# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended: June 30, 2024**

**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: 001-38888**

## Red River Bancshares, Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Louisiana** | **72-1412058** |
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification Number) |
| **1412 Centre Court Drive, Suite 301, Alexandria, Louisiana** | **71301** |
| (Address of Principal Executive Offices) | (Zip Code) |

**Registrant's telephone number, including area code: (318) 561-4000**

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, no par value** | **RRBI** | **The Nasdaq Stock Market, LLC** |

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

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

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

| | | | |
|---|---|---|---|
| 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 Exchange Act). Yes ☐ No ☒

As of July 31, 2024, the registrant had 6,886,353 shares of common stock, no par value, issued and outstanding.

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# GLOSSARY OF TERMS

Unless the context indicates otherwise, references in this filing to “we,” “our,” “us,” “the Company,” and “our company” refer to Red River Bancshares, Inc., a Louisiana corporation and bank holding company, and its consolidated subsidiaries. All references in this filing to “Red River Bank,” “the bank,” and “the Bank” refer to Red River Bank, our wholly owned bank subsidiary.

Other abbreviations or acronyms used in this filing are defined below.

| ABBREVIATION OR ACRONYM | DEFINITION |
|---|---|
| ACL | Allowance for credit losses |
| AFS | Available-for-sale |
| AOCI | Accumulated other comprehensive income or loss |
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Update |
| Basel III | Basel Committee’s 2010 Regulatory Capital Framework (Third Accord) |
| BOLI | Bank-owned life insurance |
| bp(s) | Basis point(s) |
| CBLR | Community bank leverage ratio |
| CECL | Current Expected Credit Losses, related to *ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* |
| CRA | Community Reinvestment Act |
| Director Compensation Program | Amended and Restated Director Compensation program, which allows directors of the Company and the Bank an opportunity to select how to receive their annual director fees. |
| Economic Aid Act | Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act |
| Economic Growth Act | Economic Growth, Regulatory Relief, and Consumer Protection Act |
| EPS | Earnings per share |
| Exchange Act | Securities Exchange Act of 1934, as amended |
| FDIC | Federal Deposit Insurance Corporation |
| Federal Reserve | Board of Governors of the Federal Reserve System |
| FHLB | Federal Home Loan Bank of Dallas |
| FOMC | Federal Open Market Committee |
| FTE | Fully taxable equivalent basis |
| GAAP | Generally Accepted Accounting Principles in the United States of America |
| HFI | Held for investment |
| HFS | Held for sale |
| HTM | Held-to-maturity |
| LDPO | Loan and deposit production office |
| MSA | Metropolitan statistical area |
| NOW | Negotiable order of withdrawal |
| NPA(s) | Nonperforming asset(s) |
| Policy Statement | Federal Reserve’s Small Bank Holding Company Policy Statement |
| PPP | Paycheck Protection Program |
| Report | Quarterly Report on Form 10-Q |
| SBA | Small Business Administration |
| SBIC | Small Business Investment Company |
| Securities Act | Securities Act of 1933, as amended |
| SEC | Securities and Exchange Commission |

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would,” and “outlook,” or the negative version of those words, or such other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts and are based on current expectations, estimates and projections about our industry, management’s beliefs, and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

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

- volatility and direction of market interest rates;
- business and economic conditions generally, in the financial services industry, nationally, and within our local market areas;
- government intervention in the U.S. financial system, including the effects of recent and future legislative, tax, accounting, and regulatory actions and reforms, including the Economic Aid Act, which established the SBA PPP, the Inflation Reduction Act of 2022, and other stimulus legislation or changes in banking, securities, accounting, and tax laws and regulations, and their application by our regulators;
- changes in management personnel;
- increased competition in the financial services industry, particularly from regional and national institutions;
- our ability to maintain important deposit customer relationships and our reputation, and to otherwise avoid liquidity risks;
- factors that can impact the performance of our loan portfolio, including real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers, and the success of construction projects that we finance, including any loans acquired in acquisition transactions;
- changes in the value of collateral securing our loans;
- risks associated with system failures or failures to protect against cybersecurity threats, such as breaches of our network security;
- deterioration of our asset quality;
- the adequacy of our reserves, including our ACL;
- operational risks associated with our business;
- natural disasters and adverse weather, acts of terrorism, pandemics, an outbreak of hostilities, including the ongoing military conflicts between Russia and Ukraine and Israel and Hamas, as well as the current tensions with China, or other international or domestic calamities, and other matters beyond our control;
- our ability to prudently manage our growth and execute our strategy;
- compliance with the extensive regulatory framework that applies to us;
- changes in the laws, rules, regulations, interpretations, or policies relating to financial institutions, accounting, tax, trade, monetary, and fiscal matters; and
- the risk factors found in “Part I - Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, as well as in “Part II - Item 1A. Risk Factors” of this Report and other reports and documents we file from time to time with the SEC.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Report. Additional information on these and other risk factors can be found in “Part II - Item 1A. Risk Factors” of this Report and in “Part I - Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023. 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 such 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, except as required by applicable law. New risks emerge from time to time, and it is not possible for us to predict what risks will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

**RED RIVER BANCSHARES, INC.**
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| *(in thousands, except share amounts)* | June 30, 2024 | December 31, 2023 |
|---|---|---|
| ASSETS | | |
| Cash and due from banks | $ 35,035 | $ 53,062 |
| Interest-bearing deposits in other banks | 178,038 | 252,364 |
| Total Cash and Cash Equivalents | 213,073 | 305,426 |
| Securities available-for-sale, at fair value (amortized cost of $591,291 and $632,258, respectively) | 526,890 | 570,092 |
| Securities held-to-maturity, at amortized cost (fair value of $113,975 and $119,029, respectively) | 136,824 | 141,236 |
| Equity securities, at fair value | 2,921 | 2,965 |
| Nonmarketable equity securities | 2,283 | 2,239 |
| Loans held for sale | 3,878 | 1,306 |
| Loans held for investment | 2,047,890 | 1,992,858 |
| Less: Allowance for credit losses | (21,627) | (21,336) |
| Loans held for investment, net | 2,026,263 | 1,971,522 |
| Premises and equipment, net | 57,910 | 57,088 |
| Accrued interest receivable | 9,570 | 9,945 |
| Bank-owned life insurance | 29,947 | 29,529 |
| Intangible assets | 1,546 | 1,546 |
| Right-of-use assets | 2,973 | 3,629 |
| Other assets | 34,450 | 32,287 |
| **Total Assets** | $ 3,048,528 | $ 3,128,810 |
| LIABILITIES | | |
| Noninterest-bearing deposits | $ 892,942 | $ 916,456 |
| Interest-bearing deposits | 1,823,704 | 1,885,432 |
| Total Deposits | 2,716,646 | 2,801,888 |
| Accrued interest payable | 8,747 | 8,000 |
| Lease liabilities | 3,100 | 3,767 |
| Accrued expenses and other liabilities | 13,045 | 11,304 |
| Total Liabilities | 2,741,538 | 2,824,959 |
| COMMITMENTS AND CONTINGENCIES | — | — |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, no par value:<br>Authorized - 1,000,000 shares; None Issued and Outstanding | — | — |
| Common stock, no par value:<br>Authorized - 30,000,000 shares;<br>Issued and Outstanding - 6,886,928 and 7,091,637 shares, respectively | 44,413 | 55,136 |
| Additional paid-in capital | 2,590 | 2,407 |
| Retained earnings | 321,719 | 306,802 |
| Accumulated other comprehensive income (loss) | (61,732) | (60,494) |
| Total Stockholders' Equity | 306,990 | 303,851 |
| **Total Liabilities and Stockholders' Equity** | $ 3,048,528 | $ 3,128,810 |

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

**RED RIVER BANCSHARES, INC.**
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

| *(in thousands, except per share data)* | For the Three Months Ended June 30, 2024 | For the Three Months Ended June 30, 2023 | For the Six Months Ended June 30, 2024 | For the Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| INTEREST AND DIVIDEND INCOME | | | | |
| Interest and fees on loans | $ 26,882 | $ 22,851 | $ 52,775 | $ 44,616 |
| Interest on securities | 4,068 | 3,665 | 8,132 | 7,231 |
| Interest on federal funds sold | — | 251 | — | 886 |
| Interest on deposits in other banks | 2,709 | 1,671 | 5,748 | 3,409 |
| Dividends on stock | 22 | 33 | 44 | 61 |
| Total Interest and Dividend Income | 33,681 | 28,471 | 66,699 | 56,203 |
| INTEREST EXPENSE | | | | |
| Interest on deposits | 11,894 | 6,933 | 23,549 | 11,756 |
| Interest on other borrowed funds | — | 28 | — | 28 |
| Total Interest Expense | 11,894 | 6,961 | 23,549 | 11,784 |
| **Net Interest Income** | 21,787 | 21,510 | 43,150 | 44,419 |
| Provision for credit losses | 300 | 300 | 600 | 300 |
| **Net Interest Income After Provision for Credit Losses** | 21,487 | 21,210 | 42,550 | 44,119 |
| NONINTEREST INCOME | | | | |
| Service charges on deposit accounts | 1,367 | 1,435 | 2,735 | 2,828 |
| Debit card income, net | 949 | 924 | 1,971 | 1,858 |
| Mortgage loan income | 650 | 645 | 1,106 | 920 |
| Brokerage income | 893 | 923 | 1,880 | 1,730 |
| Loan and deposit income | 492 | 517 | 984 | 995 |
| Bank-owned life insurance income | 216 | 188 | 418 | 366 |
| Gain (Loss) on equity securities | (13) | (64) | (44) | (32) |
| SBIC income | 454 | 1,380 | 806 | 1,559 |
| Other income (loss) | 90 | 59 | 170 | 123 |
| Total Noninterest Income | 5,098 | 6,007 | 10,026 | 10,347 |
| OPERATING EXPENSES | | | | |
| Personnel expenses | 9,603 | 9,547 | 19,154 | 18,547 |
| Occupancy and equipment expenses | 1,698 | 1,554 | 3,314 | 3,271 |
| Technology expenses | 724 | 642 | 1,433 | 1,390 |
| Advertising | 408 | 343 | 745 | 624 |
| Other business development expenses | 593 | 494 | 1,068 | 930 |
| Data processing expense | 651 | 638 | 998 | 1,038 |
| Other taxes | 500 | 693 | 1,237 | 1,378 |
| Loan and deposit expenses | 309 | 284 | 267 | 489 |
| Legal and professional expenses | 729 | 580 | 1,347 | 1,097 |
| Regulatory assessment expenses | 401 | 397 | 805 | 804 |
| Other operating expenses | 1,073 | 960 | 2,194 | 2,052 |
| Total Operating Expenses | 16,689 | 16,132 | 32,562 | 31,620 |
| **Income Before Income Tax Expense** | 9,896 | 11,085 | 20,014 | 22,846 |
| Income tax expense | 1,909 | 2,117 | 3,839 | 4,280 |
| **Net Income** | $ 7,987 | $ 8,968 | $ 16,175 | $ 18,566 |
| EARNINGS PER SHARE | | | | |
| Basic | $ 1.16 | $ 1.25 | $ 2.32 | $ 2.59 |
| Diluted | $ 1.16 | $ 1.25 | $ 2.31 | $ 2.58 |

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

**RED RIVER BANCSHARES, INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| *(in thousands)* | **2024** | **2023** | **2024** | **2023** |
| Net income | $ 7,987 | $ 8,968 | $ 16,175 | $ 18,566 |
| Other comprehensive income (loss): | | | | |
| Unrealized net gain (loss) on securities arising during period | 872 | (1,849) | (2,235) | 1,108 |
| Tax effect | (183) | 389 | 470 | (231) |
| Change in unrealized net loss on securities transferred to held-to-maturity | 353 | 390 | 667 | 755 |
| Tax effect | (74) | (82) | (140) | (159) |
| Total other comprehensive income (loss) | 968 | (1,152) | (1,238) | 1,473 |
| **Comprehensive Income (Loss)** | $ 8,955 | $ 7,816 | $ 14,937 | $ 20,039 |

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

**RED RIVER BANCSHARES, INC.**
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**

| *(dollars in thousands, except per share amounts)* | Common Shares Issued | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| **Balance as of December 31, 2022** | 7,183,915 | $ 60,050 | $ 2,088 | $ 274,781 | $ (71,166) | $ 265,753 |
| Net income | — | — | — | 9,598 | — | 9,598 |
| Stock incentive plan | — | — | 69 | — | — | 69 |
| Forfeiture of restricted shares of common stock | (1,130) | — | — | — | — | — |
| Issuance of shares of common stock as board compensation | 1,660 | 84 | — | — | — | 84 |
| Repurchase of common stock | (6,795) | (346) | — | — | — | (346) |
| Cash dividend - $0.08 per share | — | — | — | (574) | — | (574) |
| Cumulative effect of change in accounting principle | — | — | — | (569) | — | (569) |
| Other comprehensive income (loss) | — | — | — | — | 2,625 | 2,625 |
| **Balance as of March 31, 2023** | 7,177,650 | $ 59,788 | $ 2,157 | $ 283,236 | $ (68,541) | $ 276,640 |
| Net income | — | — | — | 8,968 | — | 8,968 |
| Stock incentive plan | — | — | 91 | — | — | 91 |
| Issuance of restricted shares of common stock through stock incentive plan | 9,300 | — | — | — | — | — |
| Repurchase of common stock | (11,894) | (601) | — | — | — | (601) |
| Cash dividend - $0.08 per share | — | — | — | (574) | — | (574) |
| Other comprehensive income (loss) | — | — | — | — | (1,152) | (1,152) |
| **Balance as of June 30, 2023** | 7,175,056 | $ 59,187 | $ 2,248 | $ 291,630 | $ (69,693) | $ 283,372 |
| | | | | | | |
| **Balance as of December 31, 2023** | 7,091,637 | $ 55,136 | $ 2,407 | $ 306,802 | $ (60,494) | $ 303,851 |
| Net income | — | — | — | 8,188 | — | 8,188 |
| Stock incentive plan | — | — | 78 | — | — | 78 |
| Issuance of shares of common stock as board compensation | 811 | 41 | — | — | — | 41 |
| Repurchase of common stock | (200,000) | (10,000) | — | — | — | (10,000) |
| Cash dividend - $0.09 per share | — | — | — | (638) | — | (638) |
| Other comprehensive income (loss) | — | — | — | — | (2,206) | (2,206) |
| **Balance as of March 31, 2024** | 6,892,448 | $ 45,177 | $ 2,485 | $ 314,352 | $ (62,700) | $ 299,314 |
| Net income | — | — | — | 7,987 | — | 7,987 |
| Stock incentive plan | — | — | 105 | — | — | 105 |
| Issuance of restricted shares of common stock through stock incentive plan | 10,700 | — | — | — | — | — |
| Repurchase of common stock | (16,220) | (764) | — | — | — | (764) |
| Cash dividend - $0.09 per share | — | — | — | (620) | — | (620) |
| Other comprehensive income (loss) | — | — | — | — | 968 | 968 |
| **Balance as of June 30, 2024** | 6,886,928 | $ 44,413 | $ 2,590 | $ 321,719 | $ (61,732) | $ 306,990 |

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

**RED RIVER BANCSHARES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| | For the Six Months Ended June 30, | |
|---|---|---|
| *(in thousands)* | **2024** | **2023** |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 16,175 | $ 18,566 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,202 | 1,068 |
| Amortization | 278 | 277 |
| Share-based compensation earned | 183 | 160 |
| Share-based board compensation earned | 42 | 22 |
| Net (accretion) amortization on securities AFS | 627 | 851 |
| Net (accretion) amortization on securities HTM | (652) | (736) |
| (Gain) Loss on equity securities | 44 | 32 |
| Provision for credit losses | 600 | 300 |
| Deferred income tax (benefit) expense | 38 | (459) |
| Net (increase) decrease in loans HFS | (2,572) | (4,068) |
| Net (increase) decrease in accrued interest receivable | 375 | 591 |
| Net (increase) decrease in BOLI | (418) | (366) |
| Net increase (decrease) in accrued interest payable | 747 | 2,535 |
| Net increase (decrease) in accrued income taxes payable | (522) | (747) |
| Other operating activities, net | 685 | (108) |
| **Net cash provided by (used in) operating activities** | 16,832 | 17,918 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Activity in securities AFS: | | |
| Maturities, principal repayments, and calls | 75,248 | 54,754 |
| Purchases | (34,908) | (28,568) |
| Activity in securities HTM: | | |
| Maturities, principal repayments, and calls | 5,064 | 5,850 |
| Sale of equity securities | — | 6,000 |
| Purchase of nonmarketable equity securities | — | (852) |
| Capital contribution in partnerships | (40) | (816) |
| Net (increase) decrease in loans HFI | (55,341) | (31,507) |
| Proceeds from sales of foreclosed assets | 69 | — |
| Proceeds from sales of premises and equipment | 11 | — |
| Purchases of premises and equipment | (2,024) | (2,252) |
| **Net cash provided by (used in) investing activities** | (11,921) | 2,609 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net increase (decrease) in deposits | (85,242) | (134,753) |
| Proceeds from other borrowed funds | — | 60,000 |
| Repurchase of common stock | (10,764) | (947) |
| Cash dividends | (1,258) | (1,148) |
| **Net cash provided by (used in) financing activities** | (97,264) | (76,848) |
| **Net change in cash and cash equivalents** | (92,353) | (56,321) |
| Cash and cash equivalents - beginning of period | 305,426 | 278,392 |
| **Cash and cash equivalents - end of period** | $ 213,073 | $ 222,071 |

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

**RED RIVER BANCSHARES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| *(in thousands)* | For the Six Months Ended June 30, 2024 | For the Six Months Ended June 30, 2023 |
|---|---|---|
| SUPPLEMENTAL DISCLOSURES | | |
| Cash paid during the year for: | | |
| Interest | $ 22,802 | $ 9,249 |
| Income taxes | $ 4,256 | $ 5,480 |
| SUPPLEMENTAL INFORMATION FOR NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Assets acquired in settlement of loans | $ — | $ 22 |

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

**RED RIVER BANCSHARES, INC.**
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies

*Basis of Presentation*

The accompanying unaudited consolidated financial statements of the Company were prepared in accordance with GAAP for interim financial information, general practices within the financial services industry, and instructions for Form 10-Q and Regulation S-X. Accordingly, these interim financial statements do not include all of the information or footnotes required by GAAP for annual financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for the entire fiscal year. These statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Certain prior period amounts have been reclassified to conform to the current period presentation. These changes in presentation did not have a material impact on the Company's financial condition or results of operations.

*Critical Accounting Policies and Estimates*

In preparing the financial statements, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the Company's financial condition, results of operations, comprehensive income, changes in stockholders' equity, and cash flows for the interim period presented. These adjustments are of a normal recurring nature and include appropriate estimated provisions.

*Recent Accounting Pronouncements*

*ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* The guidance issued in this update requires improvement to the disclosures about a public entity's reportable segments and more detailed information about a reportable segment's expenses and other segment items. Even though the Company has a single reportable segment, all the disclosures required by this update are required. Under this guidance, public entities are required to disclose segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment that are currently required annually. The goal of these disclosures is to enable investors to develop more decision-useful financial analyses. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in this update should be applied retrospectively to all previous periods presented. The Company does not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

*ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* The guidance in this update provides enhanced transparency and decision usefulness of income tax disclosures. The amendment addresses investor requests for income tax information through improvements to income tax disclosures related to the rate reconciliation and income taxes paid information. The guidance requires public business entities to disclose in their rate reconciliation table additional categories of information about federal, state, and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance also requires all entities to disclose annually income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. Investors anticipate theses disclosures will provide an understanding of an entity's exposures to changes in tax legislation and allow investors to better assess income tax information that affects cash flow forecasts and capital allocation decisions, as well as identify opportunities to increase future cash flows. The standard is effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Early adoption is permitted. The amendments should be applied on a prospective basis, but retrospective application is permitted. The Company does not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

*ASU No. 2024-01, Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards.* The guidance issued in this update was designed to improve GAAP by adding an illustrative example that clarifies when the scope guidance of *Topic 718* should be applied, since diversity in practice exists. This ASU does not change existing guidance. The standard is effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Early adoption is permitted. The amendments in this update should be applied retrospectively to all prior periods presented or prospectively. The Company does not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

*ASU No. 2024-02, Codification Improvements - Amendments to Remove References to the Concept Statements.* The guidance issued in this update amends the codification to remove references to various Financial Accounting Standards

Board Concept Statements. The codification will be updated to clarify or correct unintended application of guidance that is not expected to have any significant effect on current accounting practice or cost to most entities. The standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

**2. Securities**

Securities are classified as AFS, HTM, and equity securities. Total securities were $666.6 million as of June 30, 2024.

*Securities AFS and Securities HTM*

Securities AFS and securities HTM are debt securities. Securities AFS are held for indefinite periods of time and are carried at estimated fair value. As of June 30, 2024, the estimated fair value of securities AFS was $526.9 million. The net unrealized loss on securities AFS increased $2.2 million for the six months ended June 30, 2024, resulting in a net unrealized loss of $64.4 million as of June 30, 2024.

Securities HTM, which the Company has the intent and ability to hold until maturity, are carried at amortized cost. As of June 30, 2024, the amortized cost of securities HTM was $136.8 million.

Investment activity for the six months ended June 30, 2024, included $80.3 million in maturities, principal repayments, and calls, partially offset by $34.9 million of securities purchased. There were no sales of securities AFS, and there were no purchases or sales of securities HTM for the same period.

The amortized cost and estimated fair value of securities AFS and securities HTM are summarized in the following tables:

| | June 30, 2024 | | | |
|---|---|---|---|---|
| *(in thousands)* | **Amortized Cost** | **Gross Unrealized Gains** | **Gross Unrealized Losses** | **Fair Value** |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ 288,908 | $ 311 | $ (29,982) | $ 259,237 |
| Municipal bonds | 204,724 | — | (32,280) | 172,444 |
| U.S. Treasury securities | 48,000 | — | (719) | 47,281 |
| U.S. agency securities | 49,659 | 18 | (1,749) | 47,928 |
| Total Securities AFS | $ 591,291 | $ 329 | $ (64,730) | $ 526,890 |
| | | | | |
| Securities HTM: | | | | |
| Mortgage-backed securities | $ 135,897 | $ — | $ (22,742) | $ 113,155 |
| U.S. agency securities | 927 | — | (107) | 820 |
| Total Securities HTM | $ 136,824 | $ — | $ (22,849) | $ 113,975 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| *(in thousands)* | **Amortized Cost** | **Gross Unrealized Gains** | **Gross Unrealized Losses** | **Fair Value** |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ 288,793 | $ 395 | $ (31,228) | $ 257,960 |
| Municipal bonds | 211,848 | 13 | (27,732) | 184,129 |
| U.S. Treasury securities | 92,054 | — | (1,912) | 90,142 |
| U.S. agency securities | 39,563 | 5 | (1,707) | 37,861 |
| Total Securities AFS | $ 632,258 | $ 413 | $ (62,579) | $ 570,092 |
| | | | | |
| Securities HTM: | | | | |
| Mortgage-backed securities | $ 140,314 | $ — | $ (22,098) | $ 118,216 |
| U.S. agency securities | 922 | — | (109) | 813 |
| Total Securities HTM | $ 141,236 | $ — | $ (22,207) | $ 119,029 |

The amortized cost and estimated fair value of securities AFS and securities HTM as of June 30, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers have the right to call or repay obligations with or without call or prepayment penalties.

| | June 30, 2024 | |
|---|---|---|
| *(in thousands)* | **Amortized Cost** | **Fair Value** |
| Securities AFS: | | |
| Within one year | $ 56,343 | $ 55,477 |
| After one year but within five years | 27,494 | 26,423 |
| After five years but within ten years | 115,518 | 107,295 |
| After ten years | 391,936 | 337,695 |
| Total Securities AFS | $ 591,291 | $ 526,890 |
| | | |
| Securities HTM: | | |
| Within one year | $ — | $ — |
| After one year but within five years | — | — |
| After five years but within ten years | 927 | 820 |
| After ten years | 135,897 | 113,155 |
| Total Securities HTM | $ 136,824 | $ 113,975 |

*Accounting for Credit Losses – Securities AFS and Securities HTM*

The Company evaluates securities AFS for impairment when there has been a decline in fair value below the amortized cost basis of a security to determine whether there is a credit loss associated with the decline in fair value on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Due to the zero credit loss assumption and the considerations applied to the securities AFS, there was no ACL recorded for securities AFS as of June 30, 2024 and December 31, 2023. Also, as part of the Company’s evaluation of its intent and ability to hold investments for a period of time sufficient to allow for any anticipated recovery in the market, the Company considers its investment strategy, cash flow needs, liquidity position, capital adequacy, and interest rate risk position. Management does not intend to sell these securities prior to recovery, and it is more likely than not that the Company will have the ability to hold them, primarily due to adequate liquidity, until each security has recovered its cost basis.

Due to the zero credit loss assumption on the securities HTM portfolio, there was no ACL recorded for securities HTM as of June 30, 2024 and December 31, 2023.

Accrued interest receivable totaled $2.9 million and $3.0 million as of June 30, 2024 and December 31, 2023, respectively, for securities AFS and securities HTM and was reported in accrued interest receivable on the consolidated balance sheets.

Information pertaining to securities AFS with gross unrealized losses as of June 30, 2024 and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is described as follows:

| | June 30, 2024 | | | |
|---|---|---|---|---|
| | Less than twelve months | | Twelve months or more | |
| *(in thousands)* | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ (133) | $ 21,311 | $ (29,849) | $ 194,942 |
| Municipal bonds | (115) | 2,990 | (32,165) | 169,454 |
| U.S. Treasury securities | — | — | (719) | 47,281 |
| U.S. agency securities | (116) | 26,096 | (1,633) | 13,574 |
| Total Securities AFS | $ (364) | $ 50,397 | $ (64,366) | $ 425,251 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Less than twelve months | | Twelve months or more | |
| *(in thousands)* | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ (35) | $ 19,383 | $ (31,193) | $ 206,518 |
| Municipal bonds | (83) | 4,815 | (27,649) | 176,098 |
| U.S. Treasury securities | — | — | (1,912) | 90,142 |
| U.S. agency securities | (82) | 19,301 | (1,625) | 14,475 |
| Total Securities AFS | $ (200) | $ 43,499 | $ (62,379) | $ 487,233 |

As of June 30, 2024, the Company held 474 securities AFS that were in unrealized loss positions. The aggregate unrealized loss of these securities AFS as of June 30, 2024, was 10.95% of the amortized cost basis of total debt securities.

