



TEXAS REGIONAL BANK

The people you know.™

2024

ANNUAL REPORT



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# 2024

## ANNUAL REPORT

Certain statements contained in this annual report may be considered “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon the belief of Texas State Bankshares, Inc.’s (the “Company”) management, as well as assumptions made beyond information currently available to the Company’s management, and may be, but not necessarily are, identified by such words as “believe,” “expect,” “plan,” “anticipate,” “target,” “forecast,” and “goal.” Because such forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from the Company’s expectations include competition from other financial institutions and financial holding companies; the effects of and changes in trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve Board; changes in the demand for loans, fluctuations in value of collateral and loan reserves; inflation, interest rate, market, and monetary fluctuations; changes in consumer spending, borrowing or saving habits; and acquisitions and integration of acquired businesses, and similar variables. Except as required by law, the Company undertakes no obligation to revise any forward-looking statements contained in this annual report, whether as a result of new information, future events or otherwise. The factors discussed herein are not intended to be a complete summary of all risks and uncertainties that may affect the Company’s businesses. Though management strives to monitor and mitigate risk, the Company cannot anticipate all potential economic, operational, and financial developments that may adversely impact its operations and the financial results.





# OUR STORY

The idea for Texas Regional Bank (“TRB”) emerged in 2008 when four businessmen recognized the community banking void in their local region caused by the consolidation of privately-held community and regional banks. Over the years, locally-owned banks had decreased, reducing the banking choices in many parts of Texas.

Michael Scaief, Bobby Farris, Tudor Uhlhorn, and Bill Elliff, leaders in business and the community, set out to develop a regional banking franchise committed to the success of the community. The group identified what had worked among regional banks in the past and adopted these strategies as operating principles.

Key objectives in their business plan were to:

- Hire top bankers who know their customers and can make decisions
- Build a broad shareholder base and ownership structure, so no one family could control more than 10% of the bank
- Raise enough capital to be effective in the market
- Embrace technological advances to accommodate emerging and future banking trends

Initially, the group intended to establish a brand new banking operation in the Rio Grande Valley of Texas. As their planning came together in mid-2009, the strategy changed, from chartering a new bank to acquiring an existing franchise. In September 2009, a revised business plan was submitted to regulators, and Texas State Bankshares, Inc. (“TSBI”) was organized to serve as the bank’s holding company, in anticipation of an acquisition.

The TSBI board soon was charged with raising capital to acquire Falfurrias State Bank. In February 2010, the capital raise began, with a goal of \$20 million. The community response was overwhelming, and in less than six weeks, the holding company closed its capital raise with nearly \$24 million from approximately 160 different families.

On May 4, 2010, TSBI acquired 100% of the stock of Falfurrias State Bank. Ninety days into the acquisition, the charter was relocated to Harlingen, Texas. The bank was renamed Texas Regional Bank, with its relationship style of banking articulated in the new tag line, “the people you know in the communities we serve.”

TRB celebrated another milestone in November 2013, when Border Capital Bank was acquired. The merger added a trust department and four more locations in the Rio Grande Valley market. In February 2017, TRB completed the acquisition of Blanco National Bank expanding the bank’s footprint into the Texas Hill Country. In September 2021, TRB opened its first location in Houston in the Memorial City area. In July 2022, the bank expanded into the DFW market with the acquisition of AccessBank Texas.

Along with an expanding footprint, TRB has continued to further position itself as a diversified financial services company by expanding its lines of business in the TRB divisions. TRB established TRB Insurance, through 2022 and 2023 acquisitions of Mission Duncan Insurance, and Smith-Reagan Insurance, respectively.

In 2024, TRB established a capital markets division, TRB Capital Markets, through an acquisition of Estrada Hinojosa & Co. Inc., while also establishing and expanding Commercial Banking Services.

The Board of Directors and Management of TRB remain committed to local communities through high touch banking relationships, advanced technology solutions, diverse ownership, and community involvement. Each year, team members contribute thousands of hours to community service projects.

As of December 31, 2024, Texas Regional Bank has assets of approximately \$2.72 billion with 36 locations across South Texas, Central Texas, Houston, and North Texas.





# MESSAGE FROM THE CHAIRMAN

**Michael Scaief**  
Chairman of the Board & CEO

Dear Fellow Shareholders,

Reflection brings perspective on the past and a vision for the future. The vision cast in our early years is now reality, as Texas Regional Bank (“TRB”) has transformed into a diversified financial services company. Today, we have the foundation, capacity, and momentum to add scale. Delivering on scale requires both a sound distribution system—which we now have with more than 36 locations in 4 regions across the state—and technology that provides speed to market and ease of access. 2025 will concentrate on these initiatives, aligning our focus with one of our four strategic pillars, Operational Excellence.

TRB gained momentum throughout 2024 as we expanded our financial services ecosystem<sup>1</sup>, further differentiating us within the industry. This allows us to build scale and become the primary financial provider of households comprising the core bank’s 40,000-plus accounts. The products and services available in our ecosystem can serve all our customers’ financial needs, including those of individuals, families, businesses, and municipal entities.

In 2024, TRB’s growth cannot be measured by revenue or assets, but by completing the buildout of the ecosystem we now offer. Significant achievements included completing the transition of insurance services, closing on Capital Markets, adding Commercial Banking Services, and building new locations in the regions. The bank’s internal investment in 2024 was tremendous. While it slowed earnings, it built franchise value, delivered momentum, and positioned us to scale our product and service offerings.

