



TEXAS REGIONAL BANK

ANNUAL REPORT



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2025

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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

Fifteen years ago, banking in Texas was changing.

Community banks were being absorbed into larger institutions. Customers didn’t have a banker who knew them. When they needed answers, they were routed through automated systems instead of speaking with someone accountable.

Our founders experienced that firsthand, and they believed banking should work differently, that customers should know their banker and get all their financial solutions from people they know.

In 2010, backed by more than 160 families, Texas Regional Bank (TRB) was founded on that idea: to bring relationship banking back to local communities.

As we’ve grown our footprint to four regions and 36 locations, that model has not changed. We’ve added new capabilities, specialized services, and enhanced technology so customers can do more in one place.

Across Personal and Business Banking, Mortgage, Trust & Wealth Management, Insurance, International Private Banking, Capital Markets, and Economic Development and Public Funds, every relationship can move freely throughout our financial services ecosystem.

From one need to the next, a business owner can access capital, manage risk, and plan for growth without turning to another institution. A family can move from everyday banking to long-term planning without starting over with someone new.

Today, TRB combines greater scale and capability with the same vision it was built on: “Banking Texas, One Relationship at a Time.”



MESSAGE FROM THE CHAIRMAN

Michael Scaief
Chairman of the Board & CEO

You will see from the numbers in our annual report that we continue to deliver growth and improvement year over year. 2025 delivered more economic stability than 2024; however, the first quarter of 2026 has reintroduced caution and some uncertainty. Consumer sentiment is approaching new lows, which is a measurement we pay close attention to. The economy tends to correlate with how consumers feel and how they spend money.

Loan growth remains strong; however, deposit growth appears to be flattening, which may relate to the full deployment of the elevated money supply following COVID. Credit quality has seen some deterioration, aligning with pre-COVID norms. Real estate rental vacancies and days on market for homes are up. While none of these measurements are alarming and are more in line with historical norms, they represent a directional trend. Overall, more indicators point to a softening economy than expansion.

As we have discussed in previous annual reports, TRB has intentionally moved to diversify its revenue mix from a traditional lending and deposit business to a broader, fee-income-based financial services model to mitigate economic cycles and lessen volatility. Today, we have achieved that objective, with approximately 35% of our income generated from fee-based sources compared to roughly 10% for traditional financial institutions.

This intentional shift strengthens our vision of “Banking Texas, One Relationship at a Time.” It allows us not only to bank our clients, but to serve as their primary financial services provider through a broad and integrated offering of products and services. To be successful, we must be convenient, simple, consolidated, and accessible. Our competitive advantage is our distribution network across the state, our 20,000-plus customer relationships, and the strength of our team. In today’s digital environment, financial products are increasingly commoditized, leaving relationships with “the people you know” as one of the few sustainable advantages.

Consolidating our offering into a single digital access point for bank accounts, loans, insurance, mortgage, and wealth management is a key component of that strategy. A single sign-on environment where customers can manage their financial lives in one secure platform is a clear path forward.

Fraud continues to evolve in both frequency and sophistication and remains one of the most persistent risks facing our customers and our industry. The common element in nearly every case is access, gained through trust, urgency, or manipulation. Protecting credentials, limiting access within your business or household, and maintaining a disciplined approach to verification are critical. While we continue to invest in systems, personnel, and processes to combat these threats, awareness and vigilance remain the first lines of defense.

In closing, our focus remains unchanged. We will continue to execute on the platform we have built, maintain discipline in how we manage risk, and look for opportunities that strengthen the long-term value of the franchise. As always, thank you for all you do as shareholders.



“Our broad and integrated offering allows us not only to bank our clients, but to serve as their primary financial services provider.”



TRB added two new banking centers; one in North Texas and one in Houston, continuing its strategic expansion into high-growth markets.



PRESIDENT - ADMINISTRATION

Michael Lamon

As President of Administration, I am honored to serve alongside more than 600 team members who have built a culture grounded in integrity, safety, and innovation. It is this culture that allows us to execute.

In 2025, a central focus was refining our delivery channels across the organization. We made meaningful progress in how we operate by regionalizing accountability and decision-making, allowing for faster response times and stronger execution across markets.

This included continued refinement of our loan approval processes and decision-making structure within the regions, reducing friction and improving the speed at which we deliver for our customers. While decision-making is now closer to the customer, it continues to operate within the guardrails that define our commitment to safety and soundness.

