

A photograph of modern glass skyscrapers at dusk. The buildings are illuminated from within, and their glass facades reflect the warm light of the setting sun. The sky is a deep blue. The image is partially obscured by a dark blue overlay on the left and a vertical grey bar in the center.

stellar BANCORP, INC.

Third Quarter 2022
Earnings Presentation

Forward-Looking Statements and Non-GAAP Financial Measures

Certain statements in this press release which are not historical in nature are intended to be, and are hereby identified as, “forward-looking statements” for purposes of the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

These statements include, but are not limited to, statements about the benefits of the merger of CBTX, Inc. (now Stellar Bancorp, Inc.) (the “Company”) and Allegiance Bancshares, Inc. (“Allegiance”), including future financial performance and operating results, the combined company’s plans, business and growth strategies, objectives, expectations and intentions, and other statements that are not historical facts, including projections of macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Forward-looking statements may be identified by terminology such as “may,” “will,” “should,” “could,” “scheduled,” “plans,” “intends,” “projects,” “anticipates,” “expects,” “believes,” “estimates,” “potential,” “would,” or “continue” or negatives of such terms or other comparable terminology.

All forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of Stellar to differ materially from any results expressed or implied by such forward-looking statements.

Such factors include, among others: (1) the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer than anticipated to be realized; (2) disruption to our business as a result of the merger; (3) the risk that the integration of our operations will be materially delayed or will be more costly or difficult than we expected or that we are otherwise unable to successfully integrate our legacy businesses; (4) the amount of the costs, fees, expenses and charges related to the merger; (5) reputational risk and the reaction of our customers, suppliers, employees or other business partners to the merger; (6) the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; (7) the dilution caused by Stellar’s issuance of additional shares of its common stock in the merger; (8) general competitive, economic, political and market conditions; and (9) other factors that may affect future results of Stellar including changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; the impact, extent and timing of technological changes; capital management activities; and other actions of the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and Texas Department of Banking and legislative and regulatory actions and reforms.

Additional factors which could affect the Company’s future results can be found in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and the Joint Proxy Statement/Prospectus regarding the merger that CBTX filed with the SEC on April 7, 2022 pursuant to Rule 424(b)(3) and Allegiance’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, in each case filed with the SEC and available on the SEC’s website at <https://www.sec.gov>. We disclaim any obligation and do not intend to update or revise any forward-looking statements contained in this communication, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

GAAP Reconciliation of Non-GAAP Financial Measures

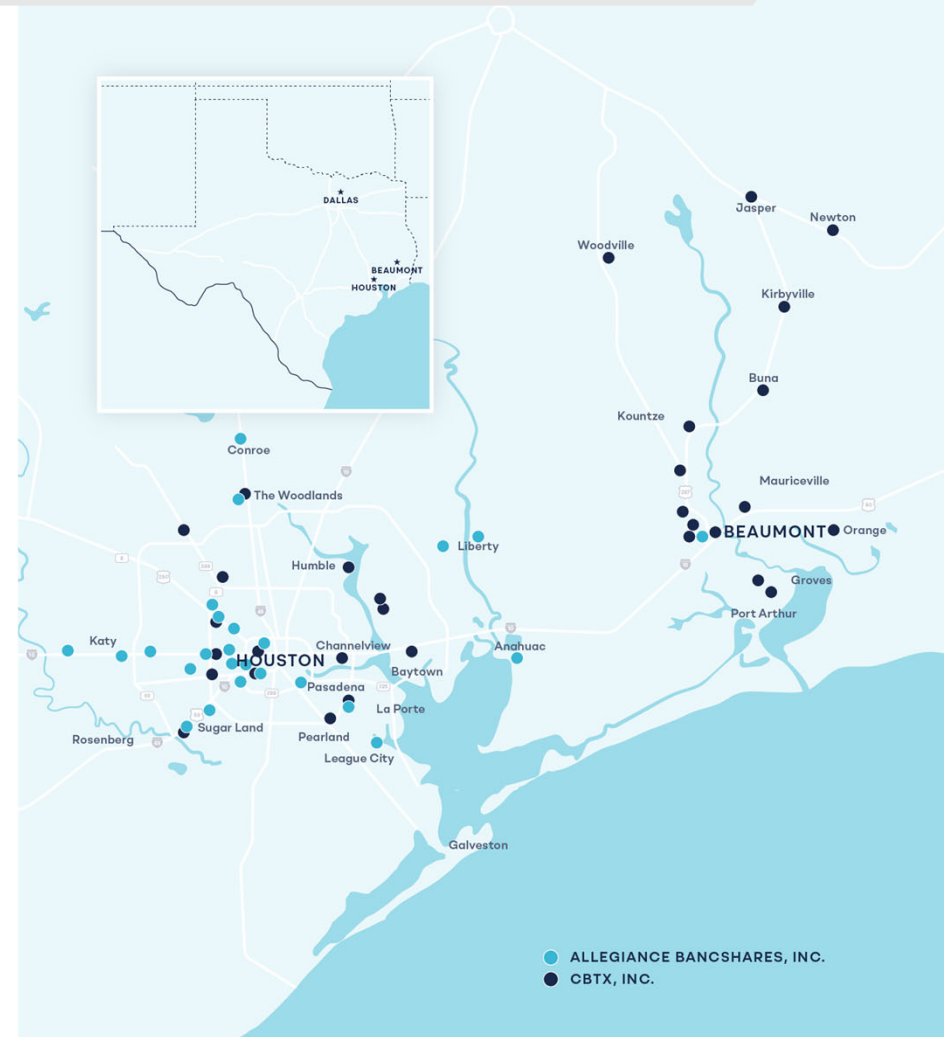
The Company’s management uses certain non-GAAP (generally accepted accounting principles) financial measures to evaluate its performance. The Company believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and that management and investors benefit from referring to these non-GAAP financial measures in assessing the Company’s performance and when planning, forecasting, analyzing and comparing past, present and future periods. Specifically, the Company reviews pre-tax, pre-provision income, adjusted pre-tax, pre-provision income, adjusted pre-tax, pre-provision earnings per share, diluted, adjusted efficiency ratio, adjusted noninterest expense / average assets and adjusted pre-tax, pre-provision return on average assets for internal planning and forecasting purposes. The Company has included in this presentation information relating to these non-GAAP financial measures for the applicable periods presented. These non-GAAP measures should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which the Company calculates the non-GAAP financial measures may differ from that of other companies reporting measures with similar names.

Stellar Bancorp, Inc. - A Premier Texas Franchise

Combination of the Houston region's two largest regionally-focused banks

- Merger-of-equals between of CBTX, Inc. and Allegiance Bancshares, Inc. became effective October 1, 2022, with the combined company renamed Stellar Bancorp, Inc. (NASDAQ: STEL)
 - Principal banking subsidiary to be renamed Stellar Bank upon system conversion
- Combination delivers scale, growth opportunities and talent depth
- Positioned to drive significant value creation
- Significant scarcity value in one of the best markets in the U.S

