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, 2021

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 501, Alexandria, Louisiana	**71301**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (318) 561-5028

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. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

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

As of July 31, 2021, the registrant had 7,276,483 shares of common stock, no par value, issued and outstanding.

TABLE OF CONTENTS

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
AFS	Available-for-sale
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)
CARES Act	Coronavirus Aid, Relief, and Economic Security Act, as amended
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*
COVID-19	Coronavirus Disease 2019
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
FTE	Fully taxable equivalent basis
GAAP	Generally Accepted Accounting Principles in the United States of America
HFI	Held for investment
HFS	Held for sale
IPO	Initial public offering
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
NPA(s)	Nonperforming asset(s)
OTTI	Other-than-temporary impairment
PPP	Paycheck Protection Program
PPP1	PPP First Draw
PPP2	PPP Second Draw
SBA	Small Business Administration
SBIC	Small Business Investment Company
Securities Act	Securities Act of 1933, as amended
SEC	Securities and Exchange Commission
TDR(s)	Troubled debt restructuring(s)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements, 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:

- business and economic conditions generally and in the financial services industry, nationally and within our local market areas;
- the impact of COVID-19 (including the emergence of multiple COVID-19 variants) on our business, the communities where we have our banking centers, the state of Louisiana, and the United States, related to the economy and overall financial stability;
- government and regulatory responses to the COVID-19 pandemic;
- 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 CARES Act and the Economic Aid Act which established the SBA PPP1 and the PPP2 programs, 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;
- volatility and direction of market interest rates;
- our ability to maintain important deposit customer relationships, 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 allowance for loan losses;
- operational risks associated with our business;
- natural disasters and adverse weather, acts of terrorism, pandemics, an outbreak of hostilities 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;
- the impending cessation of LIBOR and the impact of replacement alternatives on our business;
- changes in the laws, rules, regulations, interpretations, or policies relating to financial institution, accounting, tax, trade, monetary, and fiscal matters; and
- other risks and uncertainties listed from time to time in our reports and documents filed 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 Quarterly Report on Form 10-Q. Additional information on these and other risk factors can be found in "Part II - Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q and in "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020. 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. New factors emerge from time to time, and it is not possible for us to predict which 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, 2021**	**December 31, 2020**
ASSETS		
Cash and due from banks	$ 33,728	$ 29,537
Interest-bearing deposits in other banks	633,744	417,664
Total Cash and Cash Equivalents	667,472	447,201
Securities available-for-sale	512,012	498,206
Equity securities	3,961	4,021
Nonmarketable equity securities	3,449	3,447
Loans held for sale	12,291	29,116
Loans held for investment	1,600,388	1,588,446
Allowance for loan losses	(19,460)	(17,951)
Premises and equipment, net	47,414	46,924
Accrued interest receivable	6,039	6,880
Bank-owned life insurance	27,710	22,413
Intangible assets	1,546	1,546
Right-of-use assets	3,950	4,154
Other assets	11,704	8,231
Total Assets	$ 2,878,476	$ 2,642,634
LIABILITIES		
Noninterest-bearing deposits	$ 1,031,486	$ 943,615
Interest-bearing deposits	1,538,113	1,396,745
Total Deposits	2,569,599	2,340,360
Accrued interest payable	1,432	1,774
Lease liabilities	4,042	4,233
Accrued expenses and other liabilities	10,479	10,789
Total Liabilities	2,585,552	2,357,156
COMMITMENTS AND CONTINGENCIES	—	—
STOCKHOLDERS' EQUITY		
Preferred stock, no par value: Authorized - 1,000,000 shares; None Issued and Outstanding	—	—
Common stock, no par value: Authorized - 30,000,000 shares; Issued and Outstanding - 7,284,994 and 7,325,333 shares	65,934	68,055
Additional paid-in capital	1,692	1,545
Retained earnings	224,240	208,957
Accumulated other comprehensive income (loss)	1,058	6,921
Total Stockholders' Equity	292,924	285,478
Total Liabilities and Stockholders' Equity	$ 2,878,476	$ 2,642,634

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, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans	$ 16,351	$ 17,076	$ 33,517	$ 33,542
Interest on securities	2,138	1,876	4,027	3,667
Interest on federal funds sold	25	37	47	150
Interest on deposits in other banks	129	32	229	238
Dividends on stock	1	2	2	6
Total Interest and Dividend Income	18,644	19,023	37,822	37,603
INTEREST EXPENSE				
Interest on deposits	1,397	2,051	2,984	4,543
Interest on other borrowed funds	—	16	—	16
Total Interest Expense	1,397	2,067	2,984	4,559
Net Interest Income	17,247	16,956	34,838	33,044
Provision for loan losses	150	1,525	1,600	2,028
Net Interest Income After Provision for Loan Losses	17,097	15,431	33,238	31,016
NONINTEREST INCOME				
Service charges on deposit accounts	1,140	718	2,199	1,946
Debit card income, net	1,204	896	2,250	1,651
Mortgage loan income	2,357	1,947	5,239	2,835
Brokerage income	806	395	1,640	1,139
Loan and deposit income	395	627	868	927
Bank-owned life insurance income	164	144	297	287
Gain (Loss) on equity securities	11	33	(59)	96
Gain (Loss) on sale and call of securities	34	840	193	1,223
SBIC income	239	190	480	368
Other income	53	33	71	82
Total Noninterest Income	6,403	5,823	13,178	10,554
OPERATING EXPENSES				
Personnel expenses	8,110	7,646	16,131	14,995
Occupancy and equipment expenses	1,329	1,235	2,608	2,419
Technology expenses	744	615	1,408	1,202
Advertising	226	215	409	476
Other business development expenses	307	256	607	551
Data processing expense	532	471	917	921
Other taxes	532	438	1,057	875
Loan and deposit expenses	193	273	448	519
Legal and professional expenses	368	605	737	1,100
Regulatory assessment expenses	213	139	414	164
Other operating expenses	838	976	1,819	1,597
Total Operating Expenses	13,392	12,869	26,555	24,819
Income Before Income Tax Expense	10,108	8,385	19,861	16,751
Income tax expense	1,869	1,531	3,557	3,152
Net Income	$ 8,239	$ 6,854	$ 16,304	$ 13,599
EARNINGS PER SHARE				
Basic	$ 1.13	$ 0.94	$ 2.23	$ 1.86
Diluted	$ 1.13	$ 0.93	$ 2.22	$ 1.85

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)	2021	2020	2021	2020
Net income	$ 8,239	$ 6,854	$ 16,304	$ 13,599
Other comprehensive income (loss):				
Unrealized net gain (loss) on securities arising during period	1,792	1,386	(7,229)	9,126
Tax effect	(377)	(291)	1,518	(1,916)
(Gain) loss on sale of securities included in net income	(34)	(840)	(193)	(1,223)
Tax effect	8	177	41	257
Total other comprehensive income (loss)	1,389	432	(5,863)	6,244
Comprehensive Income	$ 9,628	$ 7,286	$ 10,441	$ 19,843

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)

(in thousands, except 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, 2019	7,306,221	$ 68,082	$ 1,269	$ 182,571	$ (24)	$ 251,898
Net income	—	—	—	6,745	—	6,745
Stock incentive plan	—	—	64	—	—	64
Issuance of shares of common stock through exercise of stock options	14,720	8	—	—	—	8
Issuance of shares of common stock as board compensation	1,591	87	—	—	—	87
Cash dividend - $0.06 per common share	—	—	—	(439)	—	(439)
Other comprehensive income (loss)	—	—	—	—	5,812	5,812
Balance as of March 31, 2020	7,322,532	$ 68,177	$ 1,333	$ 188,877	$ 5,788	$ 264,175
Net income	—	—	—	6,854	—	6,854
Stock incentive plan	—	—	96	—	—	96
Cash dividend - $0.06 per common share	—	—	—	(440)	—	(440)
Other comprehensive income (loss)	—	—	—	—	432	432
Balance as of June 30, 2020	7,322,532	$ 68,177	$ 1,429	$ 195,291	$ 6,220	$ 271,117
Balance as of December 31, 2020	7,325,333	$ 68,055	$ 1,545	$ 208,957	$ 6,921	$ 285,478
Net income	—	—	—	8,065	—	8,065
Stock incentive plan	—	—	93	—	—	93
Issuance of shares of common stock as board compensation	1,075	56	—	—	—	56
Repurchase of common stock under stock repurchase program	(19,661)	(1,018)	—	—	—	(1,018)
Cash dividend - $0.07 per common share	—	—	—	(511)	—	(511)
Other comprehensive income (loss)	—	—	—	—	(7,252)	(7,252)
Balance as of March 31, 2021	7,306,747	$ 67,093	$ 1,638	$ 216,511	$ (331)	$ 284,911
Net income	—	—	—	8,239	—	8,239
Stock incentive plan	—	—	54	—	—	54
Forfeiture of restricted shares of common stock	(100)	—	—	—	—	—
Repurchase of common stock under stock repurchase program	(21,653)	(1,159)	—	—	—	(1,159)
Cash dividend - $0.07 per share	—	—	—	(510)	—	(510)
Other comprehensive income (loss)	—	—	—	—	1,389	1,389
Balance as of June 30, 2021	7,284,994	$ 65,934	$ 1,692	$ 224,240	$ 1,058	$ 292,924

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, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 16,304	$ 13,599
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	932	900
Amortization	317	260
Share-based compensation earned	147	160
Share-based board compensation earned	26	35
(Gain) Loss on other assets owned	(22)	9
Net (accretion) amortization on securities AFS	1,407	1,293
(Gain) Loss on sale and call of securities	(193)	(1,223)
Provision for loan losses	1,600	2,028
Deferred income tax (benefit) expense	(1,119)	(292)
Net (increase) decrease in loans HFS	16,825	(9,489)
Net (increase) decrease in accrued interest receivable	841	(1,241)
Net (increase) decrease in BOLI	(297)	(286)
Net increase (decrease) in accrued interest payable	(342)	(228)
Net increase (decrease) in accrued income taxes payable	(621)	3,108
Other operating activities, net	(467)	1,819
Net cash provided by (used in) operating activities	35,338	10,452
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in securities AFS:		
Sales	111,535	86,925
Maturities, principal repayments, and calls	54,607	42,076
Purchases	(188,583)	(198,841)
Purchase of nonmarketable equity securities	(2)	(2,091)
Capital contribution in partnerships	(40)	—
Net (increase) decrease in loans HFI	(12,299)	(177,480)
Purchase of bank owned life insurance	(5,000)	—
Proceeds from sales of foreclosed assets	96	302
Purchases of premises and equipment	(1,422)	(615)
Net cash provided by (used in) investing activities	(41,108)	(249,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposits	229,239	348,202
Proceeds from other borrowed funds	—	50,000
Repayments of other borrowed funds	—	(50,000)
Repurchase of common stock	(2,177)	—
Proceeds from exercise of stock options	—	8
Cash dividends	(1,021)	(879)
Net cash provided by (used in) financing activities	226,041	347,331
Net change in cash and cash equivalents	220,271	108,059
Cash and cash equivalents - beginning of period	447,201	133,292
Cash and cash equivalents - end of period	$ 667,472	$ 241,351

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

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

(in thousands)	For the Six Months Ended June 30,	
	2021	**2020**
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for:		
Interest	$ 3,325	$ 4,788
Income taxes	$ 5,311	$ 317
SUPPLEMENTAL INFORMATION FOR NON-CASH INVESTING AND FINANCING ACTIVITIES		
Assets acquired in settlement of loans	$ 266	$ 23

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 with 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 which 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, 2020, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

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

There were no material changes or developments during the reporting period with respect to methodologies the Company uses when applying critical accounting policies and developing critical accounting estimates as disclosed in Note 1 of the notes to the audited consolidated financial statements for the year ended December 31, 2020, that were included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. 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. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 sets forth the CECL model requiring the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. *ASU 2016-13* requires enhanced disclosures related to the significant estimates and judgments used in estimating credit losses. In addition, the update amends the accounting for credit losses on AFS securities. As an SEC registrant with smaller reporting company filing status as determined on June 30, 2019, CECL is effective for the Company January 1, 2023. The Company continues to evaluate the impact of this ASU on the consolidated financial statements and disclosures. In that regard, the Company has formed a cross-functional working group and is currently working through an implementation plan. The implementation plan includes an assessment of data, model development and documentation, documentation of processes, and implementation of a third-party vendor solution to assist in the adoption of *ASU 2016-13*.

2. Securities

Securities held for indefinite periods of time are classified as AFS and carried at estimated fair value. Investment activity for the six months ended June 30, 2021, included $188.6 million of securities purchased, partially offset by $111.5 million in sales and $54.6 million in maturities, principal repayments, and calls. The net unrealized gain on the securities AFS portfolio decreased $7.4 million for the six months ended June 30, 2021.

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

	June 30, 2021			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities AFS:				
Mortgage-backed securities	$ 296,205	$ 1,913	$ (4,340)	$ 293,778
Municipal bonds	207,413	4,142	(504)	211,051
U.S. agency securities	7,055	153	(25)	7,183
Total Securities AFS	$ 510,673	$ 6,208	$ (4,869)	$ 512,012

	December 31, 2020			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities AFS:				
Mortgage-backed securities	$ 271,709	$ 3,450	$ (332)	$ 274,827
Municipal bonds	207,834	5,498	(51)	213,281
U.S. agency securities	9,902	200	(4)	10,098
Total Securities AFS	$ 489,445	$ 9,148	$ (387)	$ 498,206

The amortized costs and estimated fair value of debt securities as of June 30, 2021, 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.

(in thousands)	Amortized Cost	Fair Value
Within one year	$ 4,069	$ 4,077
After one year but within five years	30,116	30,758
After five years but within ten years	40,610	41,716
After ten years	435,878	435,461
Total	$ 510,673	$ 512,012

Information pertaining to securities with gross unrealized losses as of June 30, 2021 and December 31, 2020, aggregated by investment category and length of time that individual securities have been in a continuous loss position is described as follows:

	Less than twelve months		Twelve months or more	
(in thousands)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
June 30, 2021				
Securities AFS:				
Mortgage-backed securities	$ (4,340)	$ 214,411	$ —	$ —
Municipal bonds	(504)	32,969	—	—
U.S. agency securities	(25)	2,955	—	—
Total Securities AFS	$ (4,869)	$ 250,335	$ —	$ —
December 31, 2020				
Securities AFS:				
Mortgage-backed securities	$ (332)	$ 72,367	$ —	$ —
Municipal bonds	(51)	9,466	—	—
U.S. agency securities	(4)	4,996	—	—
Total Securities AFS	$ (387)	$ 86,829	$ —	$ —

As of June 30, 2021, the Company held 97 securities that were in unrealized loss positions. The aggregate unrealized loss of these securities as of June 30, 2021, was 0.95% of the amortized cost basis of the total securities AFS portfolio. Management and the Asset-Liability Management Committee continually monitor the securities portfolio and are able to effectively measure and monitor the unrealized loss positions on these securities. 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. The unrealized losses on these securities have been determined by management to be a function of the movement of interest rates since the time of purchase. Based on the review of available information, including recent changes in interest rates and credit rating information, management believes the decline in fair value of these securities is temporary. The Company does not consider these securities to have OTTI.

Management evaluates securities for OTTI on at least a quarterly basis and more frequently if economic or market concerns merit such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost; (2) the financial condition and near-term prospects of the issuer; and (3) whether the Company intends to, and it is more likely than not that it will be able to, retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Additionally, the Company annually performs a detailed credit review of the municipal securities owned to identify any potential credit concerns. There were no OTTI losses on debt securities related to credit losses recognized during the six months ended June 30, 2021, or the year ended December 31, 2020.

The proceeds from sales and calls of securities AFS and their gross gain (loss) for the three and six months ended June 30, 2021 and 2020, are shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2021	2020	2021	2020
Proceeds [1]	$ 50,399	$ 55,765	$ 115,168	$ 86,925
Gross gain	$ 408	$ 861	$ 850	$ 1,316
Gross loss	$ (374)	$ (21)	$ (657)	$ (93)

[1] The proceeds include the gross gain and loss.

Pledged Securities

Securities with carrying values of approximately $114.3 million and $105.1 million were pledged to secure public entity deposits as of June 30, 2021 and December 31, 2020, respectively.

3. Loans and Asset Quality

Loans

Loans HFI by category and loans HFS are summarized below:

(in thousands)	June 30, 2021	December 31, 2020
Real estate:		
Commercial real estate	$ 578,005	$ 556,769
One-to-four family residential	462,611	442,889
Construction and development	101,073	127,321
Commercial and industrial	280,004	250,428
SBA PPP, net of deferred income	82,972	118,447
Tax-exempt	73,289	68,666
Consumer	22,434	23,926
Total loans HFI	$ 1,600,388	$ 1,588,446
Total loans HFS	$ 12,291	$ 29,116

Allowance for Loan Losses

The following table summarizes the activity in the allowance for loan losses by category for the six months ended June 30, 2021:

(in thousands)	Beginning Balance December 31, 2020	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance June 30, 2021
Real estate:					
Commercial real estate	$ 5,798	$ 730	$ —	$ —	$ 6,528
One-to-four family residential	5,390	412	(10)	7	5,799
Construction and development	1,699	(326)	—	1	1,374
Commercial and industrial	3,631	698	(40)	13	4,302
SBA PPP, net of deferred income	318	(91)	—	—	227
Tax-exempt	680	69	—	—	749
Consumer	435	108	(163)	101	481
Total allowance for loan losses	$ 17,951	$ 1,600	$ (213)	$ 122	$ 19,460

The following table summarizes the activity in the allowance for loan losses by category for the twelve months ended December 31, 2020:

(in thousands)	Beginning Balance December 31, 2019	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance December 31, 2020
Real estate:					
Commercial real estate	$ 3,454	$ 2,344	$ —	$ —	$ 5,798
One-to-four family residential	3,323	2,057	—	10	5,390
Construction and development	1,211	501	(14)	1	1,699
Commercial and industrial	5,175	551	(2,184)	89	3,631
SBA PPP, net of deferred income	—	318	—	—	318
Tax-exempt	334	346	—	—	680
Consumer	440	176	(355)	174	435
Total allowance for loan losses	$ 13,937	$ 6,293	$ (2,553)	$ 274	$ 17,951

The balance in the allowance for loan losses and the related recorded investment in loans by category as of June 30, 2021, are as follows:

(in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality	Total
Allowance for loan losses:				
Real estate:				
Commercial real estate	$ 614	$ 5,914	$ —	$ 6,528
One-to-four family residential	11	5,788	—	5,799
Construction and development	—	1,374	—	1,374
Commercial and industrial	10	4,292	—	4,302
SBA PPP, net of deferred income	—	227	—	227
Tax-exempt	—	749	—	749
Consumer	106	375	—	481
Total allowance for loan losses	$ 741	$ 18,719	$ —	$ 19,460
Loans:				
Real estate:				
Commercial real estate	$ 3,610	$ 574,395	$ —	$ 578,005
One-to-four family residential	401	462,210	—	462,611
Construction and development	750	100,323	—	101,073
Commercial and industrial	800	279,204	—	280,004
SBA PPP, net of deferred income	—	82,972	—	82,972
Tax-exempt	—	73,289	—	73,289
Consumer	106	22,328	—	22,434
Total loans HFI	$ 5,667	$ 1,594,721	$ —	$ 1,600,388

The balance in the allowance for loan losses and the related recorded investment in loans by category as of December 31, 2020, are as follows:

(in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality	Total
Allowance for loan losses:				
Real estate:				
Commercial real estate	$ 268	$ 5,530	$ —	$ 5,798
One-to-four family residential	45	5,345	—	5,390
Construction and development	—	1,699	—	1,699
Commercial and industrial	540	3,091	—	3,631
SBA PPP, net of deferred income	—	318	—	318
Tax-exempt	—	680	—	680
Consumer	111	324	—	435
Total allowance for loan losses	$ 964	$ 16,987	$ —	$ 17,951
Loans:				
Real estate:				
Commercial real estate	$ 3,617	$ 553,152	$ —	$ 556,769
One-to-four family residential	1,126	441,763	—	442,889
Construction and development	—	127,321	—	127,321
Commercial and industrial	3,979	246,449	—	250,428
SBA PPP, net of deferred income	—	118,447	—	118,447
Tax-exempt	—	68,666	—	68,666
Consumer	114	23,812	—	23,926
Total loans HFI	$ 8,836	$ 1,579,610	$ —	$ 1,588,446

Past Due and Nonaccrual Loans

A summary of current, past due, and nonaccrual loans as of June 30, 2021, is as follows:

	Accruing				
(in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total Loans
Real estate:					
Commercial real estate	$ 577,258	$ —	$ —	$ 747	$ 578,005
One-to-four family residential	462,380	—	—	231	462,611
Construction and development	100,824	—	—	249	101,073
Commercial and industrial	279,198	7	—	799	280,004
SBA PPP, net of deferred income	82,972	—	—	—	82,972
Tax-exempt	73,289	—	—	—	73,289
Consumer	22,396	37	1	—	22,434
Total loans HFI	$ 1,598,317	$ 44	$ 1	$ 2,026	$ 1,600,388

A summary of current, past due, and nonaccrual loans as of December 31, 2020, is as follows:

	Accruing				
(in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total Loans
Real estate:					
Commercial real estate	$ 554,861	$ 62	$ —	$ 1,846	$ 556,769
One-to-four family residential	442,096	219	—	574	442,889
Construction and development	127,258	63	—	—	127,321
Commercial and industrial	249,453	93	—	882	250,428
SBA PPP, net of deferred income	118,447	—	—	—	118,447
Tax-exempt	68,666	—	—	—	68,666
Consumer	23,891	27	3	5	23,926
Total loans HFI	$ 1,584,672	$ 464	$ 3	$ 3,307	$ 1,588,446

Impaired Loans

Impaired loans include TDRs and performing and nonperforming loans. Information pertaining to impaired loans as of June 30, 2021, is as follows:

(in thousands)	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment
With no related allowance recorded:				
Real estate:				
Commercial real estate	$ 1,659	$ 1,656	$ —	$ 1,488
One-to-four family residential	343	311	—	652
Construction and development	750	750	—	250
Commercial and industrial	1,730	786	—	323
SBA PPP, net of deferred income	—	—	—	—
Tax-exempt	—	—	—	—
Consumer	—	—	—	1
Total with no related allowance	4,482	3,503	—	2,714
With allowance recorded:				
Real estate:				
Commercial real estate	1,958	1,954	614	1,947
One-to-four family residential	90	90	11	212
Construction and development	—	—	—	—
Commercial and industrial	14	14	10	2,587
SBA PPP, net of deferred income	—	—	—	—
Tax-exempt	—	—	—	—
Consumer	106	106	106	109
Total with related allowance	2,168	2,164	741	4,855
Total impaired loans	$ 6,650	$ 5,667	$ 741	$ 7,569

Table of Contents

Information pertaining to impaired loans as of December 31, 2020, is as follows:

(in thousands)	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment
With no related allowance recorded:				
Real estate:				
Commercial real estate	$ 1,459	$ 1,428	$ —	$ 1,417
One-to-four family residential	891	827	—	987
Construction and development	—	—	—	—
Commercial and industrial	92	92	—	1,173
SBA PPP, net of deferred income	—	—	—	—
Tax-exempt	—	—	—	—
Consumer	1	1	—	2
Total with no related allowance	2,443	2,348	—	3,579
With allowance recorded:				
Real estate:				
Commercial real estate	2,402	2,189	268	1,533
One-to-four family residential	306	299	45	234
Construction and development	—	—	—	8
Commercial and industrial	4,854	3,887	540	6,521
SBA PPP, net of deferred income	—	—	—	—
Tax-exempt	—	—	—	—
Consumer	114	113	111	103
Total with related allowance	7,676	6,488	964	8,399
Total impaired loans	$ 10,119	$ 8,836	$ 964	$ 11,978

The interest income recognized on impaired loans for the three months ended June 30, 2021 and June 30, 2020, was $21,000 and $71,000, respectively. The interest income recognized on impaired loans for the six months ended June 30, 2021 and June 30, 2020, was $86,000 and $162,000, respectively.

Troubled Debt Restructurings

The restructuring of a loan is considered a TDR if the borrower is experiencing financial difficulties and the bank has granted a concession. Concessions grant terms to the borrower that would not be offered for new debt with similar risk characteristics. Concessions typically include interest rate reductions or below market interest rates, revising amortization schedules to defer principal and interest payments, and other changes necessary to provide payment relief to the borrower and minimize the risk of loss. There were no unfunded commitments to extend credit related to these loans as of June 30, 2021 or December 31, 2020.

A summary of current, past due, and nonaccrual TDR loans as of June 30, 2021, is as follows:

(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total TDRs
Real estate:					
Commercial real estate	$ 1,782	$ —	$ —	$ —	$ 1,782
One-to-four family residential	296	—	—	—	296
Construction and development	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
SBA PPP, net of deferred income	—	—	—	—	—
Tax-exempt	—	—	—	—	—
Consumer	—	—	—	—	—
Total	$ 2,078	$ —	$ —	$ —	$ 2,078
Number of TDR loans	10	—	—	—	10

A summary of current, past due, and nonaccrual TDR loans as of December 31, 2020, is as follows:

(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total TDRs
Real estate:					
Commercial real estate	$ 1,151	$ —	$ —	$ 1,212	$ 2,363
One-to-four family residential	303	—	—	—	303
Construction and development	—	—	—	—	—
Commercial and industrial	—	—	—	5	5
SBA PPP, net of deferred income	—	—	—	—	—
Tax-exempt	—	—	—	—	—
Consumer	—	—	—	—	—
Total	$ 1,454	$ —	$ —	$ 1,217	$ 2,671
Number of TDR loans	8	—	—	4	12

There were no loans modified as TDRs during the six months ended June 30, 2021 and June 30, 2020. Additionally, there were no defaults on loans during the six months ended June 30, 2021 or June 30, 2020, that had been modified as a TDR during the prior twelve months.

Short-term loan modifications on loans HFI were made to provide temporary relief to borrowers that have been adversely affected by the outbreak of COVID-19. In accordance with interagency regulatory guidance issued in March 2020, and revised in April 2020, these short-term deferrals are not deemed to be TDRs to the extent they meet the terms of such guidance.

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.

Substandard - Loans in this category have well defined weaknesses which jeopardize normal repayment of principal and interest.

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 allowance for loan losses.

The following table summarizes loans by risk rating as of June 30, 2021:

(in thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate:						
Commercial real estate	$ 573,788	$ 521	$ 3,696	$ —	$ —	$ 578,005
One-to-four family residential	461,909	331	371	—	—	462,611
Construction and development	100,466	—	607	—	—	101,073
Commercial and industrial	274,360	2,016	3,628	—	—	280,004
SBA PPP, net of deferred income	82,972	—	—	—	—	82,972
Tax-exempt	73,289	—	—	—	—	73,289
Consumer	22,327	—	107	—	—	22,434
Total loans HFI	$ 1,589,111	$ 2,868	$ 8,409	$ —	$ —	$ 1,600,388

The following table summarizes loans by risk rating as of December 31, 2020:

(in thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate:						
Commercial real estate	$ 551,954	$ 555	$ 4,260	$ —	$ —	$ 556,769
One-to-four family residential	441,374	486	1,029	—	—	442,889
Construction and development	126,542	—	779	—	—	127,321
Commercial and industrial	245,043	1,310	4,075	—	—	250,428
SBA PPP, net of deferred income	118,447	—	—	—	—	118,447
Tax-exempt	68,666	—	—	—	—	68,666
Consumer	23,813	—	113	—	—	23,926
Total loans HFI	$ 1,575,839	$ 2,351	$ 10,256	$ —	$ —	$ 1,588,446

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, 2021, unfunded loan commitments totaled approximately $315.5 million. As of December 31, 2020, unfunded loan commitments totaled approximately $283.3 million.

