

**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): September 21, 2021

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

On September 21, 2021, Veritex Holdings, Inc. (the “Company”), the holding company for Veritex Community Bank (the “Bank”), a Texas state chartered bank, issued a press release announcing the entry into a definitive agreement pursuant to which a newly formed subsidiary of the Bank will acquire North Avenue Capital, LLC (“NAC”) to be a subsidiary of the Bank.

The Company made available on its website electronic presentation slides used in connection with calls with investors. Copies of the Company’s press release and electronic presentation slides are attached as Exhibits 99.1 and 99.2 to this Current Report, respectively.

As provided in General Instruction B.2 to Form 8-K, the information furnished in this Item 7.01 (including exhibits) of this Current Report on Form 8-K shall not be deemed “filed” for purposes of Section 18 of 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 (the “Securities Act”) or the Securities Exchange Act of 1934, as amended (the “Exchange Act”), except as shall be expressly set forth by specific reference in such filing.

Forward Looking Statement

This Current Report on Form 8-K includes “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 important 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 impact Veritex expects its proposed acquisition of NAC to have on its operations, financial condition, and financial results, and Veritex’s expectations about its ability to successfully integrate the combined businesses and the amount of cost savings and overall operational efficiencies Veritex expects to realize as a result of the proposed acquisition. The forward-looking statements also include statements about Veritex’s future financial performance, business and growth strategy, projected plans and objectives, as well as other projections based on macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Statements preceded 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. Further, certain important factors could affect future results and cause actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to, the possibility that the proposed acquisition does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all, the failure to close for any other reason, that the businesses of Veritex and NAC will not be integrated successfully, that the cost savings and any synergies from the proposed acquisition may not be fully realized or may take longer to realize than expected, disruption from the proposed acquisition making it more difficult to maintain relationships with employees, customers or other parties with whom Veritex or NAC have business relationships, diversion of management time on acquisition-related issues, the reaction to the transaction of the companies’ customers, employees and counterparties and other factors, many of which are beyond the control of Veritex and NAC. 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, 2020 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, which have been filed with the SEC and are available on the SEC’s website at 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 or NAC 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. Neither Veritex nor NAC undertakes 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 Current Report are expressly qualified in their entirety by the cautionary statements contained or referred to herein.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
99.1	Press release, dated September 21, 2021
99.2	Presentation materials
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: September 21, 2021



Veritex Holdings, Inc. Announces Acquisition of North Avenue Capital, LLC

DALLAS, September 21, 2021 – Veritex Holdings, Inc. (Nasdaq: VBTX) (“Veritex” or the “Company”), the parent holding company of Veritex Community Bank, today announced the entry into a definitive agreement pursuant to which a newly formed subsidiary of Veritex Community Bank will acquire North Avenue Capital, LLC (“NAC” or “North Avenue Capital”) to be a subsidiary of Veritex Community Bank.

The transaction will make Veritex Community Bank a leading player in the USDA Business and Industry (“B&I”) lending program. It furthers Veritex’s strategy of diversifying revenue streams and providing meaningful gain on sale and loan servicing fees. Veritex will be able to leverage NAC’s loan sourcing technology to further enhance Veritex’s products and services. Additionally, Veritex will provide additional resources and expertise to complement NAC’s experienced team and proven Veritex Community Bank strategy.

Veritex Chairman and Chief Executive Officer C. Malcolm Holland stated, “We are very excited about the acquisition of North Avenue Capital. We have been interested in expanding our existing presence in the USDA lending space for a while now and we have been impressed by what we have learned about North Avenue Capital and its people. This transaction provides us the opportunity to become the top player in the USDA B&I lending space and we look forward to working with the North Avenue Capital team moving forward.”

NAC Founder and Chief Executive Officer Ben Chatraw said, “Our acquisition by Veritex gives us a great opportunity to expand our business. We will be able to enhance our capabilities and we believe our customers, employees, and shareholders will all benefit from this.”

