

INVESTAR HOLDING CORP

FORM 8-K (Current report filing)

Filed 06/30/16 for the Period Ending 06/27/16

Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): June 27, 2016

Investar Holding Corporation

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction
of incorporation)

001-36522
(Commission
File Number)

27-1560715
(I.R.S. Employer
Identification No.)

7244 Perkins Road
Baton Rouge, Louisiana 70808
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (225) 227-2222

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement .

On June 27, 2016, Investar Holding Corporation (the “Company”), the holding company of Investar Bank (the “Bank”), entered into a Loan Agreement and related Note (the “Agreement”) with TIB – The Independent Bankers Bank (the “Lender”). The Agreement provides for a \$20 million revolving line of credit (the “Line of Credit”), by the Lender to the Company. The maturity date of the Agreement is June 27, 2018.

Borrowings by the Company under the Agreement will bear interest at a fixed rate (the “Rate”) per annum equal to the U.S. “Prime Rate” as reported on June 27, 2016 in the Credit Markets section (or similar section) of the Wall Street Journal; provided, however, that on June 27, 2017, the Rate shall be adjusted to a fixed rate of interest equal to the Rate on such date; and, provided further, that in no event shall the Rate exceed the maximum rate permitted under applicable law.

Under the terms of the Agreement, the Company is required to pay quarterly payments of interest on the unpaid principal balance of the Line of Credit. Principal payments may be made at any time prior to maturity on June 27, 2018, on which date all unpaid principal of and accrued interest on the Line of Credit are due and payable. The Company currently has no outstanding balance on the Line of Credit.

The Line of Credit is secured by a first priority security interest in all of the capital stock of the Bank and a security interest in all property of the Bank held by the Lender.

The Agreement contains customary representations, warranties, affirmative covenants and events of default, and also contains a number of negative covenants, including, but not limited to, restrictions on mergers and similar transactions, restrictions on liens, and a prohibition on the payment of dividends or repurchase of stock during an event of default. The agreement also contains financial covenants, including requiring that the Bank maintain (i) a Tier 1 Leverage Ratio and a Common Equity Tier 1 Ratio not less than 7.5% at all times, (ii) a Tier 1 Capital Ratio and a Total Capital Ratio not less than 9.5% at all times, (iii) a return on average assets of no less than 0.70% as of the end of each fiscal quarter, annualized on a year-to-date basis, (iv) Classified Assets (as defined in the Agreement) at no more than 35% of the Bank’s Tier 1 Capital plus allowance for loan and lease losses, and (v) a total loans to total assets ratio of no more than 85% at all times.

The foregoing summary of the Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Agreement filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

From time to time, in the ordinary course of business, the Lender has provided, and may in the future provide, correspondent banking services to the Bank, for which the Lender has received and may continue to receive customary fees. In addition, the Lender and the Bank previously entered an agreement which provides for an \$8 million unsecured federal funds line of credit by the Lender to the Bank.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The relevant disclosure set forth in Item 1.01 above is incorporated herein by reference in response to this Item 2.03.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
10.1	Loan Agreement, dated as of June 27, 2016, by and between Investar Holding Corporation, as borrower, and TIB – The Independent Bankers Bank, as lender, filed herewith.
10.2	Promissory Note, dated as of June 27, 2016, by and between Investar Holding Corporation, as maker, and TIB – The Independent Bankers Bank, as payee, filed herewith.

SIGNATURES

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

INVESTAR HOLDING CORPORATION

Date: June 30, 2016

By: /s/ John J. D'Angelo
John J. D'Angelo
President and Chief Executive Officer

Exhibit Index

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LETTER LOAN AGREEMENT

As of June 27, 2016

TIB - The Independent BankersBank
11701 Luna Road
Farmers Branch, TX 75234
Attention: Barry C. Musgrove
Senior Vice President

Gentlemen:

The undersigned, INVESTAR HOLDING CORPORATION, a Louisiana corporation (the "**Borrower**"), with its mailing address located at the address set forth on the signature pages hereof, has requested that TIB - The Independent BankersBank (the "**Lender**") extend a loan (the "**Loan**") to Borrower to be evidenced by Borrower's promissory note dated of even date herewith, in the maximum stated principal sum of \$20,000,000.00, payable to the order of Lender as therein specified (the "**Note**"). The Note (and all renewals, extensions and rearrangements thereof) is hereinafter referred to as the "Note." The proceeds of the Loan will be used by Borrower for holding company expenses, general corporate purposes, potential acquisitions, or capital injections into Bank to support growth as needed. In consideration of Lender making the Loan, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower agrees with Lender as follows:

1. Definitions. As used in this Letter Loan Agreement (the "**Agreement**"), the following terms have the following meanings:

"**Average Assets**" means a year-to-date average of the average assets reported in the Report of Condition Schedule RC-K. Thus for the first quarter of the year the average assets from Call Schedule RC-K for the first quarter will appear, while at the end-of-year, average assets for all four quarters would be averaged.

"**Bank**" means Investar Bank, a Louisiana state banking association.

"**Book Value**" means, at any time for any share of common stock of Bank, Bank's Equity Capital divided by the total number of shares of common stock of Bank outstanding at such time.

"**Business Day**" means any day on which commercial banks are not authorized or required to close in Farmers Branch, Dallas County, Texas.

"**Call Report**" means Reports of Condition and Reports of Income of Bank as filed with the Federal Financial Institutions Examination Council.

"**Cash Flow**" means Net Income of the Bank (on an annualized basis, if not year-end) adding back any one-time holding company expenses as specified by the Borrower and agreed to by Lender.

"**Classified Assets**" means, at any particular time, all assets of Bank classified as "Loss," "Doubtful," or "Substandard" or in any equivalent category by Bank or any governmental or regulatory authority.

"**Closing Date**" means June 27, 2016.

"**Collateral**" has the meaning specified in Section 3.

"**Common Equity Tier 1 Capital Ratio**" means, at any particular time, the ratio of Common Equity Tier 1 Capital to Risk-Weighted Assets of the Bank determined in accordance with the Call Report Instructions.

"**Criticized Assets**" means, at any particular time, all assets of the Bank classified as "Loss," "Doubtful," "Substandard," or "other Assets Especially Mentioned," or in any equivalent category by the Bank or any governmental or regulatory authority.

“Current Maturities of Long-Term Debt” means interest expense and principal payments (if applicable) on Borrower’s debt with Lender with respect to the indicated time period.

“Debt” means as to any Person at any time (without duplication): (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable of such Person arising in the ordinary course of business which are not past due by more than ninety (90) days unless such trade accounts payable are being contested in good faith by appropriate proceedings, (iv) all obligations of such Person under any lease which, in conformity with GAAP, is required to be capitalized for balance sheet purposes, (v) all obligations of such Person under guaranties, endorsements (other than for collection or deposit in the ordinary course of business), assumptions or other contingent obligations, in respect of, or to purchase or otherwise acquire, any obligation or indebtedness of any other Person, or any other obligation, contingent or otherwise, of such Person directly or indirectly protecting the holder of any obligation or indebtedness of any other Person against loss (whether by partnership arrangements, agreements to keep well, to purchase assets, goods, securities, or services, to take or pay or otherwise), (vi) all obligations secured by a Lien existing on property owned by such Person, whether or not the obligations secured thereby have been assumed by such Person or are non-recourse to the credit of such Person, and (vii) all reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers’ acceptances, surety or other bonds and similar instruments.