In the first three quarters of 2024, loan production and deposit growth were flat; however, growth was strong in the year’s final quarter through the first quarter of 2025. No matter your political views, the shift from pre-election uncertainty to post-election clarity improved business sentiment and increased demand.

While political and financial market volatility is noisy today, commerce in the communities and markets we serve remains healthy, and investment continues to be deployed. We are bullish about the bank’s and divisions’ growth opportunities in 2025 and believe the trends from the first quarter will continue.

In closing, thank you for all you do as a shareholder. We will continue to follow our vision, “Banking Texas, One Relationship at a Time,” through our mission of being “the people you know in the communities we serve.”

 *Michael Scaief*

## MOMENTUM MOMENT

In 2024, TRB entered three new markets throughout Texas, opening banking centers in Rio Grande City, our 14th branch in South Texas; in Kerrville, our 11th in Central Texas; and in Rosenberg, our 3rd in Houston.



<sup>1</sup>Dubbed by John Tippit; see “TRB Ecosystem” illustration on pages 22-23.



# PRESIDENT - ADMINISTRATION

Michael Lamon

As I reflect on 2024 and the years since the pandemic, the challenges and the opportunities they create seem to be a consistent theme. The good news is that 2024 continued to feel more like the new normal. The pandemic and the years following brought uncertainty to our lives and our industry but created an opportunity for TRB to shine as we continued to invest in and grow our financial services company. The foundation that was built over the past 15 years enabled TRB not only to withstand, but most importantly, to take advantage of the opportunities that were created around us.

The headwinds of 2023 began to subside throughout 2024, with three rate decreases and the uncertainty of a presidential election eventually behind us. In late second quarter, we began to experience an increase in activity greater than we had seen the previous eighteen months. The increase in consumer confidence was evident in this activity and in their increased loan requests.

While we may have adjusted and modified our approach throughout the years, risk management, safety and soundness, and the preservation of our independence are always top of mind. Our continued reputation as a bank known for responsible banking is one I am particularly proud of. It is a reputation that requires discipline, consistency, and effort, but one that pays dividends along the way.

As we move forward, we continue to re-engineer our processes, invest in technology, and build a team of best-in-class bankers in all areas of the organization—three tasks that will never be complete. We continue to be focused so that we never lose sight of our mission and vision, our core values, and the importance and value of our relationships. While our industry continues to face the same challenges of regulatory burden, cyber and fraud risks, and increased competition, our discipline and strategic focus keep us from being distracted.

Finally, I am honored to be a member of this team—known for its culture, teamwork, and relentless pursuit of success. Our story continues to evolve, but it is this culture and our employees who built it that continue to set us apart. As we reflect on 2024 and build momentum into the coming year, may we continue to share in our client and community successes, remembering that we are only as strong as our people, our stakeholders, and the communities we serve.

May 2025 be prosperous as we continue to bank more of Texas, “One Relationship at a Time.”

*Michael Lamon*



## MOMENTUM MOMENT

After completing the acquisition of Estrada Hinojosa & Co. Inc., opening three new banking centers, and adding strategic hires throughout the organization, TRB and the divisions surpassed 500 team members, ending 2024 with a total of 564 employees.





# PRESIDENT - REGIONS

Brent Baldree

As the bank’s footprint continued to expand across the state, 2024 was a year defined by momentum—sustaining our growth, strengthening our teams, and deepening our roots in the communities we serve. In each of our regions, our progress reflects not only the resilience of our local markets, but also the strength of our foundation: a commitment to our people, our customers, and our communities.

Guided by our vision, driven by our core values, and grounded in our mission to be “the people you know,” every step forward in 2024 helped us advance as a diversified financial institution, deeply connected to the communities we call home.

Across all four regions, our teams turned opportunity into action—expanding our presence, growing our portfolios, and reinforcing TRB’s reputation as a trusted financial partner. New banking centers opened in Rio Grande City, Kerrville, and Rosenberg, extending our reach in key markets across South, Central, and Houston Texas. Each new location is proof of TRB’s long-term strategy to meet the evolving needs of Texas families and businesses with local service and a personal touch.

Our teams continued to build momentum this year with another increase in community service. Community engagement hours rose from 3,731 in 2022 to 6,036 in 2023 and climbed again to 7,470 in 2024, a clear reflection of our growing commitment to the communities we serve. In 2024, TRB employees participated in 2,905 service activities, supported 551 organizations, and engaged in 337 days of community involvement. Our teams across Texas provided more than \$1.05 million in charitable support to 440 nonprofit and community organizations.

These efforts earned recognition across the state. TRB received the Best of Community Banking Gold Eagle Award and Community Spirit Award from the Independent Bankers Association of Texas for its Signature Shrimp Boil initiative, an effort that raised over \$72,000 for nonprofit organizations.

Our momentum is being felt in our communities, but it begins with our people. In 2024, we welcomed leadership talent across the state, expanding our capabilities in commercial banking, trust and wealth management, economic development, and operations. Each new addition reflects TRB’s commitment to building strong, localized teams that deliver relationship-driven service with a statewide impact. From executive leadership to market specialists, these additions reinforce a simple belief: when we build great teams, we build stronger communities.

As we look toward 2025 and beyond, the momentum we’ve built positions TRB for even greater impact. Our commitment to growing thoughtfully, serving passionately, and building stronger communities remains unwavering. With every new relationship formed and every milestone achieved, we continue moving forward— “Banking Texas, One Relationship at a Time.”

