Risk Factors Comparison 2024-03-15 to 2023-03-16 Form: 10-K

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Ownership of our common stock involves a high degree of risk. You should carefully consider the risks described below, together with all other information included in this Report, including the disclosures in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our consolidated financial statements and the related notes included in " Item 8. Financial Statements and Supplementary Data. " We believe the risks described below are the risks that are material to us as of the date of this Report. 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. Further, to the extent that any of the information in this Report constitutes forward- looking statements, the risk factors below also are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward- looking statements made by us or on our behalf. Risks Related to Our Credit Activities 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 the loan may be repaid; risks relating to proper loan underwriting; risks resulting from changes in economic and industry conditions such as labor and material shortages, supply chain difficulties, and ~~heightened~~ inflationary pressures; 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 **, which could adversely affect our net income** . 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 provision for ~~loan~~ **credit** losses, which could adversely affect our net income . A significant portion of our loan...... and regulatory rules, and natural disasters . 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 owner occupied and 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, ~~2022~~ **2023** , our owner occupied loans totaled $ ~~393~~ **412** . ~~4~~ **7** million, or 20. ~~6~~ **7** % of loans HFI. Also, as of December 31, ~~2022~~ **2023** , our construction and development loans, non- owner occupied commercial real estate loans, and non-real estate secured loans financing commercial real estate activities totaled $ ~~560~~ **566. 6 million, or 28** . 4 ~~million, or 29. 2~~ % **of** ~~ofloans~~ -- **loans** HFI. The repayment of these loans is typically 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 **, changes in interest rates,** 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 in the event of default of the underlying loan. 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 an individual 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~~ **credit** losses, which would reduce ~~our profitability~~ .A significant portion of our loan portfolio consists of real estate loans,which subjects us to the potential impairment of the collateral securing the loan if the real estate market experiences negative changes and the costs and potential risks associated with the ownership of the real property if we are forced to foreclose.Real estate values in many Louisiana markets have experienced periods of fluctuation over the last several years.As of December 31, ~~2023~~ **2022** ,$ 1. ~~58~~ **50** billion,or ~~79~~ **78** .1 %,of loans HFI 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,flooding,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.** Additionally,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,including potential environmental liability due to contamination of a property either during ownership or after the divesting of it.As of December 31, ~~2023~~ **2022** ,we held **no** OREO ~~totaling $ 69,000~~ .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 ~~.Consequently,we could be required to increase our ACL,~~ our profitability. Our business may be adversely affected by credit risk associated with residential property. As of December 31, ~~2022~~ **2023** , $ ~~543~~ **599** . 5 million, or ~~28~~ **30** . ~~4~~ **1** %, of our total loan portfolio was secured by primary and secondary 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. 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 **, in a declining interest rate environment, there may be an increase in prepayments on residential loans as borrowers refinance their loans at lower rates, which may adversely affect our business and profitability. By contrast** , interest rate increases often result in larger payment requirements for our borrowers with variable rate loans, 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, which may adversely affect our business and profitability.~~ A significant portion of our loan portfolio is comprised of commercial and industrial loans secured by receivables, inventory, equipment, or other commercial collateral, and the deterioration in the collateral' s value could expose us to credit losses. As of December 31, ~~2022~~ **2023** , approximately $ ~~310~~ **315** . ~~1~~ **3** million, or ~~16~~ **15** . ~~2~~ **8** %, of loans HFI were commercial and industrial loans collateralized, in general, by general business assets including, among other things, accounts receivable, inventory, equipment, and available real estate, and most are backed by a personal guaranty of the borrower or principal. These commercial and industrial loans are typically larger in amount than loans to individuals and therefore have the potential for larger losses on an individual loan basis. Additionally, the repayment of commercial and industrial loans is subject to the ongoing business operations of the borrower. The collateral securing such loans generally includes movable property, such as equipment and inventory **, which** ~~. 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 that are sensitive to commodity prices ~~or market fluctuations, such as energy prices. Accordingly, negative changes in commodity prices~~ , real estate values, or liquidity **, which** could impair the value of the collateral securing these loans. Significant adverse changes in the economy or local market conditions where 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. Our **ACL** ~~allowance for loan losses~~ may prove to be insufficient to absorb losses inherent in our loan portfolio. The **ACL is a valuation account that is deducted from the amortized cost basis of loans HFI to present management' s best estimate of the expected credit losses to be recognized over the lifetime of the loans. Management estimates the** allowance ~~for loan losses represents our estimate of probable losses in our loan portfolio at each~~ balance **using** ~~sheet date and is based upon~~ relevant **available** information ~~available~~ **, from internal and external sources, relating** to ~~us~~ **past events, current conditions, and reasonable and supportable forecasts** . The **determination of the amount of** allowance **involves** ~~contains provisions for probable losses that have been identified relating to specific borrowing relationships, as well as probable losses inherent in the loan portfolio and credit undertakings that are not specifically identified. Additions to the allowance for loan losses, which are charged to earnings through the provision for loan losses, are determined based on~~ a ~~variety~~ **high degree** of **judgement** ~~factors, including an~~ **and subjectivity** ~~analysis of our loan portfolio, historical loss experience, and an evaluation of current economic conditions in our market areas~~ . As of December 31, ~~2022~~ **2023** , our **ACL** ~~allowance for loan losses~~ totaled $ ~~20~~ **21** . ~~6~~ **3** million, which represents approximately 