

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

**FORM S-1  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933**

**Red River Bancshares, Inc.**

(Exact name of registrant as specified in its charter)

**Louisiana**  
(State or other jurisdiction of  
incorporation or organization)

**6022**  
(Primary Standard Industrial Classification  
Code Number)

**72-1412058**  
(I.R.S. Employer  
Identification Number)

**1412 Centre Court Drive, Suite 402  
Alexandria, Louisiana 71301  
(318) 561-5028**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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President and Chief Executive Officer  
Red River Bancshares, Inc.  
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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Emerging growth company   
Non-accelerated filer  Smaller reporting 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 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(2)
Common stock, no par value per share	\$30,000,000	\$3,636.00

(1) Includes shares of common stock to be sold by the selling shareholders and shares of common stock that the underwriters have the option to purchase from the registrant. See "Underwriting."

(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 10, 2019

PRELIMINARY PROSPECTUS

Shares



RED RIVER BANCSHARES, INC.

Common Stock

This prospectus relates to the initial public offering of Red River Bancshares, Inc.'s common stock. We are a bank holding company for Red River Bank, a state-chartered bank based in Alexandria, Louisiana. We are offering \_\_\_\_\_ shares of our common stock. The selling shareholders identified in this prospectus are offering an additional \_\_\_\_\_ shares of our common stock. We will not receive any proceeds from sales of shares by the selling shareholders.

Prior to this offering, there has been no established public market for our common stock. We currently estimate that the public offering price per share of our common stock will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share. We have applied to list our common stock on the Nasdaq Global Select Market under the symbol "RRBI."

**Investing in our common stock involves a high degree of risk. See "Risk Factors," beginning on page 24, for a discussion of certain risks that you should consider before investing in our common stock.**

**Neither the Securities and Exchange Commission, nor any other state securities commission, nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, and are subject to reduced public company reporting requirements. See "Implications of Being an Emerging Growth Company."**

**Our common stock is not a deposit or savings account of any of our bank or non-bank subsidiaries and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts <sup>(1)</sup>	\$ _____	\$ _____
Proceeds to us, before expenses	\$ _____	\$ _____
Proceeds to the selling shareholders, before expenses	\$ _____	\$ _____

(1) See "Underwriting" for additional information regarding underwriting compensation.

This offering is being underwritten on a firm commitment basis. The underwriters have an option for a period of 30 days to purchase up to an additional \_\_\_\_\_ shares of our common stock from us on the same terms set forth above.

The underwriters expect to deliver the shares of our common stock to purchasers on or about \_\_\_\_\_, 2019, subject to customary closing conditions.

**FIG Partners, LLC**

**Stephens Inc.**

Prospectus dated \_\_\_\_\_, 2019



# RED RIVER BANK

4 markets. 9 parishes.

23 banking centers. 1 loan production office.



Made in Louisiana.  
Made for Louisiana.

VOTED  
BEST BANK

**9**  
years

*Centra Focus Magazine*

Central market

VOTED "TOP 50  
BEST PLACES  
TO WORK"

**4**  
years

*Baton Rouge Business Report*

Southeast market

VOTED  
BEST BANK

**2**  
years

*SB Magazine*

Northwest market

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## About this Prospectus

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

You should rely only on the information contained in this prospectus. The Company, the selling shareholders, and the underwriters have not authorized anyone to provide you with information different from that contained in this prospectus. If anyone provides you with additional, different, or inconsistent information, you should not rely on it. The Company, the selling shareholders, and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of our common stock offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The Company, the selling shareholders, and the underwriters are not making an offer of shares of our common stock in any state, country, or other jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any free writing prospectus is accurate as of any date other than the date of the applicable document regardless of its time of delivery or the time of any sales of our common stock. Our business, financial condition, results of operations, and cash flows may have changed since the date of the applicable document.

Neither we, any of our officers, directors, agents, representatives, the selling shareholders, nor the underwriters, make any representation to you about the legality of an investment in our common stock. You should not interpret the contents of this prospectus or any free writing prospectus to be legal, business, investment, or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial, and other issues that you should consider before investing in our common stock.

This prospectus describes the specific details regarding this offering and the terms and conditions of our common stock being offered hereby and the risks of investing in our common stock. For additional information, please see the section entitled “Where You Can Find More Information.”

Unless otherwise stated, all information in this prospectus gives effect to a 2-for-1 stock split, which was accomplished by a stock dividend with a record date of October 1, 2018 whereby each holder of our common stock received one additional share of common stock for each share owned as of such date. This transaction is referred to in this prospectus as the “2018 2-for-1 stock split.”

## Industry and Market Data

This prospectus includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys prepared for other purposes, filings of public companies in our industry, and internal company surveys. These sources include government and industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we are responsible for all of the disclosure contained in this prospectus and we believe the industry and market data to be reliable as of the date of this prospectus, this information could prove to be inaccurate. Industry and market data could be wrong due to the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts by the sources relied upon or cited herein. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus. Trademarks used in this prospectus are the property of their respective owners, although for presentational convenience, we may not use the ® or the ™ symbols to identify such trademarks.

## Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in gross revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”). An emerging growth company may take advantage of reduced regulatory and reporting requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we may present only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- we are exempt from the requirement to obtain an attestation and report from our auditors on management’s assessment of our internal controls over financial reporting under the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”);
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to hold non-binding advisory votes on executive compensation or golden parachute arrangements.

In this prospectus we have elected to take advantage of the reduced disclosure requirements relating to the presentation and discussion of our audited financial statements and executive compensation, and in the future we may take advantage of any or all of these exemptions for so long as we remain an emerging growth company. We will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross revenues of \$1.07 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the completion of this offering, (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities, and (iv) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended (“Exchange Act”).

In addition to the relief described above, the JOBS Act permits an emerging growth company to take advantage of an extended transition period for complying with new or revised accounting standards affecting public companies. However, we have elected not to take advantage of this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies. Our election not to take advantage of the extended transition period is irrevocable.

## PROSPECTUS SUMMARY

*This summary highlights selected information contained elsewhere in this prospectus and may not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” together with our consolidated financial statements and the related notes, before making an investment decision.*

### **Our Company**

We are a bank holding company headquartered in Alexandria, Louisiana. Through our wholly owned subsidiary, Red River Bank, a Louisiana state-chartered bank, we provide a fully integrated suite of banking products and services tailored to the needs of our commercial and retail customers. We operate from a network of 23 banking centers throughout the state and one loan production office in Covington, Louisiana. Banking centers are located in the following markets: Central Louisiana, which includes the Alexandria metropolitan statistical area (“MSA”); Northwest Louisiana, which includes the Shreveport-Bossier City MSA; Southeast Louisiana, which includes the Baton Rouge MSA; and Southwest Louisiana, which includes the Lake Charles MSA. As of December 31, 2018, we were the fifth largest financial institution headquartered in Louisiana based on assets, with total assets of \$1.86 billion, total loans of \$1.33 billion, total deposits of \$1.65 billion, and total stockholders’ equity of \$193.7 million.

Our priority is to drive shareholder value through the establishment of a market-leading commercial banking franchise in Louisiana. We provide superior service through highly qualified, 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.

### **Our Banking Philosophy and Business Strategy**

Our goal is to offer the best products and services delivered through a personal, customer-focused, integrity-centered culture. Our culture is “top down,” emphasizing the importance of exceptional customer service and strong relationships at every level. We are dedicated to the success and satisfaction of our customers and this commitment ensures our own continued success and allows us to deliver consistent performance to our shareholders. We credit our twenty-year track record of achievement to a disciplined implementation of this clear and focused banking philosophy.

Our mission is to be the premier statewide banking organization in Louisiana. We strive to differentiate ourselves from our competitors by providing the best of “relationship-based” banking that is tailored to meet the needs of the small and medium-sized businesses operating within our banking markets, as well as the owners and employees of those businesses, and executives, professionals and individuals with strong ties to our banking markets. In our experience, these customers place a high value on the type of long-term, personal relationship with their bank and banker that we provide. We grow our business one customer at a time through this relationship-driven approach.

In addition to being dedicated to service excellence, we are committed to the Louisiana communities we serve. We believe our community connections help us maintain a level of brand recognition, and a respected reputation, well beyond what would be typical for a bank of our size. This commitment to our communities builds a loyal customer base, and this loyal customer base helps us achieve strong organic growth and sustained profitability.

We attribute our success to incorporating this customer-driven banking philosophy into our business strategy. The key components of our business strategy include:

*Commercial Banking.* We are primarily a business-focused banking organization, delivering specialized services to our commercial customers. We target privately-owned commercial and industrial operating companies for both credit and treasury management services, while also providing owners and key employees with the same customized personal service for their individual financial needs. We attribute our long history of superior asset

quality to our credit culture, which is built on a foundation of lending to businesses and management teams with established, proven track records. We offer these customers sophisticated products and services similar to those of much larger banks, but delivered by bankers who can provide local and responsive decision-making, personal assistance, and an interest in the success of their businesses. Key components of our commercial banking business include:

- *Real Estate Loans.*
    - *Commercial Real Estate Loans (Owner Occupied).* Given our strategy of focusing on the banking needs of established operating companies within our geographic footprint, 20.3% of our total portfolio consists of owner occupied office and industrial real estate loans. In addition to a proven management team and track record, we focus on businesses with a history of strong, recurring cash flows. In particular, we target wholesale and professional service companies, as well as businesses with unique strengths in niche markets. Loans are conservatively underwritten and typically carry the personal guarantee of the business owners. We believe this portfolio segment is well-diversified by industry type.
    - *Commercial Real Estate Loans (Non-Owner Occupied).* Our pursuit of non-owner occupied commercial real estate properties is secondary, and reserved primarily for developers and other persons or entities of influence in our local markets who present additional business and personal relationship opportunities. This strategy is evidenced by our modest level of commercial real estate loans relative to our capital, which has been consistent for many years. We target property types with a greater ability to withstand changes in market forces. Our underwriting criteria for non-owner occupied properties is even more conservative than our underwriting criteria for owner occupied properties due to the higher inherent risks generally associated with the former. Our target rate of return is also higher for non-owner occupied commercial real estate loans. As of December 31, 2018, our non-owner occupied commercial real estate loans, including construction and development loans, were 21.8% of our loan portfolio and represented 137.0% of the Bank's total risk-based capital.
  - *Commercial Loans.* We have expertise in meeting the financing needs of commercial operating companies. This expertise is a key strength of ours, both in terms of our front-line bankers and our credit approval personnel and processes. Our specialists in these areas understand the cash cycle, working capital, and the fixed asset acquisition needs of businesses, and this allows us to deliver customizable and effective financing solutions. Leveraging the knowledge base and experience of our bankers and executives, we recommend and utilize sound commercial and industrial loan structures that limit our risks as a lender, while also helping to drive the success of our clients' businesses. Commercial loans comprised 20.8% of the loan portfolio as of December 31, 2018.
  - *Treasury Management Services.* Many of our clients and prospective clients have sophisticated depository needs, including ACH, sweep, and remote deposit capture services. We have a dedicated team of Treasury Management Officers ("TMOs") who partner with our commercial and private bankers to meet those needs. Our TMOs analyze clients' account activity and cash utilization, and then recommend and implement solutions that enhance our clients' efficiency, mitigate risks to their businesses, and maximize their earnings on available liquidity. Our treasury management offerings and technological sophistication are core strengths, especially when combined with our ability to troubleshoot and resolve customer issues. Our TMOs provide in-person assistance with the initial setup of treasury services, as well as on-going client support post-implementation.
- Personal Banking.* Our personal banking business supports our commercial banking focus, provides attractive customer diversification, and enhances our growing base of core deposits. Key components of our personal banking business include our retail banking network, private banking services, residential mortgage lending, and investment services.
- *Retail Banking Network.* A strategically placed network of banking centers in our markets is a fundamental element of our personal banking strategy. Our convenient network attracts customers, encouraging them to seek personal service and interact with our bankers, allowing us to deliver



personal, relationship-based banking. This also supports the continued growth of our core deposit base. We are purposeful in choosing banking center locations and have sought out key locations in Central, Northwest, Southeast, and Southwest Louisiana through *de novo* development, as well as through two whole-bank acquisitions. We have a footprint of 23 banking centers in growing and stable communities. Our banking centers strengthen our brand recognition and reputation across our markets. Our emphasis on having a strategic network of banking centers, staffed by experienced bankers, differentiates us from our national and regional bank competitors, who are increasingly moving their customers to digital banking platforms only with limited personal service. Our network of banking locations and their dates of opening is described below under the heading “Our Historical Growth and Consistent Performance.”

- *Private Banking.* Private banking is a crucial part of our personal banking strategy. Through our private banking group, we provide specialized deposit and loan products and services to high net worth individuals, business owners, and professionals. Consistent with our overall business philosophy, we seek to develop long-term relationships with our private banking customers through an emphasis on personal service and products tailored to their specific needs. From checking and savings products to sophisticated financing structures, we work to meet our clients’ changing needs with innovative solutions. Our private bankers are highly accessible for their clients, offering flexible scheduling for business meetings and loan closings. This level of flexibility and service is sought out and valued by our private banking clients, many of whom are busy professionals with inflexible or on-call schedules. Our private banking group’s loan portfolio primarily consists of consumer home equity loans, portfolio mortgage loans, and commercial loans, and its deposit base primarily consists of consumer checking accounts, money market accounts, and time deposits.
- *Residential Mortgage Loans.* Our mortgage lending group provides home mortgage loans that are sold on the secondary market. Loan types include conventional, VA, FHA and Rural Development. In addition, the mortgage lending department plays a critical role in meeting our community reinvestment and fair lending goals. The mortgage group has a community specialist in each market focused on low-income and first-time home buyers, and we participate in various down payment assistance and low-income home loan programs to ensure the needs of our entire banking community are satisfied. We combine the power of local decision-making and in-house underwriting with the industry’s best mortgage lending products and services. We believe this approach helps differentiate us from our competitors. For the year ended December 31, 2018, our mortgage group originated \$99.1 million in home mortgage loans.
- *Investment Services.* We offer a broad range of products and services designed to meet the investment needs of all of our customers through our investment group and our strategic partnership with Cetera Investment Services LLC, a registered broker-dealer, registered investment advisor, and licensed insurance agent. Our investment group executives, who are located in each of our markets and have an average of 19 years of industry experience, strive to fully understand each client’s unique financial situation, deliver a comprehensive plan, and provide the appropriate products to meet their needs. Our investment products include stocks, bonds, mutual funds, alternative investments, annuities, and insurance products. Our investment group also provides investment advisory services, financial planning services, and a comprehensive suite of retirement plans. The amount of investment assets under management by our investment group has experienced sustained growth, and was approximately \$492.6 million as of December 31, 2018.

## Our Historical Growth and Consistent Performance



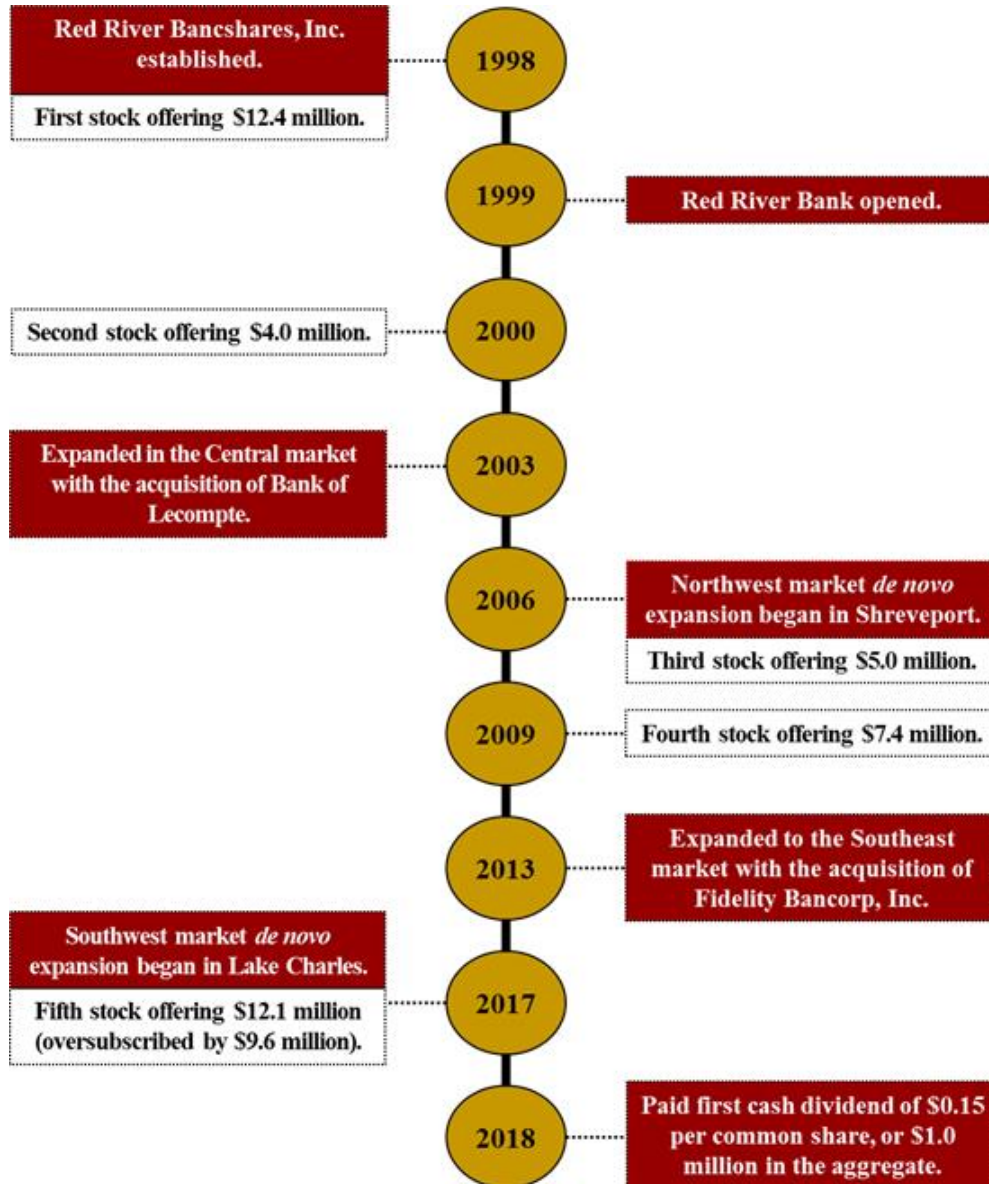
Red River Bancshares, Inc. was founded in 1998 by a group of experienced bankers and business leaders dedicated to delivering the best banking products and services while staying true to the ideals of community banking. Red River Bank opened for banking services on January 14, 1999. Two decades later, we have expanded across the state of Louisiana, and we remain dedicated to our founding commitments. We have been rewarded with continued growth and expansion, consistent returns, and a loyal customer base. We know and understand each of our markets. Since inception, we have pursued a growth strategy focused on organic growth through *de novo* banking center expansion into favorable banking markets, and to a lesser extent, by partnering with select Louisiana financial institutions through two whole-bank acquisitions.

After opening our main office in January 1999, Red River Bank subsequently established three full-service *de novo* banking centers in Rapides Parish, in the Alexandria MSA and a part of our Central Louisiana market, opening one each in 1999, 2000, and 2001. In 2003, we acquired Bank of Lecompte also in Rapides Parish. Through this acquisition, we added two locations, one in Lecompte and one in Forest Hill, as well as \$33.0 million in deposits and \$19.3 million in loans. In 2004, Red River Bank opened the Downtown Banking Center in Alexandria. In 2006, we began an expansion effort into the Northwest Louisiana market with the opening of our Market Street Banking Center in downtown Shreveport, Caddo Parish, which was quickly followed with the opening of our East Kings Banking Center and our Provenance Banking Center in 2007, also in Shreveport. In that same year, we opened the Highway 28 West Banking Center in Alexandria. In 2008, we added our Marksville Banking Center in Avoyelles Parish, a part of our Central Louisiana market area, and our East Texas Banking Center and our Airline Banking Center, both in Bossier City, Bossier Parish, a part of our Northwest Louisiana market. We continued our growth in Northwest Louisiana in 2011 with the opening of our Uptown Banking Center on Line Avenue in Shreveport.

In 2013, we expanded into the Baton Rouge market through our acquisition of Fidelity Bancorp, Inc. and its banking subsidiary, Fidelity Bank. Through this acquisition, we acquired \$110.3 million in deposits, \$83.2 million in loans, and Fidelity's four banking locations in Baton Rouge, East Baton Rouge Parish, and one banking center in Geismar, Ascension Parish, all a part of the Baton Rouge MSA and in our Southeast Louisiana market. In 2014, we purchased our Essen Lane Banking Center in Baton Rouge and relocated the Perkins Banking Center to that location. We subsequently expanded our presence in Baton Rouge through the establishment of the South Acadian Thruway Banking Center in 2016.

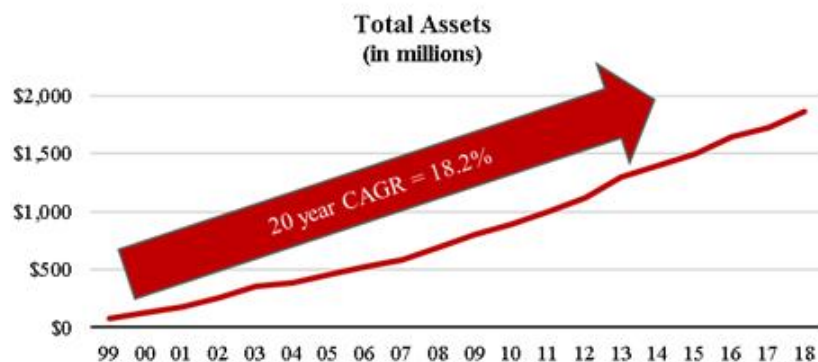
In 2017, we expanded our banking network in Northwest Louisiana with the opening of our Stonewall Banking Center in Stonewall, DeSoto Parish, adjacent to the Shreveport metropolitan area. Also in 2017, we began plans for further banking center expansion in Southeast Louisiana with the purchase of property south of Baton Rouge in the Highland Park Marketplace. That same year we began expansion into the Southwest Louisiana market with the opening of a loan production office ("LPO") in Lake Charles, Calcasieu Parish. This office was closed when we opened our Lake Street Banking Center in 2018, also in Lake Charles. Currently, we are searching for property in Calcasieu Parish for the development of an additional banking center in the Southwest Louisiana market area. Also in 2018, we expanded our Essen Lane Banking Center in Baton Rouge, adding office space to accommodate our growing needs and presence in this market. Most recently, in November of 2018, we purchased property and an existing branch building on Highway 21 in Covington, St. Tammany Parish, for future banking center expansion.

Our growth has been supported by five successful equity offerings. We raised gross proceeds of approximately \$12.4 million through the initial private placement offering of our common stock in 1998. Responding to continued demand for our common equity, we raised an additional \$4.0 million in 2000 when we completed a second private placement offering. In 2006, as a part of our expansion into Northwest Louisiana, we completed a third private offering of our common stock, which expanded our shareholder base in this part of the state. Our 2006 offering resulted in gross proceeds of approximately \$5.0 million. In 2009, we completed a fourth private common stock offering, which resulted in gross proceeds of approximately \$7.4 million. Finally, in 2017, we completed the most recent private placement offering of our common stock, resulting in gross proceeds of approximately \$12.1 million. In our 2017 offering, we received total subscriptions to purchase approximately \$21.7 million of our common stock, resulting in a \$9.6 million oversubscription amount that was returned to prospective investors in the offering. This last offering increased our shareholder base across the state, particularly in our Southeast Louisiana market. The milestones in our growth history are shown on the chart below.



The primary objective of our expansion strategy is to provide steady and consistent financial results for our shareholders. Since beginning banking operations in 1999, we have experienced steady balance sheet growth, consistent profitability, and steadily increasing shareholder value. This focus on steady growth, coupled with a disciplined credit culture, has enabled us to achieve consistent results, even through market downturns, and without having to make significant adjustments to our business plan in response to changing, and often challenging, market conditions.

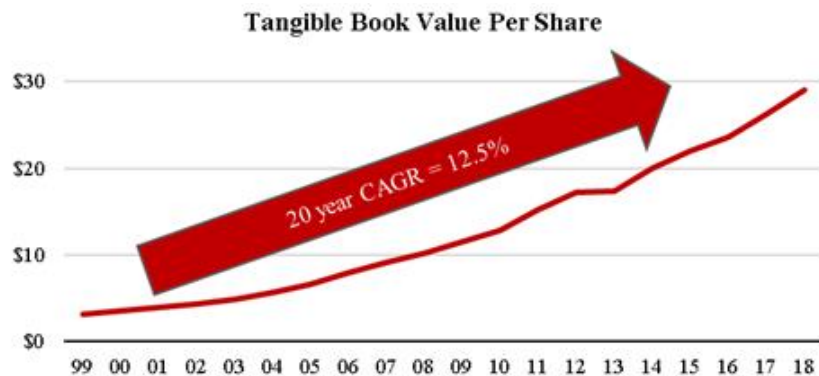
Over the past 20 years, we have experienced asset growth at a compound annual growth rate of 18.2%, resulting in \$1.86 billion in total assets as of December 31, 2018. Of the \$1.86 billion in total assets, approximately \$1.70 billion, or 91.4%, is attributable to organic growth and the remaining 8.6% is from two acquisitions.



We have maintained exceptional asset quality levels since inception through a disciplined credit culture. For the years 2003 through 2018, our average ratio of nonperforming assets to total assets was 0.26% and our average net charge-off ratio was 0.08%.

In addition to balance sheet growth and maintaining strong asset quality, we endeavor to achieve consistent profitability and returns for our shareholders. Our 2018 return on average assets (“ROA”) was 1.29%. For the years 2014 through 2018, average ROA (with 2017 adjusted ROA excluding \$2.2 million of tax expense attributable to the Tax Cuts and Jobs Act of 2017 [“Tax Reform Act”]) was 1.02%. Our average ROA between 2001 (excluding the first two years of operations) and 2018 (with 2017 adjusted ROA) was 1.00%. We believe we are well-positioned to maintain and even improve upon our historical level of returns given increasing loan balances, a higher net interest margin, and a lower effective federal income tax rate.

To enhance internally generated capital and to support our growth over the past 20 years, we raised approximately \$40.9 million of new capital through five private offerings. Our equity offerings expanded our shareholder base in our key markets statewide and provided capital to support future growth. As shown in the following graph, since the opening of the Bank in 1999 our tangible book value per share increased at a 12.5% compound annual growth rate. The graph below has been adjusted to give effect to the 15-for-1 split of our common stock with a record date of November 30, 2005 and the 2018 2-for-1 stock split.



### Our Markets

Red River Bank currently conducts business through 23 banking centers located in Central, Northwest, Southeast, and Southwest Louisiana, and a loan production office in Covington, Louisiana. Our long-term strategic focus is to be the premier statewide banking organization in Louisiana. We believe our four current markets offer us an attractive combination of growth opportunities and core deposit stability, as well as loan diversity. We operate nine banking centers, including our main office, in the Central Louisiana market, which we define to include Rapides and Avoyelles Parishes. We operate seven banking centers in our Northwest Louisiana market, which we define to include Caddo, Bossier, and DeSoto Parishes. In our Southeast Louisiana market, which we define to include East Baton Rouge and Ascension Parishes, we operate six banking centers. We operate one banking center in our Southwest Louisiana market, which we define to include Calcasieu Parish.

We believe our current markets provide ample opportunities for the continued growth of our customer base, loans, and deposits, as well as the expansion of our overall market share in each area. Our goal is to replicate this growth in new markets as we continue to expand and implement our long-term development strategy. Our current markets, which are in diverse parts of Louisiana, are economic centers that provide for natural credit diversification and a hedge against industry downturns relative to other Louisiana-based financial institutions which do not enjoy a similarly diverse geographic and industry footprint. We seek to locate our banking centers and offices in the downtown and suburban areas of our markets, which contain our target customers of small to medium-sized businesses and retail customers.

In our Central Louisiana market, where our headquarters is located, we rank first in deposit market share with approximately 33.7% of all deposits as of June 30, 2018. In each of our Northwest and Southeast Louisiana markets, we ranked among the top ten financial institutions for deposit market share as of June 30, 2018. The table below highlights certain statistics within the primary markets that we serve.

Market(1)	Year Entered	# of Banking Centers	# of Bankers(2)	Total Deposits (\$000)(3)	Total Deposits in Market (\$000)(3)	Population(4)	Median Household Income(5)
Central	1999	9	224	\$ 993,331	\$ 2,943,231	172,628	\$ 42,655
Northwest	2006	7	43	\$ 322,035	\$ 7,548,377	401,555	\$ 40,391
Southeast	2013	6	49	\$ 260,292	\$ 17,563,495	569,216	\$ 51,436
Southwest	2017	1	4	\$ 1,271	\$ 4,051,863	202,445	\$ 48,219

- (1) For purposes of the demographic information in this table, we define our markets geographically as follows: Our Central market includes Rapides and Avoyelles Parishes; our Northwest market includes Caddo, Bossier and DeSoto Parishes; our Southeast market includes East Baton Rouge and Ascension Parishes; and our Southwest market includes Calcasieu Parish.
- (2) Full-time equivalent employees as of December 31, 2018.
- (3) Source: FDIC Deposit Market Share Report as of June 30, 2018.
- (4) Source: U.S. Census Bureau population estimates for 2017.
- (5) Source: U.S. Census Bureau's 2013–2017 American Community Survey 5-year estimates. Includes data for the following parishes within each market: Central market reflects median income data for Rapides Parish; Northwest market reflects median income data for Caddo Parish; Southeast market reflects median income data for East Baton Rouge Parish; and Southwest market reflects median income data for Calcasieu Parish.

*Central Louisiana.* Our legacy market of Central Louisiana is located in the region that contains the Alexandria MSA. Employment in the region is bolstered by a significant government presence, including nearby Fort Polk, which has the largest military installation in the state. The region boasts a diverse group of significant employers, including Proctor & Gamble, Union Tank Car, Cleco, Crest Industries, and Roy O. Martin Lumber. The Louisiana Economic Outlook Study for 2019–2020, published by the Economics and Policy Research Group at Louisiana State University (the “Economic Outlook Study”), provides an encouraging outlook for the region. While growth during 2019 is expected to be relatively flat, over 500 new jobs are projected for 2020. The above-named firms and others support this projected job growth by providing a solid base of employment for the community.

*Northwest Louisiana.* Our Northwest Louisiana market is located in the region containing the Shreveport-Bossier City MSA. Since our entry into this market in 2006, the economy throughout the region has remained stable and provided consistent growth. According to the 2016 KPMG Competitive Alternatives Study, Shreveport was regarded as the most cost-friendly city to do business among the 27 U.S. metropolitan areas with a population of less than 750,000. The area provides ready access to other parts of Louisiana and adjacent states through I-20, I-49 and the planned I-69. It offers a variety of multimodal transportation options, including Class 1 rail, airports, and port transportation. Top business sectors throughout the region include healthcare, finance, government, manufacturing, and telecommunications. Northwest Louisiana includes portions of the Haynesville Shale formation from which natural gas production continues to occur. The area is also home to Barksdale Air Force Base and boasts the state’s largest and most successful casino market. The MSA has also welcomed General Dynamics IT and Glovis America as more recent employers, which have together added approximately 1,256 new jobs in the area. Northwest Louisiana has the largest concentration of durable goods manufacturing in the state. Among those manufacturers are a major steel mill and a steel components manufacturer located at the Port of Caddo-Bossier. Northwest Louisiana’s diversified economy and low cost of doing business has helped create a pro-business environment throughout the region. According to the Economic Outlook Study, the Shreveport-Bossier City MSA is expected to add approximately 600 jobs per year in 2019 and 2020.

*Southeast Louisiana.* Our Southeast Louisiana market is located in the region containing the Baton Rouge MSA. Baton Rouge is the capital of Louisiana and is the second-largest city in Louisiana by population. As the capital city, Baton Rouge is the political hub for Louisiana with the state government as the city’s largest employer. Baton Rouge is the farthest inland port on the Mississippi River that can accommodate ocean-going tankers and cargo carriers. As a result, Baton Rouge’s largest industry is petrochemical production and manufacturing. The ExxonMobil facility in Baton Rouge is one of the largest oil refineries in the country. Albemarle Corporation and Dow Chemical Company have large plants in the area, and Methanex relocated two methanol plants from Chile to

the Baton Rouge MSA in 2014. This MSA is also home to an emerging high-tech sector, led by Electronic Arts game company and a large IBM facility. In addition, Baton Rouge hosts a number of businesses from other diverse economic sectors, including healthcare, education, finance and motion pictures. Two major state universities, Louisiana State University and Southern University, are located in Baton Rouge, along with Baton Rouge Community College, which is one of Louisiana's largest community colleges. The Economic Outlook Study projects renewed growth in the Baton Rouge MSA over the next two years, including 6,000 new jobs in 2019 and 8,100 new jobs in 2020. This growth is expected to be fueled largely by a revival of industrial construction in the area.

*Southwest Louisiana.* Our newest market in Southwest Louisiana is located in the region of the state containing the Lake Charles MSA. Major economic sectors in this area include the petrochemical industry, the gaming industry, and aircraft repair. Located in the far southwest corner of the state, the Lake Charles region has recently experienced rapid growth. According to the Economic Outlook Study, the Lake Charles MSA has been the fastest-growing MSA in the state of Louisiana for five straight years, and between 2013 and 2018 it has been the fastest growing MSA in the United States. The growth in the Lake Charles MSA has been fueled by over \$117.0 billion in projects announced since 2012. Those projects include investments by employers such as Cheniere Energy, Semptra, Sasol, Driftwood, Trunkline, and G2 Energy. The Economic Outlook Study projects that the Lake Charles MSA will continue in its role as the fastest growing MSA in the state, adding 4,000 jobs in 2019 and another 5,300 jobs in 2020. The investment and resulting infrastructure in this area has created a thriving economy that we believe will support our future expansion in this market.

We believe that our commitment to the communities in which we operate will enable us to continue to gain scale and market share. We endeavor to become the leading community bank in each market that we serve, and we believe we are well-positioned to continue to grow relationships throughout our geographic footprint.

## Our Competitive Strengths

We believe that our competitive strengths set us apart from many other similarly sized financial institutions, and that the following attributes are key to our success:

### ***Cohesive and Experienced Management Team***

We are led by an executive management team with an average of 29 years of professional experience covering the relevant disciplines of finance, lending, credit, risk, strategy, legal, and banking operations. Our executive team has been in their respective roles with our organization for an average of 14 years each, with a majority having worked together at Red River Bank for well over a decade. Collectively, they have been responsible for executing our strategic plan and driving our growth. Our executive management team includes:

<b>Name</b>	<b>Age</b>	<b>Position with Red River Bancshares, Inc.</b>	<b>Position with Red River Bank</b>	<b>Years of Banking Experience</b>	<b>Years with Red River Bank</b>
R. Blake Chatelain	55	President and Chief Executive Officer	President and Chief Executive Officer	37	20
Isabel V. Carriere, CPA, CGMA	52	Executive Vice President, Treasurer, Chief Financial Officer, and Assistant Secretary	Executive Vice President, Controller, and Assistant Secretary	27	20
Amanda W. Barnett, JD	55	Senior Vice President, General Counsel, and Corporate Secretary	Senior Vice President, General Counsel, and Corporate Secretary	30 (legal)	9
Andrew B. Cutrer	45	Senior Vice President	Senior Vice President and Director of Human Resources	20	18
Bryon C. Salazar	46	-	Executive Vice President – Chief Lending Officer	24	20
Tammi R. Salazar	49	-	Executive Vice President – Private Banking, Mortgage, and Investments	26	20
G. Bridges Hall, IV	45	-	Market President – Shreveport/Bossier City Region	14	13
David K. Thompson	53	-	Market President – Baton Rouge Region	29	4
Harold W. Turner	69	-	Executive Vice President and Chief Corporate Development Officer	46	13
Debbie B. Triche	48	-	Senior Vice President and Retail Administrator	25	19
Gary A. Merrifield	56	-	Senior Vice President and Credit Policy Officer	33	4
Jeffrey R. Theiler	54	-	Senior Vice President and Chief Operations Officer	31	4

In addition to our experienced executive management team, our board of directors consists of well-regarded career bankers, professionals, entrepreneurs, and business and community leaders with collective depth and experience in commercial banking, finance, real estate, and manufacturing.

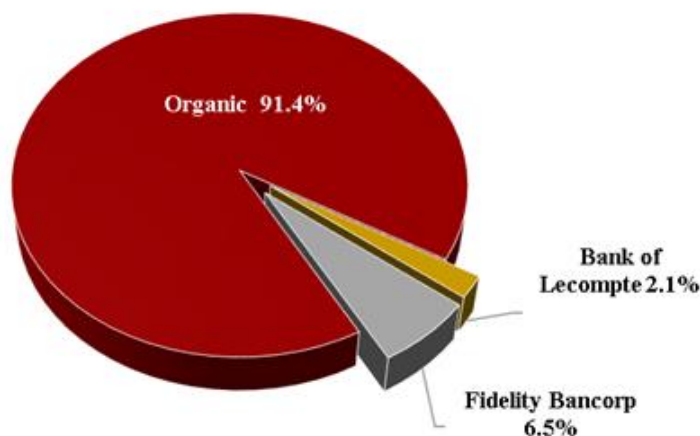
We also have a demonstrated ability to grow our company organically through the recruitment of talented bankers. We seek out and hire bankers with significant in-market experience who are naturally committed to high standards of productivity and excellence. This strategy enhances our existing business model and creates a pool of qualified executive and middle management talent, supporting scalability.



### ***Consistent, Quality Growth Across an Attractive Geographic Footprint***

We have proven our ability to consistently grow our business organically by expanding our geographic footprint in attractive markets across the state of Louisiana. Over the past 20 years, we have experienced asset growth at a compound annual growth rate of 18.2%, resulting in \$1.86 billion in total assets as of December 31, 2018. As shown on the following graph, of the \$1.86 billion in total assets, 91.4% is attributable to organic growth.

**Asset Growth**



Our approach to growth and expansion has been strategic and purposeful. We identify and enter markets we believe will provide us with an advantage in terms of growing our loans and deposits, increasing profitability, and building shareholder value. We believe our market areas offer a beneficial combination of growth opportunities and industry diversity, as they have favorable economic environments and ample business lending and deposit prospects within our target client base. Our legacy market in Central Louisiana provides a stable economic climate, and our strong brand recognition in this market enables us to continue to build our loan portfolio and our low-cost core deposit franchise. Our Northwest and Southeast Louisiana banking markets represent major metropolitan areas and the opportunity for significant growth across all segments of our customer base. Our expansion most recently into the Lake Charles area presents us with the opportunity for significant growth and investment.

Customers within our markets have responded, and continue to respond, to our brand of banking and bankers, allowing us to continue to gain market share and provide consistent financial results. We believe we are well-positioned to continue this tradition of consistent, quality growth and success in the long-term.

### ***Conservative Credit Culture***

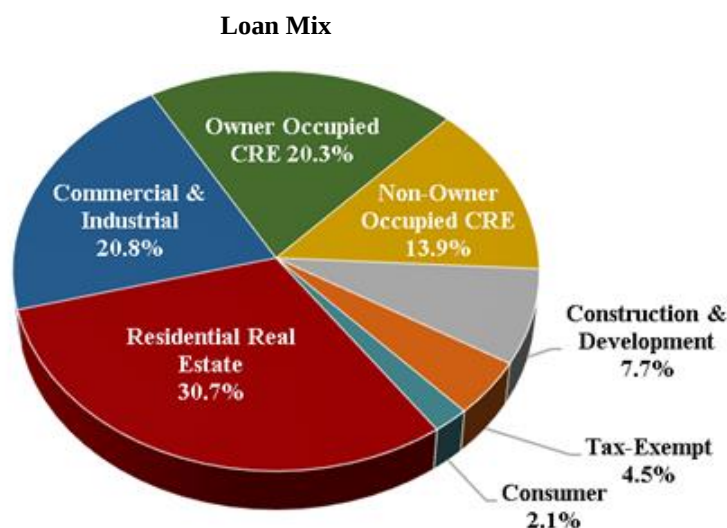
Throughout the last 20 years we have experienced sustained growth while also maintaining our disciplined and conservative credit culture, enabling us historically to maintain strong levels of asset quality. This, in turn, has produced stable and consistent results, despite market downturns during this time frame. We believe our dedication to strong credit quality fuels long-term lending relationships with our customers and fosters balance sheet diversity.

We are not dependent upon higher-risk lending categories. Our loan portfolio is not highly concentrated in non-owner occupied commercial real estate, the construction and development sector, or the energy sector. These sectors generally exhibit a higher level of risk than certain other lending sectors, such as owner occupied commercial real estate or residential real estate.

As of December 31, 2018, our non-owner occupied commercial real estate loans, construction and development loans, and non-real estate secured loans financing commercial real estate activities totaled \$289.4 million, or approximately 21.8% of our total loan portfolio, and represented 137.0% of the Bank's total risk-based capital. Non-owner occupied commercial real estate loans were \$184.6 million, or 13.9% of total loans, and represented 87.4% of the Bank's total risk-based capital as of December 31, 2018. Construction and development loans were \$102.9 million, or 7.7% of total loans, and represented 48.7% of the Bank's total risk-based capital as of December 31, 2018. Additionally, non-real estate secured loans financing commercial real estate activities were \$1.9 million, or 0.2% of total loans, and represented 0.9% of the Bank's total risk-based capital as of December 31, 2018.

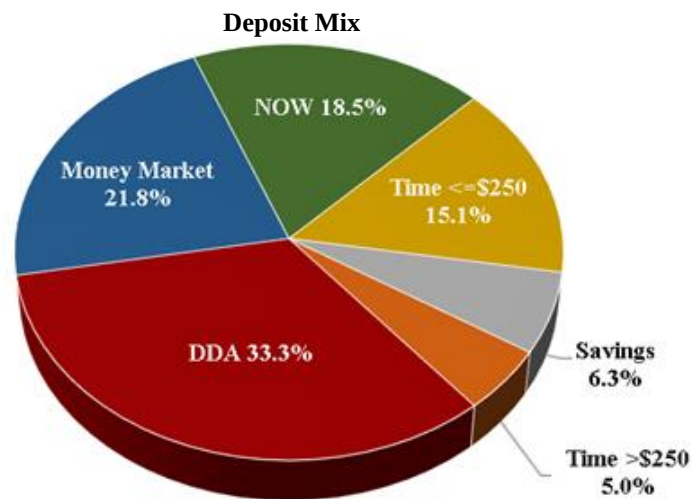
Our total loans to the energy sector, which we generally define to include companies involved in crude, petroleum, or natural gas extraction, were approximately \$38.9 million, or approximately 2.9% of our total loans, as of December 31, 2018.

The following chart illustrates the diversification of our loans held for investment by major category as of December 31, 2018.



### ***Stable Core Deposit Franchise***

Our banking philosophy, which is grounded in our commitment to integrity, personal relationships, service excellence, and a team-driven culture, attracts a loyal customer base. As a result, we have a valuable deposit franchise supported by a high level of noninterest-bearing accounts and a substantial level of core deposits. We define core deposits as all deposits excluding time deposits exceeding \$250,000. Our time deposits exceeding \$250,000 are held by a historically loyal customer base and are not brokered. As of December 31, 2018, core deposits were 95.0% of our total deposits, noninterest-bearing deposits were 33.3% of total deposits and our loan to deposit ratio was 80.9%. We do not have any internet-sourced or brokered deposits, and we have not historically used these types of deposits as a source of funding. We believe that our robust core deposit generation is powered by our emphasis on banking relationships over transactional banking and by our personal service, visibility in our communities, broad commercial banking and treasury management product offerings, and convenient services such as remote deposit capture and commercial internet banking. The following chart illustrates the diversification of our deposit base among our various product offerings as of December 31, 2018.



***Strong Brand Recognition in our Communities and Markets***

We developed a brand that exemplifies our core values of integrity and service excellence. We believe that part of providing service excellence is having strategically placed banking centers where customers can go to begin a relationship, seek advice and assistance, and engage with our bankers. To promote our organic growth, in both our current and new markets, we locate banking centers in strategic sites after consultation and study by expert outside consultants who examine metropolitan areas for optimal locations. Our banking centers strengthen our brand recognition and reputation across our markets. Red River Bank has been voted “best bank” in the Central Louisiana market for nine years by *Cenla Focus Magazine*, “top 50 best places to work” in the Southeast Louisiana market for four years by the *Baton Rouge Business Report*, and “best bank” in the Northwest Louisiana market for two years by *SB Magazine*. Members of our executive management have extensive personal networks and ties to all major metropolitan areas of Louisiana. Consequently, we believe we are poised to replicate our brand and valued reputation in these important areas all across the state. We are “Red River Bank: A bank made in Louisiana. A bank made for Louisiana.”

***Robust Infrastructure and Investments in Technology Provide a Scalable Platform for Growth***

We believe that our management, employees, and credit infrastructure provide a solid foundation for future growth. We built our banking platform to be scalable and accommodating to a growing customer base. Investment in technology is a key component of this overall strategy. We believe our emphasis on “both people and technology” allows us to compete effectively with much larger institutions, maintain our relationship-based banking philosophy, and provide for future efficiencies. Our customers’ expectations are evolving as they seek to adopt new forms of digital banking. We increasingly find that service excellence equates to real-time, digital offerings, and so we have invested, and expect to continue to invest, in the technology necessary to deliver those products and services. At the same time, we have invested in related risk management processes and the protection of the technology underpinning our platforms. We believe these investments will create operational efficiencies across our markets, reducing operational expenses. They also provide a scalable infrastructure to accommodate our expected future growth and further strengthen our “high tech/high touch” platform.

## **Growth and Expansion Strategy**

Our mission is to be the premier statewide banking organization in Louisiana. We strive to differentiate ourselves from our competitors by providing the best of “relationship-based” banking that is tailored to meet the needs of the small and medium-sized businesses operating within our banking markets, as well as the owners and employees of those businesses, and executives, professionals, and individuals with strong ties to our banking markets. In our experience, these customers place a high value on the type of long-term relationship with their bank and banker that we provide. Through this relationship-driven approach, we grow our business one customer at a time. Since inception, we concentrated our efforts on building our market presence in key metropolitan markets within the state of Louisiana where our target customers are underserved and well-suited for the commercial, retail, and private banking products and services that we provide. We intend to leverage our competitive strengths to take advantage of what we believe are significant growth opportunities within our existing footprint and other strategic market areas that we believe complement our strategic plan. Our growth strategy includes the following:

### ***Identify and Recruit Talented Bankers***

We believe that competition for customers starts with the competition for the best bankers. Whether we expand our presence in our existing markets, enter new markets organically, or make opportunistic acquisitions, adding talented bankers with extensive in-market experience is one of our primary strategies for continued success. In our experience, our brand of banking is attractive to motivated bankers from smaller institutions that lack the platform to engage in sophisticated transactions and also to bankers from larger institutions that lack our relationship-based approach to banking. We are committed to the continual development of talent within our company through continuing education and promotions. We find that hiring committed, talented bankers, and providing development and advancement opportunities, leads to long-term continuity in our workforce as well as a strong and talented employee base with which to fuel the long-term potential of our bank.

### ***Expand Market Share in Existing Markets***

We want to be the market leader and have a significant market share in all the communities we serve. Organic growth is our primary focus, which may be supplemented with strategic, targeted acquisitions when and if appropriate. We intend to expand our banking center network by opening additional banking centers in our existing markets to provide our customers with more convenient banking locations. We understand that relationships are our strategic advantage and we continually seek to identify and recruit experienced bankers with broad relationship networks within our existing markets. We then strengthen those relationships by offering personalized products and services. We also attract new customers through personal outreach by our bankers, with targeted marketing campaigns, and by advertising in a variety of traditional media and in social media. We also reach new customers by filling the void left by competitors who are closing banking offices. Other outreach activities include helping our communities during times of need and by having a presence at community events, such as with our branded ice cream trucks that give out free frozen treats. We encourage our bankers to take leadership roles in our communities, and we are well represented in a wide variety of non-profit, volunteer organizations across all our markets.

### ***Opportunistic New Market Expansion***

When evaluating potential new market opportunities, our standard due diligence includes both an assessment of the local economy as well as an analysis of the local banking landscape. We concluded that an opportunity existed in Lake Charles, Calcasieu Parish, in Southwestern Louisiana, for a community bank with the strength and scale of Red River Bank to carve out a meaningful market share position over the long term. Lake Charles is the fastest-growing MSA in the state of Louisiana, and one of the fastest growing in the southeastern U.S. Much of this growth is industrial in nature and is driven by growth in the liquefied natural gas sector. In keeping with our established strategy of disciplined and thoughtful *de novo* expansion into new markets, we opened an LPO in Lake Charles in the third quarter of 2017. We evaluated this move for 12–24 months prior to commencement of formal operations.

In April of 2018, after operating the LPO for approximately eight months, we closed it and opened a business-focused banking center in Lake Charles, the Lake Street Banking Center. The Lake Street Banking Center is located in a new office and retail development, and it utilizes a concierge-type service desk, rather than traditional teller lines and is the first of its kind for our company. We are actively scouting potential sites in Southwest Louisiana for the construction of a traditional full-service banking center, with complete ATM and drive-through capability.

### ***Disciplined Acquisition Strategy***

Our primary focus continues to be on organic expansion, however, we will identify and evaluate opportunities for strategic business acquisitions as they may arise. Our historic approach to potential acquisitions has been strategic and disciplined. Since inception, we completed two whole-bank acquisitions of institutions with customer-oriented, compatible philosophies and in desirable geographic areas. These acquisitions provided us the opportunity to expand the delivery of our relationship-driven brand of banking. The first acquisition in our bank's history was the acquisition of Bank of Lecompte in 2003. This acquisition allowed us to further strengthen our foothold in the Central Louisiana market by adding two banking centers, approximately \$38.9 million in total assets, and \$33.0 million in deposits. Our second transaction in 2013, the acquisition of Fidelity Bancorp, Inc. and Fidelity Bank in Baton Rouge, Louisiana, was the catalyst for our expansion into the Baton Rouge metropolitan area. This acquisition provided us with five additional banking centers with approximately \$120.5 million in total assets and \$110.3 million in deposits. We will continue to emphasize organic expansion going forward, and we are not currently a party to any formal or informal acquisition arrangements. We will, however, carefully consider acquisition opportunities, primarily within the state of Louisiana, that we believe are consistent with our mission and which can provide opportunities for improved profitability and to gain market share.

### **Our Challenges**

There are a number of risks that you should consider before investing in our common stock. These risks are discussed more fully in the section titled "Risk Factors," beginning on page 24, and include, but are not limited to:

- The geographic concentration of our markets in Louisiana makes us sensitive to adverse changes in the local economy;
- As a business operating in the financial services industry, our business and operations may be adversely affected in numerous and complex ways by weak economic conditions;
- We rely heavily on our executive management team and other key employees, and we could be adversely affected by an unexpected loss of their service;
- We face significant competition to attract and retain customers, which could impair our growth, decrease our profitability, or result in loss of market share;
- Because a significant portion of our loan portfolio consists of real estate loans, negative changes in the economy affecting real estate values could impair the value of collateral securing our real estate loans and result in loan and other losses;
- We may not be able to adequately measure and limit our credit risk, which could lead to unexpected losses;
- We operate in a highly regulated environment and the laws and regulations that govern our operations, corporate governance, executive compensation, and accounting principles, or changes in them, or our failure to comply with them, could subject us to regulatory action or penalties;
- An active, liquid market for our common stock may not develop or be sustained following this offering; and
- The market price of our common stock may be subject to substantial fluctuations, which may make it difficult to sell shares at the volumes, prices, or times desired.

## Recent Developments

### Preliminary Selected Financial Results

The following tables contain selected preliminary unaudited financial information regarding our performance and financial position as of and for the periods indicated. For the period ended March 31, 2019, the amounts and results set forth below are what we expect to report; however, these are preliminary estimates and subject to additional procedures, which we expect to complete after the completion of this offering. These additional procedures could result in material changes to our preliminary estimates during the course of our preparation of condensed consolidated financial statements as of and for the three-month period ended March 31, 2019.

The following estimates constitute forward-looking statements and are subject to risks and uncertainties, including those described under “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements.” The following information should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and notes thereto included elsewhere in this prospectus. Our independent registered public accounting firm has not audited or reviewed the preliminary financial information, and as such, does not express an opinion with respect to this preliminary financial information.

	As of		Change from December 31, 2018 to March 31, 2019	
	March 31, 2019	December 31, 2018	\$ Change	% Change
(Dollars in thousands)				
<b>Selected Period End Balance Sheet Data:</b>				
Total assets	\$ 1,922,118	\$ 1,860,588	\$ 61,530	3.3%
Cash and due from banks	32,371	34,070	(1,699)	(5.0)
Interest-bearing deposits in other banks	145,593	117,836	27,757	23.6
Securities available-for-sale	319,353	307,877	11,476	3.7
Loans held for sale	2,210	2,904	(694)	(23.9)
Loans held for investment	1,349,181	1,328,438	20,743	1.6
Allowance for loan losses	13,101	12,524	577	4.6
Noninterest-bearing deposits	565,757	547,880	17,877	3.3
Interest-bearing deposits	1,125,377	1,097,703	27,674	2.5
Total deposits	1,691,134	1,645,583	45,551	2.8
Junior subordinated debentures	11,341	11,341	—	—
Total stockholders’ equity	202,184	193,703	8,481	4.4

	For the Three Months Ended March 31,		Increase (Decrease)	
	2019	2018	\$ Change	% Change
(Dollars in thousands)				
<b>Selected Income Statement Data:</b>				
Interest and dividend income	\$ 17,904	\$ 15,572	2,332	15.0%
Interest expense	2,452	1,662	790	47.5
Net interest income	15,452	13,910	1,542	11.1
Provision for loan losses	526	411	115	28.0
Noninterest income	3,296	3,157	139	4.4
Operating expenses	11,158	10,307	851	8.3
Income before income tax	7,064	6,349	715	11.3
Income tax expense	1,368	1,118	250	22.4
Net income	\$ 5,696	\$ 5,231	465	8.9
Common stock cash dividends	\$ 1,326	\$ 1,009	317	31.4

	As of and for the Three Months Ended	
	March 31,	
	2019	2018
<b>Per Common Share Data:</b>		
Earnings per share, basic	\$ 0.86	\$ 0.78
Earnings per share, diluted	0.85	0.77
Book value per share	30.46	26.64
Tangible book value per share	30.23	26.41
Cash dividends per share	0.20	0.15
Weighted average shares outstanding, basic	6,632,482	6,721,200
Weighted average shares outstanding, diluted	6,668,029	6,765,277
<b>Summary Performance Ratios:</b>		
Return on average assets	1.24%	1.22%
Return on average equity	11.69	11.88
Net interest margin (FTE)	3.50	3.37
Efficiency ratio	59.52	60.39
Loans to deposits ratio	79.91	81.98
Noninterest income to average assets	0.72	0.74
Operating expense to average assets	2.43	2.40
<b>Summary Credit Quality Ratios:</b>		
Nonperforming assets to total assets	0.34%	0.57%
Nonperforming loans to total loans	0.46	0.71
Allowance for loan losses to nonperforming loans	212.64	124.61
Allowance for loan losses to total loans	0.97	0.88
Net charge-offs to average loans outstanding	0.00	0.00
<b>Capital Ratios:</b>		
Total stockholders' equity to total assets	10.52%	10.16%
Tangible common equity to tangible assets	10.45	10.08
Total risk-based capital to risk-weighted assets	16.39 *	15.99
Tier 1 risk-based capital to risk-weighted assets	15.45 *	15.12
Common equity tier 1 capital to risk-weighted assets	14.66 *	14.28
Tier 1 risk-based capital to average assets	11.50 *	11.28

\* Preliminary and estimated ratios – subject to change.

### **Performance Summary as of and for the Quarter Ended March 31, 2019**

#### **Overview**

In the first quarter of 2019, the Company showed continued growth in total assets, higher profitability compared to the first quarter of 2018, and improved asset quality results. On January 14, 2019, we celebrated 20 years since Red River Bank opened for banking services. Also in the first quarter of 2019, we declared and paid a cash dividend of \$0.20 per common share.

As part of our organic expansion plan, in November 2018, we purchased an existing banking center location in Covington, Louisiana (St. Tammany Parish), for future expansion. In the first quarter of 2019, we hired an experienced banker with extensive knowledge of the St. Tammany community to become our area president and, effective April 3, 2019, we opened a temporary loan production office in Covington. During the second quarter of 2019, we intend to remodel and update the banking center location purchased in 2018. While these renovations are being completed, we will operate from the LPO in a leased office a short distance from the permanent banking center. After the renovations are completed, which we expect will be in the third quarter of 2019, our plans are to close the LPO and shift our operations into the permanent, full-service banking center.

### *Comparison of Financial Condition as of March 31, 2019 and December 31, 2018*

As of March 31, 2019, assets totaled \$1.92 billion, which was \$61.5 million, or 3.3% higher than total assets of \$1.86 billion as of December 31, 2018. Within assets, loans increased by \$20.0 million and securities increased by \$11.5 million. The balance sheet growth was funded by a \$45.6 million increase in deposits, which resulted in a 79.91% loan to deposit ratio as of March 31, 2019.

Loans increased \$20.0 million, or 1.5%, to \$1.35 billion as of March 31, 2019 from \$1.33 billion at December 31, 2018. New loan origination activity was normal for the first quarter, and spread across all of our markets, with our newer markets experiencing the most growth. The loan portfolio was also impacted by problem loan pay downs, including a substandard energy loan that was paid off in full during the first quarter. Energy related credits were 2.6% of the loan portfolio as of March 31, 2019, compared to 2.9% as of December 31, 2018. The available-for-sale securities portfolio increased \$11.5 million, or 3.7%, to \$319.4 million as of March 31, 2019 from \$307.9 million as of December 31, 2018. This increase is due to investing short-term liquid assets into higher yielding securities during the quarter. Deposits increased \$45.6 million, or 2.8%, to \$1.69 billion as of March 31, 2019 from \$1.65 billion at December 31, 2018. Noninterest-bearing deposits increased by \$17.9 million, or 3.3%, due to normal fluctuations in customer account balances. NOW accounts increased by \$15.4 million, or 5.0%, with increases in Interest on Lawyers Trust Accounts (“IOLTA”) NOW balances and decreases in public entity NOW balances. IOLTA NOW balances were driven higher at the end of the first quarter due to a large legal settlement received by a law firm customer. These funds are expected to be reduced in the second quarter of 2019 as disbursements are made to third parties. The decrease in public entity NOW balances is a result of normal seasonal drawdowns as public entity customers distribute their year-end funds to other organizations. Noninterest-bearing deposits as a percentage of total deposits were consistent at 33.5% as of March 31, 2019 compared to 33.3% as of December 31, 2018. Stockholders’ equity increased \$8.5 million to \$202.2 million, as a result of \$5.7 million of first quarter 2019 net income, a \$3.9 million increase in accumulated other comprehensive income, partially offset by \$1.3 million in cash dividends.

Asset quality levels improved in the first quarter of 2019 with positive activity related to other real estate owned. The nonperforming assets to assets ratio was 0.34% as of March 31, 2019 compared to 0.38% as of December 31, 2018. The net charge-off ratio for the quarter ended March 31, 2019 was 0.00%.

### *Comparison of Operating Results for the Three Months Ended March 31, 2019 and March 31, 2018*

Net income for the three months ended March 31, 2019 was \$5.7 million, an increase of \$465,000, or 8.9% from \$5.2 million for the three months ended March 31, 2018. The increase in net income was primarily due to increased net interest income partially offset by higher operating expenses. As a result of higher net income for the three months ended March 31, 2019, diluted earnings per share increased by \$0.08, or 10.4%, to \$0.85 from \$0.77 for the three months ended March 31, 2018.

Net interest income increased by \$1.5 million, or 11.1%, to \$15.5 million for the three months ended March 31, 2019 from \$13.9 million for the three months ended March 31, 2018. Net interest income improved as a result of a 13 basis point increase in the net interest margin, on a fully tax-equivalent basis, to 3.50% for the three months ended March 31, 2019 from 3.37% for the three months ended March 31, 2018, combined with a \$114.9 million, or 6.9%, increase in average interest earning assets between the first quarter of 2019 and 2018. The net interest margin benefited from the higher interest rate environment in the first quarter of 2019 compared to the first quarter of 2018. The average yield on interest-earning assets for the three months ended March 31, 2019 was 4.03%, a 28 basis point increase from 3.75% for the three months ended March 31, 2018, while the average cost of deposits for the three months ended March 31, 2019 was 0.57%, 17 basis points higher from the 0.40% cost of deposits for the three months ended March 31, 2018.

The provision for loan losses for the three months ended March 31, 2019 was \$526,000, an increase of \$115,000, or 28.0%, from \$411,000 for the three months ended March 31, 2018. The provision for loan losses increased primarily as a result of the growth of the loan portfolio. The allowance for loan losses to total loans ratio was 0.97% at March 31, 2019 compared to 0.88% at March 31, 2018.

Noninterest income increased \$139,000, or 4.4%, to \$3.3 million for the three months ended March 31, 2019 compared to \$3.2 million for the three months ended March 31, 2018. The increase in noninterest income was mainly due to higher mortgage loan income, which was partially offset by lower deposit income. Mortgage loan



income increased \$168,000, or 48.6%, to \$514,000 for the three months ended March 31, 2019 compared to \$346,000 for the three months ended March 31, 2018 as a result of a higher number of mortgage loan applications in the first quarter of 2019. Deposit income decreased \$174,000, or 14.5%, to \$1.0 million for the three months ended March 31, 2019 compared to \$1.2 million for the three months ended March 31, 2018. In the fourth quarter of 2018, a system change relating to overdraft processing on electronic transactions was made which resulted in lower deposit income in the first quarter of 2019. Management is evaluating other deposit fees to replace the decrease in deposit revenue.

Operating expenses increased \$851,000, or 8.3%, to \$11.2 million for the three months ended March 31, 2019 compared to \$10.3 million for the three months ended March 31, 2018, mainly due to higher personnel and occupancy expenses. Personnel expenses increased \$498,000, or 8.1%, to \$6.6 million for the three months ended March 31, 2019 compared to \$6.1 million for the three months ended March 31, 2018. As of March 31, 2019 and 2018, we had 321 and 309 full-time equivalent employees, respectively, an increase of 12 full time-equivalent employees. The increase in personnel related to an increase in back office staff to support increasing volumes and to prepare to operate as a public company, as well as personnel for the Covington LPO. Occupancy expense increased \$96,000, or 8.9%, to \$1.2 million for the three months ended March 31, 2019 compared to \$1.1 million for the three months ended March 31, 2018, due to new expenses in the Southwest Louisiana market related to the opening of a new banking center in the second quarter of 2018 and increased property and equipment expenses across the Company.

#### **Corporate Information**

Our principal executive offices are located at 1412 Centre Court Drive, Suite 402, Alexandria, Louisiana 71301, and our telephone number is (318) 561-5028. Our corporate Internet site is [www.redriverbank.net](http://www.redriverbank.net). The information contained on or accessible from our corporate Internet site does not constitute a part of this prospectus and is not incorporated by reference herein.

## THE OFFERING

Common stock offered by us	shares
Common stock offered by the selling shareholders	shares
Underwriter overallotment	shares
Common stock outstanding after completion of the offering	shares shares if the underwriters exercise their overallotment option in full
Use of proceeds	Assuming an initial public offering price of \$      per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be \$      million, (or \$      million if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting the estimated underwriting discount and offering expenses which are payable by us. We intend to use the net proceeds to us from this offering for general corporate purposes and investment in our bank subsidiary, which may include the support of our balance sheet growth, repayment of our junior subordinated debentures, the acquisition of other banks or financial institutions to the extent such opportunities arise, and the maintenance of our capital and liquidity ratios, and the ratios of our bank, at acceptable levels. We will not receive any proceeds from the sale of shares of our common stock by the selling shareholders. See "Use of Proceeds."
Dividends	Prior to May 2018, we did not historically pay dividends. In May 2018, we paid our first cash dividend of \$0.15 per common share (adjusted to give effect to the 2018 2-for-1 stock split), and in February 2019, we paid our second cash dividend of \$0.20 per common share. Any future determination relating to dividends will be made at the discretion of our board of directors and will depend on a number of factors, including our historical and projected financial condition, liquidity and results of operations; our capital levels and needs; any acquisitions or potential acquisitions that we are considering; contractual, statutory, and regulatory prohibitions and other limitations; general economic conditions; and other factors deemed relevant by our board of directors. See "Dividend Policy."

Directed Share Program

At our request, the underwriters have reserved up to

shares of our common stock offered by this prospectus for sale, at the initial public offering price, to certain of our business associates and other persons designated by us who have expressed an interest in purchasing our common stock in this offering. We will offer these reserved shares to the extent permitted under applicable laws and regulations in the United States under a directed share program. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus.

Nasdaq Global Select Market listing

We have applied to list our common stock on the Nasdaq Global Select Market under the symbol "RRBI."

Risk factors

Investing in our common stock involves risks. See "Risk Factors," beginning on page 24, for a discussion of factors that you should carefully consider before making an investment decision.

Except as otherwise indicated, all information in this prospectus:

- assumes an initial public offering of \$        per share, which is the midpoint of the price range set forth on the cover page of this prospectus;
- assumes no exercise by the underwriters of their option to purchase additional shares of our common stock;
- does not attribute to any director, officer, or principal shareholder any purchases of shares of our common stock in this offering;
- excludes 28,000 shares of our common stock issuable upon the exercise of outstanding stock options with a weighted exercise price of \$14.85 per share, as of December 31, 2018; and
- gives effect to the 2018 2-for-1 stock split.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected historical consolidated financial information for each of the periods indicated. The historical financial information as of and for the years ended December 31, 2018 and 2017, except for the selected ratios, is derived from our audited consolidated financial statements included elsewhere in this prospectus. The historical financial information as of and for the years ended December 31, 2016, 2015, and 2014, except for the selected ratios, is derived from our audited consolidated financial statements that are not included in this prospectus. Our historical results may not be indicative of our future performance.

You should read the selected historical consolidated financial and operating data set forth below in conjunction with the sections titled “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as our consolidated financial statements and the related notes included elsewhere in this prospectus. The selected historical consolidated financial information presented below contains financial measures that are not presented in accordance with generally accepted accounting principles (“GAAP”) and have not been audited. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures.”

	As of and for the Years Ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands, except per share data)				
<b>Selected Period End Balance Sheet Data:</b>					
Total assets	\$ 1,860,588	\$ 1,724,264	\$ 1,644,877	\$ 1,492,702	\$ 1,398,261
Cash and due from banks	34,070	29,819	27,588	19,297	24,403
Interest-bearing deposits in other banks	117,836	29,848	92,921	72,946	46,151
Securities available-for-sale	307,877	345,344	304,766	294,885	303,874
Securities held-to-maturity	—	8,991	10,193	11,310	15,373
Loans held for sale	2,904	1,867	3,146	3,604	8,007
Loans held for investment	1,328,438	1,247,666	1,146,675	1,032,597	943,530
Allowance for loan losses	12,524	10,895	10,544	9,511	8,798
Noninterest-bearing deposits	547,880	504,286	475,164	394,672	356,367
Interest-bearing deposits	1,097,703	1,021,699	997,725	936,129	893,179
Total deposits	1,645,583	1,525,985	1,472,889	1,330,801	1,249,546
Junior subordinated debentures	11,341	11,341	11,341	11,341	11,341
Total stockholders’ equity	193,703	178,103	151,823	142,380	129,160
<b>Selected Income Statement Data:</b>					
Interest and dividend income	\$ 66,886	\$ 58,405	\$ 54,256	\$ 50,383	\$ 48,327
Interest expense	7,649	6,560	6,430	6,271	6,433
Net interest income	59,237	51,845	47,826	44,112	41,894
Provision for loan losses	1,990	1,555	1,658	946	320
Noninterest income	14,531	12,714	12,902	11,736	10,226
Operating expenses	43,422	40,473	38,361	36,294	34,441
Income before income tax	28,356	22,531	20,709	18,608	17,359
Income tax expense	5,300	8,546	5,607	4,652	4,290
Net income	\$ 23,056	\$ 13,985	\$ 15,102	\$ 13,956	\$ 13,069
Common stock cash dividends	\$ 1,009	\$ —	\$ —	\$ —	\$ —

	As of and for the Years Ended December 31,				
	2018	2017	2016	2015	2014
<b>Per Common Share Data:</b>					
Earnings per share, basic	\$ 3.43	\$ 2.16	\$ 2.37	\$ 2.19	\$ 2.05
Earnings per share, diluted	3.41	2.14	2.35	2.17	2.04
Book value per share <sup>(1)</sup>	29.23	26.50	23.86	22.28	20.27
Tangible book value per share <sup>(2)</sup>	28.99	26.27	23.62	22.03	20.00
Cash dividend per share	0.15	—	—	—	—
Weighted average shares outstanding, basic	6,716,943	6,483,959	6,378,568	6,382,411	6,364,007
Weighted average shares outstanding, diluted	6,736,085	6,503,907	6,397,112	6,403,027	6,385,054
<b>Summary Performance Ratios:</b>					
Return on average assets	1.29%	0.82%	0.95%	0.95%	0.95%
Return on average equity	12.46	8.45	10.09	10.27	10.88
Net interest margin (FTE) <sup>(3)</sup>	3.44	3.20	3.21	3.23	3.32
Efficiency ratio <sup>(4)</sup>	58.86	62.69	63.17	64.99	66.08
Loans to deposits ratio	80.90	81.88	78.07	77.86	76.15
Noninterest income to average assets	0.81	0.74	0.81	0.80	0.75
Operating expense to average assets	2.43	2.37	2.42	2.47	2.51
<b>Summary Credit Quality Ratios:</b>					
Nonperforming assets to total assets	0.38%	0.60%	0.36%	0.42%	0.40%
Nonperforming loans to total loans	0.49	0.83	0.49	0.57	0.55
Allowance for loan losses to nonperforming loans	192.71	104.90	187.56	162.47	169.65
Allowance for loan losses to total loans	0.94	0.87	0.92	0.92	0.93
Net charge-offs to average loans outstanding	0.03	0.10	0.06	0.02	0.03
<b>Capital Ratios:</b>					
Total stockholders' equity to total assets	10.41%	10.33%	9.23%	9.54%	9.24%
Tangible common equity to tangible assets <sup>(5)</sup>	10.34	10.25	9.14	9.44	9.13
Total risk-based capital to risk-weighted assets	16.55	15.91	14.56	14.73	14.90
Tier 1 risk-based capital to risk-weighted assets	15.62	15.06	13.69	13.86	14.00
Common equity tier 1 capital to risk-weighted assets	14.80	14.20	12.78	12.85	N/A
Tier 1 risk-based capital to average assets	11.40	11.21	10.04	10.12	9.88

(1) We calculate book value per common share as total stockholders' equity at the end of the relevant period divided by the outstanding number of shares of our common stock at the end of the relevant period.

(2) Tangible book value per common share is a non-GAAP financial measure. The most directly comparable GAAP financial measure is book value per common share. We calculate tangible book value per common share as total stockholders' equity, less goodwill and other intangible assets, divided by the outstanding number of shares of our common stock at the end of the relevant period. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations— Non-GAAP Financial Measures."

(3) Net interest margin is shown on a fully taxable equivalent basis.

(4) Efficiency ratio represents operating expense divided by the sum of net interest income and noninterest income.

(5) Tangible common equity to tangible assets is a non-GAAP financial measure. The most directly comparable GAAP financial measure is total stockholders' equity to total assets. We calculate tangible common equity as total stockholders' equity, less goodwill and other intangible assets, net of accumulated amortization, and we calculate tangible assets as total assets, less goodwill and other intangible assets, net of accumulated amortization. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. Before you decide to invest in our common stock, you should carefully consider the risks described below, together with all other information included in this prospectus, including our consolidated financial statements and the related notes. We believe the risks described below are the risks that are material to us as of the date of this prospectus. Any of the following risks, as well as risks of which we are not now aware or currently deem immaterial, could materially and adversely affect our business, financial condition, and results of operations. If this were to happen, the price of our common stock could decline significantly, and you could lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to “Cautionary Note Regarding Forward-Looking Statements.”*

### **Risks Related to Our Business**

***The geographic concentration of our markets in Louisiana makes us sensitive to adverse changes in the local economy.***

We are a community banking franchise concentrated in Louisiana. As of December 31, 2018, 93.7% of our total loans (by dollar amount) were made to borrowers who reside or conduct business in Louisiana, and substantially all of our real estate loans are secured by properties located in Louisiana. A deterioration in local economic conditions or in the residential or commercial real estate markets could have an adverse effect on the quality of our loan portfolio, the demand for our products and services, the ability of borrowers to timely repay loans, and the value of the collateral securing loans. If the population, employment, or income growth in any of our markets is negative or slower than projected, income levels, deposits, and real estate development could be adversely impacted. These consequences of a material deterioration in economic and business conditions in our local economy could have a material adverse effect on our business, financial condition, and results of operations.

***As a business operating in the financial services industry, our business and operations may be adversely affected in numerous and complex ways by weak economic conditions.***

Our business and operations, which primarily consist of lending money to customers in the form of loans, borrowing money from customers in the form of deposits, and investing in securities, are sensitive to general business and economic conditions in the U.S. The U.S. economy, as a whole, has improved moderately over the past several years. The business environment in which we operate continues to be impacted by uncertainty about the federal fiscal policymaking process. The medium and long-term fiscal outlook of the federal government and U.S. economy are concerns for businesses, consumers, and investors in the U.S. In addition, economic conditions in foreign countries, including global political hostilities, could affect the stability of global financial markets, which could hinder domestic economic growth. After a prolonged period of historically low interest rates, the past couple of years have seen a gradual uptick in both short-term, and, to a lesser extent, long-term interest rates. This impacts our ability to attract deposits and manage net interest margin. All of these factors could be detrimental to our business, and the interplay between these factors can be complex and unpredictable. Our business is also significantly affected by monetary and related policies of the U.S. government and its agencies. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on our business, financial condition, and results of operations.

***We rely heavily on our executive management team and other key employees, and we could be adversely affected by an unexpected loss of their service.***

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

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

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

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

***Interest rate shifts could reduce net interest income.***

The majority of our banking assets are monetary in nature and subject to risk from changes in interest rates. Like most financial institutions, our earnings and cash flows depend to a great extent upon the level of our net interest income. Net interest income represents the difference between the interest income we earn on loans, investments, and other interest-earning assets, and the interest we pay on interest-bearing liabilities, such as deposits and borrowings. When interest-bearing liabilities mature or reprice more quickly, or to a greater degree than interest-earning assets in a period, an increase in interest rates could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly, or to a greater degree than interest-bearing liabilities, falling interest rates could reduce net interest income. Our interest sensitivity profile was asset sensitive as of December 31, 2018, meaning that we estimate our net interest income would increase more from rising interest rates than from falling interest rates. As of December 31, 2018, 19.4% of our earning assets and 4.6% of our interest-bearing liabilities had variable interest rates.

Interest rates are affected by many factors outside of our control, including governmental monetary policies, inflation, deflation, recession, changes in unemployment, the money supply, international disorder, and instability in domestic and foreign financial markets. Changes in the level of market interest rates affect our net yield on interest-earning assets, our cost of funds, and our loan origination volume. An increase in the general level of interest rates may, among other things, reduce the demand for loans and decrease loan repayment rates. A decrease in the general level of interest rates may, among other things, increase prepayments on our loan portfolio and increase competition for deposits. In light of these considerations, a failure to effectively manage our interest rate risk could have a material adverse effect on our business, financial condition, or results of operations.

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

Liquidity is essential to our business. We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. An inability to raise funds through deposits, borrowings, the sale of our investment securities, the sale of loans, and other sources could have a substantial negative effect on our liquidity.

Our most important source of funds is deposits. As of December 31, 2018, demand deposits were our largest deposit category with \$547.9 million, or 33.3%, of total deposits. Savings, NOW, and money market deposits were \$767.5 million, or 46.6%, of total deposits, and time deposits made up the remaining \$330.2 million, or 20.1% of total deposits as of that date. Deposits from public entities are competitive. Their balances generally fluctuate during the year and banks are required to collateralize these deposits. As of December 31, 2018, our public entity deposits were \$163.9 million, or 10.0% of total deposits. Historically, our deposits have provided a stable source of funds. However, deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff. Even though a majority of our certificates of deposit renew upon maturity with what we believe are competitive rates, some of our more rate-sensitive customers may move those funds to higher-yielding alternatives. If our customers move money out of bank deposits and into other investments such as money market funds, we would lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net income.

Our other primary sources of liquidity consist of cash flows from operations, maturities and sales of investment securities, and proceeds from the issuance and sale of our equity to investors. As a secondary source of liquidity, we have the ability to borrow overnight funds from other financial institutions with whom we have a correspondent relationship. We also have the ability to borrow from the Federal Home Loan Bank of Dallas (“FHLB”). Historically, we have not utilized brokered or internet deposits to meet liquidity needs.

Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable to us, could be impaired by factors that affect us, the financial services industry, or the economy in general. These factors may include disruptions in the financial markets or negative expectations about the industry’s prospects. Our access to funding sources could also be affected by regulatory actions against us, or by a decrease in the level of our business activity due to a downturn in the Louisiana economy or in economic conditions generally. A decline in available funding could adversely impact our ability to originate loans, invest in securities, meet our expenses, or fulfill obligations such as meeting deposit withdrawal demands or repaying our borrowings. Any of these consequences could, in turn, have a material adverse effect on our business, financial condition, and results of operations.

***We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, we may not be able to satisfy regulatory requirements or maintain adequate protection against financial stress.***

Adequate levels of capital enhance the ability of a financial institution to withstand periods of financial stress. For this reason, we are subject to significant regulatory capital requirements. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, which could include the possibility of financing acquisitions.

Red River Bank must satisfy ongoing regulatory capital requirements. Regulatory capital requirements could increase from current levels, which could require us to raise additional capital or reduce our operations. Even if we satisfy all applicable regulatory capital minimums, our regulators could ask us to maintain capital levels which are significantly in excess of those minimums. Our ability to raise additional capital depends on a number of factors, including without limitation our financial condition and performance, conditions in the capital markets, economic conditions, investor perceptions regarding the banking industry, and governmental activities. Many of these factors are beyond our control, and as such, there is no assurance we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to maintain capital sufficient to meet regulatory requirements, we may not be able to withstand periods of financial stress and we could be subject to enforcement actions or other regulatory consequences. Any of these events could have a material adverse effect on our business, financial condition, and results of operations.

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

The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Real estate values in many Louisiana markets have experienced periods of fluctuation over the last five years. As of December 31, 2018, \$964.5 million, or 72.6% of our total loans were secured by real estate as the primary component of collateral. We also make loans secured by real estate as a supplemental source of collateral. Real estate values and real estate markets are affected by many factors, such as changes in national, regional, or local economic conditions, the rate of unemployment, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies, and acts of nature, such as hurricanes and other natural disasters. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, significantly impair the value of property pledged as collateral on loans, and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Consequently, we could be required to increase our allowance for loan losses, adversely affecting profitability. As a result, such declines and losses could have a material adverse effect on our business, financial condition, and results of operations.



***Our business may be adversely affected by credit risk associated with residential property.***

As of December 31, 2018, \$407.0 million, or 30.7% of our total loan portfolio, was secured by first liens on one-to-four family residential loans. One-to-four family residential loans are generally sensitive to regional and local economic conditions that significantly impact the borrowers' ability to meet their loan payment obligations, making loss levels difficult to predict. A decline in residential real estate values resulting from a downturn in the housing market in our market areas may reduce the value of the real estate collateral securing these types of loans and increase our risk of losses due to default. A downturn in the housing market coupled with elevated unemployment rates may also result in a decline in demand for our products and services.

In addition, interest rate increases often result in larger payment requirements for our borrowers, which increases the potential for default and could result in a decrease in the demand for residential loans. At the same time, the marketability of the property securing a residential loan may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on residential loans as borrowers refinance their loans at lower rates. Losses or declines in profitability as a result of these potential negative events could have a material adverse effect on our business, financial condition, and results of operations.

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

In the ordinary course of our business, we necessarily collect, use, and hold personal and financial information concerning individuals and businesses with which we have a banking relationship. Threats to data security such as unauthorized access and cyber-attacks, emerge and change rapidly. These threats may increase our costs for protection or remediation. They may also result in competing time constraints as between applicable privacy and other requirements and our ability to secure data in accordance with customer expectations.

It is difficult or impossible to defend against every risk posed by changing technologies and criminals' intent on committing cyber-crime. Increasing sophistication of cyber-criminals and terrorists makes it increasingly difficult to prevent a security breach. Controls employed by our information technology department and our other employees and vendors could prove inadequate. We could also experience a breach due to circumstances such as intentional or negligent conduct on the part of employees or other internal sources, software bugs, or other technical malfunctions. Any of these threats may cause our customer accounts to become vulnerable to account takeover schemes or cyber-fraud. A breach of our security that results in unauthorized access to our data could expose us to disruption or challenges relating to our daily operations as well as to data loss, litigation, damages, fines, significant increases in compliance costs, and reputational damage. Any of these consequences could have a material adverse effect on our business, results of operations, and financial condition.

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

As of December 31, 2018, approximately \$275.9 million, or 20.8%, of our total loans were commercial loans collateralized, in general, by general business assets including, among other things, accounts receivable, inventory, and equipment, and most are backed by a personal guaranty of the borrower or principal. These commercial loans are typically larger in amount than loans to individuals and, therefore, have the potential for larger losses on a single-loan basis. Additionally, the repayment of commercial loans is subject to the ongoing business operations of the borrower. The collateral securing such loans generally includes movable property, such as equipment and inventory. These types of collateral may decline in value more rapidly than we anticipate, exposing us to increased credit risk. In addition, a portion of our customer base, including customers in the energy and real estate business, may be exposed to volatile businesses or industries which are sensitive to commodity prices or market fluctuations, such as energy prices. Accordingly, negative changes in commodity prices and real estate values and liquidity could impair the value of the collateral securing these loans. Significant adverse changes in the economy or local market conditions in which our commercial lending customers operate could cause rapid declines in loan collectability and the values associated with general business assets resulting in inadequate collateral coverage. These events, in turn, may expose us to credit losses that could adversely affect our business, financial condition, and results of operations.

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

Our business depends on our ability to successfully measure and manage credit risk. As a lender, we are exposed to the risk that our borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions, and risks inherent in dealing with individual borrowers. The creditworthiness of a borrower is affected by many factors including local market conditions and general economic conditions. If the overall economic climate in the U.S., generally, or in Louisiana, specifically, experiences material disruption, our borrowers may experience difficulties in repaying their loans, the collateral we hold may decrease in value or become illiquid, and the level of nonperforming loans, charge-offs, and delinquencies could rise and require significant additional provisions for credit losses.

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

***Our allowance for loan losses may prove to be insufficient to absorb losses inherent in our loan portfolio.***

We establish our allowance for loan losses and maintain it at a level considered adequate by management to absorb probable loan losses based on our analysis of our loan portfolio, our historical loss experience, and conditions within our markets. As of December 31, 2018, our allowance for loan losses totaled \$12.5 million, which represents approximately 0.94% of our total loans. The allowance for loan losses represents our estimate of probable losses in our loan portfolio at each balance sheet date and is based upon relevant information available to us. The allowance contains provisions for probable losses that have been identified by us relating to specific borrowing relationships, as well as probable losses inherent in the loan portfolio and credit undertakings that are not specifically identified by us. Additions to the allowance for loan losses, which are charged to earnings through the provision for loan losses, are determined based on a variety of factors, including an analysis of our loan portfolio, historical loss experience, and an evaluation of current economic conditions in our market areas. The actual amount of loan losses is affected by changes in economic, operating, and other conditions within our markets, as well as changes in the financial condition, cash flows, and operations of our borrowers. All of these factors are beyond our control, and such losses may exceed our current estimates.

Additional loan losses will likely occur in the future and may occur at a rate greater than we have previously experienced or than we anticipate. We may be required to make additional provisions for loan losses to further supplement our allowance for loan losses, due either to our management's decision or as a regulatory requirement. In addition, bank regulatory agencies will periodically review our allowance for loan losses and the value attributed to nonaccrual loans or to real estate acquired through foreclosure. Such regulatory agencies may require us to recognize future charge-offs, which could have a material adverse effect on our business, financial condition, and results of operations.

Finally, the measure of our allowance for loan losses will be subject to new accounting standards. The Financial Accounting Standards Board has adopted a new accounting standard that will be effective for our first fiscal year ending December 31, 2020 including interim periods within that fiscal year. This new standard, referred to as Current Expected Credit Loss ("CECL"), will require financial institutions to determine periodic estimates of lifetime expected credit losses on loans, and recognize the expected credit losses as allowances for loan losses. This will change the current method of providing allowances for loan losses that are probable, which would likely require us to increase our allowance for loan losses. CECL will also greatly increase the types of data we would need to collect and review to determine the appropriate level of the allowance for loan losses. The CECL model likely will create more volatility in the level of our allowance for loan losses after it becomes applicable to us. Any increase in our allowance for loan losses or expenses incurred to determine the appropriate level of the allowance for loan losses could adversely affect our business, financial condition, and results of operations.

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

Our business plan emphasizes relationship banking. As a result, our reputation is one of the most valuable components of our business. If our reputation is negatively affected by the actions of our employees or otherwise, our existing relationships may be damaged. We could lose some of our existing customers, including groups of large customers who have relationships with each other, and we may not be successful in attracting new customers. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations.

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

Third parties provide key components of our business infrastructure such as data processing, internet connections, network access, core application processing, statement production, and account analysis. Our business depends on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. Additionally, our operations could be interrupted if any of our third-party service providers experience financial difficulty, are inadvertently or intentionally negligent, are subject to cybersecurity breaches, terminate their services, or fail to comply with applicable banking regulations.

Replacing vendors or addressing other issues with our third-party service providers could entail significant delay and expense. If we are unable to efficiently replace ineffective service providers, or if we experience a significant, sustained, or repeated, system failure or service denial, it could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and subject us to additional regulatory scrutiny and possible financial liability. Any of these consequences could have a material adverse effect on our business, financial condition, and results of operations.

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

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

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

Our loan portfolio includes non-owner occupied commercial real estate loans for individuals and businesses for various purposes, which are secured by commercial properties, as well as real estate construction and development loans. As of December 31, 2018, our construction and development loans, non-owner occupied commercial real estate loans, and non-real estate secured loans financing commercial real estate activities totaled \$289.4 million, or approximately 21.8% of our total loan portfolio and represented 137.0% of the Bank's risk-based capital. These loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service. This projected income may be adversely affected by changes in the economy or local market conditions. Commercial real estate loans expose us to greater credit risk than loans secured by residential real estate because there are fewer potential

purchasers for the commercial real estate collateral, which can make liquidation more difficult. Additionally, non-owner occupied commercial real estate loans generally involve relatively large balances to single borrowers or related groups of borrowers. Accordingly, charge-offs on non-owner occupied commercial real estate loans may be larger on a per loan basis than those incurred with our residential or consumer loan portfolios. Unexpected deterioration in the credit quality of our commercial real estate loan portfolio would require us to increase our provision for loan losses, which would reduce our profitability. Any of these potential consequences could have a material adverse effect on our business, financial condition, and results of operations.

***We engage in lending secured by real estate and may be forced to foreclose on the collateral and own the underlying real estate, subjecting us to the costs and potential risks associated with the ownership of the real property.***

Because we originate loans secured by real estate, we may have to foreclose on the collateral property to protect our investment. We may thereafter own and operate such property, in which case we would be exposed to the risks inherent in the ownership of real estate. As of December 31, 2018, we held approximately \$646,000 in other real estate owned (“OREO”). This amount could increase in the future, depending upon the level of our real estate foreclosures and our ability to efficiently divest of the foreclosed OREO. The amount that we, as a mortgagee, may realize after a default is dependent upon factors outside of our control, including, but not limited to, general or local economic conditions, environmental cleanup liability, assessments, interest rates, real estate tax rates, operating expenses of the mortgaged properties, ability to obtain and maintain adequate occupancy of the properties, zoning laws, governmental and regulatory rules, and natural disasters. Our inability to manage the amount of costs, or size of the risks, associated with the ownership of real estate or writedowns in the value of OREO could have a material adverse effect on our business, financial condition, and results of operations.

***Appraisals and other valuation techniques we use in evaluating and monitoring loans secured by real property, OREO, and repossessed personal property may not accurately describe the net value of the asset.***

In considering whether to make a loan secured by real property, we generally require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made. Because real estate values may change significantly in relatively short periods of time (especially in periods of heightened economic uncertainty), this estimate may not accurately describe the net value of the real property collateral after the loan is made. As a result, we may not be able to realize the full amount of any remaining indebtedness when we foreclose on and sell the relevant property. In addition, we rely on appraisals and other valuation techniques to establish the value of our OREO and personal property that we acquire through foreclosure and to determine certain loan impairments. If any of these valuations are inaccurate, our combined and consolidated financial statements may not reflect the correct value of our OREO or personal property, and our allowance for loan losses may not reflect accurate loan impairments. These consequences could have a material adverse effect on our business, financial condition, and results of operations.

***The amount of our nonperforming and classified assets may increase significantly, resulting in additional losses, costs, and expenses.***

As of December 31, 2018, we had a total of approximately \$7.1 million of nonperforming assets, or approximately 0.38% of total assets. Total loans classified as “substandard,” or “doubtful” as of December 31, 2018 were approximately \$21.8 million, or 1.2% of total assets. An asset is generally considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the borrower or by any pledged collateral. Assets so classified must have a well-defined weakness(es) that jeopardize the liquidation of the debt. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable.”

Nonperforming assets adversely affect our net income in various ways. We generally do not record interest income on OREO or on nonperforming loans, thereby adversely affecting our income and increasing loan administration costs. When we take collateral in foreclosures and similar proceedings, we are required to mark the related asset to market value of the collateral, which may ultimately result in a loss. An increase in the level of nonperforming assets also increases our risk profile, which may cause our regulators to require additional amounts of capital. Finally, nonperforming assets can take significant time and resources to resolve, causing the related costs of maintaining those assets to increase. These effects may be particularly pronounced in a market of reduced real estate values and excess inventory. Such losses and expenses due to any increase in nonperforming assets could have a material adverse effect on our business, financial condition, and results of operations.