*Brent Baldree*



## MOMENTUM MOMENT

In October, TRB was honored to receive a Community Spirit award and Gold Eagle for its community service initiative, the TRB Signature Shrimp Boil, at the 2024 IBAT Convention.





# SOUTH TEXAS

**Fred Garza**  
Region President

**Laura Villarreal**  
Region President

TRB’s vision of “Banking Texas, One Relationship at a Time” continued to gain momentum throughout 2024. The bank closed the year with over 36 locations across the state and expanded its range of services by adding the TRB Capital Markets Division to the many products and services that we offer to our current and future customers.

The South Texas Region added its 14th branch, in Rio Grande City, in August of 2024, responding to strong demand from existing customers and the area’s rapid growth. The Rio Grande City team is led by Dalinda Guillen, who has been actively involved in the community for many years. We continue to strengthen our commitment to customers by delivering exceptional customer service and a diversified suite of products.

The region experienced slower demand in loans at the beginning of 2024 due to broader economic and political uncertainty. However, our lenders remained diligent in building relationships with our customers throughout the year, which led to nearly \$38 million in loan growth in the fourth quarter. This momentum positions us well heading into 2025 with a strong loan pipeline.

Deposit growth remains a strong indicator of our presence and momentum in South Texas. The dedication of our bankers, combined with the continued enhancement of our banking services, contributed to deposit growth of \$52 million in 2024, bringing total deposits in the South Texas Region to \$1.22 billion by year-end.

As a region, our priority remains enhancing our customer experience and maintaining a visible presence in the communities we serve. In 2024, the South Texas team contributed nearly 3,000 volunteer hours to over 60 distinct organizations throughout the region. As a result of these efforts, TRB was honored to be named Favorite Bank in McAllen and Best Bank in Harlingen.

We would like to thank all our shareholders and loyal customers for continuing to trust TRB for their financial needs. We look forward to building on this trust and growing our presence across South Texas in the years ahead.

*Fred Garza Laura Villarreal*

## MOMENTUM MOMENT

In November, TRB donated \$75,000 to sponsor the Care Mobile Program launch in South Texas, supporting Ronald McDonald House Charities and Su Clínica.





# CENTRAL TEXAS

**Lance Spruiell**  
Region President  
Production

**Erin Needham**  
Region President  
Administration

2024 was a year of adaptation and strategic progress. As inflationary pressures and fluctuating interest rates reshaped the financial landscape, TRB remained steadfast in its commitment to clients and communities. Our Market Presidents led with a proactive, outward-facing strategy—strengthening relationships and positioning our Central Texas Region for a potential record-setting 2025.

With a sharp focus on deposit expansion and steady asset growth, the Central Region increased total deposits by over \$46 million in 2024. This consistent, month-over-month growth underscores the strength of our diversified approach, which spans economic, revenue, and geographic expansion, improving our market position and driving continued success in the years ahead.

A key driver of this success has been our expanding regional footprint. With 11 locations contributing to our strategic advantage, we solidified our presence further in August of 2024 by adding a new branch in Kerrville. Under the leadership of Market President Justin Foster, the Kerrville team is already making an impact at the start of 2025.

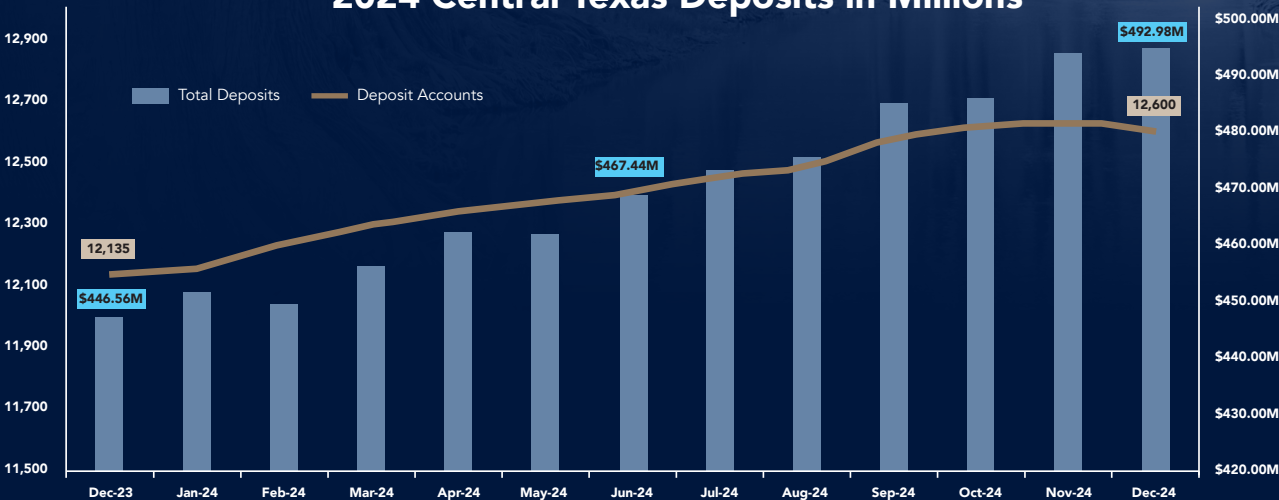
Beyond financial performance, we deepened our commitment to community engagement. In 2024, our teams dedicated over 2,400 volunteer hours and contributed \$281,077 to local initiatives—demonstrating that our growth extends beyond balance sheets to make a meaningful difference in the communities we serve.

