

2019 ANNUAL REPORT



**COMMUNITY
NATIONAL**
BANK & TRUST OF TEXAS

Member FDIC



March 5, 2020

DEAR SHAREHOLDER:

We are very happy to report that 2019 was another outstanding year for the bank. Some of the highlights were:

- ★ Net Income was an all-time high of \$10.99 million, which is an increase of \$1.11 million from 2018.
- ★ The latest stock valuation was \$109 per share – a \$4 increase – in spite of an overall drop in the financial services sector.
- ★ Construction began on the new Waxahachie location, with a projected open date in the 4th quarter of 2020.
- ★ The bank paid a dividend of \$3.25 per share, which was an increase of 25¢ per share from the previous year.

2019 saw a strong loan demand. This loan growth, combined with a growth in non-interest income, allowed for the growth in earnings even though the overall size of the bank's assets remained relatively flat.

The bank's management remains committed to providing a high level of service to our customers and to maximizing your return as a shareholder. Please keep the bank in mind for any of your financial needs.

Sincerely,

Rusty Hitt
CEO

Tim Stites
President

HISTORY OF COMMUNITY NATIONAL BANK & TRUST OF TEXAS

1934 First National Bank was established in Richland, Texas.

1964 The bank opened its doors in Corsicana on June 15, 1964 at the former site of Sutton's Drug Store on West 15th Avenue. The furnishings and money had been transported earlier from Richland, Texas in a borrowed cattle trailer. Renamed Corsicana National Bank it held about \$700,000 in deposits.

1964 December 14, 1964, marked the opening of a newly-constructed bank building at the corner of 15th Street and 3rd Avenue, its present location.

1968 Zane Stites was elected President of Corsicana National Bank on October 7, 1968, having been formerly with State National Bank.

1978 The addition of the main building on the north corner of 15th Street and 3rd Avenue was completed in 1978, when the total assets were \$22.6 million, serviced by 23 officers and employees.

1989 On March 14, 1989 the Office of the Comptroller of the Currency approved a charter to start the Trust and Investment Department. Gary Brown was named Senior Vice President and Trust Officer.

1996 David Owen was named President and Chief Executive Officer. Zane Stites served on the Board of Directors.

1999 Abe Stroud was named President and Chief Executive Officer on October 12, 1999.

2000 The Citizens Bank of Frost, a branch of Corsicana National Bank & Trust, was opened in Frost, Texas on February 14, 2000.

2001 In 2001, a holding company was formed, Community Bank Holdings of Texas, Inc. (CBHOT), as the parent company for Corsicana National Bank & Trust and its branch in Frost, Texas. In June of 2001, CBHOT approved the merger of Eagle Bancshares Inc., which owned First National Bank of Fairfield. Its branches included Texas Bank in Buffalo and Richland Chambers Bank at Richland Chambers Lake. Upon completion, CBHOT was a two-bank holding company, but the subsidiary banks maintained separate charters and operations. First National Bank of Fairfield was first opened in 1907 as First State Bank of Streetman, Texas. The bank changed its charter in 1923 from a state charter to a national charter. In 1973, the bank moved from Streetman to Fairfield and became First National Bank of Fairfield.

2002 Gary Brown retired and was named to the Board of Directors. Les Leskoven was named Senior Vice President and Trust Officer.

2003 In July of 2003, the Board of Directors of Corsicana National Bank & Trust promoted K.C. Wyatt as President of the bank. Abe Stroud continued to serve as CEO of Community Bank Holdings of Texas, Inc.

2005 The newly-constructed bank building on Hwy 287 was completed.

2007 Abe Stroud retired as CEO on March 27, 2007 and K.C. Wyatt was appointed President and CEO of both banks. In 2007, the new building for the Fairfield branch, located at 101 North Mount Street, was complete.