For the three and six months ended June 30, 2024 and 2023, there were no proceeds from sales and calls of debt securities.

*Equity Securities*

Equity securities are an investment in a CRA mutual fund, consisting primarily of bonds. Equity securities are carried at fair value on the consolidated balance sheets with periodic changes in value recorded through the consolidated statements of income. As of June 30, 2024, equity securities had a fair value of $2.9 million with a recognized loss of $44,000 for the six months ended June 30, 2024. As of December 31, 2023, equity securities had a fair value of $3.0 million with a recognized loss of $14,000 for the year ended December 31, 2023.

*Pledged Securities*

Securities with carrying values of approximately $218.6 million and $230.9 million were used as collateral as of June 30, 2024 and December 31, 2023, respectively.

## 3. Loans and Asset Quality

*Loans*

Loans HFI by category and loans HFS are summarized below:

| *(in thousands)* | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Real estate: | | |
| Commercial real estate | $ 865,645 | $ 851,582 |
| One-to-four family residential | 611,904 | 599,487 |
| Construction and development | 129,197 | 125,238 |
| Commercial and industrial | 344,071 | 315,327 |
| Tax-exempt | 67,941 | 72,913 |
| Consumer | 29,132 | 28,311 |
| Total loans HFI | $ 2,047,890 | $ 1,992,858 |
| Total loans HFS | $ 3,878 | $ 1,306 |

Accrued interest receivable on loans HFI totaled $6.6 million and $6.8 million as of June 30, 2024 and December 31, 2023, respectively, and was reported in accrued interest receivable on the accompanying consolidated balance sheets.

*Allowance for Credit Losses*

Effective January 1, 2023, the Company adopted the provisions of *ASC 326* using the modified retrospective method. The Company maintains an ACL on all loans that reflects management's estimate of expected credit losses for the full life of the loan portfolio.

The following table summarizes the activity in the ACL by category for the six months ended June 30, 2024:

| *(in thousands)* | Beginning Balance December 31, 2023 | Provision for Credit Losses | Charge-offs | Recoveries | Ending Balance June 30, 2024 |
|---|---|---|---|---|---|
| Real estate: | | | | | |
| Commercial real estate | $ 9,118 | $ (52) | $ — | $ — | $ 9,066 |
| One-to-four family residential | 7,484 | 131 | — | 5 | 7,620 |
| Construction and development | 1,309 | 69 | — | — | 1,378 |
| Commercial and industrial | 2,553 | 348 | (211) | 54 | 2,744 |
| Tax-exempt | 575 | (45) | — | — | 530 |
| Consumer | 297 | 149 | (231) | 74 | 289 |
| Total allowance for credit losses | $ 21,336 | $ 600 | $ (442) | $ 133 | $ 21,627 |

The following table summarizes the activity in the ACL by category for the six months ended June 30, 2023:

| *(in thousands)* | Beginning Balance December 31, 2022 | Impact of *ASC 326 Adoption* | Provision for Credit Losses | Charge-offs | Recoveries | Ending Balance June 30, 2023 |
|---|---|---|---|---|---|---|
| Real estate: | | | | | | |
| Commercial real estate | $ 7,720 | $ 876 | $ (293) | $ — | $ — | $ 8,303 |
| One-to-four family residential | 5,682 | 1,231 | 91 | — | 5 | 7,009 |
| Construction and development | 1,654 | (444) | 184 | (9) | — | 1,385 |
| Commercial and industrial | 4,350 | (822) | (18) | (33) | 23 | 3,500 |
| Tax-exempt | 751 | (427) | 264 | — | — | 588 |
| Consumer | 471 | (136) | 72 | (182) | 75 | 300 |
| Total allowance for credit losses | $ 20,628 | $ 278 | $ 300 | $ (224) | $ 103 | $ 21,085 |

*Nonaccrual and Past Due Loans*

The following table presents nonaccrual loans as of June 30, 2024:

| *(in thousands)* | Nonaccrual with No ACL | Nonaccrual with ACL | Total Nonaccrual |
|---|---|---|---|
| Real estate: | | | |
| Commercial real estate | $ — | $ 737 | $ 737 |
| One-to-four family residential | — | 700 | 700 |
| Construction and development | — | 920 | 920 |
| Commercial and industrial | 553 | 164 | 717 |
| Tax-exempt | — | — | — |
| Consumer | — | 94 | 94 |
| Total loans HFI | $ 553 | $ 2,615 | $ 3,168 |

The following table presents nonaccrual loans as of December 31, 2023:

| *(in thousands)* | Nonaccrual with No ACL | Nonaccrual with ACL | Total Nonaccrual |
|---|---|---|---|
| Real estate: | | | |
| Commercial real estate | $ — | $ 714 | $ 714 |
| One-to-four family residential | — | 269 | 269 |
| Construction and development | — | — | — |
| Commercial and industrial | 709 | 135 | 844 |
| Tax-exempt | — | — | — |
| Consumer | — | 132 | 132 |
| Total loans HFI | $ 709 | $ 1,250 | $ 1,959 |

No material interest income was recognized in the consolidated statements of income on nonaccrual loans for the six months ended June 30, 2024 and 2023.

The following table presents the aging analysis of the past due loans and loans 90 days or more past due and still accruing interest by loan category as of June 30, 2024:

| | Past Due | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | 30-59 Days | 60-89 Days | 90 Days or More | Current | Total Loans HFI | 90 Days or More Past Due and Accruing |
| Real estate: | | | | | | |
| Commercial real estate | $ 32 | $ — | $ 705 | $ 864,908 | $ 865,645 | $ — |
| One-to-four family residential | 124 | 378 | 577 | 610,825 | 611,904 | 39 |
| Construction and development | — | — | 918 | 128,279 | 129,197 | — |
| Commercial and industrial | 315 | — | 685 | 343,071 | 344,071 | 2 |
| Tax-exempt | — | — | — | 67,941 | 67,941 | — |
| Consumer | 11 | 7 | 13 | 29,101 | 29,132 | — |
| Total loans HFI | $ 482 | $ 385 | $ 2,898 | $ 2,044,125 | $ 2,047,890 | $ 41 |

The following table presents the aging analysis of the past due loans and loans 90 days or more past due and still accruing interest by loan category as of December 31, 2023:

| | Past Due | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | 30-59 Days | 60-89 Days | 90 Days or More | Current | Total Loans HFI | 90 Days or More Past Due and Accruing |
| Real estate: | | | | | | |
| Commercial real estate | $ 36 | $ — | $ 678 | $ 850,868 | $ 851,582 | $ — |
| One-to-four family residential | 392 | 251 | 409 | 598,435 | 599,487 | 260 |
| Construction and development | — | — | 265 | 124,973 | 125,238 | 265 |
| Commercial and industrial | 132 | 60 | 847 | 314,288 | 315,327 | 45 |
| Tax-exempt | — | — | — | 72,913 | 72,913 | — |
| Consumer | 27 | 16 | 46 | 28,222 | 28,311 | 4 |
| Total loans HFI | $ 587 | $ 327 | $ 2,245 | $ 1,989,699 | $ 1,992,858 | $ 574 |

*Loan Modifications*

Modifications are made to a borrower experiencing financial difficulty, and the modified terms are in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, or a term extension in the current reporting period.

The amortized cost basis of loans that were modified to borrowers experiencing financial difficulty during the six months ended June 30, 2024, is as follows:

| *(dollars in thousands)* | Term Extension | Percent of Loan Category | Financial Effect |
|---|---|---|---|
| Real estate: | | | |
| Commercial real estate | $ — | — % | |
| One-to-four family residential | $ 485 | 0.1 % | Amortization period was extended by a weighted-average of 4.79 years |
| Construction and development | $ — | — % | |
| Commercial and industrial | $ — | — % | |
| Tax-exempt | $ — | — % | |
| Consumer | $ — | — % | |
| Total loans modified | $ 485 | 0.1 % | |

No loan modifications were made to borrowers experiencing financial difficulty during the six months ended June 30, 2023.

*Credit Quality Indicators*

Loans are categorized based on the degree of risk inherent in the credit and the ability of the borrower to service the debt. A description of the general characteristics of the Bank’s risk rating grades follows:

Pass - These loans are of satisfactory quality and do not require a more severe classification.

Special mention - This category includes loans with potential weaknesses that deserve management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan. However, the loss potential does not warrant substandard classification.

Substandard - Loans in this category have well-defined weaknesses that jeopardize normal repayment of principal and interest. Prompt corrective action is required to reduce exposure and to assure adequate remedial actions are taken by the borrower. If these weaknesses do not improve, loss is possible.

Doubtful - Loans in this category have well-defined weaknesses that make full collection improbable.

Loss - Loans classified in this category are considered uncollectible and charged-off to the ACL.

As of June 30, 2024, the Company had no loans classified as doubtful or loss. The following table summarizes loans by risk rating and year of origination as of June 30, 2024, and gross charge-offs for the six months ended June 30, 2024:

| | Year of Origination | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands)* | **2024** | **2023** | **2022** | **2021** | **2020** | **Prior Years** | **Revolving Lines** | **Total** |
| Real estate: | | | | | | | | |
| Commercial real estate | | | | | | | | |
| Pass | $ 61,911 | $ 121,276 | $ 247,987 | $ 231,137 | $ 72,736 | $ 104,277 | $ 20,783 | $ 860,107 |
| Special Mention | — | — | — | — | — | 3,182 | — | 3,182 |
| Substandard | — | 183 | 756 | 680 | — | 737 | — | 2,356 |
| Total | $ 61,911 | $ 121,459 | $ 248,743 | $ 231,817 | $ 72,736 | $ 108,196 | $ 20,783 | $ 865,645 |
| One-to-four family residential | | | | | | | | |
| Pass | $ 52,186 | $ 113,509 | $ 126,497 | $ 120,471 | $ 84,617 | $ 94,952 | $ 17,082 | $ 609,314 |
| Special Mention | 136 | — | — | — | — | 257 | — | 393 |
| Substandard | — | — | 368 | 43 | 35 | 941 | 810 | 2,197 |
| Total | $ 52,322 | $ 113,509 | $ 126,865 | $ 120,514 | $ 84,652 | $ 96,150 | $ 17,892 | $ 611,904 |
| Construction and development | | | | | | | | |
| Pass | $ 30,381 | $ 62,017 | $ 27,265 | $ 4,411 | $ 1,015 | $ 1,978 | $ 954 | $ 128,021 |
| Special Mention | — | 918 | — | — | — | — | — | 918 |
| Substandard | — | — | — | — | — | 258 | — | 258 |
| Total | $ 30,381 | $ 62,935 | $ 27,265 | $ 4,411 | $ 1,015 | $ 2,236 | $ 954 | $ 129,197 |
| Commercial and industrial | | | | | | | | |
| Pass | $ 48,828 | $ 63,218 | $ 37,570 | $ 47,195 | $ 10,767 | $ 6,206 | $ 128,585 | $ 342,369 |
| Special Mention | — | 26 | 891 | — | — | — | — | 917 |
| Substandard | — | 3 | — | 44 | 2 | 93 | 643 | 785 |
| Total | $ 48,828 | $ 63,247 | $ 38,461 | $ 47,239 | $ 10,769 | $ 6,299 | $ 129,228 | $ 344,071 |
| Tax-exempt | | | | | | | | |
| Pass | $ 2,116 | $ 1,031 | $ 14,977 | $ 6,634 | $ 13,229 | $ 29,954 | $ — | $ 67,941 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — |
| Total | $ 2,116 | $ 1,031 | $ 14,977 | $ 6,634 | $ 13,229 | $ 29,954 | $ — | $ 67,941 |
| Consumer | | | | | | | | |
| Pass | $ 10,583 | $ 10,253 | $ 4,477 | $ 1,805 | $ 548 | $ 282 | $ 1,082 | $ 29,030 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | 95 | 7 | 102 |
| Total | $ 10,583 | $ 10,253 | $ 4,477 | $ 1,805 | $ 548 | $ 377 | $ 1,089 | $ 29,132 |
| Total loans HFI | $ 206,141 | $ 372,434 | $ 460,788 | $ 412,420 | $ 182,949 | $ 243,212 | $ 169,946 | $ 2,047,890 |
| Gross charge-offs | $ 1 | $ 25 | $ 24 | $ — | $ — | $ 153 | $ 239 | $ 442 |

As of December 31, 2023, the Company had no loans classified as doubtful or loss. The following table summarizes loans by risk rating and year of origination as of December 31, 2023, and gross charge-offs for the year ended December 31, 2023:

| | Year of Origination | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in thousands) | 2023 | 2022 | 2021 | 2020 | 2019 | Prior Years | Revolving Lines | Total |
| Real estate: | | | | | | | | |
| Commercial real estate | | | | | | | | |
| Pass | $ 124,134 | $ 256,707 | $ 239,364 | $ 76,754 | $ 63,475 | $ 61,957 | $ 18,467 | $ 840,858 |
| Special Mention | 73 | — | 3,186 | — | 1,031 | 4,082 | — | 8,372 |
| Substandard | 184 | 779 | 675 | — | — | 714 | — | 2,352 |
| Total | $ 124,391 | $ 257,486 | $ 243,225 | $ 76,754 | $ 64,506 | $ 66,753 | $ 18,467 | $ 851,582 |
| One-to-four family residential | | | | | | | | |
| Pass | $ 122,004 | $ 134,583 | $ 129,388 | $ 90,190 | $ 31,110 | $ 74,077 | $ 16,472 | $ 597,824 |
| Special Mention | — | — | — | — | — | 261 | — | 261 |
| Substandard | — | 79 | — | 37 | 385 | 827 | 74 | 1,402 |
| Total | $ 122,004 | $ 134,662 | $ 129,388 | $ 90,227 | $ 31,495 | $ 75,165 | $ 16,546 | $ 599,487 |
| Construction and development | | | | | | | | |
| Pass | $ 54,189 | $ 55,515 | $ 10,333 | $ 1,742 | $ 2,158 | $ 1,015 | $ 286 | $ 125,238 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — |
| Total | $ 54,189 | $ 55,515 | $ 10,333 | $ 1,742 | $ 2,158 | $ 1,015 | $ 286 | $ 125,238 |
| Commercial and industrial | | | | | | | | |
| Pass | $ 73,653 | $ 49,637 | $ 51,012 | $ 13,863 | $ 7,409 | $ 813 | $ 107,171 | $ 303,558 |
| Special Mention | 1,208 | 937 | 4,659 | — | 310 | 509 | 3,173 | 10,796 |
| Substandard | 4 | — | 59 | 5 | 54 | 51 | 800 | 973 |
| Total | $ 74,865 | $ 50,574 | $ 55,730 | $ 13,868 | $ 7,773 | $ 1,373 | $ 111,144 | $ 315,327 |
| Tax-exempt | | | | | | | | |
| Pass | $ 959 | $ 15,679 | $ 8,174 | $ 13,919 | $ 4,250 | $ 29,932 | $ — | $ 72,913 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — |
| Total | $ 959 | $ 15,679 | $ 8,174 | $ 13,919 | $ 4,250 | $ 29,932 | $ — | $ 72,913 |
| Consumer | | | | | | | | |
| Pass | $ 16,947 | $ 6,385 | $ 2,325 | $ 858 | $ 363 | $ 133 | $ 1,173 | $ 28,184 |
| Special Mention | — | — | — | — | — | — | — | — |
| Substandard | — | 29 | — | — | — | 90 | 8 | 127 |
| Total | $ 16,947 | $ 6,414 | $ 2,325 | $ 858 | $ 363 | $ 223 | $ 1,181 | $ 28,311 |
| Total loans HFI | $ 393,355 | $ 520,330 | $ 449,175 | $ 197,368 | $ 110,545 | $ 174,461 | $ 147,624 | $ 1,992,858 |
| Gross charge-offs | $ 12 | $ 20 | $ 1 | $ — | $ 10 | $ 25 | $ 405 | $ 473 |

*Commitments to Extend Credit*

Commitments to extend credit are agreements to lend to a customer if all conditions of the commitment have been met. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Company upon extension of credit, is based on management's evaluation of the customer's ability to repay. As of June 30, 2024 and December 31, 2023, unfunded loan commitments totaled approximately $407.3 million and $372.0 million, respectively.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. As of June 30, 2024 and December 31, 2023, commitments under standby letters of credit totaled approximately $12.4 million and $15.4 million, respectively. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Effective January 1, 2023, the Company adopted the provision of *ASC 326* using the modified retrospective method and established a reserve for unfunded commitments based on estimates of expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. As of June 30, 2024 and December 31, 2023, the reserve on unfunded commitments was $442,000.

**4. Deposits**

Deposits were $2.72 billion and $2.80 billion as of June 30, 2024 and December 31, 2023, respectively. The $85.2 million decrease was primarily a result of the seasonal outflow of funds from public entity customers and income tax payments, partially offset by an increase in new customer time deposit activity. Deposits are summarized below:

| *(in thousands)* | **June 30, 2024** | **December 31, 2023** |
|---|---|---|
| Noninterest-bearing demand deposits | $ 892,942 | $ 916,456 |
| Interest-bearing deposits: | | |
| Interest-bearing demand deposits | 135,543 | 138,380 |
| NOW accounts | 377,385 | 468,483 |
| Money market accounts | 547,715 | 541,607 |
| Savings accounts | 170,050 | 173,741 |
| Time deposits less than or equal to $250,000 | 399,981 | 392,094 |
| Time deposits greater than $250,000 | 193,030 | 171,127 |
| Total interest-bearing deposits | 1,823,704 | $ 1,885,432 |
| Total deposits | $ 2,716,646 | $ 2,801,888 |

*Collateral for Deposits*

As of June 30, 2024 and December 31, 2023, securities and FHLB letters of credit with values of approximately $210.7 million and $287.4 million, respectively, were pledged as collateral to secure public entity deposits.

**5. Other Borrowed Funds**

The Company has established borrowing capacity with the FHLB, the Federal Reserve Bank's Discount Window facility, and other correspondent banks to provide additional sources of operating funds. As of June 30, 2024 and December 31, 2023, the Company had no outstanding borrowings under these agreements.

**6. Contingencies**

The Company and the Bank are involved, from time to time, in various legal matters arising in the ordinary course of business. While the outcome of these claims or litigation cannot be determined at this time, in the opinion of management, neither the Company nor the Bank are involved in such legal proceedings that the resolution is expected to have a material adverse effect on the consolidated results of operations, financial condition, or cash flows.

**7. Fair Value**

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

*Fair Value Disclosure*

Securities AFS, loans HFS, and equity securities are recorded at fair value on a recurring basis. Additionally, the Company may be required to record at fair value other assets on a nonrecurring basis, such as collateral dependent loans, foreclosed assets, and other certain assets. The nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

*ASC 820, Fair Value Measurements and Disclosures* indicates that assets and liabilities are recorded at fair value according to a fair value hierarchy comprised of three levels:

- Level 1 pricing represents quotes on the exact financial instrument that is traded in active markets. Quoted prices on actively traded equities, for example, are in this category.

- Level 2 pricing is derived from observable data including market spreads, current and projected rates, prepayment data, and credit quality. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 pricing is derived without the use of observable data. In such cases, mark-to-model strategies are typically employed. Often, these types of instruments have no active market, possess unique characteristics, and are thinly traded.

The Company used the following methods and significant assumptions to estimate fair value:

*Securities AFS and Equity Securities:* The fair values for securities AFS are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

*Loans HFS:* Residential mortgage loans originated and held for sale are carried at the lower of cost or estimated fair value on an individual basis. The fair values of mortgage loans HFS are based on commitments on hand from investors within the secondary market for loans with similar characteristics. As such, the fair value adjustments for mortgage loans HFS are recurring Level 2.

*Loans HFI:* The Company does not record loans HFI at fair value on a recurring basis. Loans for which it was probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are evaluated individually to determine if any credit loss exists. For loans evaluated on an individual basis that are collateral dependent, the fair value is estimated by applying a discount factor to the collateral value then deducting the estimated cost to sell. For loans evaluated on an individual basis that are not collateral dependent, the discounted cash flow method is utilized to determine the fair value. When a loan experiences a credit loss with specific allocated losses determined by the fair value method, the Company considers the collateral dependent loan as nonrecurring Level 3.

*Foreclosed Assets:* Foreclosed assets, consisting of properties obtained through foreclosure or in satisfaction of loans, are reported at fair value, determined on the basis of current appraisals, comparable sales, and other estimates of value obtained principally from independent sources, adjusted for estimated selling costs (Level 2). However, foreclosed assets are considered Level 3 in the fair value hierarchy because management has qualitatively applied a discount due to the size, supply of inventory, and the incremental discounts applied to the appraisals. Management also considers other factors, including changes in absorption rates, length of time the property has been on the market, and anticipated sales values, which have resulted in adjustments to the collateral value estimates indicated in certain appraisals.

*Fair Value of Assets Measured on a Recurring Basis*

The table below presents the recorded amount of assets measured at fair value on a recurring basis:

| *(in thousands)* | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| June 30, 2024 | | | | |
| Loans HFS | $ 3,878 | $ — | $ 3,059 | $ — |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ 259,237 | $ — | $ 259,237 | $ — |
| Municipal bonds | $ 172,444 | $ — | $ 172,444 | $ — |
| U.S. Treasury securities | $ 47,281 | $ — | $ 47,281 | $ — |
| U.S. agency securities | $ 47,928 | $ — | $ 47,928 | $ — |
| Equity securities | $ 2,921 | $ 2,921 | $ — | $ — |
| | | | | |
| December 31, 2023 | | | | |
| Loans HFS | $ 1,306 | $ — | $ 1,306 | $ — |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ 257,960 | $ — | $ 257,960 | $ — |
| Municipal bonds | $ 184,129 | $ — | $ 184,129 | $ — |
| U.S. Treasury securities | $ 90,142 | $ — | $ 90,142 | $ — |
| U.S. agency securities | $ 37,861 | $ — | $ 37,861 | $ — |
| Equity securities | $ 2,965 | $ 2,965 | $ — | $ — |

There were no transfers between Level 1, 2, or 3 during the six months ended June 30, 2024 or the year ended December 31, 2023.

*Fair Value of Assets and Liabilities Measured on a Nonrecurring Basis*

*Financial Assets and Financial Liabilities:* Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis and are subject to fair value adjustments in certain circumstances. Financial assets measured at fair value on a nonrecurring basis include certain individually evaluated collateral dependent loans reported at fair value of the underlying collateral if repayment is expected solely from the collateral. Prior to foreclosure of these loans, fair value of the collateral is estimated using Level 3 inputs based on customized discounting criteria.

The table below presents certain individually evaluated collateral dependent loans that were remeasured and reported at fair value through the ACL based upon the fair value of the underlying collateral as of the dates indicated:

| *(in thousands)* | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Carrying value before allowance | $ 1,128 | $ 633 |
| Specific allowance | (123) | (100) |
| Fair value | $ 1,005 | $ 533 |

The Company had no financial liabilities measured at fair value on a nonrecurring basis as of June 30, 2024 and December 31, 2023.

*Nonfinancial Assets and Liabilities:* Certain nonfinancial assets and nonfinancial liabilities are measured at fair value on a nonrecurring basis. These include certain foreclosed assets, which are remeasured and reported at fair value through a charge-off to the ACL upon initial recognition as a foreclosed asset. Subsequent to their initial recognition, certain foreclosed assets are remeasured at fair value through an adjustment included in other noninterest income. The fair value of foreclosed assets is estimated using Level 3 inputs based on customized discounting criteria less estimated selling costs.

The following table presents foreclosed assets that were remeasured and reported at fair value as of the dates indicated:

| *(in thousands)* | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Foreclosed assets remeasured at initial recognition: | | |
| Carrying value of foreclosed assets prior to remeasurement | $ — | $ 69 |
| Charge-offs | — | — |
| Fair value of foreclosed assets | $ — | $ 69 |

There were no foreclosed assets that were remeasured subsequent to initial recognition as of June 30, 2024 and December 31, 2023.

The Company had no nonfinancial liabilities measured at fair value on a nonrecurring basis as of June 30, 2024 and December 31, 2023.