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, 2021, commitments under standby letters of credit totaled approximately $12.0 million. As of December 31, 2020, commitments under standby letters of credit totaled approximately $10.5 million. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

4. Deposits

Deposits were $2.57 billion and $2.34 billion as of June 30, 2021 and December 31, 2020, respectively. This increase was a result of customers receiving funds from government stimulus programs, customers depositing the proceeds from their PPP2 loans, and customers maintaining larger deposit balances. Deposits are summarized below:

(in thousands)	June 30, 2021	December 31, 2020
Noninterest-bearing deposits	$ 1,031,486	$ 943,615
Interest-bearing deposits:		
NOW accounts	383,753	402,572
Money market accounts	637,845	506,902
Savings accounts	173,428	146,264
Time deposits < $100,000	110,105	108,982
Time deposits $100,000 to $250,000	137,879	138,683
Time deposits > $250,000	95,103	93,342
Total interest-bearing deposits	1,538,113	1,396,745
Total deposits	$ 2,569,599	$ 2,340,360

5. 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.

6. 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 impaired 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:

Investment Securities and other Stocks: The fair values for marketable securities 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. However, from time to time, a loan may be considered impaired and an allowance for loan losses may be established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment using estimated fair value methodologies. The fair value of impaired loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, liquidation value, and discounted cash flows. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company considers the impaired loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company considers the impaired 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, 2021				
Loans HFS	$ 12,291	$ —	$ 12,291	$ —
Securities AFS:				
Mortgage-backed securities	293,778	—	293,778	—
Municipal bonds	211,051	—	211,051	—
U.S. agency securities	7,183	—	7,183	—
Equity securities	3,961	3,961	—	—
December 31, 2020				
Loans HFS	$ 29,116	$ —	$ 29,116	$ —
Securities AFS:				
Mortgage-backed securities	274,827	—	274,827	—
Municipal bonds	213,281	—	213,281	—
U.S. agency securities	10,098	—	10,098	—
Equity securities	4,021	4,021	—	—

There were no transfers between Level 1, 2, or 3 for the six months ended June 30, 2021 and the year ended December 31, 2020.

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 impaired 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 impaired loans that were remeasured and reported at fair value through the allowance for loan losses based upon the fair value of the underlying collateral during the reported periods:

	For the Six Months Ended	
(in thousands)	June 30, 2021	June 30, 2020
Carrying value of impaired loans before allowance for loan losses	$ 1,537	$ 585
Specific allowance for loan losses	(10)	(290)
Fair value of impaired loans	$ 1,527	$ 295

We did not have any financial liabilities measured at fair value on a nonrecurring basis for the six months ended June 30, 2021 and June 30, 2020.

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 allowance for loan losses 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 during the reported periods:

	For the Six Months Ended	
(in thousands)	June 30, 2021	June 30, 2020
Foreclosed assets remeasured at initial recognition:		
Carrying value of foreclosed assets prior to remeasurement	$ 266	$ 23
Charge-offs	—	—
Fair value of foreclosed assets	$ 266	$ 23

There were no foreclosed assets that were remeasured subsequent to initial recognition for the six months ended June 30, 2021 or June 30, 2020.

We did not have any nonfinancial liabilities measured at fair value on a nonrecurring basis for the six months ended June 30, 2021 and June 30, 2020.

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

(dollars in thousands)	Fair Value	Valuation Technique	Unobservable Input	Discount Ranges	Weighted Average Discount
June 30, 2021					
Impaired loans	$ 4,926	Discounted appraisals	Collateral discounts and costs to sell	0% - 100%	13.08%
Foreclosed assets	$ 1,059	Discounted appraisals	Collateral discounts and costs to sell	N/A	N/A
December 31, 2020					
Impaired loans	$ 7,872	Discounted appraisals	Collateral discounts and costs to sell	0% - 100%	10.91%
Foreclosed assets	$ 896	Discounted appraisals	Collateral discounts and costs to sell	0% - 13%	1.86%

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments as of June 30, 2021 and December 31, 2020, were as follows:

(in thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
June 30, 2021					
Financial assets:					
Cash and due from banks	$ 33,728	$ 33,728	$ 33,728	$ —	$ —
Interest-bearing deposits in other banks	633,744	633,744	633,744	—	—
Securities AFS	512,012	512,012	—	512,012	—
Equity securities	3,961	3,961	3,961	—	—
Nonmarketable equity securities	3,449	3,449	—	3,449	—
Loans HFS	12,291	12,291	—	12,291	—
Loans HFI, net of allowance	1,580,928	1,588,641	—	—	1,588,641
Accrued interest receivable	6,039	6,039	—	—	6,039
Financial liabilities:					
Deposits	2,569,599	2,572,486	—	2,572,486	—
Accrued interest payable	1,432	1,432	—	1,432	—
December 31, 2020					
Financial assets:					
Cash and due from banks	$ 29,537	$ 29,537	$ 29,537	$ —	$ —
Interest-bearing deposits in other banks	417,664	417,664	417,664	—	—
Securities AFS	498,206	498,206	—	498,206	—
Equity securities	4,021	4,021	4,021	—	—
Nonmarketable equity securities	3,447	3,447	—	3,447	—
Loans HFS	29,116	29,116	—	29,116	—
Loans HFI, net of allowance	1,570,495	1,578,398	—	—	1,578,398
Accrued interest receivable	6,880	6,880	—	—	6,880
Financial liabilities:					
Deposits	2,340,360	2,344,969	—	2,344,969	—
Accrued interest payable	1,774	1,774	—	1,774	—

7. Regulatory Capital Requirements

Red River Bank

The Bank is subject to various regulatory capital requirements administered by the FDIC. 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 Bank's and the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, 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.

The Bank is subject to Basel III capital guidelines. Basel III requires the Bank to maintain certain minimum ratios to meet capital adequacy requirements. In addition, a capital conservation buffer was established above the minimum regulatory capital requirements. Effective January 1, 2019, the final capital conservation buffer was fully phased in at 2.500%. It is management’s belief that, as of June 30, 2021, the Bank met all capital adequacy requirements under Basel III. Management expects that the capital ratios for the Bank under Basel III will continue to exceed capital adequacy requirements. The most recent notification from the FDIC (as of December 31, 2019) categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action.

Capital amounts and ratios for Red River Bank as of June 30, 2021 and December 31, 2020, are presented in the following table:

	Actual		Regulatory Requirements			
			Minimum		Minimum Plus CCB	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2021						
Total Risk-Based Capital	$ 289,125	17.83 %	$ 129,746	8.00 %	$ 170,291	10.50 %
Tier I Risk-Based Capital	$ 269,665	16.63 %	$ 97,309	6.00 %	$ 137,855	8.50 %
Common Equity Tier I Capital	$ 269,665	16.63 %	$ 72,982	4.50 %	$ 113,527	7.00 %
Tier I Leverage Capital	$ 269,665	9.41 %	$ 114,627	4.00 %	$ 114,627	4.00 %
December 31, 2020						
Total Risk-Based Capital	$ 271,061	17.17 %	$ 126,307	8.00 %	$ 165,778	10.50 %
Tier I Risk-Based Capital	$ 253,110	16.03 %	$ 94,731	6.00 %	$ 134,202	8.50 %
Common Equity Tier I Capital	$ 253,110	16.03 %	$ 71,048	4.50 %	$ 110,519	7.00 %
Tier I Leverage Capital	$ 253,110	9.98 %	$ 101,495	4.00 %	$ 101,495	4.00 %

Red River Bancshares, Inc.

As a general matter, bank holding companies are subject to capital adequacy requirements under applicable Federal Reserve regulations. However, bank holding companies which qualify as "small bank holding companies" under the Federal Reserve's Small Bank Holding Company Policy Statement are exempt from the Federal Reserve's capital adequacy guidelines at the holding company level. In May 2018, the Economic Growth Act was enacted, and it increased the asset threshold for "small bank holding companies" from $1.0 billion to $3.0 billion. Because the Company had less than $3.0 billion in assets as of June 30, 2020, the last applicable measurement date, it is not subject to capital adequacy guidelines on a consolidated basis. Although the minimum regulatory capital requirements are not applicable to the Company, the Company calculates these ratios for its own planning and monitoring purposes.

Capital amounts and ratios for Red River Bancshares, Inc. as of June 30, 2021 and December 31, 2020, are presented in the following table:

	Actual	
(dollars in thousands)	Amount	Ratio
June 30, 2021		
Total Risk-Based Capital	$ 309,780	19.10 %
Tier I Risk-Based Capital	$ 290,320	17.90 %
Common Equity Tier I Capital	$ 290,320	17.90 %
Tier I Leverage Capital	$ 290,320	10.13 %
December 31, 2020		
Total Risk-Based Capital	$ 294,962	18.68 %
Tier I Risk-Based Capital	$ 277,011	17.55 %
Common Equity Tier I Capital	$ 277,011	17.55 %
Tier I Leverage Capital	$ 277,011	10.92 %

Community Bank Leverage Ratio Framework

As part of the directive under the Economic Growth Act, on September 17, 2019, the FDIC and other federal bank regulatory agencies approved the CBLR framework. This optional framework became effective January 1, 2020, and is available 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% (subsequently temporarily reduced to 8.00% for 2020 and 8.50% for 2021 as a COVID-19 relief measure), are considered qualifying community banking organizations and are eligible to opt into the CBLR framework and replace the applicable Basel III risk-based capital requirements.

As of June 30, 2021, the Company and the Bank qualify for the CBLR framework. Management does not intend to utilize the CBLR framework.

8. 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 Amended and Restated 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 per share amounts)	**2021**	**2020**	**2021**	**2020**
Numerator:				
Net income - basic	$ 8,239	$ 6,854	$ 16,304	$ 13,599
Net income - diluted	$ 8,239	$ 6,854	$ 16,304	$ 13,599
Denominator:				
Weighted average shares outstanding - basic	7,300,040	7,322,532	7,308,968	7,317,906
Plus: Effect of Director Compensation Program	283	869	514	800
Plus: Effect of stock options and restricted stock	19,028	25,371	19,028	32,204
Weighted average shares outstanding - diluted	7,319,351	7,348,772	7,328,510	7,350,910
Earnings per common share:				
Basic	$ 1.13	$ 0.94	$ 2.23	$ 1.86
Diluted	$ 1.13	$ 0.93	$ 2.22	$ 1.85

9. Stock Repurchase Program

On August 27, 2020, the Company's board of directors approved a stock repurchase program. The repurchase program authorizes the Company to purchase up to $3.0 million of its outstanding shares of common stock through August 27, 2021. 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 three months ended June 30, 2021, the Company repurchased 21,653 shares of its common stock at an aggregate cost of $1.2 million. For the six months ended June 30, 2021, the Company repurchased 41,314 shares of its common stock at an aggregate cost of $2.2 million.

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, 2020 through June 30, 2021, and on our results of operations for the three and six months ended June 30, 2021 and June 30, 2020. This discussion and analysis should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2020, included in our Annual Report on Form 10-K for the year ended December 31, 2020, and information presented elsewhere in this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q. 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, 2020. 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 26 banking centers throughout Louisiana and one combined loan and deposit production office in Lafayette, 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; and the Northshore, which includes Covington.

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 in which we offer our products and services. Our strategy is to expand geographically through the establishment of *de novo* banking centers in new markets and, to a lesser extent, through the acquisition of financial institutions with customer-oriented, compatible philosophies and in desirable geographic areas.

SECOND QUARTER 2021 OVERVIEW

The second quarter of 2021 included record-high quarterly net income, a continued high level of liquidity, the completion of the issuance of SBA PPP2 loans, and an executive management change. Economic activity in Louisiana improved due to the removal of most Louisiana COVID-19 pandemic restrictions, the wide-spread availability of COVID-19 vaccines, and the continuing effects of government stimulus funds.

COVID-19 Update

Due to the COVID-19 pandemic and executive orders by the governor of Louisiana, the residents, businesses, and non-profit organizations of Louisiana have been subject to the following limitations since March 2021:

- Effective March 3, 2021, Louisiana moved to modified Phase Three restriction status. Most non-essential businesses and places of worship were permitted to operate at 75% occupancy. A few classes of businesses were permitted to operate at 50% occupancy, and other businesses, including amusement parks and music halls, remained closed.
- Effective March 31, 2021, certain Phase Three restrictions were lifted. Most non-essential businesses, including restaurants, were allowed to operate at 100% capacity. The statewide mask mandate remained in place.
- Effective April 28, 2021, the statewide mask mandate was lifted. A few classes of businesses remain restricted to 75% occupancy, including theaters, athletic event venues, and conference centers.
- On May 26, 2021, remaining limits on occupancy restrictions for businesses were lifted.
- In the first quarter of 2021, COVID-19 vaccinations became widely available. As of June 30, 2021, approximately 34.6% of Louisiana's population was fully vaccinated.
- Effective August 4, 2021, a temporary statewide indoor mask mandate was instated until at least September 1, 2021, due to the recent rise in COVID-19 cases and hospitalizations across Louisiana.

As an essential business and to support our customers, Red River Bank has provided full banking services throughout the pandemic.

Second Quarter 2021 Financial and Operational Highlights

- Net income for the second quarter of 2021 was $8.2 million, or $1.13 diluted EPS, an increase of $1.4 million, or 20.2%, compared to $6.9 million, or $0.93 diluted EPS, for the second quarter of 2020. Net income for the six months ended June 30, 2021, was $16.3 million, or $2.22 diluted EPS, an increase of $2.7 million, or 19.9%, compared to $13.6 million, or $1.85 diluted EPS, for the six months ended June 30, 2020.
- For the second quarter of 2021, the quarterly return on assets was 1.15%, and the quarterly return on equity was 11.41%.
- Assets were $2.88 billion as of June 30, 2021, a $57.8 million, or 2.0%, increase from March 31, 2021, and a $235.8 million, or 8.9%, increase from December 31, 2020. Asset growth in 2021 was driven by an increase in deposits.
- Red River Bank is participating in the SBA PPP. In the second quarter of 2021, forgiveness of PPP1 loans exceeded the issuance of PPP2 loans which resulted in a $36.4 million decrease in PPP loans. As of June 30, 2021, PPP loans were $83.0 million, net of $2.9 million of deferred income, or 5.2% of loans HFI. PPP1 loan forgiveness was lower in the second quarter of 2021 than in the first quarter of 2021 which resulted in a decrease in PPP loan income. PPP loan income for the second quarter of 2021 was $1.1 million, which was $1.1 million lower than the prior quarter.
- As of June 30, 2021, non-PPP loans HFI (non-GAAP) were $1.52 billion, an increase of $34.7 million, or 2.3%, from March 31, 2021, and an increase of $47.4 million, or 3.2%, from December 31, 2020, due to new loan activity in our newer markets. For additional information on non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.
- Loans HFI decreased $1.7 million in the second quarter of 2021 to $1.60 billion as of June 30, 2021, due to PPP loan forgiveness payments outpacing non-PPP loan activity.
- The net interest margin FTE for the second quarter of 2021 was 2.54%, compared to 2.76% for the prior quarter and 3.12% for the second quarter of 2020. The net interest margin for the first and second quarters of 2021 was negatively impacted by a high level of low-yielding short-term liquid assets, combined with less PPP loan income compared to the respective prior quarters. The high level of low-yielding short-term liquid assets had a 70 bp dilutive impact to the net interest margin FTE in the second quarter of 2021.
- Nonperforming assets decreased $518,000 in the second quarter and were $3.1 million, or 0.11% of assets as of June 30, 2021. As of June 30, 2021, the allowance for loan losses was $19.5 million, or 1.22% of loans HFI and 1.28% of non-PPP loans HFI (non-GAAP). Due to favorable asset quality metrics and the allowance for loan losses balance, the provision for loan losses for the second quarter of 2021 was $150,000, compared to $1.5 million for the prior quarter. The provision for loan losses was $1.5 million for the second quarter of 2020. For additional information on non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.
- Mortgage loan income for the second quarter of 2021 was $2.4 million, an 18.2% decrease from the prior quarter and a 21.1% increase from the second quarter of 2020. Mortgage loan activity and income decreased in the second quarter of 2021 compared to the prior quarter due to reduced mortgage loan demand.
- We paid a quarterly cash dividend of $0.07 per common share during the second quarter of 2021.
- In accordance with the stock repurchase program implemented in the third quarter of 2020, we repurchased 21,653 shares of common stock in the second quarter of 2021 at an aggregate cost of $1.2 million.
- Founding executive management member and Executive Vice President Tammi Salazar was appointed Chief Operating Officer of Red River Bank.
- In the second quarter of 2021, we invested in the JAM FINTOP Banktech, L.P. fund to strategically develop technology systems as we expand the Bank's digital offerings.
- We selected and began implementing a new loan processing system. The system is expected to improve the efficiency of loan processing over the entire loan lifecycle, minimize loan processing costs, and provide customers with an online, digital loan application system.
- In early July 2021, we opened a new banking center in Lake Charles, Louisiana.
- In our Acadiana market, we continued to operate a loan and deposit production office in Lafayette, Louisiana, while a new, full-service banking center location that we purchased in 2020 is under renovation. We expect this banking center to open in late 2021.

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

(dollars in thousands)	As of		Change from December 31, 2020 to June 30, 2021	
	June 30, 2021	**December 31, 2020**	**$ Change**	**% Change**
Selected Period End Balance Sheet Data:				
Total assets	$ 2,878,476	$ 2,642,634	$ 235,842	8.9 %
Interest-bearing deposits in other banks	633,744	417,664	216,080	51.7 %
Securities available-for-sale	512,012	498,206	13,806	2.8 %
Loans held for investment	1,600,388	1,588,446	11,942	0.8 %
Total deposits	2,569,599	2,340,360	229,239	9.8 %
Total stockholders' equity	292,924	285,478	7,446	2.6 %

(dollars in thousands, except per share data)	As of and for the Three Months Ended June 30, 2021	March 31, 2021	June 30, 2020	As of and for the Six Months Ended June 30, 2021	June 30, 2020
Net Income	$ 8,239	$ 8,065	$ 6,854	$ 16,304	$ 13,599
Per Common Share Data:					
Earnings per share, basic	$ 1.13	$ 1.10	$ 0.94	$ 2.23	$ 1.86
Earnings per share, diluted	$ 1.13	$ 1.10	$ 0.93	$ 2.22	$ 1.85
Book value per share	$ 40.21	$ 38.99	$ 37.03	$ 40.21	$ 37.03
Tangible book value per share(1,2)	$ 40.00	$ 38.78	$ 36.81	$ 40.00	$ 36.81
Cash dividends per share	$ 0.07	$ 0.07	$ 0.06	$ 0.14	$ 0.12
Shares outstanding	7,284,994	7,306,747	7,322,532	7,284,994	7,322,532
Weighted average shares outstanding, basic	7,300,040	7,317,995	7,322,532	7,308,968	7,317,906
Weighted average shares outstanding, diluted	7,319,351	7,337,151	7,348,772	7,328,510	7,350,910
Summary Performance Ratios:					
Return on average assets	1.15 %	1.20 %	1.20 %	1.18 %	1.27 %
Return on average equity	11.41 %	11.36 %	10.30 %	11.38 %	10.41 %
Net interest margin	2.48 %	2.69 %	3.07 %	2.58 %	3.20 %
Net interest margin FTE(3)	2.54 %	2.76 %	3.12 %	2.64 %	3.26 %
Efficiency ratio(4)	56.62 %	54.02 %	56.50 %	55.30 %	56.93 %
Loans HFI to deposits ratio	62.28 %	63.69 %	78.06 %	62.28 %	78.06 %
Noninterest-bearing deposits to deposits ratio	40.14 %	40.37 %	41.48 %	40.14 %	41.48 %
Noninterest income to average assets	0.90 %	1.01 %	1.02 %	0.95 %	0.99 %
Operating expense to average assets	1.88 %	1.96 %	2.26 %	1.92 %	2.33 %
Summary Credit Quality Ratios:					
Nonperforming assets to total assets	0.11 %	0.13 %	0.18 %	0.11 %	0.18 %
Nonperforming loans to loans HFI	0.13 %	0.18 %	0.21 %	0.13 %	0.21 %
Allowance for loan losses to loans HFI	1.22 %	1.21 %	0.92 %	1.22 %	0.92 %
Net charge-offs to average loans	0.01 %	0.00 %	0.06 %	0.01 %	0.07 %
Capital Ratios:					
Total stockholders’ equity to total assets	10.18 %	10.10 %	11.48 %	10.18 %	11.48 %
Tangible common equity to tangible assets(1,5)	10.13 %	10.05 %	11.42 %	10.13 %	11.42 %
Total risk-based capital to risk-weighted assets	19.10 %	18.87 %	18.22 %	19.10 %	18.22 %
Tier 1 risk-based capital to risk-weighted assets	17.90 %	17.66 %	17.25 %	17.90 %	17.25 %
Common equity Tier 1 capital to risk-weighted assets	17.90 %	17.66 %	17.25 %	17.90 %	17.25 %
Tier 1 risk-based capital to average assets	10.13 %	10.43 %	11.52 %	10.13 %	11.52 %

(1) Non-GAAP financial measure. Calculations of this measure and reconciliations to GAAP are included in " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q. This measure has not been audited.
(2) We calculate tangible book value per common 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) Net interest margin FTE includes an FTE adjustment using a 21% federal income tax rate on tax-exempt securities and tax-exempt loans.
(4) Efficiency ratio represents operating expenses divided by the sum of net interest income and noninterest income.
(5) 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 2021 was $8.2 million, or $1.13 diluted EPS, an increase of $1.4 million, or 20.2%, compared to $6.9 million, or $0.93 diluted EPS, in the second quarter of 2020. The increase in net income was due to a $1.4 million decrease in the provision for loan losses, a $580,000 increase in noninterest income, and a $291,000 increase in net interest income, partially offset by a $523,000 increase in operating expenses and a $338,000 increase in income tax expense. The return on assets for the second quarter of 2021 was 1.15%, compared to 1.20% for the second quarter of 2020. The return on equity was 11.41% for the second quarter of 2021 and 10.30% for the second quarter of

2020. Our efficiency ratio for the second quarter of 2021 was 56.62%, compared to 56.50% for the second quarter of 2020.

Net income for the six months ended June 30, 2021, was $16.3 million, or $2.22 diluted EPS, an increase of $2.7 million, or 19.9%, compared to $13.6 million, or $1.85 diluted EPS, for the six months ended June 30, 2020. The increase in net income was due to a $2.6 million increase in noninterest income, a $1.8 million increase in net interest income, and a $428,000 decrease in the provision for loan losses, partially offset by a $1.7 million increase in operating expenses and a $405,000 increase in income tax expense. The return on assets for the six months ended June 30, 2021, was 1.18%, compared to 1.27% for the same period in the prior year. The return on equity was 11.38% for the six months ended June 30, 2021, and 10.41% for the six months ended June 30, 2020. Our efficiency ratio for the six months ended June 30, 2021, was 55.30%, compared to 56.93% for the six months ended June 30, 2020.

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.

Since March 2020, we have been in a low interest rate environment that has impacted both the net interest income and net interest margin FTE. In March 2020, the target federal funds rate decreased 150 bps to 0.25% and has remained at this rate through June 30, 2021. The average effective federal funds rate for the second quarter of 2020 was 0.06%. The average effective federal funds rate for the second quarter of 2021 was 0.07%. The lower interest rate environment impacted yields on new, renewing, and floating rate loans, short-term liquid assets, and securities.

For the second quarter of 2021, deposit growth resulted in additional liquidity which was deployed primarily into interest-bearing deposits in other banks, as well as securities and non-PPP loans. This level of liquidity had a 70 bp dilutive impact to the net interest margin FTE in the second quarter of 2021. For the third quarter of 2021, we expect the net interest margin FTE to be consistent with the second quarter of 2021.

Second Quarter of 2021

Net interest income for the second quarter of 2021 totaled $17.2 million, a $291,000, or 1.7%, increase from $17.0 million for the second quarter of 2020. Net interest income increased due to a $670,000 decrease in interest expense, partially offset by a $379,000 decrease in interest and dividend income.

Interest expense decreased as deposits continued to price downward as we adjusted rates on interest-bearing deposits over the past 15 months. This decrease was partially offset by higher interest-bearing deposit balances. For the second quarter of 2021, average interest-bearing deposits increased $365.6 million, or 31.2%, compared to the second quarter of 2020.

Interest and dividend income decreased primarily due to a $634,000 decrease in non-PPP loan income driven mainly by the lower rate environment, partially offset by an increase in the average balance of non-PPP loans. Interest and dividend income also decreased as a result of a $91,000 decrease in PPP loan income due to a lower balance of PPP loans compared to the second quarter of 2020. These decreases were partially offset by a $262,000 increase in interest income for total securities and an $85,000 increase in interest income on short-term liquid assets. The increase in interest income for total securities was due to a $143.0 million, or 38.0%, growth in average total securities compared to the second quarter of 2020, partially offset by a decrease in the yield. Due to this growth, average total securities were 18.8% of average earning assets for the second quarter of 2021. The increase in interest income on short-term liquid assets was primarily due to a $418.3 million, or 209.8%, growth in average short-term liquid assets when compared to the second quarter of 2020.

Net interest margin FTE decreased 58 bps to 2.54% for the second quarter of 2021, from 3.12% for the second quarter of 2020, primarily due to the higher level of low-yielding short-term liquid assets maintained in the second quarter of 2021 and the Federal Reserve lowering interest rates 150 bps in March 2020. Because deposit growth exceeded loan growth during the last 12 months, excess liquidity was deployed primarily into interest-bearing deposits in other banks and also into securities. For the second quarter of 2021, average short-term liquid assets were $418.3 million, or 209.8%, higher than the second quarter of 2020 and were 22.4% of average earning assets. For the second quarter of 2021, the yield on taxable securities decreased 45 bps to 1.38%, compared to 1.83% for the second quarter of 2020. The yield on tax-exempt securities decreased 32 bps to 2.07%, compared to 2.39% for the same period prior year. The decrease in yield, for both taxable and tax-exempt securities, was due to the securities purchased during the last 12 months having lower yields than the portfolio yield as of June 30, 2020, as a result of the low rate environment. The yield on loans decreased 21 bps to 4.00% for the second quarter of 2021, compared to the same period prior year, due to the impact of the lower interest rate environment on new, renewed, and floating rate loans, partially offset by the yield on PPP loans. As of June

30, 2021, floating rate loans were 16.5% of loans HFI. The resulting yield on interest-earning assets was 2.68% for the second quarter of 2021, a decrease of 77 bps, compared to 3.45% for the second quarter of 2020. The cost of deposits was 0.22% for the second quarter of 2021, a decrease of 19 bps, compared to 0.41% for the second quarter of 2020. The cost of deposits was lower for the second quarter of 2021 due to average noninterest-bearing deposits increasing $205.3 million, or 25.1%, combined with a 34 bp decrease in the rate on interest-bearing deposits for the same period as a result of our adjustments to deposit rates.

