

**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 6, 2022

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

Veritex Holdings, Inc. (“Veritex”) announced that, on September 1, 2022, StoneCastle Partners, LLC (“StoneCastle”) unilaterally terminated the definitive agreement in respect of Veritex’s previously announced proposed acquisition of StoneCastle Insured Sweep, LLC (d/b/a interLINK) from StoneCastle (the “Agreement”). Veritex had already received the approval of the Texas Department of Banking for the acquisition and was substantially progressed in pursuing the approval of the Federal Deposit Insurance Corporation (the “FDIC”) for the acquisition when StoneCastle terminated the Agreement. Veritex believes all the other conditions precedent to closing under the Agreement were (or were reasonably be expected to have been) satisfied upon receipt of approval from the FDIC. Neither Veritex nor the other parties to such agreement will pay a termination fee in connection with the termination of the transaction. Veritex is considering all options in connection with the termination of the Agreement, including in respect of willful and material breaches of the Agreement by StoneCastle.

On September 6, 2022, Veritex made available on its website electronic presentation slides that may be used by management of Veritex in discussions with investors and others. These presentation slides are attached as Exhibit 99.1 to this Current Report. The selected financial information in these presentation slides is derived from Veritex’s press release and second quarter 2022 earnings presentation materials, each dated July 27, 2022, included in Veritex’s Current Report on Form 8-K filed July 27, 2022. These presentation slides replace and supersede the second quarter 2022 earnings presentation materials furnished in Veritex’s Current Report on Form 8-K filed July 27, 2022. These presentation slides are dated September 6, 2022, and Veritex does not undertake to update these presentation slides after such date.

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 or the Securities Exchange Act of 1934, as amended, 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 assumptions, current expectations, estimates and projections and are subject to known and unknown risks, uncertainties and other factors, which change over time and are beyond our control, 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 termination of Veritex’s potential acquisition of interLINK, including the consideration of options in connection with such termination (including diversion of management time in connection therewith), the reaction to such termination (and such consideration of options) of Veritex’s customers, employees and counterparties, and any statements regarding the plans and objectives of management for future operations, products or services as a result of or following such termination; the impact of certain changes in Veritex’s accounting policies, standards and interpretations; the effects of the COVID-19 pandemic and actions taken in response thereto; and 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 broader economic and industry trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “seeks,” “targets,” “outlooks,” “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, 2022 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. 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 supplement, update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law. All forward-looking statements, expressed or implied, included in this Current Report on Form 8-K 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number

[99.1](#)
104

Description

[Presentation materials, dated September 6, 2022](#)

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 6, 2022

2022 / Investor Update



VERITEX[®]
HOLDINGS, INC.

TRUTH | INTEGRITY | TRANSPARENCY



Safe Harbor and Non-GAAP Measures

Forward-looking statements

This presentation 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 assumptions, current expectations, estimates and projections and are subject to known and unknown risks, uncertainties and other factors, which change over time and are beyond our control, 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 termination of Veritex's potential acquisition of interLINK, including the consideration of options in connection with such termination (including diversion of management time in connection therewith), the reaction to such termination (and such consideration of options) of Veritex's customers, employees and counterparties, and any statements regarding the plans and objectives of management for future operations, products or services as a result of or following such termination; the impact of certain changes in Veritex's accounting policies, standards and interpretations; the effects of the COVID-19 pandemic and actions taken in response thereto; and 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 broader economic and industry trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "seeks," "targets," "outlooks," "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, 2022 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. 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 supplement, update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law. 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 Veritex management's knowledge of the industry, markets 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, forecasts and information included in this presentation, such data forecasts, and information and Veritex's estimates based thereon involve risks, assumptions and uncertainties and are subject to change based on various factors. Veritex does not undertake any obligation, and specifically declines any obligation, to supplement, update or revise such data forecasts, and information and Veritex's estimates based thereon, whether as a result of new information, future developments or otherwise, except as required by law.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP (generally accepted accounting principles) financial measures, including tangible book value per common share ("TBVPS"), tangible common equity to tangible assets, return on average tangible common equity ("ROATCE"), operating earnings, pre-tax, pre-provision ("PTPP") operating earnings, diluted operating earnings per share ("EPS"), operating return on average assets ("ROAA"), PTPP operating ROAA, Operating ROATCE, operating efficiency ratio, operating noninterest income, operating noninterest expense and adjusted net interest margin ("NIM"). Veritex's management uses these non-GAAP financial measures to evaluate its operating performance and provide information that is important to investors. The non-GAAP financial measures that Veritex discusses in this presentation should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. 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.



Veritex Holdings, Inc. Franchise Overview



\$11.3

Billion in assets

\$8.6

Billion in loans

\$8.5

Billion in deposits

\$1.6

Billion market cap

2019

Best Banks to Work for
By **AMERICAN BANKER**

2020

Fastest Growing Companies
By **FORTUNE**

2021

Fastest Growing Companies
By **FORTUNE**



Financial metrics as of June 30, 2022; market cap as of August 31, 2022.