Without sacrificing that discipline, we enhanced customer experience by bringing greater consistency to how credit decisions are made, improving speed and continuity across regions and teams, and supporting long-term growth.

Our investment in technology remains a key enabler of this progress. In 2025, we finalized the integration of the Q2 platform, providing a unified digital banking solution across customer segments and simplifying how customers interact with the bank. This integration has strengthened our delivery channels while enhancing security and fraud monitoring capabilities. With the foundation now in place, we are expanding our digital product offering, including the planned introduction of Zelle for Small Business in 2026. As an open platform, Q2 allows us to integrate best-in-class fintech solutions while maintaining a consistent user experience.

We also began the integration of Abrigo, a platform that improves the efficiency of the lending process while enhancing compliance and risk management within a structured workflow environment. By standardizing processes and strengthening data-driven decision-making, we are increasing speed to market while maintaining consistency in credit execution. Together, Q2 and Abrigo support scalable growth across our lending operations while maintaining our credit standards, enabling faster service delivery with greater control.

Industry challenges remain present. Economic sentiment, regulatory expectations, and the evolving landscape of fraud and cybersecurity continue to require focus and discipline. In response, we have strengthened our teams and added specialized resources to address these risks, reinforcing our commitment to protecting the organization and our customers.

Our pillars of Growing the Franchise, Safety and Soundness, Operational Excellence, and Independence continue to provide the framework for how we operate. They guide our decisions, align our efforts, and position us to capitalize on opportunities as they emerge.

We remain grateful for the communities we serve, the team that supports this organization, and the culture that continues to differentiate us. These elements, combined with a clear sense of responsibility, position us well as we continue "Banking Texas, One Relationship at a Time."



“Our pillars of Growing the Franchise, Safety and Soundness, Operational Excellence, and Independence continue to provide the framework for how we operate.”



TRB earned a Silver Eagle Award from the Independent Bankers Association of Texas for Bank Culture, recognizing 15 years of disciplined investment in building its team, developing talent, and creating a culture that supports long-term performance.



Independent Bankers Association of Texas
2025 Best of Community Banking
Silver Eagle Award
Bank Culture
Texas Regional Bank
Harlingen

PRESIDENT - REGIONS

Brent Baldree

In 2025, the bank delivered another exceptional year of loan growth. Loans increased 15%, generating approximately \$219 million in new production and bringing the total loan portfolio to approximately \$1.68 billion. Deposits also maintained steady growth, increasing 6%, or approximately \$140 million, to reach a total deposit base of \$2.6 billion.

Growth across the bank was driven by each region and the strong leadership of our teams. The alignment of our regional structure and leadership has enabled us to execute more effectively across our markets, and in 2025, that approach proved successful.

Central Texas, led by Lance Spruiell and Erin Needham, delivered outstanding results with \$101 million in loan growth, an increase of approximately 25.4%, bringing the region's total loan portfolio to nearly \$500 million, with additional opportunities expected from our recently expanded footprint.

South Texas, led by Fred Garza and Laura Villarreal, grew loans by \$62 million, approximately 10%, for the year. Deposits also performed well, increasing 6% to approximately \$1.3 billion.

The **Houston** region had a strong year, ending with a \$104 million loan portfolio, representing growth of 72.4%, under the leadership of Lewis Gissel and Gregg Booth. We continue to see meaningful opportunity in Houston, highlighted by the recent opening of our Magnolia location. The region remains well-positioned for growth in both loans and deposits as we expand our presence in the market.

North Texas presents significant opportunities as the team grows under the leadership of Jim Recer, Dennis Wright, and Duke York. In 2025, the region strengthened its structure, added key experience in personnel, and improved responsiveness, positioning the group for sustained growth across the Metroplex. Our Park Cities location recently opened, and our Frisco location is expected to open in 2026, growing our footprint and solidifying our market presence.

As we continue to focus on delivering results, responsiveness to our customers remains a top priority. At its core, banking is about timely execution and clear communication. This focus has been a key driver of our success in 2025 and is reflected in our overall performance.

Finally, community engagement has been a cornerstone of our success for the past 15 years, and giving back remains a key part of who we are. In 2025, TRB contributed 10,623 hours of community involvement across 623 organizations throughout the state. This level of engagement demonstrates our commitment to the communities we serve and reinforces our position as a bank of choice for those seeking a trusted financial partner.