The unobservable inputs used for the Level 3 fair value measurements on a nonrecurring basis were as follows:

| *(dollars in thousands)* | Fair Value | Valuation Technique | Unobservable Input | Discount Ranges | Weighted Average Discount |
|---|---|---|---|---|---|
| June 30, 2024 | | | | | |
| Collateral dependent loans | $ 2,345 | Discounted appraisals | Collateral discounts and costs to sell | 0% - 100% | 18.63% |
| Foreclosed assets | $ — | Discounted appraisals | Collateral discounts and costs to sell | N/A | N/A |
| December 31, 2023 | | | | | |
| Collateral dependent loans | $ 1,754 | Discounted appraisals | Collateral discounts and costs to sell | 0% - 100% | 24.05% |
| Foreclosed assets | $ 69 | Discounted appraisals | Collateral discounts and costs to sell | N/A | N/A |

*Fair Value of Financial Instruments*

The carrying amounts and estimated fair values of financial instruments as of June 30, 2024 and December 31, 2023, were as follows:

| *(in thousands)* | Carrying Amount | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| June 30, 2024 | | | | | |
| Financial assets: | | | | | |
| Cash and due from banks | $ 35,035 | $ 35,035 | $ 35,035 | $ — | $ — |
| Interest-bearing deposits in other banks | $ 178,038 | $ 178,038 | $ 178,038 | $ — | $ — |
| Securities AFS | $ 526,890 | $ 526,890 | $ — | $ 526,890 | $ — |
| Securities HTM | $ 136,824 | $ 113,975 | $ — | $ 113,975 | $ — |
| Equity securities | $ 2,921 | $ 2,921 | $ 2,921 | $ — | $ — |
| Nonmarketable equity securities | $ 2,283 | $ 2,283 | $ — | $ 2,283 | $ — |
| Loans HFS | $ 3,878 | $ 3,878 | $ — | $ 3,878 | $ — |
| Loans HFI, net of allowance | $ 2,026,263 | $ 1,881,756 | $ — | $ — | $ 1,881,756 |
| Accrued interest receivable | $ 9,570 | $ 9,570 | $ — | $ — | $ 9,570 |
| Financial liabilities: | | | | | |
| Deposits | $ 2,716,646 | $ 2,710,924 | $ — | $ 2,710,924 | $ — |
| Accrued interest payable | $ 8,747 | $ 8,747 | $ — | $ 8,747 | $ — |
| | | | | | |
| December 31, 2023 | | | | | |
| Financial assets: | | | | | |
| Cash and due from banks | $ 53,062 | $ 53,062 | $ 53,062 | $ — | $ — |
| Interest-bearing deposits in other banks | $ 252,364 | $ 252,364 | $ 252,364 | $ — | $ — |
| Securities AFS | $ 570,092 | $ 570,092 | $ — | $ 570,092 | $ — |
| Securities HTM | $ 141,236 | $ 119,029 | $ — | $ 119,029 | $ — |
| Equity securities | $ 2,965 | $ 2,965 | $ 2,965 | $ — | $ — |
| Nonmarketable equity securities | $ 2,239 | $ 2,239 | $ — | $ 2,239 | $ — |
| Loans HFS | $ 1,306 | $ 1,306 | $ — | $ 1,306 | $ — |
| Loans HFI, net of allowance | $ 1,971,522 | $ 1,820,573 | $ — | $ — | $ 1,820,573 |
| Accrued interest receivable | $ 9,945 | $ 9,945 | $ — | $ — | $ 9,945 |
| Financial liabilities: | | | | | |
| Deposits | $ 2,801,888 | $ 2,796,303 | $ — | $ 2,796,303 | $ — |
| Accrued interest payable | $ 8,000 | $ 8,000 | $ — | $ 8,000 | $ — |

**8. Regulatory Capital Requirements**

The Company and the Bank are subject to various regulatory capital requirements administered by federal 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 and the Bank's 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 its 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. Prompt corrective action provisions are not applicable to bank holding companies.

*Basel III Capital Requirements*

The Company and the Bank are subject to Basel III capital guidelines. Basel III requires the Company and the Bank to maintain certain minimum ratios to meet capital adequacy requirements. It is management's belief that, as of June 30, 2024, both the Company and the Bank met all capital adequacy requirements under Basel III. Management expects that the capital ratios for the Company and the Bank under Basel III will continue to exceed capital adequacy requirements. Management believes that, as of June 30, 2024, the Bank is well-capitalized under the regulatory framework for prompt corrective action.

Bank holding companies that qualify as “small bank holding companies” under the Policy Statement are exempt from the Federal Reserve’s consolidated capital adequacy ratios at the holding company level and instead are evaluated at the bank level. In May 2018, the Economic Growth Act was enacted. One of the Economic Growth Act’s highlights, with implications for us, was the asset threshold under the Policy Statement being increased from $1.0 billion to $3.0 billion, which benefits bank holding companies by, among various other items, allowing for an 18-month safety and soundness examination cycle as opposed to a 12-month examination cycle, changing to scaled biannual regulatory reporting requirements as opposed to quarterly regulatory reporting requirements, and not subjecting bank holding companies to capital adequacy guidelines on a consolidated basis. Effective January 1, 2023, the Company no longer receives any benefits under the Policy Statement and became subject to consolidated capital requirements. As of the June 30, 2024 measurement date, the Company had more than $3.0 billion in assets and remains subject to consolidated capital requirements.

Capital amounts and ratios for the Company as of June 30, 2024 and December 31, 2023, are presented in the following table (Basel III Minimum includes the capital conservation buffer):

| | Actual | | Basel III Minimum | |
|---|---|---|---|---|
| *(dollars in thousands)* | Amount | Ratio | Amount | Ratio |
| June 30, 2024 | | | | |
| Total Risk-Based Capital | $ 389,245 | 18.01 % | $ 226,894 | 10.50 % |
| Tier I Risk-Based Capital | $ 367,176 | 16.99 % | $ 183,676 | 8.50 % |
| Common Equity Tier I Capital | $ 367,176 | 16.99 % | $ 151,263 | 7.00 % |
| Tier I Leverage Capital | $ 367,176 | 11.74 % | $ 125,098 | 4.00 % |
| | | | | |
| December 31, 2023 | | | | |
| Total Risk-Based Capital | $ 384,577 | 18.28 % | $ 220,905 | 10.50 % |
| Tier I Risk-Based Capital | $ 362,799 | 17.24 % | $ 178,828 | 8.50 % |
| Common Equity Tier I Capital | $ 362,799 | 17.24 % | $ 147,270 | 7.00 % |
| Tier I Leverage Capital | $ 362,799 | 11.56 % | $ 125,575 | 4.00 % |

Capital amounts and ratios for the Bank as of June 30, 2024 and December 31, 2023, are presented in the following table (Basel III Minimum includes the capital conservation buffer):

| | | | Regulatory Requirements | | | |
|---|---|---|---|---|---|---|
| | Actual | | Basel III Minimum | | Well-Capitalized[1] | |
| *(dollars in thousands)* | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| June 30, 2024 | | | | | | |
| Total Risk-Based Capital | $ 381,452 | 17.66 % | $ 226,818 | 10.50 % | $ 216,017 | 10.00 % |
| Tier I Risk-Based Capital | $ 359,383 | 16.64 % | $ 183,615 | 8.50 % | $ 172,814 | 8.00 % |
| Common Equity Tier I Capital | $ 359,383 | 16.64 % | $ 151,212 | 7.00 % | $ 140,411 | 6.50 % |
| Tier I Leverage Capital | $ 359,383 | 11.49 % | $ 125,062 | 4.00 % | $ 156,328 | 5.00 % |
| | | | | | | |
| December 31, 2023 | | | | | | |
| Total Risk-Based Capital | $ 378,582 | 18.00 % | $ 220,850 | 10.50 % | $ 210,333 | 10.00 % |
| Tier I Risk-Based Capital | $ 356,804 | 16.96 % | $ 178,783 | 8.50 % | $ 168,266 | 8.00 % |
| Common Equity Tier I Capital | $ 356,804 | 16.96 % | $ 147,233 | 7.00 % | $ 136,716 | 6.50 % |
| Tier I Leverage Capital | $ 356,804 | 11.37 % | $ 125,538 | 4.00 % | $ 156,923 | 5.00 % |

[1] This column refers to the prompt corrective action requirements applicable to banks.

*Community Bank Leverage Ratio Framework*

As part of the directive under the Economic Growth Act, in September 2019, the FDIC and other federal bank regulatory agencies approved the CBLR framework. This optional framework became effective January 1, 2020, and is available to the Company and the Bank as an alternative to the Basel III risk-based capital framework. The CBLR framework provides for a simple measure of capital adequacy for certain community banking organizations. Specifically, depository institutions and depository institution holding companies that have less than $10.0 billion in total consolidated assets and meet other qualifying criteria, including a Tier 1 leverage ratio of greater than 9.00%, are considered qualifying community banking organizations eligible to opt into the CBLR framework and replace the applicable Basel III risk-based capital requirements.

As of June 30, 2024, the Company and the Bank qualify for the CBLR framework. Management does not intend to utilize the CBLR framework.

**9. Earnings Per Common Share**

Basic EPS is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to stock splits. Diluted EPS includes accrued but unissued shares relating to the Director Compensation Program, stock options, and restricted stock determined using the treasury stock method. The dilutive EPS calculation assumes all outstanding stock options to purchase common stock have been exercised at the beginning of the year, and the pro forma proceeds from the exercised options and restricted stock are used to purchase common stock at the average fair market valuation price.

The computations of basic and diluted earnings per common share for the Company were as follows:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| *(in thousands, except share amounts)* | 2024 | 2023 | 2024 | 2023 |
| Numerator: | | | | |
| Net income - basic | $ 7,987 | $ 8,968 | $ 16,175 | $ 18,566 |
| Net income - diluted | $ 7,987 | $ 8,968 | $ 16,175 | $ 18,566 |
| Denominator: | | | | |
| Weighted - average shares outstanding - basic | 6,896,030 | 7,177,621 | 6,973,039 | 7,180,187 |
| Plus: Effect of Director Compensation Program | 406 | 238 | 875 | 450 |
| Plus: Effect of restricted stock | 17,704 | 16,775 | 17,704 | 16,775 |
| Weighted - average shares outstanding - diluted | 6,914,140 | 7,194,634 | 6,991,618 | 7,197,412 |
| Earnings per common share: | | | | |
| Basic | $ 1.16 | $ 1.25 | $ 2.32 | $ 2.59 |
| Diluted | $ 1.16 | $ 1.25 | $ 2.31 | $ 2.58 |

**10. Equity**

*Stock Repurchases*

On December 14, 2023, the Company's board of directors approved the renewal of its 2023 stock repurchase program that was completed in the fourth quarter of 2023 after reaching its purchase limit. The renewed program authorizes the Company to purchase up to $5.0 million of its outstanding shares of common stock from January 1, 2024 through December 31, 2024. Repurchases may be made from time to time in the open market at prevailing prices and based on market conditions, or in privately negotiated transactions. For the six months ended June 30, 2024, the Company repurchased 16,220 shares of its common stock at an aggregate cost of $764,000 under the stock repurchase program. As of June 30, 2024, the Company had $4.2 million available for repurchasing its common stock under this program.

On March 13, 2024, the Company entered into a privately negotiated stock repurchase agreement for the purchase of 200,000 shares of the Company's common stock for a total purchase price of $10.0 million. The repurchase was supplemental to the Company's $5.0 million stock repurchase program and did not impact the amount of permitted repurchases thereunder.

*AOCI - Transfer of Unrealized Gain (Loss) of Securities AFS and HTM*

During the second quarter of 2022, the Company reclassified $166.3 million, net of $17.9 million of unrealized loss, from AFS to HTM. The securities were transferred at fair value, which became the cost basis for the securities HTM. At the date of the transfer, the net unrealized loss of $17.9 million, of which $14.2 million, net of tax, was included in AOCI and is being amortized over the remaining life of the securities as a yield adjustment in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security. There were no gains or losses recognized as a result of the transfer. As of June 30, 2024, the net unamortized, unrealized loss remaining on the transferred securities included in the consolidated balance sheets totaled $13.7 million, of which $10.9 million, net of tax, was included in AOCI.

**11. Subsequent Events**

On August 8, 2024, the Company entered into a privately negotiated stock repurchase agreement for the purchase of 60,000 shares of the Company's common stock, no par value per share, for a total purchase price of approximately

$3.0 million. In connection with the repurchase, the Company reduced the availability under its 2024 stock repurchase program by $3.0 million. After this transaction, the Company will have approximately $1.2 million available for repurchasing its common stock under the 2024 stock repurchase program.

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

The purpose of this discussion and analysis is to focus on significant changes in the financial condition of Red River Bancshares, Inc. on a consolidated basis from December 31, 2023 through June 30, 2024, and on our results of operations for the quarters ended June 30, 2024 and March 31, 2024, and for the six months ended June 30, 2024 and June 30, 2023.

This discussion and analysis should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2023, included in our Annual Report on Form 10-K for the year ended December 31, 2023, and information presented elsewhere in this Report, particularly the unaudited consolidated financial statements and related notes appearing in Item 1.

The following discussion contains forward-looking statements that reflect our current views with respect to, among other things, future events and our financial performance. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. See "Cautionary Note Regarding Forward-Looking Statements" and "Part II - Item 1A. Risk Factors" in this Report. Also, see risk factors and other cautionary statements described in "Part I - Item 1A. Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

### CORPORATE SUMMARY

Red River Bancshares, Inc. is the bank holding company for Red River Bank, a Louisiana state-chartered bank established in 1999 that provides a fully integrated suite of banking products and services tailored to the needs of our commercial and retail customers. Red River Bank operates from a network of 28 banking centers throughout Louisiana and one combined LDPO in New Orleans, Louisiana. Banking centers are located in the following Louisiana markets: Central, which includes the Alexandria MSA; Northwest, which includes the Shreveport-Bossier City MSA; Capital, which includes the Baton Rouge MSA; Southwest, which includes the Lake Charles MSA; the Northshore, which includes Covington; Acadiana, which includes the Lafayette MSA; and New Orleans.

Our priority is to drive shareholder value through the establishment of a market-leading commercial banking franchise based in Louisiana. We provide our services through relationship-oriented bankers who are committed to their customers and the communities where we offer our products and services. Our strategy is to expand market share in existing markets and engage in opportunistic new market *de novo* expansion, supplemented by strategic acquisitions of financial institutions with customer-oriented, compatible philosophies and in desirable geographic areas.

### SECOND QUARTER 2024 FINANCIAL AND OPERATIONAL HIGHLIGHTS

In the second quarter of 2024, the Company had an improved net interest margin along with fairly consistent earnings and loan and deposit balances. Stock buyback activity was steady, and Red River Bank opened a new banking center location in the New Orleans market.

- Net income for the second quarter of 2024 was $8.0 million, or $1.16 diluted EPS, a decrease of $201,000, or 2.5%, compared to $8.2 million, or $1.16 diluted EPS, for the first quarter of 2024. Net income for the second quarter benefited from higher net interest income and an improved net interest margin FTE. Net income for the first quarter of 2024 benefited from approximately $800,000 of nonrecurring noninterest income payments and operating expense reduction items.
- For the second quarter of 2024, the return on assets was 1.05%, and the return on equity was 10.69%.
- Net interest income and net interest margin FTE increased for the second quarter of 2024 compared to the prior quarter. Net interest income for the second quarter of 2024 was $21.8 million compared to $21.4 million for the prior quarter. Net interest margin FTE for the second quarter of 2024 was 2.92% compared to 2.83% for the prior quarter. These increases were due to improved yields on loans and securities outpacing higher deposit rates.
- As of June 30, 2024, assets were $3.05 billion, which was $24.8 million, or 0.8%, lower than March 31, 2024. The decrease was due to a $29.2 million decrease in deposits.
- Deposits totaled $2.72 billion as of June 30, 2024, a decrease of $29.2 million, or 1.1%, compared to $2.75 billion as of March 31, 2024. In the second quarter of 2024, deposit activity was normal and included the seasonal outflow of funds for income tax payments.
- As of June 30, 2024, loans HFI were $2.05 billion, slightly higher than $2.04 billion as of March 31, 2024. In the second quarter of 2024, new loan activity was steady throughout all markets.
- As of June 30, 2024, NPAs were $3.2 million, or 0.11% of assets, and the ACL was $21.6 million, or 1.06% of loans HFI.

- As of June 30, 2024, liquid assets, which are cash and cash equivalents, were $213.1 million, and the liquid assets to assets ratio was 6.99%. We do not have any borrowings, brokered deposits, or internet-sourced deposits.
- We paid a quarterly cash dividend of $0.09 per common share in the second quarter of 2024.
- The 2024 stock repurchase program authorizes us to purchase up to $5.0 million of our outstanding shares of common stock from January 1, 2024 through December 31, 2024. In the second quarter of 2024, we repurchased 16,220 shares of our common stock at an aggregate cost of $764,000. As of June 30, 2024, the 2024 stock repurchase program had $4.2 million remaining.
- As of June 30, 2024, capital levels were strong with a stockholders' equity to assets ratio of 10.07%, a leverage ratio of 11.74%, and a total risk-based capital ratio of 18.01%.
- We continue to implement our organic expansion plan. In June 2024, we opened a second Red River Bank full-service banking center in the New Orleans market, and in July 2024, we held a grand opening ceremony at this newly constructed location on Veterans Memorial Boulevard in Metairie, Louisiana.
- In July 2024, Bank Director Magazine ranked the Company 9th in the top 30 best-performing publicly traded financial institutions in 2023 with assets less than $5.0 billion.

The following tables contain selected financial information regarding our financial position and performance as of and for the periods indicated:

| | As of | | Change from December 31, 2023 to June 30, 2024 | |
|---|---|---|---|---|
| *(in thousands)* | **June 30, 2024** | **December 31, 2023** | **$ Change** | **% Change** |
| **Selected Period End Balance Sheet Data:** | | | | |
| Total assets | $ 3,048,528 | $ 3,128,810 | (80,282) | (2.6)% |
| Interest-bearing deposits in other banks | $ 178,038 | $ 252,364 | (74,326) | (29.5)% |
| Securities available-for-sale, at fair value | $ 526,890 | $ 570,092 | (43,202) | (7.6)% |
| Securities held-to-maturity, at amortized cost | $ 136,824 | $ 141,236 | (4,412) | (3.1)% |
| Loans held for investment | $ 2,047,890 | $ 1,992,858 | 55,032 | 2.8 % |
| Total deposits | $ 2,716,646 | $ 2,801,888 | (85,242) | (3.0)% |
| Total stockholders' equity | $ 306,990 | $ 303,851 | 3,139 | 1.0 % |

| (dollars in thousands, except per share data) | As of and for the Three Months Ended June 30, 2024 | March 31, 2024 | June 30, 2023 | As of and for the Six Months Ended June 30, 2024 | June 30, 2023 |
|---|---|---|---|---|---|
| **Net Income** | $ 7,987 | $ 8,188 | $ 8,968 | $ 16,175 | $ 18,566 |
| | | | | | |
| **Per Common Share Data:** | | | | | |
| Earnings per share, basic | $ 1.16 | $ 1.16 | $ 1.25 | $ 2.32 | $ 2.59 |
| Earnings per share, diluted | $ 1.16 | $ 1.16 | $ 1.25 | $ 2.31 | $ 2.58 |
| Book value per share | $ 44.58 | $ 43.43 | $ 39.49 | $ 44.58 | $ 39.49 |
| Tangible book value per share [1,2] | $ 44.35 | $ 43.20 | $ 39.28 | $ 44.35 | $ 39.28 |
| Realized book value per share [1,3] | $ 53.54 | $ 52.52 | $ 49.21 | $ 53.54 | $ 49.21 |
| Cash dividends per share | $ 0.09 | $ 0.09 | $ 0.08 | $ 0.18 | $ 0.16 |
| Shares outstanding | 6,886,928 | 6,892,448 | 7,175,056 | 6,886,928 | 7,175,056 |
| Weighted average shares outstanding, basic | 6,896,030 | 7,050,048 | 7,177,621 | 6,973,039 | 7,180,187 |
| Weighted average shares outstanding, diluted | 6,914,140 | 7,066,709 | 7,194,634 | 6,991,618 | 7,197,412 |
| | | | | | |
| **Summary Performance Ratios:** | | | | | |
| Return on average assets | 1.05 % | 1.07 % | 1.20 % | 1.06 % | 1.24 % |
| Return on average equity | 10.69 % | 10.77 % | 12.78 % | 10.73 % | 13.54 % |
| Net interest margin | 2.87 % | 2.80 % | 2.91 % | 2.83 % | 2.99 % |
| Net interest margin FTE[4] | 2.92 % | 2.83 % | 2.96 % | 2.89 % | 3.04 % |
| Efficiency ratio[5] | 62.07 % | 60.37 % | 58.63 % | 61.23 % | 57.74 % |
| Loans HFI to deposits ratio | 75.38 % | 74.22 % | 73.10 % | 75.38 % | 73.10 % |
| Noninterest-bearing deposits to deposits ratio | 32.87 % | 32.61 % | 37.14 % | 32.87 % | 37.14 % |
| Noninterest income to average assets | 0.67 % | 0.64 % | 0.81 % | 0.66 % | 0.69 % |
| Operating expense to average assets | 2.19 % | 2.07 % | 2.16 % | 2.13 % | 2.11 % |
| | | | | | |
| **Summary Credit Quality Ratios:** | | | | | |
| NPAs to assets | 0.11 % | 0.08 % | 0.07 % | 0.11 % | 0.07 % |
| Nonperforming loans to loans HFI | 0.16 % | 0.12 % | 0.10 % | 0.16 % | 0.10 % |
| ACL to loans HFI | 1.06 % | 1.06 % | 1.08 % | 1.06 % | 1.08 % |
| Net charge-offs to average loans | 0.01 % | 0.00 % | 0.00 % | 0.02 % | 0.01 % |
| | | | | | |
| **Capital Ratios:** | | | | | |
| Stockholders' equity to assets | 10.07 % | 9.74 % | 9.36 % | 10.07 % | 9.36 % |
| Tangible common equity to tangible assets[1,6] | 10.02 % | 9.69 % | 9.31 % | 10.02 % | 9.31 % |
| Total risk-based capital to risk-weighted assets | 18.01 % | 17.84 % | 18.13 % | 18.01 % | 18.13 % |
| Tier 1 risk-based capital to risk-weighted assets | 16.99 % | 16.82 % | 17.09 % | 16.99 % | 17.09 % |
| Common equity Tier 1 capital to risk-weighted assets | 16.99 % | 16.82 % | 17.09 % | 16.99 % | 17.09 % |
| Tier 1 risk-based capital to average assets | 11.74 % | 11.44 % | 11.48 % | 11.74 % | 11.48 % |

(1) Non-GAAP financial measure. Calculations of this measure and reconciliations to GAAP are included in " - Non-GAAP Financial Measures" in this Report. This measure has not been audited.
(2) We calculate tangible book value per share as total stockholders' equity, less intangible assets, divided by the outstanding number of shares of our common stock at the end of the relevant period.
(3) We calculate realized book value per share as total stockholders' equity, less AOCI, divided by the outstanding number of shares of our common stock at the end of the relevant period.
(4) Net interest margin FTE includes an FTE adjustment using a 21.0% federal income tax rate on tax-exempt securities and tax-exempt loans.
(5) Efficiency ratio represents operating expenses divided by the sum of net interest income and noninterest income.
(6) We calculate tangible common equity as total stockholders' equity, less intangible assets, net of accumulated amortization, and we calculate tangible assets as total assets, less intangible assets, net of accumulated amortization.

## RESULTS OF OPERATIONS

Net income for the second quarter of 2024 was $8.0 million, or $1.16 diluted EPS, a decrease of $201,000, or 2.5%, compared to $8.2 million, or $1.16 diluted EPS, for the first quarter of 2024. The decrease in net income was due to an $816,000 increase in operating expenses, partially offset by a $424,000 increase in net interest income, a $170,000 increase in noninterest income, and a $21,000 decrease in income tax expense. The return on assets for the second quarter of 2024 was 1.05%, compared to 1.07% for the first quarter of 2024. The return on equity was 10.69% for the second quarter of 2024, compared to 10.77% for the first quarter of 2024. Our efficiency ratio for the second quarter of 2024 was 62.07%, compared to 60.37% for the first quarter of 2024.

Net income for the six months ended June 30, 2024, was $16.2 million, or $2.31 diluted EPS, a decrease of $2.4 million, or 12.9%, compared to $18.6 million, or $2.58 diluted EPS, for the six months ended June 30, 2023. The decrease in net income was due to a $1.3 million decrease in net interest income, a $942,000 increase in operating expenses, a $321,000 decrease in noninterest income, and a $300,000 increase in the provision for credit losses, partially offset by a $441,000 decrease in income tax expense. The return on assets for the six months ended June 30, 2024, was 1.06%, compared to 1.24% for the six months ended June 30, 2023. The return on equity was 10.73% for the six months ended June 30, 2024, compared to 13.54% for the six months ended June 30, 2023. Our efficiency ratio for the six months ended June 30, 2024, was 61.23%, compared to 57.74% for the six months ended June 30, 2023.

### *Net Interest Income and Net Interest Margin*

Our operating results depend primarily on our net interest income. Fluctuations in market interest rates impact the yield on interest-earning assets and the rate paid on interest-bearing liabilities. Changes in the amount and type of interest-earning assets and interest-bearing liabilities impact our net interest income. To evaluate net interest income, we measure and monitor: (1) yields on loans and other interest-earning assets; (2) the cost of deposits and other funding sources; (3) net interest spread; and (4) net interest margin. Since noninterest-bearing sources of funds, such as noninterest-bearing deposits and stockholders’ equity, also fund interest-earning assets, net interest margin includes the benefit of these noninterest-bearing funding sources.

In 2023, the interest rate environment continued to trend upward. The FOMC increased the federal funds rate by 50 bps in the first quarter of 2023, by 25 bps in the second and third quarters of 2023, and kept the rate consistent through the second quarter of 2024 with a target range of 5.25%-5.50%. The average effective federal funds rate was 5.33% for the first and second quarters of 2024, compared to 4.75% for the first six months of 2023. The net interest income and net interest margin FTE increased in the second quarter of 2024 compared to the prior quarter. The net interest income and net interest margin FTE decreased for the six months ended June 30, 2024, compared to the six months ended June 30, 2023.

#### Second Quarter of 2024 vs. First Quarter of 2024

Net interest income for the second quarter of 2024 was $21.8 million, which was $424,000, or 2.0%, higher than the first quarter of 2024, due to a $663,000 increase in interest and dividend income, partially offset by a $239,000 increase in interest expense. The increase in interest and dividend income was due to higher interest income on loans, partially offset by lower interest income on short-term liquid assets. Loan income increased $989,000 due to higher rates on new and renewed loans, combined with higher balances in loans HFI. The average rate on new and renewed loans was 7.98% for the second quarter of 2024, compared to 7.56% for the prior quarter. Interest income on short-term liquid assets decreased due to lower balances in these accounts during the second quarter. The increase in interest expense was primarily due to higher rates on new and renewed time deposits, combined with larger balances in these accounts.

The net interest margin FTE increased nine bps to 2.92% for the second quarter of 2024, compared to 2.83% for the prior quarter. This increase was due to improved yields on loans and securities, partially offset by higher deposit costs. The yield on loans increased 12 bps due to higher rates on new and renewed loans. The yield on securities increased eight bps due to reinvesting securities cash flows received into new securities at higher yields. These increases were partially offset by an eight bp increase in the rate on interest-bearing deposits during the second quarter. The cost of deposits increased five bps to 1.75% for the second quarter of 2024, compared to 1.70% for the previous quarter.