Strong, Resilient Texas Market

Our platform is **powered** by the Texas markets we serve

Texas	 <ul style="list-style-type: none"> Behind Texas' strong economy are 49 Fortune 500 companies headquartered in Texas, more than 1,600 foreign companies and 2.7 million small businesses Pro-business environment with no personal or corporate income taxes and the leading destination for companies relocating from other states. From May 2021 to 2022, Texas increased jobs by 6.1% Texas is the #1 exporting state in the nation for the 19th consecutive year, exporting \$279 billion in goods in 2020
Dallas / Ft. Worth	 <ul style="list-style-type: none"> 4th largest MSA in the U.S. by population 2nd highest projected household income among Texas MSAs 22 Fortune 500 companies 176 companies have relocated to DFW since 2010 2nd best job center in the U.S. for technology professions in 2020
Greater Houston	 <ul style="list-style-type: none"> 5th largest MSA in the U.S. by population 7th largest metro economy in the U.S. by GDP 5th in U.S. job growth since 2010 3rd highest concentration of Fortune 500 companies in the U.S. 35 companies have relocated to Houston since 2010

Superior Growth Profile

Market	VBTX Deposits	Current Population	Projected (22E - '27E) Population Growth vs. National
DPW	\$5.3B	7.8M	1.9x
Houston	\$1.8	7.3	1.9x
Texas	\$7.1	29.8	1.7x

Corporate Relocations to Texas



Examples of companies moving to call Texas home during 2020 - 2021 are diverse across sector and size

Second Quarter 2022 Highlights

Strong Balance Sheet

Financial Highlights (\$M)	Q2 2022	Q1 2022	Q2 2021
Net Interest Income	\$84.5	\$73.0	\$67.1
Non-Interest Revenue	10.4	15.1	12.5
Total Revenue	94.9	88.1	79.6
Non-Interest Expense	48.2	46.5	41.7
PTPP	46.7	41.6	37.9
Provision for Credit Losses	9.0	-	0.6
Income Tax Expense	8.1	8.1	7.8
Net Income	29.6	33.5	29.5

Key Performance Metrics	Q2 2022	Q1 2022	Q2 2021
Diluted EPS / Operating (\$)	0.54 / 0.55	0.65 / 0.66	0.59 / 0.60
BVPS / TBVPS (\$)	26.49 / 18.20	26.86 / 18.51	25.72 / 17.16
ROAA / Operating (%)	1.11 / 1.12	1.36 / 1.38	1.27 / 1.29
Efficiency Ratio / Operating (%)	50.76 / 50.45	52.84 / 52.05	52.42 / 51.63
ROATCE / Operating ROATCE (%)	12.68 / 12.77	15.84 / 16.08	15.18 / 15.42

- ◊ Total capital of \$1.3 billion; up \$36 million in 2Q22
- ◊ Non-performing assets ("NPAs") to total assets decreased to 0.40%, or 6 bps, from 1Q22
- ◊ Net charge-offs of \$909 thousand
- ◊ Net charge-offs to average loans outstanding of 1 bp during 2Q22 and 8bps for 2022 year to date
- ◊ Improved balance sheet liquidity and funding profile, even with abandonment of the InterLINK acquisition
- ◊ Declared a \$0.20 quarterly dividend
- ◊ Common stock offering completed on March 3, 2022 providing net proceeds of ~\$153.8 million and improving regulatory capital levels

Profitability

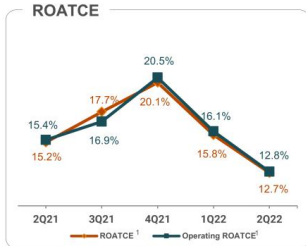
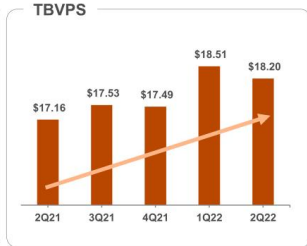
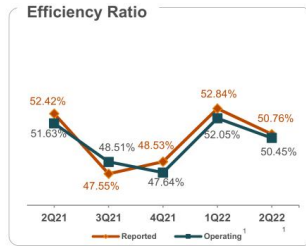
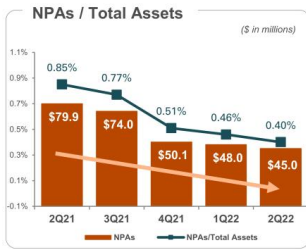
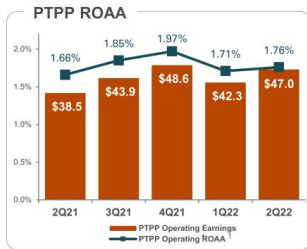
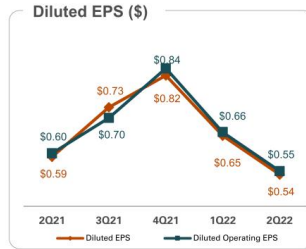
- ◊ Operating earnings of \$29.9 million, or \$0.55 per diluted share
- ◊ PTPP ROAA of 1.76%
- ◊ Q2 year over year positive operating leverage of 4.5% on revenue growth of 19.2%
- ◊ Net interest margin increased to 3.42%, up 20 bps
- ◊ Net interest income up 16% quarter over quarter

