

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (date of earliest event reported): February 5, 2020

**VERITEX HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

**Texas**  
(State or other jurisdiction of  
incorporation or organization)

**001-36682**  
(Commission File Number)

**27-0973566**  
(I.R.S. Employer  
Identification Number)

**8214 Westchester Drive, Suite 800**  
**Dallas, Texas 75225**  
(Address of principal executive offices)

**(972) 349-6200**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	VBTX	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01 Regulation FD Disclosure**

The attached presentation contains information that the members of Veritex Holdings, Inc. (the "Company" or "Veritex") management will use during visits with investors, analysts, and other interested parties to assist their understanding of the Company from time to time throughout the first quarter of 2020.

As provided in General Instruction B.2 to Form 8-K, the information furnished in Item 7.01 and Exhibit 99.1 of this Current Report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and such information shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Presentation materials, dated February 5, 2020</a>
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Veritex Holdings, Inc.

By: /s/ C. Malcolm Holland, III  
C. Malcolm Holland, III  
Chairman and Chief Executive Officer  
Date: February 5, 2020



VERITEX

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Investor Presentation

February 2020

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## Forward-looking statements

This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on various facts and derived utilizing assumptions, current expectations, estimates and projections and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, statements relating to the expected payment date of Veritex’s quarterly cash dividend, Veritex’s business and growth strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing words. We refer you to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Veritex’s Annual Report on Form 10-K for the year ended December 31, 2018 and any updates to those risk factors set forth in Veritex’s Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission (“SEC”), which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov). If one or more events related to these or other risks or uncertainties materialize, or if Veritex’s underlying assumptions prove to be incorrect, actual results may differ materially from what Veritex anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. Veritex does not undertake any obligation, and specifically declines any obligation, to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. All forward-looking statements, expressed or implied, included in this presentation are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Veritex or persons acting on Veritex’s behalf may issue.

This presentation also includes industry and trade association data, forecasts and information that Veritex has prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys, government agencies and other information publicly available to Veritex, which information may be specific to particular markets or geographic locations. Some data is also based on Veritex’s good faith estimates, which are derived from management’s knowledge of the industry and independent sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Although Veritex believes these sources are reliable, Veritex has not independently verified the information contained therein. While Veritex is not aware of any misstatements regarding the industry data presented in this presentation, Veritex’s estimates involve risks and uncertainties and are subject to change based on various factors. Similarly, Veritex believes that its internal research is reliable, even though such research has not been verified by independent sources.

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# Non-GAAP Financial Measures

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Veritex reports its results in accordance with United States generally accepted accounting principles ("GAAP"). However, management believes that certain supplemental non-GAAP financial measures used in managing its business provide meaningful information to investors about underlying trends in its business. Management uses these non-GAAP measures to assess the Company's operating performance and believes that these non-GAAP measures provide information that is important to investors and that is useful in understanding Veritex's results of operations. However, non-GAAP financial measures are supplemental and should be viewed in addition to, and not as an alternative for, Veritex's reported results prepared in accordance with GAAP. The following are the non-GAAP measures used in this presentation:

- Tangible book value per common share;
- Tangible common equity to tangible assets;
- Returns on average tangible common equity;
- Operating net income;
- Pre-tax, pre-provision operating earnings;
- Diluted operating earnings per share ("EPS");
- Operating return on average assets;
- Operating return on average tangible common equity;
- Operating efficiency ratio;
- Operating noninterest income; and
- Operating noninterest expense.

Please see "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for reconciliations of non-GAAP measures to the most directly comparable financial measures calculated in accordance with GAAP.

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# Overview of Franchise

- Headquartered in Dallas, Texas
- Commenced banking operations in 2010; completed IPO in 2014
- Focused on relationship-driven commercial and private banking across a variety of industries, predominantly in Texas

## Profitability – Full Year 2019

ROAA	1.14%
Operating ROAA <sup>1</sup>	1.56%
PTPP ROAA <sup>1</sup>	2.24%
ROATCE <sup>1</sup>	13.02%
Operating ROATCE <sup>1</sup>	17.39%
Efficiency Ratio	56.41%
Operating Efficiency Ratio <sup>1</sup>	43.80%

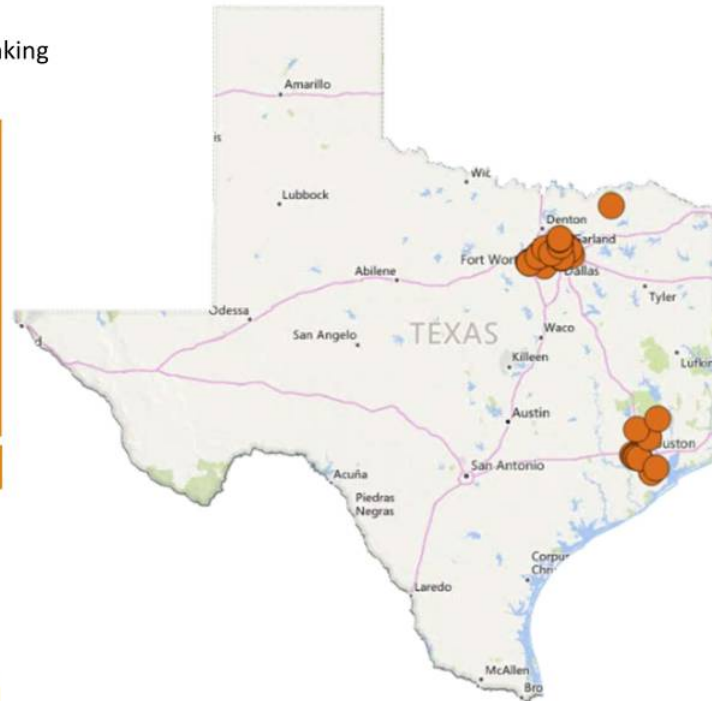
## Balance Sheet – Quarter Ended December 31, 2019

Total Assets	\$7,955
Total Loans	\$5,935
Total Deposits	\$5,894
Book Value Per Common Share	\$23.32
Tangible Book Value Per Common Share <sup>1</sup>	\$14.74

## Asset Quality – Quarter Ended December 31, 2019

NPAs / Total Assets	0.50%
ALLL + PD <sup>2</sup> / Total Loans	1.31%

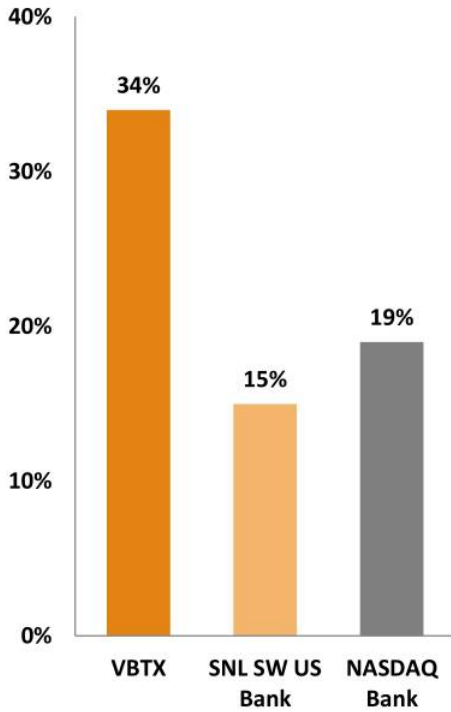
- 1) Operating return on average assets, pre-tax, pre-provision operating return on average assets, return on average tangible common equity, operating return on average tangible common equity, operating efficiency ratio and tangible book value per common share are non-GAAP financial measures. Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.
- 2) Purchase discount ("PD")



