CBTX, INC.

NASDAQ: CBTX

# CBTX, Inc.

# Second Quarter 2022 \ Investor Presentation

CommunityBank OF TEXAS

# SAFE HARBOR STATEMENT AND NON-GAAP FINANCIAL MEASURES

**NON-GAAP FINANCIAL MEASURES**

This presentation contains certain non-GAAP (generally accepted accounting principles) financial measures, including tangible equity, tangible assets, tangible book value per share, tangible equity to tangible assets, return on average tangible equity, and pre-provision net revenue. The non-GAAP financial measures that CBTX, Inc. (the "Company") discusses in this presentation should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. A reconciliation of the non-GAAP financial measures used in this presentation to the most directly comparable GAAP measures is provided at the end of this presentation.

**FORWARD-LOOKING STATEMENTS**

This presentation may contain certain forward-looking statements within the meaning of the securities laws that are based on various facts and derived utilizing important assumptions, current expectations, estimates and projections about the Company and its subsidiary. Forward-looking statements include information regarding the Company's future financial performance, business and growth strategy, projected plans and objectives, as well as projections of macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing. Further, certain factors that could affect our future results and cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: natural disasters and adverse weather on the Company's market area, acts of terrorism, pandemics, an outbreak of hostilities or other international or domestic calamities and other matters beyond the Company's control; the Company's ability to manage the economic risks related to the impact of the ongoing COVID-19 pandemic (including risks related to its customers' credit quality, deferrals and modifications to loans); the geographic concentration of the Company's markets in Houston and Beaumont, Texas; the Company's ability to manage changes and the continued health or availability of management personnel; the amount of nonperforming and classified assets that the Company holds and the time and effort necessary to resolve nonperforming assets; deterioration of asset quality; interest rate risk associated with the Company's business; national business and economic conditions in general, in the financial services industry and within the Company's primary markets; sustained instability of the oil and gas industry in general and within Texas; the composition of the Company's loan portfolio, including the identity of the Company's borrowers and the concentration of loans in specialized industries; changes in the value of collateral securing the Company's loans; the Company's ability to maintain important deposit customer relationships and its reputation; the Company's ability to maintain effective internal control over financial reporting; volatility and direction of market interest rates; liquidity risks associated with the Company's business; systems failures, interruptions or breaches involving the Company's information technology and telecommunications systems or third- or fourth-party servicers; the failure of certain third- or fourth-party vendors to perform; the institution and outcome of litigation and other legal proceedings against the Company or to which it may become subject; the operational risks associated with the Company's business; the costs, effects and results of regulatory examinations, investigations, or reviews or the ability to obtain required regulatory approvals; changes in the laws, rules, regulations, interpretations or policies relating to financial institution, accounting, tax, trade, monetary and fiscal matters; further government intervention in the U.S. financial system that may impact how the Company achieves its performance goals; the risk that the cost savings and any revenue synergies from the pending merger with Allegiance Bancshares, Inc., or Allegiance, may not be fully realized or may take longer than anticipated to be realized; disruption to the parties' businesses as a result of the announcement and pendency of the merge or; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; the risk that the integration of each party's operations will be materially delayed or will be more costly or difficult than expected or that the parties are otherwise unable to successfully integrate each party's businesses into the other's businesses; the amount of the costs, fees, expenses and charges related to the merger; the ability by each of Allegiance and the Company to obtain required governmental approvals of the merger (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction); reputational risk and the reaction of each company's customers, suppliers, employees or other business partners to the merger; the failure of the closing conditions in the merger agreement to be satisfied, or any unexpected delay in closing the merger; the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; the dilution caused by the Company's issuance of additional shares of its common stock in the merger; general competitive, economic, political and market conditions; and other factors that may affect future results of the Company and Allegiance including changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; the impact, extent and timing of technological changes; capital management activities; and other actions of the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and OCC and legislative and regulatory actions and reforms; and other risks, uncertainties, and factors that are discussed from time to time in the Company's reports and documents filed with the SEC. Additionally, many of these risks and uncertainties have been elevated by and may continue to be elevated by the COVID-19 pandemic.

# SAFE HARBOR STATEMENT AND NON-GAAP FINANCIAL MEASURES

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, or SEC, and other reports and statements that the Company has filed with the SEC. If one or more events related to these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may differ materially from what it anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and the Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict which will arise. In addition, the Company cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Copies of the SEC filings for the Company are available for download free of charge from www.communitybankoftx.com under the Investor Relations tab.