Growth Momentum

- ◊ Total loans held for investment ("LHI"), excluding mortgage warehouse ("MW") and Paycheck Protection Program ("PPP") loans, increased \$790.4 million, or 44.4% annualized
- ◊ Total deposits grew \$628.1 million, or 31.8% annualized



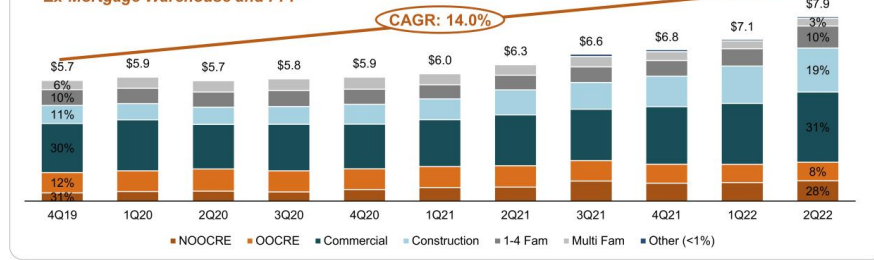
Key Financial Metrics



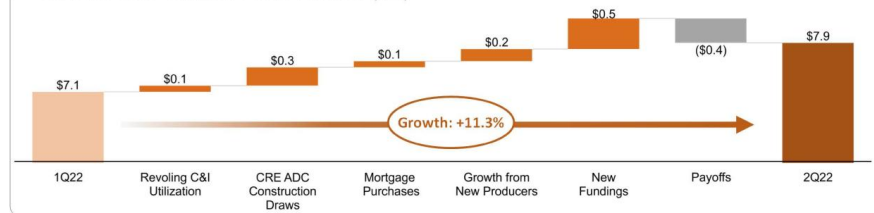
Disciplined Lending in Growing Texas Market

Pandemic-Era Loan Growth (\$B)

Ex-Mortgage Warehouse and PPP



Quarter over Quarter Loan Growth (\$B)



Disciplined Lending in Growing Texas Market

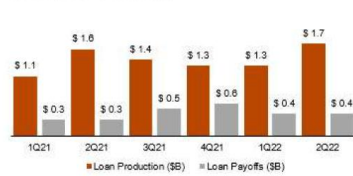
Investment in Talent Paying Off

- ◆ Hired 40 new producers since the beginning of the pandemic
- ◆ New hires accounting for between 25 – 30% of net loan growth during 2022
- ◆ Banker productivity beginning to season on the Veriflex platform

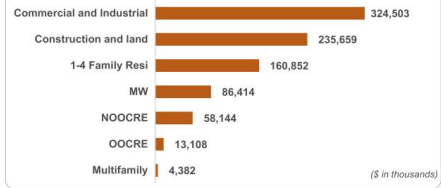
Trending Positive Net Production

- ◆ Benefiting from client relationship growth and utilization
- ◆ Significant new client wins

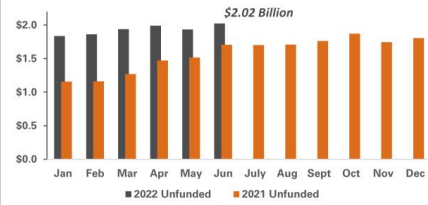
Loan Production vs Payoffs:



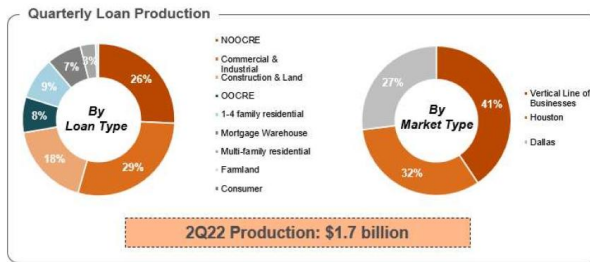
QOQ Growth by Portfolio



CRE ADC Construction LOC Current Unfunded (Non-Revolving)