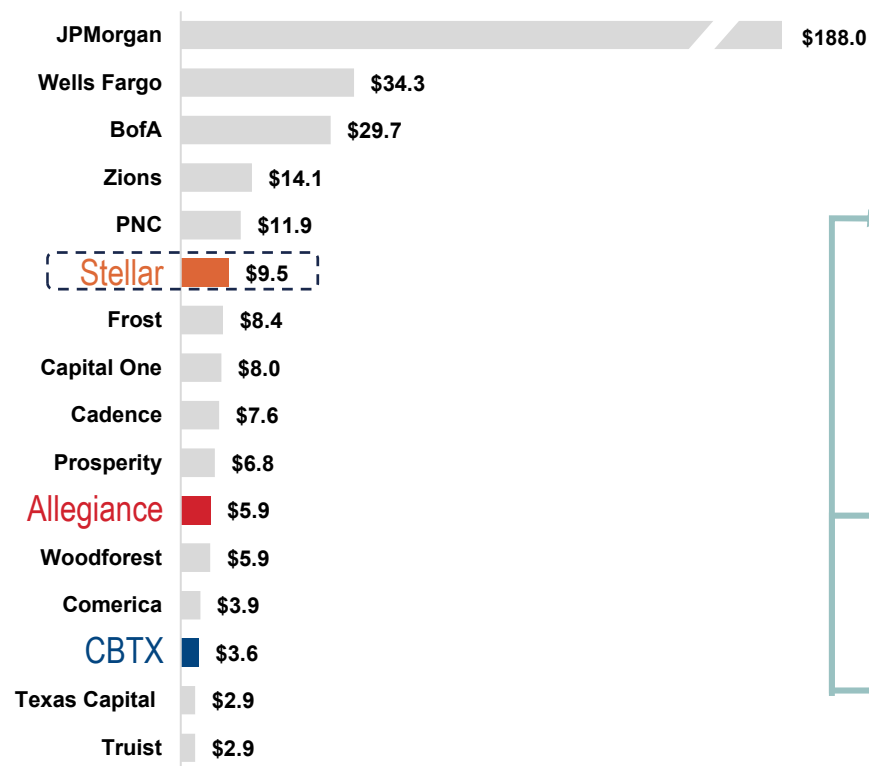
Source: S&P Capital IQ Pro.



Unparalleled Market Focus

Houston Region Deposit Market Share⁽¹⁾

Deposits (\$B)



Name	Total Assets (\$B)	Houston Region ⁽¹⁾ Deposits (\$B)	Percent of Company Deposits (%)
JPMorgan	\$3,841	\$188.0	8.8%
Wells Fargo	1,881	34.3	2.3%
BofA	3,112	29.7	1.5%
Zions	87.8	14.1	17.8%
PNC	541	11.9	2.7%
Stellar	11.1	9.5	98.1%
Frost	51.8	8.4	18.2%
Capital One	440	8.0	2.0%
Cadence	47.7	7.6	18.9%
Prosperity	37.4	6.8	22.6%
Allegiance	6.7	5.9	100.0%
Woodforest	9.6	5.9	70.2%
Comerica	86.9	3.9	5.0%
CBTX	4.3	3.6	95.1%
Texas Capital	32.3	2.9	11.1%
Truist	545	2.9	0.7%

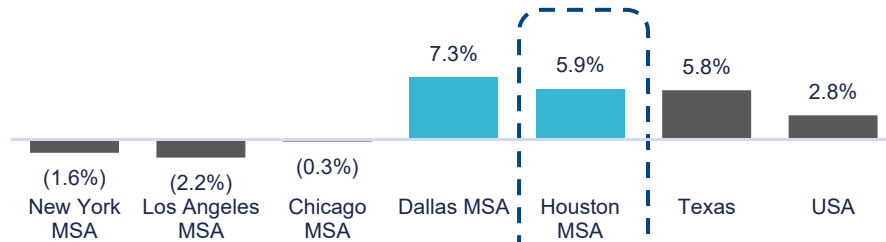
Note: Deposit market share based on FDIC data as of June 30, 2022; Stellar deposits in the Houston Region are combined deposits as of June 30, 2022.

(1) Houston Region defined as the Houston-The Woodlands-Sugar Land and Beaumont-Port Arthur MSAs.

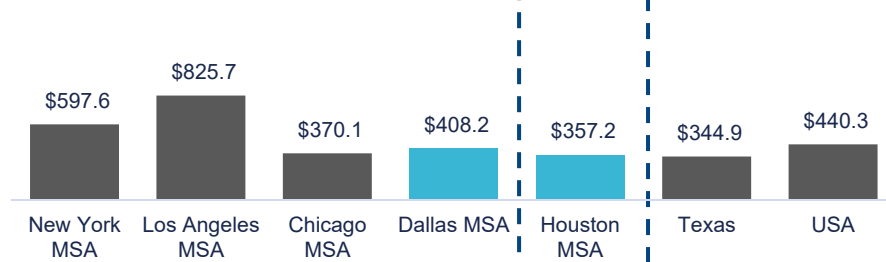
Source: S&P Capital IQ Pro; Excludes non-retail branches.

Headquartered in 4th Largest City in the US

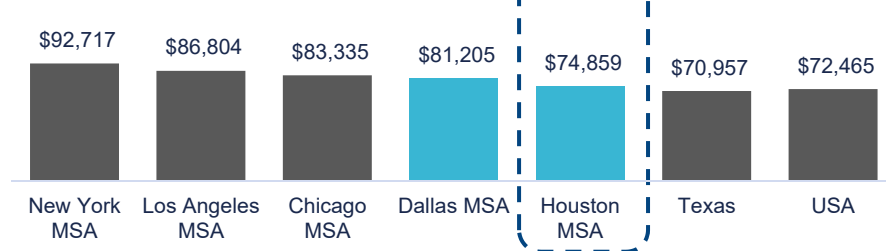
5-Year Historical Population Growth (2017-2022)



Median Home Price (\$000s)



Median Household Income



Source: S&P Capital IQ Pro as of June 30, 2022; Texas Medical Center; Houston.org; Wallet Hub; ABC News; Axios.

STRONG AND DIVERSIFIED HOUSTON REGION

Houston has the second highest concentration of Fortune 1000 companies in the U.S.

The Port of Houston ranked #1 in the U.S. in 2021 foreign waterborne tonnage

Houston is the #1 most diverse city in the U.S. based on socioeconomic factors

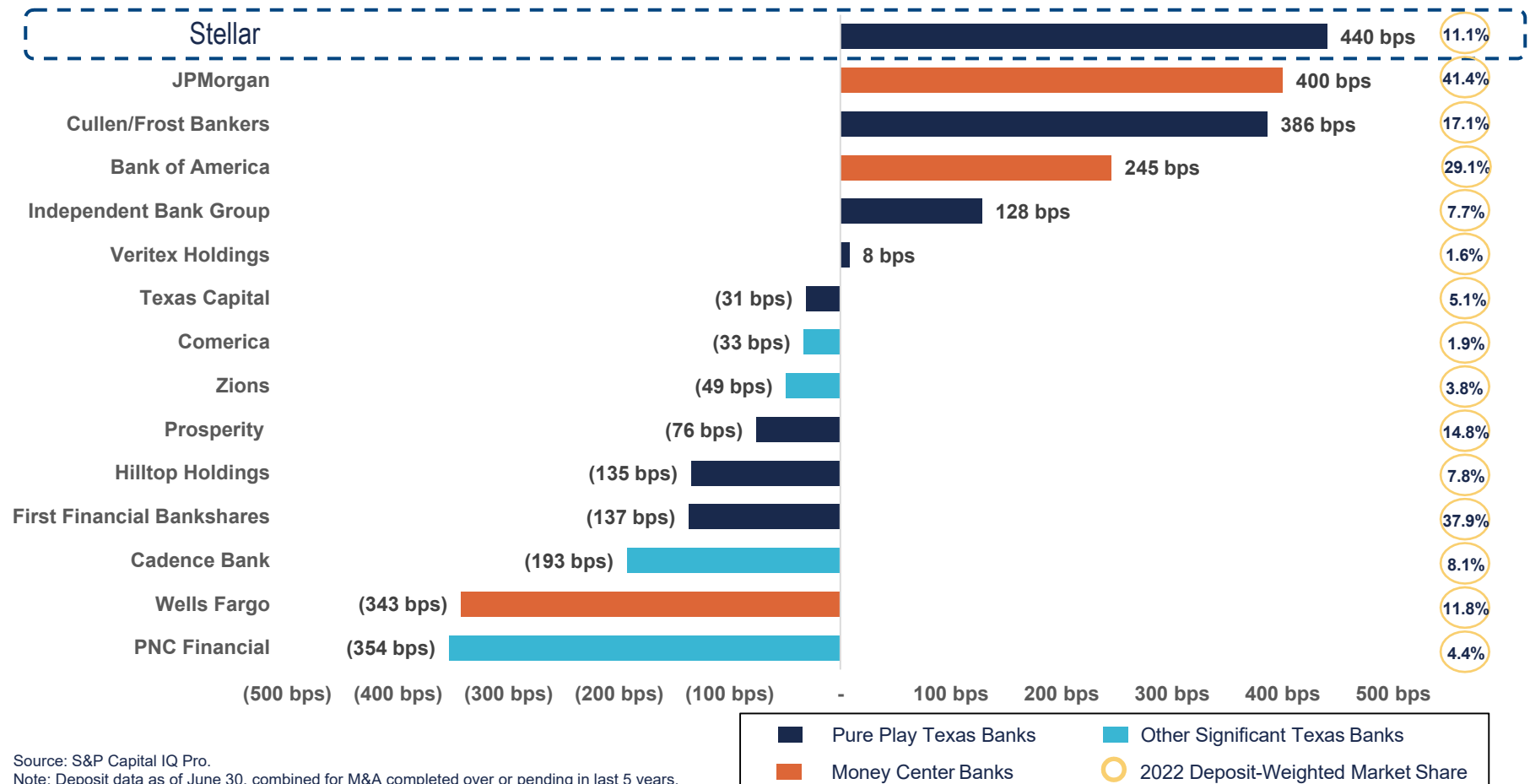
The Woodlands, a Houston suburb, is #1 on the list of America's 50 Best Places to Live

