2022 ANNUAL REPORT

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NDBT

A Message from Our President

The concept of commercial banking in the United States traces its roots all the way back to the 1790's when then Secretary of the Treasury, Alexander Hamilton, commissioned and opened The First Bank of the United States. Originally chartered as our nation's first "central bank," The Bank soon expanded its focus to include serving small businesses and commercial enterprises, providing the blueprint for a commercial banking system that has become the cornerstone of the most powerful and influential economy in the history of the world.

In the decades since, bankers have somehow developed a reputation as being rigid, uncaring, unimaginative and greedy charlatans, interested only in ensuring their own success and prosperity. As a proud Texas Community Banker who serves alongside 170+ banking professionals at NDBT, I take exception to this stereotype as I am privileged to witness the true value, character and impact of actual bankers, doing incredible things, every day.

Today, Community Banking in Texas is an invaluable component of the commercial banking system and plays a major role in supporting small businesses, family enterprise, community development and pursuit of The American Dream. At NDBT, we have made it our mission to serve with excellence as we pursue our vision to become the preeminent business and professional banking company in Texas. We believe that we play a vital role in contributing to the economic success of this great state and are proud of our accomplishments and contributions that not only build our brand and our business, but also serve the individuals, families and businesses that call our communities home.

Thank you for providing the trust and support that allows us to continue to make a difference through our work. As you review our Annual Report for 2022, I hope you are encouraged by our financial performance, as well as the impact we have made together as we serve.

At NDBT, we believe that together, we can.

Sincerely,

Larry A. Miller
President & CEO/Chairman of the Board

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President & CEO
Chairman of the Board

Financial Highlights for 2022

- Earnings exceeded $9 million
- Paid cash dividends for the 36th consecutive year
- Reserve for Loan Losses of $19 million
- Total Loans Outstanding exceeded $1 billion
- Charitable donations exceeded $700,000

Financial Highlights

Income Statement	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Net Interest Income	$ 11,318,518	$ 9,069,968	$ 43,531,551	$ 34,467,844
Provision for Loan Losses	(600,000)	(1,650,000)	(3,480,000)	(2,200,000)
Noninterest Income	894,272	1,338,078	5,346,556	5,236,402
Noninterest Expenses	(8,791,918)	(7,119,505)	(34,181,683)	(28,598,369)
Income Before Taxes & Extraordinary	2,820,872	1,638,541	11,216,424	8,905,877
Income Tax	(538,052)	(327,597)	(2,170,111)	(1,793,897)
Income Before Extraordinary	2,282,820	1,310,944	9,046,313	7,111,980
Extraordinary	0	0	0	0
Net Income	$ 2,282,820	$ 1,310,944	$ 9,046,313	$ 7,111,980
Earnings per Share	$ 0.89	$ 0.51	$ 3.52	$ 2.77

Balance Sheet	As of December 31		Twelve-Month Average Ended December 31	
	2022	2021	2022	2021
Total Assets	$ 1,680,874,912	$ 1,725,598,261	$ 1,715,642,031	$ 1,584,638,309
Total Loans	1,035,607,831	872,530,148	949,537,258	702,868,876
Deposits	1,517,778,940	1,551,923,153	1,546,082,734	1,406,429,931
Stockholders' Equity	157,265,893	167,707,713	160,950,279	170,459,772

(Prepared internally without review by our independent accountants.)

Statement of Condition

As of December 31

Assets	2022	2021
Cash and Due from Banks	$ 24,341,542	$ 14,137,384
Interest-Bearing Deposits at Other Banks	63,450,055	206,049,544
Securities Held to Maturity	267,754,378	281,917,778
Securities Available for Sale	242,157,592	322,663,286
Fed Funds Sold	0	0
Loans		
Commercial	87,138,954	73,447,555
Real Estate	940,495,127	791,526,691
Consumer	7,973,750	7,555,902
Reserve for Loan Losses	(19,592,800)	(16,083,297)
Net Loans	1,016,015,031	856,446,851
Interest Earned, Not Collected	5,395,290	4,403,446
Bank Premises and Equipment	26,515,463	21,469,867
Other Real Estate (net)	0	0
Other Assets (net)	35,245,560	18,510,105
Total Assets	1,680,874,912	1,725,598,261
Liabilities and Stockholders' Equity		
Deposits		
Demand Deposits	$ 746,679,560	$ 797,028,072
Savings and Other Time Deposits	771,099,380	754,895,081
Total Deposits	1,517,778,940	1,551,923,153
Accrued Interest Payable	493,659	210,227
Federal Income Tax Payable	429,505	116,305
Other Liabilities	4,906,915	5,640,863
Total Liabilities	1,523,609,019	1,557,890,548
Stockholders' Equity		
Capital Stock: Common, $5.00 Par Value, 2,569,082 Shares authorized and 2,569,026 outstanding	12,845,130	12,845,130
Capital Surplus	28,815,012	28,815,012
Accumulated Other Comprehensive Income	(17,256,329)	(1,159,309)
Undivided Earnings	132,862,080	127,206,880
Total Stockholders' Equity	157,265,893	167,707,713
Total Liabilities and Stockholders' Equity	$ 1,680,874,912	$ 1,725,598,261