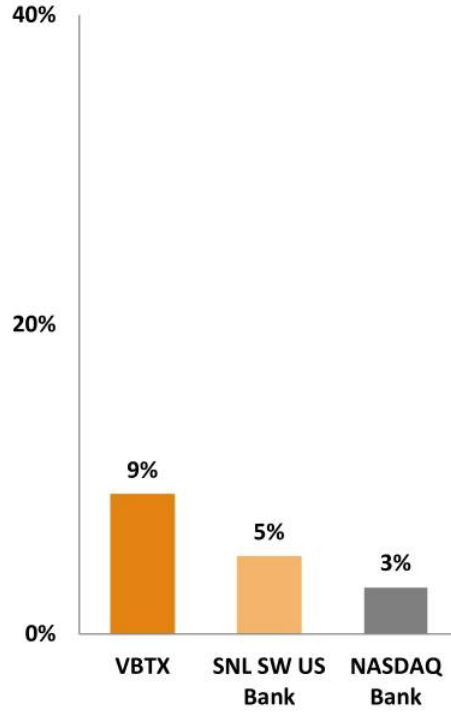


# Stock Price Performance

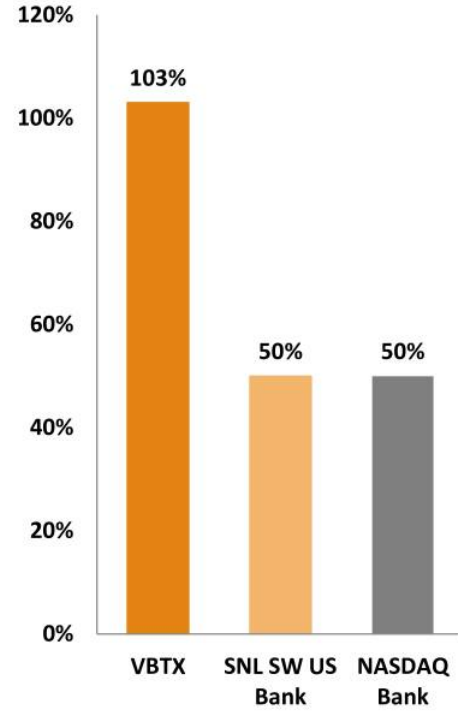
1 Year: 1/1/19 – 12/31/19



3 Year: 1/1/17 – 12/31/19



5 Year: 1/1/15 – 12/31/19



Source: S&P Global Market Intelligence





# Franchise Highlights

<b>Strong Core Earnings Profile</b>	<ul style="list-style-type: none"><li>• 2019 pre-tax, pre-provision (“PTPP”) operating earnings of \$178.2 million<sup>1</sup>, representing a PTPP return on average assets of 2.24%<sup>1</sup> vs. 2.02%<sup>1</sup> for 2018</li><li>• 2019 operating return on average tangible common equity (“ROATCE”) of 17.39%<sup>1</sup></li><li>• Branch light business model</li></ul>
<b>Attractive Core Markets<sup>2</sup></b>	<ul style="list-style-type: none"><li>• Attractive commercial footprint supported by deposit base held in Texas</li><li>• Well positioned for growth: core markets of Dallas-Fort Worth (“DFW”) and Houston rank in the Top 5 MSAs in the nation for both estimated 2020-2025 population growth and in the Top 10 for total MSA deposits</li></ul>
<b>Well Positioned for Growth</b>	<ul style="list-style-type: none"><li>• Scalable platform to support significant growth</li><li>• Highly skilled bankers in DFW and Houston metro areas with capacity to drive growth</li><li>• Significant liquidity and capital to support growth initiatives</li><li>• Opportunistic in all areas of our business model driven by recent merger disruption in our marketplace</li></ul>
<b>Capable Strategic Acquirer</b>	<ul style="list-style-type: none"><li>• Track record of disciplined acquisitions and successful integrations</li><li>• Acquisitions have provided significant strategic benefits and opportunities</li></ul>
<b>Diversified Loan Portfolio</b>	<ul style="list-style-type: none"><li>• Downside risk in the loan portfolio is mitigated by 37.6% of the total portfolio credit marked in the last 2 years</li><li>• Allowance for loan losses (“ALLL”) plus remaining purchase discount to total loan portfolio is 1.31%</li><li>• Limited energy exposure</li></ul>
<b>Experienced Management Team</b>	<ul style="list-style-type: none"><li>• Management team with significant experience driving efficiency, growth and culture</li><li>• Track record of strategic acquisitions, proactive management of credit resulting in limited credit losses and building out origination teams to support growth</li></ul>

- 1) Pre-tax, pre-provision operating earnings, pre-tax, provision operating return on average assets, return on average tangible common equity are non-GAAP financial measures. Please refer to the “Reconciliation of Non-GAAP Financial Measures” at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.
- 2) Represents Dallas and Houston rank amongst the Top 25 largest U.S. Metropolitan Statistical Areas (“MSAs”) by population



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# Superior Growth Markets

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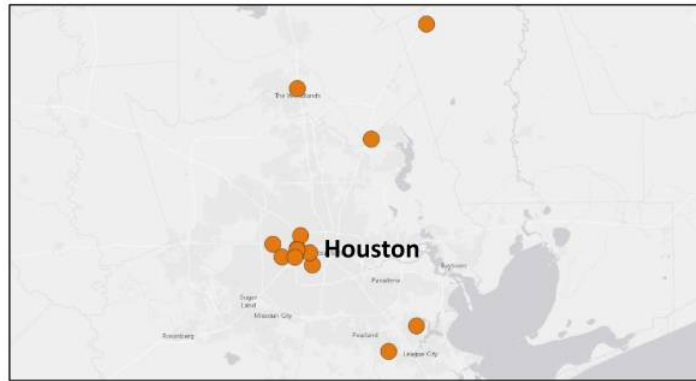
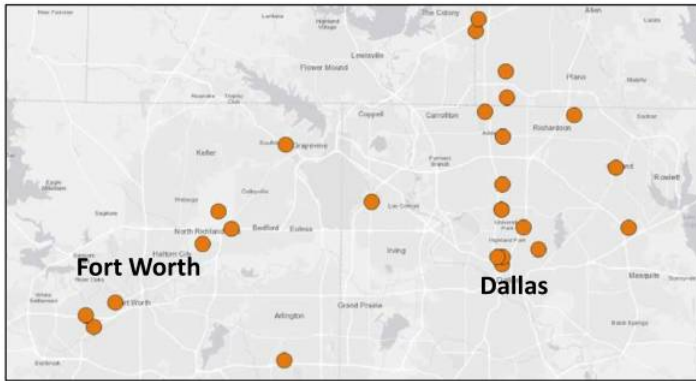
# Texas Deposit Market Share & Branch Presence

## Dallas-Fort Worth-Arlington

Rank	Institution	Branches	Deposits in Market <sup>1</sup> (\$000)	Deposit Market Share <sup>1</sup> (%)
1	Bank of America Corporation (NC)	139	84,898,891	28.99
2	JPMorgan Chase & Co. (NY)	213	64,341,031	21.97
3	Wells Fargo & Co. (CA)	172	19,957,723	6.82
4	Texas Capital Bancshares Inc. (TX)	7	18,931,311	6.47
5	BBVA	93	11,121,557	3.80
6	Prosperity Bancshares Inc. (TX)	74	8,542,084	2.92
7	NexBank Capital Inc. (TX)	3	7,062,237	2.41
8	Cullen/Frost Bankers Inc. (TX)	38	6,710,159	2.29
9	Independent Bk Group Inc. (TX)	34	5,861,577	2.00
10	Comerica Inc. (TX)	55	4,771,516	1.63
11	Veritex Holdings Inc. (TX)	26	4,459,847	1.52
Total For Institutions In Market		1,601	292,810,367	

## Houston-The Woodlands-Sugar Land

Rank	Institution	Branches	Deposits in Market <sup>1</sup> (\$000)	Deposit Market Share <sup>1</sup> (%)
1	JPMorgan Chase & Co. (NY)	190	109,965,045	44.93
2	Wells Fargo & Co. (CA)	182	24,434,154	9.98
3	Bank of America Corporation (NC)	112	23,786,677	9.72
4	BBVA	75	14,210,493	5.81
5	Zions Bancorp. NA (UT)	64	10,172,740	4.16
6	Capital One Financial Corp. (VA)	35	4,965,521	2.03
7	Prosperity Bancshares Inc. (TX)	58	4,631,023	1.89
8	Cadence Bancorp. (TX)	12	4,481,925	1.83
9	Woodforest Financial Grp Inc. (TX)	105	4,409,143	1.80
10	Cullen/Frost Bankers Inc. (TX)	37	4,405,713	1.80
11	Allegiance Bancshares Inc. (TX)	26	3,756,314	1.53
12	Comerica Inc. (TX)	48	2,773,341	1.13
13	Texas Capital Bancshares Inc. (TX)	2	2,076,055	0.85
14	BOK Financial Corp. (OK)	11	1,684,815	0.69
15	Veritex Holdings Inc. (TX)	13	1,648,921	0.67
Total For Institutions In Market		1,414	244,743,521	



1) Deposit data as of June 30, 2019  
Source: S&P Global Market Intelligence



# Well Positioned in Attractive Texas Markets

## Overview

- Texas remains one of the more attractive states in the U.S. from a demographic and commercial opportunity perspective:
  - Population growth expected to double U.S. average
  - If Texas were a sovereign nation, it would rank the 10<sup>th</sup> largest economy in the world based on GDP, ahead of Australia, Mexico, Spain, Russia and many others
  - Pro-business environment with no state income taxes
  - Behind Texas' strong economy are 50 Fortune 500 companies headquartered in Texas, more than 1,500 foreign companies and 2.4 million small businesses
  - Texas is the #1 exporting state in the nation for the 17<sup>th</sup> consecutive year, exporting \$315 billion in goods in 2018
  - 13 million in the Texan workforce, representing the second largest civilian workforce in the U.S.
  - Texas marked its 115<sup>th</sup> consecutive month of job gains in November 2019

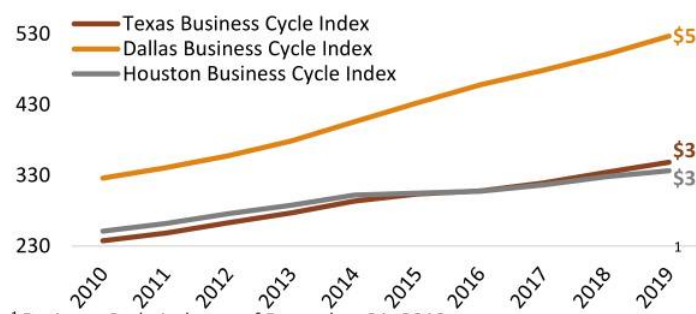
Source: Texas Office of the Governor (Economic Development and Tourism)

## Favorable Demographics

	MSA Deposits (\$ in billion) (Top 25 Rank <sup>1</sup> )	2018-2023 Est. Pop. Growth (Top 25 Rank <sup>1</sup> )	2018-2023 Est. HHI Growth (Top 25 Rank <sup>1</sup> )
Houston, TX	\$246 (#12)	8.3% (#1)	7.7% (#24)
DFW	\$2,484 (#9)	7.7% (#4)	9.8% (#16)
Texas	\$840	7.1%	9.5%
<b>United States</b>	<b>\$12,308</b>	<b>3.5%</b>	<b>8.9%</b>

Source: FDIC, S&P Global Market Intelligence, <sup>1</sup>Represents Houston and DFW rank amongst the Top 25 largest U.S. MSAs by population

## Continued Strengthening in Texas Economy



<sup>1</sup> Business Cycle Index as of December 31, 2019.