2008 Both banks merged into one charter and it was renamed Community National Bank & Trust of Texas.

2010 The bank acquired a branch from Jefferson Bank located in Red Oak, Texas. After the acquisition, CBHOT had \$352 million in assets. Rusty Hitt and Tim Stites were named to the Board of Directors.

2013 On March 14, 2013 Community Bank Holdings of Texas agreed to acquire Mineral Wells Bancshares, Inc., which owned First State Bank of Mineral Wells, and had approximately \$130 million in assets at the end of 2012. Upon completion, CBHOT had assets of \$496 million and added three branches to its branch network which included Mineral Wells, Weatherford and Possum Kingdom. Riley Peveto, former President/CEO of First State Bank of Mineral Wells, joined CBHOT's Board of Directors.

2016 On January 1, 2016 Community Bank Holdings of Texas acquired StarBanc Holding Company, which owned Star Bank, and had \$142 million in assets at the end of 2015. The banks were officially combined on April 11, 2016 with total assets of \$650 million and it added three branch locations: Burleson, Lake Worth and White Settlement. Russ Richardson, President of Star Bank, continued to work for Community National as an Executive Vice President and Loan Officer and he was also elected to CBHOT's Board of Directors.

2017 Rusty Hitt was named President, with K.C. Wyatt continuing to serve as CEO and Chairman of the Board. The asset size as of December 31st was \$720 million with 178 employees. The main office in Corsicana underwent a \$2 million dollar renovation. A Loan Production Office was opened in November in Waxahachie, TX. The bank also purchased Navarro County Abstract Company located in Corsicana in December.

2018 K.C. Wyatt retired on May 31, 2018. Rusty Hitt was named CEO and Tim Stites was named President in April. The banking franchise continued to grow with a new branch location in Centerville that opened in October. In addition, land was purchased on Highway 77 in Waxahachie in order to build a full service branch. The bank ended the year with \$751 million in assets and 182 employees.

2019 The bank opened its first-ever call center across the street from the Corsicana main branch, diverting calls from the toll-free number and the Corsicana main branch. In November of 2019, The Board of Directors gathered to break ground on the bank's newest location in Waxahachie, set to open in 2020. For the first time in the bank's history, outstanding loans crossed the \$500 million mark and ended the year at \$532 million. Community National Bank & Trust of Texas ended 2019 with record-breaking earnings passing the \$10 million mark.

DIRECTORS

Byron Cook	Russ Richardson
Brent Magness	Rusty Hitt
Gary Summerall	Sam Bournias
Ginne Davis	Scott Summerall
K.C. Wyatt	Tim Cooper
Les Leskoven	Tim Stites

EXECUTIVE OFFICERS

Rusty Hitt CEO	Les Leskoven Executive Vice President Chief Investment & Trust Officer
Tim Stites President	

BALANCE SHEET COMMUNITY NATIONAL BANK AND TRUST OF TEXAS

DECEMBER 31, 2019 AND 2018

(in thousands)

unaudited

ASSETS	2019	2018
Cash and due from banks	\$ 11,238	\$ 19,358
Interest bearing demand deposits in other banks	47,198	50,156
Total cash and cash equivalents	58,435.80	69,514
Investment securities available-for-sale	91,961	133,127
Loans, net	526,290	480,512
Bank premises and equipment, net	28,219	27,958
Bank owned life insurance	16,667	15,625
Goodwill & Intangible Assets	13,168	13,688
Investment in Subsidiary, Community Title Holdings, Inc	3,577	3,331
Other assets	4,441	7,295
Total assets	\$ 742,757	\$ 751,050

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Noninterest bearing	\$ 269,626	\$ 250,295
Interest bearing	364,029	397,261
Total deposits	633,655	647,556
Accrued interest payable		
Federal Home Loan Bank advances	8,900	12,886
Dividends payable		
Other liabilities	7,791	7,967
Total liabilities	650,346	668,410
Stockholders' equity:		
Common stock	846	846
Additional paid-in capital	28,707	28,652
Retained earnings	61,890	54,049
Accumulated other comprehensive income	968	-907
Total stockholders' equity	92,411	82,640
Total liabilities and stockholders' equity	\$ 742,757	\$ 751,050