Houston is home to the Texas Medical Center, which has 10 million patient encounters each year

During the pandemic, Houston saw the second highest growth in jobs available for software and IT workers

Strong Combined Market Share Growth In Competitive Texas Markets

5-Year Change In Deposit-Weighted Market Share by County ('17 - '22 Change in bps)



Source: S&P Capital IQ Pro.
 Note: Deposit data as of June 30, combined for M&A completed over or pending in last 5 years.

Financial Highlights – Third Quarter 2022

Allegiance Bancshares, Inc.

- Loans held for investment grew 22.4% (annualized), or \$243.1 million, during the third quarter 2022 to \$4.59 billion
- Net interest income increased 5.6%, or \$3.2 million, compared to the second quarter of 2022
- Tax equivalent net interest margin increased 32 basis points to 3.85% compared to the second quarter of 2022

<i>(dollars in thousands, except per share)</i>	3Q 2022	2Q 2022
Net income	\$ 14,286	\$ 16,437
Pre-tax, pre provision income (PTPP) ⁽¹⁾	\$ 19,654	\$ 22,282
Earnings per share, diluted	\$ 0.71	\$ 0.80
Efficiency ratio ⁽³⁾	69.18%	62.96%
Acquisition and merger-related expenses	\$ 10,551	\$ 1,667
Adjusted pre-tax, pre provision income ⁽¹⁾⁽²⁾	\$ 30,205	\$ 23,949
Adjusted efficiency ratio ⁽¹⁾⁽²⁾	52.61%	60.19%
Loan / Deposit	81.12%	73.95%

CBTX, Inc.

- Loans held for investment grew 12.3% (annualized), or \$93.5 million, during the third quarter 2022 to \$3.13 billion
- Net interest income increased 23.3%, or \$8.1 million, compared to the second quarter of 2022
- Tax equivalent net interest margin increased 76 basis points to 4.25% compared to the second quarter of 2022

<i>(dollars in thousands, except per share)</i>	3Q 2022	2Q 2022
Net income	\$ 12,747	\$ 11,707
Pre-tax, pre provision income (PTPP) ⁽¹⁾	\$ 17,140	\$ 14,660
Earnings per share, diluted	\$ 0.52	\$ 0.48
Efficiency ratio ⁽⁴⁾	63.11%	61.84%
Acquisition and merger-related expenses	\$ 5,897	\$ 1,100
Adjusted pre-tax, pre provision income ⁽¹⁾⁽²⁾	\$ 23,037	\$ 15,760
Adjusted efficiency ratio ⁽¹⁾⁽²⁾	50.42%	58.98%
Loan / Deposit	83.96%	80.73%

(1) Refer to the calculation of these non-GAAP financial measures and a reconciliation to their most directly comparable GAAP financial measures in the appendix.

(2) Adjusted results exclude the impact of acquisition and merger-related expenses for the periods presented.

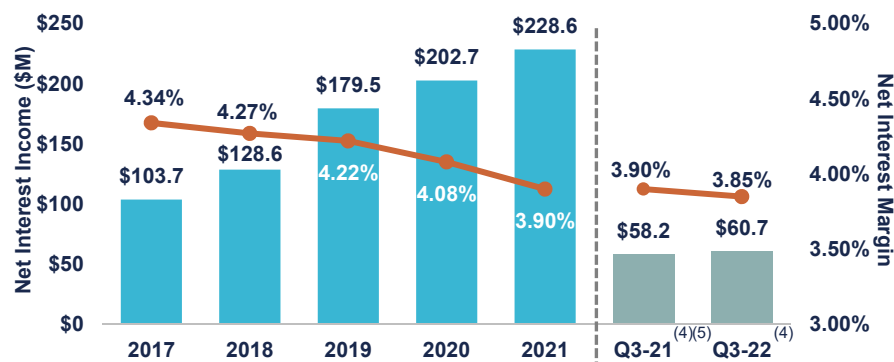
(3) Represents total noninterest expense divided by the sum of net interest income plus noninterest income, excluding net gains and losses on the sale of loans, securities and assets. Additionally, taxes and provision for credit losses are not part of this calculation.

(4) Represents total noninterest expense divided by the sum of net interest income plus noninterest income.

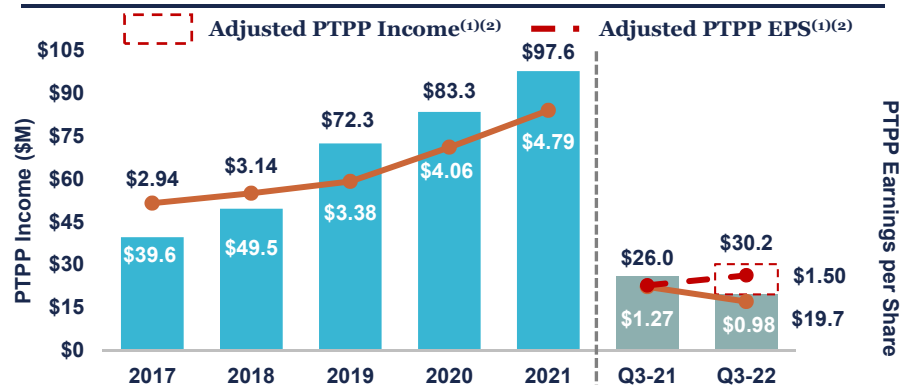
Historical Standalone Profitability

Allegiance Bancshares, Inc.

Net Interest Income (\$M) and Net Interest Margin (tax equivalent)



PTPP Income (\$M) and PTPP Earnings per Share⁽¹⁾



(1) Refer to the calculation of these non-GAAP financial measures and a reconciliation to their most directly comparable GAAP financial measures in the appendix.

(2) Adjusted results exclude the impact of acquisition and merger-related expenses for the periods presented.

(3) Includes payments of \$8.0 million in civil money penalties to resolve BSA/AML compliance matters.

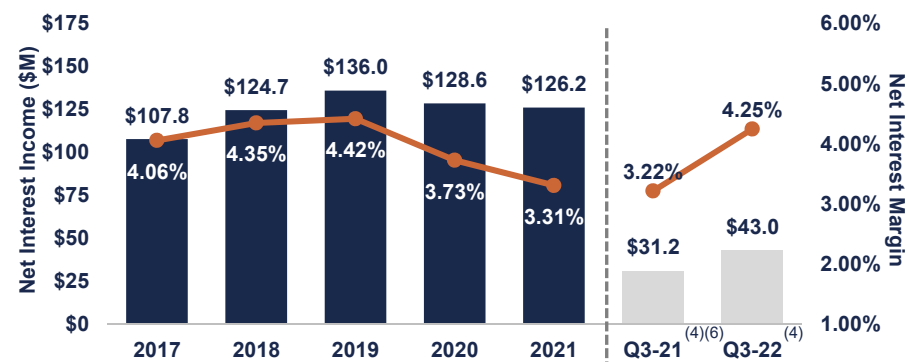
(4) Annualized.