1. ~~08~~ **07** % of loans HFI. The actual amount of ~~loan~~ **credit** 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~~ **credit** losses will likely occur in the future and may occur at a rate greater than we have previously experienced or greater than we anticipate. We may be required to make additional provisions for ~~loan~~ **credit** losses to further supplement our **ACL** ~~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 **ACL** ~~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 ~~. Finally, the measure of our allowance for loan losses is subject to new accounting standards. FASB adopted a new accounting standard that was effective for us on January 1, 2023. This new standard, referred to as CECL, requires financial institutions to determine periodic estimates of lifetime expected credit losses on loans and recognize the expected credit losses as allowances for credit losses. This changes our historical method of providing allowances for loan losses that are probable, which could require us to increase our allowance for credit losses going forward. CECL also greatly increases the types of data we need to collect and review to determine the appropriate level of the allowance for credit losses. The CECL model could create more volatility in the level of our allowance for credit losses going forward. For more information on our CECL adoption, see " Item 8. Financial Statements and Supplementary Data- Note 1. Significant Accounting Policies- Recent Accounting Pronouncements " in this Report. As a participating lender in the PPP, we are subject to risks related to the SBA program and related PPP loans. The CARES Act in March of 2020 and the Economic Aid Act in December of 2020 included a significant loan program administered through the SBA referred to as the PPP. Under the PPP, small businesses and other entities and individuals could~~

~~apply for loans from existing SBA lenders and other approved regulated lenders that enrolled in the program, subject to numerous limitations and eligibility criteria. We participated as a lender in the PPP. The PPP became available on April 3, 2020. Due to how quickly each act was passed and implemented, there was a significant amount of ambiguity and changes in the laws, rules, and guidance regarding requirements for eligibility, underwriting, origination, funding, and forgiveness of PPP loans, which exposes us to regulatory and legal risks relating to past noncompliance with the PPP. We also have post- forgiveness credit risk on PPP loans if the SBA determines that there is a deficiency in the manner the loan was originated, funded, or serviced by us, such as an issue with the eligibility of a borrower to receive a PPP loan. In the event of a loss resulting from a determination by the SBA that there was a deficiency in the manner the PPP loan was originated, funded, or serviced by us, the SBA may seek to recover from us any loss related to the deficiency. In addition, we have post- forgiveness credit risk related to how forgiveness of PPP loans was handled and how the forgiveness amounts were determined. Governmental agencies have, and may continue to change the rules, create new rules, have a very detailed review process, or require additional forms or paperwork that the borrower may not complete appropriately. All of these items could negatively impact us. Governmental agencies could audit our PPP borrowers, and any allegations of fraud resulting from such audit could expose us to liability and reputational risk. Since the commencement of the PPP, numerous other banks have been subject to litigation regarding the process and procedures that those banks used in processing applications for the PPP. We may be exposed to similar litigation from customers, non - customers, and agents that approached us regarding PPP loans and litigation regarding our procedures for processing applications, funding PPP loans, and coordinating the forgiveness of the loans. If any such litigation is initiated against us, it may result in significant financial liability, significant litigation costs, or adversely affect our reputation~~ . 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~~ **estimated losses** . 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 **ACL** ~~allowance for loan losses~~ may not reflect accurate ~~loan impairments~~ **estimated losses** . The amount of our nonperforming assets may increase significantly, resulting in additional losses, costs, and expenses. As of December 31, ~~2022~~ **2023** , we had NPAs of $ 2. ~~4~~ **6** million, or 0. 08 % of assets. NPAs adversely affect our net income in various ways. We do not record interest income on OREO or on nonperforming loans, which adversely affects our income. When we take collateral in foreclosures and similar proceedings, we are required to mark the related asset to the market value of the collateral, which may ultimately result in a loss. An increase in the level of NPAs also increases our risk profile, which may cause our regulators to require additional amounts of capital. Finally, NPAs 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. The small to medium- sized businesses that we lend to may have fewer resources to handle adverse business developments, which may impair their 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, inflation, and labor market and supply chain constraints; may 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. 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 other parties. 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 misrepresentation or incorrect or incomplete information, whether fraudulent or inadvertent, may not be detected prior to entering into the transaction. In addition, there could be a significant breakdown or failure in our systems or processes in compiling that information, 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, an employee, 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, is 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. Risks Related to Interest Rates and Economic Conditions We are subject to risks due to changing interest rates. The majority of our banking assets are monetary in nature and subject to risk from changes in interest rates **that are highly sensitive to many factors that are beyond our control** . Like most financial institutions, our **profitability is** ~~earnings and cash flows depend~~ **dependent** ~~to a great extent~~ upon ~~the level of~~ our net interest income. Net interest income ~~represents~~ **is** the ~~difference between the~~ **primary component of our earnings and is affected by both local economic conditions and competition, as well as**

