shall mean any of the following that result in an adverse effect on the Bank: (i) gross negligence or gross neglect; (ii) the commission of a felony or gross misdemeanor involving fraud or dishonesty; (iii) the willful violation of any law, rule, or regulation (other than a traffic violation or similar offense); (iv) an intentional failure to perform stated duties; or (v) 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 Executive Plan.

IX. CHANGE OF CONTROL

Change of Control shall be deemed to be the cumulative transfer of more than fifty percent (50%) of the voting stock of the Bank from the date of this Agreement. For the purposes of this Agreement, transfers made on account of deaths or gifts, transfers between family members or transfers to a qualified retirement plan maintained by the Bank shall not be considered in determining whether there has been a change in control. Upon a Change of Control, if the Executive subsequently suffers a Termination of Service (voluntary or involuntary), except for cause, then the Executive shall receive the benefits in Paragraph IV herein in the same form and with the same timing, except that payments shall commence upon attaining Normal Retirement Age (Subparagraph III [B]).

X. 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 Executive Plan. The Executive, their beneficiary(ies), 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 Executive 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 Executive 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.

XI. MISCELLANEOUS

A. Alienability and Assignment Prohibition:

Neither the Executive, nor the Executive's surviving spouse, nor any other beneficiary(ies) under this Executive 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(ies), nor be transferable by operation of law in the event of bankruptcy, insolvency or otherwise. In the event the Executive or any beneficiary attempts assignment, commutation, hypothecation, transfer or disposal of the benefits hereunder, the Bank's liabilities shall forthwith cease and terminate.

B. 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 agree, in writing, to assume and discharge the duties and obligations of the Bank under this Executive Plan. This Executive Plan shall be binding upon the parties hereto, their successors, beneficiaries, heirs and personal representatives.

C. Amendment or Revocation:

Subject to Paragraph XIII, it is agreed by and between the parties hereto that, during the lifetime of the Executive, this Executive Plan may be amended or revoked at any time or times, in whole or in part, by the mutual written consent of the Executive and the Bank.

D. Gender:

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

E. Effect on Other Bank Benefit Plans:

Nothing contained in this Executive Plan shall affect the right of the Executive to participate in or be covered by any qualified or non-qualified pension, profit-sharing, group, bonus or other supplemental compensation or fringe benefit plan constituting a part of the Bank's existing or future compensation structure.

F. Headings:

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

G. Applicable Law:

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

H. 12 U.S.C. § 1828(k):

Any payments made to the Executive pursuant to this Executive Plan, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. § 1828(k) or any regulations promulgated thereunder.

I. Partial Invalidity:

If any term, provision, covenant, or condition of this Executive 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 Executive Plan shall remain in full force and effect notwithstanding such partial invalidity.

J. Not a Contract of Employment:

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

K. Present Value:

All present value calculations under this Agreement shall be based on the following discount rate:

Discount Rate:	The discount rate as used in the FASB 87 calculations for the Executive Plan.

L. Supersede and Replace Entire Agreement:

This Agreement shall supersede the Executive Salary Continuation Agreement dated July 7, 2004, and shall replace the entire agreement of the parties pertaining to this particular Executive Salary Continuation Agreement.

M. Restriction on Timing of Distribution:

Notwithstanding any provision of this Agreement to the contrary, distributions under this Agreement may not commence earlier than six (6) months after the date of a Separation from Service (as described under the "Separation from Service" provision herein) if, pursuant to Internal Revenue Code Section 409A, the participant hereto is considered a "specified employee" (under Internal Revenue Code Section 416(i)) of the Bank 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 Section, the originally scheduled distribution 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.

N. Certain Accelerated Payments:

The Bank may make any accelerated distribution permissible under Treasury Regulation 1.409A-3(j)(4) to the Executive of deferred amounts, provided that such distribution(s) meets the requirements of Section 1.409A-3(j)(4).

O. Subsequent Changes to Time and Form of Payment:

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

(1) the subsequent deferral election may not take effect until at least twelve (12) months after the date on which the election is made;
(2) the payment (except in the case of death, disability, or unforeseeable emergency) upon which the subsequent deferral election 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
(3) in the case of a payment made at a specified time, the election must be made not less than twelve (12) months before the date the payment is scheduled to be paid.