***Volatility in oil prices and downturns in the energy industry, particularly in Louisiana, could lead to increased credit losses in our loan portfolio.***

Although we do not believe we have significant direct exposure to energy loans, we may have indirect exposure to energy prices, as some of our non-energy customers' businesses may be affected by volatility with the oil and gas industry and energy prices. Prolonged or further pricing pressure on oil and gas could lead to increased credit stress with respect to those borrowers. Such a decline or general uncertainty resulting from continued volatility could have other adverse impacts such as job losses in industries tied to energy, lower borrowing needs, higher transaction deposit balances, or a number of other effects that are difficult to isolate or quantify, particularly in states with significant dependence on the energy industry like Louisiana. All of these potential consequences could have a material adverse effect on our business, financial condition, and results of operations.

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

A significant portion of our business development and marketing strategy is focused on small to medium-sized businesses. Small to medium-sized businesses frequently have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete, and may experience substantial volatility in operating results. Any of these factors may impair a borrower's ability to repay a loan. In addition, the success of a small or medium-sized business often depends on the management skills, talents, and efforts of one individual or a small group of individuals. The death, disability, or resignation of one or more of these people could have an adverse impact on the business and its ability to repay loans. If our small to medium-sized business customers are negatively impacted by general economic conditions or other adverse business developments, this, in turn, could have a material adverse effect on our business, financial condition, and results of operations.

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

Factors beyond our control can significantly influence the fair value of securities in our investment portfolio, potentially resulting in adverse changes to the portfolio's fair value. These factors include, but are not limited to, rating agency actions related to the securities, defaults by the issuer or with respect to the underlying collateral, and changes in market interest rates and instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, the process for determining whether impairment of a security is other-than-temporary often requires complex, subjective judgments about whether there has been a significant deterioration in the financial condition of the issuer, whether management has the intent or ability to hold a security for a period of time sufficient to allow for any anticipated recovery in fair value, the future financial performance and liquidity of the issuer and any underlying collateral, and other relevant factors. Our failure to correctly and timely assess any impairments or losses with respect to our securities could have a material adverse effect on our business, financial condition, and results of operations.

***We may not be able to implement our expansion strategy, which may adversely affect our ability to maintain our historical earnings trends.***

Our expansion strategy focuses on organic growth, supplemented by strategic acquisitions and expansion of the Bank's banking center network, or *de novo* expansion. *De novo* expansion carries with it certain potential risks, including significant startup costs and anticipated initial operating losses; an inability to gain regulatory approval; an inability to secure the services of qualified senior management to operate the *de novo* banking center and successfully integrate and promote our corporate culture; poor market reception for *de novo* banking centers established in markets where we do not have a preexisting reputation; challenges posed by local economic conditions; challenges associated with securing attractive locations at a reasonable cost; and additional strain on management resources and internal systems and controls. Failure to adequately manage these risks could have a material adverse effect on our business, financial condition, and results of operations.

Further, we may not be able to execute on more general aspects of our expansion strategy, which may impair our ability to sustain our historical rate of growth or prevent us from growing at all. We may not be able to generate sufficient new loans and deposits within acceptable risk and expense tolerances, obtain the personnel or funding necessary for additional growth, or find suitable acquisition candidates. Various factors, such as economic conditions and competition with other financial institutions, may impede or prohibit the growth of our operations, the opening of new banking centers, and the consummation of acquisitions. The success of our strategy also depends on our ability to effectively manage growth, which is dependent upon a number of factors, including our ability to adapt our credit, operational, technology, and governance infrastructure to accommodate expanded operations. Acquisitions typically involve the payment of a premium over book and market values and, therefore, some dilution of our tangible book value and earnings per common share may occur in connection with any future acquisition. Further, the carrying amount of any goodwill that we currently maintain or may acquire may be subject to impairment in future periods. If we fail to implement one or more aspects of our expansion strategy, we may be unable to maintain our historical growth and earnings trends, which could have a material adverse effect on our business, financial condition, and results of operations.

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

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

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

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. As we continue to grow, our success will be partially dependent upon our ability to address the needs of our customers and enhance operational efficiencies through the use of technology. We may experience operational challenges as we implement these new technology products or enhancements. As a result, we may not fully realize the anticipated benefits from our new technology, or we may incur significant costs to overcome related challenges in a timely manner.

Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products, which would put us at a competitive disadvantage. Accordingly, we may lose customers seeking technology-driven products and services that we are not able to provide. Our inability to overcome any of these technological challenges could, in turn, have a material adverse effect on our business, financial condition, and results of operations.

***We could be subject to losses, regulatory action, or reputational harm due to fraudulent and negligent acts on the part of loan applicants, our employees, and vendors.***

In deciding whether and upon what terms to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished by or on behalf of customers and counterparties, including financial statements, property appraisals, title information, employment, and income documentation, account information, and other financial information. We may also rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. Any such misrepresentation or incorrect or incomplete information, whether fraudulent or

inadvertent, may not be detected prior to entering into the transaction. In addition, one or more of our employees could cause a significant breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our loan documentation, operations, or systems. Whether a misrepresentation is made by the applicant or another third party, we generally bear the risk of loss associated with the misrepresentation. We are often contractually required to indemnify counterparties for losses caused by a material misrepresentation, and a loan subject to a material misrepresentation is typically not marketable or, if sold, subject to repurchase. The sources of the misrepresentations may also be difficult to locate, and we may be unable to recover any of the monetary losses we may suffer as a result. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations.

***The borrowing needs of our customers may increase, especially during a challenging economic environment, which could result in increased borrowing against our contractual obligations to extend credit.***

A commitment to extend credit is a formal agreement to lend funds to a customer as long as there is no violation of any condition established under the agreement. The actual borrowing needs of our customers under these credit commitments have historically been lower than the contractual amount of the commitments. Because of the credit profile of our customers, we typically have a substantial amount of total unfunded credit commitments, which is not reflected on our balance sheet. As of December 31, 2018, we had \$243.1 million in unfunded credit commitments to our customers. Actual borrowing needs of our customers may exceed our expectations, especially during a challenging economic environment when our customers may be more dependent on our credit commitments due to the lack of available credit elsewhere, the increasing costs of credit, or the limited availability of financings from alternative sources. This could adversely affect our liquidity, which could impair our ability to fund operations and meet obligations as they become due. Such an inability to satisfy our obligations could have a material adverse effect on our business, financial condition, and results of operations.

***Our financial results depend on management's selection of accounting methods and certain assumptions and estimates.***

The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities, and the reported amount of related revenues and expenses. Certain accounting policies are inherently based to a greater extent on estimates, assumptions, and judgments of management and, as such, have a greater possibility of producing results that could be materially different than originally estimated. These critical accounting policies include the allowance for loan losses, accounting for income taxes, the determination of fair value for financial instruments, and accounting for stock-based compensation. Management's judgment and the data relied upon by management may be based on assumptions that prove to be inaccurate, particularly in times of market stress or other unforeseen circumstances. Even if the relevant factual assumptions are accurate, our decisions may prove to be inadequate or inaccurate because of other flaws in the design or use of analytical tools used by management. Any such failure in our process for producing accounting estimates and managing risks could have a material adverse effect on our business, financial condition, and results of operations.

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

The use of statistical and quantitative models and other quantitative analyses is intrinsic to bank decision-making, and the employment of such analyses is becoming increasingly widespread in our operations. Liquidity stress testing, interest rate sensitivity analysis, and the identification of possible violations of anti-money laundering regulations are all examples of areas in which we are dependent on models and their underlying data. The use of statistical and quantitative models is also becoming more prevalent in regulatory compliance. While we are not currently subject to annual stress testing under the Dodd-Frank and Wall Street Consumer Protection Act of 2010 ("Dodd-Frank Act") and the Comprehensive Capital Analysis and Review submissions, we currently utilize stress testing for capital and liquidity purposes and anticipate that model-derived testing may become more extensively implemented by regulators in the future.

We anticipate data-based modeling will penetrate further into bank decision-making, particularly risk management efforts, as the capacities developed to meet rigorous stress testing requirements are able to be employed more widely and in differing applications. While we believe these quantitative techniques and approaches improve our decision-making, they also create the possibility that faulty data or flawed quantitative approaches could negatively impact our decision-making ability or, if we become subject to regulatory stress-testing in the future, adverse regulatory scrutiny. Secondly, because of the complexity inherent in these approaches, misunderstanding or misuse of their outputs could similarly result in suboptimal decision-making.

***We are subject to environmental liability risk associated with the real property that we own and the foreclosure on real estate assets securing our loan portfolio.***

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

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

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

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

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

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



***We may be adversely affected by the condition or performance of our third-party brokerage partners.***

We are not registered with the Securities and Exchange Commission (“SEC”) as an investment advisor or broker-dealer. To provide a broader range of financial and investment services to our customers, we partner with third-parties who are licensed and registered to serve in those capacities. The investment products and services provided to our customers by virtue of these third-party channels generally are not insured by the Federal Deposit Insurance Corporation (“FDIC”). To the extent we direct our customers to these providers, or to the extent those providers deliver products and services to our customers via our delivery channels, we may have exposure to illegal, negligent, fraudulent, or other acts of these investment advisors and brokers. Although we seek to limit this exposure through clear disclosure, ongoing oversight, and through contractual provisions requiring indemnification, limitations of liability, insurance coverage, and other similar protections, those obligations may not always be enforceable, or our third-party service providers ultimately may not have sufficient financial strength to fully comply. Losses due to this exposure or our inability to effectively manage the related third-party risks may have a material adverse effect on our business, financial condition, and results of operations.

### **Risks Related to the Regulation of Our Industry**

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

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

***Legislative and regulatory actions taken now or in the future may increase our costs and impact our business, financial condition, or results of operations. Legislative and regulatory actions, including changes to financial regulation, may not occur on the timeframe that is expected, or at all, which could result in additional uncertainty for our business.***

Current and past economic conditions, particularly in the financial markets, have resulted in government regulatory agencies and political bodies placing increased focus and scrutiny on the financial services industry. For example, the Dodd-Frank Act significantly changed the regulation of financial institutions and the financial services industry. In addition, new proposals for legislation continue to be introduced in the U.S. Congress that could further substantially increase regulation of the financial services industry; impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices, including in the areas of compensation, interest rates, financial product offerings, and disclosures; and have an effect on bankruptcy proceedings with respect to consumer residential real estate mortgages, among other things. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Any such proposed legislative or regulatory change, including those that could benefit us, may not occur on the timeframe that is proposed, or at all, which could result in uncertainty for our business.

Certain aspects of current or proposed regulatory or legislative changes, including laws applicable to the financial industry and federal and state taxation, if enacted or adopted, may impact the profitability of our business activities, require more oversight, or change certain of our business practices, including our ability to offer new products, obtain financing, attract deposits, make loans, and achieve satisfactory interest spreads. These potential changes could expose us to additional costs, including increased compliance costs. They also may require us to invest significant management attention and resources to make necessary operational changes to comply. All of these events could have a material adverse effect on our business, financial condition, and results of operations.

***Federal and state banking agencies periodically conduct examinations of our business, including compliance with laws and regulations, and our failure to comply with any supervisory actions to which we are or become subject as a result of such examinations could result in regulatory action or penalties.***

As part of the bank regulatory process, the FDIC, the Louisiana Office of Financial Institutions, and the Board of Governors of the Federal Reserve System (“Federal Reserve”) periodically conduct examinations of our business, including our compliance with laws and regulations. If, as a result of an examination, a federal or state banking agency were to determine that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of any of our operations had become unsatisfactory, or that we or Red River Bank were in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin “unsafe or unsound” practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our ability to pay dividends, to restrict our growth, to assess civil monetary penalties against us, Red River Bank, or our respective officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate Red River Bank’s deposit insurance and place it into receivership or conservatorship. Any such regulatory action could have a material adverse effect on our business, results of operations, and financial condition.

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

Red River Bank is subject to rules designed to implement the recommendations with respect to regulatory capital standards, commonly known as Basel III, approved by the international Basel Committee on Banking Supervision. The rules establish a regulatory capital standard based on common equity tier 1, increase the minimum tier 1 risk-based capital ratio, and impose a capital conservation buffer. As fully phased in on January 1, 2019, the capital conservation buffer effectively requires banking organizations to maintain regulatory risk-based capital ratios at least 2.5% above the minimum risk-based capital requirements set forth in Basel III. Failure to meet the capital conservation buffer will result in certain limitations on dividends, capital repurchases, and discretionary bonus payments to executive officers.

Our subsidiary, Red River Bank, is also subject to separate regulatory capital requirements imposed by the FDIC. If Red River Bank does not meet minimum capital requirements, it will be subject to prompt corrective action by the FDIC. Prompt corrective action can include progressively more restrictive constraints on operations, management, and capital distributions. Even if we satisfy the objectives of our capital plan and meet minimum capital requirements, it is possible that our regulators may ask us to raise additional capital. For example, banking organizations experiencing significant internal growth or making acquisitions are often expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets.

Recently enacted legislation directs federal bank regulatory agencies to adopt a threshold for a community bank leverage ratio, which will be calculated by dividing tangible equity capital by average consolidated total assets. The bank regulatory agencies are required to set the threshold for the community bank leverage ratio within a range of not less than 8.0% and not more than 10.0%. If a “qualified community bank,” generally a depository institution or depository institution holding company with consolidated assets of less than \$10.0 billion, has a community bank leverage ratio that exceeds the threshold, then that banking organization will be considered to have met all generally applicable leverage and risk-based capital requirements. The final regulations implementing this new capital regime have not yet been issued. If we qualify for this simplified capital framework, there can be no assurance exceeding the community bank leverage ratio threshold will provide adequate capital for our operations and growth, or an adequate cushion against increased levels of nonperforming assets or weakened economic conditions.

Increased regulatory capital requirements (and the associated compliance costs) whether due to the adoption of new laws and regulations, changes in existing laws and regulations, or more expansive or aggressive interpretations of existing laws and regulations, may require us to raise additional capital, or impact our ability to repurchase shares of capital stock, pay dividends, or pay compensation to our executives, which could have a material adverse effect on our business, financial condition, results of operations, and the value of our common stock.

***The Federal Reserve may require us to commit capital resources to support Red River Bank.***

The Federal Reserve requires a bank holding company to act as a source of financial and managerial strength to its subsidiary banks and to commit resources to support its subsidiary banks. Under this “source of strength” doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank at times when the bank holding company may not be inclined to do so and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. Accordingly, we could be required to make a capital injection to Red River Bank if it experiences financial distress.

Such a capital injection may be required at a time when our resources are limited, and we may be required to borrow the funds or to raise additional equity capital to make the required capital injection. In the event of our bankruptcy, the bankruptcy trustee will assume any commitment by us to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of our general unsecured creditors, including the holders of any note obligations. Thus, our ability to secure borrowings for the purpose of making a capital injection to Red River Bank may be more difficult and expensive relative to other corporate borrowings. This, in turn, could have a material adverse effect on our business, financial condition, and results of operations.

***New activities and expansion require regulatory approvals, and failure to obtain them may restrict our growth.***

We may complement and expand our business by pursuing strategic acquisitions of financial institutions and other complementary businesses. Generally, we must receive state and federal regulatory approval before we can acquire an FDIC-insured depository institution or related business. In determining whether to approve a proposed acquisition, federal banking regulators will consider, among other factors, the effect of the acquisition on competition, our financial condition, our future prospects, and the impact of the proposal on U.S. financial stability. The regulators also review current and projected capital ratios and levels, the competence, experience, and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution’s record of compliance under the Community Reinvestment Act (“CRA”), and the effectiveness of the acquiring institution in combating money laundering activities. Such regulatory approvals may not be granted on terms that are acceptable to us, or at all. We may also be required to open or sell banking centers as a condition to receiving regulatory approval, which condition may not be acceptable to us or, if acceptable to us, may reduce the benefit of any acquisition.

In addition to the acquisition of existing financial institutions, as opportunities arise, we plan to continue establishing *de novo* banking centers as a part of our organic growth strategy. *De novo* expansion and any acquisitions carry with them numerous risks, including the inability to obtain all required regulatory approvals. The failure to obtain these regulatory approvals for potential future strategic acquisitions and *de novo* banking centers could have a material adverse effect on our business, financial condition, and results of operations.

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

The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file reports such as suspicious activity and currency transaction reports. We are required to comply with these and other anti-money laundering requirements. Our federal and state banking regulators, the Financial Crimes Enforcement Network, and other government agencies are authorized to impose significant civil money penalties for violations of anti-money laundering requirements. We are also subject to increased scrutiny of compliance with the regulations issued and enforced by the Office of Foreign Assets Control (“OFAC”). If our program is deemed deficient, we could be subject to liability, including fines, civil money penalties, and other regulatory actions, which may include restrictions on our business operations and our ability to pay dividends, restrictions on mergers and acquisitions

activity, restrictions on expansion, and restrictions on entering new business lines. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have significant reputational consequences for us. Any of these circumstances could have a material adverse effect on our business, financial condition, or results of operations.

***We are subject to numerous “fair and responsible banking” laws designed to protect consumers, and failure to comply with these laws could lead to a wide variety of sanctions.***

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations, including state laws and regulations, prohibit discriminatory or lending practices by financial institutions. The Federal Trade Commission Act and the Dodd-Frank Act prohibit unfair, deceptive, or abusive acts or practices by financial institutions. The U.S. Department of Justice, federal banking agencies, and other federal and state agencies are responsible for enforcing these fair and responsible banking laws and regulations. A challenge to an institution’s compliance with fair and responsible banking laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution’s performance under fair lending laws in private litigation. Such actions could have a material adverse effect on our business, financial condition, and results of operations.

***Failure by Red River Bank to perform satisfactorily on its CRA evaluations could make it more difficult for our business to grow.***

The performance of a bank under the CRA in meeting the credit needs of its community is publicly disclosed and is a factor that must be taken into consideration when the federal banking agencies evaluate applications related to mergers and acquisitions, as well as banking center openings and relocations. If Red River Bank is unable to maintain at least a “Satisfactory” CRA rating, our reputation in the community may suffer. A rating of less than “Satisfactory” may also prevent us from completing acquisitions, opening new banking centers, and attracting or retaining public funds deposits. If Red River Bank receives an overall CRA rating of less than “Satisfactory,” the FDIC will not re-evaluate its rating until its next CRA examination, which may not occur for several more years. As such, the consequences of an adverse CRA determination can be protracted, and performance may not improve in the future. In light of these consequences, unsatisfactory CRA performance could result in a material adverse effect on our business, financial condition, and results of operations.

***Federal, state and local consumer lending laws may restrict our ability to originate certain mortgage loans, increase our risk of liability with respect to such loans, increase the time and expense associated with the foreclosure process, or prevent us from foreclosing at all.***

Certain federal, state, and local laws are intended to eliminate lending practices which are considered “predatory.” These laws prohibit practices such as steering borrowers away from more affordable products, selling unnecessary insurance to borrowers, repeatedly refinancing loans, and making loans without a reasonable expectation that the borrowers will be able to repay the loans irrespective of the value of the underlying property. It is our policy not to make predatory loans, but these laws create the potential for liability with respect to our lending and loan investment activities. They increase our cost of doing business and, ultimately, may prevent us from making certain loans. They also may cause us to reduce the average percentage rate or the points and fees on loans that we do make.

Additionally, consumer protection initiatives or changes in state or federal law may substantially increase the time and expense associated with the foreclosure process or prevent us from foreclosing at all. While historically Louisiana has had foreclosure laws that are favorable to lenders, a number of states in recent years have either considered or adopted foreclosure reform laws that make it substantially more difficult and expensive for lenders to foreclose on properties in default, and we cannot be certain that Louisiana will not adopt similar legislation in the future. Additionally, federal regulators have prosecuted a number of mortgage servicing companies for alleged consumer law violations. If new state or federal laws or regulations are ultimately enacted that significantly raise the cost of foreclosure or raise outright barriers, such could have a material adverse effect on our business, financial condition, and results of operations.

***Potential limitations on incentive compensation contained in proposed federal agency rulemaking may adversely affect our ability to attract or retain high performing employees.***

During the second quarter of 2016, the FDIC and other federal financial agencies jointly published proposed rules designed to implement provisions of the Dodd-Frank Act prohibiting incentive compensation arrangements that would encourage inappropriate risk taking at covered financial institutions, which includes a bank or bank holding company with \$1.0 billion or more in assets, such as us and Red River Bank. It cannot be determined at this time whether or when final rules will be adopted and whether compliance with such a final rule will substantially affect the manner in which we structure compensation for our executives and other employees. Depending on the nature and application of the final rules, we may not be able to retain and attract executives and other high performing employees. If this were to occur, relationships that we have established with our customers may be impaired and we may not be able to retain or attract talent, which could in turn adversely impact our business, financial condition, and results of operations.

***We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance.***

In response to the financial crisis and recession that began in 2008 and the enactment of the Dodd-Frank Act, the FDIC has increased deposit insurance assessment rates, which in turn raised deposit premiums for many insured depository institutions. If premiums are insufficient for the Deposit Insurance Fund to meet its funding requirements, special assessments or increases in deposit insurance premiums may be required. Further, if there are financial institution failures that affect the Deposit Insurance Fund, we may be required to pay higher FDIC premiums. Our FDIC insurance related costs were \$518,000 for the year ended December 31, 2018, and \$540,000 for the year ended December 31, 2017. Any future additional assessments, increases, or required prepayments in FDIC insurance premiums could adversely impact our earnings. This, in turn, could have a material adverse effect on our business, financial condition, and results of operations.

***We are subject to commercial real estate lending guidance issued by the federal banking regulators that impacts our operations and capital requirements.***

The federal banking regulators have issued guidance regarding concentrations in commercial real estate lending directed at institutions that have particularly high concentrations of commercial real estate loans within their lending portfolios. This guidance suggests that institutions whose commercial real estate loans exceed certain percentages of capital may have commercial real estate concentration risk and will be subject to further regulatory scrutiny with respect to their risk management practices for commercial real estate lending. Based on our commercial real estate concentration as of December 31, 2018, we believe that we are in compliance with the regulatory guidance. However, increases in our commercial real estate lending, particularly as we expand into metropolitan markets, could subject us to additional supervisory analysis. We cannot guarantee that any risk management practices we implement will be effective to prevent losses relating to our commercial real estate portfolio, and we cannot predict the extent to which this guidance will impact our operations or capital requirements.

***We are subject to laws regarding the privacy, information security, and protection of personal information and any violation of these laws or another incident involving personal, confidential, or proprietary information of individuals could damage our reputation and otherwise adversely affect our operations and financial condition.***

Our business requires the collection and retention of large volumes of customer data, including personally identifiable information in various information systems that we maintain and in those maintained by third party data service providers. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. We are subject to complex and evolving laws and regulations governing the privacy and protection of personal information of individuals (including customers, employees, suppliers, and other third parties). Various state and federal banking regulators and state governments have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory, or law enforcement notification in certain circumstances in the event of a security breach. Ensuring that our collection, use, transfer, and storage of personal information complies with all applicable laws and regulations can increase our costs. Furthermore, we may not be able to ensure that all of our clients, suppliers, counterparties, and other third parties have appropriate controls in place to protect the confidentiality of the information that they exchange with us, particularly where such information is transmitted by electronic means. If personal, confidential, or proprietary information of customers or others were to be mishandled or misused (in situations where, for

example, such information was erroneously provided to parties who are not permitted to have the information, or where such information was intercepted or otherwise compromised by third parties), we could be exposed to litigation or regulatory sanctions under personal information laws and regulations. Concerns regarding the effectiveness of our measures to safeguard personal information, or even the perception that such measures are inadequate, could cause us to lose customers or potential customers for our products and services and thereby reduce our revenues. Accordingly, any failure or perceived failure to comply with applicable privacy or data protection laws and regulations may subject us to inquiries, examinations, and investigations that could result in requirements to modify or cease certain operations or practices or incur significant liabilities, fines, or penalties, and could damage our reputation and otherwise have a material adverse effect on our business, financial condition, and results of operations.

***We may be adversely affected by recent changes in U.S. tax laws and regulations.***

Changes in tax laws contained in the Tax Reform Act, which was enacted in December 2017, include a number of provisions that will have an impact on the banking industry, borrowers, and the market for residential real estate. Included in this legislation was a reduction of the corporate income tax rate from 35.0% to 21.0%. In addition, other changes included: (i) a lower limit on the deductibility of mortgage interest on single-family residential mortgage loans, (ii) the elimination of interest deductions for most proceeds borrowed under home equity loans, (iii) a limitation on the deductibility of business interest expense, and (iv) a limitation on the deductibility of property taxes and state and local income taxes.

The recent changes in the tax laws may have an adverse effect on the market for, and valuation of, residential properties, and on the demand for such loans in the future. These changes could make it harder for borrowers to make their loan payments. They may have a disproportionate effect on taxpayers in states with high residential home prices and high state and local taxes. If home ownership becomes less attractive, demand for mortgage loans could decrease. The value of the properties securing loans in our loan portfolio may be adversely impacted as a result of the changing economics of home ownership, which could require an increase in our provision for loan losses. This, in turn, would reduce our profitability, and could have a material adverse effect on our business, financial condition, and results of operations.

**Risks Related to this Offering and an Investment in Our Common Stock**

***An active, liquid market for our common stock may not develop or be sustained following this offering.***

Before this offering, there has been no established public market for our common stock. We have applied to list our common stock on the Nasdaq Global Select Market under the symbol “RRBI,” but our application may not be approved. Even if approved, however, an active, liquid trading market for our common stock may not develop or be sustained following this offering. The initial public offering price for our common stock will be determined by negotiations between us, the selling shareholders, and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. A public trading market having the desired characteristics of depth, liquidity, and orderliness depends upon the presence in the marketplace and independent decisions of willing buyers and sellers of our common stock. These are factors over which we have no control. Without an active, liquid trading market for our common stock, shareholders may not be able to sell their shares at volumes, prices, or times desired. Moreover, the lack of an established market could have an adverse effect on the value of our common stock.

***The market price of our common stock may be subject to substantial fluctuations, which may make it difficult to sell shares at the volumes, prices, or times desired.***

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

- actual or anticipated fluctuations in our operating results, financial condition, or asset quality;
- changes in economic or business conditions;

- the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve, or in laws or regulations affecting us;
- the public reaction to our press releases, our other public announcements, and our filings with the SEC;
- changes in accounting standards, policies, guidance, interpretations, or principles;
- the number of securities analysts covering us;
- publication of research reports about us, our competitors, or the financial services industry generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;
- changes in market valuations or earnings of companies that investors deem comparable to us;
- the trading volume of our common stock;
- future issuances of our common stock or other securities;
- future sales of our common stock by us or our directors, executive officers, or significant shareholders;
- additions or departures of key personnel;
- perceptions in the marketplace regarding our competitors and us;
- significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving our competitors or us;
- other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products, and services; and
- other news, announcements, or disclosures (whether by us or others) related to us, our competitors, our core market, or the financial services industry.

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

***Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities.***

Our articles of incorporation authorize us to issue up to 30,000,000 shares of common stock, of which will be outstanding upon consummation of this offering (or shares if the underwriters exercise their option to purchase additional shares in full). This number includes shares that we and the selling shareholders are selling in this offering (or shares if the underwriters exercise their option to purchase additional shares in full), which will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended ("Securities Act"). Holders of approximately % of the shares of our common stock outstanding prior to this offering, including all of our executive officers, directors, and the selling shareholders, have agreed not to sell any shares of our common stock for a period of 180 days from the date of the underwriting agreement, subject to certain exceptions. See "Underwriting." Following the expiration of the applicable lock-up period, all of these shares will be eligible for resale under Rule 144 of the Securities Act, subject to compliance with our insider trading policies, any remaining holding period requirements and, if applicable, volume limitations. The remaining shares of common stock outstanding prior to this offering are not subject to lock-up agreements and substantially all of such shares have been held by our non-affiliates for at least one year and therefore may be freely sold by such persons upon the completion of this offering. See "Shares Eligible for Future Sale" for a discussion of the shares of our common stock that may be sold into the public market in the future.

In addition, we may issue shares of our common stock or other securities as consideration for future acquisitions and investments and under compensation and incentive plans. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may be substantial. We may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisition or investment.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares of our common stock issued in connection with an acquisition or under a compensation or incentive plan), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock and could impair our ability to raise capital through future sales of our securities.

***Investors in this offering will experience immediate and substantial dilution, and future equity issuances could result in additional dilution, which could adversely affect the market price of our common stock.***

If you purchase common stock in this offering, you will pay more for your shares than the tangible book value per share immediately prior to the completion of the offering. As a result of the offering, you will incur immediate dilution of \$            per share, representing the difference between the initial public offering price of \$            per share (the midpoint of the range set forth on the cover page of this prospectus) and our as adjusted tangible book value per share. Accordingly, if we were liquidated at our as adjusted tangible book value, you would not receive the full amount of your investment. See “Dilution.”

In addition, we are generally not restricted from issuing additional shares of our common stock in the future. Our articles of incorporation authorize the issuance of up to the 30,000,000 common shares, subject to the shareholder approval rules of the Nasdaq Stock Market. We may issue additional shares of our common stock, or securities convertible into or exchangeable for such shares, in subsequent public or private offerings or in connection with future acquisitions. If we choose to raise capital by selling shares of our common stock, the issuance could have a dilutive effect on the holders of our common stock and could have a material adverse effect on the market price of our common stock.

***Our directors and named executive officers have significant control over our business.***

As of April 3, 2019, our directors and named executive officers beneficially owned an aggregate of 1,714,984 shares, or approximately 25.76%, of our issued and outstanding shares of common stock, including vested and unexercised stock options. Following the completion of this offering, our directors and named executive officers will beneficially own approximately            % of our outstanding common stock including vested, unexercised stock options. Consequently, our management and board of directors may be able to significantly affect the outcome of the election of directors and the potential outcome of other matters submitted to a vote of our shareholders, such as mergers, the sale of substantially all of our assets, and other extraordinary corporate matters. The interests of these insiders could conflict with the interests of our other shareholders, including you.

***We have broad discretion in the use of the net proceeds from this offering, and our use of those proceeds may not yield a favorable return to investors.***

We intend to use the net proceeds from the sale of shares in this offering, along with available cash, for general corporate purposes and investment in our bank subsidiary, which may include the support of our balance sheet growth, repayment of our junior subordinated debentures, the acquisition of other banks or financial institutions to the extent such opportunities arise, and the maintenance of our capital and liquidity ratios, and the ratios of our bank, at acceptable levels. We will not receive any of the proceeds from the sale of our common stock in this offering by the selling shareholders. We have not specifically allocated the amount of net proceeds that will be used for these purposes, and our management will have broad discretion over how these proceeds are used and could spend the proceeds in ways with which investors may not agree. In addition, we may not use the proceeds of this offering effectively or in a manner that increases our market value or enhances our profitability. We have not established a timetable for the effective deployment of the proceeds, and we cannot predict how long it will take to deploy the proceeds. Investing the offering proceeds in securities until we are able to deploy the proceeds will provide lower yields than we generally earn on loans. This may have an adverse effect on our profitability, which



will reduce the return on your investment. Although we may, from time to time in the ordinary course of business, evaluate potential acquisition opportunities that we believe provide attractive risk-adjusted returns, we do not have any arrangements or understandings relating to any acquisitions, nor are we engaged in negotiations with any potential acquisition targets.

***The rights of our common shareholders are generally subordinate to the rights of the holders of our debt securities and may be subordinate to the holders of any debt securities or preferred stock that we may issue in the future.***

We have an aggregate of \$11.3 million in indebtedness in the form of junior subordinated debentures. Our existing indebtedness is, and any future indebtedness that we may incur will be, senior to our common stock. As a result, we must make payments on our indebtedness before any dividends can be paid on our common stock, and, in the event of our bankruptcy, dissolution, or liquidation, the holders of our indebtedness must be satisfied in full before any distributions can be made to the holders of our common stock.

Although we have not historically issued shares of preferred stock, our board of directors has the authority to issue in the aggregate up to 1,000,000 such shares, and to determine the terms of each issue of preferred stock and any indebtedness, without shareholder approval. Accordingly, you should assume that any shares of preferred stock and any indebtedness that we may issue in the future will also be senior to our common stock. As a result, holders of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may negatively affect the market price of our common stock.

***The obligations associated with being a public company will require significant resources and management attention.***

As a public company, we will face increased legal, accounting, administrative, and other costs and expenses that we have not incurred as a private company, particularly after we are no longer an emerging growth company. After the completion of this offering, we will be subject to the reporting requirements of the Exchange Act, which requires that we file annual, quarterly, and current reports with respect to our business and financial condition and proxy and other information statements, and the rules and regulations implemented by the SEC, the Sarbanes-Oxley Act, Dodd-Frank Act, the Public Company Accounting Oversight Board, and the Nasdaq Stock Market, each of which imposes additional reporting and other obligations on public companies. We expect these rules and regulations and changes in laws, regulations, and standards relating to corporate governance and public disclosure to increase legal and financial compliance costs and make some activities more time consuming and costly. Our investment in compliance with existing and evolving regulatory requirements will result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities and other strategic objectives. These increased costs and diversion of resources could, in turn, have a material adverse effect on our business, financial condition, and results of operations.

***We expect significant increases in accounting and other expenses related to our internal controls over financial reporting as a public company, and any deficiencies in our financial reporting or internal controls could adversely affect our business and the market price of our common stock.***

As a public company, we will incur significant legal, accounting, insurance, and other expenses. Our compliance with the rules of the SEC and the Nasdaq Stock Market will result in increases to our legal and financial compliance costs and make some activities more time consuming and costly. For so long as we are an "emerging growth company" as defined in the JOBS Act, SEC rules will permit our Chief Executive Officer and Chief Financial Officer to certify the existence and effectiveness of our internal controls over financial reporting. However, beginning with the time we are no longer an "emerging growth company," we will be required to engage an independent registered public accounting firm to audit and opine on the design and operating effectiveness of our internal controls over financial reporting. This process will require significant documentation of policies, procedures, and systems, and review of that documentation and testing of our internal controls over financial reporting by our internal auditing and accounting staff and an independent registered public accounting firm. Consequently, we may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter. This process will also require considerable time and attention from management and may otherwise strain our resources, which, in turn, could prevent us from successfully implementing our business initiatives.

During the course of our evaluation, we may identify deficiencies that would have to be remediated to satisfy the SEC rules for certification of our internal controls over financial reporting. If any material weakness is identified, we may be required to include related disclosures in periodic reports we file with the SEC. The existence of a material weakness would preclude management from concluding that our internal controls over financial reporting is effective and would preclude our independent auditors from expressing an unqualified opinion on the effectiveness of our internal controls over financial reporting. In addition, disclosures of deficiencies of this type in our SEC reports could cause investors to lose confidence in our financial reporting, may negatively affect the market price of our common stock, and could result in the delisting of our securities from the securities exchanges on which they trade. Moreover, effective internal controls are necessary to produce reliable and timely financial reports and to prevent fraud. In light of these considerations, deficiencies in our disclosure controls and procedures or internal controls over financial reporting could have a material adverse effect on our business, financial condition, and results of operations.

***There are material limitations with making preliminary estimates of our financial results for the period ended March 31, 2019 prior to the completion of our and our auditors' financial review procedures for such period.***

The preliminary financial estimates contained in "Prospectus Summary—Recent Developments" are not a comprehensive statement of our financial results for the period ended March 31, 2019, and our auditors have not yet completed their review of such financial results. Our financial statements for the period ended March 31, 2019 will not be available until after this offering is completed and, consequently, will not be available to you prior to investing in this offering. Our actual financial results for the period ended March 31, 2019 may differ materially from the preliminary financial estimates we have provided as a result of the completion of our financial closing procedures, final adjustments, and other developments arising between now and the time that our financial results for such periods are finalized. The preliminary financial data included herein has been prepared by, and are the responsibility of, management. Postlethwaite & Netterville, APAC, our independent registered public accounting firm, has not audited, reviewed, compiled, or performed any procedures with respect to such preliminary estimates. Accordingly, Postlethwaite & Netterville, APAC does not express an opinion or any other form of assurance with respect thereto.

***We are an "emerging growth company," and the reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.***

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." These include, without limitation, an exemption from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced financial reporting requirements, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross revenues of \$1.07 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the completion of this offering, (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities, and (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. Investors may find our common stock less attractive if we rely on these exemptions, which may result in a less active trading market and increased volatility in our stock price.

***Our dividend policy may change without notice, and our future ability to pay dividends is subject to restrictions.***

Holders of our common stock are entitled to receive only such cash dividends as our board of directors may declare out of funds legally available for the payment of dividends. Although we paid our first cash dividend in May 2018 and paid our second cash dividend in February 2019, we have no obligation to continue paying dividends, and we may change our dividend policy at any time without notice to our shareholders. Our ability to pay dividends may also be limited on account of our outstanding indebtedness, as we generally must make payments on our junior subordinated debentures and our outstanding indebtedness before any dividends can be paid on our common stock. Also, because our primary earning asset is our investment in the capital stock of Red River Bank, we may become dependent upon dividends from the bank to pay our operating expenses, satisfy our obligations, and pay dividends

on our common stock. Red River Bank's ability to pay dividends on its common stock will substantially depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, and other factors deemed relevant by its board of directors. There are numerous laws and banking regulations and guidance that limit our and Red River Bank's ability to pay dividends. See "Dividend Policy" and "Supervision and Regulation."

***Our corporate governance documents, and certain corporate and banking laws applicable to us, could make a takeover more difficult.***

Certain provisions of our articles of incorporation and bylaws, each as amended and restated, and corporate and federal banking laws, could make it more difficult for a third party to acquire control of our organization or conduct a proxy contest, even if those events were perceived by many of our shareholders as beneficial to their interests. These provisions, and the corporate and banking laws and regulations applicable to us:

- enable our board of directors to issue additional shares of authorized, but unissued capital stock;
- do not provide preemptive rights to our shareholders;
- enable our board of directors to issue "blank check" preferred stock with such designations, rights, and preferences as may be determined from time to time by the board;
- enable our board of directors to increase the size of the board and fill the vacancies created by the increase;
- do not provide for cumulative voting in the election of directors;
- enable our board of directors to amend our bylaws without shareholder approval;
- require the request of holders of at least 25% of the outstanding shares of our capital stock entitled to vote at a meeting to call a special shareholders' meeting;
- establish an advance notice procedure for director nominations and other shareholder proposals; and
- require prior regulatory application and approval of any transaction involving control of our organization.

These provisions may discourage potential acquisition proposals and could delay or prevent a change in control, including under circumstances in which our shareholders might otherwise receive a premium over the market price of our shares. See "Description of Capital Stock."

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

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

***Securities analysts may not initiate or continue coverage on us.***

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

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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;
- government intervention in the U.S. financial system;
- 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, or 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, 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;
- changes in the laws, rules, regulations, interpretations, or policies relating to financial institution, accounting, tax, trade, monetary, and fiscal matters;

- the impact of recent and future legislative and regulatory changes, including the Tax Reform Act, the Economic Growth, Regulatory Relief and Consumer Protection Act (“Economic Growth Act”), and other changes in banking, securities, accounting, and tax laws and regulations, and their application by our regulators; and
- other factors that are discussed in the sections titled “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this prospectus. 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.

## USE OF PROCEEDS

Assuming an initial public offering price of \$      per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering, after deducting estimated underwriting discounts and offering expenses payable by us will be approximately \$      million, or approximately \$      million if the underwriters elect to exercise in full the overallotment option. We will not receive any proceeds from the sale of shares of our common stock by the selling shareholders.

Each \$1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by \$      million, or \$      million if the underwriters elect to exercise in full the overallotment option, assuming the number of shares we sell, as set forth on the cover of this prospectus, remains the same, after deducting underwriting discounts and estimated offering expenses payable by us.

We intend to use the net proceeds to us from this offering for general corporate purposes and investment in our bank subsidiary, which may include the support of our balance sheet growth, repayment of our junior subordinated debentures (the terms of which are included in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”), the acquisition of other banks or financial institutions to the extent such opportunities arise, and the maintenance of our capital and liquidity ratios, and the ratios of our bank, at acceptable levels.

We have not specifically allocated the amount of net proceeds to us that will be used for these purposes and our management will have broad discretion over how these proceeds are used. We are conducting this offering at this time because we believe that it will allow us to better execute our growth strategy. Although we may, from time to time in the ordinary course of business, evaluate potential acquisition opportunities that we believe provide attractive risk-adjusted returns, we do not have any immediate plans, arrangements, or understandings relating to any acquisitions, nor are we engaged in negotiations with any potential acquisition targets.

## DIVIDEND POLICY

Prior to May 2018, we did not historically pay dividends. In May 2018, we paid our first cash dividend of \$0.15 per common share (adjusted to give effect to the 2018 2-for-1 stock split), or \$1.0 million in the aggregate, and in February 2019, we paid our second cash dividend of \$0.20 per common share, or \$1.3 million in the aggregate. Any future determination relating to dividends will be made at the discretion of our board of directors and will depend on a number of factors, including our historical and projected financial condition, liquidity and results of operations; our capital levels and needs; any acquisitions or potential acquisitions that we are considering; contractual, statutory, and regulatory prohibitions and other limitations; general economic conditions; and other factors deemed relevant by our board of directors. We cannot assure you that we will continue to pay dividends to holders of our common stock in the future.

### Dividend Restrictions

As a Louisiana corporation, we are subject to certain restrictions on dividends under the Louisiana Business Corporation Act (“LBCA”). Generally, a Louisiana corporation may pay dividends to its shareholders unless, after giving effect to the dividend, either: (1) the corporation would not be able to pay its debts as they come due in the usual course of business; or (2) the corporation’s total assets would be less than the sum of its total liabilities and the amount that would be needed, if the corporation were to be dissolved at the time of the payment of the dividend, to satisfy the preferential rights of shareholders whose preferential rights are superior to those receiving the dividend.

Our status as a bank holding company also affects our ability to pay dividends in two additional ways. First, since we are a holding company with no material business activities of our own, our ability to pay dividends could become dependent upon the ability of Red River Bank to transfer funds to us in the form of dividends, loans, and advances. The Bank’s ability to pay dividends and make other distributions and payments to us is itself subject to various legal, regulatory, and other restrictions, and the present and future dividend policy of Red River Bank is subject to the discretion of its board of directors. Second, as a bank holding company, our payment of dividends must comply with the laws, regulations, and policies of the Federal Reserve. The Federal Reserve has issued a supervisory letter on the payment of cash dividends by bank holding companies, which expresses the Federal Reserve’s view that a bank holding company should pay cash dividends only to the extent that the holding company’s net income for the past four quarters, net of any dividends previously paid during that period, is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the bank holding company’s capital needs, asset quality, and overall financial condition. See “Supervision and Regulation” for more information about regulatory limitations that may affect Red River Bank’s and our ability to pay dividends.

Our ability to pay dividends may also be limited on account of our outstanding indebtedness. We have outstanding three series of junior subordinated debentures. We must make payments on our junior subordinated debentures before any dividends can be paid on our common stock. We would expect to be subject to similar restrictions with respect to any other indebtedness that we may incur in the future.

## CAPITALIZATION

The following table shows our capitalization, including regulatory capital ratios, on a consolidated basis, as of December 31, 2018:

- on an actual basis; and
- on a pro forma basis, after giving effect to the net proceeds from the sale by us of \_\_\_\_\_ shares of our common stock in this offering (assuming the underwriters do not exercise the overallotment option) at an assumed initial public offering price of \$ \_\_\_\_\_ per share, which is the midpoint of the price range on the cover of this prospectus, after deducting underwriting discounts and estimated offering expenses payable by us.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase (decrease) the as adjusted amount of our total stockholders’ equity by \$ \_\_\_\_\_ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the

underwriting discounts and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares is exercised in full, the adjusted amount of total stockholders' equity would increase by approximately \$ million, after deducting underwriting discounts and estimated offering expenses payable by us, and we would have shares of our common stock issued and outstanding, as adjusted.

The pro forma capitalization information below is illustrative only, and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing. You should read the following table in conjunction with the sections titled "Selected Historical Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of December 31, 2018	
	Actual	Pro Forma As Adjusted for Offering
(Dollars in thousands)		
<b>Trust preferred securities:</b>		
Junior subordinated debentures, net <sup>(1)</sup>	\$ 11,000	\$ 11,000
<b>Stockholders' equity:</b>		
Common stock (no par value; 30,000,000 shares authorized; 6,627,358 shares issued and outstanding; and shares issued and outstanding as adjusted)	41,094	
Preferred stock (no par value; 1,000,000 shares authorized; no shares issued)	—	—
Retained earnings	160,115	160,115
Accumulated other comprehensive income (loss)	(7,506)	(7,506)
<b>Total stockholders' equity</b>	<b>\$ 193,703</b>	<b>\$</b>
<b>Total capitalization</b>	<b>\$ 204,703</b>	<b>\$</b>
<b>Capital ratios:</b>		
Total stockholders' equity to total assets	10.41%	%
Tangible common equity to tangible assets <sup>(2)</sup>	10.34%	%
Total risk-based capital to risk-weighted assets <sup>(3)</sup>	16.55%	%
Tier 1 risk-based capital to risk-weighted assets <sup>(3)</sup>	15.62%	%
Common equity tier 1 capital to risk-weighted assets <sup>(3)</sup>	14.80%	%
Tier 1 risk-based capital to average assets	11.40%	%

(1) Does not include \$341,000 of common securities issued to the Company by three statutory business trusts in connection with the issuance of such junior subordinated debentures.

(2) We calculate tangible common equity as total stockholders' equity, less goodwill and other intangible assets, net of accumulated amortization, and we calculate tangible assets as total assets, less goodwill and other intangible assets, net of accumulated amortization. Tangible common equity to tangible assets is a non-GAAP financial measure, and, as we calculate tangible common equity to tangible assets, the most directly comparable GAAP financial measure is total stockholders' equity to total assets. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

(3) The pro forma capital ratios above assume that the proceeds of this offering are invested in 100.0% risk-weighted assets.



## DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent that the initial public offering price per share of our common stock exceeds the as adjusted tangible book value per share of our common stock immediately following this offering. Tangible book value is equal to our total stockholders' equity, less goodwill and other intangible assets. As of December 31, 2018, the tangible book value of our common stock was \$192.2 million, or \$28.99 per share.

After giving effect to the net proceeds from the sale by us of \_\_\_\_\_ shares of our common stock in this offering (assuming the underwriters do not exercise the overallocation option) at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range on the cover of this prospectus, after deducting underwriting discounts and estimated offering expenses payable by us, the pro forma tangible book value of our common stock as of December 31, 2018 would have been approximately \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share. Therefore, this offering will result in an immediate increase of \$ \_\_\_\_\_ in the tangible book value per share of our common stock of existing shareholders and an immediate dilution of \$ \_\_\_\_\_ in the tangible book value per share of our common stock to investors purchasing shares in this offering, or approximately \_\_\_\_\_ % of the assumed public offering price of \$ \_\_\_\_\_ per share. Sales of shares by the selling shareholders will have no effect on the tangible book value of our common stock.

The following table illustrates the calculation of the amount of dilution per share as of December 31, 2018 that a purchaser of our common stock in this offering will incur given the assumptions above:

Assumed initial public offering price per share	\$
Tangible book value per common share as of December 31, 2018	\$ 28.99
Increase in tangible book value per common share attributable to this offering	\$ _____
As adjusted tangible book value per common share after this offering	\$ _____
Dilution in tangible book value per common share to new investors	\$ _____

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase (decrease) our as adjusted tangible book value per share after this offering by \$ \_\_\_\_\_, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discounts and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares is exercised in full, the pro forma tangible book value per share after giving effect to this offering would be approximately \$ \_\_\_\_\_ per share, and the dilution in pro forma as adjusted tangible book value per share to investors in this offering would be approximately \$ \_\_\_\_\_ per share.

The following table summarizes the total consideration paid to us and the average price paid per share by existing shareholders and investors purchasing common stock in this offering. To the extent that any of our officers or directors or any promoters, or any persons affiliated with any of the foregoing, participated in a prior offering of our common stock, these individuals paid the same price as all other participants in the offering. This information is presented on an as adjusted basis as of December 31, 2018, after giving effect to our sale of \_\_\_\_\_ shares of common stock in this offering (assuming the underwriters do not exercise the overallocation option) at an assumed initial public offering price of \$ \_\_\_\_\_ per share.

	Shares Purchased/Issued		Total Consideration		Average Price
	Number	Percent	Amount(1)	Percent	Per Share
Existing shareholders as of December 31, 2018	6,627,358	%	\$ 41,094	%	\$ 6.20
New investors in this offering		%		%	
Total		%	\$ _____	%	\$ _____

(1) Represents \$41.1 million in common stock.

Assuming no shares are sold to existing shareholders in this offering, sales of shares of our common stock by the selling shareholders in this offering will reduce the number of shares of common stock held by existing shareholders to \_\_\_\_\_, or approximately \_\_\_\_\_% of the total shares of our common stock outstanding after this offering, and will increase the number of shares held by new investors to \_\_\_\_\_, or approximately \_\_\_\_\_% of the total shares of our common stock outstanding after this offering.

After giving effect to the sale of shares in this offering by us and the selling shareholders, if the underwriters' option to purchase additional shares is exercised in full, our existing shareholders would own approximately \_\_\_\_\_% and our new investors would own approximately \_\_\_\_\_% of the total number of shares of our common stock outstanding after this offering.

The table and the two immediately preceding paragraphs above exclude 28,000 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$14.85 per share as of December 31, 2018. All such stock options have vested and are currently exercisable. To the extent that any of the foregoing options are exercised, investors participating in this offering will experience further dilution.

## PRICE RANGE OF OUR COMMON STOCK

Prior to this offering, our common stock has not been traded on an established public trading market and quotations for our common stock were not reported on any market. As a result, there has been no regular market for our common stock. Although our shares may have been sporadically traded in private transactions, the prices at which such transactions occurred may not necessarily reflect the price that would be paid for our common stock in an active market. As of April 3, 2019, there were approximately 514 holders of record of our common stock.

We anticipate that this offering and the listing of our common stock on the Nasdaq Global Select Market will result in a more active trading market for our common stock. However, we cannot assure you that a liquid trading market for our common stock will develop or be sustained after this offering. You may not be able to sell your shares quickly or at the market price if trading in our common stock is not active. See “Underwriting” for more information regarding our arrangements with the underwriters and the factors considered in setting the initial public offering price.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This section presents management's perspective on our financial condition and results of operations. The following discussion and analysis should be read in conjunction with the section entitled "Selected Historical Consolidated Financial Information" and our consolidated financial statements and related notes included elsewhere in this prospectus. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of our future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties, and assumptions that could cause results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors." We assume no obligation to update any of these forward-looking statements.*

### General

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

Our principal business is lending to and accepting deposits from businesses, professionals, individuals, and public entities in our operating markets. We generate the majority of our revenue from interest earned on loans and investments, loan and deposit fees and service charges, and fees relating to the sale of mortgage loans and investment advisory services. We incur interest expense on deposits and other borrowed funds, as well as operating expense, such as salaries and employee benefits and occupancy expenses.

We intend for this discussion and analysis to provide the reader with information that will assist in understanding our business, results of operations, financial condition and financial statements, the changes in certain key items in our financial statements from period to period, and the primary factors that accounted for those changes.

### Performance Summary for the Years Ended December 31, 2018, 2017, and 2016

#### 2018 vs 2017

In 2018, our accomplishments included improving our profitability, returns on assets and equity, net interest margin, and asset quality; growing our balance sheet; paying our first cash dividend; executing a 2-for-1 stock split; expanding our banking center locations; and celebrating 20 years since the Company was founded. As a result of the Company's financial performance and capital levels, we paid our first cash dividend of \$0.15 per share (after giving effect for the 2018 2-for-1 stock split) in the second quarter of 2018. In early 2018, we closed the Lake Charles LPO in the Southwest Louisiana market and simultaneously opened a new business-focused banking center. In November 2018, the Bank purchased a property and an existing branch building in Covington, Louisiana (St. Tammany Parish), for future banking center expansion.

The Company achieved record net income of \$23.1 million for the year ended December 31, 2018, which was \$9.1 million, or 64.9%, higher than the \$14.0 million for the year ended December 31, 2017. The increase in net income was primarily due to increased net interest income and the benefit of a lower federal income tax rate in 2018. As a result of higher income for the year ended December 31, 2018, diluted earnings per share increased by \$1.27, or 59.3%, to \$3.41 from \$2.14 for the year ended December 31, 2017. Net interest income increased by \$7.4 million, or 14.3%, to \$59.2 million for the year ended December 31, 2018 from \$51.8 million for the year ended December 31, 2017. Net interest income improved as a result of an increase in the net interest margin, on a fully tax-equivalent basis, to 3.44% for the year ended December 31, 2018 from 3.20% for 2017, combined with an \$80.4 million, or 4.9%, increase in average interest-earning assets between 2018 and 2017. The Tax Reform Act, effective January 1, 2018, significantly lowered the U.S. corporate tax rate from a maximum overall rate of 35.0% to a 21.0% rate. The Company's 2018 effective income tax rate was 18.7%. Asset quality trends were positive in 2018, as net charge-offs totaled only 0.03% for the year ended December 31, 2018, and the nonperforming assets to assets ratio was only 0.38% at year end 2018. Net charge-offs totaled 0.10% for the year ended December 31, 2017, and the nonperforming assets to assets ratio was 0.60% at year end 2017.

In December 2017, due to the Tax Reform Act, we revalued our deferred tax assets and liabilities and recorded an additional, one-time \$2.2 million federal income tax expense. Net income and diluted earnings per share for the year ended December 31, 2017, adjusted for the additional federal income tax expense resulting from the adoption of the Tax Reform Act, were \$16.2 million and \$2.48, respectively. The following table presents our results of operations, and certain other financial metrics, as reported in accordance with GAAP and adjusted for the 2018 2-for-1 stock split, for the years ended December 31, 2018, 2017, and 2016. Also, the results of operations and financial metrics for the year ended December 31, 2017 have been adjusted for the additional federal income tax expense resulting from the adoption of the Tax Reform Act.

	For the Years Ended December 31,			
	2018	2017		2016
	GAAP Actual	GAAP Actual: Including \$2.2 million tax expense	Non-GAAP Adjusted: Excluding \$2.2 million tax expense	GAAP Actual
	(Dollars in thousands, except per share data)			
Net income	\$ 23,056	\$ 13,985	\$ 16,215	\$ 15,102
Earnings per common share, diluted	\$ 3.41	\$ 2.14	\$ 2.48	\$ 2.35
Return on average assets	1.29%	0.82%	0.95%	0.95%
Return on average equity	12.46%	8.45%	9.80%	10.09%

Assets as of December 31, 2018 were \$1.86 billion, a \$136.3 million, or 7.9%, increase from \$1.72 billion as of December 31, 2017. In 2018, loans and deposits had steady, organic growth with loans increasing 6.5% and deposits growing 7.8%, resulting in an 80.9% loan to deposit ratio as of December 31, 2018. Stockholders' equity increased \$15.6 million to \$193.7 million, as a result of \$23.1 million of 2018 net income, partially offset by \$4.6 million in stock buybacks and \$1.0 million in cash dividends.

#### 2017 vs 2016

In 2017, our accomplishments included growing our balance sheet, completing a private placement stock offering, entering the Southwest Louisiana market, expanding our banking center network, and investing in digital banking channels. In the third quarter of 2017, we completed a private placement offering of our common stock, generating gross proceeds of \$12.1 million. In this offering, we received total subscriptions to purchase approximately \$21.7 million of our common stock, resulting in a \$9.6 million oversubscription amount that was returned to prospective investors. The offering enabled us to expand our shareholder base in key Louisiana markets. We continued the execution of our organic growth strategy by opening an LPO in Lake Charles, Louisiana, and a new banking center in the Northwest Louisiana market. We also continued investing in digital banking channels to provide our customers with the option of having access to both electronic banking systems and knowledgeable, experienced bankers.

Net income for the year ended December 31, 2017 was \$14.0 million, a decrease of \$1.1 million, or 7.4%, from \$15.1 million for the year ended December 31, 2016. The decrease in net income was primarily due to the impact of the Tax Reform Act, which became law on December 22, 2017. Higher income tax expense in 2017 was partially offset by increased net interest income. Diluted earnings per share for the year ended December 31, 2017 was \$2.14, a decrease of \$0.21 from \$2.35 for the year ended December 31, 2016. The decrease in diluted earnings per share over this period was due to the decrease in net income and a 1.7% increase in average shares outstanding due from the stock offering.

Assets at December 31, 2017 were \$1.72 billion, a \$79.4 million, or 4.8%, increase from \$1.64 billion at December 31, 2016. In 2017, loans held for investment increased by \$101.0 million, or 8.8%, to \$1.25 billion at December 31, 2017. The loan increase was due to organic loan growth, driven in part by an increase in lending officers and our entry into the Southwest Louisiana market. Deposits increased \$53.1 million, or 3.6%, to \$1.53 billion at December 31, 2017, compared to \$1.47 billion at December 31, 2016, with noninterest-bearing deposits representing \$29.1 million of the total increase. Stockholders' equity increased \$26.3 million to \$178.1 million, primarily as a result of 2017 net income and gross offering proceeds of \$12.1 million from the private placement offering completed in the third quarter of 2017.

## Results of Operations for the Years Ended December 31, 2018, 2017, and 2016

### Net Interest Income

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 also 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 costs 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.

#### *2018 vs 2017*

Net interest income for the year ended December 31, 2018 was \$59.2 million compared to \$51.8 million for the year ended December 31, 2017, an increase of \$7.4 million, or 14.3%. The increase in net interest income was due to an \$8.5 million, or 14.5%, increase in interest and dividend income slightly offset by a \$1.1 million, or 16.6%, increase in interest expense. The higher net interest income was attributable to an improved asset mix with an increase in the loan portfolio and a decrease in lower yielding asset categories, resulting in an improved net interest margin.

When comparing average balances for 2018 to 2017, loans increased \$127.6 million, or 10.8%, securities decreased \$32.5 million, or 8.9%, noninterest-bearing deposits increased \$38.2 million, or 7.5%, and interest-bearing deposits increased \$24.5 million, or 2.4%. The increase in average loans outstanding was due to organic growth in the Northwest, Southeast, and Southwest Louisiana markets mainly relating to commercial and residential real estate loans. The increase in average deposits resulted from new account openings in all markets and by diversifying our public entity customer base with the addition of new public entity relationships and accounts.

Our net interest margin, on a fully tax-equivalent basis, was 3.44% for the year ended December 31, 2018 compared to 3.20% for the same period in 2017. The yield on loans increased 20 basis points to 4.42% for the year ended December 31, 2018 from 4.22% for the year ended December 31, 2017. The loan yield improved in the higher interest rate environment by obtaining higher rates on new loans than in previous years, combined with the benefit of a higher interest rate environment on variable rate loans. During 2018, the additional federal funds rate increases had a more pronounced effect on our variable rate loan portfolio than in prior years. For many variable rate loans, the increase can be attributed to the repriced loan rate surpassing the loan floor rate. Our loan beta (defined as the change in our average loan yield as a percentage of the change in the target federal funds rate) was approximately 31.0% for 2018 compared to 6.0% for 2017. In 2018, the average yield on taxable securities increased 23 basis points mainly due to the higher interest rate environment and new securities purchased having higher yields than the existing portfolio. The average yield on nontaxable securities decreased 15 basis points due to the sales, calls, and maturities of higher yielding nontaxable investment securities in 2018. On the liability side, due to the higher interest rate environment and significant increased competition for deposit accounts, we increased rates on interest-bearing transaction deposits and offered selected time deposit rate specials. This resulted in the cost of interest-bearing deposits increasing eight basis points to 0.69% for 2018 from 0.61% for 2017 and the total cost of deposits increasing five basis points to 0.45% for 2018 from 0.40% for 2017. We generated a deposit beta (defined as the change in our average cost of deposits as a percentage of the change in the target federal funds rate) of approximately 12.0% for 2018 compared to (2.0%) for 2017. Also, the rate paid on our junior subordinated debentures increased by 94 basis points to 4.92% for the year ended December 31, 2018 as a result of the higher interest rate environment.

Net interest income for the year ended December 31, 2017 was \$51.8 million compared to \$47.8 million for the year ended December 31, 2016, an increase of \$4.0 million, or 8.4%. The increase in net interest income was due to a \$4.1 million, or 7.6%, increase in interest income slightly offset by a \$130,000, or 2.0%, increase in interest expense. The higher net interest income was primarily attributable to increasing loan, security, and deposit balances, and maintaining a consistent net interest margin.

When comparing average balances for 2017 to 2016, loans increased \$92.9 million, or 8.5%, securities increased \$53.1 million, or 16.9%, noninterest-bearing deposits increased \$73.3 million, or 16.9%, and interest-bearing deposits increased \$25.0 million, or 2.5%. The increase in average loans outstanding was mainly due to organic growth in our Southeast and Northwest Louisiana markets. The increase in average deposits resulted from existing customers maintaining higher balances, significant new account openings in all markets, and the impact of strategic positioning within our public entity line of business.

Our net interest margin, on a fully tax-equivalent basis, was 3.20% for the year ended December 31, 2017 compared to 3.21% for the same period in 2016. The continued aggressive competition for quality loans coupled with a 17.5% variable rate portfolio muted the impact of the three 0.25% federal funds rate increases during 2017. In 2017, the average nominal yield on securities decreased 16 basis points due to the sales of some higher-yielding, tax-free municipal securities. On the liability side, the strength of our core deposit base enabled us to hold funding costs stable, while simultaneously growing deposit balances, all in spite of the rise in short-term market rates. Comparing 2017 to 2016, we increased average total deposit balances by \$98.3 million while maintaining the cost of interest-bearing deposits consistent at 0.61% and decreasing the total cost of deposits from 0.42% to 0.40%.

The following table presents average balance sheet information, interest income, interest expense, and the corresponding average yields earned and rates paid for the years ended December 31, 2018, 2017 and 2016. Nonaccrual loans are included in the following table as loans carrying a zero yield.

	For the Years Ended December 31,								
	2018			2017			2016		
	Average Balance Outstanding	Interest Earned/Interest Paid	Average Yield/Rate	Average Balance Outstanding	Interest Earned/Interest Paid	Average Yield/Rate	Average Balance Outstanding	Interest Earned/Interest Paid	Average Yield/Rate
(Dollars in thousands)									
<b>Assets</b>									
Interest-earning assets:									
Loans <sup>(1)</sup>	\$ 1,312,078	\$ 58,747	4.42%	\$ 1,184,523	\$ 50,608	4.22%	\$ 1,091,605	\$ 47,213	4.26%
Securities - taxable	277,337	5,624	2.03%	297,960	5,352	1.80%	220,462	3,938	1.79%
Securities - nontaxable	57,776	1,327	2.30%	69,702	1,711	2.45%	94,130	2,615	2.78%
Interest-bearing balances due from banks	58,558	1,154	1.97%	73,183	706	0.96%	94,324	467	0.49%
Nonmarketable equity securities	1,286	18	1.36%	1,253	14	1.13%	1,209	11	0.90%
Investment in trusts	341	16	4.83%	341	14	4.16%	341	12	3.47%
Total interest-earning assets	1,707,376	\$ 66,886	3.86%	1,626,962	\$ 58,405	3.55%	1,502,071	\$ 54,256	3.54%
Allowance for loan losses	(11,713)			(11,101)			(10,001)		
Noninterest earning assets	89,155			91,540			93,387		
Total assets	\$ 1,784,818			\$ 1,707,401			\$ 1,585,457		
<b>Liabilities and Stockholders' Equity</b>									
Interest-bearing liabilities:									
Interest-bearing transaction deposits	\$ 708,818	\$ 2,735	0.39%	\$ 666,367	\$ 1,919	0.29%	\$ 612,512	\$ 1,631	0.27%
Time deposits	320,699	4,349	1.36%	338,672	4,165	1.23%	367,567	4,379	1.19%
Total interest-bearing deposits	1,029,517	7,084	0.69%	1,005,039	6,084	0.61%	980,079	6,010	0.61%
Junior subordinated debentures	11,341	558	4.92%	11,341	452	3.98%	11,341	394	3.47%
Other borrowings	191	7	3.66%	899	24	2.66%	578	26	4.50%
Total interest-bearing liabilities	\$ 1,041,049	\$ 7,649	0.73%	\$ 1,017,279	\$ 6,560	0.64%	991,998	\$ 6,430	0.64%
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	545,547			507,367			434,062		
Accrued interest and other liabilities	13,124			17,307			9,730		
Total noninterest-bearing liabilities:	558,671			524,674			443,792		
Stockholders' equity	185,098			165,448			149,667		
Total liabilities and stockholders' equity	\$ 1,784,818			\$ 1,707,401			\$ 1,585,457		
Net interest income		\$ 59,237			\$ 51,845			\$ 47,826	
Net interest spread <sup>(2)</sup>			3.13%			2.91%			2.90%
Net interest margin <sup>(3)</sup>			3.42%			3.14%			3.11%
Net interest margin FTE <sup>(4)</sup>			3.44%			3.20%			3.21%
Cost of deposits			0.45%			0.40%			0.42%
Cost of funds			0.45%			0.40%			0.43%

(1) Includes average outstanding balances of loans held for sale of \$2.9 million, \$3.3 million and \$4.7 million for the years ended December 31, 2018, 2017 and 2016, respectively.

(2) Net interest spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

(3) Net interest margin is net interest income divided by average interest-earning assets.

(4) In order to present pretax resulting yield on tax-exempt investments comparable to those on taxable investments, a fully tax-equivalent "FTE" adjustment (a non-GAAP measure) has been computed.



## 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 Years Ended December 31, 2018 vs. 2017			For the Years Ended December 31, 2017 vs. 2016		
	Increase (Decrease) Due to Change in		Total Increase (Decrease)	Increase (Decrease) Due to Change in		Total Increase (Decrease)
	Volume	Rate		Volume	Rate	
(Dollars in thousands)						
<b>Interest income:</b>						
Loans	\$ 5,391	\$ 2,748	\$ 8,139	\$ 3,765	\$ (370)	\$ 3,395
Securities - taxable	(324)	596	272	1,351	63	1,414
Securities - nontaxable	(314)	(70)	(384)	(646)	(258)	(904)
Interest-bearing balances due from banks	(118)	566	448	(107)	346	239
Nonmarketable equity securities	—	4	4	—	3	3
Investment in trusts	—	2	2	—	2	2
Total interest income	\$ 4,635	\$ 3,846	\$ 8,481	\$ 4,363	\$ (214)	\$ 4,149
<b>Interest expense:</b>						
Interest-bearing transaction deposits	\$ 171	\$ 645	\$ 816	\$ 143	\$ 145	\$ 288
Time deposits	(256)	440	184	(270)	56	(214)
Total interest-bearing deposits	(85)	1,085	1,000	(127)	201	74
Junior subordinated debentures	—	106	106	—	58	58
Other borrowings	(18)	1	(17)	(13)	11	(2)
Total interest expense	\$ (103)	\$ 1,192	\$ 1,089	\$ (140)	\$ 270	\$ 130
Increase (decrease) in net interest income	\$ 4,738	\$ 2,654	\$ 7,392	\$ 4,503	\$ (484)	\$ 4,019

## 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. As of December 31, 2018, the allowance for loan losses totaled \$12.5 million, or 0.94% of loans held for investment compared to \$10.9 million as of December 31, 2017, or 0.87% of loans held for investment. The provision expense for the year ended December 31, 2018 was \$2.0 million, an increase of \$435,000 from \$1.6 million for the year ended December 31, 2017. In 2017, the provision expense decreased \$103,000 from \$1.7 million for the year ended December 31, 2016.

## Noninterest Income

Our primary sources of recurring noninterest income are service charges on deposit accounts, debit card fees, fees related to the sale of mortgage loans, brokerage income from investment advisory services, and other loan and deposit fees. For the year ended December 31, 2018, noninterest income totaled \$14.5 million, an increase of \$1.8 million compared to \$12.7 million for the year ended December 31, 2017. For the year ended December 31, 2017, noninterest income decreased \$188,000 from \$12.9 million for the year ended December 31, 2016. The decrease in 2017 was primarily attributable to a lower level of nonrecurring gains from sales of securities, as well as lower mortgage income. We experienced lower mortgage income in 2017 due to a higher interest rate environment and a decline in refinancing activity. In 2018 and 2017, noninterest income in our three main categories (service charges on deposit accounts, debit card income, and other loan and deposit income) increased due to higher account and transaction volumes and activity. The table below presents, for the periods indicated, the major categories of noninterest income:

	For the Years Ended December 31,		Increase (Decrease) 2018 v. 2017		For the Years Ended December 31,		Increase (Decrease) 2017 v. 2016	
	2018	2017			2017	2016		
(Dollars in thousands)								
Noninterest income:								
Service charges on deposit accounts	\$ 4,582	\$ 4,263	\$ 319	7.5%	\$ 4,263	\$ 3,994	\$ 269	6.7%
Debit card income, net	2,986	2,390	596	24.9%	2,390	2,281	109	4.8%
Mortgage loan income	2,107	1,966	141	7.2%	1,966	2,422	(456)	(18.8%)
Brokerage income	1,944	1,577	367	23.3%	1,577	1,562	15	1.0%
Loan and deposit income	1,359	1,121	238	21.2%	1,121	967	154	15.9%
Bank-owned life insurance	732	571	161	28.2%	571	611	(40)	(6.5%)
Gain on sale of investments	32	494	(462)	(93.5%)	494	1,035	(541)	(52.3%)
Other	789	332	457	137.7%	332	30	302	1,006.7%
Total noninterest income	<u>\$ 14,531</u>	<u>\$ 12,714</u>	<u>\$ 1,817</u>	14.3%	<u>\$ 12,714</u>	<u>\$ 12,902</u>	<u>\$ (188)</u>	(1.5%)

*Service Charges on Deposit Accounts.* We earn fees from our customers for deposit-related services. Service charges on deposit accounts were \$4.6 million for the year ended December 31, 2018, an increase of \$319,000 from the year ended December 31, 2017. Service charges also increased \$269,000 in 2017 compared to 2016. These increases were mainly due to new deposit accounts being opened throughout our banking center network each year.

*Debit Card Income, Net.* We earn interchange income related to our customers' debit card usage which is offset by the costs of managing our debit card portfolio and processing debit card transactions. This income is driven by both the number of debit cards outstanding and the number of debit card transactions. In 2018, we adopted *Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers*, which required a change in the reporting of debit card expense, whereby debit card expense was reclassified from operating expense to debit card income in noninterest income. This change has been reflected in debit card income, net for 2018, 2017, and 2016.

Debit card income was \$3.0 million for the year ended December 31, 2018, as compared to \$2.4 million for the year ended December 31, 2017. For 2018, debit card income increased by \$596,000 due to the issuance of additional cards, higher transaction volumes, a full year of revenue from our 2017 debit card branding agreement, and lower card issuance expense in connection with the completion of a mass debit card reissuance project.

For the year ended December 31, 2017, debit card income was \$2.4 million compared to \$2.3 million for the year ended December 31, 2016. The \$109,000 increase in 2017 debit card income was the result of new deposit accounts opening resulting in new card issuance, higher transaction volume, improved interchange pricing with our card processor, and revenue from a new 2017 debit card branding agreement. These benefits were partially offset by a full year of expense relating to the mass reissuance of chip enabled debit cards which began in 2016.

**Mortgage Loan Income.** We originate residential mortgage loans that are sold on the secondary market, generally on a servicing-released basis. For the year ended December 31, 2018, we closed \$99.7 million of mortgage loans and generated \$2.1 million of revenue on the sale of these loans. For the year ended December 31, 2017, we closed \$96.7 million of mortgage loans and generated \$2.0 million of revenue on sale. The 7.2% increase in mortgage loan income was due to a larger number and higher dollar volume of mortgage loans closed in 2018 as compared to 2017. Mortgage loan income decreased 18.8% in 2017 as compared to 2016. The 2017 decrease in mortgage loan income was primarily attributable to a decrease in transaction volume due to rising rates and an overall downturn in the mortgage industry.

**Brokerage Income.** We offer a full range of investment products and services through Red River Bank's investment group. Brokerage income comes from the fees generated from the sale and management of investment products, services, and assets under management. For the year ended December 31, 2018, the investment group had \$1.9 million of brokerage income, which was 23.3% higher than brokerage income for the year ended December 31, 2017. Assets under management increased 16.6% to \$492.6 million at December 31, 2018 from \$422.6 million at December 31, 2017 due to the addition of new brokerage clients as well as additional funds invested by existing clients. We generated \$1.6 million of brokerage income for both the years ended December 31, 2017 and 2016. Assets under management increased by \$81.2 million, or 23.8%, to \$422.6 million at December 31, 2017 as compared to \$341.4 million at December 31, 2016. In 2017, assets under management increased, yet brokerage income remained consistent due to our transition to a more advisory, fee-based business structure from a transactional, commission-based model. The fee-based structure is lower yielding up front, but is expected to result in more consistent, predictable earnings going forward.

### Operating Expense

Generally, operating expense is composed of all employee expenses and costs associated with operating our facilities, obtaining and retaining customer relationships, and providing services. Operating expense also includes occupancy expenses, property and equipment depreciation, professional and regulatory fees, data processing expenses, and business development expenses.

For the year ended December 31, 2018, operating expense totaled \$43.4 million, an increase of \$2.9 million, or 7.3%, compared to \$40.5 million for the year ended December 31, 2017. For the year ended December 31, 2017, operating expense increased by \$2.1 million, or 5.5%, compared to \$38.4 million for the year ended December 31, 2016. The following table presents, for the periods indicated, the major categories of operating expense:

	For the Years Ended December 31,		Increase (Decrease) 2018 v. 2017		For the Years Ended December 31,		Increase (Decrease) 2017 v. 2016	
	2018	2017			2017	2016		
	(Dollars in thousands)							
Personnel expenses	\$ 26,094	\$ 23,742	\$ 2,352	9.9%	\$ 23,742	\$ 22,751	\$ 991	4.4%
Nonstaff expenses:								
Occupancy and equipment expenses	4,500	4,241	259	6.1%	4,241	4,086	155	3.8%
Technology expenses	2,070	1,904	166	8.7%	1,904	1,661	243	14.6%
Business development expenses	1,889	1,936	(47)	(2.4%)	1,936	1,880	56	3.0%
Data processing expense	1,386	1,542	(156)	(10.1%)	1,542	1,453	89	6.1%
Other taxes	1,327	1,328	(1)	(0.1%)	1,328	1,137	191	16.8%
Loan and deposit expenses	852	1,060	(208)	(19.6%)	1,060	737	323	43.8%
Legal and professional expenses	1,422	1,081	341	31.5%	1,081	973	108	11.1%
Other	3,882	3,639	243	6.7%	3,639	3,683	(44)	(1.2%)
Total operating expense	<u>\$ 43,422</u>	<u>\$ 40,473</u>	<u>\$ 2,949</u>	7.3%	<u>\$ 40,473</u>	<u>\$ 38,361</u>	<u>\$ 2,112</u>	5.5%

**Personnel Expenses.** Personnel salaries and benefits are the largest component of operating expense and include payroll expense, incentive compensation, benefit plans, health insurance, and payroll taxes.

Personnel expenses were \$26.1 million for the year ended December 31, 2018, an increase of \$2.4 million compared to \$23.7 million for the year 2017. As of December 31, 2018 and 2017, we had 320 and 305 full-time equivalent employees, respectively, an increase of 15 full-time equivalent employees in 2018. The 2018 personnel expense increase was due primarily to the increase in full-time equivalent employees and their related benefit and payroll tax expenses.

Personnel expenses were \$23.7 million for the year ended December 31, 2017, an increase of \$991,000 compared to \$22.8 million for the year 2016. As of December 31, 2017 and 2016, we had 305 and 295 full-time equivalent employees, respectively. The 2017 personnel expense increase was due primarily to staffing needed to open a new banking center in our Northwest Louisiana market and an LPO in our Southwest Louisiana market, as well as increased benefit plan expenses and payroll taxes, partially offset by lower insurance benefit expense.

*Occupancy and Equipment Expenses.* Occupancy and equipment expenses were \$4.5 million and \$4.2 million for the years ended December 31, 2018 and 2017, respectively. The largest component of occupancy expense was fixed asset depreciation, which totaled \$1.5 million for the year ended December 31, 2018. The increase of \$259,000 in occupancy and equipment expenses for 2018 compared to 2017 was due to incurring a full year of expenses related to the 2017 purchase and opening of a new banking center in the Northwest Louisiana market and new expenses in the Southwest Louisiana market related to the opening of a new banking center and the closing of the LPO, both in 2018.

Occupancy and equipment expenses were \$4.2 million and \$4.1 million for the years ended December 31, 2017 and 2016, respectively. Depreciation expense totaled \$1.4 million for the years ended December 31, 2017 and 2016. The increase of \$155,000 in occupancy and equipment expenses for 2017 compared to 2016 was due to opening our new banking center in the Northwest Louisiana market, incurring a full year of expenses related to a new banking center opened in our Southeast Louisiana market in 2016, and a decrease in rental income as a result of the sale of a property located in our Southeast Louisiana market.

*Technology Expenses.* Technology expenses were \$2.1 million, \$1.9 million and \$1.7 million for the years ended December 31, 2018, 2017, and 2016, respectively. The \$166,000 increase in 2018 was a result of the banking center network expansion, cybersecurity and information technology infrastructure enhancements, and other new hardware and software systems. The \$243,000 increase in 2017 was due to investments in market expansion, loan origination and analysis platforms, cybersecurity services, and technology infrastructure.

*Business Development Expenses.* Business development expenses include advertising, marketing, and community reinvestment expenses. Business development expenses have been consistent at \$1.9 million for each of the years ended December 31, 2018, 2017, and 2016.

*Data Processing Expense.* Red River Bank uses a data processing center for bank operations and data processing functions, which is owned by numerous banks. Data processing expenses are related to processing and maintaining banking products and core banking systems associated with loan and deposit relationships. Data processing expense decreased by \$156,000 for the year ended December 31, 2018 to \$1.4 million from \$1.5 million for the year ended December 31, 2017. The 2018 decrease was mainly due to a one-time, nonrecurring \$320,000 refund received from our data processing center as a result of their efficient management of data processing costs, which was partially offset by increasing account volumes. Data processing expense was \$1.5 million for each of the years ended December 31, 2017 and 2016.

*Other Taxes.* The largest component of other taxes is the State of Louisiana bank stock tax. The State of Louisiana does not assess income tax on banks located in Louisiana; rather, Louisiana banks pay a tax to their local cities and parishes based on their deposit and equity balances and the prior year's net income. Other taxes were \$1.3 million, \$1.3 million, and \$1.1 million for the years ended December 31, 2018, 2017, and 2016, respectively. Bank stock tax expense was consistent between 2018 and 2017 since the additional stock tax expense related to higher deposit account balances was offset by lower stock tax expense due to lower net income between the applicable tax years. Comparing 2017 to 2016, bank stock tax expense increased 16.8% due to having both higher deposit account balances and higher net income between the applicable tax years.

## ***Income Tax Expense***

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

Our 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 year ended December 31, 2018, we had \$5.3 million of income tax expense, which was \$3.2 million, or 38.0%, lower than \$8.5 million for the year ended December 31, 2017. The Company's 2018 effective income tax rate was 18.7% compared to 38.0% for the year ended December 31, 2017. The decrease in the 2018 income tax expense and the effective tax rate was a result of 2017 including a \$2.2 million additional, one-time, income tax expense for the revaluation of our deferred tax assets and liabilities due to the enactment of the Tax Reform Act, combined with the reduction of the U.S. corporate income tax rate to 21.0% for the year ended December 31, 2018 from 35.0% for the year ended December 31, 2017.

For the year ended December 31, 2017, we recognized income tax expense of \$8.5 million compared to \$5.6 million for the year ended December 31, 2016. Our effective tax rate for the year ended December 31, 2017 was 38.0% compared to 27.1% for the year ended December 31, 2016. The increase in income tax expense and the effective tax rate for the year ended December 31, 2017 was primarily due to an additional \$2.2 million income tax expense in 2017 resulting from the Tax Reform Act. The revaluation of our deferred tax assets and liabilities resulted in an additional income tax expense of \$2.2 million in 2017. Without the impact of the Tax Reform Act, income tax expense for the year ended December 31, 2017 would have been \$6.3 million, an increase of 12.6% over the year ended December 31, 2016.

## **Financial Condition**

### ***General***

As of December 31, 2018, total assets were \$1.86 billion which was \$136.3 million, or 7.9%, higher than total assets of \$1.72 billion as of December 31, 2017. Within total assets, interest-bearing deposits in other banks increased by \$88.0 million, loans held for investment increased by \$80.8 million, and total investment securities decreased by \$42.6 million in 2018. The balance sheet growth was funded by a \$119.6 million increase in deposits in 2018.

Total assets increased by \$79.4 million, or 4.8%, to \$1.72 billion as of December 31, 2017, from \$1.64 billion as of December 31, 2016. The increase in assets was primarily attributable to growth in total loans held for investment of \$101.0 million, partially offset by a \$60.8 million decrease in short-term liquid assets in 2017. The balance sheet growth was funded, in part, by a \$53.1 million increase in deposits and an increase in equity in 2017.

### ***Securities***

Our securities portfolio is the second largest component of earning assets and provides a significant source of revenue. As of December 31, 2018, our securities portfolio was 16.8% 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. Securities are classified as either available-for-sale or held-to-maturity within the portfolio. We invest in various types of liquid assets that are permissible under governing regulations, 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. We do not purchase noninvestment grade bonds or stripped mortgage-backed securities for the portfolio.

Total securities were \$311.7 million as of December 31, 2018, a decrease of \$42.6 million, or 12.0%, from \$354.3 million as of December 31, 2017. Tax-exempt municipal securities represented 17.8% of our securities portfolio as of December 31, 2018. Investment activity during 2018 included \$20.7 million of securities purchased during the year, offset by \$5.3 million in sales and \$53.9 million in maturities, prepayments, and calls. In addition, the portfolio experienced expected amortization of investment premiums and accretion of discounts during the year. The resulting net decrease in investments after this activity was primarily due to reinvesting the cash flows from the securities portfolio into the loan portfolio, as strong loan demand continued in 2018.

As of December 31, 2018, we held \$307.9 million of available-for-sale securities, \$0.0 held-to-maturity securities, and \$3.8 million in equity securities. The December 31, 2017 held-to-maturity securities were reclassified to available-for-sale in the fourth quarter of 2018, thus allowing these securities to be available for liquidity purposes, if needed. At the time of the reclassification, the amortized cost of these securities was \$7.7 million.

The \$3.8 million in equity securities as of December 31, 2018 is an investment in the CRA Qualified Investment Fund which is managed by Community Capital Management, Inc. We invested in the CRA Qualified Investment Fund as part of our strategy to meet our obligations set forth by the Community Reinvestment Act, which encourages financial institutions to help meet the credit needs of their entire market area, including low and moderate income neighborhoods, consistent with safe and sound banking principles. Through this fund, mortgage-backed securities are purchased according to our allocations, with their underlying collateral located in our market areas, which strengthens our efforts in meeting our CRA obligations.

The securities portfolio yield was 2.07% for the year ended December 31, 2018 compared to 1.92% for the year ended December 31, 2017. The increase in yield for 2018, compared to 2017, was primarily due to the purchase of \$20.7 million of securities at significantly higher yields than the existing portfolio yield at the time of the purchases. Another contributing factor to the increase in yield was the slowing of prepayment speeds of our amortizing securities that were owned at a premium. This had the effect of extending the average lives of these amortizing securities, lowering the amortization expense monthly, and thus increasing their yield. Additionally, we received prepayment penalties in the amount of \$27,000, related to specific mortgage-backed securities, and this improved yield as well.

The contractual maturity of mortgage-backed securities and collateralized mortgage obligations is not a reliable indicator of their expected lives because borrowers have the right to prepay their obligations at any time. Mortgage-backed securities and collateralized mortgage obligations are typically issued with stated principal amounts and are backed by pools of mortgage loans and other loans with varying maturities. The term of the underlying mortgages and loans may vary significantly due to the ability of a borrower to prepay. Monthly pay downs on mortgage-backed securities may cause the average lives of the securities to be much different than the stated contractual maturity. During a period of rising interest rates, fixed rate mortgage-backed securities are not likely to experience heavy prepayments of principal, and, consequently, the average lives of these securities are typically lengthened. If interest rates begin to fall, prepayments may increase, thereby shortening the estimated average lives of these securities. As of December 31, 2018, the average life of our securities portfolio was 4.1 years with an estimated effective duration of 3.2 years.

The carrying values of our securities classified as available-for-sale are adjusted for unrealized gain or loss, and any unrealized gain or loss is reported on an after-tax basis as a component of other comprehensive income in stockholders' equity, while securities classified as held-to-maturity are carried at amortized cost. Equity securities, which includes a mutual fund, are carried at fair value on the balance sheet with periodic changes in value recorded through the income statement. As of December 31, 2018, the net unrealized loss of the available-for-sale securities portfolio was \$9.5 million, or 3.0% of the total carrying value of the portfolio, as compared to a net unrealized loss of \$6.8 million, or 1.9% of the total carrying value of the portfolio, as of December 31, 2017.

The fair value of our equity securities was \$3.8 million with recognized losses of \$85,000 for the year ended December 31, 2018. Prior to the 2018 adoption of *ASU No. 2016-01, Financial Instruments—Overall (Subtopic 825-10)*, mutual fund securities were included in available-for-sale securities.

The following tables summarize the amortized cost and estimated fair value of our securities by type as of the dates indicated. As of December 31, 2018, 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.

<b>December 31, 2018</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
(Dollars in thousands)				
<b>Available-for-sale:</b>				
Mortgage-backed securities	\$ 221,799	\$ 11	\$ (7,122)	\$ 214,688
U.S. agency securities	23,170	6	(261)	22,915
U.S. treasury securities	1,994	5	—	1,999
Municipal bonds	70,416	94	(2,235)	68,275
Total	<u>\$ 317,379</u>	<u>\$ 116</u>	<u>\$ (9,618)</u>	<u>\$ 307,877</u>
<b>Held-to-maturity:</b>				
Municipal bonds	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>December 31, 2017</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
(Dollars in thousands)				
<b>Available-for-sale:</b>				
Mortgage-backed securities	\$ 240,374	\$ 21	\$ (4,492)	\$ 235,903
U.S. agency securities	40,213	13	(713)	39,513
Municipal bonds	67,573	107	(1,658)	66,022
Mutual fund securities	4,000	—	(94)	3,906
Total	<u>\$ 352,160</u>	<u>\$ 141</u>	<u>\$ (6,957)</u>	<u>\$ 345,344</u>
<b>Held-to-maturity:</b>				
Municipal bonds	<u>\$ 8,991</u>	<u>\$ 232</u>	<u>\$ —</u>	<u>\$ 9,223</u>
<b>December 31, 2016</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
(Dollars in thousands)				
<b>Available-for-sale:</b>				
Mortgage-backed securities	\$ 170,088	\$ 407	\$ (3,820)	\$ 166,675
U.S. agency securities	31,642	1	(632)	31,011
Municipal bonds	105,875	803	(3,504)	103,174
Mutual fund securities	4,000	—	(94)	3,906
Total	<u>\$ 311,605</u>	<u>\$ 1,211</u>	<u>\$ (8,050)</u>	<u>\$ 304,766</u>
<b>Held-to-maturity:</b>				
Municipal bonds	<u>\$ 10,193</u>	<u>\$ 458</u>	<u>\$ —</u>	<u>\$ 10,651</u>

The following table shows the fair value of available-for-sale securities 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. The yields shown in the table indicate tax-equivalent projected book yields as of December 31, 2018.

	Amounts as of December 31, 2018 which mature									
	Within One Year		After One Year but Within Five Years		After Five Years but Within Ten Years		After Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
(Dollars in thousands)										
Available-for-sale:										
Mortgage-backed securities	\$ 9	2.70%	\$ 29,591	1.73%	\$ 45,409	1.98%	\$ 139,679	2.23%	\$ 214,688	2.11%
U.S. agency securities	6,934	1.44%	9,348	2.67%	4,670	2.53%	1,963	2.81%	22,915	2.28%
U.S. treasury securities	—	0.00%	1,999	2.84%	—	0.00%	—	0.00%	1,999	2.84%
Municipal bonds	5,647	2.35%	10,084	2.26%	35,727	2.60%	16,817	3.51%	68,275	2.76%
Total securities available-for-sale	<u>\$ 12,590</u>	1.85%	<u>\$ 51,022</u>	2.05%	<u>\$ 85,806</u>	2.27%	<u>\$ 158,459</u>	2.37%	<u>\$ 307,877</u>	2.27%

### 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 December 31, 2018, total loans held for investment totaled \$1.33 billion, an increase of \$80.8 million, or 6.5%, compared to \$1.25 billion at December 31, 2017. The increase was primarily due to growth in commercial and residential real estate loans in our Southeast, Southwest, and Northwest Louisiana markets. As of December 31, 2017, total loans held for investment increased \$101.0 million, or 8.8%, compared to \$1.15 billion as of December 31, 2016. The increase in 2017 was primarily due to organic growth in each of the major components of our loan portfolio resulting from increased marketing efforts, the addition of experienced lending officers, and entry into the Southwest Louisiana market. We do not expect any significant changes over the near term in the composition of our held for investment loan portfolio or in our emphasis on commercial real estate, one-to-four family residential, or commercial and industrial lending.

Total loans held for investment by category are summarized below as of the dates indicated:

	As of December 31,									
	2018		2017		2016		2015		2014	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
(Dollars in thousands)										
Real estate:										
Commercial real estate	\$ 454,689	34.2%	\$ 412,355	33.0%	\$ 393,351	34.3%	\$ 379,841	36.8%	\$ 354,329	37.6%
One-to-four family residential	406,963	30.7%	375,536	30.1%	337,926	29.5%	298,234	28.9%	264,393	28.0%
Construction and development	102,868	7.7%	84,812	6.8%	77,155	6.7%	68,789	6.7%	53,569	5.7%
Commercial and industrial	275,881	20.8%	284,035	22.8%	248,448	21.7%	206,868	20.0%	205,220	21.7%
Tax-exempt	60,104	4.5%	62,776	5.0%	61,819	5.4%	51,816	5.0%	39,359	4.2%
Consumer	27,933	2.1%	28,152	2.3%	27,976	2.4%	27,049	2.6%	26,660	2.8%
Total loans held for investment	<u>\$ 1,328,438</u>	<u>100.0%</u>	<u>\$ 1,247,666</u>	<u>100.0%</u>	<u>\$ 1,146,675</u>	<u>100.0%</u>	<u>\$ 1,032,597</u>	<u>100.0%</u>	<u>\$ 943,530</u>	<u>100.0%</u>
Total loans held for sale	<u>\$ 2,904</u>		<u>\$ 1,867</u>		<u>\$ 3,146</u>		<u>\$ 3,604</u>		<u>\$ 8,007</u>	

**Commercial Real Estate Loans.** Commercial real estate loans are primarily made for commercial property that is owner occupied as well as commercial property owned by real estate investors. Real estate securing commercial real estate loans includes many property types, such as retail centers, nursing homes, offices and office buildings, medical facilities, warehouses, churches and related facilities, production facilities, and multifamily properties. Commercial real estate loans increased \$42.3 million, or 10.3%, to \$454.7 million as of December 31, 2018 from \$412.4 million as of December 31, 2017. In 2017, commercial real estate loans increased \$19.0 million, or 4.8%, from \$393.4 million as of December 31, 2016.