Source: Federal Reserve Bank of Dallas



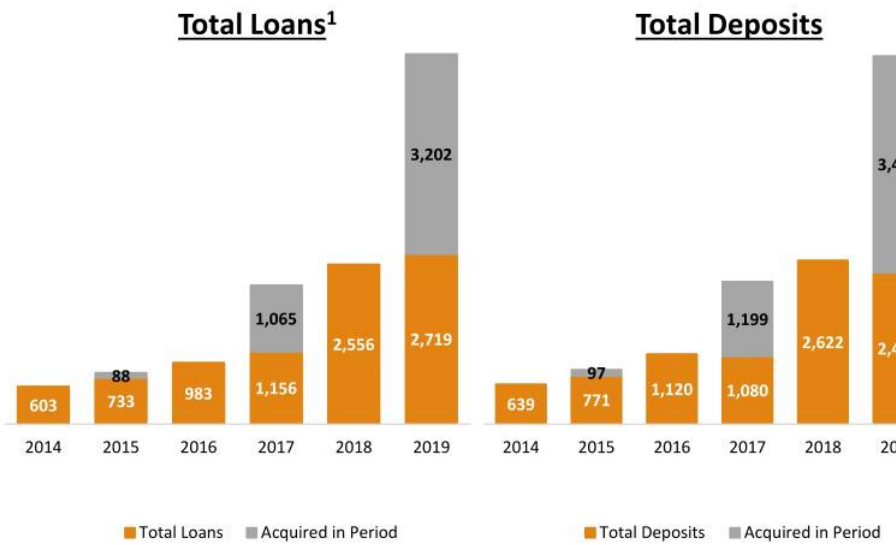
# Scalable Platform with Attractive Growth Profile

## Organic Growth

- Highly productive origination teams actively generating loans and deposits and serving as the primary point of contact for our customers
  - Private and business bankers focus on emerging and small business customers
  - Commercial and specialty bankers focus on C&I, real estate, mortgage warehouse and SBA loans
- Continue to drive increasing productivity of existing bankers through tailored incentive plans
  - “Inspect what you expect”
  - Weighted toward deposit generation
- Strong organic growth has been a major focus of management since inception

## Strategic Acquisitions

- Strategic M&A has been an important growth driver
- Disciplined acquisition strategy to supplement organic growth
- Since 2010:
  - Completed 7 whole-bank transactions
  - Acquired \$4.4 billion in loans
  - Acquired \$4.7 billion in deposits



<sup>1</sup> Acquired loans in period represent the dollar value of loans acquired upon acquisition date and not year-end.



# Proven Track Record as a Strategic Acquirer

## Overview

- Selective use of strategic acquisitions to augment growth and efficient scale
- Focused on well-managed banks in our target markets with:
  - Favorable market share
  - Low-cost deposit funding
  - Compelling fee income generating business
  - Growth potential
  - Other unique attractive characteristics
- Key metrics used when evaluating acquisitions:
  - EPS accretion
  - TBVPS earn-back
  - IRR
- Reputation as an experienced acquirer
- We expect to maintain discipline in pricing and pursue transactions expected to produce attractive risk adjusted returns
- We strive to build, maintain and support Veritex culture during integrations

## Acquisition History

Date	Target	Loans	Branches
Sept. 2010	Professional	\$91.7	3
Mar. 2011	Fidelity	\$108.1	3
Oct. 2011	Bank of Las Colinas	\$40.4	1
July 2015	Independent Bank	\$88.5	2
Aug. 2017	Sovereign	\$752.5	9
Dec. 2017	Liberty	\$312.6	5
Jan. 2019	Green	\$3,254.9	21



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# Operating Performance

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# Fourth Quarter 2019 Financial Highlights



## Quarter Financial Results

### GAAP Financial Highlights

	4Q19	3Q19	Change	% Change
Net income	\$ 29,051	\$ 27,405	\$ 1,646	6.0%
Diluted EPS	0.58	0.51	0.05	9.8
Return on average assets ("ROA")	1.43%	1.36%	7 bp	5.2
Efficiency Ratio	47.12	43.67	(345 bp)	(7.9)

### Non-GAAP Financial Highlights<sup>1</sup>

	4Q19	3Q19	Change	% Change
Operating net income	\$ 30,294	\$ 28,629	\$ 1,665	5.8%
Diluted operating EPS	0.58	0.53	0.05	9.4
Pre-tax, pre-provision operating ROA	2.07%	2.26%	(19 bp)	(8.4)
Return on average tangible common equity	16.22	15.15	107 bp	7.1
Operating return on average tangible common equity	16.87	15.78	109 bp	6.9
Operating ROA	1.49	1.42	7 bp	4.9
Operating efficiency Ratio	45.67	42.36	331 bp	7.8

<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.



# Year to Date 2019 Financial Highlights



## Full Year Financial Results

\$ in thousands

GAAP Financial Highlights				
	2019	2018	Change	% Change
Net income	\$ 90,739	\$ 39,341	\$ 51,398	130.6%
Diluted EPS	1.68	1.60	0.08	5.0
Return on average assets ("ROA")	1.14%	1.26%	(12 bp)	(9.5)
Efficiency Ratio	56.41	54.92	149 bp	2.7

\$ in thousands

Non-GAAP Financial Highlights <sup>1</sup>				
	2019	2018	Change	% Change
Operating net income	\$ 123,836	\$ 45,251	\$ 78,585	173.7%
Diluted operating EPS	2.29	1.84	0.45	24.5
Pre-tax, pre-provision operating ROA	2.24%	2.02%	22 bp	10.9
Return on average tangible common equity	13.02	12.89	13 bp	1.0
Operating return on average tangible common equity	17.39	14.68	271 bp	18.5
Operating ROA	1.56	1.44	12 bp	8.3
Operating efficiency Ratio	43.80	49.76	596 bp	12.0

<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.

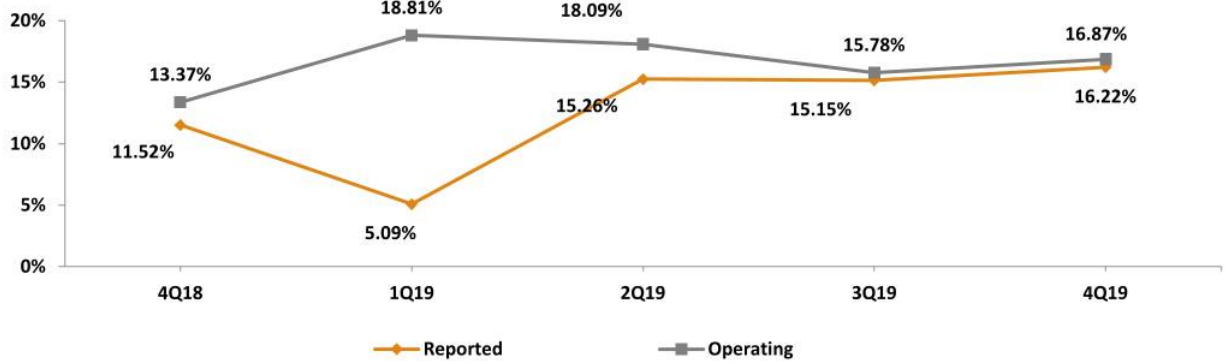


# Fully Diluted EPS and ROATCE<sup>1</sup>

## Diluted Earnings Per Share<sup>1</sup>



## ROATCE<sup>1</sup>

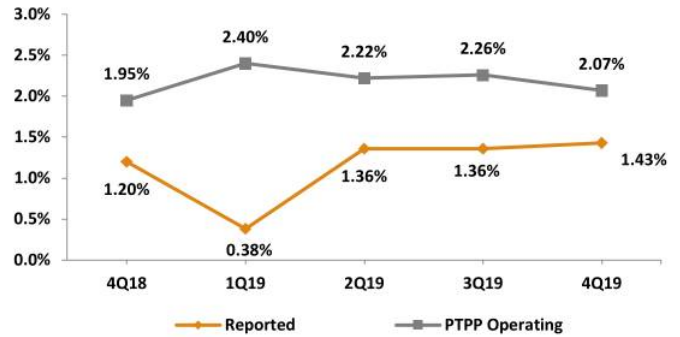
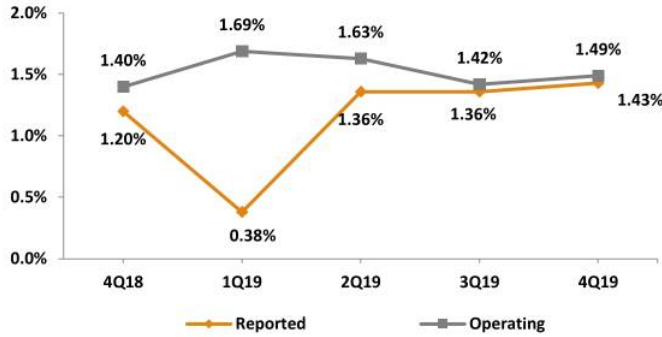


<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.

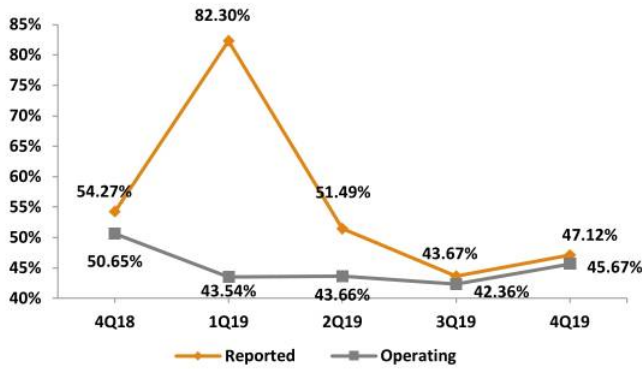


# ROAA and Efficiency Ratio<sup>1</sup>

## ROAA<sup>1</sup>



## Efficiency Ratio<sup>1</sup>



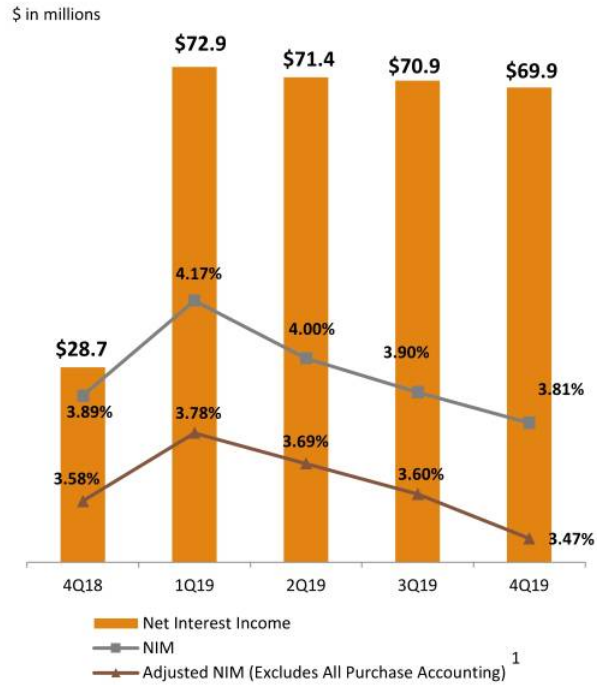
## Tangible Book Value per Common Share<sup>1</sup>



<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.



