

FEDERAL RESERVE SYSTEM

Origin Bank  
Choudrant, Louisiana

Order Approving the Establishment of a Branch

Origin Bank, Choudrant, Louisiana, a state member bank subsidiary of Origin Bancorp, Inc., Ruston, Louisiana (“Origin Bancorp”), has requested the Board’s approval under section 9 of the Federal Reserve Act (“FRA”)<sup>1</sup> and the Board’s Regulation H<sup>2</sup> to establish a branch at 13601 Midway Road, Farmers Branch, Texas.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Board’s Rules of Procedure.<sup>4</sup> The time for submitting comments has expired, and the Board has considered the proposal and the comment received in light of the factors specified in the FRA.

Origin Bancorp, with total consolidated assets of \$7.5 billion, is the 195th largest depository organization in the United States. Origin Bancorp controls approximately \$6.2 billion in deposits, which represent less than 1 percent of the total

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<sup>1</sup> 12 U.S.C. § 321.

<sup>2</sup> 12 CFR part 208.

<sup>3</sup> Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. See 12 U.S.C. § 321. A national bank may establish and operate a de novo branch within a state in which the bank is situated, if such establishment and operation is authorized under applicable state law. See 12 U.S.C. § 36(c)(2). Origin Bank has branches in Texas and is therefore permitted to establish additional branches under the laws of Texas. See Tex. Fin. Code Ann. § 203.006.

<sup>4</sup> 12 CFR 262.3(b).

amount of deposits of insured depository institutions in the United States.<sup>5</sup> Origin Bancorp controls Origin Bank. Origin Bank operates in 3 states through 44 branches, and the bank's main office is in Choudrant, Louisiana.<sup>6</sup>

Under section 208.6 of the Board's Regulation H,<sup>7</sup> which implements section 9 of the FRA, the factors that the Board must consider in acting on a branch application include (1) the financial history and condition of the applying bank and the general character of its management; (2) the adequacy of the bank's capital and the bank's future earnings prospects; (3) the convenience and needs of the community to be served by the branch; (4) in the case of branches with deposit-taking capability, the bank's performance under the Community Reinvestment Act ("CRA");<sup>8</sup> and (5) whether the bank's investment in bank premises in establishing the branch satisfies certain criteria.<sup>9</sup> The Board has considered the branch application in light of these factors and the public comment received on the proposal.

#### ***Financial, Managerial, and Other Supervisory Considerations***

In considering the financial history and condition, earnings prospects, and capital adequacy of Origin Bank, the Board has reviewed reports of examination, other supervisory information, publicly reported and other financial information, information provided by Origin Bank, and the comment received on the proposal. Origin Bank is well capitalized and would remain so upon consummation of the proposal. The asset quality, earnings, and liquidity of Origin Bank are consistent with approval, and Origin

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<sup>5</sup> Consolidated asset and national deposit, ranking and market share data are as of September 30, 2021. In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

<sup>6</sup> In Texas, Origin Bancorp is the 40th largest depository organization, controlling approximately \$2.9 billion in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state. State asset ranking data, total deposits, and state deposit ranking are as of June 30, 2021.

<sup>7</sup> 12 CFR 208.6(b).

<sup>8</sup> 12 U.S.C. § 2901 et seq.

<sup>9</sup> 12 CFR 208.21(a).

Bank appears to have adequate resources to absorb the costs of the proposal. In addition, future earnings prospects are considered consistent with approval. The Board also has reviewed Origin Bank's proposed investment in the branch and concludes that the bank's investment is consistent with regulatory limitations on investment in bank premises.<sup>10</sup>

In considering Origin Bank's managerial resources, the Board has reviewed the bank's examination record, including assessments of its management, risk-management systems, and operations. The Board also has considered its supervisory experiences with Origin Bank and the bank's record of compliance with applicable banking, consumer protection, and anti-money-laundering laws. Origin Bank is considered to be well managed. Origin Bank's directors and senior executive officers have substantial knowledge of and experience in the banking and financial services sectors, and the bank's risk-management program appears consistent with approval.

Based on this review and all the facts of record, the Board determines that Origin Bank's management, financial history and condition, capital adequacy, compliance with applicable banking and consumer protection laws, and future earnings prospects, as well as the effectiveness of Origin Bank in combatting money-laundering activities, are consistent with approval of the proposal.

