



## ***Acquisition of Comanche National Corporation***

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## Forward-Looking Statements

This presentation contains statements regarding the proposed transaction (“merger”) between Spirit of Texas Bancshares, Inc. (“Spirit,” “STXB,” “we,” “us,” or “our”) and Comanche National Corporation (“Comanche”). These statements constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “estimates,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “seeks,” and variations of such words and similar expressions are intended to identify such forward-looking statements which are not statements of historical fact. These statements are based on current expectations, estimates, forecasts and projections and management assumptions about the future performance of each of Spirit, Comanche and the combined company, as well as the businesses and markets in which they do and are expected to operate. These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to assess. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) the businesses of Spirit and Comanche may not be combined successfully, or such combination may take longer to accomplish than expected; (2) the cost savings from the merger may not be fully realized or may take longer to realize than expected; (3) operating costs, customer loss and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected; (4) governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger; (5) the companies’ shareholders may not approve the merger; (6) adverse governmental or regulatory policies may be enacted; (7) the interest rate environment may further compress margins and adversely affect net interest income; (8) continued diversification of assets and adverse changes to credit quality; (9) difficulties associated with achieving expected future financial results; (10) competition from other financial services companies in Spirit’s and Comanche’s markets; or (11) an economic slowdown that would adversely affect credit quality and loan originations.

For a more complete list and description of such risks and uncertainties, refer to Spirit’s Registration Statement on Form S-1, as amended, filed with the Securities and Exchange Commission (the “SEC”) on April 6, 2018 and its related prospectus, filed with the SEC on May 4, 2018, as well as other filings made by Spirit with the SEC. Copies of such filings are available for download free of charge from the Investor Relations section of Spirit’s website at [www.sotb.com](http://www.sotb.com).

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## Important Additional Information

This communication is being made with respect to the proposed transaction involving Spirit and Comanche. This material is not a solicitation of any vote or approval of the Spirit or Comanche shareholders and is not a substitute for the joint proxy statement/prospectus or any other documents that Spirit and Comanche may send to their respective shareholders in connection with the proposed merger. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In connection with the proposed merger, Spirit will file with the SEC a Registration Statement on Form S-4 that will include a joint proxy statement of Spirit and Comanche and a prospectus of Spirit, as well as other relevant documents concerning the proposed merger. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS, INVESTORS AND SHAREHOLDERS ARE URGED TO READ CAREFULLY THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED MERGER, AS WELL AS ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC AND ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** Both Spirit and Comanche will mail the joint proxy statement/prospectus to their respective shareholders. Shareholders are also urged to carefully review and consider Spirit's public filings with the SEC, including, but not limited to, its Registration Statement on Form S-1, as amended, filed with the SEC on April 6, 2018, and its related prospectus, filed with the SEC on May 4, 2018, its proxy statement, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K. Copies of the Registration Statement and joint proxy statement/prospectus and other filings incorporated by reference therein, as well as other filings containing information about Spirit, may be obtained as they become available at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from Spirit at [www.sotb.com](http://www.sotb.com).

Spirit, Comanche and certain of their respective directors and executive officers, under the SEC's rules, may be deemed to be participants in the solicitation of proxies of Spirit's and Comanche's shareholders in connection with the proposed transaction. Information about the directors and executive officers of Spirit and their ownership of Spirit common stock is set forth in the proxy statement for Spirit's 2018 Annual Meeting of Shareholders, as filed with the SEC on Schedule 14A on June 22, 2018. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the joint proxy statement/prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.





# Overview of Comanche National Bank

- Community bank established in 1890 and headquartered in Comanche, Texas
- Eight branches in attractive deposit markets, including markets that complement Spirit's Tarrant County operations and provide for future "fill-in" opportunities
- Approximately \$350 million in total assets
- Loan to deposit ratio of ~40% – excess deposits of over \$180 million
- 1.10% return on average assets
- History of clean asset quality – average (0.02%) in annual net charge-offs over the past 5 years

## Bank Level Financial Highlights (6/30/18)

### Balance Sheet Data

Total Assets (\$M)	\$ 347.9
Total Loans (\$M)	124.6
Total Deposits (\$M)	306.6
Tangible Common Equity (\$M)	35.6
Loans to Deposits (%)	40.6

### Profitability Data (MRQ)

Return on Average Assets (%)	1.10
Net Interest Margin (%)	3.26
Efficiency Ratio (%)	62.7