XII. ERISA PROVISION

A. Named Fiduciary and Plan Administrator:

The “Named Fiduciary and Plan Administrator” of this Executive Plan shall be Community Trust Bank until its resignation or removal by the Board. As Named Fiduciary and Plan Administrator, the Bank shall be responsible for the management, control and administration of the Executive Plan. The Named Fiduciary may delegate to others certain aspects of the management and operation responsibilities of the Executive Plan including the employment of advisors and the delegation of ministerial duties to qualified individuals.

B. Claims Procedure and Arbitration:

In the event a dispute arises over benefits under this Executive Plan and benefits are not paid to the Executive (or to the Executive’s beneficiary(ies) in the case of the Executive’s death) and such claimants feel they are entitled to receive such benefits, then a written claim must be made to the Named Fiduciary and Plan Administrator named above within sixty (60) days from the date payments are refused. The Named Fiduciary and Plan Administrator shall review the written claim and if the claim is denied, in whole or in part, they shall provide in writing within sixty (60) days of receipt of such claim the specific reasons for such denial, reference to the provisions of this Executive Plan upon which the denial is based and any additional material or information necessary to perfect the claim. Such written notice shall further indicate the additional steps to be taken by claimants if a further review of the claim denial is desired. A claim shall be deemed denied if the Named Fiduciary and Plan Administrator fail to take any action within the aforesaid sixty-day period.

If claimants desire a second review they shall notify the Named Fiduciary and Plan Administrator in writing within sixty (60) days of the first claim denial. Claimants may review this Executive Plan or any documents relating thereto and submit any written issues and comments they may feel appropriate. In their sole discretion, the Named Fiduciary and Plan Administrator shall then review the second claim and provide a written decision within sixty (60) days of receipt of such claim. This decision shall likewise state the specific reasons for the decision and shall include reference to specific provisions of the Plan Agreement upon which the decision is based.

If claimants continue to dispute the benefit denial based upon completed performance of this Executive 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.

XIII. TERMINATION OR MODIFICATION OF AGREEMENT BY REASON OF CHANGES IN THE LAW, RULES OR REGULATIONS

The Bank is entering into this Agreement upon the assumption that certain existing tax laws, rules and regulations will continue in effect in their current form. If any said assumptions should change and said change has a detrimental effect on this Executive Plan, then the Bank reserves the right to terminate or modify this Agreement accordingly. Upon a Change of Control (Paragraph IX), this paragraph shall become null and void effective immediately upon said Change of Control.

XIV. EFFECTIVE DATE

The effective date of the Executive Plan shall be January 1, 2005.

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

COMMUNITY TRUST BANK
Ruston, Louisiana

/s/ Linda Tuten	By:	/s/ Drake Mills	CEO
Witness		(Bank Officer other than Insured)	Title
/s/ Ashlea Phillips		/s/ Cary S. Davis	
Witness		Cary S. Davis	

BENEFICIARY DESIGNATION FORM
FOR THE §409A AMENDED & RESTATED EXECUTIVE SALARY CONTINUATION AGREEMENT

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 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? ☐ Yes ☐ No

*If yes and this designation is for a Joint Beneficiary Designation Agreement, an Assignment of Rights form **must** be completed.)*

III. SECONDARY (CONTINGENT) DESIGNATIONS

A. Person(s) as a Secondary (Contingent) Designation:

(Please indicate the percentage for each beneficiary in the event of the Primary's Death.)

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)

IV. ESTATE AND/OR TRUST AS SECONDARY (CONTINGENT) DESIGNATIONS

A. Estate as a Secondary (Contingent) Designation:

My Secondary Beneficiary is The Estate of as set forth in the Last Will and

Testament dated the day of ,200 and any codicils thereto.

B. Trust as a Secondary (Contingent) 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? ☐ Yes ☐ No

*If yes and this designation is for a Joint Beneficiary Designation Agreement, an Assignment of Rights form **must** be completed.)*

V. SIGN AND DATE

This Beneficiary Designation Form is valid until the participant notifies the bank in writing.

/s/ Cary S. Davis	12/15/2008
Executive	Date

***SECTION VI TO BE COMPLETED <u>ONLY</u> BY PARTICIPANTS WHO RESIDE IN THE FOLLOWING STATES:** (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin).