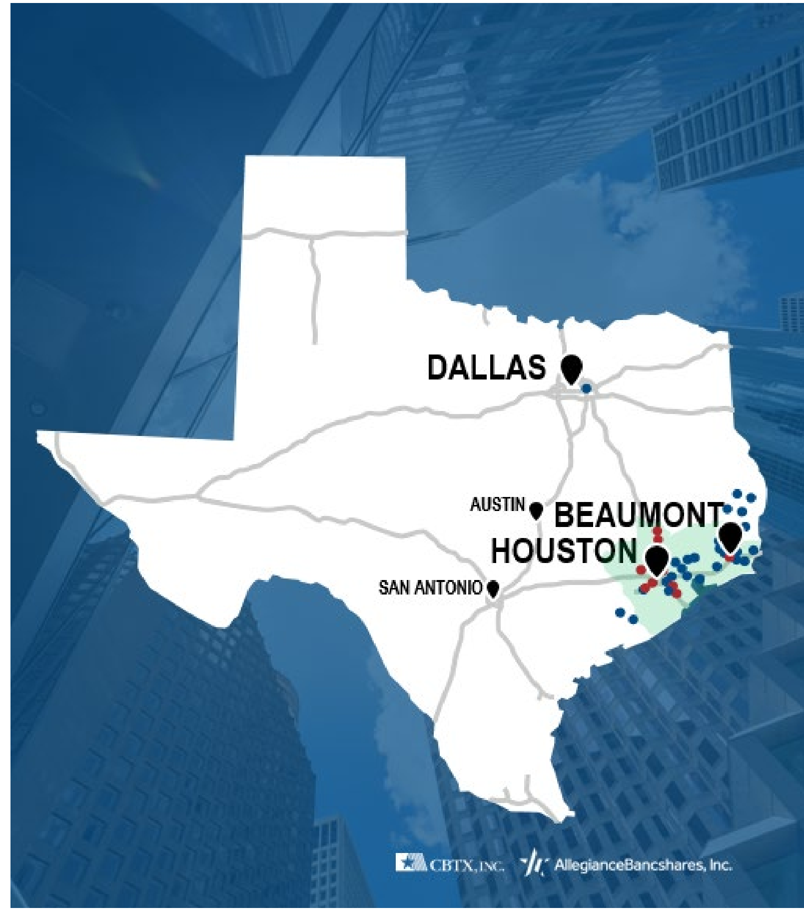
Allegiance and the Company disclaim any obligation and do not intend to update or revise any forward-looking statements contained in this communication, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

# COMPANY SNAPSHOT

- Founded in 2007 and completed IPO in November 2017
- On 11/5/2021, entered into a definitive merger agreement with Allegiance Bancshares, Inc.
- Resolved outstanding regulatory matters associated with BSA/AML program in December 2021
- Primarily a business bank with 34 banking centers located across Houston, East Texas and Dallas
- Strong credit culture and experienced management team with deep ties in the markets served
- Low-cost core funding - total deposits of $3.8 billion as of 6/30/2022
- Strong insider ownership of 26% as of 6/30/2022
- Strong capital levels with total risk-based capital ratio of 15.53%, tier 1 risk-based and common equity tier 1 capital ratios of 14.49% of 6/30/2022

# ANNOUNCED MERGER WITH ABTX, INC.

- Creates a premier Texas financial institution
  by combining two of the largest Houston-focused banks
- Generates significant shareholder value through materially enhanced metrics
- True merger-of-equals – combined management team and equal board contribution
- Complementary branch network, with meaningful overlap to support cost savings
- Shared vision, community focus, and commitment to clients and employees




**ABTX BRANCH (26)**

**CBTX BRANCH (34)**

**HOUSTON REGION**
**Houston-The Woodlands-Sugar Land and Beaumont-Port Arthur MSAs**

CBTX, INC.

# FINANCIAL HIGHLIGHTS

| Financial Highlights | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| **Balance Sheet (000)** | | | | | |
| Total Assets | $ 4,322,303 | $ 4,445,977 | $ 4,486,001 | $ 4,209,119 | $ 4,066,534 |
| Loans, Net | 3,000,827 | 2,848,438 | 2,836,179 | 2,576,194 | 2,692,313 |
| PPP Loans | 9,157 | 17,970 | 54,262 | 103,721 | 184,286 |
| PPP Deferred Fees / Unearned Discount | (250) | (484) | (1,473) | (2,954) | (5,207) |
| PPP Loans, Net[1] | 8,907 | 17,486 | 52,789 | 100,767 | 179,079 |
| Unfunded Loan Commitments | 902,812 | 907,092 | 774,960 | 772,469 | 692,581 |
| Securities | 550,083 | 547,979 | 425,046 | 359,539 | 309,233 |
| Total Deposits | 3,756,634 | 3,821,225 | 3,831,284 | 3,531,635 | 3,416,786 |
| Book Value per Share | 21.56 | 22.03 | 22.96 | 23.12 | 22.75 |
| Tangible Book Value per Share[2] | 18.11 | 18.58 | 19.50 | 19.65 | 19.28 |
| **Income Statement (000)** | | | | | |
| Net Interest Income | $ 34,872 | $ 32,630 | $ 30,810 | $ 31,249 | $ 31,018 |
| Provision (Recapture) for Credit Losses | 126 | 435 | (1,207) | (4,895) | (5,038) |
| Noninterest Income | 3,546 | 5,329 | 4,100 | 5,562 | 3,491 |
| Noninterest Expense | 23,758 | 24,652 | 34,832 | 24,372 | 25,197 |
| Net Income (Loss) | 11,707 | 10,595 | (545) | 14,421 | 11,703 |
| Pre-Provision Net Revenue[2][3] | 14,660 | 13,307 | 78 | 12,439 | 9,312 |
| Diluted Earnings (Loss) per Share | 0.48 | 0.43 | (0.02) | 0.59 | 0.48 |
| **Capital Ratios** | | | | | |
| Total Shareholders' Equity to Total Assets | 12.19 % | 12.14 % | 12.53 % | 13.41 % | 13.68 % |
| Tangible Equity to Tangible Assets[2] | 10.44 | 10.44 | 10.85 | 11.64 | 11.84 |
| Common Equity Tier 1 Capital Ratio | 14.49 | 14.97 | 15.31 | 16.87 | 16.46 |
| Tier 1 Risk-Based Capital Ratio | 14.49 | 14.97 | 15.31 | 16.87 | 16.46 |
| Total Risk-Based Capital Ratio | 15.53 | 16.06 | 16.42 | 18.12 | 17.72 |
| Tier 1 Leverage Ratio | 11.48 | 11.08 | 11.22 | 11.69 | 11.63 |