(5) Allegiance Bancshares, Inc. net interest margin excluding Paycheck Protection Program (PPP) loans was 3.57%.

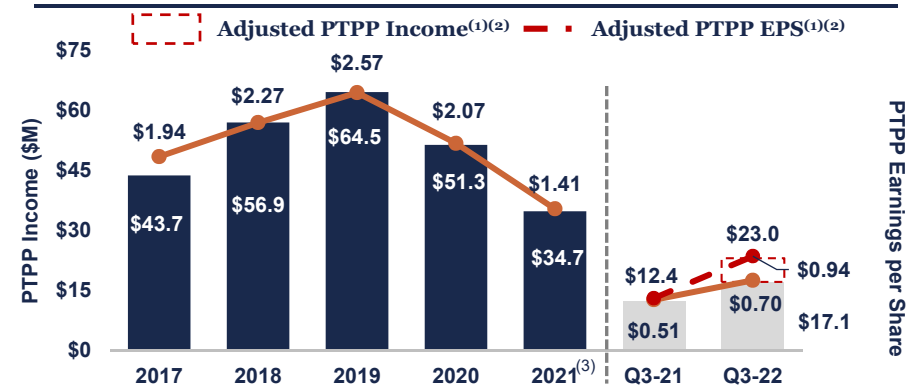
(6) CBTX, Inc. net interest margin excluding PPP was 3.07%.

CBTX, Inc.

Net Interest Income (\$M) and Net Interest Margin (tax equivalent)



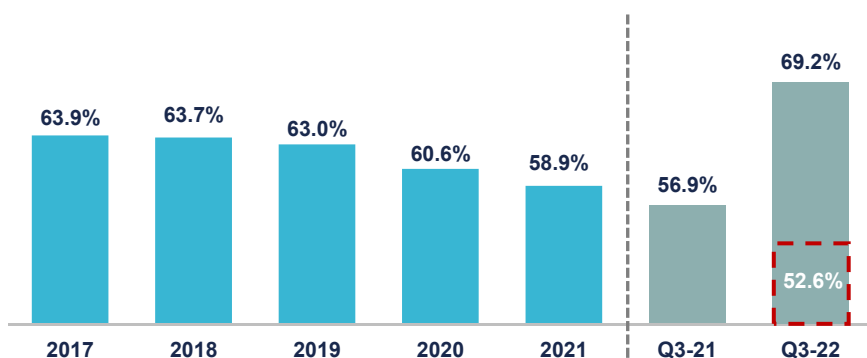
PTPP Income (\$M) and PTPP Earnings per Share⁽¹⁾



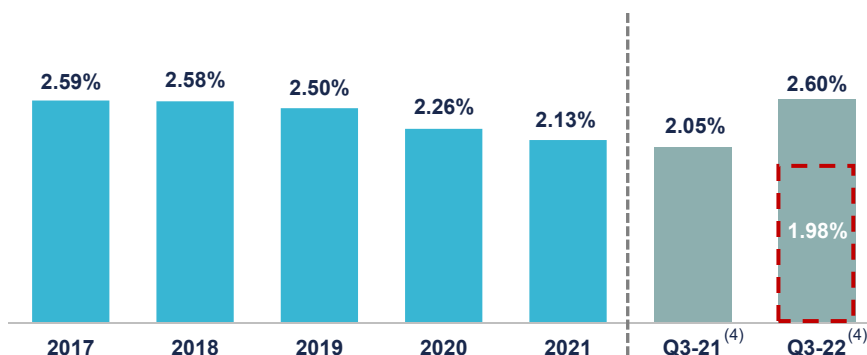
Historical Standalone Profitability *(Continued)*

Allegiance Bancshares, Inc.

Efficiency Ratio Adjusted⁽¹⁾⁽²⁾

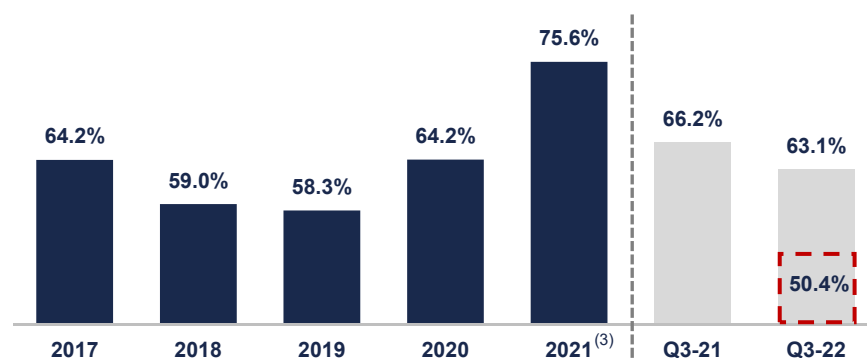


Noninterest Expense / Average Assets Adjusted⁽¹⁾⁽²⁾

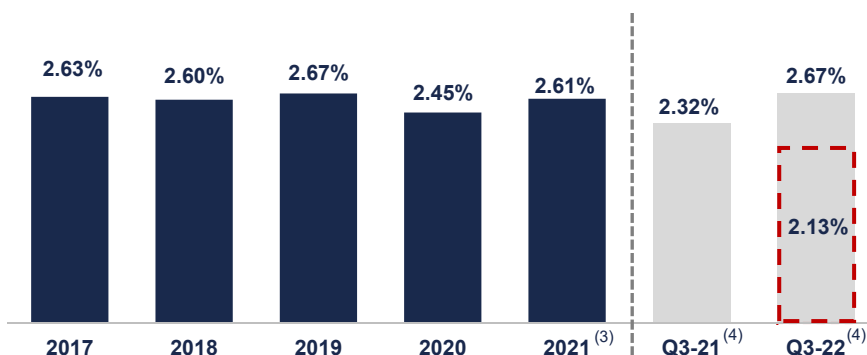


CBTX, Inc.

Efficiency Ratio Adjusted⁽¹⁾⁽²⁾



Noninterest Expense / Average Assets Adjusted⁽¹⁾⁽²⁾



(1) Refer to the calculation of these non-GAAP financial measures and a reconciliation to their most directly comparable GAAP financial measures in the appendix.

(2) Adjusted results exclude the impact of acquisition and merger-related expenses for the periods presented.

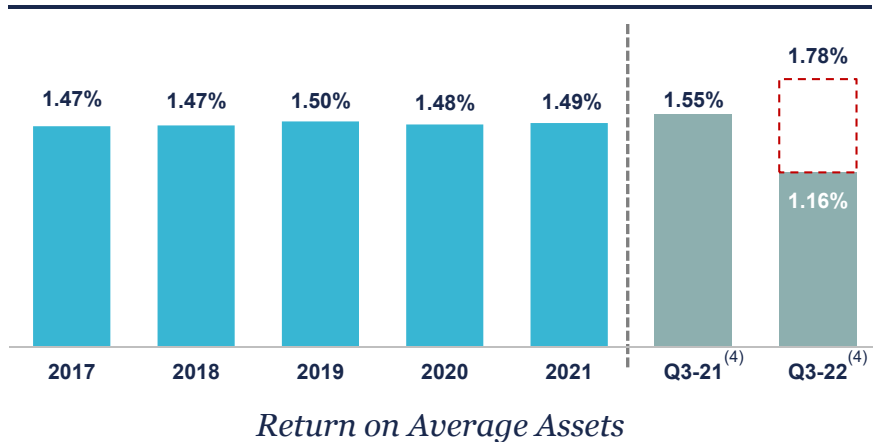
(3) Includes payments of \$8.0 million in civil money penalties to resolve BSA/AML compliance matters.