In the second quarter of 2024, the target range for the federal funds rate remained at 5.25%-5.50%. The market’s expectation is that the FOMC will lower the target federal funds rate in the second half of 2024. During the 12 months ending June 30, 2025, we anticipate receiving approximately $126.0 million in securities cash flows with an average yield of 2.40%, and we project approximately $215.3 million of fixed rate loans will mature with an average yield of 5.55%. We expect to redeploy these balances into higher yielding assets, which should benefit both net interest income and net interest margin FTE. As of June 30, 2024, floating rate loans were 13.9% of loans HFI, and floating rate transaction deposits were 6.5% of interest-bearing transaction deposits. Depending on balance sheet activity and the movement in interest rates, we expect the net interest margin FTE to improve slightly in the third and fourth quarters of 2024.

The following table presents average balance sheet information, interest income, interest expense, and the corresponding average yields earned and rates paid for the three months ended June 30, 2024 and March 31, 2024:

| | For the Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2024 | | | March 31, 2024 | | |
| *(dollars in thousands)* | Average Balance Outstanding | Interest Income/ Expense | Average Yield/ Rate | Average Balance Outstanding | Interest Income/ Expense | Average Yield/ Rate |
| **Assets** | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans[1,2] | $ 2,042,602 | $ 26,882 | 5.21 % | $ 2,015,063 | $ 25,893 | 5.09 % |
| Securities - taxable | 546,466 | 3,069 | 2.25 % | 569,600 | 3,048 | 2.14 % |
| Securities - tax-exempt | 193,954 | 999 | 2.06 % | 197,817 | 1,016 | 2.05 % |
| Interest-bearing deposits in other banks | 199,668 | 2,709 | 5.43 % | 224,301 | 3,039 | 5.42 % |
| Nonmarketable equity securities | 2,262 | 22 | 3.96 % | 2,240 | 22 | 3.95 % |
| Total interest-earning assets | 2,984,952 | $ 33,681 | 4.48 % | 3,009,021 | $ 33,018 | 4.35 % |
| Allowance for credit losses | (21,653) | | | (21,402) | | |
| Noninterest-earning assets | 96,631 | | | 100,486 | | |
| Total assets | $ 3,059,930 | | | $ 3,088,105 | | |
| **Liabilities and Stockholders' Equity** | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Interest-bearing transaction deposits | $ 1,230,474 | $ 5,701 | 1.86 % | $ 1,261,361 | $ 5,680 | 1.81 % |
| Time deposits | 595,120 | 6,193 | 4.19 % | 582,847 | 5,975 | 4.12 % |
| Total interest-bearing deposits | 1,825,594 | 11,894 | 2.62 % | 1,844,208 | 11,655 | 2.54 % |
| Other borrowings | 1 | — | 5.78 % | — | — | — % |
| Total interest-bearing liabilities | 1,825,595 | $ 11,894 | 2.62 % | 1,844,208 | $ 11,655 | 2.54 % |
| Noninterest-bearing liabilities: | | | | | | |
| Noninterest-bearing deposits | 908,930 | | | 913,114 | | |
| Accrued interest and other liabilities | 24,868 | | | 25,055 | | |
| Total noninterest-bearing liabilities | 933,798 | | | 938,169 | | |
| Stockholders' equity | 300,537 | | | 305,728 | | |
| Total liabilities and stockholders' equity | $ 3,059,930 | | | $ 3,088,105 | | |
| Net interest income | | $ 21,787 | | | $ 21,363 | |
| Net interest spread | | | 1.86 % | | | 1.81 % |
| Net interest margin | | | 2.87 % | | | 2.80 % |
| Net interest margin FTE[3] | | | 2.92 % | | | 2.83 % |
| Cost of deposits | | | 1.75 % | | | 1.70 % |
| Cost of funds | | | 1.60 % | | | 1.56 % |

(1) Includes average outstanding balances of loans HFS of $3.2 million and $2.0 million for the three months ended June 30, 2024 and March 31, 2024, respectively.
(2) Nonaccrual loans are included as loans carrying a zero yield.
(3) Net interest margin FTE includes an FTE adjustment using a 21.0% federal income tax rate on tax-exempt securities and tax-exempt loans.

*Six Months Ended June 30, 2024 vs. Six Months Ended June 30, 2023*

Net interest income for the six months ended June 30, 2024 was $43.2 million, which was $1.3 million, or 2.9%, lower than $44.4 million for the six months ended June 30, 2023. Net interest income decreased due to an $11.8 million increase in interest expense, partially offset by a $10.5 million increase in interest and dividend income.

The increase in interest expense for the six months ended June 30, 2024, when compared to the six months ended June 30, 2023, was due to an increase in deposit rates as we responded to deposit rate pressure, combined with larger balances in higher cost deposit accounts. During 2023, we experienced a change in the deposit mix due to customers moving deposits from lower yielding categories to higher yielding categories. The increase in interest and dividend income for the six months ended June 30, 2024, compared to the same period prior year, was primarily due to higher interest income on loans and short-term liquid assets. Loan income increased $8.2 million due to higher rates on new, renewed, and floating rate loans and a $103.0 million increase in the average balance of loans, when compared to the same period prior year. The interest income on short-term liquid assets increased $1.5 million due to the higher interest rate environment and a $32.0 million increase in the average balance of these assets.

Net interest margin FTE decreased 15 bps to 2.89% for the six months ended June 30, 2024, from 3.04% for the six months ended June 30, 2023, due to the increase in the cost of deposits exceeding the increase in the yield on earning assets. The cost of deposits increased 85 bps to 1.72% for the six months ended June 30, 2024, from 0.87% for the six months ended June 30, 2023, due to a 117 bp increase in the rate on interest-bearing deposits, combined with customers moving deposits from lower yielding categories to higher yielding categories. Within total interest-bearing deposits, the rate on time deposits and interest-bearing transaction deposits increased 177 and 73 bps, respectively. These rates increased as we continued to respond to deposit rate pressure.

The net interest margin FTE was positively impacted by the increase in the yield on earning assets, for the six months ended June 30, 2024, when compared to the six months ended June 30, 2023. The yield on loans increased 54 bps due to higher rates on new, renewed, and floating rate loans due to the higher interest rate environment. The yield on securities increased 44 bps for the six months ended June 30, 2024, compared to the six months ended June 30, 2023, due to reinvesting securities cash flows received into new securities at higher yields. In addition, the yield on short-term liquid assets increased 65 bps due to the FOMC's increases to the target federal funds range, compared to the same period prior year.

The following table presents average balance sheet information, interest income, interest expense, and the corresponding average yields earned and rates paid for the six months ended June 30, 2024 and 2023:

| | For the Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2024 | | | June 30, 2023 | | |
| *(dollars in thousands)* | Average Balance Outstanding | Interest Income/ Expense | Average Yield/ Rate | Average Balance Outstanding | Interest Income/ Expense | Average Yield/ Rate |
| **Assets** | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans[1,2] | $ 2,028,833 | $ 52,775 | 5.15 % | $ 1,925,821 | $ 44,616 | 4.61 % |
| Securities - taxable | 558,032 | 6,117 | 2.19 % | 635,640 | 5,160 | 1.63 % |
| Securities - tax-exempt | 195,886 | 2,015 | 2.06 % | 204,856 | 2,071 | 2.02 % |
| Federal funds sold | — | — | — % | 37,497 | 886 | 4.70 % |
| Interest-bearing deposits in other banks | 211,985 | 5,748 | 5.42 % | 142,452 | 3,409 | 4.77 % |
| Nonmarketable equity securities | 2,251 | 44 | 3.94 % | 3,506 | 61 | 3.48 % |
| Total interest-earning assets | 2,996,987 | $ 66,699 | 4.41 % | 2,949,772 | $ 56,203 | 3.79 % |
| Allowance for credit losses | (21,528) | | | (20,854) | | |
| Noninterest-earning assets | 98,559 | | | 89,026 | | |
| Total assets | $ 3,074,018 | | | $ 3,017,944 | | |
| **Liabilities and Stockholders' Equity** | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Interest-bearing transaction deposits | $ 1,245,917 | $ 11,381 | 1.84 % | $ 1,283,073 | $ 7,042 | 1.11 % |
| Time deposits | 588,984 | 12,168 | 4.15 % | 399,848 | 4,714 | 2.38 % |
| Total interest-bearing deposits | 1,834,901 | 23,549 | 2.58 % | 1,682,921 | 11,756 | 1.41 % |
| Other borrowings | 1 | — | 4.78 % | 995 | 28 | 5.50 % |
| Total interest-bearing liabilities | 1,834,902 | $ 23,549 | 2.58 % | 1,683,916 | $ 11,784 | 1.41 % |
| Noninterest-bearing liabilities: | | | | | | |
| Noninterest-bearing deposits | 911,022 | | | 1,037,540 | | |
| Accrued interest and other liabilities | 24,961 | | | 19,914 | | |
| Total noninterest-bearing liabilities | 935,983 | | | 1,057,454 | | |
| Stockholders' equity | 303,133 | | | 276,574 | | |
| Total liabilities and stockholders' equity | $ 3,074,018 | | | $ 3,017,944 | | |
| Net interest income | | $ 43,150 | | | $ 44,419 | |
| Net interest spread | | | 1.83 % | | | 2.38 % |
| Net interest margin | | | 2.83 % | | | 2.99 % |
| Net interest margin FTE[3] | | | 2.89 % | | | 3.04 % |
| Cost of deposits | | | 1.72 % | | | 0.87 % |
| Cost of funds | | | 1.58 % | | | 0.81 % |

(1) Includes average outstanding balances of loans HFS of $2.6 million and $2.4 million for the six months ended June 30, 2024 and 2023, respectively.
(2) Nonaccrual loans are included as loans carrying a zero yield.
(3) Net interest margin FTE includes an FTE adjustment using a 21.0% federal income tax rate on tax-exempt securities and tax-exempt loans.

***Rate/Volume Analysis***

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following table presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities for the periods presented. It distinguishes between the changes related to outstanding balances and those due to changes in interest rates.

| | For the Three Months Ended June 30, 2024 vs. March 31, 2024 | | | For the Six Months Ended June 30, 2024 vs. June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Increase (Decrease) Due to Change in | | Total Increase | Increase (Decrease) Due to Change in | | Total Increase |
| *(in thousands)* | Volume | Rate | (Decrease)[1] | Volume | Rate | (Decrease)[1] |
| Interest-earning assets: | | | | | | |
| Loans | $ 354 | $ 635 | $ 989 | $ 2,387 | $ 5,772 | $ 8,159 |
| Securities - taxable | (124) | 145 | 21 | (631) | 1,588 | 957 |
| Securities - tax-exempt | (20) | 3 | (17) | (91) | 35 | (56) |
| Federal funds sold | — | — | — | (886) | — | (886) |
| Interest-bearing deposits in other banks | (332) | 2 | (330) | 1,644 | 695 | 2,339 |
| Nonmarketable equity securities | — | — | — | (22) | 5 | (17) |
| Total interest-earning assets | $ (122) | $ 785 | $ 663 | $ 2,401 | $ 8,095 | $ 10,496 |
| Interest-bearing liabilities: | | | | | | |
| Interest-bearing transaction deposits | $ (139) | $ 160 | $ 21 | $ (204) | $ 4,543 | $ 4,339 |
| Time deposits | 126 | 92 | 218 | 2,230 | 5,224 | 7,454 |
| Total interest-bearing deposits | (13) | 252 | 239 | 2,026 | 9,767 | 11,793 |
| Other borrowings | — | — | — | (27) | (1) | (28) |
| Total interest-bearing liabilities | $ (13) | $ 252 | $ 239 | $ 1,999 | $ 9,766 | $ 11,765 |
| Increase (decrease) in net interest income | $ (109) | $ 533 | $ 424 | $ 402 | $ (1,671) | $ (1,269) |

[1] The change in interest attributable to rate 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. Changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

***Provision for Credit Losses***

The provision for credit losses is the amount necessary to maintain the ACL at a level considered appropriate by management. Factors impacting the provision include loan portfolio growth, changes in the quality and composition of the loan portfolio, the level of nonperforming loans, delinquency and charge-off trends, and current economic conditions.

The table below presents, for the periods indicated, the provision for credit losses:

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | March 31, 2024 | Increase (Decrease) | |
| Provision for credit losses | $ 300 | $ 300 | $ — | — % |

The provision for credit losses for the second quarter of 2024 was $300,000, which was consistent with the first quarter of 2024. The provision in the first and second quarters was due to potential economic challenges resulting from the current inflationary environment, changing monetary policy, and loan growth. We will continue to evaluate future provision needs in relation to current economic situations, loan growth, trends in asset quality, forecasted information, and other conditions influencing loss expectations.

The table below presents, for the periods indicated, the provision for credit losses:

| | For the Six Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | June 30, 2023 | Increase (Decrease) | |
| Provision for credit losses | $ 600 | $ 300 | $ 300 | 100.0 % |

The provision for credit losses for the six months ended June 30, 2024, was $600,000, an increase of $300,000, or 100.0%, from $300,000 for the six months ended June 30, 2023. The primary drivers of the increase were the current inflationary environment, changing monetary policy, current economic forecasts, and loan growth. Effective January 1, 2023, we adopted *ASC 326*, the CECL methodology for estimating credit losses. For the cumulative effect of adopting *ASC 326*, we recorded a $569,000, net of tax, decrease to stockholders' equity as of January 1, 2023. No provision expense was recorded for the first quarter of 2023 under the new CECL methodology.

***Noninterest Income***

Our primary sources of noninterest income are fees related to the sale of mortgage loans, service charges on deposit accounts, debit card fees, brokerage income from advisory services, and other loan and deposit fees.

*Second Quarter of 2024 vs. First Quarter of 2024*

Noninterest income increased $170,000 to $5.1 million for the second quarter of 2024 compared to $4.9 million for the first quarter of 2024. The increase in noninterest income was mainly due to an increase in mortgage loan income and income from SBIC limited partnerships of which Red River Bank is a member, partially offset by a decrease in brokerage income and net debit card income.

The table below presents, for the periods indicated, the major categories of noninterest income:

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | **June 30, 2024** | **March 31, 2024** | **Increase (Decrease)** | |
| Noninterest income: | | | | |
| Service charges on deposit accounts | $ 1,367 | $ 1,368 | $ (1) | (0.1 %) |
| Debit card income, net | 949 | 1,022 | (73) | (7.1 %) |
| Mortgage loan income | 650 | 456 | 194 | 42.5 % |
| Brokerage income | 893 | 987 | (94) | (9.5 %) |
| Loan and deposit income | 492 | 492 | — | — % |
| Bank-owned life insurance income | 216 | 202 | 14 | 6.9 % |
| Gain (Loss) on equity securities | (13) | (31) | 18 | 58.1 % |
| SBIC income | 454 | 352 | 102 | 29.0 % |
| Other income (loss) | 90 | 80 | 10 | 12.5 % |
| Total noninterest income | $ 5,098 | $ 4,928 | $ 170 | 3.4 % |

Mortgage loan income increased $194,000 to $650,000 for the second quarter of 2024, compared to the prior quarter due to increased purchase activity.

SBIC income increased $102,000 to $454,000 for the second quarter of 2024, compared to the prior quarter. This increase was primarily due to higher normal income received from these partnerships in the second quarter. In the first quarter of 2024, we received a distribution payment of $114,000, in addition to normal income from these partnerships. We expect SBIC income to be lower in future quarters.

Brokerage income decreased $94,000 to $893,000 for the second quarter of 2024, compared to the prior quarter. The lower income in the second quarter of 2024 was mainly due to lower investing activities by clients. Assets under management were $1.09 billion as of June 30, 2024, and $1.07 billion as of March 31, 2024.

Debit card income, net, decreased $73,000 to $949,000 for the second quarter of 2024, compared to the prior quarter. In the first quarter of 2024, we terminated our previous debit card provider contract, which resulted in $145,000 of nonrecurring income. In January 2024, a newly negotiated debit card provider contract became effective. The second quarter of 2024 benefited from a higher number of debit card transactions and related income.

*Six Months Ended June 30, 2024 vs. Six Months Ended June 30, 2023*

Noninterest income decreased $321,000 to $10.0 million for the six months ended June 30, 2024, compared to $10.3 million for the six months ended June 30, 2023. The decrease in noninterest income was mainly due to lower income from SBIC limited partnerships of which Red River Bank is a member, partially offset by higher mortgage loan income, brokerage income, and net debit card income.

The table below presents, for the periods indicated, the major categories of noninterest income:

| | For the Six Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | June 30, 2023 | Increase (Decrease) | |
| Noninterest income: | | | | |
| Service charges on deposit accounts | $ 2,735 | $ 2,828 | $ (93) | (3.3 %) |
| Debit card income, net | 1,971 | 1,858 | 113 | 6.1 % |
| Mortgage loan income | 1,106 | 920 | 186 | 20.2 % |
| Brokerage income | 1,880 | 1,730 | 150 | 8.7 % |
| Loan and deposit income | 984 | 995 | (11) | (1.1 %) |
| Bank-owned life insurance income | 418 | 366 | 52 | 14.2 % |
| Gain (Loss) on equity securities | (44) | (32) | (12) | (37.5 %) |
| SBIC income | 806 | 1,559 | (753) | (48.3 %) |
| Other income (loss) | 170 | 123 | 47 | 38.2 % |
| Total noninterest income | $ 10,026 | $ 10,347 | $ (321) | (3.1 %) |

SBIC income decreased $753,000 to $806,000 for the six months ended June 30, 2024, compared to the same period prior year. In the first half of 2024, we received $114,000 of distribution payments, in addition to normal income. In the first half of 2023, we received income from the sale of an investment, in addition to normal income.

Mortgage loan income increased $186,000 to $1.1 million for the six months ended June 30, 2024, compared to the same period prior year mainly due to adjusted mortgage loan fees.

Brokerage income increased $150,000 to $1.9 million for the six months ended June 30, 2024, compared to the same period prior year. This increase was primarily due to higher investing activities by clients. Assets under management were $1.09 billion and $997.3 million as of June 30, 2024 and 2023, respectively.

Debit card income, net, increased $113,000 to $2.0 million for the six months ended June 30, 2024, compared to the same period prior year. In the first quarter of 2024, we terminated our previous debit card provider contract, which resulted in $145,000 of nonrecurring income. In January 2024, a newly negotiated debit card provider contract became effective, which resulted in an increase in debit card income. These increases were partially offset by higher debit card processing expenses in the first half of 2024.

***Operating Expenses***

Operating expenses are composed of all employee expenses and costs associated with operating our facilities, obtaining and retaining customer relationships, and providing services.

*Second Quarter of 2024 vs. First Quarter of 2024*

Operating expenses increased $816,000 to $16.7 million for the second quarter of 2024, compared to $15.9 million for the first quarter of 2024. The increase in operating expenses was due to higher loan and deposit expenses, data processing expense, other business development expenses, legal and professional expenses, and occupancy and equipment expenses, partially offset by lower other taxes.

The following table presents, for the periods indicated, the major categories of operating expenses:

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | March 31, 2024 | Increase (Decrease) | |
| Operating expenses: | | | | |
| Personnel expenses | $ 9,603 | $ 9,550 | $ 53 | 0.6 % |
| Non-staff expenses: | | | | |
| Occupancy and equipment expenses | 1,698 | 1,616 | 82 | 5.1 % |
| Technology expenses | 724 | 709 | 15 | 2.1 % |
| Advertising | 408 | 337 | 71 | 21.1 % |
| Other business development expenses | 593 | 475 | 118 | 24.8 % |
| Data processing expense | 651 | 347 | 304 | 87.6 % |
| Other taxes | 500 | 737 | (237) | (32.2 %) |
| Loan and deposit expenses | 309 | (42) | 351 | 835.7 % |
| Legal and professional expenses | 729 | 618 | 111 | 18.0 % |
| Regulatory assessment expenses | 401 | 404 | (3) | (0.7 %) |
| Other operating expenses | 1,073 | 1,122 | (49) | (4.4 %) |
| Total operating expenses | $ 16,689 | $ 15,873 | $ 816 | 5.1 % |

Loan and deposit expenses increased $351,000 to $309,000 for the second quarter of 2024, compared to the prior quarter. The first quarter of 2024 benefited from the receipt of a $262,000 negotiated, variable rebate from a vendor.

Data processing expense increased $304,000 to $651,000 for the second quarter of 2024, compared to the prior quarter. The first quarter of 2024 benefited from the receipt of a $284,000 periodic refund from our data processing center.

Other business development expenses increased $118,000 to $593,000 for the second quarter of 2024, compared to the prior quarter. This increase was mainly the result of an increase in CRA-related contributions, as well as higher expenses associated with the SBIC limited partnerships.

Legal and professional expenses increased $111,000 to $729,000 for the second quarter of 2024, compared to the prior quarter. This increase was primarily due to higher public company expenses and audit expenses.

Occupancy and equipment expenses increased $82,000 to $1.7 million for the second quarter of 2024, compared to the prior quarter. This increase was primarily due to $67,000 of nonrecurring expenses related to our new location in the New Orleans market and other property renovations.

Other taxes decreased $237,000 to $500,000 for the second quarter of 2024, compared to the prior quarter. This decrease was primarily attributable to the reversal of $145,000 of stock repurchase tax expense in the second quarter of 2024 due to finalized guidelines. Stock repurchase tax expense was $100,000 in the first quarter of 2024.

*Six Months Ended June 30, 2024 vs. Six Months Ended June 30, 2023*

Operating expenses increased $942,000 to $32.6 million for the six months ended June 30, 2024, compared to $31.6 million for the six months ended June 30, 2023. The increase in operating expenses was mainly due to higher personnel expenses, legal and professional expenses, other business development expenses, and occupancy and equipment expenses, partially offset by lower loan and deposit expenses and other taxes.

The following table presents, for the periods indicated, the major categories of operating expenses:

| | For the Six Months Ended | | | |
|---|---|---|---|---|
| (dollars in thousands) | June 30, 2024 | June 30, 2023 | Increase (Decrease) | |
| Operating expenses: | | | | |
| Personnel expenses | $ 19,154 | $ 18,547 | $ 607 | 3.3 % |
| Non-staff expenses: | | | | |
| Occupancy and equipment expenses | 3,314 | 3,271 | 43 | 1.3 % |
| Technology expenses | 1,433 | 1,390 | 43 | 3.1 % |
| Advertising | 745 | 624 | 121 | 19.4 % |
| Other business development expenses | 1,068 | 930 | 138 | 14.8 % |
| Data processing expense | 998 | 1,038 | (40) | (3.9 %) |
| Other taxes | 1,237 | 1,378 | (141) | (10.2 %) |
| Loan and deposit expenses | 267 | 489 | (222) | (45.4 %) |
| Legal and professional expenses | 1,347 | 1,097 | 250 | 22.8 % |
| Regulatory assessment expenses | 805 | 804 | 1 | 0.1 % |
| Other operating expenses | 2,194 | 2,052 | 142 | 6.9 % |
| Total operating expenses | $ 32,562 | $ 31,620 | $ 942 | 3.0 % |

Personnel expenses increased $607,000 to $19.2 million for the six months ended June 30, 2024, compared to the same period prior year. This increase was primarily due to higher compensation expense as a result of net staff changes, offset by a decrease in medical insurance expense. As of June 30, 2024 and 2023, we had 361 and 353 total employees, respectively.

Legal and professional expenses increased $250,000 to $1.3 million for the six months ended June 30, 2024, compared to the same period prior year. This increase was due to higher contracted services, higher public company expenses, and higher professional and advisory services mainly related to a newly negotiated debit card provider contract effective January 2024.

Other business development expenses increased $138,000 to $1.1 million for the six months ended June 30, 2024, compared to the same period prior year. This increase was mainly the result of an increase in CRA-related contributions, as well as higher marketing expenses.

Occupancy and equipment expenses increased $43,000 to $3.3 million for the six months ended June 30, 2024, compared to the same period prior year. This increase was primarily due to a full period of expenses related to properties that were expanded or opened in 2023 and $67,000 of nonrecurring expenses related to our new location in the New Orleans market and other 2024 property renovations. The first half of 2023 had $189,000 of nonrecurring expenses related to opening our new operations center building and the expansion of a banking center in the Southwest market.

Loan and deposit expenses decreased $222,000 to $267,000 for the six months ended June 30, 2024, compared to the same period prior year. The first half of 2024 benefited from the receipt of a $262,000 negotiated, variable rebate from a vendor.

Other taxes decreased $141,000 to $1.2 million for the six months ended June 30, 2024, compared to the same period prior year. This decrease was primarily due to a decrease in State of Louisiana bank stock tax resulting from lower deposit account balances and lower net income for the applicable tax years.

***Income Tax Expense***

The amount of income tax expense is influenced by the amounts of our pre-tax income, tax-exempt income, and other nondeductible expenses. Deferred tax assets and liabilities are reflected at currently enacted income tax rates in effect for the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Our accrued tax rate is based on an annualized projection and changes considering our most recent financial results and balances. Our effective income tax rates have differed from the U.S. statutory rate due to the effect of tax-exempt income from loans, securities, life insurance policies, income tax effects associated with stock-based compensation, and permanent and temporary tax differences.

The table below presents, for the periods indicated, income tax expense:

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | March 31, 2024 | Increase (Decrease) | |
| Income tax expense | $ 1,909 | $ 1,930 | $ (21) | (1.1)% |

For the quarters ended June 30, 2024 and March 31, 2024, income tax expense remained consistent at $1.9 million. The slight decrease in income tax expense was primarily due to a slight decrease in pre-tax income. Our effective income tax rates for the quarters ended June 30, 2024 and March 31, 2024, were 19.3% and 19.1%, respectively.

The table below presents, for the periods indicated, income tax expense:

| | For the Six Months Ended | | | |
|---|---|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | June 30, 2023 | Increase (Decrease) | |
| Income tax expense | $ 3,839 | $ 4,280 | $ (441) | (10.3 %) |

For the six months ended June 30, 2024 and 2023, income tax expense totaled $3.8 million and $4.3 million, respectively. The decrease in income tax expense was primarily due to a decrease in pre-tax income. Our effective income tax rates for the six months ended June 30, 2024 and 2023, were 19.2% and 18.7%, respectively.