CBTX, INC.

# FINANCIAL HIGHLIGHTS (Continued)

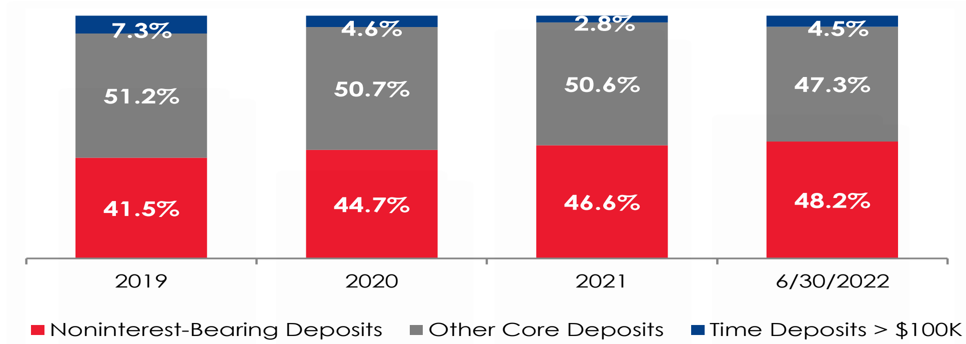
| Financial Highlights | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| **Profitability** | | | | | |
| Return on Average Assets[1] | 1.08 % | 0.97 % | (0.05) % | 1.37 % | 1.14 % |
| Return on Average Shareholders' Equity[1] | 8.75 | 7.67 | (0.38) | 10.15 | 8.49 |
| Return on Average Tangible Equity[1][2] | 10.38 | 9.03 | (0.45) | 11.95 | 10.03 |
| Net Interest Margin - Tax Equivalent[1] | 3.49 | 3.22 | 3.07 | 3.22 | 3.29 |
| Cost of Total Deposits[1] | 0.13 | 0.12 | 0.13 | 0.14 | 0.15 |
| Efficiency Ratio[3] | 61.84 | 64.94 | 99.78 | 66.21 | 73.02 |
| **Credit Quality** | | | | | |
| ACL[4] / Loans Excluding Loans HFS[5] | 1.06 % | 1.09 % | 1.09 % | 1.23 % | 1.36 % |
| ACL[4] / Loans Excluding Loans HFS[5] and PPP Loans | 1.06 | 1.10 | 1.11 | 1.29 | 1.46 |
| Nonperforming Assets / Total Assets | 0.65 | 0.50 | 0.50 | 0.49 | 0.52 |
| Nonperforming Loans / Loans Excluding Loans HFS[5] | 0.93 | 0.77 | 0.79 | 0.79 | 0.77 |
| Net Charge-offs (Recoveries) / Average Loans[1] | (0.02) | (0.01) | (0.01) | (0.01) | (0.07) |

(1) Annualized.
(2) See Appendix for reconciliation of non-GAAP financial measures.
(3) Efficiency ratio is calculated by dividing noninterest expense by the sum of the net interest income and noninterest income.
(4) Allowance for credit losses, or ACL.
(5) Held for sale, or HFS.

# DEPOSITS

- Proven ability to generate low-cost core deposits[1] to fund loan growth
- Total deposits decreased $64.6 million, or 1.7%, from 3/31/2022 to 6/30/2022 and the cost of total deposits was 0.13% for Q2 2022
- Noninterest-bearing demand deposits were 48.2% of total deposits as of 6/30/2022
- Core deposits[1] were 95.5% of total deposits with minimal reliance on time deposits as of 6/30/2022
- Relationship based ~ 78.6% of loan customers also had a deposit relationship as of 6/30/2022
- Loan to deposit ratio was 80.7% as of 6/30/2022

