



NASDAQ: CBTX

CBTX, Inc.
Investor Presentation
Second Quarter 2020

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 tangible shareholders' equity, 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: whether the Company can manage the economic risks related to the impact of COVID-19 and the sustained instability in the oil and gas industry (including risks related to its customers' credit quality, deferrals and modifications to loans, the Company's ability to borrow, and the impact of a resultant recession generally), and other hazards such as natural disasters and adverse weather, acts of war or terrorism, other pandemics, an outbreak of hostilities or other international or domestic calamities and the governmental or military response thereto, and other matters beyond the Company's control; the geographic concentration of our markets in Beaumont and Houston, Texas; whether the Company can manage changes and the continued health or availability of management personnel; the amount of nonperforming and classified assets that the Company holds and the efforts to resolve the nonperforming assets; deterioration of its asset quality; interest rate risks associated with the Company's business; business and economic conditions generally and in the financial services industry, nationally and within the Company's primary markets; volatility and direction of oil prices, including risks related to the recent collapse in oil prices, and the strength of the energy industry, generally and within Texas; the composition of the Company's loan portfolio, including the identity of its borrowers and the concentration of loans in specialized industries, especially the creditworthiness of energy company borrowers; changes in the value of collateral securing the loans; the Company's ability to maintain important deposit customer relationships and the Company's reputation; the Company's ability to maintain effective internal control over financial reporting; the Company's ability to pursue available remedies in the event of a loan default for loans under the Paycheck Protection Program, or PPP, and the risk of holding the PPP loans at unfavorable interest rates as compared to the loans to customers that we would have otherwise lent to; the 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-party servicers; the failure of certain third party vendors to perform; the institution and outcome of litigation and other legal proceedings against the Company or to which it may become subject; operational risks associated with the Company's business; the costs, effects and results of regulatory examinations, investigations, including the ongoing investigation by the Financial Crimes Enforcement Network, or FinCEN, of the U.S. Department of Treasury, or reviews or the ability to obtain the required regulatory approvals; the Company's ability to meet the requirements of its Formal Agreement with the Office of the Comptroller of the Currency, and the risk that such Formal Agreement may have a negative impact on the Company's financial performance and results of operations; changes in the laws, rules, regulations, interpretations or policies relating to financial institution, accounting, tax, trade, monetary and fiscal matters; governmental or regulatory responses to the COVID-19 pandemic and newly enacted fiscal stimulus that impact the Company's loan portfolio and forbearance practice; and other governmental interventions in the U.S. financial system that may impact how the Company achieves its performance goals. Additionally, many of these risks and uncertainties are currently elevated by and may or will continue to be elevated by the COVID-19 pandemic.

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.

All forward-looking statements, expressed or implied, included in this communication are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that the Company or persons acting on the Company's behalf may issue. Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.

COVID-19 RESPONSE



- Activated business continuity plan the first part of March
- Implemented social distancing in our facilities allowing flexible work arrangements and restricted travel
- Deployed remote working strategy to allow 63% of employees to operate remotely
- Granted additional PTO
- Push online banking, mobile banking and bank-by-phone
- All branches that have drive-thru moved lobbies to appointment only
- Participation in SBA's Paycheck Protection Program
- Offering deferrals and fee waivers and suspended foreclosures, evictions and auto repossessions

FINANCIAL HIGHLIGHTS

Financial Highlights	Q2 2020	Q1 2020	Q4 2019	Q2 2020 vs Q1 2020	Q2 2020 vs Q4 2019
Balance Sheet (000)					
Loans, Net	\$ 2,895,210	\$ 2,640,393	\$ 2,613,805	\$ 254,817	\$ 281,405
PPP Loans, Net ⁽¹⁾	323,705	-	-	323,705	323,705
Total Assets	3,901,725	3,425,650	3,478,544	476,075	423,181
Total Deposits	3,254,203	2,792,233	2,852,388	461,970	401,815
Book Value per Share	21.71	21.70	21.45	0.01	0.26
Tangible Book Value per Share ⁽²⁾	18.26	18.23	18.01	0.03	0.25
Income Statement (000)					
Net Interest Income	\$ 32,158	\$ 32,220	\$ 33,786	\$ (62)	\$ (1,628)
Provision for Credit Losses	9,870	5,049	(148)	4,821	10,018
Noninterest Income	2,909	4,327	3,717	(1,418)	(808)
Noninterest Expense	22,495	22,089	22,110	406	385
Net Income	2,163	7,541	12,636	(5,378)	(10,473)
Pre-Provision Net Revenue ⁽²⁾⁽³⁾	12,572	14,458	15,393	(1,886)	(2,821)
Diluted Earnings per Share	0.09	0.30	0.50	(0.21)	(0.41)

(1) PPP loans are included in Loans, Net above. See page 14 for further details.