**FINANCIAL CONDITION**

As of June 30, 2024, assets were $3.05 billion, which was $80.3 million, or 2.6%, lower than $3.13 billion as of December 31, 2023, primarily due to a decrease in deposits. Total deposits decreased $85.2 million, or 3.0%, to $2.72 billion as of June 30, 2024, from $2.80 billion as of December 31, 2023. Cash and cash equivalents decreased $92.4 million, or 30.2%, to $213.1 million and were 6.99% of assets as of June 30, 2024. Total securities decreased $47.7 million, or 6.7%, to $666.6 million and were 21.87% of assets as of June 30, 2024. During the first six months of the year, loans HFI increased $55.0 million, or 2.8%, to $2.05 billion as of June 30, 2024. As of June 30, 2024, and December 31, 2023, we had no borrowings. Stockholders’ equity increased $3.1 million during the first six months of 2024 to $307.0 million as of June 30, 2024. As of June 30, 2024, the loans HFI to deposits ratio was 75.38%, compared to 71.13% as of December 31, 2023, and the noninterest-bearing deposits to total deposits ratio was 32.87%, compared to 32.71% as of December 31, 2023.

***Interest-bearing Deposits in Other Banks***

Interest-bearing deposits in other banks were the third-largest component of earning assets as of June 30, 2024. Excess liquidity that is not being deployed into loans or securities is placed in these accounts. As of June 30, 2024, interest-bearing deposits in other banks were $178.0 million and were 5.8% of assets, a decrease of $74.3 million, or 29.5%, compared to $252.4 million and 8.1% of assets as of December 31, 2023. This decrease was primarily due to the outflow of customer deposits during the first half of 2024.

***Securities***

Our securities portfolio is the second-largest component of earning assets and provides a significant source of revenue. Securities are classified as AFS, HTM, and equity securities. As of June 30, 2024, our total securities portfolio was 21.9% of assets. It is designed primarily to provide and maintain liquidity, generate a favorable return on investments without incurring unnecessary interest rate and credit risk, and complement our lending activities. We may invest in various types of liquid assets that are permissible under governing regulations and approved by our investment policy, which include U.S. Treasury obligations, U.S. government agency obligations, certificates of deposit of insured domestic banks, mortgage-backed and mortgage-related securities, corporate notes having an investment rating of “A” or better, municipal bonds, and certain equity securities.

*Securities AFS and Securities HTM*

Securities AFS and securities HTM are debt securities. Total debt securities on the consolidated balance sheets were $663.7 million as of June 30, 2024, a decrease of $47.6 million, or 6.7%, from $711.3 million as of December 31, 2023.

Securities AFS are held for indefinite periods of time and are carried at estimated fair value. As of June 30, 2024, the estimated fair value of securities AFS was $526.9 million. The carrying values of our securities AFS are adjusted for unrealized gain or loss, and any unrealized gain or loss is reported on an after-tax basis as a component of AOCI in stockholders’ equity. The net unrealized loss on securities AFS increased $2.2 million for the six months ended June 30, 2024, resulting in a net unrealized loss of $64.4 million as of June 30, 2024, compared to a net unrealized loss of $62.2 million as of December 31, 2023.

Securities HTM, which we have the intent and ability to hold until maturity, are carried at amortized cost. As of June 30, 2024, the amortized cost of securities HTM was $136.8 million. Securities HTM had an unrealized loss of $22.8 million as of June 30, 2024, compared to an unrealized loss of $22.2 million as of December 31, 2023.

Investment activity for the six months ended June 30, 2024, included $80.3 million in maturities, principal repayments, and calls, partially offset by $34.9 million of securities purchased. There were no sales of securities AFS, and there were no purchases or sales of securities HTM for the same period.

The securities portfolio tax-equivalent yield was 2.30% for the six months ended June 30, 2024, compared to 1.85% for the six months ended June 30, 2023. The increase in yield for the six months ended June 30, 2024, was primarily due to reinvesting securities cash flows received between June 30, 2023 and June 30, 2024, into new securities at higher yields.

The contractual maturity of mortgage-backed securities and collateralized mortgage obligations is not a reliable indicator of their expected lives 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. Monthly pay downs on mortgage-backed securities may cause the average lives of the securities to be much different than the stated contractual maturity. During a period of rising interest rates, fixed rate mortgage-backed securities are not likely to experience heavy prepayments of principal, and consequently, the average lives of these securities are typically lengthened. If interest rates begin to fall, prepayments may increase, thereby shortening the estimated average lives of these securities. As of June 30, 2024, the average life of our securities portfolio was 6.9 years with an estimated effective duration of 5.0 years. As of December 31, 2023, the average life of our securities portfolio was 7.1 years with an estimated effective duration of 5.0 years.

The following tables summarize the amortized cost and estimated fair value of our securities by type as of the dates indicated. As of June 30, 2024, other than securities issued by U.S. government agencies or government-sponsored enterprises, our securities portfolio did not contain securities of any one issuer with an aggregate book value in excess of 10.0% of our stockholders' equity.

| | June 30, 2024 | | | |
|---|---|---|---|---|
| *(in thousands)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ 288,908 | $ 311 | $ (29,982) | $ 259,237 |
| Municipal bonds | 204,724 | — | (32,280) | 172,444 |
| U.S. Treasury securities | 48,000 | — | (719) | 47,281 |
| U.S. agency securities | 49,659 | 18 | (1,749) | 47,928 |
| Total Securities AFS | $ 591,291 | $ 329 | $ (64,730) | $ 526,890 |
| | | | | |
| Securities HTM: | | | | |
| Mortgage-backed securities | $ 135,897 | $ — | $ (22,742) | $ 113,155 |
| U.S. agency securities | 927 | — | (107) | 820 |
| Total Securities HTM | $ 136,824 | $ — | $ (22,849) | $ 113,975 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| *(in thousands)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Securities AFS: | | | | |
| Mortgage-backed securities | $ 288,793 | $ 395 | $ (31,228) | $ 257,960 |
| Municipal bonds | 211,848 | 13 | (27,732) | 184,129 |
| U.S. Treasury securities | 92,054 | — | (1,912) | 90,142 |
| U.S. agency securities | 39,563 | 5 | (1,707) | 37,861 |
| Total Securities AFS | $ 632,258 | $ 413 | $ (62,579) | $ 570,092 |
| | | | | |
| Securities HTM: | | | | |
| Mortgage-backed securities | $ 140,314 | $ — | $ (22,098) | $ 118,216 |
| U.S. agency securities | 922 | — | (109) | 813 |
| Total Securities HTM | $ 141,236 | $ — | $ (22,207) | $ 119,029 |

The following table shows the fair value of securities AFS that mature during each of the periods indicated. The contractual maturity of a mortgage-backed security is the date the last underlying mortgage matures. Yields are weighted-average tax equivalent yields that are calculated by dividing projected annual income by the average amortized cost of the applicable securities while using a 21.0% federal income tax rate, when applicable.

| | Contractual Maturity as of June 30, 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Within One Year | | After One Year but Within Five Years | | After Five Years but Within Ten Years | | After Ten Years | | Total | |
| *(dollars in thousands)* | Amount | Yield[(1)] | Amount | Yield[(1)] | Amount | Yield[(1)] | Amount | Yield[(1)] | Amount | Yield[(1)] |
| Securities AFS: | | | | | | | | | | |
| Mortgage-backed securities | $ 1,886 | 3.73 % | $ 10,158 | 4.80 % | $ 46,299 | 1.61 % | $ 200,894 | 2.54 % | $ 259,237 | 2.47 % |
| Municipal bonds | 5,495 | 1.69 % | 11,862 | 1.99 % | 25,985 | 2.23 % | 129,102 | 2.08 % | 172,444 | 2.09 % |
| U.S. Treasury securities | 47,281 | 1.36 % | — | — % | — | — % | — | — % | 47,281 | 1.36 % |
| U.S. agency securities | 815 | 5.35 % | 4,403 | 2.73 % | 35,011 | 5.63 % | 7,699 | 2.50 % | 47,928 | 4.79 % |
| Total Securities AFS | $ 55,477 | 1.53 % | $ 26,423 | 3.16 % | $ 107,295 | 3.00 % | $ 337,695 | 2.35 % | $ 526,890 | 2.44 % |

(1) Tax equivalent projected book yield as of June 30, 2024.

The following table shows the amortized cost of securities HTM that mature during each of the periods indicated. The contractual maturity of a mortgage-backed security is the date the last underlying mortgage matures. Yields are weighted-average tax equivalent yields that are calculated by dividing projected annual income by the average amortized cost of the applicable securities while using a 21.0% federal income tax rate, when applicable.

| | Contractual Maturity as of June 30, 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Within One Year | | After One Year but Within Five Years | | After Five Years but Within Ten Years | | After Ten Years | | Total | |
| *(dollars in thousands)* | Amount | Yield[(1)] | Amount | Yield[(1)] | Amount | Yield[(1)] | Amount | Yield[(1)] | Amount | Yield[(1)] |
| Securities HTM: | | | | | | | | | | |
| Mortgage-backed securities | $ — | —% | $ — | —% | $ — | —% | $ 135,897 | 2.46% | $ 135,897 | 2.46% |
| U.S. agency securities | — | —% | — | —% | 927 | 2.61% | — | —% | 927 | 2.61% |
| Total Securities AFS | $ — | —% | $ — | —% | $ 927 | 2.61% | $ 135,897 | 2.46% | $ 136,824 | 2.46% |

(1) Tax equivalent projected book yield as of June 30, 2024.

*Equity Securities*

Equity securities are an investment in a CRA mutual fund, consisting primarily of bonds. Equity securities are carried at fair value on the consolidated balance sheets with periodic changes in value recorded through the consolidated statements of income. As of June 30, 2024, equity securities had a fair value of $2.9 million with a recognized loss of $44,000 for the six months ended June 30, 2024. As of December 31, 2023, equity securities had a fair value of $3.0 million with a recognized loss of $14,000 for the year ended December 31, 2023.

***Loan Portfolio***

Our loan portfolio is our largest category of earning assets, and interest income earned on our loan portfolio is our primary source of income. We maintain a diversified loan portfolio with a focus on commercial real estate, one-to-four family residential, and commercial and industrial loans. As of June 30, 2024, loans HFI were $2.05 billion, an increase of $55.0 million, or 2.8%, compared to $1.99 billion as of December 31, 2023. In the first six months of 2024, loans HFI increased primarily due to new loan activity in various markets across Louisiana.

*Loans by Category*

Loans HFI by category, loans HFI, and loans HFS are summarized below as of the dates indicated:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| *(dollars in thousands)* | Amount | Percent | Amount | Percent |
| Real estate: | | | | |
| Commercial real estate | $ 865,645 | 42.3 % | $ 851,582 | 42.7 % |
| One-to-four family residential | 611,904 | 29.9 % | 599,487 | 30.1 % |
| Construction and development | 129,197 | 6.3 % | 125,238 | 6.3 % |
| Commercial and industrial | 344,071 | 16.8 % | 315,327 | 15.8 % |
| Tax-exempt | 67,941 | 3.3 % | 72,913 | 3.7 % |
| Consumer | 29,132 | 1.4 % | 28,311 | 1.4 % |
| Total loans HFI | $ 2,047,890 | 100.0 % | $ 1,992,858 | 100.0 % |
| Total loans HFS | $ 3,878 | | $ 1,306 | |
| Average loan HFI size, excluding credit cards | $ 246 | | $ 239 | |

Commercial real estate loans are collateralized by owner occupied and non-owner occupied properties mainly in Louisiana. Non-owner occupied office loans were $57.4 million, or 2.8%, of loans HFI as of June 30, 2024, and $62.3 million, or 3.1% of loans HFI, as of December 31, 2023. The properties are primarily centered in low-rise suburban areas.

*Industry Concentrations*

Health care loans are our largest loan industry concentration and are made up of a diversified portfolio of health care providers. As of June 30, 2024, health care loans were $167.4 million, or 8.2% of loans HFI, compared to $153.8 million, or 7.7% of loans HFI, as of December 31, 2023. The average health care loan size was $361,000 as of June 30, 2024 and $334,000 as of December 31, 2023. Within the health care sector, loans to nursing and residential care facilities were 4.5% of loans HFI as of June 30, 2024, and 4.0% as of December 31, 2023. Loans to physician and dental practices were 3.5% of loans HFI as of June 30, 2024, and 3.6% as of December 31, 2023.

Energy loans were 1.7% of loans HFI as of June 30, 2024 and December 31, 2023.

*Geographic Markets*

As of June 30, 2024, Red River Bank operates in seven geographic markets throughout the state of Louisiana. The following table summarizes loans HFI by market of origin:

| | June 30, 2024 | |
|---|---|---|
| *(dollars in thousands)* | **Amount** | **Percent** |
| Central | $ 626,878 | 30.6 % |
| Capital | 538,861 | 26.3 % |
| Northwest | 364,508 | 17.8 % |
| Southwest | 173,031 | 8.5 % |
| New Orleans | 131,283 | 6.4 % |
| Northshore | 130,791 | 6.4 % |
| Acadiana | 82,538 | 4.0 % |
| Total loans HFI | $ 2,047,890 | 100.0 % |

***Nonperforming Assets***

NPAs consist of nonperforming loans and property acquired through foreclosures or repossession. Nonperforming loans include loans that are contractually past due 90 days or more and loans that are on nonaccrual status. Loans are considered past due when principal and interest payments have not been received as of the date such payments are due.

Asset quality is managed through disciplined underwriting policies, continual monitoring of loan performance, and focused management of NPAs. There can be no assurance, however, that the loan portfolio will not become subject to losses due to declines in economic conditions, deterioration in the financial condition of our borrowers, or a decline in the value of collateral.

NPAs totaled $3.2 million as of June 30, 2024, an increase of $607,000, or 23.3%, from $2.6 million as of December 31, 2023. This increase was primarily due to an increase in nonaccrual loans, partially offset by a decrease in past due loans. The ratio of NPAs to assets was 0.11% as of June 30, 2024, and 0.08% as of December 31, 2023.

Nonperforming loan and asset information is summarized below:

| *(dollars in thousands)* | **June 30, 2024** | **December 31, 2023** |
|---|---|---|
| Nonperforming loans: | | |
| Nonaccrual loans | $ 3,168 | $ 1,959 |
| Accruing loans 90 days or more past due | 41 | 574 |
| Total nonperforming loans | 3,209 | 2,533 |
| Foreclosed assets: | | |
| Real estate | — | 69 |
| Total foreclosed assets | — | 69 |
| Total NPAs | $ 3,209 | $ 2,602 |
| | | |
| Nonaccrual loans to loans HFI | 0.15% | 0.10 % |
| Nonperforming loans to loans HFI | 0.16% | 0.13 % |
| NPAs to assets | 0.11% | 0.08 % |

Nonaccrual loans are summarized below by category:

| *(in thousands)* | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Real estate: | | |
| Commercial real estate | $ 737 | $ 714 |
| One-to-four family residential | 700 | 269 |
| Construction and development | 920 | — |
| Commercial and industrial | 717 | 844 |
| Tax-exempt | — | — |
| Consumer | 94 | 132 |
| Total nonaccrual loans | $ 3,168 | $ 1,959 |

***Potential Problem Loans***

From a credit risk standpoint, we classify loans in one of five categories: pass, special mention, substandard, doubtful, or loss. Loan classifications reflect a judgment about the risk of default and loss associated with the loans. Classifications are reviewed periodically and adjusted to reflect the degree of risk and loss believed 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 classified as pass are of satisfactory quality and do not require a more severe classification.

Loans classified as special mention have potential weaknesses that deserve management's close attention. If these weaknesses are not corrected, repayment possibilities for the loan may deteriorate. However, the loss potential does not warrant substandard classification.

Loans classified as substandard have well-defined weaknesses that jeopardize normal repayment of principal and interest. Prompt corrective action is required to reduce exposure and to assure adequate remedial actions are taken by the borrower. If these weaknesses do not improve, loss is possible.

Loans classified as doubtful have well-defined weaknesses that make full collection improbable.

Loans classified as loss are considered uncollectible and charged-off to the ACL.

The following table summarizes loans HFI by risk rating:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| *(dollars in thousands)* | Amount | Percent | Amount | Percent |
| Pass | $ 2,036,782 | 99.5 % | $ 1,968,575 | 98.8 % |
| Special Mention | 5,410 | 0.2 % | 19,429 | 1.0 % |
| Substandard | 5,698 | 0.3 % | 4,854 | 0.2 % |
| Total loans HFI | $ 2,047,890 | 100.0 % | $ 1,992,858 | 100.0 % |

There were no loans as of June 30, 2024 or December 31, 2023, classified as doubtful or loss.

***Allowance for Credit Losses***

In determining the ACL for loans HFI, we estimate losses on a collective pool basis when similar risk characteristics and risk profiles exist. Loans that do not share similar risk characteristics are evaluated individually and excluded from the collective evaluation. The ACL is determined using the CECL model, which considers relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

As of June 30, 2024, the ACL was $21.6 million, or 1.06% of loans HFI. As of December 31, 2023, the ACL totaled $21.3 million, or 1.07% of loans HFI. The $291,000 increase in the ACL for the six months ended June 30, 2024, was due to $600,000 from the provision for credit losses, partially offset by $309,000 of net charge-offs.

The provision for credit losses for the six months ended June 30, 2024, was $600,000, an increase of $300,000, or 100.0%, from $300,000 for the six months ended June 30, 2023. The primary drivers of the increase were the current inflationary environment, changing monetary policy, current economic forecasts, and loan growth. Effective January 1, 2023, we adopted *ASC 326*, the CECL methodology for estimating credit losses. For the cumulative effect of adopting *ASC 326*, we recorded a $569,000, net of tax, decrease to stockholders' equity as of January 1, 2023. We will continue to evaluate future provision needs in relation to current economic situations, loan growth, trends in asset quality, forecasted information, and other conditions influencing loss expectations.

The following table displays activity in the ACL for June 30, 2024, and June 30, 2023:

| | As of and For the Six Months Ended | |
|---|---|---|
| *(dollars in thousands)* | June 30, 2024 | June 30, 2023 |
| Loans HFI | $ 2,047,890 | $ 1,947,631 |
| Nonaccrual loans | $ 3,168 | $ 1,840 |
| Average loans | $ 2,028,833 | $ 1,925,821 |
| | | |
| Allowance at beginning of period | $ 21,336 | $ 20,628 |
| Impact of adopting ASC 326 | — | 278 |
| Provision for credit losses | 600 | 300 |
| Charge-offs: | | |
| Real estate: | | |
| Construction and development | — | (9) |
| Commercial and industrial | (211) | (33) |
| Consumer | (231) | (182) |
| Total charge-offs | (442) | (224) |
| Recoveries: | | |
| Real estate: | | |
| One-to-four family residential | 5 | 5 |
| Commercial and industrial | 54 | 23 |
| Consumer | 74 | 75 |
| Total recoveries | 133 | 103 |
| Net (charge-offs)/recoveries | (309) | (121) |
| Allowance at end of period | $ 21,627 | $ 21,085 |
| | | |
| ACL to loans HFI | 1.06 % | 1.08 % |
| ACL to nonaccrual loans | 682.67% | 1,145.92% |
| Net charge-offs to average loans | 0.02 % | 0.01 % |

We believe that we have established our ACL in accordance with GAAP and that the ACL was adequate to provide for known and inherent losses in the portfolio at all times shown above. Future provisions for credit losses are subject to ongoing evaluations of the factors and loan portfolio risks, including economic pressures related to inflation, labor market and supply chain constraints, and natural disasters affecting the state of Louisiana. A decline in market area economic conditions, deterioration of asset quality, or growth in portfolio size could cause the allowance to become inadequate, and material additional provisions for credit losses could be required.

***Deposits***

Deposits are the primary funding source for loans and investments. We offer a variety of deposit products designed to attract and retain consumer, commercial, and public entity customers. These products consist of noninterest and interest-bearing checking accounts, savings accounts, money market accounts, and time deposit accounts. Deposits are gathered from individuals, partnerships, corporations, and public entities located primarily in our market areas. We do not have any internet-sourced or brokered deposits.

Total deposits decreased $85.2 million, or 3.0%, to $2.72 billion as of June 30, 2024, from $2.80 billion as of December 31, 2023. This decrease was primarily a result of the seasonal outflow of funds from public entity customers and income tax payments, partially offset by an increase in new customer time deposit activity. Noninterest-bearing deposits decreased by $23.5 million, or 2.6%, to $892.9 million as of June 30, 2024. Noninterest-bearing deposits as a percentage of total deposits were 32.87% as of June 30, 2024, compared to 32.71% as of December 31, 2023. Interest-bearing deposits decreased by $61.7 million, or 3.3%, to $1.82 billion as of June 30, 2024.

Red River Bank has a granular, diverse deposit portfolio with customers in a variety of industries throughout Louisiana. As of June 30, 2024 and December 31, 2023, the average deposit account size was approximately $27,000 and $28,000, respectively.

The following table presents our deposits by account type as of the dates indicated:

| | June 30, 2024 | | December 31, 2023 | | Change from December 31, 2023 to June 30, 2024 | |
|---|---|---|---|---|---|---|
| *(dollars in thousands)* | Balance | % of Total | Balance | % of Total | $ Change | % Change |
| Noninterest-bearing demand deposits | $ 892,942 | 32.9 % | $ 916,456 | 32.7 % | $ (23,514) | (2.6 %) |
| Interest-bearing deposits: | | | | | | |
| Interest-bearing demand deposits | 135,543 | 5.0 % | 138,380 | 5.0 % | (2,837) | (2.1 %) |
| NOW accounts | 377,385 | 13.9 % | 468,483 | 16.7 % | (91,098) | (19.4 %) |
| Money market accounts | 547,715 | 20.1 % | 541,607 | 19.3 % | 6,108 | 1.1 % |
| Savings accounts | 170,050 | 6.3 % | 173,741 | 6.2 % | (3,691) | (2.1 %) |
| Time deposits less than or equal to $250,000 | 399,981 | 14.7 % | 392,094 | 14.0 % | 7,887 | 2.0 % |
| Time deposits greater than $250,000 | 193,030 | 7.1 % | 171,127 | 6.1 % | 21,903 | 12.8 % |
| Total interest-bearing deposits | 1,823,704 | 67.1 % | 1,885,432 | 67.3 % | (61,728) | (3.3 %) |
| Total deposits | $ 2,716,646 | 100.0 % | $ 2,801,888 | 100.0 % | $ (85,242) | (3.0 %) |

The following table presents deposits by customer type as of the dates indicated:

| | June 30, 2024 | | December 31, 2023 | | Change from December 31, 2023 to June 30, 2024 | |
|---|---|---|---|---|---|---|
| *(dollars in thousands)* | Balance | % of Total | Balance | % of Total | $ Change | % Change |
| Consumer | $ 1,351,709 | 49.8 % | $ 1,343,448 | 47.9 % | $ 8,261 | 0.6 % |
| Commercial | 1,149,023 | 42.3 % | 1,170,670 | 41.8 % | (21,647) | (1.8 %) |
| Public | 215,914 | 7.9 % | 287,770 | 10.3 % | (71,856) | (25.0 %) |
| Total deposits | $ 2,716,646 | 100.0 % | $ 2,801,888 | 100.0 % | $ (85,242) | (3.0 %) |

We manage our interest expense on deposits through a deposit pricing strategy that is based on competitive pricing, economic conditions, and current or anticipated funding needs. We adjust deposit rates in part based upon our anticipated funding needs and liquidity position. We also consider the potential interest rate risk caused by extended maturities of time deposits when adjusting deposit rates.

Our average deposit balance was $2.73 billion for the three months ended June 30, 2024, a decrease of $22.8 million, or 0.8%, from $2.76 billion for the three months ended March 31, 2024. The average cost of interest-bearing deposits and total deposits for the second quarter of 2024 was 2.62% and 1.75%, respectively, compared to 2.54% and 1.70% for the prior quarter, respectively. The increase in the average cost of interest-bearing deposits and total deposits in the second quarter of 2024 as compared to the prior quarter was due to time deposit activity. Also, as of June 30, 2024, 6.5% of interest-bearing transaction deposits had floating rates, which adjust with market rates.

The following table presents our average deposits by account type and the average rate paid for the periods indicated:

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| | June 30, 2024 | | March 31, 2024 | |
| (dollars in thousands) | Average Balance | Average Rate | Average Balance | Average Rate |
| Noninterest-bearing demand deposits | $ 908,930 | 0.00 % | $ 913,114 | 0.00 % |
| Interest-bearing deposits: | | | | |
| Interest-bearing demand deposits | 113,466 | 4.27 % | 116,953 | 4.27 % |
| NOW accounts | 393,425 | 1.33 % | 427,143 | 1.24 % |
| Money market accounts | 550,767 | 2.29 % | 543,336 | 2.27 % |
| Savings accounts | 172,816 | 0.15 % | 173,929 | 0.15 % |
| Time deposits | 595,120 | 4.19 % | 582,847 | 4.12 % |
| Total interest-bearing deposits | 1,825,594 | 2.62 % | 1,844,208 | 2.54 % |
| Total average deposits | $ 2,734,524 | 1.75 % | $ 2,757,322 | 1.70 % |

As of June 30, 2024, our estimated uninsured deposits, which are the portion of deposit accounts that exceed the FDIC insurance limit (currently $250,000), were approximately $804.6 million, or 29.6% of total deposits, compared to $887.8 million, or 31.7% of total deposits, as of December 31, 2023. These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes. Also, as of June 30, 2024, our estimated uninsured deposits, excluding collateralized public entity deposits, were approximately $633.2 million, or 23.3% of total deposits, compared to $643.6 million, or 23.0% of total deposits, as of December 31, 2023. As of June 30, 2024, our cash and cash equivalents of $213.1 million combined with our available borrowing capacity of $1.68 billion equaled 235.6% of our estimated uninsured deposits and 299.4% of our estimated uninsured deposits, excluding collateralized public entity deposits.