Prudent Underwriting for Growth



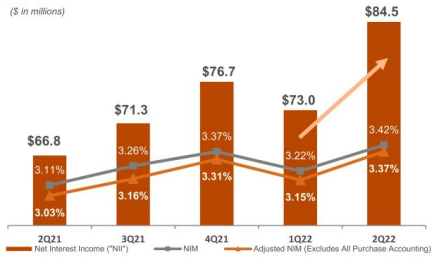
- Diversified loan production across loan and market type
- Attractive markets undergoing structural growth with in-footprint experience
- Prudent underwriting consistent with past practice and aligned with risk appetite
- Relationship banking and high-touch service yielding profitable growth at attractive spreads

Consistent Production Characteristics

Weighted Average Statistics of Loans Greater than \$10 million for each respective portfolio

	CRE Tem		CRE Construction		C&I	
	Last 12 Months	1H22	Last 12 Months	1H22	Last 12 Months	1H22
Weighted Average LTV	61%	65%	53%	52%		
Weighted Average LTC	60%	64%	65%	65%		
Weighted Average DSCR	1.75x	1.95x	1.45x	1.37x		
Weighted Average Cash Flow Leverage					1.92x	1.92x
Weighted Average Fixed Charge Coverage					6.63x	5.08x

Growing Net Interest Income



Average Earnings Assets



Net Interest Income Rollforward

(\$ in thousand)

1Q22 Net Interest Income	\$73,040
Impact of growth	7,435
Impact of rate changes	2,438
Change due to day count	928
Change in earning asset mix and other	639
2Q22 Net Interest Income	\$84,480

Interest Rate Sensitivity

Interest Rate Scenario	Forecasted Net Interest Income (\$ in millions)	Percentage Change From Base	Forecasted Net Interest Margin	Forecasted Net Interest Margin Change from Base
Up 300 bps	\$ 466.1	15.02%	4.38%	14.66%
Up 200 bps	\$ 445.7	10.01%	4.20%	9.95%
Up 100 bps	\$ 425.5	4.99%	4.01%	4.97%
BASE CASE	\$ 405.2	0.00%	3.82%	0.00%
Down 100 bps	\$ 384.7	-5.06%	3.63%	-4.97%
Down 200 bps	\$ 362.8	-10.47%	3.42%	-10.47%

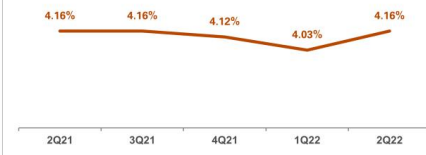
Base case above is static balances applying forward rate curve as of June 30, 2022.



Interest Rate Components of Loans and Investments

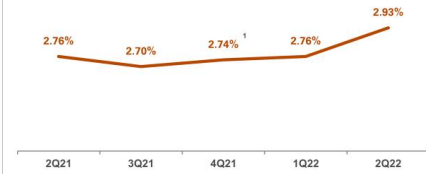
Loan Yields

5 quarter loan yield trend, excluding MW and PPP

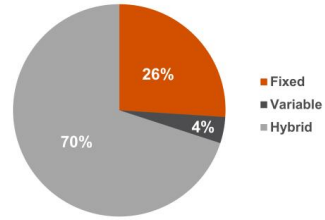


Debt Investment Yields

5 quarter investment yield trend, excluding prepayments



Loan Portfolio by Repricing Type



Variable and Hybrid Loans by Index

Variable and Hybrid Loans by Rate Index	Amount (in millions)	% of Variable and Hybrid Loans
1-Month LIBOR	\$ 2,959.6	47.9%
12-Month LIBOR	\$ 321.8	5.2%
SOFR	\$ 1,339.6	21.7%
Prime Rate	\$ 1,547.2	25.0%
Other	\$ 8.4	0.1%
Total Variable and Hybrid Loans	\$ 6,176.6	100.0%



¹ Excludes \$2.1 million of prepayment penalty income on debt securities during 4Q21.

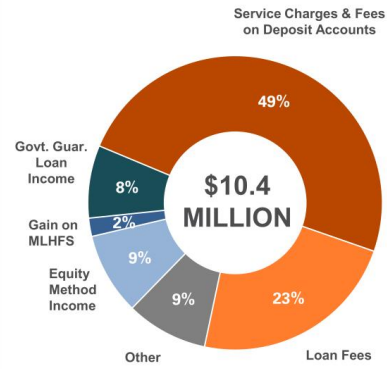
Operating Noninterest Income

2Q22 / 1Q22 Comparison



- Equity method investment income increased 163% driven by higher 2Q '22 income on our investment in Thrive
- Other income decreased 52% primarily due to \$1.3 million in service asset valuation adjustments taken during 2Q '22 slightly offset by a \$688 thousand increase in derivative income
- Government guaranteed loan income, net, decreased 84% primarily due to a \$3.5 million decrease in gains on sold USDA loans

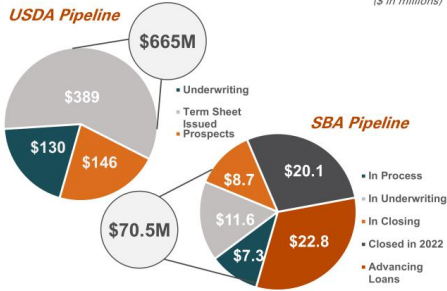
2Q22 Noninterest Income Composition



Government Guaranteed and Thrive

Government Guaranteed

(\$ in millions)