Looking ahead, we are poised for further expansion. In 2025, we will open two new banking centers in Bulverde and Boerne, strengthening our ability to serve the region. We continue to reinforce our resilience and commitment to sustainable growth as we scale, maintaining our agility and building momentum in the new year.

As we advance into 2025, our branches remain dedicated to elevating the Central Region and upholding our core mission: be “the people you know in the communities we serve.” With a strong foundation, an expanding footprint, and a relentless focus on community impact, we are positioned for another year of exceptional performance and service.

*Lance Spruiell Erin Needham*

2024 Central Texas Deposits in Millions



## MOMENTUM MOMENT

By the end of July, just seven months into 2024, TRB served 3,990 hours, surpassing the organization’s 2022 community service annual total, 3,731 hours.





# HOUSTON

**Gregg Booth**  
Region President  
Administration

**Lewis Gissel**  
Region President  
Production

Houston’s rapid growth has positioned the Houston Texas Region for extraordinary opportunity. The nine-county Houston metro area added 125,000 individuals to its population over the past year, with two-thirds of the gains driven by new residents moving to the area.<sup>2</sup> Houston’s economy continues to outpace other major cities, leading all top 20 U.S. metropolitan areas in Gross Domestic Product growth between 2021 and 2023.<sup>3</sup> With strong momentum in both population and economic expansion, we believe TRB is well-positioned for growth now and in the years ahead.

In 2024, the Houston Region focused on growing its core loan and deposit base, cross-selling ancillary services, and building new client relationships. By year-end, the region achieved nearly \$61 million in outstanding loans, representing a 19.4% increase over 2023. Deposit balances grew to \$46.2 million as of December 31, 2024, a 38.5% year-over-year increase. In addition, the region grew its net new deposit accounts by nearly 15%, increasing from 402 to 458 accounts over the course of the year.

The Houston Region continues its alignment with TRB Wealth Management. As of year-end 2024, investable assets managed by TRB Wealth Management in the Houston Region exceeded \$72.3 million, a 26.6% increase from 2023. This growth builds on the 115% year-over-year increase achieved in 2023, highlighting the momentum our bankers are cultivating across the region.

The Houston Region currently employs 16 team members, with all branches fully staffed. In addition to its locations in Memorial City and Cypress, the Houston Region opened its third location on December 30, 2024, in the Brazos Town Center in the Rosenberg/Richmond area, off U.S. Highway 59/Interstate 69.

Looking ahead, TRB has also identified and purchased a site for its fourth Houston area location in Magnolia, Montgomery County, along FM 1488 near Magnolia High School and a new development anchored by H-E-B. This will mark TRB’s first “ground-up” construction project in the Houston Region. Separately, our corporate Memorial Branch is undergoing a remodel to expand its existing footprint and accommodate additional Trust Department personnel. Lastly, the Houston Region is also home to TRB’s Chief Human Resources Executive and the President of the TRB Trust & Wealth Management Division.

As the Houston Region expanded, so too did our commitment to the communities we serve. In 2024, our team contributed over 784 hours of community service, benefiting 57 organizations—more than doubling both our volunteer hours and organizations impacted in 2023. By comparison, our team contributed 369 hours to 23 organizations in 2023, and 150 hours to 15 organizations in 2022. This continued momentum reflects the Houston Region’s deepening investment in the success of our communities.

In 2025, the Houston Region will focus on strengthening our three locations while advancing regional profitability. We will continue to drive growth by increasing loans and deposits and by expanding client engagement across TRB’s full range of services—including mortgage, insurance, international private banking, capital markets, and treasury services. Additionally, with a growing Trust & Wealth Management group anchored in the region, we are poised to deepen relationships and elevate our market presence even further.

*Gregg Booth      Lewis Gissel*

<sup>2</sup> Cheng, Yilun. “Houston is second fastest-growing metro in U.S., census data shows, with post-COVID population surge.” Houston Chronicle, 12 April 2023. <https://www.houstonchronicle.com/news/houston-texas/article/houston-second-fastest-growing-metro-us-census-17888963.php>.

<sup>3</sup> France, Chandler. “Houston region leads major U.S. metros in two-year GDP growth.” Houston Business Journal, 4 March 2025. <https://www.bizjournals.com/houston/news/2025/03/04/houston-metro-gross-domestic-product-growth.html>.



## MOMENTUM MOMENT

TRB began the year laying new groundwork for the Trust & Wealth Management Division, establishing a new centralized location in Houston and installing division leadership.





# NORTH TEXAS

**Dennis Wright**  
Region President  
Central

**Duke York**  
Region President  
West

The North Texas Region’s primary focus in 2024 was to build on the foundation established in prior years and to expand brand awareness in all areas of the Metroplex. Additionally, the newly created Commercial Bank, specializing in middle-to-upper-market clients, was established and expanded to include the Central Texas Region, with additional growth opportunities coming to our Houston Region and its stakeholders in the near future.

Over the past 12 months, our leadership team has worked diligently to reinforce our culture of service and accountability at all levels. Along the way, we added best-in-class talent to lead new markets and provided opportunities for our employees to maximize their strengths to best serve our clients. We remain committed to being “the people you know” in each of our markets by representing TRB everywhere, all the time.