Community Property Laws – If you reside in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin), a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

*VI. <u>SPOUSAL CONSENT FOR COMMUNITY PROPERTY STATES ONLY</u>

(***Please note that an employee is under no obligation to complete the Spousal Consent section of this form***)

I am aware that my spouse, the above named Insured, has designated someone other than me to be the beneficiary and waive any rights I may have to the proceeds of such insurance under applicable community property laws. I understand that this consent and waiver supercedes any prior spousal consent or waiver under this plan.

Spouse Signature: ______________________________ Date: ______________________________

Exhibit 10.24

2016 AMENDMENT
EXECUTIVE SALARY CONTINUATION AGREEMENT
FOR
CARY S. DAVIS

THIS AMENDMENT, made and entered into this 14th day of December, 2016, by and between Origin Bank (formerly Community Trust Bank), a bank organized and existing under the laws of the State of Louisiana (hereinafter referred to as the "Bank"), and Cary S. Davis, an Executive of the Bank (hereinafter referred to as the "Executive"), shall effectively amend Executive Salary Continuation Agreement dated December 15, 2008, (hereinafter referred to as the "Agreement"), as specifically set forth herein. Pursuant to Subparagraph XI(C), Amendment or Revocation, of the Agreement, the Bank and the Executive hereby adopt the following amendment:

Paragraph IV, "Retirement Benefit," shall be deleted in its entirety and replaced with the following Paragraph IV:

IV. RETIREMENT BENEFIT

Upon attainment of the Normal Retirement Age, the Executive is eligible for an annual benefit equal to Fifty-Nine Thousand One Hundred Seventy-seven and 00/100ths Dollars ($59,177.00). If the Executive continues employment with the Bank past Normal Retirement Age, the benefit shall be increased annually by an amount equal to eight percent (8%) as a cost of living adjustment. Said benefit is payable following the Executive's attainment of his Retirement Date. 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 with a fifteen (15) year distribution period certain. If less than fifteen (15) annual payments have been made under this Paragraph IV upon the death of the Executive, the Bank shall continue making the monthly payments to the individual or individuals the Executive may have designated in writing and filed with the Bank until a total of fifteen (15) annual payments have been made under this Paragraph IV. In the absence of any effective Beneficiary designation, any such amount becoming due and payable upon the death of the Executive shall be payable to the duly qualified executor or administrator of the Executive's estate. Said payment shall be made the first day of the month following Separation from Service.

This Amendment shall be effective the 1st day of January 2017. To the extent that any term, provision, or paragraph of the Agreement is not specifically amended herein, or in any other amendment thereto, said term, provision, or paragraph shall remain in full force and effect as set forth in said Agreement.

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

	Origin Bank	Cary S. Davis
By:	/s/ Linda W. Tuten (Bank Officer other than Executive)	/s/ Cary S. Davis
Title:	EVP / CP&DO	

LIFE INSURANCE
ENDORSEMENT METHOD SPLIT DOLLAR PLAN
AGREEMENT

Insurer:	Jefferson Pilot Life Insurance Company Northwestern Mutual Life Insurance
Policy Number:	JP5045169 16606830 /s/ CSD *Participant: Please initial in **BLUE** ink*
Bank:	Community Trust Bank
Insured:	Cary S. Davis
Relationship of Insured to Bank:	Executive

If the Bank and the Insured are parties to any previous split dollar benefit plans or agreements that provide for the payment of certain benefits, then this Life Insurance Endorsement Method Split Dollar Plan Agreement the benefits provided hereunder shall replace and supercede any existing split dollar plans or agreements and the benefits provided thereby.

The respective rights and duties of the Bank and the Insured in the above-referenced policy shall be pursuant to the terms set forth below:

I. DEFINITIONS

Refer to the policy contract for the definition of all terms in this Agreement.

II. POLICY TITLE AND OWNERSHIP

Title and ownership shall reside in the Bank for its use and for the use of the Insured all in accordance with this Agreement. The Bank alone may, to the extent of its interest, exercise the right to borrow or withdraw on the policy cash values. Where the Bank and the Insured (or assignee, with the consent of the Insured) mutually agree to exercise the right to increase the coverage under the subject Split Dollar policy, then, in such event, the rights, duties and benefits of the parties to such increased coverage shall continue to be subject to the terms of this Agreement.