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, 2021 and 2020:

	For the Three Months Ended June 30,					
	2021			2020		
(dollars in thousands)	Average Balance Outstanding	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance Outstanding	Interest Earned/ Interest Paid	Average Yield/ Rate
Assets						
Interest-earning assets:						
Loans[1,2]	$ 1,617,267	$ 16,351	4.00 %	$ 1,606,436	$ 17,076	4.21 %
Securities - taxable	319,026	1,102	1.38 %	266,139	1,217	1.83 %
Securities - tax-exempt	200,132	1,036	2.07 %	110,026	659	2.39 %
Federal funds sold	82,723	25	0.12 %	81,253	37	0.18 %
Interest-bearing balances due from banks	534,934	129	0.10 %	118,090	32	0.11 %
Nonmarketable equity securities	3,448	1	0.10 %	3,116	2	0.31 %
Total interest-earning assets	2,757,530	$ 18,644	2.68 %	2,185,060	$ 19,023	3.45 %
Allowance for loan losses	(19,437)			(14,494)		
Noninterest earning assets	131,101			124,625		
Total assets	$ 2,869,194			$ 2,295,191		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing transaction deposits	$ 1,195,766	$ 375	0.13 %	$ 838,802	$ 611	0.29 %
Time deposits	341,941	1,022	1.20 %	333,285	1,440	1.74 %
Total interest-bearing deposits	1,537,707	1,397	0.36 %	1,172,087	2,051	0.70 %
Other borrowings	—	—	— %	18,681	16	0.35 %
Total interest-bearing liabilities	1,537,707	$ 1,397	0.36 %	1,190,768	$ 2,067	0.70 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	1,023,828			818,528		
Accrued interest and other liabilities	17,235			18,155		
Total noninterest-bearing liabilities	1,041,063			836,683		
Stockholders' equity	290,424			267,740		
Total liabilities and stockholders' equity	$ 2,869,194			$ 2,295,191		
Net interest income		$ 17,247			$ 16,956	
Net interest spread			2.32 %			2.75 %
Net interest margin			2.48 %			3.07 %
Net interest margin FTE[3]			2.54 %			3.12 %
Cost of deposits			0.22 %			0.41 %
Cost of funds			0.20 %			0.38 %

(1) Includes average outstanding balances of loans HFS of $10.0 million and $11.2 million for the three months ended June 30, 2021 and 2020, respectively.
(2) Nonaccrual loans are included as loans carrying a zero yield.
(3) Net interest margin FTE includes an FTE adjustment using a 21% federal income tax rate on tax-exempt securities and tax-exempt loans.

In the second quarter of 2021, Red River Bank had $109.2 million of average PPP loans, net of deferred income, outstanding at an interest rate of 1.0%. PPP origination fees were $9.8 million, or 3.76%, of originated PPP loans and are being recorded to interest income over the 24- or 60-month loan term, for PPP1 and PPP2, respectively, or until the loans are forgiven by the SBA. When PPP loan forgiveness payments are received in full, the remaining portion of origination fees are recorded to income. Through June 30, 2021, we had received $174.9 million in SBA forgiveness and borrower payments on 91.2% of the 1,384 PPP1 loans originated. For the second quarter of 2021, PPP loan interest and fees totaled $1.1 million, resulting in a 3.89% yield.

Excluding PPP loan income, net interest income (non-GAAP) for the second quarter of 2021 was $16.2 million which was $382,000, or 2.4%, lower than the second quarter of 2020. Also, with PPP loans excluded for the second quarter of 2021, the yield on non-PPP loans (non-GAAP) was 4.01%, and the net interest margin FTE (non-GAAP) was 2.48%. For the second quarter of 2021, PPP loans had a one bp dilutive impact to the yield on loans and a six bp accretive impact to the net interest margin FTE. For additional information on non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

The following table presents interest income for total loans, PPP loans, total non-PPP loans (non-GAAP), and net interest ratios excluding PPP loans (non-GAAP) for the three months ended June 30, 2021 and 2020.

	For the Three Months Ended June 30,					
	2021			2020		
(dollars in thousands)	Average Balance Outstanding	Interest/Fee Earned	Average Yield	Average Balance Outstanding	Interest/Fee Earned	Average Yield
Loans[1,2]	$ 1,617,267	$ 16,351	4.00 %	$ 1,606,436	$ 17,076	4.21 %
Less: PPP loans, net						
Average	109,182			154,400		
Interest		284			423	
Fees		778			730	
Total PPP loans, net	109,182	1,062	3.89 %	154,400	1,153	2.99 %
Non-PPP loans (non-GAAP)[4]	$ 1,508,085	$ 15,289	4.01 %	$ 1,452,036	$ 15,923	4.34 %
Ratios excluding PPP loans, net (non-GAAP)[4]						
Net interest spread			2.27 %			2.79 %
Net interest margin			2.42 %			3.08 %
Net interest margin FTE[3]			2.48 %			3.13 %

(1) Includes average outstanding balances of loans HFS of $10.0 million and $11.2 million for the three months ended June 30, 2021 and 2020, respectively.
(2) Nonaccrual loans are included as loans carrying a zero yield.
(3) Net interest margin FTE includes an FTE adjustment using a 21% federal income tax rate on tax-exempt securities and tax-exempt loans.
(4) Non-GAAP financial measure. See also " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

Six Months Ended June 30, 2021

Net interest income for the six months ended June 30, 2021 totaled $34.8 million, a $1.8 million, or 5.4%, increase from $33.0 million for the six months ended June 30, 2020. Net interest income increased due to a $1.6 million decrease in interest expense and a $219,000 increase in interest and dividend income.

Interest expense decreased as deposits continued to price downward as we adjusted rates on interest-bearing deposits over the past 15 months. This decrease was partially offset by higher interest-bearing deposit balances. For the six months ended June 30, 2021, average interest-bearing deposits increased $350.0 million, or 30.4%, compared to the six months ended June 30, 2020.

Interest and dividend income increased primarily due to a $2.0 million increase in PPP loan income and an $882,000 increase in tax-exempt securities income. PPP loan income increased primarily due to the forgiveness of PPP loans by the SBA and the resulting acceleration of loan origination fees. Tax-exempt securities income increased due to a $99.3 million, or 100.9%, growth in average tax-exempt securities compared to the first six months of 2020, partially offset by a decrease in the yield. These increases were partially offset by a $2.1 million decrease in non-PPP loan income and a $522,000 decrease in taxable securities income, both driven mainly by the lower rate environment.

Net interest margin FTE decreased 62 bps to 2.64% for the six months ended June 30, 2021, from 3.26% for the six months ended June 30, 2020, mainly due to a higher level of low-yielding short-term liquid assets maintained during the six months ended June 30, 2021, and the Federal Reserve lowering interest rates 150 bps in March 2020. Because deposit growth exceeded loan growth during the last 12 months, excess liquidity was deployed primarily into interest-bearing deposits in other banks and also into securities. For the six months ended June 30, 2021, average short-term liquid assets were $424.9 million, or 289.9%, higher than the six months ended June 30, 2020 and were 21.3% of average earning assets. The yield on interest-bearing balances due from banks decreased 44 bps and the yield on federal funds sold decreased 39 bps due to the Federal Reserve lowering interest rates in March 2020. The yield on loans decreased 19 bps to 4.16% for the six months ended June 30, 2021, compared to the same period prior year, due to the impact of the lower interest rate environment on new, renewed, and floating rate loans, partially offset by the yield on PPP loans. As of June 30, 2021, floating rate loans were 16.5% of loans HFI. For the six months ended June 30, 2021, the yield on taxable securities decreased 60 bps to 1.28%, compared to 1.88% for the six months ended June 30, 2020. The yield on tax-exempt securities decreased 31 bps to 2.09%, compared to 2.40% for the same period prior year. The decrease in yield, for both taxable and tax-exempt securities, was due to the securities purchased during the last 12 months having lower yields than the portfolio yield as of June 30, 2020, as a result of the low rate environment. The resulting yield on interest-earning assets was 2.81% for the six months ended June 30, 2021, a decrease of 84 bps, compared to 3.65% for the six months ended June 30, 2020. The cost of deposits was 0.24% for the six months ended June 30, 2021, a decrease of 25 bps, compared to 0.49% for the six months ended June 30, 2020. The cost of deposits was lower for the six months ended June 30, 2021 due to average noninterest-bearing deposits increasing $286.0 million, or 40.6%, combined with a 39 bp decrease in the rate on interest-bearing deposits for the same period as a result of our adjustments to deposit rates.

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, 2021 and 2020:

	For the Six Months Ended June 30,					
	2021			2020		
(dollars in thousands)	Average Balance Outstanding	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance Outstanding	Interest Earned/ Interest Paid	Average Yield/ Rate
Assets						
Interest-earning assets:						
Loans[1,2]	$ 1,606,094	$ 33,517	4.16 %	$ 1,528,216	$ 33,542	4.35 %
Securities - taxable	307,329	1,963	1.28 %	264,278	2,485	1.88 %
Securities - tax-exempt	197,782	2,064	2.09 %	98,458	1,182	2.40 %
Federal funds sold	80,118	47	0.12 %	57,642	150	0.51 %
Interest-bearing balances due from banks	491,342	229	0.09 %	88,923	238	0.53 %
Nonmarketable equity securities	3,447	2	0.11 %	2,233	6	0.54 %
Total interest-earning assets	$ 2,686,112	$ 37,822	2.81 %	$ 2,039,750	$ 37,603	3.65 %
Allowance for loan losses	(19,055)			(14,286)		
Noninterest earning assets	132,234			119,935		
Total assets	$ 2,799,291			$ 2,145,399		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing transaction deposits	$ 1,160,251	$ 853	0.15 %	$ 817,096	$ 1,597	0.39 %
Time deposits	341,326	2,131	1.26 %	334,457	2,946	1.77 %
Total interest-bearing deposits	1,501,577	2,984	0.40 %	1,151,553	4,543	0.79 %
Other borrowings	—	—	— %	9,381	16	0.35 %
Total interest-bearing liabilities	1,501,577	$ 2,984	0.40 %	1,160,934	$ 4,559	0.79 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	990,406			704,449		
Accrued interest and other liabilities	17,708			17,369		
Total noninterest-bearing liabilities	1,008,114			721,818		
Stockholders' equity	289,600			262,647		
Total liabilities and stockholders' equity	$ 2,799,291			$ 2,145,399		
Net interest income		$ 34,838			$ 33,044	
Net interest spread			2.41 %			2.86 %
Net interest margin			2.58 %			3.20 %
Net interest margin FTE[3]			2.64 %			3.26 %
Cost of deposits			0.24 %			0.49 %
Cost of funds			0.22 %			0.45 %

(1) Includes average outstanding balances of loans HFS of $10.5 million and $7.7 million for the six months ended June 30, 2021 and 2020, respectively.
(2) Nonaccrual loans are included as loans carrying a zero yield.
(3) Net interest margin FTE includes an FTE adjustment using a 21% federal income tax rate on tax-exempt securities and tax-exempt loans.

Excluding PPP loan income, net interest income (non-GAAP) for the six months ended June 30, 2021, was $31.6 million, which was $248,000, or 0.8%, lower than the six months ended June 30, 2020. Also, with PPP loans excluded for the six months ended June 30, 2021, the yield on non-PPP loans (non-GAAP) was 4.03%, and the net interest margin FTE (non-GAAP) was 2.50%. For the six months ended June 30, 2021, PPP loans had an 13 bp accretive impact to the yield on loans and a 14 bp accretive impact to the net interest margin FTE. For additional information on non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

The following table presents interest income for total loans, PPP loans, total non-PPP loans (non-GAAP), and net interest ratios excluding PPP loans (non-GAAP) for the six months ended June 30, 2021 and 2020.

	For the Six Months Ended June 30,					
	2021			2020		
(dollars in thousands)	Average Balance Outstanding	Interest/Fee Earned	Average Yield	Average Balance Outstanding	Interest/Fee Earned	Average Yield
Loans[1,2]	$ 1,606,094	$ 33,517	4.16 %	$ 1,528,216	$ 33,542	4.35 %
Less: PPP loans, net						
Average	108,761			77,200		
Interest		568			423	
Fees		2,627			730	
Total PPP loans, net	108,761	3,195	5.92 %	77,200	1,153	2.99 %
Non-PPP loans (non-GAAP)[4]	$ 1,497,333	$ 30,322	4.03 %	$ 1,451,016	$ 32,389	4.42 %
Ratios excluding PPP loans, net (non-GAAP)[4]						
Net interest spread			2.28 %			2.89 %
Net interest margin			2.44 %			3.21 %
Net interest margin FTE[3]			2.50 %			3.27 %

(1) Includes average outstanding balances of loans HFS of $10.5 million and $7.7 million for the six months ended June 30, 2021 and 2020, respectively.
(2) Nonaccrual loans are included as loans carrying a zero yield.
(3) Net interest margin FTE includes an FTE adjustment using a 21% federal income tax rate on tax-exempt securities and tax-exempt loans.
(4) Non-GAAP financial measure. See also " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

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. It distinguishes between the changes related to outstanding balances and those due to changes in interest rates. 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. For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

	For the Three Months Ended June 30, 2021 vs 2020			For the Six Months Ended June 30, 2021 vs 2020		
	Increase (Decrease) Due to Change in		Total Increase	Increase (Decrease) Due to Change in		Total Increase
(in thousands)	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)
Interest-earning assets:						
Loans	$ 467	$ (1,192)	$ (725)	$ 2,931	$ (2,956)	$ (25)
Securities - taxable	242	(357)	(115)	405	(927)	(522)
Securities - tax-exempt	539	(162)	377	1,193	(311)	882
Federal funds sold	1	(13)	(12)	58	(161)	(103)
Interest-bearing balances due from banks	97	—	97	1,005	(1,014)	(9)
Nonmarketable equity securities	—	(1)	(1)	3	(7)	(4)
Total interest-earning assets	$ 1,346	$ (1,725)	$ (379)	$ 5,595	$ (5,376)	$ 219
Interest-bearing liabilities:						
Interest-bearing transaction deposits	$ 288	$ (524)	$ (236)	$ 716	$ (1,460)	$ (744)
Time deposits	38	(456)	(418)	62	(877)	(815)
Total interest-bearing deposits	326	(980)	(654)	778	(2,337)	(1,559)
Other borrowings	(16)	—	(16)	(16)	—	(16)
Total interest-bearing liabilities	$ 310	$ (980)	$ (670)	$ 762	$ (2,337)	$ (1,575)
Increase (decrease) in net interest income	$ 1,036	$ (745)	$ 291	$ 4,833	$ (3,039)	$ 1,794

Provision for Loan Losses

The provision for loan losses is a charge to income necessary to maintain the allowance for loan losses 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 provision expense for the second quarter of 2021 was $150,000, a decrease of $1.4 million, or 90.2%, from $1.5 million for the second quarter of 2020. The provision for loan losses for the six months ended June 30, 2021, was $1.6 million, a decrease of $428,000, or 21.1%, from $2.0 million for the six months ended June 30, 2020. The decrease in provision expense for both the three- and six-month periods was attributed to continued, favorable asset quality metrics and the allowance for loan losses balance compared with a higher provision for loan losses in the same periods of 2020 due to the anticipated adverse effects of the COVID-19 pandemic. With the removal of most pandemic restrictions on businesses in Louisiana and the wide-spread availability of vaccines, the business climate of Louisiana continues to stabilize. We will continue to evaluate future provision needs in relation to non-PPP loan growth and trends in asset quality.

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.

Noninterest income increased $580,000 to $6.4 million for the second quarter of 2021 compared to $5.8 million for the second quarter of 2020. The increase in noninterest income was due to higher service charges on deposit accounts, higher brokerage income, higher mortgage loan income, and higher net debit card income. These increases were partially offset by a lower gain on sale and call of securities and lower loan and deposit fee income.

Noninterest income increased $2.6 million to $13.2 million for the six months ended June 30, 2021, compared to $10.6 million for the six months ended June 30, 2020. The increase in noninterest income was due to higher mortgage loan income, higher net debit card income, higher brokerage income, and higher service charges on deposit accounts. These increases were partially offset by a lower gain on sale and call of securities.

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

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(dollars in thousands)	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
Noninterest income:								
Service charges on deposit accounts	$ 1,140	$ 718	$ 422	58.8 %	$ 2,199	$ 1,946	$ 253	13.0 %
Debit card income, net	1,204	896	308	34.4 %	2,250	1,651	599	36.3 %
Mortgage loan income	2,357	1,947	410	21.1 %	5,239	2,835	2,404	84.8 %
Brokerage income	806	395	411	104.1 %	1,640	1,139	501	44.0 %
Loan and deposit income	395	627	(232)	(37.0)%	868	927	(59)	(6.4)%
Bank-owned life insurance income	164	144	20	13.9 %	297	287	10	3.5 %
Gain (Loss) on equity securities	11	33	(22)	(66.7)%	(59)	96	(155)	(161.5)%
Gain (Loss) on sale and call of securities	34	840	(806)	(96.0)%	193	1,223	(1,030)	(84.2)%
SBIC income	239	190	49	25.8 %	480	368	112	30.4 %
Other income	53	33	20	60.6 %	71	82	(11)	(13.4)%
Total noninterest income	$ 6,403	$ 5,823	$ 580	10.0 %	$ 13,178	$ 10,554	$ 2,624	24.9 %

Mortgage loan income increased $410,000 and $2.4 million for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. These increases were due to higher mortgage loan demand in 2021. Mortgage loan activity for the six months ended June 30, 2021, benefited from a lower mortgage interest rate environment for the entire period, whereas 2020 mortgage loan activity was impacted by COVID-19 pandemic challenges.

Debit card income, net, increased $308,000 and $599,000 for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. These increases were due to increases in the number of debit card transactions.

Brokerage income increased $411,000 and $501,000 for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. These increases were due to the addition of new brokerage clients and accounts in the past year, as well as higher assets under management. Brokerage income for the second quarter of 2020 was negatively impacted by a reduction in revenue resulting from an investment broker-dealer partner conversion. Assets under management were $735.1 million as of June 30, 2021 and $590.5 million as of June 30, 2020.

Service charges on deposit accounts increased $422,000 and $253,000 for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. These increases were due to higher customer transaction activity in 2021 as the economy reopened and customer spending habits returned to pre-COVID-19 levels. In addition, the three and six months ended June 30, 2020, were impacted by approximately $168,000 in reduced deposit fees due to temporary fee reductions in the second quarter of 2020 in response to the COVID-19 pandemic.

For the three and six months ended June 30, 2021, the gain on sale and call of securities was $34,000 and $193,000, respectively. These gains were a result of portfolio restructuring transactions to improve the structure and yield of the portfolio. For the three and six months ended June 30, 2020, the gain on sale and call of securities was $840,000 and $1.2 million, respectively. The 2020 gains were a result of proactive portfolio restructuring transactions that occurred in the first and second quarters of 2020 in response to the changed and lower interest rate environment.

Loan and deposit income decreased $232,000 for the second quarter of 2021, compared to the same quarter prior year. This decrease was primarily related to $230,000 of nonrecurring commercial real estate loan fees in the second quarter of 2020.

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.

Operating expenses increased $523,000 to $13.4 million for the second quarter of 2021, compared to $12.9 million for the second quarter of 2020. The increase in operating expenses was mainly due to higher personnel expenses and higher technology expenses, partially offset by lower legal and professional expenses.

Operating expenses increased $1.7 million to $26.6 million for the six months ended June 30, 2021, compared to $24.8 million for the six months ended June 30, 2020. The increase in operating expenses was a result of higher personnel, regulatory assessment, other operating, technology, occupancy and equipment and other taxes. These increases were partially offset by lower legal and professional expenses.

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

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(dollars in thousands)	**2021**	**2020**	**Increase (Decrease)**		**2021**	**2020**	**Increase (Decrease)**	
Operating expenses:								
Personnel expenses	$ 8,110	$ 7,646	$ 464	6.1 %	$ 16,131	$ 14,995	$ 1,136	7.6 %
Non-staff expenses:								
Occupancy and equipment expenses	1,329	1,235	94	7.6 %	2,608	2,419	189	7.8 %
Technology expenses	744	615	129	21.0 %	1,408	1,202	206	17.1 %
Advertising	226	215	11	5.1 %	409	476	(67)	(14.1)%
Other business development expenses	307	256	51	19.9 %	607	551	56	10.2 %
Data processing expense	532	471	61	13.0 %	917	921	(4)	(0.4)%
Other taxes	532	438	94	21.5 %	1,057	875	182	20.8 %
Loan and deposit expenses	193	273	(80)	(29.3)%	448	519	(71)	(13.7)%
Legal and professional expenses	368	605	(237)	(39.2)%	737	1,100	(363)	(33.0)%
Regulatory assessment expenses	213	139	74	53.2 %	414	164	250	152.4 %
Other operating expenses	838	976	(138)	(14.1)%	1,819	1,597	222	13.9 %
Total operating expenses	$ 13,392	$ 12,869	$ 523	4.1 %	$ 26,555	$ 24,819	$ 1,736	7.0 %

Personnel expenses are the largest component of operating expenses and include payroll expenses, incentive compensation, benefit plans, health insurance, and payroll taxes. Personnel expenses increased $464,000 and $1.1 million for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. As of June 30, 2021 and 2020, we had 342 and 334 full-time equivalent employees, respectively. The increase in personnel for both periods was primarily related to additional staff resulting from our expansion in the Southwest and Acadiana markets. Also, commission compensation increased for the three and six months ended June 30, 2021, compared to the same periods in 2020, primarily due to higher mortgage loan activity and brokerage income.

Technology expenses increased $129,000 and $206,000 for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. The increase in both periods was attributed to new computer hardware and communication systems related to business continuity planning and to support the expansion in the Southwest and Acadiana markets, the implementation of a new loan processing system, and additional technology support services.

Regulatory assessment expenses increased $250,000 for the six months ended June 30, 2021, compared to the same period prior year. The Bank was notified by the FDIC that it did not have an FDIC insurance assessment for the first quarter of 2020; however, it would have an assessment starting in the second quarter of 2020. Since the second quarter of 2020, the FDIC insurance assessment has increased as a result of increasing deposit account balances. Therefore, the FDIC insurance assessment expense for the six months ended June 30, 2021, was $365,000, compared to $113,000 for the same period prior year.

Other operating expenses increased $222,000 for the six months ended June 30, 2021, compared to the same period prior year. This increase was primarily a result of a $311,000 nonrecurring expense reduction related to the dissolution of an acquired subsidiary in the first quarter of 2020.

Occupancy and equipment expenses increased $189,000 for the six months ended June 30, 2021, compared to the same period prior year. This increase was primarily a result of our recent expansion in our Southwest and Acadiana markets.

Other taxes increased $182,000 for the six months ended June 30, 2021, compared to the same period prior year. This increase was due to a $180,000 increase in State of Louisiana bank stock tax resulting from higher deposit account balances and higher net income for the applicable tax years.

Legal and professional expenses decreased $237,000 and $363,000 for the three and six months ended June 30, 2021, respectively, when compared to the same periods in 2020. The decrease in both periods was due to lower attorney fees due to the completion of various legal matters in late 2020.

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 effective income tax rates have differed from the U.S. statutory rate due to the effect of tax-exempt income from loans, securities, and life insurance policies, and the income tax effects associated with stock-based compensation.

For the quarters ended June 30, 2021 and 2020, income tax expense totaled $1.9 million and $1.5 million, respectively. The increase in income tax expense was primarily due to the increase in pre-tax income. Our effective income tax rates for the quarters ended June 30, 2021 and 2020, were 18.5% and 18.3%, respectively.

For the six months ended June 30, 2021 and 2020, income tax expense totaled $3.6 million and $3.2 million, respectively. Our effective income tax rates for the six months ended June 30, 2021 and 2020, were 17.9% and 18.8%, respectively.

FINANCIAL CONDITION

General

As of June 30, 2021, total assets were $2.88 billion which was $235.8 million, or 8.9%, higher than total assets of $2.64 billion as of December 31, 2020. Within total assets, compared to December 31, 2020, interest-bearing deposits in other banks increased by $216.1 million, securities AFS increased by $13.8 million, and loans HFI increased by $11.9 million. For liabilities, compared to December 31, 2020, interest-bearing deposits increased by $141.4 million to $1.54 billion, and noninterest-bearing deposits increased by $87.9 million to $1.03 billion. As of June 30, 2021, the loans HFI to deposits ratio was 62.28%, compared to 67.87% as of December 31, 2020, and the noninterest-bearing deposits to total deposits ratio was 40.14%, compared to 40.32% as of December 31, 2020. Stockholders' equity increased $7.4 million in the first half of 2021 to $292.9 million as of June 30, 2021.

Interest-bearing Deposits in Other Banks

Interest-bearing deposits in other banks is the second largest component of earning assets. As of June 30, 2021, interest-bearing deposits in other banks was 22.0% of total assets. Historically, interest-bearing deposits in other banks were a much smaller portion of our total assets. Excess liquidity that is not being deployed into loans or securities is placed in these accounts. Since March 31, 2020, the last quarter ended before the effects of the COVID-19 pandemic fully took place, interest-bearing deposits in other banks increased $585.1 million, or 1,203.9%. Interest-bearing deposits in other banks increased $216.1 million, or 51.7%, since December 31, 2020. These increases have been driven by an increase in customer deposits since the beginning of the COVID-19 pandemic due to customers receiving funds from various government stimulus programs, customers depositing the proceeds from PPP loans, and customers maintaining larger deposit balances.

Securities

Our securities portfolio is the third largest component of earning assets and provides a significant source of revenue. As of June 30, 2021, our securities portfolio was 17.9% of total 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 were $512.0 million as of June 30, 2021, an increase of $13.8 million, or 2.8%, from $498.2 million as of December 31, 2020. Investment activity for the six months ended June 30, 2021, included $188.6 million of securities purchased, partially offset by $111.5 million in sales and $54.6 million in maturities, principal repayments, and calls. The net unrealized gain of the securities AFS portfolio decreased $7.4 million for the six months ended June 30, 2021. This decrease is attributed to an increase in market rates which resulted in lower prices on securities and, therefore, an overall lower market value of the portfolio.

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 accumulated other comprehensive income (loss) in stockholders’ equity.

As of June 30, 2021, the net unrealized gain of the securities AFS portfolio was $1.3 million, compared to a net unrealized gain of $8.8 million as of December 31, 2020.

During the six months ended June 30, 2021, we sold $111.5 million of securities AFS as part of restructuring transactions. A large portion of the securities sold were mortgage-backed securities which had accelerated prepayment speeds and were owned at higher book prices. Due to these accelerated prepayment speeds, the yields had declined. We reinvested the proceeds into securities with improved structure which rebalanced the cash flows for the portfolio, reduced amortization expense for the mortgage-backed sector, reduced extension risk, and improved the portfolio yield.

During the six months ended June 30, 2021, due to the low interest rate environment, we reallocated $87.5 million from overnight funds yielding 0.09% for the six months ended June 30, 2021, to higher yielding securities. Although this reallocation has slightly reduced the overall securities AFS portfolio yield, we expect it to improve future interest income by moving these funds from overnight funds to a higher yielding investment.

The securities AFS portfolio tax-equivalent yield was 1.81% for the six months ended June 30, 2021, compared to 2.20% for the six months ended June 30, 2020. The decrease in yield for the six months ended June 30, 2021, compared to the same period for 2020, was due to purchasing a significant amount of securities over the past year with lower yields than the portfolio yield as of June 30, 2020, as a result of the lower rate environment.

Equity securities, consisting of a mutual fund, are carried at fair value on the consolidated balance sheets with periodic changes in value recorded through the consolidated statements of income. The fair value of our equity securities was $4.0 million as of June 30, 2021, with a recognized loss of $59,000 for the six months ended June 30, 2021, compared to a fair value of $4.0 million as of December 31, 2020, with a recognized gain of $85,000 for the year ended December 31, 2020. There were no purchases or sales of equity securities for the six months ended June 30, 2021.

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, 2021, 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, 2021			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Securities AFS:				
Mortgage-backed securities	$ 296,205	$ 1,913	$ (4,340)	$ 293,778
Municipal bonds	207,413	4,142	(504)	211,051
U.S. agency securities	7,055	153	(25)	7,183
Total Securities AFS	$ 510,673	$ 6,208	$ (4,869)	$ 512,012

	December 31, 2020			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Securities AFS:				
Mortgage-backed securities	$ 271,709	$ 3,450	$ (332)	$ 274,827
Municipal bonds	207,834	5,498	(51)	213,281
U.S. agency securities	9,902	200	(4)	10,098
Total Securities AFS	$ 489,445	$ 9,148	$ (387)	$ 498,206

The following table shows the fair value of securities AFS which mature during each of the periods indicated. The contractual maturity of a mortgage-backed security is the date at which the last underlying mortgage matures.