“Equity Capital” means, at any particular time, the total equity capital of the Bank determined in accordance with the Instructions (the “Call Report Instructions”) to the Call Reports as most recently promulgated by the Federal Financial Institutions Examination Council.

“Event of Default” has the meaning specified in [Section 10](#).

“GAAP” means generally accepted accounting principles, applied on a consistent basis, as set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question. Accounting principles are applied on a “consistent basis” when the accounting principles observed in a current period are comparable in all material respects to those accounting principles applied in a preceding period.

“Grantor” means Borrower.

“Leverage Ratio” means, at any particular time, the ratio of Tier 1 Capital to Average Assets of the Bank determined in accordance with the Call Report Instructions.

“Lien” means any lien, mortgage, security interest, tax lien, financing statement, pledge, charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise.

“Loan Documents” means this Agreement and all promissory notes, pledge agreements, and other instruments, documents, and agreements now or hereafter executed and delivered pursuant to or in connection with this Agreement and any future renewals, extensions, and amendments hereto or thereto.

“Maximum Rate” means the maximum rate of nonusurious interest permitted from day to day by applicable law, including as to Chapter 303, Texas Finance Code, as amended from time to time (and as the same may be incorporated by reference in other Texas statutes), but otherwise without limitation, that rate based upon

the “weekly rate ceiling” and calculated after taking into account any and all relevant fees, payments, and other charges in respect of the Loan Documents which are deemed to be interest under applicable law.

“**Net Income**” means net income (loss) attributable to Bank, in accordance with the Call Report Instructions.

“**Non-Performing Assets**” means loans on nonaccrual, loans on which the interest rate has been reduced as troubled debt restructurings, loans which have been past due for ninety (90) days or more, and other real estate and other assets which are owned due to foreclosure or as a result of the exercise of legal remedies where such real estate or other assets were mortgaged or taken as security for loans.

“**Obligated Party**” means Grantor or other Person who is or becomes party to any agreement that guarantees or secures payment and performance of the Obligations or any part thereof.

“**Obligations**” means all obligations, indebtedness, and liabilities of Borrower to Lender, now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, including, without limitation, the obligations, indebtedness, and liabilities of Borrower under this Agreement, the Note, and the other Loan Documents, and all interest accruing thereon and all attorneys’ fees and other expenses incurred in the enforcement or collection thereof.

“**Person**” means any individual, corporation, business trust, association, company, partnership, joint venture, or other entity.

“**Pledge Agreement**” means the Commercial Pledge Agreement(s) of Borrower and/or Grantor in favor of Lender of even date herewith, as the same may be amended, supplemented, or modified.

“**Pledged Stock**” has the meaning specified in [Section 3\(a\)](#).

“**Return on Average Assets**” means , for the applicable reporting period, the ratio, expressed as a percentage, of Bank’s Net Income year-to-date annualized to Bank’s Average Assets determined at the end of the applicable period being analyzed.

“**Subsidiary**” means any corporation or bank of which more than fifty percent (50%) of the issued and outstanding securities having ordinary voting power for the election of a majority of directors is owned or controlled, directly or indirectly, by Borrower, by Borrower and one or more other Subsidiaries, or by one or more other Subsidiaries.

“**Tangible Equity Capital**” means Equity Capital less Goodwill and Other Intangible Assets of the Bank determined in accordance with the Call Report Instructions.

“**Tier 1 Capital**” means, at any particular time, the Tier 1 Capital of the Bank determined in accordance with the Call Report Instructions.

“**Tier 1 Capital Ratio**” means, at any particular time, the ratio of Tier 1 Capital to Risk-Weighted Assets of the Bank determined in accordance with the Call Report Instructions.

“**Total Assets**” means, at any particular time, all amounts which, in conformity with GAAP, would be included as assets on a balance sheet of Bank determined in accordance with the Call Report Instructions.

“**Total Capital Ratio**” means, at any particular time, the ratio of combined Tier 1 Capital and Tier 2 Capital to Risk-Weighted Assets of the Bank determined in accordance with the Call Report Instructions.

2. Repayment of Loan. Borrower shall repay the Loan, plus accrued interest thereon, as provided in the Note. All payments of principal, interest and other amounts to be paid under this Agreement, the Note, and the other Loan Documents shall be made to Lender at its office at 11701 Luna Road, Farmers Branch, TX 75234 (or such other location as Lender advises Borrower in writing), in lawful currency of the United States of America and in immediately available funds. Whenever any payment hereunder or under the Note shall be stated to be due on

a day that is not a Business Day, such payment may be made on the next succeeding Business Day and interest shall continue to accrue during such extension. Borrower may prepay the Note in whole or part at any time without premium or penalty, but with accrued interest to the date of prepayment on the amount so prepaid, provided that partial prepayments shall be applied to the principal of the Loan in the inverse order of the required principal payments set forth in the Note and below unless otherwise agreed to in writing by Lender. Lender shall have no obligation or commitment to renew the Loan. Lender will, however, consider renewing the Loan if (a) the financial condition of Borrower and Bank is satisfactory to Lender, in its sole discretion, (b) no Event of Default, and no event that with the giving of notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, and (c) Borrower shall have made payments of all principal and accrued interest owing during the term of the Loan in accordance with the Note.

3. Collateral. To secure full and complete payment and performance of the Obligations, Borrower shall execute and deliver or cause to be executed and delivered the documents described below covering the collateral described in this Section (which, together with any other property and collateral which may now or hereafter secure the Obligations or any part thereof, is sometimes herein called the “**Collateral**”):

(a) Borrower shall grant to Lender a first priority security interest in all of the capital stock of the Bank, including common and preferred stock, now owned or hereafter acquired by Borrower, and all products and proceeds thereof, pursuant to the Pledge Agreement (the “**Pledged Stock**”). Lender shall retain possession of the certificate or certificates representing the Pledged Stock, together with stock powers duly executed in blank by Borrower.

(b) Borrower shall execute and cause to be executed such further documents and instruments, including, without limitation, Uniform Commercial Code financing statements, as Lender, in its sole discretion, deems necessary or desirable to evidence and perfect its liens and security interests in the Collateral.

(c) Omitted.

(d) Omitted.

4. Distributions. If Borrower and/or Grantor shall be entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or distribution in connection with any reclassification, increase, or reduction of capital, or issued in connection with any reorganization), option or rights, whether as an addition to, in substitution of, or in exchange for any shares of any Pledged Stock, Borrower and Grantor agree to accept the same as Lender’s agent and to hold the same in trust on behalf of and for the benefit of Lender and to deliver the same forthwith to Lender in the exact form received, with the endorsement of Borrower and/or Grantor where necessary and/or appropriate undated stock powers duly executed in blank, to be held by Lender, subject to the terms of the Pledge Agreement, as additional Collateral.