Non-owner occupied commercial real estate loans were \$184.6 million, or 13.9% of total loans, and represented 87.4% of the Bank's total risk-based capital as of December 31, 2018. The owner occupied and non-owner occupied components of the commercial real estate portfolio are summarized below.

As of December 31,	Commercial Real Estate					
	Owner Occupied		Non-Owner Occupied		Total	
	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Total Loans
	(Dollars in thousands)					
2018	\$ 270,083	20.3%	\$ 184,606	13.9%	\$ 454,689	34.2%
2017	\$ 241,153	19.3%	\$ 171,202	13.7%	\$ 412,355	33.0%
2016	\$ 223,280	19.5%	\$ 170,071	14.8%	\$ 393,351	34.3%
2015	\$ 218,688	21.2%	\$ 161,153	15.6%	\$ 379,841	36.8%
2014	\$ 219,598	23.3%	\$ 134,731	14.3%	\$ 354,329	37.6%

*One-to-Four Family Residential Loans.* One-to-four family residential loans are predominantly first lien mortgage loans secured by owner occupied one-to-four family residential properties. One-to-four family residential loans increased \$31.4 million, or 8.4%, to \$407.0 million as of December 31, 2018 compared to \$375.5 million as of December 31, 2017. In 2017, one-to-four family residential loans increased \$37.6 million, or 11.1%, compared to \$337.9 million as of December 31, 2016.

*Construction and Development Loans.* The construction and development portfolio includes loans to small and medium-sized businesses to construct owner occupied facilities, loans to developers of commercial real estate investment properties and residential developments, and, to a lesser extent, loans to individual clients for construction of single family homes. Construction and development loans increased \$18.1 million, or 21.3%, to \$102.9 million as of December 31, 2018 compared to \$84.8 million as of December 31, 2017. In 2017, construction and development loans increased \$7.6 million, or 9.9%, compared to \$77.2 million as of December 31, 2016.

*Commercial and Industrial Loans.* Commercial and industrial loans are made for a variety of business purposes, including, but not limited to, inventory, equipment, capital expansion, and working capital enhancement. Collateral typically includes a lien on general business assets including, among other things, accounts receivable, inventory, equipment, and available real estate. A personal guaranty is generally obtained from the borrower or principal. Commercial and industrial loans decreased \$8.2 million, or 2.9%, to \$275.9 million as of December 31, 2018, from \$284.0 million as of December 31, 2017. The decrease was related to the successful sale of a borrower's company in our Central Louisiana market, which resulted in an early payoff of the related loan. In 2017, commercial and industrial loans increased \$35.6 million, or 14.3% from \$248.4 million as of December 31, 2016.

*Tax-Exempt Loans.* Tax-exempt loans are made to political subdivisions of the State of Louisiana including parishes, municipalities, utility districts, school districts, and development authorities. These loans are typically secured by and paid for by ad valorem taxes. Tax-exempt loans decreased \$2.7 million, or 4.3%, to \$60.1 million as of December 31, 2018 compared to \$62.8 million as of December 31, 2017. In 2017, tax-exempt loans increased \$957,000, or 1.6%, compared to \$61.8 million as of December 31, 2016.

*Consumer Loans.* Consumer loans are made to individuals for personal, family, and household purposes and include secured and unsecured installment and term loans. Consumer loans are offered as an accommodation to existing customers and not marketed to persons without a pre-existing relationship with us. Accordingly, this category of loans continues to comprise an insignificant portion of the total portfolio with limited growth.

*Industry Concentrations.* As of December 31, 2018, there were no concentrations of loans within any single industry in excess of 10.0% of total loans held for investment as segregated by the North American Industry Classification System (“NAICS”). NAICS is an industry classification system used to categorize loans by the borrower’s type of business. Industry concentrations stated as a percentage of total loans held for investment as of December 31, 2018 are presented below:

	<u>2018</u>
Healthcare	9.1%
Construction	5.4%
Retail trade	4.4%
Investor one-to-four family and multifamily	4.3%
Religious and other nonprofit	3.1%
Energy	2.9%
Public administration	2.7%
Finance and insurance	2.2%
Accommodation and food services	2.2%
Manufacturing	1.6%
All other	62.1%
Total loans held for investment	<u>100.0%</u>

### **Loan Portfolio Maturity Analysis**

The maturity distribution for loans held for investment and the amount of such loans with fixed and floating interest rates are summarized below:

	<u>As of December 31, 2018</u>			
	<u>One Year or Less</u>	<u>One Through Five Years</u>	<u>After Five Years</u>	<u>Total</u>
	(Dollars in thousands)			
Real estate:				
Commercial real estate	\$ 76,003	\$ 259,592	\$ 119,094	\$ 454,689
One-to-four family residential	37,041	97,006	272,916	406,963
Construction and development	55,148	40,504	7,216	102,868
Commercial and industrial	124,494	141,125	10,262	275,881
Tax-exempt	27	10,039	50,038	60,104
Consumer	7,534	19,225	1,174	27,933
Total loans held for investment	<u>\$ 300,247</u>	<u>\$ 567,491</u>	<u>\$ 460,700</u>	<u>\$ 1,328,438</u>
Fixed rate amount	\$ 163,233	\$ 494,385	\$ 459,835	\$ 1,117,453
Fixed rate percent	12.29%	37.22%	34.61%	84.12%
Variable rate amount	\$ 137,014	\$ 73,106	\$ 865	\$ 210,985
Variable rate percent	10.31%	5.50%	0.07%	15.88%

### **Nonperforming Assets**

Nonperforming assets 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.

Loans are placed on nonaccrual status when management determines that a borrower may be unable to meet future contractual payments as they become due. When a loan is placed on nonaccrual status, uncollected accrued interest is reversed, reducing interest income, and future income accrual is discontinued. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Asset quality is managed through disciplined underwriting policies, continual monitoring of loan performance, and focused management of nonperforming assets. 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.

Asset quality trends were positive in 2018. Our nonperforming assets to total assets ratio was 0.38% as of December 31, 2018 compared to 0.60% as of December 31, 2017. Total nonperforming assets decreased \$3.3 million, or 31.4%, to \$7.1 million as of December 31, 2018 from \$10.4 million as of December 31, 2017. This decrease was mainly due to the receipt of \$2.7 million in payments on nonperforming loans. Additionally, proceeds totaling \$1.2 million were received from the sale of foreclosed assets acquired during the year, which was partially offset by an increase of \$623,000 in foreclosed assets remaining in inventory. In 2017, total nonperforming assets increased \$4.4 million, or 74.4% to \$10.4 million from \$6.0 million as of December 31, 2016.

Nonperforming loans and asset information is summarized below:

	As of December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands)				
<b>Nonperforming loans:</b>					
Nonaccrual loans	\$ 5,560	\$ 9,444	\$ 5,608	\$ 5,550	\$ 5,170
Accruing loans 90 or more days past due	939	942	14	304	16
<b>Total nonperforming loans</b>	<b>6,499</b>	<b>10,386</b>	<b>5,622</b>	<b>5,854</b>	<b>5,186</b>
<b>Foreclosed assets:</b>					
Real estate	646	23	346	455	431
Other	—	—	—	—	—
<b>Total foreclosed assets</b>	<b>646</b>	<b>23</b>	<b>346</b>	<b>455</b>	<b>431</b>
<b>Total nonperforming assets</b>	<b>\$ 7,145</b>	<b>\$ 10,409</b>	<b>\$ 5,968</b>	<b>\$ 6,309</b>	<b>\$ 5,617</b>
<b>Troubled debt restructurings:(1)</b>					
Nonaccrual loans	\$ 3,540	\$ 4,497	\$ 1,124	\$ 1,580	\$ 1,779
Accruing loans 90 or more days past due	—	\$ 792	—	—	—
Performing loans	1,572	2,002	3,932	2,036	2,328
<b>Total troubled debt restructurings</b>	<b>\$ 5,112</b>	<b>\$ 7,291</b>	<b>\$ 5,056</b>	<b>\$ 3,616</b>	<b>\$ 4,107</b>
Ratio of nonperforming loans to total loans held for investment(1)	0.49%	0.83%	0.49%	0.57%	0.55%
Ratio of nonperforming assets to total assets	0.38%	0.60%	0.36%	0.42%	0.40%

(1) Troubled debt restructurings – nonaccrual and accruing loans 90 or more days past due are included in the respective components of nonperforming loans.

Nonaccrual loans decreased \$3.9 million, or 41.1%, to \$5.6 million as of December 31, 2018 compared to \$9.4 million as of December 31, 2017. This decrease was due to the receipt of \$2.7 million in payments and \$1.2 million of collateral liquidations. The payments received were primarily attributable to a \$1.3 million pay down of an energy commercial and industrial loan and a \$1.1 million payoff of a commercial lot loan that was moved to nonaccrual status in 2017. Collateral liquidations included \$900,000 related to a one-to-four family residential loan that was moved to nonaccrual status in 2017. Nonaccrual loans increased \$3.8 million, or 68.4%, to \$9.4 million as of December 31, 2017, compared to \$5.6 million as of December 31, 2016. The increase in 2017 was attributable to the changes in status of a \$2.4 million energy loan, a \$1.1 million commercial lot loan, and a \$900,000 one-to-four family residential loan.

Nonaccrual loans are summarized below by category:

	<b>As of December 31,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	(Dollars in thousands)				
<b>Nonaccrual loans by category:</b>					
<b>Real estate:</b>					
Commercial real estate	\$ 1,362	\$ 1,171	\$ 920	\$ 3,697	\$ 4,156
One-to-four family residential	424	1,821	752	1,191	265
Construction and development	55	1,143	204	583	684
Commercial and industrial	3,675	5,288	3,698	79	65
Tax-exempt	—	—	—	—	—
Consumer	44	21	34	—	—
<b>Total nonaccrual loans</b>	<b>\$ 5,560</b>	<b>\$ 9,444</b>	<b>\$ 5,608</b>	<b>\$ 5,550</b>	<b>\$ 5,170</b>

### **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 loans with very low to acceptable risk levels based on the borrower's financial condition, financial trends, management strength, and collateral quality. 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 pose sufficient risk to 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 December 31, 2018, loans classified as pass were 96.7% of total loans and loans classified as special mention and substandard were 1.7% and 1.6%, respectively, of total loans. There were no loans as of December 31, 2018 classified as doubtful or loss. As of December 31, 2017, loans classified as pass were 96.3% of total loans and loans classified as special mention and substandard were 1.6% and 2.1%, respectively, of total loans. There were no loans as of December 31, 2017 classified as doubtful or loss.

Total loans held for investment are summarized below by risk category:

	<b>As of December 31, 2018</b>					<b>Total</b>
	<b>Pass</b>	<b>Special Mention</b>	<b>Substandard</b>	<b>Doubtful</b>	<b>Loss</b>	
	(Dollars in thousands)					
<b>Real estate:</b>						
Commercial real estate	\$ 439,580	\$ 11,883	\$ 3,226	\$ —	\$ —	\$ 454,689
One-to-four family residential	402,864	1,992	2,107	—	—	406,963
Construction and development	101,754	375	739	—	—	102,868
Commercial and industrial	251,987	8,311	15,583	—	—	275,881
Tax-exempt	60,104	—	—	—	—	60,104
Consumer	27,729	44	160	—	—	27,933
<b>Total loans held for investment</b>	<b>\$ 1,284,018</b>	<b>\$ 22,605</b>	<b>\$ 21,815</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,328,438</b>

As of December 31, 2017

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
(Dollars in thousands)						
<b>Real estate:</b>						
Commercial real estate	\$ 401,341	\$ 4,534	\$ 6,480	\$ —	\$ —	\$ 412,355
One-to-four family residential	371,225	1,269	3,042	—	—	375,536
Construction and development	83,323	210	1,279	—	—	84,812
Commercial and industrial	254,346	13,651	16,038	—	—	284,035
Tax-exempt	62,776	—	—	—	—	62,776
Consumer	27,970	39	143	—	—	28,152
Total loans held for investment	<u>\$ 1,200,981</u>	<u>\$ 19,703</u>	<u>\$ 26,982</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,247,666</u>

#### **Allowance for Loan Losses**

The allowance for loan losses represents management's best assessment of potential loan losses and risks inherent in the loan portfolio. It is maintained at a level estimated to be adequate to absorb these potential losses through periodic charges to the provision for loan losses. The amount of the allowance for loan losses should not be interpreted as an indication that charge-offs in future periods will necessarily occur in those amounts, or at all.

The allowance for loan losses is established in accordance with GAAP and consists of specific and general reserves. Specific reserves relate to loans classified as impaired. Loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due in accordance with the contractual terms of the loan. Impaired loans include troubled debt restructurings and performing and nonperforming loans. Impaired loans are reviewed individually, and a specific allowance is allocated, if necessary, based on evaluation of either the fair value of the collateral underlying the loan or the present value of future cash flows calculated using the loan's existing interest rate. General reserves relate to the remainder of the loan portfolio, including overdrawn deposit accounts, and are based on evaluation of a number of factors, such as current economic conditions, the quality and composition of the loan portfolio, loss history, and other relevant factors.

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; 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.

The allowance for loan losses totaled \$12.5 million, or 0.94%, of loans held for investment as of December 31, 2018. As of December 31, 2017, the allowance for loan losses totaled \$10.9 million, or 0.87%, of loans held for investment. The ratio of net charge-offs to average loans held for investment decreased to 0.03% for the year ended December 31, 2018 versus 0.10% for the year ended December 31, 2017. Net charge-offs decreased \$843,000 in 2018 primarily due to active monitoring of delinquent and problem loans and focused management of collection and workout processes. Additionally, for nonperforming loans that ultimately defaulted, the underlying collateral was valued at an amount generally sufficient to cover the outstanding balance, mitigating the need for charge-off. As of December 31, 2016, the allowance for loan losses totaled \$10.5 million, or 0.92%, of loans held for investment. Net charge-offs increased \$579,000 in 2017, primarily due to the partial charge-off of an energy loan.

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

	As of and for the Years Ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands)				
Total loans held for investment	\$ 1,328,438	\$ 1,247,666	\$ 1,146,675	\$ 1,032,597	\$ 943,530
Average loans held for investment	\$ 1,309,219	\$ 1,181,208	\$ 1,086,862	\$ 983,362	\$ 892,078
Allowance for loan losses at beginning of period	\$ 10,895	\$ 10,544	\$ 9,511	\$ 8,798	\$ 8,773
Provision for loan losses	1,990	1,555	1,658	946	320
Charge-offs:					
Real estate:					
Commercial real estate	27	—	26	—	—
One-to-four family residential	4	181	240	5	111
Construction and development	—	101	206	—	—
Commercial and industrial	353	824	32	118	—
Tax-exempt	—	—	—	—	407
Consumer	353	353	281	288	297
Total charge-offs	737	1,459	785	411	815
Recoveries:					
Real estate:					
Commercial real estate	27	1	—	—	1
One-to-four family residential	187	73	13	31	1
Construction and development	—	—	—	—	1
Commercial and industrial	9	60	11	21	376
Tax-exempt	—	—	—	—	—
Consumer	153	121	136	126	141
Total recoveries	376	255	160	178	520
Net charge-offs	361	1,204	625	233	295
Allowance for loan losses at end of period	\$ 12,524	\$ 10,895	\$ 10,544	\$ 9,511	\$ 8,798
Ratio of allowance for loan losses to total loans held for investment	0.94%	0.87%	0.92%	0.92%	0.93%
Ratio of net charge-offs to average loans held for investment	0.03%	0.10%	0.06%	0.02%	0.03%
Ratio of provision for loan losses to net charge-offs	551.25%	129.15%	265.28%	406.01%	108.47%

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. 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.

The following table displays the allocation of the allowance for loan losses among the loan classifications for the dates shown. The allocations shown below should neither be interpreted as an indication of future charge-offs, nor as an indication that charge-offs in the future will necessarily occur in these amounts or in the indicated proportions. The total allowance is available to absorb losses from any loan classification.

	As of December 31,									
	2018		2017		2016		2015		2014	
	Amount	Percent to Total	Amount	Percent to Total	Amount	Percent to Total	Amount	Percent to Total	Amount	Percent to Total
	(Dollars in thousands)									
Real estate:										
Commercial real estate	\$ 3,081	24.6%	\$ 3,270	30.0%	\$ 3,133	29.7%	\$ 2,857	30.0%	\$ 2,807	31.9%
One-to-four family residential	3,146	25.1%	3,099	28.5%	2,997	28.4%	3,183	33.5%	2,657	30.2%
Construction and development	951	7.6%	852	7.8%	675	6.4%	509	5.4%	415	4.7%
Commercial and industrial	4,604	36.8%	2,836	26.0%	3,005	28.5%	2,264	23.8%	2,326	26.5%
Tax-exempt	372	3.0%	432	4.0%	426	4.1%	380	4.0%	294	3.3%
Consumer	370	2.9%	406	3.7%	308	2.9%	318	3.3%	299	3.4%
Total allowance for loan losses	<u>\$ 12,524</u>	<u>100.0%</u>	<u>\$ 10,895</u>	<u>100.0%</u>	<u>\$ 10,544</u>	<u>100.0%</u>	<u>\$ 9,511</u>	<u>100.0%</u>	<u>\$ 8,798</u>	<u>100.0%</u>

## Deposits

Deposits are the primary funding source for loans and investments. We offer a variety of 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 \$119.6 million, or 7.8%, to \$1.65 billion as of December 31, 2018 from \$1.53 billion as of December 31, 2017. NOW accounts represented the largest category of growth, as our public entity growth and diversification strategies continued to produce positive results. For 2018, average public entity deposits were 8.9% of average total deposits. Noninterest-bearing demand deposits also were a significant contributor to deposit growth, driven by continued robust new retail checking account activity, as well as market share gains in our commercial and small business portfolios.

Total deposits increased \$53.1 million, or 3.6%, to \$1.53 billion as of December 31, 2017 from \$1.47 billion as of December 31, 2016 due to robust new account openings in our banking centers, the addition of new commercial and private bankers in all of our markets, and existing customers holding higher balances. New account activity was driven in part by the closure of a number of competitors' banking center locations within our primary markets. During 2017, our deposit growth was impacted by a strategic initiative to achieve greater diversification within our public entity client deposit base. We proactively engaged with our largest public entity depositors to rebalance their overall deposit bases among their various banking providers, resulting in a modest reduction in total deposits for these large clients at our institution. The implementation of this strategy resulted in a reduction in our large depositor concentration risk, enhanced the quality of our existing public entity client base, and created capacity for additional distinct public entity relationships. The \$37.9 million decrease in time deposits in 2017 was in part due to this strategy. Our ratio of average public entity deposits to average total deposits was 8.1% for 2017 and 7.8% for 2016.

The following tables present our deposit mix as of the dates indicated and the dollar and percentage change between periods:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>		<u>Change from December 31, 2017 to December 31, 2018</u>	
	<u>Balance</u>	<u>% of Total</u>	<u>Balance</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Noninterest-bearing deposits	\$ 547,880	33.3%	\$ 504,286	33.0%	\$ 43,594	8.6%
Interest-bearing deposits:						
Money market accounts	358,575	21.8%	351,217	23.0%	7,358	2.1%
Time deposits <= \$250,000	248,274	15.1%	257,047	16.9%	(8,773)	(3.4%)
Time deposits > \$250,000	81,954	5.0%	62,790	4.1%	19,164	30.5%
NOW accounts	304,545	18.5%	255,309	16.7%	49,236	19.3%
Savings accounts	104,355	6.3%	95,336	6.3%	9,019	9.5%
Total deposits	<u>\$ 1,645,583</u>	<u>100.0%</u>	<u>\$ 1,525,985</u>	<u>100.0%</u>	<u>\$ 119,598</u>	<u>7.8%</u>

	<u>December 31, 2017</u>		<u>December 31, 2016</u>		<u>Change from December 31, 2016 to December 31, 2017</u>	
	<u>Balance</u>	<u>% of Total</u>	<u>Balance</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Noninterest-bearing deposits	\$ 504,286	33.0%	\$ 475,164	32.3%	\$ 29,122	6.1%
Interest-bearing deposits:						
Money market accounts	351,217	23.0%	324,330	22.0%	26,887	8.3%
Time deposits <= \$250,000	257,047	16.9%	285,967	19.4%	(28,920)	(10.1%)
Time deposits > \$250,000	62,790	4.1%	71,817	4.9%	(9,027)	(12.6%)
NOW accounts	255,309	16.7%	230,005	15.6%	25,304	11.0%
Savings accounts	95,336	6.3%	85,606	5.8%	9,730	11.4%
Total deposits	<u>\$ 1,525,985</u>	<u>100.0%</u>	<u>\$ 1,472,889</u>	<u>100.0%</u>	<u>\$ 53,096</u>	<u>3.6%</u>

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

Our average deposit balance was \$1.58 billion for the year ended December 31, 2018, an increase of \$62.7 million, or 4.1%, from \$1.51 billion for the year ended December 31, 2017. Prior to 2018, in our market areas, increasing short-term interest rates did not meaningfully impact our deposit rates. However, our markets experienced a shift in 2018 towards a higher deposit rate environment and a more competitive landscape for deposits generally. Therefore, during the year ended December 31, 2018, we increased most of our interest-bearing deposit rates; in addition, we periodically offered special time deposit programs. As a result, the average rate paid on interest-bearing deposits increased by 8 basis points to 0.69% and the average rate paid on all deposits increased by 5 basis points to 0.45% for the year ended December 31, 2018.

Our average deposit balance was \$1.51 billion for the year ended December 31, 2017, an increase of \$98.3 million, or 7.0%, from \$1.41 billion for the year ended December 31, 2016. Despite the rising interest rate environment, the average rate paid on our interest-bearing deposits remained unchanged at 0.61% and the average rate paid on all deposits decreased from 0.42% for the year ended December 31, 2016 to 0.40% for the year ended December 31, 2017.



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

	For the Years Ended December 31,					
	2018		2017		2016	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
(Dollars in thousands)						
Noninterest-bearing demand deposits	\$ 545,547	0.00%	\$ 507,367	0.00%	\$ 434,062	0.00%
Interest-bearing deposits:						
Money market accounts	355,354	0.50%	343,187	0.42%	317,360	0.41%
Time deposits	320,699	1.36%	338,672	1.23%	367,567	1.19%
NOW accounts	250,865	0.34%	231,843	0.17%	215,655	0.11%
Savings accounts	102,599	0.10%	91,337	0.10%	79,497	0.10%
Total interest-bearing deposits	<u>1,029,517</u>	<u>0.69%</u>	<u>1,005,039</u>	<u>0.61%</u>	<u>980,079</u>	<u>0.61%</u>
Total average deposits	<u>\$ 1,575,064</u>	<u>0.45%</u>	<u>\$ 1,512,406</u>	<u>0.40%</u>	<u>\$ 1,414,141</u>	<u>0.42%</u>

The following table presents the maturity distribution of our time deposits of \$100,000 or more as of December 31, 2018:

	December 31, 2018
	(Dollars in thousands)
Three months or less	\$ 31,300
Over three months through six months	33,155
Over six months through 12 months	70,921
Over 12 months through three years	52,975
Over three years	22,240
	<u>\$ 210,591</u>

### Borrowings

Although deposits are our primary source of funds, we may from time to time utilize borrowings as a cost-effective source of funds when such borrowings can be invested at a positive interest rate spread, for additional capacity to fund loan demand, or to meet our asset/liability management goals.

The following table presents the outstanding balance of borrowings at the dates indicated:

	As of December 31,		
	2018	2017	2016
	(Dollars in thousands)		
Short-term borrowings	\$ —	\$ —	\$ —
Long-term borrowings:			
FHLB long-term advances	—	182	415
Junior subordinated debentures	11,341	11,341	11,341
Total borrowings	<u>\$ 11,341</u>	<u>\$ 11,523</u>	<u>\$ 11,756</u>

*Hancock Whitney Bank Line of Credit.* We maintain a parent company revolving line of credit at Hancock Whitney Bank collateralized by 100.0% of the stock of Red River Bank. As of December 31, 2018, 2017, and 2016, total borrowing capacity was \$6.0 million under this arrangement. The Company had no outstanding balances on this line during 2018, 2017, and 2016.

*Federal Home Loan Bank Advances.* At the bank level, we utilize FHLB advances to manage short-term and long-term liquidity needs. As of December 31, 2018, 2017, and 2016, our total FHLB line availability was approximately \$537.1 million, \$481.3 million, and \$427.0 million, respectively. This line is secured by a blanket floating lien on selected Red River Bank loans which meet FHLB collateral requirements. At various times, we may obtain letters of credit from the FHLB to support pledges for our public fund deposits. As of December 31, 2018,

2017, and 2016, we held unfunded letters of credit from the FHLB in the amounts of \$109.5 million, \$65.0 million and \$22.0 million, respectively. As of December 31, 2017, we had \$182,000 of FHLB advances which were paid off in 2018. As of December 31, 2018, 2017, and 2016, we had net borrowing capacity of \$427.6 million, \$416.1 million and \$404.5 million, respectively, under this arrangement.

*Other Borrowings.* We may also utilize federal funds from various correspondent banks as a source of short-term funding. As of December 31, 2018, 2017, and 2016 we had \$95.0 million, \$90.0 million and \$100.0 million, respectively, in federal funds lines available from our third-party financial institutions. We had no outstanding balances on these lines as of December 31, 2018, 2017, and 2016.

### Junior Subordinated Debentures

The Company has three wholly owned business trusts that were established for the purpose of issuing trust preferred securities. The trust preferred securities accrue and pay distributions periodically at specified quarterly rates as provided in each trust agreement. The trusts used the net proceeds from each of the offerings to purchase a like amount of our junior subordinated debentures. The debentures are the sole assets of the trusts. Our obligations under the debentures and related documents, taken together, constitute a full and unconditional guarantee by us of the obligations of the trusts. The trust preferred securities are mandatorily redeemable upon maturity of the debentures, or upon earlier redemption as provided in the indentures. We have the right to redeem the debentures in whole or in part on or after specific dates at a redemption price specified in the indentures governing the debentures plus any accrued but unpaid interest to the redemption date. If the debentures are redeemed prior to maturity, redemption fees totaling approximately \$12,000 will be incurred. Due to the extended maturity date of the trust preferred securities a portion of these instruments qualifies as Tier 1 capital under applicable regulatory capital rules.

The following table is a summary of the terms of our junior subordinated debentures as of December 31, 2018:

	Issuance Date	Maturity Date	Amount Outstanding	Rate Type	2018 Average Rate	Rate at December 31, 2018
	(Dollars in thousands)					
Red River Statutory Trust II	May 28, 2003	May 28, 2033	\$ 3,093	Variable(2)	5.43%	5.65%
Red River Statutory Trust III	April 20, 2005	June 15, 2035	3,093	Variable(3)	4.07%	4.30%
FBT Capital Trust I(1)	September 4, 2003	August 8, 2033	5,155	Variable(4)	4.96%	5.34%
Total			<u>\$ 11,341</u>			

(1) On April 1, 2013, the Company assumed \$5.0 million of floating rate junior subordinated debentures and FBT Capital Trust I in conjunction with the Fidelity Bancorp, Inc. acquisition.

(2) The trust preferred securities reprice quarterly based on the three-month LIBOR plus 3.25%, with the last reprice date on December 27, 2018.

(3) The trust preferred securities reprice quarterly based on the three-month LIBOR plus 1.97%, with the last reprice date on December 13, 2018.

(4) The trust preferred securities reprice quarterly based on the three-month LIBOR plus 3.00%, with the last reprice date on October 30, 2018.

### 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. Management continually monitors our liquidity and non core dependency ratios to ensure compliance with targets established by the Bank's Asset Liability Management Committee. For the years ended December 31, 2018 and December 31, 2017, 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 and mortgage prepayments are greatly influenced by market interest rates, economic conditions, and the competitive environment in which we operate.

Our most liquid assets are cash and short-term investments that include both interest-earning demand deposits and available-for-sale securities. 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. 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 and \$90.0 million in federal funds for the years ended December 31, 2018 and December 31, 2017, respectively. There were no outstanding funds under these lines of credit as of December 31, 2018 and December 31, 2017.

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

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. Certain investments within our securities portfolio are also used to secure specific deposit types, such as public funds, which impacts their liquidity. As of December 31, 2018, securities with a carrying value of \$93.5 million, or 30.4% of the total securities portfolio, were pledged to secure public fund deposits as compared to securities with a carrying value of \$148.3 million, or 42.9% of the total securities portfolio, similarly pledged as of December 31, 2017. This decrease of \$54.8 million, or 37.0%, was primarily due to releasing \$35.0 million in pledged collateral and substituting an FHLB letter of credit. The remaining decrease was the result of releasing excess collateral during 2018 that had accumulated for several public fund accounts.

Other sources available for meeting liquidity needs include FHLB advances, repurchase agreements, and other borrowings. FHLB advances may 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. We had no borrowings from the FHLB as of December 31, 2018, compared to \$182,000 as of December 31, 2017. This was the result of paying off the last remaining FHLB advance in December 2018.

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, federal funds sold, the Federal Reserve, securities, or other short-term liquid investments until the deposits are needed to fund loan growth or other obligations. Our average loans, including average loans held for sale, increased \$127.6 million or 10.8% for the year ended December 31, 2018 compared to the year ended December 31, 2017. Our average deposits increased \$62.7 million or 4.1% for the year ended December 31, 2018 compared to the year ended December 31, 2017.

As of December 31, 2018, we had \$231.5 million in outstanding commitments to extend credit and \$11.6 million in commitments associated with outstanding standby letters of credit. As of December 31, 2017, we had \$228.8 million in outstanding commitments to extend credit and \$13.0 million in commitments associated with outstanding standby letters of credit. Since 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.

For the years ended December 31, 2018 and December 31, 2017, we had no exposure to known future cash requirements or capital expenditures of a material nature. As of December 31, 2018, we had cash and cash equivalents of \$151.9 million compared to \$59.7 million as of December 31, 2017. The increase of \$92.2 million, or 154.6%, was primarily due to deposit growth outpacing loan growth and cash flows from the securities portfolio exceeding reinvestments.

### ***Contractual Obligations***

In the normal course of business, we enter into certain financial instruments, such as contractual obligations, 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.

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

	As of December 31, 2018				
	Less than One Year	One to Three Years	Three to Five Years	Greater than Five Years	Total
	(Dollars in thousands)				
Time deposits	\$ 202,898	\$ 87,626	\$ 25,109	\$ 14,595	\$ 330,228
Limited partnership investment <sup>(1)</sup>	796	—	—	—	796
Operating lease obligations	568	596	77	—	1,241
Construction contract	334	—	—	—	334
Junior subordinated debentures	—	—	—	11,341	11,341
Total contractual obligations	<u>\$ 204,596</u>	<u>\$ 88,222</u>	<u>\$ 25,186</u>	<u>\$ 25,936</u>	<u>\$ 343,940</u>

(1) This commitment represents the amount we are obligated to contribute to an investment in a small business investment company limited partnership. The capital contributions may be required at any time, and are therefore reflected in the "Less Than One Year" category.

#### Off-Balance Sheet Items

In the normal course of business, we enter into various transactions, which, in accordance with GAAP, are not included in our consolidated balance sheets. We enter into these transactions to meet the financing needs of our customers. These transactions include commitments to extend credit and standby letters of credit, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized in our consolidated balance sheets. The same credit policies used when making loans recorded on the balance sheet are used when making these commitments. The credit risk involved in issuing these commitments is essentially the same as that involved in issuing loans recorded on the balance sheet.

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.

Credit related commitments by expiration date as of December 31, 2018 are summarized below. Since many of the commitments may expire unused, the amounts shown do not necessarily represent future cash requirements.

	As of December 31, 2018				
	Less than One Year	One to Three Years	Three to Five Years	Greater than Five Years	Total
	(Dollars in thousands)				
Commitments to extend credit	\$ 175,071	\$ 44,363	\$ 7,913	\$ 4,149	\$ 231,496
Standby letters of credit	11,567	—	—	—	11,567
Total	<u>\$ 186,638</u>	<u>\$ 44,363</u>	<u>\$ 7,913</u>	<u>\$ 4,149</u>	<u>\$ 243,063</u>

#### Regulatory Capital Requirements

Total stockholders' equity as of December 31, 2018, was \$193.7 million, compared to \$178.1 million as of December 31, 2017, an increase of \$15.6 million, or 8.8%. This increase was attributable to 2018 net income of \$23.1 million, partially offset by \$4.6 million in stock buybacks and \$1.0 million in cash dividends.

Capital management consists of maintaining equity and other instruments that qualify as regulatory capital to support current and future operations. Banking regulators view capital levels as important indicators of an institution’s financial soundness. As a general matter, FDIC-insured depository institutions and their holding companies are required to maintain minimum capital relative to the amount and types of assets they hold. We are subject to regulatory capital requirements at the bank holding company and bank levels. In May of 2018, the Economic Growth Act was enacted, which increased the asset threshold under the Federal Reserve’s Small Bank Holding Company Policy Statement from \$1.0 billion to \$3.0 billion. As of December 31, 2018, the Company was not subject to the consolidated regulatory capital requirements at the holding company level. As of December 31, 2018 and 2017, Red River Bank was in compliance with all applicable regulatory capital requirements, and was classified as “well capitalized,” for purposes of the prompt corrective action regulations. As we deploy our capital and continue to grow our operations, our capital levels may decrease depending on our level of earnings. However, we expect to monitor and control our growth in order to remain in compliance with all regulatory capital standards applicable to us.

The following table presents our regulatory capital ratios, as well as those for Red River Bank, at the dates indicated:

	<u>As of December 31, 2018</u>		<u>As of December 31, 2017</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
(Dollars in thousands)				
<b>Red River Bancshares, Inc.</b>				
Total risk-based capital to risk-weighted assets	\$ 223,187	16.55%	\$ 203,763	15.91%
Tier 1 risk-based capital to risk-weighted assets	210,663	15.62%	192,868	15.06%
Common equity tier 1 capital to risk-weighted assets	199,663	14.80%	181,868	14.20%
Tier 1 risk-based capital to average assets	210,663	11.40%	192,868	11.21%
<b>Red River Bank</b>				
Total risk-based capital to risk-weighted assets	\$ 211,240	15.66%	\$ 186,240	14.55%
Tier 1 risk-based capital to risk-weighted assets	198,716	14.73%	175,345	13.70%
Common equity tier 1 capital to risk-weighted assets	198,716	14.73%	175,345	13.70%
Tier 1 risk-based capital to average assets	198,716	10.76%	175,345	10.19%

The 2018 Economic Growth Act directs federal bank regulatory agencies to adopt a threshold for a community bank leverage ratio, which will be calculated by dividing tangible equity capital by average consolidated total assets. The bank regulatory agencies are required to set the threshold for the community bank leverage ratio within a range of not less than 8.0% and not more than 10.0%. If a “qualified community bank,” generally a depository institution or depository institution holding company with consolidated assets of less than \$10.0 billion, has a community bank leverage ratio that exceeds the threshold, then that banking organization will be considered to have met all generally applicable leverage and risk-based capital requirements, including the Basel III capital requirements. The final regulations implementing the Economic Growth Act’s simplified capital framework and setting the threshold for the community bank leverage ratio have not yet been issued. Accordingly, we cannot yet predict with certainty whether the simplified capital framework will have any significant implications for us.

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

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

Fluctuations in interest rates will ultimately impact both the level of income and expense recorded on most of our assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which have a short term to maturity. Interest rate risk is the potential of economic losses due to future interest rate changes. These economic losses can be reflected as a loss of future net interest income and/or a loss of

current fair market values. The objective is to measure the effect on net interest income and to adjust the balance sheet to minimize the inherent risk while at the same time maximizing income.

We manage exposure to interest rates by structuring the balance sheet appropriately during the ordinary course of business. Additionally, from time to time if needed, we enter into derivatives to mitigate interest rate risk from specific transactions. As of December 31, 2018, 2017, and 2016, respectively, we did not have any derivatives.

We also have the ability to enter into interest rate swaps to mitigate interest rate risk in limited circumstances, but it is not our policy to enter into such transactions on a regular basis. We do not enter into instruments such as financial options, financial future contracts, or forward delivery contracts for the purpose of reducing interest rate risk. We are not subject to foreign exchange risk and our commodity price risk is immaterial, as the percentage of our agricultural loans to total loans was only 1.1% as of December 31, 2018.

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

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

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

On a quarterly basis, we run various simulation models including a static balance sheet and dynamic growth balance sheet. These models test the impact on net interest income and fair value of equity from changes in market interest rates under various scenarios. Under the static 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.

Internal policy regarding internal rate risk simulations currently specifies that for instantaneous parallel shifts of the yield curve, estimated net interest income at risk for the subsequent one-year period should not decline by more than 10.0% for a 100 basis point shift and 15.0% for a 200 basis point shift. Internal policy regarding economic value at risk simulations 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 basis point shift and 25.0% for a 200 basis point 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 December 31, 2018		As of December 31, 2017	
	% Change in Net Interest Income	% Change in Fair Value of Equity	% Change in Net Interest Income	% Change in Fair Value of Equity
<b>Change in Interest Rates (Basis Points)</b>				
+300	19.20%	7.10%	15.30%	2.30%
+200	12.90%	5.10%	10.30%	2.00%
+100	6.60%	3.00%	5.30%	1.60%
Base	0.00%	0.00%	0.00%	0.00%
-100	(6.60%)	(5.00%)	(5.30%)	(4.70%)
-200	(14.60%)	(13.40%)	(11.10%)	(13.30%)

The results above, as of December 31, 2018 and December 31, 2017, 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 found that, historically, deposit interest rates have changed more slowly than the change in the federal funds rate. This assumption is incorporated into the simulation model and is generally not fully reflected in a gap analysis, which is the process by which we measure the gap between interest rate-sensitive assets versus interest rate-sensitive liabilities. The assumptions incorporated into the model are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions and the application and timing of various management strategies and the slope of the yield curve.

### ***Impact of Inflation***

Our consolidated financial statements and related notes included elsewhere in this prospectus have been prepared in accordance with GAAP. GAAP requires the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative value of money over time due to inflation or recession. Unlike many industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant effect on the performance of a financial institution than the effects of general levels of inflation. In addition, inflation affects a financial institution's cost of goods and services purchased, the cost of salaries and benefits, occupancy expense, and similar items. Inflation and related increases in interest rates generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings, and stockholders' equity.

### ***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 prospectus 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. in the statements of income, balance sheets, or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios or statistical measures calculated using exclusively either financial measures calculated in accordance with GAAP, operating measures or other measures that are not non-GAAP financial measures, or both.

The non-GAAP financial measures that we discuss in this prospectus 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 prospectus 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 prospectus when comparing such non-GAAP financial measures.

We provide these measures in addition to, not as a substitute for, net income and earnings per share, which are reported in adherence to GAAP. Management and the board of directors review tangible book value per share and tangible common equity to tangible assets as part of managing operating performance. We believe that these non-GAAP performance measures, while not substitutes for GAAP net income, earnings per share, and total expenses, are useful for both management and investors when evaluating underlying operating and financial performance and its available resources.

*Tangible Book Value Per Common Share.* Tangible book value per common share is a non-GAAP measure commonly used by analysts and investors 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 goodwill and intangible assets. We calculate tangible book value per common share as total stockholders' equity, less goodwill and other intangible assets, divided by the outstanding number of shares of our common stock at the end of the relevant period. Goodwill and other 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. Goodwill and other 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 goodwill and other intangible assets, net of accumulated amortization, and we calculate tangible assets as total assets, less goodwill and other intangible assets, net of accumulated amortization. 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 goodwill. As of December 31, 2018, total goodwill was \$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 (2017 and prior years have been adjusted to give effect to the 2018 2-for-1 stock split).

	As of December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands, except per share data)				
<b>Tangible common equity</b>					
Total stockholders' equity	\$ 193,703	\$ 178,103	\$ 151,823	\$ 142,380	\$ 129,160
<b>Adjustments:</b>					
Goodwill	(1,546)	(1,546)	(1,546)	(1,546)	(1,546)
Other intangibles	—	—	—	(31)	(153)
Total tangible common equity	<u>\$ 192,157</u>	<u>\$ 176,557</u>	<u>\$ 150,277</u>	<u>\$ 140,803</u>	<u>\$ 127,461</u>
Common shares outstanding	6,627,358	6,721,146	6,362,910	6,390,210	6,372,910
Book value per common share	\$ 29.23	\$ 26.50	\$ 23.86	\$ 22.28	\$ 20.27
Tangible book value per common share	\$ 28.99	\$ 26.27	\$ 23.62	\$ 22.03	\$ 20.00
<b>Tangible assets</b>					
Total assets	\$ 1,860,588	\$ 1,724,264	\$ 1,644,877	\$ 1,492,702	\$ 1,398,261
<b>Adjustments:</b>					
Goodwill	(1,546)	(1,546)	(1,546)	(1,546)	(1,546)
Other intangibles	—	—	—	(31)	(153)
Total tangible assets	<u>\$ 1,859,042</u>	<u>\$ 1,722,718</u>	<u>\$ 1,643,331</u>	<u>\$ 1,491,125</u>	<u>\$ 1,396,562</u>
Total stockholder's equity to total assets	10.41%	10.33%	9.23%	9.54%	9.24%
Tangible common equity to tangible assets	10.34%	10.25%	9.14%	9.44%	9.13%

### **Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with GAAP and with general practices within the financial services industry. Application of these principles requires management to make estimates and assumptions 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. These assumptions form the basis for our judgments about the carrying values of assets and liabilities that are not readily available from independent, objective sources. We evaluate our estimates on an ongoing basis. Use of alternative assumptions may have resulted in significantly different estimates. Actual results may differ from these estimates.

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

**Loans Held for Investment.** Loans that management has the intent and ability to hold, for the foreseeable future or until maturity or payoff, are held for investment and carried at their principal amount outstanding, net of deferred loan fees. Interest income on loans is accrued on the principal amount outstanding except for those loans that are classified as nonaccrual. Loan origination fees, net of certain direct costs, of \$8,000 and \$55,000 as of December 31, 2018 and 2017, respectively, are deferred and recognized over the estimated lives of the related loans as an adjustment to the loans' effective yield.

Loans are placed on nonaccrual status when management determines that a borrower may be unable to meet future contractual payments as they become due or when such loans become 90 days past due, unless they are well secured and in the process of collection. When a loan is placed on nonaccrual, uncollected accrued interest is reversed, reducing interest income, and future income accrual is discontinued. Subsequent payments, if any, of interest and fees are applied as reductions to the loan's outstanding principal balance. Once the principal balance of

a loan placed on nonaccrual has been fully recovered, subsequent payments received are recognized as income on a cash basis. Loans are returned to accrual status when the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

A loan is charged-off to the allowance for loan losses in full when management is relatively certain that principal and interest will be uncollectible. Management may elect to partially charge off a loan to adjust the principal balance to the net realizable value of the collateral that secures the loan. When a partial charge-off is made, the remaining balance of the loan is placed on nonaccrual. Recoveries of amounts previously charged-off, if any, are credited to the allowance for loan losses until the principal balance of the loan is fully recovered. Any subsequent payments are recognized as income.

*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 charges to the provision for loan losses.

The allowance for loan losses consists of specific and general reserves. Specific reserves relate to loans classified as impaired. Loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due in accordance with the contractual terms of the loan. Impaired loans include troubled debt restructurings, and performing and nonperforming loans. Impaired loans are reviewed individually and a specific allowance is allocated, if necessary, based on evaluation of either the fair value of the collateral underlying the loan or the present value of future cash flows calculated using the loan's existing interest rate. General reserves relate to the remainder of the loan portfolio, including overdrawn deposit accounts, and are based on evaluation of a number of factors, such as current economic conditions, the quality and composition of the loan portfolio, loss history, and other relevant factors.

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its borrowers' ability to honor their contractual repayment obligations is dependent on changing economic conditions. Because of the uncertainties associated with economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that management's estimate of loan losses in the loan portfolio and the amount of the allowance needed may change in the future. The determination of the allowance for loan losses is, in large part, based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In situations where the repayment of a loan is dependent on the value of the underlying collateral, an independent appraisal of the collateral's current market value is customarily obtained and used in the determination of the allowance for loan loss.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in economic conditions. Also regulatory agencies, as an integral part of their examination process, periodically review management's assessments of the adequacy of the allowance for loan losses. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination.

*Loans Held for Sale.* Residential mortgage loans originated and intended for sale are carried at the lower of cost or estimated fair value on an individual basis. These mortgage loans are pre-sold prior to funding. Therefore, management believes there to be minimal risk of loss associated with these assets.

*Foreclosed Assets.* Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. The balance of foreclosed assets was \$646,000 and \$23,000 as of December 31, 2018 and 2017, respectively.

*Income Tax Accounting.* The provision for income tax is based on taxes payable or receivable for the current year and deferred taxes on temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in our financial statements at currently enacted income tax rates applicable to 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. We have adopted the provisions of accounting guidance related to accounting for uncertainty in income taxes. This interpretation clarifies that the benefit of a position taken or expected to be taken in a tax return should be recognized in a company's financial statements when it is more likely than not that the position will be sustained based on technical merits. We recognize interest and penalties on income taxes as a component of income tax expense. The effect on deferred tax assets of a change in tax rate is recognized in income as part of income tax expense for the period that includes the enactment date. As a result of the enactment in 2017 of the Tax Reform Act, deferred tax assets and liabilities have been measured as of December 31, 2018 and 2017 using the 21.0% corporate tax rate.

### **Recent Accounting Pronouncements**

*ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.* This ASU eliminates, adds, and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. The standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

*ASU No. 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.* The amendments expand the scope of Topic 718 to include share-based payments issued to nonemployees for goods or services, which were previously excluded. The amendments will align the accounting for share-based payments to nonemployees and employees more similarly. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We adopted this standard in 2018, and it did not have a material impact on our consolidated financial statements.

*ASU No. 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* The amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Reform Act. Since these amendments only relate to the reclassification of the income tax effects of the Tax Reform Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. These amendments require that an entity disclose a description of the accounting policy for releasing income tax effects from accumulated other comprehensive income. These amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted, including adoption in any interim period, for reporting periods for which financial statements have not yet been issued. These amendments should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Reform Act is recognized. We adopted this ASU in 2017 and reclassified the stranded tax credit from accumulated other comprehensive income to retained earnings.

*ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.* ASU 2017-12 permits hedge accounting for risk components in hedging relationships involving nonfinancial risk and interest rate risk. It also changes the guidance for designating fair value hedges of interest rate risk and for measuring the change in fair value of the hedged item in fair value hedges of interest rate risk. In addition to the amendments to the designation and measurement guidance for qualifying hedging relationships, the amendments in this ASU also align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. This ASU requires an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. For public entities, these amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early application is permitted. We do not utilize derivatives at this time.

*ASU No. 2017-09, Compensation – Stock Compensation (Subtopic 718): Scope of Modification Accounting.* ASU 2017-09 was issued to eliminate inconsistencies in the application of accounting for modifications of stock based compensation awards. The ASU provides that an entity should account for the effects of a modification unless all of the following are met: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic

value, if such an alternative measurement method is used) of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification, (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified, and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. This ASU is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. We adopted this ASU during 2018, and it did not impact the amounts or disclosures in our consolidated financial statements.

*ASU No. 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities.* ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium. The ASU provides that premiums on these securities are to be amortized to the earliest call date. The accounting for securities held at a discount is not changed, and therefore, they are still required to be amortized to maturity. This ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. We early adopted this ASU, and it did not impact the amounts or disclosures in our consolidated financial statements.

*ASU No. 2017-04, Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* This ASU simplifies the accounting for goodwill impairment for all entities by requiring impairment charges to be based on the first step in today's two-step impairment test. Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard eliminates today's requirement to calculate a goodwill impairment charge using Step 2, which requires an entity to calculate any impairment charge by comparing the implied fair value of goodwill with its carrying amount. For public business entities, this ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. The adoption of ASU 2017-04 is not expected to have a material impact on the amounts or disclosures in our consolidated financial statements.

*ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* ASU 2016-15 adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We adopted this ASU, and it did not impact our consolidated statements of cash flows.

*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 supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. For public business entities that are SEC registrants, the amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We continue to evaluate the impact of this ASU on the consolidated financial statements and disclosures. In that regard, we have formed a cross functional working group and are currently working through our implementation plan which includes assessment and documentation of processes, internal controls, and data sources; model development and documentation; and implementation of a third-party vendor solution to assist in the application of ASU 2016-13.

*ASU No. 2016-02, Leases (Topic 842).* ASU 2016-02 requires lessees to put most leases on their balance sheets but recognize expenses in the income statement in a manner similar to current accounting treatment. This ASU changes the guidance on sale-leaseback transactions, initial direct costs and lease execution costs, and, for lessors, modifies the classification criteria and the accounting for sales-type and direct financing leases. For public business entities, this ASU is effective for annual periods beginning after December 15, 2018, and interim periods therein. Under ASU 2018-11, we will take the prospective approach when transitioning to ASU 2016-12. We are evaluating the impact of this ASU on our consolidated financial statements and disclosures.

*ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10)*. The main provisions of this update are to eliminate the available-for-sale classification of accounting for equity securities and to adjust the fair value disclosures for financial instruments carried at amortized costs such that the disclosed fair values represent an exit price as opposed to an entry price. The provisions of this update require that equity securities be carried at fair market value on the balance sheet and any periodic changes in market value are adjustments to the income statement. A practical expedient is provided for equity securities without a readily determinable fair value, such that these securities can be carried at cost less any impairment. The provisions of this update also eliminated certain disclosures related to the assumptions used to measure fair value for assets and liabilities recorded at cost. The disclosure of fair value of the loan and interest-bearing deposit portfolios will be presented using an exit price method instead of the current discounted cash flow. We adopted this ASU in 2018. Equity securities are carried at fair market value with the adjustments flowing through the income statement. The remaining requirements of this update did not have a material impact on our financial position, results of operations, or cash flows.

*ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU affects entities that enter into contracts with customers to transfer goods or services or enter into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards. In August 2015, the Financial Accounting Standards Board issued *ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Our revenue is comprised of net interest income on financial assets and financial liabilities, which is explicitly excluded from the scope of ASU 2014-09, and noninterest income. We adopted this ASU in 2018. The identification of revenue streams within the scope of Topic 606 is complete, resulting in no impact on our financial position, results of operations, or cash flows.

## **Our Company**

We are a bank holding company headquartered in Alexandria, Louisiana. Through our wholly owned subsidiary, Red River Bank, a Louisiana state-chartered bank, we provide a fully integrated suite of banking products and services tailored to the needs of our commercial and retail customers. We operate from a network of 23 banking centers throughout the state and one loan production office in Covington, Louisiana. Banking centers are located in the following markets: Central Louisiana, which includes the Alexandria MSA; Northwest Louisiana, which includes the Shreveport-Bossier City MSA; Southeast Louisiana, which includes the Baton Rouge MSA; and Southwest Louisiana, which includes the Lake Charles MSA. As of December 31, 2018, we were the fifth largest financial institution headquartered in Louisiana based on assets, with total assets of \$1.86 billion, total loans of \$1.33 billion, total deposits of \$1.65 billion, and total stockholders' equity of \$193.7 million.

Our priority is to drive shareholder value through the establishment of a market-leading commercial banking franchise in Louisiana. We provide superior service through highly qualified, 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.

## **Our Banking Philosophy and Business Strategy**

Our goal is to offer the best products and services delivered through a personal, customer-focused, integrity-centered culture. Our culture is “top down,” emphasizing the importance of exceptional customer service and strong relationships at every level. We are dedicated to the success and satisfaction of our customers and this commitment ensures our own continued success and allows us to deliver consistent performance to our shareholders. We credit our twenty-year track record of achievement to a disciplined implementation of this clear and focused banking philosophy.

Our mission is to be the premier statewide banking organization in Louisiana. We strive to differentiate ourselves from our competitors by providing the best of “relationship-based” banking that is tailored to meet the needs of the small and medium-sized businesses operating within our banking markets, as well as the owners and employees of those businesses, and executives, professionals and individuals with strong ties to our banking markets. In our experience, these customers place a high value on the type of long-term, personal relationship with their bank and banker that we provide. We grow our business one customer at a time through this relationship-driven approach.

In addition to being dedicated to service excellence, we are committed to the Louisiana communities we serve. We believe our community connections help us maintain a level of brand recognition, and a respected reputation, well beyond what would be typical for a bank of our size. This commitment to our communities builds a loyal customer base, and this loyal customer base helps us achieve strong organic growth and sustained profitability.

We attribute our success to incorporating this customer-driven banking philosophy into our business strategy. The key components of our business strategy include:

*Commercial Banking.* We are primarily a business-focused banking organization, delivering specialized services to our commercial customers. We target privately-owned commercial and industrial operating companies for both credit and treasury management services, while also providing owners and key employees with the same customized personal service for their individual financial needs. We attribute our long history of superior asset quality to our credit culture, which is built on a foundation of lending to businesses and management teams with established, proven track records. We offer these customers sophisticated products and services similar to those of much larger banks, but delivered by bankers who can provide local and responsive decision-making, personal assistance, and an interest in the success of their businesses. Key components of our commercial banking business include:

- *Real Estate Loans.*
  - *Commercial Real Estate Loans (Owner Occupied).* Given our strategy of focusing on the banking needs of established operating companies within our geographic footprint, 20.3% of our total portfolio consists of owner occupied office and industrial real estate loans. In addition to a proven management team and track record, we focus on businesses with a history of strong, recurring cash flows. In particular, we target wholesale and professional service companies, as well as businesses with unique strengths in niche markets. Loans are conservatively underwritten and typically carry the personal guarantee of the business owners. We believe this portfolio segment is well-diversified by industry type.
  - *Commercial Real Estate Loans (Non-Owner Occupied).* Our pursuit of non-owner occupied commercial real estate properties is secondary, and reserved primarily for developers and other persons or entities of influence in our local markets who present additional business and personal relationship opportunities. This strategy is evidenced by our modest level of commercial real estate loans relative to our capital, which has been consistent for many years. We target property types with a greater ability to withstand changes in market forces. Our underwriting criteria for non-owner occupied properties is even more conservative than our underwriting criteria for owner occupied properties due to the higher inherent risks generally associated with the former. Our target rate of return is also higher for non-owner occupied commercial real estate loans. As of December 31, 2018, our non-owner occupied commercial real estate loans, including construction and development loans, were 21.8% of our loan portfolio and represented 137.0% of the Bank's total risk-based capital.
- *Commercial Loans.* We have expertise in meeting the financing needs of commercial operating companies. This expertise is a key strength of ours, both in terms of our front-line bankers and our credit approval personnel and processes. Our specialists in these areas understand the cash cycle, working capital, and the fixed asset acquisition needs of businesses, and this allows us to deliver customizable and effective financing solutions. Leveraging the knowledge base and experience of our bankers and executives, we recommend and utilize sound commercial and industrial loan structures that limit our risks as a lender, while also helping to drive the success of our clients' businesses. Commercial loans comprised 20.8% of the loan portfolio as of December 31, 2018.
- *Treasury Management Services.* Many of our clients and prospective clients have sophisticated depository needs, including ACH, sweep, and remote deposit capture services. We have a dedicated team of Treasury Management Officers ("TMOs") who partner with our commercial and private bankers to meet those needs. Our TMOs analyze clients' account activity and cash utilization, and then recommend and implement solutions that enhance our clients' efficiency, mitigate risks to their businesses, and maximize their earnings on available liquidity. Our treasury management offerings and technological sophistication are core strengths, especially when combined with our ability to troubleshoot and resolve customer issues. Our TMOs provide in-person assistance with the initial setup of treasury services, as well as on-going client support post-implementation.

*Personal Banking.* Our personal banking business supports our commercial banking focus, provides attractive customer diversification, and enhances our growing base of core deposits. Key components of our personal banking business include our retail banking network, private banking services, residential mortgage lending, and investment services.

- *Retail Banking Network.* A strategically placed network of banking centers in our markets is a fundamental element of our personal banking strategy. Our convenient network attracts customers, encouraging them to seek personal service and interact with our bankers, allowing us to deliver personal, relationship-based banking. This also supports the continued growth of our core deposit base. We are purposeful in choosing banking center locations and have sought out key locations in Central, Northwest, Southeast, and Southwest Louisiana through *de novo* development, as well as through two whole-bank acquisitions. We have a footprint of 23 banking centers in growing and stable communities. Our banking centers strengthen our brand recognition and reputation across our markets.

Our emphasis on having a strategic network of banking centers, staffed by experienced bankers, differentiates us from our national and regional bank competitors, who are increasingly moving their customers to digital banking platforms only with limited personal service. Our network of banking locations and their dates of opening is described below under the heading “Our Historical Growth and Consistent Performance.”

- *Private Banking.* Private banking is a crucial part of our personal banking strategy. Through our private banking group, we provide specialized deposit and loan products and services to high net worth individuals, business owners, and professionals. Consistent with our overall business philosophy, we seek to develop long-term relationships with our private banking customers through an emphasis on personal service and products tailored to their specific needs. From checking and savings products to sophisticated financing structures, we work to meet our clients’ changing needs with innovative solutions. Our private bankers are highly accessible for their clients, offering flexible scheduling for business meetings and loan closings. This level of flexibility and service is sought out and valued by our private banking clients, many of whom are busy professionals with inflexible or on-call schedules. Our private banking group’s loan portfolio primarily consists of consumer home equity loans, portfolio mortgage loans, and commercial loans, and its deposit base primarily consists of consumer checking accounts, money market accounts, and time deposits.
- *Residential Mortgage Loans.* Our mortgage lending group provides home mortgage loans that are sold on the secondary market. Loan types include conventional, VA, FHA and Rural Development. In addition, the mortgage lending department plays a critical role in meeting our community reinvestment and fair lending goals. The mortgage group has a community specialist in each market focused on low-income and first-time home buyers, and we participate in various down payment assistance and low-income home loan programs to ensure the needs of our entire banking community are satisfied. We combine the power of local decision-making and in-house underwriting with the industry’s best mortgage lending products and services. We believe this approach helps differentiate us from our competitors. For the year ended December 31, 2018, our mortgage group originated \$99.1 million in home mortgage loans.
- *Investment Services.* We offer a broad range of products and services designed to meet the investment needs of all of our customers through our investment group and our strategic partnership with Cetera Investment Services LLC, a registered broker-dealer, registered investment advisor, and licensed insurance agent. Our investment group executives, who are located in each of our markets and have an average of 19 years of industry experience, strive to fully understand each client’s unique financial situation, deliver a comprehensive plan, and provide the appropriate products to meet their needs. Our investment products include stocks, bonds, mutual funds, alternative investments, annuities, and insurance products. Our investment group also provides investment advisory services, financial planning services, and a comprehensive suite of retirement plans. The amount of investment assets under management by our investment group has experienced sustained growth, and was approximately \$492.6 million as of December 31, 2018.



## Our Historical Growth and Consistent Performance

Red River Bancshares, Inc. was founded in 1998 by a group of experienced bankers and business leaders dedicated to delivering the best banking products and services while staying true to the ideals of community banking. Red River Bank opened for banking services on January 14, 1999. Two decades later, we have expanded across the state of Louisiana, and we remain dedicated to our founding commitments. We have been rewarded with continued growth and expansion, consistent returns, and a loyal customer base. We know and understand each of our markets. Since inception, we have pursued a growth strategy focused on organic growth through *de novo* banking center expansion into favorable banking markets, and to a lesser extent, by partnering with select Louisiana financial institutions through two whole-bank acquisitions.

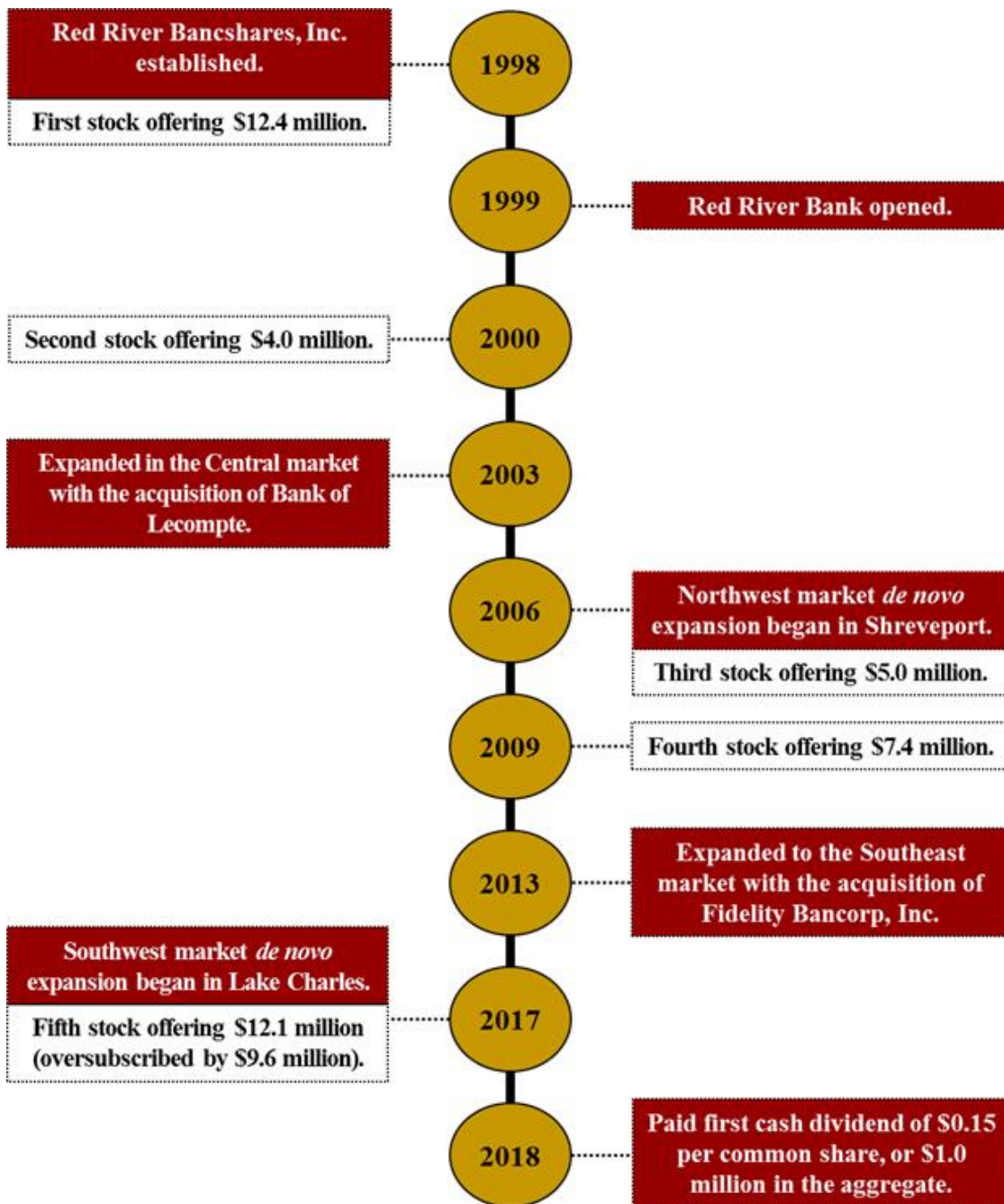


After opening our main office in January 1999, Red River Bank subsequently established three full-service *de novo* banking centers in Rapides Parish, in the Alexandria MSA and a part of our Central Louisiana market, opening one each in 1999, 2000, and 2001. In 2003, we acquired Bank of Lecompte also in Rapides Parish. Through this acquisition, we added two locations, one in Lecompte and one in Forest Hill, as well as \$33.0 million in deposits and \$19.3 million in loans. In 2004, Red River Bank opened the Downtown Banking Center in Alexandria. In 2006, we began an expansion effort into the Northwest Louisiana market with the opening of our Market Street Banking Center in downtown Shreveport, Caddo Parish, which was quickly followed with the opening of our East Kings Banking Center and our Provenance Banking Center in 2007, also in Shreveport. In that same year, we opened the Highway 28 West Banking Center in Alexandria. In 2008, we added our Marksville Banking Center in Avoyelles Parish, a part of our Central Louisiana market area, and our East Texas Banking Center and our Airline Banking Center, both in Bossier City, Bossier Parish, a part of our Northwest Louisiana market. We continued our growth in Northwest Louisiana in 2011 with the opening of our Uptown Banking Center on Line Avenue in Shreveport.

In 2013, we expanded into the Baton Rouge market through our acquisition of Fidelity Bancorp, Inc. and its banking subsidiary, Fidelity Bank. Through this acquisition, we acquired \$110.3 million in deposits, \$83.2 million in loans, and Fidelity's four banking locations in Baton Rouge, East Baton Rouge Parish, and one banking center in Geismar, Ascension Parish, all a part of the Baton Rouge MSA and in our Southeast Louisiana market. In 2014, we purchased our Essen Lane Banking Center in Baton Rouge and relocated the Perkins Banking Center to that location. We subsequently expanded our presence in Baton Rouge through the establishment of the South Acadian Thruway Banking Center in 2016.

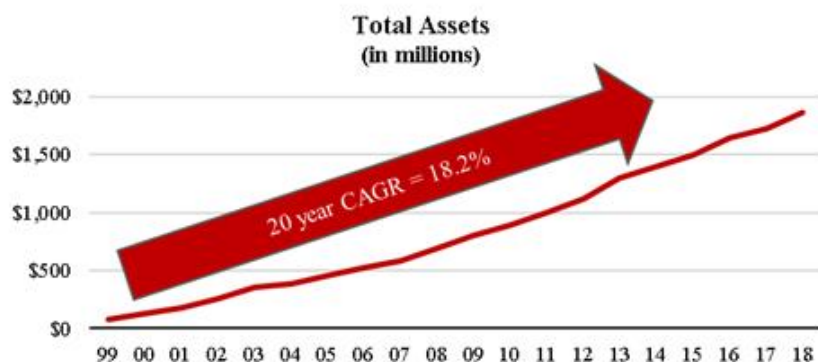
In 2017, we expanded our banking network in Northwest Louisiana with the opening of our Stonewall Banking Center in Stonewall, DeSoto Parish, adjacent to the Shreveport metropolitan area. Also in 2017, we began plans for further banking center expansion in Southeast Louisiana with the purchase of property south of Baton Rouge in the Highland Park Marketplace. That same year we began expansion into the Southwest Louisiana market with the opening of a loan production office ("LPO") in Lake Charles, Calcasieu Parish. This office was closed when we opened our Lake Street Banking Center in 2018, also in Lake Charles. Currently, we are searching for property in Calcasieu Parish for the development of an additional banking center in the Southwest Louisiana market area. Also in 2018, we expanded our Essen Lane Banking Center in Baton Rouge, adding office space to accommodate our growing needs and presence in this market. Most recently, in November of 2018, we purchased property and an existing branch building on Highway 21 in Covington, St. Tammany Parish, for future banking center expansion.

Our growth has been supported by five successful equity offerings. We raised gross proceeds of approximately \$12.4 million through the initial private placement offering of our common stock in 1998. Responding to continued demand for our common equity, we raised an additional \$4.0 million in 2000 when we completed a second private placement offering. In 2006, as a part of our expansion into Northwest Louisiana, we completed a third private offering of our common stock, which expanded our shareholder base in this part of the state. Our 2006 offering resulted in gross proceeds of approximately \$5.0 million. In 2009, we completed a fourth private common stock offering, which resulted in gross proceeds of approximately \$7.4 million. Finally, in 2017, we completed the most recent private placement offering of our common stock, resulting in gross proceeds of approximately \$12.1 million. In our 2017 offering, we received total subscriptions to purchase approximately \$21.7 million of our common stock, resulting in a \$9.6 million oversubscription amount that was returned to prospective investors in the offering. This last offering increased our shareholder base across the state, particularly in our Southeast Louisiana market. The milestones in our growth history are shown on the chart below.



The primary objective of our expansion strategy is to provide steady and consistent financial results for our shareholders. Since beginning banking operations in 1999, we have experienced steady balance sheet growth, consistent profitability, and steadily increasing shareholder value. This focus on steady growth, coupled with a disciplined credit culture, has enabled us to achieve consistent results, even through market downturns, and without having to make significant adjustments to our business plan in response to changing, and often challenging, market conditions.

Over the past 20 years, we have experienced asset growth at a compound annual growth rate of 18.2%, resulting in \$1.86 billion in total assets as of December 31, 2018. Of the \$1.86 billion in total assets, approximately \$1.70 billion, or 91.4%, is attributable to organic growth and the remaining 8.6% is from two acquisitions.



We have maintained exceptional asset quality levels since inception through a disciplined credit culture. For the years 2003 through 2018, our average ratio of nonperforming assets to total assets was 0.26% and our average net charge-off ratio was 0.08%.

In addition to balance sheet growth and maintaining strong asset quality, we endeavor to achieve consistent profitability and returns for our shareholders. Our 2018 return on average assets (“ROA”) was 1.29%. For the years 2014 through 2018, average ROA (with 2017 adjusted ROA excluding \$2.2 million of tax expense attributable to the Tax Cuts and Jobs Act of 2017 [“Tax Reform Act”]) was 1.02%. Our average ROA (excluding the first two years of operations) and 2018 (with 2017 adjusted ROA) was 1.00%. We believe we are well-positioned to maintain and even improve upon our historical level of returns given increasing loan balances, a higher net interest margin, and a lower effective federal income tax rate.

To enhance internally generated capital and to support our growth over the past 20 years, we raised approximately \$40.9 million of new capital through five private offerings. Our equity offerings expanded our shareholder base in our key markets statewide and provided capital to support future growth. As shown in the following graph, since the opening of the Bank in 1999 our tangible book value per share increased at a 12.5% compound annual growth rate. The graph below has been adjusted to give effect to the 15-for-1 split of our common stock with a record date of November 30, 2005 and the 2018 2-for-1 stock split.



## Our Markets

Red River Bank currently conducts business through 23 banking centers located in Central, Northwest, Southeast, and Southwest Louisiana, and a loan production office in Covington, Louisiana. Our long-term strategic focus is to be the premier statewide banking organization in Louisiana. We believe our four current markets offer us an attractive combination of growth opportunities and core deposit stability, as well as loan diversity. We operate nine banking centers, including our main office, in the Central Louisiana market, which we define to include Rapides and Avoyelles Parishes. We operate seven banking centers in our Northwest Louisiana market, which we define to include Caddo, Bossier, and DeSoto Parishes. In our Southeast Louisiana market, which we define to include East Baton Rouge and Ascension Parishes, we operate six banking centers. We operate one banking center in our Southwest Louisiana market, which we define to include Calcasieu Parish.

We believe our current markets provide ample opportunities for the continued growth of our customer base, loans, and deposits, as well as the expansion of our overall market share in each area. Our goal is to replicate this growth in new markets as we continue to expand and implement our long-term development strategy. Our current markets, which are in diverse parts of Louisiana, are economic centers that provide for natural credit diversification and a hedge against industry downturns relative to other Louisiana-based financial institutions which do not enjoy a similarly diverse geographic and industry footprint. We seek to locate our banking centers and offices in the downtown and suburban areas of our markets, which contain our target customers of small to medium-sized businesses and retail customers.

In our Central Louisiana market, where our headquarters is located, we rank first in deposit market share with approximately 33.7% of all deposits as of June 30, 2018. In each of our Northwest and Southeast Louisiana markets, we ranked among the top ten financial institutions for deposit market share as of June 30, 2018. The table below highlights certain statistics within the primary markets that we serve.

Market(1)	Year Entered	# of Banking Centers	# of Bankers(2)	Total Deposits (\$000)(3)	Total Deposits in Market (\$000)(3)	Population(4)	Median Household Income(5)
Central	1999	9	224	\$ 993,331	\$ 2,943,231	172,628	\$ 42,655
Northwest	2006	7	43	\$ 322,035	\$ 7,548,377	401,555	\$ 40,391
Southeast	2013	6	49	\$ 260,292	\$ 17,563,495	569,216	\$ 51,436
Southwest	2017	1	4	\$ 1,271	\$ 4,051,863	202,445	\$ 48,219

- (1) For purposes of the demographic information in this table, we define our markets geographically as follows: Our Central market includes Rapides and Avoyelles Parishes; our Northwest market includes Caddo, Bossier and DeSoto Parishes; our Southeast market includes East Baton Rouge and Ascension Parishes; and our Southwest market includes Calcasieu Parish.
- (2) Full-time equivalent employees as of December 31, 2018.
- (3) Source: FDIC Deposit Market Share Report as of June 30, 2018.
- (4) Source: U.S. Census Bureau population estimates for 2017.
- (5) Source: U.S. Census Bureau's 2013–2017 American Community Survey 5-year estimates. Includes data for the following parishes within each market: Central market reflects median income data for Rapides Parish; Northwest market reflects median income data for Caddo Parish; Southeast market reflects median income data for East Baton Rouge Parish; and Southwest market reflects median income data for Calcasieu Parish.

*Central Louisiana.* Our legacy market of Central Louisiana is located in the region that contains the Alexandria MSA. Employment in the region is bolstered by a significant government presence, including nearby Fort Polk, which has the largest military installation in the state. The region boasts a diverse group of significant employers, including Proctor & Gamble, Union Tank Car, Cleco, Crest Industries, and Roy O. Martin Lumber. The Louisiana Economic Outlook Study for 2019–2020, published by the Economics and Policy Research Group at Louisiana State University (the “Economic Outlook Study”), provides an encouraging outlook for the region. While growth during 2019 is expected to be relatively flat, over 500 new jobs are projected for 2020. The above-named firms and others support this projected job growth by providing a solid base of employment for the community.

*Northwest Louisiana.* Our Northwest Louisiana market is located in the region containing the Shreveport-Bossier City MSA. Since our entry into this market in 2006, the economy throughout the region has remained stable and provided consistent growth. According to the 2016 KPMG Competitive Alternatives Study, Shreveport was regarded as the most cost-friendly city to do business among the 27 U.S. metropolitan areas with a population of less than 750,000. The area provides ready access to other parts of Louisiana and adjacent states through I-20, I-49 and the planned I-69. It offers a variety of multimodal transportation options, including Class 1 rail, airports, and port transportation. Top business sectors throughout the region include healthcare, finance, government, manufacturing, and telecommunications. Northwest Louisiana includes portions of the Haynesville Shale formation from which natural gas production continues to occur. The area is also home to Barksdale Air Force Base and boasts the state’s largest and most successful casino market. The MSA has also welcomed General Dynamics IT and Glovis America as more recent employers, which have together added approximately 1,256 new jobs in the area. Northwest Louisiana has the largest concentration of durable goods manufacturing in the state. Among those manufacturers are a major steel mill and a steel components manufacturer located at the Port of Caddo-Bossier. Northwest Louisiana’s diversified economy and low cost of doing business has helped create a pro-business environment throughout the region. According to the Economic Outlook Study, the Shreveport-Bossier City MSA is expected to add approximately 600 jobs per year in 2019 and 2020.

*Southeast Louisiana.* Our Southeast Louisiana market is located in the region containing the Baton Rouge MSA. Baton Rouge is the capital of Louisiana and is the second-largest city in Louisiana by population. As the capital city, Baton Rouge is the political hub for Louisiana with the state government as the city’s largest employer. Baton Rouge is the farthest inland port on the Mississippi River that can accommodate ocean-going tankers and cargo carriers. As a result, Baton Rouge’s largest industry is petrochemical production and manufacturing. The ExxonMobil facility in Baton Rouge is one of the largest oil refineries in the country. Albemarle Corporation and Dow Chemical Company have large plants in the area, and Methanex relocated two methanol plants from Chile to the Baton Rouge MSA in 2014. This MSA is also home to an emerging high-tech sector, led by Electronic Arts game company and a large IBM facility. In addition, Baton Rouge hosts a number of businesses from other diverse economic sectors, including healthcare, education, finance and motion pictures. Two major state universities, Louisiana State University and Southern University, are located in Baton Rouge, along with Baton Rouge Community College, which is one of Louisiana’s largest community colleges. The Economic Outlook Study projects renewed growth in the Baton Rouge MSA over the next two years, including 6,000 new jobs in 2019 and

8,100 new jobs in 2020. This growth is expected to be fueled largely by a revival of industrial construction in the area.

*Southwest Louisiana.* Our newest market in Southwest Louisiana is located in the region of the state containing the Lake Charles MSA. Major economic sectors in this area include the petrochemical industry, the gaming industry, and aircraft repair. Located in the far southwest corner of the state, the Lake Charles region has recently experienced rapid growth. According to the Economic Outlook Study, the Lake Charles MSA has been the fastest-growing MSA in the state of Louisiana for five straight years, and between 2013 and 2018 it has been the fastest growing MSA in the United States. The growth in the Lake Charles MSA has been fueled by over \$117.0 billion in projects announced since 2012. Those projects include investments by employers such as Cheniere Energy, Sempra, Sasol, Driftwood, Trunkline, and G2 Energy. The Economic Outlook Study projects that the Lake Charles MSA will continue in its role as the fastest growing MSA in the state, adding 4,000 jobs in 2019 and another 5,300 jobs in 2020. The investment and resulting infrastructure in this area has created a thriving economy that we believe will support our future expansion in this market.

We believe that our commitment to the communities in which we operate will enable us to continue to gain scale and market share. We endeavor to become the leading community bank in each market that we serve, and we believe we are well-positioned to continue to grow relationships throughout our geographic footprint.

### **Our Competitive Strengths**

We believe that our competitive strengths set us apart from many other similarly sized financial institutions, and that the following attributes are key to our success:

#### ***Cohesive and Experienced Management Team***

We are led by an executive management team with an average of 29 years of professional experience covering the relevant disciplines of finance, lending, credit, risk, strategy, legal, and banking operations. Our executive team has been in their respective roles with our organization for an average of 14 years each, with a majority having worked together at Red River Bank for well over a decade. Collectively, they have been responsible for executing our strategic plan and driving our growth.

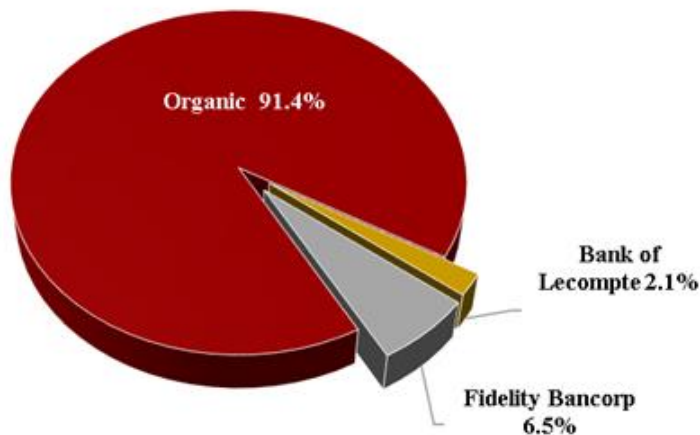
In addition to our experienced executive management team, our board of directors consists of well-regarded career bankers, professionals, entrepreneurs, and business and community leaders with collective depth and experience in commercial banking, finance, real estate, and manufacturing.

We also have a demonstrated ability to grow our company organically through the recruitment of talented bankers. We seek out and hire bankers with significant in-market experience who are naturally committed to high standards of productivity and excellence. This strategy enhances our existing business model and creates a pool of qualified executive and middle management talent, supporting scalability.

#### ***Consistent, Quality Growth Across an Attractive Geographic Footprint***

We have proven our ability to consistently grow our business organically by expanding our geographic footprint in attractive markets across the state of Louisiana. Over the past 20 years, we have experienced asset growth at a compound annual growth rate of 18.2%, resulting in \$1.86 billion in total assets as of December 31, 2018. As shown on the following graph, of the \$1.86 billion in total assets, 91.4% is attributable to organic growth.

## Asset Growth



Our approach to growth and expansion has been strategic and purposeful. We identify and enter markets we believe will provide us with an advantage in terms of growing our loans and deposits, increasing profitability, and building shareholder value. We believe our market areas offer a beneficial combination of growth opportunities and industry diversity, as they have favorable economic environments and ample business lending and deposit prospects within our target client base. Our legacy market in Central Louisiana provides a stable economic climate, and our strong brand recognition in this market enables us to continue to build our loan portfolio and our low-cost core deposit franchise. Our Northwest and Southeast Louisiana banking markets represent major metropolitan areas and the opportunity for significant growth across all segments of our customer base. Our expansion most recently into the Lake Charles area presents us with the opportunity for significant growth and investment.

Customers within our markets have responded, and continue to respond, to our brand of banking and bankers, allowing us to continue to gain market share and provide consistent financial results. We believe we are well-positioned to continue this tradition of consistent, quality growth and success in the long-term.

### ***Conservative Credit Culture***

Throughout the last 20 years we have experienced sustained growth while also maintaining our disciplined and conservative credit culture, enabling us historically to maintain strong levels of asset quality. This, in turn, has produced stable and consistent results, despite market downturns during this time frame. We believe our dedication to strong credit quality fuels long-term lending relationships with our customers and fosters balance sheet diversity.

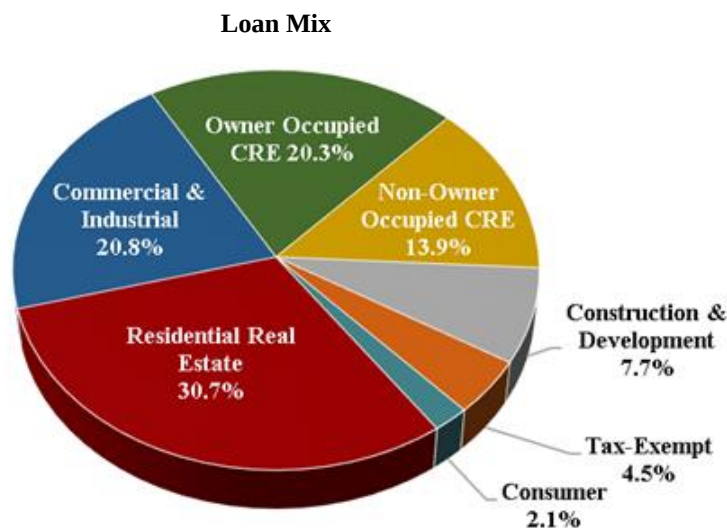
We are not dependent upon higher-risk lending categories. Our loan portfolio is not highly concentrated in non-owner occupied commercial real estate, the construction and development sector, or the energy sector. These sectors generally exhibit a higher level of risk than certain other lending sectors, such as owner occupied commercial real estate or residential real estate.

As of December 31, 2018, our non-owner occupied commercial real estate loans, construction and development loans, and non-real estate secured loans financing commercial real estate activities totaled \$289.4 million, or approximately 21.8% of our total loan portfolio, and represented 137.0% of the Bank's total risk-based capital. Non-owner occupied commercial real estate loans were \$184.6 million, or 13.9% of total loans, and represented 87.4% of the Bank's total risk-based capital as of December 31, 2018. Construction and development loans were \$102.9 million, or 7.7% of total loans, and represented 48.7% of the Bank's total risk-based capital as of December 31, 2018. Additionally, non-real estate secured loans financing commercial real estate activities were \$1.9 million, or 0.2% of total loans, and represented 0.9% of the Bank's total risk-based capital as of December 31, 2018.



Our total loans to the energy sector, which we generally define to include companies involved in crude, petroleum, or natural gas extraction, were approximately \$38.9 million, or approximately 2.9% of our total loans, as of December 31, 2018.

The following chart illustrates the diversification of our loans held for investment by major category as of December 31, 2018.

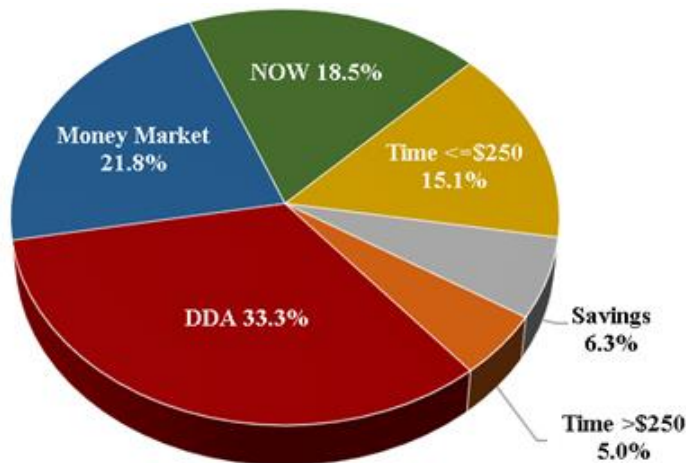


### ***Stable Core Deposit Franchise***

Our banking philosophy, which is grounded in our commitment to integrity, personal relationships, service excellence, and a team-driven culture, attracts a loyal customer base. As a result, we have a valuable deposit franchise supported by a high level of noninterest-bearing accounts and a substantial level of core deposits. We define core deposits as all deposits excluding time deposits exceeding \$250,000. Our time deposits exceeding \$250,000 are held by a historically loyal customer base and are not brokered. As of December 31, 2018, core deposits were 95.0% of our total deposits, noninterest-bearing deposits were 33.3% of total deposits and our loan to deposit ratio was 80.9%. We do not have any internet-sourced or brokered deposits, and we have not historically used these types of deposits as a source of funding. We believe that our robust core deposit generation is powered by our emphasis on banking relationships over transactional banking and by our personal service, visibility in our communities, broad commercial banking and treasury management product offerings, and convenient services such as remote deposit capture and commercial internet banking. The following chart illustrates the diversification of our deposit base among our various product offerings as of December 31, 2018.



## Deposit Mix



### **Strong Brand Recognition in our Communities and Markets**

We developed a brand that exemplifies our core values of integrity and service excellence. We believe that part of providing service excellence is having strategically placed banking centers where customers can go to begin a relationship, seek advice and assistance, and engage with our bankers. To promote our organic growth, in both our current and new markets, we locate banking centers in strategic sites after consultation and study by expert outside consultants who examine metropolitan areas for optimal locations. Our banking centers strengthen our brand recognition and reputation across our markets. Red River Bank has been voted “best bank” in the Central Louisiana market for nine years by *Cenla Focus Magazine*, “top 50 best places to work” in the Southeast Louisiana market for four years by the *Baton Rouge Business Report*, and “best bank” in the Northwest Louisiana market for two years by *SB Magazine*. Members of our executive management have extensive personal networks and ties to all major metropolitan areas of Louisiana. Consequently, we believe we are poised to replicate our brand and valued reputation in these important areas all across the state. We are “Red River Bank: A bank made in Louisiana. A bank made for Louisiana.”

### **Robust Infrastructure and Investments in Technology Provide a Scalable Platform for Growth**

We believe that our management, employees, and credit infrastructure provide a solid foundation for future growth. We built our banking platform to be scalable and accommodating to a growing customer base. Investment in technology is a key component of this overall strategy. We believe our emphasis on “both people and technology” allows us to compete effectively with much larger institutions, maintain our relationship-based banking philosophy, and provide for future efficiencies. Our customers’ expectations are evolving as they seek to adopt new forms of digital banking. We increasingly find that service excellence equates to real-time, digital offerings, and so we have invested, and expect to continue to invest, in the technology necessary to deliver those products and services. At the same time, we have invested in related risk management processes and the protection of the technology underpinning our platforms. We believe these investments will create operational efficiencies across our markets, reducing operational expenses. They also provide a scalable infrastructure to accommodate our expected future growth and further strengthen our “high tech/high touch” platform.

### **Growth and Expansion Strategy**

Our mission is to be the premier statewide banking organization in Louisiana. We strive to differentiate ourselves from our competitors by providing the best of “relationship-based” banking that is tailored to meet the needs of the small and medium-sized businesses operating within our banking markets, as well as the owners and employees of those businesses, and executives, professionals, and individuals with strong ties to our banking

markets. In our experience, these customers place a high value on the type of long-term relationship with their bank and banker that we provide. Through this relationship-driven approach, we grow our business one customer at a time. Since inception, we concentrated our efforts on building our market presence in key metropolitan markets within the state of Louisiana where our target customers are underserved and well-suited for the commercial, retail, and private banking products and services that we provide. We intend to leverage our competitive strengths to take advantage of what we believe are significant growth opportunities within our existing footprint and other strategic market areas that we believe complement our strategic plan. Our growth strategy includes the following:

#### ***Identify and Recruit Talented Bankers***

We believe that competition for customers starts with the competition for the best bankers. Whether we expand our presence in our existing markets, enter new markets organically, or make opportunistic acquisitions, adding talented bankers with extensive in-market experience is one of our primary strategies for continued success. In our experience, our brand of banking is attractive to motivated bankers from smaller institutions that lack the platform to engage in sophisticated transactions and also to bankers from larger institutions that lack our relationship-based approach to banking. We are committed to the continual development of talent within our company through continuing education and promotions. We find that hiring committed, talented bankers, and providing development and advancement opportunities, leads to long-term continuity in our workforce as well as a strong and talented employee base with which to fuel the long-term potential of our bank.

#### ***Expand Market Share in Existing Markets***

We want to be the market leader and have a significant market share in all the communities we serve. Organic growth is our primary focus, which may be supplemented with strategic, targeted acquisitions when and if appropriate. We intend to expand our banking center network by opening additional banking centers in our existing markets to provide our customers with more convenient banking locations. We understand that relationships are our strategic advantage and we continually seek to identify and recruit experienced bankers with broad relationship networks within our existing markets. We then strengthen those relationships by offering personalized products and services. We also attract new customers through personal outreach by our bankers, with targeted marketing campaigns, and by advertising in a variety of traditional media and in social media. We also reach new customers by filling the void left by competitors who are closing banking offices. Other outreach activities include helping our communities during times of need and by having a presence at community events, such as with our branded ice cream trucks that give out free frozen treats. We encourage our bankers to take leadership roles in our communities, and we are well represented in a wide variety of non-profit, volunteer organizations across all our markets.

#### ***Opportunistic New Market Expansion***

When evaluating potential new market opportunities, our standard due diligence includes both an assessment of the local economy as well as an analysis of the local banking landscape. We concluded that an opportunity existed in Lake Charles, Calcasieu Parish, in Southwestern Louisiana, for a community bank with the strength and scale of Red River Bank to carve out a meaningful market share position over the long term. Lake Charles is the fastest-growing MSA in the state of Louisiana, and one of the fastest growing in the southeastern U.S. Much of this growth is industrial in nature and is driven by growth in the liquefied natural gas sector. In keeping with our established strategy of disciplined and thoughtful *de novo* expansion into new markets, we opened an LPO in Lake Charles in the third quarter of 2017. We evaluated this move for 12–24 months prior to commencement of formal operations.