III. BENEFICIARY DESIGNATION RIGHTS

The Insured (or assignee) shall have the right and power to designate a beneficiary or beneficiaries to receive the Insured's share of the proceeds payable upon the death of the Insured, and to elect and change a payment option for such beneficiary, subject to any right or interest the Bank may have in such proceeds, as provided in this Agreement.

IV. PREMIUM PAYMENT METHOD

The Bank shall pay an amount equal to the planned premiums and any other premium payments that might become necessary to keep the policy in force.

V. TAXABLE BENEFIT

Annually the Insured will receive a taxable benefit equal to the assumed cost of insurance as required by the Internal Revenue Service. The Bank (or its administrator) will report to the Insured the amount of imputed income each year on Form W-2 or its equivalent.

VI. DIVISION OF DEATH PROCEEDS

Subject to Paragraphs VII and IX herein, the division of the death proceeds of the policy is as follows:

A. Should the Insured be employed by the Bank and die on or before the 7th day of February, 2003, the Insured's beneficiary(ies), designated in accordance with Paragraph III, shall be entitled to an amount equal to one hundred percent (100%) of the net-at-risk insurance portion of the proceeds. The net-at-risk insurance portion is the total proceeds less the cash value of the policy.

B. Should the Insured be employed by the Bank and die subsequent to the 7th day of February, 2003, the Insured's beneficiary(ies), designated in accordance with Paragraph III, shall be entitled to an amount equal to eighty percent (80%) of the net-at-risk insurance portion of the proceeds. The net-at-risk insurance portion is the total proceeds less the cash value of the policy.

C. Should the Insured not be employed by the Bank at the time of his or her death and die on or before the 7th day of February, 2003, the Insured's beneficiary(ies), designated in accordance with Paragraph III, shall be entitled to the percentage as set forth hereinbelow of the proceeds described in Subparagraph VI (A) above that corresponds to the number of full years the Insured has been employed by the Bank since the Effective Date of this Agreement. Should the Insured not be employed by the Bank at the time of his or her death and die subsequent to the 7th day of February, 2003, the Insured's beneficiary(ies) shall be entitled to the following percentage of the proceeds described in Subparagraph VI (B) hereinabove:

Total Years of Employment with the Bank	Vested (to a maximum of 100%)
1 – 10	10% per year

D. The Bank shall be entitled to the remainder of such proceeds.

E. The Bank and the Insured (or assignees) shall share in any interest due on the death proceeds on a pro rata basis as the proceeds due each respectively bears to the total proceeds, excluding any such interest.

VII. DIVISION OF THE CASH SURRENDER VALUE OF THE POLICY

The Bank shall at all times be entitled to an amount equal to the policy's cash value, as that term is defined in the policy contract, less any policy loans and unpaid interest or cash withdrawals previously incurred by the Bank and any applicable surrender charges. Such cash value shall be determined as of the date of surrender or death as the case may be.

VIII. RIGHTS OF PARTIES WHERE POLICY ENDOWMENT OR ANNUITY ELECTION EXISTS

In the event the policy involves an endowment or annuity element, the Bank's right and interest in any endowment proceeds or annuity benefits, on expiration of the deferment period, shall be determined under the provisions of this Agreement by regarding such endowment proceeds or the commuted value of such annuity benefits as the policy's cash value. Such endowment proceeds or annuity benefits shall be considered to be like death proceeds for the purposes of division under this Agreement.

IX. TERMINATION OF AGREEMENT

This Agreement shall terminate upon the occurrence of any one of the following:

A. The Insured shall leave the employment of the Bank (voluntarily or involuntarily) prior to one (1) year of employment with the Bank from the Effective Date of this Agreement;

B. The Insured shall be discharged from employment with the Bank for cause. The term "for cause" shall mean any of the following that result in an adverse effect on the Bank: (i) gross negligence or gross neglect; (ii) the commission of a felony or gross misdemeanor involving moral turpitude, fraud, or dishonesty; (iii) the willful violation of any law, rule, or regulation (other than a traffic violation or similar offense); (iv) an intentional failure to perform stated duties; or (v) a breach of fiduciary duty involving personal profit; or

C. Surrender, lapse, or other termination of the Policy by the Bank.

Upon such termination, the Insured (or assignee) shall have a fifteen (15) day option to receive from the Bank an absolute assignment of the policy in consideration of a cash payment to the Bank, whereupon this Agreement shall terminate. Such cash payment referred to hereinabove shall be the greater of:

A. The Bank's share of the cash value of the policy on the date of such assignment, as defined in this Agreement; or

B. The amount of the premiums that have been paid by the Bank prior to the date of such assignment.

If, within said fifteen (15) day period, the Insured fails to exercise said option, fails to procure the entire aforestated cash payment, or dies, then the option shall terminate and the Insured (or assignee) agrees that all of the Insured's rights, interest and claims in the policy shall terminate as of the date of the termination of this Agreement.