LOCATIONS



CORSICANA MAIN OFFICE

321 North 15th Street
Corsicana, TX 75110



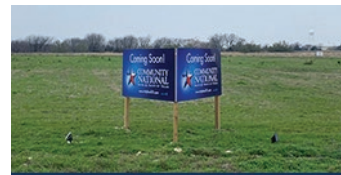
CENTERVILLE BRANCH

412 South Commerce St.,
Centerville, TX 75833



MINERAL WELLS BRANCH

101 SE 1st Ave.
Mineral Wells, TX 76067



WAXAHACHIE FUTURE SITE

1905 US Hwy 77
Waxahachie, TX 75165



CORSICANA BRANCH

3401 South Highway 287
Corsicana, TX 75110



FAIRFIELD BRANCH

101 North Mount Street
Fairfield, TX 75840



POSSUM KINGDOM BRANCH

1404 Park Road 36
Graford, TX 76449



WAXAHACHIE LOAN PRODUCTION OFFICE

201 E. Main St. Suite 103
Waxahachie, TX 75165



BUFFALO BRANCH

906 North Buffalo Avenue
Buffalo, TX 75831



FROST BRANCH

400 North Garitty Street
Frost, TX 76641



RED OAK BRANCH

102 Ranch Rd.
Red Oak, TX 75154



WEATHERFORD BRANCH

1901 Wall Street
Weatherford, TX 76086



BURLESON BRANCH

2500 SW Wilshire Blvd.
Burleson, TX 76028



LAKE WORTH BRANCH

3930 Boat Club Rd.
Fort Worth, TX 76135



RICHLAND CHAMBERS BRANCH

548 FM 416
Streetman, TX 75859



WHITE SETTLEMENT BRANCH

9636 White Settlement Rd.
Fort Worth, TX 76108

STATEMENT OF INCOME

COMMUNITY NATIONAL BANK AND TRUST OF TEXAS

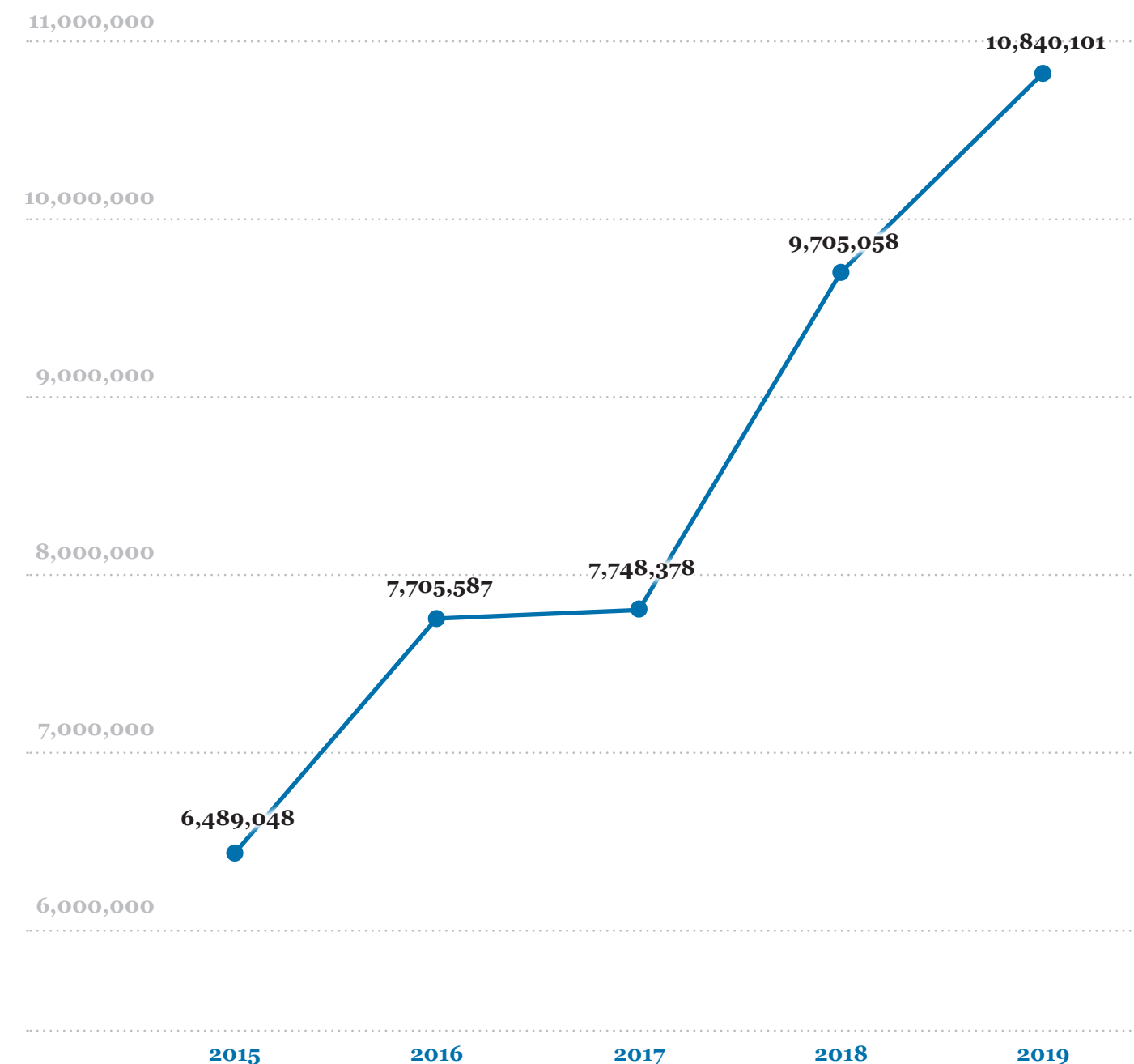
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(in thousands)