national monetary policy and market interest rates. Unexpected and / or significant changes to interest rates could cause our net interest margin and net interest income ~~we earn~~ **to decrease, and could adversely affect the valuation of our assets and liabilities. An increase in the general level of interest rates may reduce loan demand and loan fees, decrease loan repayments, create deposit rate pressure, while increasing the yield** on **short** ~~loans, investments, and other interest~~ - **term** ~~earning assets, and the interest we pay on~~ interest- bearing **assets** ~~liabilities, such as deposits~~ and ~~borrowings. Fluctuations in interest rates may impact both the level of income and expense recorded~~ on **new** ~~some of our assets~~ and ~~liabilities~~ **renewing loans** and ~~the market value of applicable interest- earning assets and interest- bearing liabilities, which could, in turn, negatively affect our net income. In a rising interest rate environment, the value of our~~ securities ~~AFS portfolio generally declines~~ . **Higher** ~~As of December 31, 2022, our net unrealized loss in our securities AFS portfolio was $ 74. 1 million due to the significant rise in interest rates during 2022. When interest- earning assets mature or reprice more quickly, or to a greater degree than interest- bearing liabilities, rising~~ interest rates could ~~increase net interest income. Similarly, 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. Our interest sensitivity profile was asset sensitive as of December 31, 2022, meaning that our assets have the opportunity to reprice at a faster pace than our liabilities. Consequently, we estimate our net interest income would increase in a rising interest rate environment and decrease in a falling interest rate environment. However, rising interest rates could decrease loan originations by decreasing loan demand and creating depository pressures for us from customers withdrawing their deposits seeking higher returns. This could result in decreasing our loan revenues, requiring us to borrow money to fund loans, or increasing the rate we pay on deposits, any of which could decrease our net interest income. Interest rates are affected by many factors outside of our control, including governmental monetary policies, inflation, deflation, recessions, 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 repayments. Increases could also~~ adversely affect the ability of borrowers of floating rate loans to meet their higher payment obligations, which could **result** in ~~turn lead to~~ an increase in ~~NPAs~~ **delinquencies** and charge- offs **, and increase the cost of deposits** . A decrease in the general level of interest rates may **reduce** ~~, among other~~ -- **the yield** ~~things, increase prepayments within the loan portfolio and~~ on ~~mortgage~~ **short** - ~~backed~~ **term interest- bearing assets and on new and renewing loans and** securities ~~within~~ **, while decreasing deposit rate pressure and** the **cost of deposits. The fair market value of our** securities portfolio, **the investment income,** and ~~increase competition for deposits~~ **the cash flows from these securities also fluctuate depending on general economic and market conditions. Changes in market values impact the net unrealized gains and losses on securities AFS and the related accumulated other comprehensive income in equity. Also, any such losses could be realized into earnings if it becomes necessary to sell securities AFS in a loss position. Although management believes it has implemented effective asset and liability management strategies to manage the effects of changes in interest rates, any significant and unexpected change in market rates could have a material negative effect on our financial condition and earnings, and our strategies may not always be successful in managing the risks associated with changes in interest rates** . Natural disasters, acts of war or terrorism, the impact of pandemics, civil unrest, and other external events could result in a disruption of our operations and increases in ~~loan~~ **credit** losses. We are a community banking franchise concentrated in Louisiana. 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, ice storms, and other natural disasters ~~. As of December 31, 2022, 93. 4 % of loans HFI 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~~ . Natural disasters can disrupt our operations, cause widespread property damage, and severely depress the local economies in which we operate. 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. **As of December 31, 2023, 94. 0 % of loans HFI 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.** 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, which could adversely affect our business and profitability. Additionally, our business could be adversely affected by the effects of war and international conflict, civil unrest, inflation, labor market and supply chain constraints, or a widespread outbreak of pandemics. Further, we are monitoring the ongoing **military** ~~conflict~~ **conflicts** between Russia and Ukraine **and Israel and Hamas, as well as the current tensions with China** . While we do not expect that ~~the~~ **these** ~~conflict~~ **conflicts** will be directly material to us, associated effects of the geopolitical instability, such as the imposition of sanctions against Russia and Russia' s response to such sanctions (including retaliatory acts like cyber- attacks and sanctions against other countries), could adversely affect the global economy or domestic markets, including ours. If the economies in our primary markets experience an overall decline as a result of these types of external events, demand for loans and our other products and services could be reduced. In addition, the rate 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 our borrowers' ability to repay their loans. Such external events could, therefore, result in decreased revenue and increased ~~loan~~ **credit** losses for us. As a business operating in the financial services industry, our business and operations may be adversely affected in numerous and complex ways, including demand for our products and services, inflation, and financial markets. 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. Our business environment can be impacted by uncertainty about the federal fiscal and monetary policymaking process. Changes in any of these policies are influenced by macroeconomic conditions

and other factors that are beyond our control. Federal fiscal and monetary policymaking decisions could lead to changes in interest rates, inflation, or other economic impacts such as supply chain issues, labor market constraints, and recessions. The primary impact of ~~continued~~ inflation on our operations is our ability to manage the impact of changes in interest rates, which could impact the demand for our products and services. In addition, we could also experience increased operating costs related to providing our products and services as a result of ~~continued~~ inflation. 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. Uncertainty regarding both short and long- term interest rates impacts our ability to attract deposits and manage net interest margin. 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, ~~2022~~ **2023** , we had $ ~~392~~ **387** . ~~2~~ **4** 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 reduced income or 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. Volatility in oil **and natural gas** prices ~~and~~ **along with cyclical** downturns in the energy industry, particularly in Louisiana, could lead to increased credit losses in our loan portfolio. As of December 31, ~~2022~~ **2023** , we had energy loans of $ ~~36~~ **34** . ~~8~~ **0** million, or 1. ~~9~~ **7** % ~~,~~ of loans HFI. We also 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 the impact of inflation on energy prices. 