### Asset Quality (MRQ)

Nonperforming Assets / Assets (%)	0.38
Net Charge-Offs / Average Loans (%)	(0.01)
Loan Loss Reserves / Loans (%)	2.50
Loan Loss Reserves / Nonperforming Assets (%)	238.0

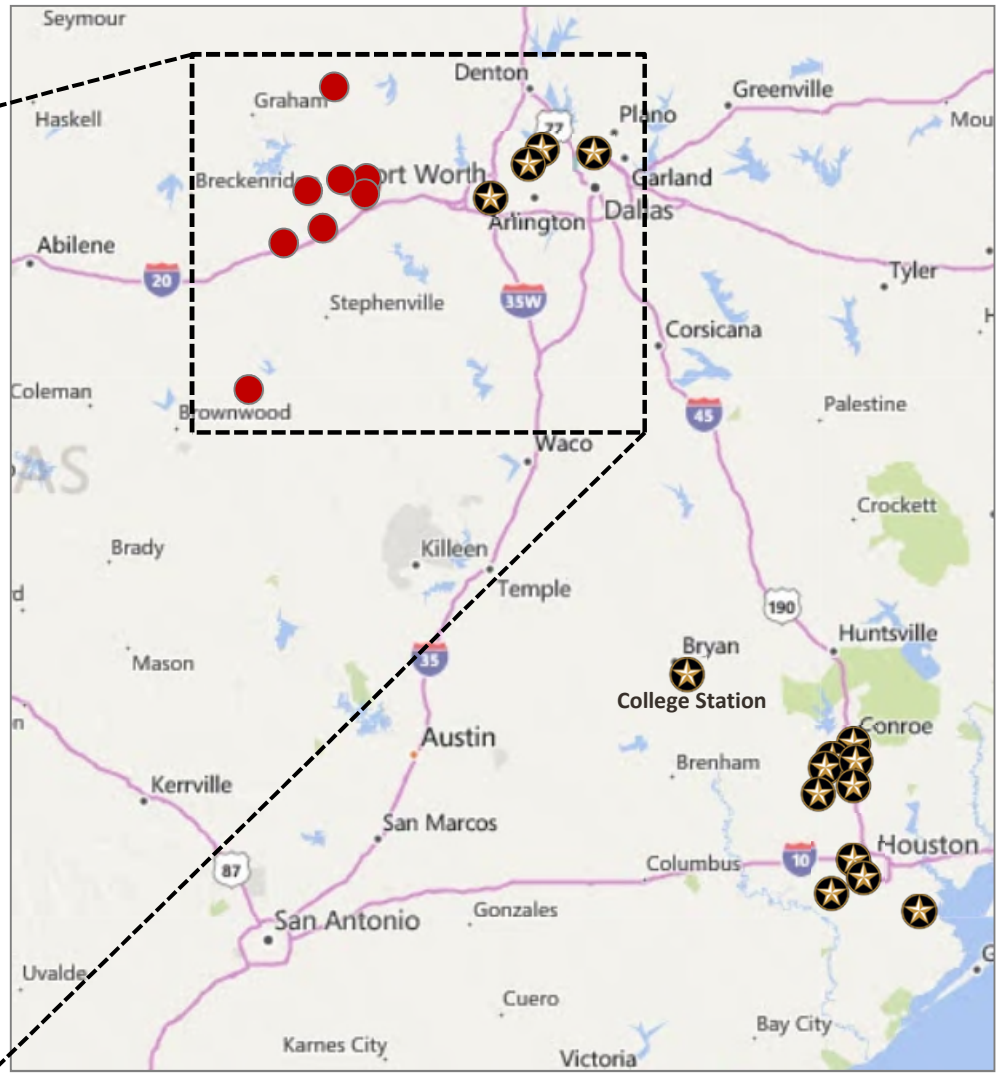
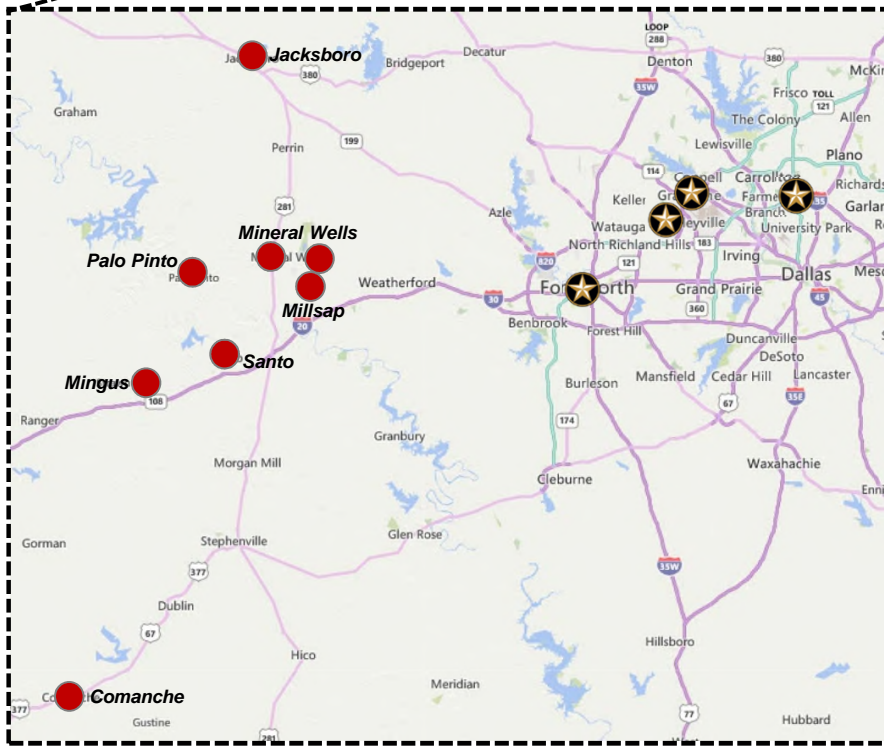