unaudited

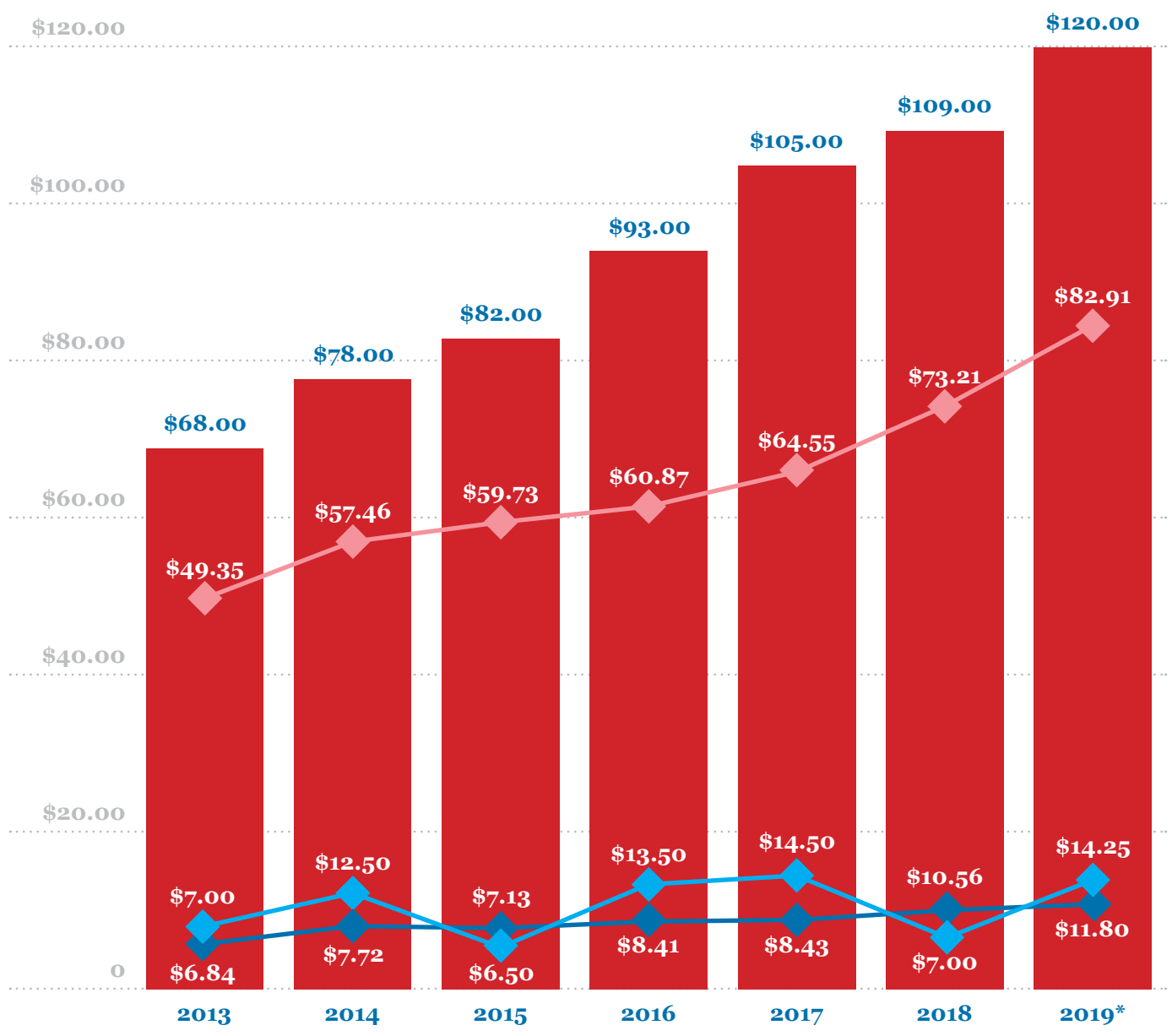
	2019	2018
Interest income:		
Interest and fees on loans	\$ 30,154	\$ 27,409
Investments	3,547	3,957
Other	-	-
Total interest income	<u>33,701</u>	<u>31,366</u>
Interest expense:		
Deposit accounts	2,755	2,122
Federal funds purchased and other borrowings	270	281
Total Interest Expense	<u>3,025</u>	<u>2,402</u>
Net interest income	30,676	28,963
Provision for loan losses	900	900
Net interest income after provision for loan losses	<u>29,776</u>	<u>28,063</u>
Noninterest income:		
Customer service fees and charges	1,788	1,631
Trust income	1,428	1,401
Earnings on life insurance contracts	415	387
Undistributed Net Income of Subsidiary, CTH, Inc	246	286
Other	3,338	2,623
Total noninterest income	<u>7,214</u>	<u>6,329</u>
Noninterest expense:		
Salary and employee benefits	13,854	13,126
Occupancy and bank premises	1,653	1,460
Other	7,829	7,707
Total noninterest expense	<u>23,336</u>	<u>22,293</u>
Income before tax expense	13,654	12,099
Income tax expense	2,658	2,222
Net income	<u>10,996</u>	<u>9,877</u>