“The alignment of our regional structure and leadership has enabled us to execute more effectively across our markets, and in 2025, that approach proved successful.”



Team TRB surpassed 10K community service hours and exceeded \$1M in annual donations, marking a new high in community involvement and demonstrating the scale of the organization's ongoing commitment to the communities we serve.



PRESIDENT - DIVISIONS

John Tippit

When TRB made the strategic decision to build four specialty divisions, the objective was clear: become the financial partner our clients need at every stage of their financial lives.

If 2024 was the year we built the foundation, 2025 was the year it started to hold weight. Across all four divisions, we saw the early rewards of disciplined investment in people, platforms, and processes.

In 2025, **TRB Capital Markets** proved its integration was more than cosmetic. Revenue grew 29% in the year—driven by expanded deal flow, investment in top talent, and a team that continues to lead in municipal finance.

The story of our **Mortgage** division in 2025 is one of genuine transformation. Production volume surged from \$61.5 million in 2024 to \$179.2 million in 2025—a 191% increase—driven by a rebuilt executive team, a more focused strategy, and a clear commitment to make home lending a core pillar of TRB's non-interest income story. This is not incremental improvement. It is a turnaround gaining momentum.

As Texas communities continue to grow, our clients—many of them multi-generational banking relationships—deserve a mortgage partner they can trust inside the same institution that holds their deposits and manages their wealth. We are building exactly that.

Our **Trust & Wealth Management** division delivered substantial growth, with assets under management increasing 164%—a milestone that reflects not only strong market performance, but the deliberate expansion of our team and capabilities.

The work of building this platform is only accelerating. With a growing team, an expanding book of client relationships in all four regions, and a renewed focus on delivering institutional-quality wealth management through a community bank, TRB Trust & Wealth Management is positioned to be among the most compelling offerings in our markets.

Our **Insurance** division took meaningful steps forward in 2025, beginning with its people. The addition of seasoned insurance leadership brought to TRB professionals with the expertise and relationships needed to scale a full-service brokerage across both commercial and personal lines. Their arrival signals the kind of intentional, talent-first build that defines how TRB grows.

The Insurance division also launched a personal lines quoting capability directly on the TRB website—allowing clients to receive a quote in minutes without leaving the TRB digital experience. More than convenience, this is a statement about the kind of bank we are becoming: a unified financial ecosystem where clients' needs can be addressed through a single, trusted relationship.

The next chapter of TRB's story is integration. While each division has proven it can stand on its own, the focus now shifts to execution across the organization: shared referral pipelines, coordinated client outreach, and a unified service experience that transforms four strong businesses into one extraordinary institution.



“A Texas family should be able to come to TRB for a Mortgage, protect it with Insurance, grow their wealth through our Trust and Wealth platform, and finance their community through our Capital Markets team. That vision is no longer aspirational.”



TRB Capital Markets completed its brand transition, bringing underwriting, trading, and sales together under a single market-facing identity, and TRB Insurance established a permanent operating headquarters in Harlingen to support continued growth.



BANKING TEXAS, ONE RELATIONSHIP AT A TIME.

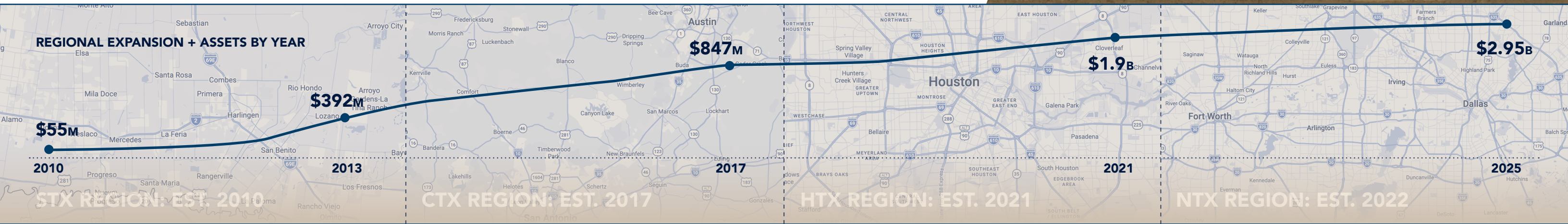
TEXAS REGIONAL BANK 15 YEARS OF THE PEOPLE YOU KNOW 2010 - 2025

15
YEARS OF
THE PEOPLE
YOU KNOW
EST. 2010

4
REGIONS

36
LOCATIONS

620
TEAM MEMBERS
Each figure = 30 employees



BRANCHES OPENED BY YEAR



TRB ECOSYSTEM



PRODUCTS & SERVICES



CHAPTER I 2008 - 2012

FOUNDATION

2008 - 2009
Four founders, one conviction
Scaief, Farris, Uhlhorn, & Elliff submit a plan to build a bank rooted in relationships.