(2) See Appendix for reconciliation of non-GAAP financial measures.

(3) Pre-provision net revenue is net income, with the provision for credit losses and income tax expense added back.

FINANCIAL HIGHLIGHTS (Continued)

Financial Highlights	Q2 2020	Q1 2020	Q4 2019	Q2 2020 vs Q1 2020	Q2 2020 vs Q4 2019
Profitability					
Return on Average Assets	0.23 %	0.87 %	1.43 %	(0.64) %	(1.20) %
Return on Average Shareholder Equity ⁽²⁾	1.60	5.64	9.40	(4.04)	(7.80)
Return on Tangible Shareholder Equity ⁽¹⁾⁽²⁾	1.90	6.71	11.21	(4.81)	(9.31)
Net Interest Margin – Tax Equivalent ⁽²⁾	3.68	4.06	4.18	(0.38)	(0.50)
Cost of Total Deposits ⁽²⁾	0.26	0.53	0.62	(0.27)	(0.36)
Efficiency Ratio ⁽³⁾	64.15	60.44	58.96	3.71	5.19
Capital Ratios					
Total Shareholder Equity to Total Assets	13.77 %	15.67 %	15.40 %	(1.90) %	(1.63) %
Tangible Equity to Tangible Assets ⁽¹⁾	11.84	13.51	13.26	(1.67)	(1.42)
Common Equity Tier 1 Capital Ratio	15.30	15.23	15.52	0.07	(0.22)
Tier 1 Risk-Based Capital Ratio	15.30	15.23	15.52	0.07	(0.22)
Total Risk-Based Capital Ratio	16.56	16.42	16.41	0.14	0.15
Tier 1 Leverage Ratio	11.96	13.18	13.11	(1.22)	(1.15)

(1) See Appendix for reconciliation of non-GAAP financial measures.

(2) Annualized.

(3) Efficiency ratio is calculated by dividing noninterest expense by the sum of net interest income and noninterest income.

FINANCIAL HIGHLIGHTS (Continued)

Financial Highlights	Q2 2020	Q1 2020	Q4 2019	Q2 2020 vs Q1 2020	Q2 2020 vs Q4 2019
Credit Quality					
Allowance for Credit Losses / Loans	1.35 %	1.17 %	0.96 %	0.18 %	0.39 %
Allowance for Credit Losses / Loans Less PPP Loans	1.52	1.17	0.96	0.35	0.56
Nonperforming Assets / Assets	0.29	0.04	0.03	0.25	0.26
Nonperforming Loans / Assets	0.38	0.05	0.04	0.33	0.34
Net Charge-Offs (Recovered) / Average Loans ⁽¹⁾	0.01	(0.05)	0.02	0.06	(0.01)

(1) See Appendix for reconciliation of non-GAAP financial measures.

CAPITAL AND LIQUIDITY

Capital Activity



- Total shareholders' equity of \$537.4 million as of June 30, 2020
- Tangible book value per share increased to \$18.26 as of June 30, 2020⁽¹⁾
- Declared dividend of \$0.10 per share payable on July 15, 2020
- Stock repurchase program suspended on March 18, 2020

Primary Source Funding

- Cash and cash equivalents of \$492.4 million as of June 30, 2020
- Deposit growth and issuance of brokered certificates of deposits
- Secondary funding sources in excess of \$1 billion in availability at June 30, 2020

Capital Ratios

6/30/2020

Common Equity Tier 1 Capital Ratio	15.30%
Tier 1 Risk-Based Capital Ratio	15.30%
Total Risk-Based Capital Ratio	16.56%
Tier 1 Leverage Ratio	11.96%

Secondary Funding Sources (000)

Borrowing Capacity

Outstanding at 6/30/2020

Availability 6/30/2020

Frost Facility	\$ 30,000	\$ -	\$ 30,000
FHLB Facility	1,060,705	50,000	1,010,705
Fed Funds	75,000	-	75,000
Total Resources	<u>\$ 1,165,705</u>	<u>\$ 50,000</u>	<u>\$ 1,115,705</u>

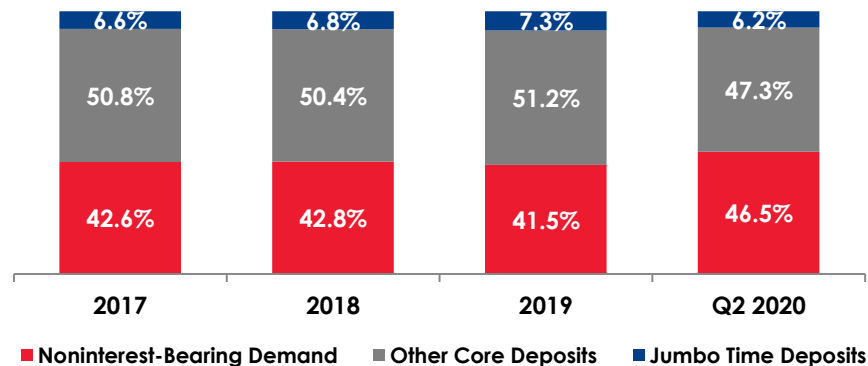
(1) See Appendix for reconciliation of non-GAAP financial measure.