The Insured expressly agrees that this Agreement shall constitute sufficient written notice to the Insured of the Insured's option to receive an absolute assignment of the policy as set forth herein.

Except as provided above, this Agreement shall terminate upon distribution of the death benefit proceeds in accordance with Paragraph VI above.

X. INSURED'S OR ASSIGNEE'S ASSIGNMENT RIGHTS

The Insured may not, without the written consent of the Bank, assign to any individual, trust or other organization, any right, title or interest in the subject policy nor any rights, options, privileges or duties created under this Agreement.

XI. AGREEMENT BINDING UPON THE PARTIES

This Agreement shall bind the Insured and the Bank, their heirs, successors, personal representatives and assigns.

XII. ERISA PROVISIONS

The following provisions are part of this Agreement and are intended to meet the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"):

A. <u>Named Fiduciary and Plan Administrator.</u>

The "Named Fiduciary and Plan Administrator" of this Endorsement Method Split Dollar Agreement shall be Community Trust Bank until its resignation or removal by the Board of Directors. As Named Fiduciary and Plan Administrator, the Bank shall be responsible for the management, control, and administration of this Split Dollar Plan as established herein. The Named Fiduciary may delegate to others certain aspects of the management and operation responsibilities of the Plan, including the employment of advisors and the delegation of any ministerial duties to qualified individuals.

B. <u>Funding Policy</u>.

The funding policy for this Split Dollar Plan shall be to maintain the subject policy in force by paying, when due, all premiums required.

C. <u>Basis of Payment of Benefits</u>.

Direct payment by the Insurer is the basis of payment of benefits under this Agreement, with those benefits in turn being based on the payment of premiums as provided in this Agreement.

D. <u>Claim Procedures</u>.

Claim forms or claim information as to the subject policy can be obtained by contacting Benmark, Inc. (800-544-6079). When the Named Fiduciary has a claim which may be covered under the provisions described in the insurance policy, they should contact the office named above, and they will either complete a claim form and forward it to an authorized representative of the Insurer or advise the named Fiduciary what further requirements are necessary. The Insurer will evaluate and make a decision as to payment. If the claim is payable, a benefit check will be issued in accordance with the terms of this Agreement.

In the event that a claim is not eligible under the policy, the Insurer will notify the Named Fiduciary of the denial pursuant to the requirements under the terms of the policy. If the Named Fiduciary is dissatisfied with the denial of the claim and wishes to contest such claim denial, they should contact the office named above and they will assist in making an inquiry to the Insurer. All objections to the Insurer's actions should be in writing and submitted to the office named above for transmittal to the Insurer.

XIII. GENDER

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

XIV. INSURANCE COMPANY NOT A PARTY TO THIS AGREEMENT

The Insurer shall not be deemed a party to this Agreement, but will respect the rights of the parties as herein developed upon receiving an executed copy of this Agreement. Payment or other performance in accordance with the policy provisions shall fully discharge the Insurer from any and all liability.

XV. CHANGE OF CONTROL

Change of Control shall be deemed to be the cumulative transfer of more than fifty percent (50%) of the voting stock of the Bank from the date of this Agreement. For the purposes of this Agreement, transfers on account of death or gifts, transfers between family members, or transfers to a qualified retirement plan maintained by the Bank shall not be considered in determining whether there has been a Change of Control. Upon a Change of Control, if the Insured's employment is subsequently terminated, except for cause, then the Insured shall be one hundred percent (100%) vested in the benefits promised in this Agreement and, therefore, upon the death of the Insured, the Insured's beneficiary(ies) (designated in accordance with Paragraph III) shall receive the death benefit provided herein as if the Insured had died while employed by the Bank (see Subparagraphs VI [A] & [B]).