The following table presents the amount of time deposits by account that are in excess of the FDIC insurance limit (currently $250,000) by time remaining until maturity for the period indicated:

| (in thousands) | June 30, 2024 |
|---|---|
| Three months or less | $ 10,856 |
| Over three months through six months | 46,168 |
| Over six months through 12 months | 31,746 |
| Over 12 months | 4,510 |
| Total | $ 93,280 |

***Borrowings***

Although deposits are our primary source of funds, we may, from time to time, utilize borrowings as a cost-effective source of funds when such borrowings can be invested at a positive interest rate spread for additional capacity to fund loan demand or to meet our liquidity needs. We established borrowing capacity with the FHLB, the Federal Reserve Bank's Discount Window facility, and other correspondent banks to provide additional sources of operating funds. Our FHLB line of credit is collateralized by eligible Red River Bank loans. Our Federal Reserve Bank's Discount Window line of credit is collateralized by eligible securities and eligible Red River Bank loans that are not pledged to the FHLB. As of June 30, 2024 and December 31, 2023, we had no outstanding borrowings under these agreements.

***Stockholders' Equity***

Total stockholders' equity as of June 30, 2024, was $307.0 million compared to $303.9 million as of December 31, 2023. The $3.1 million, or 1.0%, increase in stockholders' equity was attributable to $16.2 million of net income for the six months ended June 30, 2024, and $224,000 of stock compensation, partially offset by the repurchase of 216,220 shares of common stock for $10.8 million, $1.3 million in cash dividends, and a $1.2 million, net of tax, market adjustment to AOCI related to securities.

During the second quarter of 2022, we reclassified $166.3 million, net of $17.9 million of unrealized loss, from AFS to HTM. The securities were transferred at fair value, which became the cost basis for the securities HTM. At the date of the transfer, the net unrealized loss of $17.9 million, of which $14.2 million, net of tax, was included in AOCI and is being amortized over the remaining life of the securities as a yield adjustment in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security. There were no gains or losses recognized as a result of the transfer. As of June 30, 2024, the net unamortized, unrealized loss remaining on the transferred securities included in the consolidated balance sheets totaled $13.7 million, of which $10.9 million, net of tax, was included in AOCI.

On December 14, 2023, our board of directors approved the renewal of the 2023 stock repurchase program that was completed in the fourth quarter of 2023 after reaching its purchase limit. The renewed program authorizes us to purchase up to $5.0 million of our outstanding shares of common stock from January 1, 2024 through December 31, 2024. Repurchases may be made from time to time in the open market at prevailing prices and based on market conditions, or in privately negotiated transactions. For the six months ended June 30, 2024, we repurchased 16,220 shares of our common stock at an aggregate cost of $764,000 under the stock repurchase program. As of June 30, 2024, we had $4.2 million available for repurchasing our common stock under this program.

On March 13, 2024, we entered into a privately negotiated stock repurchase agreement for the purchase of 200,000 shares of our common stock for a total purchase price of $10.0 million. The repurchase was supplemental to our $5.0 million stock repurchase program and did not impact the amount of permitted repurchases thereunder.

Effective January 1, 2023, repurchases are subject to a nondeductible excise tax under the Inflation Reduction Act of 2022 equal to 1.0% of the fair market value of the shares repurchased, subject to certain limitations. While we may complete transactions subject to the new excise tax, we do not expect a material impact to our financial condition or results of operations.

***Regulatory Capital Requirements***

Capital management consists of maintaining equity and other instruments that qualify as regulatory capital to support current and future operations. Banking regulators view capital levels as important indicators of an institution’s financial soundness. As a general matter, bank holding companies and FDIC-insured depository institutions are required to maintain minimum capital relative to the amount and types of assets they hold.

As we deploy our capital and continue to grow our operations, our capital levels may decrease depending on our level of earnings. However, we expect to monitor and control our growth in order to remain in compliance with all regulatory capital standards applicable to us.

For additional information on regulatory capital guidelines and limits for Red River Bank and Red River Bancshares, Inc., see “Item 1. Financial Statements - Notes to the Unaudited Consolidated Financial Statements - Note 8. Regulatory Capital Requirements.”

**LIQUIDITY AND ASSET-LIABILITY MANAGEMENT**

***Liquidity***

As of June 30, 2024, we had sufficient liquid assets available and $1.68 billion accessible from other liquidity sources.

Liquidity involves our ability to raise funds to support asset growth and potential acquisitions, reduce assets to meet deposit withdrawals and other payment obligations, maintain reserve requirements, and otherwise operate on an ongoing basis and manage unexpected events. For the six months ended June 30, 2024, and the year ended December 31, 2023, liquidity needs were primarily met by core deposits, security and loan maturities, and cash flows from amortizing security and loan portfolios. While maturities and scheduled amortization of loans are predictable sources of funds, deposit outflows, mortgage prepayments, and prepayments on amortizing securities are greatly influenced by market interest rates, economic conditions, and the competitive environment in which we operate; therefore, these cash flows are monitored regularly.

Liquidity levels are dependent on our operating, financing, lending, and investing activities during any given period. Access to purchased funds from correspondent banks and overnight advances from the FHLB and the Federal Reserve Bank of Atlanta are also available. Purchased funds from correspondent banks and overnight advances can be utilized to meet funding obligations.

Our primary source of funds is deposits, and our primary use of funds is the funding of loans. We invest excess deposits in interest-earning deposit accounts at other banks or at the Federal Reserve, federal funds sold, securities, or other short-term liquid investments until the deposits are needed to fund loan growth or other obligations. Our average deposits increased $22.0 million, or 0.81%, for the first six months of 2024, compared to the average deposits for the twelve months ended December 31, 2023. The increase in average total deposits was primarily due to new time deposit activity, partially offset by the seasonal outflow of funds from public entity customers and income tax payments. Our average total loans increased $85.5 million, or 4.40%, for the for the first six months of 2024, compared to average total loans for the twelve months ended December 31, 2023. The increase in average total loans was primarily due to the increase in commercial and industrial and real estate activity.

As of June 30, 2024, liquid assets were $213.1 million, compared to $305.4 million as of December 31, 2023. The decrease of $92.4 million, or 30.2%, was due to the outflow of deposits and the funding of loans, partially offset by net securities cash flows received during the first six months of 2024. The liquid assets to assets ratio was 6.99% as of June 30, 2024, compared to 9.76% as of December 31, 2023.

Our securities portfolio is an alternative source for meeting liquidity needs and was our second-largest component of assets as of June 30, 2024. The securities portfolio generates cash flow through principal repayments, calls, and maturities, and certain securities can be sold or used as collateral in borrowings that allow for their conversion to cash. Securities AFS can generally be sold, while securities HTM have significant restrictions related to sales. As of June 30, 2024, we project receipt of approximately $126.0 million of principal repayments and maturities through June 30, 2025. As of June 30, 2024, approximately $424.1 million, or 66.0%, of the securities portfolio was available to be sold or to be used as collateral in borrowings as a liquidity source.

We also utilize the FHLB as needed as a viable funding source. FHLB advances may be used to meet the Bank's liquidity needs, particularly if the prevailing interest rate on an FHLB advance compares favorably to the rates that would be required to attract the necessary deposits. We currently are classified as having "blanket lien collateral status," which means that advances can be executed at any time without further collateral requirements. As of June 30, 2024 and December 31, 2023, our net borrowing capacity from the FHLB was $989.2 million and $829.2 million, respectively. There were no outstanding borrowings from the FHLB as of June 30, 2024 and December 31, 2023.

Another borrowing source is the Federal Reserve Bank's Discount Window. Effective the third quarter of 2023, the Bank pledged securities to have borrowing access to the Federal Reserve Bank's Discount Window. In addition, effective March 2024, the Bank was approved for the Discount Window's Borrower-In-Custody "BIC" program, which provides borrowing capacity through the pledging of eligible Red River Bank loans that are not pledged to the FHLB. As of June 30, 2024, we had a total borrowing capacity of $168.3 million, including $129.5 million through the BIC program, compared to a total borrowing capacity of $45.5 million as of December 31, 2023. There were no outstanding borrowings from the Federal Reserve Bank's Discount Window as of June 30, 2024 and December 31, 2023.

Other sources available for meeting liquidity needs include federal funds lines, repurchase agreements, and other lines of credit. We maintain four federal funds lines of credit with commercial banks that provided for the availability to borrow up to an aggregate of $95.0 million in federal funds as of June 30, 2024 and December 31, 2023. The rates for the federal funds lines are determined by the applicable commercial bank at the time of borrowing. We also maintain an additional $6.0 million revolving line of credit at one of our correspondent banks. As of June 30, 2024 and December 31, 2023, we had total borrowing capacity of $101.0 million through these combined funding sources. We had no outstanding balances from either of these sources as of June 30, 2024 and December 31, 2023.

The Federal Reserve's Bank Term Funding Program ended on March 11, 2024. The Bank did not utilize this program while it was being offered.

***Commitments to Extend Credit***

In the normal course of business, we enter into certain financial instruments, such as 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 the accompanying consolidated financial statements until they are funded, although they expose us to varying degrees of credit risk and interest rate risk in much the same way as funded loans.

Commitments to extend credit are agreements to lend to a customer if all conditions of the commitment have been met. Commitments include revolving and nonrevolving credit lines and are primarily issued for commercial purposes. Commitments to extend credit generally have fixed expiration dates or other termination clauses. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions.

As of June 30, 2024, we had $407.3 million in unfunded loan commitments and $12.4 million in commitments associated with outstanding standby letters of credit. As of December 31, 2023, we had $372.0 million in unfunded loan commitments and $15.4 million in commitments associated with outstanding standby letters of credit. As commitments associated with letters of credit and commitments to extend credit may expire unused, the total outstanding commitments may not necessarily reflect the actual future cash funding requirements.

***Investment Commitments***

The Company is party to various investment commitments in the normal course of business. The Company's exposure is represented by the contractual amount of these commitments.

In 2014, the Company committed to an investment into an SBIC limited partnership. As of June 30, 2024, there was a $226,000 outstanding commitment to this partnership.

In 2020, the Company committed to an additional investment into an SBIC limited partnership. As of June 30, 2024, there was a $2.6 million outstanding commitment to this partnership.

In 2021, the Company committed to an investment into a bank technology limited partnership. As of June 30, 2024, there was a $452,000 outstanding commitment to this partnership.

***Purchase Commitment***

The Company has committed to an agreement to buy real estate for approximately $1.9 million as of June 30, 2024.

***Construction Commitment***

The Company has one committed construction agreement to construct a banking center, and there was approximately $189,000 remaining on this commitment as of June 30, 2024.

***Interest Rate Sensitivity and Market Risk***

As a financial institution, our primary component of market risk is interest rate volatility. Our asset-liability management policies provide management with guidelines for effective funds management, and we have established a measurement system for monitoring our net interest rate sensitivity position. We have historically managed our rate sensitivity position within our established policy guidelines.

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 that 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 appropriately during the ordinary course of business. We have the ability to enter 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. We do not enter into instruments such as financial options, financial futures contracts, or forward delivery contracts for the purpose of reducing interest rate risk. We are not subject to foreign exchange risk, and our commodity price risk is immaterial, as the percentage of our agricultural loans to loans HFI was only 0.6% as of June 30, 2024.

Our exposure to interest rate risk is managed by Red River Bank’s Asset-Liability Management Committee. The committee formulates strategies based on appropriate levels of interest rate risk and monitors the results of those strategies. In determining the appropriate level of interest rate risk, the committee considers the impact on both earnings and capital given the current outlook on interest rates, regional economies, liquidity, business strategies, and other related factors.

The committee meets quarterly to review, among other things, the sensitivity of assets and liabilities to interest rate changes, the book and economic 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, as well as an interest rate simulation model and shock analysis.

In conjunction with our interest rate risk management process, on a quarterly basis, we run various simulations within a static balance sheet model. This model tests the impact on net interest income and fair value of equity from changes in market interest rates under various scenarios. We use parallel rate shock scenarios that assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. We also deploy a ramped rate scenario over a 12-month and 24-month horizon based upon parallel yield curve shifts. Our nonparallel rate shock model simulation involves analysis of interest income and expense under various changes in the shape of the yield curve. Contractual maturities and repricing opportunities of loans are incorporated into the model, as are prepayment assumptions and maturity date and call options within the securities portfolio. The average life of non-maturity deposit accounts are based on assumptions developed from non-maturity deposit decay studies, which calculate average lives using historic closure rates.

Bank policy regarding interest rate risk simulations performed by our risk model 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 10.0% for a 100 bp shift and 15.0% for a 200 bp shift. In accordance with Bank policy that was approved in September 2023, regarding economic value at risk simulations performed by our risk model for instantaneous parallel shifts of the yield curve, estimated fair value of equity for the subsequent one-year period should not decline by more than 10.0% for a 100 bp shift and 20.0% for a 200 bp shift.

The following table shows the impact of an instantaneous and parallel change in rates, at the levels indicated, and summarizes the simulated change in net interest income and fair value of equity over a 12-month horizon as of the dates indicated.

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | % Change in Net Interest Income | % Change in Fair Value of Equity | % Change in Net Interest Income | % Change in Fair Value of Equity |
| **Change in Interest Rates (Bps)** | | | | |
| +300 | 2.5 % | (8.7 %) | 4.8 % | (5.3 %) |
| +200 | 1.7 % | (5.5 %) | 3.5 % | (3.0 %) |
| +100 | 1.0 % | (2.5 %) | 2.3 % | (1.0 %) |
| Base | — % | — % | — % | — % |
| -100 | (0.9 %) | 3.5 % | (0.4 %) | 0.3 % |
| -200 | (3.2 %) | 2.7 % | (3.5 %) | (1.4 %) |

The results above, as of June 30, 2024 and December 31, 2023, demonstrate that our balance sheet is asset sensitive, which means our assets have the opportunity to reprice at a faster pace than our liabilities, over the 12-month horizon. Our repricing opportunity is captured in a gap analysis, which is the process by which we measure the repricing gap between interest-rate sensitive assets versus interest rate-sensitive liabilities.

As of June 30, 2024, the reported percentage changes in net interest income and fair value of equity remained within the policy thresholds. These values are reported at each quarterly Asset-Liability Committee meeting. The net interest income at risk and the fair value of equity will continue to be monitored, and appropriate mitigating action will be taken if needed.

The impact of our floating rate loans and floating rate transaction deposits are also reflected in the results shown in the above table. As of June 30, 2024, floating rate loans were 13.9% of loans HFI, and floating rate transaction deposits were 6.5% of interest-bearing transaction deposits.

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 management strategies and the slope of the yield curve.

**NON-GAAP FINANCIAL MEASURES**

Our accounting and reporting policies conform to GAAP and the prevailing practices in the banking industry. Certain financial measures used by management to evaluate our operating performance are discussed in this Report as supplemental non-GAAP performance measures. In accordance with the SEC's rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the U.S.

Management and the board of directors review tangible book value per share, tangible common equity to tangible assets, and realized book value per share as part of managing operating performance. However, these non-GAAP financial measures that we discuss in this Report should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner that we calculate the non-GAAP financial measures that are discussed in this Report may differ from that of other companies' reporting measures with similar names. It is important to understand how such other banking organizations calculate and name their financial measures similar to the non-GAAP financial measures discussed in this Report when comparing such non-GAAP financial measures.

*Tangible Book Value Per Share*. Tangible book value per share is a non-GAAP measure commonly used by investors, financial analysts, and investment bankers to evaluate financial institutions. We believe that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per share exclusive of changes in intangible assets. We calculate tangible book value per share as total stockholders' equity, less intangible assets, divided by the outstanding number of shares of our common stock at the end of the relevant period. Intangible assets have the effect of increasing total book value while not increasing tangible book value. The most directly comparable GAAP financial measure for tangible book value per share is book value per share.

As a result of previous acquisitions, we have a small amount of intangible assets. As of June 30, 2024, total intangible assets were $1.5 million, which is less than 1.0% of total assets.

*Tangible Common Equity to Tangible Assets*. Tangible common equity to tangible assets is a non-GAAP measure generally used by investors, financial analysts, and investment bankers to evaluate financial institutions. We believe that this measure is important to many investors in the marketplace who are interested in the relative changes from period to period of tangible common equity to tangible assets, each exclusive of changes in intangible assets. Intangible assets have the effect of increasing both total stockholders' equity and assets while not increasing our tangible common equity or tangible assets. We calculate tangible common equity as total stockholders' equity less intangible assets, and we calculate tangible assets as total assets less intangible assets. The most directly comparable GAAP financial measure for tangible common equity to tangible assets is total common stockholders' equity to total assets.

*Realized Book Value Per Share.* Realized book value per share is a non-GAAP measure that we use to evaluate our operating performance. We believe that this measure is important because it allows us to monitor changes from period to period in book value per share exclusive of changes in AOCI. Our AOCI is impacted primarily by the unrealized gains and losses on securities AFS. These unrealized gains or losses on securities AFS are driven by market factors and may also be temporary and vary greatly from period to period. Due to the possibly temporary and greatly variable nature of these changes, we find it useful to monitor realized book value per share. We calculate realized book value per share as total stockholders' equity less AOCI, divided by the outstanding number of shares of our common stock at the end of the relevant period. AOCI has the effect of increasing or decreasing total book value while not increasing or decreasing realized book value. The most directly comparable GAAP financial measure for realized book value per share is book value per share.

The following table reconciles, as of the dates set forth below, stockholders' equity to tangible common equity, stockholders' equity to realized common equity, and assets to tangible assets, and presents related resulting ratios.

| *(dollars in thousands, except per share data)* | June 30, 2024 | March 31, 2024 | June 30, 2023 |
|---|---|---|---|
| Tangible common equity | | | |
| Total stockholders' equity | $ 306,990 | $ 299,314 | $ 283,372 |
| Adjustments: | | | |
| Intangible assets | (1,546) | (1,546) | (1,546) |
| Total tangible common equity (non-GAAP) | $ 305,444 | $ 297,768 | $ 281,826 |
| Realized common equity | | | |
| Total stockholders' equity | $ 306,990 | $ 299,314 | $ 283,372 |
| Adjustments: | | | |
| Accumulated other comprehensive (income) loss | 61,732 | 62,700 | 69,693 |
| Total realized common equity (non-GAAP) | $ 368,722 | $ 362,014 | $ 353,065 |
| Common shares outstanding | 6,886,928 | 6,892,448 | 7,175,056 |
| Book value per share | $ 44.58 | $ 43.43 | $ 39.49 |
| Tangible book value per share (non-GAAP) | $ 44.35 | $ 43.20 | $ 39.28 |
| Realized book value per share (non-GAAP) | $ 53.54 | $ 52.52 | $ 49.21 |
| | | | |
| Tangible assets | | | |
| Total assets | $ 3,048,528 | $ 3,073,298 | $ 3,027,194 |
| Adjustments: | | | |
| Intangible assets | (1,546) | (1,546) | (1,546) |
| Total tangible assets (non-GAAP) | $ 3,046,982 | $ 3,071,752 | $ 3,025,648 |
| Total stockholders' equity to assets | 10.07 % | 9.74 % | 9.36 % |
| Tangible common equity to tangible assets (non-GAAP) | 10.02 % | 9.69 % | 9.31 % |

**CRITICAL ACCOUNTING ESTIMATES**

Our consolidated financial statements are prepared in accordance with GAAP and with general practices within the financial services industry. Application of these principles requires management to make estimates and assumptions about future events that affect the amounts reported in the consolidated 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. 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.

There were no other material changes or developments during the reporting period with respect to methodologies that we use when developing critical accounting estimates as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023. For details on the significant accounting principles and practices we follow, see “Item 1. Financial Statements - Note 1. Summary of Significant Accounting Policies” in this Report and “Part II - Item 8. Financial Statements and Supplementary Data - Note 1. Significant Accounting Policies” in our Annual Report on Form 10-K for the year ended December 31, 2023.

**RECENT ACCOUNTING PRONOUNCEMENTS**

See “Item 1. Financial Statements – Note 1. Summary of Significant Accounting Policies – Recent Accounting Pronouncements.”

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Quantitative and qualitative disclosures about market risk are presented in our Annual Report on Form 10-K for the year ended December 31, 2023, under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Asset-Liability Management - Interest Rate Sensitivity and Market Risk.” Additional information as of June 30, 2024, is included herein under “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Asset-Liability Management - Interest Rate Sensitivity and Market Risk.” The foregoing information is incorporated into this Item 3 by reference.

**Item 4. 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 our management, with the participation of our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer), of the effectiveness of the design and operation of our 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 our controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) were effective as of the end of the period covered by this Report.

*Changes in internal control over financial reporting*

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we, including our subsidiaries, are or may be involved in various legal matters arising in the ordinary course of business. In the opinion of management, neither we, nor any of our subsidiaries, are involved in such legal proceedings that the resolution is expected to have a material adverse effect on our consolidated results of operations, financial condition, or cash flows. However, one or more unfavorable outcomes in these ordinary claims or litigation against us or our subsidiaries could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or ultimate outcomes, such matters are costly, divert management's attention, and may materially and adversely affect our reputation or that of our subsidiaries, even if resolved favorably.

### Item 1A. Risk Factors

For information regarding risk factors that could affect our business, financial condition, and results of operations, see the information in "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to the risk factors disclosed in our most recent Annual Report on Form 10-K.

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

Our purchases of shares of common stock made during the quarter are summarized in the table below:

*(dollars in thousands, except per share data)*

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program[1][2] |
|---|---|---|---|---|
| April 1 - April 30, 2024 | — | $ — | — | $ 5,000 |
| May 1 - May 31, 2024 | 14,295 | $ 47.33 | 14,295 | $ 4,323 |
| June 1 - June 30, 2024 | 1,925 | $ 45.15 | 1,925 | $ 4,236 |
| Total | 16,220 | $ 47.07 | 16,220 | $ 4,236 |

(1) On December 14, 2023, we announced that our board of directors approved the renewal of the 2023 stock repurchase program that was completed in the fourth quarter of 2023 after reaching its purchase limit. The 2024 stock repurchase program has terms similar to the 2023 stock repurchase program and authorizes us to purchase up to $5.0 million of our outstanding shares of common stock from January 1, 2024 through December 31, 2024. Repurchases may be made from time to time in the open market at prevailing prices and based on market conditions, or in privately negotiated transactions.

(2) On August 8, 2024, we entered into a privately negotiated stock repurchase agreement for the purchase of 60,000 shares of our common stock for a total purchase price of approximately $3.0 million. In connection with the repurchase, we reduced the availability under our 2024 stock repurchase program by $3.0 million. After this transaction, we will have approximately $1.2 million available for repurchasing our common stock under the 2024 stock repurchase program.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

On August 6, 2024, the Supplemental Executive Retirement Benefits Agreement ("SERP") with each of Isabel V. Carriere, Andrew B. Cutrer, G. Bridges Hall, IV, Bryon C. Salazar, Tammi R. Salazar, and Debbie B. Triche was amended to adjust the vesting schedule of each officer's benefits. Each SERP previously provided that the officer would be entitled to receive the maximum annual benefit provided under the SERP ("Full Benefit") when he or she reached the age of 65. As amended, each SERP now provides that the officer will be entitled to the Full Benefit on December 31, 2028. The total benefits payable to each officer under his or her SERP was not changed by the amendments.

Also on August 6, 2024, the SERP with R. Blake Chatelain was restated, to consolidate his original SERP and all previous amendments into a single document, and to make non-substantive changes. No material changes were made in the restatement of Mr. Chatelain's SERP.

**Item 6. Exhibits**

| NUMBER | DESCRIPTION |
|---|---|
| 3.1 | Restated Articles of Incorporation of Red River Bancshares, Inc. (incorporated by reference to Exhibit 3.1 to Red River Bancshares, Inc.'s Registration Statement on Form S-1 filed with the SEC on April 10, 2019, file number 333-230798) |
| 3.2 | Red River Bancshares, Inc. Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to Red River Bancshares, Inc.'s Current Report on Form 8-K filed with the SEC on March 1, 2021, file number 001-38888) |
| 10.1 | Amended and Restated Supplemental Executive Retirement Benefits Agreement between Red River Bank and R. Blake Chatelain*+# |
| 10.2 | Composite Form of Amended and Restated Supplemental Executive Retirement Benefits Agreement between Red River Bank and each of Isabel V. Carriere, Andrew B. Cutrer, G. Bridges Hall, Bryon C. Salazar, Tammi R. Salazar, and Debbie B. Triche*+# |
| 10.3 | Stock Repurchase Agreement, dated August 8, 2024, by and between Red River Bancshares, Inc., the Angela Katherine Simpson Irrevocable Trust UA 25-NOV-03, and the John Charles Simpson Jr. Irrevocable Trust UA 25-NOV-03 (incorporated by reference to Exhibit 10.1 to Red River Bancshares, Inc.'s Current Report on Form 8-K filed with the SEC on August 8, 2024, file number 001-38888) |
| 31.1 | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 31.2 | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 32.1 | Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002** |
| 32.2 | Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002** |
| 101 | The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, is formatted in Inline Extensible Business Reporting Language (XBRL): (i) the Unaudited Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Income, (iii) the Unaudited Consolidated Statements of Comprehensive Income, (iv) the Unaudited Consolidated Statements of Changes in Stockholders' Equity, (v) the Unaudited Consolidated Statements of Cash Flows, and (vi) the Notes to Unaudited Consolidated Financial Statements. |
| 101.INS | Inline XBRL Instance Document* - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document* |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document* |
| 101.DEF | Inline XBRL Taxonomy Extension Definitions Linkbase Document* |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document* |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document* |
| 104 | Cover Page Interactive Data File* - Formatted as Inline XBRL and contained within the Inline XBRL Instance Document in Exhibit 101. |
| * | Filed herewith |
| ** | These exhibits are furnished herewith and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act. |
| + | Indicates a management contract or compensatory plan. |
| # | Certain exhibits to the Agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. We will furnish the omitted exhibits to the SEC upon request. |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**RED RIVER BANCSHARES, INC.**

| | | |
|---|---|---|
| Date: August 9, 2024 | By: | /s/ R. Blake Chatelain |
| | | R. Blake Chatelain<br>President and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: August 9, 2024 | By: | /s/ Isabel V. Carriere |
| | | Isabel V. Carriere, CPA, CGMA<br>Executive Vice President, Chief Financial Officer, and Assistant Corporate Secretary<br>(Principal Financial Officer and Principal Accounting Officer) |

**Exhibit 10.1**

**AMENDED AND RESTATED SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENT**

This Amended and Restated Supplemental Executive Retirement Benefits Agreement (this "Agreement") is made as of the 6th day of August, 2024, by and between Red River Bank, a Louisiana banking corporation ("Bank"), and R. Blake Chatelain, an individual ("Executive").