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 which could lead to increased credit losses in our loan portfolio. Risks Related to Our Operations We rely heavily on our executive...... any certainty. Risks Related to Our Competition and Services Our ability to attract and retain customers and maintain our reputation is critical to our growth, profitability, and market share. We operate in the highly competitive banking industry and face significant competition for customers from bank and non- bank competitors. Our business plan emphasizes relationship banking in order to originate loans, attract deposits, and provide other financial services. As a result, our reputation is one of the most valuable components of our business. 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. Credit unions have become more active through organic growth and growth through acquisitions, and their tax- exempt status may enable them to compete more effectively on rates. 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 fintech companies, **all of** which could cause us to lose some of our existing customers, and we may not be successful attracting new customers. Our failure to compete effectively in our primary markets could cause us to lose market share **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 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 exposure 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. ~~Further~~ **As a result** , **defaults** ~~high- profile bank failures have resulted in some degree of public awareness and caused widespread questions about potential concerns in the financial institutions industry.Failures~~ 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 a decline in market- wide liquidity,asset **quality problems,or other problems and could lead to losses or defaults by us or by other institutions.** . We may not be able to implement our expansion strategy, which may adversely affect our ability to maintain our historical earnings trends. Our strategy is to expand market share in existing markets and engage in opportunistic new market de novo expansion, supplemented by strategic acquisitions of financial institutions in desirable geographic areas with customer- oriented, compatible philosophies. De novo expansion carries with it certain potential risks, including possibly 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 centers 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. Acquisitions typically involve the payment of a premium over book and market values; therefore, some dilution of our tangible book value and earnings per common share may occur in connection with any future acquisition. Specifically, acquisitions could result in higher than expected deposit attrition, loss of key employees, significant fair value adjustments, or other consequences that could adversely affect our business. Further, the carrying amount of any goodwill that we currently maintain or may acquire may be subject to impairment in future periods.

Also, as consolidation of the financial services industry continues, the number of appropriate targets may decrease and the price for potential acquisitions may increase, which could reduce our potential returns and reduce the attractiveness of these opportunities to us. In addition, we cannot provide assurance that we will be able to successfully integrate any business or assets we acquire with our existing business. The integration of acquired operations and assets may require substantial management time, effort, and resources and may divert management' s focus from other strategic opportunities and operational matters. 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~~ **For example, 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. 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. 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. In doing so, 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 and subject us to additional, unknown risks. We may be adversely affected by the...... by us or by other institutions. Risks Related to Our Financial Stability The fair value of our investment securities...... effect on our business and profitability. We may need to rely on financial markets to provide needed 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. We may need to raise additional capital, in the form of additional debt or equity, in the future to have sufficient capital resources and liquidity to satisfy our current or future regulatory capital requirements, meet our commitments, and fund our business needs and future growth. 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 issue debt or equity securities 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. 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 **. As can be seen from events in 2023 regarding the operations and failures of other banks in the U. S., an inability to mitigate deposit withdrawals and to raise funds through new deposits, borrowings, the sale of investment securities at or above the value of such securities on our books, and other sources could have a material adverse effect on liquidity** . Our most important source of funds is 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 **or when customers have negative views related to disruption in the financial markets or the prospects for the financial services industry as a whole. If our customers move money out of bank deposits, our liquidity position could be impacted, and we would lose a relatively low- cost source of funds, increasing our funding costs, and reducing our net interest income and net income** . 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 **and other deposit** 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 FHLB of Dallas **and the Federal Reserve Bank' s Discount Window facility. Also, the Federal Reserve' s Bank Term Funding Program was available from March 12, 2023 through March 11, 2024** . 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. The fair value of our investment securities can fluctuate due to factors outside of our control,which could have a material adverse effect on our business and profitability.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 ~~OTTI,~~ realized or unrealized losses in future periods ~~,~~ and declines in AOCI,which could have a material adverse effect on our business,financial condition,results of operations,and capital requirements.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.As a result,any failure or deficiency in making these judgments could have a material adverse effect on **our business and profitability.Risks Related to Our Operations** We ~~may~~ **rely heavily on our executive management team and other key employees, and we could** be adversely affected by **an unexpected loss of** ~~the~~ **their service** ~~transition from LIBOR~~ . ~~In July 2017,~~ **Our success depends in large part on** the ~~United Kingdom Financial Conduct Authority~~ **performance of our key personnel** , **as well as on our ability** ~~the authority that regulates LIBOR, announced its intent~~ to ~~stop compelling banks to submit rates~~ **attract, motivate, and retain highly qualified management and employees. Competition** for **employees is intense** ~~the calculation of LIBOR after 2021. Subsequently~~ , **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. Further, we may not be able to identify and hire qualified replacement personnel** on ~~March 5~~ **terms acceptable to us** , ~~2021~~ **or at all** , ~~it was announced that certain USD- LIBOR rates~~ **whether due to tightening labor conditions or otherwise. If we unexpectedly lose the services of one or more of our key personnel and are unable to replace them, we** would **also lose** ~~cease to be published after June 30, 2023. The Alternative Reference Rates Committee has proposed that~~ the **benefit of** ~~Secured Overnight Financing Rate is the rate that represents best practice as the alternative to USD- LIBOR for use in derivatives and other~~ , **their skills** ~~financial contracts that are currently indexed to USD- LIBOR. As of December 31~~ , **knowledge** ~~2022, 2. 