

RELATIONSHIPS MATTER

2022 Summary Annual Report



Relationships matter when...

- THERE IS ECONOMIC UNCERTAINTY
- TIMELY DECISIONS ARE NECESSARY
- YOU NEED AN EXPERIENCED BANKING PARTNER
- YOU WANT THE SUPPORT OF A DEDICATED TEAM
- THE LATEST BANKING TECHNOLOGY IS IMPORTANT

All of the Above



A Message from the CEO

2022 REVIEW

This time last year we were looking forward to a post-COVID, “normal” operating environment in 2022. What we experienced instead was, for the third year in a row, yet another unexpected and atypical economic environment. This past year the challenges were unacceptable levels of inflation and the resulting increases in interest rates not seen in decades.

The Dallas Capital Team once again accepted the challenge. Using a combination of preparation, flexibility, and execution the Team was able to add many new clients as we grew Core Loans by nearly 30%. At the completion of the year, we were gratified to have been able to generate both record Operating Earnings and Net Income, up 35% and 21% respectively.

It is appropriate to pause and acknowledge the current unpredictability of the economic landscape as this is going to print. This moment in time is a reminder of the true benefits of relationship banking and that where you bank really does matter.

So, to our Team, we say, “Job Well Done!” To our many great clients, we say, “Thank You” for entrusting us with your banking business and your friendship.



the CEO

“Now, more than ever, it's important to have a banking partner that's local, accessible, transparent, and conservatively managed.”

Douglas E. Hutt
Chairman and CEO

RELATIONSHIPS
MATTER
WHEN...

accelerated change is the only constant.

Sometimes business owners don't realize they don't have a true banking partner until it is too late. We want to help you manage through economic uncertainty by supporting your business with a true banking relationship. How would you assess your current banking relationship?

- YOUR BUSINESS, GOALS, AND VISION ARE UNDERSTOOD
- YOU CAN EXPECT TIMELY AND WELL-THOUGHT-OUT FEEDBACK
- THERE IS MUTUAL INVESTMENT AND MUTUAL BENEFIT
- YOUR BANKER PROACTIVELY INITIATES IDEAS THAT ADD VALUE TO YOUR BUSINESS

If your current bank doesn't check most of these, you should talk to one of our bankers. Get confident in your banking relationship by including Dallas Capital Bank as part of your business plan.



OUR MODEL. YOUR STABILITY.

We've built our entire bank around the express purpose of helping middle market businesses and entrepreneurs focus on their core mission. How do we do it? Dallas Capital Bank brings the expertise and technology of a big bank, combined with the world-class service of a boutique, relationship-focused bank. If you have outgrown your bank or, conversely, if your bank has outgrown you, we welcome a conversation. We are Dallas Bankers serving Dallas Businesses.

RELATIONSHIPS
MATTER
WHEN...

you need quick and thoughtful responses, not a stalled bureaucracy.

Every successful business needs a consistent and reliable bank. The reality is there are many banks capable of banking your business, but they can't deliver because of their location or unwieldy credit approval process. At Dallas Capital Bank you have relationships with local decision-makers who reach conclusions quickly and communicate clearly. Within days, sometimes hours, you know where a deal stands instead of feeling left in the dark for weeks or months.

In this economic climate, you don't have time to spin your wheels. You need someone who does what they say they will - and does it quickly. That's what you get with DCB. Let's work together to expedite deals across the finish line so you can achieve your goals and watch your business prosper.



"they bring solutions to complex issues in record time."

- Innovative IDM

RELATIONSHIPS
MATTER
WHEN...

**you need
a banking partner, not
a product salesperson.**



Your business is unique and doesn't deserve cookie-cutter banking solutions. The "product of the month" doesn't always address the demands of a dynamic and growing business.

We understand. We are entrepreneurial bankers who have extensive business backgrounds and the authority to offer terms based on the specific situation and the needs of the client.

DALLAS CAPITAL BANKERS HAVE A DIFFERENT APPROACH.