(4) Annualized.

Historical Standalone Profitability *(Continued)*

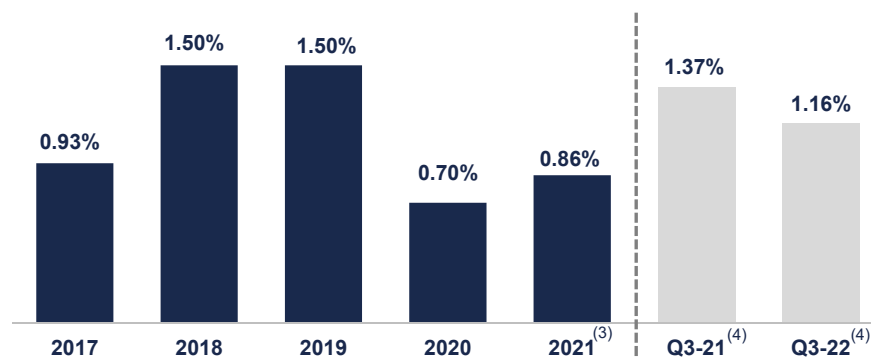
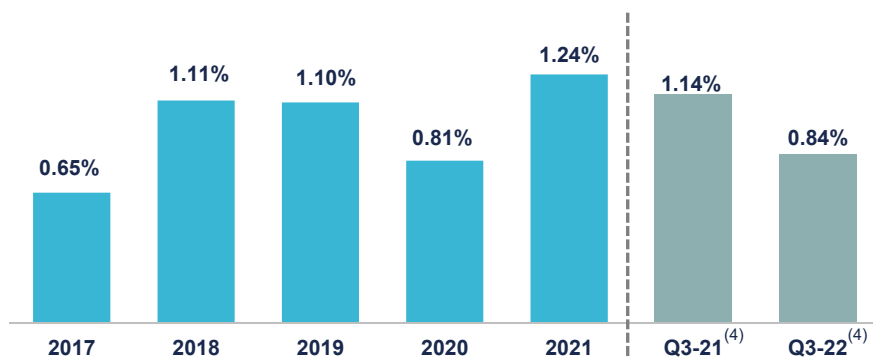
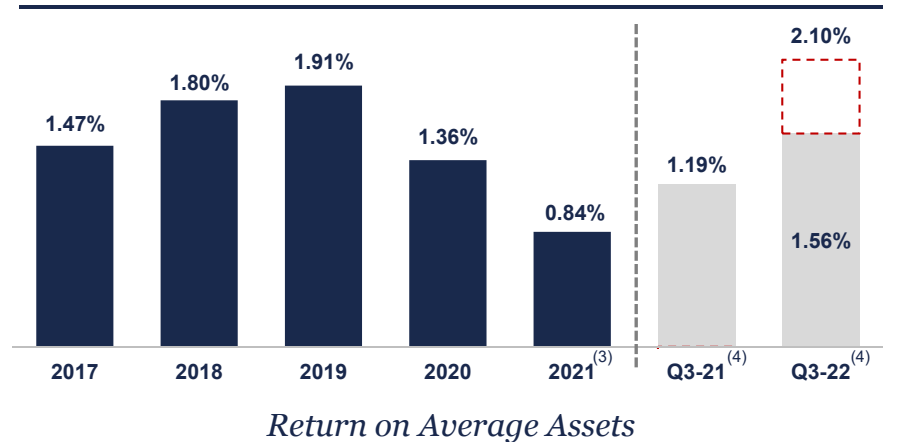
Allegiance Bancshares, Inc.

Pre-tax, pre-provision ROAA⁽¹⁾ Adjusted⁽¹⁾⁽²⁾



CBTX, Inc.

Pre-tax, pre-provision ROAA⁽¹⁾ Adjusted⁽¹⁾⁽²⁾



(1) Refer to the calculation of these non-GAAP financial measures and a reconciliation to their most directly comparable GAAP financial measures in the appendix.

(2) Adjusted results exclude the impact of acquisition and merger-related expenses for the periods presented.

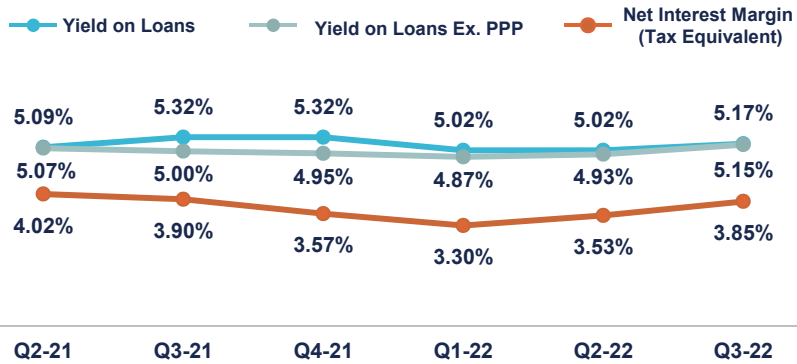
(3) Includes payments of \$8.0 million in civil money penalties to resolve BSA/AML compliance matters.

(4) Annualized.

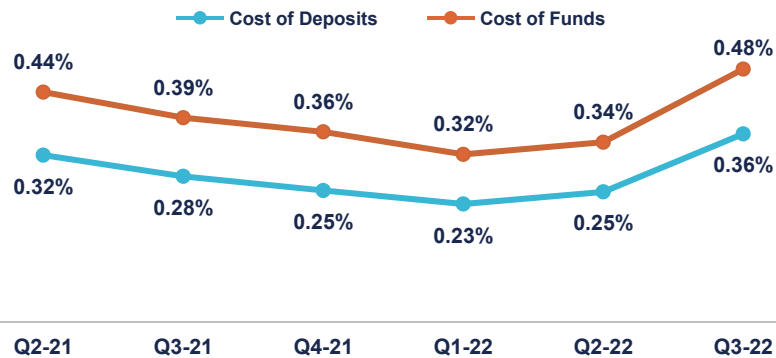
Yield and Cost Analysis

Allegiance Bancshares, Inc.

Yield and Net Interest Margin⁽¹⁾

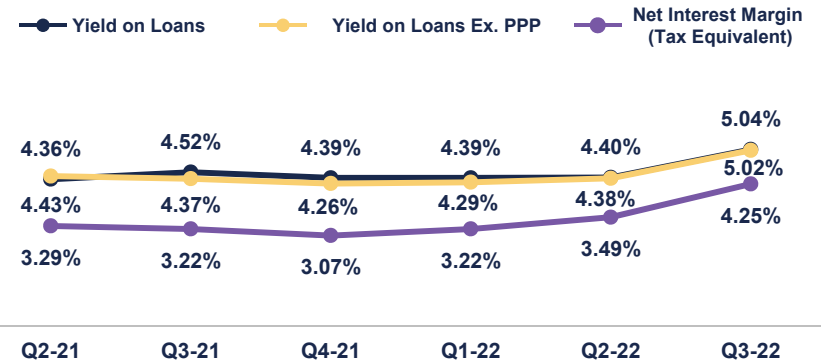


Cost of Funds

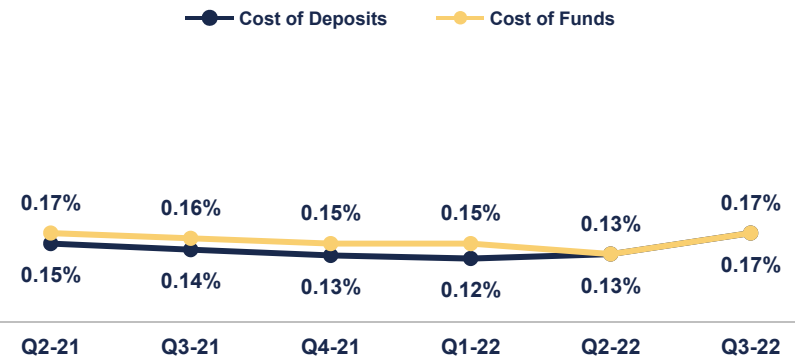


CBTX, Inc.