1 %~~ of ~~loans HFI were indexed to LIBOR with a setting that expires June 30, 2023. These loans contain either provisions for the designation of an alternate benchmark rate or~~ **our primary markets** ~~" fallback " provisions providing for alternative rate calculations in the event LIBOR is unavailable. However~~ , ~~the existing provisions~~ and **years** ~~/ or recent modifications to our documents to address the transition may not adequately address the actual changes to LIBOR or the financial impact~~ of ~~successor benchmark rates. Even with provisions allowing for designation of alternative benchmarks or " fallback " provisions, changes to or the discontinuance of LIBOR could result in customer uncertainty and disputes arising as a consequence of the transition from LIBOR. Risks Related to the Regulation of Our Industry~~ **industry experience** ~~We operate in a highly regulated environment and the laws and regulations that govern our operations~~ , corporate governance, executive compensation, and......, and other penalties, any of which could adversely affect our ~~may be lengthy.We may not be successful in retaining our key employees.Further,we may not be able to identify and hire qualified replacement personnel on terms acceptable to us,or at all,whether due to tightening labor conditions or otherwise.If we unexpectedly lose the services of one or more of our key personnel and are unable to replace them,we would also lose the benefit of their skills,knowledge of our primary markets,and years of industry experience,which could adversely affect our~~ business and profitability.We are subject to laws regarding the privacy,information security,and protection of personal information.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 retain,on various information systems that we maintain and in those maintained by third **-** party ~~data service~~ providers **and,in some cases,vendors retained by those third parties** ,personal and financial information concerning individuals and businesses with which we have a banking relationship.We also maintain important internal company data such as personally identifiable information about our employees and information about our operations.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 between applicable privacy and other requirements and our ability to secure data in accordance with customer expectations and evolving laws and regulations governing the privacy and protection of personal information.It is difficult or impossible to defend against every risk posed by changing technologies and cyber- crime. **Cyber incidents could include actual or attempted unauthorized access,tampering,malware insertion,ransomware attacks,or other system integrity events.** Increasing sophistication of cyber- attacks makes it increasingly difficult to prevent a security breach. ~~Controls employed~~ **For example,in mid- 2023,we received notice that certain of our customer data was involved in the global incident involving the MOVEit Transfer vulnerability.Our internal network systems were not impacted** by ~~our information technology department,our other~~ -- **the** ~~employees~~ **MOVEit Transfer vulnerability.However** , ~~and~~ **several of** our **third- party financial institution** vendors ~~could prove inadequate~~ **who utilized MOVEit Transfer in their service offerings to us notified us that their systems may have been compromised** . ~~We~~ **Based on the investigation,we were notified that certain of our customers had personal information exfiltrated through the cyber- attack,and we notified our affected customers.Further,we** ,or any of our vendors or third- party providers,could also experience a breach due to circumstances such as intentional or negligent conduct on the part of employees or other internal and external sources,software bugs,or other technical malfunctions.Any of these threats may cause our customer accounts and financial systems to become vulnerable to takeover schemes or cyber- fraud.If personal,confidential,or proprietary information of customers,employees,or others were to be mishandled or misused by us or third parties with access to that information,we could be exposed to litigation or regulatory sanctions under personal information laws and regulations. ~~Cyber incidents could include actual or attempted unauthorized access,tampering,malware insertion,ransomware attacks,or other system integrity events.~~ A breach of our security that ~~results~~ results ~~of~~ **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** ~~capital base~~ , **fines** ~~the price of our securities~~ , ~~and result~~ **penalties, damages, inquiries, examinations, investigations, significant increases** in **compliance costs, and** reputational damage ~~our daily operations as well~~

~~as to data loss,litigation,fines,penalties,damages,inquiries,examinations,investigations,significant increases in compliance costs,and reputational damage~~ ,which could cause us to lose customers or potential customers.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 **IT** ~~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 **IT** ~~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.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, **fail to effectively manage their providers,** terminate their services,or fail to comply with applicable banking regulations.We are subject to claims,litigation,and other proceedings that could result in legal liability.From time to time,we are,or may be,involved in various legal matters arising in the ordinary course of business.One or more unfavorable outcomes of these ordinary course claims or litigation against us could have a material adverse effect on our business. ~~In addition,regardless~~ **Regardless** of their merits,scope,validity,or ultimate outcomes,such matters are costly,time- consuming,may result in protracted litigation or otherwise divert management' s attention,and may materially and adversely affect our reputation,even if resolved favorably. ~~We have a continuing need for technological improvements,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 **,since the commencement of the PPP,numerous other banks have been subject** to ~~better serving~~ **litigation regarding the process and procedures that those banks used in processing applications for the PPP.We may be exposed to similar litigation from governmental agencies,** customers, ~~the effective~~ **non - customers,and agents that approached** ~~use~~ - **us regarding PPP loans** ~~of technology increases efficiency~~ and ~~enables~~ **litigation regarding our procedures for processing applications,funding PPP loans,and coordinating the forgiveness of the loans.If any such litigation is initiated against us,it may result in significant** financial ~~institutions to reduce~~ **liability,significant litigation** costs **,or adversely affect our reputation** . Further, **governmental agencies could audit our PPP borrowers, and** any **deficiencies resulting from such audit could also expose us to liability and reputational risk. We have a