Our commitment was evident throughout 2024 as our teams were actively engaged in communities across the North Texas Region. Over the course of the year, we contributed more than 1,350 volunteer hours, completed over 565 service activities, and supported over 125 organizations and community partners. In all, our North Texas team served on 223 days throughout the year, and this sustained level of involvement reflects a strategic investment in the strength of the communities where we live and work.

Additionally, we are excited to build on our momentum within the Commercial Banking Division to be a trusted source in providing our products, advice, and financial services to larger clients with specialized needs. With the establishment of this division comes the opportunity to grow with our customers along their journey of success and expansion.

The opportunities in North Texas remain strong as a region well known for its business-friendly climate, growing population, access to talent, and global infrastructure. We look forward to building on our momentum with the opening of our Park Cities branch in the first quarter of 2025.

*Dennis Wright Duke York*



## MOMENTUM MOMENT

By the end of October, TRB served 6,543 hours, surpassing the organization’s 2023 community service annual total, 6,036 hours; TRB ended the year with over 7,500 hours of volunteer service.





# DIVISIONS

**John Tippit**  
President

In the 2023 Annual Report, we discussed the evolution of our company from a community bank to a full-service financial institution.<sup>4</sup> We discussed how this evolution will lead to more diversified forms of revenue, called non-interest income, and how this form of income will lead to enhanced shareholder value. In 2024, we advanced this strategy by continuing to build out what we call divisions at Texas Regional Bank.

In the beginning of 2024, we welcomed an executive team to lead the next chapter of TRB Trust and Wealth Management. The team, led by Ben Fedorko, President, hired Trey Willerson as Chief Investment Officer, Joshua Flores as Chief Fiduciary Officer, and Brian Cafferky as Chief Operating/Compliance Officer. With their expertise, we have redeveloped our technology, platform, and capabilities to deliver a premier, client-first experience that scales across the entire state.

In the Insurance division, it was a year of integration and alignment following the acquisitions of Mission Duncan and Smith Reagan. Even in a year of internal focus, the division increased revenue. More recently, we have made two strategic hires to help further this integration with Terri Lobianco, Chief Operating Officer, and Jorge Garcia, Personal Lines Executive. The team is now focused on building a division that will scale in personal lines, commercial lines, and life/health.

In the Mortgage division, we made the strategic decision in 2024 to orient this business line as a true profit center for the organization. This shift led to the hiring of Kristy Robison as Mortgage Operations Executive in 2024, and more recently, the hiring of Stacy Curtis as President, Scott Stone as Secondary Markets Executive, and Chris Hankinson as Mortgage Production Executive—a team that has worked together for over 23 years! Their collective expertise strengthens our ability to build a dynamic mortgage company capable of originating mortgages efficiently across the entire state.

In the Capital Markets division, we closed the acquisition of Estrada Hinojosa & Co., Inc. in August 2024. We quickly got to work and began enhancing our capabilities in municipal capital markets. Building on the best-in-class platform developed by Noe Hinojosa, President of Municipal Banking, we enhanced the division with capital and strategic hires in underwriting and trading. With the help of industry leaders Barbara Smallwood, Sales Manager, and Devin Phillips, Co-Head of Capital Markets, we made the strategic hire of Bryan McCoy to help lead our underwriting and trading efforts as Co-Head of Capital Markets. We are now positioned to be a one-stop shop for municipalities around the state and nation.

The previous paragraphs highlight the building blocks put in place throughout 2024. The divisions, while younger than the bank, are all at different stages of their business. These building blocks were imperative to carry us collectively to the next phase—momentum. Throughout 2024, we intentionally built this momentum with strategic hires and targeted initiatives, but now we are ready. We look forward to the enhanced shareholder return divisions will provide as we capture this momentum and continue to scale everywhere TRB resides.

*John Tippit*

## MOMENTUM MOMENT

TRB finalized its acquisition of Estrada Hinojosa & Co. Inc., further expanding the organization’s financial services ecosystem.