2010
160 families say yes
\$24M raised. TSBI formed. Falfurrias State Bank acquired and renamed.

2010
Banking with "The People You Know"
TRB's brand of "Banking Texas, One Relationship at a Time" is born.

2010 - 2012
First doors open
TRB opens four banking centers across the Rio Grande Valley.

CHAPTER II 2013 - 2016

GROWTH

2013
Border Capital acquired
3 locations added, and second capital raise completed with \$20M+.

2013
TRB Trust & Wealth Management
Two new service lines launched, groundwork for TRB's first new division.

2013
First TRB Shrimp Boil
A tradition begins. Community is written into TRB's DNA.

2016
TRB Mortgage launches
Home lending added to TRB's diversified financial services platform.

CHAPTER III 2017 - 2020

EXPANSION

2017
New acquisition, new region
Blanco National acquired, 4 new locations in Central Texas.

2017
Best of Community Banking
TRB earns first major industry recognition for community service.

2018
International Private Banking
TRB introduces cross-border banking capabilities.

2019
\$1 billion in assets
Nine years, one relationship at a time.

CHAPTER IV 2021 - 2025 TODAY

TODAY

2021
TRB enters Houston
Takes on the largest city in Texas, marks a new region.

2022
New acquisition, new region 2.0
AccessBank acquired in North Texas, TRB has crossed the state.

2022 - 2023
TRB Insurance launches
TRB acquires two insurance agencies in South Texas, adds a new division.

2024
TRB Capital Markets online
Acquisition of Estrada Hinojosa injects scale and momentum into TRB's growing ecosystem.

15 YEARS IN THE COMMUNITIES WE SERVE

60K+ SERVICE HOURS

15K+ ACTIVITIES & EVENTS

\$5.5M+ DONATED

2K+ ORGANIZATIONS IMPACTED

CHIEF FINANCIAL OFFICER

Lincoln Talbert

In 2025, TRB began to see the results of the strategic investments made over the prior several years to expand our capabilities and position the organization for long-term growth. These investments included the continued buildout of TRB Capital Markets, reinvigoration of our mortgage operations, expansion of our geographic footprint, and ongoing investments in technology and personnel across all divisions. These initiatives were executed during a period of elevated interest rate volatility and required a consistent, long-term approach to capital deployment.

Total assets increased by 8.23% compared to 2024 through our continued commitment to our vision of "Banking Texas, One Relationship at a Time." Total stockholders' equity increased by \$19 million, or 13.26%, driven by core operating income and the execution of balance sheet strategies in coordination with the market. The company continues to actively manage the expansion and preservation of shareholders' equity through disciplined capital deployment and hedging strategies aligned with its strategic goals. In 2025, these strategies contributed to the increase in equity beyond the \$9.7 million generated through earnings.

Interest income and fees on loans increased 15% year-over-year, surpassing \$100 million for the first time in the company's history. Non-interest income increased to approximately \$48 million, representing a 58% increase over the prior year and reflecting continued expansion across our non-banking business lines. These revenue streams are increasingly operating in coordination, contributing to a more stable and repeatable earnings base. Net income increased 141% compared to 2024.

