

# 2019

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ANNUAL REPORT



## LETTER FROM THE CEO

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As we enter our 108th year, I am filled with a deep sense of pride in all that we have accomplished and how we are positioned as a company. If you have followed the Origin story over the years, you are aware of the passion that we have for our company and the emphasis that we place on all of our employees and our culture. Oftentimes, shareholder letters only speak to the financial highlights of the year. I will certainly cover those for 2019, but I believe it is important to acknowledge that our people and our culture make Origin unique and have positioned us for success as we move forward into a new decade.

Late in 2019, I asked a team of employees to reevaluate our vision statement and determine if it truly defined who we aspire to be. The result is a powerful statement of what we strive for in the new era of financial services: "To combine the power of trusted advisors with innovative technology to build unwavering loyalty by connecting people to their dreams." Delivering on this vision will define success as we move forward.

There is a sea change taking place in the financial sector and in other sectors as well, with increasing recognition that in order for a company to grow, prosper and remain profitable, it must have a purpose and a strong sense of commitment to its stakeholders, its community and to society as a whole.

At Origin, we have always placed emphasis on our purpose and our relationships, and that continues to remain at the core of our

business. Prior to becoming a public company, we highlighted our ability to leverage investments in our infrastructure, drive organic growth through our employees and attract talented teams in key markets. In 2019, we saw those investments and relationship-focused employees continue to provide a high level of value.

From a deposit standpoint, our teams increased total deposits by \$446 million or 12%, while reducing brokered deposits by \$179 million during the year. That equates to a core deposit increase of \$625 million or 18%. We saw impressive deposit growth across all of our markets, with Texas leading the bank with over 32% core deposit growth. This core deposit growth was intentional and a result of our strategy to hire deposit gatherers in our markets whose primary focus is building core banking relationships. This strategy continues to yield results, even amidst the competitive climate for core deposits. Moving into 2020, we will remain focused on continued growth through leveraging our relationships and providing an excellent customer experience.

While deposit growth was one of our top strategic initiatives in 2019, we also remained steadfast in our commitment to grow our loan portfolio through sound, profitable relationships. Loans held for investment ended the year at \$4.14 billion, an increase of \$354 million, or 9%, compared to the end of 2018. Our strategy associated with banking teams in the Houston and north Texas markets has proven effective, as we saw significant relationship enhancement in these markets which led to impressive growth.

Another priority for our company in 2019 was refining our strategy as it relates to our mortgage business. Over the past 18 months, we began taking steps to build a mortgage platform that reflects a community-based retail model. This shift in strategy has proven to be effective as we have increased mortgage banking revenue year-over-year by approximately \$3 million or 28%. We also concluded that outsourcing the servicing of our qualified, residential mortgage loans was the best option for both us and our customers. While we are still taking steps to improve our overall mortgage business, we made great progress in 2019 and have the team in place to continue to execute at a high level.

I am proud of the organic growth that took place in 2019, and I am equally proud of the way our team was able to adapt to the changing rate environment. With three interest rate cuts, our net interest margin only declined six basis points, which is a result of our efforts to capitalize on our core banking relationships that we increased during 2019. We also saw an improved efficiency ratio year-over-year and will remain focused on maximizing efficiency as we move through 2020, with a continued emphasis on an efficient, yet differentiating, customer experience. All of this speaks to the diligence that our bankers have in being mindful of driving profitable relationships and managing expenses within our company.

The results and strategic points I have just highlighted are part of our continued focus to enhance long-term shareholder value. We are also focused on enhancing shareholder value in other ways, such as share repurchases and increased dividends. In July, we announced a \$40 million share repurchase program and repurchased \$10 million worth of shares under the plan in August. In 2019, we also increased the quarterly dividend to 9.25 cents per share. With the increased dividend and repurchase activity, we returned over \$16 million to shareholders during 2019.

As we move into 2020, we have some recent developments I would like to mention. In January, Lance Hall was promoted to CEO of Origin Bank. Lance has been serving as President of the Bank since July of 2018. In occupying both the CEO and President roles, Lance will continue to partner with me and guide the day-to-day operations and growth strategy at the bank level. Additionally, we completed a \$70 million sub-debt offering at the bank level in February 2020, which supports our strategic plan of strengthening our balance sheet, while bolstering our capital levels and supporting future growth.

Earlier this year, we lost our long-time Chairman and CEO, John Emory. Mr. Emory was instrumental in laying the foundation for the success of our company. He served as our Chief Executive

Officer from 1983 to 2002 and served as chairman of the bank board of directors from 1997 to 2010. He was a mentor to many within our company and had a belief that Origin could be a dynamic organization that could impact people far beyond north Louisiana. Mr. Emory had a deep passion for community banking and always had a focus and drive to do right by our customers and to invest in our community. As I think about our core values such as trust, strong work ethic, individual initiative, respect, and commitment to our communities, I am reminded that Mr. Emory lived these values for the many decades he led our company. I have asked our employees to honor Mr. Emory's legacy by continuing to serve our customers and communities passionately, and to make the world a better place.