Yield and Net Interest Margin⁽¹⁾



Cost of Funds

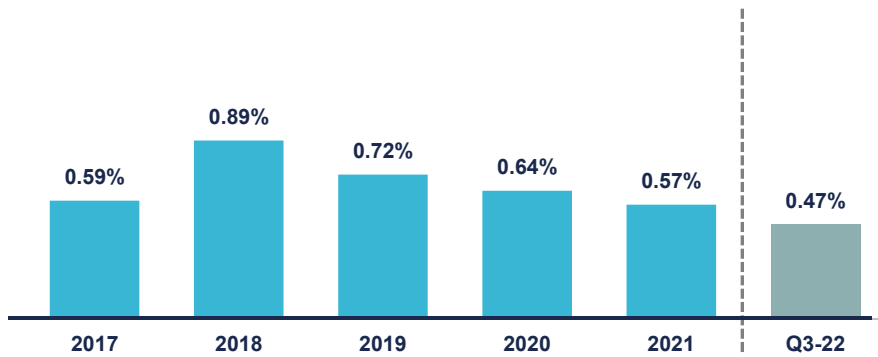


(1) Annualized.

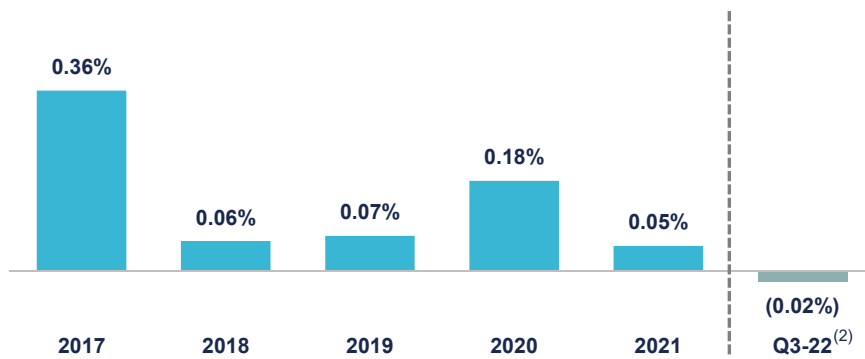
Strong Asset Quality

Allegiance Bancshares, Inc.

Nonperforming Loans / Loans

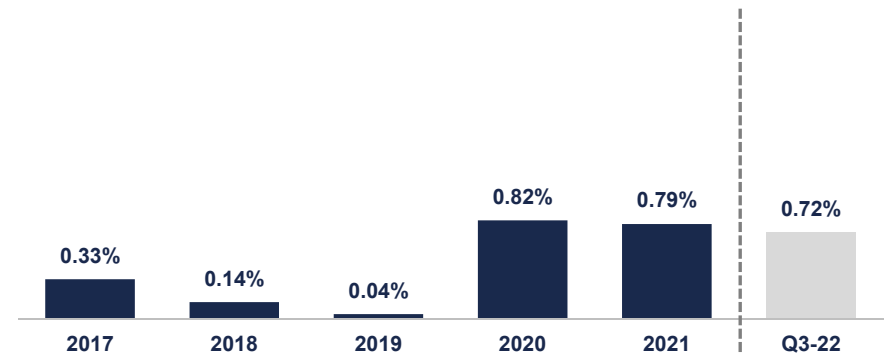


Net Charge Offs (Recoveries) / Average Loans

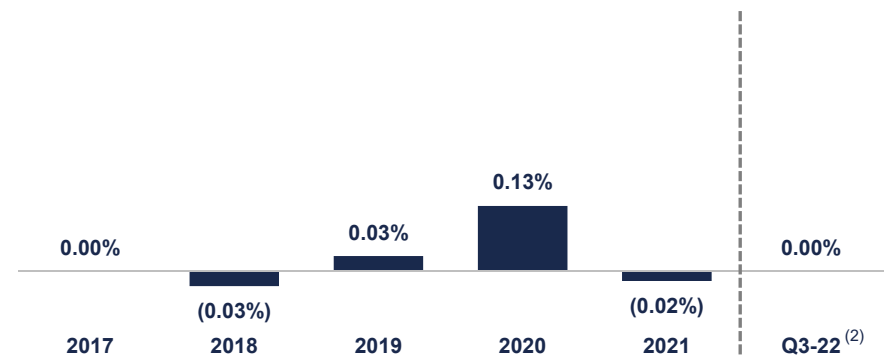


CBTX, Inc.

Nonperforming Loans / Loans⁽¹⁾



Net Charge Offs (Recoveries) / Average Loans

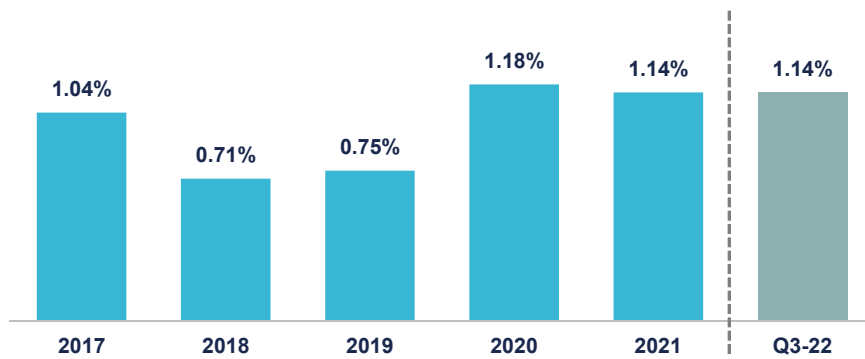


(1) Excludes loans held for sale.
 (2) Annualized.

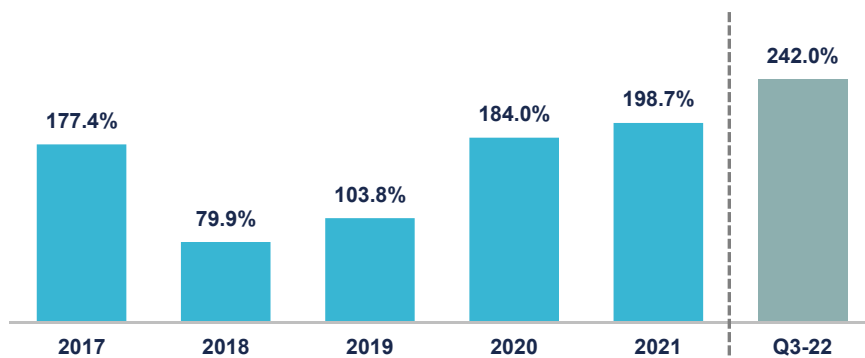
Strong Asset Quality *(Continued)*

Allegiance Bancshares, Inc.

Allowance / Loans

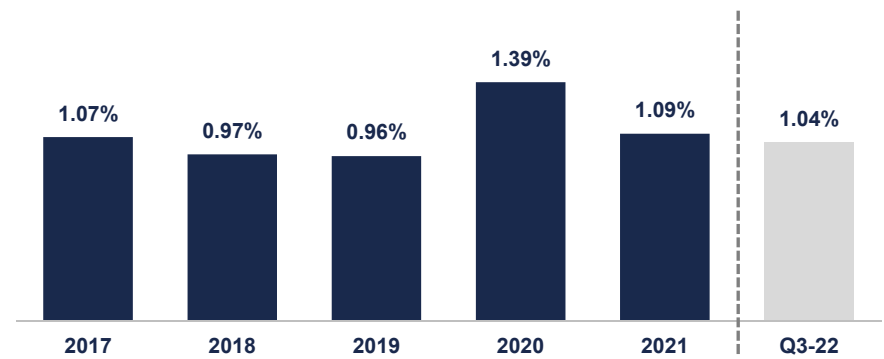


Allowance / Nonperforming Loans

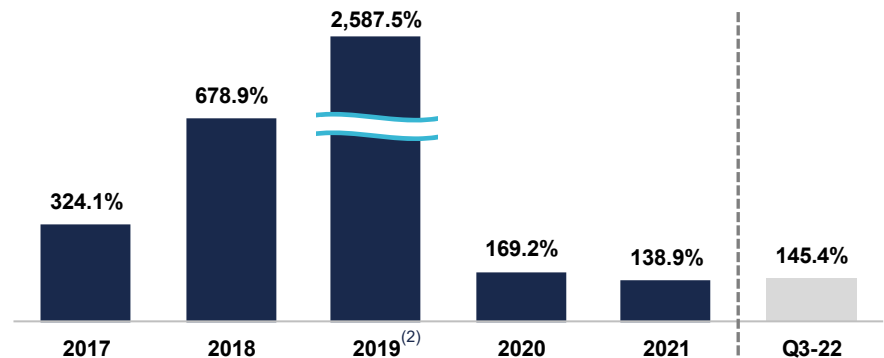


CBTX, Inc.