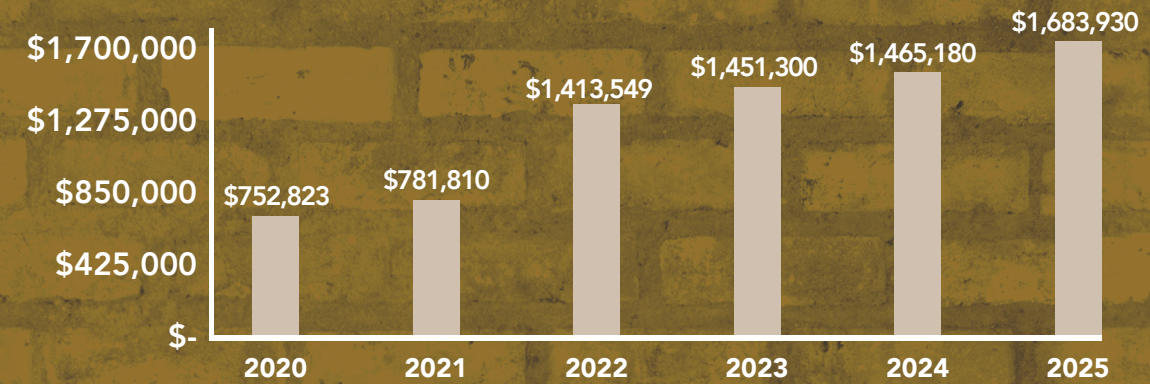
As anticipated, non-interest expense increased during the year because of continued investment in personnel, technology, and the buildout of both banking and non-banking divisions. These expenses were consistent with our strategy to establish the infrastructure necessary to support a more diversified financial services platform. While these investments impacted current-period earnings, they were made with the expectation of improving long-term performance. Results in 2025 demonstrate that this strategy is producing the intended outcomes.

The core bank remains the primary driver of performance, supported by continued loan production and stable deposit relationships across our markets. The expansion of additional capabilities is intended to complement this foundation and enhance our ability to serve customers across a broader range of financial needs. With much of the foundational investment now in place, the organization has moved into a phase of improving efficiency and consistency across business lines. As these capabilities continue to mature, we expect performance to become more stable and coordinated, supported by the platform established over the past several years.

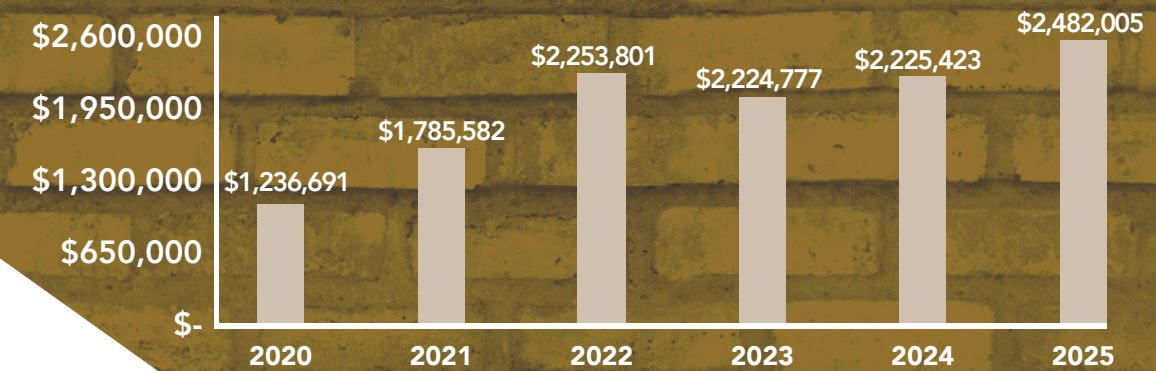


FINANCIAL HIGHLIGHTS | TEXAS REGIONAL BANK

Loans (in thousands)



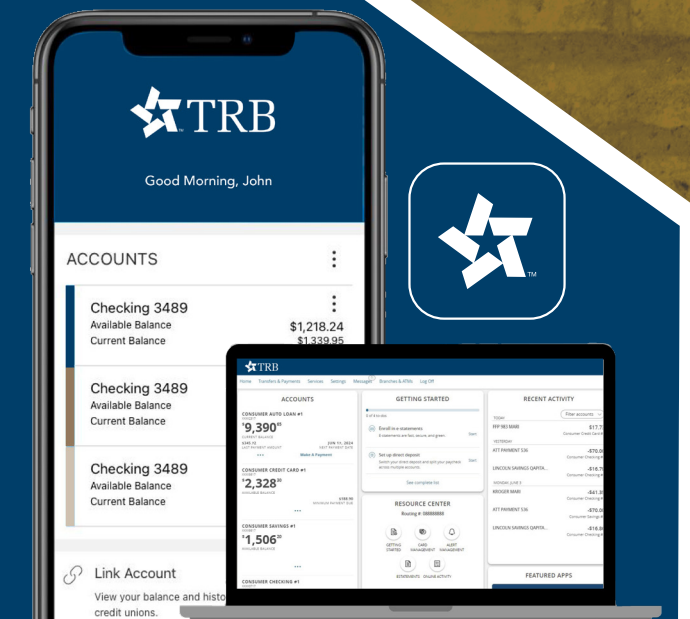
Deposits* (in thousands)



*Excludes brokered deposits



TRB unified retail and business banking into a single digital platform, delivering improved scalability, stronger security, and a more consistent experience, while creating a structure that supports continued integration of capabilities across the broader organization.