In April of 2018, after operating the LPO for approximately eight months, we closed it and opened a business-focused banking center in Lake Charles, the Lake Street Banking Center. The Lake Street Banking Center is located in a new office and retail development, and it utilizes a concierge-type service desk, rather than traditional teller lines and is the first of its kind for our company. We are actively scouting potential sites in Southwest Louisiana for the construction of a traditional full-service banking center, with complete ATM and drive-through capability.

## Disciplined Acquisition Strategy

Our primary focus continues to be on organic expansion, however, we will identify and evaluate opportunities for strategic business acquisitions as they may arise. Our historic approach to potential acquisitions has been strategic and disciplined. Since inception, we completed two whole-bank acquisitions of institutions with customer-oriented, compatible philosophies and in desirable geographic areas. These acquisitions provided us the opportunity to expand the delivery of our relationship-driven brand of banking. The first acquisition in our bank's history was the acquisition of Bank of Lecompte in 2003. This acquisition allowed us to further strengthen our foothold in the Central Louisiana market by adding two banking centers, approximately \$38.9 million in total assets, and \$33.0 million in deposits. Our second transaction in 2013, the acquisition of Fidelity Bancorp, Inc. and Fidelity Bank in Baton Rouge, Louisiana, was the catalyst for our expansion into the Baton Rouge metropolitan area. This acquisition provided us with five additional banking centers with approximately \$120.5 million in total assets and \$110.3 million in deposits. We will continue to emphasize organic expansion going forward, and we are not currently a party to any formal or informal acquisition arrangements. We will, however, carefully consider acquisition opportunities, primarily within the state of Louisiana, that we believe are consistent with our mission and which can provide opportunities for improved profitability and to gain market share.

## Lending Activities

*Overview.* We offer a variety of loans, including commercial lines of credit, working capital loans, commercial real estate-backed loans (including loans secured by owner occupied commercial properties), term loans, equipment financing, acquisition, expansion and development loans, borrowing base loans, real estate construction loans, homebuilder loans, letters of credit, and other loan products to small and medium-sized businesses, real estate developers, mortgage lenders, manufacturing and industrial companies, and other businesses. We also offer various consumer loans to individuals and professionals including residential real estate loans, home equity loans, installment loans, unsecured and secured personal lines of credit, and standby letters of credit. Lending activities originate from the efforts of our bankers, with an emphasis on lending to individuals, professionals, small and medium-sized businesses, and commercial companies located in our market areas. Although all lending involves a degree of risk, we believe that commercial business loans and commercial real estate loans present greater risks than other types of loans in our portfolio. We work to mitigate these risks through conservative underwriting policies and consistent monitoring of credit quality indicators.

Our loan portfolio as of the dates indicated was comprised as follows:

	As of December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands)				
Real estate:					
Commercial real estate	\$ 454,689	\$ 412,355	\$ 393,351	\$ 379,841	\$ 354,329
Residential real estate	406,963	375,536	337,926	298,234	264,393
Construction and development	102,868	84,812	77,155	68,789	53,569
Commercial and industrial	275,881	284,035	248,448	206,868	205,220
Tax-exempt	60,104	62,776	61,819	51,816	39,359
Consumer	27,933	28,152	27,976	27,049	26,660
Total loans held for investment	<u>\$ 1,328,438</u>	<u>\$ 1,247,666</u>	<u>\$ 1,146,675</u>	<u>\$ 1,032,597</u>	<u>\$ 943,530</u>
Total loans held for sale	\$ 2,904	\$ 1,867	\$ 3,146	\$ 3,604	\$ 8,007

Additionally, we have outstanding commitments to extend credit in the forms of lines of credit and standby letters of credit, to extend approximately \$243.1 million in credit as of December 31, 2018. We use the same credit policies in making these commitments as we do for our other loans.

*Commercial Real Estate Loans.* We offer real estate loans for commercial property that is owner occupied as well as commercial property owned by real estate investors. Commercial real estate loan terms are generally five years or less and amortization is generally limited to 20 years or less, although payments may be structured on a longer amortization basis in unusual cases. The interest rates on our commercial real estate loans may be fixed or variable, although rates typically are not fixed for a period exceeding five years. We generally charge an origination

fee for our services. We typically require personal guarantees from the principal owners of the business supported by a review of the principal owners' personal financial statements and global debt service obligations. Risks associated with commercial real estate loans include fluctuations in the value of real estate, the overall strength of the economy, new job creation trends, tenant vacancy rates, environmental contamination, and the quality of the borrower's management. We make efforts to limit our risk by analyzing borrowers' cash flow and collateral value. For acquisition, development, and construction loans, collateral value is dependent upon the completion of the project. The real estate securing our existing commercial real estate loans includes a wide variety of property types, such as owner occupied offices, warehouses, and production facilities, office buildings, hotels, mixed-use residential/commercial, retail centers, and multifamily properties. Our commercial real estate loan portfolio presents a higher risk profile than our consumer real estate and consumer loan portfolios.

*Residential Real Estate Loans.* We offer first and second lien one-to-four family mortgage loans, as well as home equity lines of credit, in each case primarily on owner occupied primary residences. Our retail consumer real estate lending products are offered primarily to consumer customers within our geographic markets. We also originate for resale one-to-four family mortgage loans, and those loans are included as a part of our consumer real estate loan portfolio until sold to investors. However, as of December 31, 2018, we held only \$2.9 million in mortgages for resale. Although our consumer real estate loan portfolio presents lower levels of risk than our commercial and industrial, commercial real estate, and construction loan portfolios, we are exposed to risk based on fluctuations in the value of the real estate collateral securing the loan, as well as changes in the borrower's financial condition, which could be affected by numerous factors, including divorce, job loss, illness, or other personal hardship.

*Construction and Development Loans.* Our construction portfolio includes loans to small and medium-sized businesses to construct owner-user properties, loans to developers of commercial real estate investment properties and residential developments and, to a lesser extent, loans to individual clients for construction of single family homes in our market areas. Construction and development loans are generally made with a term of one to two years with interest paid monthly. Our underwriting policy does allow for exceptions in which the term of a construction and development loan may be longer than two years, however, the term must be realistic and consistent with the borrower's documented ability to repay. The ratio of the loan principal to the value of the collateral, as established by independent appraisal, typically will not exceed regulatory supervisory guidelines. Loan proceeds are disbursed based on the percentage of completion and only after the project has been inspected by an experienced construction lender or third-party inspector. Risks associated with construction loans include fluctuations in the value of real estate, project completion risk, and change in market trends. We are also exposed to risk based on the ability of the construction loan borrower to finance the loan or sell the property upon completion of the project, which may be affected by changes in secondary market terms and criteria for permanent financing since the time that we funded the construction loan.

*Commercial and Industrial Loans.* We make general commercial loans, including commercial lines of credit, working capital loans, term loans, equipment financing, asset acquisition, expansion and development loans, borrowing base loans, letters of credit, and other loan products, primarily in our target markets that are underwritten on the basis of the borrower's ability to service the debt from income. We typically take as collateral a lien on general business assets including, among other things, available real estate, accounts receivable, promissory notes, inventory, and equipment and generally obtain a personal guaranty of the borrower or principal. Our commercial loans generally have terms that range from one to five years depending on factors such as the type and size of the loan, the financial strength of the borrower/guarantor, and the age, type, and value of the collateral. Fixed rate commercial loan maturities are generally short-term, with one to five year maturities, or include periodic interest rate resets. Our underwriting policy does allow for exceptions in which the term and amortization of a commercial and industrial loan may be longer than five years, however, the term and amortization must be consistent with the useful life and depreciation rates of the underlying collateral and an underwriting exception will be noted. In general, commercial loans may involve increased credit risk and, therefore, typically yield a higher return. The increased risk in commercial loans derives from the expectation that such loans generally are serviced principally from the operations of the business, and those operations may not be successful. Any interruption or discontinuance of operating cash flows from the business, which may be influenced by events not under the control of the borrower such as economic events and changes in governmental regulations, could materially affect the ability of the borrower to repay the loan. In addition, the collateral securing commercial loans generally includes moveable property such as equipment and inventory, which may decline in value more rapidly than we anticipated, exposing us to increased credit risk. As a result of these additional complexities, variables, and risks, commercial loans require extensive underwriting and servicing.

*Tax-Exempt Loans.* We make tax-exempt loans to political subdivisions of the State of Louisiana including parishes, municipalities, utility districts, school districts, and development authorities. These loans undergo the same underwriting as any of our other loans, and are typically secured by and paid for by ad valorem taxes.

*Consumer Loans.* While our focus is on service to small and medium-sized businesses, we also make a variety of loans to individuals for personal, family, and household purposes, including secured and unsecured installment and term loans. We offer consumer loans as an accommodation to our existing customers and do not market consumer loans to persons who do not have a pre-existing relationship with us. Our consumer loans, which are underwritten primarily based on the borrower's financial condition and, in some cases, are unsecured credits, subject us to risk based on changes in the borrower's financial condition, which could be affected by numerous factors, including divorce, job loss, illness or other personal hardship, and fluctuations in the value of the real estate or personal property securing the consumer loan, if any.

## **Credit Policies and Procedures**

*General.* We adhere to what we believe are disciplined underwriting standards, but also remain cognizant of the need to serve the credit needs of customers in our primary market areas by offering flexible loan solutions in a responsive and timely manner. We maintain asset quality through an emphasis on local market knowledge, long-term customer relationships, consistent and thorough underwriting for all loans, and a conservative credit culture. We also seek to maintain a broadly diversified loan portfolio across customer, product, and industry types. Our lending policies do not provide for any loans that are highly speculative, subprime, or that have high loan-to-value ratios. These components, together with active credit management, are the foundation of our credit culture, which we believe is critical to enhancing the long-term value of our organization to our customers, employees, shareholders, and communities.

We have a service-driven, relationship-based, business-focused credit culture, rather than a price-driven, transaction-based culture. Substantially all of our loans are made to borrowers located or operating in our primary market areas with whom we have ongoing relationships across various product lines. The limited number of loans secured by properties located in out-of-market areas have been made strictly to borrowers who are well-known to us.

*Credit Concentrations.* In connection with the management of our credit portfolio, we actively manage the composition of our loan portfolio, including credit concentrations. Our loan approval policies establish concentrations limits with respect to industry and loan product type to enhance portfolio diversification. These limits are reviewed quarterly as part of our loan review program. In general, loan product concentration levels are monitored on a quarterly basis, and our commercial real estate concentrations are monitored quarterly by Red River Bank's Directors' Loan Committee, which is composed of a minimum of four outside directors and three bank officers, including the President and Chief Executive Officer and Chief Lending Officer. Industry concentration levels are monitored on a quarterly basis.

*Loan Approval Process.* We seek to achieve an appropriate balance between prudent, disciplined underwriting and flexibility in our decision-making and responsiveness to our customers. As of December 31, 2018, Red River Bank had a legal lending limit of approximately \$27.2 million for secured loans and \$10.9 million for unsecured loans. Our credit approval policies provide for various levels of officer and senior management lending authority for new credits and renewals, which are based on position, capability, and experience. Loans in excess of an individual officer's lending limit may be approved by one or more executive officers. These limits are reviewed periodically by the Bank's board of directors. We believe that our credit approval process provides for thorough underwriting and efficient decision making.

*Credit Risk Management.* The principal risk associated with each of the loans that we make is the creditworthiness of the borrower and the borrower's ability to repay the loan. As a lender, we are exposed to the risk that our customers will be unable to repay their loans according to the terms and that the collateral securing the payment of their loans (if any) may not be sufficient to assure repayment. Our credit standards, procedures, and policies may not prevent us from incurring substantial credit losses, particularly in light of economic developments in recent years. Systematic risk and the potential for continued economic changes present considerable challenges to us. It is difficult to determine the depth and duration of the economic and financial market problems and the many ways in which they may impact our asset quality.

We recognize that maintaining our strong credit culture is crucial to our success. A core principal of strong credit management risk is the hiring of bankers with years of proven experience underwriting credit. We couple that with tried and true lending practices and underwriting guidelines that are focused on conservative lending based on historical performance of borrowers. We have established a credit risk management framework that includes an experienced team to lead the workout and recovery process for our loan portfolio. Credit risk management involves a strong relationship between our loan officers, credit officers, and our collections partners. We use asset risk classification in connection with our efforts to monitor and improve commercial asset quality. Loans are classified in one of five categories: pass, special mention, substandard, doubtful, or loss.

The board of directors of the Bank is responsible for the safety and soundness of the Bank. As such, it is charged with monitoring the efforts of the Bank's management activities. Since lending represents risk exposure, the Bank's board and its duly appointed committees seek to ensure that the Bank maintains high credit quality standards.

Additionally, our process includes consistent oversight of our loan portfolio through loan reviews, director loan committee reviews and limited use of individual loan authority. The Bank has established asset oversight committees to administer its loan portfolio. These committees include: (i) the Directors' Loan Committee; (ii) the Officers' Loan Committee; (iii) the Officers' Credit Review Committee; and (iv) the Special Assets Working Group. These committees meet at least quarterly, and in most cases monthly, to review and approve the lending activities of the Bank. Additionally, we have implemented a dedicated full-time internal loan review function.

### **Deposits and Other Sources of Funds**

An important aspect of our business franchise is the ability to gather deposits. As of December 31, 2018, we held \$1.65 billion of total deposits, an increase of 7.8% from December 31, 2017. As of December 31, 2018, 95.0% of our total deposits were core deposits (defined as total deposits excluding time deposits greater than \$250,000). We offer a wide range of deposit products including checking, savings, money market accounts, and time deposits. We obtain most of our deposits from individuals, partnerships, corporations, and public entities primarily in our market areas. Our bankers are experienced business developers with extensive contacts and connections with targeted clients and centers of influence throughout our communities. Our team is focused on driving relationships and noninterest-bearing accounts. We believe that the rates we offer for core deposits are competitive with those offered by other financial institutions in our market areas. Secondary sources of funding include advances from the FHLB and other borrowings. These secondary sources enable us to borrow funds at rates and terms, which, at times, are more beneficial to us.

### **Other Banking Services**

We offer banking products and services that are attractively priced with a focus on customer convenience and accessibility. We offer a full suite of online banking services including access to account balances, online transfers, online bill payment, and electronic delivery of customer statements. In addition, we offer banking services through ATMs, drive-through facilities, night deposits, telephone, mail, and in person. We also offer debit cards, credit cards, direct deposits, cashier's checks, and letters of credit, as well as treasury management services, including wire transfer services, remote deposit capture, and automated clearinghouse services.

Our full array of commercial treasury management services is designed to be competitive with banks of all sizes. Treasury management services include balance reporting (including current day and previous day activity), transfers between accounts, wire transfer initiation, automated clearinghouse origination, and stop payments. Cash management deposit products consist of remote deposit capture, merchant services, positive pay and reverse positive pay (automated fraud detection tools), account reconciliation services, zero balance accounts, and sweep accounts, including loan sweep accounts.

## Enterprise Risk Management

We have a comprehensive approach to enterprise risk management which is focused on credit, interest rate, liquidity, operational, strategic, compliance, reputational, and market risk. Our enterprise risk management program, in total and in each functional component, is designed to meet the following objectives:

- identify risk issues and their respective risk owners;
- evaluate risks in terms of their likelihood of occurrence and consequences;
- prioritize risk issues with respect to current risk status and trend;
- promptly report risk issues to management and risk owners to assist them in implementing appropriate risk management processes;
- assist management in assessing the options for managing risks and developing risk management plans; and
- monitor, manage and report on risk management efforts.

The Bank's board of directors is responsible for understanding our risk management objectives and risk tolerance. In this regard, the board (i) establishes and guides our strategic direction and risk tolerance and identifies the senior managers responsible for managing these risks; (ii) monitors the Bank's performance and overall risk profile to ensure that these risks are maintained at prudent levels and supported by adequate capital; (iii) ensures that the Bank implements sound fundamental principles that facilitate the identification, measurement, monitoring, and control of risk; and (iv) ensures that adequate resources are dedicated to risk management. We believe prompt communication and clear lines of reporting between risk management employees, bank management, and board members are fundamental to an effective risk management program. In this regard, our risk management employees engage in productive reporting and conversations with all managers, within each area of our business, who in turn report to executive management and the board to ensure cooperative and effective risk management throughout the organization.

## Information Technology Systems

We continue to make investments in our information technology systems supporting our deposit and lending operations and treasury management initiatives. We believe these investments are essential to enhancing our capabilities for offering new products and services, improving the overall customer experience, providing scale for future growth and acquisitions, and increasing controls and efficiencies in corporate support areas. We utilize a core data processing platform from a nationally recognized bank software vendor providing us with capabilities to support the continued growth of the Bank. While we operate and manage our internal network infrastructure, we leverage the capabilities of third-party service providers to provide technical expertise around network design, architecture, and cybersecurity services required for us to operate as an effective and efficient organization. We actively engage in business continuity and disaster recovery planning to effectively identify risks and understand business impacts, conduct tabletop exercises, and conduct annual recovery tests of critical systems to ensure the adequacy of contingency plans.

The majority of our systems used to conduct day-to-day banking operations are operated by a third-party service provider. Also, certain key transaction processing platforms, such as debit card processing, credit card processing, mobile banking, online banking, telephone banking, and web-site services, are outsourced to third-party service providers. These third-party providers provide the scalability, infrastructure, and disaster recovery capabilities to support our operating strategy.

## Properties

Red River Bank conducts business from 23 banking centers located in Central, Northwest, Southeast, and Southwest Louisiana, and a loan production office in Covington, Louisiana. The Bank's main office is located at 1412 Centre Court Drive, Alexandria, Louisiana. We operate 30 ATMs which include six stand-alone ATMs in the Central Louisiana area as well as a mobile ATM. We believe that our facilities are in good condition and are adequate to meet our operating needs for the foreseeable future. The following table summarizes pertinent details of our banking center locations as of December 31, 2018. We believe that the six banking center leases to which we are subject are generally on terms consistent with prevailing market terms, and none of the banking center leases are with our directors, officers, beneficial owners of more than 5% of our voting securities, or any affiliates of the foregoing.

<b>Banking Center Name</b>	<b>Street Address</b>	<b>City &amp; State</b>	<b>Own/Lease</b>
<b>Central Louisiana market</b>			
Jackson Street Banking Center	1412 Centre Court Drive	Alexandria, LA	Own
Downtown Banking Center	600 Jackson Street	Alexandria, LA	Own
Highway 28 West Banking Center	5631 Coliseum Boulevard	Alexandria, LA	Own
North Mall Banking Center	3422 North Boulevard	Alexandria, LA	Lease
North Rapides Banking Center	4425 Monroe Highway	Ball, LA	Lease
Forest Hill Banking Center	4292 Highway 112	Forest Hill, LA	Own
Lecompte Banking Center	1210 Wall Street	Lecompte, LA	Own
Marksville Banking Center	447 East Tunica Drive	Marksville, LA	Own
Pineville Banking Center	3120 Highway 28 East	Pineville, LA	Lease
<b>Northwest Louisiana market</b>			
East Texas Banking Center	2931 East Texas Street	Bossier City, LA	Own
Airline Banking Center	3300 Airline Drive	Bossier City, LA	Own
Market Street Banking Center	601 Market Street	Shreveport, LA	Lease
East Kings Banking Center	1753 East 70th Street	Shreveport, LA	Own
Provenance Banking Center	1020 Bridgewater Avenue	Shreveport, LA	Own
Uptown Banking Center	5868 Line Avenue	Shreveport, LA	Lease
Stonewall Banking Center	571 Highway 171	Stonewall, LA	Own
<b>Southeast Louisiana market</b>			
Old Hammond Highway Banking Center	9400 Old Hammond Highway	Baton Rouge, LA	Own
Central Banking Center	14545 Wax Road	Baton Rouge, LA	Own
Jones Creek Banking Center	5350 Jones Creek Road	Baton Rouge, LA	Own
Essen Lane Banking Center	5063 Essen Lane	Baton Rouge, LA	Own
South Acadian Thruway Banking Center	2591 South Acadian Thruway	Baton Rouge, LA	Own
Dutchtown Banking Center	12509 Highway 73	Geismar, LA	Own
<b>Southwest Louisiana market</b>			
Lake Street Banking Center	4112 Lake Street	Lake Charles, LA	Lease



## Competition

The banking and financial services industry is highly competitive, and we compete with a wide range of financial institutions within our markets, including local, regional, and national commercial banks and credit unions. We also compete with mortgage companies, brokerage firms, consumer finance companies, mutual funds, securities firms, insurance companies, third-party payment processors, fintech companies, and other financial intermediaries for certain of our products and services. Some of our competitors are not subject to the regulatory restrictions and level of regulatory supervision applicable to us.

Interest rates on loans and deposits, as well as prices on fee-based services, are typically significant competitive factors within the banking and financial services industry. Many of our competitors are much larger financial institutions that compete aggressively for market share. These competitors attempt to gain market share through their financial product mix, pricing strategies, and banking center locations. Other important competitive factors in our industry and markets include office locations and hours, quality of customer service, community reputation, continuity of personnel and services, capacity and willingness to extend credit, and ability to offer sophisticated banking products and services. While we seek to remain competitive with respect to fees charged, interest rates, and pricing, we believe that our broad and sophisticated commercial banking product suite, our high-quality customer service culture, our positive reputation, and long-standing community relationships will enable us to compete successfully within our markets and enhance our ability to attract and retain customers.

## Employees

As of December 31, 2018, we had 320 full-time equivalent employees. None of our employees are represented by any collective bargaining unit or are parties to a collective bargaining agreement. We believe that our relations with our employees are very good.

## Legal Proceedings

On October 24, 2017, Red River Bancshares, Inc. and Red River Bank, as plaintiffs, filed a trademark infringement action against Red River Employees Federal Credit Union (“RREFCU”), as defendant, in the U.S. District Court for the Western District of Louisiana, Shreveport Division. In October 2017, RREFCU, which is headquartered in Texarkana, Texas and had previously only operated from locations in Texas and Arkansas, acquired and began operating the branches of the failed Shreveport Federal Credit Union using a “Red River” mark, including branches located in Caddo and Bossier parishes in Northwest Louisiana. Red River Bank commenced banking operations in Caddo and Bossier parishes in 2006 and 2008, respectively, and operates four banking center locations in Caddo parish and two banking center locations in Bossier parish. In addition, we obtained federal trademark registrations for use of the Red River Bank mark and name in 2001 and 2014, respectively. RREFCU does not hold trademark registrations for use of the “Red River” mark, and had only established prior use of the “Red River” mark in its Texarkana market area prior to commencing operations in Bossier and Caddo parishes. Due to our prior established use of the Red River Bank mark and name in these parishes, the likelihood of confusion to our customers, and the potentially negative impact to our brand resulting from the operations of RREFCU in our existing market areas, we filed suit against RREFCU and are seeking damages and injunctive relief to prevent RREFCU from infringing upon our trademark rights. At this time, only preliminary motions are pending in this proceeding.

Although we do not presently believe this pending litigation will have a material adverse impact on our operations, if we are unable to obtain the injunctive relief sought, we will have to coexist with RREFCU in our Northwest Louisiana market area which could lead to confusion for consumers of banking services in this market area. RREFCU has not filed a counterclaim for its own injunctive relief or damages, however the time to do so has not yet passed. If RREFCU files a counterclaim for injunctive relief or for damages, we believe both such claims would be without merit.

Additionally, from time to time, Red River Bank and we face routine litigation arising in the normal course of business. Neither Red River Bank nor we are presently party to any legal proceedings, the resolution of which we believe would have a material adverse effect on our business, future prospects, financial condition, liquidity, results of operations, cash flows, or capital levels. However, one or more unfavorable outcomes in any claim or litigation against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management’s attention, and may materially and adversely affect our reputation, even if resolved in our favor.

## MANAGEMENT

### General

We have a seasoned executive management team and board of directors. Our executive management team has a combined 321 years of financial services experience, including extensive experience in the commercial banking industry.

Our board of directors is composed of 11 members, all of whom are elected annually at the annual meeting of shareholders and serve one-year terms until their successors are elected and qualified or until such director's earlier death, resignation, or removal. Our executive officers are appointed annually by our board of directors and hold office until their successors are duly appointed and qualified or until their earlier death, resignation, or removal.

The board of directors of Red River Bank consists of 12 members. All of the Company's directors serve on the board of directors of Red River Bank, except for F. William Hackmeyer, Jr. As the sole shareholder of Red River Bank, we elect the directors of the Bank annually for a term of one year and the directors of the Bank hold office until their successors are elected and qualified or until such director's earlier death, resignation, or removal. The executive officers of Red River Bank are appointed by the Bank's board of directors and hold office until their successors are duly appointed and qualified or until their earlier death, resignation, or removal.

The following table sets forth certain information regarding the directors and executive officers of the Company and the Bank, and the positions they hold, as of the date of this prospectus:

Name	Age	Position with Red River Bancshares, Inc.	Position with Red River Bank	Company Director Since
John C. Simpson	77	Director and Non-Executive Chairman of the Board	Director and Non-Executive Chairman of the Board	1998
R. Blake Chatelain	55	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer	1998
Kirk D. Cooper	70	Director	Director	1998
Barry D. Hines	71	Director	Director	1998
Willie P. Obey	69	Director	Director	1998
Teddy R. Price	55	Director	Director	1998
Don L. Thompson	60	Director	Director	1998
H. Lindsey Torbett, CPA, CFP	64	Director	Director	1998
F. William Hackmeyer, Jr.	77	Director	-	2000
Robert A. Nichols	69	Director	Director	2007
M. Scott Ashbrook	48	Director	Director	2013
Bryon C. Salazar	46	-	Director, Executive Vice President – Chief Lending Officer	-
Tammi R. Salazar	49	-	Executive Vice President – Private Banking, Mortgage, and Investments	-
Isabel V. Carriere, CPA, CGMA	52	Executive Vice President, Treasurer, Chief Financial Officer, and Assistant Secretary	Executive Vice President, Controller, and Assistant Secretary	-
G. Bridges Hall, IV	45	-	Market President – Shreveport/Bossier City Region	-

<b>Name</b>	<b>Age</b>	<b>Position with Red River Bancshares, Inc.</b>	<b>Position with Red River Bank</b>	<b>Company Director Since</b>
David K. Thompson	53	-	Market President – Baton Rouge Region	-
Harold W. Turner	69	-	Director, Executive Vice President and Chief Corporate Development Officer	-
Amanda W. Barnett, JD	55	Senior Vice President, General Counsel, and Corporate Secretary	Senior Vice President, General Counsel, and Corporate Secretary	-
Andrew B. Cutrer	45	Senior Vice President	Senior Vice President and Director of Human Resources	-
Debbie B. Triche	48	-	Senior Vice President and Retail Administrator	-
Gary A. Merrifield	56	-	Senior Vice President and Credit Policy Officer	-
Jeffrey R. Theiler	54	-	Senior Vice President and Chief Operations Officer	-

### **Board of Directors**

A brief description of the background of each of our directors together with the experience, qualifications, attributes, or skills that caused our board of directors to determine that the individual should serve as a director is set forth below. Except for the first cousin relationship of R. Blake Chatelain, President, Chief Executive Officer, and a director of both the Company and Bank, and Tammi R. Salazar, Executive Vice President of the Bank, no director of the Company has any family relationship, as defined in Item 401 of Regulation S-K, with any other director or executive officer.

**M. Scott Ashbrook.** Mr. Ashbrook serves as a director of the Company and Red River Bank, and has been with our organization since 2013. Mr. Ashbrook serves on Red River Bank's Directors' Loan Committee. His business experience includes serving as President and owner of Maison Healthcare Management Co., LLC, a property management company, and as owner/operator of long term care facilities and other commercial and residential real estate holdings. Prior to joining our board of directors, Mr. Ashbrook served as Chairman and Chief Executive Officer of Fidelity Bancorp, Inc., and Fidelity Bank, which were acquired by the Company in 2013. Mr. Ashbrook is a graduate of Louisiana Tech University and also holds an M.B.A. Mr. Ashbrook's extensive business and banking experience qualify him to serve on our board of directors

**R. Blake Chatelain.** Mr. Chatelain serves as the President, Chief Executive Officer, and as a director of the Company and Red River Bank, and has served in such capacities since he joined our organization in 1998. He is currently a member of our Executive Committee and Red River Bank's Asset/Liability Management Committee, Compensation Committee, and Directors' Loan Committee. Prior to joining Red River Bank, Mr. Chatelain previously served as Executive Vice President of Rapides Bank & Trust Company in Alexandria, Louisiana, where he managed the commercial lending group from 1991 until its sale to Bank One Corporation in 1998. Prior to joining Rapides Bank & Trust Company, Mr. Chatelain served as Vice President at Hibernia National Bank in Monroe, Louisiana and was responsible for managing the commercial lending group. Mr. Chatelain has been a member of the LSU Board of Supervisors since 2008 and is currently serving his second term of office, having previously served as Chairman of the Board as well as chairing several committees. Mr. Chatelain is a graduate of Louisiana State University, B.S. in Finance, and is also a licensed real estate broker. Mr. Chatelain's deep institutional knowledge, extensive banking experience, as well as his long-standing business and banking relationships in our markets, qualify him to serve on our board of directors.

**Kirk D. Cooper.** Mr. Cooper serves as a director of the Company and Red River Bank, and has been with our organization since 1998. Mr. Cooper serves on our Audit Committee, Nominating and Corporate Governance Committee and on Red River Bank's Asset/Liability Management Committee and Directors' Loan Committee. Mr. Cooper's business experience includes serving as President and part owner of Rent-It Company, Inc., a construction equipment rental and sales company based in Alexandria, Louisiana, from 1985 until its sale to Rental Service Corporation in 1998. He is a past president of the Louisiana Rental Association. Mr. Cooper is a member of the Food Bank of Alexandria's Advisory Council, Trustee of the First United Methodist Church, and a member of the Exchange Club of Alexandria. Mr. Cooper is a graduate of Northeast Louisiana University, B.B.A. in Industrial Management. Mr. Cooper's extensive business experience, community involvement, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**F. William Hackmeyer, Jr.** Mr. Hackmeyer serves as a director of the Company, and has been with our organization since 2000. He is a commercial real estate developer and has been engaged in the ownership and operation of office buildings, industrial office/warehouse buildings, and shopping centers in several states since 1979, including serving as managing partner of Hackmeyer Properties, Hackmeyer/Hailey Properties, Mid-South Partners, and Hackmeyer Properties of Florida. Mr. Hackmeyer is a graduate of the Georgia Institute of Technology, B.S. in Industrial Engineering (with Honors). Mr. Hackmeyer's extensive commercial real estate experience, as well as his years of experience as a director of the Company, qualify him to serve on our board of directors.

**Barry D. Hines.** Mr. Hines serves as a director of the Company and Red River Bank, and has been with our organization since 1998. He serves as a member of our Audit Committee. Mr. Hines has been involved in the ownership and management of multiple healthcare facilities and businesses, and currently serves as President of Quality Care Givers, Inc., a healthcare business consulting firm. Until its sale in 2002, Mr. Hines was general manager and part owner of Advantage Medical Products, LLC, a medical products supply company based in Alexandria, Louisiana. Mr. Hines is a former administrator of the Rapides Parish Police Jury, and a former Chairman of the England Industrial Airpark and Community, the public entity on which the Alexandria International Airport is located. Mr. Hines is a graduate of Louisiana State University. Mr. Hines' extensive business and management experience, community involvement, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**Robert A. Nichols.** Mr. Nichols serves as a director of the Company and Red River Bank, and has been with our organization since 2007. Mr. Nichols is the Chairman of the Board of Eagle Distributing of Shreveport, Inc., a wholesale distributor of beverage products for the ten parish area of Northwest Louisiana. He is also President of Gray Eagle Investments Company, an investment and consulting business. Mr. Nichols is a graduate of the University of Arkansas, B.S.B.A., in Marketing. Mr. Nichols' extensive business experience, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**Willie P. Obey.** Mr. Obey serves as a director of the Company and Red River Bank, and has been with our organization since 1998. He serves as a member of our Audit Committee. Mr. Obey is the President and owner of Obey Financial Group, LLC, a company he founded in 1993 which provides personal consumer loans. He also is the President of Willie Obey & Associates LLC, founded in 1980, which provides financial planning services to businesses and individuals. He is currently a General Agent for both Assurity Life and Lafayette Life Insurance companies and a current lifetime and qualifying member of the Million Dollar Round Table ("MDRT"). He has 40 years of qualifying membership with seven years as Court Of The Table, which is the second highest prestigious recognition with MDRT. Mr. Obey also previously served as a director of Security First National Bank in Alexandria, Louisiana from 1988 to 1991. Mr. Obey's extensive business and financial experience, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**Teddy R. Price.** Mr. Price serves as a director of the Company and Red River Bank, and has been with our organization since 1998. He serves as a member of our Compensation Committee and Executive Committee. Mr. Price is the President, Chief Executive Officer, and owner of Central Management Company, Inc., Winnfield, Louisiana, since 1986. Central Management Company is one of the largest owners and operators of long-term care facilities in Louisiana. Mr. Price was a director of Rapides Bank & Trust Company in Alexandria until its acquisition by Bank One Corporation in 1998. He is a director of the Louisiana Nursing Home Association, the Central Louisiana Economic Development Alliance, and has previously served on the boards of several professional and civic organizations. Mr. Price is a graduate of Northeast Louisiana University. Mr. Price's extensive business experience, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**John C. Simpson.** Mr. Simpson serves as the non-executive Chairman of the Board of the Company and Red River Bank, and has been with our organization since 1998. He serves as a member of our Compensation Committee, Nominating and Corporate Governance Committee, and Executive Committee. Mr. Simpson is a private investor and formerly served as the President and Chief Executive Officer of Red Simpson, Inc., a power line construction company based in Alexandria, Louisiana until its sale to Pike Electric Company in 2004. Since the sale of Red Simpson, Inc., Mr. Simpson has actively managed a portfolio of investments through S 3 Dynamics, L.P. and its subsidiaries, including real estate joint ventures, investments, numerous private equity funds and hedge funds, and individual portfolio investment. Mr. Simpson is a graduate of Louisiana State University, B.S., in Electrical Engineering. Mr. Simpson's extensive business and investment experience, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**Don L. Thompson.** Mr. Thompson serves as a director of the Company and Red River Bank, and has been with our organization since 1998. Mr. Thompson is a private investor and is the founder of Thompson Health Services, Inc., a provider of home health services in Central Louisiana, which was owned by him and his brother until its sale in 2003. Mr. Thompson has been involved in the ownership and management of several healthcare businesses and commercial real estate developments. Mr. Thompson's extensive business and investment experience, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

**H. Lindsey Torbett, CPA, CFP.** Mr. Torbett serves as a director of the Company and Red River Bank, and has been with our organization since 1998. He serves as Chairman of our Audit Committee. Mr. Torbett is an owner of Torbett Financial Strategies, Ltd., which is a consulting firm that Mr. Torbett founded in 1997 to provide financial consulting services to individuals and businesses in matters involving financial management strategies and venture capital arrangements. Mr. Torbett began his career with the firm of Price Waterhouse & Co. in Houston, Texas in 1975. Mr. Torbett currently chairs the Alexandria Civil Service Commission, is a former Alexandria city councilman, and is a former board member of the Port Authority of Alexandria. Mr. Torbett is also a Certified Public Accountant and Certified Financial Planner. Mr. Torbett is a graduate of Northwestern State University, B.S. (with Honors), in Accounting. Mr. Torbett's extensive financial and accounting experience, community involvement, as well as his years of experience as a director of the Company and the Bank, qualify him to serve on our board of directors.

### **Executive Officers**

A brief description of the background of each of the executive officers of the Company and Red River Bank who are not also directors of the Company is set forth below. Except for (i) the spousal relationship of Bryon C. Salazar, Executive Vice President – Chief Lending Officer and a director of the Bank, and Tammi R. Salazar, Executive Vice President – Private Banking, Mortgage, and Investments of the Bank, and (ii) the first cousin relationship of Tammi R. Salazar and R. Blake Chatelain, President, Chief Executive Officer, and a director of both the Company and Bank, no executive officer has any family relationship, as defined in Item 401 of Regulation S-K, with any other executive officer or director.

**Amanda W. Barnett, JD.** Amanda Wood Barnett serves as Senior Vice President, General Counsel, and Corporate Secretary of the Company and Red River Bank, and has been with the organization since 2010. Prior to joining Red River Bank, she was with the firm of Gold, Weems, Bruser, Sues & Rundell in Alexandria, Louisiana and before then with the firm of Milling, Benson, Woodward, Hillyer, Pierson & Miller in New Orleans, Louisiana. She is admitted to practice in Louisiana and in the U. S. District Courts for the Western, Middle and Eastern Districts of Louisiana, and the Northern and Eastern Districts of Texas. Ms. Barnett is a member of the Louisiana State Bar Association, the American Bar Association, and the Bar Association of the Federal Fifth Circuit. Ms. Barnett is a graduate of Newcomb College of Tulane University, B.A., in English Literature (*Cum Laude*), and Louisiana State University, J.D., graduating Order of the Coif and Phi Kappa Phi. She currently serves as President of the Louisiana Bar Foundation and is on its board of directors, is a past Chairman of the Bank Counsel Committee of the Louisiana Bankers Association, and is on the Government Relations Council of the American Bankers Association.

**Isabel V. Carriere, CPA, CGMA.** Ms. Carriere serves as the Executive Vice President, Treasurer, Chief Financial Officer, and Assistant Secretary of the Company, and Executive Vice President, Controller, and Assistant Secretary of Red River Bank, and has been with our organization since 1999. Prior to joining Red River Bank, Ms. Carriere was manager of the Financial Planning Department at Whitney National Bank in New Orleans, Louisiana.

From 1991 to 1997, Ms. Carriere worked in the Financial Planning and Financial Reporting departments of First Commerce Corporation in New Orleans. Prior to joining First Commerce Corporation, Ms. Carriere was with KPMG Peat Marwick in New Orleans, where she was involved in auditing depository organizations and their holding companies. Ms. Carriere is a Certified Public Accountant, a Chartered Global Management Accountant, and is a graduate of the A.B. Freeman School of Business at Tulane University, B.S., in Management (*Cum Laude*).

**Andrew B. Cutrer.** Mr. Cutrer serves as Senior Vice President for the Company and as Senior Vice President and Director of Human Resources for Red River Bank. He has been with our organization since 2001. Prior to joining the Bank, Mr. Cutrer was Director of Human Resources at Bunkie General Hospital. Mr. Cutrer has a B.S. in Management and Marketing from Louisiana College, and an M.B.A. from Louisiana Tech University.

**G. Bridges Hall, IV.** Mr. Hall serves as Shreveport-Bossier City Market President of Red River Bank. Mr. Hall joined the Bank as a Commercial Lender in the Shreveport market in 2006 and has also served as Chief Credit Officer of the Bank. Prior to joining the Bank, Mr. Hall spent seven years in management of a family-owned manufacturing business and then joined Hibernia National Bank eventually serving as the Credit Department Manager in Dallas, Texas. Mr. Hall is a graduate of Northwestern State University, B.S., in Business Administration, Louisiana State University-Shreveport, M.B.A., and the Graduate School of Banking at Louisiana State University.

**Gary A. Merrifield.** Mr. Merrifield serves as Senior Vice President and Credit Policy Officer for Red River Bank, and has been with our organization since 2015. Prior to joining the Bank, Mr. Merrifield was the Senior Regional Credit Officer in Florida for Hancock Bank since 2010 and served as Regional Credit Officer in Louisiana for Hancock Bank since 2001. He began his career in 1985 with City National Bank, a subsidiary of First Commerce Corporation, New Orleans, Louisiana. Mr. Merrifield is a graduate of Nicholls State University, B.S., in Marketing, and the Graduate School of Banking at Louisiana State University.

**Bryon C. Salazar.** Mr. Salazar serves as Executive Vice President – Chief Lending Officer and as a director of Red River Bank, and chairs the Bank’s Directors’ Loan Committee. He has been with our organization since 1998. Prior to joining the Bank, Mr. Salazar was a commercial banker with Rapides Bank & Trust Company in Alexandria, Louisiana, as well as three other subsidiary banks of First Commerce Corporation in New Orleans, Louisiana. Mr. Salazar currently serves on the Board of Commissioners of the Central Louisiana Port Authority, where he served as President from 2013 to 2017. He also serves on the Board of Trustees of Rapides Regional Medical Center, where he currently serves as Vice Chairman. Mr. Salazar is a graduate of Louisiana State University, B.S., in Finance (*Magna Cum Laude*).

**Tammi R. Salazar.** Ms. Salazar serves as Executive Vice President – Private Banking, Mortgage, and Investments of Red River Bank and leads our private banking, mortgage lending, and investment groups on a company-wide basis. She has been with our organization since 1998. Prior to joining the Bank, Ms. Salazar was Vice President for Rapides Bank & Trust Company in Alexandria, Louisiana, a subsidiary of First Commerce Corporation in New Orleans, Louisiana. She has served on the Board of Trustees of The Rapides Foundation, having served as Board Chair, and on the Board of Directors of the Alexandria Country Day School. Ms. Salazar currently serves on the boards of directors of the Rapides Children’s Advocacy Network and the River Oaks Art Center. Ms. Salazar is a graduate of Louisiana Tech University, B.S., in Finance.

**Jeffrey R. Theiler.** Mr. Theiler serves as Senior Vice President and Chief Operations Officer for Red River Bank, and has been with our organization since 2015. Mr. Theiler has over 31 years of banking experience in retail, financial analysis, operations, security and risk. Prior to joining the Bank, Mr. Theiler served in a similar capacity with The Peoples Bank for one year, but most of his banking career (16 years) was with Hancock Whitney Bank in various senior leadership roles. His last position with Hancock Whitney was as their Chief Information Security Officer. Mr. Theiler is a graduate of the A.B. Freeman School of Business at Tulane University, B.S., in Management, and Loyola University, M.B.A.

**David K. Thompson.** Mr. Thompson serves as Baton Rouge Market President of Red River Bank and has been with our organization since 2015. Prior to joining the Bank, Mr. Thompson was the Baton Rouge Commercial Group Leader for IBERIABANK from 2008 to 2015 and was with Regions Bank from 1999 to 2008 where he served as the Commercial and Industrial Group Manager for the Baton Rouge Market. He currently serves as President and Board Member of the Baton Rouge Chapter of the Risk Management Association and is a Board Member of the Greater Baton Rouge Food Bank. Mr. Thompson is a graduate of the University of Louisiana-Monroe, B.B.A., in Finance, and the Graduate School of Banking at Louisiana State University.

**Debbie B. Triche.** Ms. Triche serves as a Senior Vice President and Retail Administrator for the Bank, and has been with our organization since 2000. Prior to joining the Bank, Ms. Triche was a Vice President and Retail Branch Manager with Rapides Bank and Trust Company in Alexandria, a subsidiary of First Commerce Corporation in New Orleans, Louisiana. She was also formerly a Vice President and Retail Branch Manager with Hancock Bank in Alexandria. Ms. Triche is a graduate of Louisiana Tech University, B.S., in Marketing.

**Harold W. Turner.** Mr. Turner serves as a director, Executive Vice President and Chief Corporate Development Officer of Red River Bank, and has been with our organization since 2006. Prior to joining the Bank, Mr. Turner was Executive Vice President and Regional Chairman of Hibernia National Bank's Northern Region, which included all of Northern Louisiana and Northern Texas. Mr. Turner spent a total of 33 years in the employment of Hibernia National Bank. In addition to his banking background, Mr. Turner has served as Chairman of several nonprofit organizations in the communities in which he has lived. In 2009, Mr. Turner was awarded the Business Leader of the Year in Shreveport-Bossier City by The Greater Shreveport Chamber of Commerce. In 2012, he was inducted into the Business Hall of Fame by the Junior Achievement of Northwest Louisiana. Mr. Turner is a graduate of Northeast Louisiana State University, B.S., in Data Processing, and Northwestern State University, M.B.A. In addition, Mr. Turner is a graduate from the School of Banking of the South at LSU in Baton Rouge, the Graduate School of Banking at the University of Oklahoma, and the American Banking Association School of Banking at Northwestern University in Evanston, Illinois.

### **Corporate Governance Guidelines and Board Matters**

We are committed to having sound corporate governance guidelines, which are essential to running our business efficiently and maintaining our integrity in the marketplace. Our board of directors has adopted Governance Guidelines that set forth the framework within which our board of directors, assisted by its committees, directs the affairs of our organization. The Governance Guidelines address, among other things, the composition and functions of our board of directors and its committees, director independence, compensation of directors, management succession, and review and selection of new directors. In addition, our board of directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers, and employees. Upon the completion of this offering, our Governance Guidelines, as well as the Code of Business Conduct and Ethics, will be available on the Investor Relations page of our corporate Internet site at [www.redriverbank.net](http://www.redriverbank.net). We expect that any amendments to the Code of Business Conduct and Ethics, or any waivers of its requirements with respect to any of our directors or executive officers, will be disclosed on our corporate Internet site as well as by any other means required by Nasdaq Stock Market rules or SEC rules.

**Director Selection Process.** Our bylaws provide that nominations of persons for election to the board of directors may be made by or at the direction of our board of directors or by any shareholder entitled to vote for the election of directors who complies with certain notice procedures. The Nominating and Corporate Governance Committee is responsible for identifying and recommending candidates to the board as vacancies occur. Director candidates are evaluated using certain established criteria, including familiarity with the financial services industry, their personal financial stability, and their willingness to serve. The Nominating and Corporate Governance Committee will also consider the candidate's level of financial literacy, his or her ability to devote an adequate amount of time to his or her duties as a director, and any past or present relationship the candidate has with our business. The Nominating and Corporate Governance Committee is responsible for monitoring the mix of skills and experience of the directors in order to assess whether the board has the necessary tools to perform its oversight function effectively. Although we do not have a separate diversity policy, the Nominating and Corporate Governance Committee considers the diversity of our directors and nominees in terms of knowledge, experience, skills, expertise, and other demographics that may contribute to our board of directors. The Nominating and Corporate Governance Committee will also evaluate candidates recommended by shareholders, provided that such candidates are nominated in accordance with the applicable provisions of our bylaws.

**Director Independence.** Under the rules of the Nasdaq Stock Market, independent directors must comprise a majority of our board of directors within a specified period of time of this offering. The rules of the Nasdaq Stock Market, as well as those of the SEC, also impose several other requirements with respect to the independence of our directors. Our board of directors has undertaken a review of the independence of each director based upon these rules and our own Governance Guidelines. Applying these standards, our board of directors has affirmatively determined that, with the exception of Mr. Chatelain, each of our current directors qualifies as an independent director under the applicable rules. The 10 independent directors constitute a majority of the 11 members of our board of directors.

In making independence determinations, our board of directors considered the current and prior relationships that each director has with us and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each director, and the transactions involving them described in the section titled “Certain Relationships and Related Party Transactions.”

**Board Leadership Structure.** The board of directors of the Company meets quarterly and the board of directors of Red River Bank meets monthly with the exception of August. Our board of directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board. It is our board of directors’ view that rather than having a rigid policy, the board of directors, with the advice and assistance of the Nominating and Corporate Governance Committee, and upon consideration of all relevant factors and circumstances, will determine, as and when appropriate, whether the two offices should be separate. Currently, our leadership structure separates the offices of Chief Executive Officer and Chairman of the Board, with Mr. Chatelain serving as our Chief Executive Officer and Mr. Simpson as Chairman of the Board, reinforcing the leadership role of our board of directors in its oversight of our business and affairs.

**Compensation Committee Interlocks and Insider Participation.** Upon the completion of this offering, none of the members of our Compensation Committee will be or will have been an officer or employee of Red River Bancshares, Inc., or of Red River Bank. None of our executive officers serve or have served as a member of the board of directors, compensation committee, or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

## **Board Committees**

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include the Audit Committee, the Compensation Committee, the Executive Committee, and the Nominating and Corporate Governance Committee. Our board of directors also may establish such other committees as it deems appropriate, in accordance with applicable laws and regulations and our corporate governance documents.

**Audit Committee.** The members of our Audit Committee are Messrs. Torbett (Chairman), Cooper, Hines, and Obey. Our Audit Committee has responsibility for, among other things:

- selecting, engaging, and overseeing the independent auditors;
- overseeing the integrity of our financial statements, including the annual audit, the annual audited financial statements, financial information included in our periodic reports filed with the SEC, and any earnings releases or presentations;
- overseeing our financial reporting internal controls;
- overseeing our internal audit functions, including oversight of the Chief Audit Executive;
- overseeing our compliance with applicable laws and regulations;
- overseeing our risk management functions;
- overseeing our process for receipt of complaints and our Whistleblower Policy; and
- reviewing and investigating any possible violation of the Code of Business Conduct and Ethics or other standards of business conduct by any officer or employee of the Company that is related to our audit or accounting practices.

Rule 10A-3 promulgated by the SEC under the Exchange Act and applicable Nasdaq Stock Market rules require our audit committee to be composed entirely of independent directors upon the effective date of our registration statement. Our board of directors has affirmatively determined that each of the members of our audit committee is independent under the rules of the Nasdaq Stock Market and for purposes of serving on an audit



committee under applicable SEC rules. Our board of directors has also determined that Mr. Torbett qualifies as an “audit committee financial expert” as defined by the SEC. Our board of directors has adopted a written charter for our Audit Committee, which will be available on the Investor Relations page of our corporate Internet site at [www.redriverbank.net](http://www.redriverbank.net) upon the completion of this offering.

**Compensation Committee.** The members of our Compensation Committee are Messrs. Price (Chairman), Simpson, and Thompson. Our Compensation Committee is responsible for, among other things:

- annually reviewing and approving compensation of our CEO, including determination of salary, bonus and incentive opportunities, and other compensation, and approving goals and objectives relevant to the compensation of the CEO and evaluating the CEO’s performance in light of such goals and objectives;
- together with the CEO, annually reviewing and approving compensation of our other executive officers;
- reviewing and ensuring compliance with applicable laws and regulations regarding executive compensation;
- retaining, or obtaining the advice of, such compensation consultants, legal counsel, or other advisers as the Compensation Committee deems necessary or appropriate for it to carry out its duties, with direct responsibility for the appointment, compensation, and oversight of the work of such consultant, counsel, or adviser;
- reviewing and approving employment agreements, severance arrangements, change in control agreements, and similar matters; and
- administering, reviewing, and making recommendations with respect to our equity compensation plans.

Our board of directors has evaluated the independence of the members of our Compensation Committee and has determined that each of the members of our Compensation Committee is independent under Nasdaq Stock Market standards. The members of the Compensation Committee also qualify as “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act. Our board of directors has adopted a written charter for our Compensation Committee, which will be available on the Investor Relations page of our corporate Internet site at [www.redriverbank.net](http://www.redriverbank.net) upon the completion of this offering.

**Nominating and Corporate Governance Committee.** The members of our Nominating and Corporate Governance Committee are Messrs. Simpson (Chairman), Cooper, and Price. Our Nominating and Corporate Governance Committee is responsible for, among other things:

- evaluating and making recommendations to our board regarding our board’s number and composition, committee structure and assignments, and director responsibilities;
- assisting our board of directors in identifying prospective director nominees and recommending nominees for each annual meeting of shareholders to our board of directors, including reviewing any prospective directors nominated by shareholders;
- developing and overseeing a self-evaluation process for our board;
- reviewing developments in corporate governance practices and developing and recommending governance guidelines applicable to our board of directors; and
- reviewing related party transactions and investigating any possible violation of the Code of Business Conduct and Ethics or other standards of business conduct by any director or executive officer of the Company, except as such are related to our audit or accounting practices.

Our board of directors has evaluated the independence of the members of the Nominating and Corporate Governance Committee and has determined that each of the members is independent under Nasdaq Stock Market standards. Our board of directors has adopted a written charter for our Nominating and Corporate Governance Committee, which will be available on the Investor Relations page of our corporate Internet site at [www.redriverbank.net](http://www.redriverbank.net) upon the completion of this offering.

**Executive Committee.** The members of our Executive Committee are Messrs. Simpson (Chairman), Chatelain, and Price. Our Executive Committee generally has the authority to exercise the power of the full board of directors during intervals between meetings of the board as to matters that are not specifically reserved to the board or delegated by the board to another committee.

## EXECUTIVE COMPENSATION

As an emerging growth company under the JOBS Act, we have opted to comply with the executive compensation disclosure rules applicable to “smaller reporting companies” as such term is defined in the rules promulgated under the Securities Act, which permit us to limit reporting of executive compensation to our principal executive officer and our two other most highly compensated executive officers, which are referred to as our “named executive officers.”

Our named executive officers for the year ended December 31, 2018, which consist of our principal executive officer and our two other most highly compensated executive officers, are:

- R. Blake Chatelain, President and Chief Executive Officer of Red River Bank and Red River Bancshares, Inc.;
- Bryon C. Salazar, Executive Vice President – Chief Lending Officer of Red River Bank; and
- Tammi R. Salazar, Executive Vice President – Private Banking, Mortgage, and Investments of Red River Bank.

### Summary Compensation Table

The following table provides information regarding the compensation of our named executive officers for our fiscal year ended December 31, 2018. Except as set forth in the footnotes to the table, all cash compensation for each of our named executive officers was paid by Red River Bank, where Mr. Chatelain serves as President and Chief Executive Officer, Mr. Salazar serves as Executive Vice President – Chief Lending Officer, and Ms. Salazar serves as Executive Vice President – Private Banking, Mortgage, and Investments.

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	Nonqualified Deferred Compensation Earnings(3)	All Other Compensation(4)	Total
R. Blake Chatelain <i>President and Chief Executive Officer</i>	2018	\$ 389,053	\$ 145,000	—	\$ 48,536	\$ 26,987	\$ 609,576
Bryon C. Salazar <i>Executive Vice President – Chief Lending Officer</i>	2018	\$ 223,344	\$ 57,000	\$ 29,992	\$ 12,547	\$ 11,371	\$ 334,254
Tammi R. Salazar <i>Executive Vice President – Private Banking, Mortgage, and Investments</i>	2018	\$ 241,318	\$ 57,000	\$ 29,992	\$ 16,293	\$ 17,793	\$ 362,396

(1) Represents a discretionary award for 2017 performance paid in 2018.

(2) These amounts represent the aggregate grant date fair value of restricted stock granted in 2018, calculated in accordance with Financial Accounting Standards Board Account Standards Codification Topic 718. Assumptions used in the calculation of these amounts are discussed in Note 1 and Note 11 to our consolidated financial statements as of December 31, 2018. The fair market value of shares was determined by the board of directors.

(3) We sponsor a non-qualified, non-contributory Supplemental Executive Retirement Plan (“SERP”). The amounts in this column represent the increase in the named executive officers’ vested benefits under the SERP during the year. See the discussion under “Supplemental Executive Retirement Plan” for additional information.

(4) The amounts shown in this column are composed of the following items:

Description	Chatelain	B. Salazar	T. Salazar
Employer 401(k) contributions	\$ 10,313	\$ 9,000	\$ 9,000
Vehicle allowance	10,200	—	6,000
Life insurance premiums	1,993	390	2,301
Dividends paid on restricted stock	480	342	342
Social and civic club dues and memberships	4,001	1,639	150
Total	<u>\$ 26,987</u>	<u>\$ 11,371</u>	<u>\$ 17,793</u>

## Outstanding Equity Awards as of December 31, 2018

The following table provides information regarding outstanding equity awards held by each of our named executive officers as of December 31, 2018. All of the stock option awards shown in the table below were granted under the Red River Bancshares, Inc. 2008 Equity Incentive Plan ("2008 Plan"), and were granted with a per share exercise price equal to the fair market value of our common stock on the grant date. All of the restricted stock awards shown in the table below were granted under the 2008 Plan.

Name	Option Awards			Restricted Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)(1)
R. Blake Chatelain	10,000	\$ 14.31	03/24/2020	1,600 (2)	\$ 65,184
	10,000	\$ 17.33	07/01/2022		
Bryon C. Salazar	1,500	\$ 12.32	03/24/2019	2,350 (3)	\$ 95,739
Tammi R. Salazar	1,500	\$ 12.32	03/24/2019	2,350 (4)	\$ 95,739

(1) Based on \$40.74 per share, which is the fair market value determined by Equity Research Services as of December 31, 2018.

(2) Reflects 4,000 shares of restricted stock granted to Mr. Chatelain on July 1, 2015, which shares will vest ratably over five years.

(3) Reflects the following restricted stock grants to Mr. Salazar: (i) 1,000 shares granted on July 1, 2015, which shares will vest ratably over five years, (ii) 850 shares granted on July 1, 2016, which shares will vest ratably over five years, (iii) 800 shares granted on July 1, 2017, which shares will vest ratably over five years, and (iv) 800 shares granted on July 1, 2018, which shares will vest ratably over five years.

(4) Reflects the following restricted stock grants to Ms. Salazar: (i) 1,000 shares granted on July 1, 2015, which shares will vest ratably over five years, (ii) 850 shares granted on July 1, 2016, which shares will vest ratably over five years, (iii) 800 shares granted on July 1, 2017, which shares will vest ratably over five years, and (iv) 800 shares granted on July 1, 2018, which shares will vest ratably over five years.

## Our Compensation Philosophy

Our compensation philosophy is to establish and maintain compensation programs which reflect position responsibilities, are competitive with the external market, and are capable of attracting, retaining, and motivating competent employees. Our compensation programs do not encourage excessive risk taking by any employees. Maintaining strong asset quality and long term banking relationships is our primary focus. Our goal is to align our compensation programs with the long-term interests of our shareholders.

We continue to follow these same principles in our compensation programs for all employees, including our executive officers. Our Compensation Committee analyzes and reviews current market data for comparable financial institutions and for the industry as a whole, and strives to maintain compensation programs that are competitive among our peers.

## Equity Incentive Plans

The purpose of our long-term incentive program is to focus our executives on long-term corporate goals, disciplined growth, and the creation of shareholder value. We further believe that equity ownership by our executive officers aligns executives' interests with those of our shareholders. We provide equity-based incentives through our 2008 Equity Incentive Plan, our 2018 Equity Incentive Plan, and other equity-based awards.

**Red River Bancshares, Inc. 2008 Equity Incentive Plan.** On April 17, 2008, our board of directors adopted the 2008 Plan. The 2008 Plan provided for the grant of incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), restricted stock awards, restricted stock units, stock appreciation rights ("SARs"), or any combination thereof. The 2008 Plan expired on December 31, 2018, and no new awards may be granted under the 2008 Plan. However, all outstanding and unexercised awards previously granted under the 2008 Plan will continue to be governed by the terms and conditions of the 2008 Plan.

As of December 31, 2018, we had 28,000 outstanding and unexercised stock options issued under the 2008 Plan, of which all shares were vested. All of these options have been issued to our executive officers and key personnel, including our named executive officers, and remain subject to the terms and conditions of the 2008 Plan until they are exercised or forfeited. As of December 31, 2018, the weighted average exercise price of the stock options issued under our 2008 Plan was \$14.85.

We have also granted shares of restricted stock under the 2008 Plan to our executive officers and key personnel, including our named executive officers, pursuant to individual restricted stock award agreements. As of December 31, 2018, we had an aggregate of 21,190 outstanding and unvested restricted stock awards. The shares of restricted stock vest in 20.0% increments on the first through the fifth anniversaries of the grant date. During 2018, we granted 6,750 restricted stock awards. For the year ended December 31, 2018, our compensation expense for shares of restricted stock that vested in 2018 was \$192,000, and there was approximately \$568,000 of total unrecognized compensation cost related to restricted stock awards, which will be recognized over a weighted average period of 4.5 years.

**Red River Bancshares, Inc. 2018 Equity Incentive Plan.** On October 25, 2018, our board of directors adopted the Red River Bancshares, Inc. 2018 Equity Incentive Plan (“2018 Plan”), subject to the adoption of the 2018 Plan by our shareholders. The 2018 Plan was presented to, and was approved by, our shareholders at our 2019 annual shareholders’ meeting that was held on April 3, 2019. The following is a brief summary of the material terms of our 2018 Plan.

*Purpose.* The purpose of our 2018 Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants, and to promote the success of our business by offering these individuals an opportunity to acquire a proprietary interest in our success.

*Administration.* Our board of directors or one or more committees appointed by our board of directors will administer the 2018 Plan. For this purpose, our board of directors has delegated general administrative authority for the 2018 Plan to the Compensation Committee.

*Term.* The 2018 Plan became effective when it was approved and adopted by our board on October 25, 2018. Unless earlier terminated by our board in accordance with its terms, the 2018 Plan will continue in effect until the date that all shares issuable under the 2018 Plan have been purchased or acquired; provided, however, that in no event may any options be granted under the 2018 Plan more than ten years after its effective date.

*Eligibility.* Persons eligible to receive awards under the 2018 Plan include officers, directors, employees, and consultants of the Company and Bank. The Compensation Committee determines from time to time the participants to whom awards will be granted.

*Authorized Shares; Limits on Awards.* The maximum number of shares of common stock that may be issued or transferred pursuant to awards under the 2018 Plan equals 200,000 shares, all of which may be subject to ISO treatment. If any shares of stock covered by an award granted under the 2018 Plan are not purchased or are forfeited or expire, or if an award otherwise terminates without delivery of any shares of stock subject thereto, or is settled in cash in lieu of shares of stock, then the number of shares of stock counted against the aggregate number of shares of stock available under the 2018 Plan with respect to the award will again be available for issuance pursuant to awards granted under the 2018 Plan. Shares withheld or tendered to satisfy the exercise price or tax withholding obligations related to an award will again be available for issuance pursuant to awards granted under the 2018 Plan.

*Currently Outstanding Awards.* As of the date of this prospectus, there were no outstanding awards under the 2018 Plan.

*Adjustments for Changes in Capitalization.* In connection with recapitalizations, stock dividends, stock splits, combination of shares, or other changes in the stock, our Compensation Committee will make adjustments that it deems appropriate to the aggregate number of shares of common stock that may be issued under the 2018 Plan and the terms of outstanding awards.

*Incentive Awards.* The 2018 Plan authorizes the grant of stock options, SARs, restricted stock, restricted stock units, performance-based awards, as well as other awards described in the 2018 Plan. The 2018 Plan retains the flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Each award will be reflected in an agreement between the company and the relevant recipient and will be subject to the terms of the 2018 Plan, together with any other terms or conditions contained in the award agreement that are consistent with the 2018 Plan and that the Compensation Committee deems appropriate.

*Stock Options.* A stock option is the right to purchase shares of common stock at a future date at a specified price per share generally equal to, but no less than, the fair market value of a share on the date of grant. An option may either be an ISO or NSO. ISOs are taxed differently from NSOs, as described below under “—Federal Income Tax Treatment of Awards under the 2018 Plan.” ISOs also are subject to more restrictive terms and are limited in amount by the Internal Revenue Code of 1986, as amended (“Internal Revenue Code”) and the 2018 Plan. Full payment for shares purchased on the exercise of any option must be made at the time of such exercise in a manner approved by the Compensation Committee.

*Stock Appreciation Rights.* A SAR is the right to receive payment of an amount equal to the excess of the fair market value of a share of common stock on the date of exercise of the SAR over the fair market value of a share of common stock on the date of grant.

*Restricted Stock.* A restricted stock award is typically for a fixed number of shares of common stock that remain forfeitable unless and until specified conditions are met. Upon satisfaction of the applicable conditions, the holder of a restricted stock award may sell or transfer the shares.

*Restricted Stock Units.* A restricted stock unit is an award that entitles the recipient to receive a share of our common stock or an amount of cash equal to the fair market value of a share of our common stock upon the satisfaction of applicable restrictions. Restricted stock units are similar to restricted stock; however restricted stock units are a promise to deliver shares or cash, while an award of restricted stock is a grant of actual shares of our common stock subject to transfer restrictions.

*Performance-Based Awards.* Our Compensation Committee may designate any award, the exercisability or settlement of which is subject to the achievement of performance conditions, as a performance-based award. In connection with the evaluation of performance-based compensation, our Compensation Committee may select one or more specified performance objectives when establishing the performance measures of a performance-based award, but such objectives must be set no later than 90 days after the beginning of the applicable performance period. The 2018 Plan allows performance objectives to be described in terms of objectives that are related to an individual participant or objectives that are Company-wide or related to a subsidiary, division, department, region, function, or business unit, and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Company performance (or performance of the applicable subsidiary, division, department, region, function, or business unit) or measured relative to selected peer companies or a market index.

*Acceleration of Awards; Possible Early Termination of Awards.* Upon a change in control of our Company, outstanding awards under the 2018 Plan will be assumed or substituted on substantially the same terms. However, if the successor corporation does not assume or substitute the outstanding awards, then vesting of these awards will fully accelerate, and in the case of options or SARs, will become immediately exercisable. For this purpose, a change in control is defined to include certain changes in the majority of our board of directors, the sale of all or substantially all of our assets, and the consummation of certain mergers or consolidations.

*Transfer Restrictions.* Subject to certain exceptions, awards under the 2018 Plan are not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient’s lifetime, only by that person.

*Termination of or Changes to the 2018 Plan.* Our board of directors may, in its discretion, amend, alter, or terminate the 2018 Plan or any award outstanding under the 2018 Plan at any time and in any manner. Unless required by applicable law or listing agency rule, shareholder approval for any amendment will not be required. Unless previously terminated by our board of directors, the 2018 Plan will terminate on the tenth anniversary of its

effective date. Outstanding awards may be amended, subject, however, to the consent of the holder if the amendment materially and adversely affects the holder.

*Federal Income Tax Treatment of Awards under the 2018 Plan.* Federal income tax consequences (subject to change) relating to awards under the 2018 Plan are summarized in the following discussion. This summary is not intended to be exhaustive and, among other considerations, does not describe the deferred compensation provisions of Section 409A of the Internal Revenue Code to the extent an award is subject to and does not satisfy those rules, nor does it describe state, local, or international tax consequences.

For NSOs, we are generally entitled to deduct (and the optionee recognizes taxable income in) an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. For ISOs, we are generally not entitled to a deduction nor does the participant recognize income at the time of exercise. The current federal income tax consequences of other awards authorized under the 2018 Plan generally follow certain basic patterns: SARs are taxed and deductible in substantially the same manner as NSOs; nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid (if any) only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); bonuses and performance share awards are generally subject to tax at the time of payment; cash-based awards are generally subject to tax at the time of payment; and compensation otherwise effectively deferred is taxed when paid. We will generally have a corresponding deduction at the time the participant recognizes income. However, as for those awards subject to ISO treatment, we would generally have no corresponding compensation deduction.

If an award is accelerated under the 2018 Plan in connection with a change in control (as this term is used under the Internal Revenue Code), we may not be permitted to deduct the portion of the compensation attributable to the acceleration, commonly called a parachute payment, if it exceeds certain threshold limits under the Internal Revenue Code (and certain related excise taxes on the individual may be triggered). Furthermore, compensation in excess of \$1,000,000 attributable to awards (i) issued after November 2, 2017, (ii) issued before November 3, 2017 that do not qualify as “performance-based” within the meaning of former provisions Section 162(m) of the Internal Revenue Code, or (iii) not falling within any other applicable exceptions, may not be deductible in certain circumstances.

### **Discretionary Incentive Bonus Plan**

Red River Bank has established a Discretionary Incentive Bonus Plan (“Bonus Plan”) that provides our officers and employees (other than tellers and personal bankers who participate in a separate incentive plan) with performance based incentive bonuses that are based on employee performance and, in the case of lenders, portfolio credit quality. Awards under the Bonus Plan are discretionary in nature and subject to change on an annual basis. The maximum amount that is accrued for awards under the Bonus Plan is established annually by the Bank’s Compensation Committee, and target awards are generally granted no later than March 31 following the end of a plan year.

### **Employment Agreements**

Red River Bank entered into an employment agreement with R. Blake Chatelain on April 1, 2014 regarding his service as its President and Chief Executive Officer. The employment agreement with Mr. Chatelain automatically extends on a day-to-day basis for an “evergreen” three-year term, unless earlier terminated in accordance with the terms of the agreement. The 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. As of December 31, 2018, Mr. Chatelain’s base salary was \$400,000.

If Mr. Chatelain’s employment is terminated by Red River Bank without cause (as defined in the agreement) during the term of the agreement, if Mr. Chatelain resigns for cause (as defined in the agreement), or if Mr. Chatelain resigns within 12 months following a change in control (as defined in the agreement), he will be entitled to payment of an amount equal to his then current monthly base salary multiplied by the number of months remaining in his term of employment, plus certain continued benefits to which he would otherwise be entitled in accordance with the terms and provisions of any such plans or programs.

We have not entered into employment agreements with any of our other officers, including Mr. Salazar or Ms. Salazar, each of whom serves at the pleasure of our board of directors and is an “at will” employee.

### Change in Control Agreements

The occurrence or potential occurrence of a change in control could create uncertainty regarding the continued employment of our executive officers. Providing change in control benefits offers executive officers a level of security which we believe allows them to continue to focus and serve in the best interest of us and our shareholders.

As discussed above, the employment agreement with Mr. Chatelain contains certain provisions that provide additional benefits to him in the event he resigns within 12 months following a change in control. The Company also entered into Change in Control Agreements with Bryon C. Salazar and Tammi R. Salazar on January 14, 2014. Under these agreements, each of Mr. Salazar and Ms. Salazar would be entitled to receive a lump sum payment equal to two times their then-current base salary and payment of COBRA health insurance premiums for 12 months if (i) the officer voluntarily terminates his or her employment for any reason (other than due to death or disability) within 12 months following a change in control, or (ii) the officer’s employment is involuntarily terminated (other than for cause or due to death or disability) within three months prior to a change in control or within 24 months after a change in control.

### Supplemental Executive Retirement Plan

We sponsor a non-qualified, non-contributory Supplemental Executive Retirement Plan (“SERP”) for the benefit of certain officers. The plan provides retirement benefits to these officers payable in monthly installments beginning at age 65. Retirement benefit amounts have been determined and approved by our Compensation Committee. Plan participants are fully vested at age 65. The SERP’s normal retirement benefit is payable following separation from service after reaching age 65, and is payable over 15 years. This plan was adopted originally in 2004, and has been closed to any new participants. This plan also provides a death benefit to the participants’ beneficiaries.

Plan expenses are funded through earnings from bank-owned life insurance policies purchased by the Bank. The cash surrender value of the life insurance policies held by us totaled \$21.3 million for the year ended December 31, 2018. Our expenses related to the SERP totaled \$254,000 for the year ended December 31, 2018, and our recorded liability under the SERP totaled approximately \$1.8 million as of December 31, 2018.

The following table provides information regarding SERP benefits for our named executive officers.

Name	Supplemental Executive Retirement Plan		
	Vested Annual Benefit as of 12/31/2018	Full Annual Benefit at Age 65	Increase in Vested Benefits during 2018
R. Blake Chatelain	\$ 108,000	\$ 180,000	\$ 48,536
Bryon C. Salazar	\$ 48,529	\$ 110,000	\$ 12,547
Tammi R. Salazar	\$ 53,226	\$ 110,000	\$ 16,293

### Split-Dollar Agreements

Red River Bank is the owner of various life insurance policies covering certain officers of the Bank, including all of our named executive officers. In connection with these life insurance policies, Red River Bank entered into Endorsement Method Split-Dollar Agreements with each of our named executive officers on October 1, 2004, which agreements provide for certain death benefits to the beneficiaries of Mr. Chatelain, Mr. Salazar, and Ms. Salazar. In particular, the Endorsement Method Split-Dollar Agreements provide for a maximum death benefit to Mr. Chatelain’s beneficiaries of \$1.4 million, to Mr. Salazar’s beneficiaries of \$500,000, and to Ms. Salazar’s beneficiaries of \$500,000, respectively, which death benefits are subject to reduction to the extent that the officer receives payments under their respective SERPs (as discussed above) upon reaching age 65. All proceeds from the Endorsement Method Split-Dollar Agreements that are not paid to the beneficiaries of our officers will be paid to Red River Bank.



## Risk Assessment of Compensation Policies and Practices

In connection with the Compensation Committee's evaluation and review of our policies and practices of compensating our employees, including executives and nonexecutive employees, as such policies and practices relate to risk management practices and risk-taking, the Compensation Committee has determined that its compensation plans and practices are not likely to have an adverse effect on us. The plans are subject to review and modification by the Compensation Committee on an annual basis, and the Compensation Committee retains discretion with regard to any bonus award decisions.

### Compensation of Directors

We pay our non-employee directors based on the directors' attendance at board and committee meetings held throughout the year, and Red River Bank pays its non-employee directors in the same manner. Directors who are also employees receive no additional compensation for their service as directors. During 2018, non-employee directors received \$1,300 per board meeting attended. Non-employee directors also received a fee per committee meeting attended, which varied based on the particular committee. The Chairman of the Audit Committee received a fee of \$500 per meeting attended, and the other committee chairmen and committee members received a fee of \$200 per meeting attended. When a meeting of the Company's board of directors is held on the same day as a meeting of Red River Bank's board of directors, our outside directors do not receive a fee for attending the Company board meeting. Directors may elect for board fees to be paid in cash, stock, or deposited into the deferred compensation program, as described in more detail below. Committee fees may be paid in cash or deposited into the deferred compensation program.

**Director Compensation Program.** We have adopted a Director Compensation Program which allows directors an opportunity to (i) defer income tax payments on their annual cash director fees within the restrictions imposed by the Internal Revenue Code, (ii) elect to have their annual director fees paid with shares of our common stock, or (iii) receive their annual director fees in cash with no deferral of the related income tax. Committee fees are only paid to directors in cash, which may also be deferred under this program. Any cash deferrals are credited to the participant's program account on the last day of each calendar quarter and earn interest based on the 12 month LIBOR rate published on the first day of each calendar quarter, which is credited to the participant's account at the end of each calendar quarter. All cash amounts deferred by participants are fully vested, and distributions under the program will be paid out following the participant's separation of service, death, severe financial hardship, or upon termination of the program. Deferred compensation account balances are unsecured, and all amounts remain part of our operating assets. Directors who elect to have their annual director fees paid with our common stock are issued such shares after the end of each calendar year, based on the fair market value of such shares.

The following table sets forth compensation paid, earned or awarded during 2018 to each of our non-employee directors. The table also includes compensation attributable to the director's service with Red River Bancshares, Inc. and Red River Bank.

Name	Fees Paid in Cash	Fees Paid as Deferred Compensation	Fees Paid in Company Stock(1)	Total Compensation
M. Scott Ashbrook	\$ 16,600	—	—	\$ 16,600
Kirk D. Cooper	—	\$ 8,200	\$ 14,354	\$ 22,554
F. William Hackmeyer, Jr.	—	\$ 11,700	—	\$ 11,700
Barry D. Hines	\$ 7,200	—	\$ 14,354	\$ 21,554
Robert A. Nichols	—	\$ 19,300	—	\$ 19,300
Willie P. Obey	\$ 7,200	—	\$ 14,354	\$ 21,554
Teddy R. Price	—	\$ 5,200	\$ 14,353	\$ 19,553
Christopher J. Rich, MD(2)	—	\$ 2,600	\$ 10,453	\$ 13,053
John C. Simpson	—	\$ 3,000	\$ 14,354	\$ 17,354
Don L. Thompson	\$ 4,200	—	\$ 14,354	\$ 18,554
H. Lindsey Torbett, CPA, CFP	\$ 24,500	—	—	\$ 24,500

(1) Based on \$40.74 per share, which was the fair market value determined by Equity Research Services as of December 31, 2018.

(2) Dr. Rich is a former director, now deceased. He passed away on January 19, 2019.

Directors are reimbursed for travel, food, lodging, and other expenses directly related to their activities as directors. Directors are also entitled to the protection provided by the indemnification provisions in our articles of incorporation and bylaws, as well as the articles of incorporation and bylaws of Red River Bank.

## PRINCIPAL AND SELLING SHAREHOLDERS

The following table provides information regarding the beneficial ownership of our common stock as of April 3, 2019, and as adjusted to reflect the completion of this offering, for:

- each person known to us to be the beneficial owner of more than 5.0% of our common stock;
- each of our directors and named executive officers;
- all directors and named executive officers, as a group; and
- each selling shareholder.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. Unless otherwise noted, the address for each shareholder listed on the table below is: c/o Red River Bancshares, Inc., 1412 Centre Court Drive, Suite 402, Alexandria, Louisiana 71301.

In addition to the shares of common stock we are offering, and are offering shares of our common stock for resale. The number of shares being offered for resale by each of our selling shareholders is set forth in the table below. The information in this prospectus and in the table below assumes that each selling shareholder will sell all of such shareholders' shares offered for sale. However, to the extent that the initial public offering price of our common stock is outside the range set forth on the cover page of this prospectus, each selling shareholder is under no obligation to sell any of such shares and, as a result, may sell more or less than the number of shares indicated.

The table below calculates the percentage of beneficial ownership based on 6,636,926 shares of common stock outstanding as of April 3, 2019, and shares of our common stock outstanding upon the completion of this offering, except as follows. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or other convertible or exercisable securities held by that person that are currently exercisable or convertible, or exercisable or convertible within 60 days. However, we did not deem these shares outstanding for the purpose of computing the percentage ownership of any other person.

Name of Beneficial Owner	Shares Beneficially Owned Before Offering		Shares Offered	Shares Beneficially Owned After Offering	
	Number	Percent		Number	Number
<b>5% or Greater Shareholders:</b>					
Simeon A. Thibeaux, Trustee <sup>(1)</sup>	1,037,932	15.64%			%
John C. Simpson <sup>(2)</sup>	503,172	7.58%			%
Teddy R. Price <sup>(3)</sup>	393,324	5.93%			%
<b>Directors and Named Executive Officers:</b>					
M. Scott Ashbrook <sup>(4)</sup>	97,072	1.46%			%
R. Blake Chatelain <sup>(5)</sup>	163,926	2.46%			%
Kirk D. Cooper <sup>(6)</sup>	79,438	1.20%			%
F. William Hackmeyer, Jr.	180,128	2.71%			%
Barry D. Hines	29,952	*			%
Robert A. Nichols <sup>(7)</sup>	41,128	*			%
Willie P. Obey	15,732	*			%
Teddy R. Price <sup>(3)</sup>	393,324	5.93%			%
Bryon C. Salazar <sup>(8)</sup>	33,650	*			%
Tammi R. Salazar <sup>(9)</sup>	38,050	*			%
John C. Simpson <sup>(2)</sup>	503,172	7.58%			%
Don L. Thompson <sup>(10)</sup>	56,232	*			%
H. Lindsey Torbett, CPA, CFP <sup>(11)</sup>	83,180	1.25%			%
All directors and named executive officers as a group (13 persons)	1,714,984	25.76%			%
<b>Other Selling Shareholders:</b>					
Total other selling shareholders					%

\* Denotes beneficial ownership representing less than 1.0%.

- (1) Includes shares held of record in the following trusts for which Mr. Thibeaux serves as the trustee: 295,332 shares held of record by the John C. Simpson GRAT 2017 Trust NO. 1, 367,966 shares held of record by the Angela Katherine Simpson Trust, and 374,634 shares of record by the John Charles Simpson Trust. The mailing address for the trusts is: c/o Simeon A. Thibeaux, Trustee, 503 Sandy Hill Lane, Pineville, Louisiana 71360.
- (2) Includes 295,332 shares held of record by the John C. Simpson GRAT 2017 Trust NO. 1 for the benefit of Mr. Simpson.
- (3) Includes 63,326 shares that are held of record by Kisatchie Industries, LLC, for which Mr. Price serves as Manager.
- (4) Includes 48,536 shares that are held of record by the Jeffrey M. Ashbrook Testamentary Trust, for which Mr. Ashbrook serves as trustee.
- (5) Includes 101,826 shares held of record jointly by Mr. Chatelain and his spouse, 32,100 shares held of record by Mr. Chatelain's individual retirement account, 6,000 shares held of record by Mr. Chatelain's 401(k) plan account, options to purchase 20,000 shares, and 1,600 shares of unvested restricted stock.
- (6) Includes 36,206 shares held of record by Mr. Cooper's self-directed individual retirement account, and 34,728 shares held of record by The Cooper Family Limited Partnership, of which Mr. Cooper is general partner.
- (7) Includes 15,128 shares held of record by Mr. Nichol's self-directed individual retirement account, and 26,000 shares held in Grey Eagle Properties, LP of which Mr. Nichols is President.
- (8) Includes 3,300 shares that are held of record by Mr. Salazar's self-directed individual retirement account, 2,800 shares held in Mr. Salazar's 401(k) plan account, and 2,350 shares of unvested restricted stock. Does not include shares and options held of record by Mr. Salazar's spouse, Tammi R. Salazar.
- (9) Includes 6,300 shares that are held of record by Ms. Salazar's self-directed individual retirement account, 2,800 shares held in Ms. Salazar's 401(k) plan account, and 2,350 shares of unvested restricted stock. Does not include shares and options held of record by Ms. Salazar's spouse, Bryon C. Salazar.
- (10) Includes 52,500 shares that are held of record by Don & Mark, LLC, of which Mr. Thompson is managing member.
- (11) Includes 4,180 shares that are held of record by Mr. Torbett's spouse.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements with directors and named executive officers described in “Executive Compensation” above, the following is a description of each transaction since January 1, 2016, and each proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeds or will exceed \$120,000; and
- any of our directors, executive officers, or beneficial holders of more than 5.0% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

### Private Sales of Capital Stock

The following table summarizes the purchases of our common stock in private transactions conducted pursuant to applicable exemptions from the registration requirements of the Securities Act since January 1, 2016 by certain of our directors, executive officers, and beneficial holders of more than 5.0% of our common stock and their respective affiliates. All of the transactions described below were made in connection with our 2017 private placement offering (adjusted to give effect to the 2018 2-for-1 stock split) and were for the same purchase price per share paid by the other investors that participated in such offering.

Shareholder	Issue Date	Shares	Total Purchase Price
Deborah C. Bain <sup>(1)</sup>	September 1, 2017	5,800	\$ 200,100
The Cooper Family LTD Partnership <sup>(2)</sup>	September 1, 2017	3,600	\$ 124,200
Christopher J. Rich (Director) <sup>(3)</sup>	September 1, 2017	3,600	\$ 124,200
Mark K. Thompson <sup>(4)</sup>	September 1, 2017	3,600	\$ 124,200
Kisatchie Industries, LLC <sup>(5)</sup>	September 1, 2017	3,600	\$ 124,200
John C. Simpson (Director)	September 1, 2017	3,600	\$ 124,200
Simeon A. Thibeaux, Trustee <sup>(6)</sup>	September 1, 2017	3,600	\$ 124,200

(1) Ms. Bain is the sister of Director and President and Chief Executive Officer, R. Blake Chatelain.

(2) Director Kirk D. Cooper serves as general partner and holds a 24% ownership interest in this partnership.

(3) Dr. Rich is a former director, now deceased. He passed away on January 19, 2019.

(4) Mark K. Thompson is the brother of Director Don Thompson.

(5) Director Teddy Price is the Manager of Kisatchie Industries, LLC.

(6) Simeon A. Thibeaux is the trustee of the John Charles Simpson Trust, for which these shares were purchased. In his capacity as trustee of the John Charles Simpson Trust, the Angela Katherine Simpson Trust, and the John C. Simpson GRAT 2017 Trust NO. 1, Mr. Thibeaux has the power to vote more than 5.0% of our common stock.

### Ordinary Banking Relationships

Certain of our officers, directors, and principal shareholders, as well as their immediate family members and affiliates, are customers of, or have or have had transactions with, Red River Bank, us, or our affiliates in the ordinary course of business. These transactions include deposits, loans, and other financial services related transactions. Related person transactions are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, and do not involve more than normal risk of collectability or present other features unfavorable to us. As of December 31, 2018, we had approximately \$40.3 million of loans outstanding to our directors and officers, their immediate family members, and their affiliates, as well as those of Red River Bank, and we had approximately \$9.0 million in unfunded loan commitments to these persons. As of the date of this prospectus, no related party loans were categorized as nonaccrual, past due, restructured, or potential problem loans. We expect to continue to enter into transactions in the ordinary course of business on similar terms with our officers, directors, and principal shareholders, as well as their immediate family members and affiliates.

## **Policies and Procedures Regarding Related Party Transactions**

Transactions by Red River Bank or the Company with related parties are subject to a formal written policy, as well as regulatory requirements and restrictions. These requirements and restrictions include Sections 23A and 23B of the Federal Reserve Act (which govern certain transactions by Red River Bank with its affiliates) and the Federal Reserve's Regulation O (which governs certain loans by Red River Bank to its executive officers, directors, and principal shareholders). We and our wholly owned subsidiary, Red River Bank, have adopted policies designed to ensure compliance with these regulatory requirements and restrictions.

In addition, prior to the completion of this offering, our board of directors intends to adopt a written policy governing the approval of related party transactions that complies with all applicable requirements of the SEC and the Nasdaq Stock Market rules concerning related party transactions. Related party transactions are transactions in which we are a participant, the amount involved exceeds \$120,000, and a related party has or will have a direct or indirect material interest. Related parties include our directors (including nominees for election as directors), our executive officers, beneficial holders of more than 5.0% of our capital stock, and the immediate family members of these persons. Our executive management team, in consultation with management and outside counsel, as appropriate, will review potential related party transactions to determine if they are subject to the policy. If so, the transaction will be referred to the Nominating and Corporate Governance Committee for approval. In determining whether to approve a related party transaction, the committee will consider, among other factors, the fairness of the proposed transaction, the direct or indirect nature of the related party's interest in the transaction, the appearance of an improper conflict of interest for any director or executive officer taking into account the size of the transaction and the financial position of the related party, whether the transaction would impair an outside director's independence, the acceptability of the transaction to our regulators, and the potential violations of other corporate policies. Upon the completion of this offering, our Related Party Transactions Policy will be available on the Investor Relations page of our corporate Internet site at [www.redriverbank.net](http://www.redriverbank.net).

## DESCRIPTION OF CAPITAL STOCK

The following is a summary of our capital stock and certain terms of our articles of incorporation and bylaws as they will be in effect upon completion of the offering. This discussion summarizes some of the important rights of our shareholders but does not purport to be a complete description of these rights and may not contain all of the information regarding our capital stock that is important to you. The descriptions herein are qualified in their entirety by reference to our articles of incorporation and bylaws, copies of which are filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law.

### General

We are incorporated in the state of Louisiana. Accordingly, the rights of our shareholders are generally covered by Louisiana law, including the LBCA, and our articles of incorporation and bylaws, as the same may be amended from time to time.

Our articles of incorporation authorize us to issue a total of 30,000,000 shares of common stock, no par value per share, and 1,000,000 shares of preferred stock, no par value per share.

As of April 3, 2019, 6,636,926 shares of our common stock were issued and outstanding, and held by approximately 514 shareholders of record, and no shares of our preferred stock were issued and outstanding. Also, as of April 3, 2019, there were outstanding options to purchase 20,500 shares of our common stock, all of which were held by our executive officers and key personnel.

Upon completion of this offering, all authorized but unissued shares of our capital stock will be available for future issuance without shareholder approval, unless otherwise required by applicable law or the rules of any applicable securities exchange.

### Common Stock

*Voting Rights.* The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of the shareholders, unless otherwise provided by law and subject to the rights and preferences of the holders of any outstanding shares of our preferred stock. Holders of our common stock are not entitled to cumulative voting in the election of directors.

*Dividend Rights.* Subject to certain regulatory restrictions discussed in this prospectus and to the rights of holders of any preferred stock that we may issue, all shares of our common stock are entitled to share equally in dividends from legally available funds, when, as, and if declared by our board of directors. For additional information, see “Dividend Policy.”

*No Preemptive Rights.* No holder of our common stock has a right under the LBCA, or our articles of incorporation or bylaws, to purchase shares of common stock upon any future issuance.

*Liquidation Rights.* In the event of our liquidation, dissolution, or winding up, whether voluntarily or involuntarily, the holders of our common stock would be entitled to share ratably in any of the net assets or funds which are available for distribution to shareholders, after the satisfaction of all liabilities and accrued and unpaid dividends and liquidation preferences on any outstanding preferred stock.

*Modification of Rights.* Our articles of incorporation provide that the approval of at least 80% of the total voting power of the corporation will be required to amend the indemnification and limitation of liability provisions of our articles of incorporation.

*Other.* Holders of our common stock have no conversion rights or other subscription rights. There are no other redemption or sinking fund provisions that are applicable to our common stock.

## Preferred Stock

Our articles of incorporation authorize our board of directors to amend the articles of incorporation, without shareholder approval, to establish one or more classes of preferred stock and to fix the preferences, limitations, and relative rights of the shares of any class of preferred stock and establish, and fix variations in relative rights as between, series of any preferred class. Each share of a series of preferred stock will have the same relative rights as, and be identical in all respects with, all the other shares of the same series. Preferred stock may have voting rights, subject to applicable law and determination at issuance of our board of directors. While the terms of preferred stock may vary from series to series, common shareholders should assume that all shares of preferred stock will be senior to our common stock in respect of distributions and on liquidation.

Although the creation and authorization of preferred stock does not, in and of itself, have any effect on the rights of the holders of our common stock, the issuance of one or more series of preferred stock may affect the holders of common stock in a number of respects, including by subordinating our common stock to the preferred stock with respect to dividend rights, liquidation preferences, and other rights, preferences, and privileges; by diluting the voting power of our common stock; by diluting the earnings per share of our common stock; and by issuing common stock, upon the conversion of the preferred stock, at a price below the fair market value or original issue price of the common stock that is outstanding prior to such issuance.

## Anti-Takeover Effect of Governing Documents and Applicable Law

Certain provisions of our articles of incorporation and bylaws, and the corporate and banking laws applicable to us, may be deemed to have anti-takeover effects and may delay, prevent, or make more difficult unsolicited tender offers or takeover attempts that a shareholder may consider to be in his or her best interests, including those attempts that might result in a premium over the market price for the shares held by shareholders. These provisions may also have the effect of making it more difficult for third parties to cause the replacement of our current management.

*Authorized but Unissued Shares.* The corporate laws and regulations applicable to us enable our board of directors to issue, from time to time and at its discretion, but subject to the rules of any applicable securities exchange, any authorized but unissued shares of our common or preferred stock. Any such issuance of shares could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions, and employee benefit plans. The ability of our board of directors to issue authorized but unissued shares of our common or preferred stock at its sole discretion may enable our board to sell shares to individuals or groups who the board perceives as friendly with management, which may make more difficult unsolicited attempts to obtain control of our organization. In addition, the ability of our board of directors to issue authorized but unissued shares of our capital stock at its sole discretion could deprive the shareholders of opportunities to sell their shares of common stock or preferred stock for prices higher than prevailing market prices.

*Preferred Stock.* Our articles of incorporation authorize our board of directors to amend the articles of incorporation, without shareholder approval, to establish one or more classes of preferred stock and to fix the preferences, limitations, and relative rights of the shares of any class of preferred stock, and establish, and fix variations in relative rights as between, series of any preferred class.

*Board Size and Vacancies.* Our bylaws enable our board of directors to increase the size of the board between annual meetings and fill the vacancies created by the increase by a majority of the remaining directors.