**Stable Core Deposits[1][2]**



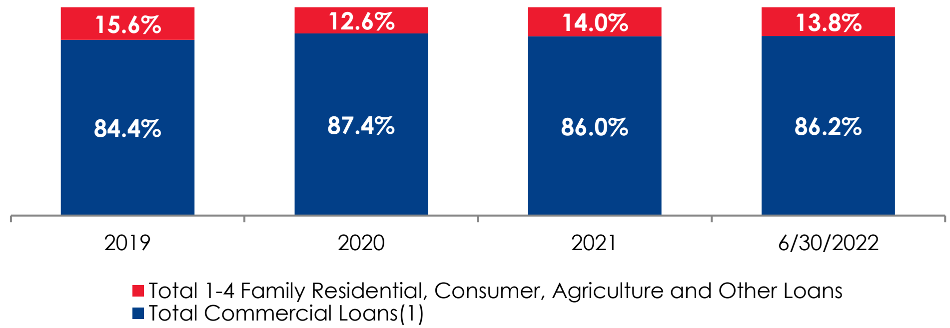

| Deposits | 6/30/2022 (000) | 6/30/2022 (%) |
|---|---|---|
| Noninterest-bearing Demand Accounts | $ 1,810,275 | 48.2% |
| Interest-bearing Demand Accounts | 445,149 | 11.9% |
| Money Market Accounts | 1,109,265 | 29.5% |
| Savings Accounts | 130,713 | 3.5% |
| Certificates and Other Time Deposits > $100K | 169,616 | 4.5% |
| Certificates and Other Time Deposits < $100K | 91,616 | 2.4% |
| Total Deposits | $ 3,756,634 | 100.0% |
| Cost of Interest-bearing Deposits - Six Months Ended 6/30/2022 | | 0.13% |

(1) Core deposits defined as total deposits less time deposits over $100,000.
(2) 2019 – 2021 figures as of year end 12/31.

# LOAN PORTFOLIO

- Loans excluding loans held for sale increased $153.0 million from 3/31/2022 to 6/30/2022 primarily due to increased loan originations
- Average yield on loans was 4.40%, 4.39% and 4.36% for Q2 2022, Q1 2022 and Q2 2021, respectively, and average yield on loans excluding PPP loans was 4.38%, 4.29% and 4.43% for the same periods
- As of 6/30/2022, 76.4% of loans were Houston-based and 6.0% of gross loans were related to oil and gas[(3)]

**Loan Portfolio Composition[(2)]**




| Loan Portfolio | 6/30/2022 (000) | 6/30/2022 (%) |
|---|---|---|
| Commercial and Industrial | $ 581,443 | 19.1% |
| Real Estate: | | |
| Commercial Real Estate | 1,181,620 | 38.8% |
| Construction and Development | 560,903 | 18.4% |
| 1-4 Family Residential | 264,428 | 8.7% |
| Multi-family Residential | 300,582 | 9.9% |
| Consumer, Agriculture and Other | 152,999 | 5.1% |
| Gross Loans | $ 3,041,975 | 100.0% |
| Less deferred fees and unearned discounts | (9,061) | |
| Less loans held for sale | — | |
| Loans excluding loans held for sale | $ 3,032,914 | |
| Average yield on loans - Six Months Ended 6/30/2022 | | 4.39% |

(1) Commercial loans defined as total loans less 1-4 Family Residential, Consumer, Agriculture and Other Loans. See page 10.
(2) 2019 – 2021 figures as of year end 12/31.
(3) See page 11 for information about how the Company classifies its direct and indirect oil and gas loans.

# COMMERCIAL LOANS

- Well-diversified commercial loan portfolio totaled 86.2% of gross loans as of 6/30/2022 and 86.4% as of 3/31/2022
- Multi-family community development loans are Texas-based projects promoting affordable housing and totaled $383.8 million ($249.7 million permanent and $134.1 million construction) as of 6/30/2022
- Non-owner occupied commercial real estate loans are predominantly local investor projects (i.e., industrial, office and retail buildings) with investors or developers with long-term CBTX relationships
- Owner-occupied commercial real estate loans are term financing of real estate facilities for businesses and clients

| Loan Components - 6/30/2022 | Balance (000) | % Commercial |
|---|---|---|
| Commercial and Industrial: | | |
| Oil and Gas | $ 114,039 | 4.3% |
| Industrial Construction | 70,523 | 2.7% |
| Equipment Rental | 64,641 | 2.5% |
| Professional/Medical | 56,990 | 2.2% |
| Manufacturing | 32,364 | 1.2% |
| PPP Loans | 9,157 | 0.3% |
| Other | 233,729 | 8.9% |
| Total Commercial and Industrial | 581,443 | 15.1% |
| Commercial Real Estate: | | |
| Non-owner Occupied | 628,190 | 23.9% |
| Owner Occupied | 486,146 | 18.5% |
| Oil and Gas | 67,284 | 2.6% |
| Total Commercial Real Estate | 1,181,620 | 21.1% |
| Construction and Development: | | |
| Land and Development | 206,175 | 7.9% |
| Commercial | 153,914 | 5.9% |
| Multi-family Community Development | 134,083 | 5.1% |
| 1-4 Family - Commercial | 42,023 | 1.6% |
| 1-4 Family - Primary | 23,254 | 0.9% |
| Oil and Gas | 1,454 | 0.1% |
| Total Construction and Development | 560,903 | 21.4% |
| Multi-family Residential: | | |
| Multi-family Community Development | 249,722 | 9.5% |
| Other | 50,860 | 1.9% |
| Total Multi-family Residential | 300,582 | 11.5% |
| Total Commercial Loans | 2,624,548 | 100.0% |
| Other Loans[1] | 417,125 | |
| Other Oil and Gas Loans | 302 | |
| Total Gross Loans | $ 3,041,975 | |

(1) Includes 1-4 Family Residential, Consumer, Agriculture and Other Loans. See page 9.