# Net Interest Income



- Net interest income of \$69.9 million slightly decreased from 3Q19 and increased \$41.2 million, or 143%, compared to 4Q18, largely due to the Green merger
- Net interest margin of 3.81% down 9 bps compared to 3Q19; includes \$6.3 million of purchase accounting adjustments in 4Q19 compared to \$5.4 million in 3Q19
- 4Q19 interest rate risk metrics for a down 100 rate shock shows a 30% improvement. Change in net interest income moved from (5.7%) at 3Q19 to (4.0%) at 4Q19.

Drivers of NIM decrease		
	NIM	Adj. NIM
3Q19 Net Interest Margin	3.90%	3.60%
Impact of rates on loans	(0.17%)	(0.24%)
Impact of rates on other earnings assets	(0.04%)	(0.04%)
Impact of rates on interest-bearing deposits	0.12%	0.14%
Impact of rates on borrowings	0.04%	0.04%
Impact of sub debt issuance	(0.03%)	(0.03%)
Other changes in volume and mix	(0.01%)	-
<b>4Q19 Net Interest Margin</b>	<b>3.81%</b>	<b>3.47%</b>

<sup>1</sup> Purchase accounting adjustments are primarily comprised of loan accretion and deposit premium amortization of \$5.6 million and \$740 thousand, respectively, in 4Q19, \$4.2 million and million, respectively, in 3Q19, \$3.6 million and \$1.9 million, respectively, in 2Q19, \$4.1 million and \$2.7 million, respectively, in 1Q19 and \$2.8 million and \$158 thousand, respectively, in 4Q18.

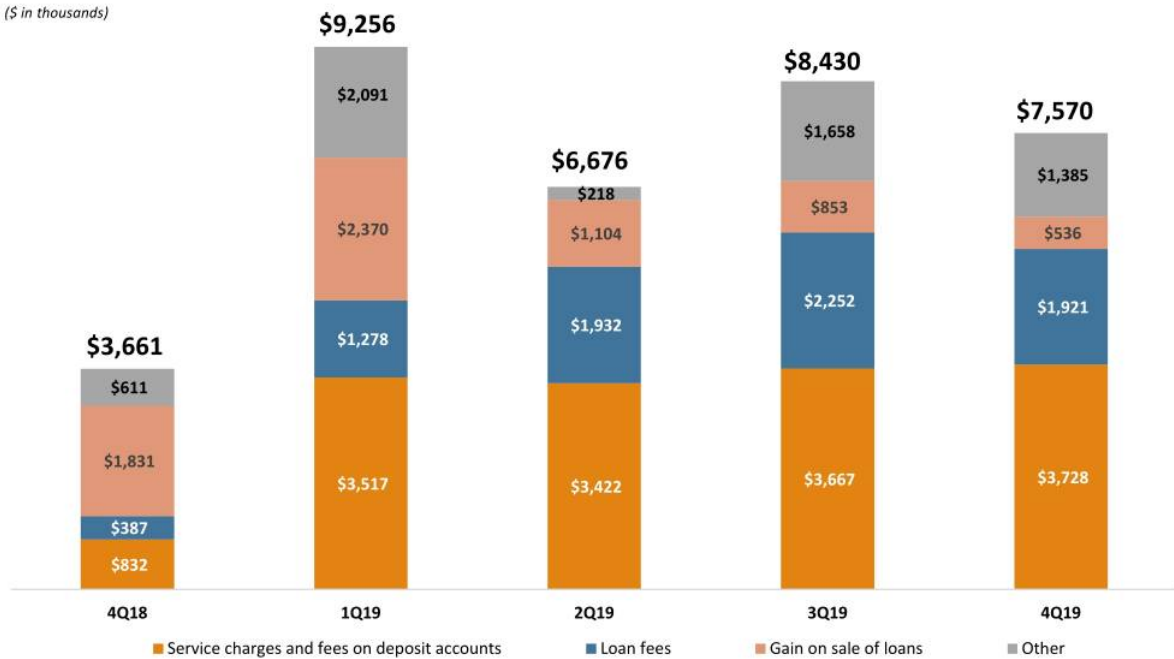


# Noninterest Income (Operating)

- Operating noninterest income<sup>1</sup> totaled \$7.6 million for the quarter ended December 31, 2019, a 10.2% decrease over the prior quarter.
- Decline was largely due to lower than expected SBA gain on sales and customer swap revenue.
- Service charges and fees on deposit accounts represent approximately 45% of fee income and have grown 6% since Q1 2019.

## Operating Noninterest Income<sup>1</sup> Composition

(*\$ in thousands*)

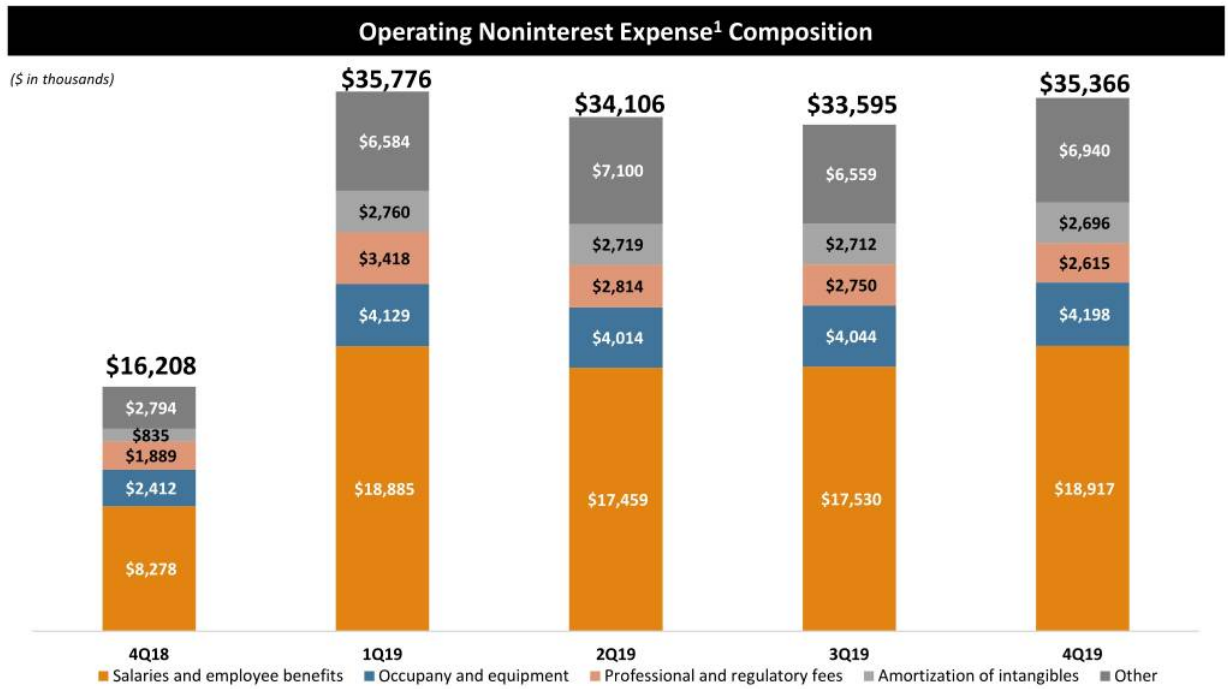


<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of this non-GAAP financial measures.



# Noninterest Expense (Operating)

- Operating noninterest expense<sup>1</sup> totaled \$35.4 million for the quarter ended December 31, 2019, a 5.3% increase over the prior quarter.
- Increase was primarily due to higher salaries and employee benefit expenses during 4Q19; 87% of such increase was driven by variable compensation expenses.



<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of this non-GAAP financial measures.

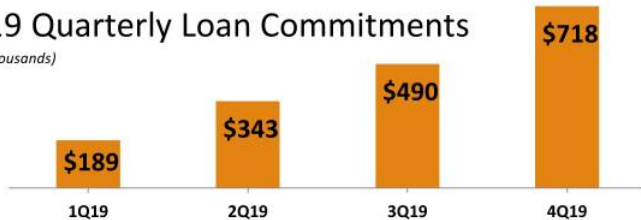


# Loans Held For Investment

- Loans held for investment, excluding mortgage warehouse, increased \$86.9 million, or 6.1% on a linked quarter annualized basis.
- Loan production in 4Q19 increased over 45% from 3Q19 to \$718 million; the best production quarter of 2019.