5. Setoff. Lender shall have the right to set off and apply against the Obligations in such manner as Lender may determine, without notice to Borrower, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Lender to Borrower whether or not the Obligations are then due. As further security for the Obligations, Borrower hereby grants to Lender a security interest in all money, instruments, and other property of Borrower now or hereafter held by Lender, including, without limitation, property held in safekeeping. In addition to Lender’s right of setoff and as further security for the Obligations, Borrower hereby grants to Lender a security interest in all deposits (general or special, time or demand, provisional or final) and other accounts of Borrower now or hereafter on deposit with or held by Lender and all other sums at any time credited by or owing from Lender to Borrower. The rights and remedies of Lender hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Lender may have.

6.A. Conditions Precedent. The obligation of Lender to make the Loan is subject to the condition precedent that Lender shall have received all of the following, each dated (unless otherwise indicated) the date hereof, in form and substance satisfactory to Lender:

(a) Articles of Incorporation of Borrower. True, correct, current, and complete Articles of Incorporation (or Certificate of Formation, as applicable) of the Borrower, certified as true and correct by an officer of Borrower.

(b) Bylaws. True, correct, current, and complete Bylaws of the Borrower, certified as true and correct by an officer of Borrower.

(c) Certificate of Officer and Incumbency. Resolutions of the Board of Directors of Borrower certified by an officer, which resolutions authorize the execution, delivery and performance of this Agreement, the Note, and the other Loan Documents, together with a certificate of incumbency certifying the names of the officers of Borrower authorized to sign this Agreement, the Note, and the other Loan Documents, together with specimen signatures of such officers.

(d) Governmental Certificates. A (i) certificate of the appropriate government official of the state of incorporation of Borrower as to the existence of Borrower, dated within ten (10) days prior to the date hereof, and (ii) copy of the good standing certificate of Borrower (or, if in Texas, the Franchise Tax Account Status page from the website of the Texas Comptroller of Public Accounts), showing an active right to transact business, reflecting a print date within ten (10) days prior to the date hereof.

(e) Note. The Note executed by Borrower.

(f) Pledge Agreement. The Pledge Agreement executed by Borrower and Grantor.

(g) Omitted.

(h) Pledged Stock. The original certificates representing the Pledged Stock, accompanied by stock powers duly executed in blank by Borrower and Grantor.

(i) Articles of Association and Bylaws. True, correct, current, and complete articles of association and bylaws of Bank.

(j) Federal Reserve Approval. A copy of the written authorization of the Board of Governors of the Federal Reserve System granting approval for the formation of Borrower as a bank holding company and authorizing Borrower's ownership of the Bank.

(k) Omitted.

(l) Omitted.

(m) Additional Information. Such additional documents, instruments, and information as Lender or its legal counsel may reasonably request.

6.B. Conditions Precedent to All Advances. To the extent the Loan includes advances which may be made after the Closing Date, the obligation of the Lender to thereafter make any advance under the Loan is subject to the following additional conditions precedent:

(a) Advance Request Form. Lender shall have received an advance request form in a form satisfactory to Lender, dated the date of such advance, executed by an authorized officer of the Borrower;

(b) No Default. No Event of Default, and no event which with the giving of notice or lapse of time or both would be an Event of Default, shall have occurred and be continuing, or would result from such advance;

(c) Representations and Warranties . All of the representations and warranties contained in the Loan Documents shall be true and correct on and as of the date of such advance with the same force and effect as if such representations and warranties had been made on and as of such date;

(d) No Material Adverse Change . No material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or any of its Subsidiaries shall have occurred since December 31, 2015;

(e) Additional Documentation . Lender shall have received such additional approvals or documents as the Lender or its legal counsel may reasonably request; and

(f) Terms . Lender shall have reviewed and approved the terms and conditions of the use of proceeds of the advance to be made.

7. Representations and Warranties . To induce Lender to enter into this Agreement, Borrower represents and warrants to Lender that:

(a) Borrower (i) is a corporation duly organized, validly existing, and in good standing under the laws of Louisiana; (ii) has all requisite corporate power to own assets and carry on its business as now being or as proposed to be conducted; and (iii) is qualified to do business in all jurisdictions in which the nature of its business makes such qualification necessary and where failure to so qualify would have a material adverse effect on its business, financial condition, or operations. Borrower has the corporate power and authority to execute, deliver, and perform its obligations under this Agreement and the other Loan Documents to which it is or may become a party. The Bank is a state banking association duly organized, validly existing, and in good standing under the applicable laws of the United States and the State of Louisiana.

(b) The borrowing hereunder and the execution, delivery and performance by Borrower of this Agreement, the Note and the other Loan Documents have been duly authorized by all necessary action of Borrower and are not in contravention of any law, rule or regulation or of the terms of any agreement or instrument to which Borrower is a party or by which it may be bound or of Borrower's certificate of formation/articles of incorporation or bylaws.

(c) This Agreement, the Note and the other Loan Documents to which Borrower is a party, when delivered, shall constitute the legal, valid, and binding obligation of Borrower, as the case may be, enforceable against Borrower or, as the case may be, in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditors' rights.

(d) Each financial statement of Borrower and Bank herewith or heretofore delivered to Lender was prepared in conformity with GAAP and truly disclosed Borrower's and Bank's financial condition (including all of Borrower's and Bank's contingent liabilities) as of the date thereof and the results of its operations for the period covered thereby, and there has been no material adverse change in Borrower's or Bank's financial condition and operations subsequent to the date of the most recent financial statement of Borrower and Bank delivered to Lender.

(e) No litigation or governmental proceeding is pending, or, to the knowledge of Borrower, threatened against or affecting Borrower or Bank, which may result in any material adverse change in Borrower's or Bank's business, properties or operations.

(f) Borrower has no Debt except Debt to Lender and as described on [Schedule 2](#) hereto. None of Borrower's or Bank's assets are subject to any Lien except Liens to Lender and as disclosed on Schedule 3 hereto. Borrower owns, and with respect to Collateral acquired after the date hereof, Borrower will own, legally and beneficially, the Collateral free of any lien or claim or any right or option on the part of any third party to purchase or otherwise acquire the Collateral or any part thereof, except for

the security interest granted to Lender pursuant to the Pledge Agreement. The Collateral is not subject to any restriction on transfer or assignment except for compliance with applicable federal and state securities laws and regulations promulgated thereunder. Borrower has the unrestricted right to pledge the Collateral as contemplated by the Loan Documents. All of the Collateral has been duly and validly issued and is fully paid and nonassessable. The authorized capital stock of the Bank is 40,000,000 shares of common stock, par value \$1.00 per share, of which 3,943,600 shares are issued and outstanding, and 5,000,000 shares of preferred stock, par value \$1.00 per share, of which zero shares are issued and outstanding. All of the outstanding capital stock of the Bank has been validly issued, is fully paid, and is non assessable. The Pledged Stock constitutes one hundred percent (100%) of the issued and outstanding shares of common capital stock of Bank. There are no existing subscriptions, options, warrants, calls, or rights (including preemptive rights) to acquire, and no existing Debt, securities, or other instruments convertible into or exchangeable for, capital stock of the Bank.