DEPOSITS



- Proven ability to generate low-cost core deposits⁽¹⁾ to fund loan growth
- 89.0% loan to deposit ratio as of June 30, 2020
- 46.5% noninterest-bearing demand deposits at June 30, 2020
- 93.8% core deposits⁽²⁾ with minimal reliance on time deposits at June 30, 2020
- Relationship based ~ 84.8% of loan customers also had a deposit relationship at June 30, 2020

Stable Core Deposit⁽²⁾



Deposits	6/30/2020	
	(000)	(%)
Noninterest-bearing Demand Accounts	\$ 1,513,748	46.5 %
Interest-bearing Demand Accounts	366,281	11.2
Savings and Money Market Accounts	976,491	30.0
Certificates and Other Time > \$100K	200,505	6.2
Certificates and Other Time < \$100K	197,178	6.1
Total Deposits	\$ 3,254,203	100.0 %
Cost of Total Deposits – Q2 2020		0.26 %

(1) Commercial loans defined as total loans less 1-4 family residential, consumer, agriculture and other loans.

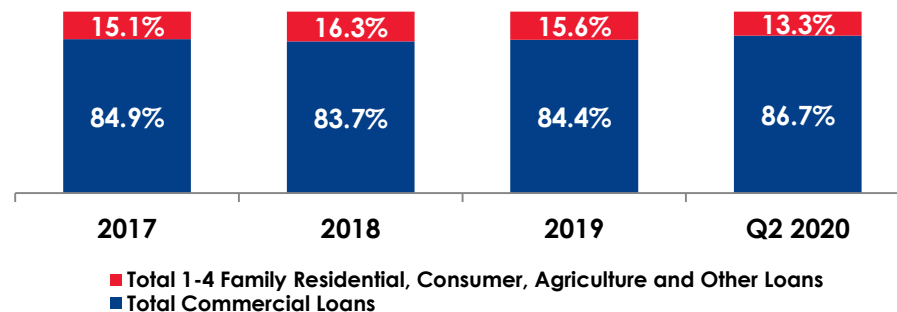
(2) Figures as of year end 12/31. Q2 2020 as of 6/30/2020.

LOAN PORTFOLIO



- Gross loans increased from March by \$269.4 million due to originations of \$336.1 million of PPP loans during Q2 offset by paydowns/payoffs
- Total commercial loans ⁽¹⁾ were 86.7% of total loans at June 30, 2020
- At June 30, 2020, 76.4% of loans are Houston-based
- Focused on lending to professionals and local small- and mid-sized businesses
- At June 30, 2020, 6.1% of gross loans were related to oil and gas. See page 12
- Key emphasis on developing core relationships
- Well-diversified loan portfolio

Loan Portfolio Composition⁽²⁾



Loan Portfolio	6/30/2020	
	(000)	(%)
Commercial and Industrial	\$ 837,667	28.4 %
Real Estate		
Commercial Real Estate	908,027	30.8
Construction and Development	552,879	18.8
1-4 Family Residential	272,253	9.2
Multi-family Residential	255,273	8.7
Consumer, Agriculture and Other	121,668	4.1
Gross Loans	\$ 2,947,767	100.0 %
Average Yield on Loans - Q2 2020		4.54 %
Average Yield on Loans Excluding PPP Loans - Q2 2020		4.75 %

(1) Commercial loans defined as total loans less 1-4 family residential, consumer, agriculture and other loans.

(2) Figures as of year end 12/31. Q2 2020 as of 6/30/2020.

COMMERCIAL LOANS

Industrial Construction/Equipment Rental



- Operating lines of credit, fixed asset financing and real estate loans to industrial companies involved in the construction, modification, support and maintenance of petrochemical plants

Professional/Medical

- Operating lines of credit, fixed asset financing and real estate loans to law firms, medical practices and professional service firms

Multi-Family Community Development

- Texas-based community development projects promoting affordable housing and total \$359.0 million (\$234.7 million permanent and \$124.3 million construction) at June 30, 2020

Non-Owner Occupied CRE

- Predominantly local investor projects (i.e., industrial, office and retail buildings) with investors/developers with long-term CBTX relationships