CBTX, INC.

# CONSTRUCTION / OIL AND GAS LOANS

## Construction Loans

- As of 6/30/2022 and 3/31/2022, construction loans were 112.0% and 96.3% of capital[(1)], respectively, and unfunded commitments were $332.9 million and $323.3 million, respectively

## Oil and Gas Loans

- Oil and gas loans are loans with revenue related to well-head, oil in the ground or extracting oil or gas, including any activity, product or service related to the oil and gas industry, such as exploration and production, drilling, equipment, services, midstream companies, service companies and commercial real estate companies with significant reliance on oil and gas companies
- Direct loans oil and gas loans are loans to an entity with more than 50% of its revenue from the type of companies defined above and indirect loans are loans to an entity with between 20% - 50% of its revenue from the type of companies defined above

| Construction Loans - 6/30/2022 | Balance (000) | Percentage of Capital[(1)] | Unfunded Commitments (000) |
|---|---|---|---|
| Land and Development | $ 206,175 | 41.2% | $ 54,587 |
| Commercial | 153,914 | 30.7% | 180,586 |
| Multi-family Community Development | 134,083 | 26.8% | 43,387 |
| 1-4 Family - Commercial | 42,023 | 8.4% | 38,739 |
| 1-4 Family - Primary | 23,254 | 4.6% | 14,131 |
| Oil and Gas | 1,454 | 0.3% | 1,480 |
| | $ 560,903 | 112.0% | $ 332,910 |

| Oil and Gas Loans (000) | | 6/30/2022 | 3/31/2022 | 12/31/2021 |
|---|---|---|---|---|
| Direct: | Exploration and Production | $ 31,809 | $ 33,712 | $ 35,631 |
| | Oil Field Services | 57,725 | 55,095 | 70,147 |
| | Midstream | 39,293 | 41,674 | 43,688 |
| | | 128,827 | 130,481 | 149,466 |
| Indirect: | Oil Field Services | 26,669 | 27,534 | 29,100 |
| | Midstream | 27,583 | 27,551 | 26,305 |
| | | 54,252 | 55,085 | 55,405 |
| Total: | Exploration and Production | 31,809 | 33,712 | 35,631 |
| | Oil Field Services | 84,394 | 82,629 | 99,247 |
| | Midstream | 66,876 | 69,225 | 69,993 |
| | | $ 183,079 | $ 185,566 | $ 204,871 |
| Components: | Lines of Credit | $ 67,855 | $ 77,644 | $ 92,629 |
| | Secured by Real Estate and Equipment | 83,415 | 74,210 | 76,611 |
| | Production Secured by Mineral Rights | 31,809 | 33,712 | 35,631 |
| | | $ 183,079 | $ 185,566 | $ 204,871 |

(1) Total capital of CommunityBank of Texas, N.A., the wholly-owned subsidiary of the Company.

# PAYCHECK PROTECTION PROGRAM

- PPP program closed to further borrowings and no PPP loans originated since Q2 2021
- As of 6/30/2022, the PPP portfolio included 33 loans with an aggregate outstanding principal balance of $1.1 million which qualified for the simplified forgiveness application
- Interest earned on PPP loans for Q2 2022 and Q1 2022 included the recognition of $234,000 and $989,000, respectively, of net loan fees
- Received payments totaling $8.8 million and $36.3 million related to forgiveness or payments by customers during Q2 2022 and Q1 2022, respectively

| PPP Loans[1] - 6/30/2022 | Principal Amount (000) | Number of PPP Loans |
|---|---|---|
| Loans $0 - $350,000 | $ 2,805 | 41 |
| Loans $350,000 - $2 million | 6,352 | 8 |
| Gross PPP loans | 9,157 | 49 |
| Deferred loan fees and costs | (250) | |
| Net PPP loan | $ 8,907 | |

| Yield Analysis Q2 2022 | Average Outstanding Balance (000) | Interest Earned (000) | Average Yield[2] |
|---|---|---|---|
| Total Loans | $ 2,897,335 | $ 31,768 | 4.40% |
| Less PPP Loans | (12,053) | (264) | 8.79% |
| Adjusted Total Loans | $ 2,885,282 | $ 31,504 | 4.38% |

| Yield Analysis Q1 2022 | Average Outstanding Balance (000) | Interest Earned (000) | Average Yield[2] |
|---|---|---|---|
| Total Loans | $ 2,886,765 | $ 31,221 | 4.39% |
| Less PPP Loans | (34,976) | (1,076) | 12.48% |
| Adjusted Total Loans | $ 2,851,789 | $ 30,145 | 4.29% |

(1) PPP loans are classified as Commercial and Industrial loans per regulatory guidelines.
(2) Annualized.