	Contractual Maturity as of June 30, 2021									
	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	$ 5	0.58 %	$ 1,776	1.68 %	$ 22,903	1.88 %	$ 269,094	1.37 %	$ 293,778	1.41 %
Municipal bonds	4,072	1.46 %	26,650	1.84 %	13,962	3.00 %	166,367	2.65 %	211,051	2.55 %
U.S. agency securities	—	— %	2,332	2.51 %	4,851	1.78 %	—	— %	7,183	2.01 %
Total Securities AFS	$ 4,077	1.46 %	$ 30,758	1.88 %	$ 41,716	2.24 %	$ 435,461	1.85 %	$ 512,012	1.88 %

(1) Tax equivalent projected book yield as of June 30, 2021.

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, 2021, loans HFI were $1.60 billion, an increase of $11.9 million, or 0.8%, compared to $1.59 billion as of December 31, 2020.

Red River Bank is participating in the SBA PPP. Through June 30, 2021, we had received $174.9 million in SBA forgiveness and borrower payments on 91.2% of the 1,384 PPP1 loans originated. As of June 30, 2021, PPP1 loans totaled $27.2 million, net of $376,000 of deferred income. Through July 31, 2021, we had received $194.1 million in SBA forgiveness and borrower payments on 99.2% of the 1,384 PPP1 loans originated. During the second quarter of 2021, we concluded the PPP2 loan originations. In all, we originated 488 PPP2 loans totaling $58.3 million with an average size of $119,000. PPP2 origination fees totaled $2.7 million, or 4.65% of originated PPP2 loans. As of June 30, 2021, PPP2 loans totaled $55.8 million, net of $2.5 million of deferred income.

As of June 30, 2021, loans HFI excluding $83.0 million of PPP loans (non-GAAP), net of $2.9 million of deferred income, were $1.52 billion, an increase of $47.4 million, or 3.2%, from December 31, 2020. For calculations and reconciliations to GAAP of non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

Loans HFI by category, non-PPP loans HFI (non-GAAP), and loans HFS are summarized below as of the dates indicated:

	June 30, 2021		December 31, 2020	
(dollars in thousands)	Amount	Percent	Amount	Percent
Real estate:				
Commercial real estate	$ 578,005	36.1 %	$ 556,769	35.0 %
One-to-four family residential	462,611	28.9 %	442,889	27.9 %
Construction and development	101,073	6.3 %	127,321	8.0 %
Commercial and industrial	280,004	17.5 %	250,428	15.8 %
SBA PPP, net of deferred income	82,972	5.2 %	118,447	7.5 %
Tax-exempt	73,289	4.6 %	68,666	4.3 %
Consumer	22,434	1.4 %	23,926	1.5 %
Total loans HFI	$ 1,600,388	100.0 %	$ 1,588,446	100.0 %
Total non-PPP loans HFI (non-GAAP)[1]	$ 1,517,416		$ 1,469,999	
Total loans HFS	$ 12,291		$ 29,116	

(1) Non-GAAP financial measure. Calculations of this measure and reconciliations to GAAP are included in " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

Loan Payment Deferments

During 2020, we began granting loan payment deferments for requesting borrowers impacted by pandemic-related economic shutdowns. As of June 30, 2021, active deferrals, all of which were in the hospitality services sector, totaled $8.1 million, or 0.5% of non-PPP loans HFI (non-GAAP), and were deferrals of principal payments only. For calculations and reconciliations to GAAP of non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

In accordance with interagency regulatory guidance issued in March 2020, and revised in April 2020, these short-term deferrals are not deemed to be TDRs to the extent they meet the terms of such guidance.

Industry and Other Portfolio Sectors

The following table shows non-PPP loans HFI (non-GAAP) in certain sectors within our portfolio that could have a heightened overall level of risk due to pandemic-related macroeconomic conditions as of the dates indicated:

	June 30, 2021		December 31, 2020	
	Loans		Loans	
(dollars in thousands)	Amount	Percent of Non-PPP Loans HFI (non-GAAP)	Amount	Percent of Non-PPP Loans HFI (non-GAAP)
Hospitality services:				
Hotels and other overnight lodging	$ 26,356	1.7 %	$ 26,722	1.9 %
Restaurants - full service	13,947	0.9 %	11,901	0.8 %
Restaurants - limited service	16,442	1.1 %	12,467	0.8 %
Other	6,536	0.5 %	7,194	0.5 %
Total hospitality services	$ 63,281	4.2 %	$ 58,284	4.0 %
Retail trade (excluding automobile dealers)	$ 20,632	1.4 %	$ 21,120	1.4 %
Energy	$ 30,061	2.0 %	$ 20,351	1.3 %

The following table shows non-PPP loans HFI (non-GAAP) in other non-industry specific areas that we believe may be affected by the pandemic:

	June 30, 2021	
(dollars in thousands)	Amount	Percent of Non-PPP Loans HFI (non-GAAP)
Loans collateralized by non-owner occupied properties leased to retail establishments	$ 42,465	2.8 %
Credit card loans:		
Commercial	$ 2,010	0.1 %
Consumer	983	0.1 %
Total credit card loans	$ 2,993	0.2 %

Our health care loans are made up of a diversified portfolio of health care providers. As of June 30, 2021, health care credits were $144.0 million, or 9.5% of non-PPP loans HFI (non-GAAP), compared to $149.4 million, or 10.2% of non-PPP loans HFI (non-GAAP) as of December 31, 2020. The average health care loan size was $307,000 as of June 30, 2021, and $305,000 as of December 31, 2020. Within the health care sector, nursing and residential care loans were 4.2% of non-PPP loans HFI (non-GAAP) as of June 30, 2021, and 4.4% as of December 31, 2020. Loans to physician and dental practices were 5.2% of non-PPP loans HFI (non-GAAP) as of June 30, 2021, and 5.7% as of December 31, 2020. As of June 30, 2021, the health care sector had no active deferrals.

None of the markets in which we directly operate are characterized by a high degree of tourism-driven hospitality services. Likewise, our geographic footprint is not closely aligned with the bulk of Louisiana's energy-concentrated local economies. We believe this provides our portfolio with some degree of insulation against the current stress in both of those segments.

The following table summarizes non-PPP loans HFI (non-GAAP) by market of origin:

	June 30, 2021	
(dollars in thousands)	Amount	Percent of Non-PPP Loans HFI (non-GAAP)
Central	$ 606,669	40.0 %
Capital	427,369	28.2 %
Northwest	324,688	21.4 %
Southwest	87,273	5.7 %
Northshore	62,646	4.1 %
Acadiana	8,771	0.6 %
Total non-PPP loans HFI	$ 1,517,416	100.0 %

For additional information on non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

LIBOR

In July 2017, the United Kingdom Financial Conduct Authority, the authority that regulates London Interbank Offered Rate ("LIBOR"), announced its intent to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Subsequently, on March 5, 2021, it was announced that certain U.S. Dollar LIBOR rates would cease to be published after June 30, 2023. As of June 30, 2021, 6.2% of our non-PPP loans HFI (non-GAAP) were LIBOR-based with a setting that expires June 30, 2023. Alternative rate language is present in each credit agreement with a LIBOR-based rate. We do not anticipate any issue with transitioning each loan to a non-LIBOR-based rate.

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 $3.1 million as of June 30, 2021, down $1.1 million, or 26.6%, from $4.2 million as of December 31, 2020, primarily due to the decrease of nonaccrual loans, partially offset by foreclosed assets added in 2021. The ratio of NPAs to total assets improved to 0.11% as of June 30, 2021, from 0.16% as of December 31, 2020.

Table of Contents

Nonperforming loan and asset information is summarized below:

(dollars in thousands)	June 30, 2021	December 31, 2020
Nonperforming loans:		
Nonaccrual loans	$ 2,026	$ 3,307
Accruing loans 90 or more days past due	1	3
Total nonperforming loans	2,027	3,310
Foreclosed assets:		
Real estate	1,059	896
Total foreclosed assets	1,059	896
Total NPAs	$ 3,086	$ 4,206
Troubled debt restructurings:[1,2]		
Nonaccrual loans	$ —	$ 1,217
Performing loans	2,078	1,454
Total TDRs	$ 2,078	$ 2,671
Nonperforming loans to loans HFI[1]	0.13 %	0.21 %
Nonperforming loans to non-PPP loans HFI (non-GAAP)[1,3]	0.13 %	0.23 %
NPAs to total assets	0.11 %	0.16 %

[1] Troubled debt restructurings – nonaccrual and accruing loans 90 or more days past due are included in the respective components of nonperforming loans.
[2] In accordance with interagency regulatory guidance issued in March 2020, and revised in April 2020, COVID-19 pandemic-related short-term deferrals are not deemed to be TDRs to the extent they meet the terms of such guidance.
[3] Non-GAAP financial measure. For calculations and reconciliations to GAAP of non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

Nonaccrual loans are summarized below by category:

(in thousands)	June 30, 2021	December 31, 2020
Real estate:		
Commercial real estate	$ 747	$ 1,846
One-to-four family residential	231	574
Construction and development	249	—
Commercial and industrial	799	882
SBA PPP, net of deferred income	—	—
Tax-exempt	—	—
Consumer	—	5
Total nonaccrual loans	$ 2,026	$ 3,307

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 specific 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 which 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 allowance for loan losses.

As of June 30, 2021, loans classified as pass were 99.3% of loans HFI, and loans classified as special mention and substandard were 0.2% and 0.5%, respectively, of loans HFI. There were no loans as of June 30, 2021, classified as doubtful or loss. As of December 31, 2020, loans classified as pass were 99.2% of loans HFI, and loans classified as special mention and substandard were 0.1% and 0.7%, respectively, of loans HFI. There were no loans as of December 31, 2020, classified as doubtful or loss.

Allowance for Loan Losses

The allowance for loan losses provides for known and inherent losses in the loan portfolio based upon management's best assessment of the loan portfolio at each balance sheet date. It is maintained at a level estimated to be adequate to absorb potential losses through periodic changes to loan losses.

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

- for commercial real estate loans, the debt service coverage ratio (income from the business in excess of operating expenses compared to loan repayment requirements); operating results of the owner in the case of owner occupied properties; the loan-to-value ratio; the age and condition of the collateral; and the volatility of income, property value, and future operating results typical of properties of that type;
- for one-to-four family residential mortgage loans, the borrower’s ability to repay the loan, including a consideration of the debt to income ratio and employment and income stability; the loan-to-value ratio; and the age, condition, and marketability of the collateral;
- for construction and development loans, the perceived feasibility of the project including the ability to sell developed lots or improvements constructed for resale or the ability to lease property constructed for lease; the quality and nature of contracts for presale or prelease, if any; experience and ability of the developer; and the loan-to-value ratio; and
- for commercial and industrial loans, the debt service coverage ratio; the operating results of the commercial, industrial, or professional enterprise; the borrower’s business, professional, and financial ability and expertise; the specific risks and volatility of income and operating results typical for businesses in that category; the value, nature, and marketability of collateral; and the financial resources of the guarantor(s), if any.

When effective, the CECL allowance model, prescribed by *ASU No. 2016-13*, will require measurement of expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts. This model will replace the existing incurred loss model. As an SEC registrant with smaller reporting company filing status as determined on June 30, 2019, CECL is effective for us on January 1, 2023. Refer to "Item 1. Financial Statements - Note 1 - Summary of Significant Accounting Policies - Recent Accounting Pronouncements" in this report for more information on *ASU No. 2016-13*.

As of June 30, 2021, the allowance for loan losses was $19.5 million, or 1.22% of loans HFI, and 1.28% of non-PPP loans HFI (non-GAAP). As of December 31, 2020, the allowance for loan losses totaled $18.0 million, or 1.13% of loans HFI, and 1.22% of non-PPP loans HFI (non-GAAP). The $1.5 million increase in the allowance for loan losses for the six months ended June 30, 2021, was due to the provision for loan loss expense. For calculations and reconciliations to GAAP of non-GAAP financial measures, see " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

The provision for loan losses for the six months ended June 30, 2021, was $1.6 million, a decrease of $428,000, or 21.1%, from $2.0 million for the six months ended June 30, 2020. The decrease in the provision for loan losses was due to continued, favorable asset quality metrics and the allowance for loan losses balance compared with a higher provision for loan losses in the same periods of 2020 due to the anticipated adverse effects of the COVID-19 pandemic. With the removal of most pandemic restrictions on businesses in Louisiana and the widespread availability of vaccines, the business climate of Louisiana continues to stabilize. We will continue to evaluate future provision needs in relation to non-PPP loan growth and trends in asset quality.

The following table displays activity in the allowance for loan losses for the periods shown:

	Six Months Ended June 30,	
(dollars in thousands)	2021	2020
Loans HFI	$ 1,600,388	$ 1,615,298
Non-PPP Loans HFI (non-GAAP)[1]	$ 1,517,416	$ 1,422,643
Average loans	$ 1,606,094	$ 1,528,216
Allowance for loan losses at beginning of period	$ 17,951	$ 13,937
Provision for loan losses	1,600	2,028
Charge-offs:		
Real estate:		
One-to-four family residential	(10)	—
Construction and development	—	(14)
Commercial and industrial	(40)	(1,058)
Consumer	(163)	(146)
Total charge-offs	(213)	(1,218)
Recoveries:		
Real estate:		
One-to-four family residential	7	5
Construction and development	1	—
Commercial and industrial	13	50
Consumer	101	80
Total recoveries	122	135
Net (charge-offs)/recoveries	(91)	(1,083)
Allowance for loan losses at end of period	$ 19,460	$ 14,882
Allowance for loan losses to loans HFI	1.22 %	0.92 %
Allowance for loan losses to non-PPP loans HFI (non-GAAP)[1]	1.28 %	1.05 %
Net charge-offs to average loans	0.01 %	0.07 %

[1] Non-GAAP financial measure. Calculations of this measure and reconciliations to GAAP are included in " - Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

We believe the allowance for loan losses was adequate to provide for known and inherent losses in the portfolio at all times shown above. Future provisions for loan losses are subject to ongoing evaluations of the factors and loan portfolio risks described above, including economic pressures related to COVID-19 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 loan 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 increased $229.2 million, or 9.8%, to $2.57 billion as of June 30, 2021, from $2.34 billion as of December 31, 2020. Noninterest-bearing deposits increased by $87.9 million, or 9.3%, to $1.03 billion as of June 30, 2021. Noninterest-bearing deposits as a percentage of total deposits were 40.14% as of June 30, 2021, compared to 40.32% as of December 31, 2020. Interest-bearing deposits increased by $141.4 million, or 10.1%, to $1.54 billion as of June 30, 2021, with the largest increase in money market accounts. The increase in deposits was a result of customers receiving funds from government stimulus programs, customers depositing the proceeds from their PPP2 loans, and customers maintaining larger deposit balances.

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

	June 30, 2021		December 31, 2020		Change from December 31, 2020 to June 30, 2021	
(dollars in thousands)	Balance	% of Total	Balance	% of Total	$ Change	% Change
Noninterest-bearing deposits	$ 1,031,486	40.1 %	$ 943,615	40.3 %	$ 87,871	9.3 %
Interest-bearing deposits:						
NOW accounts	383,753	15.0 %	402,572	17.2 %	(18,819)	(4.7)%
Money market accounts	637,845	24.8 %	506,902	21.7 %	130,943	25.8 %
Savings accounts	173,428	6.7 %	146,264	6.2 %	27,164	18.6 %
Time deposits < $100,000	110,105	4.3 %	108,982	4.7 %	1,123	1.0 %
Time deposits $100,000 to $250,000	137,879	5.4 %	138,683	5.9 %	(804)	(0.6)%
Time deposits > $250,000	95,103	3.7 %	93,342	4.0 %	1,761	1.9 %
Total interest-bearing deposits	$ 1,538,113	59.9 %	$ 1,396,745	59.7 %	$ 141,368	10.1 %
Total deposits	$ 2,569,599	100.0 %	$ 2,340,360	100.0 %	$ 229,239	9.8 %

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

	June 30, 2021		December 31, 2020		Change from December 31, 2020 to June 30, 2021	
(dollars in thousands)	Balance	% of Total	Balance	% of Total	$ Change	% Change
Consumer	$ 1,241,006	48.3 %	$ 1,091,268	46.6 %	$ 149,738	13.7 %
Commercial	1,167,949	45.5 %	1,054,736	45.1 %	113,213	10.7 %
Public	160,644	6.2 %	194,356	8.3 %	(33,712)	(17.3)%
Total deposits	$ 2,569,599	100.0 %	$ 2,340,360	100.0 %	$ 229,239	9.8 %

The maturity distribution of our time deposits of $100,000 or more are summarized below:

(in thousands)	June 30, 2021
Three months or less	$ 46,484
Over three months through six months	43,430
Over six months through 12 months	73,321
Over 12 months through three years	50,153
Over three years	19,594
Total	$ 232,982

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 then be invested at a positive interest rate spread for additional capacity to fund loan demand or to meet our liquidity needs. We had no outstanding borrowings as of June 30, 2021 or December 31, 2020.

Equity and Regulatory Capital Requirements

Total stockholders' equity as of June 30, 2021, was $292.9 million, compared to $285.5 million as of December 31, 2020, an increase of $7.4 million, or 2.6%. This increase was attributable to $16.3 million of net income for the six months ended June 30, 2021, and $203,000 of stock compensation, partially offset by a $5.9 million, net of tax, market adjustment to accumulated other comprehensive income related to securities AFS, $2.2 million for the repurchase of shares, and $1.0 million in cash dividends.

On August 27, 2020, our Board of Directors approved a stock repurchase program. The repurchase program authorizes us to purchase up to $3.0 million of our outstanding shares of common stock through August 27, 2021. 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 three months ended June 30, 2021, we repurchased 21,653 shares of our common stock at an aggregate cost of $1.2 million. For the six months ended June 30, 2021, we repurchased 41,314, shares of our common stock at an aggregate cost of $2.2 million. As of June 30, 2021, we had $701,000 available for repurchasing our common stock under this program.

As part of the directive under the Economic Growth Act, on September 17, 2019, the FDIC and other federal bank regulatory agencies approved the CBLR framework. This optional framework became effective January 1, 2020, and is available 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% (subsequently temporarily reduced to 8.00% for 2020 and 8.50% for 2021 as a COVID-19 relief measure), are considered qualifying community banking organizations and are eligible to opt into the CBLR framework and replace the applicable Basel III risk-based capital requirements.

As of June 30, 2021, the Company and the Bank qualify for the CBLR framework. Management does not intend to utilize the CBLR framework.

LIQUIDITY AND ASSET-LIABILITY MANAGEMENT

Liquidity

Liquidity involves our ability to raise funds to support asset growth and potential acquisitions or to reduce assets to meet deposit withdrawals and other payment obligations, to maintain reserve requirements, and otherwise to operate on an ongoing basis and manage unexpected events. For the six months ended June 30, 2021, and the year ended December 31, 2020, 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, and therefore, these cash flows are monitored regularly.

Our most liquid assets are cash and short-term investments that include both interest-earning demand deposits and securities AFS. The levels of these assets 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 have been utilized on occasion to meet funding obligations, although we do not generally rely on these external funding sources.

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 deposits 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 $473.4 million, or 23.4%, for the six months ended June 30, 2021, compared to the average deposits for the twelve months ended December 31, 2020. The increase in average total deposits was due to customers receiving funds from various government stimulus programs, customers depositing the proceeds from their PPP2 loans, and customers maintaining larger deposit balances. Our average total loans increased $18.7 million, or 1.2%, for the six months ended June 30, 2021, compared to average total loans for the twelve months ended December 31, 2020.

As of June 30, 2021, we had cash and cash equivalents of $667.5 million compared to $447.2 million as of December 31, 2020. The increase of $220.3 million, or 49.3%, was a result of deposit growth creating additional liquidity, which was primarily deployed into interest-bearing deposits in other banks.

Our securities portfolio is another alternative source for meeting liquidity needs. Securities generate cash flow through principal payments and maturities, and they generally have readily available markets that allow for their conversion to cash. As of June 30, 2021, securities AFS totaled $512.0 million compared to $498.2 million as of December 31, 2020. However, certain investments within our securities portfolio are also used to secure specific deposit types, such as for public entities, which impacts their liquidity. As of June 30, 2021, securities with a carrying value of $114.3 million, or 22.3% of the securities AFS portfolio, were pledged to secure public entity deposits as compared to securities with a carrying value of $105.1 million, or 21.1% of the securities AFS portfolio, similarly pledged as of December 31, 2020. This increase of $8.1 million, or 7.7%, was primarily due to an increase in several public entity deposit accounts that occurred during the first half of the year. Public entity account balances generally fluctuate throughout the year.

Other sources available for meeting liquidity needs include federal funds lines, FHLB advances, 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, 2021 and December 31, 2020. FHLB advances may also be used to meet short-term 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. As of June 30, 2021 and December 31, 2020, our net borrowing capacity from the FHLB was $635.6 million and $510.8 million, respectively. We also maintain an additional $6.0 million revolving line of credit at one of our correspondent banks. As of June 30, 2021 and December 31, 2020, we had total borrowing capacity of $736.6 million and $611.8 million, respectively, through these combined funding sources. We had no outstanding balances from any of these funding sources as of June 30, 2021 or December 31, 2020.

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 customers if all conditions of the commitment are met. These 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, 2021, we had $315.5 million in unfunded loan commitments and $12.0 million in commitments associated with outstanding standby letters of credit. We have monitored the requests for extensions of credit under these lines and have not identified any requests outside of the normal course of business that appear to be attributable to COVID-19 hardships. As of December 31, 2020, we had $283.3 million in unfunded loan commitments and $10.5 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, 2021, 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, 2021, there was a $5.0 million outstanding commitment to this partnership.

In the second quarter of 2021, the Company committed to an investment into a bank technology limited partnership. As of June 30, 2021, there was a $960,000 outstanding commitment to this partnership.

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.

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.

In conjunction with our interest rate risk management process, on a quarterly basis, we run various simulation models including a static balance sheet and dynamic growth balance sheet. These models test the impact on net interest income and fair value of equity from changes in market interest rates under various scenarios. Under the static and dynamic growth models, rates are shocked instantaneously and ramped rates change over a 12-month and 24-month horizon based upon parallel yield curve shifts. Parallel shock scenarios assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. Our nonparallel rate shock model involves analysis of interest income and expense under various changes in the shape of the yield curve.

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. Bank policy regarding economic value at risk simulations performed by our risk model currently specifies that 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 20.0% for a 100 bp shift and 25.0% 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.

	As of June 30, 2021		As of December 31, 2020	
	% 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	41.9 %	20.4 %	36.6 %	27.5 %
+200	27.9 %	16.0 %	25.2 %	22.3 %
+100	14.1 %	9.8 %	13.4 %	14.5 %
Base	0.0 %	0.0 %	0.0 %	0.0 %
-100	(1.2)%	(19.9)%	(1.6)%	(18.0)%
-200	(3.0)%	(25.0)%	(1.6)%	(15.6)%

The results above, as of June 30, 2021 and December 31, 2020, 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. We have also observed that, historically, our deposit interest rates have adjusted more slowly than the change in the federal funds rate. This assumption is incorporated into our risk model and is generally not reflected 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.

The percentage of change in the fair value of equity in the down 100 bp scenario is near the policy threshold and at the policy threshold in the down 200 bp scenario as of June 30, 2021. These values will be reported at the next quarterly Asset-Liability Committee meeting, and these metrics will be monitored closely over the next several quarters to determine whether further action is 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, 2021, floating rate loans were 16.5% of the loans HFI, and floating rate transaction deposits were 5.9% 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 PPP-adjusted metrics 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 in which 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 Assets, Tangible Equity, and Tangible Book Value

Tangible Book Value Per Common Share. Tangible book value per common 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 common share exclusive of changes in intangible assets. We calculate tangible book value per common 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 common share is book value per common share.

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.

As a result of previous acquisitions, we have a small amount of intangible assets. As of June 30, 2021, total intangible assets were $1.5 million, which is less than 1.0% of total assets.

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

(dollars in thousands, except per share data)	**June 30, 2021**	**March 31, 2021**	**June 30, 2020**
Tangible common equity			
Total stockholders' equity	$ 292,924	$ 284,911	$ 271,117
Adjustments:			
Intangible assets	(1,546)	(1,546)	(1,546)
Total tangible common equity (non-GAAP)	$ 291,378	$ 283,365	$ 269,571
Common shares outstanding	7,284,994	7,306,747	7,322,532
Book value per common share	$ 40.21	$ 38.99	$ 37.03
Tangible book value per common share (non-GAAP)	$ 40.00	$ 38.78	$ 36.81
Tangible assets			
Total assets	$ 2,878,476	$ 2,820,672	$ 2,361,866
Adjustments:			
Intangible assets	(1,546)	(1,546)	(1,546)
Total tangible assets (non-GAAP)	$ 2,876,930	$ 2,819,126	$ 2,360,320
Total stockholder's equity to assets	10.18 %	10.10 %	11.48 %
Tangible common equity to tangible assets (non-GAAP)	10.13 %	10.05 %	11.42 %

PPP-Adjusted Metrics

In the second quarter of 2020, Red River Bank originated 1,384 PPP1 loans totaling $199.0 million. With the passing of the Economic Aid Act in December of 2020, Red River Bank issued a minor amount of additional PPP1 loans and new PPP2 loans in the first six months of 2021. As of June 30, 2021, we had received $174.9 million in SBA forgiveness and borrower payments on 91.2% of the 1,384 PPP1 loans originated, and we had originated 488 PPP2 loans totaling $58.3 million. As of June 30, 2021, unamortized PPP origination fees were $2.9 million, resulting in $83.0 million of PPP loans, net of deferred income, or 5.2% of loans HFI.

PPP loans were implemented as a response to the COVID-19 pandemic and have characteristics that are different than the rest of our loan portfolio, including being short-term in nature (24 months or less for most PPP1 loans and 60 months or less for PPP2 loans and the additional PPP1 loans, depending on loan forgiveness timing), having a lower than market interest rate, and only being originated during specified time periods during the COVID-19 pandemic. Because of these factors, management believes that PPP-adjusted metrics provide a more accurate portrayal of certain aspects of the Company's financial condition and performance. Accordingly, we believe it is important to investors to see certain of our metrics with PPP loans excluded. The most directly comparable GAAP financial measure for PPP-adjusted metrics is total loans HFI.

The following table reconciles, as of the dates set forth below, non-PPP loans to total loans HFI and presents certain ratios using non-PPP loans:

(dollars in thousands)	June 30, 2021	December 31, 2020	June 30, 2020
Non-PPP loans HFI			
Loans HFI	$ 1,600,388	$ 1,588,446	$ 1,615,298
Adjustments:			
PPP loans, net	(82,972)	(118,447)	(192,655)
Non-PPP loans HFI (non-GAAP)	$ 1,517,416	$ 1,469,999	$ 1,422,643
Assets excluding PPP loans, net			
Assets	$ 2,878,476	$ 2,642,634	$ 2,361,866
Adjustments:			
PPP loans, net	(82,972)	(118,447)	(192,655)
Assets excluding PPP loans, net (non-GAAP)	$ 2,795,504	$ 2,524,187	$ 2,169,211
Deposits	$ 2,569,599	$ 2,340,360	$ 2,069,322
Allowance for loan losses	$ 19,460	$ 17,951	$ 14,882
Nonperforming loans	$ 2,027	$ 3,310	$ 3,442
Loans HFI to deposits ratio	62.28 %	67.87 %	78.06 %
Non-PPP loans HFI to deposits ratio (non-GAAP)	59.05 %	62.81 %	68.75 %
Allowance for loan losses to loans HFI	1.22 %	1.13 %	0.92 %
Allowance for loan losses to non-PPP loans HFI (non-GAAP)	1.28 %	1.22 %	1.05 %
Nonperforming loans to loans HFI	0.13 %	0.21 %	0.21 %
Nonperforming loans to non-PPP loans HFI	0.13 %	0.23 %	0.24 %

CRITICAL ACCOUNTING ESTIMATES

There were no 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, 2020.