We strive to:

- 1 Understand what you are trying to accomplish**
- 2 Collaborate with you to solve the need**
- 3 Structure solutions that meets the need while staying on track with your goals**

At DCB we can help our clients because we think like practical business owners. We know how valuable it is to talk through business decisions and have access to local solid business connections. A Dallas Capital Bank relationship puts an end to wasting time with dead-end options and allows you to move forward with business-minded solutions.

**"they're practical
business people."**

- Alturus Capital

RELATIONSHIPS
MATTER
WHEN...

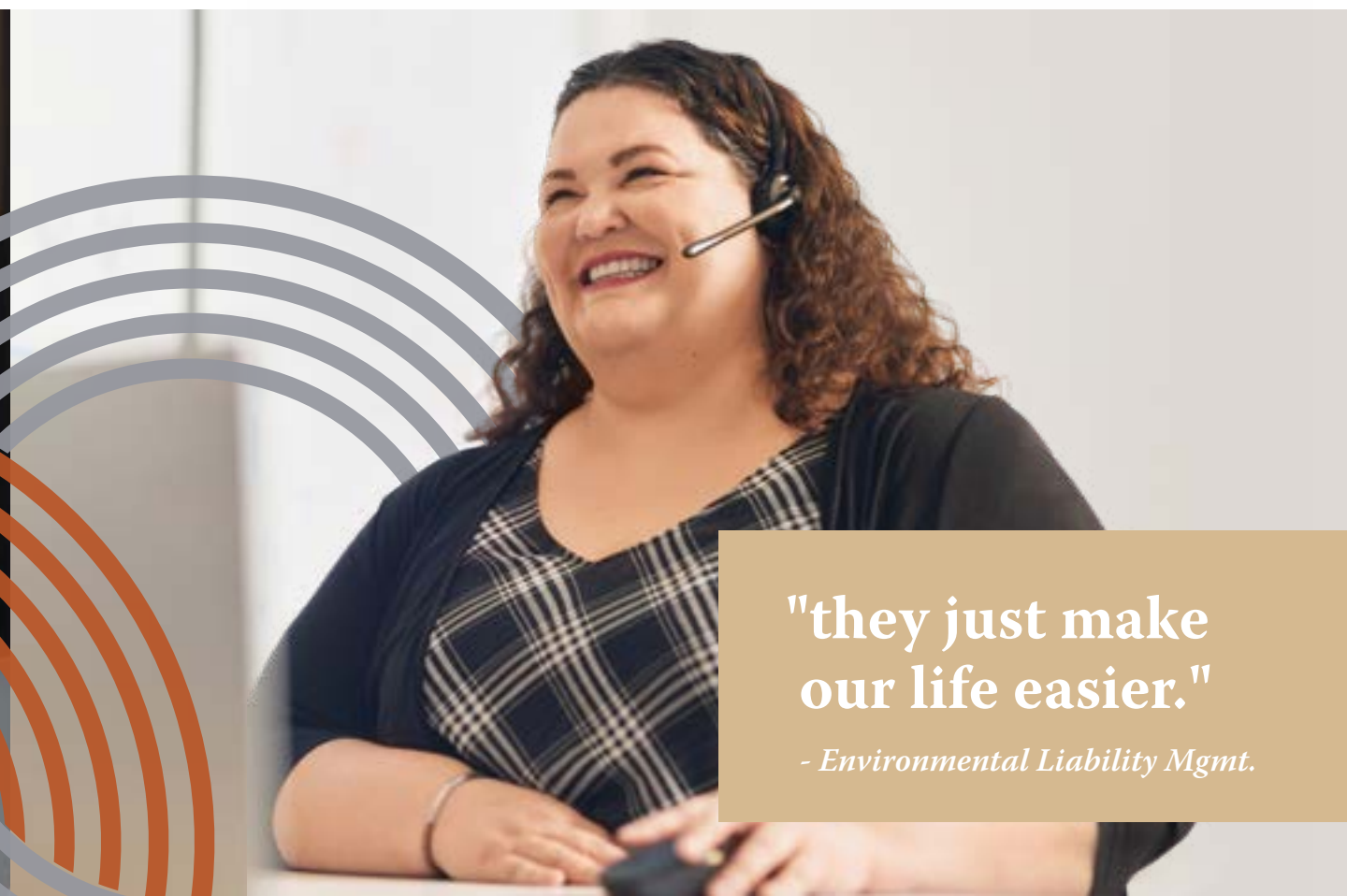
you need a dedicated team, not a 1.800 number.