(g) No certificate or statement herewith or heretofore delivered by Borrower to Lender in connection herewith, or in connection with any transaction contemplated hereby, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein from being misleading.

(h) No authorization, approval, or consent of, and no filing or registration with, any court, governmental authority, or third party is or will be necessary for the execution, delivery, or performance by Borrower of this Agreement and the other Loan Documents to which Borrower is or may become a party or the validity or enforceability thereof.

(i) Neither Borrower nor any Subsidiary is in violation in any material respect of any law, rule, regulation, order, or decree of any court, governmental authority, or arbitrator or any agreement to which such Person is a party.

(j) Borrower has no Subsidiaries other than Bank.

(k) Immediately after the consummation of the transactions to occur on the date hereof and immediately following the making of each advance hereunder, if any, made on the date hereof and after giving effect to the application of the proceeds of such advances, (i) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (ii) the present fair saleable value of the assets and properties of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(l) The Borrower does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of the Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Debt or the Debt of any such Subsidiary.

(m) No fees, charges, or other amounts are payable by Lender in the State in which Borrower is formed and/or located as a result of Lender's making of the Loan and, if so, to the extent allowed by law, Borrower agrees to and does hereby indemnify, defend, and hold Lender harmless from and against any such fees, charges, or amounts.

8. Affirmative Covenants. Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or Lender has any commitment hereunder, Borrower will observe and perform the following positive covenants, unless Lender shall otherwise consent in writing:

(a) Borrower will keep and cause Bank to keep adequate books and records, in accordance with GAAP of all of its transactions so that at any time, and from time to time, it's true and complete financial condition may be readily determined, and, at Lender's request, make such books and records available for Lender's inspection and permit Lender to make and take away copies thereof.

(b) To the extent that Lender is unable to readily obtain online, upon Lender's written request and within forty—five (45) days after the end of each applicable reporting period for 10-Q quarterly reports, and within ninety (90) days after the end of each applicable reporting period for 10-K annual reports, Borrower will furnish to Lender copies of its filed 10-K annual reports and 10-Q quarterly reports.

(c) Borrower will promptly furnish to Lender, as reasonably requested by Lender and within Lender's sole discretion, a certificate of the Chief Executive Officer or Chief Financial Officer of Borrower stating that to the best of such officer's knowledge, no Event of Default has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, and showing in reasonable detail the calculations demonstrating compliance with Sections 8 and 9 hereof.

(d) To the extent that Lender is unable to readily obtain online, within ten (10) days of Lender's written request, Borrower will deliver to Lender a copy of a financial report of Borrower for such period, prepared in conformity with GAAP, and which fairly and accurately states Borrower's financial condition at such time (including mall assets, liabilities, contingent liabilities, and cash flow); such financial report shall include without limitation a copy of Borrower's most recent Federal Reserve Forms Y-9SP and Y-6 each June 30 and December 31 as sent to the Federal Reserve Bank of Atlanta when reporting as a Small Bank Holding Company, or Borrower's most recent Federal Reserve Forms Y-9LP and Y-6 each March 31, June 30, September 30, and December 31 as sent to the Federal Reserve Bank of Atlanta when reporting as a Large Bank Holding Company, as well as any Federal Reserve Form Y-10, if applicable.

(e) Omitted.

(f) To the extent that Lender is unable to readily obtain online, within ten (10) days of Lender's written request, and in any event within sixty (60) days after the end of each fiscal quarter, Borrower will deliver to Lender copies of all Call Reports as filed with the Federal Financial Institutions Examination Council.

(g) To the extent that Lender is unable to readily obtain online, within ten (10) days of Lender's written request, and in any event within thirty (30) days after receipt by Bank, Borrower will furnish Lender copies of the Uniform Bank Performance Report for Bank prepared by the Federal Financial Institutions Examination Council or any successor entity.

(h) As soon as available, and in any event within thirty (30) days after the end of each calendar month, Borrower will furnish to Lender a watch list or other reports identifying the Classified Assets and Criticized Assets of Bank.

(i) Promptly, and in any event, within sixty (60) days of each year-end during the term of the Loan (including renewals, modifications, and/or extensions thereof), Borrower shall and shall cause Bank to create and deliver to Lender a comprehensive and detailed fiscal budget for the forthcoming year, such budget to include projected cash flow information and a pro forma balance sheet.

(j) As soon as available, Borrower will furnish to Lender one copy of each financial statement, report, notice, or proxy statement sent by Borrower or Bank to its stockholders generally and one copy of each regular, periodic or special report, registration statement, or prospectus filed by Borrower with any securities exchange or the Securities and Exchange Commission or any successor entity provided that any such deliverables shall be deemed to have been delivered to Lender on the date on which Borrower or Bank files them with the Securities and Exchange Commission, and any material order issued by any court, governmental authority, or arbitrator in any proceeding to which Borrower or Bank is a party.

(k) Borrower will promptly inform Lender of any litigation against Borrower or Bank or affecting any of Borrower's or Bank's property, if such litigation or potential litigation might, in the event of an unfavorable outcome, have a material adverse effect on Borrower's or Bank's financial condition or might cause an Event of Default.

(l) Borrower will promptly furnish to Lender, at Lender's request and within Lender's sole discretion, such additional financial or other information concerning the assets, liabilities, operations and transactions of Borrower and/or Bank as Lender may from time to time request.

(m) Borrower will promptly pay when due any and all taxes, assessments and governmental charges upon Borrower or Bank or against any of Borrower's or Bank's property, unless the same is being contested in good faith by appropriate proceedings and reserves deemed adequate by Lender have been established therefor.

(n) Borrower will, or will cause Bank to, promptly pay all lawful claims, whether for labor, materials or otherwise, which could, if unpaid, become a lien or charge on any property or assets of Borrower or Bank, respectively, unless and to the extent only that the same are being contested in good faith by appropriate proceedings and reserves deemed adequate by Lender have been established therefor.

(o) Borrower will maintain its and Bank's existence and promptly comply and cause Bank to promptly comply with all laws, statutes, ordinances, governmental regulations, agreements, contracts, and instruments applicable to or binding upon it or to any of its property, business, operations and transactions.

(p) Borrower will maintain, and cause Bank to maintain, with financially sound and reputable insurance companies or associations, insurance of the kinds, covering the risks and in the relative proportionate amounts, usually carried by companies engaged in businesses similar to that of Borrower and Bank (such insurance to be in any event in such amounts and covering such risks as shall be satisfactory to Lender), and, at Lender's request, deliver to Lender evidence of the maintenance of such insurance.

(q) Borrower will preserve and maintain all licenses, privileges, franchises, certificates and the like necessary for the operation of its business.

(r) Omitted.

(s) Borrower will cause Bank to maintain at all times a liquidity position determined by the ratio of total deposits to total loans which is in accordance with the guidelines recommended by applicable federal bank regulatory authorities and is deemed satisfactory at each regulatory examination of the Bank.

(t) Borrower will cause Bank to maintain federal deposit insurance and to be a member of the Federal Deposit Insurance Corporation.

(u) Borrower will promptly notify Lender within fifteen (15) days of the occurrence thereof, of the occurrence of an Event of Default or event which with the giving of notice or lapse of time or both would constitute an Event of Default.