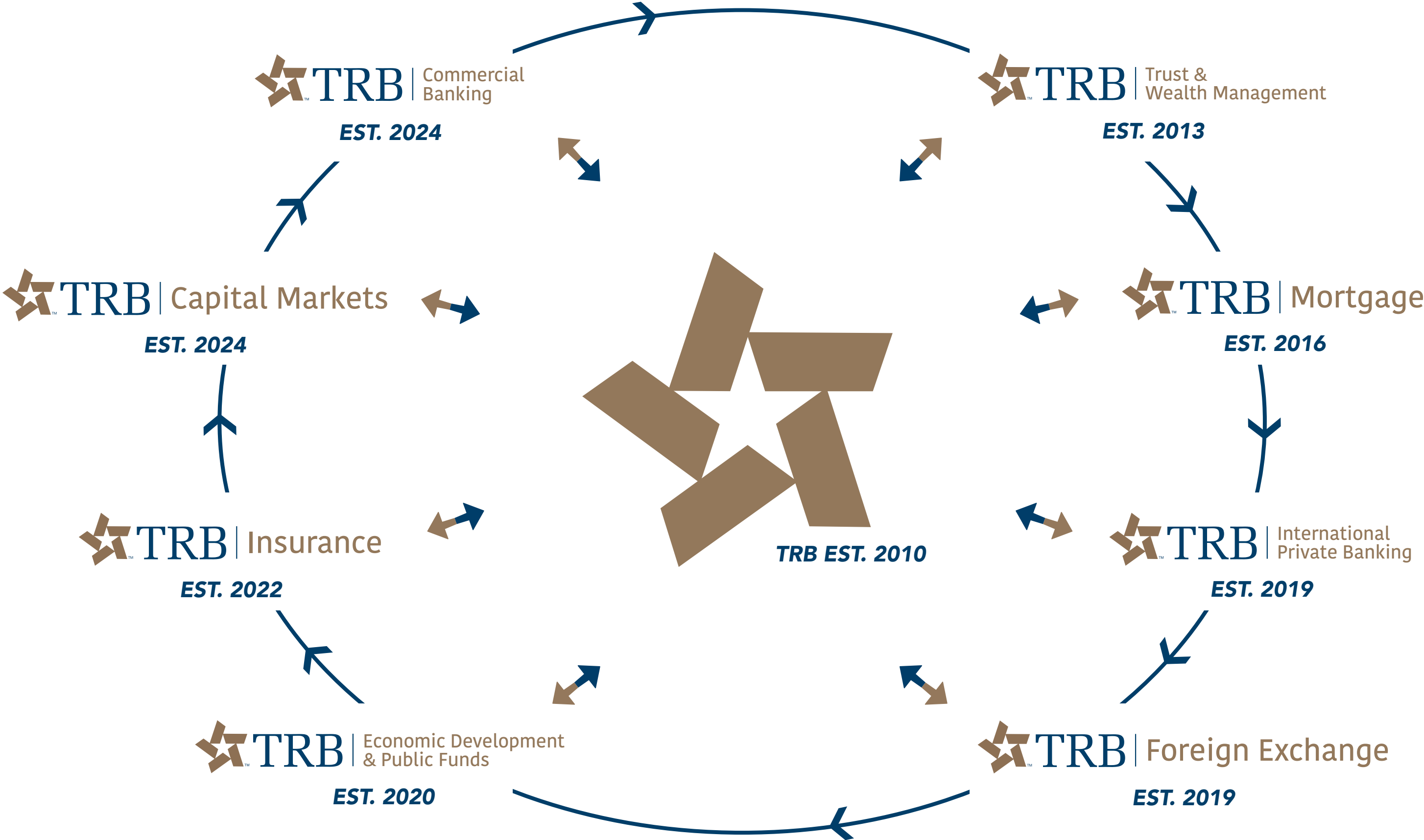


<sup>4</sup> Illustrated in “TRB Ecosystem.” See pages 22-23.



# TRB ECOSYSTEM

The products and services available in our ecosystem can serve all our customers' financial needs, including those of individuals, families, businesses, and municipal entities.





# FINANCIAL HIGHLIGHTS

**Lincoln Talbert**  
Chief Financial Officer

In 2024, TRB achieved many strategic successes in our expansion of services as we mature into a diversified financial services company. Each sector of our non-core banking services divisions completed significant initiatives to bolster continued financial success in the future. Most notably, we completed the acquisition of Estrada Hinojosa & Co., Inc. (“EH”) in August of 2024, and successfully integrated them into TRB Capital Markets, LLC. In addition to these successes, TRB continued its strategic, geographic expansion with the opening of new locations in Central Texas (1), Houston (1), North Texas (1 - February 2025) and South Texas (1). These locations each show our continued commitment to the communities we serve and will provide significant strategic value as financial centers through which we can deliver financial services to a wide array of customers. These strategic successes achieved in 2024 will create opportunities in the future and have fostered meaningful momentum as we move into 2025.

Total assets at year-end 2024 totaled \$2.72 billion, a 1.62% increase over year-end 2023. Loans increased by 1.20% (\$12.08 million) in 2024. Total deposits remained steady in 2024. Total revenue increased by \$27.12 million, or 19.74%, for a total of \$165.5 million in the year. Non-interest income in 2024 increased to \$30.3 million, up 70% on an adjusted basis over 2023 results. This increase is a result of the expansion of banking and non-banking services across all our regions.

As anticipated with the strategic expansion of financial services and locations discussed above, non-interest expense increased 24.88% in 2024. This increase is representative of the time and resource commitment dedicated to establishing the foundation of our company going forward. As a result, consolidated net income in 2024 totaled \$4.04 million, total shareholders’ equity increased 12.22% (\$15.6 million) after treasury stock purchases of \$2.4 million as a result of the EH acquisition, stabilizing values in the bank’s investment portfolio and the retention of earnings.

Looking ahead to 2025 and beyond, our TRB family remains dedicated to advancing shareholder value through the continued development of our banking franchise into a multifaceted financial services entity. The ongoing refinement of these strategies will strengthen our relationships with our customers as a dependable financial advisor and yield favorable financial outcomes through the advancement of multiple, diverse revenue streams.

*Lincoln Talbert*



## MOMENTUM MOMENT

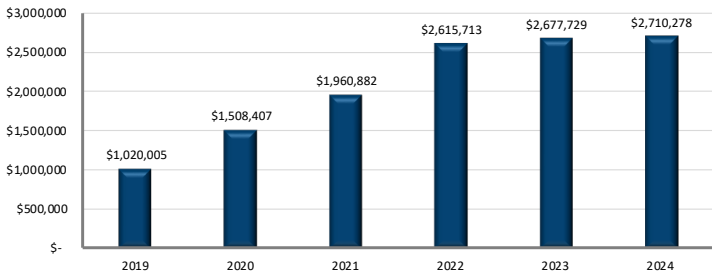
In November, for the first time in the history of the organization, TRB eclipsed \$1 million in total annual donations to local communities and organizations.