Owner Occupied CRE

- Term financing of real estate facilities for businesses and clients

Loan Components	6/30/2020	
	(000)	(% Commercial Total)
Commercial and Industrial:		
PPP loans	\$ 330,449	12.9%
Industrial Construction/Equipment Rental	120,008	4.7%
Oil and Gas	126,333	4.9%
Manufacturing	39,794	1.6%
Professional/Medical	58,770	2.3%
Other	162,313	6.4%
Total Commercial and Industrial	837,667	32.8%
Commercial Real Estate:		
Non-owner Occupied	554,789	21.7%
Owner Occupied	307,872	12.1%
Oil and Gas	45,366	1.8%
Total Commercial Real Estate	908,027	35.6%
Construction and Development:		
Commercial	241,336	9.4%
Land and Development	131,977	5.2%
Multi-family Community Development	124,267	4.9%
1-4 Family	54,287	2.1%
Oil and Gas	1,012	0.0%
Total Construction and Development	552,879	21.6%
Multi-family Residential:		
Multi-family Community Development	234,682	9.2%
Other	20,591	0.8%
Total Multi-family Residential	255,273	10.0%
Total Commercial Loans	2,553,846	100.0%
Other Loans		
1-4 Family Residential	272,253	
Consumer, Agriculture and Other	115,396	
Oil and Gas	6,272	
Total Other Loans	393,921	
Total Gross Loans	\$ 2,947,767	

CONSTRUCTION AND DEVELOPMENT LOANS

6/30/2020

Construction and Development Loan Components (000)

	Balance	% Capital ⁽¹⁾	Commitment	Average Commitment to Value ⁽²⁾
Commercial	\$ 241,336	59.0%	\$ 371,741	63.4%
Multi-family Community Development	124,267	30.4%	182,469	66.9%
Land - Commercial Purpose	109,925	26.9%	119,912	48.2%
Land - Consumer Lots	13,575	3.3%	13,575	72.0%
Land Development	8,477	2.1%	52,231	47.5%
1-4 Single Family - Primary	20,917	5.1%	38,161	67.8%
1-4 Single Family - Commercial	33,370	8.2%	69,342	69.2%
Oil and Gas	1,012	0.2%	1,012	45.2%
Total	<u>\$ 552,879</u>	135.1%	<u>\$ 848,443</u>	

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

(2) Average of full commitment amount to appraised value of collateral.

OIL AND GAS LOANS

Balance (000)	6/30/2020	3/31/2020	12/31/2019	Q2 2020 vs Q1 2020	Q2 2020 vs Q4 2019
Direct Oil and Gas Loans					
E&P	\$ 30,104	\$ 31,583	\$ 40,187	\$ (1,479)	\$ (10,083)
Oil Field Services	56,743	66,545	59,744	(9,802)	(3,001)
Midstream	18,777	15,238	11,000	3,539	7,777
	<u>105,624</u>	<u>113,366</u>	<u>110,931</u>	<u>(7,742)</u>	<u>(5,307)</u>
Indirect Oil and Gas Loans					
Oil Field Services	51,122	52,575	62,360	(1,453)	(11,238)
Midstream	22,237	27,183	25,298	(4,946)	(3,061)
	<u>73,359</u>	<u>79,758</u>	<u>87,658</u>	<u>(6,399)</u>	<u>(14,299)</u>
Total					
E&P	30,104	31,583	40,187	(1,479)	(10,083)
Oil Field Services	107,865	119,120	122,104	(11,255)	(14,239)
Midstream	41,014	42,421	36,298	(1,407)	4,716
	<u>\$ 178,983</u>	<u>\$ 193,124</u>	<u>\$ 198,589</u>	<u>\$ (14,141)</u>	<u>\$ (19,606)</u>

DIRECT - Loans to an entity with more than 50% of its revenue related to the well-head, oil in the ground or extracting oil or gas. This includes any activity, product or service related to the oil and gas industry, such as exploration and production (E&P), drilling, downhole equipment or services, oil field services, machine shops, pump or compressor at the well, midstream companies and midstream service companies.

INDIRECT - Loans to an entity with a material portion (20% - 50%) of its revenue from the type of companies defined above as "direct." Examples include trucking companies, machine shops and commercial real estate with significant reliance on oil and gas companies.

OIL AND GAS LOANS COMPONENTS

Oil and Gas Components	6/30/2020		3/31/2020	
	(000)	%	(000)	%
Lines of Credit	\$ 62,945	35.2%	\$ 77,138	39.9%
Secured by Real Estate	46,284	25.9%	43,845	22.7%
Equipment	39,650	22.2%	40,556	21.0%
Production Secured by Mineral Rights	<u>30,104</u>	16.8%	<u>31,583</u>	16.4%
Total	<u>\$ 178,983</u>	100.0%	<u>\$ 193,122</u>	100.0%