### ***Convenience and Needs Considerations***

In considering the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institution is helping to meet the credit needs of these communities, as well as other potential effects of the proposal on the convenience and needs of the communities to be served.<sup>11</sup> In its evaluation, the Board places particular emphasis on the record of the relevant depository institution under the CRA. The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound

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<sup>10</sup> 12 CFR 208.21(a).

<sup>11</sup> 12 CFR 208.6(b)(3).

operation,<sup>12</sup> and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank branching proposals.<sup>13</sup>

In addition, the Board considers the bank's overall compliance record and recent fair lending examinations. Fair lending laws require all lending institutions to provide loan applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, its plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Origin Bank, the fair lending and compliance records of the bank, confidential supervisory information, information provided by Origin Bank, and the public comment received on the proposal.

*Public Comment on the Proposal*

One commenter objected to the proposal, alleging that Origin Bank has failed to meet the needs of LMI communities in Southern Dallas and Fort Worth. The commenter alleged that Origin Bank failed to provide small business and consumer lending services to African American communities in Southern Dallas and Fort Worth. Additionally, the commenter alleged that the bank has originated few small business loans to businesses with less than \$1 million in revenue in the low-income or high minority/high poverty census tracts in the Dallas-Fort Worth metropolitan area and has not originated any commercial loans in such census tracts. The commenter also alleged

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<sup>12</sup> 12 U.S.C. § 2901(b).

<sup>13</sup> 12 U.S.C. § 2903.

that Origin Bank has discriminated against African Americans and other minority consumers with respect to the locations of its branches and employment practices. Citing the last evaluation of Origin Bank’s CRA performance and data reported in 2016 and 2017 under the Home Mortgage Disclosure Act of 1975 (“HMDA”),<sup>14</sup> the commenter noted that Origin Bank received a rating of “Low Satisfactory” under the lending test (“Lending Test”) for the state of Texas<sup>15</sup> and alleged that Origin Bank’s lending to LMI borrowers was lower than corresponding peer aggregate lending percentages in the Dallas-Fort Worth metropolitan area.

The commenter also called on Origin Bank to locate the proposed branch in Southern Dallas or enter into a community benefits agreement with the Southern Dallas community.<sup>16</sup> In addition, the commenter requested that Origin Bank be more responsive to the needs of the Southern Dallas community and take steps to address inequality in Dallas.

*Business of the Applicant and Response to Comment*

Origin offers a variety of consumer and commercial deposit and loan products. Deposit products include checking accounts, negotiable order of withdrawal accounts, money market accounts, savings accounts, and certificates of deposit. Origin offers both in-house and secondary market residential real estate mortgages. Loan

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<sup>14</sup> 12 U.S.C. § 2801 et seq.

<sup>15</sup> As described in more detail below, the Lending Test is one of the three tests used by federal financial supervisors to evaluate the performance of large insured depository institutions, such as Origin Bank, under the CRA.

<sup>16</sup> The Board consistently has found that neither the CRA nor the federal banking agencies’ CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any private party. See, e.g., First Illinois Bancorp, Inc., FRB Order No. 2020-03 at 11 n.25 (August 26, 2020); Fifth Third Bancorp, FRB Order No. 2019-05 at 12 n.29 (March 6, 2019); First Busey Corporation, FRB Order No. 2019-01 at 11 n.30 (January 10, 2019); HarborOne Mutual Bancshares, FRB Order No. 2018-18 at 10 n.26 (September 12, 2018); TriCo Bancshares, FRB Order No. 2018-13 at 9 n.20 (June 6, 2018). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas (“AAs”).

programs include fixed rate, variable rate, construction, mobile home, subordinate lien, jumbo loan, and higher-priced mortgages. Origin also offers consumer installment/single-payment loans, home-equity lines of credit, open-end consumer lines of credit, and agricultural and commercial lending. In addition, the bank's business lines include commercial and industrial lending, including mortgage warehouse lending, as well as commercial real estate lending.