**RECITALS**

A. Executive is a valued employee of Bank.

B. Bank desires to continue to retain Executive as an employee of Bank and believes that Executive's long-term contribution to the business of Bank is not fully reflected in the compensation of the Executive.

C. Bank desires to continue to provide for the post-retirement needs of its employees in a responsible manner.

D. Bank desires to make available to Executive certain supplemental retirement benefits, and Executive desires to enter into an arrangement for such supplemental retirement benefits, and to that end, Bank and Executive entered into that certain Supplemental Executive Retirement Benefits Agreement effective October 1, 2004 (the "Original Agreement"), which was subsequently amended by Amendment No. 1 to the Supplemental Executive Retirement Benefits Agreements of Red River Bank effective as of January 1, 2005 ("Amendment No. 1") and Amendment No. 2 to the Supplemental Executive Retirement Benefits Agreement effective as of October 1, 2016 ("Amendment No. 2").

E. Bank and Executive desire to restate the Original Agreement to incorporate Amendment No. 1 and Amendment No. 2 and to make certain other non-substantive updates.

**AGREEMENT**

NOW, THEREFORE, the parties hereto, for and in consideration of the foregoing and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, do agree as follows:

1. Supplemental Retirement Benefits. Pursuant to the Original Agreement, Bank established an unfunded retirement plan, the obligations under which shall be reflected on the general ledger of Bank (the "Retirement Account"). The Retirement Account shall be an unsecured liability of Bank to Executive, payable only as provided herein from the general funds of Bank. The Retirement Account is not a deposit or insured by the FDIC and does not constitute a trust account or any other special obligation of Bank and does not have priority of payment over any other general obligation of Bank.

2. Payment of Benefits.

(a) On-Time Retirement. If Executive remains in the continual full-time employment of Bank (except for such breaks in service prescribed by law, such as the Family and Medical Leave Act, or as otherwise agreed in a writing expressly authorized by the Board of Directors of Bank) until the Full Benefits Date (as defined in **Exhibit A** hereto), then upon the date (the "Retirement Date") on or after the Full Benefits Date on which Executive's employment with the Bank is terminated for any reason other than For Cause (as hereinafter defined), Bank shall pay to Executive the Full Benefit (as defined in **Exhibit A** hereto) annually, payable in monthly installments beginning on the first business day of the first calendar month after the Retirement Date and on the first business day of each month thereafter until (but including) the fifteenth ($15^{th}$) anniversary of the Retirement Date. If Executive becomes deceased after the commencement of payments under this Section 2(a), but prior to the 15th anniversary of the Retirement Date, payments shall continue to be paid to the Executive's beneficiary, determined in accordance with Section 13, at the same time and in the same form as they would have been paid to Executive had Executive not died.

(b) Early Termination. If Executive voluntarily resigns from full-time employment with Bank before the Full Benefits Date, or if Bank discharges Executive from full-time employment with Bank for any reason other than For Cause before the Full Benefits Date, Bank shall pay to Executive the Limited Benefit (as hereinafter defined) annually, payable in monthly installments beginning on the Full Benefits Date, and thereafter on the first business day of each month thereafter until (but including) the fifteenth ($15^{th}$) anniversary of the Full Benefits Date. For the purposes of this Agreement, the "Limited Benefit" shall be the amount set forth on **Exhibit A** corresponding to the year in which Executive's employment terminates. If Executive becomes deceased after the commencement of payments under this Section 2(b), but prior to the fifteenth (15th) anniversary of the Full Benefits Date, payments shall continue to be paid to the Executive's beneficiary, determined in accordance with Section 13, at the same time and in the same form as they would have been paid to Executive had Executive not died.

(c) Disability. If Executive becomes Substantially Disabled (as hereinafter defined) and Executive's full-time employment with Bank is terminated by Bank prior to the Full Benefits Date as a result, Bank shall pay to Executive the Limited Benefit annually, payable monthly beginning on the first business day of the calendar month following the Disability Determination Date (as hereinafter defined). For purposes of this Agreement, the term "Substantial Disability" shall mean the substantial physical or mental impairment of Executive which materially diminishes Executive's ability to perform the services theretofore performed by Executive, for a period of six months or more, taking into consideration compliance by Bank with the reasonable accommodation provisions of the Americans with Disabilities Act. The determination of whether Executive is "Substantially Disabled" shall be made by a licensed physician selected by Bank. For purposes of this Agreement, the term "Disability Determination Date" shall mean the date that is thirty (30) days following the date the Substantial Disability is determined. If Executive becomes deceased after the Disability Determination Date, but prior to the fifteenth (15th) anniversary of the Disability Determination Date, payments shall continue to be paid to the Executive's beneficiary, determined in accordance with Section 13, at the same time and in the same form as they would have been paid to Executive had Executive not died until (but including) the fifteenth (15th) anniversary of the Disability Determination Date.

(d) Discharge for Cause. Any other provision of this Agreement to the contrary notwithstanding, if Executive's employment by Bank is terminated as a result of, or in connection with: (i) regulatory suspension or removal of Executive from duty with Bank; (ii) gross and consistent dereliction of duty by Executive; (iii) breach of fiduciary duty involving personal profit by Executive; (iv) willful violation of any banking law or regulation; or (v) conviction of a felony or crime of moral turpitude (any of the foregoing referred to herein as "For Cause"), then Executive shall not be entitled to any supplemental retirement benefits provided for in this Agreement and this Agreement may be terminated by Bank without any liability whatsoever. The obligation of Bank to make any payments contemplated under this Agreement shall be suspended during the pendency of any indictment, information or similar charge regarding a felony or crime of moral turpitude, during any regulatory or other adjudicative proceeding concerning regulatory suspension or removal or, for a reasonable time (not to exceed ninety days), while the board of directors of Bank seeks to determine whether Executive could have been terminated For Cause even though Executive may have previously retired, resigned, become Substantially Disabled or been discharged other than For Cause. If during such period the board of directors determines that the Executive could have been discharged For Cause, this subsection (d) shall be applicable as if the Executive had been discharged For Cause.

(e) Death Benefit.

(i) Death Prior to Full Benefits Date. If Executive becomes deceased prior to the Full Benefits Date while in full-time employment with Bank or following a termination of employment with Bank for any reason other than discharge For Cause or due to Executive becoming Substantially Disabled, Executive's beneficiary, as determined in accordance with Section 13, shall receive payment(s) in one of the following forms in accordance with Executive's election under Section 2(e)(iii):

(A) The Limited Benefit annually, payable in monthly installments beginning on the first business day of the first calendar month after the date of death and on the first business day of each month thereafter until (but including) the fifteenth (15th) anniversary of the date of death.

(B) A lump sum cash payment, payable within 90 days of Executive's death, equal to the present value of the payments set forth in Section 2(e)(i)(A) calculated as of the date of death based on a reasonable rate of interest as determined by Bank in its sole discretion.

For purposes of this Section 2(e)(i), the Limited Benefit shall be the value set forth on **Exhibit A** corresponding to the year in which Executive becomes deceased or, if earlier, the year in which Executive's employment terminates.

(ii) Death Following Full Benefits Date. If Executive becomes deceased while in full-time employment with Bank following the Full Benefits Date, Executive's beneficiary, as determined in accordance with Section 13, shall receive payment(s) in one of the following forms in accordance with Executive's election under Section 2(e)(iii):

(A) The Full Benefit annually, payable in monthly installments beginning on the first business day of the first calendar month after the date of death and on the first business day of each month thereafter until (but including) the fifteenth (15th) anniversary of the date of death.

(B) A lump sum cash payment, payable within 90 days of Executive's death, equal to the present value of the payments set forth in Section 2(e)(ii)(A) calculated as of the date of death based on a reasonable rate of interest as determined by Bank in its sole discretion.

(iii) Deferral Election. An election under this Section 2(e) shall be made by Executive within thirty (30) days after Executive first becomes entitled to benefits under this Section 2(e). If Executive fails to make a timely election under this Section 2(e)(iii), the default election shall be a lump sum cash payment under Sections 2(e)(i)(B) and 2(e)(ii)(B).

(f) Benefits Mutually Exclusive. Under no circumstances will Executive become entitled to more than one of the Full Benefit or the Limited Benefit.

(g) Termination of Agreement. Upon termination of this Agreement pursuant to Section 12(l) of this Agreement before the Full Benefits Date, Bank shall pay to Executive the Limited Benefit (as set forth on **Exhibit A** corresponding to the year in which the Agreement is terminated). Upon termination of this Agreement pursuant to Section 12(l) of this Agreement after the Full Benefits Date, Bank shall pay to Executive the Full Benefit. The benefit under this Section 2(g) shall be payable in monthly installments beginning on the Full Benefits Date, and thereafter on the first business day of each month thereafter until (but including) the fifteenth (15th) anniversary of the Full Benefits Date.

(h) Payments to Specified Employees. If the Executive is considered a 'Specified Employee' within the meaning of Treasury Regulation section 1.409A 1(i) at the time the Executive becomes entitled to a benefit under Section 2(a), 2(b) or 2(c) or Section 6 of this Agreement, payment of the benefit due under Section 2(a), 2(b) or 2(c) or Section 6 will commence no earlier than the first day of the seventh (7th) month following the Executive's termination of employment with Bank.

3. Intent of Parties. Bank and Executive intend that this Agreement shall primarily provide supplemental retirement benefits to Executive as a member of a select group of management or highly compensated employees of Bank for purposes of the Employee Retirement Income Security Act of 1974, as may be amended ("ERISA").

4. ERISA Provisions.

(a) The following provisions in this Agreement are part of this Agreement and are intended to meet the requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) The "Named Fiduciary" is Bank.

(c) The general corporate funds of Bank are the basis of payment of benefits under this Agreement.

(d) For claims procedure purposes, the "Claims Manager" shall be the Chairman of the Board of Directors of the Bank or such other person named from time to time by notice to Executive.

(i) If for any reason a claim for benefits under this Agreement is denied by Bank, the Claims Manager shall deliver to the claimant a written explanation setting forth the specific reasons for the denial, pertinent references to the Agreement section on which the denial is based, such other data as may be pertinent and information on the procedures to be followed by the claimant in obtaining a review of his/her claim, all written in a manner calculated to be understood by the claimant for this purpose:

(1) The claimant's claim shall be deemed filed when presented orally or in writing to the Claims Manager.

(2) The Claims Manager's explanation shall be in writing delivered to the claimant within 90 days of the date the claim is filed.

(ii) The claimant shall have 60 days following his/her receipt of the denial of the claim to file with the Claims Manager a written request for review of the denial. For such review, the claimant or his/her representative may submit pertinent documents and written issues and comments.

(iii) The Claims Manager shall decide the issue on review and furnish the claimant with a copy within 60 days of receipt of the claimant's request for review of his/her claim. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Agreement provisions on which the decision is based. If a copy of the decision is not so furnished to the claimant within such 60 days, the claim shall be deemed denied on review.

(e) The Claims Manager has discretionary authority to determine eligibility for benefits.

5. Funding by Bank.

(a) Bank shall be under no obligation to set aside, earmark or otherwise segregate any funds with which to pay its obligations under this Agreement. Executive shall be and remain an unsecured general creditor of Bank with respect to Bank's obligations hereunder. Executive shall have no property interest in the Retirement Account or any other rights with respect thereto.

(b) Notwithstanding anything herein to the contrary, Bank has no obligation whatsoever to purchase or maintain an actual life insurance policy with respect to Executive or otherwise. If Bank determines in its sole discretion to purchase a life insurance policy referable to the life of Executive, neither Executive nor Executive's beneficiary shall have any legal or equitable ownership interest in, or lien on, such policy or any other specific funding or any other investment or to any asset of Bank. Bank, in its sole discretion, may determine the exact nature and method of funding (if any) of the obligations under this Agreement. If Bank elects to fund its obligations under this Agreement, in whole or in part, through the purchase of a life insurance policy, mutual funds, disability policy, annuity, or other security, Bank reserves the right, in its sole discretion, to terminate such method of funding at any time, in whole or in part.

(c) If Bank, in its sole discretion, elects to invest in a life insurance, disability or annuity policy on the life of Executive, Executive shall assist Bank, from time to time, promptly upon the request of Bank, in obtaining such insurance policy by supplying any information necessary to obtain such policy as well as submitting to any physical examinations required therefor. Bank shall be responsible for the payment of all premiums with respect to any whole life, variable, or universal life insurance, disability or annuity policy purchased in connection with this Agreement unless otherwise expressly agreed.

6. Effect of Change in Control.

(a) If a Change in Control (as hereinafter defined) of Bank occurs while Executive is employed by Bank, Executive shall become 100% vested and thus entitled to the Full Benefit if Executive's employment is thereafter terminated by Executive or by Bank prior to the Full Benefits Date for any reason other than For Cause, payable in accordance with Section 2(a) hereof beginning on the Full Benefits Date or, if later, the date on which Executive's employment is terminated.

(b) For purposes of this Agreement, a "Change in Control" shall occur in the event of (i) the acquisition by an Acquiring Entity of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) of forty percent (40%) or more of the total voting power of the Red River Bancshares, Inc., the parent company of Bank (the "Company"), represented by the then outstanding voting securities of the Company; (ii) the Company is merged, combined, consolidated or reorganized with or into an Acquiring Entity or the Company sells or otherwise transfers all or substantially all of its assets to an Acquiring Entity, and as a result of such merger, combination, consolidation or reorganization or sale or other transfer of assets, less than a majority of the combined voting power of the then outstanding voting securities of the Company or the Acquiring Entity (whichever is the surviving entity) are held in the aggregate by the holders of the voting securities of the Company immediately prior to such transaction, in substantially the same proportions held by such persons prior to the transaction; (iii) an "acquisition of control" of the Bank as such term is used under the Change in Bank Control Act, as amended (12 U.S.C. § 1817(j)), and related regulations of the Federal Reserve Board, which is not rebuttable; or (iv) the Company or the Bank shall have entered into any binding understanding or agreement which if consummated would reasonably lead to the occurrence of one or more of the foregoing items (i) through (iii); provided, however, that an internal reorganization of the Company which does not affect the ultimate beneficial ownership of the Company shall not be deemed a Change in Control, even if the technical terms of the foregoing definition are met. "Acquiring Entity" shall mean any person, partnership, corporation, trust or similar entity or group (other than the Company, Bank or any affiliated entity). For the purpose of this definition, the lowercase term "group" shall include any persons who act in concert within the meanings of Sections 13(d)(3) or 14(d)(2) of the Exchange Act.

(c) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined in a written opinion by a firm of certified public accountants selected by the Bank (such determination to be made within thirty (30) days of a request by the Executive following a Change in Control) or by the Internal Revenue Service that any payment or distribution by the Bank to or for the benefit of the Executive under this Agreement (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, the "Code") (such excise tax, together with any interest and penalties accrued due to the Executive's failure to pay or underpayment of such tax in reliance on the opinion of Bank's firm of certified public accountants, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment" ) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Executive shall promptly notify Bank in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Bank of the Gross-Up Payment. The Executive shall provide Bank with a reasonable opportunity to contest such claim.

7. [Intentionally Omitted]

8. Employment of Executive; Other Agreements. The benefits provided for herein for Executive are supplemental retirement benefits and shall not be deemed to modify, affect or limit any salary or salary increases, bonuses, profit sharing or any other type of compensation of Executive in any manner whatsoever. No provision contained in this Agreement shall in any way affect, restrict or limit any existing employment agreement between Bank and Executive, nor shall any provision or condition contained in this Agreement create specific employment rights of Executive or limit the right of Bank to discharge Executive with or without cause. Except as otherwise provided therein, nothing contained in this Agreement shall affect the right of Executive to participate in or be covered by or under any qualified or non-qualified pension, profit sharing, group, bonus or other supplemental compensation, retirement or fringe benefit plan constituting any part of Bank's compensation structure whether now or hereinafter existing.

9. Confidentiality. In further consideration of the mutual promises contained herein, Executive agrees that the terms and conditions of this Agreement, except as such may be disclosed in financial statements and tax returns, in connection with estate planning, or in any of the Company's public filings with the Securities and Exchange Commission or other state or federal securities or regulatory agency, are and shall forever remain confidential until the death of Executive and Executive agrees that he/she shall not reveal the terms and conditions contained in this Agreement at any time to any person or entity, other than his/her financial and professional advisors unless required to do so by a court of competent jurisdiction.

10. Leave of Absence. Bank may, in its sole discretion, permit Executive to take a leave of absence for a period not to exceed one year. Any such leave of absence must be approved by the board of directors of Bank and reflected in its minutes. If permitted under Section 409A of the Code, during this time, Executive will still be considered to be in the employ of Bank for purposes of this Agreement.

11. Withholding. Executive is responsible for payment of all taxes applicable to compensation and benefits paid or provided to Executive under this Agreement, including federal and state income tax withholding, except Bank shall be responsible for payment of all employment (FICA) taxes due to be paid by Bank pursuant to Section 3121(v) of the Code (i.e., FICA taxes on the present value of payments hereunder which are no longer subject to vesting). Executive agrees that appropriate amounts for withholding may be deducted from the cash salary, bonus or other payments due to Executive by Bank. If insufficient cash wages are available or if Executive so desires, Executive may remit payment in cash for the withholding amounts.

12. Miscellaneous Provisions.

(a) Counterparts. This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile transmission of an executed counterpart.

(b) Construction. As used in this Agreement, the neuter gender shall include the masculine and the feminine, the masculine and feminine genders shall be interchangeable among themselves and each with the neuter, the singular numbers shall include the plural, and the plural the singular. The term "person" shall include all persons and entities of every nature whatsoever, including, but not limited to, individuals, corporations, partnerships, governmental entities and associations. The terms "including," "included," "such as" and terms of similar import shall not imply the exclusion of other items not specifically enumerated.

(c) Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be held to be invalid, illegal, unenforceable or inconsistent with any present or future law, ruling, rule or regulation of any court, governmental or regulatory authority having jurisdiction over the subject matter of this Agreement, such provision shall be rescinded or modified in accordance with such law, ruling, rule or regulation and the remainder of this Agreement or the application of such provision to the person or circumstances other than those as to which it is held inconsistent shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(d) Governing Law. This Agreement is made in the State of Louisiana and shall be governed in all respects and construed in accordance with the laws of the State of Louisiana, without regard to its conflicts of law principles, except to the extent superseded by the Federal laws of the United States.

(e) Binding Effect. This Agreement is binding upon the parties, their respective successors, assigns, heirs and legal representatives. Without limiting the foregoing this Agreement shall be binding upon any successor of Bank whether by merger or acquisition of all or substantially all of the assets or liabilities of Bank. This Agreement may not be assigned by any party without the prior written consent of each other party hereto. This Agreement has been approved by the Board of Directors of Bank and Bank agrees to maintain an executed counterpart of this Agreement in a safe place as an official record of Bank.

(f) No Trust. Nothing contained in this Agreement and no action taken pursuant to the provisions of this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between Bank and Executive, Executive's designated beneficiary or any other person.

(g) Assignment of Rights. None of the payments provided for by this Agreement shall be subject to seizure for payment of any debts or judgments against Executive or any beneficiary; nor shall Executive or any beneficiary have any right to transfer, modify, anticipate or encumber any rights or benefits hereunder; provided, however, that the undistributed portion of any benefit payable hereunder shall at all times be subject to set-off for debts owed by Executive to Bank.

(h) Entire Agreement. This Agreement (together with its exhibits, which are incorporated herein by reference) constitutes the entire agreement of the parties with respect to the subject matter hereof and all prior or contemporaneous negotiations, agreements and understandings, including the Original Agreement, as previously amended, whether oral or written, are hereby superseded, merged and integrated into this Agreement.

(i) Notice. Any notice to be delivered under this Agreement shall be given in writing and delivered by hand, or by first class, certified or registered mail, postage prepaid, addressed to the Bank or the Executive, as applicable, at the address for such party set forth below or such other address designated by notice.

Bank: Red River Bank
1412 Centre Court Drive, Suite 301
Alexandria, LA 71301
Attn: Chairman of the Board

Executive: R. Blake Chatelain
____________________________
____________________________

(j) Non-waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right.

(k) Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

(l) Amendment and Termination. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties; provided, however, that Bank shall have the right to unilaterally amend this Agreement to the extent necessary to obtain favorable tax treatment under Section 409A of the Code. No waiver of any provision contained in this Agreement shall be effective unless it is in writing and signed by the party against whom such waiver is asserted.

Bank may terminate this Agreement in its entirety at any time by written notice to the Executive, provided that such termination and the payment of any benefit upon such termination complies with the requirements of Section 409A of the Code. Upon termination of the Agreement, benefits will be paid in accordance with Section 2 of the Agreement. Notwithstanding the foregoing, Bank may accelerate the payment of any benefit under this Agreement in the event of termination of the Agreement, provided that termination of the Agreement and payment of benefits in connection therewith complies with the requirements of Treasury Regulation sections 1.409A (j)(4)(ix)(A), (B) and (C), permitting acceleration of the time of payment in connection with plan terminations. If Bank accelerates the timing of payment under this Section 12(l), Bank shall pay the Executive the then present value of the payments due to the Executive under Section 2 of the Agreement. In such case, the present value of the Executive’s benefit shall be determined using the interest rate published by the Pension Benefit Guaranty Corporation for private sector payments of immediate annuities under PBGC Reg. § 4022.7(e)(2) or any successor provision applicable to the month in which payment will be made. No discount shall be made for mortality.

(m) Seal. The parties hereto intend this Agreement to have the effect of an agreement executed under the seal of each.

(n) Legal Expenses. From and after the occurrence of a Change in Control, Bank shall pay all reasonable legal fees and expenses incurred by Executive seeking to obtain or enforce any right or benefit provided by this Agreement promptly from time to time, at Executive’s request, as such fees and expenses are incurred; provided, however, that Executive shall be required to reimburse Bank for any such fees and expenses if a court or any other adjudicator agreed to by the parties determines that Executive’s claim is without substantial merit. Executive shall not be required to pay any legal fees or expenses incurred by Bank in connection with any claim or controversy arising out of or relating to this Agreement, or any breach thereof.

(o) Section 409A. The parties hereto intend that this Agreement comply with the requirements of Section 409A of the Code (including the exceptions thereto) to the extent applicable, and this Agreement shall be interpreted in a manner consistent with such requirements. Notwithstanding any other provision hereof, if any provision of this Agreement conflicts with the requirements of Section 409A of the Code (or an exception thereto), such provision shall be deemed reformed so as to comply with the requirements of Section 409A of the Code (or an exception thereto) and shall be interpreted and applied accordingly.

13. Beneficiary Designation. Executive may from time to time name any beneficiary or beneficiaries to receive Executive's interest in this Agreement in the event of the Executive's death. Each designation will revoke all prior designations by Executive, shall be in a form reasonably prescribed by Bank (see **Exhibit B** hereto) and shall be effective only when filed by Executive in writing with Bank during Executive's lifetime. If Executive fails to designate a beneficiary, then Executive's designated beneficiary shall be deemed to be Executive's estate.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed, this Agreement as of the day and year first above written.

BANK:

RED RIVER BANK

By: /s/ Andrew B. Cutrer
Its: Senior Vice President - Director of Human Resources

EXECUTIVE:

/s/ R. Blake Chatelain
R. Blake Chatelain

**EXHIBIT A**
**VESTING SCHEDULE**
**R. BLAKE CHATELAIN**

"Full Benefit" = $180,000
"Full Benefits Date" = November 12, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2016 to September 30, 2017 | $93,600 |
| October 1, 2017 to September 30, 2018 | $100,800 |
| October 1, 2018 to September 30, 2019 | $108,000 |
| October 1, 2019 to September 30, 2020 | $115,200 |
| October 1, 2020 to September 30, 2021 | $122,400 |
| October 1, 2021 to September 30, 2022 | $129,600 |
| October 1, 2022 to September 30, 2023 | $136,800 |
| October 1, 2023 to September 30, 2024 | $144,000 |
| October 1, 2024 to September 30, 2025 | $151,200 |
| October 1, 2025 to September 30, 2026 | $158,400 |
| October 1, 2026 to September 30, 2027 | $165,600 |
| October 1, 2027 to November 11, 2028 | $172,800 |

**EXHIBIT B**
**DESIGNATION OF BENEFICIARY FORM**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

*[Intentionally Omitted]*

**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

This Amended and Restated Supplemental Executive Retirement Benefits Agreement (this "Agreement") is made as of the 6th day of August, 2024, by and between Red River Bank, a Louisiana banking corporation (the "Bank"), and [Executive], an individual ("Executive").

**RECITALS**

A. Executive is a valued employee of Bank.

B. Executive and the Bank are parties to that certain Supplemental Executive Retirement Benefits Agreement effective as of October 1, 2004, which was subsequently amended by Amendment No. 1 to Supplemental Executive Retirement Benefits Agreement effective as of January 1, 2005 and Amendment No. 2 to Supplemental Executive Retirement Benefits Agreement effective as of October 1, 2016 (as amended, the "Original Agreement").[1]

C. Bank desires to continue to provide for the post-retirement needs of its employees in a responsible manner and to continue to make available to Executive certain supplemental retirement benefits.

D. Bank and Executive desire to amend and restate the Original Agreement to revise the vesting schedule of the benefits provided and to make certain other non-substantive updates.

**AGREEMENT**

NOW, THEREFORE, the parties hereto, for and in consideration of the foregoing and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, do agree as follows:

1. Supplemental Retirement Benefits. Pursuant to the Original Agreement, Bank established an unfunded retirement plan, the obligations under which shall be reflected on the general ledger of Bank (the "Retirement Account"). The Retirement Account shall be an unsecured liability of Bank to Executive, payable only as provided herein from the general funds of Bank. The Retirement Account is not a deposit or insured by the FDIC and does not constitute a trust account or any other special obligation of Bank and does not have priority of payment over any other general obligation of Bank.