# ALLOWANCE FOR CREDIT LOSSES

- Allowance for credit losses, or ACL, increased $645,000 from 3/31/2022 to 6/30/2022 due to an increase in the loan portfolio as a result of originations outpacing repayments
- Decrease in ACL for loans from 6/30/2021 to 6/30/2022 resulted from improvements in the national and local economies and forecast assumptions between those periods
- The Company's ACL for unfunded commitments (letters of credit and commitments to extend credit) decreased $354,000 from 3/31/2022 to $3.3 million at 6/30/2022, primarily due to a decrease in available commitments

| ACL - Loans by Classification (000) | 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 |
|---|---|---|---|---|---|
| Commercial and Industrial | $ 9,730 | $ 10,895 | $ 11,214 | $ 11,401 | $ 12,260 |
| Real Estate: | | | | | |
| Commercial Real Estate | 11,708 | 11,297 | 11,015 | 11,744 | 13,260 |
| Construction | 4,243 | 3,429 | 3,310 | 3,334 | 4,453 |
| 1-4 Family Residential | 2,071 | 2,025 | 2,105 | 1,700 | 2,172 |
| Multi-family Residential | 1,925 | 1,770 | 1,781 | 2,156 | 2,382 |
| Consumer | 391 | 403 | 406 | 449 | 494 |
| Agriculture | 88 | 70 | 88 | 109 | 115 |
| Other | 1,931 | 1,553 | 1,426 | 1,315 | 2,047 |
| Total ACL - Loans | $ 32,087 | $ 31,442 | $ 31,345 | $ 32,208 | $ 37,183 |
| General Reserves | $ 29,147 | $ 27,539 | $ 26,625 | $ 27,064 | $ 31,502 |
| Specific Reserves | 2,940 | 3,903 | 4,720 | 5,144 | 5,681 |
| ACL / Loans Excluding Loans Held for Sale | 1.06% | 1.09% | 1.09% | 1.23% | 1.36% |

| ACL Activity (000) | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| Beginning Balance | $ 31,442 | $ 31,345 | $ 32,208 | $ 37,183 | $ 40,874 |
| Provision (Recapture) | 479 | 20 | (901) | (5,057) | (4,190) |
| Net Recoveries | 166 | 77 | 38 | 82 | 499 |
| Ending Balance | $ 32,087 | $ 31,442 | $ 31,345 | $ 32,208 | $ 37,183 |

# NPA AND NET CHARGE-OFFS

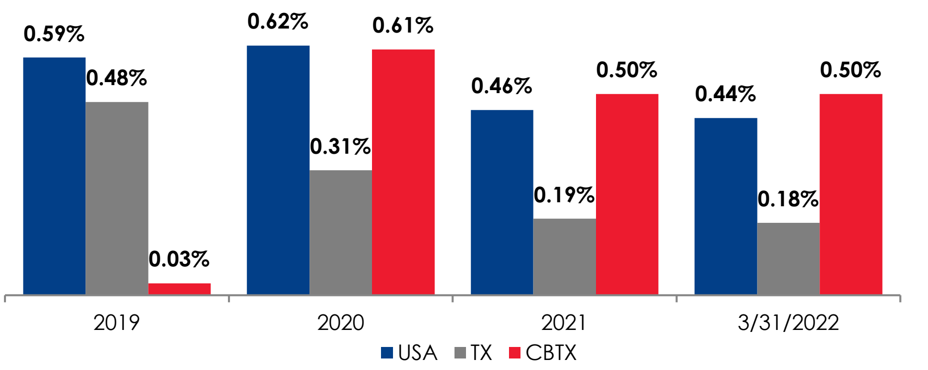
## Nonperforming Assets

- Nonperforming assets remained low relative to total assets at $28.3 million as of 6/30/2022, compared to $22.1 million as of 3/31/2022
- NPA to total assets was 0.65% of total assets as of 6/30/2022, compared to 0.52% of total assets as of 6/30/2021 due to the $7.3 million increase in nonperforming assets between those periods

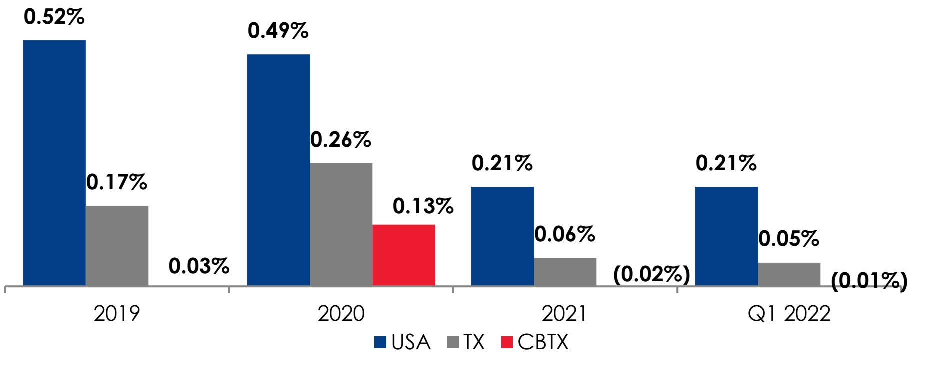
## Net Charge-Offs

- Q2 2022 recoveries exceeded charge-offs resulting in a net recovery of $166,000, or 0.02% of average loans, on an annualized basis
- Recoveries exceeded charge-offs for the six months ended 6/30/2022 resulting in a net recovery of $243,000, or 0.02% of average loans, on an annualized basis