XVI. AMENDMENT OR REVOCATION

It is agreed by and between the parties hereto that, during the lifetime of the Insured, this Agreement may be amended or revoked at any time or times, in whole or in part, by the mutual written consent of the Insured and the Bank.

XVII. EFFECTIVE DATE

The Effective Date of this Agreement shall be February 7, 2001.

XVIII. SEVERABILITY AND INTERPRETATION

If a provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall nonetheless be enforceable according to their terms. Further, in the event that any provision is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to law and enforced as amended.

XIX. APPLICABLE LAW

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

XX. SUPERSEDE AND ENTIRE AGREEMENT

This Agreement shall supersede any previous split dollar plans or agreements, and shall constitute the entire agreement of the parties pertaining to this particular Life Insurance Endorsement Method Split Dollar Plan Agreement.

Executed at Ruston, Louisiana this 30th day of March, 2001.

	COMMUNITY TRUST BANK
	Ruston, Louisiana
/s/ Karen J. Lawrence	By: /s/ Drake Mills
Witness	Title
/s/ Vonda Brown	/s/ Cary S. Davis
Witness	Cary S. Davis

FIRST AMENDMENT
TO THE LIFE INSURANCE ENDORSEMENT METHOD
SPLIT DOLLAR PLAN AGREEMENT
EFFECTIVE FEBRUARY 7, 2001

This Amendment, made and entered into this 26th day of January, 2007, 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 Cary S. Davis, a Key Employee and Executive of the Bank, hereinafter referred to as the, "Executive", shall effectively amend the Life Insurance Endorsement Method Split Dollar Plan Agreement effective February 7, 2001, as follows:

1.) Life Insurance Endorsement Method Split Dollar Plan Agreement, The Jefferson Pilot Life “Insurer” and “Policy Number” shall be deleted from page one (1) and replaced with the following:

Insurer:	New York Life Insurance and Annuity Corporation
Policy Number:	56310499

This Amendment shall be effective the 19th day of September, 2006.

To the extent that any paragraph, term, or provision of the Life Insurance Endorsement Method Split Dollar Plan Agreement is not specifically amended herein, or in any other amendment thereto, said paragraph, term, or provision shall remain in full force and effect as set forth in said Agreement.

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

COMMUNITY TRUST BANK
Ruston, Louisiana

/s/ Vonda B. Madden	By: /s/ Drake Mills
Witness	Title
/s/ Kimberly Walker	/s/ Cary S. Davis
Witness	Cary S. Davis

AMENDMENT
TO THE
LIFE INSURANCE ENDORSEMENT METHOD SPLIT DOLLAR
PLAN AGREEMENT
FOR
CARY S. DAVIS

THIS AMENDMENT, made and entered into this 12th day of December, 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 Cary S. Davis, an Executive of the Bank (hereinafter referred to as the “Executive”), shall effectively amend the Community Trust Bank Life Insurance Endorsement Method Split Dollar Plan Agreement dated March 30, 2001 (hereinafter referred to as the “Agreement”) as specifically set forth herein. Pursuant to Paragraph XVI of the Agreement, the Bank and the Executive hereby adopt the following amendment:

1.) Paragraph VI, “Division of Death Proceeds,” Subparagraph (B), shall be amended to delete the words “eighty percent (80%)” and to replace them with the words “seventy percent (70%).”

This Amendment shall be effective the 1st day of December, 2008. To the extent that any term, provision, or paragraph of the Agreement is not specifically amended herein, or in any other amendment thereto, said term, provision, or paragraph shall remain in full force and effect as set forth in said Agreement.

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

COMMUNITY TRUST BANK
Ruston, Louisiana

By: /s/ Linda W. Tuten
(Bank Officer other than Insured)

Title: EVP/CPO

EXECUTIVE

/s/ Cary S. Davis
Cary S. Davis

AMENDMENT
TO THE
LIFE INSURANCE ENDORSEMENT METHOD SPLIT DOLLAR
PLAN AGREEMENT
FOR
CARY S. DAVIS

THIS AMENDMENT, made and entered into this 18th day of December, 2009, 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 Cary S. Davis, an Executive of the Bank (hereinafter referred to as the “Executive”), shall effectively amend the Community Trust Bank Life Insurance Endorsement Method Split Dollar Plan Agreement dated March 30, 2001 (hereinafter referred to as the “Agreement”) as specifically set forth herein. Pursuant to Paragraph XVI of the Agreement, the Bank and the Executive hereby adopt the following amendment:

1.) Paragraph VI, “Division of Death Proceeds,” Subparagraph (B), shall be amended to delete the words “seventy percent (70%)” and to replace them with the words “eighty percent (80%).”