At DCB we know the focus it takes to be an effective industry leader. In order to maximize your capacity you need a dedicated team that makes transactions efficient and easy. The problem is simple tasks are no longer simple at most banks. It takes jumping through hoops and talking to multiple people which wastes your employees' time and energy.

At DCB we believe part of our job is making your life easier.

- ✓ **Easy to get someone on the phone who knows you**
- ✓ **Easy to talk through an issue and get answers**
- ✓ **Easy to feel like someone is actually focused on getting what you need done in a timely manner**

We are passionate about providing white-glove client service. When you call, you can expect a dedicated team who knows your business, ready to provide a seamless experience. A DCB relationship provides the support your hard-working team deserves.



"they just make
our life easier."

- *Environmental Liability Mgmt.*

RELATIONSHIPS
MATTER
WHEN...

you need big bank technology, not outdated systems.

Don't be fooled by our size. One of the ways we punch above our weight class is by constantly updating and investing in our digital product offerings to make sure you are at the top of your game.

In order for you to get the personal attention of a boutique bank with the backing and capabilities of a major financial institution, we continue to invest in the best banking technology and people so you have the power to bank wherever you want with the relationship to support you.

- ✓ ONE OF THE FIRST 30 BANKS IN THE UNITED STATES APPROVED TO BOTH SEND AND RECEIVE MONEY USING THE RTP® NETWORK
- ✓ EIGHT NEW TREASURY MANAGEMENT PRODUCTS ADDED IN 2022
- ✓ INTEGRATED INVOICING
- ✓ ONLINE PAYMENT PLATFORMS
- ✓ UPDATED MERCHANT SERVICES
- ✓ A SUITE OF DIGITAL SOLUTIONS



A NEW WAY TO MOVE MONEY: THE RTP® NETWORK

Dallas Capital Bank now has full RTP® (Real Time Payment) capabilities improving the flow of commerce in the digital economy. RTP® allows for improved cash flow with precisely timed payments in real time, anytime. Transactions are streamlined through two-way communication providing relevant information to both parties and immediate availability of funds. Dallas does business in real time, and now you can, too, with RTP® at Dallas Capital Bank.

Dallas Capital Bank is proud to be a leader in adopting technology solutions that provide the most convenient, efficient, and cost-effective results for our clients. Rather than eliminating the need for ACH or wire services, we expect RTP offerings to be a new addition to our suite of payment options. In addition to this commitment to technology, our bankers are well-versed and well-educated in helping you position this offering to best serve your business.



EXECUTIVE MANAGEMENT

From Left Standing:

Travis Houstoun
Executive Vice President, Chief Credit Officer

Wendy Blackwell
Executive Vice President, Managing Director,
Deposit & Treasury Management

Patrick Hazelip
Executive Vice President, Chief Financial Officer

Tara Campbell
Executive Vice President, Director of Operations

Patrick Brown

Executive Vice President, Managing Director,
Commercial Real Estate

From Left Seated:

Darren Durrett
Executive Vice President, Managing Director,
Commercial Banking

Jason Matthews
Executive Vice President, Chief Banking Officer

Douglas E. Hutt

Chairman and CEO

John Thomson
Executive Vice President, Managing Director,
Mortgage Warehouse

Tracy Lozes
Senior Vice President, Human Resources Manager

Not Pictured:

Doug Staley
Executive Vice President, Chief Risk Officer

"They're playing the long game, and they're playing the relationship game. It's not about maximizing profit at the expense of a long-term relationship."