Under the terms of the merger agreement, upon the completion of the merger, Veritex will pay \$57.5 million in cash to existing shareholders of NAC, subject to adjustment. Three years after the completion of the transaction, NAC has the right, subject to adjustment, to receive an additional \$5 million in cash subject to certain performance measures. After closing, NAC will continue to operate under its current name and brand and in its current office space, as a wholly owned subsidiary of Veritex Community Bank. The transaction is expected to close in the fourth quarter of 2021.

Veritex was advised in this transaction by Keefe, Bruyette & Woods, A Stifel Company, and Covington & Burling LLP served as legal counsel. NAC was advised by Harbor View Advisors and Allen C. Ewing, and Womble Bond Dickinson served as legal counsel.

About Veritex Holdings, Inc.

Headquartered in Dallas, Texas, Veritex is a bank holding company that conducts banking activities through its wholly owned subsidiary, Veritex Bank, with locations throughout the Dallas-Fort Worth metroplex and in the Houston metropolitan area. Veritex Bank is a Texas state chartered bank regulated by the Texas Department of Banking and the Board of Governors of the Federal Reserve System. For more information, visit www.veritexbank.com.

About North Avenue Capital, LLC

Headquartered in Ponte Vedra, Florida, NAC is a regulated, non-depository government guaranteed lender. NAC originates and services loans exclusively through the USDA B& I guaranteed loan program within the USDA Rural Development Program. Outside of Ponte Vedra, Florida, NAC has regional offices in Georgia, Nevada, and Texas. For more information, visit www.northavenue.com.

Forward-Looking Statements

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VBTX

**Veritex Holdings, Inc. To Acquire
North Avenue Capital**

The Leading Non-Bank USDA Lender

September 21, 2021

Forward Looking Statements



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Strategic Rationale and Transaction Overview

- **Meaningful strategic expansion into the fragmented USDA lending space**
 - Experienced origination and servicing team with extensive third-party network and industry-leading underwriting expertise
 - Strong loan production pipeline in Business & Industry program with a solid foundation to expand and grow into similar sectors
 - Ability to leverage NAC's technology for existing Veritex products and services
- **Diversification of Veritex's revenue streams**
 - Consistently high gain on sale premiums in the secondary market for guaranteed loans (approximately 20% premium in 2021)
 - Stable proprietary secondary market for unguaranteed portion of loans
 - Servicing portfolio growth provides an attractive boost to recurring revenue
 - SBA revenue synergies identified but not modeled
- **Enhanced profitability outlook**
 - Ability to support NAC's strong loan production pipeline with Veritex's stable, low cost funding
 - Meaningful opportunity to deploy excess liquidity and capital
- **Strong cultural fit**
 - Both leadership teams are dedicated to creating strong relationships with their customers and local communities
 - Continuity and retention of experienced management team through employment agreements with key NAC employees

Transaction Overview

Valuation (\$ in millions)

Purchase Price (including holdback)	\$62.5
Deal Value / Tangible Common Equity ¹	2.50x
Deal Value / 2022E Net Income	5.4x

Transaction Impact

2022E EPS Accretion	8.1%
Change in 2022E ROATCE	+178bps
TBV Dilution ² Earnback	(4.3%) 3.3 yrs
Internal Rate of Return	>20%
Change in CET1 Ratio at Close	(43bps)

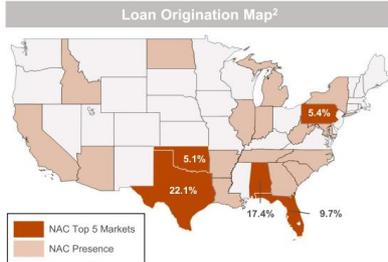
1. Based on \$25 million minimum equity requirement.
2. Assumes full payout of the \$5 million holdback at close.