# Pro Forma Franchise

Comanche National Bank's excess deposits to supplement STXB's metropolitan lending and adds 8 branches in deposit-rich markets

- Comanche (8)
- ★ STXB (15)



Source: SNL Financial



# Transaction Summary

## Merger Partner

Comanche National Corporation (“Comanche”) and bank subsidiary, Comanche National Bank

## Transaction Value

\$55.9 million in aggregate as of July 18, 2018

## Stock Consideration

2,142,857 shares of STXB, or approximately \$43.6 million as of July 18, 2018

## Cash Consideration

Estimated \$12.2 million of cash, based on agreed to cash consideration of \$15.0 million less estimated after-tax seller transaction costs of \$2.8 million

## Pro Forma Ownership

82% STBX / 18% Comanche

## Board / Management

William K. “Kendall” Nix, Chairman of Comanche, to join STXB Board and Spirit of Texas Bank management  
Jeff Stewart, President of Comanche and CEO of the Comanche Bank, to join Spirit of Texas Bank management

## Anticipated Closing

Fourth quarter of 2018, subject to regulatory and shareholder approvals and other customary closing conditions





# Transaction Assumptions and Valuation

## Cost Savings

25% of Comanche noninterest expense (75% realized in 2019, and 100% thereafter)

## Mark-to-Market Adjustments

- Estimated 1.0% credit mark on gross loans
- \$400 thousand mark on \$2.8 million of Trust Preferred securities amortized over 18 years
- \$5.1 million unrealized loss on available-for-sale securities accreted over 4 years
- \$2.0 million fixed asset write up

## Core Deposit Intangibles

Estimated 2.0% of all non-time accounts, 10 year amortization – accelerated method

## Merger Multiples

<b>Aggregate Transaction Value<sup>(1)</sup></b>	<b>\$55.9 million</b>
Price / Tangible Book Value	1.65x
Price / LTM Net Income <sup>(2)</sup>	15.7x
Price / Est. 2018 Net Income	15.5x
Price / Est. 2019 Net Income	14.1x
Core Deposit Premium	9.8%

## Financial Impact

2019 EPS Accretion <sup>(3)</sup>	~ 15.0%
2020 EPS Accretion (First Full Year)	~ 16.6%
Initial TBV Dilution	~ 5%
TBV Earnback	3.0 Years
Regulatory Capital Ratios	Remain Well Capitalized



(1) Based on an STXB closing stock price of \$20.36 on July 18, 2018, and estimated seller transaction costs of \$2.8 million

(2) Excludes one-time \$266 thousand deferred tax asset revaluation associated with change in tax legislation

(3) Assumes a hypothetical transaction close date of December 31, 2018 and 75% noninterest expense cost savings realization for the full year