(v) Following an Event of Default, Borrower will permit and cause Bank to permit a representative of Lender to attend all meetings of the board of directors of Borrower and Bank, whether regular meetings or specially called meetings.

(w) Borrower will promptly furnish to Lender written notice of (i) the issuance of any notice of charges, cease and desist order (temporary or otherwise) or order to take affirmative action by any governmental or regulatory authority against Borrower or Bank or any director, officer, employee, agent, or other person participating in the conduct of the affairs of Borrower or Bank, (ii) the service of any notice of intention to remove from office or notice of intention to suspend from office by any governmental or regulatory authority upon any director or officer of Borrower or Bank, (iii) the issuance of a notice of termination of the status of Bank as an insured bank under the Federal Deposit Insurance Corporation Act, as amended, or (iv) the entry into any agreement or memorandum of understanding between any governmental or regulatory authority and Borrower or Bank or any director, officer, employee, agent, or other person participating in the conduct of the affairs of Borrower or Bank.

(x) Omitted.

(y) If an Event of Default has occurred and is continuing, Borrower will provide or cause to be provided to Lender a third party loan review of Bank's loan portfolio conducted by an independent third party acceptable to Lender, such review to begin within ninety (90) days after Lender's written request therefor. Borrower shall provide such reviews annually if Bank is the subject of any regulatory action or agreement described in Section 8(w) hereof.

(z) Omitted.

(aa) Omitted.

9. Negative Covenants. Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or Lender has any commitment hereunder, Borrower will perform and observe the following negative covenants, unless Lender shall otherwise consent in writing (unless a different requirement is specifically set forth below):

(a) Omitted.

(b) Except with Lender's prior approval, which approval will not be unreasonably withheld, Borrower will not reorganize, merge, consolidate with, or permit Bank to reorganize, merge, or consolidate with, or acquire all or substantially all of the assets of, any other company, firm or association, or make any other substantial change in its capitalization or character of its business;

(c) Borrower will not and will not permit Bank to sell, lease, or otherwise dispose of any of its assets used or useful in its business, except in the regular course of business for reasonably equivalent cash consideration;

(d) Borrower will not permit the Classified Assets of Bank to at any time exceed thirty-five percent (35%) of the Tier 1 Capital plus allowance for loan and lease losses of Bank;

(e) Borrower will not permit Bank's Leverage Ratio to at any time be less than seven and one-half percent (7.5%);

(f) Borrower will not permit Bank's Common Equity Tier 1 Ratio to at any time be less than seven and one-half percent (7.5%);

- (g) Borrower will not permit Bank's Tier 1 Capital Ratio to at any time be less than nine and one-half percent (9.5%);
- (h) Borrower will not permit Bank's Total Capital Ratio to at any time be less than nine and one-half percent (9.5%);
- (i) Borrower will not permit Bank to enter into any speculative activities or securities hedging;
- (j) Borrower will not permit Bank's Return on Average Assets to be less than seven tenths of one percent (0.70%) for any fiscal quarter, annualized on a year-to-date basis;
- (k) Borrower will not prepay, or permit Bank to prepay, any Debt except the Obligations;
- (l) Borrower will not make, and will not permit Bank to make, any change in accounting treatment or reporting practices, except as required by GAAP;
- (m) Borrower will not make, and will not permit any Subsidiary other than Bank to make, any advance, loan, extension of credit, or capital contribution to or investment in, or purchase, or permit any Subsidiary other than Bank to purchase, any stock, bonds, notes, debentures, or other securities of any Person, except:
 - (i) readily marketable direct obligations of the United States of America;
 - (ii) fully insured certificates of deposit with maturities of one year or less from the date of acquisition of any commercial bank operating in the United States; and
 - (iii) readily marketable stock of a fully insured financial institution
- (n) Omitted.
- (o) Borrower will not incur, create, assume, or permit to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except Liens in favor of Lender (provided, however, that the foregoing shall not apply to Liens for taxes which are not delinquent or which are being contested in good faith [with bond or other security reasonably acceptable to Lender if Lender so requires], mechanic's and materialmen's Liens with respect to obligations which are not overdue or which are being contested in good faith, and Liens resulting from deposits to secure the payments of workers' compensation or other social security or to secure the performance of bids or contracts in the ordinary course of business);
- (p) During the existence of an Event of Default, or if doing so would cause an Event of Default (or an event which, with the giving of notice, or passage of time, or both, would be an Event of Default), Borrower will not declare or pay any dividends or make any other payment or distribution (in cash, property, or obligations) on account of its capital stock, or redeem, purchase, retire, or otherwise acquire any of its capital stock, or set apart any money for a sinking or other analogous fund for any dividend or other distribution on its capital stock or for any redemption, purchase, retirement, or other acquisition of any of its capital stock.
- (q) Omitted.
- (r) Omitted.

(s) Borrower will not permit the ratio of Bank's Total Loans to its Total Assets to at any time be greater than eighty-five percent (85%).

(t) Borrower will not make any change in its organizational documents or its fiscal year, nor permit Bank to do so, without the prior written consent of Lender.

10. Event of Default. Each of the following shall be deemed an "Event of Default":

(a) Borrower shall fail to pay or perform when due the Obligations or any part thereof.

(b) A cease and desist order shall be issued or shall be drafted or recommended against the Bank by any regulatory authority.

(c) Any representation or warranty made or deemed made by the Borrower, Bank, or any Obligated Party in any Loan Document or in any certificate, report, notice, or financial statement furnished at any time in connection with this Agreement shall be false, misleading, or erroneous in any material respect when made or deemed to have been made.

(d) Borrower, Bank, or any Obligated Party shall fail to perform, observe, or comply with any other covenant, agreement or term contained in this Agreement or any other Loan Document and such failure shall continue for a period of thirty (30) days after written notice by Lender of such failure.

(e) Borrower, Bank, or any Obligated Party shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, receivership, conservatorship, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, conservator, or other similar official of it or a substantial part of its property or shall consent to any such relief or to the appointment of or taking possession by any such official in such a proceeding commenced against it or shall make a general assignment for the benefit of creditors or shall generally fail to pay its debts as they become due or shall take any corporate action to authorize any of the foregoing or shall be subject to any proceeding to accomplish a comparable arrangement.

(f) An involuntary proceeding shall be commenced against the Borrower, Bank, or any Obligated Party seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, receivership, conservatorship, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, conservator, or other similar official for it or a substantial part of its property, and such involuntary proceeding shall remain undismitted and unstayed for a period of thirty (30) days.

(g) Borrower, Bank, or any Obligated Party shall fail to discharge within a period of thirty (30) days after the commencement thereof any attachment, sequestration, or similar proceeding involving an amount in excess of One Million Dollars (\$1,000,000.00) against any of its assets or properties, unless such proceeding is being contested diligently and in good faith and adequate reserves have been established.

(h) Borrower, Bank, or any Obligated Party shall fail to satisfy and discharge promptly any judgment against it for the payment of money in an amount in excess of One Million Dollars (\$1,000,000.00) unless such judgment is being contested diligently and in good faith and adequate reserves have been established.