(Prepared internally without review by our independent accountants)

TEXAS ★ BANKING ★ ORIGINAL

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Statement of Earnings

For the Twelve Months Ended December 31

	2022	2021
Interest Income		
Loans (including fees)	$ 39,036,156	$ 28,793,750
Investment Securities	8,058,560	8,228,199
Federal Funds Sold	0	0
Deposit Interest	1,721,757	498,128
	48,816,473	37,520,077
Interest Expense		
Deposit, Time and Savings	5,268,848	3,041,236
Other Borrowings	16,074	10,997
	5,284,922	3,052,233
Net Interest Income	43,531,551	34,467,844
Provision for Loan Losses	(3,480,000)	(2,200,000)
Net Interest Income After Provision for Loan Losses	40,051,551	32,267,844
Non-Interest Income		
Service Charges	731,299	666,425
Net Gain/(Loss) on Sale of Assets	(18,465)	(43,655)
Net Gain/(Loss) on Sale of Loans	166,067	526,699
Net Gain/(Loss) on Sale of Securities	(395,693)	0
Other Operating Income	4,863,348	4,086,933
	5,346,556	5,236,402
Non-Interest Expenses		
Employee Compensation and Benefits	21,952,098	18,890,497
FDIC Insurance and Examination Fees	593,254	555,102
Net Occupancy Expense	2,393,680	1,206,253
Other Operating Expenses	9,242,651	7,946,517
	34,181,683	28,598,369
Income Before Income Tax & Extraordinary	11,216,424	8,905,877
Income Tax Expense	2,170,111	1,793,897
Net Income Before Extraordinary	9,046,313	7,111,980
Extraordinary	0	0
Net Income	$ 9,046,313	$ 7,111,980
Earnings Per Share	$ 3.52	$ 2.77

(Prepared internally without review by our independent accountants)

Reserve for Losses on Loans

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Balance, beginning of period	$ 19,004,522	$ 14,464,013	$ 16,083,297	$ 13,908,389
Provision charged to income	600,000	1,650,000	3,480,000	2,200,000
Loans charged off, net of recoveries:				
Charge-offs	13,613	32,316	15,588	32,842
Recoveries	1,891	1,600	45,091	7,750
(Net charge-offs)/Recoveries	(11,722)	(30,716)	29,503	(25,092)
Balance, end of period	$ 19,592,800	$ 16,083,297	$ 19,592,800	$ 16,083,297

Changes in Stockholders' Equity

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Balance, beginning of period	$ 155,002,096	$ 171,295,732	$ 167,707,713	$ 169,725,529
Net Income before Extraordinary	2,282,820	1,310,944	9,046,313	7,111,980
Extraordinary	0	0	0	0
Unrealized Gains/(Losses)	828,755	(3,485,999)	(16,097,019)	(5,790,062)
Cash Dividends Declared	(847,778)	(1,412,964)	(3,391,114)	(3,339,734)
Balance, end of period	$ 157,265,893	$ 167,707,713	$ 157,265,893	$ 167,707,713

(Prepared internally without review by our independent accountants)

Financial Ratios and Other Data

Annualized where applicable

Profitability Ratios

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Return on Average Assets	0.53%	0.31%	0.53%	0.45%
Return on Average Equity Capital	5.81%	3.06%	5.62%	4.17%
Net Interest Spread	2.65%	2.19%	2.60%	2.21%
Net Income per Share	$ 0.89	$ 0.51	$ 3.52	$ 2.77

Asset Quality Ratios

	As of December 31	
	2022	2021
Nonperforming Loans to Total Assets	0.00%	0.03%
Nonperforming Loans to Total Loans	0.00%	0.05%
Nonperforming Loans to Total Capital	0.00%	0.24%
Reserve for Loan Losses to Total Loans	1.89%	1.84%
Total Loans to Total Deposits	68.23%	56.22%
Average Loans to Average Deposits	61.42%	49.98%
Liquidity	16.09%	29.41%

Capital Ratios

	As of December 31	
	2022	2021
Equity Capital to Total Assets	9.36%	9.72%
Total Capital to Total Assets	10.52%	10.65%
Total Capital to Total Loans	17.08%	21.06%
Average Equity Capital to Average Assets	9.38%	10.76%
Average Total Capital to Average Assets	10.42%	11.67%
Average Total Capital to Average Loans	18.83%	26.31%

Key:

Equity Capital = Common Stock + Capital Surplus + Undivided Profits + Accumulated Other Comprehensive Income

Total Capital = Equity Capital + Reserve for Loan Losses

Liquidity Ratio = (Securities Available for Sale + Fed Funds + Cash & Due From Accounts + Interest Bearing Deposits at Other Banks – Pledged Securities) / Total Assets

Assets are net of Unearned Discount and Loan Loss Provision

Total Loans are net of Unearned Discount

Notes to Financial Statements:

Net Loans include Nonperforming Loans of $441,863 for December 31, 2021 and $-0- as of December 31, 2022. (Nonperforming Loans = Nonaccrual Loans + Loans 90 days and over past due.)