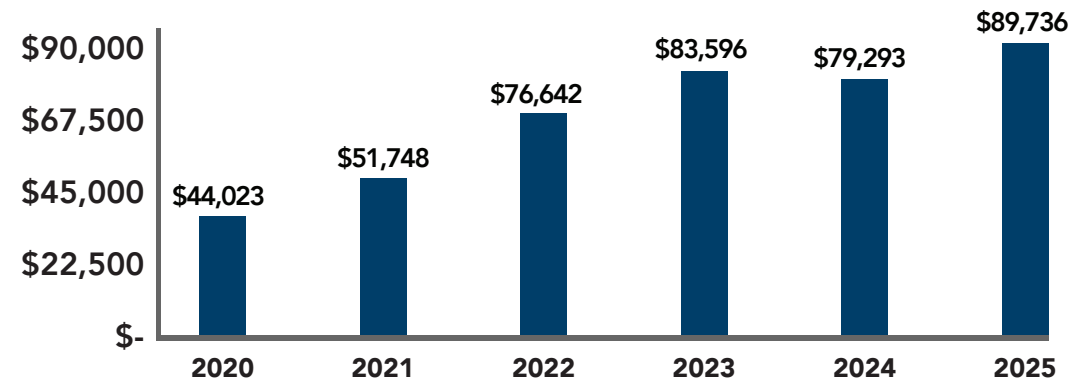
Texas State Bankshares, Inc. and Subsidiaries

Consolidated Balance Sheets

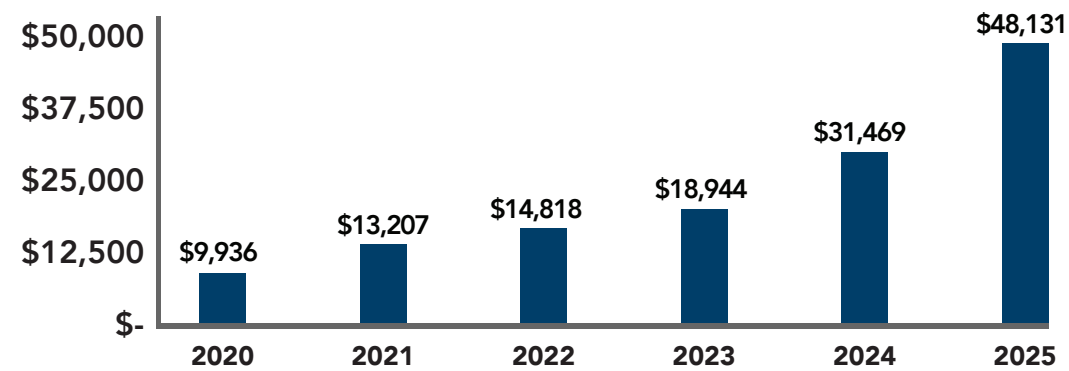
December 31, 2025 and 2024

(Dollars in Thousands, Except Share Data)

Net Interest Income (in thousands)



Normalized Noninterest Income (in thousands)



	2020	2021	2022	2023	2024	2025
Assets	\$1,508,407	\$1,960,882	\$2,615,713	\$2,677,729	\$2,710,278	\$2,948,746
Net Loans	\$752,823	\$781,810	\$1,413,549	\$1,451,300	\$1,465,180	\$1,683,930
Deposits*	\$1,236,691	\$1,785,582	\$2,253,801	\$2,224,777	\$2,225,423	\$2,482,005
Equity	\$140,367	\$168,013	\$175,396	\$211,002	\$238,865	\$265,687
Net Income	\$14,002	\$20,278	\$20,541	\$14,099	\$8,413	\$15,297
Loans to Assets	50%	40%	54%	54%	54%	57%
Loans to Deposits	61%	44%	63%	65%	66%	68%