## 2019 Quarterly Loan Commitments

(\$ in thousands)



### Variable Rate Loan Floors

Grouping	Total Balance	% of Total Balance	Cumulative % of Total Balance
No Floor	\$ 2,988	72%	72%
Floor Reached	283	7%	79%
0-25 bps to Reach Floor	146	4%	83%
26-50 bps to Reach Floor	86	2%	85%
51-75 bps to Reach Floor	152	4%	89%
76-100 bps to Reach Floor	236	6%	95%
101-125 bps to Reach Floor	69	1%	96%
126-150 bps to Reach Floor	92	2%	98%
151+ bps to Reach Floor	104	2%	100%
	<b>\$ 4,156</b>	<b>100%</b>	

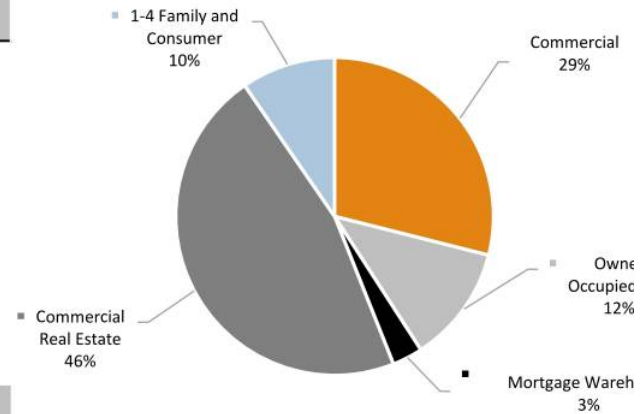
(\$ in millions)	For the Quarter Ended	
	3Q19	4Q19
Originated Loans <sup>1</sup>	3,076	3,513
Acquired non-PCI Loans	2,430	2,098
Acquired PCI loans	148	126
Mortgage warehouse	234	184
<b>Total Loans</b>	<b>5,888</b>	<b>5,921</b>

### Qtr / Qtr Change in Balance

Originated Loans <sup>1</sup>	12.7%	14.2%
Acquired non-PCI Loans	-14.1%	-13.7%
Acquired PCI loans	-14.5%	-14.9%
Mortgage warehouse	17.0%	-21.4%
<b>Total Loans</b>	<b>-0.7%</b>	<b>0.6%</b>

### Loan Composition

As of December 31, 2019

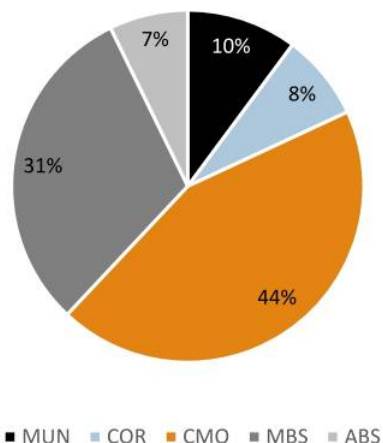


<sup>1</sup> Originated loans includes newly originated loans and purchased loans that have matured and renewed during the quarter.

# Securities Portfolio



## Securities Portfolio as of December 31, 2019



Ratings Profile			
S&P		Moody's	
AAA	75.2%	Aaa	66.8%
AA	0.7%	Aa1	0.5%

Portfolio Highlights	
Wtd. Avg. Tax Equivalent Yield	3.1%
% Available-for-Sale	97.0%
Avg. Life	5.3 yrs
Modified Duration	4.1 yrs

## Available for Sale Portfolio Breakout

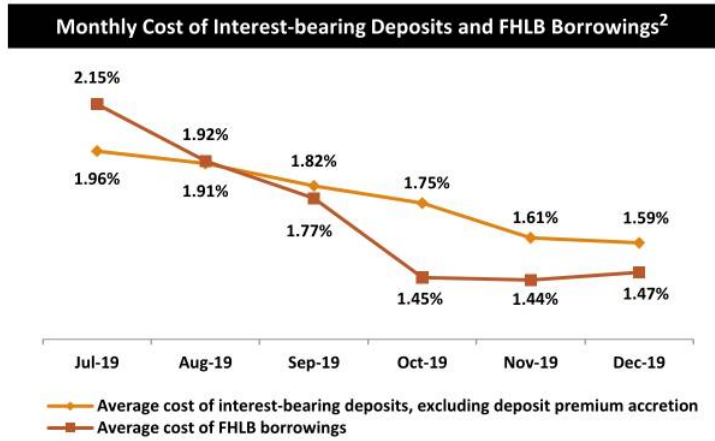
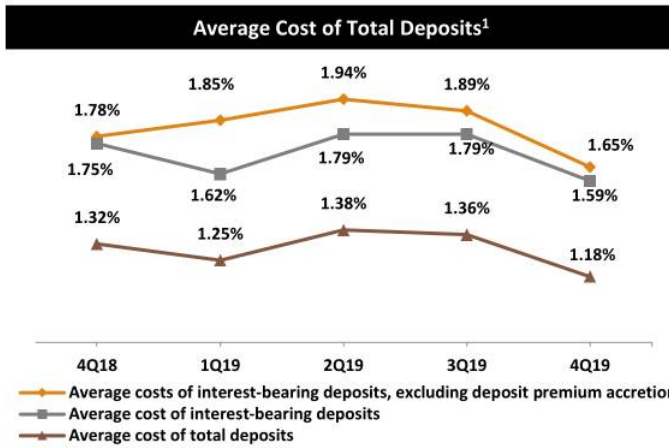
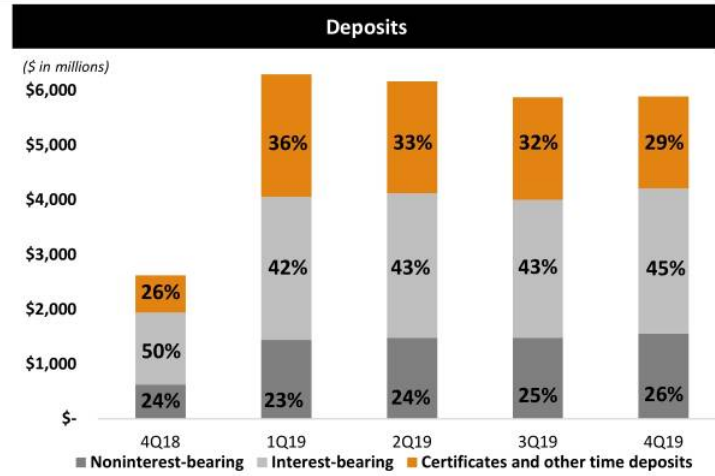
Security Type	Book Value	Market Value	Net Unrealized Gain (Loss)
Corporate	\$ 76,997	\$ 78,971	\$ 1,974
Municipal	74,956	78,680	\$3,724
Mortgage-Backed Security	288,938	298,190	9,252
Collateralized Mortgage Obligation	431,276	436,238	4,962
Asset Backed Securities	69,964	72,286	2,322
	<b>\$ 942,131</b>	<b>\$ 964,365</b>	<b>\$ 22,234</b>





# Deposits and Borrowings

- Total deposits, excluding time deposits, increased \$210 million, or 21% annualized, during the fourth quarter of 2019.
- Noninterest-bearing deposits totaled \$1.6 billion, which comprised 26.4% of total deposits as of December 31, 2019.
- Excluding mortgage warehouse, the loan to deposit ratio was 97.3% at December 31, 2019.
- Reliance on less valuable time deposits has decreased from 36% in 1Q19 to 29% in 4Q19.
- Cost of interest-bearing deposits, excluding deposit premium accretion, declined 24 bps in 4Q19 to 1.65%.

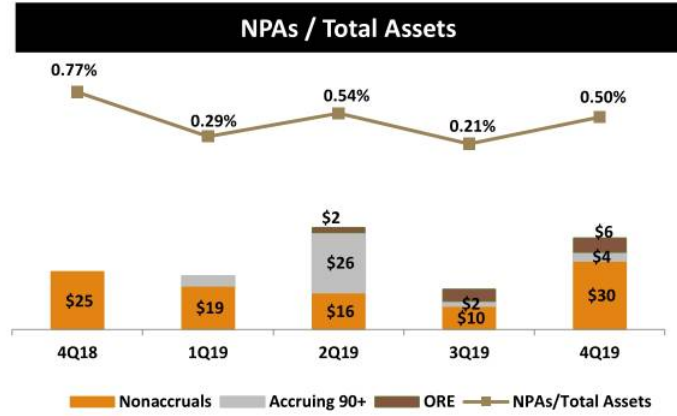
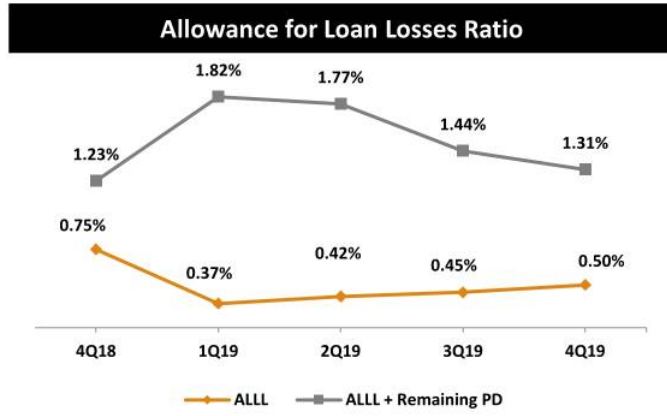


<sup>1</sup> Average costs of total deposits excludes \$132, \$2,731, \$1,355, \$1,210 and \$740 of deposit premium accretion as of 4Q18, 1Q19, 2Q19, 3Q19 and 4Q19, respectively.

<sup>2</sup> Average costs of interest-bearing deposits excludes \$484, \$391, \$335, \$288, \$248 and \$204 of deposit premium accretion as of July 2019, August 2019, September 2019, October 2019, November 2019 and December 2019, respectively.