EARNINGS CBHOT



CBHOT Stock Information

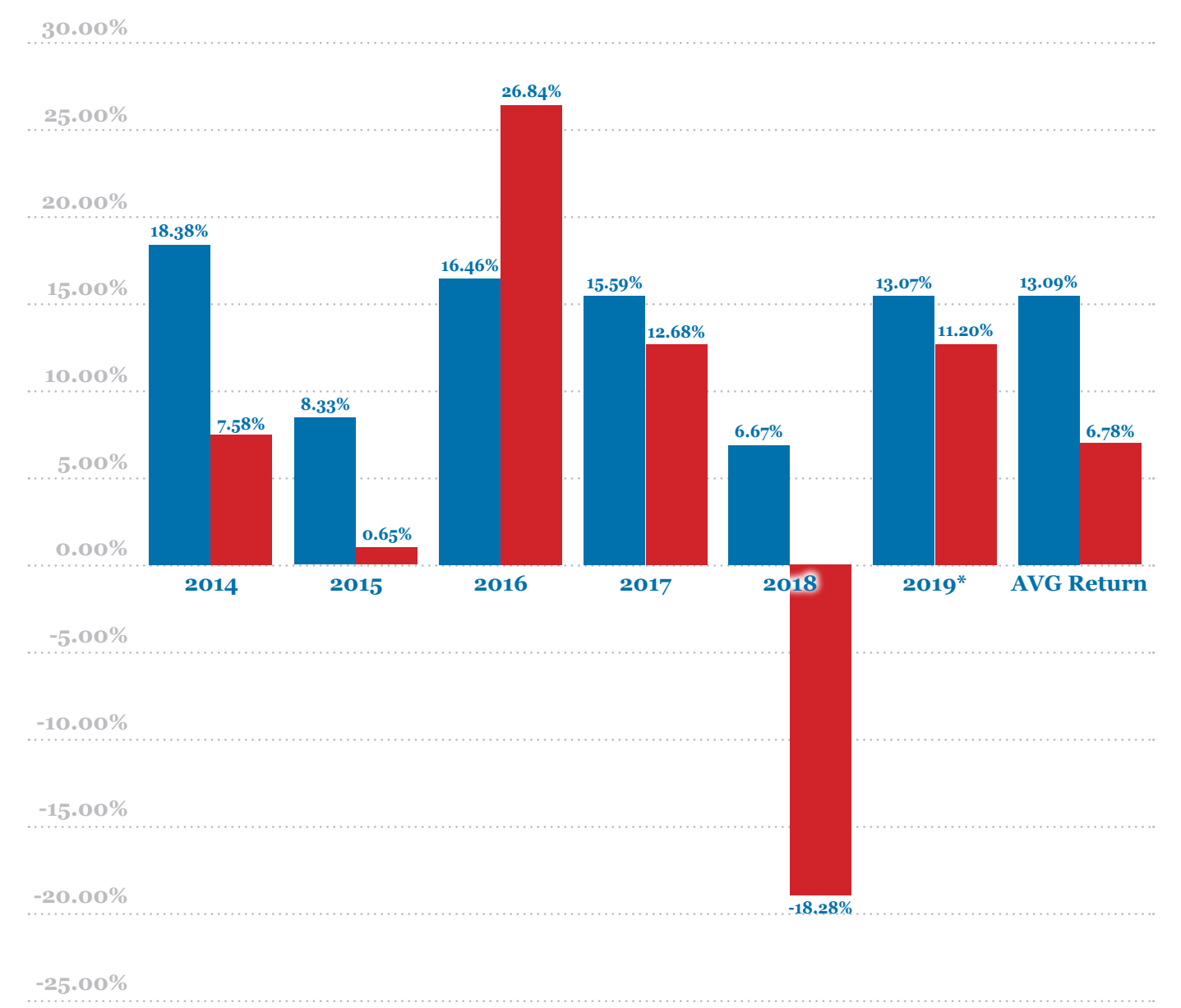
- Stock Value
- ◆ EPS
- ◆ Tangible Book Value Per Share
- ◆ \$ Value Returned



CBHOT Stock Return vs Regional Bank Stock Index Return

unaudited

- CBHOT Stock Return
- Regional Bank Stock Return Index



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