continuing need for technological improvements, and we may not have the resources to effectively implement** new ~~laws~~ **technology** , ~~rules, and regulations could make compliance more difficult or expensive. For~~ - **or we** ~~additional information regarding laws and regulation to which our business is subject, see " Item 1. Business- Supervision and Regulation. Legislative and regulatory actions taken now or in the future,~~ may ~~increase our costs~~ **experience operational challenges when implementing new technology** . **The** ~~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 ~~. New proposals for legislation~~ **is undergoing rapid technological changes with frequent introductions of new technology- driven products** and ~~regulation~~ **services. As we** continue to ~~be introduced in the U. S. Congress and by regulatory agencies that could 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, fees on products and services (including overdraft fees and NSF fees), financial product offerings, and disclosures; and have an effect on collection and bankruptcy proceedings with respect to consumer residential real estate mortgages, among other things. Certain aspects of current or proposed regulatory or legislative changes, if enacted or adopted, may impact the profitability of our business activities by requiring more oversight or changing certain of our business practices, including our ability to offer new products, obtain financing, attract deposits, make loans, and achieve satisfactory interest spreads. They also may require us to invest significant management attention and resources to make necessary operational changes to comply, which could further impact the profitability of our business activities and increase our costs. Future changes in tax laws may have an adverse effect on our income tax expense, deferred tax balances, and the amount of taxes payable, which could have an adverse effect on our business and profitability. New activities and expansion require regulatory approvals, and failure to obtain them may restrict our growth~~ -- **grow** ~~. As opportunities arise~~ , ~~we plan to continue establishing de novo banking centers as a part of our organic growth strategy. In addition, 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~~ **our success** related business or open new de novo...... not meet minimum capital requirements, it will be ~~subject~~ **partially dependent upon our ability** to **address** ~~prompt corrective action by~~ the **needs of our customers and enhance** ~~FDIC. Prompt corrective action can include progressively more restrictive constraints on operations~~ **operational** ~~, management, and capital distributions~~ **efficiencies through the use of technology** . ~~Even if~~ **We may experience operational challenges as** we ~~satisfy~~ **implement** ~~the~~ **these** ~~objectives of~~ **new technology products** ~~our~~ - **or enhancements. As a result** ~~capital plan and meet minimum capital requirements~~ , ~~it is possible that~~ **we may not fully realize the anticipated benefits from our new technology,** ~~our~~ - **or** ~~regulators~~ **we** may **incur** ~~ask us to raise additional capital. For example, banking organizations experiencing~~ significant ~~internal growth, making acquisitions,~~ **costs to overcome related challenges in a timely manner. Many of** ~~or~~ **our larger competitors have** ~~experiencing financial difficulties are often expected to maintain strong capital positions~~ substantially **greater** ~~above the minimum supervisory levels, without significant reliance on intangible assets. In addition, the Federal Reserve may require us to commit capital~~ resources to support the Bank. The Federal Reserve...... jeopardize our ability to originate loans, invest in **technological improvements** ~~securities, or meet other obligations such as repaying any potential borrowings or meeting deposit withdrawal demands, which could adversely impact our business or profitability~~ . ~~Federal~~ **As a result** , ~~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~~ **they may** ~~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 that 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 **offer additional** ~~repay the loans irrespective of the value of the underlying property. It is our~~ - **or superior products** ~~policy not to make predatory loans~~ , **which would put** ~~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~~ **at a competitive disadvantage** . **Accordingly,** ~~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~~ **lose customers seeking technology- driven products** and **services** ~~expense associated with the foreclosure process or prevent us from foreclosing at all. We are generally unable to control the amount of premiums~~ that we are **not able to provide. Our financial results depend on management' s selection of accounting methods and certain assumptions and estimates. The preparation of our financial statements** ~~required~~ **requires us** to ~~pay~~ **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 policies include the ACL, accounting** for ~~FDIC insurance~~ **income taxes, the determination of fair value for financial instruments, and accounting for stock- based compensation** . ~~Deposits~~ **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.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 analysis is intrinsic to bank decision- making and is becoming increasingly widespread in our operations.It is also becoming more prevalent in regulatory compliance.While we are not currently subject to annual stress testing under the Dodd- Frank Act ~~and~~ **or** the Federal Reserve' s Comprehensive Capital Analysis and Review submissions,we currently utilize **asset / liability management modeling and** stress testing for monitoring and managing interest rate risk and liquidity.We also use **an ACL** ~~a loan pricing~~ model to ~~help price loans,as well as an ALL model to~~ evaluate the ~~ALL~~ **ACL** .While we believe the quantitative techniques and approaches of these models improve our decision- making,they also create the possibility that faulty data,flawed quantitative approaches,or misunderstanding or misuse of their outputs could negatively impact our decision- making ability or,if we become subject to regulatory stress- testing in the future,cause adverse regulatory scrutiny.We utilize third- party companies to support our investment group,and we may be adversely affected by the condition or performance of our third- party brokerage partners.We are not registered with the SEC as an investment advisor or broker- dealer.To provide a broader range of investment products and services to our customers through our investment group,we partner with third ~~-~~parties who are licensed and registered to serve in those capacities.The investment products and services provided to our customers through our investment group,by virtue of these third **- party channels generally are not** insured by the FDIC ~~up to~~ **. Therefore, we may have exposure for** ~~legal~~ **illegal , negligent, fraudulent, or other acts of these investment advisors and brokers. Although we seek to** ~~limits~~ - **limit** this exposure through clear disclosure,ongoing oversight,and 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,all of which may increase our financial exposure and adversely affect our business.Climate related events and legislative and societal