(Prepared internally without review by our independent accountants)

NDBT CARES

"Fulfilling our Mission through Care and Community Service"

Our bankers contributed more than 345 volunteer service hours in 2022. Furthermore, 78 of those hours were dedicated to financial education for the residents of Dallas and Collin County. Overall, we served more than 80 organizations operating in our communities with volunteer efforts and financial support.

Annual Highlights

- NDBT Cares named **2022 Cornerstone Award** Recipient from Texas Bankers Association for its participation and commitment to its community. This award is given to Texas banks that have made a commitment to be a pillar in their communities.
- Granted $20,000 in student awards through the Bert Fields Excellence in Banking endowment through **Texas A&M Foundation**.
- Continued support of **Texas Tech Foundation** and the Rawls College of Business Excellence in Banking scholarship program.
- Awarded **James W. Tyra Memorial Scholarships** for two top-acheiving high school students to assist with cost of rising tuition.
- Continued commitment to the Wishes for Life Campaign for **Make-A-Wish North Texas**.
- Partnered with **Irving Cares** to achieve food collection goal of 25,000lbs in honor of our 25 years of service to residents of Irving and Las Colinas area.
- Key supporter of **Semones Family YMCA**, benefiting many program initiatives such as Safety Around Water, camps, after-school enrichment, membership assistance, and support for seniors and special needs children.
- Proud supporter of **Metrocrest Services** Building Our Future capital campaign.
- Hosted "Bank Day" with fun games and financial education for the children of **Family Gateway**.
- NDBT Presenting Sponsor of the Annual North Star Luncheon benefiting **Family Compass**.

Special thanks to all of the organizations who allowed us to partner with them and support their work in bettering the lives of our communities.

Officers

LARRY A. MILLER
President & Chief Executive Officer
Chairman of the Board

SHANE HARKINS
Chief Information Officer

GLENN HENRY
Chief Financial Officer

ALLEN HUDSON
Chief Lending Officer

PAM MURRAY
Chief Human Resources Officer

BRANDI SHIFLETT
Chief Operating Officer

JAMES TIPTON
Chief Credit Officer

JEFF CROW
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JAY HENRY
Market President

RALPH THOMPSON
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Vice President

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Vice President

MICHELLE MERCADO
Vice President

JOSE ORTIZ
Vice President

CORINA PADRON
Vice President

AVEENA PATEL
Vice President

ADRIANA PEÑA
Vice President

AMELIA SABA
Vice President

KATHY SELVIDGE
Vice President

BAHARAK SOTOUDEH
Vice President

RYAN SWOR
Vice President

WANDA VARNER
Vice President

JUSTIN VELNOSKY
Vice President

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Assistant Vice President

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Assistant Vice President

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Assistant Vice President

ZELMA THOMAS
Assistant Vice President

SAM TURNER
Assistant Vice President

ROBIN WINN
Assistant Vice President

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Banking Officer

SARAH COURIER
Banking Officer

KYELEIGH CRYER
Banking Officer

JENNIFER LEMONS
Banking Officer

HEATHER HONEYSUCKLE
Banking Officer

BRENDA PERALTA
Banking Officer

ERIKA PORTER
Banking Officer

STEPHANIE RODRIGUEZ
Banking Officer

BARB THOMPSON
Banking Officer

MELISSA WILLIAMS
Banking Officer

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CEO, Kamimac, LLC - A Family Office

GLENN HENRY
Vice Chairman & Secretary

MARY PAT HIGGINS
President & CEO, Dallas Holocaust and Human Rights Museum

TIM JORDAN
Senior Managing Director,
Capital Market Office Head for JLL

THOMAS A. KOONS
Koons Trucking, LLC.

JOHN S. MAHAR, JR.
President, Storage Services Inc.

BRANNON D. MARLOWE, M.D.
Anesthesiologist, Excel Anesthesia

LARRY A. MILLER
President & Chief Executive Officer,
Chairman of the Board

LARRY M. NOBLES
Investments

W. MICHAEL SHIPMAN
Investments

JAY S. TURNER
SVP | Residential Counsel,
Republic Title of Texas Inc.

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