In response to the commenter, Origin Bank stated that two of its branches are located in LMI census tracts, and there are three total branches that are located in majority-minority income census tracts in its Dallas-Fort Worth assessment area ("AA"). Origin Bank also asserted that it operates a loan production office in a low-income, majority-minority census tract. Origin Bank further represented that it has a comprehensive, written Fair Lending Policy that prohibits denying any person equal access to basic economic opportunities such as home ownership or credit, and that the bank's policies and procedures require that credit applications be encouraged and solicited from all areas within the bank's markets, and that no employee may refuse or discourage in any manner any person from submitting an application. In addition, Origin Bank represented that it periodically reviews the geographical distribution of its loans to identify potential fair lending risk factors, that it reviews its advertising and marketing practices on an ongoing basis to ensure that it does not engage in discriminatory targeting, that it records and tracks all complaints, and that all bank employees receive fair lending and UDAAP training annually, regardless of employee job responsibility.

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's lending may not be

available solely from public HMDA data.<sup>17</sup> Consequently, the Board requests additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

*Record of Performance Under the CRA*

In evaluating the CRA performance of the involved institution, the Board generally considers the institution's most recent CRA performance evaluation, as well as other information and supervisory views from the relevant federal financial supervisor, which in this case is the Federal Reserve Bank of Dallas ("Reserve Bank").<sup>18</sup> In addition, the Board considers information provided by the applicant and by any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>19</sup> An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a Lending Test, an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large insured depository institutions, such as Origin Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically

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<sup>17</sup> Importantly, credit score is not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public before reaching a determination regarding an institution's compliance with fair lending laws.

<sup>18</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

<sup>19</sup> 12 U.S.C. § 2906.

evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA AAs; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;<sup>20</sup> (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.<sup>21</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs, and the Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.<sup>22</sup>

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<sup>20</sup> Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

<sup>21</sup> See 12 CFR 228.22(b).

<sup>22</sup> See 12 CFR 228.21 et seq.



### *CRA Performance of Origin Bank*

Origin Bank was assigned an overall “Satisfactory” rating at its most recent CRA performance evaluation by the Reserve Bank, as of November 4, 2019 (“Origin Bank Evaluation”).<sup>23</sup> The bank received a “High Satisfactory” rating for each of the Lending Test, Investment Test, and Service Test.<sup>24</sup>

With respect to the Lending Test, examiners found that Origin Bank’s overall lending activity exhibited a good record of serving the credit needs of low-income individuals and areas and small businesses. Examiners determined that Origin Bank’s lending levels reflected good responsiveness to AAs’ credit needs. Examiners found that Origin Bank made limited use of innovative and/or flexible lending practices in serving AA credit needs. Examiners determined that Origin Bank’s distribution of loans to borrowers reflected a good penetration among individuals of different income levels (including LMI individuals) and business customers of different sizes. Examiners further found that the geographic distribution of loans reflected adequate penetration throughout the AAs. Examiners also determined that Origin Bank provided a relatively high level of community development loans. Examiners concluded that the bank exhibited a good record of serving the credit needs of low-income individuals and geographies and small businesses.

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<sup>23</sup> The Origin Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed HMDA-reportable loans originated by the bank between January 1, 2016, and December 31, 2017, and the CRA data review period was from January 1, 2016, through December 31, 2018. Examiners also reviewed community development loans, investments, and service activities from October 24, 2016, through November 4, 2019.

<sup>24</sup> The Origin Bank Evaluation included a full-scope review of the bank’s AAs within the Lincoln Parish, Louisiana, non-Metropolitan Statistical Area; the Dallas-Fort Worth, Texas, Metropolitan Statistical Area (“MSA”); and the Jackson, Mississippi, MSA, and a limited scope review of the bank’s AAs within the Shreveport-Bossier City, Louisiana, MSA; the Monroe, Louisiana, MSA; the Morehouse Parish, Louisiana, non-Metropolitan Statistical Area; the Houston-The Woodlands, Texas, MSA; and the Oxford, Mississippi, non-Metropolitan Statistical Area.

With respect to the Investment Test, examiners found that Origin Bank had a significant level of qualified community development investments and grants. Examiners determined that the bank exhibited rare use of innovative and/or complex investments to support community development initiatives. Examiners additionally observed that Origin Bank had a significant level of qualified community development investments and grants and exhibited good responsiveness to credit and community development needs. Examiners noted that the bank's investments were primarily focused on affordable housing.