responses regarding climate change present risks to our business.Climate change may intensify severe weather events such as hurricanes and rainstorms that recur in our market areas,which may adversely impact our locations and business and those of our customers and suppliers.In addition,there has been ~~an and~~ - **an increased focus among businesses, consumers and investors regarding transitioning to renewable energy and a net zero economy. If we fail to adequately anticipate and address these changing preferences, our business could be adversely impacted. We are also** subject to **risks relating to potential new climate change- related legislation or regulations, which could increase our and our customers' costs. For example, in 2022, the SEC proposed new climate disclosure rules, which if adopted, would require new climate- related disclosure in SEC filings, including certain climate- related metrics and greenhouse gas emissions data, information about climate- related targets and goals, transition plans, if any, and extensive attestation requirements. Further, we may be exposed to negative publicity based on the identity and activities of** ~~the~~ **those** ~~payment of FDIC deposit insurance assessments. The Bank~~ **to whom we lend and with which we otherwise do business and the public** ' s ~~regular assessments~~ **view of the approach and performance of our customers and business partners with respect to climate- related matters. The risks associated with these matters** are **continuing to evolve rapidly** ~~determined by the level of its assessment base and its risk classification under an~~ **and** ~~FDIC risk- based assessment system. The FDIC has~~ the **ultimate impact on our business** ~~power to change deposit insurance assessment rates, the manner deposit insurance~~ is **difficult** ~~calculated, and also~~ to **predict with any certainty** ~~charge special assessments to FDIC- insured institutions. Any future additional assessments, increases, or required prepayments in FDIC insurance premiums could adversely impact our earnings~~ . Risks Related to an Investment in 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. An investment in our common stock is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency and is subject to price fluctuations and risk of loss. There are many factors that may

impact the market price and trading volume of our common stock. In particular, the realization of any of the risks described in this " Item 1A. Risk Factors " of this Report could have a material adverse effect on the market price of our common stock, causing the price of our common stock 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 and could result in a risk of loss. Future sales or the availability for sale of substantial amounts of our equity securities 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. We may issue shares of equity securities as consideration for future acquisitions and investments and under compensation and incentive plans. We may also grant registration rights covering those shares of our equity securities in connection with any such acquisition or investment. Sales of substantial amounts of our equity securities, 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. Our directors and executive officers have significant control over our business. As of December 31, ~~2022~~ **2023** , our directors and executive officers beneficially owned approximately 16. ~~9~~ **5** % of our issued and outstanding shares of common stock. 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. The rights of our common shareholders may be subordinate to the holders of any debt securities or preferred stock that we may issue in the future. As of December 31, ~~2022~~ **2023** , we did not have any outstanding long- term debt. However, any future indebtedness that we may incur may be senior to our common stock. As a result, we would make payments on our potential future indebtedness before any dividends could be paid on our common stock, and, in the event of our bankruptcy, dissolution, or liquidation, the holders of our potential future indebtedness would be satisfied in full before any distributions could 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 issuance of preferred stock and any indebtedness, without shareholder approval, which may 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. 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 of 2002, 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 (1) the end of the fiscal year during which we have total annual gross revenues of $ 1. 24 billion or more, (2) December 31, 2024, (3) the date on which we have, during the previous three- year period, issued more than $ 1. 0 billion in non- convertible debt securities, or (4) 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~~ **as long as** we ~~rely on these exemptions~~ **remain an emerging growth company** , which may result in a less active trading market and increased volatility in our stock price **. We currently anticipate that we will no longer qualify as an emerging growth company as of December 31, 2024. As a result, we will no longer be eligible to take advantage of the exemptions from various requirements applicable to emerging growth companies. For example, we will need to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act of 2022 beginning with our Annual Report on Form 10- K for the year ending December 31, 2024, will be required to hold a say- on- pay vote and a say- on- frequency vote at our 2025 annual meeting of shareholders, and will no longer be entitled to provide the reduced executive compensation disclosures permitted by emerging growth companies beginning with our proxy statement for our 2025 annual meeting of shareholders. We expect that our transition from an emerging growth company status will require additional attention from management and will result in increased costs to us, which could include higher legal fees, accounting and related fees, and fees associated with investor relations activities, among others** . 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 anticipate paying quarterly dividends going forward, 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 any potential future outstanding indebtedness, as we generally would make payments on outstanding indebtedness before any dividends could be paid on our common stock. Also, because our primary earning asset is our investment in the capital stock of the Bank, we **are** ~~may become~~ dependent upon dividends from the Bank to pay our operating expenses, satisfy our obligations, and pay dividends on our common stock. The Bank' s ability to pay dividends on its common stock will substantially depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, and other factors deemed relevant by its board of directors. There are numerous laws and banking regulations and guidance that limit our and the Bank' s ability to pay dividends. For more information on dividend regulations, see " Item 1. Business- Supervision and Regulation. " Our stock repurchase program may not enhance long- term stockholder value, and stock repurchases, if any, could