(i) Borrower, Bank, or any Obligated Party shall fail to pay when due any principal of or interest on any Debt (other than the Obligations), in excess of One Million Dollars (\$1,000,000.00), or the maturity of any such Debt shall have been accelerated, or any such Debt shall have been required to be prepaid prior to the stated maturity thereof, or any event shall have occurred and be continuing that, with the giving of notice or lapse of time or both, would permit any holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof or require any such prepayment.

(j) This Agreement or any other Loan Document shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by Borrower or any of Borrower's shareholders, or Borrower shall deny that it has any further liability or obligation under any of the Loan Documents.

(k) Borrower shall fail, at any time, to own and have pledged to Lender at least 100% of the issued and outstanding shares of capital stock of Bank, or such security interest in favor of Lender shall at any time fail to be a first priority perfected lien and security interest.

(l) A material adverse change in the business, condition (financial or otherwise), operations, performance, payments or prospects of the Borrower or any of its Subsidiaries or affiliates shall have occurred since the Closing Date.

11. Rights of Lender. Upon the occurrence of an Event of Default, Lender may without notice terminate its commitment to lend hereunder and declare the Obligations or any part thereof to be immediately due and payable, and the same shall thereupon become immediately due and payable, without demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, or protest, all of which are hereby expressly waived; provided, however, that upon the occurrence of an Event of Default under Section 10(e) or Section 10(f), the commitment of Lender to lend hereunder shall automatically terminate, and the Obligations shall become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, or protest, all of which are hereby expressly waived. Upon the occurrence of any Event of Default, Lender may exercise all rights and remedies available to it in law or in equity, under the Loan Documents or otherwise.

12. Maximum Interest Rate. No provision of this Agreement or of the Note shall require the payment or the collection of interest in excess of the maximum permitted by applicable law. If any excess of interest in such respect is hereby provided for, or shall be adjudicated to be so provided, in the Note or otherwise in connection with this loan transaction, the provisions of this Section shall govern and prevail and neither Borrower nor the sureties, successors, or assigns of Borrower shall be obligated to pay the excess amount of such interest or any other excess sum paid for use, forbearance, or detention of sums loaned pursuant hereto. In the event Lender ever receives, collects, or applies as interest any such sum, such amount which would be in excess of the maximum amount permitted by applicable law shall be applied as a payment and reduction of the principal of the indebtedness evidenced by the Note; and, if the principal of the Note has been paid in full, any remaining excess shall forthwith be paid to Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Borrower and Lender shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by the Note so that interest for the entire term does not exceed the Maximum Rate.

13. Applicable Law. This Agreement and all other documents and instruments executed pursuant hereto or in connection herewith and the transactions contemplated hereby are made and performable in Dallas County, Texas and shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America.

14. Severability. The unenforceability of any provision of this Agreement shall not affect the enforceability or validity of any other provision hereof.

15. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart by fax or pdf shall be effective as delivery of an original signature.

16. Miscellaneous. No modification, consent, amendment or waiver of any provision of this Agreement, nor consent to any departure by Borrower therefrom, shall be effective unless the same shall be in writing and signed by an officer of Lender, and then shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower in any case shall, of itself, entitle Borrower to any other or further notice or demand in similar or other circumstances. No delay or omission by Lender in exercising any power or right hereunder shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof, or the exercise of any other right or power hereunder. All rights and remedies of Lender hereunder are cumulative of each other and of every other right or remedy which Lender may otherwise have at law or in equity or under any other contract or document, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies. All accounting terms not specifically defined herein shall be construed in accordance with GAAP on the basis used by Borrower in prior years. This Agreement is binding upon Borrower, its successors and assigns, and inures to the benefit of Lender, its successors and assigns; provided, however, that Borrower may not assign its rights or obligations hereunder without Lender's prior written consent.

17. Expenses of Lender. Borrower agrees to pay on demand all reasonable costs and expenses incurred by Lender in connection with the preparation, negotiation, execution and administration of this Agreement and the other Loan Documents and the transactions contemplated hereby. Borrower agrees to pay on demand all reasonable costs and expenses incurred by Lender in connection with any and all amendments, modifications, supplements to, and ongoing administration of this Agreement and the other Loan Documents, including without limitation the reasonable costs and fees of Lender's legal counsel, and all costs and expenses incurred by Lender in connection with the enforcement or preservation of any rights under this Agreement or any other Loan Document, including without limitation the reasonable costs and fees of Lender's legal counsel. In addition to the foregoing, to the extent that Borrower has not sufficiently drawn the proceeds of the Loan for its intended purposes (as determined by Lender in its sole but reasonable discretion) during the first twelve (12) months of this Loan, then Borrower agrees to pay Lender, upon demand (and Lender is authorized to draw Loan proceeds for such purposes), a "Non-Usage" fee equal to \$50,000.00.

18. INDEMNIFICATION. EXCEPT FOR LENDER'S GROSS NEGLIGENCE OR WILFUL MISCONDUCT, BORROWER HEREBY INDEMNIFIES LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLDS EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (i) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (ii) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (iii) ANY BREACH BY BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, OR (iv) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING RELATING TO ANY OF THE FOREGOING. Without limiting any provision of this agreement or of any other loan document, it is the express intention of the parties hereto that each person to be indemnified under this Section shall be indemnified from and held harmless against any and all losses, liabilities, claims, damages, penalties, judgments, costs, and expenses (including attorney's fees) arising out of or resulting from the sole or contributory negligence of the person to be indemnified.

19. Limitation of Liability. Neither Lender nor any affiliate, officer, director, employee, attorney, or agent of Lender shall have any liability with respect to, and Borrower hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by Borrower in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Borrower hereby waives, releases, and agrees not to sue Lender or any of Lender's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising

out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

20. No Duty. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Lender shall have the right to act exclusively in the interest of Lender and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to Borrower or any of Borrower's shareholders or any other Person.

21. Lender Not Fiduciary. The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

22. Equitable Relief. Borrower recognizes that in the event Borrower fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to Lender. Borrower therefore agrees that Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

23. Participations. Lender shall have the right at any time and from time to time to grant participations in the Note and any other Loan Documents. Each participant shall be entitled to receive all information received by Lender regarding the creditworthiness of Borrower, including without limitation, information required to be disclosed to a participant pursuant to Banking Circular 181 (Rev., August 2, 1984), issued by the Comptroller of the Currency (whether the participant is subject to the circular or not).

24. Notices. All notices and other communications provided for in this Agreement and the other Loan Documents to which Borrower is a party shall be given or made in writing and mailed by certified mail return receipt requested, or delivered by hand or nationally recognized overnight delivery service to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof; or, as to any party at such other address as shall be designated by such party in a notice to the other party given in accordance with this Section. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a notice transmitted by mail or overnight delivery service, when duly deposited in the mails or the day following delivery to such service, in each case given or addressed as aforesaid.

25. Defined Terms. Defined terms (*i.e.*, terms delineated with capital letters) not otherwise defined herein shall be given the meanings commonly ascribed to them by the FFIEC, FDIC, state banking authorities, or other authority, as reasonably determined by Lender.