With respect to the Service Test, examiners found that Origin Bank's retail delivery systems were accessible to the bank's geographies and individuals of different income levels in the AAs. Examiners noted that many of the bank's branches are located in or in close proximity to LMI geographies or nonmetropolitan middle-income distressed geographies. Examiners also noted that Origin Bank provides alternative systems for delivering retail banking services, and that the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI areas or to LMI individuals. Examiners additionally concluded that the bank provides a relatively high level of community development services.

Examiners found that, in the Dallas-Fort Worth AA, the areas of concern to the commenter, Origin Bank exhibited an adequate record of serving the credit needs of low-income individuals and areas and small businesses. Examiners determined that the geographic distribution of loans reflected adequate penetration throughout the AA, and that the distribution of borrowers reflected adequate penetration among borrowers of different income levels and businesses of different revenue sizes.

Examiners determined that Origin Bank's lending level reflected adequate responsiveness to AA credit needs. Examiners concluded that the overall distribution of loans by borrower income levels and businesses of different revenue sizes was adequate. Examiners found that the borrower and geographic distribution of small business loans by revenue size of businesses was adequate. Examiners also determined that the geographic distribution of HMDA loans reflected adequate penetration throughout the AA.

Examiners did find that the borrower distribution for HMDA loans was poor, and that in 2016 and 2017, the bank's total HMDA lending to low-income borrowers by number and dollar amount was below aggregate performance. However, examiners also determined that Origin Bank made a relatively high level of community development loans in the AA which, combined with Origin Bank's other adequate borrower and geographic distributions, led examiners to conclude that overall lending was adequate in the Dallas-Fort Worth AA.

With respect to Origin Bank's investment activities in the Dallas-Fort Worth AA, examiners concluded that the bank's performance was good. Examiners noted that the bank had a significant level of qualified community development investments and grants, and occasionally was in a leadership position. Examiners further found that the bank exhibited good responsiveness to credit and community development needs in its investment activities.

With respect to Origin Bank's service activities in the Dallas-Fort Worth AA, examiners concluded that the bank's performance was good. Examiners determined that the bank's retail and community development services reflected good responsiveness to the needs of the AA. In support of this conclusion, examiners found that Origin Bank's delivery systems were accessible to the bank's geographies and individuals of different income levels in its AA. Examiners also determined that the bank provided a relatively high level of community development services in the AA.

#### *Origin Bank's Efforts Since the Origin Bank Evaluation*

Origin Bank represented that, since 2019, it has invested more than \$100 million in community development loans in its Dallas-Fort Worth AA. Origin Bank further represented that, since 2019, it has maintained a robust and comprehensive community outreach and credit initiative in the Dallas-Fort Worth market. The bank stated that it has used a combination of digital display, paid social, and search engine marketing to maximize the reach of its marketing in minority neighborhoods. Origin Bank additionally stated that, in the period since its most recent evaluation, it has engaged in non-marketing outreach initiatives in the Dallas-Fort Worth area, including

partnerships with local nonprofits. Origin Bank also represented that it has continued to offer a board range of products and banking services that are designed to address the needs of minority and LMI customers and geographies/neighborhoods.

*Additional Supervisory Considerations*

In addition to the Origin Bank Evaluation, the Board has considered the most recent consumer compliance examination and fair lending record of Origin Bank and consulted with the Reserve Bank regarding the bank's CRA, consumer compliance, and fair lending records.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Origin Bank asserts that the proposed branch would provide a wide range of deposit and credit products and services that benefit the public, including products and services that fulfill the needs of residents located in majority-minority and LMI areas. In addition, Origin Bank represents that the branch would enable the Bank to continue to expand mortgage operations throughout the Bank's entire Dallas-Fort Worth market, including in Southern Dallas.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the CRA record of Origin Bank, the bank's records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by Origin Bank, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs considerations are consistent with approval.

***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Origin Bank with all the conditions imposed in

this order, including receipt of all required regulatory approvals, and on any commitments made to the Board in connection with this proposal. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

Approval of this application is also subject to the establishment of the proposed branch within one year of the date of this order, unless such period is extended by the Board or the Reserve Bank, acting under authority delegated by the Board.

By order of the Board of Governors,<sup>25</sup> effective February 15, 2022.

*Michele Taylor Fennell (signed)*  
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Michele Taylor Fennell  
Deputy Associate Secretary of the Board

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<sup>25</sup> Voting for this action: Chair Pro Tempore Powell and Governors Bowman, Brainard, and Waller.