increase the volatility of the price of our common stock and diminish our cash reserves. Since August 2020, we have maintained stock repurchase programs. The repurchase programs authorize us to purchase up to a set amount of our outstanding shares of common stock between specific dates. Repurchases may be made from time to time in the open market at prevailing prices and based on market conditions, or in privately negotiated transactions. Repurchases pursuant to our stock repurchase programs could affect our stock price and increase its volatility. The existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Additionally, repurchases under our stock repurchase programs will diminish our cash reserves, which could impact our ability to pursue possible future strategic opportunities and acquisitions, support our operations, invest in securities, and pay dividends, and could result in lower overall returns on our cash balances. Stock repurchases may not enhance shareholder value because the market price of our common stock may decline below the levels at which we repurchased shares of stock, and short-term stock price fluctuations could reduce the program' s effectiveness. Repurchases may also be subject to a nondeductible excise tax under the Inflation Reduction Act of 2022 equal to 1. 0 % of the fair market value of the shares repurchased, subject to certain limitations. 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; specify that our shareholders do not have preemptive rights; issue " blank check " preferred stock with such designations, rights, and preferences as may be determined from time to time by the board; increase the size of the board and fill the vacancies created by the increase; not be elected by cumulative voting; amend our bylaws without shareholder approval; require the request of holders of at least 25. 0 % 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. Securities analysts may not continue coverage on us or may publish unfavorable reports, which could adversely impact the price of our common stock. The trading market for our common stock depends, 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. Risks Related to the ~~Ongoing COVID~~ **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 or creditors.Rather,these laws and regulations are intended to protect consumers,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,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,require us to have an effective anti ~~- money laundering program,and prohibit discriminatory lending practices and unfair,deceptive,or abusive acts.Compliance with~~ - ~~19 Pandemic The COVID- 19 pandemic~~ **money laundering program, and prohibit discriminatory lending practices and unfair, deceptive, or abusive acts. 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, the price of our securities, and result in reputational damage. Further, any new laws, rules, and regulations could make compliance more difficult or expensive. For additional information regarding laws and regulation to which our** business **is subject** , **see " Item 1** ~~financial condition, and results of operations~~ . **Business** ~~The COVID~~ - **Supervision** ~~19 pandemic~~ and ~~related mitigation efforts have disrupted global~~ **Regulation. Legislative and regulatory actions taken now or in the future, may increase our costs. Current and past** economic ~~activity~~ **conditions** , ~~adversely affected~~ **particularly in** the ~~functioning of~~ financial markets, **have resulted in government regulatory agencies and political bodies placing** increased ~~economic~~ **focus** and **scrutiny on** ~~market uncertainty, and disrupted trade and supply chains. If these~~ - **the** ~~implications~~ **financial services industry. New proposals for legislation and regulation** continue ~~or result~~ **to be introduced** in ~~sustained economic stress, many of~~ the ~~risk factors identified in this Report~~ **U. S. Congress and by regulatory agencies, which** could ~~be exacerbated~~ **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, fees on products and services (including overdraft fees and NSF fees), financial product offerings, and disclosures; and have** ~~and~~ - **an** ~~such effects~~ - **effect on collection and bankruptcy proceedings with respect to consumer residential real estate mortgages, among other things. Certain aspects of current or proposed regulatory or legislative changes, if enacted or adopted, may impact the profitability of our business activities by requiring more oversight or changing certain of our business practices, including our ability to offer new products, obtain financing,**

attract deposits, make loans, and achieve satisfactory interest rate spreads. They also may require us to invest significant management attention and resources to make necessary operational changes to comply, which could further impact the profitability of our business activities and increase our costs. In addition, future changes in tax laws may have an ~~a material~~ adverse effect on our income tax expense, deferred tax balances, and the amount of taxes payable, which could have an adverse effect on our business and profitability. New activities and expansion require regulatory approvals, and failure to obtain them may restrict our growth. As opportunities arise, we plan to continue establishing de novo banking centers as a part of our organic growth strategy. In addition, 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 or open new de novo banking centers. Such regulatory approvals may not be granted on terms that are acceptable to us ~~resources to~~ support the 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 the 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 raise additional debt or equity capital to make the required capital injection.Additionally,depending on our capital levels,the FHLB of Dallas may reduce or eliminate entirely our total borrowing availability with it.This may come at a time when we have limited other funding options and could jeopardize our ability to originate loans, ~~related~~ -- create the potential for liability with respect to ~~credit~~ our lending and loan investment activities. They increase our cost of doing business and , ~~collateral~~ ultimately , ~~interest~~ 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. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. Deposits are insured by the FDIC up to legal limits and subject to the payment of FDIC deposit insurance assessments. The Bank' s regular assessments are determined by the level of its assessment base and its risk classification under ~~, profitability, and~~ - an ~~operations~~ FDIC risk-based assessment system. The FDIC ~~as~~ has ~~described~~ the power to change deposit insurance assessment rates, the manner deposit insurance is calculated, and also to charge special assessments to FDIC- insured institutions. Following the 2023 bank failures, banking regulators announced that the FDIC would ensure that all depositors in the failed banks would receive full coverage of all of ~~the~~ their deposits, at no cost to taxpayers. On November 16, 2023, the FDIC Board of Directors approved a final rule to implement a special assessment from banking organizations with $ 5. 0 billion or more in total assets to recover the loss to the Deposit Insurance Fund associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. The FDIA requires the FDIC to take this action in connection with the systemic risk determination announced on March 12, 2023. While we are not subject to this special assessment, any future additional assessments, increases, or required prepayments in FDIC insurance ~~previous~~ - premiums ~~sections~~ could adversely impact our earnings . 33