This Amendment shall be effective the 1st day of January, 2009. To the extent that any term, provision, or paragraph of the Agreement is not specifically amended herein, or in any other amendment thereto, said term, provision, or paragraph shall remain in full force and effect as set forth in said Agreement.

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

COMMUNITY TRUST BANK
Ruston, Louisiana

By: /s/ Linda W. Tuten
(Bank Officer other than Insured)

Title: EVP/CPO

EXECUTIVE

/s/ Cary S. Davis
Cary S. Davis

AMENDMENT
TO THE
LIFE INSURANCE ENDORSEMENT METHOD SPLIT DOLLAR
PLAN AGREEMENT
FOR
CARY S. DAVIS

THIS AMENDMENT, made and entered into this 10th day of June, 2014, 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 Cary S. Davis, an Executive of the Bank (hereinafter referred to as the "Insured"), shall effectively amend the Community Trust Bank Life Insurance Endorsement Method Split Dollar Plan Agreement dated March 30, 2001 (hereinafter referred to as the "Agreement") as specifically set forth herein. Pursuant to Section XVI of the Agreement, the Bank and the Insured hereby adopt the following amendment:

1.) The "Northwestern Mutual Life Insurance" Insurer and "16606830" Policy Number shall be deleted in their entirety from Page One (1) of the Agreement and shall be replaced with the following:

Insurer:	Great-West Life & Annuity Insurance Company
Policy Number:	85279608

This Amendment shall be effective the 26th day of November, 2013. To the extent that any term, provision, or paragraph of the Agreement is not specifically amended herein, or in any other amendment thereto, said term, provision, or paragraph shall remain in full force and effect as set forth in said Agreement.

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

COMMUNITY TRUST BANK
Ruston, Louisiana

By: /s/ James Kendrick
(Bank Officer other than Insured)

Title: EVP & CFO

INSURED

/s/ Cary S. Davis
Cary S. Davis

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Jurisdiction of Organization	Parent Entity
Origin Bank	Louisiana	Origin Bancorp, Inc.
Davison Insurance Agency, LLC [1]	Louisiana	Origin Bancorp, Inc.
CTB Statutory Trust 1	Conneticut	Origin Bancorp, Inc.
First Louisiana Statutory Trust I	Delaware	Origin Bancorp, Inc.
CTB Properties, LLC	Louisiana	Origin Bank
CTB/MNG Condominium Association, Inc.	Louisiana	Origin Bank
CTB/HLP Condominium Association, Inc	Louisiana	Origin Bank

(1) Davison Insurance Agency, LLC also conducts business as Thomas & Farr Agency, Reeves Coon & Funderburg and Simoneaux & Wallace Agency.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement of Origin Bancorp, Inc. (the "Company") on Form S-8 (No. 333-226115) of our report, dated February 28, 2020, on our audits of the consolidated financial statements of the Company as of December 31, 2019 and 2018, and for each of the years in the three-year period ended December 31, 2019, which report is included in the Company's Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 28, 2020, on our audit of the internal control over financial reporting of Origin Bancorp, Inc. as of December 31, 2019, which is included in the Annual Report on Form 10-K.

/s/ **BKD, LLP**

Little Rock, Arkansas
February 28, 2020

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Drake Mills, certify that:

1. I have reviewed this annual report on Form 10-K 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 15-15(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 fourth 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: February 28, 2020

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 annual report on Form 10-K 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 15-15(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 fourth 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: February 28, 2020

By: **/s/ Stephen 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 Annual Report on Form 10-K of Origin Bancorp, Inc. (the “Company”), for the year ended December 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: February 28, 2020	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 Annual Report on Form 10-K of Origin Bancorp, Inc. (the “Company”), for the year ended December 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, 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: February 28, 2020	By: **/s/ Stephen H. Brolly**
	Stephen H. Brolly
	Executive Vice President and Chief Financial Officer