



# DEEPENING OUR ROOTS, EXPANDING OUR IMPACT

 **CBT<sub>x</sub>**  
Commercial Bank of Texas, N.A.<sup>®</sup>

**NACOGDOCHES COMMERCIAL  
BANCSHARES, INC.**

2024 ANNUAL REPORT

# FROM THE CHAIRMAN

As the Chairman of Commercial Bank of Texas, it is my distinct honor and privilege to reflect upon and share the accomplishments of this past year. Since our establishment in 1901, our commitment to excellence and unwavering dedication to our communities have remained our driving forces. This year has been a testament to those enduring values, as we have enjoyed remarkable success, thanks to our exceptional organization and the experienced leadership that steers our course.

Our bank has not only thrived financially but has also solidified its reputation as a cornerstone of trust and reliability in the communities we serve. The leadership team, composed of seasoned professionals with a profound dedication to their roles, has worked tirelessly to ensure the bank's stability and growth. Their collective expertise and passion have enabled us to navigate the complexities of the financial landscape with precision and foresight, always keeping the best interests of our shareholders, customers, and employees at the forefront.

As we celebrate the achievements of this year, we also look forward to the promise of the future. Our strategic

initiatives are firmly in place, aimed at expanding our services, embracing technological advancements, and further strengthening our community involvement. We are confident that with our exceptional team and the continued support of our valued shareholders, Commercial Bank of Texas will continue to thrive and uphold the legacy of excellence that has been our hallmark for over a century.

In closing, I extend my deepest gratitude to each of you, our shareholders, for your unwavering trust and confidence in our bank. Your support is the foundation upon which we build our success. Together, we will continue to achieve great things and make a positive impact on the communities we proudly serve.



With sincere appreciation,



Steve Muckleroy  
Chairman of the Board

## OUR CULTURE KEEPS US ROOTED

We are meeting the needs of the communities we serve everyday, delivering on our vision, mission and core values — That's Banking Texas Style!

### **CBTx Vision:**

Be the premier community-focused financial services organization... right products, right people, right reasons.

### **CBTx Mission:**

Be intensely focused on customer satisfaction, personnel development, community service, and shareholder value.

### **CBTx Core Values:**

HIR<sup>2</sup>E people to join our family environment based on our core values of HONESTY, INITIATIVE, RELIABILITY, RESPONSIVENESS, and ENGAGEMENT.

### **CBTx Philosophy:**

Focus on profitability targets, revenue per employee, return on equity, and increasing shareholder value.



"CBTx knows and supports our community. The team is knowledgeable, responsive and friendly. I am very happy with their customer service. The difference in service between this hometown bank and the giant banks is undeniable. I wholeheartedly recommend them!"

— Nicole L.



"The team at CBTx delivers a banking experience the way it should be, with focus on the customer, personal engagement, and service. If you want to be a customer (and not another number), I highly recommend CBTx."

— Seth D.



"Small hometown banking at its best... Looking for a new bank to do business with? This is the one!"

— Dan N.



"They have been so helpful to me with regard to my finances and my investments that I feel that I am at home when I walk in to their bank. If you're looking at investing or making a loan... Start here at CBTx!"

— Doug L.

# TO OUR SHAREHOLDERS

2024 was by far the best year on record in terms of earnings for your company. Net income of \$19.1 million bested our previous record of \$16.2 million in 2022, by an increase of 17.9%. Our main driver of earnings, loans, increased \$83.8 million or 9.3% during the year. Deposits increased \$123.5 million during 2024, providing funding for loan growth and bolstering short-term liquidity, which equates to a year-over-year growth rate of 10.2%. Total assets were \$1.5 billion at year end, an increase of almost \$140 million over prior year. All areas of fee income were positive as compared to prior year. Non-interest expenses increased, the majority of which related to salaries and benefits. Wage pressure during the year was present for most businesses, and CBTx was no different. The bank also experienced increases in health insurance expenses, similar to many businesses.

Earnings for the year resulted in a ROAA (return on average assets) of 1.34% and a ROAE (return on

average equity) of 15.19%; both measurements are considered excellent. Loan growth drove earnings throughout the year. Outstanding loans continued to be distributed generally equally over our two legacy markets in Nacogdoches and Angelina counties and our banking centers located north of Interstate 20. Management believes this diversification helps to mitigate risk in our loan portfolio. Loan quality metrics were historically very good, with past-due loans ending the year at .49%. 2024 loan reviews conducted by our external accounting firm and an external loan review firm went extremely well. During the year the bank maintained strong reserves for loan losses, although actual losses were very low. The provision made for loan losses was based on loan growth.