- 100% cash transaction
- Purchase price is based on minimum closing tangible equity of \$25 million, where any shortfall would be deducted from the purchase price dollar for dollar
- \$5 million in cash to be held in escrow and paid out on the third anniversary of close based on the asset quality performance of the existing portfolio and pipeline at close
- Transaction is expected to close in Q4 2021

North Avenue Capital Overview

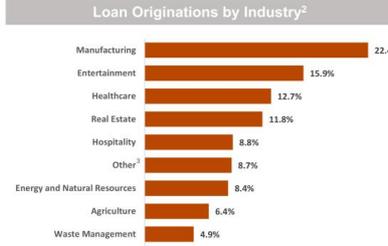


- ### Company Overview
- Founded in 2015, NAC is a regulated, non-depository government guaranteed lender
 - Originates and services loans primarily through the USDA Business & Industry (B&I) guaranteed loan program
 - Headquartered in Ponte Vedra, FL with regional offices in Georgia, Nevada, and Texas
 - Leading market position as "America's Rural Lender"
 - Loan sizes range from \$2 – \$35 million
 - Sells ~90% of loans into the secondary market, while retaining ~10% of all loans
 - Services 100% of all loans originated



Select Financial Highlights¹

\$26.1M Revenue	\$18.8M EBITDA	\$17.1M Net Income
\$160.5M Loan Originations	293% YoY Rev. Growth	103% Return on Equity



1. As of the last twelve months ended 6/30/2021.
 2. Active loan balances as of 8/9/2021.
 3. Other services include construction, educational services, wholesale trade and other services.

Market Leader Driven by Innovative Loan Sourcing Platform



Fiscal Year 2020 Rankings – USDA B&I Loan Volume¹

Rank	Lender	Volume	Count
1	North Avenue Capital	\$131,245,000	20
2	Live Oak Bank	\$121,750,000	24
3	Greater Nevada Credit Union	\$117,886,000	12
4	Bank of Montgomery	\$77,797,800	6
5	United Community Bank	\$47,438,000	6
6	Crestmark	\$46,099,353	7
7	Touchmark Bank	\$33,282,000	5
8	Byline Bank	\$31,012,000	5
9	First Guaranty Bank	\$26,120,000	2
10	Stone Bank	\$26,044,000	4
11	Ameristate Bank	\$25,958,000	8
12	Veritex Bank	\$25,370,000	2

Digital Marketing is the Primary Growth Engine



Digital Marketing | 40% of Leads

- Heavily invest in digital footprint (SEO and Google Ads)
- Proactively target quality prospects in eligible geographies
- Leverage innovative tools to capture engaged audiences



Broker Network | 40% of Leads

- Curate large and growing referral network of 10,000+ brokers
- Sponsor select top industry conferences
- Promote NAC as "America's Rural Lender"



Professional Network | 20% of Leads

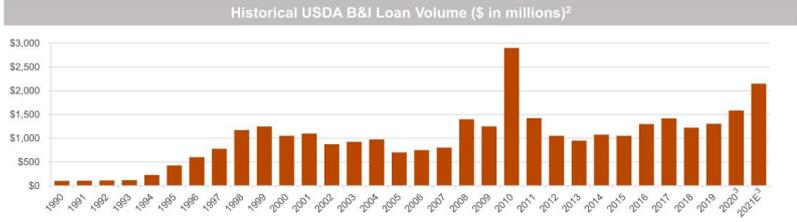
- Maintain professional and personal contacts to capture referrals and loan sourcing opportunities:
 - Private Equity
 - USDA
 - SBA

1. Source: USDA. Fiscal year ends 9/30.

USDA B&I Program Overview



Program Overview	Key B&I Program Attributes
<ul style="list-style-type: none"> Formed in the 1970s, the B&I program bolsters the availability of private credit by guaranteeing loans for businesses in rural areas across the U.S. The USDA defines rural as populations under 50,000 and not contiguous to urbanized areas The program provides an 80% federal guarantee on business loans Historical B&I delinquency rates have been well below comparable government-guaranteed programs, most recently remaining consistently below 5% 	<ul style="list-style-type: none"> No loan limits (vs. SBA capped at \$5 million)¹ Unguaranteed portion of loan held pari passu to guaranteed portion Lenders negotiate terms directly with borrowers Strong collateral requirements



Source: USDA.
 1. Loans above \$25 million require USDA Secretary approval.
 2. USDA fiscal year ends 9/30.
 3. Includes CARES Act loans.