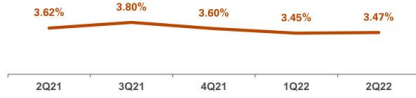
- Current USDA funding facts: Demand for B&I loan guarantees are greater than the amount of funding available and the USDA discontinued allocating funds on an as-requested basis and is awarding funds on a monthly basis. Funding is based on the project priority score according in the B&I project priority point system with unfunded requests carried to the following months funding cycle
- Premium compression down 40%-50% due to rising rates and economic uncertainty
- Servicing asset valuation allowance of \$1.3 million booked in 2Q22 driven by higher interest rates and the outlook for additional Federal Reserve rate hikes

Thrive Mortgage, LLC

(Investment completed on July 19, 2021)

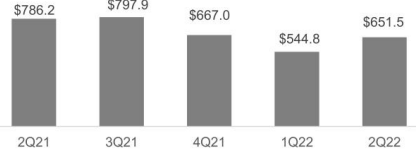
Thrive's retail channel increased 7% from May to June and decreased 15% year over year compared to the industry¹ which reported a 5% decrease from May to June and 48% decrease year over year.

Gain on Sale %



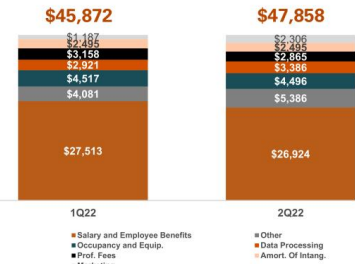
Total Volume

(\$ in millions)



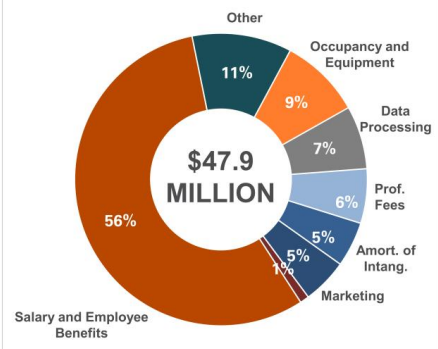
Operating Noninterest Expense

2Q22 / 1Q22 Comparison



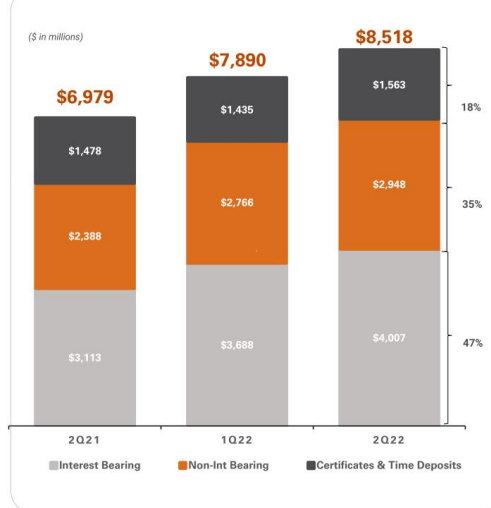
- Other expenses increased \$1.3 million, of 18%, primarily due to a \$1.2 million increase in loan-related legal and collection expenses
- Marketing expenses increased \$1.1 million, or 94%, primarily due to increases in advertising and community reinvestment act donations during 2Q '22

2Q22 Noninterest Expense Composition



Deposit Growth

Deposit Composition

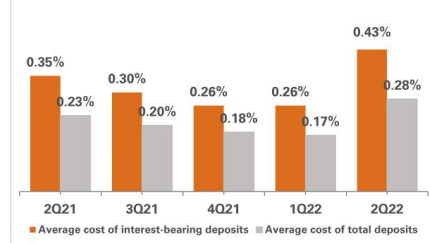


Total deposit balances increased \$628.1 million, or 31.8% last quarter annualized ("LQA"), and increased \$1.5 billion, or 22% YOY

	LQA	YOY
Demand & Savings	+35%	+29%
Non-Int Bearing	+26%	+23%
Certificates and Time Deposits	+35%	+6%

Excluding MW and PPP loans, the loan to deposit ratio was **93.1%** at June 30, 2022

Cost of Interest-bearing Deposits and Total Deposits



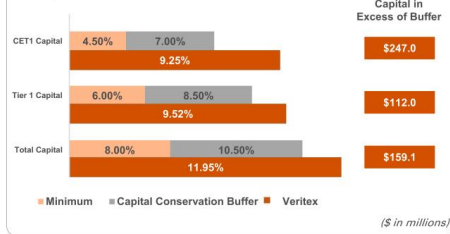
Strong Capital Supporting Fortress Balance Sheet