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.

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, 2020, 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, 2021, 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 the Company, under the supervision and with the participation of its management, including its 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 its disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply judgment in evaluating its controls and procedures. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the 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 the Company’s 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 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is named as a defendant in a purported class action lawsuit, *Aeron Averette v. Red River Bancshares*, filed on August 28, 2020, in the 19th Judicial District Court of the State of Louisiana. The lawsuit alleges the Bank wrongfully imposed multiple non-sufficient funds fees on what the plaintiff describes as a single item presented for payment, allegedly resulting in the Bank breaching its customer account agreement, abusing its rights, and being unjustly enriched. The plaintiff claims to represent a class consisting of all account holders in Louisiana who incurred similar charges by the Bank within the applicable prescriptive period. The plaintiff seeks unspecified damages, costs, fees, attorney's fees, and general and equitable relief for herself and the purported class. The Company and Bank deny the allegations and are vigorously defending this matter. The Bank filed an exception of no cause of action in District Court as to the three grounds alleged by the plaintiff. On May 10, 2021, the 19th Judicial District Court ruled in the Bank's favor, but allowed the plaintiff time to amend her petition to state a cause of action. The plaintiff filed an amended petition on June 15, 2021. The amended petition does not allege new causes of action against the Bank. The Bank is preparing to file another exception of no cause of action as to the grounds again alleged by the plaintiff. At this stage of the lawsuit, we cannot determine the probability of a materially adverse result or reasonably estimate the potential exposure, if any.

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, 2020. 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

On May 7, 2019, we sold 663,320 new shares of our common stock at a public offering price of $45.00 per share in our IPO, including 90,000 shares sold pursuant to the exercise of the underwriters' option to purchase additional shares in the offering. The offer and sale of shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-230798), which the SEC declared effective on May 2, 2019. FIG Partners, LLC and Stephens Inc. acted as underwriters. The offering commenced on May 3, 2019, and did not terminate until the sale of all of the shares offered. There has been no material change in the planned use of proceeds from our IPO as described in our Prospectus that was filed with the SEC on May 3, 2019, pursuant to Rule 424(b)(4) under the Securities Act.

Our purchases of shares of common stock made during the quarter consisted of stock repurchases made under our publically announced stock repurchase program and 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)]
April 1 - April 30, 2021	1,402	$ 54.62	1,402	$ 1,784
May 1 - May 31, 2021	8,060	$ 54.43	8,060	$ 1,345
June 1 - June 30, 2021	12,191	$ 52.81	12,191	$ 701
Total	21,653	$ 53.53	21,653	$ 701

(1) On August 27, 2020, our board of directors approved a stock repurchase program. The repurchase program authorizes us to purchase up to $3.0 million of our outstanding shares of common stock through August 27, 2021. 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.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On August 12, 2021, Red River Bank entered into an Amended and Restated Employment Agreement (“Restated Employment Agreement”) with R. Blake Chatelain regarding his service as its President and Chief Executive Officer. The Restated Employment Agreement replaces the employment agreement with Mr. Chatelain dated April 1, 2014 (the “Original Agreement”). The Restated Employment Agreement automatically extends on a day-to-day basis for an “evergreen” three-year term, unless terminated earlier in accordance with the terms of the Restated Employment Agreement. Similar to the Original Agreement, the Restated Employment Agreement provides for a minimum annual increase in base salary of 3.0%, participation in benefit plans and incentive bonus plans offered by Red River Bank, paid vacation, a vehicle allowance, social and civic club memberships, and health insurance. If Mr. Chatelain’s employment is terminated by Red River Bank without cause (as defined in the Restated Employment Agreement) or if Mr. Chatelain resigns for good reason (as defined in the Restated Employment Agreement), he will be entitled to certain severance benefits, including (1) a payment equal to (a) his then-current base salary multiplied by three; plus (b) his average annual discretionary bonus received over the prior three years, multiplied by two; and (2) payment of COBRA premiums for the COBRA continuation period (as defined in the Restated Employment Agreement). If Mr. Chatelain’s employment is terminated without cause or if he resigns for good reason within six months prior to or 24 months after a change in control event (as defined in the Restated Employment Agreement), his severance payment will be equal to (1) his base salary multiplied by three; plus (2) his average annual discretionary bonus received over the past three years, multiplied by three.

On August 12, 2021, Red River Bank entered into an Amended and Restated Change in Control Agreement (“Restated Change in Control Agreement”) with each of Tammi R. Salazar and Isabel V. Carriere (the “Executives”). The Restated Change in Control Agreements replace the Change in Control Agreements entered into on January 14, 2014, with each Executive, and provide severance benefits if, within three months prior to or 24 months after a change in control event (as defined in the Restated Change in Control Agreement), (a) the Executive’s employment is involuntarily terminated, other than for cause (as defined in the Restated Change in Control Agreement), or (b) the Executive terminates her employment for good reason (as defined in the Restated Change in Control Agreement). Under the Restated Change in Control Agreements, upon a qualifying termination each Executive would be entitled to receive (1) a lump sum payment equal to (a) her then-current base salary multiplied by two; plus (b) the average annual discretionary bonus received by each executive over the prior three years, multiplied by two, and (2) payment of COBRA premiums for the COBRA continuation period (as defined in the Restated Change in Control Agreement).

Neither the Restated Employment Agreement nor the Restated Change in Control Agreements provide excise tax gross-up protections. Rather, if any payments and benefits (1) constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1984, as amended ("the Code") and (2) would otherwise be subject to the excise tax imposed by Section 4999 of the Code, then such payments and benefits will be reduced to the extent necessary so that no portion is subject to such excise tax, but only if the net amount of such payments and benefits, as so reduced, is greater than or equal to the net amount of such payments and benefits without such reduction.

The foregoing descriptions of the Restated Employment Agreement and the Restated Change in Control Agreements do not purport to be complete and are qualified in their entirety by the full text of the Restated Employment Agreement and the Restated Change in Control Agreements, which are filed as Exhibits 10.1 and 10.2, respectively, to this Quarterly Report on Form 10-Q and incorporated by reference herein.

Item 6. Exhibits

ER	DESCRIPTION
	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)
	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)
	Amended and Restated Employment Agreement dated August 12, 2021, between Red River Bank and R. Blake Chatelain*+
	Form of Amended and Restated Change in Control Agreement dated August 12, 2021, between Red River Bank and each of Isabel V. Carriere and Tammi R. Salazar*+
	Composite Form of Supplemental Executive Retirement Benefits Agreement dated October 1, 2004, between Red River Bank and each of Isabel V. Carriere, Andrew B. Cutrer, and Debbie B. Triche*+#
	Form of Amendment No. 1 to Supplemental Executive Retirement Benefits Agreement dated December 30, 2008, between Red River Bank and each of Isabel V. Carriere, Andrew B. Cutrer, and Debbie B. Triche*+
	Composite Form of Amendment No. 2 to Supplemental Executive Retirement Benefits Agreement dated October 1, 2016, between Red River Bank and each of Isabel V. Carriere, Andrew B. Cutrer, and Debbie B. Triche*+#
	Composite Form of Endorsement Method Split-Dollar Agreement dated October 1, 2004, between Red River Bank and each of Isabel V. Carriere, Andrew B. Cutrer, and Debbie T. Triche*+#
	Form of [Supplemental] Split-Dollar Agreement dated July 1, 2021, between Red River Bank and each of Amanda W. Barnett, Andrew B. Cutrer, G. Bridges Hall, IV, David K. Thompson, and Debbie B. Triche*+#
	Supplemental Split-Dollar Agreement between Red River Bank and R. Blake Chatelain (incorporated by reference to Exhibit 10.1 to Red River Bancshares, Inc.'s Current Report on Form 8-K filed with the SEC on July 9, 2021, file number 001-38888)+#
	Supplemental Split-Dollar Agreement between Red River Bank and Bryon C. Salazar (incorporated by reference to Exhibit 10.2 to Red River Bancshares, Inc.'s Current Report on Form 8-K filed with the SEC on July 9, 2021, file number 001-38888)+#
	Supplemental Split-Dollar Agreement between Red River Bank and Tammi R. Salazar (incorporated by reference to Exhibit 10.3 to Red River Bancshares, Inc.'s Current Report on Form 8-K filed with the SEC on July 9, 2021, file number 001-38888)+#
	Supplemental Split-Dollar Agreement between Red River Bank and Isabel V. Carriere (incorporated by reference to Exhibit 10.4 to Red River Bancshares, Inc.'s Current Report on 8-K filed with the SEC on July 9, 2021, file number 001-38888)+#
	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, 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.
S	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.
H	Inline XBRL Taxonomy Extension Schema Document*
L	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
F	Inline XBRL Taxonomy Extension Definitions Linkbase Document*
B	Inline XBRL Taxonomy Extension Label Linkbase Document*
E	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
	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 Agreements have been omitted pursuant to Item 601(b)(5) of Regulation S-K. We will furnish the omitted exhibits to the Securities and Exchange Commission 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 13, 2021	By:	/s/ R. Blake Chatelain
		R. Blake Chatelain President and Chief Executive Officer (Principal Executive Officer)
Date: August 13, 2021	By:	/s/ Isabel V. Carriere
		Isabel V. Carriere, CPA, CGMA Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

RED RIVER BANK
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is made effective as of August 12, 2021 (the "Effective Date"), by and between RED RIVER BANK (the "Bank"), a wholly-owned subsidiary of Red River Bancshares, Inc. (the "Company"), and R. BLAKE CHATELAIN, a resident of Rapides Parish, Louisiana ("Executive") (the signatories to this Agreement will be referred to jointly as the "Parties"). This Agreement amends and restates that certain Employment Agreement by and between the Bank and the Executive, dated April 1, 2014 (the "Original Agreement").

WITNESSETH:

WHEREAS, the Parties desire to amend and restate the Original Agreement in order to conform with industry norms and best practices; and

WHEREAS, the Bank has agreed to continue to employ Executive, and Executive has agreed to be employed by the Bank, subject to and on the terms and conditions set forth herein; and

WHEREAS, both the Bank and Executive have reviewed and understand the terms and provisions set forth in this Agreement and have been afforded a reasonable opportunity to review this Agreement with their respective legal counsel;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Executive and the Bank agree as follows:

1. Term of Employment. This Agreement shall become effective upon the Effective Date and shall automatically extend on a day-to-day basis for an "evergreen" three-year term, subject to earlier termination pursuant to Section 5 (the "Term of Employment").

2. Duties and Place of Performance.

(a) Duties. During the Term of Employment, Executive shall serve as the Bank's President and Chief Executive Officer and will report directly to the Board of Directors of the Bank. Executive shall perform all services reasonably required by the Board of Directors in conformity with the appropriate standards of the banking industry to fully execute the duties and responsibilities associated with his positions. Executive will devote substantially all of his working time, attention and energies to the performance of his duties for the Bank. Notwithstanding the above, Executive will be permitted, to the extent such activities do not interfere with the performance by Executive of his duties and responsibilities under this Agreement, to (i) manage Executive's personal, financial and legal affairs, and (ii) serve on civic or charitable boards or committees.

(b) Place of Performance. Executive's place of employment will be the Bank's principal executive offices in Alexandria, Louisiana.

3. Compensation and Benefits. Unless otherwise expressly provided herein, all payments of compensation to Executive shall be payable in accordance with the Bank's ordinary payroll and other policies and procedures.

(a) Base Salary. Upon the Effective Date, Executive's annual base salary shall be $460,000 ("Base Salary"). Commencing on the date that is twelve (12) months from the Effective Date, and for each 12-month period thereafter during the Term of Employment, the Base Salary shall increase by a minimum of three percent (3%) in excess of the Base Salary for the immediately preceding 12-month period.

(b) Annual Discretionary Incentive Bonus Plan. Executive, if employed on the date that such bonus is awarded by the Board of Directors, shall be eligible for performance-based annual cash awards calculated on a basis comparable to other senior officers of the Bank and otherwise in such amount as determined by the Board of Directors (or any committee thereof), in their sole discretion, based upon Executive's individual contribution to the achievement of the Bank's goals for the prior calendar year, provided Executive continues to be employed by the Bank on the date that such bonus is paid.

(c) Participation in Employee Benefit Programs. During the Term of Employment, Executive shall be entitled to participate in any benefit programs, including retirement, medical, dental, life and disability insurance, applicable to all employees of the Bank or to executive employees of the Bank in accordance with the Bank's policy and the provisions of the benefit plans and agreements related to such programs. This Agreement, which provides certain additional benefits, does not preclude Executive's participation in any other programs of the Bank.

(d) Reimbursement of Expenses. During the Term of Employment, the Bank shall promptly pay all reasonable expenses incurred by Executive for all reasonable travel and other business-related expenses incurred by him in performing his obligations under this Agreement in accordance with the Bank's travel and business expense policy, such expenses to be reviewed by the Board of Directors on a periodic basis. Any required reimbursements shall be paid to Executive no later than the last day of the calendar month following the calendar month in which Executive submits timely substantiation for the underlying expense incurred by the Executive.

(e) Vehicle Allowance. During the Term of Employment, the Bank shall pay or reimburse Executive in the amount of up to $850 per month, for the purchase or lease of a vehicle (the "Vehicle Allowance"). Commencing on the date that is twelve (12) months from the Effective Date, and for each 12-month period thereafter during the Term of Employment, the Vehicle Allowance shall increase by a minimum of three percent (3%) in excess of the Vehicle Allowance for the immediately preceding period.

(f) Club Membership. During the Term of Employment, the Bank shall pay or reimburse Executive for membership fees and dues on behalf of Executive at all country clubs, civic clubs and dinner clubs listed on Exhibit A and in which Executive is a member as of the Effective Date.

(g) Life Insurance. The Bank shall maintain in effect (1) that certain Endorsement Method Split-Dollar Agreement, dated as of October 1, 2004, by and between the Bank and the Executive; and (2) that certain Supplemental Split-Dollar Agreement, dated as of July 7, 2021, by and between the Bank and the Executive, both in accordance with their terms.

(h) Payment of Accrued Benefits Upon Termination. If Executive's employment is terminated, the Bank shall pay to Executive or his estate the Accrued Benefits (as defined in Section 26) earned or accrued as of the date of termination no later than the earlier of the Bank's next regular payroll date or within 15 days following termination of employment, provided that any reimbursements shall be paid by the Bank's next regular payroll date or, if sooner, by the 15th day following termination of employment, after the Executive has fulfilled all conditions required under the Bank's expense reimbursement policy. Any benefits payable under the benefit plans referred to in Section 3(c) shall be paid in accordance with the terms of the plans. If Executive's employment is terminated due to the disability of Executive as determined under Section 5(b), the portion of Executive's Base Salary due shall be reduced by the amount of any benefits received by Executive under any disability policy maintained by the Bank under the benefit plans referenced in Section 3(c) for such period.

(i) Limitation on Payments. Any payments made to Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. 1828(k) and 12 C.F.R. Part 359, Golden Parachute and Indemnification Payments.

(j) Fair and Adequate Compensation. The Bank and Executive acknowledge that such compensation and the other covenants and agreements of the Bank contained herein are fair and adequate compensation for Executive's services, and for the covenants described below.

4. Severance.

(a) Severance Payment. Upon the earlier of (i) Executive's termination without cause under Section 5(d), (ii) Executive's resignation for Good Reason under Section 5(e), or (iii) Executive's termination without cause or resignation for Good Reason in connection with a Change in Control under Section 5(f), the Bank shall pay to Executive (x) a cash lump sum payment equal to the product of Executive's monthly Base Salary in effect immediately prior to such termination or resignation (without regard to any reduction that would provide Executive a basis to terminate employment for Good Reason) *multiplied* by the number of full calendar months remaining in the Term of Employment determined immediately prior to such termination or resignation, and (y) a cash lump sum payment equal to the average annual discretionary bonus received by Executive over the prior three (3) years, *multiplied* by two (2) if terminating under items (i) or (ii) above, and *multiplied* by three (3) if terminating under item (iii) above (together, the "Severance Payment"), subject to the execution of a general release of claims by Executive against the Bank and its affiliates in a form reasonably satisfactory to the

Bank. The Severance Payment shall be made on the sixtieth (60^{th}) day following termination; provided that if Executive becomes entitled to any additional amounts as a result of the occurrence of a Change in Control within six (6) months following his termination of employment, such additional Severance Payments shall be made on the later of the sixtieth (60^{th}) day following termination or the date of the Change in Control; provided, however, that (i) if the Severance Payment to Executive would cause the Bank to contravene any law, regulation or policy applicable to the Bank, the Bank and Executive agree that such Severance Payment shall be made to the extent permitted by law, regulation and policy, and the remainder of such Severance Payment shall be made from time to time at the earliest time permitted by law, regulation and policy and in accordance with Section 409A, and (ii) in the event that Executive is a "specified employee" within the meaning of Section 409A of the Code (as determined by the Company or its delegate), any payments or other benefits hereunder subject to Section 409A of the Code shall not be paid or provided until the earlier of (A) Executive's death, or (B) the expiration of the 6-month period following Executive's termination of employment. Except as otherwise specifically provided herein or under applicable law, the Bank shall have no other obligations hereunder or otherwise with respect to Executive's employment from and after the termination date, and the Bank shall continue to have all other rights available hereunder.

(b) Severance Benefits. Upon the termination of Executive's Term of Employment as a result of the earlier of (i) Executive's death, (ii) Executive's disability as determined under Section 5(b), (iii) Executive's termination without cause under Section 5(d), (iv) Executive's resignation for Good Reason under Section 5(e), or (v) Executive's termination without cause or resignation for Good Reason in connection with a Change in Control under Section 5(f), the Bank shall provide the following:

(i) The Bank shall pay Executive or his heirs or estate (in the case of death) an amount equal to 100% of the Applicable COBRA Premium on the 15^{th} day of each month during the COBRA Continuation Period. For purposes of this section, the "*Applicable COBRA Premium*" means the monthly amount paid by the Bank and the Executive under the Bank's group medical plan for the same type and level of coverage that Executive and/or his eligible dependents participated in immediately prior to the termination of the Executive's Term of Employment, and "*COBRA Continuation Period*" means the applicable continuation coverage period determined under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as applied to Executive's reason for termination. The Bank may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(ii) The Bank shall maintain in effect that certain Endorsement Method Split-Dollar Agreement, dated as of October 1, 2004, by and between the Bank and the Executive, in accordance with its terms, except in the case of the Executive's death, following which such Endorsement Method Split-Dollar Agreement will pay out by its terms.

5. Termination.

(a) Death. If Executive dies during the Term of Employment and while in the employ of the Bank, this Agreement shall automatically terminate and the Bank shall have no further obligation to Executive or his estate under this Agreement, except as provided in Section 3(h) and Section 4(b).

(b) Disability.

(i) The Bank or Executive may terminate Executive's employment if Executive shall be prevented from performing his duties hereunder by reason of becoming disabled. For purposes of this Agreement, the terms "disabled" and "disability" means (i) the inability of the Executive to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of more than twelve (12) months, or (ii) the receipt of income replacement benefits for a period of more than three (3) months under a Bank-sponsored or Company-sponsored accident and health plan covering the Executive due to medically determinable physical or mental impairment which is expected to result in death or is expected to last for a continuous period of more than twelve (12) months. Medical determination of Disability may be made by either the Social Security Administration or by the provider of disability insurance covering employees or directors of the Bank, provided that the definition of "disability" applied under such insurance program complies with the requirements of the preceding sentence. Upon the request of the Plan Administrator, the Executive must submit proof to the Plan Administrator of the occurrence of such disability or, as applicable, the Social Security Administration's or the provider's determination. In the event a dispute arises between Executive and the Plan Administrator concerning Executive's physical or mental ability to continue or return to the performance of his duties, Executive shall submit to examination by a competent physician mutually agreeable to both Parties. The physician's opinion as to Executive's capability to perform his duties will be final and binding

(ii) In the event of a termination pursuant to this Section 5(b), the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h) and Section 4(b).

(c) Discharge for Cause.

(i) At any time during the Term of Employment, the Bank may discharge Executive for cause and terminate Executive's employment by delivering to Executive a written notice of discharge. The notice of discharge shall set forth the reasons for Executive's termination for cause. For purposes of this Agreement, a discharge for "cause" shall be defined as a finding by the Board of Directors of any of the following: (1) Executive's misuse of drugs (including alcohol), which materially affects his ability to perform duties outlined herein; (2) Executive's conviction, guilty plea or no contest plea to any felony or any other crime involving breach of trust, dishonesty, or moral turpitude; (3) the willful engagement by Executive in disloyal conduct which is materially and demonstrably injurious to the Bank; (4) Executive's engagement in gross negligence, willful misconduct or harassment (including but not limited to sexual harassment or sexual abuse, whether or not such harassment occurs in the course of Executive's performance of Executive's job duties); (5) Executive's violation of state or federal securities or banking laws; (6) Executive's refusal to cooperate with a legitimate internal, regulatory, or law enforcement investigation; (7) Executive's material breach of this Agreement, or otherwise failing to perform obligations as set forth in this Agreement, after notice and a reasonable opportunity (not to exceed thirty (30) days) to correct such actions; or (8) Executive has been prohibited from engaging in the business of banking by any applicable government agency or regulatory body. For purposes of this Agreement, Executive shall not be deemed to be in breach of this Agreement for his failure to substantially perform his duties under this Agreement where such failure results because Executive has become disabled within the meaning of Section 5(b). In such cases, termination of Executive shall be governed by the provisions of Section 5(b).

(ii) In the event of a termination pursuant to this Section 5(c), the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h).

(d) Discharge without Cause.

(i) At any time during the Term of Employment, the Bank shall be entitled to terminate Executive's employment "without cause," by providing him with a written notice of termination. Any termination of Executive's employment which is not for cause, as defined above in Section 5(c), which does not result from the death or disability of Executive, as set forth in Sections 5(a) and 5(b) respectively, and which does not result from the resignation or termination of Executive as set forth in Section 5(e), Section 5(f) or Section 5(g), shall be deemed to be a discharge without cause.

(ii) In the event of a termination pursuant to this Section 5(d), the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h) and Section 4.

(e) Resignation for Good Reason.

(i) At any time during the Term of Employment, Executive may resign for Good Reason and terminate his employment by delivering to the Bank a written notice of resignation. The notice of resignation shall set forth the reasons for Executive's resignation for Good Reason. For purposes of this Agreement, resignation for "Good Reason" shall be defined as the termination of employment by Executive following the occurrence of any of the following events and the failure of the Bank to cure, if applicable, within the period specified in this Section 5(e): (A) the assignment to Executive of duties that are materially inconsistent with Executive's position, authority, duties or responsibilities, or any other action by the Bank which results in a material diminution in such position, authority, duties or responsibilities as set forth herein; (B) the Bank requiring Executive, without his consent, to be based at any office or location that is materially different geographically from the main office in Alexandria, Louisiana; or (C) any material breach of this Agreement by the Bank, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Bank promptly after receipt of notice thereof given by Executive. Within ninety (90) days of the initial occurrence of any of the events described above, Executive shall give the Bank written notice that such event constitutes Good Reason and the Bank shall thereafter have thirty (30) days in which to cure such an occurrence. If the Bank has not cured such an occurrence within the 30-day period, the event shall constitute grounds for resignation for Good Reason, and the

Executive's termination shall be effective as of the date immediately following such 30-day period (or, if applicable, the earlier date on which the Bank notifies Executive that it is unable or does not intend to cure the defect).

(ii) In the event of a termination pursuant to this Section 5(e), the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h) and Section 4.

(f) Resignation or Termination in connection with a Change in Control.

(i) At any time within twenty-four (24) months following a Change in Control or within six (6) months prior to a Change in Control, Executive may resign for Good Reason by delivering to the Bank a written notice of resignation as set forth in Section 5(e). In the event of such resignation, the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h) and Section 4.

(ii) If Executive's employment is terminated involuntarily, other than for cause (or due to death or Disability) within twenty-four (24) months following a Change in Control or within six (6) months prior to a Change in Control, the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h) and Section 4.

(g) Resignation without Good Reason.

(i) Executive shall be entitled to terminate this Agreement by providing the Bank with a written notice of resignation at least ninety (90) days prior to the intended resignation date. Any resignation by Executive which is not for Good Reason, as defined above in Section 5(e), shall be deemed to be a voluntary resignation. In lieu of having Executive work for the Bank through the effective date of the voluntary resignation, the Bank may place the Executive on leave immediately; provided, however, that the Bank shall still pay Executive the Base Salary he would otherwise be entitled through the effective date of such resignation. Upon the effective date of Executive's resignation, Executive shall not be entitled to receive any other compensation or benefits as provided in the Bank's benefit plans or agreements, except as provided in Section 3(h).

(ii) In the event of termination pursuant to this Section 5(g), the Bank shall be relieved of all its obligations under this Agreement, except as provided in Section 3(h).

6. Section 280G Parachute Payments.

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

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

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

7. Non-Disclosure and Confidentiality.

(a) Executive acknowledges that, by the nature of his duties, he will or may have access to and become informed of confidential, proprietary, and highly sensitive information relating to the Bank and which is a competitive asset of the Bank ("Proprietary Information"), including, without limitation, information pertaining to: (i) the identities of the Bank's existing and prospective customers or clients, including names, addresses, credit status, and pricing levels; (ii) the buying and selling habits and customs of the Bank's existing and prospective customers or clients; (iii) financial information about the Bank; (iv) product and systems specifications, concepts for new or improved products and other product or systems data; (v) the identities of, and special skills possessed by, the Bank's employees; (vi) the identities of and pricing information about the Bank's suppliers and vendors; (vii) training programs developed by the Bank; (viii) pricing studies, information and analyses; (ix) current and prospective products and inventories; (x) financial models, business projections and market studies; (xi) the Bank's financial results and business conditions; (xii) business plans and strategies; (xiii) special processes, procedures, and services of the Bank and its suppliers and vendors; and (xiv) computer programs and software developed by the Bank or its consultants.

(b) The term Proprietary Information does not include information or know-how which: (i) is in Executive's possession prior to its disclosure to him by the Bank (as shown by competent written evidence in Executive's files and records immediately prior to the time of disclosure); (ii) is available to the general public other than through any inaction or action (whether or not wrongful) on Executive's part; or (iii) is approved for release by written authorization of the Bank.

(c) Executive agrees during the Term of Employment and for a period of two (2) years following termination or expiration of Executive's employment not to: (i) use, at any time, any Proprietary Information for his own benefit and for the benefit of another; or (ii) disclose, directly or indirectly, any Proprietary Information to any person who is not a current employee of the Bank, except in the performance of the duties assigned to Executive in this Agreement, at any time prior or subsequent to the termination of his employment with the Bank, except as such disclosure may be required by law. Notwithstanding the foregoing, Executive shall not at any time during the Term of Employment or thereafter disclose any Proprietary Information to the extent that such information is deemed confidential under, or the disclosure thereof would otherwise contravene, any law, rule or regulation applicable to the Bank or could expose the Bank or any of its officers, directors or employees to any claim or liability as a result of the disclosure thereof. Executive further agrees not to make copies of any Proprietary Information, except in the performance of the duties assigned to him in this Agreement.

8. Return of Bank Property. Executive acknowledges that all memoranda, notes, records, reports, manuals, books, papers, letters, client and customer lists, contracts, software programs, information and records, drafts of instructions, guides and manuals, and other documentation (whether in draft or final form), and other sales or financial information and aids relating to the Bank's business, and any and all other documents containing Proprietary Information furnished to Executive by any representative of the Bank or otherwise acquired or developed by Executive in connection with his association with the Bank (collectively, "Recipient Materials") shall at all times be the property of the Bank. Within twenty-four (24) hours of the termination of his employment with the Bank, Executive shall return to the Bank any Recipient Materials which are in his possession, custody or control.