Allowance / Loans⁽¹⁾



Allowance / Nonperforming Loans⁽¹⁾

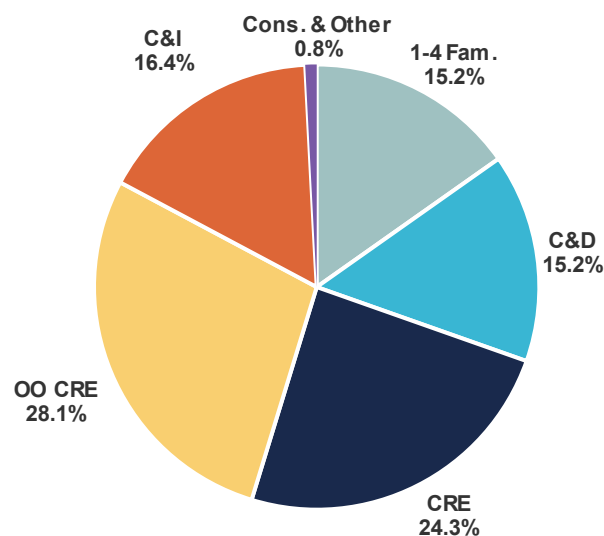


(1) Excludes loans held for sale.

(2) Not to scale.

Loan Portfolio Composition

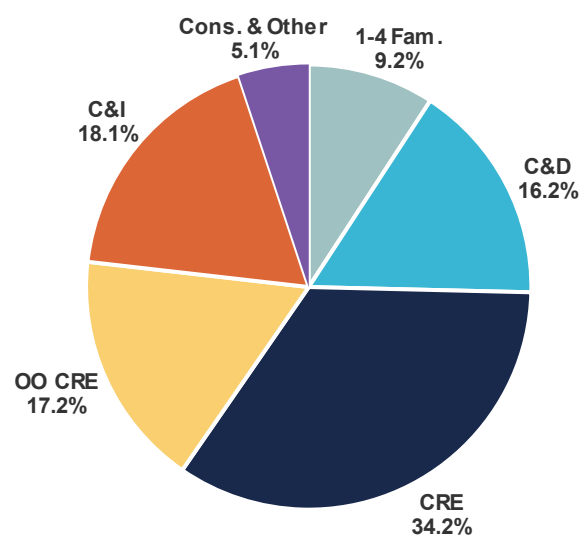
Allegiance Bancshares, Inc.



	(\$M)	(%)
1-4 Family Residential RE	\$ 700	15.2
Construction & Dev.	697	15.2
Commercial RE ⁽²⁾	1,118	24.3
Owner-Occupied CRE	1,289	28.1
Commercial & Industrial	750	16.4
Consumer & Other	38	0.8
Total	\$ 4,592	100.0

Yield on Loans (%) 5.17

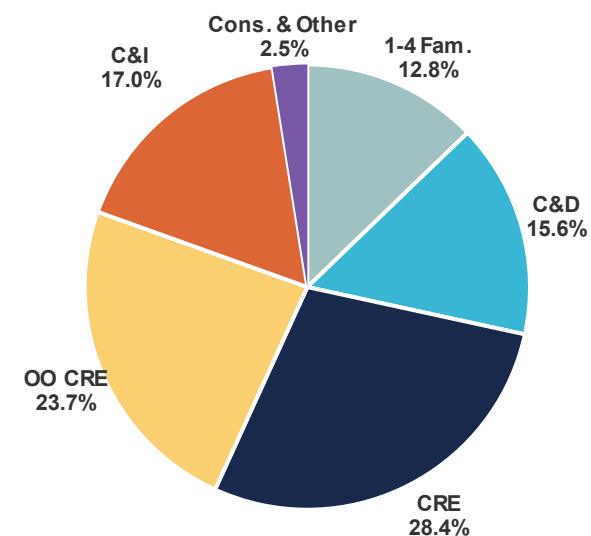
CBTX, Inc.



	(\$M)	(%)
1-4 Family Residential RE	\$ 288	9.2
Construction & Dev.	508	16.2
Commercial RE ⁽²⁾	1,074	34.2
Owner-Occupied CRE	539	17.2
Commercial & Industrial	568	18.1
Consumer & Other	159	5.1
Total	\$ 3,136	100.0

Yield on Loans (%) 5.04

Stellar Bancorp, Inc. – Combined⁽¹⁾



	(\$M)	(%)
1-4 Family Residential RE	\$ 988	12.8
Construction & Dev.	1,205	15.6
Commercial RE ⁽²⁾	2,192	28.4
Owner-Occupied CRE	1,828	23.7
Commercial & Industrial	1,318	17.0
Consumer & Other	197	2.5
Total	\$ 7,728	100.0

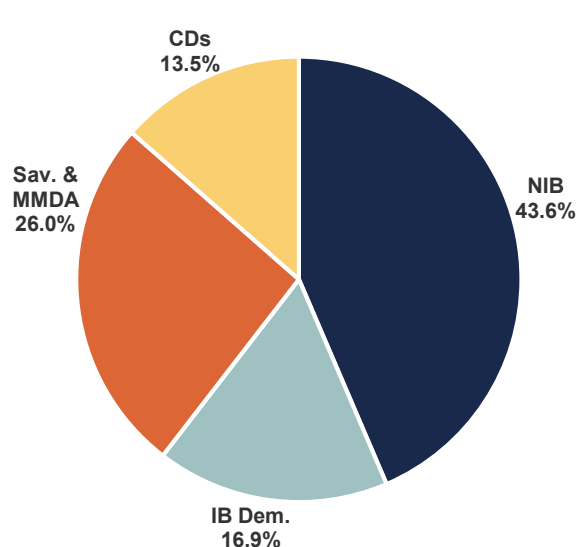
Yield on Loans (%) 5.11

(1) For illustrative purposes only, based on balances as of September 30, 2022. Excludes the impact of acquisition related adjustments and purchase accounting.

(2) Commercial RE includes multifamily commercial real estate and other real estate.

Deposit Mix

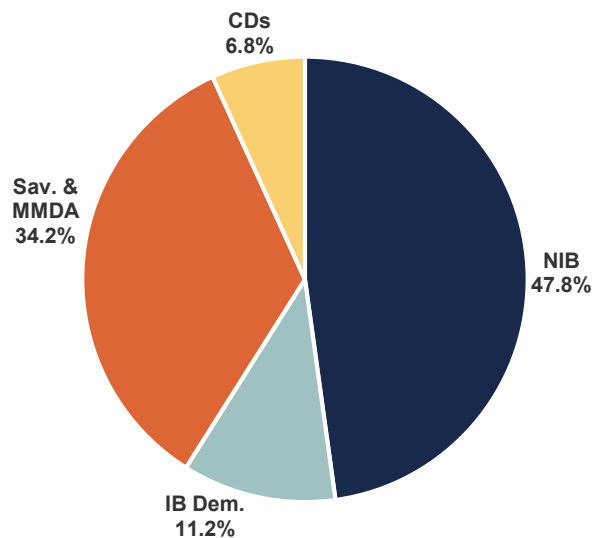
Allegiance Bancshares, Inc.