Capital Priorities

- Support organic growth
- Maintain strong debt ratings
- Provide attractive dividend
- Strategic growth, including M&A

Capital Levels

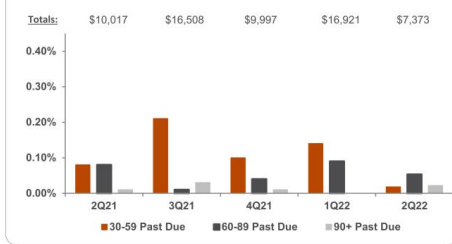


TBVPs



Improving Asset Quality and ACL

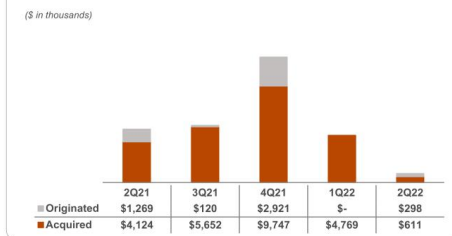
Past Due Trend¹ % of Total Loans²



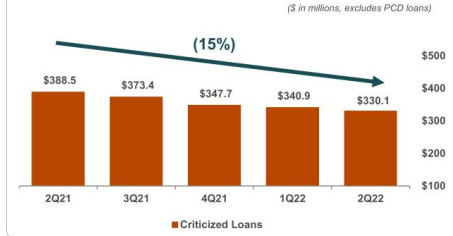
ACL / Total Loans²



Net Charge-offs



Quarterly Criticized Loans



Bullish Analyst Targets Post 2Q22 Earnings

	Rating	Price Target	2022 Estimate	2023 Estimate
 KEEFE, BRUYETTE & WOODS <small>A Siftel Company</small>	Outperform	\$44.00	\$2.78	\$3.78
 DA DAVIDSON	Buy	\$43.00	\$2.96	\$3.97
 HOVDE GROUP	Outperform	\$42.00	\$2.85	\$3.50
PIPER SANDLER	Overweight	\$39.00	\$2.95	\$3.60
RAYMOND JAMES	Outperform	\$38.00	\$2.70	\$3.60
Stephens	Overweight	\$36.00	\$2.43	\$3.30
	Consensus	\$40.33	\$2.78	\$3.63



Analyst 2Q22 Commentary

VBTX : Robust Loan Growth & NIM Expansion as Fees Take a Breather, Reiterate Outperform

Brady Gailey, CFA; Keefe Bruyette & Woods

"We believe Veritex is a valuable, growth-focused commercial bank with exposure to attractive Texas markets. Veritex has a strong record of both solid organic and acquisitive growth with an asset-sensitive balance sheet and clean credit quality."

VBTX : Spread Income Growth Trumps Lower Fees

Gary Tenner, CFA; D.A. Davidson & Co.

"VBTX continues to record strong loan and strong asset quality, while being well-positioned to generate growth in NII and an expanded NIM on a go forward basis."

VBTX : PPNR Momentum Led by Strong Loan Growth Outlook Pushed Our Estimates Higher

Brett Rabatin, CFA; Hovde Group

"We view yesterday's share underperformance as an opportunity on this high-growth Texas pure-play, and think VBTX's loan/NIM momentum is poised to continue in 2H22/FY23, which should allay concerns about fee income."

VBTX : Maintaining 2023E & Overweight Ratings

Brad Millsaps, CFA; Piper Sandler

"Updated NII disclosure coupled with better than expected loan growth has us leaving our 2023E of \$3.60 and our \$39 price target unchanged as we believe that VBTX has the NII leverage to replace the fees assuming mid-teen loan growth, while a fee rebound would serve as upside to our estimates. At less than 9x, VBTX remains an attractive option for growth-oriented investors looking for a pure play Texas bank best positioned to post outsized growth and benefit from higher rates over the next 12-18 months."

VBTX : Raising '23E EPS; Reiterate Outperform, \$38 PT

Michael Rose, CFA; Raymond James & Associates

"Looking ahead, our 2023 EPS estimate moves modestly higher as stronger loan growth and a higher NIM drive an increase in our net interest income forecasts which is partially offset by lower fee income (NAC/Thrive) and modestly higher noninterest expenses relative to our prior model. In turn, we continue to view risk-reward positively given above-peer loan growth and profitability projections, capital flexibility, and increasing scarcity/franchise value."

VBTX : Decreasing EPS Forecast as Fees Headwinds Likely to Persist in Near Term

Matt Olney, CFA; Stephens Inc.

"VBTX's 2Q22 results were highlighted by robust NII that was offset by slower fees and ultimately drove PPNR miss to consensus forecasts. Despite the fee income headwinds, we continue to believe the Company is in the midst of a multi-year double-digit organic revenue growth period."