26. Omitted.

27. Entire Agreement. THIS AGREEMENT, THE NOTE, AND THE OTHER LOAN DOCUMENTS REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions of this Agreement and the other Loan Documents to which Borrower is a party may be amended or waived only by an instrument in writing signed by the parties hereto. The terms of this Agreement shall control to the extent of any direct conflict with the terms of the other Loan Documents; however, the parties acknowledge and agree that the other Loan Documents contain terms supplemental to the terms of this Agreement.

28. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE ACTIONS OF LENDER IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.

29. Confidentiality. Except as provided in Section 23, above, Lender agrees that it will not disclose without the prior written consent of the Borrower (other than to its employees, auditors, accountants, or counsel or any of its affiliates, who shall agree to maintain the confidential nature of such information) any information with respect to the Borrower or its Subsidiaries which is furnished to it pursuant to this Agreement or any other Loan Document and which (i) the Borrower in good faith considers to be confidential, and (ii) is clearly marked as confidential, provided that Lender may disclose any such information (a) to any party to this Agreement; (b) to any Person if reasonably necessary to the administration of the Loan Documents; (c) as has been publicly disclosed; (d) as may be required or appropriate in any report, statement, or testimony submitted to or required by any municipal, state, or federal regulatory body having or claiming to have jurisdiction over the Lender or any of its affiliates or submitted to or required by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, or similar organizations (whether in the United States of America or elsewhere) or their successors; (e) pursuant to any summons, subpoena, or other legal process, or in connection with any litigation; (f) in order to comply with any law, order, regulation, ruling, or other governmental requirement; (g) to any actual or proposed assignee, participant, or other transferee in connection with any other transfer of the Note, any advance under the loan, or any interest therein, provided that such assignee, participant or other transferee agrees to preserve the confidentiality of such information; or (h) in connection with the exercise of any right or remedy by Lender.

30. USA Patriot Act Notice. Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub.L. 107-56 (signed into law October 26, 2001)) (the “ Act ”), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow such Lender to identify Borrower in accordance with the Act.

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Very truly yours,

INVESTAR HOLDING CORPORATION,
a Louisiana corporation

By: _____
John J. D'Angelo
President and Chief Executive Officer

Address for Notices: 7244 Perkins Road Baton Rouge, LA 70808

Fax: _____
Tel: _____
Attn: _____

Accepted and agreed to:

TIB - THE INDEPENDENT BANKERSBANK

By: _____
Barry C. Musgrove
Senior Vice President

Address for Notices:

11701 Luna Road
Farmers Branch, TX 75234
Fax: (972) 969-1609
Tel: (972) 444-3533
Attn: Shauna McKiel

SCHEDULE 1

Omitted

SCHEDULE 2
DEBT

Debt subordinated to the Loan in the approximate amount of \$3,609,000.00.

SCHEDULE 3
EXISTING LIENS

None

TIB - THE INDEPENDENT BANKERSBANK

PROMISSORY NOTE

(Revolving)
(Loan No. 91425)

\$20,000,000.00

June 27, 2016

FOR VALUE RECEIVED, the undersigned, **INVESTAR HOLDING CORPORATION** (" **Maker** "), promises to pay to the order of **TIB – THE INDEPENDENT BANKERSBANK** (" **Payee** ") the maximum principal sum of Twenty Million and No/100 Dollars (\$20,000,000.00), or so much thereof as shall be advanced hereunder at or before the maturity of this Note, with interest on the unpaid balance outstanding from time to time at the rate or rates specified below, both principal and interest payable as provided below in lawful money of the United States of America at the address of Payee set forth below or at such other place as from time to time may be designated by the holder of this Note.

I. Interest Rates and Payments

Prior to default or maturity, the unpaid principal of this Note from time to time outstanding shall bear interest at the fixed rate (" **Rate** ") of interest per annum equal to the rate reported in the Credit Markets section (or similar section) of The Wall Street Journal as the U.S. "Prime Rate" on the date hereof; provided, however, that on June 27, 2017 (or the next business day if such day falls on a Saturday, Sunday, bank holiday, or other non- banking day), the Rate shall be adjusted to a fixed rate of interest equal to the Rate on such date; and, provided further, that in no event shall the Rate exceed the maximum rate permitted under applicable law (" **Maximum Rate** "). All interest accruing under this Note shall be calculated on the basis of a 360-day year applied to the actual number of days elapsed.

Quarterly payments of interest on the unpaid principal balance of this Note shall be due and payable commencing on September 27, 2016, and continuing on the same day of each calendar quarter thereafter through and until June 27, 2018 (" **Maturity Date** "), on which date all unpaid principal of and accrued interest on this Note shall be due and payable. Any payment received later than ten (10) days from the due date thereof must be accompanied by a late fee payment in the amount of five percent (5%) of the amount of such payment. Any partial prepayments of principal shall be applied to installments thereof in the inverse order of maturity.

All advances hereunder shall be in accordance with the Loan Agreement (defined below). Maker shall have the right to prepay, without penalty, at any time and from time to time prior to maturity, all or any part of the unpaid principal balance of this Note and all or any part of the unpaid interest accrued to the date of such prepayment, provided that any such principal thus paid is accompanied by accrued interest on such principal. Any partial prepayments of principal shall be applied to installments thereof in the inverse order of maturity unless otherwise agreed to in writing by Lender. **Maker may borrow, repay, and reborrow up to the principal face amount of this Note; provided, however, that (1) such borrowings or reborrowings be in accordance with the requirements in the Loan Agreement (defined below) between Maker and Payee of even date herewith, and (2) at no time shall the total outstanding principal amount hereunder exceed the face value of this Note. It is contemplated that by reason of prepayments hereon there may be times when no indebtedness is owing hereunder; but, notwithstanding such occurrences, this Note shall remain valid and shall be in full force and effect subsequent to each such occurrence until the Maturity Date.**

All principal and interest which is matured or otherwise past due under this Note shall bear interest at the Maximum Rate, or, if no such rate is designated under applicable law, at the rate of eighteen percent (18%) per annum.

II. Security

This Note is secured by, *Inter alia*, a Pledge Agreement (the "**Pledge Agreement**") of even date herewith from Maker to Payee, to which Pledge Agreement reference is made for a description of the property covered thereby and the nature and extent of the rights and powers of the holder of this Note in respect of such property.

III. Right to Accelerate Upon Default

The holder of this Note shall have the option of declaring the principal balance hereof and the interest accrued hereon to be immediately due and payable upon the occurrence of an Event of Default under the Letter Loan Agreement ("**Loan Agreement**") of even date herewith, between Maker and Payee (this Note, the Pledge Agreement, the Loan Agreement, and any other documents relating to the transaction evidenced hereby are called the "**Loan Documents**" below), and the continuance of such default after the notice of default and expiration of the cure period as provided for therein, if any.

IV. Waiver of Conditions and Defenses to Liability

Maker and any other party who is or becomes liable to pay all or any part of this Note, or who grants any lien or security interest to secure all or any part of this Note (each called an "**other liable party**" below), including but not limited to any drawer, acceptor, endorser, guarantor, surety or accommodation party, severally waive presentment for payment, demand, notice of demand and of dishonor and nonpayment of this Note, notice of intention to accelerate the maturity of this Note, protest and notice of protest, diligence in collecting, and the bringing of suit against any other party, except as may be otherwise provided in the notice and right to cure provisions of the Loan Agreement.