USDA Rural Development Program Overview



Program Overview

- The USDA Rural Development (RD) is a mission area within the United States Department of Agriculture, intended to improve the economy and quality of life in Rural America
- RD offers direct and guaranteed loans through three agencies:
 - Rural Business
 - Rural Housing
 - Rural Utilities
- Last year, the USDA implemented sweeping changes to its programs through the OneRD initiative, the primary goal of which is to increase private investment in rural communities across the country
- Three of the most impactful changes include:
 - Increase guarantees to 80% for all loan sizes
 - Introduce a uniform application process to programs
 - Provide more dedicated resources for program's largest lenders

Source: USDA.

Key Rural Development Programs

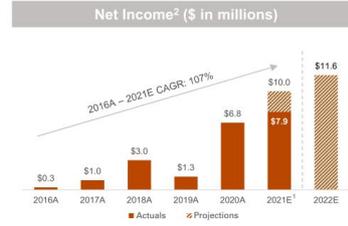
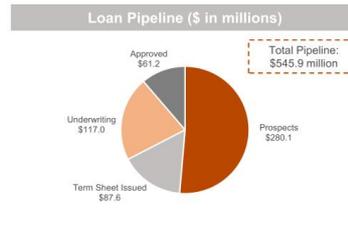
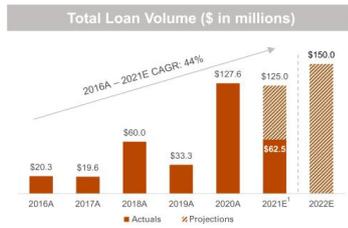
Program	Business & Industry (B&I)	Community Facilities	Rural Energy for America (REAP)
Average Loan Volume	~\$1.5 billion	~\$500 million	~\$500 million
NAC Market Share	10%	0%	0%
NAC Involvement	Market leader	First loan in process	None to date

Expansion Opportunities

Areas of Country Eligible for USDA Loans



North Avenue Capital Historical Growth



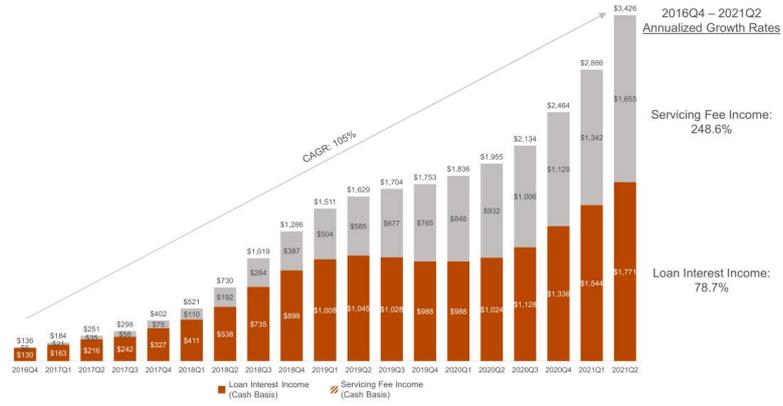
1. 2021 actuals as of the 8 months ended 8/31/2021.
 2. Assumes a 35% tax rate before 2018 and a 21% tax rate starting in 2018.

North Avenue Capital Historical Growth (continued)



Consistent Growth in Recurring Revenue Sources (\$ in thousands)

Recurring Cash Flow: Loan Interest + Servicing Fee Income (LTM)





Concluding Observations

- North Avenue Capital is a meaningful strategic expansion for Veritex into the fragmented USDA lending space
- High gain on sale premiums in the secondary market for guaranteed loans and loan servicing income generates a diversified, recurring revenue stream for Veritex
- NAC's strong loan pipeline creates an opportunity for Veritex to deploy its excess liquidity and capital
- NAC management and staff provides Veritex with industry-leading expertise and extensive third-party networks
- Regulatory tailwinds from USDA OneRD increase in loan guarantees support increased growth and profitability in the industry
- Attractive internal rate of return along with earnings accretion and manageable TBV dilution
- The transaction will further enhance Veritex's long-term track record of creating shareholder value