Paycheck Protection Program

PPP Loans ⁽¹⁾	Amount (000)	Number	Average (000)
Loans \$0 - \$350,000	\$ 132,033	1,799	\$ 73
Loans \$350,000 - \$2 million	130,323	189	690
Loans over \$2 million	73,704	22	3,350
Total	336,060	2,010	167
Principal payments	(5,611)		
Gross PPP loans at 6/30/2020	330,449		
Deferred loan fees and costs	(6,744)		
Net PPP loans at 6/30/2020	\$ 323,705		

Yield Analysis Q2 2020	Average Outstanding Balance (000)	Interest Earned (000)	Average Yield
Total Loans	\$ 2,908,204	\$ 32,857	4.54%
Less PPP Loans	(260,204)	(1,480)	2.28%
Adjusted Total Loans	\$ 2,648,000	\$ 31,377	4.75%

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

LOAN DEFERRALS



- Leveraging our experience from past hurricanes to develop our program for working with our customers through the impact of the pandemic
- Helping to help customers maintain financial strength through the pandemic as much as possible and in line with regulatory guidance
- Generally approving deferrals if customer is profitable and deferral only to provide time and payment relief
- Following the end of the deferral period, we expect our customer to fall into one of three categories (1) business is back to usual or close and no further aid necessary, (2) business reopened but more time is necessary and may need a interest-only period or another short-term deferral, or (3) business permanently impaired and moves to a workout and possibly classified credit

LOAN DEFERRALS (Continued)

Deferrals 6/30/2020 ⁽¹⁾	Number of Loans	Principal Amount (000)	Percentage of Gross Loans ⁽²⁾	Total Principal and Interest Deferred (000)	Percentage of Total Deferrals
Commercial and Industrial	297	\$ 105,063	3.6%	\$ 6,800	39.9%
Real Estate:					
Commercial Real Estate	175	305,162	10.4%	7,725	45.3%
Construction and Development	36	101,651	3.4%	1,731	10.2%
1-4 Family Residential	143	29,354	1.0%	636	3.7%
Multi-family	7	2,811	0.1%	45	0.3%
Consumer, Agriculture and Other	31	912	0.0%	103	0.6%
Total deferrals at 6/30/2020	<u>689</u>	<u>\$ 544,953</u>	18.5%	<u>\$ 17,040</u>	<u>100.0%</u>

Deferral Details	Number of Loans	Principal Amount (000)	Percentage of Gross Loans ⁽²⁾
Reverts to Original Payment Schedule in	454	\$ 356,439	12.1%
Deferred Past July	235	188,514	6.4%
Total deferrals at 6/30/2020	<u>689</u>	<u>544,953</u>	18.5%
1st deferrals 7/1 -7/20 - C&I loans	2	2,412	
Total deferrals at 7/20/2020	<u>691</u>	<u>\$ 547,365</u>	
Second Deferral ⁽³⁾	16	23,727	
Previous Deferrals Paid-off	9	2,386	

(1) Deferral information presented above does not include PPP loans.

(2) Percentage based on gross loans as of 6/30/2020.

(3) Second deferrals are loans that were deferred at 6/30/2020 for which an additional deferral period started when the first deferral expired. The Company may provide further relief to customers through additional deferrals.

COVID-19 AT RISK LOANS

COVID as Risk Loans 6/30/2020	Balance (000)	Percentage of Gross Loans ⁽¹⁾	Deferral Balance (000)	Percentage of Specific Portfolio	Average Loan to Value	Average DSC ⁽²⁾
Retail Centers	\$ 283,849	9.6%	\$ 145,849	51.4%	54.8%	1.39
Oil & Gas	178,983	6.1%	5,009	2.8%	63.9%	0.87
Convenience Stores / Gas Stations	121,781	4.1%	17,595	14.4%	60.6%	1.01
Hotels	76,356	2.6%	47,282	61.9%	57.7%	1.31
Restaurants	<u>55,694</u>	1.9%	<u>31,316</u>	56.2%	58.3%	2.58
Total	<u>\$ 716,663</u>	24.3%	<u>\$ 247,051</u>	34.5%		

(1) Percentage based on gross loans as of 6/30/2020.

(2) Average debt service coverage ratio of the deferral balance.

ALLOWANCE FOR CREDIT LOSSES - LOANS

ACL by Loan Classification (000)	3/31/2020	Provision	Net (charge-offs) Recoveries	6/30/2020
Commercial and Industrial	\$ 9,535	\$ 2,555	\$ 18	\$ 12,108
Real Estate:				
Commercial Real Estate	9,576	2,872	(24)	12,424
Construction and Development	5,795	1,255	-	7,050
1-4 Family Residential	2,430	809	(66)	3,173
Multi-family Residential	2,413	467	-	2,880
Consumer	477	45	7	529
Agriculture	129	(7)	12	134
Other	839	541	-	1,380
Total ACL - Loans	<u>\$ 31,194</u>	<u>\$ 8,537</u>	<u>\$ (53)</u>	<u>\$ 39,678</u>