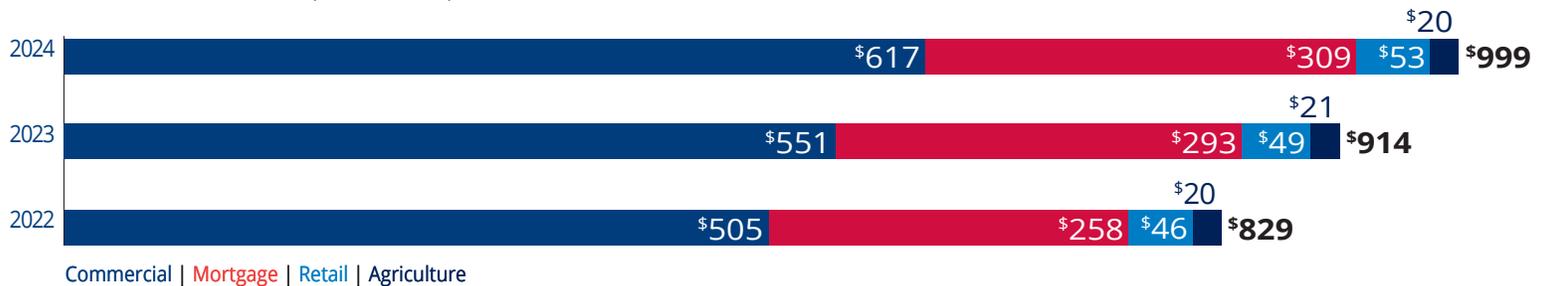
The strategic initiative to expand our market share in our North Region (banking centers located north of I-20) was successful during 2024, and management is confident our style of banking will continue to be well

## FINANCIAL INFORMATION AT A GLANCE As of December 31, 2024

### TOTAL DEPOSITS (in millions)



### CBTx TOTAL LOANS (in millions)



### COMPANY NET INCOME (in thousands)



received in that market. The Board and management team remain committed to this effort, and to date have been encouraged as we have attracted new staff, which in turn has helped us to expand our footprint in this market.

Over the past several years the bank has experienced strong overall growth in assets. The bank crossed the \$1 Billion mark three years ago, requiring enhancements to our internal operations and controls bankwide. These efforts have significantly improved our processes and resulted in increased operational efficiencies.

Going forward we will continue to pursue our North Market initiative we have mentioned in the past. Management is happy with the progress made thus far and is optimistic we can continue that same progress into 2025.

Sincerely,



*Raymond H. Rust III*

Raymond H. "Rusty" Rust III  
President & CEO



*Jim Denman*

Jim Denman  
Executive VP, CFO & COO

## Thank you for Banking Texas Style.

### SUMMARY OF SELECTED FINANCIAL HIGHLIGHTS (Dollars in thousands, except per share data)

FOR TWELVE MONTHS	12/31/2024	12/31/2023	12/31/2022
<b>Net interest income</b>	\$ 49,803	44,121	41,975
Provision for loan losses	1,000	800	900
Other operating income	15,673	14,073	14,805
Other operating expense	40,649	37,547	35,757
Income from operations	\$ 23,827	19,847	20,123
Federal income tax	4,707	3,867	3,900
Net income	\$ 19,119	15,980	16,223

#### Per Common Share

Net income	\$ 20.71	17.13	17.17
Book value	\$ 140.18	122.68	97.12
Dividends declared	\$ 5.12	1.09	1.04
Common shares outstanding at end of year	923,306	933,090	944,811

#### At December 31

Earning assets	\$ 1,316,980	1,172,401	1,123,139
Loans, net of unearned discounts & overdrafts	\$ 997,283	912,545	828,191
Investment securities	\$ 315,728	376,430	402,139

#### Average for Period

Average assets	\$ 1,425,324	1,310,541	1,281,303
Average deposits	\$ 1,297,141	1,206,140	1,188,798
Average common shareholders' equity	\$ 125,899	102,659	95,546

#### Financial Ratios (Annualized)

	(%)	(%)	(%)
Return on average total assets	1.34	1.22	1.27
Return on average total tangible assets	1.34	1.22	1.27
Return on average common shareholders' equity	15.19	15.57	16.98
Return on average common tangible shareholders' equity	15.66	16.22	17.65
Tangible shareholders' equity to total assets	8.84	8.44	6.63

# COMMUNITY LEADERSHIP at its best!

CBTx proudly invested \$594,201.71 back into the communities we serve through sponsorships, donations and charitable contributions in 2024. We also donate thousands of volunteer hours each year. Leadership roles include:

## ANGELINA MARKET

**Michelle Briley:** Impact Lufkin Secretary; Angelina County Emergency Food and Shelter Program Local Board Chair; Junior League of Lufkin Sustaining Member; Angelina County Child Welfare Board Member; Chamber Diplomat; Lufkin Banker Ladies Founding Member; Hudson Class of 2024 Project Celebration Co-Chair and Treasurer

**Chris Caraway:** United Way Board Member; Angelina County Senior Citizen's Center Board Member; J.D.'s Center of Hope Board Member; Angelina County Fair Board Member; City of Lufkin Hotel Occupancy Tax Board Member; Z&OO Railroad Board Chair

**Brian Cyr:** Lufkin/Angelina County Chamber Board Past Chair; Junior Achievement Past Chair; United Way Past Chair; Lions Club Past Chair

**Jessica Hawkins:** East Central Texas United Way Past President; Disabled Veterans Auxiliary Member; Mystics of Time Member; Blankets & Bears ACTX President