*Director Qualifications.* Our bylaws provide that in order for an individual to qualify to serve as a director of the Company, such person must own a number of shares of our common stock having an aggregate book value equal to at least \$20,000.

*No Cumulative Voting.* The LBCA does not permit cumulative voting in the election of directors, unless expressly provided in a corporation's articles of incorporation, and our articles do not provide for such authority. In the absence of cumulative voting, the holders of a majority of the shares of our common stock may elect all of the directors standing for election, if they should so choose.



*Special Meetings of Shareholders.* For a special shareholders' meeting to be called by one or more shareholder(s), our articles of incorporation require the request of holders of not less than 25% of all shares entitled to vote at the meeting to call a special shareholders' meeting. Business transacted at any special shareholders' meeting is confined to the purpose(s) stated in the notice of such meeting.

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

*Amending Certain Provisions of our Articles of Incorporation.* Our articles of incorporation require the affirmative vote of at least 80% of the total voting power of the corporation to amend the indemnification and limitation of liability provisions of our articles of incorporation, which provide limitation of liability and indemnification to the maximum extent permitted by law.

*Amending our Bylaws.* Our board of directors may amend our bylaws without shareholder approval.

*Approval of Merger.* The LBCA requires that a merger, consolidation or share exchange to which we are a party be approved by at least a majority of the votes entitled to be cast at the shareholders' meeting.

*Notice and Approval Requirements.* Federal banking laws also impose notice, approval and ongoing regulatory requirements on any shareholder or other party that seeks to acquire direct or "indirect" control of an FDIC-insured depository institution. These laws include the Bank Holding Company Act of 1956 and the Change in Bank Control Act.

The overall effect of these provisions may be to deter a future offer or other merger or acquisition proposals that a majority of our shareholders might view to be in their best interests as the offer might include a substantial premium over the market price of our common stock at that time. In addition, these provisions may have the effect of assisting our board of directors and our management in retaining their respective positions and placing them in a better position to resist changes that the shareholders may want to make if dissatisfied with the conduct of our business.

#### **Indemnification**

Our articles of incorporation provide that our directors and officers will be indemnified by us to the fullest extent permitted by the LBCA, against any and all expenses, liabilities, or other matters while acting in his or her capacity as a director or officer. Our articles of incorporation also require us to advance expenses incurred by any such director or officer in connection with threatened, pending, or completed proceedings to the fullest extent permitted by the LBCA. To the extent that indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons, we have been advised that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

#### **Limitation of Liability**

Our articles of incorporation also limit the personal liability of our directors and officers in actions brought on our behalf or on behalf of our shareholders for monetary damages as a result of a director's or officer's breach of fiduciary duty, or otherwise, to the fullest extent permitted by the LBCA. Our articles of incorporation do not eliminate or limit our right or the right of our shareholders to seek injunctive or other equitable relief not involving monetary damages.

#### **Listing and Trading**

We have applied to list our common stock on the Nasdaq Global Select Market under the symbol "RRBI."

#### **Transfer Agent and Registrar**

Computershare Trust Company, N.A. serves as our transfer agent and registrar.

## SHARES ELIGIBLE FOR FUTURE SALE

Actual or anticipated issuances or sales of substantial amounts of our common stock following this offering could cause the market price of our common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by shareholders prior to such issuance.

Upon completion of this offering, we will have \_\_\_\_\_ shares of our common stock issued and outstanding ( \_\_\_\_\_ shares if the underwriters exercise in full the overallotment option). In addition, \_\_\_\_\_ shares of our common stock are issuable upon the exercise of outstanding stock options.

Of these shares, the \_\_\_\_\_ shares of our common stock sold by us in this offering (or \_\_\_\_\_ shares, if the underwriters exercise in full the overallotment option) and the \_\_\_\_\_ shares of our common stock sold by the selling shareholders will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our “affiliates” may generally only be resold in compliance with Rule 144 under the Securities Act, which is described below. The remaining \_\_\_\_\_ outstanding shares will be deemed to be “restricted securities” as that term is defined in Rule 144. Restricted securities may be resold in the U.S. only if they are registered for resale under the Securities Act or an exemption from registration is available.

### Lock-Up Agreements

Our executive officers and directors, the selling shareholders, and certain other persons, who will own in the aggregate approximately \_\_\_\_\_ shares of our common stock after this offering, have entered into lock-up agreements under which they have generally agreed not to sell or otherwise transfer their shares for a period of 180 days after the date of the underwriting agreement. For additional information, see “Underwriting—Lock-Up Agreements.” As a result of these contractual restrictions, shares of our common stock subject to lock-up agreements will not be eligible for sale until these agreements expire or the underwriters waive or release the shares of our common stock from these restrictions.

Following the lock-up period, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for resale in the U.S. only if they are registered for resale under the Securities Act or an exemption from registration is available.

### Rule 144

All shares of our common stock held by our “affiliates,” as that term is defined in Rule 144 under the Securities Act, generally may be sold in the public market only in compliance with Rule 144. Rule 144 defines an affiliate as any person who directly or indirectly controls, or is controlled by, or is under common control with, the issuer, which generally includes our directors, executive officers, 10.0% shareholders and certain other related persons. Upon the completion of this offering, we expect that approximately \_\_\_\_\_ % of our outstanding common stock ( \_\_\_\_\_ % of our outstanding common stock if the underwriters exercise in full the overallotment option) will be held by “affiliates” (assuming they do not purchase any additional shares in this offering and taking into account \_\_\_\_\_ shares to be sold by the selling shareholders).

Under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is deemed to be, or to have been during the three months preceding the sale, an “affiliate” of ours would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1.0% of the then outstanding shares of our common stock, which would be approximately \_\_\_\_\_ shares of our common stock immediately after this offering assuming the underwriters do not elect to exercise the overallotment option, or the average weekly trading volume of our common stock on the Nasdaq Global Select Market during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to a six-month holding period and requirements relating to the manner of sale, the availability of current public information about us, and the filing of a form in certain circumstances.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock subject only to the availability of current public information regarding us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144.

#### **Rule 701**

In general, under Rule 701, any of our employees, directors, officers, consultants, or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirements or other restrictions contained in Rule 701.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than “affiliates,” as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by “affiliates” under Rule 144 without compliance with its one-year minimum holding period requirement.

#### **Form S-8 Registration Statement**

We intend to file with the SEC a registration statement on Form S-8 to register an aggregate of approximately                      shares of common stock issued or reserved for issuance under our stock incentive plans. That registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Upon effectiveness, the shares of common stock covered by that registration statement will be eligible for sale in the public market, subject to the lock-up agreements and Rule 144 restrictions described above.

**General**

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

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

**Bank Holding Company Regulation**

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

*Financial Services Industry Reform.* As final rules and regulations implementing the Dodd-Frank Act have been adopted, this law is changing the bank regulatory framework and affecting the lending, deposit, investment, trading, and operating activities of banks and their holding companies.

A number of the effects of the Dodd-Frank Act are described or otherwise accounted for in various parts of this “Supervision and Regulation” section. In addition to those requirements, the Dodd-Frank Act addresses many investor protection, corporate governance, and executive compensation matters that will affect most U.S. publicly traded companies. The Dodd-Frank Act (i) requires publicly traded companies to give shareholders a non-binding vote on executive compensation and golden parachute payments; (ii) enhances independence requirements for compensation committee members; (iii) requires national securities exchanges to require listed companies to adopt incentive-based compensation clawback policies for executive officers; and (iv) authorizes the SEC to promulgate rules that would allow shareholders to nominate their own director candidates using a company’s proxy materials.

Some of the requirements of the Dodd-Frank Act are still in the process of being implemented and many of its provisions are subject to regulations implemented over the course of several years. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on our operations is unclear. Further, the Trump administration issued an executive order on February 3, 2017, outlining a number of “Core Principles” of regulation of the industry and the U.S. Department of the Treasury has issued a series of reports identifying laws and regulations that it has determined to be inconsistent with those principles. The full scope of the Trump administration’s legislative and regulatory agenda is not yet fully known, but it may include further deregulatory measures for the banking industry, including the structure and powers of the CFPB and other areas under the Dodd-Frank Act.

The Economic Growth Act, which was signed into law in May 2018, provides certain limited amendments to the Dodd-Frank Act, as well as certain targeted modifications to prior financial services reform regulatory requirements. As a result of the Economic Growth Act, we expect to experience the rollback of some of the more burdensome requirements resulting from the Dodd-Frank Act. Provisions in the Economic Growth Act generally address access to mortgage credit; consumer access to credit; protections for veterans, consumers, and homeowners; and protections for student borrowers. One of the Economic Growth Act's highlights with potential implications for us is its increase in the asset threshold under the Federal Reserve's Small Bank Holding Company Policy Statement from \$1.0 billion to \$3.0 billion. Another potentially significant provision is the Economic Growth Act's requirement that the federal bank regulatory agencies adopt a threshold for a community bank leverage ratio of not less than 8.0% and not more than 10.0%, providing that banking organizations under \$10.0 billion in assets with a community bank leverage ratio that exceeds the threshold will automatically be deemed to be well-capitalized, subject to certain exceptions. The final regulations implementing the Economic Growth Act's simplified capital framework have not yet been issued. Accordingly, we cannot predict with certainty whether the simplified capital framework will have any significant implications for us. A number of the other specific provisions of this legislation are discussed in other parts of this "Supervision and Regulation" section.

At this time, it is difficult to anticipate the continued impact this expansive legislation will have on our business, our customers, and the financial industry generally. Changes resulting from further implementation of, changes to, or repeal of the Dodd-Frank Act may impact the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements, or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. Failure to comply with any new requirements may negatively impact our results of operations and financial condition.

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

The aggregate liability of the holding company of an undercapitalized bank in such a guarantee is limited to the lesser of 5.0% of the Bank's assets at the time it became undercapitalized or the amount necessary to cause the institution to be adequately capitalized. The bank regulatory agencies have greater power in situations where a bank becomes significantly or critically undercapitalized or fails to submit a capital restoration plan. For example, a bank holding company controlling such a bank can be required to obtain prior Federal Reserve approval of proposed dividends, or might be required to divest the bank or other affiliates.

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

*Control Acquisitions.* Subject to various exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval or non-objection prior to any person or company acquiring "control" of a bank holding company. Although "control" is based on all of the facts and circumstances surrounding the investment, control is conclusively presumed to exist if a person or company acquires 25.0% of more of any class of voting securities of the bank holding company. Control of a bank holding

company is rebuttably presumed to exist under the Change in Bank Control Act if the acquiring person or entity will own 10.0% or more of any class of voting securities immediately following the transaction and either no other person will hold a greater percentage of that class of voting securities after the acquisition or the bank holding company has publicly registered securities.

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

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

*Scope of Permissible Activities.* In general, the Bank Holding Company Act limits the activities permissible for bank holding companies to the business of banking, managing or controlling banks, and such other activities as the Federal Reserve has determined to be so closely related to banking as to be properly incident thereto. Permissible activities for a bank holding company include, among others, operating a mortgage, finance, credit card or factoring company; performing certain data processing operations; providing investment and financial advice; acting as an insurance agent for certain types of credit-related insurance; leasing personal property on a full-payout, nonoperating basis; and providing certain stock brokerage services. A bank holding company may also make an investment of up to 5.0% of any class of voting securities of any company that is otherwise a non-controlling investment.

If a bank holding company has elected to become a financial holding company, it may engage in activities that are (1) financial in nature or incidental to such financial activity, or (2) complementary to a financial activity and which do not pose a substantial risk to the safety and soundness of a depository institution or to the financial system generally. These activities include securities dealing, underwriting and market making, insurance underwriting and agency activities, merchant banking, and insurance company portfolio investments. Expanded financial activities of financial holding companies generally will be regulated according to the type of such financial activity: banking activities by banking regulators, securities activities by securities regulators, and insurance activities by insurance regulators. A bank holding company may elect to be treated as a financial holding company if all of its depository institution subsidiaries are "well capitalized" and "well managed," and have received a rating of not less than Satisfactory on each such institution's most recent examination under the CRA. We currently have no plans to make a financial holding company election, although we may make a financial holding company election in the future if we engage in any lines of business that are impermissible for bank holding companies but permissible for financial holding companies.

*Volcker Rule.* On December 10, 2013, five U.S. financial regulators, including the Federal Reserve, adopted a final rule implementing the "Volcker Rule." The Volcker Rule was created by Section 619 of the Dodd-Frank Act and prohibits "banking entities" from engaging in "proprietary trading." Banking entities also are prohibited from sponsoring or investing in private equity or hedge funds, or extending credit to or engaging in other

covered transactions with affiliated private equity or hedge funds. The fundamental prohibitions of the Volcker Rule generally apply to banking entities of any size, including us, the Bank, and any other “affiliate” under the Bank Holding Company Act. The Economic Growth Act amends Section 619 to exempt from the Volcker Rule any insured depository institution that has \$10.0 billion or less in total consolidated assets and whose total trading assets and trading liabilities are 5.0% or less of total consolidated assets.

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

## **Bank Regulation**

Red River Bank is a commercial bank chartered under the laws of the State of Louisiana. As such, Red River Bank is subject to extensive regulation, supervision, and examination by the Louisiana Office of Financial Institutions and the FDIC. In addition, Red River Bank’s deposits are insured to the maximum extent permitted by law by the FDIC. The bank regulatory agencies have the power to enforce compliance with applicable banking laws and regulations. These requirements and restrictions include requirements to maintain reserves against deposits, restrictions on the nature and amount of loans that may be made and the interest that may be charged thereon, and restrictions relating to investments and other activities of Red River Bank.

*Capital Adequacy Requirements.* The FDIC and Louisiana Office of Financial Institutions monitor the capital adequacy of Red River Bank by using a combination of risk-based guidelines and leverage ratios similar to those applied at the holding company level. These agencies consider the Bank’s capital levels when taking action on various types of applications and when conducting supervisory activities related to the safety and soundness of the Bank and the banking system. Under the revised capital rules which became effective on January 1, 2015, Red River Bank is required to maintain four minimum capital standards: (1) a leverage ratio of at least 4.0%, (2) a common equity Tier 1 risk-based capital ratio of 4.5%, (3) a Tier 1 risk-based capital ratio of at least 6.0%, and (4) a total risk-based capital ratio of at least 8.0%.

The Basel III framework also implements a requirement for all FDIC-insured banks to maintain a capital conservation buffer above the minimum capital requirements to avoid certain restrictions on capital distributions and discretionary bonus payments to executive officers. The capital conservation buffer must be composed solely of common equity Tier 1 capital. As fully phased in on January 1, 2019, the capital conservation buffer effectively requires banking organizations to maintain regulatory risk-based capital ratios at least 2.5% above the minimum risk-based capital requirements set forth above.

The 2018 Economic Growth Act directs federal bank regulatory agencies to adopt a threshold for a community bank leverage ratio, which will be calculated by dividing tangible equity capital by average consolidated total assets. The bank regulatory agencies are required to set the threshold for the community bank leverage ratio within a range of not less than 8.0% and not more than 10.0%. If a “qualified community bank,” generally a depository institution with consolidated assets of less than \$10.0 billion, has a community bank leverage ratio that exceeds the threshold, then that banking organization will be considered to have met all generally applicable leverage and risk-based capital requirements, including the Basel III requirements discussed above. The final regulations implementing the Economic Growth Act’s simplified capital framework and setting the threshold for the community bank leverage ratio have not yet been issued. Accordingly, we cannot predict with certainty whether the simplified capital framework will have any significant implications for us.

These capital requirements are minimum requirements. The FDIC or Louisiana Office of Financial Institutions may also set higher capital requirements if warranted by the risk profile of Red River Bank, economic conditions impacting its markets, or other circumstances particular to the Bank. For example, FDIC guidance

provides that higher capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities, or securities trading activities. In addition, the FDIC's prompt corrective action regulations discussed below, in effect, increase the minimum regulatory capital ratios for banking organizations. Failure to meet capital guidelines could subject Red River Bank to a variety of enforcement remedies, including issuance of a capital directive, restrictions on business activities, and other measures under the FDIC's prompt corrective action regulations.

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

To be well capitalized, a bank must have a total risk-based capital ratio of at least 10.0%, a Tier 1 risk-based capital ratio of at least 8.0%, a common equity Tier 1 risk-based capital ratio of at least 6.5%, and a leverage ratio of at least 5.0%, and must not be subject to any written agreement, order, or directive requiring it to maintain a specific capital level for any capital measure. As of December 31, 2018, Red River Bank met the requirements to be categorized as well capitalized under the prompt corrective action framework currently in effect.

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

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

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

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



*Restrictions on Transactions with Affiliates and Insiders.* Federal law strictly limits the ability of banks to engage in transactions with their affiliates, including their bank holding companies. Sections 23A and 23B of the Federal Reserve Act, and Federal Reserve's Regulation W, impose quantitative limits, qualitative standards, and collateral requirements on certain transactions by a bank with, or for the benefit of, its affiliates. Generally, Sections 23A and 23B (i) limit the extent to which the bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10.0% of such bank's capital stock and surplus, and limit the aggregate of all such transactions with all affiliates to an amount equal to 20.0% of such capital stock and surplus, and (ii) require that all such transactions be on terms substantially the same, or at least as favorable, to the bank or subsidiary as those that would be provided to a non-affiliate. The term "covered transaction" includes the making of loans to the affiliate, purchase of assets from the affiliate, issuance of a guarantee on behalf of the affiliate, and several other types of transactions.

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

Federal law also limits a bank's authority to extend credit to its directors, executive officers and 10.0% shareholders, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the bank's capital. Insiders may be subject to enforcement actions for accepting loans in violation of applicable restrictions.

*Regulatory Restrictions on Dividends.* Red River Bank is subject to certain restrictions on dividends under federal and state laws, regulations, and policies. In general, Louisiana law provides that Red River Bank may not pay any dividends to us unless the Bank has surplus at least equal to 50.0% of its capital stock and such surplus will not be reduced below 50.0% following payment of the dividend. Prior approval of the Louisiana Office of Financial Institutions is required for Red River Bank to pay any dividend that would exceed its net profits earned during the current year combined with its retained net profits of the immediately preceding year.

In addition, under federal law, Red River Bank may not pay any dividend to us if it is undercapitalized or the payment of the dividend would cause it to become undercapitalized. The FDIC may further restrict the payment of dividends by engaging in supervisory action to restrict dividends or by requiring the Bank to maintain a higher level of capital than would otherwise be required to be adequately capitalized for regulatory purposes. Under the Basel III regulatory capital framework, the failure to maintain an adequate capital conservation buffer, as discussed above, may also result in dividend restrictions. Moreover, if, in the opinion of the FDIC, Red River Bank is engaged in an unsound practice (which could include the payment of dividends), the FDIC may require, generally after notice and hearing, the Bank to cease such practice. The FDIC has indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe banking practice. The FDIC has also issued guidance providing that a bank generally should pay dividends only when (1) the bank's net income available to common shareholders over the past year has been sufficient to fully fund the dividends, and (2) the prospective rate of earnings retention appears consistent with the bank's capital needs, asset quality, and overall financial condition.

*Incentive Compensation Guidance.* The federal banking agencies have issued comprehensive guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of those organizations by encouraging excessive risk-taking. The incentive compensation guidance sets expectations for banking organizations concerning their incentive compensation arrangements and related risk-management, control, and governance processes. The incentive compensation guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon three primary principles: (1) balanced risk-taking incentives, (2) compatibility with effective controls and risk management, and (3) strong corporate governance. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or take other actions. In addition, under the incentive compensation guidance, a banking organization's primary federal regulator may initiate enforcement action if the organization's incentive compensation arrangements pose a risk to the safety and soundness of the organization. Further, the capital

conservation buffer described above would limit discretionary bonus payments to bank executives if the institution's regulatory capital ratios failed to exceed certain thresholds. The scope and content of the U.S. banking regulators' policies on executive compensation are continuing to develop and evolve.

*Deposit Insurance Assessments.* FDIC-insured banks are required to pay deposit insurance assessments to the FDIC. The amount of the assessment is based on the size of the bank's assessment base, which is equal to its average consolidated total assets less its average tangible equity, and its risk classification under an FDIC risk-based assessment system. Institutions assigned to higher risk classifications (that is, institutions that pose a higher risk of loss to the Deposit Insurance Fund) pay assessments at higher rates than institutions that pose a lower risk. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern that the institution poses to the regulators. At least semi-annually, the FDIC updates its loss and income projections for the Deposit Insurance Fund and, if needed, will increase or decrease assessment rates, following notice-and-comment rulemaking, if required. The FDIC can also impose special assessments in certain instances. If there are additional bank or financial institution failures or if the FDIC otherwise determines to increase assessment rates, Red River Bank may be required to pay higher FDIC insurance premiums.

In addition, all FDIC-insured institutions are required to pay assessments to the FDIC to fund interest payments on bonds issued by the Financing Corporation, an agency of the federal government established to recapitalize the predecessor to the Deposit Insurance Fund. These assessments will continue through 2019 when all of the bonds have matured.

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

*Concentrated Commercial Real Estate Lending Regulations.* The federal banking regulatory agencies have promulgated guidance governing financial institutions with concentrations in commercial real estate lending. The guidance provides that a bank may have a concentration in commercial real estate lending if (1) total reported loans for construction, land development, and other land represent 100.0% or more of total capital, or (2) total commercial real estate loans represent 300.0% or more of the bank's total capital and the outstanding balance of the bank's commercial real estate loan portfolio has increased 50.0% or more during the prior 36 months. If a concentration is present, the bank will be subject to further regulatory scrutiny with respect to its risk management practices for commercial real estate lending. As of December 31, 2018, Red River Bank's total reported loans for construction, land development, and other land represented less than 100.0% of the Bank's total capital, and its total commercial real estate loans represented less than 300.0% of the Bank's total capital.

*Community Reinvestment Act.* The CRA and the related regulations are intended to encourage banks to help meet the credit needs of their entire assessment area, including low and moderate income neighborhoods, consistent with the safe and sound operations of such banks. These regulations also provide for regulatory assessment of a bank's CRA performance record when considering applications to establish branches, merger applications, and applications to acquire the assets and assume the liabilities of another bank. The CRA requires federal banking agencies to make public their ratings of banks' performance under the CRA. In the case of a bank holding company transaction, the CRA performance record of the subsidiary banks of the bank holding companies involved in the transaction are reviewed in connection with the filing of an application to acquire ownership or control of shares or assets of a bank or to merge with any other bank holding company. An unsatisfactory CRA record could substantially delay approval or result in denial of an application. Red River Bank received a "Satisfactory" rating in its most recent CRA examination.

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

In addition, the Dodd-Frank Act created the CFPB, which has broad authority to regulate the offering and provision of consumer financial products. The CFPB has authority to promulgate regulations, issue orders, guidance, interpretations, and policy statements, conduct examinations, and bring enforcement actions with regard to consumer financial products and services. In general, banks with assets of \$10.0 billion or less, such as Red River Bank, will continue to be examined for consumer compliance, and subject to enforcement actions, by their primary federal regulator. However, the CFPB may participate in examinations of these smaller institutions on a “sampling basis” and may refer potential enforcement actions against such institutions to their primary federal regulators. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce certain consumer protection rules adopted by the CFPB against certain institutions. The Economic Growth Act requires amendments generally intended to narrow the scope of the CFPB’s authority and required the CFPB to make changes to various regulations. We are not currently able to determine how these changes may affect our business.

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

*Anti-Money Laundering and OFAC.* Under federal law, financial institutions are required to maintain anti-money laundering programs that include established internal policies, procedures, and controls; a designated compliance officer; an ongoing employee training program; and testing of the program by an independent audit function. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence and customer identification especially in their dealings with foreign financial institutions and foreign customers. Financial institutions must take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious transactions, and law enforcement authorities have been granted increased access to financial information maintained by financial institutions. Regulations designed to clarify and strengthen the due diligence requirements for banks with regard to their customers were issued effective in July 2016, with a compliance date of not later than May 11, 2018.

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

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

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

*Federal Home Loan Bank System.* Red River Bank is a member of the Federal Home Loan Bank of Dallas, which is one of the 12 regional Federal Home Loan Banks composing the Federal Home Loan Bank system. The Federal Home Loan Banks make loans to their member banks in accordance with policies and procedures established by the Federal Home Loan Bank system and the boards of directors of each regional Federal Home Loan Bank. Any advances from a Federal Home Loan Bank must be secured by specified types of collateral, and all long-term advances may be obtained only for the purpose of providing funds for residential housing finance. As a member of the Federal Home Loan Bank of Dallas, Red River Bank is required to acquire and hold shares of capital stock in the Federal Home Loan Bank of Dallas. All loans, advances, and other extensions of credit made by the Federal Home Loan Bank of Dallas to Red River Bank are secured by a portion of the respective mortgage loan portfolio, certain other investments, and the capital stock of the Federal Home Loan Bank of Dallas held by Red River Bank.

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

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

#### **Effect of Governmental Monetary Policies**

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

## **Impact of Current Laws and Regulations**

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

## **Future Legislation and Regulatory Reform**

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

**CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES  
FOR NON-U.S. HOLDERS OF COMMON STOCK**

The following is a general discussion of the material U.S. federal income tax consequences of the ownership and disposition of our common stock by a non-U.S. holder (as defined below) that purchases our common stock in this offering and holds such common stock as a capital asset (generally, property held for investment). This discussion is based on currently existing provisions of the Internal Revenue Code, applicable regulations of the U.S. Department of the Treasury promulgated thereunder, judicial decisions, and rulings and pronouncements of the Internal Revenue Service, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or subject to different interpretation. We have not sought any ruling from the Internal Revenue Service with respect to the statements made and conclusions reached in the following discussion, and there can be no assurance that the Internal Revenue Service will agree with such statements and conclusions.

This section does not consider state, local, estate, or foreign tax consequences, nor does it address tax consequences to special classes of investors including, but not limited to, tax-exempt organizations, insurance companies, investment funds, banks or other financial institutions, dealers or brokers in securities, persons subject to the alternative minimum tax, corporations that accumulate earnings to avoid U.S. federal income tax, certain U.S. expatriates, pension plans, foreign governments, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, or persons that will hold our common stock as a position in a hedging transaction, “straddle,” “conversion transaction,” or other risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to non-U.S. holders who will hold our common stock as “capital assets” (generally, property held for investment). Each potential investor should consult its own tax advisor as to the U.S. federal, state, local, foreign, and any other tax consequences of the purchase, ownership, and disposition of our common stock.

You are a non-U.S. holder if you are a beneficial owner of our common stock for U.S. federal income tax purposes that is (1) a nonresident alien individual; (2) a corporation (or other entity that is taxable as a corporation) not created or organized in the U.S. or under the laws of the U.S. or of any state (or the District of Columbia); or (3) an estate or a trust that, in each case, is not subject to U.S. federal income tax on a net income basis on income or gain from our shares.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are treated as a partner in such an entity holding our common stock, you should consult your tax advisor as to the U.S. federal income tax consequences applicable to you.

**Distributions**

Distributions with respect to our common stock will be treated as dividends when paid to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Except as described below, if you are a non-U.S. holder of our shares, dividends paid to you are subject to withholding of U.S. federal income tax at a 30.0% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30.0% rate (rather than the lower treaty rate) on dividends paid to you, unless you have furnished to us or another payor:

- a valid Internal Revenue Service Form W-8BEN or Form W-8BEN-E (or other applicable form) prior to payment of the dividend in which you certify, under penalties of perjury, your status as a non-U.S. person and your entitlement to the lower treaty rate with respect to such payments, or
- in the case of payments made outside the U.S. to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the U.S.), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with the regulations of the U.S. Department of the Treasury.

If you are eligible for a reduced rate of U.S. withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by timely filing a refund claim with the Internal Revenue Service.

If dividends paid to you are “effectively connected” with your conduct of a trade or business within the U.S., and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the U.S., we and other payors generally are not required to withhold tax from the dividends, provided that you have furnished to us or another payor a valid Internal Revenue Service Form W-8ECI or an acceptable substitute form upon which you represent, under penalties of perjury, that:

- you are a non-U.S. person, and
- the dividends are effectively connected with your conduct of a trade or business within the U.S. (and, if an applicable income tax treaty so provides, attributable to a permanent establishment or fixed base maintained in the U.S.) and are includible in your gross income.

“Effectively connected” dividends are taxed at rates applicable to U.S. citizens, resident aliens, and domestic U.S. corporations. If you are a corporate non-U.S. holder, “effectively connected” dividends that you receive may, under certain circumstances, be subject to an additional “branch profits tax” at a 30.0% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

To the extent a distribution with respect to our common stock exceeds our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, the distribution will be treated, first, as a tax-free return of the non-U.S. holder’s investment, up to the holder’s adjusted tax basis in its shares of our common stock and, thereafter, as capital gain, which is subject to the tax treatment described below in “—Sale, Exchange, or Other Taxable Disposition.”

### **Sale, Exchange, or Other Taxable Disposition**

Subject to the discussion below regarding backup withholding and the Foreign Account Tax Compliance Act, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment or a fixed base maintained by you in the U.S.);
- you are an individual who is present in the U.S. for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a “United States real property holding corporation” (“USRPHC”), for U.S. federal income tax purposes at any time within the five-year period preceding your disposition of our common stock, or, if shorter, your entire holding period for our common stock.

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as a U.S. real property interest for you only if you actually or constructively hold or held more than 5.0% of such common stock at any time during the shorter of the five-year period preceding your disposition of our common stock or your entire holding period for our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30.0% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30.0% tax on the gain derived from the sale, which tax may be offset by U.S.-source capital losses for the year. You should consult any applicable income tax or other treaties that may provide for different rules.

## Information Reporting and Backup Withholding

Payment of dividends, and the tax withheld on those payments, are subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Under the provisions of an applicable income tax treaty or agreement, copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides. U.S. backup withholding will generally apply on payment of dividends to non-U.S. holders unless (i) such non-U.S. holders furnish to the payor or broker a Form W-8BEN or Form W-8BEN-E on which the non-U.S. holder certifies, under penalty of perjury, that it is a non-U.S. person (or other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with regulations of the U.S. Department of the Treasury), or the non-U.S. holder otherwise establishes an exemption, and (ii) the payor or broker does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Internal Revenue Code, that is not an exempt recipient.

Payment of the proceeds of a sale of our common stock within the U.S. or conducted through certain U.S.-related financial intermediaries is subject to information reporting and, depending on the circumstances, backup withholding, unless the non-U.S. holder, or beneficial owner thereof, as applicable, certifies that it is a non-U.S. holder on Form W-8BEN or Form W-8BEN-E (or other applicable form), or otherwise establishes an exemption, and the payor or broker does not have actual knowledge or reason to know the holder is a U.S. person, as defined under Internal Revenue Code, that is not an exempt recipient.

Any amount withheld under the backup withholding rules from a payment to a non-U.S. holder is allowable as a credit against the non-U.S. holder's U.S. federal income tax, which may entitle the non-U.S. holder to a refund, provided that the non-U.S. holder timely provides the required information to the Internal Revenue Service. Moreover, certain penalties may be imposed by the Internal Revenue Service on a non-U.S. holder who is required to furnish information but does not do so in the proper manner. Non-U.S. holders should consult their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current U.S. Department of the Treasury regulations.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") imposes a 30.0% withholding tax on certain types of payments made to "foreign financial institutions" and other specified non-U.S. entities unless certain due diligence, reporting, withholding, and certification requirements are satisfied.

The U.S. Department of the Treasury and the Internal Revenue Service have issued final regulations under FATCA. As a general matter, FATCA imposes a 30.0% withholding tax on dividends paid on our common stock, and the gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019, if paid to a foreign entity unless:

- the foreign entity is a "foreign financial institution" that undertakes specified due diligence, reporting, withholding, and certification obligations or, in the case of a foreign financial institution that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence and reporting requirements of such an agreement;
- the foreign entity is not a "foreign financial institution" and identifies certain of its U.S. investors; or
- the foreign entity otherwise is exempted under FATCA.

If withholding is imposed under FATCA on a payment related to our common stock, a beneficial owner that is not a foreign financial institution and that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally may obtain a refund from the Internal Revenue Service by filing a U.S. federal income tax return (which may entail significant administrative burden). Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.



## UNDERWRITING

We and the selling shareholders are offering the shares of our common stock described in this prospectus through two underwriters for whom FIG Partners, LLC is acting as representative. We and the selling shareholders have entered into an underwriting agreement dated [redacted], with FIG Partners, LLC as representative of the underwriters. Subject to the terms and conditions of the underwriting agreement, each of the underwriters named below has severally agreed to purchase from us and the selling shareholders the number of shares of common stock listed next to its name in the following table:

<u>Underwriter</u>	<u>Number of Shares</u>
FIG Partners, LLC	
Stephens Inc.	
Total	

The underwriters are offering the shares of our common stock subject to a number of conditions, including receipt and acceptance of the common stock by the underwriters.

In connection with this offering, the underwriters or securities dealers may distribute offering documents to investors electronically.

### Commission and Discounts

Shares of common stock sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares of common stock sold by the underwriters to securities dealers may be sold at a discount of up to \$ [redacted] per share from the public offering price. If all of the shares of common stock are not sold at the public offering price, the representative may change the offering price and the other selling terms. Sales of shares of common stock made outside of the U.S. may be made by affiliates of the underwriters.

The following table shows the public offering price, underwriting discount, and proceeds to us and to the selling shareholders before expenses. The amounts shown assume either no exercise or full exercise by the underwriters of their overallotment option to purchase additional shares:

	<u>Per Share</u>	<u>No Exercise</u>	<u>Full Exercise</u>
Public offering price	\$	\$	\$
Underwriting discount			
Proceeds to us, before expenses			
Proceeds to the selling shareholders, before expenses			

The expenses of the offering, not including the underwriting discount, are estimated to be approximately \$ [redacted] and are payable by us. We have agreed to reimburse the underwriters for their reasonable fees and expenses incurred in connection with this offering, including reasonable legal fees and expenses, and marketing, syndication, and travel expenses incurred by the underwriters in connection with the offering up to a maximum of \$250,000.

In 2018, FIG Partners rendered financial advisory services to the Company and received fees from the Company for the services rendered of an aggregate of \$15,000.

## Option to Purchase Additional Shares

We have granted the underwriters an option to buy up to \_\_\_\_\_ additional shares of our common stock, at the initial public offering price less underwriting discounts. The underwriters may exercise this option, in whole or from time to time in part, solely for the purpose of covering overallocments, if any, made in connection with this offering. The underwriters have 30 days from the date of the underwriting agreement to exercise this option. If the underwriters exercise this option, each underwriter will be obligated, subject to the conditions in the underwriting agreement, to purchase a number of additional shares of our common stock from us proportionate to such underwriter's initial amount relative to the total amount reflected in the table above.

## Lock-Up Agreements

Our executive officers and directors, the selling shareholders, and certain other persons, have entered into lock-up agreements with the underwriters. Under these agreements, each of these persons may not, without the prior written approval of the representative, on behalf of the underwriters, subject to limited exceptions,

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant for the sale of, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock, whether now owned or hereafter acquired or with respect to which such person has or hereafter acquires the power of disposition, or file any registration statement under the Securities Act, with respect to any of the foregoing; or
- enter into any swap, hedge, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the shares of our common stock, whether any such swap, hedge, or transaction is to be settled by delivery of shares of our common stock or other securities, in cash or otherwise.

These restrictions will be in effect for a period of 180 days after the date of the underwriting agreement.

These restrictions also apply to securities convertible into or exchangeable or exercisable for or repayable with common stock to the same extent as they apply to our common stock. They also apply to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

## Directed Share Program

At our request, the underwriters have reserved up to \_\_\_\_\_ shares of our common stock offered by this prospectus for sale, at the initial public offering price, to certain of our business associates and other persons designated by us who have expressed an interest in purchasing our common stock in this offering. We will offer these reserved shares to the extent permitted under applicable laws and regulations in the United States through a directed share program. Our directed share program will be administered by FIG Partners, LLC, who also serves as an underwriter in connection with this offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.

## Pricing of the Offering

Prior to this offering, the market for our common stock has been illiquid and the stock did not trade frequently. The initial public offering price was negotiated between the representative of the underwriters, the selling shareholders, and us. In addition to prevailing market conditions, among the factors considered in determining the initial public offering price of the common stock will be our historical performance, estimates of our business potential, and our earnings prospects, an assessment of our management, and the consideration of the above factors in relation to market valuation of companies in related businesses. An active trading market for the shares may not develop. It is also possible that the shares will not trade in the public market at or above the initial public offering price following the completion of the offering. We have applied to list our common stock on the Nasdaq Global Select Market under the symbol "RRBL."

## **Indemnification and Contribution**

We and the selling shareholders have severally agreed to indemnify the underwriters and their affiliates, selling agents, and controlling persons against certain liabilities, including under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments the underwriters and their affiliates, selling agents, and controlling persons may be required to make in respect of those liabilities.

## **Price Stabilization, Short Positions and Penalty Bids**

To facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the price of the common stock, including:

- stabilizing transactions;
- short sales; and
- purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering. Short sales may be “covered short sales,” which are short positions in an amount not greater than the underwriters’ overallotment option referred to above, or may be “naked short sales,” which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their overallotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which they may purchase shares through the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time without notice. The underwriters may carry out these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

## **Passive Market Making**

In connection with this offering, the underwriters and selling group members may engage in passive market making transactions in our common stock on the Nasdaq Global Select Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of the distribution of this offering. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker’s bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in passive market making and may end passive market making activities at any time.

## **Electronic Distribution**

A prospectus in electronic format may be made available by e-mail or on the Internet sites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in

electronic format, the information on the underwriters' Internet sites and any information contained on any other Internet site maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by the underwriters or us, and should not be relied upon by investors.

## **Affiliations**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, valuation, and brokerage activities. From time to time, the underwriters and/or their respective affiliates have directly and indirectly engaged, or may engage, in various financial advisory, investment banking and commercial banking, and other services for us and our affiliates in the ordinary course of their business, for which they have received, or may receive, customary compensation, fees, commissions, and expense reimbursement. In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their clients, and those investment and securities activities may involve securities and/or instruments of ours. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of those securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in those securities and instruments.

## LEGAL MATTERS

The validity of the shares of our common stock offered by this prospectus will be passed upon for us by Fenimore, Kay, Harrison & Ford LLP, Austin, Texas. Certain matters in connection with this offering will be passed upon for the underwriters by Wyrick Robbins Yates & Ponton LLP, Raleigh, North Carolina.

## EXPERTS

Our consolidated financial statements as of and for the years ended December 31, 2018 and 2017 appearing in this prospectus and registration statement have been audited by Postlethwaite & Netterville, APAC, an independent registered public accounting firm, as set forth in its report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of that firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus, which constitutes a part of that registration statement, does not contain all of the information set forth in the registration statement and the related exhibits and schedules. Some items are omitted in accordance with the rules and regulations of the SEC. Accordingly, we refer you to the complete registration statement, including its exhibits and schedules, for further information about us and the shares of common stock to be sold in this offering. Statements or summaries in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete and, where that contract or document is filed as an exhibit to the registration statement, each statement or summary is qualified in all respects by reference to the exhibit to which the reference relates. Our filings with the SEC, including the registration statement, are also available to you for free on the SEC's Internet site at [www.sec.gov](http://www.sec.gov).

Upon completion of this offering, we will become subject to the informational and reporting requirements of the Exchange Act and, in accordance with those requirements, will file reports and proxy and information statements with the SEC. You will be able to inspect and copy these reports and proxy and information statements and other information at the addresses set forth above. We intend to furnish to our shareholders our annual reports containing our audited consolidated financial statements certified by an independent registered public accounting firm.

We also maintain an Internet site at [www.redriverbank.net](http://www.redriverbank.net). Information on, or accessible through, our Internet site is not part of this prospectus.

## INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements of Red River Bancshares, Inc. and Subsidiaries as of and for the Years Ended December 31, 2018 and 2017.

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To the Board of Directors and  
Stockholders of Red River Bancshares, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Red River Bancshares, Inc. and its subsidiaries (the Company) as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with standards of the PCAOB. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Postlethwaite & Netterville

We have served as the Company's auditor since 1998.

Baton Rouge, Louisiana

February 28, 2019

**CONSOLIDATED BALANCE SHEETS**

(dollars in thousands)

	December 31,	
	2018	2017
<b>ASSETS</b>		
Cash and due from banks	\$ 34,070	\$ 29,819
Interest-bearing deposits in other banks	117,836	29,848
Securities available-for-sale	307,877	345,344
Securities held-to-maturity	—	8,991
Equity securities	3,821	—
Nonmarketable equity securities	1,299	1,270
Loans held for sale	2,904	1,867
Loans held for investment	1,328,438	1,247,666
Allowance for loan losses	(12,524)	(10,895)
Premises and equipment, net	39,690	35,896
Accrued interest receivable	5,013	4,931
Bank-owned life insurance	21,301	21,437
Other assets	10,863	8,090
<b>Total Assets</b>	<b>\$ 1,860,588</b>	<b>\$ 1,724,264</b>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 547,880	\$ 504,286
Interest-bearing deposits	1,097,703	1,021,699
<b>Total Deposits</b>	<b>1,645,583</b>	<b>1,525,985</b>
Other borrowed funds	—	182
Junior subordinated debentures	11,341	11,341
Accrued interest payable	1,757	1,503
Accrued expenses and other liabilities	8,204	7,150
<b>Total Liabilities</b>	<b>1,666,885</b>	<b>1,546,161</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
	—	—
<b>STOCKHOLDERS' EQUITY</b>		
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 - 6,627,358 and 6,721,146 shares	41,094	45,539
Retained earnings	160,115	137,949
Accumulated other comprehensive income (loss)	(7,506)	(5,385)
<b>Total Stockholders' Equity</b>	<b>193,703</b>	<b>178,103</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,860,588</b>	<b>\$ 1,724,264</b>

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



**CONSOLIDATED STATEMENTS OF INCOME**

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

	<b>Years ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b><u>INTEREST AND DIVIDEND INCOME</u></b>		
Interest and fees on loans	\$ 58,747	\$ 50,608
Interest on securities	6,951	7,063
Interest on federal funds sold	356	122
Interest on deposits in other banks	798	584
Dividends on stock	34	28
Total Interest and Dividend Income	66,886	58,405
<b><u>INTEREST EXPENSE</u></b>		
Interest on deposits	7,084	6,084
Interest on other borrowed funds	7	24
Interest on junior subordinated debentures	558	452
Total Interest Expense	7,649	6,560
<b><u>NET INTEREST INCOME</u></b>		
	59,237	51,845
Provision for loan losses	1,990	1,555
<b><u>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</u></b>		
	57,247	50,290
<b><u>NONINTEREST INCOME</u></b>		
Service charges on deposit accounts	4,582	4,263
Debit card income, net	2,986	2,390
Mortgage loan income	2,107	1,966
Brokerage income	1,944	1,577
Loan and deposit income	1,359	1,121
Bank-owned life insurance	732	571
Gain on sale of investments	32	494
Other income	789	332
Total Noninterest Income	14,531	12,714
<b><u>OPERATING EXPENSES</u></b>		
Personnel expenses	26,094	23,742
Occupancy and equipment expenses	4,500	4,241
Technology expenses	2,070	1,904
Advertising	762	760
Other business development expenses	1,127	1,176
Data processing expense	1,386	1,542
Other taxes	1,327	1,328
Loan and deposit expenses	852	1,060
Legal and professional expenses	1,422	1,081
Other operating expenses	3,882	3,639
Total Operating Expenses	43,422	40,473
<b><u>INCOME BEFORE INCOME TAX EXPENSE</u></b>		
	28,356	22,531
Income tax expense	5,300	8,546
<b><u>NET INCOME</u></b>		
	\$ 23,056	\$ 13,985
<b><u>EARNINGS PER SHARE</u></b>		
Basic	\$ 3.43	\$ 2.16
Diluted	\$ 3.41	\$ 2.14

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

*(dollars in thousands)*

	December 31,	
	2018	2017
<u>Net income</u>	\$ 23,056	\$ 13,985
Other comprehensive income (loss):		
Unrealized net gains (loss) on securities arising during period	(2,727)	516
Tax effect	557	(181)
Less: Gains included in net income	(32)	(494)
Tax effect	7	173
Total change in other comprehensive income (loss)	(2,195)	14
Comprehensive income	<u>\$ 20,861</u>	<u>\$ 13,999</u>

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

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

<i>(dollars in thousands)</i>	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2016	\$ 33,438	\$ 122,830	\$ (4,445)	\$ 151,823
Net income	—	13,985	—	13,985
Stock incentive plan expense	—	180	—	180
Issuance of 1,644 shares of common stock through stock incentives	13	—	—	13
Issuance of 351,172 shares of common stock, net of issuance costs	12,115	—	—	12,115
Repurchase of 930 shares of common stock	(27)	—	—	(27)
Reclassification to eliminate disproportionate tax effect	—	954	(954)	—
Change in other comprehensive income (loss)	—	—	14	14
Balance at December 31, 2017	<u>45,539</u>	<u>137,949</u>	<u>(5,385)</u>	<u>178,103</u>
Net income	—	23,056	—	23,056
Stock incentive plan expense	—	193	—	193
Issuance of 5,010 shares of common stock through stock incentives	53	—	—	53
Issuance of 2,452 shares of common stock as board compensation	92	—	—	92
Repurchase of 180,000 shares of common stock	(4,590)	—	—	(4,590)
Cash dividend	—	(1,009)	—	(1,009)
Reclassification for adoption of accounting standard	—	(74)	74	—
Change in other comprehensive income (loss)	—	—	(2,195)	(2,195)
Balance at December 31, 2018	<u>\$ 41,094</u>	<u>\$ 160,115</u>	<u>\$ (7,506)</u>	<u>\$ 193,703</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(dollars in thousands)

	Years ended December 31,	
	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net income	\$ 23,056	\$ 13,985
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,659	1,593
Amortization	382	449
Share-based compensation earned	193	180
(Gain) Loss on sale of other assets owned	(243)	115
Net (accretion) amortization on AFS securities	1,311	2,075
Net (accretion) amortization on HTM securities	11	11
Gains on sales of AFS securities	(32)	(490)
Gains on sales of HTM securities	—	(4)
Provision for loan losses	1,990	1,555
Deferred income tax (benefit) expense	(452)	1,970
Net (increase) decrease in loans held for sale	(1,037)	1,279
Net (increase) decrease in accrued interest receivable	(82)	(413)
Net increase (decrease) in accrued interest payable	254	20
Net increase (decrease) in BOLI	(732)	(571)
Net increase (decrease) in other assets and liabilities	(2,145)	(1,661)
<b>Net cash provided by operating activities</b>	<b>24,133</b>	<b>20,093</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Activity in AFS securities:		
Sales	5,282	60,606
Maturities, prepayments and calls	52,692	65,408
Purchases	(20,728)	(168,154)
Activity in HTM securities:		
Sales	—	150
Maturities, prepayments and calls	1,235	1,045
Purchase of nonmarketable equity securities	(29)	(52)
Net increase in loans	(81,133)	(102,195)
Proceeds from the settlement of insurance claims	868	—
Proceeds from sales of foreclosed assets	1,389	780
Purchases of premises and equipment	(5,432)	(3,487)
<b>Net cash used in investing activities</b>	<b>(45,856)</b>	<b>(145,899)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Net increase in deposits	119,598	53,096
Repayments of other borrowed funds	(182)	(233)
Payment to repurchase common stock	(4,590)	(27)
Proceeds from issuance of common stock	145	12,128
Cash dividends	(1,009)	—
<b>Net cash provided by financing activities</b>	<b>113,962</b>	<b>64,964</b>
<b>Net change in cash and cash equivalents</b>	<b>92,239</b>	<b>(60,842)</b>
Cash and cash equivalents - beginning of year	59,667	120,509
<b>Cash and cash equivalents - end of year</b>	<b>\$ 151,906</b>	<b>\$ 59,667</b>
<b><u>CASH AND CASH EQUIVALENTS INCLUDE</u></b>		
Cash and due from banks	\$ 34,070	\$ 29,819
Interest-bearing deposits in other banks	117,836	29,848
<b>Total cash and cash equivalents</b>	<b>\$ 151,906</b>	<b>\$ 59,667</b>
<b><u>CASH PAID DURING THE YEAR FOR</u></b>		
Interest	\$ 7,395	\$ 6,540
Income taxes	\$ 5,503	\$ 6,730

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Business and Summary of Significant Accounting Policies

The accounting and reporting policies of Red River Bancshares, Inc. (“the Company”) and its subsidiaries conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the banking industry. A summary of significant accounting policies is as follows:

#### Business

The Company was incorporated in Louisiana on March 16, 1998, for the purpose of organizing Red River Bank (“the Bank”) and becoming a bank holding company by owning and controlling 100% of the capital stock of the Bank. Red River Bank opened for banking services on January 14, 1999.

The principal business of the Bank is lending and accepting deposits from businesses, professionals, individuals, and public entities. The Bank’s primary deposit products are demand deposits, savings deposits, and time deposits. The Bank maintains a diversified loan portfolio with a focus on commercial real estate, one-to-four family residential, and commercial and industrial loans.

The Company operates from a network of 23 banking centers located in Central, Northwest, Southeast, and Southwest Louisiana.

Rivermark Properties, LLC was established November 1, 2002 and is wholly-owned by Red River Bank. The subsidiary was created to own and manage certain other real estate until its disposition.

Source Business and Industrial Development Company, LLC (“Source BIDCO”) was purchased with the Fidelity Bank acquisition effective April 1, 2013. Source BIDCO is a wholly-owned subsidiary of Red River Bank. This subsidiary is licensed as a Business and Industrial Development Corporation and as such, is subject to regulation by the Louisiana Office of Financial Institutions. Red River Bank is not originating any new loans in Source BIDCO.

Red River Statutory Trust II, a Connecticut statutory trust, was established May 21, 2003 and is sponsored by Red River Bancshares, Inc. This entity is utilized for the issuance of trust preferred securities. This trust is not consolidated.

Red River Statutory Trust III, a Delaware statutory trust, was established April 20, 2005 and is sponsored by Red River Bancshares, Inc. This entity is utilized for the issuance of trust preferred securities. This trust is not consolidated.

FBT Capital Trust I, a Delaware statutory trust, was established September 4, 2003 by Fidelity Bancorp. On April 1, 2013, Red River Bancshares, Inc. assumed sponsorship of this trust and all outstanding debt obligations relating to trust preferred securities. This trust is not consolidated.

#### Basis of Presentation

The consolidated financial statements include the accounts of Red River Bancshares, Inc. and its subsidiaries, including Red River Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Operating Segments

While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a company-wide basis.

Operating segments are aggregated into one as operating results for all segments are similar. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Acquisition Accounting

The Company accounts for its acquisitions under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) *Topic 805, Business Combinations*, which requires the use of the acquisition method of accounting. Purchased assets, including loans, and assumed liabilities are recorded at their respective acquisition date fair values. Fair values are subject to refinement up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

Loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in *ASC Topic 820, Fair Value Measurements and Disclosures*. The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of expected principal, interest, and other cash flows.

Acquired loans for which all contractual cash flows are expected to be received are accounted for under the accounting guidance found in *ASC Topic 310-20, Nonrefundable Fees and Other Costs*. Acquired loans with evidence of credit deterioration are accounted for under the accounting guidance found in *ASC Topic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality*.

There is no carryover of related allowance for loan losses at the acquisition date as assumptions regarding credit risk are incorporated in the valuation process. However, subsequent to acquisition, the acquired loan portfolio is periodically reviewed and an allowance for loan losses may be established for probable losses incurred after the acquisition date.

### Interest-Bearing Deposits in Other Banks

Interest-bearing deposits in other banks consist of money market and checking accounts and are carried at cost.

### Securities

Debt securities designated as held-to-maturity are recorded at amortized cost. All debt securities as of December 31, 2018 are classified as available-for-sale and are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of tax. Realized gains and losses on the sale of securities are determined using the specific-identification method. Purchased premiums and discounts are recognized in interest income using the interest method over the term of the securities.

The mutual fund owned by the Company is classified as an equity security, and subsequent to the adoption of Accounting Standards Update (“ASU”) *No. 2016-01, Financial Instruments—Overall (Subtopic 825-10)* on January 1, 2018, it is carried at fair value with any periodic changes in value recorded through the income statement. Prior to the adoption of this standard, equity securities were included in available-for-sale securities.

Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses to the extent the losses are credit related. FASB issued accounting guidance related to the recognition and presentation of other-than-temporary impairment. The accounting guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery; and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security, and it is more likely than not that the entity will not have to sell the security before recovery of its cost basis, the entity will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive

income. For held-to-maturity debt securities, the amount of other-than-temporary impairment recorded in other comprehensive income for the noncredit portion of an other-than-temporary impairment should be amortized over the remaining life of the security based on the timing of its future estimated cash flows.

#### Nonmarketable Equity Securities

Nonmarketable equity securities include investments in the Federal Home Loan Bank and the First National Banker's Bank and are carried at cost.

#### Loans Held for Sale

Residential mortgage loans originated and intended for sale are carried at the lower of cost or estimated fair value on an individual basis. These mortgage loans are pre-sold prior to funding. Therefore, management believes there to be minimal risk of loss associated with these assets.

#### Loans Held for Investment

Loans that management has the intent and ability to hold, for the foreseeable future or until maturity or payoff, are held for investment and carried at their principal amount outstanding, net of deferred loan fees. Interest income on loans is accrued on the principal amount outstanding except for those loans that are classified as nonaccrual. Loan origination fees, net of certain direct costs, of \$8,000 and \$55,000 as of December 31, 2018 and 2017, respectively, are deferred and recognized over the estimated lives of the related loans as an adjustment to the loans' effective yield.

Loans are placed on nonaccrual when management determines that a borrower may be unable to meet future contractual payments as they become due or when such loans become 90 days past due, unless they are well secured and in the process of collection. When a loan is placed on nonaccrual, uncollected accrued interest is reversed, reducing interest income and future income accrual is discontinued. Subsequent payments, if any, of interest and fees are applied as reductions to the loan's outstanding principal balance. Once the principal balance of a loan placed on nonaccrual has been fully recovered, subsequent payments received are recognized as income on a cash basis. Loans are returned to accrual status when the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

A loan is charged-off to the allowance for loan losses in full when management is relatively certain that principal and interest will be uncollectible. Management may elect to partially charge-off a loan to adjust the principal balance to the net realizable value of the collateral that secures the loan. When a partial charge-off is made, the remaining balance of the loan is placed on nonaccrual. Recoveries of amounts previously charged-off, if any, are credited to the allowance for loan losses until the principal balance of the loan is fully recovered. Any subsequent payments are recognized as income.

#### 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 charges to the provision for loan losses.

The allowance for loan losses consists of specific and general reserves. Specific reserves relate to loans classified as impaired. Loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due in accordance with the contractual terms of the loan. Impaired loans include troubled debt restructurings and performing and nonperforming loans. Impaired loans are reviewed individually and a specific allowance is allocated, if necessary, based on evaluation of either the fair value of the collateral underlying the loan or the present value of future cash flows calculated using the loan's existing interest rate. General reserves relate to the remainder of the loan portfolio, including overdrawn deposit accounts, and are based on evaluation of a number of factors, such as current economic conditions, the quality and composition of the loan portfolio, loss history, and other relevant factors.

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its borrowers' ability to honor their contractual repayment obligations is dependent on changing economic conditions. Because of the uncertainties associated with economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that management's estimate of loan losses in the loan portfolio and the amount of the allowance needed may change in the future. The determination of the allowance for loan losses is, in a large part, based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In situations where the repayment of a loan is dependent on the value of the underlying collateral, an independent appraisal of the collateral's current market value is customarily obtained and used in the determination of the allowance for loan loss.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in economic conditions. Also regulatory agencies, as an integral part of their examination process, periodically review management's assessments of the adequacy of the allowance for loan losses. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination.

#### Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. The balance of foreclosed assets was \$646,000 and \$23,000 as of December 31, 2018 and 2017, respectively.

#### Credit Related Financial Information

In the ordinary course of business, the Bank has entered into commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded.

#### Premises and Equipment, Net

Premises and equipment are stated at cost less accumulated depreciation, which is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years.

#### Intangible Assets

Intangible assets consist of goodwill. Goodwill represents the excess purchase price over the fair value of net assets acquired in business acquisitions. Goodwill is not amortized but rather evaluated for impairment annually. The Company performed its annual impairment test of goodwill for 2018 and 2017 as required by ASC 350, *Intangibles – Goodwill and Other*. The reviews indicated no impairment of the Company's goodwill.

#### Stock-Based Compensation Plans

The Company has adopted a stock incentive plan that provides for the granting of stock-based payment arrangements for key employees and non-employee members of the Company's Board of Directors. The Company accounts for the stock incentive plan in accordance with applicable accounting guidance. Under the fair value recognition provisions of this guidance, stock-based compensation cost is measured at the grant date based on the fair value of the award and recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. The options granted under this plan are to purchase common stock at an exercise price not less than the fair market value of the common stock at the date of the grant. The options vest and become exercisable in twenty percent increments over a five-year period. The restricted stock granted under this plan provide common stock to recipients at the grant date. The restrictions vest in twenty percent increments over a five-year period. The Company recognizes forfeitures as they occur.



### Income Tax

The provision for income tax is based on taxes payable or receivable for the current year and deferred taxes on temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to 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. The Company has adopted the provisions of accounting guidance related to accounting for uncertainty in income taxes. This interpretation clarifies that the benefit of a position taken or expected to be taken in a tax return should be recognized in a company's financial statements when it is more likely than not that the position will be sustained based on technical merits. The Company recognizes interest and penalties on income taxes as a component of income tax expense. The effect on deferred tax assets of a change in tax rate is recognized in income as part of income tax expense for the period that includes the enactment date. As a result of the enactment in 2017 of the Tax Reform Act, deferred tax assets and liabilities have been measured as of December 31, 2018 and 2017 using the 21.0% corporate tax rate. The impact on net income can be found in Note 9, Income Taxes.

### 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 Directors' Compensation Program, stock options, and restricted stock determined using the treasury stock method. A reconciliation of the weighted-average shares used in calculating basic EPS and diluted EPS for the reported periods is provided in Note 17 – Earnings Per Common Share.

### Treasury Stock

On January 1, 2015, the Louisiana Business Corporation Act ("the Act") became effective. Under provisions of the Act, there is no concept of "Treasury Shares". Rather, shares purchased by the Company constitute authorized but unissued shares. Under ASC 505-30, Treasury Stock, accounting for treasury stock shall conform to state law. Accordingly, the Company's consolidated balance sheet reflects the cost of shares purchased by the Company within common stock and retained earnings balances.

### Comprehensive Income

Comprehensive income is the change in stockholders' equity during the period from transactions and other events and circumstances from non-owner sources. Other comprehensive income includes the change in unrealized gains (losses), net of taxes, on available-for-sale securities.

### Cash and Cash Equivalents

For purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents consist of cash and due from banks, federal funds sold, and interest-bearing deposits in other banks.

### Advertising Costs

Advertising costs are expensed as incurred.

### Revenue Recognition

Effective January 1, 2018, the Company adopted *ASU No. 2014-09 Revenue from Contracts with Customers* (Topic 606) and all subsequent ASUs that modified Topic 606. As the standard does not apply to revenue associated with receivables or financial instruments, net interest income, gains and losses from securities, and income from bank-owned life insurance (BOLI) are not impacted by the standard. The Company has identified certain recurring revenue streams related to noninterest income which are within the scope of Topic 606. In-scope revenue streams are summarized based on the timing of revenue recognition as follows:

- Revenue earned at a point in time – Fee income on deposit accounts (including wire transfer, check ordering, and other transactional fees), NSF/OD Charges, ATM/Card Fee Income (including ATM transaction fees and credit and debit card interchange income), and brokerage income. Revenue is recorded as transactions occur or services are provided to customers. The Company is the principal in each of these contracts with the exception of credit and debit card interchange fees, online transaction interchange fees, sweep income, and brokerage services income, in which case the Company is acting as the agent and records revenue net of expenses paid. Revenue, net of expense, recognized under these contracts totaled \$3.3 million for the period ended December 31, 2018. Amounts presented in years ending before December 31, 2018 are presented net.
- Revenue earned over time (generally under a monthly contract) – Service charges on deposit accounts, merchant referral services, debit card agreement, and safe deposit box fees. Revenue is recorded in the period transactions occur or services are rendered to the customer. The Company is the principal in each of these contracts with the exception of merchant referral services, in which case the Company is acting as the agent and records revenue net of expenses paid. Revenue recognized under these contracts totaled \$1.2 million for the period ended December 31, 2018.

There are no significant judgements relating to the amount and timing of revenue recognition for revenue streams within the scope of Topic 606. Due to the nature of the services we provide to our customers, we do not incur costs to obtain contracts and there are no material incremental costs to fulfill these contracts that should be capitalized.

Additionally, there are no material contract assets or receivables as the Company does not typically enter into long-term revenue contracts with customers.

As of December 31, 2018, the Bank has a \$1.0 million contract liability which is reported in Accrued Expenses and Other Liabilities. During the year ended December 31, 2018, the Bank recognized \$175,000 of revenue relating to this contract liability and expects to recognize the remaining liability as revenue ratably through October 2024.

The implementation of the new standard did not have a material impact on the measurement or recognition of revenue for any of the identified in-scope revenue streams and a cumulative effect adjustment to opening retained earnings was not necessary. Results for reporting periods beginning after January 1, 2018, are presented under Topic 606, using the modified retro transition method.

### Accounting Standards Adopted

*ASU No. 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* The amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Reform Act. Since these amendments only relate to the reclassification of the income tax effects of the Tax Reform Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. These amendments require that an entity disclose a description of the accounting policy for releasing income tax effects from accumulated other comprehensive income. These amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted, including adoption in any interim period, for reporting periods for which financial statements have not yet been issued. These amendments should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the

U.S. federal corporate income tax rate in the Tax Reform Act is recognized. The Company adopted this ASU in 2017 and reclassified its stranded tax credit from accumulated other comprehensive income to retained earnings.

*ASU No. 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.* The amendments expand the scope of Topic 718 to include share-based payments issued to nonemployees for goods or services, which were previously excluded. The amendments will align the accounting for share-based payments to nonemployees and employees more similarly. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted this standard in 2018, and it did not have a material impact on the consolidated financial statements.

*ASU No. 2017-09, Compensation – Stock Compensation (Subtopic 718): Scope of Modification Accounting.* ASU 2017-09 was issued to eliminate inconsistencies in the application of accounting for modifications of stock based compensation awards. The ASU provides that an entity should account for the effects of a modification unless all of the following are met: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification, (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified, and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. This ASU is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. The Company adopted this ASU during 2018, and it did not impact the amounts or disclosures in the consolidated financial statements.

*ASU No. 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities.* ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium. The ASU provides that premiums on these securities are to be amortized to the earliest call date. The accounting for securities held at a discount is not changed, and therefore, they are still required to be amortized to maturity. This ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. The Company early adopted this ASU, and it did not impact the amounts or disclosures in the consolidated financial statements.

*ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* ASU 2016-15 adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU, and it did not impact the consolidated statements of cash flows.

*ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10).* The main provisions of this update are to eliminate the available-for-sale classification of accounting for equity securities and to adjust the fair value disclosures for financial instruments carried at amortized costs such that the disclosed fair values represent an exit price as opposed to an entry price. The provisions of this update require that equity securities be carried at fair market value on the balance sheet and any periodic changes in market value are adjustments to the income statement. A practical expedient is provided for equity securities without a readily determinable fair value, such that these securities can be carried at cost less any impairment. The provisions of this update also eliminated certain disclosures related to the assumptions used to measure fair value for assets and liabilities recorded at cost. The disclosure of fair value of the loan and interest-bearing deposit portfolios will be presented using an exit price method instead of the current discounted cash flow. The Company adopted this ASU in 2018. Equity securities are carried at fair market value with the adjustments flowing through the income statement. The remaining requirements of this update did not have a material impact on the financial position, results of operations, or cash flows.

*ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU affects entities that enter into contracts with customers to transfer goods or services or enter into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards. In August 2015, the FASB issued *ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Our revenue is comprised of net interest income on financial assets and financial liabilities, which is explicitly excluded from the scope of ASU 2014-09, and noninterest income. The Company adopted this ASU in 2018. The identification of revenue streams within the scope of Topic 606 is complete, resulting in no impact on the financial position, results of operations, or cash flows.

#### *Issued but Not Adopted Accounting Standards*

*ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, adds, and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. The standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements.

*ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 permits hedge accounting for risk components in hedging relationships involving nonfinancial risk and interest rate risk. It also changes the guidance for designating fair value hedges of interest rate risk and for measuring the change in fair value of the hedged item in fair value hedges of interest rate risk. In addition to the amendments to the designation and measurement guidance for qualifying hedging relationships, the amendments in this ASU also align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. This ASU requires an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. For public entities, these amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early application is permitted. The Company does not utilize derivatives at this time.

*ASU No. 2017-04, Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU simplifies the accounting for goodwill impairment for all entities by requiring impairment charges to be based on the first step in today's two-step impairment test. Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard eliminates today's requirement to calculate a goodwill impairment charge using Step 2, which requires an entity to calculate any impairment charge by comparing the implied fair value of goodwill with its carrying amount. For public business entities, this ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. The adoption of ASU 2017-04 is not expected to have a material impact on the amounts or disclosures in the consolidated financial statements.

*ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 sets forth the Current Expected Credit Losses ("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 supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. For public business entities that are SEC registrants, the amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company continues to evaluate the impact of this ASU on the consolidated financial statements and disclosures. In that regard, the Company has formed a cross functional working group and is currently working through its implementation plan which includes assessment and documentation of processes, internal controls, and data sources; model development and documentation; and implementation of a third-party vendor solution to assist in the application of ASU 2016-13.

ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to put most leases on their balance sheets but recognize expenses in the income statement in a manner similar to current accounting treatment. This ASU changes the guidance on sale-leaseback transactions, initial direct costs and lease execution costs, and, for lessors, modifies the classification criteria and the accounting for sales-type and direct financing leases. For public business entities, this ASU is effective for annual periods beginning after December 15, 2018, and interim periods therein. Under ASU 2018-11, the Company will take the prospective approach when transitioning to ASU 2016-12. The Company is evaluating the impact of this ASU on the consolidated financial statements and disclosures.

#### Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation. The reclassification had no impact on net income or stockholders' equity.

## 2. Securities

Securities held for indefinite periods of time are classified as available-for-sale and carried at estimated fair value. The amortized cost and estimated fair values of securities available-for-sale are summarized in the following table (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2018</b>				
Available-for-sale:				
Mortgage-backed securities	\$ 221,799	\$ 11	\$ (7,122)	\$ 214,688
Municipal bonds	70,416	94	(2,235)	68,275
U.S. agency securities	23,170	6	(261)	22,915
U.S. treasury securities	1,994	5	—	1,999
Total available-for-sale	<u>\$ 317,379</u>	<u>\$ 116</u>	<u>\$ (9,618)</u>	<u>\$ 307,877</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2017</b>				
Available-for-sale:				
Mortgage-backed securities	\$ 240,374	\$ 21	\$ (4,492)	\$ 235,903
Municipal bonds	67,573	107	(1,658)	66,022
U.S. agency securities	40,213	13	(713)	39,513
Mutual fund securities	4,000	—	(94)	3,906
Total available-for-sale	<u>\$ 352,160</u>	<u>\$ 141</u>	<u>\$ (6,957)</u>	<u>\$ 345,344</u>

The fair value of the Company's mutual fund securities was \$3.8 million with recognized losses of \$85,000 for the year ended December 31, 2018. Prior to the adoption of ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10)* on January 1, 2018, mutual fund securities were included in available-for-sale securities.

Held-to-maturity securities were reclassified to available-for-sale in the fourth quarter of 2018. These securities, which are municipal securities, were valued at \$7.7 million at the time of the reclassification. This reclassification included \$46,000, net of tax, recorded to other comprehensive income. Transferring these securities to available-for-sale allows these investments to be more easily redeemed, if needed for liquidity. Securities classified as held-to-maturity are shown in the following table (in thousands).

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>December 31, 2018</u>				
Held-to-maturity:				
Municipal bonds	\$ —	\$ —	\$ —	\$ —
<u>December 31, 2017</u>				
Held-to-maturity:				
Municipal bonds	\$ 8,991	\$ 232	\$ —	\$ 9,223

The amortized costs and estimated market values of debt securities at December 31, 2018, by contractual maturity, are shown below (in thousands). Expected maturities may differ from contractual maturities because issuers have the right to call or repay obligations with or without call or prepayment penalties.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Within one year	\$ 12,668	\$ 12,590
After one year but within five years	51,956	51,022
After five years but within ten years	88,403	85,806
After ten years	164,352	158,459
	<u>\$ 317,379</u>	<u>\$ 307,877</u>

Information pertaining to securities with gross unrealized losses at December 31, 2018 and December 31, 2017 aggregated by investment category and length of time that individual securities have been in a continuous loss position is described as follows (in thousands):

	Less than twelve months		Over twelve months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<b>As of December 31, 2018:</b>				
Available-for-sale:				
Mortgage-backed securities	\$ (75)	\$ 8,845	\$ (7,047)	\$ 200,532
U.S. agency securities	(41)	3,801	(220)	14,123
Municipal bonds	(48)	3,389	(2,187)	52,879
U.S. treasury securities	—	—	—	—
Total	\$ (164)	\$ 16,035	\$ (9,454)	\$ 267,534
Held-to-maturity:				
Municipal bonds	\$ —	\$ —	\$ —	\$ —
<b>As of December 31, 2017:</b>				
Available-for-sale:				
Mortgage-backed securities	\$ (1,934)	\$ 140,815	\$ (2,558)	\$ 91,099
U.S. agency securities	(208)	17,188	(505)	16,649
Municipal bonds	(305)	20,260	(1,353)	37,677
Mutual fund securities	—	—	(94)	3,906
Total	\$ (2,447)	\$ 178,263	\$ (4,510)	\$ 149,331
Held-to-maturity:				
Municipal bonds	\$ —	\$ —	\$ —	\$ —

As of December 31, 2018, 10 of the obligations of U.S. government agencies, 161 mortgage-backed securities, and 109 municipal bonds had unrealized losses, of which 263 were in continuous loss positions 12 months or longer and 17 were in continuous loss positions less than 12 months. The aggregate unrealized loss of these securities as of December 31, 2018 was 3.03% of the amortized cost basis of the total securities portfolio. Management and the Asset Liability 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 until recovery of their cost basis, primarily due to adequate liquidity of the Company. The unrealized loss of these securities has been determined by management to be both temporary and a function of the movement of interest rates since the time of purchase.

Management evaluates securities for other-than-temporary impairment 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) that 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 other-than-temporary impairment losses on debt securities related to credit losses recognized during the years ended December 31, 2018 and December 31, 2017.

#### Pledged Securities

Securities with carrying values of approximately \$93.5 million and \$148.3 million were pledged to secure public deposits, as of the years ended December 31, 2018 and December 31, 2017, respectively.

### 3. Loans and Asset Quality

#### Loans

Total loans held for investment by category and loans held for sale are summarized below (in thousands):

	December 31,	
	2018	2017
Real estate:		
Commercial real estate	\$ 454,689	\$ 412,355
One-to-four family residential	406,963	375,536
Construction and development	102,868	84,812
Commercial and industrial	275,881	284,035
Tax-exempt	60,104	62,776
Consumer	27,933	28,152
Total loans held for investment	\$ 1,328,438	\$ 1,247,666
Total loans held for sale	\$ 2,904	\$ 1,867

#### Related Party Transactions

In the ordinary course of business, certain officers, directors, and principal shareholders, as well as their immediate family members and affiliates in which they have 10% or more beneficial ownership ("related parties"), maintain a variety of banking relationships with the Company. An analysis of loan activity to these related parties is as follows (in thousands):

	Years ended December 31,	
	2018	2017
Balance - beginning of period	\$ 41,463	\$ 34,131
Additions	31,688	43,862
Payments	(32,840)	(36,530)
Balance - end of period	\$ 40,311	\$ 41,463

#### Concentrations of Credit Risk

The majority of the Bank's lending activity occurs within Central, Northwest, Southeast, and Southwest Louisiana. The Bank maintains a diversified loan portfolio with a focus on commercial real estate, one-to-four family residential real estate, and commercial and industrial loans. Substantially all of the Bank's real estate loans are secured by properties located within Louisiana.



Allowance for Loan Losses

The following table summarizes the activity in the allowance for loan losses by category as of December 31, 2018 (in thousands):

	<u>Beginning Balance</u>	<u>Provision for Loan Losses</u>	<u>Loans Charged-off</u>	<u>Recoveries</u>	<u>Ending Balance</u>
Real estate:					
Commercial real estate	\$ 3,270	\$ (189)	\$ (27)	\$ 27	\$ 3,081
One-to-four family residential	3,099	(136)	(4)	187	3,146
Construction and development	852	99	—	—	951
Commercial and industrial	2,836	2,112	(353)	9	4,604
Tax-exempt	432	(60)	—	—	372
Consumer	406	164	(353)	153	370
Total allowance for loan losses	<u>\$ 10,895</u>	<u>\$ 1,990</u>	<u>\$ (737)</u>	<u>\$ 376</u>	<u>\$ 12,524</u>

The following table summarizes the activity in the allowance for loan losses by category as of December 31, 2017 (in thousands):

	<u>Beginning Balance</u>	<u>Provision for loan Losses</u>	<u>Loans Charged-off</u>	<u>Recoveries</u>	<u>Ending Balance</u>
Real estate:					
Commercial real estate	\$ 3,133	\$ 136	\$ —	\$ 1	\$ 3,270
One-to-four family residential	2,997	210	(181)	73	3,099
Construction and development	675	278	(101)	—	852
Commercial and industrial	3,005	595	(824)	60	2,836
Tax-exempt	426	6	—	—	432
Consumer	308	330	(353)	121	406
Total allowance for loan losses	<u>\$ 10,544</u>	<u>\$ 1,555</u>	<u>\$ (1,459)</u>	<u>\$ 255</u>	<u>\$ 10,895</u>

The balance in the allowance for loan losses and the related recorded investment in loans by category as of December 31, 2018 are as follows (in thousands):

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality	Total
<b>Allowance for loan losses:</b>				
Real estate:				
Commercial real estate	\$ 206	\$ 2,875	\$ —	\$ 3,081
One-to-four family residential	20	3,126	—	3,146
Construction and development	12	939	—	951
Commercial and industrial	2,304	2,300	—	4,604
Tax-exempt	—	372	—	372
Consumer	75	295	—	370
<b>Total allowance for loan losses</b>	<b>\$ 2,617</b>	<b>\$ 9,907</b>	<b>\$ —</b>	<b>\$ 12,524</b>

<b>Loans:</b>				
Real estate:				
Commercial real estate	\$ 3,829	\$ 450,860	\$ —	\$ 454,689
One-to-four family residential	2,348	404,615	—	406,963
Construction and development	55	102,813	—	102,868
Commercial and industrial	15,516	260,365	—	275,881
Tax-exempt	—	60,104	—	60,104
Consumer	104	27,829	—	27,933
<b>Total loans held for investment</b>	<b>\$ 21,852</b>	<b>\$ 1,306,586</b>	<b>\$ —</b>	<b>\$ 1,328,438</b>

The balance in the allowance for loan losses and the related recorded investment in loans by category as of December 31, 2017 are as follows (in thousands):

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality	Total
<b>Allowance for loan losses:</b>				
Real estate:				
Commercial real estate	\$ 390	\$ 2,880	\$ —	\$ 3,270
One-to-four family residential	17	3,082	—	3,099
Construction and development	19	833	—	852
Commercial and industrial	107	2,729	—	2,836
Tax-exempt	—	432	—	432
Consumer	127	279	—	406
<b>Total allowance for loan losses</b>	<b>\$ 660</b>	<b>\$ 10,235</b>	<b>\$ —</b>	<b>\$ 10,895</b>

<b>Loans:</b>				
Real estate:				
Commercial real estate	\$ 4,075	\$ 408,280	\$ —	\$ 412,355
One-to-four family residential	2,453	372,180	903	375,536
Construction and development	1,317	83,495	—	84,812
Commercial and industrial	15,895	268,140	—	284,035
Tax-exempt	—	62,776	—	62,776
Consumer	132	28,020	—	28,152
<b>Total loans held for investment</b>	<b>\$ 23,872</b>	<b>\$ 1,222,891</b>	<b>\$ 903</b>	<b>\$ 1,247,666</b>

Past Due and Nonaccrual Loans

A summary of current, past due, and nonaccrual loans as of December 31, 2018 is as follows (in thousands):

	Accruing			Nonaccrual	Total Loans
	Current	30-89 Days Past Due	90 Days or More Past Due		
Real estate:					
Commercial real estate	\$ 452,477	\$ —	\$ 850	\$ 1,362	\$ 454,689
One-to-four family residential	405,961	512	66	424	406,963
Construction and development	102,776	36	1	55	102,868
Commercial and industrial	272,174	32	—	3,675	275,881
Tax-exempt	60,104	—	—	—	60,104
Consumer	27,851	16	22	44	27,933
Total loans held for investment	<u>\$ 1,321,343</u>	<u>\$ 596</u>	<u>\$ 939</u>	<u>\$ 5,560</u>	<u>\$ 1,328,438</u>

A summary of current, past due, and nonaccrual loans as of December 31, 2017 is as follows (in thousands):

	Accruing			Nonaccrual	Total Loans
	Current	30-89 Days Past Due	90 Days or More Past Due		
Real estate:					
Commercial real estate	\$ 409,928	\$ 358	\$ 898	\$ 1,171	\$ 412,355
One-to-four family residential	372,978	737	—	1,821	375,536
Construction and development	83,669	—	—	1,143	84,812
Commercial and industrial	278,681	22	44	5,288	284,035
Tax-exempt	62,776	—	—	—	62,776
Consumer	28,030	101	—	21	28,152
Total loans held for investment	<u>\$ 1,236,062</u>	<u>\$ 1,218</u>	<u>\$ 942</u>	<u>\$ 9,444</u>	<u>\$ 1,247,666</u>

### Impaired Loans

Impaired loans include troubled debt restructurings and performing and nonperforming loans. Information pertaining to impaired loans as of December 31, 2018 is as follows (in thousands):

	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Real estate:					
Commercial real estate	\$ 2,376	\$ 2,255	\$ —	\$ 2,470	\$ 72
One-to-four family residential	1,912	1,855	—	2,026	149
Construction and development	18	16	—	738	—
Commercial and industrial	11,003	9,707	—	8,909	345
Tax-exempt	—	—	—	—	—
Consumer	12	12	—	10	—
Total with no related allowance	<u>15,321</u>	<u>13,845</u>	<u>—</u>	<u>14,153</u>	<u>566</u>
With allowance recorded:					
Real estate:					
Commercial real estate	1,584	1,574	206	1,715	132
One-to-four family residential	507	493	20	497	23
Construction and development	52	39	12	41	—
Commercial and industrial	5,809	5,809	2,304	5,813	210
Tax-exempt	—	—	—	—	—
Consumer	95	92	75	35	1
Total with related allowance	<u>8,047</u>	<u>8,007</u>	<u>2,617</u>	<u>8,101</u>	<u>366</u>
Total impaired loans	<u>\$ 23,368</u>	<u>\$ 21,852</u>	<u>\$ 2,617</u>	<u>\$ 22,254</u>	<u>\$ 932</u>

Information pertaining to impaired loans as of December 31, 2017 is as follows (in thousands):

	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Real estate:					
Commercial real estate	\$ 1,771	\$ 1,770	\$ —	\$ 2,241	\$ 68
One-to-four family residential	1,997	1,958	—	1,316	64
Construction and development	1,274	1,271	—	1,015	8
Commercial and industrial	15,563	14,752	—	13,432	442
Tax-exempt	—	—	—	—	—
Consumer	6	5	—	7	—
Total with no related allowance	<u>20,611</u>	<u>19,756</u>	<u>—</u>	<u>18,011</u>	<u>582</u>
With allowance recorded:					
Real estate:					
Commercial real estate	2,358	2,305	390	2,232	62
One-to-four family residential	507	495	17	970	19
Construction and development	54	46	19	49	—
Commercial and industrial	1,151	1,143	107	3,870	42
Tax-exempt	—	—	—	—	—
Consumer	128	127	127	147	5
Total with related allowance	<u>4,198</u>	<u>4,116</u>	<u>660</u>	<u>7,268</u>	<u>128</u>
Total impaired loans	<u>\$ 24,809</u>	<u>\$ 23,872</u>	<u>\$ 660</u>	<u>\$ 25,279</u>	<u>\$ 710</u>

Troubled Debt Restructurings

The restructuring of a loan is considered a troubled debt restructuring (“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. As of December 31, 2018 and 2017, the recorded investments in TDRs were \$5.1 million and \$7.3 million, respectively. There were no unfunded commitments to extend credit related to these loans.

A summary of current, past due, and nonaccrual TDR loans as of December 31, 2018 is as follows (in thousands):

	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total TDRs
Real estate:					
Commercial real estate	\$ 1,267	\$ —	\$ —	\$ 1,362	\$ 2,629
One-to-four family residential	208	—	—	—	208
Construction and development	—	—	—	39	39
Commercial and industrial	41	—	—	2,139	2,180
Tax-exempt	—	—	—	—	—
Consumer	56	—	—	—	56
Total	\$ 1,572	\$ —	\$ —	\$ 3,540	\$ 5,112
Number of TDR loans	10	—	—	6	16

A summary of current, past due, and nonaccrual TDR loans as of December 31, 2017 is as follows (in thousands):

	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total TDRs
Real estate:					
Commercial real estate	\$ 1,013	\$ 358	\$ 792	\$ 872	\$ 3,035
One-to-four family residential	407	—	—	1,044	1,451
Construction and development	174	—	—	46	220
Commercial and industrial	50	—	—	2,535	2,585
Tax-exempt	—	—	—	—	—
Consumer	—	—	—	—	—
Total	\$ 1,644	\$ 358	\$ 792	\$ 4,497	\$ 7,291
Number of TDR loans	10	1	2	7	20

A summary of loans modified as TDRs that occurred during the years ended December 31, 2018 and 2017 is as follows (in thousands):

	Loan Count	2018		Loan Count	2017	
		Recorded Investment Pre Modification	Post Modification		Recorded Investment Pre Modification	Post Modification
Real estate:						
Commercial real estate	1	\$ 435	\$ 479	2	\$ 682	\$ 685
One-to-four family residential	1	40	40	3	215	219
Construction and development	—	—	—	1	92	92
Commercial and industrial	—	—	—	2	3,183	3,183
Tax-exempt	—	—	—	—	—	—
Consumer	1	58	58	—	—	—
Total	3	\$ 533	\$ 577	8	\$ 4,172	\$ 4,179

The TDRs described above increased the allowance for loan losses by \$56,000 and \$53,000 during the years ended December 31, 2018 and 2017, respectively. Additionally, there were no charge-offs nor TDRs that subsequently defaulted in 2018 or 2017.

#### 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 ratings are assigned to loans with a risk level ranging from very low to acceptable based on the borrower's financial condition, financial trends, management strength, and collateral quality.

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.

The following table summarizes loans by risk rating as of December 31, 2018 (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
Real estate:					
Commercial real estate	\$ 439,580	\$ 11,883	\$ 3,226	\$ —	\$ 454,689
One-to-four family residential	402,864	1,992	2,107	—	406,963
Construction and development	101,754	375	739	—	102,868
Commercial and industrial	251,987	8,311	15,583	—	275,881
Tax-exempt	60,104	—	—	—	60,104
Consumer	27,729	44	160	—	27,933
Total loans held for investment	\$ 1,284,018	\$ 22,605	\$ 21,815	\$ —	\$ 1,328,438

The following table summarizes loans by risk rating as of December 31, 2017 (in thousands):

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Real estate:					
Commercial real estate	\$ 401,341	\$ 4,534	\$ 6,480	\$ —	\$ 412,355
One-to-four family residential	371,225	1,269	3,042	—	375,536
Construction and development	83,323	210	1,279	—	84,812
Commercial and industrial	254,346	13,651	16,038	—	284,035
Tax-exempt	62,776	—	—	—	62,776
Consumer	27,970	39	143	—	28,152
Total loans held for investment	<u>\$ 1,200,981</u>	<u>\$ 19,703</u>	<u>\$ 26,982</u>	<u>\$ —</u>	<u>\$ 1,247,666</u>

4. Premises and Equipment, Net

Components of premises and equipment, net were as follows (in thousands):

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 12,087	\$ 12,073
Buildings	23,809	23,615
Leasehold improvements	2,709	2,606
Furniture and equipment	11,285	10,888
Vehicles	339	244
Computer equipment	2,919	2,794
Projects in process	6,152	1,746
	59,300	53,966
Less: Accumulated depreciation	(19,610)	(18,070)
Premises and equipment, net	<u>\$ 39,690</u>	<u>\$ 35,896</u>

Depreciation expense amounted to approximately \$1.7 million and \$1.6 million during the years ended December 31, 2018 and 2017, respectively.

5. Deposits

Deposits are summarized below (in thousands):

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Noninterest-bearing deposits	\$ 547,880	\$ 504,286
Interest-bearing deposits:		
NOW accounts	304,545	255,309
Money market accounts	358,575	351,217
Savings accounts	104,355	95,336
Time deposits < \$100,000	119,637	127,726
Time deposits \$100,000 to \$250,000	128,637	129,321
Time deposits > \$250,000	81,954	62,790
Total interest-bearing deposits	<u>1,097,703</u>	<u>1,021,699</u>
Total deposits	<u>\$ 1,645,583</u>	<u>\$ 1,525,985</u>

At 2018, the scheduled maturities of all outstanding time deposits were as follows (in thousands):

Year ending December 31,	Amount
2019	\$ 202,898
2020	60,660
2021	26,966
2022	14,130
2023	10,979
Thereafter	14,595
	<u>\$ 330,228</u>

As of December 31, 2018 and December 31, 2017, deposits from directors, executive officers, their immediate family members, and related companies totaled approximately \$26.1 million and \$24.2 million, respectively.

6. Other Borrowed Funds

The Bank has established various lines-of-credit with the Federal Home Loan Bank (“FHLB”) and other correspondent banks to provide additional sources of operating funds. The Company has also established a line of credit with a correspondent bank. Together, the Bank and the Company can borrow up to approximately \$528.6 million under these agreements. As of December 31, 2017, other borrowed funds included approximately \$182,000 of an advance drawn against the FHLB line of credit. The rate on the advance was approximately 4.74% as of December 31, 2017. In December 2018, the Bank paid off the advance drawn against the FHLB. Advances from FHLB are secured by a portion of the Bank’s loan portfolio.

7. Junior Subordinated Debentures

The Company has issued \$11.3 million of floating rate junior subordinated debentures and is the sponsor of three business trusts, Red River Statutory Trust II (“Trust II”), Red River Statutory Trust III (“Trust III”) and FBT Capital Trust I (“FBT CT I”). On April 1, 2013, the Company assumed \$5.0 million of floating rate junior subordinated debentures and FBT Capital Trust I in conjunction with the Fidelity Bancorp acquisition. These trusts have issued a total of \$11.0 million of floating rate capital securities (trust preferred securities) to investors and a total of \$341,000 of common securities to the Company. As of December 31, 2018 junior subordinated debentures were as follows (in thousands):

	Trust II	Trust III	FBT CT I	Total
Trust preferred securities	\$ 3,000	\$ 3,000	\$ 5,000	\$ 11,000
Common securities	93	93	155	341
<b>Total Junior Subordinated Debentures</b>	<u>\$ 3,093</u>	<u>\$ 3,093</u>	<u>\$ 5,155</u>	<u>\$ 11,341</u>
Issue date	May 28, 2003	April 20, 2005	September 4, 2003	
Call date	May 28, 2008	June 15, 2010	August 8, 2008	
Maturity date	May 28, 2033	June 15, 2035	August 8, 2033	
Interest rate	5.65%	4.30%	5.34%	

The trust preferred securities represent an interest in the Company’s junior subordinated debentures, which were purchased by the business trust and have substantially the same payment terms as the trust preferred securities. The junior subordinated debentures are the only assets of the Trusts and interest payments from the debentures, payable quarterly, finance the distributions paid on the trust preferred securities. The junior subordinated debentures are redeemable prior to the maturity date, at the option of the Company, in whole or in part, subject to the terms of the trust indentures. A portion of these instruments qualifies as Tier 1 capital under the Federal Reserve Bank regulatory capital rules.



8. Leases

The Bank has entered into several lease agreements for its operating facilities. In addition to the monthly lease payments, the Bank is also responsible for its pro-rata share of the common area maintenance costs, insurance, and taxes.

Future required payments under these leases are as follows (in thousands):

Year ending December 31,	Amount
2019	\$ 568
2020	376
2021	220
2022	77
2023	—
Thereafter	—
	<u>\$ 1,241</u>

These payments include the current lease agreements in force. Expenses relating to these leases totaled approximately \$592,000 and \$535,000 during the years ended December 31, 2018 and 2017, respectively.

9. Income Taxes Expense

The components of income tax expense for the years ended December 31, 2018 and 2017 were as follows (in thousands):

	2018	2017
Current tax expense	\$ 5,752	\$ 6,576
Deferred tax expense (benefit)	(452)	1,970
Income tax expense	<u>\$ 5,300</u>	<u>\$ 8,546</u>

The Tax Reform Act was effective January 1, 2018 and significantly revised the U.S. corporate income tax law by, among other things, lowering the maximum U.S. corporate income tax rate to 21.0%. The decrease in the 2018 income tax expense and the effective tax rate was a result of the absence of a \$2.2 million additional, one-time, income tax expense for the revaluation of our deferred tax assets and liabilities due to the enactment of the Tax Reform Act.

The source and tax effect of items reconciling income tax expense to the amount computed by applying the federal income tax rates in effect to income before income tax expense for years ended December 31, 2018 and 2017, are as follows (in thousands):

	2018		2017	
	Amount	Percent	Amount	Percent
Income before income taxes	<u>\$ 28,356</u>	<u>100%</u>	<u>\$ 22,531</u>	<u>100%</u>
U.S. federal income tax expense	5,955	21.0%	7,886	35.0%
Nontaxable income	(765)	(2.7)%	(1,326)	(5.9)%
Nondeductible expenses	34	0.1%	40	0.2%
Revalue of deferred tax asset	—	0.0%	2,230	9.9%
Other	76	0.3%	(284)	(1.3)%
Income tax expense	<u>\$ 5,300</u>	<u>18.7%</u>	<u>\$ 8,546</u>	<u>37.9%</u>

The Company records deferred income taxes on the tax effect of changes in temporary differences. Deferred tax assets (liabilities) are subject to a valuation allowance unless their realization is more likely than not. The deferred tax assets (liabilities) were comprised of the following at December 31, 2018 and 2017 (in thousands):

	2018	2017
Depreciation	\$ (1,481)	\$ (1,363)
FHLB stock dividends	(13)	(11)
Other	(18)	(14)
Gross deferred tax liability	<u>(1,512)</u>	<u>(1,388)</u>
Allowance for loan losses	2,572	2,306
Allowance for operational losses	47	24
Health insurance self fund	212	282
Deferred compensation	689	620
Unrealized loss on securities	1,996	1,432
Equity security valuation	45	—
Advance payment	224	—
Other	126	70
Gross deferred tax asset	<u>5,911</u>	<u>4,734</u>
Net deferred tax asset (liability)	<u>\$ 4,399</u>	<u>\$ 3,346</u>

#### 10. Employee Benefits

The Company adopted a contributory retirement plan for employees of Red River Bank effective March 1, 1999. The plan covers all employees who meet the length of service and the number of hours worked requirements and elect to participate. Discretionary employer contributions during the years ended December 31, 2018 and 2017 totaled approximately \$527,000 and \$452,000, respectively.