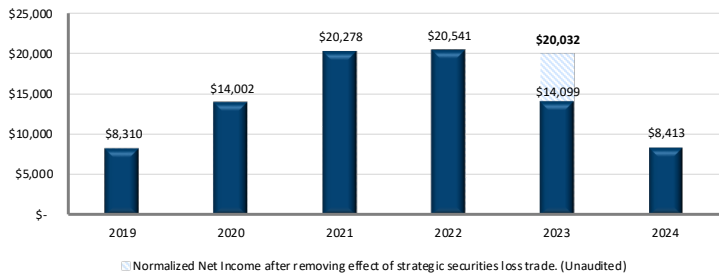


# FINANCIAL HIGHLIGHTS - TEXAS REGIONAL BANK

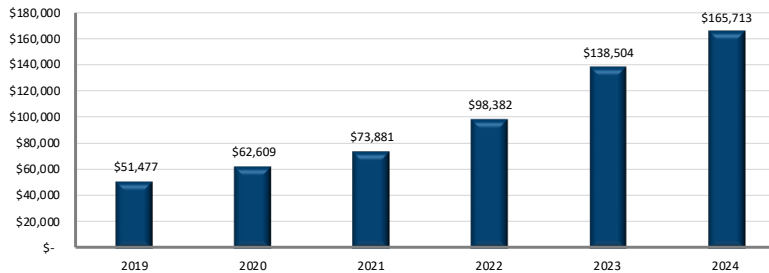
Assets (in thousands)



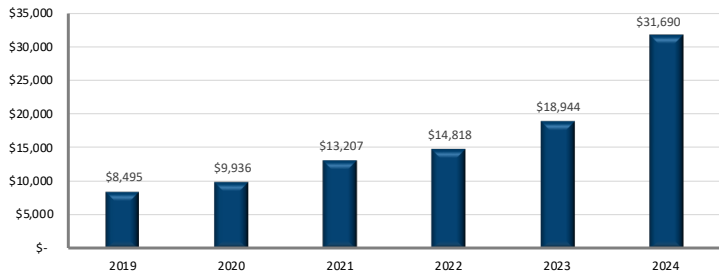
Net Income (in thousands)



Revenue (in thousands)



Normalized Non-Interest Income (in thousands)



	2019	2020	2021	2022	2023	2024
Assets	\$1,020,005	\$1,508,407	\$1,960,882	\$2,615,713	\$2,677,729	\$2,710,278
Net Loans	\$595,161	\$743,791	\$772,457	\$1,400,702	\$1,437,470	\$1,449,546
Deposits	\$904,450	\$1,236,691	\$1,785,582	\$2,253,801	\$2,449,774	\$2,450,409
Equity	\$110,226	\$140,367	\$168,013	\$171,654	\$211,002	\$238,864
Net Income	\$8,310	\$14,002	\$20,278	\$20,599	\$14,099	\$8,413
Loans to Assets	58%	49%	39%	54%	54%	53%
Loans to Deposits	66%	60%	43%	62%	59%	59%

# CONSOLIDATED FINANCIAL STATEMENTS

## Texas State Bankshares, Inc. and Subsidiaries

### Consolidated Balance Sheets

December 31, 2024 and 2023

(Dollars in Thousands, Except Share Data)

	2024	2023
<strong>Assets</strong>		
Cash and due from banks	\$ 52,119	\$ 52,335
Cash with clearing organizations	5,106	-
Interest-bearing deposits in banks	38,963	29,667
Trading securities	9,809	-
Securities available for sale	893,147	924,073
Securities held to maturity	6,808	7,000
Restricted investment securities	8,270	8,443
Mortgage loans held for sale, net	1,288	290
Loans – net of allowance for credit losses of \$15,633 (\$13,829 in 2023)	1,449,547	1,437,470
Premises and equipment – net	128,447	111,996
Right of use asset	7,448	3,884
Accrued interest receivable	13,748	14,168
Goodwill	42,169	36,528
Other intangible assets – net	18,071	13,144
Other receivables	1,159	-
Prepaid expenses and other assets	16,122	6,589
Deferred tax asset, net	13,073	16,713
Cash surrender value of life insurance	12,841	12,522
<strong>Total assets</strong>	<strong>\$ 2,718,135</strong>	<strong>\$ 2,674,822</strong>
<strong>Liabilities</strong>		
Deposits:		
Noninterest-bearing	\$ 660,082	\$ 683,350
Interest-bearing	1,783,892	1,759,476
<strong>Total deposits</strong>	<strong>2,443,974</strong>	<strong>2,442,826</strong>
TIB borrowings	13,800	-
Subordinated notes payable - net of unamortized debt issuance costs of \$310 (\$498 in 2023)	81,690	81,502
Junior subordinated debenture	2,578	2,578
Right of use liability	7,582	3,986
Trading liabilities	10,062	-
Accrued interest payable and other liabilities	15,144	16,234
<strong>Total liabilities</strong>	<strong>2,574,830</strong>	<strong>2,547,126</strong>
<strong>Stockholders' Equity</strong>		
Common stock – \$1 par value; 100,000,000 shares authorized; 7,817,745 shares issued, 7,278,435 shares outstanding (7,635,110 shares issued, 7,153,055 shares outstanding in 2023)	7,818	7,635
Surplus	147,140	140,314
Retained earnings	72,269	70,721
Notes receivable from stockholders	(1,162)	(1,178)
Treasury stock - 539,310 shares at cost (482,055 shares in 2023)	(15,348)	(12,943)
Accumulated other comprehensive loss	(67,412)	(76,853)
<strong>Total stockholders' equity</strong>	<strong>143,305</strong>	<strong>127,696</strong>
<strong>Total liabilities and stockholders' equity</strong>	<strong>\$ 2,718,135</strong>	<strong>\$ 2,674,822</strong>