ACL % of Total Gross Loans	3/31/2020	Provision	Net (charge-offs) Recoveries	6/30/2020
Commercial and Industrial	0.36%	0.09%	0.00%	0.41%
Real Estate:				
Commercial Real Estate	0.36%	0.10%	0.00%	0.42%
Construction and Development	0.22%	0.04%	0.00%	0.24%
1-4 Family Residential	0.09%	0.03%	0.00%	0.11%
Multi-family Residential	0.09%	0.02%	0.00%	0.10%
Consumer	0.02%	0.00%	0.00%	0.02%
Agriculture	0.00%	0.00%	0.00%	0.00%
Other	0.03%	0.02%	0.00%	0.05%
Total ACL - Loans	<u>1.17%</u>	<u>0.29%</u>	<u>0.00%</u>	<u>1.35%</u>

- CECL adoption effective 1/1/2020 resulted in an \$874,000 increase in allowance for credit losses, or ACL.
- Q2 2020 increase of \$8.5 million driven by the impact of COVID-19 and the sustained instability of the oil and gas industry which impacted local and national economic factors.
- Utilized final June Moody's baseline scenario forecast model which considers both COVID-19 and economic stimulus.

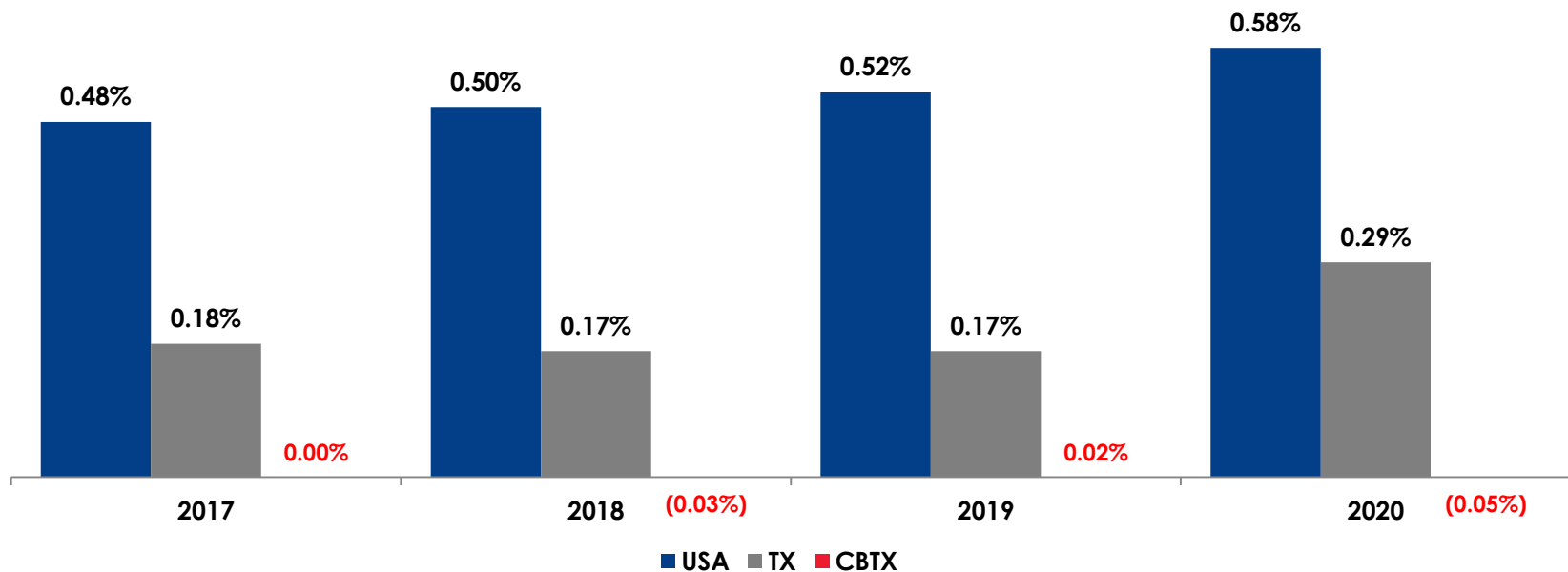
ACL – UNFUNDED COMMITMENTS

Commitment Classification	3/31/2020		6/30/2020	
	(000)	(%)	(000)	(%)
Commercial and Industrial	\$ 2,086	56.9%	\$ 2,743	54.8%
Real Estate:				
Commercial Real Estate	290	7.9%	450	9.0%
Construction and Development	960	26.2%	1,383	27.6%
1-4 Family Residential	52	1.4%	64	1.3%
Multi-family Residential	71	1.9%	75	1.5%
Consumer	79	2.2%	96	1.9%
Agriculture	8	0.2%	23	0.5%
Other	123	3.4%	169	3.4%
Total ACL - Unfunded Commitments	<u>\$ 3,669</u>	<u>100.0%</u>	<u>\$ 5,003</u>	<u>100.0%</u>

- The Company has unfunded commitments comprised of letters of credit and commitments to extend credit which have similar risk characteristics as funded loans of the same type.
- Q2 2020 increase of \$1.3 million driven by the impact of COVID-19 and the sustained instability of the oil and gas industry, which impacted local and national economic factors.
- Utilized final June Moody's baseline scenario forecast model, which considers both COVID-19 and economic stimulus.