9. Independent Covenants. Executive acknowledges that the covenants set forth in Section 7 are material conditions to the Bank's willingness to execute and deliver this Agreement and to provide Executive the compensation and benefits and other consideration provided hereunder. The parties agree that the existence of any claim or cause of action of Executive against the Bank, whether predicated on this Agreement or otherwise, will not constitute a defense to the enforcement by the Bank of such covenants; provided, however, that a default by the Bank of the terms of this Agreement will constitute such a defense. It is specifically acknowledged that the periods following the termination of employment stated in Section 7, during which the agreements and covenants of Executive made in such sections are effective, are to be computed by excluding from such computation any time during which Executive is in

violation of any provision of Section 7. In addition, Executive's obligations under Section 7 shall survive the termination of this Agreement and Executive's employment with the Bank. Executive's obligations under Section 7 are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which he may have to the Bank under general legal or equitable principles, or other Bank policies.

10. Remedies.

(a) In the event that Executive violates any of the provisions set forth in Section 7 of this Agreement, Executive acknowledges that the Bank would suffer immediate and irreparable harm and would not have an adequate remedy at law for money damages in the event that any of the covenants contained in Section 7 of this Agreement were not performed in accordance with their terms or otherwise were materially breached. Accordingly, Executive agrees that, without the necessity of proving actual damages or posting bond or other security, the Bank shall be entitled to temporary or permanent injunction or injunctions to prevent breaches of such performance and to specific enforcement of such covenants in addition to any other remedy to which the Bank may be entitled, at law or in equity. In such a situation, the parties agree that the Bank may pursue any remedy available, including declaratory relief, concurrently or consecutively in any order as to any breach, violation, or threatened breach or violation of Section 7 of this Agreement, and the pursuit of any particular remedy or remedies shall not be deemed an election of remedies or waiver of the right to pursue any other remedy.

(b) With the exception of claims for injunctive and/or other equitable relief, the parties agree and mutually consent to the resolution first by mediation and, if unsuccessful, thereafter, by arbitration of any and all claims or disputes between them, including but not limited to, claims arising out of or in connection with Executive's employment, separation from employment, or this Agreement. The parties mutually agree that such mediation and arbitration shall be in accordance with the then-current Employment Dispute Resolution Rules of the American Arbitration Association before a mediator or arbitrator who is licensed to practice law. One mediator shall be used and shall be chosen by mutual agreement of the parties. If the matter cannot be settled by mediation, then the parties, by mutual agreement shall choose an arbitrator who is licensed to practice law. The arbitrator shall issue a written decision and award stating the reasons therefor. The decision and award shall be final and binding on both parties, their heirs, executors, administrators, successors and assigns. The arbitration filing fee and the costs and expenses of the arbitration shall be borne evenly by the parties. It is the intention of the parties that this Agreement shall be enforceable under the Federal Arbitration Act and applicable state law. The prevailing party in arbitration may be awarded attorneys' fees by the arbitrator.

(c) The Bank shall reimburse Executive for all reasonable and documented expenses, including without limitation attorney's fees, incurred by Executive in seeking to enforce Executive's rights under this Agreement.

11. Notification of Prospective Employment. If, during the Term of Employment and for a period of two (2) years following termination or expiration of Executive's employment, Executive intends to accept employment or an association with any third party which is engaged in a business similar to the business conducted by the Bank or which, because of the nature of his

proposed or potential position with the third party, may require him to use or disclose the Bank's Proprietary Information, he agrees to provide the Bank with notice of his intention to accept such employment or association no later than sixty (60) days prior to accepting such employment or association. Prior to accepting employment or an association with any third party which is engaged in a business similar to the business conducted by the Bank or which, because of the nature of his proposed or potential position with the third party, may require Executive to use or disclose the Bank's Proprietary Information, he agrees to provide a copy of this Agreement to such third party. Finally, Executive agrees that the Bank may, at any time while any of the non-disclosure covenants contained in this Agreement are in force, provide notice of the existence of that Agreement to any third party with whom or which he proposes to negotiate or is negotiating concerning employment or to accept employment, without any liability to Executive for any such notice.

12. Goodwill. Executive acknowledges that the Bank will, over a period of time, develop, significant relationships and goodwill between itself and its clients and customers by providing superior products and services. Executive further acknowledges that these relationships and this goodwill are a valuable asset belonging solely to the Bank. Executive understands that the Bank agrees to compensate him, as well as to reimburse him for reasonable and necessary business expenses incurred, while he builds and/or maintains business relationships and goodwill with the Bank's current and prospective clients and customers on a personal level. Executive acknowledges that the responsibility to build and maintain business relationships and goodwill with current and prospective clients and customers creates a special relationship of trust and confidence between him, the Bank, and its clients and customers.

13. Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned, in whole or in part, by operation of law or otherwise by either of the parties hereto, except that this Agreement may be assigned by the Bank in connection with a Change in Control, if necessary to achieve the Bank's desired purpose in connection with the Change in Control. Executive's obligations under this Agreement are personal in nature and may not be assigned by Executive. Any assignment in violation of this Section shall be void, and any permitted assignment shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

14. Notices. All notices, requests, consents and other communications to be given or delivered hereunder or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been properly given if (a) delivered personally, (b) delivered by a recognized overnight courier service, (c) sent by United States mail, or (d) sent by facsimile transmission followed by a confirmation copy delivered by recognized overnight courier service the next day. Such notices, requests, consents and other communications shall be sent to the respective parties as follows (or at such other address for a party as shall be specified by like notice to the other party: (i) if to Executive: R. Blake Chatelain, 1704 Emberly Oaks, Alexandria, Louisiana 71301; and (ii) if to the Bank: Red River Bank, 1412 Centre Court, Suite 101, Alexandria, Louisiana 71301-3406, Attention: Board of Directors. Any notice given pursuant to this Agreement shall be effective (i) in the case of personal delivery or facsimile transmission, when received; (ii) in the case of mail, upon the earlier of actual receipt or five (5) business days after deposit with the

United States Postal Service, first class certified or registered mail, postage prepaid, return receipt requested; and (iii) in the case of a recognized overnight courier service, one (1) business day after delivery to the courier service together with all appropriate fees or charges and instructions for overnight delivery.

15. Severability. If any term or other provision of this Agreement is held to be illegal, invalid or unenforceable by any rule of law or public policy, (A) such term or provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision were not a part hereof; (B) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement; and (C) there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and still be legal, valid and enforceable. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only as broad as is enforceable.

16. Complete Agreement; Modification. The Parties acknowledge and agree that this Agreement constitutes the complete and entire agreement between the parties; that each executed this Agreement based upon the express terms and provisions set forth herein; that, in accepting and continuing employment with the Bank, Executive has not relied on any representations, oral or written, which are not set forth in this Agreement; that no previous agreement, either oral or written, shall have any effect on the terms or provisions of this Agreement; and that all previous agreements, either oral or written, are expressly superseded and revoked by this Agreement. Except as otherwise expressly provided in this Agreement, no conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of this Agreement unless hereafter made in writing and signed by the party to be bound. No waiver shall be deemed a continuing waiver or a waiver of any subsequent breach or default, either of a similar or different nature, unless expressly so stated in writing.

17. **GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF LOUISIANA, WITHOUT GIVING EFFECT TO PROVISION THEREOF REGARDING CONFLICT OF LAWS. IT IS STIPULATED THAT THE STATE OF LOUISIANA HAS A COMPELLING STATE INTEREST IN THE SUBJECT MATTER OF THIS AGREEMENT, AND THAT EXECUTIVE HAS OR WILL HAVE REGULAR CONTACT WITH LOUISIANA IN THE PERFORMANCE OF THIS AGREEMENT. EXCEPT AS PROVIDED IN SECTION 9(b), WITH RESPECT TO CLAIMS SUBJECT TO ARBITRATION, IN THE EVENT OF A DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, THE PARTIES IRREVOCABLY AGREE THAT VENUE FOR SUCH DISPUTE SHALL LIE EXCLUSIVELY IN ANY COURT OF COMPETENT JURISDICTION IN RAPIDES PARISH, LOUISIANA. TO THE EXTENT APPLICABLE, THIS AGREEMENT IS INTENDED TO COMPLY WITH THE**

DISTRIBUTION AND OTHER REQUIREMENTS UNDER SECTION 409A OF THE CODE. FOR ANY PAYMENTS OR REIMBURSEMENTS TO BE MADE UNDER THIS AGREEMENT THAT ARE SUBJECT TO SECTION 409A OF THE CODE, THIS AGREEMENT SHALL BE INTERPRETED AND APPLIED IN A MANNER CONSISTENT WITH SECTION 409A OF THE CODE AND THE REGULATIONS PROMULGATED THEREUNDER.

18. Counterparts. This Agreement may be executed in multiple original counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Prior Agreements. Executive represents that his service as an employee of the Bank will not violate any agreement: (i) he has made that prohibits him from disclosing any information he acquired prior to his becoming employed by the Bank; or (ii) he had made that prohibits him from accepting employment with the Bank or that will interfere with his compliance with the terms of this Agreement. Executive further represents that he has not previously, and will not in the future, disclose to the Bank any proprietary information or trade secrets belonging to any previous employer. Executive acknowledges that the Bank has instructed him not to disclose to it any proprietary information or trade secrets belonging to any previous employer.

20. Survival of Covenants. The provisions of Sections 3-10, 12, 15 and 17 of this Agreement shall survive the termination of this Agreement and Executive’s employment with the Bank and shall continue until all obligations of Executive relating to the provisions of the articles shall have been performed in full.

21. Voluntary Agreement. The Parties acknowledge that each has carefully read this Agreement, that each has had an opportunity to consult with his or its attorney concerning the meaning, import and legal significance of this Agreement, that each understands its terms, that all understandings and agreements between Executive and the Bank relating to the subjects covered in this Agreement are contained in it, and that each has entered into the Agreement voluntarily and not in reliance on any promises or representations by the other than those contained in this Agreement.

22. Tax Withholding. The Bank shall have the right to deduct from any payment of compensation to Executive hereunder any federal, state or local taxes required by law to be withheld with respect to such payments and any other amounts specifically authorized to be withheld or deducted by Executive, such as those related to Executive’s participation in the Bank’s employee benefit plans or agreements.

23. Restrictions Upon Funding. The Executive and each of his beneficiaries, as applicable, are general unsecured creditors of the Bank for the distribution of benefits under this Agreement. The benefits represent the mere promise by the Bank to distribute such benefits. The rights to benefits are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors. Any insurance on the

Executive's life or other informal funding asset is a general asset of the Bank to which the Executive and his beneficiaries have no preferred or secured claim.

24. ERISA Compliance. For purposes of the Executive Retirement Income Security Act of 1974, as amended ("ERISA"), the Bank intends that the benefits under this Agreement not be subject to ERISA. If it is deemed subject to ERISA, it is intended to be an unfunded arrangement for the benefit of a select member of management, who is a highly compensated employee of the Bank for the purpose of qualifying this Agreement for the "top hat" plan exception under sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Notwithstanding the foregoing, the Bank will process any claim for benefits in accordance with reasonable claims procedures prescribed under ERISA, a copy of which will be made available to the Executive upon request. Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision in this Agreement. Each use herein of the masculine, neuter or feminine gender shall be deemed to include the other genders. Each use herein of the plural shall include the singular and vice versa, in each case as the context requires or as is otherwise appropriate. The word "or" is used in the inclusive sense. Any agreement or instrument defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement or instrument as from time to time amended, modified or supplemented, including by waiver or consent. References to a person are also to its permitted successors or assigns.

25. Change in Control. The parties acknowledge that the Executive has agreed to assume the positions of President and Chief Executive Officer and to enter into this Agreement based on his confidence in the current owners of the Bank and the direction of the Bank provided by the current Board of Directors.

(a) Change in Control. For purposes of this Agreement, "Change in Control" means:

(i) a change during any 12-month period in the ownership of the capital stock of the Bank or the Company, whereby a corporation, partnership, other entity, person, or group acting in concert (a "Person") , as described in Section 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), acquires, directly or indirectly, beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of a number of shares of capital stock of the Bank or the Company, as the case may be, which constitutes more than fifty percent (50%) of the combined voting power of the Bank's or the Company's then outstanding capital stock entitled to vote generally in the election of directors;

(ii) the consummation of any merger, consolidation, share exchange or reorganization plan involving the Bank or the Company, as the case may be, in which the Bank or the Company, as applicable, is not the surviving entity, unless the shareholders of the Bank or the Company as the case continue to hold beneficial ownership in the surviving entity of a number of shares which constitutes at least fifty percent (50%) of the total value or voting power of the surviving entity;

(iii) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions during a 12-month period, of more than 50% of the assets of the Bank or the Company to any Person; *provided*, *however*, that there is no Change in Control if assets are transferred to an entity that is controlled by the shareholders of the Bank or the Company immediately after the transfer, nor is it a Change in Control if the Bank or Company transfers assets to:

(A) a shareholder of the Bank or of the Company (immediately before the asset transfer) in exchange for or with respect to the shareholder's capital stock in the Bank or the Company; or

(B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Bank or the Company; or

(iv) a change in the effective control of the Company whereby a majority of the persons who were members of the Board of Directors of the Company are, within a twelve (12) month period, replaced by individuals whose appointment or election to the Company's Board of Directors is not endorsed by a majority of the Company's Board of Directors prior to such appointment or election;

provided, that the following events shall not constitute a Change in Control:

(I) the acquisition by a Person who already owns more than fifty percent (50%) of the total fair market value or of the combined voting power of the Bank's or of the Company's outstanding capital stock,

(II) the acquisition of shares of capital stock of the Bank or the Company by the Bank or the Company or any of their subsidiaries or Affiliates;

(III) the acquisition of shares of capital stock of the Bank or the Company by any employee benefit plan (or trust) sponsored or maintained by the Bank or the Company;

(IV) any transfer of shares of capital stock by gift, devise or descent by a stockholder to a member of such stockholder's family or to a trust established or maintained for the benefit of a stockholder or any member of his family; or

(V) the acquisition of shares of capital stock by any officer or employee of the Bank or the Company pursuant to any stock option plan established by the Bank or the Company.

Notwithstanding the above, if Executive resigns for Good Reason or is terminated involuntarily, other than for cause (or due to death or Disability), during the six (6) month period prior to a

Change in Control, such Change in Control must also constitute a “change in the ownership”, “change in effective control”, and/or a “change in the ownership of a substantial portion of assets” of the Bank or the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), to the extent necessary to avoid the imposition of taxes under Section 409A.

26. Accrued Benefits. For purposes of this Agreement, “Accrued Benefits” shall mean:

(i) Any portion of Executive’s Base Salary earned through the date of termination of Executive’s employment and not yet paid;

(ii) Reimbursement for any and all amounts advanced in connection with Executive’s employment for reasonable and necessary expenses incurred by Executive through the date of termination of Executive’s employment in accordance with the Bank’s policies and procedures on reimbursement of expenses;

(iii) Any earned vacation pay not theretofore used or paid in accordance with the Bank’s policy for payment of earned and unused vacation time.

27. Section 409A.

(a) General. It is the intention of both the Bank and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder (“Section 409A”) or an exemption therefrom, to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Bank believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive and on the Bank). In no event whatsoever shall the Bank be liable for any additional tax, interest or penalty that may be imposed on the Executive by Section 409A or damages for any payments or benefits that fail to comply with Section 409A.

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive’s employment shall be made unless and until the Executive incurs a “separation from service” within the meaning of Section 409A.

(c) Six Month Delay for Specified Employees. If the Executive is a “specified employee”, then no payment or benefit that is payable on account of the Executive’s “separation from service”, as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive’s “separation from service” (or, if earlier, the date of the Executive’s death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule. For purposes of this provision, the Executive shall be considered to be a “specified employee” if, at the time of his separation from service, the Executive is a “key employee”, within the meaning of Section 416(i) of the Code, of the Bank (or any person or entity with whom the Bank would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(d) No Acceleration of Payments. Neither the Bank nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment and Timing of Payments. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Bank.

(f) Reimbursements. The expenses incurred by Executive in any calendar year that are eligible for reimbursement under this Agreement shall not affect the expenses incurred by Executive in any other calendar year that are eligible for reimbursement hereunder and Executive's right to receive any reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

WITNESSES:	**EXECUTIVE:**
______________________	/s/ R. Blake Chatelain
Printed Name:__________	R. Blake Chatelain
______________________	
Printed Name:__________	

WITNESSES:	**THE BANK:**
	RED RIVER BANK, a Louisiana state bank
______________________	By: /s Andrew B. Cutrer
Printed Name: ________	Name: Andrew B. Cutrer
	Title: Senior Vice President
______________________	
Printed Name: ________	

____
Notary Public
Printed Name of Notary Public: ________
Notary Identification Number or Bar Roll Number: __
Rapides Parish, Louisiana
My commission expires: at death

[SEAL]

<u>EXHIBIT A</u>

CLUB MEMBERSHIPS

- Downtown Rotary Club of Alexandria
- City Club of Baton Rouge

RED RIVER BANCSHARES, INC.
AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT

This Amended and Restated Change in Control Agreement ("Agreement") is made and entered into effective as of August 12, 2021 (the "Effective Date"), by and between Red River Bancshares, Inc. (the "Company"), a Louisiana corporation with its principal office in Alexandria, Louisiana, and [Executive] (the "Officer"). This Agreement amends and restates that certain Change in Control Agreement by and between the Company and the Officer, dated January 14, 2014 (the "Original Agreement").

WITNESSETH:

WHEREAS, the Company is the parent bank holding company of Red River Bank (the "Bank"), a Louisiana state banking corporation with its principal office in Alexandria, Louisiana;

WHEREAS, the Officer is employed as the [Executive's Title] of the Bank;

WHEREAS, in order to induce the Officer to remain in the employ of the Bank, particularly in the event of a threat or the occurrence of a Change in Control, the Company entered into the Original Agreement with Officer in order to provide the Officer with certain benefits in the event of a Change in Control; and

WHEREAS, the parties desire to amend and restate the Original Agreement in order to conform with industry norms and best practices.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements contained herein, the Company and the Officer hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1. Definitions. The following terms shall have the definitions set forth below for purposes of this Agreement.

(a) "*Base Salary*" means the Officer's annual base salary in effect at the time of the Officer's termination of employment; provided, however, that for purposes of calculating the Severance Benefit pursuant to Section 2.1, "Base Salary" shall be determined without regard to any reduction that would provide the Officer a basis to terminate employment for Good Reason.

(b) "*Cause*" when used herein concerning the termination of the Officer's employment by the Bank, shall mean a finding by the Board of Directors of any of the following: (1) Officer's misuse of drugs (including alcohol), which materially affects his ability to perform duties outlined herein; (2) Officer's conviction, guilty plea or no contest plea to any felony or any other crime involving breach of trust, dishonesty, or moral turpitude; (3) the willful engagement by Officer in disloyal conduct which is materially and demonstrably injurious to the Bank; (4) Officer's engagement in gross negligence, willful misconduct or harassment (including but not limited to sexual harassment or sexual abuse, whether or not such harassment occurs in the course of Officer's performance of Officer's job duties); (5) Officer's violation of state or federal securities or banking laws; (6) Officer's refusal to cooperate with a legitimate internal, regulatory, or law enforcement investigation; (7) Officer's material breach of this Agreement, or otherwise failing to perform obligations as set forth in this Agreement, after notice and a reasonable opportunity (not to exceed thirty (30) days) to correct such actions; or (8) Officer has been prohibited from engaging in the business of banking by any applicable government agency or regulatory body. For purposes of this Agreement, Officer shall not be deemed to be in breach of this Agreement for his failure to substantially perform his duties under this Agreement where such failure results because Officer has become disabled within the meaning of Section 1.1(e).

(c) "*Change in Control*" shall mean and shall be deemed to have occurred for purposes of this Agreement as of the first date on which any of the following occur:

(i) a change during any 12-month period in the ownership of the capital stock of the Bank or the Company, whereby a corporation, partnership, other entity, person, or group acting in concert (a "Person") , as described in Section 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), acquires, directly or indirectly, beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of a number of shares of capital stock of the Bank or the Company, as the case may be, which constitutes more than fifty percent (50%) of the combined voting power of the Bank's or the Company's then outstanding capital stock entitled to vote generally in the election of directors;

(ii) the consummation of any merger, consolidation, share exchange or reorganization plan involving the Bank or the Company, as the case may be, in which the Bank or the Company, as applicable, is not the surviving entity, unless the shareholders of the Bank or the Company as the case continue to hold beneficial ownership in the surviving entity of a number of shares which constitutes at least fifty percent (50%) of the total value or voting power of the surviving entity;

(iii) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions during a 12-month period, of more than 50% of the assets of the Bank or the Company to any Person; *provided*, *however*, that there is no Change in Control if assets are transferred to an entity that is controlled by the shareholders of the Bank or the Company immediately after the transfer, nor is it a Change in Control if the Bank or Company transfers assets to:

(A) a shareholder of the Bank or of the Company (immediately before the asset transfer) in exchange for or with respect to the shareholder's capital stock in the Bank or the Company;

(B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Bank or the Company; or

(iv) a change in the effective control of the Company whereby a majority of the persons who were members of the Board of Directors of the Company are, within a twelve (12) month period, replaced by individuals whose appointment or election to the Company's Board of Directors is not endorsed by a majority of the Company's Board of Directors prior to such appointment or election;

provided, that the following events shall <u>not</u> constitute a Change in Control:

(I) the acquisition by a Person who already owns more than fifty percent (50%) of the total fair market value or of the combined voting power of the Bank's or of the Company's outstanding capital stock,

(II) the acquisition of shares of capital stock of the Bank or the Company by the Bank or the Company or any of their subsidiaries or Affiliates;

(III) the acquisition of shares of capital stock of the Bank or the Company by any employee benefit plan (or trust) sponsored or maintained by the Bank or the Company;

(IV) any transfer of shares of capital stock by gift, devise or descent by a stockholder to a member of such stockholder's family or to a trust established or maintained for the benefit of a stockholder or any member of his family; or

(V) the acquisition of shares of capital stock by any officer or employee of the Bank or the Company pursuant to any stock option plan established by the Bank or the Company.

Notwithstanding the above, if the Officer resigns for Good Reason or is terminated involuntarily, other than for Cause (or due to death or Disability), during the three (3) month period prior to a Change in Control, such Change in Control must also constitute a "change in the ownership", "change in effective control", and/or a "change in the ownership of a substantial portion of assets" of the Bank or the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), to the extent necessary to avoid the imposition of taxes under Section 409A.

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

(e) "*Disability*" means (i) the inability of the Officer to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of more than twelve (12) months, or (ii) the receipt of income replacement benefits for a period of more than three (3) months under a Bank-sponsored or Company-sponsored accident and health plan covering the Officer due to medically determinable physical or mental impairment which is expected to result in death or is expected to last for a continuous period of more than twelve (12) months. Medical determination of Disability may be made by either the Social Security Administration or by the provider of disability insurance covering employees or directors of the Bank, provided that the definition of "disability" applied under such insurance program complies with the requirements of the preceding sentence. Upon the request of the Plan Administrator, the Officer must submit proof to the Plan Administrator of the occurrence of such disability or, as applicable, the Social Security Administration's or the provider's determination. In the event a dispute arises between Officer and the Plan Administrator concerning Officer's physical or mental ability to continue or return to the performance of his duties, Officer shall submit to examination by a competent physician mutually agreeable to both parties. The physician's opinion as to Officer's capability to perform his duties will be final and binding.

(f) "Good Reason" means (i) the assignment to Officer of duties that are materially inconsistent with Officer's position, authority, duties or responsibilities, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities; (ii) the Company requiring Officer, without his consent, to be based at any office or location that is materially different geographically from the main office in Alexandria, Louisiana; or (iii) failure of the Company to provide the Officer with the Base Salary and bonus opportunity at least commensurate with the highest Base Salary and the bonus award received by the Officer within the one-year period preceding the Change in Control, unless such failure is the result of an across-the-board reduction applicable to all Company executives (which includes, for the avoidance of doubt, similarly situated executives of the acquiring company) of less than 10%.. Notwithstanding the foregoing, the Officer shall not have the right to terminate employment hereunder for Good Reason unless (1) within 30 days of the initial existence of the condition or conditions giving rise to such right, or if later, within 30 days after the Change in Control, Participant provides written notice to the Company of the existence of such condition or conditions, and (2) the Company fails to remedy such condition or conditions within 30 days following the receipt of such written notice (the "Cure Period"). If any such condition is not remedied within the Cure Period, Participant must terminate Participant's employment with the Company within a reasonable period of time, not to exceed sixty (60) days, following the end of the Cure Period.

ARTICLE 2
CHANGE IN CONTROL BENEFITS

2.1. If the events set forth in Section 2.2 below occur, the Company or the Bank (or both, depending on the apportionment of services provided by Officer during his employment) shall (1) pay to the Officer, in cash, a lump sum amount equal to two hundred percent (200%) of the sum of (a) the Officer's Base Salary plus (b) the average of the annual bonuses received by the Officer during the three prior years, or if the Officer has served for less than three years, the average of the annual bonuses received during such lesser period (such lump sum being the "Severance Benefit"), , and (2) from the date the events set forth in Section 2.2 below occur, the Bank shall pay Officer an amount equal to 100% of the Applicable COBRA Premium on the 15th day of each month during the COBRA Continuation Period (the "COBRA Benefits"). For purposes of this section, the "*Applicable COBRA Premium*" means the monthly amount paid by the Bank and the Officer under the Bank's group medical plan for the same type and level of coverage that Officer and/or his eligible dependents maintained immediately prior to the Officer's termination date set forth in Section 2.2, and "*COBRA Continuation Period*" means the applicable continuation coverage period determined under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as applied to Officer's reason for termination. The Bank may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation. Notwithstanding any provision of this Agreement to the contrary, neither the Company nor the Bank shall be required to pay any benefit under this Agreement if, upon the advice of counsel, the Bank determines that the payment of such benefit would be prohibited by 12 C.F.R. Part 359 or any successor regulations regarding employee compensation promulgated by any regulatory agency having jurisdiction over the Company, the Bank or its affiliates. Except as otherwise provided in Sections 5.11 and 5.12(c), and subject to the condition set forth in Section 5.5, the Severance Benefit shall be paid to the Officer on the sixtieth (60th) day following the Officer's termination date set forth in Section 2.2 (or, if later, the effective date of the Change in Control).

2.2. The Officer shall become entitled to the Severance Benefit and the COBRA Benefits if there occurs a Change in Control and within three (3) months prior to the Change in Control or within twenty-four (24) months after the Change in Control, the Officer's employment is involuntarily terminated, other than for Cause (or due to death or Disability) or the Officer terminates his employment for Good Reason. For purposes of this Section 2.2 and any other provision in this Agreement, any "termination of employment" shall mean that the Officer has incurred a separation of service (within the meaning of Section 409A of the Code and the guidance and regulations issued thereunder) and ceases to be employed by the Bank and/or the Company for any reason.

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

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

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

ARTICLE 3
CONFIDENTIALITY

The Officer and the Company agree that the terms of this Agreement as well as the discussions preliminary to, or relating to, this Agreement will be kept strictly confidential, except as disclosure is required by law or deemed appropriate by the Company's counsel.

ARTICLE 4
AMENDMENT AND TERMINATION OF AGREEMENT

This Agreement may be amended or terminated only by a written agreement executed by the Company and the Officer; provided, however, that this Agreement will terminate automatically upon the termination of the Officer's employment prior to a Change in Control, except as provided in Section 2.2(b). Notwithstanding the foregoing, the termination of this Agreement will not reduce or eliminate the benefits accrued hereunder prior to such date.