2. Payment of Benefits.

(a) On-Time Retirement. If Executive remains in the continual full-time employment of Bank (except for such breaks in service prescribed by law, such as the Family and Medical Leave Act, or as otherwise agreed in a writing expressly authorized by the Board of Directors of Bank) until the Full Benefits Date (as defined in **Exhibit A** hereto), then upon the date (the "Retirement

[1] Mr. Hall's original agreement was effective October 1, 2022 and was not amended until the Amended and Restated Supplemental Executive Benefits Agreement was executed.

Date") on or after the Full Benefits Date on which Executive's employment with the Bank is terminated for any reason other than For Cause (as hereinafter defined), Bank shall pay to Executive the Full Benefit (as defined in **Exhibit A** hereto) annually, payable in monthly installments beginning on the first business day of the first calendar month after the Retirement Date and on the first business day of each month thereafter until (but including) the fifteenth ($15^{th}$) anniversary of the Retirement Date. If Executive becomes deceased after the commencement of payments under this Section 2(a), but prior to the $15^{th}$ anniversary of the Retirement Date, payments shall continue to be paid to the Executive's beneficiary, determined in accordance with Section 13, at the same time and in the same form as they would have been paid to Executive had Executive not died.

(b) Early Termination. If Executive voluntarily resigns from full-time employment with Bank before the Full Benefits Date, or if Bank discharges Executive from full-time employment with Bank for any reason other than For Cause before the Full Benefits Date, Bank shall pay to Executive the Limited Benefit (as hereinafter defined) annually, payable in monthly installments beginning on the Full Benefits Date, and thereafter on the first business day of each month thereafter until (but including) the fifteenth ($15^{th}$) anniversary of the Full Benefits Date. For the purposes of this Agreement, the "Limited Benefit" shall be the amount set forth on **Exhibit A** corresponding to the year in which Executive's employment terminates. If Executive becomes deceased after the commencement of payments under this Section 2(b), but prior to the fifteenth ($15^{th}$) anniversary of the Full Benefits Date, payments shall continue to be paid to the Executive's beneficiary, determined in accordance with Section 13, at the same time and in the same form as they would have been paid to Executive had Executive not died.

(c) Disability. If Executive becomes Substantially Disabled (as hereinafter defined) and Executive's full-time employment with Bank is terminated by Bank prior to the Full Benefits Date as a result, Bank shall pay to Executive the Limited Benefit annually, payable monthly beginning on the first business day of the calendar month following the Disability Determination Date (as hereinafter defined). For purposes of this Agreement, the term "Substantial Disability" shall mean the substantial physical or mental impairment of Executive which materially diminishes Executive's ability to perform the services theretofore performed by Executive, for a period of six months or more, taking into consideration compliance by Bank with the reasonable accommodation provisions of the Americans with Disabilities Act. The determination of whether Executive is "Substantially Disabled" shall be made by a licensed physician selected by Bank. For purposes of this Agreement, the term "Disability Determination Date" shall mean the date that is thirty (30) days following the date the Substantial Disability is determined. If Executive becomes deceased after the Disability Determination Date, but prior to the fifteenth (15th) anniversary of the Disability Determination Date, payments shall continue to be paid to the Executive's beneficiary, determined in accordance with Section 13, at the same time and in the same form as they would have been paid to Executive had Executive not died until (but including) the fifteenth (15th) anniversary of the Disability Determination Date.

(d) Discharge for Cause. Any other provision of this Agreement to the contrary notwithstanding, if Executive's employment by Bank is terminated as a result of, or in connection with: (i) regulatory suspension or removal of Executive from duty with Bank; (ii) gross and consistent dereliction of duty by Executive; (iii) breach of fiduciary duty involving personal profit by Executive; (iv) willful violation of any banking law or regulation; or (v) conviction of a felony or crime of moral turpitude (any of the foregoing referred to herein as "For Cause"), then Executive shall not be entitled to any supplemental retirement benefits provided for in this Agreement and this Agreement may be terminated by Bank without any liability whatsoever. The obligation of Bank to make any payments contemplated under this Agreement shall be suspended during the pendency of any indictment, information or similar charge regarding a felony or crime of moral turpitude, during any regulatory or other adjudicative proceeding concerning regulatory suspension or removal or, for a reasonable time (not to exceed ninety days), while the board of directors of Bank seeks to determine whether Executive could have been terminated For Cause even though Executive may have previously retired, resigned, become Substantially Disabled or been discharged other than For Cause. If during such period the board of directors determines that the Executive could have been discharged For Cause, this subsection (d) shall be applicable as if the Executive had been discharged For Cause.

(e) Death Benefit.

(i) Death Prior to Full Benefits Date. If Executive becomes deceased prior to the Full Benefits Date while in full-time employment with Bank or following a termination of employment with Bank for any reason other than discharge For Cause or due to Executive becoming Substantially Disabled, Executive's beneficiary, as determined in accordance with Section 13, shall receive payment(s) in one of the following forms in accordance with Executive's election under Section 2(e)(iii):

(A) The Limited Benefit annually, payable in monthly installments beginning on the first business day of the first calendar month after the date of death and on the first business day of each month thereafter until (but including) the fifteenth (15th) anniversary of the date of death.

(B) A lump sum cash payment, payable within 90 days of Executive's death, equal to the present value of the payments set forth in Section 2(e)(i)(A) calculated as of the date of death based on a reasonable rate of interest as determined by Bank in its sole discretion.

For purposes of this Section 2(e)(i), the Limited Benefit shall be the value set forth on Exhibit A corresponding to the year in which Executive becomes deceased or, if earlier, the year in which Executive's employment terminates.

(ii) Death Following Full Benefits Date. If Executive becomes deceased while in full-time employment with Bank following the Full Benefits Date, Executive's beneficiary, as determined in accordance with Section 13, shall receive payment(s) in one of the following forms in accordance with Executive's election under Section 2(e)(iii):

(A) The Full Benefit annually, payable in monthly installments beginning on the first business day of the first calendar month after the date of death and on the first business day of each month thereafter until (but including) the fifteenth (15th) anniversary of the date of death.

(B) A lump sum cash payment, payable within 90 days of Executive's death, equal to the present value of the payments set forth in Section 2(e)(ii)(A) calculated as of the date of death based on a reasonable rate of interest as determined by Bank in its sole discretion.

(iii) Deferral Election. An election under this Section 2(e) shall be made by Executive within thirty (30) days after Executive first becomes entitled to benefits under this Section 2(e). If Executive fails to make a timely election under this Section 2(e)(iii), the default election shall be a lump sum cash payment under Sections 2(e)(i)(B) and 2(e)(ii)(B).

(f) Benefits Mutually Exclusive. Under no circumstances will Executive become entitled to more than one of the Full Benefit or the Limited Benefit.

(g) Termination of Agreement. Upon termination of this Agreement pursuant to Section 12(l) of this Agreement before the Full Benefits Date, Bank shall pay to Executive the Limited Benefit (as set forth on **Exhibit A** corresponding to the year in which the Agreement is terminated). Upon termination of this Agreement pursuant to Section 12(l) of this Agreement after the Full Benefits Date, Bank shall pay to Executive the Full Benefit. The benefit under this Section 2(g) shall be payable in monthly installments beginning on the Full Benefits Date, and thereafter on the first business day of each month thereafter until (but including) the fifteenth ($15^{th}$) anniversary of the Full Benefits Date.

(h) Payments to Specified Employees. If the Executive is considered a 'Specified Employee' within the meaning of Treasury Regulation section 1.409A-1(i) at the time the Executive becomes entitled to a benefit under Section 2(a), 2(b) or 2(c) of this Agreement, payment of the benefit due under Section 2(a), 2(b) or 2(c) will commence no earlier than the first day of the seventh ($7^{th}$) month following the Executive's termination of employment with Bank.

3. Intent of Parties. Bank and Executive intend that this Agreement shall primarily provide supplemental retirement benefits to Executive as a member of a select group of management or highly compensated employees of Bank for purposes of the Employee Retirement Income Security Act of 1974, as may be amended ("ERISA").

4. ERISA Provisions.

(a) The following provisions in this Agreement are part of this Agreement and are intended to meet the requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) The "Named Fiduciary" is Bank.

(c) The general corporate funds of Bank are the basis of payment of benefits under this Agreement.

(d) For claims procedure purposes, the "Claims Manager" shall be the Chief Executive Officer of the Bank or such other person named from time to time by notice to Executive.

(i) If for any reason a claim for benefits under this Agreement is denied by Bank, the Claims Manager shall deliver to the claimant a written explanation setting forth the specific reasons for the denial, pertinent references to the Agreement section on which the denial is based, such other data as may be pertinent and information on the procedures to be followed by the claimant in obtaining a review of his/her claim, all written in a manner calculated to be understood by the claimant for this purpose:

(1) The claimant's claim shall be deemed filed when presented orally or in writing to the Claims Manager.

(2) The Claims Manager's explanation shall be in writing delivered to the claimant within 90 days of the date the claim is filed.

(ii) The claimant shall have 60 days following his/her receipt of the denial of the claim to file with the Claims Manager a written request for review of the denial. For such review, the claimant or his/her representative may submit pertinent documents and written issues and comments.

(iii) The Claims Manager shall decide the issue on review and furnish the claimant with a copy within 60 days of receipt of the claimant's request for review of his/her claim. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Agreement provisions on which the decision is based. If a copy of the decision is not so furnished to the claimant within such 60 days, the claim shall be deemed denied on review.

(e) The Claims Manager has discretionary authority to determine eligibility for benefits.

5. Funding by Bank.

(a) Bank shall be under no obligation to set aside, earmark or otherwise segregate any funds with which to pay its obligations under this Agreement. Executive shall be and remain an unsecured general creditor of Bank with respect to Bank's obligations hereunder. Executive shall have no property interest in the Retirement Account or any other rights with respect thereto.

(b) Notwithstanding anything herein to the contrary, Bank has no obligation whatsoever to purchase or maintain an actual life insurance policy with respect to Executive or otherwise. If Bank determines in its sole discretion to purchase a life insurance policy referable to the life of Executive, neither Executive nor Executive's beneficiary shall have any legal or equitable ownership interest in, or lien on, such policy or any other specific funding or any other investment or to any asset of Bank. Bank, in its sole discretion, may determine the exact nature and method of funding (if any) of the obligations under this Agreement. If Bank elects to fund its obligations under this Agreement, in whole or in part, through the purchase of a life insurance policy, mutual funds, disability policy, annuity, or other security, Bank reserves the right, in its sole discretion, to terminate such method of funding at any time, in whole or in part.

(c) If Bank, in its sole discretion, elects to invest in a life insurance, disability or annuity policy on the life of Executive, Executive shall assist Bank, from time to time, promptly upon the request of Bank, in obtaining such insurance policy by supplying any information necessary to obtain such policy as well as submitting to any physical examinations required therefor. Bank shall be responsible for the payment of all premiums with respect to any whole life, variable, or universal life insurance, disability or annuity policy purchased in connection with this Agreement unless otherwise expressly agreed.

6. [Intentionally Omitted]

7. Competition with Bank. Anything in this Agreement to the contrary notwithstanding (but subject to the following proviso), if Executive, directly or indirectly, at any time after the execution of this Agreement, owns, manages, operates, joins, controls or participates in or is employed by or gives consultation or advice to or extends credit to (other than through insured deposits) or otherwise is connected in any manner, directly or indirectly with, any bank, financial institution, firm, person, sole proprietorship, partnership, corporation, company or other entity (other than the Bank or entities controlled or under common control with the Bank) that provides financial services, including, without limitation, retail or commercial lending services, and has an office in the State of Louisiana, then Bank shall have the option, in its sole and absolute discretion, to terminate Executive's right to receive any benefits under this Agreement (and, to the extent Executive may already have begun receiving benefits hereunder, terminate Executive's right to receive any further benefits hereunder); provided, however, that nothing in this Section 7 shall prohibit Executive from owning less than one percent (1%) of the outstanding shares of any company whose common stock is publicly traded. Any termination of benefits by Bank under the Section 7 shall be made by delivering written notice to Executive specifying the reason for such termination and the effective date of such termination.

Notwithstanding the preceding, this Section 7 shall not apply following a Change in Control. For purposes of this Agreement, a "Change in Control" shall occur in the event of (i) a change in the ownership of the capital stock of Bank, or of Red River Bancshares, Inc. ("Company") whereby a person or group (within the meaning of Section 409A of the Internal Revenue Code, as amended, and regulations promulgated thereunder (collectively, the "Code")) (a "Person") acquires, directly or indirectly, ownership of a number of shares of capital stock of Bank or of Company which, together with capital stock already held by such Person, constitutes fifty percent (50%) or more of the total fair market value or of the combined voting power of Bank's or of Company's outstanding capital stock then entitled to vote generally in the election of the directors; provided, however, that if a Person already owns fifty percent (50%) or more of the total fair market value or of the combined voting power of Bank's or of Company's outstanding capital stock then entitled to vote generally in the election of the directors, the acquisition of additional capital stock by such Person is not considered a Change in Control of Bank or of Company; or (ii) a change in the effective control of Company whereby a majority of the persons who were members of the Board of Directors of Company are, within a twelve (12) month period, replaced by individuals whose appointment or election to Company's Board of Directors is not endorsed by a majority of Company's Board of Directors prior to such appointment or election; or (iii) a change in the ownership of the assets of Bank or of Company, whereby a Person acquires (or has acquired during a twelve (12) month period ending on the date of the most recent acquisition by such Person) assets of Bank or of Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of Bank or of Company immediately prior to such acquisition or acquisitions; provided, however, that there is no Change in Control if assets are transferred to an entity that is controlled by the shareholders of Bank or of Company immediately after the transfer, nor is it a Change in Control if Bank or Company transfers assets to: (A) a shareholder of Bank or of Company (immediately before the asset transfer) in exchange for or with respect to the shareholder's capital stock in Bank; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by Bank or Company; (C) a Person that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding capital stock of Bank or of Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in paragraph (C) of this Section 7(iii).

8. Employment of Executive; Other Agreements. The benefits provided for herein for Executive are supplemental retirement benefits and shall not be deemed to modify, affect or limit any salary or salary increases, bonuses, profit sharing or any other type of compensation of Executive in any manner whatsoever. No provision contained in this Agreement shall in any way affect, restrict or limit any existing employment agreement between Bank and Executive, nor shall any provision or condition contained in this Agreement create specific employment rights of Executive or limit the right of Bank to discharge Executive with or without cause. Except as otherwise provided therein, nothing contained in this Agreement shall affect the right of Executive to participate in or be covered by or under any qualified or non-qualified pension, profit sharing, group, bonus or other supplemental compensation, retirement or fringe benefit plan constituting any part of Bank's compensation structure whether now or hereinafter existing.

9. Confidentiality. In further consideration of the mutual promises contained herein, Executive agrees that the terms and conditions of this Agreement, except as such may be disclosed in financial statements and tax returns, in connection with estate planning or in any of the Company's public filings with the Securities Exchange Commission or other state or federal securities or regulatory agency, are and shall forever remain confidential until the death of Executive and Executive agrees that he/she shall not reveal the terms and conditions contained in this Agreement at any time to any person or entity, other than his/her financial and professional advisors unless required to do so by a court of competent jurisdiction.

10. Leave of Absence. Bank may, in its sole discretion, permit Executive to take a leave of absence for a period not to exceed one year. Any such leave of absence must be approved by the board of directors of Bank and reflected in its minutes. If permitted under Section 409A of the Code, during this time, Executive will still be considered to be in the employ of Bank for purposes of this Agreement.

11. Withholding. Executive is responsible for payment of all taxes applicable to compensation and benefits paid or provided to Executive under this Agreement, including federal and state income tax withholding, except Bank shall be responsible for payment of all employment (FICA) taxes due to be paid by Bank pursuant to Section 3121(v) of the Code (i.e., FICA taxes on the present value of payments hereunder which are no longer subject to vesting). Executive agrees that appropriate amounts for withholding may be deducted from the cash salary, bonus or other payments due to Executive by Bank. If insufficient cash wages are available or if Executive so desires, Executive may remit payment in cash for the withholding amounts.

12. Miscellaneous Provisions.

(a) Counterparts. This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile transmission of an executed counterpart.

(b) Construction. As used in this Agreement, the neuter gender shall include the masculine and the feminine, the masculine and feminine genders shall be interchangeable among themselves and each with the neuter, the singular numbers shall include the plural, and the plural the singular. The term "person" shall include all persons and entities of every nature whatsoever, including, but not limited to, individuals, corporations, partnerships, governmental entities and associations. The terms "including," "included," "such as" and terms of similar import shall not imply the exclusion of other items not specifically enumerated.

(c) Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be held to be invalid, illegal, unenforceable or inconsistent with any present or future law, ruling, rule or regulation of any court, governmental or regulatory authority having jurisdiction over the subject matter of this Agreement, such provision shall be rescinded or modified in accordance with such law, ruling, rule or regulation and the remainder of this Agreement or the application of such provision to the person or circumstances other than those as to which it is held inconsistent shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(d) Governing Law. This Agreement is made in the State of Louisiana and shall be governed in all respects and construed in accordance with the laws of the State of Louisiana, without regard to its conflicts of law principles, except to the extent superseded by the Federal laws of the United States.

(e) Binding Effect. This Agreement is binding upon the parties, their respective successors, assigns, heirs and legal representatives. Without limiting the foregoing this Agreement shall be binding upon any successor of Bank whether by merger or acquisition of all or substantially all of the assets or liabilities of Bank. This Agreement may not be assigned by any party without the prior written consent of each other party hereto. This Agreement has been approved by the Board of Directors of Bank and Bank agrees to maintain an executed counterpart of this Agreement in a safe place as an official record of Bank.

(f) No Trust. Nothing contained in this Agreement and no action taken pursuant to the provisions of this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between Bank and Executive, Executive's designated beneficiary or any other person.

(g) Assignment of Rights. None of the payments provided for by this Agreement shall be subject to seizure for payment of any debts or judgments against Executive or any beneficiary; nor shall Executive or any beneficiary have any right to transfer, modify, anticipate or encumber any rights or benefits hereunder; provided, however, that the undistributed portion of any benefit payable hereunder shall at all times be subject to set-off for debts owed by Executive to Bank.

(h) Entire Agreement. This Agreement (together with its exhibits, which are incorporated herein by reference) constitutes the entire agreement of the parties with respect to the subject matter hereof and all prior or contemporaneous negotiations, agreements and understandings, including the Original Agreement, whether oral or written, are hereby superseded, merged and integrated into this Agreement.

(i) Notice. Any notice to be delivered under this Agreement shall be given in writing and delivered by hand, or by first class, certified or registered mail, postage prepaid, addressed to the Bank or the Executive, as applicable, at the address for such party set forth below or such other address designated by notice.

Bank: Red River Bank
1412 Centre Court Drive, Suite 301
Alexandria, LA 71301
Attn: Chief Executive Officer

Executive: [Executive]
___________________________
___________________________

(j) Non-waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right.

(k) Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

(l) Amendment and Termination. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties; provided, however, that Bank shall have the right to unilaterally amend this Agreement to the extent necessary to obtain favorable tax treatment under Section 409A of the Code. No waiver of any provision contained in this Agreement shall be effective unless it is in writing and signed by the party against whom such waiver is asserted.

Bank may terminate this Agreement in its entirety at any time by written notice to the Executive, provided that such termination and the payment of any benefit upon such termination complies with the requirements of Section 409A of the Code. Upon termination of the Agreement, benefits will be paid in accordance with Section 2 of the Agreement. Notwithstanding the foregoing, Bank may accelerate the payment of any benefit under this Agreement in the event of termination of the Agreement, provided that termination of the Agreement and payment of benefits in connection therewith complies with the requirements of Treasury Regulation sections 1.409A-3(j)(4)(ix)(A), (B) and (C), permitting acceleration of the time of payment in connection with plan terminations. If Bank accelerates the timing of payment under this Section 12(l), Bank shall pay the Executive the then present value of the payments due to the Executive under Section 2 of the Agreement. In such case, the present value of the Executive's benefit shall be determined using the interest rate published by the Pension Benefit Guaranty Corporation for private sector payments of immediate annuities under PBGC Reg. § 4022.7(e)(2) or any successor provision applicable to the month in which payment will be made. No discount shall be made for mortality.

(m) Seal. The parties hereto intend this Agreement to have the effect of an agreement executed under the seal of each.

(n) Section 409A. The parties hereto intend that this Agreement comply with the requirements of Section 409A of the Code (including the exceptions thereto) to the extent applicable, and this Agreement shall be interpreted in a manner consistent with such requirements. Notwithstanding any other provision hereof, if any provision of this Agreement conflicts with the requirements of Section 409A of the Code (or an exception thereto), such provision shall be deemed reformed so as to comply with the requirements of Section 409A of the Code (or an exception thereto) and shall be interpreted and applied accordingly.

13. Beneficiary Designation. Executive may from time to time name any beneficiary or beneficiaries to receive Executive's interest in this Agreement in the event of the Executive's death. Each designation will revoke all prior designations by Executive, shall be in a form reasonably prescribed by Bank (see **Exhibit B** hereto) and shall be effective only when filed by Executive in writing with Bank during Executive's lifetime. If Executive fails to designate a beneficiary, then Executive's designated beneficiary shall be deemed to be Executive's estate.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed, this Agreement as of the day and year first above written.

BANK:

RED RIVER BANK

By: /s/ R. Blake Chatelain
Its: President/CEO

EXECUTIVE:

/s/ Executive
Executive

**EXHIBIT A**

**VESTING SCHEDULE**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

Vesting Schedule – Isabel Carriere

**"Full Benefit"** = $100,000

**"Full Benefits Date"** = December 31, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2023 to September 30, 2024 | $71,429 |
| October 1, 2024 to September 30, 2025 | $74,286 |
| October 1, 2025 to September 30, 2026 | $80,714 |
| October 1, 2026 to September 30, 2027 | $87,143 |
| October 1, 2027 to December 30, 2028 | $93,571 |

**EXHIBIT A**

**VESTING SCHEDULE**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

Vesting Schedule – Andrew Cutrer

**“Full Benefit”** = $65,600

**“Full Benefits Date”** = December 31, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2023 to September 30, 2024 | $37,486 |
| October 1, 2024 to September 30, 2025 | $41,609 |
| October 1, 2025 to September 30, 2026 | $47,607 |
| October 1, 2026 to September 30, 2027 | $53,604 |
| October 1, 2027 to December 30, 2028 | $59,602 |

**EXHIBIT A**

**VESTING SCHEDULE**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

Vesting Schedule – G. Bridges Hall, IV

**“Full Benefit”** = $50,000

**“Full Benefits Date”** = December 31, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2023 to September 30, 2024 | $5,556 |
| October 1, 2024 to September 30, 2025 | $12,222 |
| October 1, 2025 to September 30, 2026 | $21,667 |
| October 1, 2026 to September 30, 2027 | $31,111 |
| October 1, 2027 to December 30, 2028 | $40,556 |

**EXHIBIT A**

**VESTING SCHEDULE**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

Vesting Schedule –Bryon Salazar

**“Full Benefit”** = $110,000

**“Full Benefits Date”** = December 31, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2023 to September 30, 2024 | $64,706 |
| October 1, 2024 to September 30, 2025 | $71,177 |
| October 1, 2025 to September 30, 2026 | $80,883 |
| October 1, 2026 to September 30, 2027 | $90,588 |
| October 1, 2027 to December 30, 2028 | $100,294 |

**EXHIBIT A**

**VESTING SCHEDULE**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

Vesting Schedule – Tammi Salazar

**"Full Benefit"** = $110,000

**"Full Benefits Date"** = December 31, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2023 to September 30, 2024 | $70,968 |
| October 1, 2024 to September 30, 2025 | $75,935 |
| October 1, 2025 to September 30, 2026 | $84,451 |
| October 1, 2026 to September 30, 2027 | $92,968 |
| October 1, 2027 to December 30, 2028 | $101,484 |

**EXHIBIT A**

**VESTING SCHEDULE**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

Vesting Schedule – Debbie Triche

**"Full Benefit"** = $69,100

**"Full Benefits Date"** = December 31, 2028

| Year | Limited Benefit |
|---|---|
| October 1, 2023 to September 30, 2024 | $43,188 |
| October 1, 2024 to September 30, 2025 | $46,642 |
| October 1, 2025 to September 30, 2026 | $52,257 |
| October 1, 2026 to September 30, 2027 | $57,871 |
| October 1, 2027 to December 30, 2028 | $63,486 |

**EXHIBIT B**

**DESIGNATION OF BENEFICIARY FORM**
**under the**
**AMENDED AND RESTATED**
**SUPPLEMENTAL EXECUTIVE**
**RETIREMENT BENEFITS AGREEMENT**

*[Intentionally Omitted]*

**Exhibit 31.1**

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, R. Blake Chatelain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red River Bancshares, Inc. (the "registrant");

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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: August 9, 2024

By: /s/ R. Blake Chatelain
R. Blake Chatelain
President and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Isabel V. Carriere, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red River Bancshares, Inc. (the "registrant");

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

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

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

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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: August 9, 2024 | By: | /s/ Isabel V. Carriere |
| | | Isabel V. Carriere, CPA, CGMA |
| | | Executive Vice President, Chief Financial Officer, and Assistant Corporate Secretary |
| | | (Principal Financial Officer and Principal Accounting Officer) |

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Red River Bancshares, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, R. Blake Chatelain, 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:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: August 9, 2024 | By: | /s/ R. Blake Chatelain |
| | | R. Blake Chatelain<br>President and Chief Executive Officer<br>(Principal Executive Officer) |

**Exhibit 32.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Red River Bancshares, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Isabel V. Carriere, Executive Vice President, Chief Financial Officer, and Assistant Corporate Secretary 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:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: August 9, 2024 | By: | /s/ Isabel V. Carriere |
| | | Isabel V. Carriere, CPA, CGMA<br>Executive Vice President, Chief Financial Officer, and Assistant Corporate Secretary<br>(Principal Financial Officer and Principal Accounting Officer) |