# Transaction Rationale

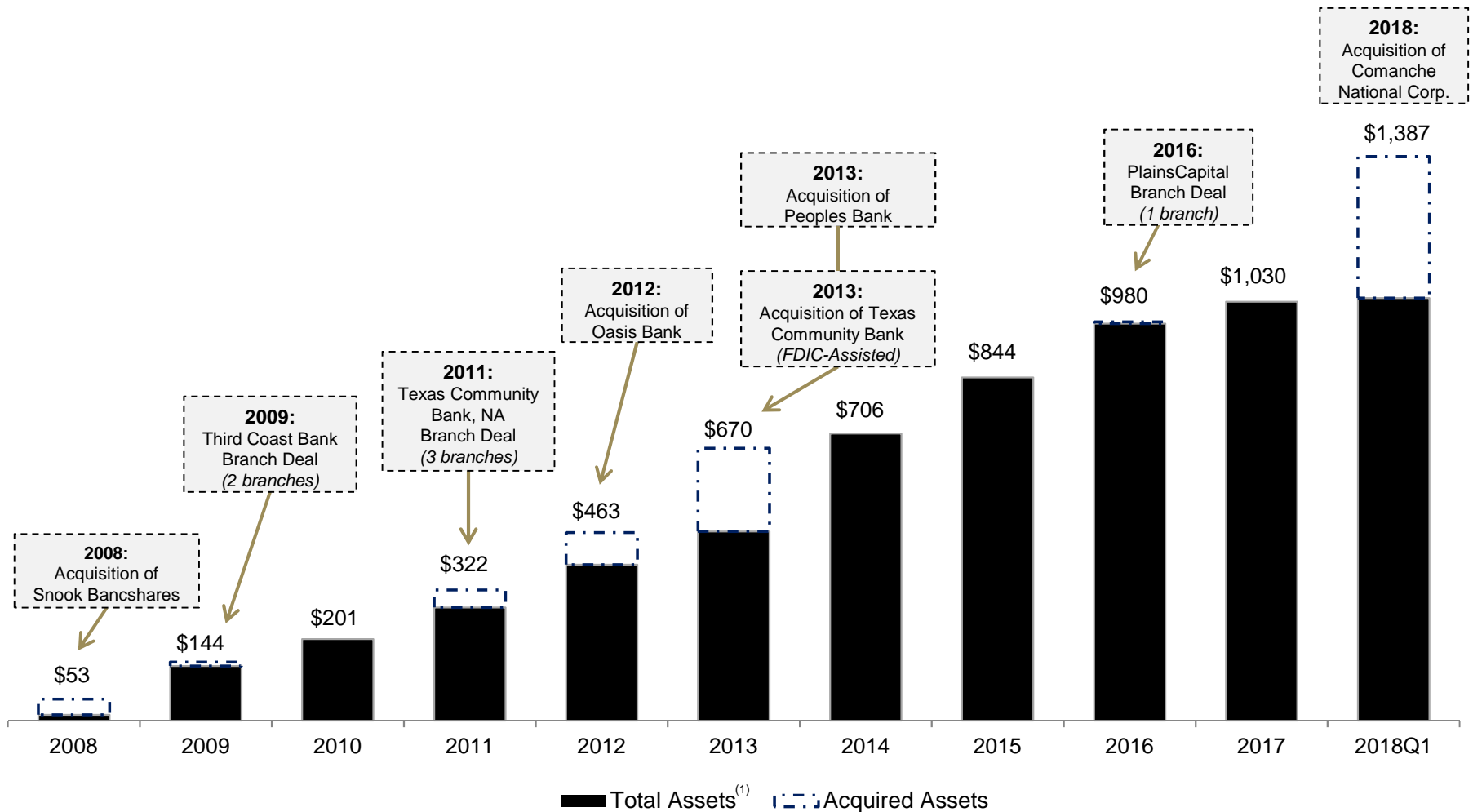
- **High-quality bank with attractive core deposit base and low loan to deposit ratio**
  - Comanche loan to deposit ratio of approximately 40% as of June 30, 2018
    - Over \$180 million of excess deposits
  - Estimated pro forma STXB loan to deposit ratio of approximately 88%
- **Financially attractive transaction**
  - Immediate double digit earnings per share accretion
  - Acceptable tangible book value dilution and earnback period
- **Adds significant scale and increases opportunity for enhanced efficiencies and profitability**
  - On a pro forma basis, STXB will be approximately \$1.4 billion in assets, with over \$1.0 billion in total loans
  - Additional future “fill-in” opportunities
- **Effective utilization of recently attained public stock and initial leveraging of IPO capital**
  - Additional IPO proceeds available for future acquisitions