## Nonperforming Assets / Total Assets(1)




## Net Charge-Offs (Recoveries) /Average Loans(1)



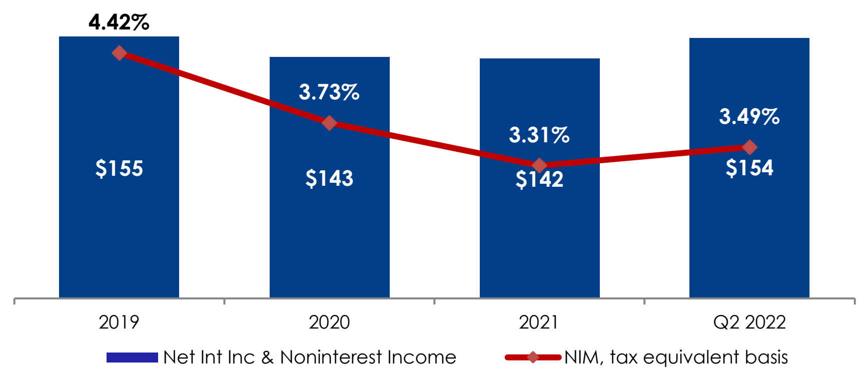

(1) USA and Texas figures are from SNL Financial aggregates and Q12022 is the latest period available for these comparative figures.

# REVENUE AND EFFICIENCY

## Revenue

- Net interest margin, or NIM, on a tax equivalent basis was 3.49% for Q2 2022, 3.22% for Q1 2022 and 3.29% for Q2 2021
- Cost of interest-bearing liabilities was 0.25% for Q2 2022, down from 0.27% for Q1 2022 and 0.32% for Q2 2021
- At 6/30/2022, 51.3% of loans excluding PPP loans were variable rate and 74.6% of these variable rate loans had floors

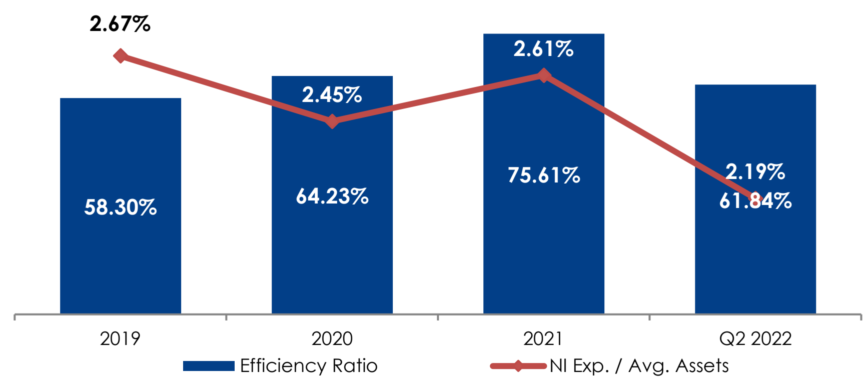
## Revenue and NIM(1)




## Efficiency

- Efficiency ratio was 61.84% for Q2 2022, 64.94% for Q1 2022 and 73.02% for Q2 2021
- Change in the efficiency ratio from Q1 2022 to Q2 2022 resulted from a $2.2 million increase in net interest income and a $894,000 decrease in noninterest expense, partially offset by a $1.8 million decrease in noninterest income

## Efficiency(1)(2)




(1) 2019 – 2021 figures as of year end 12/31. Q2 2022 figures annualized as of 6/30/2022.
(2) Efficiency ratio is calculated by dividing noninterest expense by the sum of the net interest and noninterest income.

CBTX, INC.

CommunityBank OF TEXAS

*At CommunityBank of Texas, we're committed to building strong, honest relationships. We strive to keep our clients' and partners' needs at the forefront of everything we do. And we measure our success by the success we help create for them.*

## OUR VISION

Here to Serve.

## OUR POSITIONING

To experienced business owners, CommunityBank of Texas is the financial partner that delivers a better banking experience.

## OUR PERSONALITY

Resourceful, Trustworthy, Friendly, Responsive, Strong

# BUSINESS BANKING \ BETTER BANKING

At CommunityBank of Texas, we believe in a powerful and multi-faceted statement, one that drills straight to the heart of our reason for being, while clearly illuminating the mission that our many employees pursue each day:

## Here to serve.

**Here to serve** is a commitment to building strong and honest relationships, a clarion call to remember that in everything we do, our highest purpose is to transform our extensive financial expertise into success for our clients.