2022 /

Supplemental Information



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Reconciliation of Non-GAAP Financial Measures

	As of				
	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
(Dollars in thousands, except per share data)					
Tangible Common Equity					
Total stockholders' equity	\$ 1,429,442	\$ 1,447,996	\$ 1,315,079	\$ 1,284,160	\$ 1,272,907
Adjustments:					
Goodwill	(404,452)	(404,452)	(403,771)	(370,840)	(370,840)
Core deposit intangibles	(43,122)	(45,560)	(47,998)	(50,436)	(52,873)
Tangible common equity	\$ 981,868	\$ 997,984	\$ 863,310	\$ 862,884	\$ 849,194
Common shares outstanding	53,951	53,907	49,372	49,229	49,498
Book value per common share	\$ 26.50	\$ 26.86	\$ 26.64	\$ 26.09	\$ 25.72
Tangible book value per common share	\$ 18.20	\$ 18.51	\$ 17.49	\$ 17.53	\$ 17.16
As of					
	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
(Dollars in thousands)					
Tangible Common Equity					
Total stockholders' equity	\$ 1,429,442	\$ 1,447,996	\$ 1,315,079	\$ 1,284,160	\$ 1,272,907
Adjustments:					
Goodwill	(404,452)	(404,452)	(403,771)	(370,840)	(370,840)
Core deposit intangibles	(43,122)	(45,560)	(47,998)	(50,436)	(52,873)
Tangible common equity	\$ 981,868	\$ 997,984	\$ 863,310	\$ 862,884	\$ 849,194
Tangible Assets					
Total assets	\$ 11,304,811	\$ 10,453,680	\$ 9,757,249	\$ 9,572,300	\$ 9,349,525
Adjustments:					
Goodwill	(404,452)	(404,452)	(403,771)	(370,840)	(370,840)
Core deposit intangibles	(43,122)	(45,560)	(47,998)	(50,436)	(52,873)
Tangible Assets	\$ 10,857,237	\$ 10,003,668	\$ 9,305,480	\$ 9,151,024	\$ 8,925,812
Tangible Common Equity to Tangible Assets	9.04 %	9.98 %	9.28 %	9.43 %	9.51 %



Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended				For the Six Months Ended	
	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	June 30, 2022	June 30, 2021
(Dollars in thousands)						
Net income available for common stockholders adjusted for amortization of core deposit intangibles						
Net income	\$ 29,626	\$ 33,470	\$ 41,506	\$ 36,835	\$ 29,456	\$ 61,243
Adjustments:						
Plus: Amortization of core deposit intangibles	2,438	2,438	2,438	2,438	2,438	4,876
Less: Tax benefit at the statutory rate	512	512	512	512	512	1,024
Net income available for common stockholders adjusted for amortization of core deposit intangibles	\$ 31,552	\$ 35,396	\$ 43,432	\$ 38,761	\$ 31,382	\$ 66,948
Average Tangible Common Equity						
Total average stockholders' equity	\$1,447,377	\$1,357,448	\$1,301,676	\$1,290,528	\$1,254,371	\$1,402,661
Adjustments:						
Average goodwill	(404,452)	(404,014)	(393,220)	(370,840)	(370,840)	(404,234)
Average core deposit intangibles	(44,720)	(47,158)	(49,596)	(52,043)	(54,471)	(45,932)
Average tangible common equity	\$ 998,205	\$ 906,276	\$ 858,860	\$ 867,645	\$ 829,060	\$ 952,495
Return on Average Tangible Common Equity (Annualized)	12.68 %	15.84 %	20.06 %	17.72 %	15.18 %	14.17 %



Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Six Months Ended	
	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	June 30, 2022	June 30, 2021
(Dollars in thousands)							
Operating Earnings							
Net income	\$ 29,626	\$ 33,470	\$ 41,506	\$ 36,835	\$ 29,456	\$ 63,096	\$ 61,243
Plus: Severance payments ¹	—	—	—	—	627	—	627
Plus: Loss on sale of debt securities AFS, net	—	—	—	188	—	—	—
Less: Thrive PPP loan forgiveness income ²	—	—	—	1,912	—	—	—
Plus: M&A expenses	295	700	826	—	—	995	—
Operating pre-tax income	29,921	34,170	42,332	35,111	30,083	64,091	61,870
Less: Tax impact of adjustments	66	156	(78)	39	131	222	131
Plus: Nonrecurring tax adjustments ³	—	—	—	—	—	—	426
Operating earnings	\$ 29,855	\$ 34,014	\$ 42,410	\$ 35,072	\$ 29,952	\$ 63,869	\$ 62,165
Weighted average diluted shares outstanding	54,646	51,571	50,441	50,306	50,331	53,121	50,187
Diluted EPS	\$ 0.54	\$ 0.65	\$ 0.82	\$ 0.73	\$ 0.59	\$ 1.19	\$ 1.22
Diluted operating EPS	\$ 0.55	\$ 0.66	\$ 0.84	\$ 0.70	\$ 0.60	1.20	1.24

¹ Severance payments relate to branch restructurings made during the three months ended June 30, 2021.