	(\$M)	(%)
Noninterest-Bearing	\$ 2,466	43.6
Interest-Bearing Demand	957	16.9
Savings and MMDA	1,472	26.0
Total CDs	766	13.5
Total	\$ 5,661	100.0

Loans / Deposits (%)	81.1
Cost of Deposits (%)	0.36

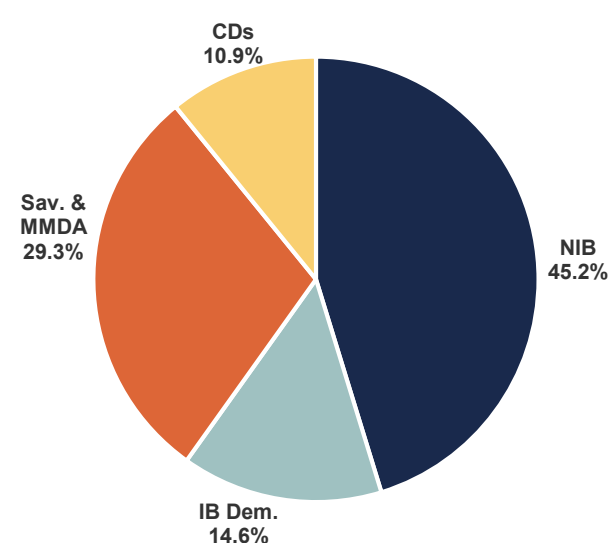
CBTX, Inc.



	(\$M)	(%)
Noninterest-Bearing	\$ 1,780	47.8
Interest-Bearing Demand	416	11.2
Savings and MMDA	1,274	34.2
Total CDs	254	6.8
Total	\$ 3,724	100.0

Loans / Deposits (%)	84.0
Cost of Deposits (%)	0.17

Stellar Bancorp, Inc. – Combined⁽¹⁾



	(\$M)	(%)
Noninterest-Bearing	\$ 4,246	45.2
Interest-Bearing Demand	1,373	14.6
Savings and MMDA	2,746	29.3
Total CDs	1,020	10.9
Total	\$ 9,385	100.0

Loans / Deposits (%)	82.2
Cost of Deposits (%)	0.28

(1) For illustrative purposes only based on balances as of September 30, 2022. Excludes the impact of acquisition related adjustments and purchase accounting.

Appendix: Non-GAAP Reconciliation

	Allegiance Bancshares, Inc.		CBTX, Inc.	
	Three Months Ended		Three Months Ended	
	9/30/2022	6/30/2022	9/30/2022	6/30/2022
	(Dollars and shares amounts in thousands, except per share data)			
Net income	\$ 14,286	\$ 16,437	\$ 12,747	\$ 11,707
(+) Provision for credit losses	1,962	2,143	1,012	126
(+) Provision for income taxes	3,406	3,702	3,381	2,827
Pre-tax, pre-provision income	\$ 19,654	\$ 22,282	\$ 17,140	\$ 14,660
Pre-tax, pre-provision income	\$ 19,654	\$ 22,282	\$ 17,140	\$ 14,660
(+) Acquisition and merger-related expenses	10,551	1,667	5,897	1,100
Adjusted pre-tax, pre-provision income	\$ 30,205	\$ 23,949	\$ 23,037	\$ 15,760
Weighted average shares, diluted	20,114	20,530	24,464	24,593
Adjusted pre-tax, pre-provision earnings per share, diluted	\$ 1.50	\$ 1.17	\$ 0.94	\$ 0.64
Total noninterest expense	\$ 44,031	\$ 37,904	\$ 29,321	\$ 23,758
Acquisition and merger-related expenses	10,551	1,667	5,897	1,100
Net interest income	60,690	57,482	43,012	34,872
Total noninterest income	2,995	2,704	3,449	3,546
Gain on sale of securities	42	(17)	-	-
Adjusted efficiency ratio	52.61%	60.19%	50.42%	58.98%
Noninterest expense	\$ 44,031	\$ 37,904	\$ 29,321	\$ 23,758
(-) Acquisition and merger-related expenses	10,551	1,667	5,897	1,100
Adjusted noninterest expense	\$ 33,480	\$ 36,237	\$ 23,424	\$ 22,658
Average assets	\$ 6,717,886	\$ 7,019,299	\$ 4,355,800	\$ 4,350,546
Adjusted noninterest expense / average assets	1.98%	2.07%	2.13%	2.09%
Adjusted pre-tax, pre-provision income	\$ 30,205	\$ 23,949	\$ 23,037	\$ 15,760
Average assets	\$ 6,717,886	\$ 7,019,299	\$ 4,355,800	\$ 4,350,546
Adjusted pre-tax, pre-provision return on average assets	1.78%	1.37%	2.10%	1.45%

Appendix: Non-GAAP Reconciliation *(Continued)*

	Allegiance Bancshares, Inc.						
	Years Ended					Three Months Ended	
	2017	2018	2019	2020	2021	9/30/2021	9/30/2022
	(Dollars and shares amounts in thousands, except per share data)						
Net income	\$ 17,632	\$ 37,309	\$ 52,959	\$ 45,534	\$ 81,553	\$ 19,060	\$ 14,286
(+) Provision for credit losses	13,188	4,248	5,939	27,374	(2,322)	2,295	1,962
(+) Provision for income taxes	8,747	7,948	13,427	10,437	18,341	4,614	3,406
Pre-tax, pre-provision income	\$ 39,567	\$ 49,505	\$ 72,325	\$ 83,345	\$ 97,572	\$ 25,969	\$ 19,654
Weighted average shares, diluted	13,458	15,773	21,424	20,546	20,355	20,411	20,114
Pre-tax, pre-provision earnings per share, diluted	\$ 2.94	\$ 3.14	\$ 3.38	\$ 4.06	\$ 4.79	\$ 1.27	\$ 0.98
Pre-tax, pre-provision income	\$ 39,567	\$ 49,505	\$ 72,325	\$ 83,345	\$ 97,572	\$ 25,969	\$ 19,654
Average assets	\$ 2,699,226	\$ 3,365,160	\$ 4,828,634	\$ 5,637,659	\$ 6,559,711	\$ 6,627,454	\$ 6,717,886
Pre-tax, pre-provision return on average assets	1.47%	1.47%	1.50%	1.48%	1.49%	1.55%	1.16%

	CBTX, Inc.						
	Years Ended					Three Months Ended	
	2017	2018	2019	2020	2021	9/30/2021	9/30/2022
Net income	\$ 27,571	\$ 47,289	\$ 50,517	\$ 26,361	\$ 35,598	\$ 14,421	\$ 12,747
(+) Provision for credit losses	(338)	(1,756)	2,385	18,892	(10,773)	(4,895)	1,012
(+) Provision for income taxes	16,453	11,364	11,571	6,034	9,920	2,913	3,381
Pre-tax, pre-provision income	\$ 43,686	\$ 56,897	\$ 64,473	\$ 51,287	\$ 34,745	\$ 12,439	\$ 17,140
Weighted average shares, diluted	22,573	25,018	25,053	24,803	24,572	24,544	24,464
Pre-tax, pre-provision earnings per share, diluted	\$ 1.94	\$ 2.27	\$ 2.57	\$ 2.07	\$ 1.41	\$ 0.51	\$ 0.70
Pre-tax, pre-provision income	\$ 43,686	\$ 56,897	\$ 64,473	\$ 51,287	\$ 34,745	\$ 12,439	\$ 17,140
Average assets	\$ 2,973,747	\$ 3,156,142	\$ 3,374,665	\$ 3,758,262	\$ 4,133,644	\$ 4,174,945	\$ 4,355,800
Pre-tax, pre-provision return on average assets	1.47%	1.80%	1.91%	1.36%	0.84%	1.19%	1.56%



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