ARTICLE 5
GENERAL

5.1. Severability. If any term or other provision of this Agreement is held to be illegal, invalid or unenforceable by any rule of law or public policy, (a) such term or provision will be fully severable and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision were not a part hereof; (b) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement; and (c) there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and still be legal, valid and enforceable. If any provision of this Agreement is so broad as to be unenforceable, the provision will be interpreted to be only as broad as is enforceable.

5.2. Successors; Binding Agreement. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and the Company shall require any successors and assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Officer, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution, in which case, the Agreement may be enforceable only to the extent provided herein.

5.3. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Officer’s continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices, provided by the Company or the Bank and for which the Officer may qualify, nor shall anything herein limit or otherwise affect such rights as the Officer may have under any other agreements with the Company or the Bank.

5.4. Reimbursement of Certain Expenses. The Bank shall reimburse Officer for all reasonable and documented expenses, including without limitation attorney’s fees, incurred by Officer in seeking to enforce Officer’s rights under this Agreement.

5.5. Full Satisfaction; Waiver and Release. As a condition to receiving the payments and benefits hereunder, the Officer shall execute and not revoke a document in customary form, releasing and waiving any and all claims, causes of actions and the like against the Company, the Bank and its respective successors, shareholders, officers, trustees, agents and employees, regarding all matters relating to the Officer’s service as an employee of the Bank or any affiliates and the termination of such relationship. Such claims include, without limitation, any claims arising under Age Discrimination in Employment Act of 1967, as amended; Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991, as amended; the Equal Pay Act of 1963; the Americans With Disabilities Act of 1990; the Family and Medical Leave Act of 1993, as amended; the Employee Retirement Income Security Act of 1974, as amended; or any other federal, state or local statute or ordinance, but exclude any claims that arise out of an asserted breach of the terms of this Agreement or current or future claims related to the matters described in this Section 5.5. Such release shall survive the termination of this Agreement.

5.6. No Guarantee of Employment. Nothing in this Agreement shall be construed as constituting a commitment, guarantee, agreement or understanding of any kind or nature that the Company or the Bank shall continue to employ, retain or engage the Officer. This Agreement shall not affect in any way the right of the Company or the Bank to terminate the employment or engagement of the Officer at any time and for any reason whatsoever and to remove the Officer from any position with the Company or the Bank.

5.7. **APPLICABLE LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF EACH OF THE PARTIES SUBJECT TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF LOUISIANA WITHOUT REGARD TO THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS.**

5.8. Headings. When a reference is made in this Agreement to a Section, such reference will be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision in this Agreement. References to a person are also to such person's permitted successors or assigns.

5.9. Entire Agreement. This Agreement constitutes the full understanding of the parties, a complete allocation of risks between them and a complete and exclusive statement of the terms and conditions of their agreement relating to the subject matter hereof and supersedes any and all prior agreements, whether written or oral, that may exist between the parties with respect thereto.

5.10. Multiple Counterparts. For the convenience of the parties hereto, this Agreement may be executed in one or more counterparts, each of which will be deemed an original, and all counterparts hereof so executed by the parties hereto, whether or not such counterpart will bear the execution of each of the parties hereto, will be deemed to be, and will be construed as, one and the same Agreement. A telecopy or facsimile transmission of a signed counterpart of this Agreement will be sufficient to bind the party or parties whose signature(s) appear thereon.

5.11. Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel to enforce any provision of this Agreement, except by written instrument signed by the party charged with such waiver or estoppel.

5.12. Section 409A.

(a) General. It is the intention of both the Company and the Officer that the benefits and rights to which the Officer could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A") or an exemption therefrom, to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Officer or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Officer and on the Company). In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Officer by Section 409A or damages for any payments or benefits that fail to comply with Section 409A.

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Officer's employment shall be made unless and until the Officer incurs a "separation from service" within the meaning of Section 409A.

(c) Six Month Delay for Specified Employees.

(i) If the Officer is a “specified employee”, then no payment or benefit that is payable on account of the Officer’s “separation from service”, as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Officer’s “separation from service” (or, if earlier, the date of the Officer’s death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, the Officer shall be considered to be a “specified employee” if, at the time of his or her separation from service, the Officer is a “key employee”, within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(d) No Acceleration of Payments. Neither the Company nor the Officer, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment and Timing of Payments. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Officer is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

5.13 Restrictions Upon Funding. The Company shall have no obligation to set aside, earmark or entrust any fund or money with which to pay its obligations under this Agreement. Officer or any successor-in-interest to Officer shall be and remain simply a general creditor of the Company in the same manner as any other creditor having a general unsecured claim. The Company intends this Agreement to be an unfunded, unsecured promise to pay on the part of the Company. At no time shall Officer have or be deemed to have any lien nor right, title or interest in or to any specific investment or to any assets of the Company. If the Company elects to invest in a life insurance, disability or annuity policy upon the life of Officer, Officer shall assist the Company by freely submitting to a physical examination and supplying such additional information necessary to obtain such insurance or annuities.

[Signature Page Follows]

[Signature Page to Change in Control Agreement]

IN WITNESS WHEREOF, the Company and the Officer have executed this Agreement this 12th day of August, 2021.

OFFICER:

/s/ Executive
[Executive]

THE COMPANY:

RED RIVER BANCSHARES, INC.

By: /s/ R. Blake Chatelain
Name: R. Blake Chatelain
Title: President and Chief Executive Officer

SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENT

This Supplemental Executive Retirement Benefits Agreement (this "Agreement") is made as of the 1st day of October, 2004, by and between Red River Bank, a Louisiana banking corporation ("Bank"), and [Executive], an individual ("Executive").

RECITALS

A. Executive is a valued employee of Bank.

B. Bank desires 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 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.

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. Bank hereby establishes 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 (15th) anniversary of the Retirement Date.

(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.

(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 that is thirty (30) days after Substantial Disability is determined. 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.

(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 of Executive. Any provision of this Agreement to the contrary notwithstanding, this Agreement shall automatically terminate upon the death of Executive and neither Executive nor Executive's estate shall be entitled to any benefits hereunder (or, to the extent that the payment of benefits had already commenced at the time of Executive's death, neither Executive nor Executive's estate shall be entitled to any further benefits).

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

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 witl1 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.

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, or in connection with estate planning, 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. 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 Internal Revenue Code § 3121(v) and regulations promulgated thereunder (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, 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.

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

[Executive information]

(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. 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 Internal Revenue Code of 1986, as amended. 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.

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

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

STATE OF LOUISIANA)

RAPIDES PARISH)

I, the undersigned, a notary public in and for said parish in said state, hereby certify that R. Blake Chatelain, whose name as President/CEO of Red River Bank, a Louisiana banking corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 4th day of February, 2005.

/s/ Sheila A. Bardwell
Notary Public

My commission expires: At Death

[NOTARIAL SEAL]

STATE OF LOUISIANA)
RAPIDES PARISH)

I, the undersigned, a notary public in and for said parish in said state, hereby certify that [Executive], whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he/she executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 4th day of February, 2005.

/s/ Sheila A. Bardwell
Notary Public

My commission expires: At Death

[NOTARIAL SEAL]

Exhibit A

Vesting Schedule – Isabel Carriere

“Full Benefit” = $74,250

“Full Benefits Date” = May 13, 2031

Year	Limited Benefit
October 1, 2004 to September 30, 2005	2,688
October 1, 2005 to September 30, 2006	5,376
October 1, 2006 to September 30, 2007	8,063
October 1, 2007 to September 30, 2008	10,751
October 1, 2008 to September 30, 2009	13,439
October 1, 2009 to September 30, 2010	16,127
October 1, 2010 to September 30, 2011	18,814
October 1, 2011 to September 30, 2012	21,502
October 1, 2012 to September 30, 2013	24,190
October 1, 2013 to September 30, 2014	26,878
October 1, 2014 to September 30, 2015	29,566
October 1, 2015 to September 30, 2016	32,253
October 1, 2016 to September 30, 2017	34,941
October 1, 2017 to September 30, 2018	37,629
October 1, 2018 to September 30, 2019	40,317
October 1, 2019 to September 30, 2020	43,005
October 1, 2020 to September 30, 2021	45,692
October 1, 2021 to September 30, 2022	48,380
October 1, 2022 to September 30, 2023	51,068
October 1, 2023 to September 30, 2024	53,756
October 1, 2024 to September 30, 2025	56,443
October 1, 2025 to September 30, 2026	59,131
October 1, 2026 to September 30, 2027	61,819
October 1, 2027 to September 30, 2028	64,507
October 1, 2028 to September 30, 2029	67,195
October 1, 2029 to September 30, 2030	69,882
October 1, 2030 to May 12, 2031	72,570

Exhibit A

Vesting Schedule – Andrew Cutrer

“Full Benefit” = $38,100

“Full Benefits Date” = October 19, 2038

Year	Limited Benefit
October 1, 2004 to September 30, 2005	1,119
October 1, 2005 to September 30, 2006	2,238
October 1, 2006 to September 30, 2007	3,358
October 1, 2007 to September 30, 2008	4,477
October 1, 2008 to September 30, 2009	5,596
October 1, 2009 to September 30, 2010	6,715
October 1, 2010 to September 30, 2011	7,835
October 1, 2011 to September 30, 2012	8,954
October 1, 2012 to September 30, 2013	10,073
October 1, 2013 to September 30, 2014	11,192
October 1, 2014 to September 30, 2015	12,311
October 1, 2015 to September 30, 2016	13,431
October 1, 2016 to September 30, 2017	14,550
October 1, 2017 to September 30, 2018	15,669
October 1, 2018 to September 30, 2019	16,788
October 1, 2019 to September 30, 2020	17,907
October 1, 2020 to September 30, 2021	19,027
October 1, 2021 to September 30, 2022	20,146
October 1, 2022 to September 30, 2023	21,265
October 1, 2023 to September 30, 2024	22,384
October 1, 2024 to September 30, 2025	23,504
October 1, 2025 to September 30, 2026	24,623
October 1, 2026 to September 30, 2027	25,742
October 1, 2027 to September 30, 2028	26,861
October 1, 2028 to September 30, 2029	27,980
October 1, 2029 to September 30, 2030	29,100
October 1, 2030 to September 30, 2031	30,219
October 1, 2031 to September 30, 2032	31,338
October 1, 2032 to September 30, 2033	32,457
October 1, 2033 to September 30, 2034	33,576
October 1, 2034 to September 30, 2035	34,696
October 1, 2035 to September 30, 2036	35,815
October 1, 2036 to September 30, 2037	36,934
October 1, 2037 to October 18, 2038	38,053

Exhibit A

Vesting Schedule – Debbie Triche

“Full Benefit” = $56,700

“Full Benefits Date” = April 14, 2035

Year	Limited Benefit
October 1, 2004 to September 30, 2005	1,798
October 1, 2005 to September 30, 2006	3,595
October 1, 2006 to September 30, 2007	5,393
October 1, 2007 to September 30, 2008	7,190
October 1, 2008 to September 30, 2009	8,988
October 1, 2009 to September 30, 2010	10,786
October 1, 2010 to September 30, 2011	12,583
October 1, 2011 to September 30, 2012	14,381
October 1, 2012 to September 30, 2013	16,179
October 1, 2013 to September 30, 2014	17,976
October 1, 2014 to September 30, 2015	19,774
October 1, 2015 to September 30, 2016	21,571
October 1, 2016 to September 30, 2017	23,369
October 1, 2017 to September 30, 2018	25,167
October 1, 2018 to September 30, 2019	26,964
October 1, 2019 to September 30, 2020	28,762
October 1, 2020 to September 30, 2021	30,560
October 1, 2021 to September 30, 2022	32,357
October 1, 2022 to September 30, 2023	34,155
October 1, 2023 to September 30, 2024	35,952
October 1, 2024 to September 30, 2025	37,750
October 1, 2025 to September 30, 2026	39,548
October 1, 2026 to September 30, 2027	41,345
October 1, 2027 to September 30, 2028	43,143
October 1, 2028 to September 30, 2029	44,941
October 1, 2029 to September 30, 2030	46,738
October 1, 2030 to September 30, 2031	48,536
October 1, 2031 to September 30, 2032	50,333
October 1, 2032 to September 30, 2033	52,131
October 1, 2033 to September 30, 2034	53,929
October 1, 2034 to April 13, 2035	55,726

AMENDMENT NO. 1 TO THE SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENT

RECITALS

A. Red River Bank, a Louisiana banking corporation ("Bank"), entered into a Supplemental Executive Retirement Benefits Agreement (the "Agreement") with certain officers of Bank (each an "Executive"), effective October 1, 2004.

B. The Agreement authorizes Bank to make changes needed to comply with Section 409A of the Code.

NOW, THEREFORE, the Agreement is hereby amended pursuant to this Amendment No. 1 to the Agreement (this "Amendment"), effective January 1, 2005.

1. Section 2(c) of the Agreement is hereby amended by deleting the existing Section 2(c) in its entirety and substituting the following Section 2(c) in its place:

"(c) Disability. If Executive becomes Substantially Disabled (as hereinafter defined), Bank shall pay to Executive the Limited Benefit annually, payable monthly beginning on the first business day of the calendar month that is thirty (30) days after Substantial Disability is determined. For purposes of this Agreement, the term "Substantial Disability" shall mean that Executive, as a result of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, is either (i) unable to engage in any substantial gainful activity, or (ii) receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of Bank. The determination of whether Executive is "Substantially Disabled" under the foregoing standard shall be made by a licensed physician selected by Bank. Notwithstanding the foregoing, Executive will be deemed to be Substantially Disabled if Executive is determined to be totally disabled by the Social Security Administration or in accordance with a disability insurance program maintained by Bank, provided that the definition of disability applied under such disability insurance program complies with the foregoing requirements."

2. Section 2 of the Agreement is hereby amended by adding the following new Section 2(g):

"(g) Termination of Agreement. Upon termination of this Agreement pursuant to Section 120) 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(1) 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."

3. Section 2 of the Agreement is hereby amended by adding the following new Section 2(h):

"(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."

4. Section 7 of the Agreement is hereby amended by adding the following new paragraph to the end of existing Section 7:

"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 Code section 409A) (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 of 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 of 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)."

5. Section 12(1) of the Agreement is hereby amended by deleting the existing Section 12(l) in its entirety and substituting the following Section 12(l) in its place:

"(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 Internal Revenue Code of 1986, as amended. 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 Code section 409A and the regulations and guidance issued thereunder. 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."

IN WITNESS WHEREOF, Bank has executed this Amendment on the 30th day of December, 2008, to be effective as of the date written above.

BANK:

/s/ Wylie Cavin
By: Wylie Cavin
Its: Vice Chairman and COO

AGREEMENT AND ACKNOWLEDGMENT:

By signing below, the Executive hereby agrees to the provisions of this Amendment No. 1 to the Supplemental Executive Retirement Benefits Agreement and acknowledges that the Supplemental Executive Retirement Benefits Agreement to which he/she is a party is amended in accordance with the foregoing, effective January 1, 2005.

EXECUTIVE:

/s/ [Executive]
[Executive]

AMENDMENT NO. 2 TO THE SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENT

This Amendment No. 2 (this “Amendment”) to the Supplemental Executive Retirement Benefits Agreement (the “Agreement”) is made by and between Red River Bank, a Louisiana banking corporation (“Bank”), and [Executive] (“Executive”), effective as of October 1, 2016.

RECITALS

A. Bank and Executive previously entered into the Agreement; and

B. Pursuant to Section 12(1) of the Agreement, an amendment signed by an Executive and Bank shall bind both parties.

NOW, THEREFORE, the Agreement is hereby amended pursuant to this Amendment as follows:

1. Section 2(a) of the Agreement is hereby amended to add the following sentence at the end of the section: “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 deceased.”

2. Section 2(b) of the Agreement is hereby amended to add the following sentence at the end of the section: “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 deceased.”

3. Section 2(c) of the Agreement is hereby deleted in its entirety and replaced with the following:

(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 deceased until (but including) the fifteenth (15th) anniversary of the Disability Determination Date.

4. Section 2(e) of the Agreement is hereby deleted in its entirety and replaced with the following:

(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), as amended by Amendment No. 2. If Executive fails to make an 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).

5. The Agreement shall be amended by adding the following new Section 13 after Section 12:

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 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.

6. Exhibit A is hereby deleted in its entirety and replaced with the new Exhibit A attached hereto.

7. Except as otherwise set forth in this Amendment No. 2, the Agreement shall remain in full force and effect.

[SIGNATURE ON NEXT PAGE]

Exhibit A
Vesting Schedule
Isabel Carriere

"Full Benefit" = $100,000
"Full Benefits Date" = May 13, 2031

Year	**Limited Benefit**
October 1, 2016 to September 30, 2017	$46,429
October 1, 2017 to September 20, 2018	$50,000
October 1, 2018 to September 30, 2019	$53,571
October 1, 2019 to September 30, 2020	$57,143
October 1, 2020 to September 30, 2021	$60,714
October 1, 2021 to September 30, 2022	$64,286
October 1, 2022 to September 30, 2023	$67,857
October 1, 2023 to September 30, 2024	$71,429
October 1, 2024 to September 30, 2025	$75,000
October 1, 2025 to September 30, 2026	$78,571
October 1, 2026 to September 30, 2027	$82,143
October 1, 2027 to September 30, 2028	$85,714
October 1, 2028 to September 30, 2029	$89,286
October 1, 2029 to September 30, 2030	$92,857
October 1, 2030 to May 12, 2031	$96,429

The undersigned [Executive], (the "Executive"), hereby acknowledges that he or she has reviewed this Exhibit A to the Supplemental Executive Retirement Benefits Agreement and that all the information set forth in this Exhibit A is true and correct in all Material respects.

/s/ Isabel Carriere ______________________
Isabel Carriere DATE

Accepted: Red River Bank

Date: __________________ By: /s/ R. Blake Chatelain

Its: President/CEO

Exhibit A
Vesting Schedule
Andrew Cutrer

"Full Benefit" = $65,600
"Full Benefits Date" = October 19, 2038

Year	Limited Benefit
October 1, 2016 to September 30, 2017	$24,366
October 1, 2017 to September 20, 2018	$26,240
October 1, 2018 to September 30, 2019	$28,114
October 1, 2019 to September 30, 2020	$29,989
October 1, 2020 to September 30, 2021	$31,863
October 1, 2021 to September 30, 2022	$33,737
October 1, 2022 to September 30, 2023	$35,611
October 1, 2023 to September 30, 2024	$37,486
October 1, 2024 to September 30, 2025	$39,360
October 1, 2025 to September 30, 2026	$41,234
October 1, 2026 to September 30, 2027	$43,109
October 1, 2027 to September 30, 2028	$44,983
October 1, 2028 to September 30, 2029	$46,857
October 1, 2029 to September 30, 2030	$48,731
October 1, 2030 to September 30, 2031	$50,606
October 1, 2031 to September 30, 2032	$52,480
October 1, 2032 to September 30, 2033	$54,354
October 1, 2033 to September 30, 2034	$56,229
October 1, 2034 to September 30, 2035	$58,103
October 1, 2035 to September 30, 2036	$59,977
October 1, 2036 to September 30, 2037	$61,851
October 1, 2037 to October 18, 2038	$63,726

The undersigned [Executive], (the "Executive"), hereby acknowledges that he or she has reviewed this Exhibit A to the Supplemental Executive Retirement Benefits Agreement and that all the information set forth in this Exhibit A is true and correct in all Material respects.

/s/ Andrew Cutrer ______________________
Andrew Cutrer DATE

Accepted: Red River Bank

Date: __________________ By: /s/ R. Blake Chatelain

Its: President/CEO

Exhibit A

Vesting Schedule
Debbie Triche

“Full Benefit” = $69,100
“Full Benefits Date” = April 14, 2035

Year	**Limited Benefit**
October 1, 2016 to September 30, 2017	$28,072
October 1, 2017 to September 20, 2018	$30,231
October 1, 2018 to September 30, 2019	$32,391
October 1, 2019 to September 30, 2020	$34,550
October 1, 2020 to September 30, 2021	$36,709
October 1, 2021 to September 30, 2022	$38,869
October 1, 2022 to September 30, 2023	$41,028
October 1, 2023 to September 30, 2024	$43,188
October 1, 2024 to September 30, 2025	$45,347
October 1, 2025 to September 30, 2026	$47,506
October 1, 2026 to September 30, 2027	$49,666
October 1, 2027 to September 30, 2028	$51,825
October 1, 2028 to September 30, 2029	$53,984
October 1, 2029 to September 30, 2030	$56,144
October 1, 2030 to September 30, 2031	$58,303
October 1, 2031 to September 30, 2032	$60,463
October 1, 2032 to September 30, 2033	$62,622
October 1, 2033 to September 30, 2034	$64,781
October 1, 2034 to April 13, 2035	$66,941

The undersigned [Executive], (the “Executive”), hereby acknowledges that he or she has reviewed this Exhibit A to the Supplemental Executive Retirement Benefits Agreement and that all the information set forth in this Exhibit A is true and correct in all Material respects.

/s/ Debbie Triche ______________________
Debbie Triche DATE

Accepted Red River Bank

Date: __________________ By: /s/ R. Blake Chatelain

Its: President/CEO

DESIGNATION OF BENEFICIARY FORM
UNDER THE
SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENT

[Intentionally Omitted]

SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENT DEFERRAL ELECTION

[Intentionally Omitted]

ENDORSEMENT METHOD
SPLIT-DOLLAR AGREEMENT

This Endorsement Method Split-Dollar Agreement (this "Agreement") is made as of the 1st day of October, 2004, by and between Red River Bank, a Louisiana banking corporation ("Bank"), and [Executive], an individual ("Insured").

R E C I T A L S:

A. Insured is currently an employee and officer of Bank and has provided valuable service to Bank for a considerable period.

B. Bank desires to provide Insured with certain death benefits in connection with a life insurance policy purchased by Bank on the life of Insured.

NOW, THEREFORE. the parties hereto, for and in consideration of ten dollars 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 hereby agree as follows:

1. This Agreement pertains to the following life insurance policies (collectively, the "Policy"):

(a) Policy number: **16541701**
Insurer: **Northwestern Mutual Life Insurance Company**
Insured: **[Executive]**
Owner of Policy: **Bank**
Relationship of Bank to Insured: **Insured is an employee and officer of Bank**

(b) Policy number: **0055892**
Insurer: **Massachusetts Mutual Life Insurance Company**
Insured: **[Executive]**
Owner of Policy: **Bank**
Relationship of Bank to Insured: **Insured is an employee and officer of Bank**

2. Ownership of Policy. Bank owns all of the right, title and interest in and to the Policy and controls all rights of ownership with respect thereto. Bank, in its sole discretion, may exercise its right to borrow or withdraw on the cash value of the Policy. In the event coverage under the Policy is increased, such increased coverage shall be subject to all of the rights, duties and obligations set forth this Agreement.

3. Designation of Beneficiary. Insured may designate one or more beneficiaries (on the Beneficiary Designation Form attached hereto as Exhibit A) to receive the

Policy proceeds payable pursuant hereto upon the death of the Insured subject to any right, title or interest Bank may have in such proceeds as provided herein. In the event Insured fails to do so, any benefits payable pursuant hereto shall be paid to the estate of Insured.

4. Maintenance of Policy. Bank shall be responsible for making any required premium payments and to take all other actions within Bank's reasonable control in order to keep the Policy m full force and effect; provided, however, that Bank may replace the Policy with a comparable policy or policies so long as Insured's beneficiaries will be entitled to receive an amount of death proceeds under Section 6 at least equal to those that the beneficiaries would be entitled to if the original Policy were to remain in effect. If any such replacement is made, all references herein to the "Policy" shall thereafter be references to such replacement policy or policies. If the Policy contains any premium waiver provision, any such waived premiums shall be considered for the purposes of this Agreement as having been paid by Bank. Bank shall be under no obligation to set aside, earmark or otherwise segregate any funds with which to pay its obligations under this Agreement, including, but not limited to, payment of Policy premiums.

5. Reporting Requirements. Bank will report on an annual basis to Insured the economic benefit associated with this Agreement on a 1099 or its equivalent so that Insured can properly include said amount in his or her taxable Income. Insured agrees to accurately report and pay all applicable taxes on such amounts of income attributable hereunder to Insured. Insured acknowledges that no "group life" or similar exclusion applies to benefits hereunder.

6. Policy Proceeds. Subject to Section 8, upon the death of Insured, the death proceeds of the Policy shall be divided in the following manner:

(a) The Insured's beneficiary(ies) designated in accordance with Section 3 shall be entitled to an amount equal to the lesser of (i) the Death Benefit (as defined in **Exhibit B** hereto) or (ii) one hundred percent (100%) of the difference between the total Policy proceeds and the "Cash Surrender Value of the Policy" (as defined in Section 7 below).

(b) The Bank shall be entitled to any Policy proceeds remaining after application of Section 6(a) above.

(c) Bank and Insured shall share in any interest due on the death proceeds on a pro rata basis based upon the amount of proceeds due each party divided by the total amount of proceeds, excluding any such interest.

7. Cash Surrender Value of the Policy. The "Cash Surrender Value of the Policy" shall be equal to the cash value of the Policy at the time of the Insured's death or upon surrender of the Policy, as applicable, less (i) any policy or premium loans or withdrawals or any other indebtedness secured by the Policy, and any unpaid interest thereon, previously incurred or made by Bank, and (ii) any applicable surrender charges, as determined by the Insurer or agent servicing the Policy.

8. Termination of Agreement.

(a) This Agreement shall terminate upon the first to occur of the following:

(i) the distribution of the death benefit proceeds in accordance with Section 6 above;

(ii) the termination of Insured's employment with Bank For Cause (as defined below); or

(iii) Insured engages in a Competing Activity; provided, however that this subsection (a)(iii) shall not apply if Bank elects in writing, in its sole and absolute discretion, to waive the application of this subsection.

(b) Insured acknowledges and agrees that the termination of this Agreement pursuant to subsection (a)(ii) or (a)(iii) above prior to the death of Insured shall terminate any right of Insured to receive any Policy proceeds under this Agreement, and such termination shall be without any liability of any nature to Bank.

(c) For the purposes of this Agreement:

(i) "For Cause" shall mean (i) regulatory suspension or removal of Insured from duty with Bank; (ii) gross and consistent dereliction of duty by Insured; (iii) breach of fiduciary duty involving personal profit by Insured; (iv) willful violation of any banking law or regulation; or (v) conviction of a felony or crime of moral turpitude; and

(ii) "Competing Activity" shall mean any business activity in which Insured, 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; provided, however, that mere ownership of less than one percent (1%) of the outstanding shares of any company whose common stock is publicly traded is not a Competing Activity.

9. Assignment. Insured shall not make any assignment of Insured's rights, title or interest in or to the Policy proceeds whatsoever without the prior written consent of Bank (which may be withheld for any reason or no reason in its sole and absolute discretion) and acknowledgment by the Insurer.

10. Named Fiduciary. Bank is hereby designated as the "Named Fiduciary" as of the date hereof until the termination of this Agreement or until Bank by notice designates

another "Named Fiduciary." The Named Fiduciary shall be responsible for the management, control and administration of the Policy's death benefits. The Named Fiduciary may, in its reasonable discretion, delegate certain aspects of its management and administrative responsibilities.

11. Claim Procedure. Claims information with respect to the Policy can be obtained by contacting the Bank. If the Named Fiduciary has a claim which it believes may be covered under the Policy, it will contact the Insurer in order to complete a claim form and determine what other steps need to be taken. The Insurer will evaluate and make a decision as to payment. If the claim is eligible for payment under the Policy, a check will be issued to the Named Fiduciary. If the Insurer determines that a claim is not eligible for payment under the Policy, the Named Fiduciary may, in its sole discretion, contest such claim denial by contacting the Insurer in writing.

12. 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) Bank shall pay all required premiums under the Policy to the Insurer when due.