Further, other than those written agreements between Maker and the then holder of this Note, Maker and any other liable party severally waive any notice of or defense based upon any agreement or consent of the holder of this Note made or given from time to time, before or after maturity, to any of the following: the acceleration, renewal or extension of this Note; a change in the time or manner of payments required by this Note; a change in the rates of interest specified in this Note; acceptance or surrender of security; a substitution of security or subordination, amendment or release of security; an addition or release of any other liable party; changes of any sort whatever in the terms of payment of this Note or in the manner of doing business with Maker; and any settlement or compromise with Maker or any other liable party on such terms as the holder of this Note may deem appropriate in its sole and absolute discretion.

The holder of this Note may apply all moneys received from Maker or others, or from any security (whether held under a security instrument or not), in such manner upon the indebtedness evidenced or secured by any Loan Documents (whether then due or not) as such holder may determine to be in its best interest, without in any way being required to marshal assets or to apply all or any part of such moneys upon any particular part of such indebtedness. The holder of this Note is not required to retain, hold, protect, exercise due care with respect to, perfect security interests in or otherwise assure or safeguard any security for this Note, and no failure by the holder of this Note to do any of the foregoing and no exercise or failure to exercise by such holder of any other right or remedy shall in any way affect any of Maker's or any other liable party's obligations hereunder or under other Loan Documents or affect any security or give Maker or any other liable party any recourse against the holder of this Note except that, notwithstanding the foregoing, the holder of this Note shall comply with all obligations of a secured party under Article 9 of the Uniform Commercial Code as adopted, from time to time, in the State of Texas and Maker shall be entitled to any remedies therein provided for in the event that the holder of this Note fails to so comply.

V. Usury Savings Provision

It is the intent of Maker and Payee in the execution of this Note and all other Loan Documents to contract in strict compliance with applicable usury law. In furtherance thereof, Maker and Payee stipulate and agree that none of the terms and provisions contained in this Note, or in any other instrument executed in connection herewith, shall ever be construed to create a contract to pay for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Rate. Neither Maker nor any guarantors, endorsers or other parties now or hereafter becoming liable for payment of this Note shall ever be obligated or required to pay interest on

this Note at a rate in excess of the Maximum Rate, and the provisions of this paragraph shall control over all other provisions of this Note and any other Loan Documents now or hereafter executed which may be in apparent conflict herewith. Payee expressly disavows any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of this Note is accelerated. If the maturity of this Note shall be accelerated for any reason or if the principal of this Note is paid prior to the end of the term of this Note, and as a result thereof the interest received for the actual period of existence of the loan evidenced by this Note exceeds the applicable maximum lawful rate, the holder of this Note shall credit the amount of such excess against the principal balance of this Note then outstanding and thereby shall render inapplicable any and all penalties of any kind provided by applicable law as a result of such excess interest; provided, however, that if the principal hereof has been paid in full, such excess shall be refunded to Maker. If the holder of this Note shall receive money (or anything else) which is determined to constitute interest and which would increase the effective interest rate on this Note or the other indebtedness secured by the Loan Documents to a rate in excess of that permitted by applicable law, the amount determined to constitute interest in excess of the lawful rate shall be credited against the principal balance of this Note then outstanding or, if the principal balance has been paid in full, refunded to Maker, in which event any and all penalties of any kind under applicable law as a result of such excess interest shall be inapplicable. If the holder of this Note shall not actually receive, but shall contract for, request or demand, a payment of money (or anything else) which is determined to constitute interest and which would increase the effective interest rate contracted for or charged on this Note or the other indebtedness evidenced or secured by the Loan Documents to a rate in excess of that permitted by applicable law, the holder of this Note shall be entitled, following such determination, to waive or rescind the contractual claim, request or demand for the amount determined to constitute interest in excess of the lawful rate, in which event any and all penalties of any kind under applicable law as a result of such excess interest shall be inapplicable. By execution of this Note Maker acknowledges that Maker believes the loan evidenced by this Note to be non-usurious and agrees that if, at any time, Maker should have reason to believe that such loan is in fact usurious, Maker will give the holder of this Note notice of such condition and Maker agrees that the holder shall have sixty (60) days in which to make appropriate refund or other adjustment in order to correct such condition if in fact such exists. Additionally, if, from any circumstance whatsoever, fulfillment of any provision hereof or any other Loan Documents shall, at the time fulfillment of such provision be due, involve transcending the Maximum Rate then, *ipso facto*, the obligation to be fulfilled shall be reduced to the Maximum Rate. The term "**applicable law**" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater rate of interest, as such laws now exist or may be changed or amended or come into effect in the future.

VI. Miscellaneous

Should the indebtedness represented by this Note or any part thereof be collected at law or in equity or through any bankruptcy, receivership, probate or other court proceedings or if this Note is placed in the hands of attorneys for collection after default, Maker and all endorsers, guarantors and sureties of this Note jointly and severally agree to pay to the holder of this Note in addition to the principal and interest due and payable hereon all the costs and expenses of the holder in enforcing this Note including, without limitation, reasonable attorneys' fees and legal expenses.

This Note and the rights, duties and liabilities of the parties hereunder or arising from or relating in any way to the indebtedness evidenced by this Note or the transaction of which such indebtedness is a part shall be governed by and construed in accordance with the law of the State of Texas and the law of the United States applicable to transactions within such State.

No amendment of this Note shall be binding unless expressed in a writing executed by Maker and the holder of this Note.

Maker certifies, represents, and warrants to Payee that the proceeds hereof are to be used for a commercial purpose and not for personal, family, household, or agricultural purposes.

THE PARTIES HERETO VOLUNTARILY AND KNOWINGLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH, OR RELATED TO ANY OF THE LOAN DOCUMENTS.

THIS NOTE AND ALL OTHER DOCUMENTS AND INSTRUMENTS EXECUTED PURSUANT HERETO OR IN CONNECTION HERewith AND THE TRANSACTIONS CONTEMPLATED HEREBY ARE MADE AND PERFORMABLE IN DALLAS COUNTY, TEXAS AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. MAKER IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY TEXAS OR FEDERAL COURT SITTING IN DALLAS COUNTY, TEXAS OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, AND MAKER HEREBY AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY TEXAS OR FEDERAL COURT SITTING IN DALLAS COUNTY, TEXAS (OR SUCH OTHER COUNTY IN TEXAS) MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO MAKER AT THE ADDRESS INDICATED BELOW, AND SERVICE SO MADE SHALL BE COMPLETE FIVE DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.

Maker's Address :

7244 Perkins Road
Baton Rouge, LA 70808

MAKER:

INVESTAR HOLDING CORPORATION,
a Louisiana corporation

By: _____

John J. D'Angelo
President and Chief Executive Officer

Payee's Address :

TIB - THE INDEPENDENT BANKERSBANK
P. O. Box 560528
Dallas, TX 75356-052