# Strong Asset Quality



### Q4 Provision Breakdown

Specific Reserves	190
General Reserves - Renewed Acquired Loans	1,180
General Reserves - New Loans	2,123
<b>Provision</b>	<b>3,493</b>

### Q4 ALLL Rollforward

September 30, 2019 Balance	26,243
Charge-offs	(48)
Recoveries	146
Provision	3,493
<b>December 31, 2019 Balance</b>	<b>29,834</b>



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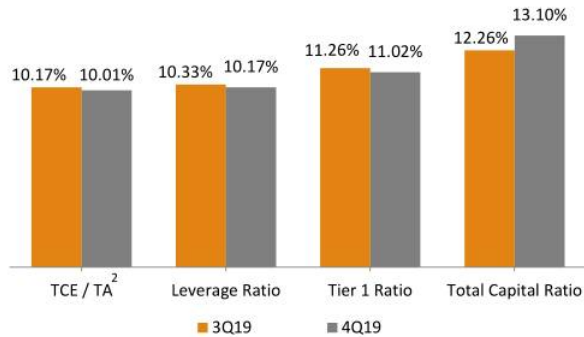
# Capital Management

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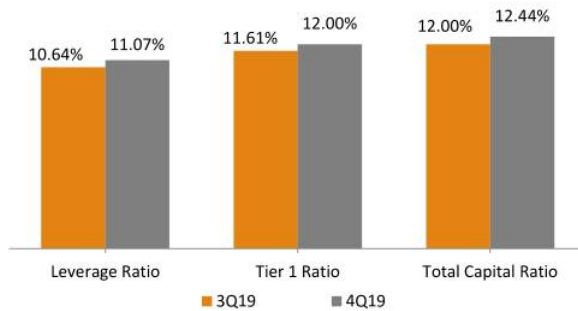


# Capital Ratios and Actions

## Company Level as of December 31, 2019<sup>1</sup>



## Bank Level as of December 31, 2019<sup>1</sup>



### • Dividends

- › On January 28, 2020, declared quarterly cash dividend of \$0.17 per common share payable in February 2020

### • Stock Buyback Program

- › Increased to \$175 million from \$100 million and extended previously announced stock buyback program
- › QTD repurchased \$35.7 million in common stock (1,453,608 shares)
- › YTD repurchased \$94.5 million in common stock (3,802,711 shares)
- › Reduction in share count during 2019 of 7%

### • 2019 Return to Shareholders

- › **QTD return of \$42.2 million** (\$35.7 million in stock buyback and \$6.5 million in common dividends)
- › **YTD return of \$121.3 million** (\$94.5 million in stock buyback and \$26.8 million in common dividends)

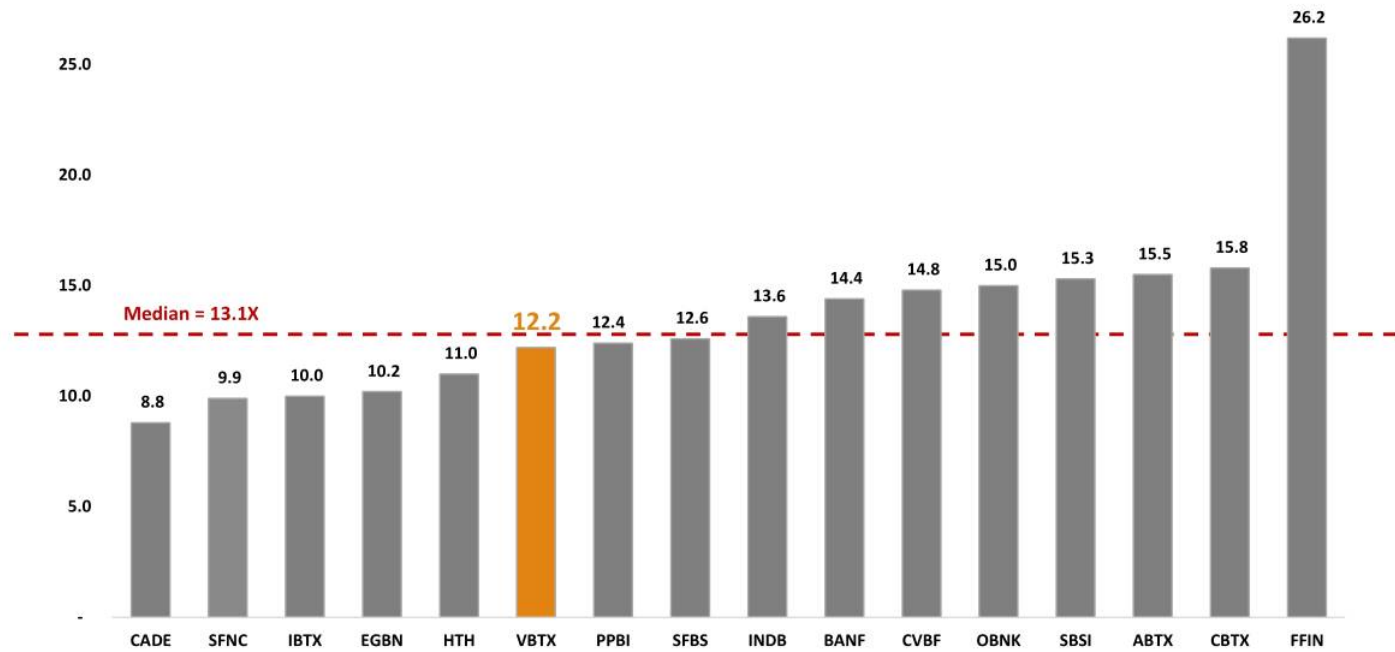
<sup>1</sup> Preliminary

<sup>2</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.



# Attractive Valuation

Price / 2020 Estimated EPS<sup>1</sup>



<sup>1</sup> Mean consensus EPS estimates as compiled by FactSet.

Source: SNL Financial. Peers comprised of major exchange traded U.S. banks in VBTX custom peer group. Trading multiples based on closing prices as of January 31, 2020.



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# 2020 Outlook and Focus

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# Outlook and Focus Through 2020

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1

Maintaining strong operating earnings profile, highlighted by 2019 PTPP return on average assets of 2.24%<sup>1</sup>, operating return on average tangible common equity of 17.39%<sup>1</sup> and an operating efficiency ratio of 43.80%<sup>1</sup>.

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2

Retaining a strong balance sheet with significant liquidity, capital and limited credit downside given \$20.5 million in net energy exposure and \$47.8 million in remaining purchase discount on acquired loans.

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3

Operating in two of the best markets in the country, Dallas-Fort Worth and Houston, two large markets with favorable market position and scarcity value.

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4

Focused on:

- Continuing growth momentum
  - Maintaining asset quality
  - Returning excess capital to shareholders through share repurchases and common stock dividends
- 

5

Attractive valuation at 11.9<sup>2</sup> times 2020 consensus earnings.

<sup>1</sup> Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures

<sup>2</sup> As of January 17, 2020 and based on 2020 consensus earnings estimate of \$2.40 from individual analyst reports.

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# Analyst Recommendations

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Firm	Rating	Price Target	2020 Estimate	2021 Estimate
Stephens Inc.	Overweight	\$34.00	\$2.27	\$2.40
D.A. Davidson & Co.	Buy	\$33.00	\$2.36	\$2.51
Piper Sandler	Buy	\$32.00	\$2.30	\$2.45
Keefe Bruyette & Woods Inc.	Outperform	\$31.00	\$2.35	\$2.40
Raymond James & Associates	Outperform	\$31.00	\$2.34	\$2.48
<b>Consensus</b>		\$32.20	\$2.32	\$2.45

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# Analyst Recommendations

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**“We continue to believe stable credit trends are key to improving VBTX’s trading valuation towards peer levels in 2020. Our rating is Overweight and our price target of \$34 represents a 14x multiple on our 2021 EPS forecast of \$2.40.”**

- Stephens Inc.

**“VBTX continues to demonstrate strong earnings power and a profitability profile, generating a 1.4+ ROAA and 16%+ ROTCE... We view 2020 as somewhat of a transition year, with a decline in purchase accounting benefits a headwind, before giving way to a strong growth outlook for 2021. Maintaining BUY rating with a \$33 PT.”**

- D.A. Davidson & Co

**“We still like VBTX's position in the Dallas MSA as a primary beneficiary of recent disruption from recent M&A activity in Dallas. From an earnings standpoint, 2020 may be more of a transition year as VBTX overcomes the headwind of lower loan discount accretion income in 2020 and the costs of investments it is making in its franchise to support future growth. We maintain our Overweight rating on the shares with a \$32 PT.”**

- Piper Sandler

**“Given the recent M&A disruption occurring in Texas metro markets over the past couple of quarters, we like the M&A/growth optionality VBTX possesses to either add scale and grow above the \$10 bn in asset threshold or to sell to a strategic buyer. We continue to rate the shares Outperform with a \$31 PT.”**

- Keefe, Bruyette & Woods, Inc.

**“We are maintaining our Outperform rating on VBTX shares. Our \$31 target price assumes shares trade at ~12.5x 2021E EPS, a 5% discount to its peer group average. It also assumes shares trade at 1.95x 4Q20E TBV, in line with the peer average... We believe an in-line multiple with peers is still warranted given solid growth prospects, strong profitability profile, and increasing franchise/scarcity value.”**

- Raymond James & Associates

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Supplemental

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# Experienced Management Team



## **Malcolm Holland** – *Chairman & Chief Executive Officer*

C. Malcolm Holland, III founded Veritex and has been Chairman of the Board, Chief Executive Officer and President of Veritex since 2009, and Chairman of the board of directors, Chief Executive Officer and President of the Bank since its inception in 2010. Prior to his service at Veritex, Mr. Holland served in various analyst, lending and executive management positions in the Dallas banking market from 1982 to 2009. Mr. Holland is a past president of the Texas Golf Association and served on the Executive Committee of the United States Golf Association from 2013 through 2016. Mr. Holland is an active member and chairman of the business advisory committee of Watermark Community Church and currently serves as a board member for Cannae Holdings, Inc. He served as chairman of the College Golf Fellowship from 2002 to 2013. Mr. Holland received his Bachelor of Business Administration from Southern Methodist University in 1982. With over 35 years of banking experience in the Dallas metropolitan area, Mr. Holland's extensive business and banking experience and his community involvement and leadership skills qualify him to serve on our Board and as its Chairman.