Origin is well positioned to capitalize on the opportunities before us. While we have seen impressive growth in our franchise in the metropolitan areas we serve throughout Texas, we recognize the potential for increasing our market share in a dynamic way. We have the infrastructure and teams in place to support that growth. With the recent disruptions in our major markets related to bank mergers, we believe there is significant opportunity to reach new customers and attract new bankers. We will also remain disciplined in our efforts to seek out acquisition opportunities that fit with our culture and strategic plan.

While we are aware of the current and evolving challenges in our industry, we have shown over our long history of doing business that we are up to the challenge of executing on our strategic plan and providing long-term value to our stakeholders. Business cycles will continue to change and our team will adapt to those changes. We will always remain deeply committed to our employees, customers, communities and shareholders to deliver on our vision of connecting people to their dreams.

DELIVER ON OUR VISION  
OF CONNECTING PEOPLE  
TO THEIR DREAMS



**DRAKE MILLS**

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

# FINANCIAL HIGHLIGHTS

## FOR THE YEAR ENDED DECEMBER 31,

(dollar amounts in thousands except per share data)

### SUMMARY INCOME STATEMENT

	2019	2018
Net Interest Income	\$ 173,712	\$ 153,452
Provision for Credit Losses	9,568	1,014
Noninterest Income	46,478	41,240
Noninterest Expense	144,074	131,236
Net Income	53,882	51,605

### SUMMARY BALANCE SHEET

Total Loans Held for Investment	\$ 4,143,195	\$ 3,789,105
Total Assets	5,324,626	4,821,576
Total Deposits	4,228,612	3,783,138
Total Stockholders' Equity	599,262	549,779

### PER COMMON SHARE DATA

Diluted Earnings Per Common Share	\$ 2.28	\$ 2.20
Cash Dividends Declared Per Common Share	0.25	0.13
Book Value Per Common Share	25.52	23.17

### RATIOS

Return on Average Assets	1.06%	1.16%
Return on Average Equity	9.27%	10.07%
Tier 1 Capital Ratio	11.94%	12.16%
Total Capital Ratio	12.76%	12.98%

# THE BOARD OF DIRECTORS

ORIGIN BANCORP, INC. / ORIGIN BANK

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**James D'Agostino, Jr.**<sup>1</sup>  
Managing Director  
Encore Interests LLC

**James Davison, Jr.**<sup>2</sup>  
Investments

**Richard Gallot, Jr.**  
President  
Grambling State University

**Stacey Goff**<sup>\*</sup>  
General Counsel &  
Chief Administrative Officer  
CenturyLink, Inc.

**Lance Hall**<sup>\*\*</sup>  
President &  
Chief Executive Officer  
Origin Bank

**Michael Jones**<sup>3</sup>  
Certified Public Accountant

**Gary Luffey**  
Partner  
Green Clinic

**Farrell Malone**<sup>4</sup>  
Partner (Retired)  
KPMG LLP

**Drake Mills**  
Chairman, President &  
Chief Executive Officer  
Origin Bancorp, Inc.  
Chairman  
Origin Bank

**Ronnie Myrick**  
Vice Chairman  
Origin Bank

**George Snellings, IV**  
Attorney  
Nelson, Zentner, Sartor  
& Snellings, LLC

**Elizabeth Solender**<sup>5</sup>  
President  
Solender/Hall, Inc.

**Steven Taylor**  
Auto Dealer

## EXECUTIVE OFFICERS

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**Drake Mills** - Chairman, President & Chief Executive Officer, Origin Bancorp, Inc. / Chairman, Origin Bank

**Lance Hall** - President & Chief Executive Officer, Origin Bank

**Chase Anderson**  
Chief Accounting Officer  
& Treasurer

**Warrie Birdwell**  
Regional President  
North Texas

**Steve Brolly**  
Chief Financial Officer

**Russ Chase**  
Chief Community Banking  
Officer

**Jim Crotwell**  
Chief Risk Officer

**Cary Davis**  
Executive Risk Officer

**Josh Hammett**  
Chief Information Officer

**David Harrison**  
Chief Audit Executive

**Carmen Jordan**  
Regional President  
Houston

**Ryan Kilpatrick**  
Chief Brand &  
Communications Officer

**Larry Little**  
State President  
Louisiana

**Regina McNeill**  
Market Analytics &  
Strategic Planning

**Clark Mercer**  
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**Preston Moore**  
Chief Credit &  
Banking Officer

**Larry Ratzlaff**  
State President  
Mississippi

**Lonnie Scarborough**  
Chief Dream Manager &  
Talent Development Officer

**Linda Tuten**  
Chief People &  
Diversity Officer

**Debbie Williamson**  
Chief Operations  
Officer

1. Chair, Finance Committee 2. Chair, Risk Committee 3. Chair, Nominating & Corporate Governance Committee

4. Chair, Audit Committee 5. Chair, Compensation Committee

\*Effective 01/01/2020 \*\*Origin Bank Board Member Only



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

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