# STXB Acquisition History

## Asset Growth Since Inception (\$M)

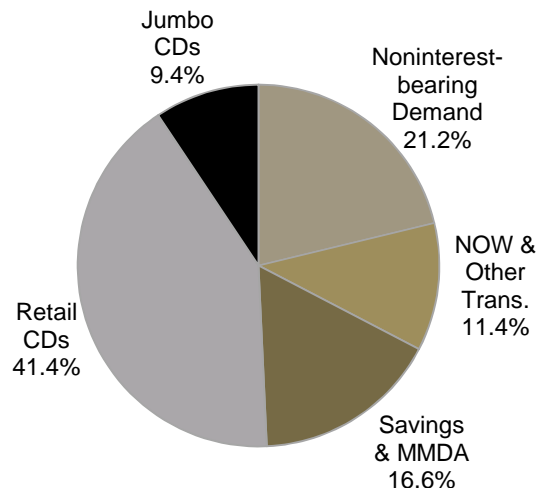


# Appendix



# Pro Forma Deposit Composition

## Spirit of Texas Bancshares



### Deposits (\$M)

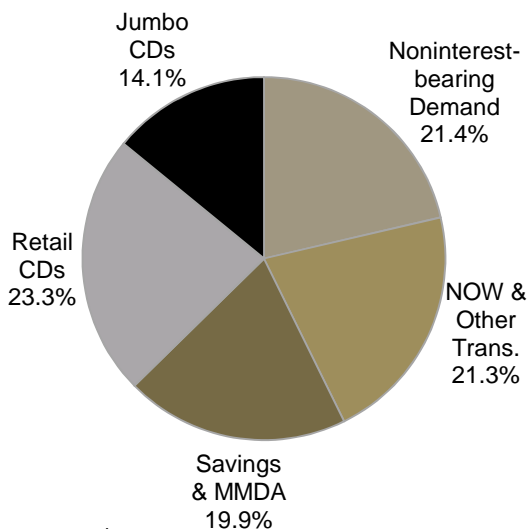
Noninterest-bearing Demand	\$ 178	21.2%
NOW & Other Trans.	96	11.4%
Savings & MMDA	140	16.6%
Retail CDs	348	41.4%
Jumbo CDs	79	9.4%
<b>Total</b>	<b>\$ 841</b>	<b>100.0%</b>

**Cost of Deposits: 0.82%**

**Yield / Cost Spread: 4.74%**

**Loans / Deposits: 105.4%**

## Comanche National Bank



### Deposits (\$M)

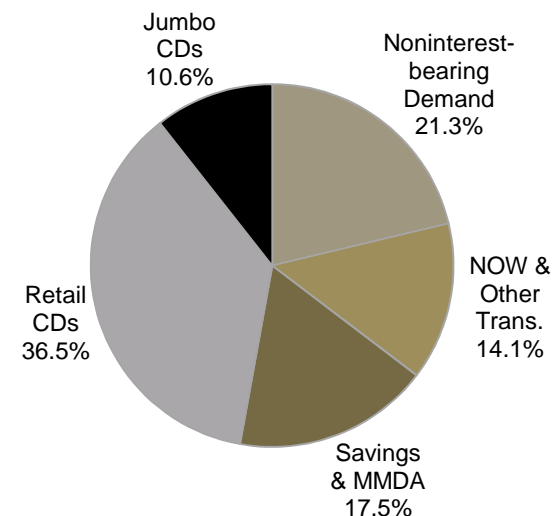
Noninterest-bearing Demand	\$ 66	21.4%
NOW & Other Trans.	65	21.3%
Savings & MMDA	61	19.9%
Retail CDs	71	23.3%
Jumbo CDs	43	14.1%
<b>Total</b>	<b>\$ 307</b>	<b>100.0%</b>

**Cost of Deposits: 0.58%**

**Yield / Cost Spread: 5.47%**

**Loans / Deposits: 40.6%**

## Pro Forma



### Deposits (\$M)

Noninterest-bearing Demand	\$ 244	21.3%
NOW & Other Trans.	162	14.1%
Savings & MMDA	201	17.5%
Retail CDs	419	36.5%
Jumbo CDs	122	10.6%
<b>Total</b>	<b>\$ 1,148</b>	<b>100.0%</b>