² During the third quarter of 2021, Thrive's PPP loan with another bank was 100% forgiven by the Small Business Administration. As a result of our 49% investment in Thrive, the \$1.9 million represents our portion of the PPP loan forgiveness. PPP fee income is not taxable and as such has no tax impact.

³ A nonrecurring tax adjustment of \$426 thousand recorded in the first quarter of 2021 was due to a true-up of a deferred tax liability.



Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Six Months Ended	
	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	June 30, 2022	June 30, 2021
(Dollars in thousands)							
Pre-Tax, Pre-Provision Operating Earnings							
Net income	\$ 29,626	\$ 33,470	\$ 41,506	\$ 36,835	\$ 29,456	\$ 63,096	\$ 61,243
Plus: Provision for income taxes	8,079	8,102	10,697	9,195	7,837	16,181	16,830
Plus: Provision (benefit) for credit losses and unfunded commitments	9,000	(7)	(4,389)	(448)	577	8,993	7
Plus: Severance payments	—	—	—	—	627	—	627
Plus: Loss on sale of AFS securities, net	—	—	—	188	—	—	—
Less: Thrive PPP loan forgiveness income	—	—	—	1,912	—	—	—
Plus: M&A expenses	295	700	826	—	—	995	—
Pre-tax, pre-provision operating earnings	\$ 47,000	\$ 42,265	\$ 48,640	\$ 43,858	\$ 38,497	\$ 89,265	\$ 78,707
Average total assets	\$10,711,663	\$9,998,922	\$9,788,671	\$9,385,470	\$9,321,279	\$10,357,261	\$9,132,347
Pre-tax, pre-provision operating return on average assets¹	1.76 %	1.71 %	1.97 %	1.85 %	1.66 %	1.74 %	1.74 %
Average total assets	\$10,711,663	\$9,998,922	\$9,788,671	\$9,385,470	\$9,321,279	\$10,357,261	\$9,132,347
Return on average assets¹	1.11 %	1.36 %	1.68 %	1.56 %	1.27 %	1.23 %	1.35 %
Operating return on average assets¹	1.12	1.38	1.72	1.48	1.29	1.24	1.37



Reconciliation of Non-GAAP Financial Measures

Operating earnings adjusted for amortization of core deposit intangibles							
Operating earnings	\$ 29,855	\$ 34,014	\$ 42,410	\$ 35,072	\$ 29,952	\$ 63,869	\$ 62,165
Adjustments:							
Plus: Amortization of core deposit intangibles	2,438	2,438	2,438	2,438	2,438	4,876	4,885
Less: Tax benefit at the statutory rate	512	512	512	512	512	1,024	1,026
Operating earnings adjusted for amortization of core deposit intangibles	\$ 31,781	\$ 35,940	\$ 44,336	\$ 36,998	\$ 31,878	\$ 67,721	\$ 66,024
Average Tangible Common Equity							
Total average stockholders' equity	\$1,447,377	\$1,357,448	\$1,301,676	\$1,290,528	\$1,254,371	\$1,402,661	\$1,239,415
Adjustments:							
Less: Average goodwill	(404,452)	(404,014)	(393,220)	(370,840)	(370,840)	(404,234)	(370,840)
Less: Average core deposit intangibles	(44,720)	(47,158)	(49,596)	(52,043)	(54,471)	(45,932)	(55,685)
Average tangible common equity	\$ 998,205	\$ 906,276	\$ 858,860	\$ 867,645	\$ 829,060	\$ 952,495	\$ 812,890
Operating return on average tangible common equity¹	12.77 %	16.08 %	20.48 %	16.92 %	15.42 %	14.34 %	16.38 %
Efficiency ratio							
Net interest income	\$ 84,480	\$ 73,040	\$ 76,741	\$ 71,276	\$ 67,131	\$ 157,520	\$ 132,766
Noninterest income	10,378	15,097	16,150	15,627	12,456	25,475	26,628
Plus: Loss on sale of AFS securities, net	—	—	—	188	—	—	—
Less: Thrive PPP loan forgiveness income	—	—	—	1,912	—	—	—
Operating noninterest income	10,378	15,097	16,150	13,903	12,456	25,475	26,628
Noninterest expense	48,153	46,572	45,077	41,321	41,717	94,725	81,314
Less: Severance payments	—	—	—	—	627	—	627
Less: M&A expenses	295	700	826	—	—	995	—
Operating noninterest expense	\$ 47,858	\$ 45,872	\$ 44,251	\$ 41,321	\$ 41,090	\$ 93,730	\$ 80,687
Operating efficiency ratio	50.45 %	52.05 %	47.64 %	48.51 %	51.63 %	51.22 %	50.62 %



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