The Bank has entered into nonqualified deferred compensation agreements with certain employees. These agreements are funded by life insurance policies. The Bank is the owner and beneficiary of all the policies death benefits. The Bank-owned life insurance policies are recorded as a separate line item at their cash surrender value in the accompanying consolidated balance sheets. The agreements provide for transfer of a portion of the proceeds to certain employees. The related liability recorded was \$1.8 million and \$1.5 million as of December 31, 2018 and 2017, respectively.

The Company accounts for its split dollar life insurance plan under ASC 715, *Compensation – Retirement Benefits*. The Company recorded a liability and a reduction in retained earnings reflecting the present value of the postretirement insurance costs related to the promise to maintain insurance coverage. The liability was approximately \$44,000 and \$41,000 as of December 31, 2018 and 2017, respectively.

#### 11. Stock-Based Compensation Plans

The Company has a Director Compensation Program which allows directors the option of receiving payment for director fees in Company stock. The expense associated with the directors stock payment was \$97,000 and \$92,000 as of December 31, 2018 and 2017, respectively.

On April 17, 2008, the Company adopted its 2008 Equity Incentive Plan that provides for the granting of stock-based arrangements for key employees and non-employee members of the Company's Board of Directors. The Compensation Committee of the Company's Board of Directors administers the plan, makes determinations with respect to participation, and authorizes stock-based awards under the plan. To date, the Committee has awarded stock options and restricted stock awards as detailed further below. The 2008 plan expired on December 31, 2018, and no new awards may be granted under this plan. However, all outstanding and unexercised awards previously granted under the plan will continue to be governed by the terms and conditions thereof.

On October 25, 2018, the Company adopted its 2018 Equity Incentive Plan, subject to approval of the Company's shareholders. The 2018 plan was adopted in anticipation of the expiration of the 2008 plan and provides for the granting of stock-based awards to key employees, directors, and consultants. Similar to the 2008 plan, the Compensation Committee of the Company's Board of Directors administers the 2018 plan, makes determinations with respect to participation, and authorizes stock-based awards under the plan. At December 31, 2018, no awards had been granted under the 2018 plan, and the maximum number of shares of the Company's common stock available for issuance under the 2018 plan was 200,000 shares.

All disclosures for stock options and restricted stock shown below relate to outstanding awards under the 2008 plan. Disclosures for stock options and restricted stock awards are shown separately due to their dissimilar characteristics.

### Stock Options

The options granted under this plan are to purchase common stock at an exercise price not less than the fair market value of the common stock at the date of the grant. The options granted will vest and become exercisable in twenty percent increments on the first through the fifth anniversaries of the date of the grant and shall expire and may not be exercised later than ten years following the date of the grant. The options expire on various dates through 2022.

The fair value of options granted is estimated as of the date granted using the Black Scholes model. No options were granted in 2017 or 2018.

The Company funds the stock options from authorized, but unissued shares.

The status of the Company's stock option plan is presented below:

	Stock Options		
	Number of Shares	Exercise Price Range	Weighted Average Price
Outstanding - December 31, 2016	35,500	\$12.32 - \$17.33	\$ 14.43
Exercised <sup>(1)</sup>	(2,000)	\$ 12.32	\$ 12.32
Outstanding - December 31, 2017	33,500	\$12.32 - \$17.33	\$ 14.56
Exercised <sup>(2)</sup>	(5,500)	\$12.32 - \$14.31	\$ 13.04
Outstanding - December 31, 2018	28,000	\$12.32 - \$17.33	\$ 14.85

(1) A total of 356 shares of the Company's common stock were surrendered in lieu of payment of a portion of the cash exercise price for options exercised during 2017, resulting in the net issuance upon exercise of an aggregate of 1,644 shares of the Company's common stock.

(2) A total of 490 shares of the Company's common stock were surrendered in lieu of payment of a portion of the cash exercise price for options exercised during 2018, resulting in the net issuance upon exercise of an aggregate of 5,010 shares of the Company's common stock.

As of December 31, 2018, 28,000 of the outstanding options are fully vested and exercisable with an intrinsic value of approximately \$725,000. The weighted average remaining term for vested options is 1.8 years. No shares vested during the year ended December 31, 2018.

As of December 31, 2017, 33,500 of the outstanding options are fully vested and exercisable with an intrinsic value of approximately \$768,000. The weighted average remaining term for vested options is 2.54 years. The total fair value of shares vested during the year ended December 31, 2017 was approximately \$35,000.

The status of the Company's nonvested shares, the total unrecognized compensation expense and the scheduled term of the unrecognized expense is expected to be recognized for the nonvested shares is presented below:

	Number of Shares	Weighted Average Price	Unrecognized Compensation Expense (Dollars in thousands)	Remaining Expense Term (Years)
Nonvested - December 31, 2016	2,000	\$ 17.33	\$ 5	0.5
Vested	(2,000)	\$ 17.33		
Nonvested - December 31, 2017	—	\$ —	\$ —	—
Vested	—	\$ —	\$ —	—
Nonvested - December 31, 2018	—	\$ —	\$ —	—

#### Restricted Stock Awards

The restricted stock awards issued under this plan, provide common stock to recipients at the grant date. The restrictions vest in twenty percent increments on the first through fifth anniversaries of the grant date.

During 2018, the Committee granted 6,750 restricted stock awards with a weighted average fair value of \$37.49. For the year ended December 31, 2018, the compensation expense for the vested restricted stock was \$192,000. As of December 31, 2018, there was approximately \$568,000 of total unrecognized compensation cost related to restricted stock awards. That cost is expected to be recognized over a weighted average period of 4.5 years.

During 2017, the Committee granted 6,350 restricted stock awards with a weighted average fair value of \$34.48. For the year ended December 31, 2017, the compensation expense for the vested restricted stock was \$175,000. As of December 31, 2017, there was approximately \$520,000 of total unrecognized compensation cost related to restricted stock awards. That cost is expected to be recognized over a weighted average period of 4.5 years.

The Company funds the restricted stock from authorized, but unissued shares.

The status of the Company's nonvested restricted stock is presented below:

	Nonvested Restricted Stock	
	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested shares - December 31, 2016	22,840	\$ 24.88
Granted	6,350	\$ 34.48
Vested	(7,540)	\$ 22.83
Nonvested shares - December 31, 2017	21,650	\$ 28.41
Granted	6,750	\$ 37.49
Vested	(7,210)	\$ 26.06
Nonvested shares - December 31, 2018	21,190	\$ 32.10

#### 12. Self-Insurance

The Company is self-insured for group health insurance. The Company's liability is limited to the aggregate policy deductible of \$125,000 per individual with a maximum of approximately \$3.3 million for the group. The Company has reflected its estimated liability for known and incurred but not reported claims in the accompanying financial statements.

### 13. Off-Balance Sheet Activities

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of these instruments reflect the extent of the Company's involvement in particular classes of financial instruments. The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company uses the same credit policies in making commitments and conditional obligations as it does for financial instruments recorded on its balance sheets.

#### 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 December 31, 2018, unfunded loan commitments totaled approximately \$231.5 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 December 31, 2018, commitments under standby letters of credit totaled approximately \$11.6 million. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

#### Construction Commitments

The Company has committed to a construction contract for approximately \$334,000 as of December 31, 2018.

#### Investment Commitment

In 2014, the Company committed to an investment into a small business investment company ("SBIC") limited partnership. As of December 31, 2018, there is a \$796,000 outstanding commitment to this partnership.

### 14. 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

Available-for-sale securities and loans held for sale 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 case, 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 Held for Sale: 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 held for sale 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 held for sale are recurring Level 2.

Loans Held for Investment: The Company does not record loans held for investment 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, and 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.

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

	Fair Value	Level 1	Level 2	Level 3
<b>December 31, 2018</b>				
Loans held for sale	\$ 2,904	\$ —	\$ 2,904	\$ —
Securities available-for-sale:				
Mortgage-backed securities	214,688	—	214,688	—
U.S. agency securities	22,915	—	22,915	—
Municipal bonds	68,275	—	68,275	—
U.S. treasury securities	1,999	—	1,999	—
Equity securities	3,821	3,821	—	—
<b>December 31, 2017</b>				
Loans held for sale	\$ 1,867	\$ —	\$ 1,867	\$ —
Securities available-for-sale:				
Mortgage-backed securities	235,903	—	235,903	—
U.S. agency securities	39,513	—	39,513	—
Municipal bonds	66,022	—	66,022	—
Equity securities	3,906	3,906	—	—

There were no transfers between Level 1, 2, or 3 during the year ended December 31, 2018 or 2017.

The following table presents the recorded amount of assets and liabilities measured at fair value on a nonrecurring basis:

	Fair Value	Level 1	Level 2	Level 3
<b>December 31, 2018</b>				
Impaired Loans	\$ 19,235	\$ —	\$ —	\$ 19,235
Foreclosed Assets	646	—	—	646
<b>December 31, 2017</b>				
Impaired Loans	\$ 23,212	\$ —	\$ —	\$ 23,212
Foreclosed Assets	23	—	—	23

The Company had no liabilities measured at fair value on a nonrecurring basis.

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

	Valuation Technique	Unobservable Input	Weighted Average December 31,	
			2018	2017
Impaired loans	Discounted appraisals	Collateral discounts and costs to sell	11.97%	2.76%
Foreclosed assets	Discounted appraisals	Collateral discounts and costs to sell	6.21%	0.00%

The carrying amounts and estimated fair values of financial instruments, as of December 31, 2018 and 2017 are as follows:

	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
<b>December 31, 2018</b>					
Financial assets:					
Cash and due from banks	\$ 34,070	\$ 34,070	\$ 34,070	\$ —	\$ —
Interest-bearing deposits in other banks	117,836	117,836	117,836	—	—
Securities available-for-sale	307,877	307,877	—	307,877	—
Equity securities	3,821	3,821	3,821	—	—
Nonmarketable equity securities	1,299	1,299	—	1,299	—
Loans held for sale	2,904	2,904	—	2,904	—
Loans held for investment, net of allowance	1,315,914	1,301,960	—	—	1,301,960
Accrued interest receivable	5,013	5,013	—	—	5,013
Financial liabilities:					
Deposits	1,645,583	1,641,136	—	1,641,136	—
Junior subordinated debentures	11,341	11,341	—	11,341	—
Accrued interest payable	1,757	1,757	—	1,757	—
<b>December 31, 2017</b>					
Financial assets:					
Cash and due from banks	\$ 29,819	\$ 29,819	\$ 29,819	\$ —	\$ —
Interest-bearing deposits in other banks	29,848	29,848	29,848	—	—
Securities available-for-sale	345,344	345,344	3,906	341,438	—
Securities held-to-maturity	8,991	9,223	—	9,223	—
Nonmarketable equity securities	1,270	1,270	—	1,270	—
Loans held for sale	1,867	1,867	—	1,867	—
Loans held for investment, net of allowance	1,236,771	1,234,433	—	—	1,234,433
Accrued interest receivable	4,931	4,931	—	—	4,931
Financial liabilities:					
Deposits	1,525,985	1,524,036	—	1,524,036	—
Other borrowed funds	182	212	—	212	—
Junior subordinated debentures	11,341	11,341	—	11,341	—
Accrued interest payable	1,503	1,503	—	1,503	—

#### 15. Regulatory Capital Requirements

Both the Company and the Bank are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions, by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

In 2014, regulators adopted final rules implementing the Basel Committee on Banking Supervision's ("Basel III") capital guidelines for U.S. banks and holding companies. Under Basel III, minimum requirements increased for both the quantity and quality of capital held by the Bank and the holding company. The rules require a common equity Tier 1 capital to risk-weighted assets minimum ratio of 4.5%; require a minimum ratio



of Tier 1 capital to risk-weighted assets of 6.0%; require a minimum ratio of Total risk-based capital to risk-weighted assets of 8.0%; and require a minimum Tier 1 leverage ratio of 4.0%. A capital conservation buffer, comprised of common equity Tier 1 capital, was established above the minimum regulatory capital requirements. This capital conservation buffer will be phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and increases each subsequent year by an additional 0.625% until reaching its final level of 2.5% on January 1, 2019. Strict eligibility criteria for regulatory capital instruments were also implemented under the Basel III.

It is management's belief that, as of December 31, 2018, both the Company and the Bank met all capital adequacy under Basel III on a fully phased-in basis if such requirement were effective at that time. Management expects that the capital ratios for the Company and the Bank under Basel III will continue to exceed the well-capitalized requirements.

The most recent notification from the Federal Deposit Insurance Corporation (as of March 31, 2018) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be classified as well capitalized, the Bank and the Company must maintain minimum total risk-based capital, Tier I risk-based capital, common equity Tier I capital, and leverage ratios.

Capital amounts and ratios as of December 31, 2018 and 2017 are presented in the following table (in thousands):

	Actual		Regulatory Requirements			
			Minimum To Be Adequately Capitalized		Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Red River Bank</b>						
<b>December 31, 2018:</b>						
Total Risk-Based Capital	\$ 211,240	15.66%	\$ 107,912	8.00%	\$ 133,204	9.88%
Tier I Risk-Based Capital	\$ 198,716	14.73%	\$ 80,934	6.00%	\$ 106,226	7.88%
Common Equity Tier I Capital	\$ 198,716	14.73%	\$ 60,701	4.50%	\$ 85,993	6.38%
Tier I Leverage Capital	\$ 198,716	10.76%	\$ 73,874	4.00%	\$ 92,343	5.00%
<b>December 31, 2017:</b>						
Total Risk-Based Capital	\$ 186,240	14.55%	\$ 102,422	8.00%	\$ 118,425	9.25%
Tier I Risk-Based Capital	\$ 175,345	13.70%	\$ 76,816	6.00%	\$ 92,820	7.25%
Common Equity Tier I Capital	\$ 175,345	13.70%	\$ 57,612	4.50%	\$ 73,616	5.75%
Tier I Leverage Capital	\$ 175,345	10.19%	\$ 68,844	4.00%	\$ 86,055	5.00%

	Actual		Regulatory Requirements			
			Minimum To Be Adequately Capitalized		Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Red River Bancshares, Inc.</u>						
December 31, 2018:						
Total Risk-Based Capital	\$ 223,187	16.55%	\$ 107,912	8.00%	N/A	N/A
Tier I Risk-Based Capital	\$ 210,663	15.62%	\$ 80,934	6.00%	N/A	N/A
Common Equity Tier I Capital	\$ 199,663	14.80%	\$ 60,701	4.50%	N/A	N/A
Tier I Leverage Capital	\$ 210,663	11.40%	\$ 73,892	4.00%	N/A	N/A
December 31, 2017:						
Total Risk-Based Capital	\$ 203,763	15.91%	\$ 102,452	8.00%	N/A	N/A
Tier I Risk-Based Capital	\$ 192,868	15.06%	\$ 76,839	6.00%	N/A	N/A
Common Equity Tier I Capital	\$ 181,868	14.20%	\$ 57,630	4.50%	N/A	N/A
Tier I Leverage Capital	\$ 192,868	11.21%	\$ 68,844	4.00%	N/A	N/A

16. Equity Events

Cash Dividends

The ability of Red River Bank to pay dividends on its common stock is restricted by Louisiana Banking Law, the Federal Deposit Insurance Act (“FDIA”) and by FDIC regulations. In general, the board of directors of a Louisiana state bank may, quarterly, semiannually or annually, declare or pay dividends on its outstanding capital stock, provided that the bank has surplus at least equal to 50.0% of its capital stock and such surplus will not be reduced below 50.0% following payment of the dividend. Prior approval of the Louisiana Office of Financial Institutions is required for a Louisiana state bank to pay any dividend that would exceed its net profits earned during the current year combined with its retained net profits of the immediately preceding year. In general terms, the FDIA and FDIC regulations restrict the payment of dividends when a bank is undercapitalized, when a bank has failed to pay insurance assessments, or when there are safety and soundness concerns regarding a bank.

The Bank and the Company have internal policies to not ordinarily pay dividends if following the payment, the entity would not be “well-capitalized” under all applicable measurement ratios calculated pursuant to the regulatory capital adequacy guidelines. The exception to this policy is in situations where the payment of a dividend is necessary for the Company to be able to meet its obligations and as long as after such payment the Bank would still be considered “adequately-capitalized” under the regulatory capital adequacy guidelines.

As a result of the Company’s financial performance and capital levels, in May 2018, the Company paid a cash dividend of \$0.15 per share, adjusted for the 2018 2-for-1 stock split, to shareholders of record as of March 31, 2018.

Stock split

In 2018, the Board of Directors authorized a 2-for-1 stock split, which was accomplished by a stock dividend with a record date of October 1, 2018 whereby each holder of record of our common stock received one additional share of common stock for each share owned as of such date. This transaction is referred to in this report as the 2018 2-for-1 stock split.

17. 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 Directors' Compensation Program, stock options, and restricted stock 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 (in thousands except per share amounts):

	December 31,	
	2018	2017
<b>Numerator:</b>		
Net income - basic	\$ 23,056	\$ 13,985
Net income - diluted	\$ 23,056	\$ 13,985
<b>Denominator:</b>		
Weighted - average shares outstanding - basic	6,716,943	6,483,958
Plus: Effect of Directors Stock Compensation Program	2,368	2,452
Plus: Effect of stock options and restricted stock	36,791	40,418
Weighted - average shares outstanding - diluted	6,756,102	6,526,828
<b>Earnings per common share:</b>		
Basic	\$ 3.43	\$ 2.16
Diluted	\$ 3.41	\$ 2.14

18. Subsequent Events

Management has evaluated subsequent events through February 28, 2019, the date that the financial statements were available to be issued.

19. PARENT ONLY FINANCIAL STATEMENTSBALANCE SHEETS*(dollars in thousands)*

	December 31,	
	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,711	\$ 481
Interest-bearing deposits in subsidiary bank	8,000	17,000
Investment in subsidiary bank	192,756	171,580
Investment in Red River Statutory Trust II	93	93
Investment in Red River Statutory Trust III	93	93
Investment in FBT Capital Trust I	155	155
Other assets	236	42
<b>Total Assets</b>	<b>\$ 205,044</b>	<b>\$ 189,444</b>
<b>LIABILITIES</b>		
Debentures payable to Red River Statutory Trust II	\$ 3,093	\$ 3,093
Debentures payable to Red River Statutory Trust III	3,093	3,093
Debentures payable to FBT Capital Trust I	5,155	5,155
<b>Total Liabilities</b>	<b>11,341</b>	<b>11,341</b>
<b>STOCKHOLDERS' EQUITY</b>		
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 - 6,627,358 and 6,721,146 shares	41,094	45,539
Retained earnings	160,115	137,949
Accumulated other comprehensive income (loss)	(7,506)	(5,385)
<b>Total Stockholders' Equity</b>	<b>193,703</b>	<b>178,103</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 205,044</b>	<b>\$ 189,444</b>

**STATEMENTS OF OPERATIONS***(dollars in thousands)*

	Years ended December 31,	
	2018	2017
<b>INCOME</b>		
Interest & dividends from subsidiaries	\$ 495	\$ 251
Total income	495	251
<b>EXPENSES</b>		
Interest on debentures payable	558	452
Technology expenses	1	1
Legal and professional expenses	291	136
Advertising	—	6
Other business development	—	2
Other operating expenses	34	27
Total expenses	884	624
Tax (benefit)	(74)	(131)
<b>INCOME (LOSS) BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARIES</b>		
	(315)	(242)
Equity in undistributed earnings of subsidiaries	23,371	14,227
<b>NET INCOME</b>	<b>\$ 23,056</b>	<b>\$ 13,985</b>

**STATEMENTS OF CASH FLOWS**

*(dollars in thousands)*

	Years ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 23,056	\$ 13,985
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of debt issuance costs	3	3
Other	193	180
(Increase) decrease in other assets	(197)	(1)
Undistributed earnings of subsidiaries	(23,371)	(14,227)
<b>Net cash provided by (used in) operating activities</b>	<b>(316)</b>	<b>(60)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease interest - bearing deposits in subsidiary bank	9,000	(12,000)
<b>Net cash provided by (used in) investing activities</b>	<b>9,000</b>	<b>(12,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock	145	12,128
Payment to repurchase common stock	(4,590)	(27)
Dividends	(1,009)	—
<b>Net cash provided by (used in) financing activities</b>	<b>(5,454)</b>	<b>12,101</b>
<b>Net change in cash and cash equivalents</b>	<b>3,230</b>	<b>41</b>
Cash and cash equivalents- beginning of year	481	440
<b>Cash and cash equivalents - end of year</b>	<b>\$ 3,711</b>	<b>\$ 481</b>

**Shares**



**RED RIVER BANCSHARES, INC.**

**Common Stock**

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**PROSPECTUS**

**, 2019**

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**FIG Partners, LLC**

**Stephens Inc.**

Through and including \_\_\_\_\_, 2019 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.**

Set forth below is an itemization of total expenses, other than underwriting discounts and commissions, that we expect to incur in connection with the sale of our common stock in the offering. With the exception of the SEC registration fee, the FINRA filing fee, and the Nasdaq listing fees and expenses, all amounts shown are estimates:

SEC registration fee	\$	*
FINRA filing fee	\$	*
Nasdaq listing fees and expenses	\$	*
Transfer agent and registrar fees and expenses	\$	*
Printing fees and expenses	\$	*
Legal fees and expenses	\$	*
Accounting expenses	\$	*
Miscellaneous expenses	\$	*
Total	\$	*

\* To be furnished by amendment.

**ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

Sections 1-850 through 1-859 of the LBCA provide, in part, that we may indemnify each of our current or former directors and officers (each, an “indemnitee”) against liability (including judgments, settlements, penalties, fines, or reasonable expenses) incurred by the indemnitee in a proceeding to which the indemnitee is a party if the indemnitee acted in good faith and reasonably believed either (1) in the case of conduct in an official capacity, that the indemnitee’s conduct was in the best interests of the corporation, or (2) in all other cases, that the indemnitee’s conduct was at least not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, the indemnitee had no reasonable cause to believe his or her conduct was unlawful. Under the LBCA, we may also advance expenses to the indemnitee provided that the indemnitee delivers (1) a written affirmation of his or her good faith belief that the relevant standard of conduct has been met or that the proceeding involves conduct for which liability has been eliminated, and (2) a written undertaking to repay any funds advanced if (i) the indemnitee is not entitled to mandatory indemnification by virtue of being wholly successful, on the merits or otherwise, in the defense of any such proceeding, and (ii) it is ultimately determined that the indemnitee has not met the relevant standard of conduct. In addition, we have the power to obtain and maintain insurance with respect to any person who is or was acting on our behalf, regardless of whether we have the legal authority to indemnify, or advance expenses to, the insured person with respect to such liability. In furtherance of this authority, we maintain directors’ and officers’ liability insurance.

Under the LBCA, a corporation must indemnify any present or former director or officer of a corporation for expenses incurred in connection with the proceeding if such person was wholly successful, on the merits or otherwise, in defense of any proceeding, that he or she was a party to by virtue of the fact that he or she is or was a director or officer of the corporation. This mandatory indemnification requirement does not limit our right to permissibly indemnify a director or officer with respect to expenses of a partially successful defense of any proceeding.

Our articles of incorporation contain indemnification provisions that require us to indemnify our directors and officers from and against any and all expenses, liabilities, or other matters covered by the LBCA, as to action in his or her official capacity while holding office, to the fullest extent permitted by the LBCA. Our articles of incorporation provide for mandatory advancement of expenses of directors and officers, so long as we receive (i) a written affirmation from the director or officer of his or her good faith belief that he or she has satisfied the standard of conduct necessary for indemnification under the LBCA, and (ii) an undertaking by or on behalf of the director or officer to repay all amounts advanced in the event that it is ultimately determined by a final decision, order, or decree of a court of competent jurisdiction that the director or officer has not met the required standards of conduct.



Our articles of incorporation permit, but do not require, us to grant rights to indemnification and advancement of expenses to any of our other employees or agents, or to any director, officer, employee, or agent of any of our subsidiaries, to the fullest extent of the provisions of the LBCA. Our articles of incorporation do not limit our ability to provide for additional rights to indemnification or advancement of expenses through a resolution of shareholders or directors, an agreement, or otherwise, as long as those rights are consistent with the LBCA.

The foregoing is only a general summary of certain aspects of Louisiana law and our governing documents dealing with indemnification of directors and officers, and does not purport to be complete. It is qualified in its entirety by reference to our articles of incorporation, which are filed as an exhibit to this registration statement, and to the relevant provisions of the LBCA.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers, or persons controlling us under any of the foregoing provisions, in the opinion of the Securities and Exchange Commission, that indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. Finally, our ability to provide indemnification to our directors and officers is limited by federal banking laws and regulations, including, but not limited to, 12 U.S.C. 1828(k).

The form of Underwriting Agreement to be filed as Exhibit 1.1 to this registration statement obligates the underwriters to indemnify our directors, officers, and controlling persons under limited circumstances against certain liabilities under the Securities Act.

#### **ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.**

Since January 1, 2016, we have sold the following securities that were not registered under the Securities Act:

##### **Private Placement**

On September 1, 2017, we completed a private placement offering solely to accredited investors of 351,172 shares of our common stock at a price of \$34.50 per share (adjusted to give effect to the 2018 2-for-1 stock split), generating gross offering proceeds of approximately \$12.1 million.

##### **Compensatory Plan Issuances**

We have historically issued periodic grants of certain equity based awards to our executive officers, directors, and other key employees pursuant to the Red River Bancshares, Inc. 1998 Equity Incentive Plan (the "1998 Plan"), our 2008 Plan, our 2018 Plan, and our Director Compensation Program. Between January 1, 2016 and the filing of this registration statement, after giving effect to the 2018 2-for-1 stock split:

- We have granted 20,500 shares of restricted common stock to our employees under our 2008 Plan.
- We have issued an aggregate of 16,000 shares of common stock pursuant to the exercise of outstanding and unexercised stock options previously issued under our 2008 Plan. In addition to aggregate cash proceeds of \$158,000 paid to us upon the exercise of such stock options, a total of 1,146 shares of common stock, having a weighted average fair market value of \$37.41 per share, were surrendered in lieu of payment of the cash exercise price, resulting in a net increase of 14,854 issued and outstanding shares of our common stock. We have not granted any new stock options since January 1, 2016.
- We have granted an aggregate of 4,820 shares of common stock to our directors under our Director Compensation Program.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

**ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

- (a) Exhibits: The list of exhibits set forth under “Exhibit Index” at the end of this registration statement is incorporated herein by reference.
- (b) Financial Statement Schedules: None.

**ITEM 17. UNDERTAKINGS.**

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The registrant hereby further undertakes that:

- (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and
- (2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

NUMBER	DESCRIPTION
1.1	Form of Underwriting Agreement*
3.1	<a href="#">Restated Articles of Incorporation</a>
3.2	<a href="#">Amended and Restated Bylaws</a>
4.1	<a href="#">Specimen common stock certificate</a> <a href="#">The other instruments defining the rights of the long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Registrant hereby agrees to furnish copies of these instruments to the SEC upon request.</a>
5.1	<a href="#">Form of Opinion of Fenimore, Kay, Harrison &amp; Ford, LLP</a>
10.1	<a href="#">Red River Bancshares, Inc. 2018 Equity Incentive Plan+</a>
10.2	<a href="#">Red River Bancshares, Inc. 2008 Equity Incentive Plan+</a>
10.3	<a href="#">Form of Restricted Stock Award Agreement under the Red River Bancshares, Inc. 2008 Equity Incentive Plan+</a>
10.4	<a href="#">Form of Stock Option Award Agreement under the Red River Bancshares, Inc. 2008 Equity Incentive Plan+</a>
10.5	<a href="#">Description of Red River Bank Discretionary Incentive Bonus Plan+</a>
10.6	<a href="#">Employment Agreement between Red River Bank and R. Blake Chatelain+</a>
10.7	<a href="#">Supplemental Executive Retirement Benefits Agreement between Red River Bank and R. Blake Chatelain+</a>
10.8	<a href="#">Amendment No. 1 to the Supplemental Executive Retirement Benefits Agreement between Red River Bank and R. Blake Chatelain+</a>
10.9	<a href="#">Amendment No. 2 to the Supplemental Executive Retirement Benefits Agreement between Red River Bank and R. Blake Chatelain+</a>
10.10	<a href="#">Supplemental Executive Retirement Benefits Agreement between Red River Bank and Bryon C. Salazar+</a>
10.11	<a href="#">Amendment No. 1 to the Supplemental Executive Retirement Benefits Agreement between Red River Bank and Bryon C. Salazar+</a>
10.12	<a href="#">Amendment No. 2 to the Supplemental Executive Retirement Benefits Agreement between Red River Bank and Bryon C. Salazar+</a>
10.13	<a href="#">Supplemental Executive Retirement Benefits Agreement between Red River Bank and Tammi R. Salazar+</a>
10.14	<a href="#">Amendment No. 1 to the Supplemental Executive Retirement Benefits Agreement between Red River Bank and Tammi R. Salazar+</a>
10.15	<a href="#">Amendment No. 2 to the Supplemental Executive Retirement Benefits Agreement between Red River Bank and Tammi R. Salazar+</a>
10.16	<a href="#">Endorsement Method Split-Dollar Agreement between Red River Bank and R. Blake Chatelain+</a>
10.17	<a href="#">Endorsement Method Split-Dollar Agreement between Red River Bank and Bryon C. Salazar+</a>
10.18	<a href="#">Endorsement Method Split-Dollar Agreement between Red River Bank and Tammi R. Salazar+</a>
10.19	<a href="#">Change in Control Agreement between Red River Bancshares, Inc. and Bryon C. Salazar+</a>
10.20	<a href="#">Change in Control Agreement between Red River Bancshares, Inc. and Tammi R. Salazar+</a>
10.21	<a href="#">Amended and Restated Director Compensation Program of Red River Bancshares, Inc. and Red River Bank+</a>
21.1	<a href="#">Subsidiaries of Red River Bancshares, Inc.</a>
23.1	<a href="#">Consent of Fenimore, Kay, Harrison &amp; Ford, LLP (contained in Exhibit 5.1)</a>
23.2	<a href="#">Consent of Postlethwaite &amp; Netterville</a>
24.1	<a href="#">Power of Attorney (included on signature page)</a>

\* To be filed by amendment.

+ Indicates a management contract or compensatory plan.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in Alexandria, Louisiana on the 10<sup>th</sup> day of April, 2019.

### RED RIVER BANCSHARES, INC.

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

### POWERS OF ATTORNEY

Each of the undersigned officers and directors of Red River Bancshares, Inc. constitutes and appoints R. Blake Chatelain as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, in his or her name, place and stead and on his or her behalf, and in any and all capacities, to sign any and all amendments (including post-effective amendments) and exhibits to this Registration Statement, and any other registration statement for the same offering pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing which said attorney-in-fact and agent may deem necessary or advisable to be done or performed in connection with any or all of the above-described matters, as fully as each of the undersigned could do if personally present and acting, ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on the dates set forth below.

	<b>Signature</b>	<b>Title</b>	<b>Date</b>
By:	<u>/s/ R. Blake Chatelain</u> R. Blake Chatelain	President and Chief Executive Officer (Principal Executive Officer)	April 10, 2019
By:	<u>/s/ Isabel V. Carriere</u> Isabel V. Carriere	Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)	April 10, 2019
By:	<u>/s/ John C. Simpson</u> John C. Simpson	Chairman of the Board	April 10, 2019
By:	<u>/s/ M. Scott Ashbrook</u> M. Scott Ashbrook	Director	April 10, 2019
By:	<u>/s/ Kirk D. Cooper</u> Kirk D. Cooper	Director	April 10, 2019
By:	<u>/s/ F. William Hackmeyer, Jr.</u> F. William Hackmeyer, Jr.	Director	April 10, 2019
By:	<u>/s/ Barry D. Hines</u> Barry D. Hines	Director	April 10, 2019
By:	<u>/s/ Robert A. Nichols</u> Robert A. Nichols	Director	April 10, 2019
By:	<u>/s/ Willie P. Obey</u> Willie P. Obey	Director	April 10, 2019
By:	<u>/s/ Teddy R. Price</u> Teddy R. Price	Director	April 10, 2019
By:	<u>/s/ Don L. Thompson</u> Don L. Thompson	Director	April 10, 2019
By:	<u>/s/ H. Lindsey Torbett, CPA, CFP</u> H. Lindsey Torbett, CPA, CFP	Director	April 10, 2019

**RESTATED ARTICLES OF INCORPORATION  
OF  
RED RIVER BANCSHARES, INC.**

**ARTICLE I**  
Corporate Name

The name of the corporation shall be Red River Bancshares, Inc. (the "Corporation").

**ARTICLE II**  
Objects and Purposes

The objects and purposes for which the Corporation is organized are to engage in any lawful business or activity for which corporations may be organized and in which they may engage under the laws of the State of Louisiana.

**ARTICLE III**  
Capital Stock

The total number of shares of capital stock which the Corporation shall have the authority to issue is 31,000,000 shares, which shall consist of 30,000,000 shares of no par value common stock and 1,000,000 shares of no par value preferred stock. No holder or owner of shares of any class of capital stock of this Corporation shall have any preemptive or preferential right to purchase any share of any class of stock of this Corporation, whether now or hereafter authorized, or any obligations convertible into stock of this Corporation, nor any right of subscription to any of the foregoing, other than such right, if any, as the board of directors, in its sole discretion, may from time to time establish.

The board of directors of the Corporation shall have the authority to amend these articles, without shareholder approval, to establish one or more classes of preferred stock and to fix the preferences, limitations and relative rights of the shares of any class of preferred stock and to establish, and fix variations in relative rights as between, series of any preferred class.

**ARTICLE IV**  
Consents

Whenever the affirmative vote of shareholders at a meeting is required to authorize or constitute corporate action under any provision of the Louisiana Business Corporation Act or of the Articles of Incorporation or bylaws of the Corporation, such action may be taken without a meeting, and without prior notice, if consents in writing setting forth the action so taken are signed by the holders of outstanding shares of the Corporation having not less than the minimum number of votes that would be required to authorize or take the action at a meeting at which all shares entitled to vote on the action were present and voted. The written consent shall bear the date of signature of the shareholder who signs the consent and be delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

**ARTICLE V**  
Board of Directors

The corporate powers and governance of the Corporation shall be vested in and exercised through a board of directors, comprising not more than 25 nor fewer than one person. The Bylaws of the Corporation shall fix the number, qualifications and compensation of the board of directors, their terms of office and mode and manner of their nomination and election, and provide for the filling of vacancies, removal, the number of directors constituting a quorum, and the duties and responsibilities of the directors. Any director absent from a meeting of the board of directors or any committee thereof may be represented by any other director, who may cast the vote of the absent director according to the written instructions, general or special, of the absent director.

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**ARTICLE VI**  
Limitation of Liability

The personal liability of directors and officers of this Corporation to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director or officer, or otherwise, shall be limited or eliminated to the fullest extent permitted by Section 1-832 of the Louisiana Business Corporation Act and any other provision of applicable law, as amended or supplemented from time to time.

**ARTICLE VII**  
Indemnification of Incorporator, Directors and Officers

This Corporation shall, to the fullest extent permitted by Subpart E of Part 8 of the Louisiana Business Corporation Act, as the same may be amended or supplemented, indemnify each director and officer of the Corporation from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said provisions, as to action in his or her official capacity while holding such office.

The expenses of directors and officers incurred as a party to any threatened, pending or completed proceeding, shall be paid by the Corporation as they are incurred and in advance of the final disposition of the proceeding; provided, however, that the advance payment of expenses shall be made only upon receipt by the Corporation of both a written affirmation from the director or officer of his or her good faith belief that he/she has met the standard of conduct necessary for indemnification under the Louisiana Business Corporation Act and an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it is ultimately determined by a final decision, order, or decree of a court of competent jurisdiction that the director or officer has not met the required standards of conduct.

The right to indemnification and the payment or advancement of expenses as they are incurred and in advance of the final disposition of an action, suit, or proceeding shall not be exclusive of any other right to which a person may be entitled under these Articles of Incorporation, a resolution of shareholders or directors, an agreement, or otherwise; provided, however, that all rights to indemnification and to the payment or advancement of expenses are valid only to the extent that they are consistent with the Louisiana Business Corporation Act. The right to indemnification shall continue for a person who has ceased to be a director or officer and shall inure to the benefit of his heirs, next of kin, executors, administrators and legal representatives.

The Corporation may, but need not, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the advancement of expenses to any other employee or agent of the Corporation or to any director, officer, employee or agent of any of its subsidiaries to the fullest extent of the provisions of the Louisiana Business Corporation Act and of this Article, subject to the imposition of such conditions or limitations as the board of directors of the Corporation may deem necessary or appropriate.

The board of directors of the Corporation may establish rules and procedures, not inconsistent with the provisions of this Article, to implement the provisions of this Article.

The provisions of this Article are valid only to the extent that they are consistent with, and are limited by, applicable laws and regulations promulgated from time to time by applicable federal banking agencies. The invalidity of any provision of this Article will not affect the validity of the remaining provisions of this Article.

**ARTICLE VIII**  
Unclaimed Property

The shareholders of the Corporation hereby relinquish in favor of the Corporation any and all right to, or title or interest in, and hereby transfer to the Corporation, all cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within a reasonable time (not less than one year) after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the Corporation to pay the dividend or redemption price or to deliver the certificates for the shares to such shareholders within such time, and the same shall, at the expiration of such time, be deemed transferred to and vested in full ownership in the Corporation, and the Corporation's obligation to pay such dividend or redemption price or issue such shares, as the case may be, to any shareholder shall thereupon cease; provided that the board of directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has become vested in the Corporation pursuant hereto, to the person or entity who or which would be entitled thereto had such transfer not occurred.

**ARTICLE IX**  
Repeal of Articles VI, VII and IX

Notwithstanding any other provision of these Articles, the affirmative vote of at least 80% of the total voting power of the Corporation shall be required to amend or repeal Article VI, Article VII and this Article IX, and any repeal or amendment of Article VI, Article VII and this Article IX by the shareholders of the Corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation arising from an act or omission occurring prior to the time of such repeal or amendment or the rights of any director or officer to indemnification pursuant to Article VII that may have arisen prior to such appeal or amendment.

**ARTICLE X**  
Special Shareholders' Meetings

Special meetings of the shareholders of the Corporation may be called by the board of directors of the Corporation in the manner set forth in the bylaws and shall be called by the secretary of the Corporation upon the written request of the holders of not less than twenty-five percent of all shares entitled to vote at the meeting. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.



**RED RIVER BANCSHARES, INC.**  
**AMENDED AND RESTATED BYLAWS**  
*(Adopted as of March 23, 2017)*

**ARTICLE I**  
**OFFICES**

Section 1.1. Registered Office. The registered office of Red River Bancshares, Inc. (the “Company”) shall be located at 1412 Centre Court Drive, Suite 101, Alexandria, Louisiana in the Parish of Rapides. The address of the registered office may be changed from time to time by the Board of Directors and as may be permitted by applicable law.

Section 1.2. Other Offices. The Company may also have offices at such other places, both within or without the State of Louisiana, as the Board of Directors or Chief Executive Officer/President may from time to time determine or as the business of the Company may require.

**ARTICLE II**  
**SHAREHOLDERS**

Section 2.1. Place of Meetings. All meetings of the shareholders shall be held at the registered office of the Company or at such other place as may be fixed from time to time by the Board of Directors or the Chief Executive Officer/President, either within or without the State of Louisiana.

Section 2.2. Annual Meeting. An annual meeting of the shareholders shall be held on the third Wednesday in June of each year, or on such other date, and at such time and place, as may be designated by the Board of Directors. At the annual meeting, the shareholders shall elect a Board of Directors and transact such other business as may properly come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Louisiana, such meeting shall be held on the next succeeding business day.

Section 2.3. Notice of Shareholder Proposals. At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board, or (iii) a proper matter for shareholder action that has been properly brought before the meeting by a shareholder who complies with the notice procedures set forth in this Section and who is a shareholder of record on the date of the giving of notice provided for in this Section 2.3 and on the record date for the determination of shareholders entitled to vote at such annual meeting. For such business to be considered properly brought before the meeting by a shareholder such shareholder must, in addition to any other applicable requirements, have given timely notice in proper form of such shareholder’s intent to bring such business before such meeting. To be timely given, a shareholder’s notice must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Company not later than the close of business on the 90<sup>th</sup> day, nor earlier than the close of business on the 120<sup>th</sup> day, prior to the anniversary date of the immediately preceding year’s annual meeting; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the shareholder to be timely must be so delivered not later than the close of business on the 10<sup>th</sup> day following the date on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first.

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To be in proper form, a shareholder's notice to the Secretary shall be in writing and shall set forth: (a) the name and record address of the shareholder who intends to propose the business and the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such shareholder; (b) a representation that the shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to introduce the business specified in the notice; (c) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; and (d) any material interest of the shareholder in such business. No business shall be conducted at the annual meeting except business brought before the annual meeting in accordance with the procedures set forth in this Section. The chairman of the meeting may refuse to acknowledge the proposal of any business not made in compliance with the foregoing procedure. Except as required by law, nothing in this Section shall obligate the Company or the Board of Directors to include in any proxy statement or other shareholder communication distributed on behalf of the Company or the Board of Directors information with respect to any proposal submitted by a shareholder.

Section 2.4. Special Meetings. Special meetings of the shareholders may be called by the Chairman, the Chief Executive Officer/President, or a majority of the Board of Directors and shall be called by the Secretary at the written request of the holders of not less than twenty-five percent (25%) of all shares entitled to vote at the meeting. Special meetings of shareholders shall be held at such time as shall be determined by the Board of Directors. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 2.5. Notice of Shareholders' Meeting. Written or printed notice of a meeting of shareholders stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days before the day of the meeting, by or at the direction of the Chief Executive Officer/President, the Secretary, or a designee of any of the foregoing, to each shareholder of record entitled to vote at such meeting. See also ARTICLE VI.

Section 2.6. Adjournments. Any meeting of shareholders may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time, date and place thereof are announced at the meeting at which the adjournment is taken. At the continuation of the adjourned meeting, any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than 120 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 2.7. Nominations for Directors. Subject to the rights granted to a particular class or series of stock, nominations for the election of directors may be made (i) by or at the direction of the Board of Directors or (ii) by any shareholder entitled to vote for the election of directors who complies with the procedures set forth in this Section. In addition to any other applicable requirements, all nominations by shareholders must be given in a timely manner in proper written form to the Secretary of the Company. To be timely given, a shareholder's notice must be delivered to, or mailed and received by, to the Secretary at the principal executive offices of the Company, in the case of an annual meeting, in accordance with the provisions set forth in Section 2.3, and, in the case of a special meeting of shareholders called from the purpose of electing directors, not later than the close of business on the tenth (10<sup>th</sup>) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever occurs first. To be in proper written form, the shareholder's notice must set forth in writing as to each person whom the shareholder proposes to nominate for election as a director (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class or series and number of shares of capital stock of the Company

which are owned beneficially or of record by the person, (d) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the shareholder, and (e) any other information relating to such person that is relevant to his or her qualification as a director. The shareholder's notice must also contain as to such shareholder giving notice, the information required to be provided under Section 2.3. No person shall be eligible for election as a director unless nominated in accordance with the procedures set forth in these Bylaws. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedures. Except as required by law, nothing in this Section shall obligate the Company or the Board of Directors to include in any proxy statement or other shareholder communication distributed on behalf of the Company or the Board of Directors information with respect to any nominee for director submitted by a shareholder.

Section 2.8. Quorum. The holders of a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of shareholders. If a quorum is not present or represented at any meeting of the shareholders, the chairman of the meeting or the holders of a majority of the shares entitled to vote who are present in person or represented by proxy shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. Once a quorum is attained, the shareholders present or represented at a duly organized meeting may continue to transact business notwithstanding the withdrawal of enough shareholders to leave less than a quorum. A shareholder that is physically present at a meeting of shareholders shall be deemed to be present for purposes of determining whether a quorum exists, except where such person is physically present at the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 2.9. Proxies and Voting. On each matter submitted to a vote of the shareholders, each shareholder shall have one vote for every share of stock entitled to vote and registered in his or her name on the record date for the meeting, except to the extent that the voting rights of the shares of any class are limited or denied by the Articles of Incorporation or the Louisiana Business Corporation Act ("LBCA").

Except as otherwise required by the Articles of Incorporation or by law, a majority of votes actually cast shall decide any matter properly brought before the shareholders at a meeting at which a quorum is present, except that directors shall be elected by plurality of the votes actually cast.

At any meeting of the shareholders at which a quorum is present, every shareholder entitled to vote may vote in person or by proxy authorized by an instrument in writing filed with the Secretary of the Company prior to or at the meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law.

Section 2.10. Voting List. After fixing a record date for a meeting, the Company shall prepare an alphabetical list of the names of all of its shareholders who are entitled to notice of the meeting, arranged by voting group, and within each voting group by class or series of shares, and show the address of and number of shares held by each shareholder. In the manner and to the extent required by law, the list shall be available for inspection beginning two business days after notice is given for which the list was prepared and continuing through the meeting. This list shall be prima facie evidence of the ownership of shares in the Company and of the right of the shareholders listed therein to vote.

Section 2.11. Consent of Shareholders in Lieu of Meeting. Any action required by law to be taken at any annual or special meeting of shareholders, or any action which may be taken at any annual or special meeting of shareholders, may be taken without a meeting, without prior notice, and without a vote,

if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of shares representing not less than the minimum number of votes that would have been necessary to take such action at a meeting at which the holders of all shares entitled to vote on the action were present and voted. The consent(s), which shall bear the date(s) of signature(s) of the shareholder(s) signing the consent, together with a certificate by the Secretary of the Company to the effect that the subscribers to the consent constitute all or the required proportion of the shareholders entitled to vote on the particular question, shall be filed with the records of the proceedings of the shareholders. No written consent shall be effective to take the corporate action referenced therein unless, within 60 days of the earliest date on which a consent is delivered to the Company as required by this Section was signed, written consents signed by sufficient shareholders to take action have been delivered to the Company. An action taken by written consent shall be effective when written consents signed by sufficient shareholders to take the action are delivered to the Company, subject to any reasonable delay to permit tabulation of written consents by the Company. If the consent is signed by fewer than all of the shareholders having voting power on the question, written notice of the action taken by consent shall be given to all of the shareholders having voting power on the question, other than those who signed the consent, not more than 10 days after written consents sufficient to take the action have been delivered to the Company, or such later date that tabulation of consents is completed as provided by law.

Section 2.12. Inspectors. The Board of Directors or, in the absence of a designation by the Board, the chairman of the meeting may appoint one or more inspectors to act at the meeting and make a written certification thereof. Such inspectors shall perform such duties as shall be specified by the Board of Directors or chairman of the meeting, or as otherwise required by law. No director or nominee for the office of director shall be appointed as an inspector. Except as otherwise limited by the Board of Directors or chairman of the meeting, the inspectors shall ascertain the number of shares outstanding and the voting power of each; determine the shares represented at a meeting and the validity of proxies and ballots; count all votes and ballots; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, ballots, the regular books and records of the Company and any other credible evidence provided by the shareholder, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of the Company, brokers, their nominees or similar persons that represent more votes than the holder of a proxy is authorized by the record owner to cast, or more votes than the shareholder holds of record.

### **ARTICLE III DIRECTORS**

Section 3.1. General Powers. The business and affairs of the Company shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Company and do all such lawful acts and things as are not by statute or the Articles of Incorporation or these Bylaws directed or required to be exercised and done by the shareholders.

Section 3.2. Number and Qualification of Directors. The number of directors of the Company shall be not less than one and not more than twenty-five, with the exact such number as determined from time to time by the Board of Directors. Whenever the authorized number of directors is increased between annual meetings of the shareholders, a majority of the directors then in office shall have the power to elect such new directors for the balance of a term and until their successors are chosen and qualified. Any decrease in the authorized number of directors shall not become effective until the expiration of the term of

the directors then in office unless, at the time of such decrease, there shall be vacancies on the Board which are being eliminated by the decrease. To qualify to serve as a director of the Company, such person must own a number of shares of Company common stock having an aggregate book value equal to at least \$20,000. In addition, no person shall be eligible to stand for election or reelection to the Board of Directors after he or she has reached the age of 72 unless such person is a Founding Director of the Company. For purposes hereof, a "Founding Director" is deemed to include any person who has served as a director of the Company since April 1, 2007. Directors need not be residents of the State of Louisiana.

Section 3.3. Term of Office of Directors. Except with respect to a vacancy on the Board of Directors, directors shall be elected at the annual meeting of shareholders and each director, including a director elected to fill a vacancy, shall hold office until his successor is elected and qualified or until his earlier death, resignation or removal.

Section 3.4. First Meeting. The first meeting of each newly elected Board of Directors shall be held at the regularly scheduled Board meeting following the election of directors, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present.

Section 3.5. Place of Meeting. All meetings of the Board of Directors may be held at such place or places, either within or without the State of Louisiana, as from time to time shall be determined by the Board of Directors or Chairman of the Board.

Section 3.6. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as the Board shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday under the laws of the place where the meeting is to be held, the meeting that would otherwise be held on that day shall be held at the same time on the next succeeding day that is not a legal holiday, unless otherwise determined by the Chairman of the Board.

Section 3.7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman, the Chief Executive Officer/President or by the Secretary upon the request of a majority of directors then in office. The person(s) calling the meeting may fix the time and date of the special meeting.

Section 3.8. Quorum. At all meetings of the Board of Directors, a majority of the directors at the time in office shall be necessary and sufficient to constitute a quorum for the transaction of business; and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Articles of Incorporation or these Bylaws. In the absence of a quorum, a majority of the directors present at any meeting may adjourn the meeting to another place and/or time, without notice other than announcement at the meeting, until a quorum shall be present. If a quorum is present when the meeting is convened, the directors present may continue to conduct business, taking action by vote of a majority of a quorum as fixed above, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum as fixed above. A director that is physically present at a meeting of directors shall be deemed to be present for purposes of determining whether a quorum exists, except where such person is physically present at the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.9. Participation in Meetings by Conference Telephone. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in and hold meetings by means of conference telephone or other similar means of communication by which all directors participating may simultaneously hear each other during the meeting, and such participation shall constitute the presence in person at such meeting, except where a director participates for the express

purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.10. Notice of Meetings. Notice of regular meetings of the Board of Directors or of any adjourned meeting thereof need not be given. Notice of the place, date, time and purpose of each special meeting of the Board shall be given to each director not less than 48 hours before the meeting, and such notice may be given in any manner permitted pursuant to Section 1-141 of the Louisiana Business Corporation Act.

Section 3.11. Rules and Regulations. The Board of Directors may adopt such rules and regulations not inconsistent with the Articles of Incorporation or these Bylaws or any other provision of law for the conduct of its meetings and management of the affairs of the Company as the Board may deem proper.

Section 3.12. Consent of Directors in Lieu of Meeting. Any action which may be taken at a meeting of the Board of Directors or any committee thereof may be taken by consent in writing signed by all of the directors or by all members of the committee, as the case may be, and filed with the records of proceedings of the Board or committee.

Section 3.13. Compensation of Directors. The Board of Directors shall have authority to determine, from time to time, the amount of compensation, if any, which shall be paid to its members for their services as directors and as members of committees. The Board shall also have power in its discretion to provide for and to pay to directors rendering services to the Company not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board from time to time. In addition, the directors may be reimbursed their expenses. Nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity and receiving compensation for such service.

Section 3.14. Committees of the Board of Directors. The Board of Directors may from time to time designate from among its members one or more committees of the Board, and shall designate such committees as shall be required by applicable law, each of which shall, except as otherwise prescribed by law, have such lawfully delegable powers of the Board of Directors in the management of the business and affairs of the Company as the Board may specify in the resolutions designating such committee or in the charter of such committee adopted by the Board. The composition of the committees of the Board shall be determined by the Board and shall be consistent with applicable law. One or more directors may be named as alternate member(s) to replace any absent or disqualified members.

The number of members on each committee may be increased or decreased from time to time by resolution of the Board of Directors. Any member of any committee may be removed from such committee at any time by resolution of the Board of Directors. Any vacancy occurring on a committee shall be filled by the Board of Directors, but the Chairman of the Board or Chief Executive Officer/President may designate another director to serve on the committee pending action of the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or such directors by law.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum; and, at any committee meeting at which a quorum is present, all matters shall be determined by a majority vote of the members present. Committees of the Board of Directors shall keep written minutes of its proceedings, a copy of which is to be filed with the Secretary, and shall report on such proceedings to

the Board. Except as otherwise provided by the Board of Directors or the relevant committee, provisions of these Bylaws governing place, time and notice of meetings, quorum, voting and other procedural requirements will apply to committees and their members as well.

Section 3.15. Removal. Any director or the entire Board of Directors may be removed, with or without cause, by the requisite vote of the Company's shareholders as required under the LBCA or the Company's Articles of Incorporation, as applicable.

Section 3.16. Resignation. A director of the Company may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, the Chief Executive Officer/President or the Secretary of the Company. Such resignation shall take effect on the date of such notice or at any later date specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.17. Vacancies. Any vacancy occurring on the Board of Directors by reason of death, resignation, removal or otherwise, or newly created directorships resulting from an increase in the number of directors, may be filled by the shareholders, the Board of Directors, or if the directors remaining in office constitute fewer than a quorum, the affirmative vote of a majority of the directors remaining in office.

Section 3.18. Advisory Directors. The Board of Directors may from time to time create one or more positions of Advisory Director, and may fill such position or positions for such terms as the Board of Directors deems proper. Each Advisory Director will, upon the invitation of the Board of Directors, have the privilege of attending meetings of the Board of Directors, but will do so solely as an observer. Notice of meetings of the Board of Directors to an Advisory Director will not be required under any applicable law, the Articles of Incorporation or these Bylaws. Each Advisory Director will be entitled to receive such compensation as may be fixed from time to time by the Board of Directors for such position. No Advisory Director will be entitled to vote on any business coming before the Board of Directors, nor will he or she be counted as a member of the Board of Directors for the purpose of determining the number of directors necessary to constitute a quorum, for the purpose of determining whether a quorum is present, or for any purpose whatsoever. Upon the occurrence of any vacancy in an Advisory Director position, that position will be deemed terminated until such time as the Board of Directors will again deem it proper to create and to fill the position. An Advisory Director may be removed at any time by the Board of Directors.

#### **ARTICLE IV OFFICERS**

Section 4.1. Generally. The officers of the Company shall consist of a Chairman of the Board, a Chief Executive Officer (who shall also be the President unless a separate office of President has been established by the Board), a Secretary, and a Chief Financial Officer, each of whom shall be a different person (except that the Chairman and the Chief Executive Officer/President may be the same person). Each of the designated officers of the Company shall be elected by the Board of Directors. The Board or the Chief Executive Officer/President may elect or appoint such other officers as it may from time to time determine or may delegate such power of appointment to any other executive officer of the Company. Only officers specifically designated by the Board as executive officers shall serve as such, and each officer shall serve at the pleasure of the Board. None of the officers except the Chief Executive Officer/President and the Chairman need be a director. Any vacancy occurring in any office may be filled by the Board of Directors, the Chief Executive Officer/President or in any other manner provided by the Board of Directors or the Chief Executive Officer/President.

Section 4.2. Election and Term of Office. The officers of the Company to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of

Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

Section 4.3. Execution of Instruments. The Chief Executive Officer/President (and such other officers or agents as are authorized by these Bylaws or by resolution of the Board of Directors) shall have the power and authority to execute and deliver, for and in the name of the Company, bonds, notes, debentures and other evidences of indebtedness, checks, stock certificates, deeds, mortgages, deeds of trust, indentures, contracts, leases, agreements and other instruments, except where such documents are required by law to be otherwise executed and delivered or where the execution and delivery thereof shall be exclusively delegated to some other officer or agent of the Company.

Section 4.4. Duties of Officers. The duties and powers of the officers of the Company shall be as provided in or pursuant to these Bylaws, as set forth in written job descriptions approved by the Board of Directors or Chief Executive Officer/President, or (except to the extent inconsistent with these Bylaws or with any provision made pursuant hereto) those customarily exercised by corporate officers holding such offices.

Section 4.5. Chairman of the Board. The Chairman of the Board shall, if present, preside at meetings of the Board of Directors and the shareholders. The Chairman of the Board shall counsel with and advise the other officers of the Company and shall exercise such powers and perform such other duties as the Board may from time to time determine.

Section 4.6. Vice Chairman of the Board. The Board of Directors may elect or appoint one or more Vice Chairmen of the Board who, in the absence of the Chairman of the Board, shall (in the order determined by the Board of Directors, if more than one), if present, preside at meetings of the Board of Directors. When so acting, each Vice Chairman shall have the powers, and be subject to all the restrictions on, the Chairman of the Board. Each Vice Chairman shall, when requested, counsel with and advise the Chief Executive Officer/President, the Chairman of the Board, and other officers of the Company and shall perform such other duties as may be agreed upon with them or as the Board may from time to time determine.

Section 4.7. Chief Executive Officer/President. The Chief Executive Officer/President shall serve in the dual capacities as chief executive officer and president of the Company (unless a separate office of president has been established by the Board of Directors). The Chief Executive Officer/President shall have general powers of oversight, supervision and management of the business and affairs of the Company and its subsidiaries, subject to the control of the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer/President shall be authorized to execute documents and instruments in the name and on behalf of the Company, and shall have such other duties as the Board shall from time to time determine. In the absence of the Chairman of the Board or any Vice Chairman, the Chief Executive Officer/President shall preside at meetings of the Board of Directors. The Chief Executive Officer/President may delegate any of his authority (whether general or specific) to any other officer of the Company, including the authority to execute and deliver bonds, notes, debentures and other evidences of indebtedness, checks, stock certificates, deeds, mortgages, deeds of trust, indentures, contracts, leases, agreements and other instruments, except as prohibited by law or where the execution and delivery thereof shall have been exclusively delegated by the Board of Directors. Whenever the consent of the Company is required under the corporate governance documents of any affiliate of the Company, such consent may be given by the Chief Executive Officer/President or his designee, and such consent shall constitute the consent of the Company. The Chief Executive Officer/President may also cause the Company or any subsidiary of the



Company to engage in any business activity permitted by law, regulation or policy and may organize or cause to be organized subsidiary corporations or other entities to engage in such business. All checks or demands for money and notes of the Company may be executed by the Chief Executive Officer/President or such other persons as the Chief Executive Officer/President may from time to time designate. Without limitation to any other power and authority exercisable by the Chief Executive Officer/President, the Chief Executive Officer/President and such other officers as he may from time to time designate, shall be authorized and empowered (i) to open and close accounts of the Company with any person, partnership or other entity for the purpose of the purchase and sale of securities of any kind or nature for the account of the Company; (ii) to open and close accounts of the Company of any kind or nature with any depository institution or financial intermediary and to make deposits to, transfers to or from, and withdrawals from, such accounts, and to take any and all other such actions with respect thereto as such person(s), in his sole discretion, shall deem necessary or advisable; (iii) to purchase and sell in the name and on behalf of the Company, any security issued by any corporation, partnership or other entity, whether public, private or hybrid, in such amounts and for such consideration as such person(s) shall deem appropriate, provided however that no person shall have the authority to sell any shares of capital stock of any subsidiary of the Company other than to the Company or another wholly-owned subsidiary of the Company without the prior approval of the Board of Directors; and (iv) to borrow funds on behalf of the Company in such amounts and on such terms, including the pledge of assets, as such person(s) shall deem appropriate in furtherance of the business of the Company and, in connection with the foregoing and the investment of the proceeds of borrowings, shall have the authority to sign, execute, acknowledge, verify, deliver and accept on behalf of the Company all agreements, contracts, loan agreements, indentures, mortgages, security instruments, satisfactions, settlements, powers of attorney, undertakings and other instruments or documents.

Section 4.8. Vice President. The Vice President(s), if any, in the order determined by the Board of Directors or Chief Executive Officer/President, shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer/President shall prescribe.

Section 4.9. Secretary. The Secretary shall give or cause to be given all authorized notices required to be given by the Company. The Secretary shall also keep minutes of all meetings of the shareholders and the Board of Directors and committees thereof. The Secretary shall have charge of the corporate books and shall perform such other duties and have such powers as the Board of Directors or the Chief Executive Officer/President may from time to time prescribe. The Secretary shall keep in safe custody the seal of the Company and, when authorized by the Board of Directors or the Chief Executive Officer/President, affix the same to any instrument requiring it. The Assistant Secretary(ies), if any, in the order determined by the Board of Directors or the Chief Executive Officer/President shall perform such duties and have such powers as the Board of Directors or the Chief Executive Officer/President may from time to time prescribe.

Section 4.10. Chief Financial Officer. The Chief Financial Officer shall have general supervision over the financial operations of the Company and its subsidiaries, subject to the direction of the Board of Directors and the Chief Executive Officer/President. The Chief Financial Officer shall render from time to time an accounting of all transactions and of the financial condition of the Company.

Section 4.11. Delegation of Authority. The Board of Directors and the Chief Executive Officer/President may from time to time delegate the powers or duties of any officer to any other officers and agents, notwithstanding any other provision hereof, except as prohibited by law or where such power or duties shall have been exclusively delegated by the Board of Directors.

Section 4.12. Compensation of Officers and Agents. The compensation of all officers and agents of the Company, if any, shall be fixed by, or in a manner determined by, the Board of Directors unless such determination is delegated to Company management.

Section 4.13. Resignation. Subject at all times to the right of removal as provided below, any officer may resign at any time by giving notice to the Board of Directors, the Chief Executive Officer/President or the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later date specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 4.14. Removal. Any officer or agent of the Company may be removed at any time, with or without cause, by the Board of Directors, the Chief Executive Officer/President or, except in the case of the Chairman, Vice Chairman or Chief Executive Officer/President, by any committee of the Board or superior officer upon whom such power may be conferred by the Board of Directors or the Chief Executive Officer/President.

Section 4.15. Vacancies. Any vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors, and the office so elected shall hold office until his or her successor is chosen and qualified.

Section 4.16. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the Chief Executive Officer/President or any person authorized by the Chief Executive Officer/President shall have the power to vote and otherwise act on behalf of the Company, in person or by proxy, at any meeting of shareholders of or with respect to any action of the shareholders of any other corporation in which the Company may hold securities and otherwise to exercise any and all rights and powers that the Company may possess by reason of its ownership of securities in such other corporation.

## ARTICLE V CERTIFICATES OF STOCK

Section 5.1. Certificated and Uncertificated Shares. The shares of the capital stock of the Company may be either certificated shares or uncertificated shares; provided, however, that every holder of capital stock of the Company shall be entitled to have a certificate evidencing the number and class (and series, if any) of shares owned by him or her and containing such information as required by law. As used herein, the term “certificated shares” means shares represented by instruments in bearer or registered form, and the term “uncertificated shares” means shares not represented by instruments and the transfers of which are registered upon books maintained for that purpose by or on behalf of the Company.

Section 5.2. Certificates of Stock. Certificates representing shares of stock of each class or series of stock of the Company, whenever authorized by the Board of Directors or required by law, shall be in such form as shall be approved by the Board. Such certificates shall be executed on behalf of the Company by the Chief Executive Officer/President or a Vice President, and the Secretary or an Assistant Secretary, of the Company and may be sealed with the corporate seal of the Company or a facsimile thereof. The signature of any officer may be a facsimile. Certificates bearing the signatures of individuals who were, at the time when such signatures were affixed, authorized to sign on behalf of the Company, shall be validly executed notwithstanding that such individuals or any of them have ceased to be so authorized prior to the delivery of such certificates or did not hold such offices at the date of delivery of such certificates.

No certificate shall be issued until the consideration for such certificate has been fully paid. Each certificate representing shares of the Company shall state upon the face thereof the name of the Company, that the Company is organized under the laws of the State of Louisiana, the name of the person to whom the shares are issued, and the number and class of shares and the designation of the series, if any, that such certificate represents.

Section 5.3. Designation of Classes of Stock. If the Company is authorized to issue shares of more than one class, each certificate representing shares issued by the Company shall conspicuously set forth on the certificate, or shall state that the Company will furnish to any shareholder upon request and without charge, a summary of the designations, preferences, limitations, and relative rights of the shares of each class and of each series of each preferred or special class, so far as the same have been fixed, and the authority of the Board to establish other series and to fix the relative rights, preferences and limitations of the shares of any class or series by amendment of the articles.

Section 5.4. Lost, Stolen, Destroyed or Mutilated Certificates. The Company may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, destroyed or mutilated upon the surrender of the mutilated certificate or, in the case of a lost, stolen or destroyed certificate, upon such terms and conditions as the Board of Directors or Chief Executive Officer/President may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond as the Board of Directors or Chief Executive Officer/President may require for the protection of the Company or any transfer agent or registrar.

Section 5.5. Registrar and Transfer Agent. The Company shall keep, or cause to be kept, at its registered office or at such other location designated by the Board of Directors, a register or registers in which, subject to such reasonable regulations as the Board of Directors may prescribe, the registrar and transfer agent shall register the stock of the Company and the transfers thereof. The registrar or transfer agent shall be the Secretary unless otherwise provided for by resolution of the Board of Directors.

Section 5.6. Registration of Transfer and Exchange. Stock of the Company shall be transferable in the manner prescribed by applicable law and in these Bylaws. Transfers of stock shall be made only on the books of the Company, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate for the purpose of such transfer, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Company shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Company shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Company or the transfer agent thereof. No transfer of stock shall be valid as against the Company for any purpose until it shall have been entered in the stock records of the Company by an entry showing from and to who transferred.

Section 5.7. Regulations. The Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue and transfer of certificates representing shares of stock of each class of the Company and may make such rules and take such action as it may deem expedient concerning the issue of certificates in lieu of certificates claimed to have been lost, stolen, destroyed or mutilated.

Section 5.8. Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or to receive payment of any dividend or other distribution, or to receive or exercise subscription or other rights, or to participate in a reclassification of stock, or in order to make a determination of shareholders for any other proper purposes, the Board of Directors may fix in advance a record date for determination of shareholders for such purpose, which record date shall be not more than 70 days prior to the date on which the action requiring the determination of shareholders is to be taken. A determination of shareholders entitled to notice of or to vote at a meeting of the shareholders

shall apply to any adjournment of the meeting, unless the Board of Directors elects to fix a new record date or the meeting is adjourned for more than 120 days.

Except as the Board of Directors may otherwise provide, if no record date is fixed for the purpose of determining shareholders (i) entitled to notice of and to vote at a meeting, the close of business on the day before the notice of the meeting is mailed, or if notice is waived, the close of business on the day before the meeting, shall be the record date for such purpose, or (ii) for any other purpose, the close of business on the day which the Board of Directors adopts the resolution relating thereto shall be the record date for such purposes.

Section 5.9. Stock Transfer Books. The Board of Directors may, from time to time and in its discretion, order that the stock transfer books shall be closed.

Section 5.10. Registered Shareholders. The Company shall be entitled to recognize and treat a person registered on its records as the owner of shares, as the exclusive owner in fact thereof for all purposes, and as the person entitled to have and to exercise all rights and privileges incident to the ownership of such shares, including the right to vote and to receive dividends, distributions or payments of interest and principal thereon. The Company shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Louisiana; and the rights under this section shall not be affected by any actual or constructive notice which the Company, or any or its directors, officers or agents, may have to the contrary.

## ARTICLE VI NOTICES

Section 6.1. Notices. Whenever required by law, the Articles of Incorporation or these Bylaws, notice is to be given to any director, committee member or shareholder, and no provision is made as to how such notice is to be given, such notice may be given: (i) in writing, by mail, postage prepaid, addressed to such director, committee member or shareholder at such address as appears on the books of the Company or (ii) in any other method permitted by the LBCA. Any notice required or permitted to be given by mail shall be deemed to be given at the time the same is deposited in the United States mail with postage thereon paid. Notice to directors, committee members or shareholders may also be given by nationally recognized overnight delivery or courier service, and shall be deemed given when such notice shall be received by the proper recipient thereof or, if earlier, one (1) day after such notice is sent by such overnight delivery or courier service. Notice from the Company may be given to the shareholder, director or committee member by electronic transmission in accordance with the LBCA. Notice by electronic transmission shall be deemed to be received in accordance with the LBCA. If the notice required by this Section is given by multiple means, such notice shall be effective as of the earliest date on which it was received.

Section 6.2. Waivers. Whenever notice is required by statute, the Articles of Incorporation or these Bylaws to be given, a written waiver signed by or on behalf of the person entitled to notice or a waiver by electronic transmission by the person entitled to notice, given before or after the time of the event for which notice is to be given, shall be equivalent to giving the notice. A waiver transmitted by email will be deemed given if transmitted from an email address provided by such person for the purpose of receiving notices or other communications from the Company. Neither the business nor the purpose of the meeting need be specified in a waiver. Attendance of a shareholder, director or committee member at a meeting will constitute a waiver of notice of that meeting, except when the shareholder, director or committee member attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened or, in the case of a shareholder, the lack of proper notice to the shareholders.

**ARTICLE VII  
MISCELLANEOUS**

Section 7.1. Facsimile or Electronic Signatures. In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these Bylaws, facsimile or electronic signatures of any officer or officers of the Company may be used whenever and as authorized by the Board of Directors or a committee thereof. For purposes of this Section, an electronic signature contemplates, among other things, a scanned signature in “pdf” format.

Section 7.2. Distributions. The Board of Directors may declare and the Company may pay distributions on its outstanding shares in cash, property or shares of the Company in accordance with law and subject to the Articles of Incorporation.

Section 7.3. Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Company, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Chief Financial Officer, or an Assistant Secretary. Unless otherwise provided by law, it shall not be mandatory that the corporate seal or its facsimile be impressed or affixed on any document executed on behalf of the Company.

Section 7.4. Reliance Upon Books, Reports and Records. A director or a member of any committee designated by the Board of Directors shall, in the performance of such person’s duties, be protected to the fullest extent permitted by law in relying on the books of account or other records of the Company and upon information, opinion, reports or statements presented to the Company.

Section 7.5. Checks. In addition to the authority granted in these Bylaws, all checks, drafts and other orders for the payment of money out of the funds of the Company shall be signed on behalf of the Company by the Chairman of the Board, the Chief Executive Officer/President or Chief Operations Officer of the Company, or by such other officer of the Company as has been specifically authorized by the Board of Directors.

Section 7.6. Time Periods. In computing any period of time under these Bylaws, calendar days shall be used, the day that marks the commencement of the period shall not be counted, and the period shall end upon the expiration of the last day of the period; provided, however, that if the day on which the period is to expire is a legal holiday under the laws of the State of Louisiana, then the period shall end upon the expiration of the next day that is not a legal holiday.

Section 7.7. Application of Bylaws. In the event that any provision of these Bylaws is or may be in conflict with any law of the United States or the State of Louisiana or of any other governmental body or power having jurisdiction over the Company, that provision of these Bylaws shall be inoperative to the extent only that the operation thereof unavoidably conflicts with such law, and shall in all other respects be in full force and effect.

Section 7.8. Fiscal Year. The fiscal year of the Company shall be the calendar year.

**ARTICLE VIII  
AMENDMENT OF BYLAWS**

Except as otherwise limited by law, these bylaws may be altered, amended or repealed or new bylaws may be adopted by the Board of Directors or the shareholders.



**RED RIVER BANCSHARES, INC.**

THE CORPORATION IS AUTHORIZED TO ISSUE PREFERRED STOCK. THE BOARD OF DIRECTORS OF THE CORPORATION HAS THE AUTHORITY TO AMEND THE ARTICLES OF INCORPORATION OF THE CORPORATION, WITHOUT SHAREHOLDER APPROVAL, TO ESTABLISH ONE OR MORE CLASSES OF PREFERRED STOCK AND TO FIX THE PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS OF THE SHARES OF ANY CLASS OF PREFERRED STOCK AND TO ESTABLISH AND FIX VARIATIONS IN RELATIVE RIGHTS AS BETWEEN, SERIES OF ANY PREFERRED CLASS. THE CORPORATION WILL FURNISH TO ANY SHAREHOLDER, UPON REQUEST AND WITHOUT CHARGE, A SUMMARY OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS AND OF EACH SERIES OF EACH CLASS OF PREFERRED STOCK, SO FAR AS THE SAME HAVE BEEN FIXED.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT	.....Custodian.....
		(Out) (Minor)
TEN ENT - as tenants by the entireties		under Uniform Gifts to Minors Act.....
		(State)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	.....Custodian (until age).....
		(Out) (State)
		(Minor).....under Uniform Transfers to Minors Act.....
		(State)

Additional abbreviations may also be used though not in the above list.

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ **PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE**

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_ Shares  
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney  
to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: \_\_\_\_\_, 20\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed Medallion Guarantee Stamp  
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Brokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17A-15

**SECURITY INSTRUCTIONS**

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK HELD TO LIGHT TO VIEW BY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534281



812 SAN ANTONIO STREET  
SUITE 600  
AUSTIN, TEXAS 78701

TEL512 • 583 • 5900  
FAX512 • 583 • 5940

[                    ], 2019

Red River Bancshares, Inc.  
1412 Centre Court Drive, Suite 402  
Alexandria, Louisiana 71301

Re:            Red River Bancshares, Inc.  
                 Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as special counsel to Red River Bancshares, Inc., a Louisiana corporation (“Company”), in connection with the preparation and filing of the Company’s Registration Statement on Form S-1 (Registration No. 333-[            ]), as initially filed with the Securities and Exchange Commission (“Commission”) under the Securities Act of 1933, as amended (“Securities Act”), on April [10], 2019 (and, as thereafter amended, the “Registration Statement”), relating to the registration of the offering for sale by the Company and the selling shareholders identified in the Registration Statement (“Selling Shareholders”) of an aggregate amount of [            ] shares (“Shares”) of the Company’s common stock, no par value per share (“Common Stock”), which includes [            ] Shares offered for sale by the Company, [            ] of which are issuable pursuant to the underwriters’ over-allotment option, and [            ] Shares offered for sale by the Selling Shareholders. This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K of the General Rules and Regulations under the Securities Act.

In connection with rendering the opinion set forth below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of (a) the Registration Statement, (b) the Articles of Incorporation of the Company, as amended to date and currently in effect, (c) the Bylaws of the Company, as amended to date and currently in effect, (d) the Underwriting Agreement in substantially the form filed as Exhibit 1.1 to the Registration Statement, pursuant to which the Shares are to be sold, and (e) certain resolutions of the Board of Directors of the Company relating to the transactions described in the Registration Statement. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and such agreements, certificates and receipts of public officials, certificates of officers or other representatives of the Company and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinion set forth below.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, the authenticity of the originals of such copies, and the accuracy and completeness of the corporate records made available to us by the Company. As to any facts material to the opinions expressed herein that we did not independently establish or verify, we have relied upon statements and representations of officers and other representatives of the Company and others and of public officials. In addition, we have assumed that the Registration Statement, and any amendments thereto, have become effective under the Securities Act.

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Red River Bancshares, Inc.

[            ], 2019

Page 2

Based upon and subject to the foregoing, we are of the opinion that (1) the Shares to be issued and sold by the Company, when issued, sold, delivered and paid for as contemplated by the Registration Statement, will be validly issued, fully paid and nonassessable, and (2) the Shares to be sold by the Selling Shareholders are validly issued, fully paid and nonassessable.

This opinion is based on the laws of the State of Louisiana, and we express no opinion on the laws of any other jurisdiction. No opinion may be inferred or implied beyond the matters expressly stated herein. This opinion speaks only as of its date.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are included in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission.

Very truly yours,

**RED RIVER BANCSHARES, INC.**  
**2018 Equity Incentive Plan**

(adopted by the Company's Board of Directors on October 25, 2018)

(approved by the Company's shareholders on April 3, 2019)

1. **Purposes of the Plan.** The purposes of this Red River Bancshares, Inc. 2018 Equity Incentive Plan (this "**Plan**") are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected Employees, Directors and Consultants and to promote the success of the Company's business. The Plan provides for the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares and Other Stock-Based Awards.

2. **Definitions.** For purposes of this Plan, the following terms shall have the following meanings:

(a) "**Administrator**" means the Board or, at its direction, the Compensation Committee of the Board, who will administer the Plan in accordance with Section 4 hereof.

(b) "**Applicable Law**" means any applicable legal requirements relating to the administration of and the issuance of securities under equity securities-based compensation plans, including, without limitation, the requirements of U.S. state corporate laws, U.S. federal and state securities laws, U.S. federal law, the Code, the laws of the State of Louisiana, and the requirements of any stock exchange or quotation system upon which the Common Stock may then be listed or quoted and the applicable laws of any other country or jurisdiction where Awards are, or shall be, granted under the Plan. For all purposes of this Plan, references to statutes and regulations shall be deemed to include any successor statutes or regulations, to the extent reasonably appropriate as determined by the Administrator.

(c) "**Award**" means, individually or collectively, a grant under the Plan of Options, SARs, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares or Other Stock-Based Awards.

(d) "**Award Agreement**" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "**Awarded Stock**" means the Common Stock subject to an Award.

(f) "**Bank**" means the Red River Bank, a Louisiana state bank and wholly-owned subsidiary of the Company, or any successor thereto.

(g) "**Board**" means the Board of Directors of the Company.

(h) **“Cause”** means, with respect to a Participant’s termination by the Bank or the Company as a Service Provider, that such termination is for “Cause” as such term (or word of like import) is expressly defined in a then-effective written agreement between the Participant and the Bank or the Company, or in the absence of such then-effective written agreement and definition, is based on, in the sole determination of the Administrator, the Participant’s: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Bank or the Company; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Bank or the Company; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; provided, however, that with regard to any agreement that defines “Cause” on the occurrence of or in connection with a Change in Control, such definition of “Cause” shall not apply until immediately after a Change in Control is consummated. Whether Cause exists, whether Cause is susceptible to correction and whether Cause has been corrected shall be determined in the sole discretion of the Company. Notwithstanding anything in this Plan or in any Award Agreement to the contrary, if the Participant’s status as a Service Provider is terminated without Cause, the Company shall have the sole discretion to later use after-acquired evidence to retroactively re-characterize the prior termination as a termination for Cause if such after-acquired evidence supports such an action. If after-acquired evidence is obtained after a Participant has exercised an Award granted under the Plan, the Company shall repurchase the Shares with no consideration being provided to the Participant other than the exercise price, if applicable.

(i) **“Change in Control”** means, except as otherwise defined in an applicable Award Agreement, the occurrence of any of the following events:

(i) the consummation of a transaction as a result of which any person becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company or the Bank representing fifty percent (50%) or more of the total voting power represented by the Company’s or the Bank’s then outstanding voting securities. For the purposes of this paragraph (i), the term “person” shall have the same meaning as when used in Sections 13(d) and 14(d) of the Exchange Act but shall exclude:

(1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or an affiliate of the Company;

(2) a corporation or other entity owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of common stock of the Company;

(3) the Company; and

(4) a corporation or other entity of which at least a majority of its combined voting power is owned directly by the Company;

(ii) the consummation of the sale, lease, transfer or other disposition by the Company or the Bank of all or substantially all of the assets of either the Company or the Bank to any third party other than (A) the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale or (B) to a corporation or other entity owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of the common stock of the consolidation or corporate reorganization which does not result in a Change in Control as defined herein;

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

(iv) a complete winding up, liquidation or dissolution of the Company or the Bank; or

(v) the consummation of a merger or consolidation of the Company or the Bank with or into any other entity or any other corporate reorganization, other than a merger, consolidation or other corporate reorganization that would result in the voting securities of the Company or the Bank outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or the Bank, or such surviving entity or its parent outstanding immediately after such merger, consolidation or other corporate reorganization, but excluding any series of transactions that the Administrator determines shall not be a Change in Control.

Notwithstanding any provision of this Section 2(i) to the contrary, the following transactions shall not constitute a Change in Control for purposes of this Plan or any Award Agreement:

(A) if the transaction's sole purpose is to change the legal jurisdiction of the Company's or the Bank's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the securities of the Company or the Bank immediately before such transaction, such transaction shall not constitute a Change in Control; or

(B) a sale by the Company of its securities in a transaction, the primary purpose of which is to raise capital for the Company's or the Bank's operations and business activities, including, without limitation, an initial public offering of Shares under the Securities Act or other Applicable Law shall not constitute a Change in Control.

(j) "**Code**" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(k) **“Committee”** means a committee of Directors or other individuals satisfying Applicable Law appointed by the Board in accordance with Section 4 hereof.

(l) **“Common Stock”** means the common stock of the Company, no par value per share, or in the case of SARs, Performance Units, Restricted Stock Units, and certain Other Stock-Based Awards, the cash equivalent thereof, as applicable.

(m) **“Company”** means Red River Bancshares, Inc., a Louisiana corporation, or any successor thereto.

(n) **“Consultant”** means any natural person, including an advisor, who is engaged by the Company, or any Parent or Subsidiary, to render bona fide consulting or advisory services to such entity and who is compensated for those services; provided, however, that the term “Consultant” does not include (i) Employees, (ii) Directors who are paid only a director’s fee by the Bank or the Company or who are not compensated by the Bank or the Company for their services as Directors, (iii) securities promoters, (iv) independent agents, franchisees and salespersons who do not have employment relationships with the Company from which they derive at least fifty percent (50%) of their annual income, or (v) any other person who would not be a “consultant” or “advisor” as defined under Rule 701 of the Securities Act or any applicable rulings or regulations interpreting Rule 701.

(o) **“Date of Grant”** means the date an Award is granted to a Participant in accordance with Section 16 hereof.

(p) **“Director”** means a member of the Board.

(q) **“Disability”** means a total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its sole discretion may determine whether a total and permanent disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(r) **“Dividend Equivalent”** means a credit, made at the sole discretion of the Administrator, to the account of a Participant in an amount equal to the value of dividends paid on one Share for each Share represented by an Award held by such Participant. Under no circumstances shall the payment of a Dividend Equivalent be made contingent on the exercise of an Option or Stock Appreciation Right.

(s) **“Employee”** means any person, including officers and Directors, employed by the Company or the Bank, or any Parent or Subsidiary. A person shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company, the Bank or any Parent or Subsidiary, including sick leave, military leave, or any other personal leave, or (ii) transfers between locations of the Company, the Bank or any Parent or Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company or the Bank is not so guaranteed, then three (3) months following the ninety first (91st) day of such leave, any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director’s fee by the Company, the Bank or any Parent or Subsidiary shall be sufficient to constitute “employment” by the Company, the Bank or any Parent or Subsidiary.

(t) **“Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(u) **“Exchange Program”** means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have lower exercise prices and different terms), Awards of a different type, and/or cash, and/or (ii) the exercise price of an outstanding Award is reduced. The terms and conditions of any Exchange Program shall be determined by the Administrator in its sole discretion.

(v) **“Fair Market Value”** means, as of any date, the value of the Common Stock determined as follows:

(i) if the Common Stock is listed on any established stock exchange or a national market system, the Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean of the high bid and low asked prices for the Common Stock on the day of determination, as reported in *The Wall Street Journal* or any other source as the Administrator deems reliable; or

(iii) in the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

Notwithstanding the preceding, for federal, state, and local income tax reporting purposes and for such other purposes as the Administrator deems appropriate, the Fair Market Value shall be determined by the Administrator in accordance with uniform and nondiscriminatory standards adopted by it from time to time.

(w) **“Incentive Stock Option”** means an Option intended to qualify and receive favorable tax treatment as an incentive stock option within the meaning of Section 422 of the Code, as designated in the applicable Award Agreement.

(x) **“Nonstatutory Stock Option”** means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(y) **“Option”** means an option to purchase Common Stock granted pursuant to the Plan.

(z) **“Other Stock-Based Awards”** means any other awards not specifically described in the Plan that are valued in whole or in part by reference to, or are otherwise based on, Shares and are created by the Administrator pursuant to Section 12.

(aa) **“Outside Director”** means an “outside director” within the meaning of Section 162(m) of the Code.

(bb) **“Parent”** means a “parent corporation” with respect to the Company or the Bank, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(cc) **“Participant”** means a Service Provider who has been granted an Award under the Plan.

(dd) **“Performance Goals”** means goals which have been established by the Administrator in connection with an Award and are based on one or more of the following criteria, as determined by the Administrator in its absolute and sole discretion: growth in interest income and expense; net-income; net interest margin; efficiency ratio; reduction in non-accrual loans and non-interest expense; growth in non-interest income and ratios to earnings assets; net revenue growth and ratio to earning assets; capital ratios; asset or liability interest rate sensitivity and gap; effective tax rate; deposit growth and composition; liquidity management; securities portfolio (value, yield, spread, maturity, or duration); earning asset growth and composition (loans, securities); non-interest income (e.g., fees, premiums and commissions, loans, wealth management, treasury management, insurance, funds management); overhead ratios, productivity ratios; credit quality measures; return on assets; return on equity; economic value of equity; compliance and regulatory ratings; internal controls; enterprise risk measures (e.g., interest rate, loan concentrations, portfolio composition, credit quality, operational measures, compliance ratings, balance sheet, liquidity, insurance); volume in production or loans; cash flow; cost; revenues; sales; ratio of debt to debt plus equity; net borrowing, credit quality or debt ratings; profit before tax; economic profit; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; gross margin; profit margin; earnings per Share; operating earnings; capital expenditures; expenses or expense levels; economic value added; ratio of operating earnings to capital spending or any other operating ratios; free cash flow; net profit; net sales; net asset value per Share; the accomplishment of mergers, acquisitions, dispositions, public offerings or similar extraordinary business transactions; sales growth; price of the Company’s common shares; return on investment; return on assets, equity or stockholders’ equity; market share; inventory levels, inventory turn or shrinkage; customer satisfaction; or total return to stockholders.

- (ee) “**Performance Period**” means the time period during which the Performance Goals or performance objectives must be met.
- (ff) “**Performance Share**” means Shares issued pursuant to a Performance Share Award under Section 10 of the Plan.
- (gg) “**Performance Unit**” means, pursuant to Section 10 of the Plan, an unfunded unsecured promise to deliver Shares, cash or other securities equal to the value set forth in the Award Agreement.
- (hh) “**Period of Restriction**” means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of Performance Goals or other target levels of performance, or the occurrence of other events as determined by the Administrator.
- (ii) “**Restricted Stock**” means Shares issued pursuant to a Restricted Stock Award under Section 8 or issued pursuant to the early exercise of an Option.
- (jj) “**Restricted Stock Unit**” means, pursuant to Sections 4 and 11 of the Plan, an unfunded and unsecured promise to deliver Shares, cash or other securities equal in value to the Fair Market Value of one Share in the Company on the date of vesting or settlement, or as otherwise set forth in the Award Agreement.
- (kk) “**Rule 16b-3**” means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.
- (ll) “**Section 16(b)**” means Section 16(b) of the Exchange Act.
- (mm) “**Securities Act**” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
- (nn) “**Service Provider**” means an Employee, Director or Consultant to the Bank or the Company.
- (oo) “**Share**” means a share of Common Stock, as adjusted in accordance with Section 15 hereof.
- (pp) “**Stock Appreciation Right**” or “**SAR**” means, pursuant to Section 9 of the Plan, an unfunded and unsecured promise to deliver Shares, cash or other securities equal in value to the difference between the Fair Market Value of a Share as of the date such SAR is exercised/settled and the Fair Market Value of a Share as of the date such SAR was granted, or as otherwise set forth in the Award Agreement.
- (qq) “**Subsidiary**” means a “subsidiary corporation” with respect to the Company or the Bank, whether now or hereafter existing, as defined in Section 424(f) of the Code.



3. Stock Subject to the Plan.

(a) Basic Limitation. Subject to the provisions of Section 15 hereof, the maximum aggregate number of Shares that may be issued pursuant to all Awards under the Plan shall not exceed 200,000 Shares, all of which may be subject to Incentive Stock Option treatment. Shares shall not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash. Upon payment in Shares pursuant to the exercise of an Award, the number of Shares available for issuance under the Plan shall be reduced only by the number of Shares actually issued in such payment. If a Participant pays the exercise price (or purchase price, if applicable) of an Award through the tender of Shares, or if Shares are tendered or withheld to satisfy any withholding obligations of the Company, the number of Shares so tendered or withheld shall again be available for issuance pursuant to future Awards under the Plan.

(b) Lapsed Awards. If any outstanding Award expires or is terminated or canceled without having been exercised or settled in full, or if Shares acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Company, the Shares allocable to the terminated portion of the Award or the forfeited or repurchased Shares shall again be available for grant under the Plan.

(c) Share Reserve. The Company, during the term of the Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. Shares subject to performance awards with target and maximum payout levels shall be reserved at the maximum levels.

(d) Shares under Plans of Acquired Companies. Shares issued or transferred pursuant to an Award granted in substitution for outstanding awards, or in connection with assumed awards, previously granted by a company or other entity acquired by the Company or with which the Company combines, shall not count against the limits in the first sentence of Section 3(a) hereof.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable and necessary to qualify Awards granted under this Plan as “performance-based compensation” within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more Outside Directors.

(iii) Rule 16b-3. If a transaction is intended to be exempt under Rule 16b-3 of the Exchange Act, it shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee constituted to satisfy Applicable Law.