NET CHARGE-OFFS

Net Charge-Offs / Average Loans ⁽¹⁾⁽²⁾

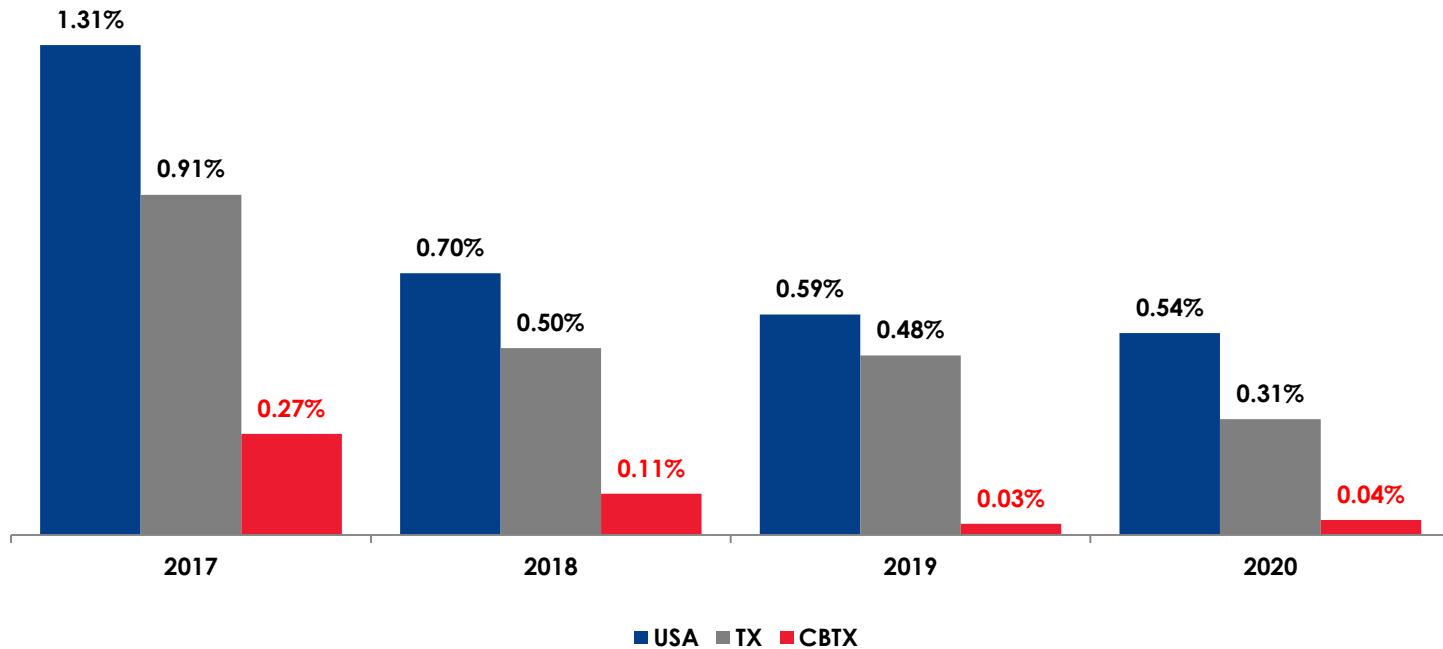


(1) 2020 figures are for Q1 2020, which is same period as available SNL Financial aggregates used a comparative.

(2) The Company's net-charge offs to average loans for Q2 2020 was 0.01%

NONPERFORMING ASSETS

Nonperforming Assets / Total Assets ⁽¹⁾⁽²⁾



(1) 2020 figures are as of 3/31/2020 which is same period as available SNL Financial aggregates used a comparative.

(2) The Company's Nonperforming Assets / Total Assets was 0.29% as of 6/30/2020.