- Blue Road Investments



Transparency in Numbers

"Our 2022 results were in line with our business plan for the year. I am pleased that we continued to grow our core business despite market volatility and the impact of rising interest rates. With over a billion in assets, a very strong capital position, and a 35% increase in Operating Earnings, our team finished the year strong and the Bank is well-positioned for 2023."

Douglas E. Hutt, Chairman and CEO

OPERATING EARNINGS (in thousands)

35.2% increase year-over-year

25.5% 5 year compound annual growth rate



CORE LOANS (in thousands)

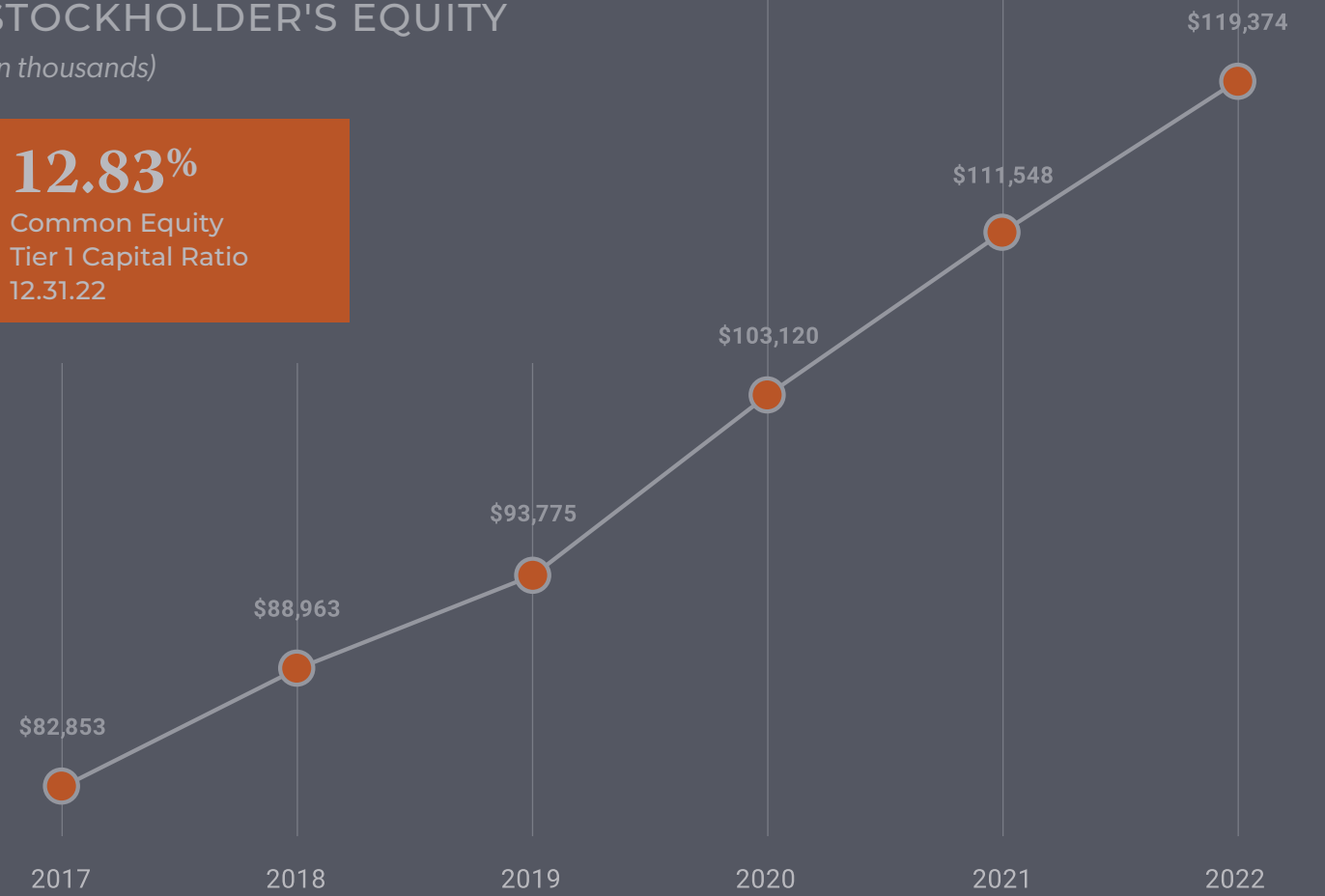
28.9% increase year-over-year

16.0% 5 year compound annual growth rate



STOCKHOLDER'S EQUITY (in thousands)

12.83%
Common Equity
Tier 1 Capital Ratio
12.31.22



Statement of Condition

(in thousands)

	DEC 2018	DEC 2019	DEC 2020	DEC 2021	DEC 2022
Assets					
Cash and cash equivalents	\$ 64,073	\$ 53,551	\$ 69,809	\$ 109,399	\$117,626
Securities	171,837	111,875	89,404	146,731	139,219
Loans, net	567,512	635,703	841,737	745,053	778,437
Other assets	50,277	49,699	51,675	51,641	59,478
TOTAL ASSETS	\$ 853,699	\$ 850,828	\$1,052,625	\$1,052,824	\$1,094,760
Liabilities and Stockholder's Equity					
Deposits	\$ 569,879	\$ 630,645	\$ 726,473	\$ 898,082	\$ 862,467
Federal Home Loan Bank advances	191,000	123,000	219,800	40,000	105,000
Other liabilities	3,857	3,408	3,232	3,194	7,919
Total liabilities	764,736	757,053	949,505	941,276	975,386
Stockholder's equity	88,963	93,775	103,120	111,548	119,374
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 853,699	\$ 850,828	\$1,052,625	\$1,052,824	\$1,094,760

2023 VISION

As we look toward 2023 and into 2024, we see the continuance of volatile interest rates, lingering inflation, and uncertain economic clouds, particularly at the national level.

Whether these items materialize or dissipate, we remain bullish for the following reasons: we are financially strong and well capitalized, we continue to receive ongoing market affirmation of our business model, we are adding key teammates to our already robust roster, and of course we are blessed to call Dallas and North Texas HOME!