(v) Delegation of Authority for Day-to-Day Administration. Except to the extent prohibited by Applicable Law, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of Awards;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve the forms of Award Agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder including, but not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on Performance Goals or other performance criteria), any vesting acceleration or waiver of forfeiture or repurchase restrictions, any non-competition restrictions, and any other restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to reduce, with or without Participant consent, the exercise price of any Award to the then Fair Market Value (or higher value) if the Fair Market Value of the Common Stock covered by such Award shall have declined since the date the Award was granted;

(vii) to institute an Exchange Program;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to the creation and administration of sub-plans;

(ix) to allow Participants to satisfy withholding tax obligations by electing to have the Company withhold from the Shares or cash to be issued upon exercise or vesting of an Award that number of Shares or cash having a Fair Market Value equal to the minimum amount required to be withheld, or such higher limit if applicable under accounting rules without triggering liability classification. The Fair Market Value of any Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Participants to have Shares or cash withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(x) to amend the terms of any outstanding Award, including the discretionary authority to extend the post-termination exercise period of Awards and accelerate the satisfaction of any vesting criteria or waiver of forfeiture or repurchase restrictions, provided that any amendment that would adversely affect the Participant's rights under an outstanding Award shall not be made without the Participant's written consent. Notwithstanding the foregoing, an amendment shall not be treated as adversely affecting the rights of the Participant if the amendment causes an Incentive Stock Option to become a Nonstatutory Stock Option or if the amendment is made to the minimum extent necessary to avoid the adverse tax consequences of Section 409A of the Code;

(xi) to include a provision whereby the Participant may elect at any time while a Service Provider to exercise any part or all of the Option prior to full vesting of the Option, and any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Bank or the Company or to any other restriction the Administrator determines to be appropriate;

(xii) to correct administrative errors;

(xiii) to construe and interpret the terms of the Plan and Award granted pursuant to the Plan;

(xiv) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to the Participant under an Award;

(xv) to determine whether Awards shall be settled in Shares, cash or in a combination of Shares and cash;

(xvi) to determine whether Awards shall be adjusted for Dividend Equivalents;

(xvii) to create Other Stock-Based Awards for issuance under the Plan;

(xviii) to establish a program whereby Service Providers designated by the Administrator can reduce compensation otherwise payable in cash in exchange for Awards under the Plan;

(xix) to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any Shares issued as a result of or under an Award, including without limitation, (A) restrictions under an insider trading policy, and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers;

(xx) to establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of Performance Goals or other performance criteria, or other event that absent the election, would entitle the Participant to payment or receipt of Shares or other consideration under an Award; and

(xxi) to make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator. However, the Administrator may not exercise any right or power reserved to the Board.

(c) Delegation of Authority to Officers. Subject to Applicable Law, the Administrator may delegate limited authority to specified officers of the Bank to execute on behalf of the Company and/or the Bank any instrument required to effect an Award previously granted by the Administrator.

(d) Effect of Administrator's Decision. All decisions, determinations, actions and interpretations of the Administrator shall be final, conclusive and binding on all persons having an interest in the Plan.

(e) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as officers or Employees of the Company or the Bank, members of the Board and any officers or Employees of the Company to whom authority to act for the Board, the Administrator or the Company or the Bank is delegated shall be defended and indemnified by the Company or the Bank to the extent permitted by law. Such indemnification shall cover all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding. Notwithstanding the foregoing, such indemnification shall not include any matters to which it shall be adjudged in the claim, investigation, action, suit or proceeding that the subject person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company or the Bank, in writing, the opportunity at the Company's or the Bank's expense to defend the same.

5. Eligibility.

(a) General Rule. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares, and Other Stock-Based Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

(b) Shareholder with Ten-Percent Holdings. An Employee who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding securities of the Company or any Parent or Subsidiary shall not be eligible for the grant of an Incentive Stock Option unless (i) the exercise price is at least one hundred ten percent (110%) of the Fair Market Value on the Date of Grant, and (ii) the Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Date of Grant. For purposes of this Section 5(b), in determining ownership of securities, the attribution rules of Section 424(d) of the Code shall apply.

6. Limitations for Incentive Stock Options. Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding a designation of an Option as an Incentive Stock Option, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds U.S. \$100,000 (or such higher annual limit as may be set by the Code for Incentive Stock Options), such Options with respect to such Shares exceeding such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section 6, Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Date of Grant.

7. Options.

(a) Term of Option. The Award Agreement shall specify the term of the Option; provided, however, that the term shall not exceed ten (10) years from the Date of Grant, and a shorter term may be required by Section 5(b) hereof. Subject to the preceding sentence, the Administrator in its sole discretion shall determine when an Option is to expire.

(b) Exercise Price. Each Award Agreement shall specify the exercise price. The exercise price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Shares on the Date of Grant, and a higher percentage may be required by Section 5(b) hereof. Subject to the preceding sentence, the exercise price under any Option shall be determined by the Administrator in its sole discretion. The exercise price shall be payable in accordance with Section 7(d) hereof and the applicable Award Agreement. Notwithstanding anything to the contrary in the foregoing or in Section 5(b), in the event of a transaction described in Section 424(a) of the Code, then, consistent with Section 424(a) of the Code, Incentive Stock Options may be issued at an exercise price other than as required by the foregoing and Section 5(b).

(c) Exercisability. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised. The Administrator, in its sole discretion, may accelerate the satisfaction of such conditions at any time.

(d) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant.

(i) General Rule. The entire exercise price for Shares issued under the Plan shall be payable in cash or cash equivalents at the time when the Shares are purchased, except as otherwise provided in this Section 7(d).

(ii) Services Rendered. At the sole discretion of the Administrator and to the extent so provided in the agreements evidencing Awards of Shares under the Plan, Shares may be awarded under the Plan in consideration of services rendered to the Company or any Parent or Subsidiary prior to the Award.

(iii) Net Exercise. At the sole discretion of the Administrator, consideration may be paid in the form of a “net exercise,” such that, without the payment of any funds, the Participant may exercise the Option and receive the net number of Shares equal to (A) the number of Shares as to which the Option is being exercised, multiplied by (B) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the exercise price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares);

(iv) Other Forms of Consideration. At the sole discretion of the Administrator, all or a portion of the exercise price may be paid by any other form of consideration and method of payment to the extent permitted by Applicable Law, including through the tender of other Shares with a Fair Market Value equal to the exercise price per Share.

(e) Exercise Procedure. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as may be determined by the Administrator and as set forth in the Award Agreement; provided, however, that an Option shall not be exercised for a fraction of a Share.

(i) An Option shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option and (B) full payment for the Shares with respect to which the Option is exercised (including provision for any applicable tax withholding). Full payment may consist of any consideration and method of payment authorized by the Administrator in accordance with Section 7(d) hereof and permitted by the Award Agreement.

(ii) Shares issued upon exercise of an Option shall be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Awarded Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 of the Plan or the applicable Award Agreement.

(iii) Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available for sale under the Option, by the number of Shares as to which the Option is exercised.

(f) Termination of Service (other than by death).

(i) Except to the extent an Award Agreement provides otherwise, if a Participant ceases to be a Service Provider for any reason other than death, then the Participant's Options shall expire on the earlier of:

(A) The expiration date determined by Section 7(a) hereof;

(B) The ninetieth (90<sup>th</sup>) day following the termination of the Participant's relationship as a Service Provider for any reason other than Disability or Cause, or such other date as the Administrator may determine and specify in the Award Agreement; provided that no Option that is exercised after the ninetieth (90<sup>th</sup>) day following the termination of the Participant's relationship as an Employee for any reason other than Disability or Cause shall be treated as an Incentive Stock Option;

(C) The last day of the twelve (12) month period following the termination of the Participant's relationship as a Service Provider by reason of Disability, or such other date as the Administrator may determine and specify in the Award Agreement; provided that no Option that is exercised after the last day of the twelve (12) month period following the termination of the Participant's relationship as an Employee shall be treated as an Incentive Stock Option; or

(D) The Participant's date of the termination as a Service Provider if such termination is for Cause.

(ii) Following the termination of the Participant's relationship as a Service Provider, the Participant may exercise all or any part of the Participant's Option at any time before the expiration of the Option as set forth in Section 7(f)(i) hereof, but only to the extent that the Option was vested and exercisable as of the date of termination of the Participant's relationship as a Service Provider (or became vested and exercisable as a result of the termination). Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If the Participant does not exercise his Option as to all of the vested Shares within the time specified by the Award Agreement, the Option shall terminate, and the remaining Shares covered by the Option shall revert to the Plan.

(iii) In the event that the Participant dies after the termination of the Participant's relationship as a Service Provider but before the expiration of the Participant's Option as set forth in Section 7(f)(i) hereof, all or part of the Option may be exercised (prior to expiration) by the executors or administrators of the Participant's estate or by any person who has acquired the Option directly from the Participant by beneficiary designation, bequest or inheritance, but only to the extent that the Option was vested and exercisable as of the termination date of the Participant's relationship as a Service Provider (or became vested and exercisable as a result of the termination). If the Option is not exercised as to all of the vested Shares within the time specified by the Administrator, the Option shall terminate, and the remaining Shares covered by such Option shall revert to the Plan.

(g) Death of Participant.

(i) If a Participant dies while a Service Provider, then the Participant's Option shall expire on the earlier of the following dates:

(A) The expiration date determined by Section 7(a) hereof; or

(B) The last day of the twelve (12) month period following the Participant's death, or such later date as the Administrator may determine and specify in the Award Agreement.

(ii) All or part of the Participant's Option may be exercised at any time before the expiration of the Option as set forth in Section 7(g)(i) hereof by the executors or administrators of the Participant's estate or by any person who has acquired the Option directly from the Participant by beneficiary designation, bequest or inheritance, but only to the extent that the Option was vested and exercisable as of the date of the Participant's death or had become vested and exercisable as a result of the death. Any remaining Options that are unvested as of the date of the Participant's death, or that did not become vested and exercisable as a result of the Participant's death, shall be immediately forfeited upon the Participant's death. If the Option is not exercised as to all of the vested Shares within the time specified by the Administrator, the Option shall terminate, and the remaining Shares covered by such Option shall revert to the Plan.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, shall determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock shall be evidenced by an Award Agreement that shall specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, shall determine. Unless the Administrator determines otherwise, Shares of Restricted Stock shall be held by the Company as escrow agent until the restrictions on the Shares have lapsed.



(c) Removal of Restrictions. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Award made under the Plan shall be released from escrow as soon as practical after the last day of the Period of Restriction. The Administrator, in its sole discretion, may accelerate the time at which any restrictions shall lapse or be removed.

(d) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(e) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(f) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed shall revert to the Company and again shall become available for grant under the Plan.

## 9. Stock Appreciation Rights

(a) Grant of SARs. Subject to the terms and conditions of the Plan, a SAR may be granted to Service Providers at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the number of SARs granted to any Service Provider. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan, including the sole discretion to accelerate exercisability at any time.

(b) SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(c) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, as set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Sections 7(f) and 7(g) shall also apply to SARs.

(d) Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the SAR is exercised.

(iii) At the sole discretion of the Administrator, the payment upon the exercise of a SAR may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units and Performance Shares. Subject to the terms and conditions of the Plan, Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as shall be determined by the Administrator in its sole discretion. The Administrator shall have complete discretion in determining the number of Performance Units and Performance Shares granted to each Service Provider.

(b) Value of Performance Units and Performance Shares. Each Performance Unit shall have an initial value established by the Administrator on or before the date of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator shall set Performance Goals or other performance objectives in its sole discretion which, depending on the extent to which they are met, shall determine the number or value of Performance Units and Performance Shares that shall be paid out to the Participant. Each award of Performance Units or Performance Shares shall be evidenced by an Award Agreement that shall specify the Performance Period and such other terms and conditions as the Administrator in its sole discretion shall determine. The Administrator may set Performance Goals or performance objectives based upon the achievement of Company-wide, divisional, or individual goals (including solely continued service), applicable federal or state securities laws, or any other basis determined by the Administrator in its sole discretion.

(d) Earning of Performance Units and Performance Shares. After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares shall be entitled to receive a payout of the number of Performance Units or Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Goals or performance objectives have been achieved. After the grant of Performance Units or Performance Shares, the Administrator, in its sole discretion, may reduce or waive any performance objectives for the Performance Unit or Performance Share.

(e) Form and Timing of Payment of Performance Units and Performance Shares. Payment of earned Performance Units and Performance Shares shall be made after the expiration of the applicable Performance Period at the time determined by the Administrator. The Administrator, in its sole discretion, may pay earned Performance Units and Performance Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units or Performance Shares, as applicable, at the close of the applicable Performance Period) or in a combination of cash and Shares.

(f) Cancellation of Performance Units or Performance Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units and Performance Shares shall be forfeited to the Company, and again shall be available for grant under the Plan.

11. Restricted Stock Units. Restricted Stock Units shall consist of a Restricted Stock, Performance Share or Performance Unit Award that the Administrator, in its sole discretion permits to be paid out in a lump sum, installments or on a deferred basis, in accordance with rules and procedures established by the Administrator

12. Other Stock-Based Awards. Other Stock-Based Awards may be granted either alone, in addition to, or in tandem with, other Awards granted under the Plan and/or cash awards made outside of the Plan. The Administrator shall have authority to determine the Service Providers to whom, and the time or times at which, Other Stock-Based Awards shall be made, the amount of such Other Stock-Based Awards, and all other conditions of the Other Stock-Based Awards, including any dividend or voting rights and whether the Award should be paid in cash.

13. Leaves of Absence. Unless otherwise determined by the Administrator and subject to Applicable Law, vesting of Awards granted under this Plan shall be suspended during any unpaid leave of absence and shall resume on the date the Participant returns to work on a regular schedule as determined by the Company; provided, however, that no vesting credit shall be awarded for the time vesting has been suspended during such leave of absence. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no leave of absence may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not guaranteed by statute or contract, then at the end of three (3) months following the expiration of the leave of absence, any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

14. Nontransferability of Awards. Unless otherwise determined by the Administrator and provided in the applicable Award Agreement (or be amended to provide), no Award shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than by will or applicable laws of descent and distribution or (except in the case of an Incentive Stock Option) pursuant to a qualified domestic relations order, and shall not be subject to execution, attachment, or similar process. If the Administrator makes an Award transferable, such Award shall contain such additional terms and conditions as the Administrator deems appropriate. Upon any attempt to pledge, assign, hypothecate, transfer, or otherwise dispose of any Award or of any right or privilege conferred by this Plan contrary to the provisions hereof, or upon the sale, levy or attachment or similar process upon the rights and privileges conferred by this Plan, such Award shall thereupon terminate and become null and void. Awards may be exercised during the lifetime of the Participant only by the Participant.

15. Adjustments; Dissolution or Liquidation; Change in Control.

(a) Adjustments. In the event of any change in the outstanding Shares of Common Stock by reason of any stock split, stock dividend or other non-recurring dividends or distributions, recapitalization, merger, consolidation, spin-off, combination, repurchase or exchange of stock, reorganization, liquidation, dissolution or other similar corporate transaction that affects the Common Stock, an adjustment shall be made, as the Administrator deems necessary or appropriate, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. Such adjustment may include an adjustment to the number and class of Shares which may be delivered under the Plan, the number, class and price of Shares subject to outstanding Awards, the number and class of Shares issuable pursuant to Options, and the numerical limits in Sections 3 and 6. Notwithstanding the preceding, the number of Shares subject to any Award always shall be a whole number.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator, in its sole discretion, may provide for a Participant to have the right to exercise his or her Award, to the extent applicable, until fifteen (15) days prior to the proposed dissolution or liquidation as to all of the Awarded Stock covered thereby, including Shares as to which the Award would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any Award shall lapse 100%, and that any Award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised or vested, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. This Section 15(c) shall apply except to the extent otherwise provided in the Award Agreement. Upon a Change in Control, it is intended that all outstanding Awards under the Plan will be assumed or replaced by the acquirer, and if the acquirer chooses to not assume or replace such Awards, then all outstanding Awards under the Plan shall automatically vest immediately prior to a Change in Control. The Administrator shall have the sole and unilateral authority, exercisable either in advance of any actual or anticipated Change in Control or at the time of an actual Change in Control, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Change in Control, on such terms and conditions as the Administrator may specify. Additionally, the Administrator shall have the sole and unilateral authority to effectuate the automatic cashout and termination of one or more Awards immediately prior to the Change in Control and without regard to whether the Participant consents to such cashout, provided the payment to the Participant is at the price the Participant would have received had he or she been a shareholder at the time of such Change in Control, and if such Award is an Option or a SAR, such cashout being equal to the positive "spread" (if any) between the price per Share provided in the Change in Control and the Exercise Price per Share (or if a SAR, the Exercise Price per Share as of the Date of Grant), multiplied by the number of Optioned Shares (or if a SAR, the number of underlying units). For avoidance of doubt, if an Award is an Option or a SAR and no positive spread exists pursuant to the foregoing, then such cashout of the Award shall be effectuated with no cash payment to the Participant holding such an Award.

(d) Reservation of Rights. Except as provided in this Section 15 and in the applicable Award Agreement, a Participant shall have no rights by reason of (i) any subdivision or consolidation of Shares or other securities of any class, (ii) the payment of any dividend, or (iii) any other increase or decrease in the number of Shares or other securities of any class. Any issuance by the Company of equity securities of any class, or securities convertible into equity securities of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of Shares. The grant of an Award shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell, or transfer all or any part of its business or assets.

16. Date of Grant. The Date of Grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination to grant the Award, or such other later date as is determined by the Administrator; provided, however, that the Date of Grant of an Incentive Stock Option shall be no earlier than the date on which the Service Provider becomes an Employee. Notice of the determination shall be provided to each participant within reasonable time after the date of such grant.

17. Board and Shareholder Approval; Term of Plan.

(a) Approval by Shareholders. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board. Such approval by shareholders of the Company shall be obtained in the degree and manner required under Applicable Law.

(b) Term of the Plan. Subject to approval by shareholders of the Company in accordance with Section 17(a) hereof, the Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company as described in Section 17(a) hereof. In the event that the shareholders of the Company fail to approve the Plan within twelve (12) months prior to or after its adoption by the Board, any Options that have been granted and any Shares that have been awarded or purchased under the Plan shall be rescinded, and no additional Options shall be granted thereafter. Unless sooner terminated under Section 18 hereof, the Plan shall continue in effect until the date that all Shares issuable under the Plan have been purchased or acquired in accordance with the Plan; provided, however, that in no event may any Options be granted under the Plan more than ten (10) years after the earlier of the date on which the Plan is adopted by the Board or the date on which the Plan is approved by the shareholders of the Company.

18. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend, or terminate the Plan. Notwithstanding the foregoing, the Board shall obtain approval of the shareholders of any Plan amendment if required by Applicable Law.

(b) Effect of Amendment or Termination. No amendment, alteration, suspension, or termination of the Plan shall materially and adversely impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. Notwithstanding the foregoing, or anything in the Plan to the contrary, the Administrator shall have unilateral authority to amend an Award, without Participant consent, to the minimum extent necessary to comply with Section 409A of the Code and such amendment shall not be deemed to materially impair the rights of such Participant.

19. Conditions upon issuance of shares.

(a) Legal Compliance. Notwithstanding any other provision of the Plan or any agreement entered into by the Company or the Bank pursuant to the Plan, neither the Company nor the Bank shall be obligated, and shall have no liability for failure to deliver any Shares under the Plan unless the issuance and delivery of Shares comply with (or are exempt from) all Applicable Law, including, without limitation, the Securities Act, U.S. state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or receipt of an Award, the Company may require the person exercising or receiving the Award to represent and warrant at the time any such exercise or receipt that the Shares are being acquired only for investment purposes and without any present intention to sell, transfer, or distribute the Shares if, in the opinion of counsel for the Company, such representation is required.

(c) Taxes. No Shares shall be delivered under the Plan to any Participant or other person until the Participant or other person has made arrangements as the Administrator may require for the satisfaction of any U.S. federal, state, local or non-U.S. income and employment tax withholding obligations, including without limitation, obligations incident to the receipt of Shares. Upon exercise or vesting of an Award, the Company shall withhold or collect from the Participant an amount sufficient to satisfy such tax obligations, including, but not limited to, by surrender of the whole number of Shares covered by the Award sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of an Award, or such higher withholding limit if applicable under accounting rules without triggering liability classification. Without limiting the generality of the foregoing, upon the exercise or settlement of any Award, the Company or the Bank shall have the right to withhold taxes from any compensation or other amounts that the Bank may owe to the Participant, or to require the Participant to pay to the Company or the Bank the amount of any taxes that the Company or the Bank may be required to withhold with respect to the Shares issued to the Participant.

20. Severability. Notwithstanding any contrary provision of the Plan or an Award to the contrary, if any one or more of the provisions (or any part thereof) of this Plan or the Awards shall be held invalid, illegal, or unenforceable in any respect, such provision shall be modified so as to make it valid, legal, and enforceable, and the validity, legality, and enforceability of the remaining provisions (or any part thereof) of the Plan or Award, as applicable, shall not in any way be affected or impaired thereby.

21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

22. No Rights as a Service Provider. Neither the Plan nor any Award shall confer upon any Participant any right to continue his or her relationship as a Service Provider with the Bank or the Company for any period of specific duration or interfere in any way with his or her right or the right of the Bank or the Company (or any Parent or Subsidiary employing or retaining the Participant), which rights are hereby expressly reserved by each, to terminate such relationship at any time, with or without cause, and with or without notice.

23. Unfunded Obligation. This Section 23 shall only apply to Awards that are not settled in Shares. Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Parent or Subsidiary shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations under this Plan. Any investments or the creation or maintenance of any trust for any Participant account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Parent or Subsidiary and Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of the Company or Parent or Subsidiary. The Participants shall have no claim against the Company or any Parent or Subsidiary for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

24. No Rights to Awards. No Participant, eligible Service Provider, or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of a Service Provider, Participant, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

25. No Stockholder Rights. Except as otherwise provided in an Award Agreement, a Participant shall have none of the rights of a stockholder with respect to Shares covered by an Award until the Participant becomes the record owner of the Shares.

26. Fractional Shares. No fractional Shares shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down as appropriate.

27. Governing Law. The Plan, all Award Agreements, and all related matters, shall be governed by the laws of the State of Louisiana, without regard to choice of law principles that direct the application of the laws of another state.

28. Minimum Regulatory Capital Requirements. Notwithstanding any provision of this Plan or any agreement to the contrary, Awards granted under the Plan will expire or be forfeited, to the extent not exercised or settled, within forty-five (45) days following the receipt of notice from the Company's and/or the Bank's primary federal or state regulator ("**Regulator**") that (i) the Company and/or the Bank has not maintained its minimum capital requirements (as determined by the Regulator); and (ii) the Regulator is requiring termination or forfeiture of the Awards. Upon receipt of such notice from the Regulator, the Company and/or the Bank will promptly notify each Participant that such Awards have become fully exercisable and vested to the full extent of the grant and that the Participant must exercise the Award or the Award must be settled, as applicable, prior to the end of the 45-day period or such earlier period as may be specified by the Regulator or the Participant will forfeit such Awards. In case of forfeiture, no Participant will have a cause of action, of any kind or nature, with respect to the forfeiture against the Company, the Bank or any Parent or Subsidiary. None of the Company, the Bank, or any Parent or Subsidiary will be liable to any Participant due to the failure or inability of the Company and/or the Bank to provide adequate notice to the Participant.

29. Section 409A. It is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A of the Code, unless and to the extent that the Administrator specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The following rules shall apply to Awards intended to be subject to Section 409A of the Code ("**409A Awards**"):

(a) Any distribution of a 409A Award following a separation from service that would be subject to Section 409A(a)(2)(A)(i) of the Code as a distribution following a separation from service of a "specified employee" (as defined under Section 409A(a)(2)(B)(i) of the Code) shall occur no earlier than the expiration of the six-month period following such separation from service.

(b) In the case of a 409A Award providing for distribution or settlement upon vesting or lapse of a risk of forfeiture, if the time of such distribution or settlement is not otherwise specified in the Plan or Award Agreement or other governing document, the distribution or settlement shall be made no later than March 15 of the calendar year following the calendar year in which such 409A Award vested or the risk of forfeiture lapsed.

(c) In the case of any distribution of any other 409A Award, if the timing of such distribution is not otherwise specified in the Plan or Award Agreement or other governing document, the distribution shall be made not later than the end of the calendar year during which the settlement of the 409A Award is specified to occur.

30. Construction. Headings in this Plan are included for convenience and shall not be considered in the interpretation of the Plan. References to sections are to Sections of this Plan unless otherwise indicated. Pronouns shall be construed to include the masculine, feminine, neutral, singular or plural as the identity of the antecedent may require. This Plan shall be construed according to its fair meaning and shall not be strictly construed against the Company.



31. Compensation Recoupment. All compensation and Awards payable or paid under the Plan and any sub-plans shall be subject to the Company's ability to recover incentive-based compensation from executive officers, as is required by the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations or rules promulgated thereunder, or any other "clawback" provision required by Applicable Law or the listing standards of any applicable stock exchange or national market system.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company, acting by and through its duly authorized officer, has executed this Plan on this the 25th day of October, 2018.

**RED RIVER BANCSHARES, INC.**

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

## RED RIVER BANCSHARES, INC.

## 2008 EQUITY INCENTIVE PLAN

**1. Purpose of the Plan**

The purpose of the Plan is to assist the Company and its Subsidiaries in attracting, retaining and motivating valued directors, officers, employees, consultants and other service providers, and to further align their interests with the interests of the Company's stockholders, by providing for or increasing their ownership interests in the Company, and/or providing incentives based on the financial performance of the Company or of one or more of its Subsidiaries.

**2. Definitions**

2.1 "Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. Unless the context requires otherwise, when a specified Person is not referenced, the term "Affiliate" shall refer to Affiliates of the Company and/or its Subsidiaries.

2.2 "Award" means a grant of an Option, Restricted Stock, Restricted Stock Unit, SAR, or Other Stock-Based Award under the Plan.

2.3 "Award Agreement" means the agreement or agreements between the Company and a Participant pursuant to which an Award is granted, and which specifies the terms and conditions of that Award, including the vesting requirements, exercise price, performance criteria, exercise and/or distribution provisions, and forfeiture provisions applicable to that Award.

2.4 "Bank" means Red River Bank, a Louisiana state banking corporation and a wholly-owned subsidiary of the Company.

2.5 "Board" means the Board of Directors of the Company.

2.6 "Cause" shall mean Cause as such term is defined in any employment agreement between the Participant and the Company or its Subsidiaries or Affiliates. If no such agreement or definition exists, "Cause" shall exist with respect to a Participant upon the occurrence of any of the following events: Participant's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, or willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or any final cease-and-desist order.

2.7 "Change in Control" means any of the following events:

(a) 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, as described in Section 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), holds or 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;

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(b) 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, or the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of more than 50% of the combined assets of the Bank or the Company to any corporation, partnership, other entity, person, or group acting in concert, as described in Section 14(d)(2) of the Exchange Act, other than to a wholly-owned subsidiary of the Bank or the Company or to any “affiliate” (as defined in Rule 12b-2 under the Exchange Act) of any of the foregoing; or

(c) individuals who constituted the Board of Directors of the Bank or the Company on April 17, 2008 (together with any new directors whose election by the Board of Directors of the Bank or the Company, as the case may be, or whose nomination for election by the Bank’s or the Company’s stockholders, as applicable, was approved by a vote of at least a majority of the members of the Board of Directors then in office who either were members of the Board of Directors of the Bank or the Company on April 17, 2008, or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors of the Bank or the Company, as the case may be, then in office;

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

(a) 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” (as defined in Rule 12b-2 under the Exchange Act);

(b) 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;

(c) 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

(d) 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.

2.8 “Code” means the Internal Revenue Code of 1986, as amended.

2.9 “Committee” means the Compensation Committee of the Board, or any other committee or subcommittee designated by the Board to administer the Plan. The Committee shall have at least two members and all Committee members, shall be both Non-Employee Directors and Outside Directors.

2.10 “Common Stock” means the Common Stock of the Company, par value \$1.00 per share.

2.11 “Company” means Red River Bancshares, Inc., a Louisiana corporation, or any successor corporation.

2.12 “Director” means a member of the Board.

2.13 “Disability” means that a Participant is unable to engage in any substantial gainful activity (a) by reason 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 12 months; or (b) by reason 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 12 months, is receiving long-term disability income benefits under the Company's or a Subsidiary's then existing long-term disability plan, if any, for a period of not less than three months.

2.14 "Employee" means an individual who is employed as an employee by the Company, a Subsidiary or an Affiliate, including a director who is such an employee.

2.15 "Exercise Price" means the exercise price per share of Common Stock of an Option, or the base value of an SAR.

2.16 "Fair Market Value" means, on any given date, the closing price of a share of Common Stock on the principal national securities exchange (including NASDAQ) on which the Common Stock is listed or traded on such date or, if Common Stock was not traded on such date, on the last preceding day on which the Common Stock was traded. Alternatively, if the Common Stock is not listed on any securities exchange, the Fair Market Value shall be the value of Common Stock as determined in good faith by the Committee, consistent with applicable legal requirements (including, if applicable, the requirements of Code section 409A).

2.17 "Incentive Stock Option" means an Option which is designated as, and is intended to meet the requirements of, an incentive stock option as defined in Code section 422.

2.18 "Named Executive Officer" means a Participant who, as of the last day of a taxable year, is the Chief Executive Officer of the Company (or is acting in such capacity) or one of the four highest compensated officers of the Company (other than the Chief Executive Officer) or is otherwise one of the group of "covered employees," as defined in the regulations promulgated under Code Section 162(m).

2.19 "1934 Act" means the Securities Exchange Act of 1934, as amended.

2.20 "Non-Employee Director" means a member of the Board who meets the definition of a "non-employee director" under Rule 16b-3(b)(3) promulgated by the Securities and Exchange Commission under the 1934 Act.

2.21 "Non-Qualified Option" means an Option that is not intended to be, and/or does not meet the requirements of, an Incentive Stock Option.

2.22 "Option" means any stock option granted from time to time under Section 7 of this Plan. Options granted under the Plan may be Non-Qualified Options or Incentive Stock Options, as determined by the Committee.

2.23 "Other Stock-Based Award" means an equity-based or equity-related Award not otherwise described by the terms of this Plan, granted pursuant to Section 10 of this Plan.

2.24 "Outside Director" means a member of the Board who meets the definition of an "outside director" under Treasury Regulation § 1.162-27(e)(3).

2.25 "Participant" means an eligible individual to whom an Award is granted.

2.26 “Person” means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

2.27 “Plan” means the Red River Bancshares, Inc. 2008 Equity Incentive Plan herein set forth, as amended from time to time.

2.28 “Plan Year” means the twelve-month period beginning January 1 and ending December 31.

2.29 “Restricted Stock” means an Award of Common Stock granted pursuant to Section 6 hereof, subject to a Restriction Period and such other conditions and criteria as the Committee may determine.

2.30 “Restricted Stock Units” means an Award granted pursuant to Section 9 hereof, in the amount determined by the Committee, stated with reference to a specified number of shares of Common Stock, that entitles the Participant to receive shares of Common Stock or cash, upon the lapse of a Restriction Period and/or subject to such other conditions and criteria as the Committee may determine.

2.31 “Restriction Period” means the period during which an Award is subject to forfeiture. A Restriction Period shall not lapse until all conditions, imposed under this Plan or under the applicable Award Agreement, have been satisfied.

2.32 “SAR” means a stock appreciation right granted pursuant to Section 8 hereof, that entitles the Participant to receive an amount of cash or a number of shares of Common Stock equal in value to the amount by which the Fair Market Value of the Common Stock on the last trading day preceding the date of exercise exceeds the Fair Market Value of the Common Stock on the date of grant.

2.33 “Subsidiary” means, with respect to the Company, any corporation, partnership, association or other business entity of which (i) if a corporation, a majority of the overall economic equity or a majority of the total voting power of shares of stock entitled (regardless of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof; or (ii) if a partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is, at the time, owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof.

2.34 “Ten Percent Shareholder” means a person who on any given date owns, either directly or indirectly (taking into account the attribution rules contained in Code section 424(d)), stock possessing 10% or more of the total combined voting power of all classes of stock of the Company or a corporate Subsidiary.

2.35 “Termination Date” means the day on which a Participant’s employment or service with the Company and its Subsidiaries and Affiliates terminates or is terminated.

### **3. Eligibility**

3.1 All Employees and Directors of the Company, its Subsidiaries and its Affiliates are eligible to participate in this Plan. In addition, any other Person that provides services to the Company,

its Subsidiaries or Affiliates is eligible to participate in this Plan. The Committee shall determine, in its sole discretion, the eligible individuals to whom Awards shall be made. The mere status of an individual as an Employee, Director or otherwise, shall not entitle such individual to an Award hereunder; all Awards hereunder shall be approved by the Committee as provided for herein.

#### **4. Administration and Implementation of Plan**

4.1 The Plan shall be administered by the Committee, which shall have full power to interpret and administer the Plan and full authority to take, or cause to be taken, any and all action which it deems necessary to implement, carry out and administer the Plan, including without limitation: (a) selecting the eligible individuals to whom Awards will be granted; (b) determining the amount and type of Awards to be granted to each Participant; (c) determining the terms and conditions of Awards; and (d) determining and interpreting the terms of Award Agreements. Additionally, the Committee may impose restrictions, including without limitation, confidentiality, non-compete and non-solicitation restrictions, on the grant, vesting, exercise and/or payment of any Award, as the Committee determines to be appropriate.

4.2 The Committee shall have the power to adopt procedures for carrying out the Plan and to change such procedures as it shall, from time to time, deem advisable. Any interpretation by the Committee of the terms and provisions of the Plan and the administration thereof, and all actions taken by the Committee, shall be final and binding on all Participants, and any Person claiming any rights through a Participant. Each Participant shall, as a condition to the Participant's participation hereunder, take whatever actions and execute whatever documents the Committee may, in its reasonable judgment, deem necessary or advisable in order to carry out or effect the obligations or restrictions imposed on the Participant pursuant to the provisions of this Plan and/or an Award Agreement.

4.3 The Committee may condition the payment of any Award or the lapse of any Restriction Period (or any combination thereof) upon the achievement of a Performance Goal (defined below) that is established by the Committee. A "Performance Goal" shall mean an objective goal that must be met by the end of the performance period specified by the Committee based upon one or more of the following as applied to the Company, a Subsidiary, an Affiliate or a business unit thereof: (i) total stockholder return, (ii) total stockholder return as compared to total return of a publicly available index, (iii) net income, (iv) pretax earnings, (v) funds from operations, (vi) earnings before interest expense, taxes, depreciation and amortization, (vii) operating margin, (viii) earnings per share, (ix) return on equity, capital, assets and/or investment, (x) operating earnings, (xi) working capital, (xii) ratio of debt to stockholders equity, (xiii) expense reduction or containment, (xiv) revenue, or (xv) such other criteria as may be determined by the Committee in its sole discretion. In addition to the foregoing, a Performance Goal may be the Participant's achievement of a specified period of service with the Company, its Subsidiaries, or its Affiliates. The Committee shall have discretion to determine the specific targets with respect to each of these categories of Performance Goals. Before paying an Award or permitting the lapse of any Restriction Period on an Award subject to this Section, the Committee shall certify in writing that the applicable Performance Goal has been satisfied.

Performance Goals for Awards to Named Executive Officers shall be established not later than ninety (90) days after the beginning of the applicable performance period (or at such other date as may be required or permitted for "performance-based" compensation under Code section 162(m), and shall otherwise meet the requirements of Code section 162(m), including the requirement that the outcome of the Performance Goal be substantially uncertain at the time established.

4.4 To the extent applicable law so permits, the Committee, in its discretion, may delegate to one or more officers of the Company all or part of the Committee's authority and duties with respect to Awards to be granted to individuals who are not Named Executive Officers. The Committee

may revoke or amend the terms of any such delegation at any time, but such action shall not invalidate any prior actions of the Committee's delegate(s) that were consistent with the terms of the Plan and the Committee's prior delegation.

**5. Shares of Stock Subject to the Plan**

5.1 Subject to adjustment as provided in Section 11 hereof, the total number of shares of Common Stock available for Awards under the Plan shall be 100,000.

5.2 Annual Award Limits. The following limits (each an "Annual Award Limit", and collectively, "Annual Award Limits") shall, subject to adjustment as provided in Section 11, apply to grants of Awards under this Plan:

(a) Options: The maximum aggregate number of shares of Common Stock subject to Options which may be granted in any one Plan Year to any one Participant shall be 20,000.

(b) SARs: The maximum aggregate number of shares of Common Stock subject to SARs which may be granted in any one Plan Year to any one Participant shall be 20,000.

(c) Restricted Stock: The maximum aggregate number of shares of Common Stock subject to Awards of Restricted Stock which may be granted in any one Plan Year to any one Participant shall be 20,000.

(d) Restricted Stock Units: The maximum aggregate number of shares of Common Stock subject to Restricted Stock Units which may be granted in any one Plan Year to any one Participant shall be the Fair Market Value (determined on the date of grant) of 20,000 shares of Common Stock.

(e) Other Stock-Based Awards: The maximum aggregate number of shares of Common Stock subject to Other Stock-Based Awards which may be granted in any one Plan Year to any one Participant shall be 20,000.

5.3 Any shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for Awards under this Plan. Any shares issued hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares. If any shares subject to any Award granted hereunder are forfeited or such Award otherwise terminates or is forfeited, the shares subject to such Award, to the extent of any such forfeiture or termination, shall again be available for Awards under this Plan.

5.4 No Option or SAR shall be exercisable, no shares of Common Stock shall be issued, no certificates for shares of Common Stock shall be delivered and no payment shall be made under the Plan, except in compliance with all applicable laws. In this connection, it is intended generally that Awards granted under this Plan shall not constitute "non-qualified deferred compensation" as defined under Code section 409A. If, however, any Award is, or becomes, subject to any of the requirements of Code section 409A, such Award, and the applicable Award Agreement shall be interpreted and administered to be consistent with such requirements, and the Committee shall be entitled, on a unilateral basis, to amend, reform, interpret and administer this Plan, such Award and such Award Agreement accordingly.



## **6. Restricted Stock**

An Award of Restricted Stock shall be subject to the following terms and conditions:

6.1 Each Award of Restricted Stock shall be evidenced by an Award Agreement. Such Award Agreements shall conform to the requirements of the Plan, may contain such terms, conditions and provisions as the Committee shall deem advisable, and need not be uniform among all Awards. At the time of grant of an Award of Restricted Stock, the Committee shall determine the price, if any, to be paid by the Participant for each share of Common Stock subject to the Award, and such price, if any, shall be set forth in the Award Agreement.

6.2 Unless otherwise provided by the Committee, upon determination of the number of shares of Restricted Stock to be granted to the Participant, the Committee shall direct that a certificate or certificates representing that number of shares of Common Stock be issued to the Participant with the Participant designated as the registered owner. The certificate(s) representing such shares shall bear appropriate legends as to sale, transfer, assignment, pledge or other encumbrances to which such shares are subject during the Restriction Period and shall be deposited by the Participant, together with a stock power endorsed in blank, with the Company, to be held in escrow during the Restriction Period.

6.3 Unless otherwise provided in the applicable Award Agreement, during the Restriction Period, the Participant shall have the right to receive the Participant's allocable share of any cash dividends declared and paid by the Company on its Common Stock, and to vote the shares of Restricted Stock.

6.4 The Committee may condition the expiration of the Restriction Period upon: (i) the Participant's continued service over a period of time with the Company, its Subsidiaries or its Affiliates, (ii) the achievement of any other Performance Goals set by the Committee, or (iii) any combination of the above conditions, as specified in the Award Agreement. If the specified conditions are not attained, the Participant shall forfeit the Award, or portion of the Award with respect to which those conditions are not attained, and the underlying Common Stock shall be forfeited. Notwithstanding any provision contained herein to the contrary, the Committee, in its sole discretion, may grant Awards of Restricted Stock that are not subject to any Restriction Period.

6.5 At the end of the Restriction Period, if all applicable conditions have been satisfied, the restrictions imposed hereunder shall lapse with respect to the applicable number of shares of Restricted Stock as determined by the Committee, and any legend described in Section 6.2 that is then no longer applicable, shall be removed and such number of shares shall be delivered to the Participant (or, where appropriate, the Participant's legal representative) as soon as reasonably practical thereafter and, in any event, no later than two and one-half months following the end of the year during which the Restriction Period ends. Subject to Section 4, the Committee may, in its sole discretion, accelerate the vesting and delivery of shares of Restricted Stock.

6.6 At the time of grant or upon the lapse of the Restriction Period of an Award of Restricted Stock, the Committee shall determine the consideration permissible for the payment of the purchase price, if any, of the Award of Restricted Stock. The purchase price per share of Common Stock acquired pursuant to the Award of Restricted Stock shall be paid in one of the following ways: (i) in cash at the time of purchase; (ii) at the discretion of the Committee, and to the extent legally permissible, according to a deferred payment or other similar arrangement with the Participant; (iii) by services rendered or to be rendered to the Company; or (iv) in any other form of legal consideration that may be legally permissible and acceptable to the Committee in its sole discretion.

## 7. Options

Options shall be subject to the following terms and conditions:

7.1 Each Option shall be evidenced by an Award Agreement. Such Award Agreements shall conform to the requirements of the Plan, and may contain such other provisions as the Committee shall deem advisable, including without limitation, specifying the number of shares underlying the Option, the type of the Option, and the Exercise Price of the Option. The terms of Option Awards need not be uniform among all such Awards granted hereunder.

7.2 The Exercise Price of an Option shall be determined by the Committee, however, the Exercise Price per share shall be not less than the Fair Market Value of a share of Common Stock underlying such Option on the date of grant. In the case of any Incentive Stock Option granted to a Ten Percent Shareholder, the Exercise Price per share shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date of grant, including, without limitation, the attainment of specified Performance Goals.

7.3 The Award Agreements evidencing Options shall specify when and under what terms and conditions an Option may be exercisable, including, without limitation, the attainment of specified Performance Goals. The Option shall also expire, be forfeited and terminate at such times and in such circumstances as otherwise provided hereunder and/or under the applicable Award Agreement, including in connection with the attainment of (or failure to attain) specified Performance Goals.

7.4 Incentive Stock Options may only be granted to Employees of the Company or a corporate Subsidiary (provided, however, that solely for this purpose, grants of Incentive Stock Options to an employee of a Subsidiary may only be made if the Company controls at least a majority of the total voting power of such Subsidiary, as determined in accordance with Code section 424 and the regulations thereunder) and may not be granted to Employees of Affiliates (which are not Subsidiaries) or Employees of non-corporate Subsidiaries (or Employees of a Subsidiary where the Company does not control a majority of the voting power in such Subsidiary). The term of an Incentive Stock Option shall in no event be greater than ten years (five years in the case of an Incentive Stock Option granted to a Ten Percent Shareholder). Any Incentive Stock Options, which first become exercisable in any one calendar year that are in excess of the \$100,000 statutory limit shall be treated as Non-Qualified Stock Options, with respect only to such excess. Participants shall notify the Company of any sale or other disposition of shares of Common Stock acquired pursuant to an Incentive Stock Option if such sale or disposition occurs (i) within two years of the grant of an Incentive Stock Option or (ii) within one year of the issuance of shares of Common Stock to the Participant. Such notice shall be in writing and directed to the Secretary of the Company. The Company shall not be liable to any Participant or any other person if the Internal Revenue Service or any court or other authority having jurisdiction over such matter determines for any reason that an Option intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option.

7.5 The total number of shares of Common Stock subject to an Option may, but need not, vest and become exercisable in periodic installments, which such installments may, but need not, be equal. An Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance, the attainment of Performance Goals, or other criteria) as the Committee may deem appropriate. The vesting provisions of individual Options, as provided in the Award Agreement, may vary. Unless otherwise determined by the Committee and provided for in the applicable Award Agreement, no Option shall become exercisable until such Option becomes vested.

7.6 The Participant shall not have any rights as a shareholder with respect to any shares of Common Stock underlying an Option until such time as the shares of Common Stock have been so issued.

7.7 Subject to vesting and other restrictions provided for hereunder or in an Award Agreement, an Option may be exercised, and payment of the Exercise Price made, by a Participant (or, where appropriate, a permitted transferee of the Participant) only by notice (in the form prescribed by the Committee) to the Company specifying the number of shares of Common Stock to be purchased.

7.8 The aggregate Exercise Price shall be paid in full upon the exercise of the Option. Payment must be made by one of the following methods:

- (a) cash or a certified or bank cashier's check;
- (b) if approved by the Committee in its sole discretion, Common Stock previously owned and held for such period of time as necessary to avoid a charge for financial accounting purposes and having an aggregate Fair Market Value on the date of exercise equal to the aggregate Exercise Price; or
- (c) by any combination of such methods of payment or any other legal method acceptable to the Committee in its discretion.

7.9 If a Participant incurs a Termination Date due to death or Disability, any unexercised Option granted to the Participant may thereafter be exercised by the Participant (or, where appropriate, a permitted transferee of the Participant), to the extent it was exercisable as of the Termination Date or on such accelerated basis as the Committee may determine at or after grant, (x) for a period of 12 months from the Termination Date or (y) until the expiration of the original term of the Option, whichever period is shorter. Any portion of the Option that remains unexercised after the expiration of such period, regardless of whether such portion of the Option is vested or unvested, shall terminate and be forfeited with no further compensation due to the Participant.

7.10 Unless otherwise provided by the Committee at or after grant, if a Participant incurs a Termination Date due to Cause, all unexercised Options (whether vested or unvested) awarded to the Participant shall terminate and be forfeited as of the Termination Date with no further compensation due to the Participant.

7.11 If a Participant incurs a Termination Date for any reason, other than as described in Section 7.9 or 7.10 above, any vested unexercised Option granted to the Participant may thereafter be exercised by the Participant (or, where appropriate, a permitted transferee of the Participant), to the extent it was vested and exercisable on the Termination Date or on such accelerated basis as the Committee may determine at or after grant, (x) for a period of 90 days from the Termination Date, or (y) until the expiration of the original term of the Option, whichever period is shorter. Any portion of the Option that remains unexercised after the expiration of such period, regardless of whether such portion of the Option is vested or unvested, shall terminate and be forfeited with no further compensation due to the Participant.

7.12 The Committee may, in its sole discretion, provide that an Option may not be exercised in whole or in part for any period or periods of time specified by the Committee. In the case of an Option not immediately exercisable in full, the Committee may accelerate the time at which all or any part of the Option may be exercised to facilitate a proposed third-party transaction.

## **8. Stock Appreciation Rights**

SARs shall be subject to the following terms and conditions:

8.1 Each Award of an SAR shall be evidenced by an Award Agreement. Such Award Agreements shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable. An SAR may be granted in tandem with all or a portion of a related Option under the Plan (“Tandem SAR”), or may be granted separately (“Freestanding SAR”). A Tandem SAR may be granted either at the time of the grant of the Option or at any time thereafter during the term of the Option and shall be exercisable only to the extent that the related Option is exercisable.

8.2 The base price of a Tandem SAR shall be the Exercise Price of the related Option. The base price of a Freestanding SAR shall be not less than 100% of the Fair Market Value of the Common Stock on the date of grant of the Freestanding SAR.

8.3 For purposes of Section 5.1 and 5.2, an Option and Tandem SAR shall be treated as a single Award. In addition, no Participant may be granted Tandem SARs (under this Plan and all other incentive stock option plans of the Company and its Subsidiaries) that are related to Incentive Stock Options which are first exercisable in any calendar year for shares of Common Stock having an aggregate Fair Market Value (determined as of the date the related Incentive Stock Options are granted) that exceeds \$100,000.

8.4 An SAR shall entitle the Participant to receive from the Company a payment equal to the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the SAR over the base price, multiplied by the number of shares of Common Stock with respect to which the SAR is exercised. Such payment may be in cash or shares of Common Stock as determined by the Committee and provided in the applicable Award Agreement. Upon exercise of a Tandem SAR as to some or all of the shares of Common Stock covered by the grant, the related Option shall be canceled automatically to the extent of the number of shares of Common Stock covered by such exercise, and such shares shall no longer be available for purchase under the Option pursuant to Section 7. Conversely, if the related Option is exercised as to some or all of the shares of Common Stock covered by the grant, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares of Common Stock covered by the Option exercise.

8.5 The Award Agreements evidencing SARs shall specify when and under what terms and conditions a SAR may be exercisable, including, without limitation, the attainment of specified Performance Goals. The SAR shall also expire, be forfeited and terminate at such times and in such circumstances as otherwise provided hereunder and/or under the applicable Award Agreement, including in connection with the attainment of (or failure to attain) specified Performance Goals.

8.6 The total number of shares of Common Stock subject to a SAR, if any, may, but need not, vest and become exercisable in periodic installments, which such installments may, but need not, be equal. A SAR may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance, the attainment of Performance Goals, or other criteria) as the Committee may deem appropriate. The vesting provisions of individual SARs, as provided in the Award Agreement, may vary. Unless otherwise determined by the Committee and provided for in the applicable Award Agreement, no SAR shall become exercisable until such SAR becomes vested.

8.7 The Participant shall not have any rights as a shareholder with respect to any shares of Common Stock underlying a SAR, if any, until such time as the shares of Common Stock have been so issued.

8.8 If a Participant incurs a Termination Date due to death, then the vested portion of any unexercised SAR granted to the Participant shall automatically be deemed to be exercised by the Participant on the date of death and shall be paid to the Participant's executor. All other unvested SARs shall be terminated and be forfeited with no further compensation due to the Participant.

8.9 If a Participant incurs a Termination Date due to Disability, any unexercised SAR granted to the Participant may thereafter be exercised by the Participant (or, where appropriate, a permitted transferee of the Participant), to the extent it was exercisable as of the Termination Date or on such accelerated basis as the Committee may determine at or after grant, (x) for a period of 12 months from the Termination Date or (y) until the expiration of the original term of the SAR, whichever period is shorter. Any portion of the SAR that remains unexercised after the expiration of such period, regardless of whether such portion of the SAR is vested or unvested, shall terminate and be forfeited with no further compensation due to the Participant.

8.10 Unless otherwise provided by the Committee at or after grant, if a Participant incurs a Termination Date due to Cause, all unexercised SARs (whether vested or unvested) awarded to the Participant shall terminate and be forfeited as of the Termination Date with no further compensation due to the Participant.

8.11 If a Participant incurs a Termination Date for any reason, other than as described in Section 8.8 or 8.9 above, any vested unexercised SAR granted to the Participant may thereafter be exercised by the Participant (or, where appropriate, a permitted transferee of the Participant), to the extent it was vested and exercisable on the Termination Date or on such accelerated basis as the Committee may determine at or after grant, (x) for a period of 90 days from the Termination Date, or (y) until the expiration of the original term of the SAR, whichever period is shorter. Any portion of the SAR that remains unexercised after the expiration of such period, regardless of whether such portion of the SAR is vested or unvested, shall terminate and be forfeited with no further compensation due to the Participant.

8.12 The Committee may, in its sole discretion, provide that a SAR may not be exercised in whole or in part for any period or periods of time specified by the Committee. In the case of a SAR not immediately exercisable in full, the Committee may accelerate the time at which all or any part of the SAR may be exercised to facilitate a proposed third-party transaction.

## **9. Restricted Stock Units**

An Award of Restricted Stock Units shall be subject to the following terms and conditions:

9.1 Each Award of a Restricted Stock Unit shall be evidenced by an Award Agreement. Such Award Agreements shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable.

9.2 During the Restriction Period the Participant shall not have any rights as a shareholder with respect to any shares of Common Stock underlying the Restricted Stock Units until such time as the shares of Common Stock have been so issued.

9.3 The Committee may condition the expiration of the Restriction Period with respect to a grant of Restricted Stock Units upon: (i) the Participant's continued service over a period of time with the Company, its Subsidiaries or Affiliates; (ii) the achievement of any other Performance Goals established by the Committee; or (iii) any combination of the above conditions, as specified in the Award Agreement. If the specified conditions are not attained, the Participant shall forfeit the portion of the Award with respect to which those conditions are not attained, and the underlying Common Stock and Award shall be forfeited.

9.4 At the end of the Restriction Period, if all such conditions have been satisfied, the Participant shall be entitled to receive a share of Common Stock for each share underlying the Restricted Stock Unit Award that is then free from restriction, or cash equal to the Fair Market Value of such shares of Common Stock, and such shares or cash shall be delivered to the Participant (or, where appropriate, the Participant's legal representative). Subject to Section 4, the Committee may, in its sole discretion, accelerate the vesting of Restricted Stock Units.

#### **10. Other Stock-Based Awards**

An Other Stock-Based Award shall be subject to the following terms and conditions:

Each Other Stock-Based Award shall be evidenced by an Award Agreement. Such Award Agreements shall conform to the requirements of the Plan and may contain such other provisions as the Committee may deem advisable.

10.2 The applicable Award Agreement shall set forth the amount and nature of such Award, any Restriction Periods applicable to the Award, any Performance Goals applicable to the Award, forfeiture provisions, and any other terms and conditions that the Committee may determine.

10.3 Payment under an Other Stock-Based Award shall be made only by the issuance of shares of Common Stock; provided a fractional share of Common Stock shall not be deliverable when an Other Stock-Based Award is earned, but a cash payment will be made in lieu thereof.

#### **11. Adjustments upon Changes in Capitalization**

11.1 In the event of any material business event or transaction affecting the Common Stock or the capitalization of the Company, including without limitation a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, stock split up, spin-off, or other distribution of stock or property of the Company, combination of shares, exchange of shares, dividend in kind, or other like change in capital structure, distribution or reorganization (other than normal cash dividends or share repurchases, or any similar corporate event or transaction (each a "Material Business Event"), the Committee, in its sole discretion, in order to prevent dilution or enlargement of Participants' rights under this Plan, may substitute or adjust, as applicable, the number and/or kind of shares that may be issued under this Plan or under particular types of Awards, the number and/or kind of shares subject to outstanding Awards, the Exercise Price or grant price applicable to outstanding Awards, the Annual Award Limits, the amount and/or type of payment to be received under Awards, and other value determinations applicable to outstanding Awards.

11.2 Additionally, upon the occurrence of a Material Business Event, the Committee, in its sole discretion, may make appropriate adjustments or modifications in the terms and conditions of any outstanding Awards under this Plan, including modifications of vesting provisions, Performance Goals and Restriction Periods.

11.3 The determination of the occurrence of a Material Business Event, as well as any appropriate adjustments or modifications shall be made in the sole discretion of the Committee, and its determinations, shall be conclusive and binding on all interested parties, including Participants under this Plan.

## **12. Change in Control**

12.1 In the event of a Change in Control, the Committee may, on a Participant-by-Participant basis or on a broader Plan basis, take such action as the Committee, in its sole discretion determines with respect to outstanding Awards. Such action by the Committee may include, without limitation, any one or more of the following:

- (a) accelerate the vesting of outstanding Options and/or SARs issued under the Plan that remain unvested;
- (b) fully vest and/or accelerate the Restriction Period of any Awards;
- (c) terminate or cancel Awards in exchange for cash payments and/or provide limited opportunities to exercise such Awards prior to the effectiveness of such termination or cancellation;
- (d) require that Awards be assumed by the successor entity, or that awards for shares or other interests in the successor entity having equivalent value be substituted for such Awards; or
- (e) take such other action as the Committee shall determine to be reasonable under the circumstances in order to retain the original intent of the Awards.

The application of the foregoing provisions shall be determined by the Committee in its sole discretion. Any adjustment may provide for the elimination of fractional shares of Common Stock in exchange for a cash payment equal to the Fair Market Value of the eliminated fractional shares of Common Stock. Notwithstanding the foregoing provisions, the time for payment of any Award shall not be accelerated, and the exercisability of an Award shall not be extended to the extent such acceleration or extension would be contrary to the requirements of Code section 409A, or result in the imposition of taxation and/or penalties under Code section 409A.

12.2 The judgment of the Committee with respect to any matter referred to in this Section 12 shall be conclusive and binding upon each Participant without the need for any amendment to the Plan.

## **13. Effective Date, Termination and Amendment**

13.1 The Plan is effective on April 17, 2008, the date the Plan was approved by the Board, contingent, however, on approval of the Plan by the Company's shareholders within 12 months of such date. The Plan shall remain in full force and effect until the earlier of December 31, 2018, or the date it is terminated by the Board.

13.2 The Board shall have the power to amend, suspend or terminate the Plan at any time, provided that any such termination of the Plan shall not affect Awards outstanding under the Plan at the time of termination. Notwithstanding the foregoing, an amendment will be contingent on approval of the Company's shareholders, to the extent required by law or by the rules of any stock exchange on which the Company's securities are traded or if the amendment would (i) increase the benefits accruing to Participants under the Plan, including without limitation, any amendment to the Plan or any agreement to permit a repricing or decrease the Exercise Price of any outstanding Options, (ii) increase the aggregate number of shares of Common Stock that may be issued under the Plan, or (iii) modify the requirements as to eligibility for participation in the Plan.

13.3 The Committee may amend any outstanding Award in whole or in part from time to time. Any such amendment which the Committee determines, in its sole discretion, to be necessary or appropriate to conform the Award to, or otherwise satisfy, any legal requirement (including without limitation the provisions of Code sections 162(m) or 409A or the regulations or rulings promulgated thereunder), may be made retroactively or prospectively and without the approval or consent of the Participant. Additionally, the Committee may, without the approval or consent of the Participant, make adjustments in the terms and conditions of an Award in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company in order to prevent the dilution or enlargement of the benefits intended to be made available pursuant to the Award. Other amendments or adjustments to Awards not expressly contemplated in the two preceding sentences may be made by the Committee with the consent of the affected Participant(s).

**14. Transferability**

Awards may not be pledged, assigned or transferred for any reason during the Participant's lifetime, and any attempt to do so shall be void. Notwithstanding the generality of the foregoing, the Committee may (but need not) grant Awards (other than ISOs issued either separately or in conjunction with an SAR) that are transferable by the Participant, during the Participant's lifetime. Any transferee of a Participant shall, in all cases, be subject to the Plan and the provisions of the Award Agreement between the Company and the Participant, and the Committee may, as a condition to any such transfer, require the transferee to execute any and all documentation which the Committee deems necessary or appropriate to evidence the transferee's agreement to this Plan and the Award Agreement.

**15. General Provisions**

15.1 The Committee may postpone any grant, exercise, vesting or payment of an Award for such time as the Committee in its sole discretion may deem necessary in order to permit the Company: (i) to effect, amend or maintain any necessary registration of the Plan or the shares of Common Stock issuable pursuant to the Award under applicable securities laws; (ii) to take any action in order to (A) list such shares of Common Stock or other shares of stock of the Company on a stock exchange if shares of Common Stock or other shares of stock of the Company are not then listed on such exchange, or (B) comply with restrictions or regulations incident to the maintenance of a public market for its shares of Common Stock or other shares of stock of the Company, including any rules or regulations of any stock exchange on which the shares of Common Stock or other shares of stock of the Company are listed; (iii) to determine that such shares of Common Stock in the Plan are exempt from such registration or that no action of the kind referred to in (ii)(B) above needs to be taken; (iv) to comply with any other applicable law, including without limitation, securities and tax laws; or (v) to otherwise comply with any prohibition on such acts or payments during any applicable blackout period. Additionally, the granting, exercise, vesting or payment of an Award shall be postponed during any period that the Company or any Affiliate is prohibited from doing or permitting any of such acts under applicable law, including without limitation, during the course of an investigation of the Company or any Affiliate, or under any contract, loan agreement or covenant or other agreement to which the Company or any Affiliate is a party. The Company shall not be obligated by virtue of any terms and conditions of any Award Agreement or any provision of the Plan to recognize the grant, exercise, vesting or payment of an Award or to grant, sell or issue shares of Common Stock or make any such payments in violation of any law, including any securities or tax laws, or the laws of any government having jurisdiction thereof or any of the provisions hereof. Any such postponement shall not extend the term of the Award, and neither the Company nor its directors and officers nor the Committee shall have any obligation or liability to any Participant or to any other person with respect to shares of Common Stock or payments as to which the Award shall lapse because of such postponement.



15.2 Nothing contained in this Plan, nor any Award granted pursuant to this Plan nor any Award Agreement, shall constitute or create any employment or other relationship, or confer upon any Participant any right to continued employment or service with the Company or any Subsidiary or Affiliate, nor interfere in any way with the right of the Company, a Subsidiary or an Affiliate to terminate the employment or service of any Participant at any time.

15.3 Nothing contained in this Plan, and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Committee, the Company or its Subsidiaries or Affiliates, or their officers or other representatives or the Board, on the one hand, and the Participant, the Company, its Subsidiaries or Affiliates or any other person or entity, on the other.

15.4 For purposes of this Plan, a transfer of employment between the Company, its Subsidiaries and its Affiliates shall not be deemed a termination of employment. Notwithstanding the foregoing, a transfer of employment of a Participant between the Company or its Subsidiaries to an Affiliate or a non-corporate Subsidiary (or a Subsidiary where the Company does not control a majority of the voting power in such Subsidiary) shall be deemed a termination of employment with regard to any Incentive Stock Options (or any Tandem SARs that are related to Incentive Stock Options) that have been granted to such Participant.

15.5 The Company shall indemnify and hold harmless the members of the Committee, the Board, and any delegate thereof, from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person's duties, responsibilities and obligations under the Plan, to the maximum extent permitted by applicable law.

15.6 Participants shall be responsible to make appropriate provision for all taxes required to be withheld in connection with any Award or the transfer of shares of Common Stock pursuant to this Plan. Such responsibility shall extend to all applicable Federal, state, local or foreign withholding taxes. The Company shall have the right to retain from the payment under an Award the number of shares of Common Stock or a portion of the value of such Award equal in value to the amount of any required withholdings.

15.7 To the extent that Federal laws (such as the 1934 Act, the Code or the Employee Retirement Income Security Act of 1974) do not otherwise control, this Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Louisiana and shall be construed accordingly.

Executed effective as of April 17, 2008.

**RED RIVER BANCSHARES, INC.**

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

**RED RIVER BANCSHARES, INC.**  
**RESTRICTED STOCK AWARD AGREEMENT**

This Restricted Stock Award Agreement (“Agreement”), dated as of \_\_\_\_\_, 20\_\_ (“Grant Date”), is entered into by and between Red River Bancshares, Inc., a Louisiana corporation domiciled in Alexandria, Louisiana (“Corporation”), and \_\_\_\_\_ (“Employee”), an employee of Red River Bank, a Louisiana state bank and wholly-owned subsidiary of the Corporation (the “Bank”).

1. Award. Subject to adjustment as set forth in Section 4, the Corporation hereby grants to Employee \_\_\_\_ shares of common stock of the Corporation, which shall be subject to the conditions and restrictions set forth in this Agreement (“Restricted Stock”).

2. Vesting, Forfeiture and Transfer Restrictions. As of the Grant Date, all shares of Restricted Stock granted under this Agreement will be subject to the conditions and restrictions set forth in this Agreement.

(a) Vesting Schedule. Unless earlier vested or forfeited in accordance with this Agreement, the shares of Restricted Stock shall vest annually (and the restrictions on such shares shall lapse) in five equal installments beginning on \_\_\_\_\_, 20\_\_ and ending on \_\_\_\_\_, 20\_\_. When applying the vesting schedule, any fractional shares shall be rounded up to the next whole share, but in the aggregate may not exceed the number of shares of Restricted Stock awarded pursuant to Section 1 of this Agreement. Upon vesting, all restrictions applicable to such shares of Restricted Stock shall lapse, and Employee shall hold the vested shares free of any restrictions.

(b) Accelerated Vesting. All unvested shares of Restricted Stock will immediately become vested (i) upon the involuntary termination of Employee by the Corporation or the Bank, including by reason of death or Disability (as defined in Section 11), but excluding a termination for Good Cause (as defined in Section 11), (ii) upon retirement of Employee if, on the date of retirement, Employee has reached the age of sixty-five (65), or (iii) upon a Change in Control (as defined in Section 11).

(c) Forfeiture. Upon the termination of Employee’s employment by the Corporation or the Bank for Good Cause, as a result of Employee’s resignation, or as a result of Employee’s retirement prior to reaching the age of sixty-five (65), Employee will forfeit all unvested shares of Restricted Stock, without the payment of any consideration by the Corporation or Bank. Upon forfeiture, neither Employee, nor any successors, heirs, assigns, or legal representatives of Employee shall thereafter have any rights or interest in the unvested shares of Restricted Stock or certificates thereof, which shall terminate on the date of forfeiture.

(d) Restrictions on Transfer Before Vesting; Other Rights. Shares of Restricted Stock granted under this Agreement may not be sold, assigned, transferred, pledged or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise, from the Grant Date until such shares have become vested and the restrictions

have lapsed. Any attempt to sell, assign, transfer, pledge or otherwise encumber the unvested shares of Restricted Stock shall be null and void. Except as provided above, Employee shall be entitled as of the Grant Date to all of the other rights of a shareholder with respect to the shares of Restricted Stock awarded under this Agreement, including the right to vote such shares of Restricted Stock and to receive dividends and other distributions (if any) payable with respect to such shares.

3. Certificates for Shares. Certificates evidencing Restricted Stock will be deposited with, and held by, the Corporation for the benefit of Employee until the earlier of the vesting or forfeiture of the Restricted Stock. Unless earlier requested by Employee and subject to Section 5, the Corporation shall issue and deliver to Employee a stock certificate evidencing the vested shares only upon the vesting and/or forfeiture of all shares subject to this Agreement. Upon request by Employee and subject to Section 5, the Corporation shall issue and deliver to Employee a stock certificate or certificates evidencing the vested shares and shall reissue a stock certificate or certificates evidencing any remaining unvested Restricted Stock to be held by the Corporation in accordance with the terms of this Agreement. If any unvested shares of Restricted Stock are forfeited, the certificate or certificates evidencing any such Restricted Stock shall be cancelled, and the shares represented thereby shall be returned to the Corporation's treasury.

4. Change in Capital Structure. In the event that any stock dividend, stock split, recapitalization or other change affecting the outstanding common stock of the Corporation as a class is effected without consideration, then any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) that is by reason of any such transaction distributed with respect to the shares of Restricted Stock that remain unvested will be immediately subject to the provisions of this Agreement in the same manner and to the same extent as the Restricted Stock with respect to which such change was effected.

5. Securities Law Compliance. Employee fully understands that the shares of Restricted Stock granted under this Agreement have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state or other securities laws and, unless so registered, may not be sold, reoffered, assigned, transferred, pledged, encumbered or otherwise disposed of, except pursuant to an offering duly registered or qualified under the Securities Act and any applicable state securities laws, unless in the opinion of counsel for, or counsel satisfactory to, the Corporation, registration or qualification under the Securities Act and any applicable state securities laws is not required. Employee understands that a legend to this effect will be placed on the certificates representing the shares of common stock and that a proper notation will be made in such stock transfer records to ensure against the unauthorized or illegal transfer of the shares of common stock. Employee further understands that Rule 144 under the Securities Act is not available and may not become available in the future.

6. Stock Legend. The Corporation and Employee agree that all certificates representing shares of Restricted Stock that at any time are subject to the provisions of this Agreement will have endorsed upon them in bold-faced type a legend substantially in the following form:

**THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY**

**MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE CORPORATION AND THE INITIAL HOLDER OF THE RESTRICTED STOCK. THE RESTRICTED STOCK AGREEMENT PROVIDES FOR FORFEITURE OF THE STOCK IN CERTAIN CIRCUMSTANCES, AND IMPOSES RESTRICTIONS ON THE TRANSFER OF THESE SHARES. THE RESTRICTED STOCK AGREEMENT IS ON DEPOSIT AT THE PRINCIPAL OFFICE OF THE CORPORATION AND WILL BE FURNISHED BY THE CORPORATION TO THE REGISTERED HOLDER HEREOF UPON WRITTEN REQUEST.**

7. Agreement Not a Service Contract. Nothing in this Agreement shall be construed as constituting a commitment, guarantee, agreement or understanding of any kind or nature that the Corporation or any affiliate of the Corporation (including, without limitation, the Bank) shall continue to employ, retain or engage Employee. This Agreement shall not affect in any way the right of the Corporation or any affiliate of the Corporation (including, without limitation, the Bank) to terminate the employment or engagement of Employee at any time and for any reason whatsoever and to remove Employee from any position with the Corporation or any affiliate of the Corporation. No change of Employee's duties with the Corporation or any affiliate of the Corporation (including, without limitation, the Bank) shall result in a modification of any rights of Employee under Agreement.

8. Taxes. To the extent that the vesting or receipt of Restricted Stock or the lapse of any restrictions results in income to Employee for federal or state tax purposes, Employee shall deliver to the Corporation at the time of such receipt or lapse, as the case may be, such amount of money or shares of common stock of the Corporation received upon vesting of shares of Restricted Stock or other shares of common stock of the Corporation owned by Employee, at Employee's election, as the Corporation may require to meet its obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Corporation is authorized to withhold from the shares of common stock deliverable as a result of the vesting of the Restricted Stock or from any cash or other form of remuneration then or thereafter payable to Employee an amount equivalent to any tax required to be withheld by reason of such resulting compensation income.

9. Section 83(b) Election. Employee acknowledges that, under Section 83 of the Internal Revenue Code of 1986, as amended (“Code”), the difference between the amount paid by Employee for the Restricted Stock, if any (“Grant Price”), and the Fair Market Value (as defined below) of the Restricted Stock at the time any vesting restrictions applicable to such Restricted Stock lapse, is reportable as ordinary income at the time the vesting restrictions lapse. Notwithstanding the preceding, Employee understands that he may elect to be taxed at the time the Restricted Stock is granted hereunder, rather than when and as such Restricted Stock ceases to be subject to such vesting restrictions, by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days after the Grant Date. If the Grant Price equals the Fair Market Value of the Restricted Stock on such date, or if it is likely that the Fair Market Value of the Restricted Stock at the time any vesting restrictions lapse will exceed the Grant Price, the election may avoid adverse tax consequences in the future. Employee understands that the failure to make this filing within said thirty (30) day period will result in the recognition of ordinary income by Employee (in the event the Fair Market Value of the Restricted Stock increases after Grant Date) as of the date the vesting restrictions lapse. Employee acknowledges that (i) it is Employee’s sole responsibility, and not the Corporation’s or the Bank’s, to file a timely election under Section 83(b) and (ii) Employee is not relying on the Corporation or the Bank for advice with respect to the federal income tax consequences associated with the Section 83(b) election or any other matter.

For purposes of this Agreement, unless otherwise determined by the Board of Directors of the Corporation in its sole discretion, “Fair Market Value” means, on any given date, the value of the common stock as determined by the most recent (not older than 12 months) appraisal by an independent, qualified investment banking firm or financial consultant satisfactory to the Board of Directors of the Corporation in its sole discretion, using valuation methodologies that the appraiser deems reasonable. Alternatively, if the common stock of the Corporation is listed on any national securities exchange (including NASDAQ or NYSE), the Fair Market Value shall be the closing price of a share of common stock of the Corporation on the principal national securities exchange on which the common stock is listed or traded on such date or, if such common stock was not traded on such date, on the last preceding day on which the common stock was traded.

10. Notices. Any notice or other communication required or permitted to be made hereunder or by reason of the provisions of this Agreement shall be in writing, duly signed by the party giving such notice or communication and shall be deemed to have been properly delivered if delivered personally or by a recognized overnight courier service, or sent by first-class certified or registered mail, postage prepaid, as follows (or at such other address for a party as shall be specified by like notice): (i) if given to the Corporation, at its principal place of business, and (ii) if to Employee, as set forth on the signature page to this Agreement. Any notice properly given hereunder shall be effective on the date on which it is actually received by the party to whom it was addressed.

11. Definitions. Certain terms used herein have definitions given to them in the first place in which they are used. In addition, the following terms have the meanings set forth in this Section 11:

- (a) “Change in Control” means:

(i) the acquisition by any individual, entity or “group,” within the meaning of section 13(d)(3) or section 14(d)(2) of the Act (other than the current members of the Board of Directors or any of their descendants, the Corporation, or any savings, pension or other benefit plan for the benefit of the employees of the Corporation or subsidiaries thereof) (a “Person”), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of voting securities of the Corporation or the Bank where such acquisition causes any such Person to own fifty percent (50%) or more of the combined voting power of the Corporation’s or the Bank’s then outstanding capital stock then entitled to vote generally in the election of directors;

(ii) within any twelve-month period, the persons who were directors of the Corporation or the Bank immediately before the beginning of the twelve-month period (“Incumbent Directors”) shall cease to constitute at least a majority of the Board of Directors; provided that any individual becoming a director subsequent to the beginning of such twelve-month whose election, or nomination for election by the Corporation’s or the Bank’s shareholders, was approved by at least two-thirds of the directors then comprising the Incumbent Directors shall be considered as though such individual were an Incumbent Director unless such individual’s initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act);

(iii) a reorganization, merger, consolidation or other corporate transaction involving the Corporation or the Bank with respect to which the shareholders of the Corporation or the Bank immediately prior to such transaction do not, immediately after the transaction, own more than fifty percent (50%) of the combined voting power of the reorganized, merged or consolidated company’s then outstanding voting securities;

(iv) the sale, transfer or assignment of all or substantially all of the assets of the Corporation or the Bank to any third party;

(v) a dissolution or liquidation of the Corporation or the Bank; or

(vi) any other transactions or series of related transactions occurring which have substantially the same effect as the transactions specified in clauses (i) – (v), as determined by the board of directors of the Corporation or the Bank.

(b) “Disabled” shall have the meaning set forth in Bank’s long term disability plan or, if Bank has no long term disability plan in effect at the time of Employee’s disability, shall mean that Employee has become physically or mentally incapable (excluding infrequent and temporary absences due to ordinary illness) of performing the essential functions of his duties for a continuous period of six (6) months, as determined by Bank upon the advice of a qualified physician. In the event a dispute arises between Employee and the Bank concerning Employee’s physical or mental ability to continue or return to the performance of his duties, Employee shall submit to examination by a competent independent physician mutually agreeable to both parties. The physician’s opinion as to Employee’s capability to perform his duties will be final and binding.

(c) “Good Cause” means: (i) conviction of, or a plea of *nolo contendere* by, Employee to a felony or to fraud, embezzlement or misappropriation of funds; (ii) the commission of a fraudulent act or omission, willful breach of trust or fiduciary duty, or insider abuse with regard to the Corporation or the Bank; (iii) intentional violation by Employee of any law or regulation applicable to the Corporation or the Bank or any of their officers or directors that has had or is reasonably likely to have an adverse effect on the Corporation or the Bank or any of their officers or directors; (iv) any violation by Employee (regardless whether intentional) of any law or regulation applicable to the Corporation or the Bank or any of their officers or directors that has had or is reasonably likely to have a material adverse effect on the Corporation or the Bank or any of their officers or directors; or (v) the willful failure by Employee, without communication to the Board of Directors before such act, to adhere to the Corporation’s or the Bank’s lawful written policies.

Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by reason of violating (ii), (iii) or (iv) until Employee is notified in writing by the Corporation or the Bank of a determination of a violation of (ii), (iii) or (iv), specifying the particulars thereof in reasonably sufficient detail, and giving Employee a reasonable opportunity (of not less than thirty (30) days), together with his counsel, to explain to the Corporation or the Bank why there has been no violation of (ii), (iii) or (iv), followed by a finding by the Corporation or the Bank (1) that in the good faith opinion of the Corporation or the Bank, Employee had committed an act described in (ii), (iii), or (iv) above, (2) specifying the particulars thereof in detail, and (3) determining that such violation has not been corrected, or is not capable of correction.

12. Governing Law. The validity, construction and effect of this Agreement and any Restricted Stock granted hereunder shall be determined in accordance with the laws of the State of Louisiana.

13. 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, 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, and all other conditions and provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or unenforceable, 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.

14. Waiver. The failure of Employee or the Corporation to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Employee or the Corporation may have under this Agreement shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

15. Interpretation. 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 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. In interpreting this Agreement, the following rules of interpretation shall apply: (i) headings are for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement; (ii) whenever the words “include,” “includes” or “including,” they will be deemed to be followed by the words “without limitation”; (iii) each use of the masculine, neuter or feminine gender will be deemed to include the other genders; (iv) each use of the plural will include the singular and vice versa, in each case as the context requires or as is otherwise appropriate; (v) the word “or” is used in the inclusive sense; (vi) any agreement, instrument or statute defined or referenced means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein; (vii) references to a person are also to its permitted successors or assigns. No provision of this Agreement is to be construed to require, directly or indirectly, any person to take any action, or omit to take any action, which action or omission would violate applicable law (whether statutory or common law), rule or regulation.

16. Entire Agreement. The parties acknowledge that there are no written or oral agreements between Employee and the Corporation regarding the subject matter hereof other than this Agreement. This Agreement may not be amended or supplemented except by written instrument executed by the parties.

17. Successors. This Agreement shall be binding upon Employee, his legal representatives, heirs, legatees, distributees, and shall be binding upon the Corporation and its successors and assigns.

*[Signature Page Follows]*



IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**RED RIVER BANCSHARES, INC.**

a Louisiana corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EMPLOYEE:**

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**INCENTIVE STOCK OPTION AWARD AGREEMENT  
PURSUANT TO  
RED RIVER BANCSHARES, INC.  
2008 EQUITY INCENTIVE PLAN**

Participant: \_\_\_\_\_  
Grant Date: \_\_\_\_\_ (“Grant Date”)

Plan under which Options are Granted: Red River Bancshares, Inc.  
2008 Equity Incentive Plan (“Plan”)

Type of Options: Incentive Stock Options

Number of Shares to which Options are Granted: \_\_\_\_\_

Exercise Price per Share: \_\_\_\_\_

Vesting Schedule: The Options shall become vested in accordance with Schedule 1 hereto.

***CERTAIN EARLY DISPOSITIONS OF SHARES PURCHASED UPON EXERCISE OF THIS OPTION (GENERALLY, SALE OF THE SHARES WITHIN TWO YEARS OF THE GRANT DATE OR WITHIN ONE YEAR OF EXERCISE OF THE OPTION) MAY RESULT IN LOSS OF “INCENTIVE STOCK OPTION” TREATMENT. THE COMPANY RECOMMENDS THAT THE PARTICIPANT CONSULT WITH HIS OR HER PERSONAL TAX ADVISOR PRIOR TO EXERCISING ANY OPTIONS.***

IN WITNESS WHEREOF, the Company has executed and made effective this Option as of the Grant Date.

RED RIVER BANCSHARES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

PARTICIPANT

\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**TERMS AND CONDITIONS  
TO THE INCENTIVE STOCK OPTION AWARD  
PURSUANT TO  
RED RIVER BANCSHARES, INC.  
2008 EQUITY INCENTIVE PLAN**

1. Grant of the Option. The Company hereby grants to the Participant the right and option (“Option”) to purchase the aggregate number of shares of common stock (“Stock”), no par value per share, of Red River Bancshares, Inc. (the “Company”) as set forth on page 1 (such number being subject to adjustment as provided herein) on the terms and conditions set forth in this Agreement and the Plan. Once vested, the Option awarded under this Agreement may be exercised in whole at any time or in part from time to time, subject to the terms and conditions of this Agreement and the Plan. The Option granted under this Agreement is intended to qualify as an “incentive stock option” under section 422 of the Internal Revenue Code of 1986, as amended (“Code”), and shall be so construed. The Participant shall have no obligation to exercise any Option granted by this Agreement.

2. Exercise Price. The price per share at which the Participant shall be entitled to purchase shares of Stock upon the exercise of this Option shall be the Exercise Price per Share set forth on page 1, subject to adjustment as provided in Paragraph 11 (“Exercise Price”), which Exercise Price shall be not less than the Fair Market Value of a share of Stock on the date that the Option is granted and, with respect to a Ten Percent Shareholder (as defined in the Plan), not less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the date that the Option is granted.

3. Vesting and Term of the Option.

(a) General. The right to exercise the Option shall vest in the hands of the Participant as provided for on Schedule 1 of this Agreement. Shares for which Options have vested shall be referred to as “Vested Shares.” Shares for which Options have not vested shall be referred to as “Nonvested Shares.” The respective numbers of Vested Shares and Nonvested Shares shall adjust proportionately in accordance with any adjustments made pursuant to Paragraph 11 of this Agreement. In addition, shares may become Vested Shares in accordance with Paragraphs 8 and 14.

(b) Exercisable for Whole Vested Shares Only. Subject to the relevant provisions and limitations contained herein, the Participant may exercise the Option to purchase all or part of whole Vested Shares. In no event shall the Participant be entitled to exercise the Option with respect to Nonvested Shares or a fraction of a Vested Share.

(c) Expiration. Notwithstanding any other provision contained herein to the contrary, the unexercised portion of the Option(s), if any, will automatically and without notice expire upon the earliest of: (i) ten (10) years following the Grant Date and, in the case of a Ten Percent Shareholder, not more than five (5) years from the Grant Date and (ii) the date determined pursuant to Paragraph 8 of this Agreement (“Expiration Date”). An Option will cease to be exercisable with respect to a share of Stock when the Participant purchases the share.

4. Method of Exercising Option.

(a) Subject to the provisions provided herein or incorporated by reference, the Participant may exercise the Option at any time on or prior to the Expiration Date with respect to all or any part of the Vested Shares by delivering to the Company, at its principal place of business, a written notice of exercise in substantially the form attached hereto as Exhibit A, accompanied by payment to the Company of the Exercise Price multiplied by the number of Vested Shares then being purchased.

(b) The notice of exercise must be signed by the Participant; provided however, that if the Option is being exercised by a person or persons other than the Participant pursuant to Paragraph 8, the notice of exercise must be signed by such other person or persons and must be accompanied by proof acceptable to the Company of the legal right of such person or persons to exercise the Option.

(c) Upon acceptance of such notice and receipt of payment in full of the purchase price for the shares of Stock for which the Option is being exercised, the Company shall issue (or cause to be issued) a certificate evidencing the shares of Stock acquired as a result of the exercise of the Option. In the event that the exercise of the Option is treated in part as the exercise of an Incentive Stock Option and in part as the exercise of a Non-Qualified Option in accordance with Paragraph 15, the Company shall issue a certificate evidencing the shares of Stock treated as acquired upon the exercise of an Incentive Stock Option and a separate certificate evidencing the shares of Stock treated as acquired upon the exercise of a Non-Qualified Option, and shall identify each such certificate accordingly in its stock transfer records.

(d) No purported exercise of an Option shall be effective and no shares of Stock shall be issued to the Participant upon exercise of the Option until: (i) the Exercise Price for the shares of Stock being purchased is paid in full in the manner provided in this Agreement; (ii) all applicable taxes required to be withheld have been paid in full; and (iii) the approvals, if any, of all governmental authorities required in connection with the Option, or the issuance of Shares pursuant to this Agreement, have been received by the Company.

5. Method of Payment for Options. The Exercise Price shall be payable either in (i) United States dollars in cash or by check, bank draft, money order or wire transfer of good funds payable to the Company; (ii) by delivery of shares of Stock owned by the Participant prior to the date of exercise; or (iii) by a combination of (i) and (ii). The Participant may also pay the Exercise Price by delivering with the written notice of exercise irrevocable instructions to a broker approved by the Committee to promptly deliver to the Company the amount of the sale or loan proceeds to pay the Exercise Price.

6. Tax Withholding. As a condition to the exercise of this Option, the Company shall have the right to require that the Participant (or the recipient of any shares of Stock) remit to the Company an amount calculated by the Company to be sufficient to satisfy applicable federal, state, foreign or local withholding tax requirements (or make other arrangements satisfactory to the Company with regard to such taxes) prior to the delivery of any certificate evidencing shares of Stock. If permitted by the Company, either at the time of the grant of the Option or in connection with its exercise, the Participant may satisfy applicable withholding tax requirements by delivering a number of whole shares of Stock owned by the Participant for at least six (6) months prior to the date of exercise and having a Fair Market Value (determined on the date that the amount of tax to be withheld is to be fixed) at least equal to the aggregate amount required to be withheld.

7. Notice of Disposition. As a condition to the exercise of this Option, the Participant agrees to inform the Company promptly of any disposition (within the meaning of section 424(c) of the Code and the regulations thereunder) of Stock received upon exercise of the Option.

8. Termination of Employment.

(a) Death. Upon the death of the Participant, any and all Options granted to the Participant pursuant to this Agreement that are Nonvested Shares as of the date of the Participant's death shall expire as of the date of the Participant's death, and all Options held by the Participant that are Vested Shares as of the date of the Participant's death may be exercised only by the Participant's legal representatives, heirs, legatees, or distributees and only within a period of twelve (12) months following the date of the Participant's death, after which time the Options shall expire.

(b) Disability. If the Participant ceases to be an employee of the Company during the term of this Option by reason of the Participant's disability (as defined in section 22(e)(3) of the Code), any and all Options granted to the Participant pursuant to this Agreement that are Nonvested Shares as of the date that the Participant ceases to be an employee shall expire as of such termination date; provided, however, that the Options held by the Participant that are exercisable as of the date that the Participant ceases to be an employee may be exercised only by the Participant or his guardian or legal representative and must be exercised within a period of twelve (12) months following the date that the Participant ceases to be an employee, after which time the Options shall expire unless the Participant dies during such period, in which event the provisions of Paragraph 8(a) shall govern.

(c) Resignation. Upon the resignation by the Participant as an employee of the Company during the term of this Option, any and all Options evidenced by this Agreement that are Nonvested Shares as of the date that the Participant's resignation becomes effective shall expire immediately upon the effectiveness thereof; and any and all Options evidenced by this Agreement that are Vested Shares as of the date that the Participant's resignation becomes effective shall be exercisable for the period of time not to extend beyond the remainder of the term of the Option or three months from the date that the Participant's resignation becomes effective, whichever is earlier. Any Option or portion thereof not exercised prior to such date shall expire at such time unless the Participant dies during such period, in which case the provisions of Paragraph 8(a) shall govern.

(d) Termination by the Company. If the Participant's employment with the Company is terminated by the Company during the term of this Option (other than as a result of Participant's death, disability or resignation or for Cause), any and all Vested Shares shall be exercisable for the period of time not to extend beyond the remainder of the term of the Option or three months from the date of termination, whichever is earlier. Any Option or portion thereof not exercised prior to such date shall expire at such time unless the Participant dies during such period, in which case the provisions of Paragraph 8(a) shall govern. Notwithstanding the foregoing, if the Participant's employment with the Company is terminated by the Company for Cause (as defined in the Plan), the unexercised portion of this Option shall become null and void on the date of such termination.

9. Nontransferability. The Option evidenced by this Agreement is nontransferable other than by will or the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant (or in the event of his disability (as defined in section 22(e)(3) of the Code), by his guardian or legal representative) and after his death, only by the Participant's legal representatives, heirs, legatees, or distributees.

10. Special Limitation on Exercise. Notwithstanding anything herein to the contrary, no purported exercise of this Option shall be effective without the approval of the Committee, which shall be a condition to the exercise of this Option and may be withheld to the extent that the exercise, either individually or in the aggregate together with the exercise of other previously exercised stock options and/or offers and sales pursuant to any prior or contemplated offering of securities, would, in the sole and absolute judgment of the Committee, require the filing of a registration statement with the United States Securities and Exchange Commission or with the securities commission of any state. If a registration statement is not in effect under the Securities Act of 1933 or any applicable state securities law with respect to the shares of Stock purchasable or otherwise deliverable under the Option, the Participant (i) shall deliver to the Company, prior to the exercise of the Option or as a condition to the delivery of Stock pursuant to the exercise of the Option, such information, representations and warranties as the Company may reasonably request in order for the Company to be able to satisfy itself that the shares of Stock are being acquired in accordance with the terms of an applicable exemption from the securities registration requirements of applicable federal and state securities laws and (ii) shall agree that the shares of Stock so acquired will not be disposed of except pursuant to an effective registration statement, unless the Company shall have received an opinion of counsel that such disposition is exempt from such requirement under the Securities Act of 1933 and any applicable state securities law.

11. Adjustments on Changes in Shares. In the event of any change in the outstanding shares of Stock by reason of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, reverse stock split, spinoff, combination or exchange of shares or other corporate change, the Committee, in its sole discretion, may make such substitution or adjustment, if any, as it deems to be equitable or appropriate, as to (i) the number or kind of shares subject to the Option; (ii) subject to the limitation contained in Paragraph 16, the Exercise Price applicable to the Option; (iii) any measure of performance that relates to the Option in order to reflect such change in the Stock and/or (iv) any other affected terms of the Option.

12. Amendment and Termination. Subject to the terms and provisions of the Plan, this Agreement may be amended or terminated only by a written agreement executed by the Company and the Participant. The amendment or termination of the Plan shall not operate to modify the terms and conditions of this Agreement or any Option evidenced by this Agreement without the Participant's consent, and, notwithstanding the termination of the Plan, such Agreement and Option shall be construed in accordance with the substantive provisions of the Plan as necessary to give effect to this Agreement or any Option still in existence.

13. Legend on Stock Certificates. Certificates evidencing the shares of Stock issued upon exercise of an Option, to the extent appropriate at the time, shall have noted conspicuously on the certificates a legend intended to give all persons full notice of the existence of the conditions, restrictions, rights and obligations set forth herein and in the Plan.

14. Change in Control. Notwithstanding any provision of this Agreement to the contrary, in the event of a Change in Control (as defined in the Plan) or an agreement to effect a Change in Control, all Nonvested Shares shall become fully exercisable Vested Shares to the full extent of the unexercised portion of the original grant.

15. Qualified Status of Option. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any employee during any calendar year (under all plans of the Company) exceeds \$100,000, that portion shall be treated as a non-statutory stock option. For purposes of this section, Options shall be taken into account in the order in which they were granted.

16. Repricing. The Committee shall not, without the further approval of the Board of Directors, (i) authorize the amendment of this Option to reduce the Exercise Price of this Option or (ii) grant a replacement Option upon the surrender and cancellation of this Option for the purpose of reducing the Exercise Price of this Option. Nothing contained in this section shall affect the right of the Committee to make any adjustment permitted under Paragraph 11.

17. No Rights as a Shareholder. Notwithstanding the exercise of an Option, a Participant shall have no rights as a shareholder with respect to shares covered by an Option until the date the certificates evidencing the shares of Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for dividends or other rights the record date for which is prior to the date of issuance. Upon issuance of the certificates evidencing the shares of Stock acquired upon exercise of an Option, such shares of Stock shall be deemed to be transferred for purposes of section 421 of the Code and the regulations promulgated thereunder.

18. Interpretation. When a reference is made in this Agreement to a Paragraph, Exhibit or Schedule, such reference will be to a Paragraph of, or Exhibit or Schedule to, 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 or any Option. Whenever the words “include,” “includes” or “including” are used in this Agreement, they will 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 will 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 will be deemed to include the other genders. Each use herein of the plural will 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, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors or assigns. No provision of this Agreement is to be construed to require, directly or indirectly, any person to take any action, or omit to take any action, which action or omission would violate applicable law (whether statutory or common law), rule or regulation.

19. Governing Law. The validity, construction and effect of this Agreement and any Option granted hereunder shall be determined in accordance with the laws of the State of Louisiana, without reference to the laws that might otherwise govern under applicable principles of conflicts of law.

20. Notices. Any notice or other communication required or permitted to be made hereunder or by reason of the provisions of this Agreement shall be in writing, duly signed by the party giving such notice or communication and shall be deemed to have been properly delivered if delivered personally or by a recognized overnight courier service, or sent by first-class certified or registered mail, postage prepaid, as follows (or at such other address for a party as shall be specified by like notice): (i) if given to the Company, at its principal place of business, and (ii) if to the Participant, at the address set forth on page 1. Any notice properly given hereunder shall be effective on the date on which it is actually received by the party to whom it was addressed; provided however, that for a notice of exercise to be effective, such notice must be in conformity with the Plan and this Agreement, as reasonably determined by the Committee, in its discretion.