## **Terry S. Earley** – *Chief Financial Officer*

Terry Earley has served as the Executive Vice President and Chief Financial Officer of Veritex and the Bank since January 2019, when he joined us in connection with our acquisition of Green. Mr. Earley is responsible for the Finance, Accounting and Treasury functions of the Bank. From March 2017 through January 2019, Mr. Earley was Executive Vice President and Chief Financial Officer of Green, and from July 2017 through January 2019, he was Chief Financial Officer of Green Bank. From December 2011 to March 2017, Mr. Earley served as Executive Vice President and Chief Financial Officer of Yadkin Financial Corporation and its predecessors. Prior to that, Mr. Earley served as President and Chief Executive Officer of Rocky Mountain Bank and Rocky Mountain Capital, located in Jackson, Wyoming, in 2010, and as Chief Financial Officer of Bancorp of the Southeast, LLC, located in Ponte Vedra, Florida, in 2009. Before that, Mr. Earley served as Chief Financial Officer and Chief Operating Officer of RBC Bank (USA), which he joined in 1992. Mr. Earley is a Certified Public Accountant and received his Bachelor of Business Administration with a concentration in Accounting from the University of North Carolina at Chapel Hill.



## **LaVonda Renfro** – *Chief Administrative Officer*

LaVonda Renfro has served as our Executive Vice President and Chief Administrative Officer of the Bank since 2010. Ms. Renfro is responsible for the overall administration and coordination of the activities of the Bank's branches, including operations, sales and marketing, deposit operations, merchant services, private banking, business banking and treasury management. From 2005 to 2010, Ms. Renfro served as the Retail Executive of Colonial Bank/BB&T. From 1994 to 2005, Ms. Renfro was Senior Vice President, District Manager for Bank of America's Austin and San Antonio Markets.



## **Clay Riebe** – *Chief Credit Officer*

Clay Riebe has served as our Executive Vice President and Chief Credit Officer of the Bank since 2016. Mr. Riebe is responsible for the Bank's credit quality, credit underwriting and administration functions. From 2009 to 2015 he served in various capacities for American Momentum Bank, including Chief Lending Officer and member of the board of the directors. From 2005 to 2009, Mr. Riebe served in various lending functions at Citibank. He began his career at community banks in Texas, including First American Bank Texas, where he served in various lending functions. Mr. Riebe received a Bachelor of Business Management from Texas Tech University in 1983.

# Experienced Management Team *(continued)*



## **Angela Harper – Chief Risk Officer**

Angela Harper has served as our Executive Vice President and Chief Risk Officer of the Bank since 2009. Ms. Harper oversees the loan operations, compliance and Bank Secrecy Act departments of Veritex and the Bank. From 2002 to 2009, Ms. Harper served in various capacities at Colonial Bank, including Senior Vice President, Credit Administration Officer and Risk Management Officer for the Texas region. Ms. Harper began her career in banking as a Bank Examiner at the Office of the Comptroller of the Currency from 1991 to 1995 working in the Dallas Duty Station. Ms. Harper received a Bachelor of Business Administration in Finance in 1989 and a Master of Business Administration from Texas Tech University in 1990 and is a Certified Regulatory Compliance Manager.



## **Jeff Kesler – President – Dallas/Ft. Worth Market**

Jeff Kesler has served as our Executive Vice President and Chief Lending Officer of the Bank since 2014. Mr. Kesler is responsible for the Bank's lending functions, including providing leadership to market managers and lending lines of business. From 2013 to 2014, Mr. Kesler served as the Director of Loan Originations for United Development, a real estate investment trust. From 2009 to 2013, Mr. Kesler served as a Market President of the Bank's North Dallas region. Mr. Kesler began his career in 2000 at Colonial Bank where he served in various capacities, eventually becoming an area president for the Dallas and Austin markets. Mr. Kesler received a Bachelor of Business Administration from Fort Hays State University in 2000.



## **Jon Heine – President – Houston Market**

Jon Heine joined Veritex Community Bank as Houston Market President in May 2019. Mr. Heine leads the Bank's efforts in the recently expanded Houston market following the acquisition of Houston-based, Green Bank. He joined the Bank after nearly 19 years at Comerica Bank, where he served as the Regional Manager of Comerica's Wealth Management team in Houston since 2016. Mr. Heine brings broad lending experience having also held various roles in Private Banking, National Dealer Finance, Middle Market and Entertainment Finance in the markets of Texas and California. Mr. Heine received a Bachelor of Business Administration from Texas Tech University in 2000.



## **Michael Bryan – Chief Information Officer**

Michael Bryan has served as our Executive Vice President and Chief Information Officer of the Bank since 2017. Mr. Bryan oversees the information technology department of the Bank. From 2010 to 2017, Mr. Bryan served as Executive Vice President and Chief Information Officer at BNC Bank. From 2007 to 2010, Mr. Bryan served as Bank Technology/Operations Practice Principal at DD&F Consulting Group. From 2004 to 2006, Mr. Bryan served as Global Account Manager at Fujitsu. From 2001 to 2004, Mr. Bryan served as Principal Consultant at Hewlett Packard Enterprise. From 1980 to 2003, Mr. Bryan served as Chief Executive Officer/Owner of BancPro Systems, Inc.

# Reconciliation of Non-GAAP Financial Measures



	As of				
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18
(Dollars in thousands, except per share data)					
<b>Tangible Common Equity</b>					
Total stockholders' equity	\$ 1,190,797	\$ 1,205,530	\$ 1,205,293	\$ 1,193,705	\$ 530,638
Adjustments:					
Goodw ill	(370,658)	(370,463)	(370,221)	(368,268)	(161,447)
Core deposit intangibles	(67,563)	(70,014)	(72,465)	(74,916)	(11,675)
Tangible common equity	<u>\$ 752,576</u>	<u>\$ 765,053</u>	<u>\$ 762,607</u>	<u>\$ 750,521</u>	<u>\$ 357,516</u>
Common shares outstanding	51,064	52,373	53,457	54,563,000	24,254
Book value per common share	\$23.32	\$23.02	\$22.55	\$21.88	\$21.88
Tangible book value per common share	\$14.74	\$14.61	\$14.27	\$13.76	\$14.74
<b>Tangible Common Equity</b>					
Total stockholders' equity	\$ 1,190,797	\$ 1,205,530	\$ 1,205,293	\$ 1,193,705	\$ 530,638
Adjustments:					
Goodw ill	(370,658)	(370,463)	(370,221)	(368,268)	(161,447)
Core deposit intangibles	(67,563)	(70,014)	(72,465)	(74,916)	(11,675)
Tangible common equity	<u>\$ 752,576</u>	<u>\$ 765,053</u>	<u>\$ 762,607</u>	<u>\$ 750,521</u>	<u>\$ 357,516</u>
<b>Tangible Assets</b>					
Total assets	\$ 7,954,707	\$ 7,962,883	\$ 8,010,106	\$ 7,931,747	\$ 3,208,550
Adjustments:					
Goodw ill	(370,658)	(370,463)	(370,221)	(368,268)	(161,447)
Core deposit intangibles	(67,563)	(70,014)	(72,465)	(74,916)	(11,675)
Tangible Assets	<u>\$ 7,516,486</u>	<u>\$ 7,522,406</u>	<u>\$ 7,567,420</u>	<u>\$ 7,488,563</u>	<u>\$ 3,035,428</u>
Tangible Common Equity to Tangible Assets	10.01%	10.17%	10.08%	10.02%	11.78%

# Reconciliation of Non-GAAP Financial Measures



	For the Three Months Ended					For the Year Ended	
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	2019	2018
	(Dollars in thousands)						
<b>Net income available for common stockholders adjusted for amortization of core deposit intangibles</b>							
Net income	\$ 29,051	\$ 27,405	\$ 26,876	\$ 7,407	\$ 9,825	\$ 90,739	\$ 39,341
Adjustments:							
Plus: Amortization of core deposit intangibles	2,451	2,451	2,451	2,477	432	9,830	4,060
Less: Tax benefit at the statutory rate	515	515	515	520	91	2,065	859
<b>Net income available for common stockholders adjusted for amortization of intangibles</b>	<u>\$ 30,987</u>	<u>\$ 29,341</u>	<u>\$ 28,812</u>	<u>\$ 9,364</u>	<u>\$ 10,166</u>	<u>\$ 98,504</u>	<u>\$ 42,542</u>
<b>Average Tangible Common Equity</b>							
Total average stockholders' equity	\$ 1,197,191	\$ 1,210,147	\$ 1,200,632	\$ 1,190,266	\$ 523,590	\$ 1,198,873	\$ 509,018
Adjustments:							
Average goodwill	(370,463)	(370,224)	(369,255)	(366,795)	(161,447)	(369,441)	(160,907)
Average core deposit intangibles	(68,913)	(71,355)	(73,875)	(76,727)	(11,932)	(72,692)	(18,005)
<b>Average tangible common equity</b>	<u>\$ 757,815</u>	<u>\$ 768,568</u>	<u>\$ 757,502</u>	<u>\$ 746,744</u>	<u>\$ 350,211</u>	<u>\$ 756,740</u>	<u>\$ 330,106</u>
<b>Return on Average Tangible Common Equity (Annualized)</b>	16.22%	15.15%	15.26%	5.09%	11.52%	13.02%	12.89%