**Cost of Deposits: 0.76%**

**Yield / Cost Spread: 4.86%**

**Loans / Deposits: 88.1%**



**SPIRIT OF TEXAS**

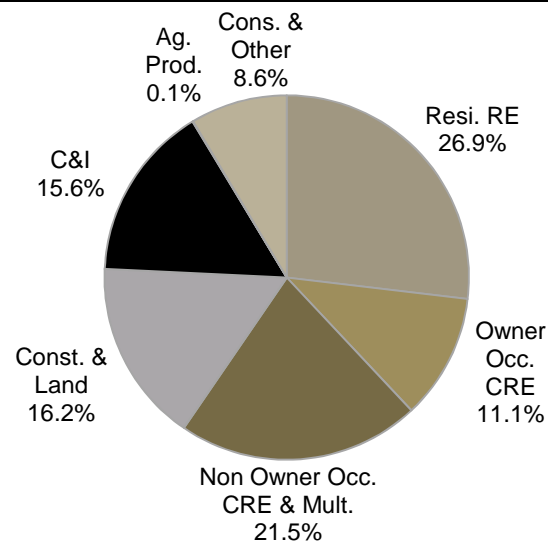
Source: SNL Financial

Note: STXB and Comanche National Bank reflect regulatory financial data as of 3/31/18 and 6/30/18, respectively



# Pro Forma Loan Portfolio

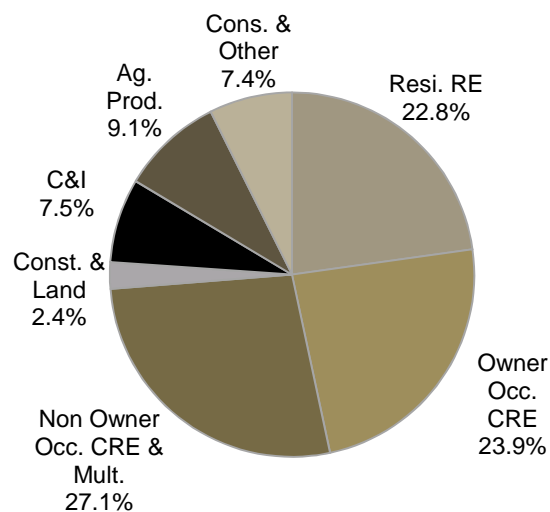
## Spirit of Texas Bancshares



Loans (\$M)		
Residential RE	\$ 238	26.9%
Owner Occ. CRE	99	11.1%
Non Owner Occ. CRE & Multi	191	21.5%
Construction & Land	144	16.2%
C&I	138	15.6%
Agricultural Production	0	0.1%
Consumer & Other	76	8.6%
<b>Total</b>	<b>\$ 887</b>	<b>100.0%</b>

Yield on Loans: 5.56%

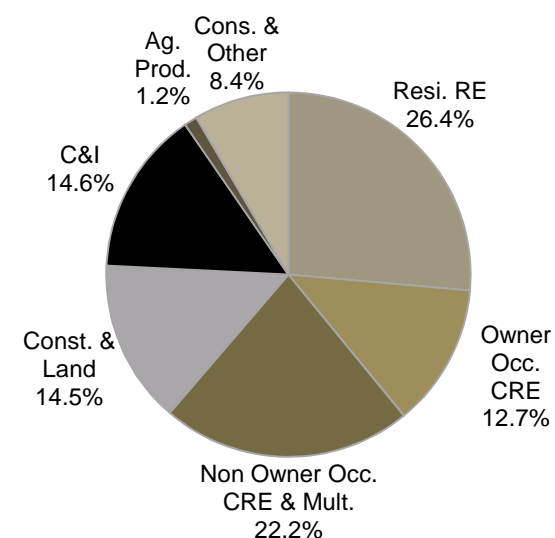
## Comanche National Bank



Loans (\$M)		
Residential RE	\$ 28	22.8%
Owner Occ. CRE	30	23.9%
Non Owner Occ. CRE & Multi	34	27.1%
Construction & Land	3	2.4%
C&I	9	7.5%
Agricultural Production	11	9.1%
Consumer & Other	9	7.4%
<b>Total</b>	<b>\$ 125</b>	<b>100.0%</b>

Yield on Loans: 6.05%

## Pro Forma



Loans (\$M)		
Residential RE	\$ 267	26.4%
Owner Occ. CRE	128	12.7%
Non Owner Occ. CRE & Multi	225	22.2%
Construction & Land	147	14.5%
C&I	148	14.6%
Agricultural Production	12	1.2%
Consumer & Other	85	8.4%
<b>Total</b>	<b>\$ 1,011</b>	<b>100.0%</b>

Yield on Loans: 5.62%



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Source: SNL Financial  
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## Contact Information

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