**Stacy Pardue:** Junior Service League Vice President

**Jim Roper:** Z&OO Railroad Board Member

**Dollinda Toole:** MOT; Chamber Ambassador; Rotary Member

**Martha Tyer:** Palestine Chamber of Commerce Ambassador; Harvey Woman's Club

**Debbie Wacha:** American League Auxiliary Member; MOT; Rotary; Blankets & Bears ACTX Treasurer

## NACOGDOCHES MARKET

**Charlotte Ashcraft:** SFASU Alumni Association Past President; Nacogdoches Treatment Center President; Community Rx Past President; Nacogdoches County Historical Foundation Board Secretary; Leadership Nacogdoches Co-Chair

**Carol Bostian:** Nacogdoches Crime Stoppers Treasurer

**Scott Bowyer:** Nacogdoches Economic Development Corporation Chairman; Nacogdoches Industrial Development Authority Treasurer

**Spencer Brown:** Milam Masonic Lodge No 2 Treasurer; Tranquility Masonic Lodge No 2000 Finance Committee; Bethlehem Global Methodist Church Worship Leader; Bethlehem Global Methodist Church Finance Chairman, Treasurer

**Autumn Finchum:** Fredonia Rotary Treasurer; Goodwill Central East Texas Vice Chair; Salvation Army Nacogdoches Advisory Board Member; Nacogdoches Senior Center Dancing with the Nacogdoches Stars Committee; SFASU Alumni Association Finance Committee Chair

**Juan Gonzalez:** Rotary Club of Nacogdoches President-Elect; Nacogdoches Economic Development Corporation Board Member, Entrepreneurship Committee; SFASU Charter School Board Member; Hispanic Connection Advisory Committee Board Member; CASA of DET Board Member

**Patrick Lanmon:** Central Heights ISD Board of Trustees Vice President; First Christian Church Deacon

**Jimmy Mize:** Pineywoods Groundwater Conservation District Chair; Nacogdoches Economic Development Corporation Executive Committee; SFASU Foundation Executive Committee; SFASU Presidential Search Committee

**Carlos Palomo:** CASA of DET Board President; NISD Education Foundation Board Member; Better Together Advisory Board Member; Conexion Hispana Advisory Board Member; Capital Needs Advisory Committee

**Brigid Pitts:** Love INC Treasurer; McMichael Middle School PTA; Nacogdoches High School Cheer Boosters

**Rusty Rust:** Texas Bankers Association Past Chair; Nacogdoches Booster Club Past President; SFASU

Real Estate Foundation Board; Nacogdoches Charitable Foundation President

**Joe Weaver:** Nacogdoches Area United Way Treasurer and Past Chairman

## NORTH MARKET:

**Zane Clay:** Farmersville Education Corporation Board Member

**Brian Dale:** Collin County Park Advisory Board Chair; Lovejoy School Foundation President; Collin County Health Advisory Board Member; City of Lucas Board of Adjustments Member

**Andrea Harvey-Rogers:** YMCA McKinney Board of Managers; McKinney Community Food Pantry Board Member; Serenity High Board of Directors, Finance Committee; Leadership McKinney Alumni Association Chair; SCORE Mentor; MISD Partner in Education; McKinney Chamber Ambassador

**Miles McCall:** McKinney Rotary Board Member, Membership Director, Speaker Committee; SFASU College of Business and Legal Studies Advisory Council; Collin County Salvation Army Volunteer

**Monica Pate:** Chi Lambda of Fannin County Treasurer

**Mihir Patel:** GO DFW SAMAJ Board Member; Carrolton Volleyball Group Member; Radha Krishna Mandir Service Volunteer; Erwin Farms HOA Board Committee Member

**Angela Underwood:** Fannin County Indigent Board Secretary/Treasurer

**Nicole Van Zandt:** Texas A&M Denton County Club Communication Chair; Flower Mound Rotary Past Vice President

## RAINS COUNTY MARKET

**Cody Beaver:** Member of the Rains County Emergency Services Planning Committee District Treasurer; Rains ISD Education Foundation Board

**Bill Thomas:** Lone Oak Youth Sports Association Treasurer; PRISM Soccer League Past Treasurer

# BOARD OF DIRECTORS



**Steve Muckleroy**  
Austin  
Construction



**Rusty Rust, JD**  
Nacogdoches  
Banking & Finance



**Benjamin Dee Winston**  
Lufkin  
Land, Cattle &  
Investments



**William M. Elliott, Jr.**  
Nacogdoches  
Wholesale Electrical



**Stephen Greak, CPA**  
Lufkin  
Accounting &  
Oil Field Services



**Todd A. Brown, PhD**  
Nacogdoches  
Higher Education



**T. Andrew Ellison**  
Parker  
Technology



**Bud Wright**  
Nacogdoches  
Agribusiness



**Lance Cangelosi**  
Midlothian, VA  
Government &  
Logistics



**Karen Gregory Gantt**  
McKinney  
Legal & Asset  
Management

## **NACOGDOCHES COMMERCIAL BANCSHARES, INC.**

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**Commercial Bank of Texas, N.A.<sup>®</sup>**

800-723-7601 ★ [www.cbtx.com](http://www.cbtx.com)

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