Relationships are the bedrock of our business – both internally and externally – and there is a stewardship in the word **serve** that promises that, in these relationships, we will be caring, humble and precise. That we will keep the needs of our clients at the forefront of our minds at all times and measure our performance by the success we create for each other.

The other critical component of our brand vision is the word **here**, which serves several important roles.

**Here** is a promise that we will be there for our clients and answer the call when they need us the most. We will be Dependable. Honest. Trustworthy. And we will remember that every time is the right time to put our clients' needs first.

**Here** is also a pledge to be visible and present in the communities we serve. It adds weight to the first and most key component of our name: Community.

We are not some faceless financial institution located high above the rank and file, safely sheltered in an ivory tower. We are right **here**, serving the cities and communities in which we live. Day-in and day-out. We sponsor civic events, donate back to our neighbors in need, and spend the time to really get to know our clients on a personal level.

In the face of an increasingly digital and impersonal world, we are proudly present in the lives of our clients and our communities.

# APPENDIX

# NON-GAAP RECONCILIATIONS

The Company's management uses certain non-GAAP financial measures to evaluate performance. We have included in this presentation information related to these non-GAAP financial measures for the applicable periods presented. The following tables reconcile, as of the dates set forth below: (1) book value per share to tangible book value per share; (2) total shareholders' equity to total assets to tangible equity to tangible assets; (3) return on average shareholders' equity to return on average tangible equity; and (4) net income to pre-provision net revenue.

The most directly comparable GAAP financial measure for tangible book value per share is book value per share and the most directly comparable GAAP financial measure for tangible equity to tangible assets is total shareholders' equity to total assets. The most directly comparable GAAP financial measure for return on average tangible equity is return on average shareholders' equity. The most directly comparable GAAP financial measure for pre-provision net revenue is net income.

# NON-GAAP RECONCILIATIONS (Continued)

| Tangible BV Per Share/Tangible Equity to Tangible Assets | 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 |
|---|---|---|---|---|---|
| Total Shareholders' Equity | $ 526,679 | $ 539,723 | $ 562,125 | $ 564,593 | $ 556,227 |
| Goodwill | (80,950) | (80,950) | (80,950) | (80,950) | (80,950) |
| Other Intangibles | (3,353) | (3,540) | (3,658) | (3,702) | (3,846) |
| Tangible Equity | $ 442,376 | $ 455,233 | $ 477,517 | $ 479,941 | $ 471,431 |
| Total Assets | $ 4,322,303 | $ 4,445,977 | $ 4,486,001 | $ 4,209,119 | $ 4,066,534 |
| Goodwill | (80,950) | (80,950) | (80,950) | (80,950) | (80,950) |
| Other Intangibles | (3,353) | (3,540) | (3,658) | (3,702) | (3,846) |
| Tangible Assets | $ 4,238,000 | $ 4,361,487 | $ 4,401,393 | $ 4,124,467 | $ 3,981,738 |
| Common Shares Outstanding | 24,425 | 24,502 | 24,488 | 24,420 | 24,450 |
| Book Value Per Share | $ 21.56 | $ 22.03 | $ 22.96 | $ 23.12 | $ 22.75 |
| Tangible Book Value Per Share | $ 18.11 | $ 18.58 | $ 19.50 | $ 19.65 | $ 19.28 |
| Total Shareholders' Equity to Total Assets | 12.19% | 12.14% | 12.53% | 13.41% | 13.68% |
| Tangible Equity to Tangible Assets | 10.44% | 10.44% | 10.85% | 11.64% | 11.84% |

| Return on Average Tangible Equity/PPNR | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| Average Shareholders' Equity | $ 536,800 | $ 560,315 | $ 568,167 | $ 563,631 | $ 552,807 |
| Average Goodwill | (80,950) | (80,950) | (80,950) | (80,950) | (80,950) |
| Average Other Intangibles | (3,463) | (3,634) | (3,693) | (3,803) | (3,951) |
| Average Tangible Equity | $ 452,387 | $ 475,731 | $ 483,524 | $ 478,878 | $ 467,906 |
| Annualized Net Income (Loss) | $ 46,957 | $ 42,969 | $ (2,162) | $ 57,214 | $ 46,941 |
| Return on Average Shareholders' Equity | 8.75% | 7.67% | (0.38%) | 10.15% | 8.49% |
| Return on Average Tangible Equity | 10.38% | 9.03% | (0.45%) | 11.95% | 10.03% |
| Net Income (Loss) | $ 11,707 | $ 10,595 | $ (545) | $ 14,421 | $ 11,703 |
| Provision (Recapture) for Credit Losses | 126 | 435 | (1,207) | (4,895) | (5,083) |
| Income Tax Expense | 2,827 | 2,277 | 1,830 | 2,913 | 2,692 |
| Pre-Provision Net Revenue | $ 14,660 | $ 13,307 | $ 78 | $ 12,439 | $ 9,312 |