21. Entire Agreement. Subject to the terms and conditions of the Plan, this Agreement sets forth the entire agreement and understanding of the parties with regard to the Options granted hereby and supersedes all prior agreements, arrangements and understandings relating to the subject matter hereof.

22. Incorporation By Reference; Relationship to Plan. This Agreement is being executed and delivered pursuant to the Plan, all of the terms of which are incorporated by reference into, and made a part of, this Agreement. To the extent not specifically provided in this Agreement or otherwise required by context, all capitalized terms used in this Agreement but not defined herein shall have the same meanings ascribed to them in the Plan. In the event of an irreconcilable conflict between the terms of the Plan and this Agreement, the terms of the Plan shall prevail. The Company shall provide a copy of the Plan to the Participant upon written request to the Company at its principal place of business. By the execution of this Agreement, the Participant acknowledges this Agreement and the Options are subject to the terms and conditions of the Plan.



**EXHIBIT A**

**NOTICE OF EXERCISE OF  
STOCK OPTION TO PURCHASE  
COMMON STOCK OF  
RED RIVER BANCSHARES, INC.**

Participant Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

Red River Bancshares, Inc.  
P.O. Box 12598  
Alexandria, Louisiana 71315-2598  
Attn: President and Chief Executive Officer

Re: Exercise of Incentive Stock Option

Gentlemen:

Pursuant to the provisions of the Red River Bancshares, Inc. 2008 Equity Incentive Plan ("Plan"), I hereby give notice to Red River Bancshares, Inc., a Louisiana corporation (the "Company") of my election to exercise options granted to me to purchase \_\_\_\_\_ shares of common stock of the Company under the Incentive Stock Option Award Agreement ("Agreement") dated as of \_\_\_\_\_. The purchase shall take place as of \_\_\_\_\_, \_\_\_\_ ("Exercise Date"). All capitalized terms used, but not otherwise defined, herein shall have the meanings given them in the Agreement.

On or before the Exercise Date, I will pay the applicable purchase price as follows:

- [ ] by delivery of cash or check, bank draft, money order or wire transfer of good funds payable to the Company in the amount of \$\_\_\_\_\_, which amount represents the full purchase price of the shares of Stock to be issued upon exercise hereof.
- [ ] if permitted by the Committee, and upon any such conditions imposed by the Committee, by delivery of \_\_\_\_\_ whole shares of Stock owned by me prior to the Exercise Date.
- [ ] by delivery of cash or check, bank draft, money order or wire transfer of good funds payable to the Company in the amount of \$\_\_\_\_\_, which amount represents a portion of the purchase price of the shares of Stock to be issued upon exercise hereof and, if permitted by the Committee, and upon any such conditions imposed by the Committee, by delivery of \_\_\_\_\_ shares of Stock owned by me prior to the Exercise Date.

[ ] by delivery of cash or check, bank draft, money order or wire transfer of good funds payable to the Company in the amount of \$\_\_\_\_\_, which amount represents the full purchase price of the shares of Stock to be issued upon exercise hereof by my broker that has been approved by the Company's Compensation Committee.

The required federal, state, foreign and local income tax withholding obligations, if any, on the exercise of the Option shall be satisfied on or before the Exercise Date in the manner provided in the Agreement. As soon as the stock certificate is registered in my name, please deliver it to me at address set forth above.

Unless the shares to be issued upon the exercise of the Option evidenced by this notice are registered for issuance to and resale by me pursuant to an effective registration statement on Form S-8 (or successor form) filed under the Securities Act of 1933, as amended ("Securities Act"), I hereby represent, warrant, covenant, and agree with the Company as follows:

1. The shares of Stock being acquired by me will be acquired for my own account without the participation of any other person, with the intent of holding the Stock for investment and without the intent of participating, directly or indirectly, in a distribution of the Stock and not with a view to, or for resale in connection with, any distribution of the Stock, nor am I aware of the existence of any distribution of the Stock.

2. I am not acquiring the Stock based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Stock but rather upon an independent examination and judgment as to the prospects of the Company.

3. The Stock was not offered to me by means of publicly disseminated advertisements or sales literature, nor am I aware of any offers made to other persons by such means.

4. I am able to bear the economic risks of the investment in the Stock, including the risk of a complete loss of my investment therein.

5. I understand and agree that the Stock will be issued and sold to me without registration under any federal or state law relating to the registration of securities for sale, and will be issued and sold in reliance on the exemptions from registration under federal and applicable state securities laws.

6. The Stock cannot be offered for sale, sold or transferred by me other than pursuant to an effective registration under the Securities Act or in a transaction otherwise in compliance with the Securities Act and evidence satisfactory to the Company of compliance with the applicable securities laws of other jurisdictions. The Company shall be entitled to rely upon an opinion of counsel satisfactory to it with respect to compliance with the above laws.

7. The Company will be under no obligation to register the Stock or to comply with any exemption available for sale of the Stock without registration or filing, and the information or conditions necessary to permit routine sales of securities of the Company under Rule 144 under the Securities Act are not now available and no assurance has been given that it or they will become available. The Company is under no obligation to act in any manner so as to make Rule 144 available with respect to the Stock.

8. I have had complete access to and the opportunity to review and make copies of all material documents related to the business of the Company, including, but not limited to, contracts, financial statements, tax returns, leases, deeds and other books and records. I have examined such of these documents as I wished and am familiar with the business and affairs of the Company. I realize that the purchase of the Stock is a speculative investment.

9. I have had the opportunity to ask questions of and receive answers from the Company and any person acting on its behalf and to obtain all material information reasonably available with respect to the Company and its affairs. I have received all information and data with respect to the Company which I have requested and which I have deemed relevant in connection with the evaluation of the merits and risks of my investment in the Company.

10. I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of the purchase of the Stock hereunder and I am able to bear the economic risk of such purchase.

11. The agreements, representations, warranties and covenants made by me herein extend to and apply to all of the Stock issued to me pursuant to the Agreement, and the Company is entitled to rely on these agreements, representations, warranties and covenants in issuing the shares of Stock upon the exercise of the Option evidenced by this notice. Acceptance by me of the certificate representing such Stock shall constitute a confirmation by me that all such agreements, representations, warranties and covenants made herein shall be true and correct at that time.

Very truly yours,

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AGREED TO AND ACCEPTED:

**RED RIVER BANCSHARES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE 1**

**VESTING SCHEDULE**

**INCENTIVE STOCK OPTION AWARD ISSUED PURSUANT TO THE  
RED RIVER BANCSHARES, INC.  
2008 EQUITY INCENTIVE PLAN**

Except as otherwise expressly provided in the Agreement, the Options shall become Vested Shares in accordance with the following schedule:

<u>Date</u>	<u>Number of Vested Shares</u>
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**SUMMARY PLAN DESCRIPTION**

- Plan Name: Red River Bank Discretionary Incentive Bonus Plan
- Plan Year: Calendar Year
- Bonus Accrual: The maximum amount which can be accrued for bonus payments is set annually by the Bank Compensation Committee.
- Participants: All Employees are eligible for participation in the plan, with the exception of Tellers and Personal Bankers. Tellers and Personal Bankers participate in the Relationship Building Retail Incentive Plan. Head Tellers are included in the Discretionary Incentive Bonus Plan.
- Generally, the Employee must be employed no later than June 30 of the Plan Year in order to participate. Exceptions may be made with approval of senior management.
- Determination of Bonus Payments: The following criteria will be used by managers to determine annual bonus payments:
- Employee performance.
  - Portfolio credit quality will be examined for Lenders.
- Bonus payments are discretionary in nature and are subject to change each year. Department managers are allocated a pool of funds available for distribution under the plan. Department managers provide a proposed distribution schedule to Human Resources. Human Resources and the President/ CEO review the proposed distributions, make changes, and approve pending final review by the Bank Compensation Committee. The Bank Compensation Committee reviews and approves any bonus payments under the plan at their Spring meeting. They also set the bonus payment amount for the President / CEO at the Spring meeting.
- Payments made: Target date for payment is no later than March 31 following end of Plan Year.

**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made effective as of April 1, 2014 (the "Effective Date"), by and between RED RIVER BANK (the "Bank") and R. BLAKE CHATELAIN, a resident of Rapides Parish, Louisiana ("Executive") (the signatories to this Agreement will be referred to jointly as the "Parties").

**WITNESSETH:**

**WHEREAS**, the Bank is a wholly-owned subsidiary of Red River Bancshares, Inc. (the "Company");

**WHEREAS**, the Bank has agreed 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.

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(a) Base Salary. Upon the Effective Date, Executive's annual base salary shall be \$266,631 ("Base Salary"). Commencing on the date that is 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. The Bank shall have the right to deduct from any payment of all 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.

(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.

(c) Participation in Employee Benefit Programs. During the Term of Employment, Executive shall be entitled to participate in any benefit programs, including 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 the underlying expense was incurred by the Executive, and the amount of expenses eligible for reimbursement during any year may not affect the expenses eligible for reimbursement in any other year.

(e) Vehicle Allowance. During the Term of Employment, the Bank shall pay or reimburse Executive in the amount of \$850 per month, for the purchase or lease of a vehicle for Executive's transportation to and from the offices of the Bank and for use in engaging in activities in the name of or for the benefit of the Bank (the "Vehicle Allowance"). Commencing on the date that is 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 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.

(h) Payment of Accrued Benefits Upon Termination.

(i) If Executive's employment is terminated, the Bank shall, within thirty (30) days following such termination, pay to Executive or his estate the Accrued Benefits (as defined in Section 24) earned or accrued as of the date of termination and any benefits payable under the benefit plans referred in Section 3(c). 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).

(ii) No termination under Section 5 shall terminate or adversely affect any rights of Executive then vested under any disability or other benefit program of the Bank.

(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 cause under Section 5(e), or (iii) Executive's termination following a Change in Control under Section 5(f), the Bank shall pay to Executive a cash lump sum payment equal to the product of (x) Executive's monthly Base Salary in effect immediately prior to such termination or resignation multiplied by (y) the number of months remaining in the Term of Employment determined immediately prior to such termination or resignation ("Severance Payment"). The Severance Payment shall be made within thirty (30) days following termination; 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 (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. After the 30<sup>th</sup> day following the termination of employment or resignation, the outstanding Severance Payment (if any) shall, until paid, bear interest per annum at the prime lending rate as published in *The Wall Street Journal* on the 31<sup>st</sup> day following the end of the Term 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 or expiration 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), or (iv) Executive's resignation for cause under Section 5(e), the Bank shall provide the following:



(i) The Bank shall continue to provide medical benefits to Executive and make available medical benefits to each of Executive's dependents (through the periods described below) similar to those available prior to the date of termination of Executive's employment consistent with the Bank's program and policy for all executives. However, in the event the premium cost and/or level of coverage shall change for all employees of the Bank, the cost and/or coverage level, likewise, shall change for Executive in a corresponding manner. Such benefits shall be provided to Executive and each of his dependents until the earlier (determined separately as to Executive and each dependent) of (1) Executive's or a dependent's coverage under Medicare Part B, (2) the date on which any of a dependent ceases to be a dependent as defined under the Bank's group medical plan, (3) the date on which Executive or a dependent is covered under a group plan maintained by another employer that provides substantially similar benefits with no applicable preexisting condition limitations, or (4) the end of the otherwise applicable COBRA period; and

(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.

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)(i) and Section 4(b).

(b) Disability.

(i) The Bank may terminate this Agreement 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" shall have the meaning set forth in the Bank's long term disability plan or, if the Bank has no long term disability plan in effect at the time of Executive's disability, shall mean that Executive has become physically or mentally incapable (excluding infrequent and temporary absences due to ordinary illness) of performing the essential functions of his duties under this Agreement for a continuous period of six (6) months, as determined by the Bank upon the advice of a qualified physician. In the event a dispute arises between Executive and the Bank 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. During any period prior to termination during which Executive fails to perform his duties as a result of incapacity due to physical or mental illness, Executive shall continue to receive his full salary at the rate then in effect for such period until his employment terminates pursuant to this Section 5(b)(i), provided that payments so made to Executive during such period shall be reduced by the sum of the amounts, if any, payable to Executive under any disability benefit plans of the Bank that were not previously applied to reduce such payment. This provision is not intended to affect or impair any rights Executive may have under the Americans With Disabilities Act or other applicable law.

(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)(i) 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 this Agreement 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 the occurrence of any of the following events: Executive's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or any final cease-and-desist order, or a material breach of any provision of this Agreement that is not cured by Executive within thirty (30) days following receipt of notice of such breach from the Bank. 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)(i).

(d) Discharge without Cause.

(i) At any time during the Term of Employment, the Bank shall be entitled to terminate Executive's employment and this Agreement "without cause," by providing him with a written notice of termination. Any termination of this Agreement 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 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)(i) and Section 4.

(e) Resignation for Cause.

(i) At any time during the Term of Employment, Executive may resign for cause and terminate this Agreement by delivering to the Bank a written notice of resignation. The notice of resignation shall set forth the reasons for Executive's resignation for cause. For purposes of this Agreement, "resignation for cause" 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 occurrence of any of the events described above, Executive shall give the Bank written notice that such event constitutes cause for resignation and the Bank shall thereafter have thirty (30) days in which to cure such an occurrence (except in the case of resignation following a Change in Control). If the Bank has not cured such an occurrence within the 30-day period, the event shall constitute grounds for "resignation for cause."

(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)(i) and Section 4.

(f) Resignation upon a Change in Control.

(i) At any time within twelve (12) months following a Change in Control, Executive may, in his sole discretion, resign for any reason or no reason by delivering to the Bank a written notice of resignation.

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

(g) Resignation without Cause.

(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 cause, as defined above in Section 5(e), shall be deemed to be a resignation without cause. In lieu of having Executive work for the Bank through the effective date of the resignation without cause, the Bank may terminate this Agreement immediately; provided, however, that the Bank shall still pay Executive amounts to which 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)(i).

(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)(i).

6. 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 this Agreement 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.

7. 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.

8. Independent Covenants. Executive acknowledges that the covenants set forth in Section 6 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 6, 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 6. In addition, Executive's obligations under Section 6 shall survive the termination of this Agreement and Executive's employment with the Bank. Executive's obligations under Section 6 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.

9. Remedies.

(a) In the event that Executive violates any of the provisions set forth in Section 6 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 6 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 6 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.

10. Notification of Prospective Employment. If 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 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.

16. 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.**

17. 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.

18. 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.

19. Survival of Covenants. The provisions of Sections 3-9, 11, 14 and 16 of this Agreement shall survive the termination of 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.

20. 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.

21. Restrictions Upon Funding. The Bank shall have no obligation to set aside, earmark or entrust any fund or money with which to pay its obligations under this Agreement. Executive or any successor-in-interest to Executive shall be and remain simply a general creditor of the Bank in the same manner as any other creditor having a general unsecured claim. For purposes of the Internal Revenue Code of 1986, as amended (the "Code"), the Bank intends this Agreement to be an unfunded, unsecured promise to pay on the part of the Bank. For purposes of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Bank intends that 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. At no time shall Executive 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 Bank. If the Bank elects to invest in a life insurance, disability or annuity policy upon the life of Executive, Executive shall assist the Bank by freely submitting to a physical examination and supplying such additional information necessary to obtain such insurance or annuities.

22. 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.

23. 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) In the event that any compensation payable under this Agreement is determined to be a “parachute payment” subject to the excise tax imposed by Section 4999 of the Code or any successor provision (the “Excise Tax”), the Bank agrees to pay to the Executive an additional sum (the “Gross Up”) in an amount such that the net amount retained by the Executive, after receiving both the payment and the Gross Up and after paying: (i) any Excise Tax on the payment and the Gross Up, and (ii) any federal, state, and local income taxes on the Gross Up, is equal to the amount of the payment. Such payment shall be made not later than the end of the calendar year following the calendar year in which the Executive remits the related taxes to the relevant taxing authority.

For purposes of determining the Gross Up, the Executive shall be deemed to pay federal, state, and local income taxes at the highest marginal rate of taxation in his or her filing status for the calendar year in which the payment is to be made based upon the Executive’s domicile on the date of the event that triggers the Excise Tax. The determination of whether such Excise Tax is payable and the amount of such Excise Tax shall be based upon the opinion of tax counsel selected by the Bank, subject to the reasonable approval of the Executive. If such opinion is not finally accepted by the Internal Revenue Service, then appropriate adjustments shall be calculated (with additional Gross Up determined based on the principals outlined in the previous paragraph, if applicable) by such tax counsel based upon the final amount of Excise Tax so determined together with any applicable penalties and interest. The final amount shall be paid, if applicable, within thirty (30) days after such calculations are completed, but in no event later than April 1<sup>st</sup> of the year following the event that triggers the Excise Tax. Such compensation shall be payable in equal disbursements in accordance with the Bank’s ordinary payroll policies and procedures.

(b) 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”), holds or 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, or the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of more than 50% of the combined assets of the Bank or the Company to any Person other than to a wholly-owned subsidiary of the Bank or the Company or to any Affiliate (as defined in Rule 12b-2 under the Exchange Act) of any of the foregoing; or

(iii) individuals who constituted the Board of Directors of the Bank or the Company on April 1, 2014 (together with any new directors whose election by the Board of Directors of the Bank or the Company, as the case may be, or whose nomination for election by the Bank’s or the Company’s stockholders, as applicable, was approved by a vote of at least a majority of the members of the Board of Directors then in office who either were members of the Board of Directors of the Bank or the Company on April 1, 2014, or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors of the Bank or the Company, as the case may be, then in office; provided, that the following events shall not constitute a Change in Control:



(iv) 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;

(v) 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;

(vi) 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

(vii) 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.

24. Accrued Benefits. For purposes of this Agreement, "Accrued Benefits" shall mean:

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

(b) 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;

(c) If Executive participates in a Discretionary Bonus Plan, any cash bonus for the year prior to the year in which employment terminates that has been determined but that has not yet been paid to Executive under such a bonus plan; and

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

*[Signature Page Follows]*

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

**WITNESSES:**

/s/ Amanda Owens  
Printed Amanda Owens  
Name: \_\_\_\_\_

/s/Alissa Sanders  
Printed Alissa Sanders  
Name: \_\_\_\_\_

**WITNESSES:**

/s/ E. Aubrey Flynn  
Printed E. Aubrey Flynn  
Name: \_\_\_\_\_

/s/ April Deloach  
Printed April Deloach  
Name: \_\_\_\_\_

/s/ Amanda W. Barnett

**Notary Public**

Printed Name of Notary Public: Amanda W. Barnett

Notary Identification Number or Bar Roll Number: 19225

Rapides Parish, Louisiana

My commission expires: at death

[SEAL]

**EXECUTIVE:**

/s/ R. Blake Chatelain  
R. Blake Chatelain

**THE BANK:**

**RED RIVER BANK,**  
a Louisiana state bank

By: /s/ Andrew B. Cutrer  
Name: Andrew B. Cutrer

Title: Senior Vice President

**EXHIBIT A**

**CLUB MEMBERSHIPS**

- Downtown Rotary Club of Alexandria

**SUPPLEMENTAL EXECUTIVE  
RETIREMENT BENEFITS AGREEMENT**

This Supplemental Executive Retirement Benefits Agreement (this "Agreement") is made as of the 1<sup>st</sup> day of October, 2004, by and between Red River Bank, a Louisiana banking corporation ("Bank"), and R. Blake Chatelain, an individual ("Executive").

**RECITALS**

- A. Executive is a valued employee of Bank.
- B. Bank desires to 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 (15<sup>th</sup>) 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<sup>th</sup>) 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 Chairman of the Board of Directors of the Bank or such other person named from time to time by notice to Executive.

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

- (1) The claimant's claim shall be deemed filed when presented orally or in writing to the Claims Manager.
- (2) The Claims Manager's explanation shall be in writing delivered to the claimant within 90 days of the date the claim is filed.

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

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

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

5. Funding by Bank.

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

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

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

6. Effect of Change in Control.

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

(b) For purposes of this Agreement, a "Change in Control" shall occur in the event of (i) the acquisition by an Acquiring Entity of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) of forty percent (40%) or more of the total voting power of the Red River Bancshares, Inc., the parent company of Bank (the "Company"), represented by

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

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

7. [Intentionally Omitted].

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

9. Confidentiality. In further consideration of the mutual promises contained herein, Executive agrees that the terms and conditions of this Agreement, except as such may be disclosed in financial statements and tax returns, 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.

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

Executive: R. Blake Chatelain

\_\_\_\_\_

\_\_\_\_\_

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

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

(l) Amendment. 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.

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

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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/ Wylie D. Cavin  
Its Vice Chairman and COO

EXECUTIVE:

/s/ R. Blake Chatelain  
R. Blake Chatelain

STATE OF LOUISIANA )  
 :  
Rapides PARISH )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Wylie D. Cavin, whose name as Vice-Chairman COO 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]

**Sheila A. Bardwell**  
**Notary ID No. 017253**  
**Rapides Parish, LA**

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 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 4<sup>th</sup> day of February, 2005.

Sheila A. Bardwell  
Notary Public

My commission expires: At Death

[NOTARIAL SEAL]

**Sheila A. Bardwell**  
**Notary ID No. 017253**  
**Rapides Parish, LA**

**Exhibit A**

**Vesting Schedule**

**R. Blake Chatelain**

“Full Benefit” = \$161,000

“Full Benefits Date” = November 12, 2028

<u>Year</u>	<u>Limited Benefit</u>
October 1, 2004 to September 30, 2005	\$6,674
October 1, 2005 to September 30, 2006	\$13,347
October 1, 2006 to September 30, 2007	\$20,021
October 1, 2007 to September 30, 2008	\$26,694
October 1, 2008 to September 30, 2009	\$33,368
October 1, 2009 to September 30, 2010	\$40,041
October 1, 2010 to September 30, 2011	\$46,715
October 1, 2011 to September 30, 2012	\$53,389
October 1, 2012 to September 30, 2013	\$60,062
October 1, 2013 to September 30, 2014	\$66,736
October 1, 2014 to September 30, 2015	\$73,409
October 1, 2015 to September 30, 2016	\$80,083
October 1, 2016 to September 30, 2017	\$86,756
October 1, 2017 to September 30, 2018	\$93,430
October 1, 2018 to September 30, 2019	\$100,104
October 1, 2019 to September 30, 2020	\$106,777
October 1, 2020 to September 30, 2021	\$113,451
October 1, 2021 to September 30, 2022	\$120,124
October 1, 2022 to September 30, 2023	\$126,798
October 1, 2023 to September 30, 2024	\$133,472
October 1, 2024 to September 30, 2025	\$140,145
October 1, 2025 to September 30, 2026	\$146,819
October 1, 2026 to September 30, 2027	\$153,492
October 1, 2027 to November 11, 2028	\$160,166

**AMENDMENT NO. 1 TO THE  
SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFITS AGREEMENTS  
OF  
RED RIVER BANK**

**RECITALS**

- A. Red River Bank, a Louisiana banking corporation (the “Bank”), entered into that certain Supplemental Executive Retirement Benefits Agreement (the “Agreement”) with R. Blake Chatelain (“Executive”), effective October 1, 2004.
- B. The Agreement authorizes the 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 (the “Amendment”), effective January 1, 2005.

1. Section 2(c) of each 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 12(l) of this Agreement before the Full Benefits Date, Bank shall pay to Executive the Limited Benefit (as set forth on Exhibit A corresponding to the year in which the Agreement is terminated). Upon termination of this Agreement

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pursuant to Section 12(l) of this Agreement after the Full Benefits Date, Bank shall pay to Executive the Full Benefit. The benefit under this Section 2(g) shall be payable in monthly installments beginning on the Full Benefits Date, and thereafter on the first business day of each month thereafter until (but including) the fifteenth (15<sup>th</sup>) 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 (7<sup>th</sup>) month following the Executive’s termination of employment with Bank.”

4. Section 12(l) 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-(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.”

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

BANK:

By: /s/ Andrew B. Cutrer  
Its: Vice President

**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 is a party is amended in accordance with the foregoing, effective January 1, 2005.

EXECUTIVE:

/s/ R. Blake Chatelain  
R. Blake Chatelain

**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 R. BLAKE CHATELAIN (“Executive”), effective as of October 1, 2016.

**RECITALS**

- A. Bank and Executive previously entered into the Agreement; and
- B. Pursuant to Section 12(l) 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
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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.

(d) 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.

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(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).

(e) 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.

(f) Exhibit A is hereby deleted in its entirety and replaced with the **new Exhibit A** attached hereto.

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

[SIGNATURE ON NEXT PAGE]

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**Exhibit A**

**Vesting Schedule  
R. Blake Chatelain**

“Full Benefit” = \$180,000

“Full Benefits Date” = November 12, 2028

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

The undersigned R. BLAKE CHATELAIN, (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/ R. Blake Chatelain  
R. BLAKE CHATELAIN

6/20/2017  
DATE

Accepted:

Red River Bank

Date: 6/20/2017

By: /s/ Andrew B. Cutrer

Its: /s/ SVP, Human Resources

**SUPPLEMENTAL EXECUTIVE RETIREMENT  
BENEFITS AGREEMENT**

**DEFERRAL ELECTION**

Pursuant to the terms of the Supplemental Executive Retirement Benefits Agreement, as amended (the "**Agreement**"), Executive hereby elects the following forms of payment for any payments made under Section 2(e) of the Agreement:

- One (1) lump sum cash payment.
- Equal monthly installments payable over fifteen (15) years.

If no election is made with respect to form of payment, then payment will be made in accordance with Section 2(e)(iii) of the Agreement.

**SIGNATURE**

**IN WITNESS WHEREOF**, Bank, by its duly authorized officer, and Executive have executed the Supplemental Executive Retirement Benefits Agreement Deferral Election and this Amendment No. 2 on this 20th day of June, 2017.

**BANK:**

**RED RIVER BANK**

By: /s/ Andrew B. Cutrer  
Andrew B. Cutrer  
Senior Vice President  
Human Resources

**EXECUTIVE:**

By: /s/ R. Blake Chatelain  
R. BLAKE CHATELAIN

**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 Bryon Salazar, 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 (15th) 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 with this Agreement unless otherwise expressly agreed.

6. [Intentionally Omitted]

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

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.

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

Executive: Bryon Salazar  
\_\_\_\_\_  
\_\_\_\_\_

(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/ Andrew B. Cutrer

ITS Asst. Vice President, Personnel Development

EXECUTIVE:

/s/ Bryon Salazar

Bryon Salazar

STATE OF LOUISIANA )

:

Rapides PARISH )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Andrew B. Cutrer, whose name as Asst. Vice President 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 2nd day of February, 2005.

/s/ Robert G. Nida No. 10001

Notary Public

[NOTARIAL SEAL]

My commission expires:

at death

STATE OF LOUISIANA                    )  
  :  
Rapides PARISH                        )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Bryon Salazar, 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 2nd day of February, 2005.

\_\_\_\_\_  
/s/ Robert G. Nida No. 10001

Notary Public

[NOTARIAL SEAL]

My commission expires:

\_\_\_\_\_  
at death

Exhibit A

Vesting Schedule - Bryon Salazar

"Full Benefit" = \$90,000

"Full Benefits Date"= November 22, 2037

Year	Limited Benefit
October 1, 2004 to September 30, 2005	2,715
October 1, 2005 to September 30, 2006	5,431
October 1, 2006 to September 30, 2007	8,146
October 1, 2007 to September 30, 2008	10,861
October 1, 2008 to September 30, 2009	13,576
October 1, 2009 to September 30, 2010	16,292
October 1, 2010 to September 30, 2011	19,007
October 1, 2011 to September 30, 2012	21,722
October 1, 2012 to September 30, 2013	24,437
October 1, 2013 to September 30, 2014	27,153
October 1, 2014 to September 30, 2015	29,868
October 1, 2015 to September 30, 2016	32,583
October 1, 2016 to September 30, 2017	35,299
October 1, 2017 to September 30, 2018	38,014
October 1, 2018 to September 30, 2019	40,729
October 1, 2019 to September 30, 2020	43,444
October 1, 2020 to September 30, 2021	46,160
October 1, 2021 to September 30, 2022	48,875
October 1, 2022 to September 30, 2023	51,590
October 1, 2023 to September 30, 2024	54,305
October 1, 2024 to September 30, 2025	57,021
October 1, 2025 to September 30, 2026	59,736
October 1, 2026 to September 30, 2027	62,451
October 1, 2027 to September 30, 2028	65,167
October 1, 2028 to September 30, 2029	67,882
October 1, 2029 to September 30, 2030	70,597
October 1, 2030 to September 30, 2031	73,312
October 1, 2031 to September 30, 2032	76,028
October 1, 2032 to September 30, 2033	78,743
October 1, 2033 to September 30, 2034	81,458
October 1, 2034 to September 30, 2035	84,173
October 1, 2035 to September 30, 2036	86,889
October 1, 2036 to November 21, 2037	89,604

**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 12(1) 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 (15<sup>th</sup>) 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 (7<sup>th</sup>) month following the Executive’s termination of employment with Bank.”

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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(1) in its entirety and substituting the following Section 12(1) in its place:

“(1) 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(1), 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

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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.”

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

BANK:

By: /s/ Andrew B. Cutrer

Its: Vice President

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**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/ Bryon C. Salazar            
Bryon C. Salazar



**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 BRYON SALAZAR (“Executive”), effective as of October 1, 2016.

**RECITALS**

- A. Bank and Executive previously entered into the Agreement; and
- B. Pursuant to Section 12(l) 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
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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.

(d)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

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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).

(e) 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.

(f) Exhibit A is hereby deleted in its entirety and replaced with the **new Exhibit A** attached hereto.

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

[SIGNATURE ON NEXT PAGE]

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**Exhibit A**

**Vesting Schedule  
Bryon Salazar**

“Full Benefit” = \$110,000

“Full Benefits Date” = November 22, 2037

Year	Limited Benefit
October 1, 2016 to September 30, 2017	\$42,059
October 1, 2017 to September 30, 2018	\$45,294
October 1, 2018 to September 30, 2019	\$48,529
October 1, 2019 to September 30, 2020	\$51,765
October 1, 2020 to September 30, 2021	\$55,000
October 1, 2021 to September 30, 2022	\$58,235
October 1, 2022 to September 30, 2023	\$61,471
October 1, 2023 to September 30, 2024	\$64,706
October 1, 2024 to September 30, 2025	\$67,941
October 1, 2025 to September 30, 2026	\$71,176
October 1, 2026 to September 30, 2027	\$74,412
October 1, 2027 to September 30, 2028	\$77,647
October 1, 2028 to September 30, 2029	\$80,882
October 1, 2029 to September 30, 2030	\$84,118
October 1, 2030 to September 30, 2031	\$87,353
October 1, 2031 to September 30, 2032	\$90,588
October 1, 2032 to September 30, 2033	\$93,824
October 1, 2033 to September 30, 2034	\$97,059
October 1, 2034 to September 30, 2035	\$100,294
October 1, 2035 to September 30, 2036	\$103,529
October 1, 2036 to November 21, 2037	\$106,765

The undersigned BRYON SALAZAR, (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/ Bryon Salazar  
BRYON SALAZAR

7/13/2017  
DATE

Accepted:

Red River Bank

Date: 7/13/2017

By: /s/ R. Blake Chatelain

Its: President/CEO

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**SUPPLEMENTAL EXECUTIVE RETIREMENT  
BENEFITS AGREEMENT**

**DEFERRAL ELECTION**

Pursuant to the terms of the Supplemental Executive Retirement Benefits Agreement, as amended (the "**Agreement**"), Executive hereby elects the following forms of payment for any payments made under Section 2(e) of the Agreement:

- One (1) lump sum cash payment.
- Equal monthly installments payable over fifteen (15) years.

If no election is made with respect to form of payment, then payment will be made in accordance with Section 2(e)(iii) of the Agreement.

**SIGNATURE**

**IN WITNESS WHEREOF**, Bank, by its duly authorized officer, and Executive have executed the Supplemental Executive Retirement Benefits Agreement Deferral Election and this Amendment No. 2 on this 13th day of July, 2017.

**BANK:**

**RED RIVER BANK**

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

**EXECUTIVE:**

By: /s/ Bryon Salazar  
BRYON SALAZAR

**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 Tammi Salazar, 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 (15<sup>th</sup>) 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<sup>th</sup>) 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 with this Agreement unless otherwise expressly agreed.

6. [Intentionally Omitted]

7. Competition with Bank. Anything in this Agreement to the contrary notwithstanding (but subject to the following proviso), if Executive, directly or indirectly, at any time after the execution of this Agreement, owns, manages, operates, joins, controls or participates in or is employed by or gives consultation or advice to or extends credit to (other than through insured deposits) or otherwise is connected in any manner, directly or indirectly with, any bank, financial institution, firm, person, sole proprietorship, partnership,



corporation, company or other entity (other than the Bank or entities controlled or under common control with the Bank) that provides financial services, including, without limitation, retail or commercial lending services, and has an office in the State of Louisiana, then Bank shall have the option, in its sole and absolute discretion, to terminate Executive's right to receive any benefits under this Agreement (and, to the extent Executive may already have begun receiving benefits hereunder, terminate Executive's right to receive any further benefits hereunder); provided, however, that nothing in this Section 7 shall prohibit Executive from owning less than one percent (1%) of the outstanding shares of any company whose common stock is publicly traded. Any termination of benefits by Bank under the Section 7 shall be made by delivering written notice to Executive specifying the reason for such termination and the effective date of such termination.

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.

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

Executive: Tammi Salazar

\_\_\_\_\_  
\_\_\_\_\_

(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/ Andrew B. Cutrer  
Its ASST.VICE PRESIDENT, PERSONNEL DEVELOPMENT

EXECUTIVE:

/s/ Tammi Salazar  
Tammi Salazar

STATE OF LOUISIANA        )  
                                      :  
RAPIDES PARISH         )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Andrew B. Cutrer, whose name as Asst. Vice President 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 2nd day of February, 2005.

/s/ Robert G. Nida No. 10001  
Notary Public

[NOTARIAL SEAL]

My commission expires: at death

STATE OF LOUISIANA            )  
  :  
RAPIDES PARISH                )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Tammi Salazar, 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 2nd day of February, 2005.

/s/ Robert G. Nida No. 10001  
\_\_\_\_\_  
Notary Public

[NOTARIAL SEAL]

My commission expires:                at death

Exhibit A

Vesting Schedule - Tammi Salazar

“Full Benefit” = \$95,850

“Full Benefits Date” = December 29, 2034

Year	Limited Benefit
October 1, 2004 to September 30, 2005	3,169
October 1, 2005 to September 30, 2006	6,337
October 1, 2006 to September 30, 2007	9,506
October 1, 2007 to September 30, 2008	12,674
October 1, 2008 to September 30, 2009	15,843
October 1, 2009 to September 30, 2010	19,012
October 1, 2010 to September 30, 2011	22,180
October 1, 2011 to September 30, 2012	25,349
October 1, 2012 to September 30, 2013	28,517
October 1, 2013 to September 30, 2014	31,686
October 1, 2014 to September 30, 2015	34,855
October 1, 2015 to September 30, 2016	38,023
October 1, 2016 to September 30, 2017	41,192
October 1, 2017 to September 30, 2018	44,360
October 1, 2018 to September 30, 2019	47,529
October 1, 2019 to September 30, 2020	50,698
October 1, 2020 to September 30, 2021	53,866
October 1, 2021 to September 30, 2022	57,035
October 1, 2022 to September 30, 2023	60,203
October 1, 2023 to September 30, 2024	63,372
October 1, 2024 to September 30, 2025	66,540
October 1, 2025 to September 30, 2026	69,709
October 1, 2026 to September 30, 2027	72,878
October 1, 2027 to September 30, 2028	76,046
October 1, 2028 to September 30, 2029	79,215
October 1, 2029 to September 30, 2030	82,383
October 1, 2030 to September 30, 2031	85,552
October 1, 2031 to September 30, 2032	88,721
October 1, 2032 to September 30, 2033	91,889
October 1, 2033 to December 28, 2034	95,058

**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 12(1) 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 (15<sup>th</sup>) 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

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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 (7<sup>th</sup>) 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(1) in its entirety and substituting the following Section 12(1) in its place:

"(1) 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.

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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(1), 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."

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

BANK:

By: /s/ Andrew B. Cutrer

Its: Vice President

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**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/ Tammi Salazar

Tammi Salazar  
(please print)

**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 TAMMI SALAZAR (“Executive”), effective as of October 1, 2016.

**RECITALS**

- A. Bank and Executive previously entered into the Agreement; and
- B. Pursuant to Section 12(l) 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)

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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.

(d) 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.

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(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).

(e) 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.

(f) Exhibit A is hereby deleted in its entirety and replaced with the **new Exhibit A** attached hereto.

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

[SIGNATURE ON NEXT PAGE]

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**Exhibit A**

**Vesting Schedule  
Tammi Salazar**

“Full Benefit” = \$110,000

“Full Benefits Date” = December 29, 2034

Year	Limited Benefit
October 1, 2016 to September 30, 2017	\$46,129
October 1, 2017 to September 30, 2018	\$49,677
October 1, 2018 to September 30, 2019	\$53,226
October 1, 2019 to September 30, 2020	\$56,774
October 1, 2020 to September 30, 2021	\$60,323
October 1, 2021 to September 30, 2022	\$63,871
October 1, 2022 to September 30, 2023	\$67,419
October 1, 2023 to September 30, 2024	\$70,968
October 1, 2024 to September 30, 2025	\$74,516
October 1, 2025 to September 30, 2026	\$78,065
October 1, 2026 to September 30, 2027	\$81,613
October 1, 2027 to September 30, 2028	\$85,161
October 1, 2028 to September 30, 2029	\$88,710
October 1, 2029 to September 30, 2030	\$92,258
October 1, 2030 to September 30, 2031	\$95,806
October 1, 2031 to September 30, 2032	\$99,355
October 1, 2032 to September 30, 2033	\$102,903
October 1, 2033 to December 28, 2034	\$106,452

The undersigned TAMMI SALAZAR, (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/ Tammi Salazar  
TAMMI SALAZAR

7/24/2017  
DATE

Accepted:

Red River  
Bank

Date: 7/24/2017

By: /s/ R. Blake Chatelain

Its: President/CEO

**SUPPLEMENTAL EXECUTIVE RETIREMENT  
BENEFITS AGREEMENT**

**DEFERRAL ELECTION**

Pursuant to the terms of the Supplemental Executive Retirement Benefits Agreement, as amended (the "**Agreement**"), Executive hereby elects the following forms of payment for any payments made under Section 2(e) of the Agreement:

- One (1) lump sum cash payment.
- Equal monthly installments payable over fifteen (15) years.

If no election is made with respect to form of payment, then payment will be made in accordance with Section 2(e)(iii) of the Agreement.

**SIGNATURE**

**IN WITNESS WHEREOF**, Bank, by its duly authorized officer, and Executive have executed the Supplemental Executive Retirement Benefits Agreement Deferral Election and this Amendment No. 2 on this 24th day of July, 2017.

**BANK:**

**RED RIVER BANK**

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

**EXECUTIVE:**

By: /s/ Tammi Salazar  
TAMMI SALAZAR

## ENDORSEMENT METHOD SPLIT-DOLLAR AGREEMENT

This Endorsement Method Split-Dollar Agreement (this "Agreement") is made as of the 1<sup>st</sup> day of October, 2004, by and between Red River Bank, a Louisiana banking corporation ("Bank"), and R. Blake Chatelain, an individual ("Insured").

RECITALS:

- A. Insured is currently an employee and executive 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: **16414664**  
 Insurer: **Northwestern Mutual Life Insurance Company**  
 Insured: **R. Blake Chatelain**  
 Owner of Policy: **Bank**  
 Relationship of Bank to Insured: **Insured is an employee and executive officer of Bank**
  - (b) Policy number: 55890  
 Insurer: **Massachusetts Mutual Life Insurance Company**  
 Insured: **R. Blake Chatelain**  
 Owner of Policy: **Bank**  
 Relationship of Bank to Insured: **Insured is an employee and executive 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 in 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; or

(ii) the termination of Insured’s employment with Bank For Cause (as defined below).

(b) Insured acknowledges and agrees that the termination of this Agreement pursuant to subsection (a)(ii) 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, “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.

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 deathbenefits. 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 Chairman of the Board of Directors 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 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.

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 here of, 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: Chairman of the Board

Insured: R. Blake Chatelain  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(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.

(o) Legal Expenses. From and after the occurrence of a Change in Control (as defined in the Retirement Agreement), Bank shall pay all reasonable legal fees and expenses incurred by Insured (or Insured's beneficiary or other successor) seeking to obtain or enforce any right or benefit provided by this Agreement promptly from time to time, at the request of Insured (or Insured's beneficiary or other successor), as such fees and expenses are incurred; provided, however, that Insured (or Insured's beneficiary or other successor, as applicable) shall be required to reimburse Bank for any such fees and expenses if a court or any other adjudicator agreed to by the parties determines that the claim made by such person is without substantial merit. Neither Insured nor Insured's beneficiary or other successor shall be required to pay any legal fees or expenses incurred by Bank in connection with any claim or controversy arising out of or relating to this Agreement, or any breach thereof.

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

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

By /s/ Wylie D. Cavin

Its Vice Chairman and COO

INSURED:

/s/ R. Blake Chatelain

R. Blake Chatelain

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STATE OF LOUISIANA )  
 :  
Rapides PARISH )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Wylie D. Cavin whose name as Vice-chairman / COO 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

[NOTARIAL SEAL]

My commission expires:

At Death

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 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

[NOTARIAL SEAL]

My commission expires:

At Death

**EXHIBIT A**

**DESIGNATION OF BENEFICIARY FORM  
under the  
ENDORSEMENT METHOD  
SPLIT-DOLLAR  
AGREEMENT**

*[Intentionally Omitted]*

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**EXHIBIT B**  
**DEATH BENEFIT**  
**R. Blake Chatelain**

**Maximum Death Benefit** - If Insured's death occurs while Insured is in the full-time employment of Bank, then the "Death Benefit" shall equal \$1,400,000.

**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) \$1,400,000 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 (i) **on or after November 12, 2028** or (ii) following a Change in Control (as defined below);

**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 November 12, 2028** (other than following a Change in Control).

<u>Year</u>	<u>Reduced Death Benefit</u>
October 1, 2004 to September 30, 2005	\$58,031
October 1, 2005 to September 30, 2006	\$116,062
October 1, 2006 to September 30, 2007	\$174,093
October 1, 2007 to September 30, 2008	\$232,124
October 1, 2008 to September 30, 2009	\$290,155
October 1, 2009 to September 30, 2010	\$348,187
October 1, 2010 to September 30, 2011	\$406,218
October 1, 2011 to September 30, 2012	\$464,249
October 1, 2012 to September 30, 2013	\$522,280
October 1, 2013 to September 30, 2014	\$580,311
October 1, 2014 to September 30, 2015	\$638,342
October 1, 2015 to September 30, 2016	\$696,373
October 1, 2016 to September 30, 2017	\$754,404
October 1, 2017 to September 30, 2018	\$812,435
October 1, 2018 to September 30, 2019	\$870,466
October 1, 2019 to September 30, 2020	\$928,497
October 1, 2020 to September 30, 2021	\$986,528
October 1, 2021 to September 30, 2022	\$1,044,560
October 1, 2022 to September 30, 2023	\$1,102,591

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October 1, 2023 to September 30, 2024	\$1,160,622
October 1, 2024 to September 30, 2025	\$1,218,653
October 1, 2025 to September 30, 2026	\$1,276,684
October 1, 2026 to September 30, 2027	\$1,334,715
October 1, 2027 to November 11, 2028	\$1,392,746

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



**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 Bryon Salazar, 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: **16411101**  
 Insurer: **Northwestern Mutual Life Insurance Company**  
 Insured: **Bryon Salazar**  
 Owner of Policy: **Bank**  
 Relationship of Bank to Insured: **Insured is an employee and officer of Bank**
  - (b) Policy number: **0055895**  
 Insurer: **Massachusetts Mutual Life Insurance Company**  
 Insured: **Bryon Salazar**  
 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 in 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 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.

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: Bryon Salazar

\_\_\_\_\_  
\_\_\_\_\_

(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

By /s/ Andrew B. Cutrer

Its ASST. VICE PRESIDENT, PERSONNEL DEVELOPMENT

INSURED:

/s/ Bryon Salazar

Bryon Salazar

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**EXHIBIT A**

**DESIGNATION OF BENEFICIARY FORM  
under the  
ENDORSEMENT METHOD  
SPLIT-DOLLAR AGREEMENT**

*[Intentionally Omitted]*

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Exhibit B

Death Benefit – Bryon Salazar

**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 November 22, 2037**;

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 November 22, 2037**.

Year	Reduced Death Benefit
October 1, 2004 to September 30, 2005	15,085
October 1, 2005 to September 30, 2006	30,170
October 1, 2006 to September 30, 2007	45,255
October 1, 2007 to September 30, 2008	60,339
October 1, 2008 to September 30, 2009	75,424
October 1, 2009 to September 30, 2010	90,509
October 1, 2010 to September 30, 2011	105,594
October 1, 2011 to September 30, 2012	120,679
October 1, 2012 to September 30, 2013	135,764
October 1, 2013 to September 30, 2014	150,849
October 1, 2014 to September 30, 2015	165,933
October 1, 2015 to September 30, 2016	181,018
October 1, 2016 to September 30, 2017	196,103
October 1, 2017 to September 30, 2018	211,188
October 1, 2018 to September 30, 2019	226,273
October 1, 2019 to September 30, 2020	241,358
October 1, 2020 to September 30, 2021	256,442
October 1, 2021 to September 30, 2022	271,527
October 1, 2022 to September 30, 2023	286,612
October 1, 2023 to September 30, 2024	301,697
October 1, 2024 to September 30, 2025	316,782
October 1, 2025 to September 30, 2026	331,867
October 1, 2026 to September 30, 2027	346,952
October 1, 2027 to September 30, 2028	362,036
October 1, 2028 to September 30, 2029	377,121
October 1, 2029 to September 30, 2030	392,206

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October 1, 2030 to September 30, 2031	407,291
October 1, 2031 to September 30, 2032	422,376
October 1, 2032 to September 30, 2033	437,461
October 1, 2033 to September 30, 2034	452,546
October 1, 2034 to September 30, 2035	467,630
October 1, 2035 to September 30, 2036	482,715
October 1, 2036 to November 21, 2037	497,800

**ENDORSEMENT METHOD  
SPLIT-DOLLAR AGREEMENT**

This Endorsement Method Split-Dollar Agreement (this "Agreement") is made as of the 1<sup>st</sup> day of October, 2004, by and between Red River Bank, a Louisiana banking corporation ("Bank"), and Tammi Salazar, 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 policy (the "Policy"):
  - (a) Policy number: **0055896**  
 Insurer: **Massachusetts Mutual Life Insurance Company**  
 Insured: **Tammi Salazar**  
 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 in 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 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.

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: Tammi Salazar

\_\_\_\_\_  
\_\_\_\_\_

(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

By /s/ Andrew B. Cutrer

Its ASSISTANT VICE PRESIDENT, PERSONNEL DEVELOPMENT

INSURED:

/s/ Tammi Salazar

Tammi Salazar

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STATE OF LOUISIANA )  
 :  
RAPIDES PARISH )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Andrew B. Cutrer, whose name as Assistant Vice-President 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 2nd day of February, 2005.

[NOTARIAL SEAL] \_\_\_\_\_  
 /s/ Robert G. Nida No. 10001  
 Notary Public  
 My commission expires: At death

STATE OF LOUISIANA )  
 :  
RAPIDES PARISH )

I, the undersigned, a notary public in and for said parish in said state, hereby certify that Tammi Salazar, 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 2nd day of February, 2005.

[NOTARIAL SEAL] \_\_\_\_\_  
 /s/ Robert G. Nida No. 10001  
 Notary Public  
 My commission expires: At death

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**EXHIBIT A**

**DESIGNATION OF BENEFICIARY FORM  
under the  
ENDORSEMENT METHOD  
SPLIT-DOLLAR AGREEMENT**

*[Intentionally Omitted]*

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Exhibit B

Death Benefit – Tammi Salazar

**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 December 29, 2034;**

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 December 29, 2034.**

Year	Reduced Death Benefit
October 1, 2004 to September 30, 2005	16,529
October 1, 2005 to September 30, 2006	33,058
October 1, 2006 to September 30, 2007	49,587
October 1, 2007 to September 30, 2008	66,116
October 1, 2008 to September 30, 2009	82,645
October 1, 2009 to September 30, 2010	99,174
October 1, 2010 to September 30, 2011	115,702
October 1, 2011 to September 30, 2012	132,231
October 1, 2012 to September 30, 2013	148,760
October 1, 2013 to September 30, 2014	165,289
October 1, 2014 to September 30, 2015	181,818
October 1, 2015 to September 30, 2016	198,347
October 1, 2016 to September 30, 2017	214,876
October 1, 2017 to September 30, 2018	231,405
October 1, 2018 to September 30, 2019	247,934
October 1, 2019 to September 30, 2020	264,463
October 1, 2020 to September 30, 2021	280,992
October 1, 2021 to September 30, 2022	297,521
October 1, 2022 to September 30, 2023	314,050
October 1, 2023 to September 30, 2024	330,579
October 1, 2024 to September 30, 2025	347,107
October 1, 2025 to September 30, 2026	363,636
October 1, 2026 to September 30, 2027	380,165
October 1, 2027 to September 30, 2028	396,694
October 1, 2028 to September 30, 2029	413,223

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October 1, 2029 to September 30, 2030	429,752
October 1, 2030 to September 30, 2031	446,281
October 1, 2031 to September 30, 2032	462,810
October 1, 2032 to September 30, 2033	479,339
October 1, 2033 to December 28, 2034	495,868

**RED RIVER BANCSHARES, INC.  
CHANGE IN CONTROL AGREEMENT**

This Change in Control Agreement (“Agreement”) is made and entered into effective as of the 14th day of January, 2014 by and between Red River Bancshares, Inc. (the “Company”), a Louisiana corporation with its principal office in Alexandria, Louisiana, and Bryon C. Salazar (the “Officer”).

**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 Vice President – Commercial Lending of the Bank;

**WHEREAS**, the Board of Directors of the Company recognizes that the possibility of a Change in Control (as hereinafter defined) exists or may exist in the future and that the threat or the occurrence of a Change in Control can result in significant distractions of its key management personnel because of the uncertainties inherent in such a situation;

**WHEREAS**, the Board of Directors believes that it is imperative to diminish the inevitable distraction of the Officer by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and has determined that it is essential and in the best interest of the Company and its shareholders for the services of the Officer to be retained in the event of a threat or occurrence of a Change in Control and to ensure the Officer’s continued dedication and efforts in such event without undue concern for the Officer’s personal financial and employment security; and

**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 desires to enter into this Agreement with the Officer to provide the Officer with certain benefits in the event of a Change in Control.

**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 on the date that the Severance Benefit and COBRA Benefit become payable to the Officer in accordance with Section 2.2 of this Agreement.

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(b) “Cause” when used herein concerning the termination of the Officer’s employment by the Bank, shall mean:

- (i) gross negligence or gross neglect of duties to the Bank;
- (ii) conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Officer’s employment with the Bank;
- (iii) fraud, disloyalty, dishonestly or willful violation or any law or significant Bank policy committed in connection with the Officer’s employment and resulting in a material adverse effect on the Bank or the Company;
- (iv) willful violation of any law, rule, regulation or final administrative action resulting in a material adverse effect on the Bank or the Company;
- (v) intentional breach of fiduciary duty owed to the Company or the Bank involving personal profit; or
- (vi) the Officer’s engagement in willful gross misconduct which is injurious to the Company or the Bank.

*provided, however*, that as a condition precedent to the termination of the Officer’s employment under any of subparagraphs (i) through (vi) of this Section, there shall have been delivered to the Officer a copy of a resolution duly adopted by the affirmative vote of a majority of the entire membership of the Board of Directors of the Bank at a meeting of the Board called and held for such purpose (after reasonable notice to the Officer and an opportunity for the Officer to be heard before the Board), finding that the Officer committed such conduct as set forth in the referenced subparagraphs above.

(c) “Change in Control” shall mean and shall be deemed to have occurred for purposes of this Agreement if and when any of the following occur:

- (i) a change in the ownership of the Bank or of the 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 the Bank or of the Company which, together with capital stock already held by such Person, constitutes 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; *provided, however*, that if a Person 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, the acquisition of additional capital stock by such Person is not considered a Change in Control; or
- (ii) 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; or

(iii) a change in the ownership of the assets of the Bank or of the 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 the Bank or of the 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 the Bank or of the Company immediately prior to such acquisition or acquisitions; *provided, however*, that there is no Change in Control if assets are transferred to an entity that is controlled by the shareholders of 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;

(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 the Bank or of the 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 subsection (iii).

(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.

## **ARTICLE 2**

### **CHANGE IN CONTROL BENEFITS**

2.1. If the events set forth in Section 2.2 below occur, the Company or the Bank shall (1) pay the Officer, in cash, a lump sum amount equal to two hundred percent (200%) of the amount of the Officer's Base Salary (the "Severance Benefit"), and (2) from the date the events set forth in Section 2.2 below occur, pay the monthly premium for twelve months for the Officer individually to continue, without interruption, the Officer's medical benefits coverage under the

Consolidated Omnibus Budget Reconciliation Act of 1986, as amended (“COBRA”) (the “COBRA Benefits”) (or if the Officer elects to continue medical benefits for his entire family under COBRA, then the amount of the COBRA Benefits will be applied toward the amounts due for the COBRA coverage, but the Officer shall be responsible for paying the difference); *provided, however*, if the Severance Benefit combined with the COBRA Benefits, either alone or together with other payments which the Officer has the right to receive from the Company or the Bank in connection with any of the events set forth in Section 2.2 below, would constitute an “excess parachute payment” under Section 280G of the Code, the Severance Benefit that would otherwise be due hereunder shall be reduced to the largest amount as will result in no portion of all such payments due to the Officer being non-deductible to the Bank or the Company under Section 280G of the Code; *provided, further*, that the Company 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. The Severance Benefit shall be paid to the Officer within thirty (30) days of the date the events set forth in Section 2.2 below occurred.

2.2. The Company or the Bank shall pay to the Officer the Severance Benefit and the COBRA Benefits if there occurs a Change in Control and (a) the Officer voluntarily terminates his employment for any reason (other than due to death or Disability) within twelve (12) months following the Change in Control, or (b) the Officer’s employment is involuntarily terminated, other than for Cause (or due to death or Disability), within three (3) months prior to the Change in Control or within twenty-four (24) months after the Change in Control. 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.

### **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 earliest to occur of the following: (a) the payment of the Severance Benefit and the COBRA Benefits provided for in this Agreement, determined in accordance with Article 2; (b) the termination of the Officer’s employment (i) by the Officer for any reason (following the payment



of the Severance Benefit and the COBRA Benefits in the event of a Change in Control, but only if such payments are due under the provisions of Article 2), (ii) by the Bank for Cause, or (iii) as a result of the Officer's death or Disability; or (c) the date that is twelve (12) months following the date of termination of the Officer's employment by the Bank without Cause (following the payment of the Severance Benefit and the COBRA Benefits in the event of a Change in Control, but only if such payments are due under the provisions of Article 2).

## **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; *provided, however*, that any payments or benefits to which the Officer is entitled under any severance pay plans maintained by the Company or the Bank shall reduce any amounts due under this Agreement.

5.4. Full Satisfaction; Waiver and Release. As a condition to receiving the payments and benefits hereunder, the Officer shall execute 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 5.4.

5.5. 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.

5.6. **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.**

5.7. 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.

5.8. 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.

5.9. 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.

5.10. 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.

*[Signature Page Follows]*



**RED RIVER BANCSHARES, INC.  
CHANGE IN CONTROL AGREEMENT**

This Change in Control Agreement (“Agreement”) is made and entered into effective as of the 14th day of January, 2014 by and between Red River Bancshares, Inc. (the “Company”), a Louisiana corporation with its principal office in Alexandria, Louisiana, and Tammi R. Salazar (the “Officer”).

**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 Vice President – Private Banking of the Bank;

**WHEREAS**, the Board of Directors of the Company recognizes that the possibility of a Change in Control (as hereinafter defined) exists or may exist in the future and that the threat or the occurrence of a Change in Control can result in significant distractions of its key management personnel because of the uncertainties inherent in such a situation;

**WHEREAS**, the Board of Directors believes that it is imperative to diminish the inevitable distraction of the Officer by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and has determined that it is essential and in the best interest of the Company and its shareholders for the services of the Officer to be retained in the event of a threat or occurrence of a Change in Control and to ensure the Officer’s continued dedication and efforts in such event without undue concern for the Officer’s personal financial and employment security; and

**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 desires to enter into this Agreement with the Officer to provide the Officer with certain benefits in the event of a Change in Control.

**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 on the date that the Severance Benefit and COBRA Benefit become payable to the Officer in accordance with Section 2.2 of this Agreement.
-

- (b) “Cause” when used herein concerning the termination of the Officer’s employment by the Bank, shall mean:
- (i) gross negligence or gross neglect of duties to the Bank;
  - (ii) conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Officer’s employment with the Bank;
  - (iii) fraud, disloyalty, dishonestly or willful violation or any law or significant Bank policy committed in connection with the Officer’s employment and resulting in a material adverse effect on the Bank or the Company;
  - (iv) willful violation of any law, rule, regulation or final administrative action resulting in a material adverse effect on the Bank or the Company;
  - (v) intentional breach of fiduciary duty owed to the Company or the Bank involving personal profit; or
  - (vi) the Officer’s engagement in willful gross misconduct which is injurious to the Company or the Bank.

*provided, however,* that as a condition precedent to the termination of the Officer’s employment under any of subparagraphs (i) through (vi) of this Section, there shall have been delivered to the Officer a copy of a resolution duly adopted by the affirmative vote of a majority of the entire membership of the Board of Directors of the Bank at a meeting of the Board called and held for such purpose (after reasonable notice to the Officer and an opportunity for the Officer to be heard before the Board), finding that the Officer committed such conduct as set forth in the referenced subparagraphs above.

- (c) “Change in Control” shall mean and shall be deemed to have occurred for purposes of this Agreement if and when any of the following occur:
- (i) a change in the ownership of the Bank or of the 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 the Bank or of the Company which, together with capital stock already held by such Person, constitutes 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; *provided, however,* that if a Person 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, the acquisition of additional capital stock by such Person is not considered a Change in Control; or

- (ii) 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; or
- (iii) a change in the ownership of the assets of the Bank or of the 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 the Bank or of the 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 the Bank or of the Company immediately prior to such acquisition or acquisitions; *provided, however*, that there is no Change in Control if assets are transferred to an entity that is controlled by the shareholders of 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;
  - (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 the Bank or of the 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 subsection (iii).
- (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.

**ARTICLE 2**  
**CHANGE IN CONTROL BENEFITS**

2.1. If the events set forth in Section 2.2 below occur, the Company or the Bank shall (1) pay the Officer, in cash, a lump sum amount equal to two hundred percent (200%) of the amount of the Officer's Base Salary (the "Severance Benefit"), and (2) from the date the events set forth in Section 2.2 below occur, pay the monthly premium for twelve months for the Officer individually to continue, without interruption, the Officer's medical benefits coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") (the "COBRA Benefits") (or if the Officer elects to continue medical benefits for his entire family under COBRA, then the amount of the COBRA Benefits will be applied toward the amounts due for the COBRA coverage, but the Officer shall be responsible for paying the difference); *provided, however*, if the Severance Benefit combined with the COBRA Benefits, either alone or together with other payments which the Officer has the right to receive from the Company or the Bank in connection with any of the events set forth in Section 2.2 below, would constitute an "excess parachute payment" under Section 280G of the Code, the Severance Benefit that would otherwise be due hereunder shall be reduced to the largest amount as will result in no portion of all such payments due to the Officer being non-deductible to the Bank or the Company under Section 280G of the Code; *provided, further*, that the Company 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. The Severance Benefit shall be paid to the Officer within thirty (30) days of the date the events set forth in Section 2.2 below occurred.

2.2. The Company or the Bank shall pay to the Officer the Severance Benefit and the COBRA Benefits if there occurs a Change in Control and (a) the Officer voluntarily terminates his employment for any reason (other than due to death or Disability) within twelve (12) months following the Change in Control, or (b) the Officer's employment is involuntarily terminated, other than for Cause (or due to death or Disability), within three (3) months prior to the Change in Control or within twenty-four (24) months after the Change in Control. 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.

**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 earliest to occur of the following: (a) the payment of the Severance Benefit and the COBRA Benefits provided for in this Agreement, determined in accordance with Article 2; (b) the termination of the Officer's employment (i) by the Officer for any reason (following the payment of the Severance Benefit and the COBRA Benefits in the event of a Change in Control, but only if such payments are due under the provisions of Article 2), (ii) by the Bank for Cause, or (iii) as a result of the Officer's death or Disability; or (c) the date that is twelve (12) months following the date of termination of the Officer's employment by the Bank without Cause (following the payment of the Severance Benefit and the COBRA Benefits in the event of a Change in Control, but only if such payments are due under the provisions of Article 2).

**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; provided, however, that any payments or benefits to which the Officer is entitled under any severance pay plans maintained by the Company or the Bank shall reduce any amounts due under this Agreement.



5.4. Full Satisfaction; Waiver and Release. As a condition to receiving the payments and benefits hereunder, the Officer shall execute 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 5.4.

5.5. 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.

5.6. **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.**

5.7. 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.

5.8. 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.

5.9. 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.

5.10. 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.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company and the Officer have executed this Agreement this 14th day of January, 2014.

**OFFICER:**

/s/ Tammi R. Salazar  
TAMMI R. SALAZAR

**THE COMPANY:**

**RED RIVER BANCSHARES, INC.**

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

**RED RIVER BANCSHARES, INC.**  
**AND**  
**RED RIVER BANK**

**AMENDED AND RESTATED DIRECTOR COMPENSATION PROGRAM**

*[Effective January 1, 2017]*

This AMENDED AND RESTATED DIRECTOR COMPENSATION PROGRAM (this “**Program**”) is adopted effective as of January 1, 2017 (the “**Effective Date**”), by the Boards of Directors of Red River Bancshares, Inc. (the “**Company**”) and its subsidiary, Red River Bank (the “**Bank**”).

**RECITALS**

WHEREAS, the Company and the Bank previously established a Director Compensation Program effective as of April 1, 2000 (as amended, the “**Original Program**”) for the purpose of compensating directors of the Company and the Bank (“**Directors**”) for their time, commitment and contributions to their respective boards;

WHEREAS, the Original Program provided for the payment of cash compensation to Directors of the Company and the Bank in the form of a fee for attendance at board and committee meetings;

WHEREAS, in lieu of cash payments of board and committee fees, the Original Program provided Directors with the option to defer their board and committee fees pursuant to the terms and provisions of the Deferred Compensation Plan for Directors and Senior Management Employees of Red River Bancshares, Inc. and Subsidiaries (the “**Deferred Compensation Plan**”), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Board of Directors of the Company and the Board of Directors of the Bank (each a “**Board**” and collectively, the “**Boards**”) desire to amend and restate the Original Program for the purpose of consolidating certain prior amendments and providing Directors with the ability to receive payment of board fees in the form of shares of common stock of the Company.

NOW, THEREFORE, the Original Program is hereby amended and restated as follows:

1. Board and Committee Fee Schedule. Each Director of the Company and the Bank, other than Directors who are also employees of the Company or the Bank, shall be eligible to receive cash fees from the Company and/or the Bank, as applicable, for attendance at meetings of the Board (“**Board Fees**”) and committees of the Board (“**Committee Fees**”), in accordance with the Fee Schedule attached hereto as Exhibit B (as may be amended from time to time by Boards, the “**Fee Schedule**”).

2. Election for Board Fees.

(a) *Elections*. In lieu of cash payments for Board Fees, each Director may make an annual election with respect to the form of payment of his or her Board Fees as follows:

- (i) **Deferral Election** - The Director may elect to defer his or her Board Fees pursuant to the terms and provisions of the Deferred Compensation Plan; or
  - (ii) **Stock Election** - The Director may elect to have his or her Board Fees paid in the form of shares of common stock of the Company (“**Shares**”).
-

Any election made pursuant to this Section 2(a) must be made by the electing Director prior to the commencement of the calendar year to which such election relates and such election will be applicable with respect to one hundred percent (100%) of such Director's Board Fees.

(b) *Election Notice.* The election to defer Board Fees or receive Board Fees in Shares must be filed with the Administrator on the form of Election Notice attached hereto as Exhibit C (an "**Election Notice**"). An Election Notice will remain in effect with respect to future election years unless the Director timely revokes the Election Notice or timely files a new Election Notice with the Administrator. A Director may not submit or revoke an Election Notice during any "blackout period" as defined in the Company's insider trading policy.

(c) *New Directors.* In the event a new Director is appointed to the Board, he or she shall have the option to submit an Election Notice to the Administrator within the period prescribed by the Board, but in no event later than thirty (30) days following the commencement of his or her service as a Director.

(d) *Default Election.* If a Director does not submit an Election Notice or the Election Notice is otherwise invalid, he or she shall receive one hundred percent (100%) of the Board Fees in cash.

(e) *Payment Schedule for Board Fees Paid in Cash.* Board Fees payable in cash shall be paid in four quarterly installments as soon as practicable following the calendar quarter in which such Board Fees were earned.

(f) *Payment Schedule for Board Fees Deferred Under the Deferred Compensation Plan.* Board Fees that have been deferred pursuant to the Deferred Compensation Plan shall be paid in accordance with the terms and conditions stated therein.

(g) *Payment Schedule for Board Fees Paid in Shares.* The Administrator shall maintain a bookkeeping account established in the name of each Director to reflect the accrued balance attributable to Board Fees payable in Shares. Following the end of the applicable calendar year in which the Board Fees were earned, but in no event later than the March 15 immediately following such calendar year, the Director will receive a number of fully vested Shares equal to the account balance attributable to such calendar year divided by the fair market value of Shares as of the date of such settlement, as determined in good faith by the Board in its sole discretion. Notwithstanding the foregoing, no fractional Shares shall be issued; and shares issued shall be rounded down to the nearest whole share. In lieu thereof, any Board Fees attributable to a fractional Share shall be retained by the Company and applied to the Board Fees of such Director for the subsequent calendar year.

### 3. Election for Committee Fees.

(a) *Elections.* In lieu of cash payments for Committee Fees, each Director may elect to defer his or her Committee Fees pursuant to the terms and provisions of the Deferred Compensation Plan. Any election made pursuant to this Section 3(a) must be made by the Director prior to the commencement of the calendar year to which such election relates and such election will be applicable with respect to one hundred percent (100%) of such Director's Committee Fees.

(b) *Election Notice.* The election to defer Committee Fees must be filed with the Administrator on an Election Notice. An Election Notice will remain in effect with respect to future election years unless the Director timely revokes the Election Notice or timely files a new Election Notice with the Administrator.

(c) *New Directors.* In the event a new Director is appointed to the Board, he or she shall have the option to submit an Election Notice to the Administrator within the period prescribed by the Board, but in no event later than thirty (30) days following the commencement of his or her service as a Director.

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(d) *Default Election.* If a Director does not submit an Election Notice or the Election Notice is otherwise invalid, he or she shall receive one hundred percent (100%) of the Committee Fees in cash.

(e) *Payment Schedule for Committee Fees Paid in Cash.* Committee Fees payable in cash shall be paid in four quarterly installments as soon as practicable following the calendar quarter in which such Committee Fees were earned.

(f) *Payment Schedule for Committee Fees Deferred Under the Deferred Compensation Plan.* Committee Fees that have been deferred pursuant to the Deferred Compensation Plan shall be paid in accordance with the terms and conditions stated therein.

4. Administrator. The Board may delegate administration of this Program to a committee of one or more members of the Board or to one or more officers of the Company. The term “**Administrator**” shall apply to any person or persons to whom such authority has been delegated.

5. Board Discretion. The Board may at any time amend, alter, suspend or terminate this Program. The Board shall have the sole discretion to interpret and enforce this Program.

6. Effective Date. This Program shall apply to all Directors from and after the Effective Date.

\* \* \* \* \*

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**EXHIBIT A**

**DEFERRED COMPENSATION PLAN FOR DIRECTORS AND SENIOR MANAGEMENT EMPLOYEES OF RED RIVER  
BANCSHARES, INC. AND SUBSIDIARIES**

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**DEFERRED COMPENSATION PLAN  
FOR DIRECTORS AND SENIOR MANAGEMENT  
EMPLOYEES OF RED RIVER BANCSHARES, INC. AND SUBSIDIARIES**

(Amended and Restated effective January 1, 2007)

**ARTICLE 1. ESTABLISHMENT AND PURPOSE.**

1.1. Establishment. Red River Bancshares, Inc. hereby amends and restates, effective January 1, 2007, a deferred compensation plan for directors and senior management employees, as set forth herein.

1.2. Purpose. The purpose of this deferred compensation plan is to provide a means for the deferral by directors of Red River Bancshares, Inc. and its subsidiaries (the "Corporation") of annual retainer fees, fees for attendance at meetings of the Board of Directors of the Corporation, committees of the Board of Directors of the Corporation, as well as to provide the means to allow senior management employees to defer a portion of their salary and/or bonuses. This Plan is unfunded and is maintained by the employer primarily for the purpose of providing deferred compensation to non-employees and for a select group of management or highly compensated employees. The Plan is to be interpreted to the fullest extent to comply with IRC section 409A as added by the American Jobs Creation Act of 2004 and any regulations or guidance thereunder, and including any amendments thereto.

**ARTICLE 2. DEFINITIONS.**

2.1. Definitions. Whenever used in the Plan, the following terms shall have the meaning set forth below unless otherwise provided:

(a) "Account" means the recordkeeping account which is maintained in the name of the Participant to account for any contributions and Credited Earnings which may be credited to his Account from time to time. The Account shall consist of the pre-2005 account and the post-2004 account. Contributions attributable to services performed in 2004 and before, and Credited Earnings thereon, shall be credited to the pre-2005 Account. Contributions attributable to services performed in 2005 and thereafter, and Credited Earnings thereon, shall be credited to the post-204 Account.

(b) "Beneficiary" means the person or persons designated by the Participant under the Plan to receive the Participant's benefit under the Plan in the event of his death. If no Beneficiary is named, the Participant's spouse shall be the Beneficiary. If the Participant is not survived by a spouse and no Beneficiary is named, the Participant's estate shall be the Beneficiary.

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

(d) "Committee" means the plan administration committee which is responsible for administering the Plan, as provided in Article 7.

(e) "Corporation" means Red River Bancshares, Inc., a Louisiana corporation, and includes its wholly-owned subsidiaries.

(f) "Credited Earnings" means the earnings or lose amounts credited to a Participant's Account, as provided in Article 5.

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(g) “Participant” means a director or senior management employee who has become a Participant under the Plan as described in Article 3.

(h) “Plan” means this Deferred Compensation Plan for Directors and Senior Management Employees of Red River Bancshares, Inc. and its Subsidiaries, as it may be amended from time to time.

### **ARTICLE 3. PARTICIPATION.**

3.1. Eligibility. Eligibility for participation in the Plan is limited to directors of the Corporation, and to senior management employees of the Corporation who are designated by the Committee as eligible to become Participants. All determinations as to an employee’s status by the Committee are final and binding on all employees. The Committee shall provide each Participant with notice so as to permit the Participant the opportunity to make contribution elections provided in Article 4. Such notice may be given at such time and in such manner as the Committee may determine from time to time.

### **ARTICLE 4. CONTRIBUTIONS.**

4.1. Contributions. For each calendar year commencing with the effective date, any Participant may elect to forego the receipt of any compensation payable to him or her for services performed during such year, in which case the Corporation shall establish an Account for such Participant. Any election shall be made on a contribution election form as prescribed by the Committee, and must be made before the calendar year for which the election is to be effected. An election to defer the receipt of compensation shall remain in effect for subsequent calendar years so long as the Participant is eligible to participate in the Plan, unless before the beginning of any subsequent calendar year, the Participant elects to have future contributions to the Plan cease. Any such election to cease contributions shall not accelerate or otherwise effect a distribution of Participant’s Account. In the event a Participant subsequently elects to discontinue deferrals, a Participant may for subsequent calendar years elect to resume contributions to the Plan.

4.2. Irrevocability of Election. An election to defer compensation may not be revoked during the calendar year for which the election has been made.

4.3. New Participants. If an individual first becomes eligible to participate during a calendar year, he shall be permitted to make a contribution election for the remaining compensation payable to him for such year. To make such election, the eligible individual must file the appropriate election form with the Committee no later than thirty (30) days after the date on which he was notified. Such election shall be effective with respect to services performed after the date of the election, and such election shall remain in effect for all compensation with respect to services after such date. The contribution election shall become irrevocable when the appropriate form is filed with the Committee.

4.4. Cessation of Eligibility. If an eligible individual with a contribution election in effect for particular calendar year shall cease to be eligible during such calendar year, but remain as an employee, his applicable contribution election shall remain in effect for the balance of such year, or until the date he ceases to be an employee, if earlier. In any case where an individual has a contribution election for a calendar year and he separates from service as an employee during such year, any contribution election in effect for such calendar year shall cease with the close of the payroll period in which Participant separates from service, and any contribution election in effect for such year shall be void with respect to any compensation awarded during the remainder of the calendar year and after his termination of employment.

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## ARTICLE 5. ACCOUNTS AND CREDITED EARNINGS.

5.1. Participant's Accounts. The Committee shall maintain, or cause to be maintained, a bookkeeping Account for each Participant for the purpose of accounting for the Participant's beneficial interest under the Plan, which interest is attributable to contributions and any Credited Earnings credited to such Participant under the Plan, as adjusted to reflect charges to such Account.

Each Participant's Account shall be adjusted to reflect all contributions credited to his Account or Credited Earnings credited to his Account, and all benefit payments charged to his Account. Contributions shall be credited to the Participant's Account as of the last day of the calendar quarter in which such item would have become payable to the Participant in absence of a contribution election. Separate sub-Accounts shall be maintained for a Participant's pre-2005 contributions and post-2004 contributions as set forth in Section 2.1(a).

5.2. Credited Earnings. Each Participant shall be credited with Credited Earnings on the balance in his Account. Credited Earnings shall be credited to such Account as of the last day of each quarter, and shall be based on the Account balance as of the first day of each quarter, less any distributions from such Account during the quarter. After December 31, 2006, Credited Earnings shall be calculated at a rate equal to the London Interbank Offered Rate ("LIBOR") for one year deposits as shown in the "Money Rates" column of *The Wall Street Journal* on the first day of each calendar quarter that *The Wall Street Journal* is published, and without regard to the actual effective date of the rate for such LIBOR contracts. The rate will be adjusted on the first day of each subsequent quarter to reflect the rate at that time, and interest will accrue at the new rate until adjusted the following quarter. Interest will be computed on the basis of a 30 day month/360 day year. Amounts in the Account shall continue to accrue interest at such rate until the entire balance of the Account has been distributed in accordance with Article 6 hereof. The Committee shall make all determinations with respect to the crediting of such Credited Earnings to Accounts, and such determinations shall be final and binding on all interested parties. The Board of Directors of the Corporation may at any time change the method of calculating Credited Earnings on all Accounts prospectively, provided that the same method of calculating Credited Earnings shall apply to all Participants.

5.3. Account Statements. The Committee shall provide each Participant with a statement of the status of his Account under the Plan. The Committee shall provide such statement annually or at such other times as the Committee may determine from time to time, and such statement shall be in the format as prescribed by the Committee.

## ARTICLE 6. PAYMENT OF BENEFITS.

6.1. Distribution Election. At the time of initial participation, and with respect to a Participant's post-2004 Account, prior to January 1, 2005, each Participant shall make an election as to the timing and form of distribution of his Account. The pre-2005 amounts and post-2004 amounts shall be credited to different subaccounts. A Participant may have separate elections with respect to each sub-Account. Such distribution election shall be one of the following:

(a) Payment of the entire balance in the Participant's Account or sub-Account on the first banking day of the month following the month in which such Participant's service as a Director of the Corporation ceases or such Participant separates from service with the Corporation, as the case may be;

(b) Payment of the entire balance in the Participant's Account or sub-Account on the first banking day of January in the year following the year in which such Participant's service as a Director of the Corporation ceases or such Participant separates from service with the Corporation, as the case may be; or

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(c) Payment of the balance in the Participant's Account or sub-Account in two to ten annual installments commencing on the first banking day of January in the year following the year in which such Participant's service as a Director of the Corporation ceases or such Participant separates from service with the Corporation, each installment to be in an amount equal to the balance in such Account or sub-Account divided by the number of installments remaining (including the one being calculated and paid).

In the event that the deferred compensation election notice does not contain a distribution election, the Participant shall be deemed to have made the election described in paragraph (b) above.

With respect to a Participant's pre-2005 sub-Account, a Participant may change the distribution option to a different permissible option prior to the calendar year in which he ceases to perform services as a director of the Corporation or separates from service with the Corporation, as the case may be. If the Participant changes the distribution election and ceases as a director or separates from service in the same calendar year as the change, such change shall be disregarded, and the distribution shall be made under the previous form elected.

With respect to a Participant's post-2004 sub-Account, the Participant may not change the time or form of distribution after his initial election (or after the election made before January 1, 2005, as applicable.)

6.2. Death Benefit. If a Participant shall die with a balance credited to his Account, his Account shall be paid to his Beneficiary. All amounts shall be paid in a lump sum or installments, as selected by the Participant, but on the first banking day of January in the year following the year of the Participant's death.

6.3. Loans. A Participant shall not be permitted to borrow from his Account.

6.4. Withholding of Taxes. The employer shall have the right to deduct from all distribution payments made under the Plan any federal, state, or local taxes required to be withheld with respect to such payments.

6.5. Unforeseeable Emergency. A Participant may request that the Committee immediately distribute all or any portion of the Participant's Account prior to termination of employment or cessation of services as a director in the event of an unforeseeable emergency. An unforeseeable emergency means a severe financial hardship resulting from an illness or accident of the Participant or of a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The amounts distributed with respect to an emergency may not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Education of a Participant or a dependent or purchase of a residence shall not be considered a hardship for this purpose. The existence of a hardship shall be in the sole and absolute discretion of the Committee.

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## ARTICLE 7. ADMINISTRATION OF THE PLAN.

7.1. Administration. The Plan shall be administered by the Plan Administration Committee (“Committee”). The Committee shall consist of the chairman of the Board of Directors of the Corporation, the president and chief executive officer of the Corporation, and one other eligible Participant that the two of them shall agree to select. A majority of the members of the Committee shall constitute a quorum and the acts of a majority of the members present, or acts approved in writing by a majority of the members without a meeting, shall be the acts of the Committee. The Committee shall have that authority which is expressly stated in the Plan as vested in the Committee, and authority to make rules to administer and interpret the Plan, to decide questions arising under the Plan, and to take such other action as may be appropriate to carry out the purposes of the Plan.

7.2. Rules; Claims Review Procedures. The Committee shall adopt and establish such rules and regulations with respect to the administration of the Plan as it deems necessary and appropriate. The Committee shall also prescribe such deferral election forms and other administrative forms as it deems necessary to carry out the provisions of the Plan. The Committee shall establish a claims procedure and a claims review procedure to be applicable under the Plan.

7.3. Finality of Determinations. All determinations of the Committee as to any matter arising under the Plan, including questions of construction and interpretation shall be final, binding and conclusive upon all interested parties.

7.4. Indemnification. To the extent permitted by law and the Corporation’s by-laws, the members of the Committee, its agents, and the officers, directors and employees of the Corporation shall not be liable for any act or failure to act hereunder, except for gross negligence or fraud.

## ARTICLE 8. FUNDING.

8.1. Funding. It is intended that the Corporation (or applicable subsidiary) is under a contractual obligation to make the payments from a Participant’s Account when due. All amounts paid under the Plan shall be paid in cash or cash equivalents from the general assets of the Corporation. Contributions and Credited Earnings shall be reflected on the accounting records of the Corporation, as provided for under the Plan, but such records shall not be construed to create, or require the creation of, a trust, custodial or escrow account with respect to any Participant. No Participant shall have any right, title, or interest whatsoever in or to any investment reserves, accounts, or funds that the Corporation may purchase, establish or accumulate to aid in providing the benefit payments described in the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or fiduciary relationship or any kind between the Corporation and a Participant or any other person. The Participants and Beneficiaries shall not acquire any interest under the Plan greater than that of an unsecured general creditor of the Corporation. Further, no assets may be transferred to any trust or other arrangement located outside the United States.

## ARTICLE 9. AMENDMENT, TERMINATION OR MERGER

9.1. Amendment and Termination. The Corporation may, at any time and from time to time, modify or amend, in whole or in part, any provision of the Plan. The Corporation shall notify all of the subsidiaries of such amendment. The Corporation may, at any time, terminate this Plan in its entirety. Notwithstanding any other provision in this paragraph, no modification, amendment, suspension, or termination may, without the consent of the Participant (or his Beneficiary in the case of the death of a Participant) reduce the right of the Participant (or his Beneficiary, as the case may be) to a distribution to which he is entitled in accordance with the provisions of the Plan prior to the change. In the event of a termination, if consistent with section 409A of the Code, the Corporation may elect to pay all Accounts of Participants immediately in which case the Corporation will have no further liability under this Plan.

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9.2. Merger, Consolidation, or Sale of Assets. In the event that the Corporation should be liquidated, dissolved, or become a party to a merger or consolidation where the entity is not the surviving corporation, the Plan with respect to such entity shall terminate at the time of the event unless the successor or acquiring corporation shall elect to continue to carry on the Plan. In the event such Plan termination occurs, the provisions of Section 9.1 related to Plan termination shall become applicable, provided that any successor or acquiring corporation may elect to accelerate payments with respect to its employees under the Plan.

#### ARTICLE 10. MISCELLANEOUS.

10.1. Effect on Other Plans. Contributions to this Plan shall not be considered as part of a Participant's compensation for the purpose of any savings or pension plan maintained by the Corporation, but such amounts shall be taken into account under all other employee benefit plans maintained by the Employer in the year in which such amounts would have been payable in the absence of a contribution election; provided, however, that such amounts shall not be taken into account to the extent the inclusion thereof would jeopardize the tax-qualified status of the Plan to which they relate.

10.2. Nontransferability. No right or interest of any Participant in this Plan shall be assignable or transferable, or subject to any lien, directly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge, and bankruptcy.

10.3. No Guaranty of Employment or Participation. The Plan is not an employment contract. It does not give to any person the right to be continued in employment, and all Employees remain subject to change of salary, transfer, change of job, discipline, layoff, discharge or any other change of employment status, without regard to the effect such treatment might have upon him as a Participant under the Plan. No person shall at any time have a right to be a Participant for any calendar year, even if he was a Participant in a prior Plan Year.

10.4. Binding on Corporation, Participant, and Their Successors. This Plan shall be binding upon and inure to the benefit of the Corporation, its successors and assigns, and the Participant, his heirs, executors, administrators, and legal representatives. The provisions of this Plan shall be applicable with respect to the Corporation and each subsidiary separately, and amounts payable hereunder shall be paid by the employer of the particular Participant.

10.5. Incompetency. If any person entitled to receive any benefits hereunder is, in the judgment of the Committee, legally, physically or mentally incapable of personally receiving and receipting for any distribution, the Committee may make distribution to such other person or persons or institution or institutions as, in the judgment of the Committee, shall then be maintaining or have custody over such distributee.

10.6. Severability. In the event any provision of the Plan shall be held invalid or illegal for any reason, any illegality or invalidity shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced as if the illegal or invalid provision had never been inserted, and the Corporation shall have the privilege and opportunity to correct and remedy such questions of illegality or invalidity by amendment as provided in the Plan.

10.7. Applicable Law. This Plan, all documents in connection herewith, and all distributions hereunder shall, insofar as may lawfully be done, be governed, construed, and regulated in accordance with the laws of the State of Louisiana, except to the extent such laws are preempted by applicable Federal law.

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IN WITNESS WHEREOF, the Corporation has caused this instrument to be executed  
by its duly authorized officers on this 18<sup>th</sup> day of January, 2007.

**RED RIVER BANCSHARES, INC.**

By /s/ Wylie D. Cavin

Title EVP and COO

**RED RIVER BANK**

By /s/ Isabel V. Carriere

Title EVP and Controller

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## **EXHIBIT B**

### **FEE SCHEDULE**

#### **Fee Amounts**

As applicable, Directors of the Company and/or the Bank will be paid Board Fees and Committee Fees as follows:

1. \$1,300 for each Board meeting attended
2. \$500 for each Audit Committee meeting attended by the Audit Committee Chairman
3. \$300 for each Audit Committee meeting attended by committee members
4. \$200 for each committee meeting attended (other than the Audit Committee)

Attendance by a Director at a Board or Committee meeting is determined by the Secretary of the Company or the Bank, as applicable, or in his or her absence, by the Assistant Secretary or such other person designated to record the official minutes of the meeting.

#### **Limitations**

The following limitations will be applicable to the payment of Board and Committee Fees:

1. Persons who are directors of the Company shall be paid a Board Fee for attendance at each meeting of the Company Board; provided, however, that persons who are directors of both the Company and the Bank will only be paid a fee for attendance at a meeting of the Company Board when such meetings are not held on the same day as a meeting of the Bank Board.
  2. Persons who are directors of the Bank shall be paid a Board Fee for attendance at each meeting of the Bank Board.
  3. Persons who are members of a committee of the Company Board or Bank Board shall be paid a Committee Fee for attendance at each committee meeting.
  4. Directors who are also officers or employees of the Company and/or the Bank shall not be eligible to receive any fees for attendance at Board or Committee meetings.
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**EXHIBIT C**



**RED RIVER BANCSHARES, INC.  
AND  
RED RIVER BANK**

**AMENDED AND RESTATED DIRECTOR COMPENSATION PROGRAM**

Election Notice

This Election Notice is entered into pursuant to the terms of the Amended and Restated Director Compensation Program (the "**Program**"), as adopted by the Boards of Directors of Red River Bancshares, Inc. (the "**Company**") and its subsidiary, Red River Bank (the "**Bank**"). Capitalized terms used but not defined herein shall have the meaning set forth in the Program.

**Director Information:**

Name:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Initial Calendar Year:**

The following election is hereby made by the undersigned with respect to the payment Board Fees and Committee Fees for the calendar year ending \_\_\_\_\_. This Election Notice must be submitted by December 31st of the calendar year that immediately precedes the calendar year for which such Election Notice is effective. Notwithstanding the foregoing, with respect to a newly-appointed Director, this Election Notice must be submitted to the Company and the Bank, as applicable, prior to the end of such period established by the Board, which shall not exceed thirty (30) days from the date of the commencement of such Directors' service with the Company and/or the Bank.

**Director Election for Payment of Board Fees:**

I hereby elect to have one hundred percent (100%) of my Board Fees paid to me as follows: [check only one option below]

- A. \_\_\_\_\_ **Cash Election** - Cash to be paid quarterly, as soon as practicable following the quarter in which such Board Fees were earned
- B. \_\_\_\_\_ **Deferral Election** - Deferred in accordance with the terms and provisions of the Deferred Compensation Plan for Directors and Senior Management Employees of Red River Bancshares, Inc. and Subsidiaries
- C. \_\_\_\_\_ **Stock Election** - Shares to be settled by March 15 of the calendar year following the calendar year in which such Board Fees were earned (the number of Shares to be issued shall be rounded down to the nearest whole number)

[Important Note: If you select more than one payment option above, this Election Notice will be invalid and you will receive 100% of your Board Fees in cash.]

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**Director Election for Payment of Committee Fees:**

I hereby elect to have one hundred percent (100%) of my Committee Fees paid to me as follows: [check only one option below]

- A. \_\_\_\_\_ **Cash Election** - Cash to be paid quarterly, as soon as practicable following the quarter in which such Committee Fees were earned
- B. \_\_\_\_\_ **Deferral Election** - Deferred in accordance with the terms and provisions of the Deferred Compensation Plan for Directors and Senior Management Employees of Red River Bancshares, Inc. and Subsidiaries

[Important Note: If you select more than one payment option above, this Election Notice will be invalid and you will receive 100% of your Committee Fees in cash.]

**Calendar Years:**

Subject to my continued service as a Director, this Election Notice will remain in effect with respect to future calendar years unless I timely revoke this Election Notice or file a new Election Notice.

**Taxes:**

I hereby acknowledge and understand that the receipt of Board Fees and/or Committee Fees, regardless of the form of payment elected hereby, will ultimately be taxable to me. I further acknowledge and understand that I (and not the Company or the Bank) shall be responsible for my own tax liability resulting from the payment of Board Fees and/or Committee Fees, regardless of the form of payment elected hereby. I hereby agree and acknowledge that I have reviewed the tax consequences of the election made hereby with my own tax advisors, including any U.S. federal, state and local tax laws, and any other applicable taxing jurisdiction, and that I am relying solely on such advisors and not on any statements or representations of the Company, the Bank or any of their respective representatives. Neither the Company nor the Bank makes any representation or undertaking regarding the tax treatment of any aspect of the Program.

**Director Authorization:**

I agree that I have read and understand that all election are subject to all of the terms and conditions of the Program and this Election Notice. I authorize the Company and the Bank to implement this Election Notice.

**DIRECTOR**

\_\_\_\_\_

Print Name: \_\_\_\_\_

Dated: \_\_\_\_\_

**INSTRUCTIONS**

- Please submit your completed and signed Election Notice (both pages) to Amanda W. Barnett, General Counsel and Corporate Secretary.
- Keep a copy of your completed and signed Election Notice for your records.

**Subsidiaries of the Registrant**

The following is a list of the consolidated subsidiaries of Red River Bancshares, Inc., the names under which such subsidiaries do business, and the state in which each was organized, as of the date of this prospectus. All subsidiaries are wholly-owned unless otherwise noted.

**Subsidiaries of Red River Bancshares, Inc.**

<u>Name</u>	<u>State of Organization</u>
Red River Bank	Louisiana
Red River Statutory Trust II	Connecticut
FBT Capital Trust I	Delaware
Red River Statutory Trust III	Delaware

**Subsidiaries of Red River Bank:**

<u>Name</u>	<u>State of Organization</u>
Source Business and Industrial Development Company, LLC	Louisiana

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use in this Registration Statement on Form S-1 of Red River Bancshares, Inc. of our report dated February 28, 2019 relating to our audit of the consolidated financial statements of Red River Bancshares, Inc. appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to our firm under the caption "Experts" in such Prospectus.

/s/ Postlethwaite & Netterville

\_\_\_\_\_  
Baton Rouge, Louisiana

April 10, 2019