Because of those factors, we will continue to serve and support our clients, our stakeholders, and one another through whatever comes our way. THAT'S HOW DALLAS DOES BUSINESS!



THOUGHTS
FROM OUR
DIRECTORS...



"The uncertain economic climate demands a bank built to withstand and succeed, as well as experienced bankers who've seen it all before and can be a trusted resource no matter the challenges your business faces."

- DOUGLAS E. HUTT,
Chairman and CEO

"DCB understands that your business growth relies on communication and quick decisions. Our decision makers are local and credit decisions are made here in Dallas. A local, trusted relationship is invaluable for keeping up with the speed of business."

- DOUG DEASON, Director



"Confidence, Confidentiality, and Trust are every bank client's expectation and DCB delivers!"

- DON POWELL, Director

"Your business needs a bank that serves more than the interests of its shareholders. DCB serves our clients, Team Members, and shareholders equally."

- LARRY MAKEL, Director



"We are a traditional bank, serving traditional businesses. We love entrepreneurial businesses. They are Main Street and so are we."

- ROBERT SCHACK, Director

"A successful banking partnership requires reliability and transparency. DCB's relationship focus prioritizes these needs, allowing you and your team to stay focused on your goals."

- GINNY KISLING, Director



"Timely communication, honest feedback, and accessibility are the key ingredients to DCB's client service model. Our white-glove approach to service is unmatched."

- BRUCE M. MONROE, Director



Thank you to our Team Members for their dedication to providing best-in-class service to our clients. We are proud of what we've accomplished together since 2015, but we are even more excited about our future!

From the Board of Directors
04.2023

DallasCapitalBank

HOW DALLAS DOES BUSINESS



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