REVENUE AND EFFICIENCY

Revenue



- Net interest margin (NIM) remained strong, impacted by lower interest rates and lower yielding PPP loans
- Average loan yield (excluding PPP loans) of 4.75% for Q2 2020
- Average loan yield on PPP loans of 2.28%
- Cost of interest-bearing liabilities of 0.52%
- Asset sensitive, with 49.5% variable rate loans as of June 30, 2020
- Approximately 77% of variable rate loan portfolio had floors

Efficiency

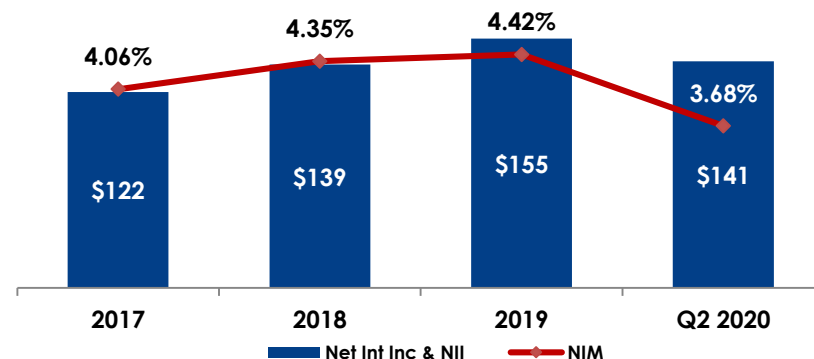


- Investments in people, technology and systems
- Infrastructure capable of supporting a much larger bank
- Resulting scalability should allow for growth without significant expenses

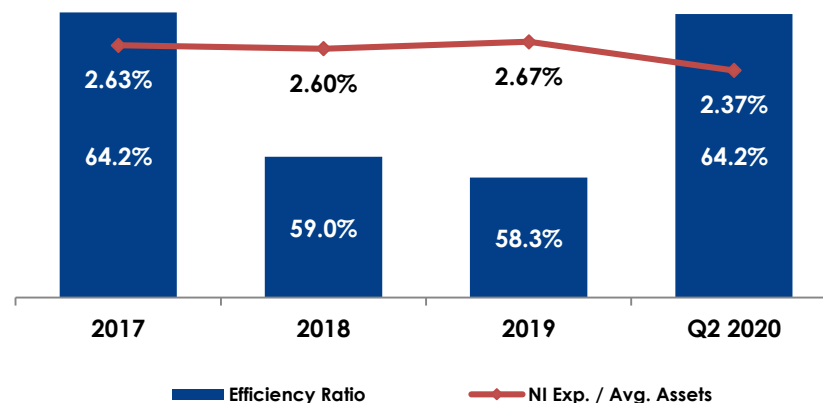
(1) Figures as of year-end 12/31/2020. Q2 as of 6/30/2020.

(2) Efficiency ratio is calculated by dividing noninterest expense by the sum of net interest income and noninterest income.

Revenue and NIM⁽¹⁾



Efficiency⁽¹⁾⁽²⁾





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



Our 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)

(000)	6/30/2020	3/31/2020	12/31/2019
Total Shareholders' Equity	\$ 537,356	\$ 536,874	\$ 535,721
Goodwill	(80,950)	(80,950)	(80,950)
Other Intangibles	(4,496)	(4,700)	(4,938)
Tangible Equity	<u>\$ 451,910</u>	<u>\$ 451,224</u>	<u>\$ 449,833</u>
Total Assets	3,901,725	3,425,650	3,478,544
Goodwill	(80,950)	(80,950)	(80,950)
Other Intangibles	(4,496)	(4,700)	(4,938)
Tangible Assets	<u>\$ 3,816,279</u>	<u>\$ 3,340,000</u>	<u>\$ 3,392,656</u>
Common Shares Outstanding	24,755	24,746	24,980
Book Value Per Share	\$ 21.71	\$ 21.70	\$ 21.45
Tangible Book Value Per Share	\$ 18.26	\$ 18.23	\$ 18.01
Total Shareholders' Equity to Total Assets	13.77%	15.67%	15.40%
Tangible Equity to Tangible Assets	11.84%	13.51%	13.26%

(000)	Q2 2020	Q1 2020	Q4 2019
Average Shareholders' Equity	\$ 543,387	\$ 537,828	\$ 533,278
Average Goodwill	(80,950)	(80,950)	(80,950)
Average Other Intangibles	(4,617)	(4,748)	(5,030)
Average Tangible Equity	<u>\$ 457,820</u>	<u>\$ 452,130</u>	<u>\$ 447,298</u>
Annualized Net Income	\$ 8,700	\$ 30,330	\$ 50,132
Return on Average Shareholders' Equity	1.60%	5.64%	9.40%
Return on Average Tangible Equity	1.90%	6.71%	11.21%
Net Income	\$ 2,163	\$ 7,541	\$ 12,636
Provision (Recovery) for Credit Losses	9,870	5,049	(148)
Income Tax Expense	539	1,868	2,905
Pre-Provision Net Revenue	<u>\$ 12,572</u>	<u>\$ 14,458</u>	<u>\$ 15,393</u>