# Reconciliation of Non-GAAP Financial Measures



	For the Three Months Ended					For the Year Ended	
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	2019	2018
(Dollars in thousands, except per share data)							
<b>Operating Earnings</b>							
Net income	\$ 29,051	\$ 27,405	\$ 26,876	\$ 7,407	\$ 9,825	\$ 90,739	\$ 39,341
Plus: Loss on sale of securities available for sale, net	438	-	642	772	42	1,852	42
Plus: Loss (gain) on sale of disposed branch assets <sup>1</sup>	-	-	359	-	-	359	(388)
Plus: Lease exit costs, net <sup>2</sup>	-	-	-	-	-	-	1,071
Plus: Branch closure expenses	-	-	-	-	-	-	172
Plus: One-time issuance of shares to all employees	-	-	-	-	-	-	421
Plus: Merger and acquisition expenses	918	1,035	5,431	31,217	1,150	38,601	5,220
Operating pre-tax income	30,407	28,440	33,308	39,396	11,017	131,551	45,879
Less: Tax impact of adjustments <sup>3</sup>	(23)	217	1,351	6,717	(440)	8,262	633
Plus: Tax Act re-measurement	-	-	-	-	-	-	5
<b>Plus: Other M&amp;A tax items<sup>4</sup></b>	829	406	277	-	-	1,512	-
<b>Plus: Discrete tax adjustments<sup>5</sup></b>	(965)	-	-	-	-	(965)	-
Operating net income	<u>\$ 30,294</u>	<u>\$ 28,629</u>	<u>\$ 32,234</u>	<u>\$ 32,679</u>	<u>\$ 11,457</u>	<u>\$ 123,836</u>	<u>\$ 45,251</u>
Weighted average diluted shares outstanding	52,263	53,873	54,929	55,439	24,532	53,978	24,590
Diluted EPS	\$ 0.56	\$ 0.51	\$ 0.49	\$ 0.13	\$ 0.40	\$ 1.68	\$ 1.60
Diluted operating EPS	\$ 0.58	\$ 0.53	\$ 0.59	\$ 0.59	\$ 0.47	\$ 2.29	\$ 1.84

1 Loss on sale of disposed branch assets for the year ended December 31, 2019 and for the three months ended June 30, 2019 is included in merger and acquisition expense in the condensed consolidated statements of income.

2 Lease exit costs, net for the year ended December 31, 2018 includes a \$1.5 million consent fee and \$240 thousand in professional services paid in January 2018 to separately assign and sublease two of our branch leases that we ceased using in 2017 offset by the reversal of the corresponding assigned lease cease-use liability totaling \$669 thousand.

3 A 2019 and 2018 transaction cost study were completed during the fourth quarter of 2019 and 2018, respectively, resulting in \$1,468 thousand and \$3,460 thousand of expenses paid that are non-deductible merger and acquisition expenses for the year ended December 31, 2019 and 2018, respectively. As such, \$308 thousand and \$727 thousand is the tax impact of these non-deductible expenses that are reflected in the year ended December 31, 2019 and December 31, 2018 tax impact of adjustments amounts reported, respectively. All other adjustments to operating net income are taxed at the statutory rate.

4 Other M&A tax items of \$829 thousand, \$406 thousand and \$277 thousand recorded during the three months ended December 31, 2019, September 30, 2019 and June 30, 2019, respectively, relate to permanent tax expense recognized by the Company as a result of deduction limitations on compensation paid to covered employees in excess of the 162(m) limitation directly due to change-in-control payments made to covered employees in connection with the Green acquisition.

5 Discrete tax adjustments of \$965 thousand were recorded during the fourth quarter of 2019 primarily due to the Company recording a net tax benefit of \$1.6 million as a result of the Company settling an audit with the IRS. The Company released an uncertain tax position reserve that was assumed in the Green acquisition resulting in a \$2.2 million tax benefit, offset by tax expense totaling \$598 thousand that were recorded due to the Tax Cuts and Jobs Act rate change on deferred tax assets resulting from the IRS audit settlement. The net IRS settlement was offset by various discrete, non-recurring tax expenses totaling \$0.6 million.

# Reconciliation of Non-GAAP Financial Measures



	For the Three Months Ended					For the Year Ended	
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	2019	2018
(Dollars in thousands, except per share data)							
<b>Pre-Tax, Pre-Provision Operating Earnings</b>							
Net Income	\$ 29,051	\$ 27,405	\$ 26,876	\$ 7,407	\$ 9,825	\$ 90,739	\$ 39,341
Plus: Provision for income taxes	8,168	7,595	7,369	1,989	3,587	25,121	10,896
Plus: Provision for loan losses	3,493	9,674	3,335	5,012	1,364	21,514	6,603
Plus: Loss on sale of securities available for sale, net	438	-	642	772	42	1,852	42
Plus: Loss (gain) on sale of disposed branch assets <sup>1</sup>	-	-	359	-	-	359	(388)
Plus: Lease exit costs, net <sup>2</sup>	-	-	-	-	-	-	1,071
Plus: Branch closure expenses	-	-	-	-	-	-	172
Plus: One-time issuance of shares to all employees	-	-	-	-	-	-	421
Plus: Merger and acquisition expenses	918	1,035	5,431	31,217	1,150	38,601	5,220
<b>Net pre-tax, pre-provision operating earnings</b>	<b>\$ 42,068</b>	<b>\$ 45,709</b>	<b>\$ 44,012</b>	<b>\$ 46,397</b>	<b>\$ 15,968</b>	<b>\$ 178,186</b>	<b>\$ 63,378</b>
<b>Average total assets</b>	\$ 8,043,505	\$ 8,009,377	\$ 3,059,456	\$ 2,989,974	\$ 3,243,168	\$ 7,957,883	\$ 3,132,428
<b>Pre-tax, pre-provision operating return on average assets<sup>3</sup></b>	2.07%	2.26%	2.22%	2.40%	1.95%	2.24%	2.02%
<b>Average total assets</b>	\$ 8,043,505	\$ 8,009,377	\$ 7,937,319	\$ 7,841,267	\$ 3,243,168	\$ 7,957,883	\$ 3,132,428
Return on average assets <sup>3</sup>	1.43%	1.36%	1.36%	0.38%	1.20%	1.14%	1.26%
Operating return on average assets <sup>3</sup>	1.49%	1.42%	1.63%	1.69%	1.40%	1.56%	1.44%

<sup>1</sup> Loss on sale of disposed branch assets for the year ended December 31, 2019 and for the three months ended June 30, 2019 is included in merger and acquisition expense in the condensed consolidated statements of income.

<sup>2</sup> Lease exit costs, net for the year ended December 31, 2018 includes a \$1.5 million consent fee and \$240 thousand in professional services paid in January 2018 to separately assign and sublease two of our branch leases that we ceased using in 2017 offset by the reversal of the corresponding assigned lease cease-use liability totaling \$669 thousand.

<sup>3</sup> Annualized ratio for quarterly metrics.



# Reconciliation of Non-GAAP Financial Measures



	For the Three Months Ended				For for Year Ended		
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	2019	2018
	(Dollars in thousands, except per share data)						
<b>Operating earnings adjusted for amortization of intangibles</b>							
Net operating earnings	\$ 30,294	\$ 28,629	\$ 32,234	\$ 32,679	\$ 11,457	\$ 123,836	\$45,251
Adjustments:							
Plus: Amortization of core deposit intangibles	2,451	2,451	2,451	2,477	432	9,830	4,060
Less: Tax benefit at the statutory rate	515	515	515	520	91	2,065	859
<b>Operating earnings adjusted for amortization of intangibles</b>	<b>\$32,230</b>	<b>\$30,565</b>	<b>\$34,170</b>	<b>\$34,636</b>	<b>\$11,798</b>	<b>\$131,601</b>	<b>\$48,452</b>
<b>Average Tangible Common Equity</b>							
Total average stockholders' equity	\$ 1,197,191	\$ 1,210,147	\$ 1,200,632	\$ 1,190,266	\$ 523,590	\$ 1,198,873	\$509,018
Adjustments:							
Average goodwill							
Average core deposit intangibles	(68,913)	(71,355)	(73,875)	(76,727)	(11,932)	(72,692)	(18,005)
<b>Average tangible common equity</b>	<b>\$ 757,815</b>	<b>\$ 768,568</b>	<b>\$ 757,502</b>	<b>\$ 746,744</b>	<b>\$ 350,211</b>	<b>\$ 756,740</b>	<b>\$330,106</b>
<b>Operating Return on average tangible common equity<sup>1</sup></b>	<b>16.87%</b>	<b>15.78%</b>	<b>18.09%</b>	<b>18.81%</b>	<b>13.37%</b>	<b>17.39%</b>	<b>14.68%</b>
<b>Efficiency ratio</b>	47.12%	43.67%	51.49%	82.30%	54.27%	56.41%	54.92%
Operating efficiency ratio	45.67%	42.36%	43.66%	43.54%	50.65%	43.80%	49.60%

<sup>1</sup> Annualized ratio for quarterly metrics.

# Reconciliation of Non-GAAP Financial Measures



	As of				
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18
	(Dollars in thousands, except per share data)				
Operating Noninterest Income					
Noninterest income	\$ 7,132	\$ 8,430	\$ 6,034	\$ 8,484	\$ 3,619
Plus: Loss on sale of securities available for sale, net	438	-	642	772	42
Operating noninterest income	<u>\$ 7,570</u>	<u>\$ 8,430</u>	<u>\$ 6,676</u>	<u>\$ 9,256</u>	<u>\$ 3,661</u>
Operating Noninterest Expense					
Noninterest expense	\$ 36,284	\$ 34,630	\$ 39,896	\$ 66,993	\$ 17,358
Plus: Loss (gain) on sale of disposed branch assets <sup>1</sup>	-	-	359	-	-
Plus: Merger and acquisition expenses	918	1,035	5,431	31,217	1,150
Operating noninterest expense	<u>\$ 35,366</u>	<u>\$ 33,595</u>	<u>\$ 34,106</u>	<u>\$ 35,776</u>	<u>\$ 16,208</u>

<sup>1</sup> Annualized ratio. Loss on sale of disposed branch assets for the three months ended June 30, 2019 is included in merger and acquisition expense within the condensed consolidated statements of income.



**V E R I T E X**

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