# CONSOLIDATED FINANCIAL STATEMENTS

## Texas State Bankshares, Inc. and Subsidiaries

### Consolidated Statements of Income

Years Ended December 31, 2024 and 2023

(Dollars in Thousands)

	2024	2023
Interest income:		
Interest and fees on loans	\$ 94,965	\$ 88,542
Interest on investment securities	35,200	34,960
Interest on interest-bearing deposits in banks	4,040	4,481
Total interest income	134,205	127,983
Interest expense	60,199	49,199
Net interest income	74,006	78,784
Provision for credit loss expense	2,667	443
Net interest income after provision for credit losses	71,339	78,341
Noninterest income:		
Service charges and fees	7,925	9,134
Wealth management fees	8,869	5,775
Advisory and underwriting services	7,607	-
Insurance services	4,077	1,693
Loss on sale of securities	-	(8,434)
Other	1,820	1,234
	30,298	9,402
Noninterest expenses:		
Salaries and employee benefits	57,063	44,124
Occupancy and equipment expenses	11,698	9,251
Other operating expenses	27,700	23,871
Total noninterest expenses	96,461	77,246
Income before federal income tax expense	5,176	10,497
Federal income tax expense	1,130	549
Net income	\$ 4,046	\$ 9,948

# INDEPENDENT AUDITOR'S REPORT

Forvis Mazars, LLP  
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## Independent Auditor's Report

Board of Directors and Stockholders  
Texas State Bankshares, Inc. and Subsidiaries  
Harlingen, Texas

### Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the consolidated financial statements of Texas State Bankshares, Inc. and its subsidiaries (Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on COSO.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements and Internal Control over Financial Reporting section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Consolidated Financial Statements and Internal Control Over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management also is responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment of Internal Control Over Financial Reporting.

Forvis Mazars, LLP is an independent member of Forvis Mazars Global Limited



# INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
Texas State Bankshares, Inc. and Subsidiaries

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

**Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements and Internal Control Over Financial Reporting**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit of consolidated financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of the consolidated financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the consolidated financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the consolidated financial statement audit.

**Definition and Inherent Limitations of Internal Control Over Financial Reporting**

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audits were conducted to meet the reporting requirements of Section 112 of the *Federal Deposit Insurance Corporation Improvement Act* (FDICIA), our audit of the Company's internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (Call Report Instructions).

# INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
Texas State Bankshares, Inc. and Subsidiaries

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Forvis Mazars, LLP

San Antonio, TX  
April 30, 2025

Pages 27-31 Excerpted from:

Texas State Bankshares, Inc. and Subsidiaries  
Consolidated Annual Financial Report

December 31, 2024 and 2023

To request a copy of the full report, please contact  
Rebecca Perez:  
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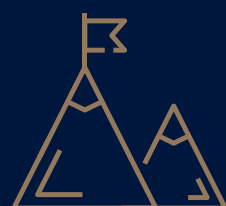


# VISION, MISSION, & CORE VALUES



## VISION

Banking Texas, One Relationship at a Time.



## MISSION

Be the People You Know  
in the Communities We Serve.



## CORE VALUES

Integrity, Community, Safety, Success,  
Innovation, Teamwork

## MOMENTUM MOMENT

For more detailed stories on TRB's momentum throughout 2024, and to see everything TRB is doing in the community, scan the QR code here.



## INTEGRITY

We live by the highest moral and ethical standards. In everything we do, we are open, honest, and respectful.



## COMMUNITY

We take pride in contributing our time and resources to make our communities a great place to live and work. We are successful when our communities are successful.



## SAFETY

We operate within a sound risk management system that leads to prudent decisions ensuring we are able to meet our communities' greatest needs and protect our value.



## SUCCESS

We constantly focus on improvement and forward-looking solutions. We surround ourselves with a team who wins through planning, implementing, and executing. Our processes are consistent, accurate, and without waste. This enables us to respond to market changes faster while providing better service to customers.



## INNOVATION

We identify, develop, and deploy customer value through leading technology and process improvement tools. This increases our productivity, improves the customer experience, and drives the sustainability of the company long term.



## TEAMWORK

We collaborate and work collectively to deliver a better outcome for our employees, customers, and stakeholders. Through a spirit of cooperation, we embrace each individual's unique talent, diverse work styles, and contribution.



# BOARD & EXECUTIVE TEAM



## BOARD OF DIRECTORS

(L-R) Carlos Varela, Michael Fallek, Brad Wolfe, John Guevara, Bobby Farris, Michael Scaief, Bill Elliff, Mark Richards, Tudor Uhlhorn, Dr. Antonio Falcon, David Garza  
[Not pictured: Brett Bingham, Noe Hinojosa]



## EXECUTIVE TEAM

(L-R) Cambrea Merriwether, Brad Freudenberg, Brent Baldree, Michael Scaief, Michael Lamon, Cesar Suarez, Lincoln Talbert



# 2024

## ANNUAL REPORT



TEXAS REGIONAL BANK  
The people you know.™