(c) Payment by the Insurer is the basis of payment of benefits under this Agreement, with those benefits in turn being based on the payment of premiums as provided in the Policy.

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

(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 Policy or 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 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 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 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 or Policy 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.

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

13. Confidentiality. Insured agrees that the terms and conditions of this Agreement, except as such may be disclosed in financial statements and tax returns, or in connection with estate planning, are and shall forever remain confidential, and Insured agrees that he shall not reveal the terms and conditions contained m this Agreement at any time to any person or entity, other than his financial and professional advisors unless required to do so by a court of competent jurisdiction.

14. Other Agreements. The benefits provided for herein for Insured 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 Insured 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 Insured, nor shall any provision or condition contained in this Agreement create specific rights of Insured or limit the right of Bank to discharge Insured. Except as otherwise provided therein, nothing contained in this Agreement shall affect the right of Insured 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.

15. Withholding. Notwithstanding any of the provisions hereof, the Bank may withhold from any payment to be made hereunder such amount as it may be required to withhold under any applicable federal, state or other law, and transmit such withheld amounts to the applicable taxing authority.

16. 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) Survival. The provisions of Sections 13 and 16 of this Agreement shall survive the termination of this Agreement Indefinitely, regardless of the cause of, or reason for, such termination.

(c) 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.

(d) 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.

(e) 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.

(f) Binding Effect. This Agreement is binding upon the parties, their respective successors, permitted assigns, heirs and legal representatives. Without limiting the foregoing, the terms of this Agreement shall be binding upon Insured’s estate, administrators, personal representatives and heirs. This Agreement may be assigned by Bank to any party to which Bank assigns or transfers the Policy. This Agreement has been approved by the Bank’s Board of Directors and the Bank agrees to maintain an executed counterpart of this Agreement in a safe place as an official record of the Bank.

(g) 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 the Bank and the Insured, Insured’s designated beneficiary or any other person.

(h) 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 the Insured or any beneficiary; nor shall the Insured 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 Insured to Bank.

(i) 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 supercedes all prior or contemporaneous negotiations, agreements and understandings, whether oral or written, relating to the subject matter hereof.

(j) 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 Insured, 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

Insured: [Executive]
____
____

(k) 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.

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

(m) Amendment. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties. 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.

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

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

BANK:

RED RIVER BANK

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

INSURED:

/s/ Executive
[Executive]

STATE OF LOUISIANA

RAPIDES PARISH

I, the undersigned, a notary public in and for said parish in said state, hereby certify that R. Blake Chatelain, whose name as Pres/CEO of Red River Bank, a Louisiana banking corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 4th day of February, 2005.

/s/ Sheila A. Bardwell

Notary Public

My commission expires: At death

[NOTARIAL SEAL]

STATE OF LOUISIANA

RAPIDES PARISH

I, the undersigned, a notary public in and for said parish in said state, hereby certify that [Executive], whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 4th day of February, 2005.

/s/ Sheila A. Bardwell
Notary Public
My commission expires: At death

[NOTARIAL SEAL]

EXHIBIT A

DESIGNATION OF BENEFICIARY FORM

[Intentionally Omitted]

EXHIBIT B

Death Benefit — Isabel Carriere

Maximum Death Benefit — If Insured's death occurs while insured is in the full-time employment of Bank, then the "Death Benefit" shall equal $500,000.

Reduced Death Benefit — If Insured's death occurs after the termination of Insured's full-time employment with Bank for any reason other than For Cause, then the "Death Benefit" shall equal:

(1) $500,000 MINUS the sum of all amounts, if any, Insured received under that certain Supplemental Executive Retirement Benefits Agreement dated as of the date hereof (the "Retirement Agreement") prior to his death if Insured's full-time employment with Bank was terminated **on or after May 13, 2031**;

OR

(2) the amount set forth below corresponding to the year in which the Insured's full-time employment with the Bank was terminated MINUS the sum of all amounts, if any, Insured received under the Retirement Agreement prior to his death if Insured's full-time employment with Bank was terminated **prior to May 13, 2031**.

Year	Reduced Death Benefit
October 1, 2004 to September 30, 2005	$18,100
October 1, 2005 to September 30, 2006	$36,199
October 1, 2006 to September 30, 2007	$54,299
October 1, 2007 to September 30, 2008	$72,398
October 1, 2008 to September 30, 2009	$90,498
October 1, 2009 to September 30, 2010	$108,597
October 1, 2010 to September 30, 2011	$126,697
October 1, 2011 to September 30, 2012	$144,796

October 1, 2012 to September 30, 2013	$162,896
October 1, 2013 to September 30, 2014	$180,995
October 1, 2014 to September 30, 2015	$199,095
October 1, 2015 to September 30, 2016	$217,195
October 1, 2016 to September 30, 2017	$235,294
October 1, 2017 to September 30, 2018	$253,394
October 1, 2018 to September 30, 2019	$271,493
October 1, 2019 to September 30, 2020	$289,593
October 1, 2020 to September 30, 2021	$307,692
October 1, 2021 to September 30, 2022	$325,792
October 1, 2022 to September 30, 2023	$343,891
October 1, 2023 to September 30, 2024	$361,991
October 1, 2024 to September 30, 2025	$380,090
October 1, 2025 to September 30, 2026	$398,190
October 1, 2026 to September 30, 2027	$416,290
October 1, 2027 to September 30, 2028	$434,389

October 1, 2028 to September 30, 2029	$452,489
October 1, 2029 to September 30, 2030	$470,588
October 1, 2030 to May 12, 2031	$488,688

EXHIBIT B

Death Benefit — Andrew Cutrer

Maximum Death Benefit — If Insured's death occurs while insured is in the full-time employment of Bank, then the "Death Benefit" shall equal $300,000.

Reduced Death Benefit — If Insured's death occurs after the termination of Insured's full-time employment with Bank for any reason other than For Cause, then the "Death Benefit" shall equal:

(1) $300,000 MINUS the sum of all amounts, if any, Insured received under that certain Supplemental Executive Retirement Benefits Agreement dated as of the date hereof (the "Retirement Agreement") prior to his death if Insured's full-time employment with Bank was terminated **on or after October 19, 2038**;

OR

(2) the amount set forth below corresponding to the year in which the Insured's full-time employment with the Bank was terminated MINUS the sum of all amounts, if any, Insured received under the Retirement Agreement prior to his death if Insured's full-time employment with Bank was terminated **prior to October 19, 2038**.

Year Reduced Death Benefit

October 1, 2004 to September 30, 2005	$8,813
October 1, 2005 to September 30, 2006	$17,625
October 1, 2006 to September 30, 2007	$26,438
October 1, 2007 to September 30, 2008	$35,251
October 1, 2008 to September 30, 2009	$44,064
October 1, 2009 to September 30, 2010	$52,876
October 1, 2010 to September 30, 2011	$61,689
October 1, 2011 to September 30, 2012	$70,502

October 1, 2012 to September 30, 2013	$79,315
October 1, 2013 to September 30, 2014	$88,127
October 1, 2014 to September 30, 2015	$96,940
October 1, 2015 to September 30, 2016	$105,753
October 1, 2016 to September 30, 2017	$114,565
October 1, 2017 to September 30, 2018	$123,378
October 1, 2018 to September 30, 2019	$132,191
October 1, 2019 to September 30, 2020	$141,004
October 1, 2020 to September 30, 2021	$149,816
October 1, 2021 to September 30, 2022	$158,629
October 1, 2022 to September 30, 2023	$167,442
October 1, 2023 to September 30, 2024	$176,255
October 1, 2024 to September 30, 2025	$185,067
October 1, 2025 to September 30, 2026	$193,880
October 1, 2026 to September 30, 2027	$202,693
October 1, 2027 to September 30, 2028	$211,506

October 1, 2028 to September 30, 2029	$220,318
October 1, 2029 to September 30, 2030	$229,131
October 1, 2030 to September 30, 2031	$237,944
October 1, 2031 to September 30, 2032	$246,756
October 1, 2032 to September 30, 2033	$255,569
October 1, 2033 to September 30, 2034	$264,382
October 1, 2034 to September 30, 2035	$273,195
October 1, 2035 to September 30, 20365	$282,007
October 1, 2036 to September 30, 2037	$290,820
October 1, 2037 to October 18, 2038	$299,633

EXHIBIT B

Death Benefit — Debbie Triche

Maximum Death Benefit — If Insured's death occurs while insured is in the full-time employment of Bank, then the "Death Benefit" shall equal $300,000.
Reduced Death Benefit — If Insured's death occurs after the termination of Insured's full-time employment with Bank for any reason other than For Cause, then the "Death Benefit" shall equal:

(1) $300,000 MINUS the sum of all amounts, if any, Insured received under that certain Supplemental Executive Retirement Benefits Agreement dated as of the date hereof (the "Retirement Agreement") prior to his death if Insured's full-time employment with Bank was terminated **on or after April 14, 2035**;

OR

(2) the amount set forth below corresponding to the year in which the Insured's full-time employment with the Bank was terminated MINUS the sum of all amounts, if any, Insured received under the Retirement Agreement prior to his death if Insured's full-time employment with Bank was terminated **prior to April 14, 2035**.

Year	Reduced Death Benefit
October 1, 2004 to September 30, 2005	$9,511
October 1, 2005 to September 30, 2006	$19,022
October 1, 2006 to September 30, 2007	$28,534
October 1, 2007 to September 30, 2008	$38,045
October 1, 2008 to September 30, 2009	$47,556
October 1, 2009 to September 30, 2010	$57,067
October 1, 2010 to September 30, 2011	$66,579
October 1, 2011 to September 30, 2012	$76,090

October 1, 2012 to September 30, 2013	$85,601
October 1, 2013 to September 30, 2014	$95,112
October 1, 2014 to September 30, 2015	$104,624
October 1, 2015 to September 30, 2016	$114,135
October 1, 2016 to September 30, 2017	$123,646
October 1, 2017 to September 30, 2018	$133,157
October 1, 2018 to September 30, 2019	$142,668
October 1, 2019 to September 30, 2020	$152,180
October 1, 2020 to September 30, 2021	$161,691
October 1, 2021 to September 30, 2022	$171,202
October 1, 2022 to September 30, 2023	$180,713
October 1, 2023 to September 30, 2024	$190,225
October 1, 2024 to September 30, 2025	$199,736
October 1, 2025 to September 30, 2026	$209,247
October 1, 2026 to September 30, 2027	$218,758
October 1, 2027 to September 30, 2028	$228,269

October 1, 2028 to September 30, 2029	$237,781
October 1, 2029 to September 30, 2030	$247,292
October 1, 2030 to September 30, 2031	$256,803
October 1, 2031 to September 30, 2032	$266,314
October 1, 2032 to September 30, 2033	$275,826
October 1, 2033 to September 30, 2034	$285,337
October 1, 2034 to April 13, 2035	$294,848

[SUPPLEMENTAL][1] SPLIT-DOLLAR AGREEMENT

This SPLIT-DOLLAR AGREEMENT (this "Agreement") is made and entered into effective as of July 1, 2021, by and between Red River Bank, a Louisiana banking corporation located in Alexandria, Louisiana (the "Bank") and [Executive], an individual ("Insured").

R E C I T A L S:

A. Insured is currently an executive of the Bank and provides valuable service to the Bank.

B. [Insured and Bank are parties to the Split-Dollar Agreement dated October 1, 2004, which continues in effect for purposes of providing certain death benefits to the Insured's beneficiaries in the event of the Insured's death.][2]

C. As an additional inducement to Insured to utilize [his/her] best efforts on behalf of the Bank, the Bank desires to provide Insured with death benefits under a life insurance policy purchased by the Bank on the life of Insured.

NOW, THEREFORE, the parties hereto, for and in consideration of 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 hereby agree as follows:

1. Identification of Policy. This Agreement pertains to the life insurance policy or policies (the "Policy") listed on **Exhibit C**, attached and made a part hereto.

2. Ownership of Policy. The Bank shall own all of the right, title and interest in the Policy and shall control all rights of ownership with respect thereto. The Bank, in its sole discretion, may exercise its right to borrow against or withdraw the cash value of the Policy. In the event coverage under the Policy is increased, such increased coverage shall be subject to all of the rights, duties and obligations set forth in this Agreement. The Bank shall be the beneficiary of the remaining death proceeds of the Policy after payment of the Death Benefit as provided for in Section 6.

3. Designation of Beneficiary. Insured may designate one or more beneficiaries (on the Beneficiary Designation Form attached hereto as **Exhibit B**) to receive a portion of the death proceeds of the Policy payable pursuant hereto upon the death of the Insured subject to any right, title or interest the Bank may have in such proceeds as provided herein. In the event Insured fails to designate a beneficiary, any benefits payable pursuant hereto shall be paid to the estate of Insured.

---

[1] Only for Mr. Cutrer and Ms. Triche, who each has a Split-Dollar Agreement dated October 1, 2004.

[2] Only for Mr. Cutrer and Ms. Triche, who each has a Split-Dollar Agreement dated October 1, 2004.

4. Maintenance of Policy. It is the Bank's intention to maintain a life insurance policy for the benefit of the Insured. Accordingly, the Bank shall be responsible for making any required premium payments and to take all other actions within the Bank's reasonable control in order to keep the Policy in full force and effect; provided, however, that the Bank may replace the Policy with a comparable policy or policies so long as Insured's beneficiaries will be entitled to receive an amount of death proceeds under Section 6 substantially equal to those that the beneficiaries would be entitled to if the original Policy were to remain in effect. If any such replacement is made, all references herein to the "Policy" shall thereafter be references to such replacement policy or policies. If the Policy contains any premium waiver provision, any such waived premiums shall be considered for the purposes of this Agreement as having been paid by the Bank. The Bank shall be under no obligation to set aside, earmark or otherwise segregate any funds with which to pay its obligations under this Agreement, including, but not limited to, payment of Policy premiums.

(a) Notwithstanding anything in this Agreement to the contrary, in the event that for any reason:

(i) the Insurer identified in **Exhibit C**, or any successor Insurer or substitute or replacement Insurer, denies a claim under the Policy;

(ii) the Insurer or any successor Insurer or substitute or replacement Insurer fails to pay a claim under the Policy, including but not limited to the bankruptcy, insolvency or other similar proceeding being instituted by or against the Insurer or any successor Insurer or substitute or replacement Insurer; or

(iii) no death benefits have been paid under the Policy to Bank (or to the extent of any endorsement agreed to by Bank to the Insured, the Insured's estate or the Beneficiaries);

then no amounts shall be due hereunder by Bank to Insured, Insured's estate or beneficiaries.

Insured and beneficiaries hereby and will in the future, hold Bank harmless from any payment obligation hereunder to the extent an event described in subsections (i), (ii) or (iii) occurs or a claim under the Policy has not been paid for any reason by the Insurer or death benefits have not been paid under the Policy to Bank (or to the extent of any endorsement agreed to by Bank to the Insured, the Insured's estate or the beneficiaries) by Insurer.

(b) It is the intent of the parties that this Agreement provides for a death benefit only and provides Insured with no right to any policy cash value and no retirement or deferred compensation benefits or rights.

(c) It is the intent of the parties that any of Insured's rights to payment hereunder shall be funded solely from the Policy proceeds and Bank shall have no liability or obligation to Insured in the event of non-payment of Policy death proceeds or default of Insurer for any reason.

5. Reporting Requirements. The Bank will report on an annual basis to Insured the economic benefit of the death benefits under the Policy payable to the Insured's beneficiary attributable to this Agreement on IRS Form W-2, or if applicable Form 1099, so that Insured can properly include said amount in his or her taxable income. Insured agrees to accurately report and pay all applicable taxes on such amount as income reportable hereunder to Insured. Insured acknowledges and understands that no "group term life" or similar income tax exclusion applies to benefits provided hereunder.

6. Policy Proceeds. Subject to Section 8, upon the death of Insured, the death proceeds of the Policy shall be divided in the following manner:

(a) The Insured's beneficiary(ies) designated in accordance with Section 3 shall be entitled to an amount equal to the Death Benefit as defined in **Exhibit A** attached to and made a part hereof**.**

(b) The Bank shall be entitled to any death proceeds payable under the Policy remaining after payment to the Insured's beneficiary(ies) under Section 6(a) above.

(c) The Bank and Insured shall share in any interest due on the death proceeds of the Policy on a pro rata basis based upon the amount of proceeds due each party divided by the total amount of proceeds, excluding any such interest.

(d) The Bank shall be entitled to a certified copy of the Insured's death certificate prior to providing the Insurer the amount to be paid to the Insured's beneficiary(ies) as set forth in this Section 6.

7. Cash Surrender Value of the Policy. The "Cash Surrender Value of the Policy" shall be equal to the cash value of the Policy at the time of the Insured's death or upon surrender of the Policy, as applicable, less (i) any policy or premium loans or withdrawals or any other indebtedness secured by the Policy, and any unpaid interest thereon, previously incurred or made by the Bank, and (ii) any applicable surrender charges, as determined by the Insurer or agent servicing the Policy. The Bank shall at all times be entitled to 100% of the Cash Surrender Value of the Policy.

8. Termination of Agreement.

(a) This Agreement shall terminate immediately upon the first to occur of the following:

(i) the distribution of the death benefit proceeds in accordance with Section 6 above;

(ii) the termination of Insured's employment with the Bank for any reason other than death; or

(iii) the surrender or termination of the Policy by the Bank.

(b) Insured acknowledges and agrees that the termination of this Agreement pursuant to subsections (a)(ii) and (a)(iii) above shall terminate any rights of the Insured's beneficiary(ies) to receive any death proceeds of the Policy under this Agreement, and such termination shall be without any liability of any nature to Bank.

9. Assignment. Insured shall not make any assignment of Insured's rights, title or interest in or to the death proceeds of the Policy whatsoever without the prior written consent of the Bank (which may be withheld for any reason or no reason in its sole and absolute discretion) and acknowledgment by the Insurer.

10. Administration.

(a) This Agreement shall be administered by the Board of Directors of the Bank (the "Board").

(b) As the administrator, the Board shall have the powers, duties and full discretionary authority to:

(i) Construe and interpret the provisions of this Agreement;

(ii) Adopt, amend or revoke rules and regulations for the administration of this Agreement, provided they are not inconsistent with the provisions of this Agreement;

(iii) Provide appropriate parties with such returns, reports, descriptions and statements as may be required by law, within the times prescribed by law and to make them available to the Insured (or the Insured's beneficiary) when required by law;

(iv) Take such other action as may be reasonably required to administer this Agreement in accordance with its terms or as may be required by law;

(v) Withhold applicable taxes and file with the Internal Revenue Service appropriate information returns with respect to any payments and/or benefits provided hereunder; and

(vi) Appoint and retain such persons as may be necessary to carry out its duties as administrator.

(c) The Board shall serve as the "named fiduciary," as such term is defined in Section 402(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to this Agreement (the "Named Fiduciary"). The Named Fiduciary shall be responsible for the management, control and administration of the Policy's death proceeds. The Named Fiduciary may, in its reasonable discretion, delegate certain aspects of its management and administrative responsibilities. Upon the death of the Insured, the Named Fiduciary will contact the Insurer in order to complete a claim form and determine what other steps need to be taken. The Insurer will evaluate and make a decision as to payment. If the claim is eligible for payment under the Policy, a check will be issued to the Beneficiary. If the Insurer determines that a claim is not eligible for payment under the Policy, the Beneficiary may, in its sole discretion, contest such claim denial by contacting the Insurer in writing.

(d) Any decision or action of the Board with respect to any question arising out of or in connection with the administration, interpretation, and application of this Agreement and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in this Agreement.

(e) The Bank shall indemnify and hold harmless the members of the Board, and those to whom management and operation responsibilities of this Agreement have been delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by the Board or any of its members.

11. Claims Procedures.

(a) For purposes of these claims procedures, the Board shall serve as the "Claims Administrator."

(b) If the Insured or any beneficiary of the Insured should have a claim for benefits hereunder he or she shall file such claim by notifying the Claims Administrator in writing. The Claims Administrator shall make all determinations as to the right of any person or persons to a benefit hereunder. Benefit claims shall be made by the Insured, his beneficiary or beneficiaries or a duly authorized representative thereof (the "claimant").

(c) If the claim is wholly or partially denied, the Claims Administrator shall provide written or electronic notice thereof to the claimant within a reasonable period of time, but not later than ninety (90) days after receipt of the claim. An extension of time for processing the claim for benefits is allowable if special circumstances require an extension, but such an extension shall not extend beyond one hundred eighty (180) days from the date the claim for benefits is received by the Claims Administrator. Written notice of any extension of time shall be delivered or mailed within ninety (90) days after receipt of the claim and shall include an explanation of the special circumstances requiring the extension and the date by which the Claims Administrator expects to render the final decision.

(d) The notice of adverse benefit determination shall (i) specify the reason for the denial; (ii) reference the provisions of this Agreement on which the denial is based; (iii) describe the additional material or information, if any, necessary for the claimant to receive benefits and explain why such information is necessary; (iv) indicate the steps to be taken by the claimant if a review of the denial is desired, including the time limits applicable thereto; and (v) contain a statement of the claimant's right to bring a civil action under ERISA in the event of an adverse determination on review.

(e) If a claim is denied and a review is desired, the claimant shall notify the Claims Administrator in writing within sixty (60) days after receipt of written notice of a denial of a claim. In requesting a review, the claimant may submit any written comments, documents, records, and other information relating to the claim that the claimant feels are appropriate. The claimant shall, upon request and free of charge, be provided reasonable access to, and copies of, all documents, records and other information "relevant" to the claimant's claim for benefits. The Claims Administrator shall review the claim taking into account all comments, documents, records and other information submitted by the claimant, without regard to whether such information was submitted or considered in the initial benefit determination.

(f) The Claims Administrator shall provide the claimant with written or electronic notification of the benefit determination upon review. In the event of an adverse benefit determination on review, the notice thereof shall (i) specify the reason or reasons for the adverse determination; (ii) reference the specific provisions of this Agreement on which the benefit determination is based; (iii) contain a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all records and other information "relevant" to the claimant's claim for benefits; and (iv) inform the claimant of the right to bring a civil action under the provisions of ERISA.

(g) For purposes hereof, documents, records and information shall be considered "relevant" to the claimant's claim if it (i) was relied upon in making the benefit determination, (ii) was submitted, considered, or generated in the course of making the benefit determination, whether or not actually relied upon in making the determination; or (iii) demonstrates compliance with the administrative processes and safeguards of this claims procedure.

(h) After exhaustion of the claims procedure as provided herein, nothing shall prevent the claimant from pursuing any other legal or equitable remedy otherwise available, including the right to bring a civil action under Section 502(a) of ERISA, if applicable. Notwithstanding the foregoing, no legal action may be commenced or maintained against the Bank, the Board, any member of the Board or the Claims Administrator more than ninety (90) days after the claimant has exhausted the administrative remedies set forth in this Section 11.

12. Confidentiality. Except to the extent disclosure of this Agreement is required by federal securities laws and regulations or other state or federal laws and regulations, Insured agrees that the terms and conditions of this Agreement, except as such may be disclosed in financial statements and tax returns, or in connection with estate planning, are and shall forever remain confidential, and Insured agrees that he shall not reveal the terms and conditions contained in this Agreement at any time to any person or entity, other than his financial and professional advisors, unless required to do so by a court of competent jurisdiction.

13. Other Agreements. The benefits provided for herein for Insured are supplemental life insurance 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 Insured in any manner whatsoever. No provision contained in this Agreement shall in any way affect, restrict or limit any existing employment agreement between the Bank and Insured, nor shall any provision or condition contained in this Agreement create specific rights of Insured or limit the right of the Bank to discharge Insured with or without cause. Except as otherwise provided therein, nothing contained in this Agreement shall affect the right of Insured 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 the Bank’s compensation structure whether now or hereinafter existing.

14. Withholding. Notwithstanding any of the provisions hereof, the Bank may withhold from any payment to be made hereunder such amount as it may be required to withhold under any applicable federal, state or other law, and transmit such withheld amounts to the applicable taxing authority.

15. 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) Survival. The provisions of Sections 12 and 15 of this Agreement shall survive the termination of this Agreement indefinitely, regardless of the cause of, or reason for, such termination.

(c) 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, banks, 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.

(d) 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.

(e) 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.

(f) Binding Effect. This Agreement is binding upon the parties, their respective successors, permitted assigns, heirs and legal representatives. Without limiting the foregoing, the terms of this Agreement shall be binding upon Insured's estate, administrators, personal representatives and heirs. This Agreement may be assigned by Bank to any party to which Bank assigns or transfers the Policy. This Agreement has been approved by the Bank's Board of Directors and the Bank agrees to maintain an executed counterpart of this Agreement in a safe place as an official record of the Bank.

(g) 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 the Bank and the Insured, Insured's designated beneficiary or any other person.

(h) 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 the Insured or any beneficiary; nor shall the Insured 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 Insured to Bank.

(i) 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 supercedes all prior or contemporaneous negotiations, agreements and understandings, whether oral or written, relating to the subject matter hereof.

(j) 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 Insured, 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, Suite 301
Alexandria, Louisiana 71301
Attention: Chief Executive Officer

Insured: __[Insured Name]________
__[Insured Address]________
__[Insured City, State, Zip]______

(k) 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.

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

(m) Amendment. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties. 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. Notwithstanding the foregoing, the Bank may amend, modify or terminate this Agreement (and may do so retroactively) without the consent and or approval of the Insured or any beneficiary of the Insured if such amendment, modification or termination is necessary to ensure compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), or in order to avoid the application of any penalties that may be imposed upon the Insured and any beneficiary of the Insured pursuant to the provisions of Code Section 409A.

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

(o) Purpose. The primary purpose of this Agreement is to provide certain death benefits to the Insured as a member of a select group of management or highly compensated employees of the Bank.

(p) Compliance with Section 409A of the Code. This Agreement is intended to be exempt from the provisions of Section 409A of the Code and the rules and regulations promulgated thereunder. However, the Bank does not warrant to Insured that all amounts payable under this Agreement will be exempt from, or paid in compliance with, Section 409A. Executive understands and agrees that he bears the entire risk of any adverse federal, state or local tax consequences and penalty taxes which may result from payment of compensation for his services on a basis contrary to the provisions of Section 409A or comparable provisions of any applicable state or local income tax laws.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the day and year set forth above.

Red River Bank

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

Date: ___________ **Insured:**

/s/ Executive
[Executive]

EXHIBIT A
DEATH BENEFIT

Insured Name: [Insured Name]

Upon the Insured's death, the "Death Benefit" shall equal the amount set forth below.

> The Insured's beneficiary(ies) designated in accordance with Section 3 shall be entitled to an amount equal to the lesser of (i) $100,000 or (ii) one hundred percent (100%) of the difference between the total death proceeds payable under the Policy and the "Cash Surrender Value of the Policy" (as defined in Section 7).

EXHIBIT B
BENEFICIARY DESIGNATION FORM
SPLIT-DOLLAR AGREEMENT

[Intentionally Omitted]

EXHIBIT C
ENDORSED POLICIES

Insured Name: [Insured Name]

This Agreement pertains to the life insurance policies (the "Policy") listed on this Exhibit C, attached and made a part of this Split-Dollar Agreement dated July 1, 2021:

Policy Number: [Policy Number]

Insurer: MassMutual

Insured: [Insured Name]

Owner of Policy: Red River Bank

Relationship of Bank to Insured: Insured is an Executive of the Bank

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 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 13, 2021

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

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 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 13, 2021

By: /s/ Isabel V. Carriere
Isabel V. Carriere, CPA, CGMA
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

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, 2021, 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 13, 2021	By:	/s/ R. Blake Chatelain
		R. Blake Chatelain
		President and Chief Executive Officer
		(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, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Isabel V. Carriere, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 13, 2021	By:	/s/ Isabel V. Carriere
		Isabel V. Carriere, CPA, CGMA
		Executive Vice President and Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)