Mercer Capital’s Texas Bank Group Index Overview

Valuation Multiples as of March 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Texas Bank Index</th>
<th>Community Bank Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price/LTM EPS</td>
<td>8.8x</td>
<td>8.8x</td>
</tr>
<tr>
<td>Price/20 EPS</td>
<td>11.2x</td>
<td>9.4x</td>
</tr>
<tr>
<td>Price / Book Value</td>
<td>83%</td>
<td>80%</td>
</tr>
<tr>
<td>Price / Tangible Book Value</td>
<td>100%</td>
<td>97%</td>
</tr>
<tr>
<td>Dividend Yield</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

A Reshaping Landscape

March 2020 probably will prove to be among the most dramatic months for financial markets in U.S. history. Likewise, the fallout for banks may take a year or so to fully appreciate. This article offers our initial thoughts as it relates to the industry.

Mercer Capital helps banks, thrifts, and credit unions with corporate valuation requirements, transactional advisory services, financial reporting, stress testing, and strategic decisions.

Learn more: http://mer.cr/dep-inst

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boser@mercercapital.com

Mercer Capital’s Texas Bank Peer Reports

Updated monthly, this report offers a closer look at the market pricing and performance of publicly traded banks in Texas. Click to view the report.

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M&A MARKET INDICATORS

Texas Community Bank Transactions Announced in Last Six Months

<table>
<thead>
<tr>
<th>Announce Date</th>
<th>Buyer</th>
<th>Seller</th>
<th>Target’s City (TX)</th>
<th>Target Assets ($000s)</th>
<th>Deal Value</th>
<th>Price / Earnings</th>
<th>Price / Tangible BV</th>
<th>Tang. Premium / Core Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 11, 2020</td>
<td>Heartland Financial USA Inc.</td>
<td>AIM Bancshares Inc.</td>
<td>Levelland</td>
<td>1,775,803</td>
<td>280.3</td>
<td>12.9</td>
<td>202.0</td>
<td>13.3</td>
</tr>
<tr>
<td>Dec 26, 2019</td>
<td>Investor Group</td>
<td>Daingerfield Holding Co.</td>
<td>Daingerfield</td>
<td>143,099</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Dec 17, 2019</td>
<td>Wichita Falls Bancshares Inc.</td>
<td>Chico Bancorp Inc.</td>
<td>Chico</td>
<td>185,032</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Dec 8, 2019</td>
<td>BancAffiliated Inc.</td>
<td>Southwest Bank</td>
<td>Odessa</td>
<td>448,433</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Nov 15, 2019</td>
<td>Cendera Bancorp, Inc.</td>
<td>Cendera Financial Holdings Inc</td>
<td>Bells</td>
<td>102,950</td>
<td>21.0</td>
<td>27.5</td>
<td>225.3</td>
<td>19.5</td>
</tr>
<tr>
<td>Oct 1, 2019</td>
<td>Oakwood Bancshares Inc.</td>
<td>Community Bank of Snyder</td>
<td>Snyder</td>
<td>109,255</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Sep 19, 2019</td>
<td>First Financial Bankshares</td>
<td>TB&amp;T Bancshares Inc.</td>
<td>Bryan</td>
<td>624,067</td>
<td>2076</td>
<td>19.4</td>
<td>297.1</td>
<td>28.0</td>
</tr>
<tr>
<td>Sep 12, 2019</td>
<td>Third Coast Bancshares Inc.</td>
<td>Heritage Bancorp Inc.</td>
<td>Pearland</td>
<td>289,664</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Median Price/Earnings Multiples
Target Banks’ Assets <$5B and LTM ROE >5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Price / Last 12 Months Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>19.3</td>
</tr>
<tr>
<td>2010</td>
<td>21.7</td>
</tr>
<tr>
<td>2011</td>
<td>21.9</td>
</tr>
<tr>
<td>2012</td>
<td>17.0</td>
</tr>
<tr>
<td>2013</td>
<td>16.5</td>
</tr>
<tr>
<td>2014</td>
<td>17.5</td>
</tr>
<tr>
<td>2015</td>
<td>18.8</td>
</tr>
<tr>
<td>2016</td>
<td>18.1</td>
</tr>
<tr>
<td>2017</td>
<td>19.6</td>
</tr>
<tr>
<td>2018</td>
<td>22.4</td>
</tr>
<tr>
<td>2019</td>
<td>16.2</td>
</tr>
<tr>
<td>YTD 3/20</td>
<td>15.4</td>
</tr>
</tbody>
</table>

U.S. | 19.3 |
Texas | 21.7 |

Median Price / Tangible Book Value Multiples
Target Banks’ Assets <$5B and LTM ROE >5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Price / Tangible Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>145%</td>
</tr>
<tr>
<td>2010</td>
<td>141%</td>
</tr>
<tr>
<td>2011</td>
<td>132%</td>
</tr>
<tr>
<td>2012</td>
<td>130%</td>
</tr>
<tr>
<td>2013</td>
<td>134%</td>
</tr>
<tr>
<td>2014</td>
<td>155%</td>
</tr>
<tr>
<td>2015</td>
<td>148%</td>
</tr>
<tr>
<td>2016</td>
<td>143%</td>
</tr>
<tr>
<td>2017</td>
<td>167%</td>
</tr>
<tr>
<td>2018</td>
<td>161%</td>
</tr>
<tr>
<td>2019</td>
<td>188%</td>
</tr>
<tr>
<td>YTD 3/20</td>
<td>219%</td>
</tr>
</tbody>
</table>

U.S. | 145% |
Texas | 166% |

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