*Excludes brokered deposits

	2025	2024
Assets		
Cash and due from banks	\$ 54,234	\$ 52,119
Cash with clearing organizations	20,715	5,106
Interest-bearing deposits in banks	42,816	38,963
Trading securities	39,581	9,809
Securities available for sale	833,250	893,147
Securities held to maturity	9,534	6,808
Restricted investment securities	8,484	8,270
Mortgage loans held for sale, net	4,110	1,288
Loans – net of allowance for credit losses of \$17,657 and \$15,633 at December 31, 2025 and 2024, respectively	1,666,484	1,449,547
Premises and equipment – net	141,398	128,447
Land Held for Sale	1,896	-
Right of use asset - operating	7,067	7,448
Right of use asset - finance	1,984	-
Accrued interest receivable	13,562	13,748
Goodwill	42,169	42,169
Other intangible assets – net	15,264	18,071
Other receivables	1,859	1,159
Prepaid expenses and other assets	13,457	16,122
Deferred tax asset, net	10,777	13,073
Cash surrender value of life insurance	13,172	12,841
Total assets	\$ 2,941,813	\$ 2,718,135
Liabilities		
Deposits:		
Noninterest-bearing	\$ 726,741	\$ 660,082
Interest-bearing	1,875,211	1,783,892
Total deposits	2,601,952	2,443,974
TIB borrowings	25,000	13,800
Subordinated notes payable - net of unamortized debt issuance costs of \$180 and \$310 at December 31, 2025 and 2024, respectively	81,570	81,690
Junior subordinated debenture	2,578	2,578
Right of use liability - operating	7,246	7,582
Right of use liability - financing	2,054	-
Trading liabilities	38,691	10,062
Accrued interest payable and other liabilities	20,417	15,144
Total liabilities	2,779,508	2,574,830
Stockholders' Equity		
Common stock – \$1 par value; 100,000,000 shares authorized; 7,849,178 and 7,817,745 issued and 7,274,978 and 7,278,435 shares outstanding at December 31, 2025 and 2024, respectively	7,849	7,818
Surplus	148,149	147,140
Retained earnings	80,568	72,269
Notes receivable from stockholders	(1,108)	(1,162)
Treasury stock - 574,200 and 539,310 shares at cost December 31, 2025 and 2024, respectively	(16,813)	(15,348)
Accumulated other comprehensive loss	(56,340)	(67,412)
Total stockholders' equity	162,305	143,305
Total liabilities and stockholders' equity	\$ 2,941,813	\$ 2,718,135

CONSOLIDATED FINANCIAL STATEMENTS

Texas State Bankshares, Inc. and Subsidiaries

Consolidated Statements of Income

Years Ended December 31, 2025 and 2024

(Dollars in Thousands)

	2025	2024
Interest income:		
Interest and fees on loans	\$ 108,747	\$ 94,965
Interest on investment securities	33,693	38,798
Interest on interest-bearing deposits in banks	4,387	4,040
Total interest income	146,827	137,803
Interest expense:		
Interest expense on deposits	54,315	56,821
Interest expense on other borrowings	9,336	6,976
Total interest expense	63,651	63,797
Net interest income	83,176	74,006
Provision for credit loss expense	3,126	2,667
Net interest income after provision for credit losses	80,050	71,339
Noninterest income:		
Service charges and fees	10,026	7,925
Wealth management fees	9,300	8,869
Advisory and underwriting services	14,855	7,607
Insurance services	4,522	4,077
Gain on sale of securities available for sale and other investments	715	-
Gain/Loss Trading	4,796	-
Other	3,541	1,820
	47,755	30,298
Noninterest expenses:		
Salaries and employee benefits	69,651	57,063
Occupancy and equipment expenses	14,179	11,698
Other operating expenses	32,808	27,700
Total noninterest expenses	116,638	96,461
Income before federal income tax expense	11,167	5,176
Federal income tax expense	1,420	1,130
Net income	\$ 9,747	\$ 4,046

INDEPENDENT AUDIT REPORT

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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, 2025 and 2024 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, 2025, and 2024, 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, 2025, 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, 2025, 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 AUDIT 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

INDEPENDENT AUDIT REPORT

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

accepted in the United States of America and controls over the preparation of schedules equivalent to the basic financial statements in accordance with the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (Call Report Instructions).

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, Texas
April 7, 2026

Pages 17-21 excerpted from:

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

December 31, 2025 and 2024

To request a copy of the full report, please contact
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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



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.



For full stories on TRB's 2025 milestones, and to see everything TRB is doing in communities across Texas, scan the QR code.



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 [Not pictured: John Tippit]

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YEARS OF
THE PEOPLE
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