

**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): October 27, 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 2.02 Results of Operations and Financial Condition
Item 7.01 Regulation FD Disclosure

On October 27, 2020, Veritex Holdings, Inc. (the “Company”), the holding company for Veritex Community Bank, a Texas state chartered bank, issued a press release describing its results of operations for the third quarter ended September 30, 2020. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On Wednesday, October 28, 2020 at 8:30 a.m., Central Time, the Company will host an investor conference call and webcast to review its third quarter financial results. The webcast will include a slide presentation that consists of information regarding the Company’s operating and growth strategies and financial performance. The presentation materials will be posted on the Company’s website on October 27, 2020. The presentation materials are attached hereto as Exhibit 99.2, which is incorporated by reference.

As provided in General Instruction B.2 to Form 8-K, the information furnished in Item 2.02, Item 7.01, Exhibit 99.1 and Exhibit 99.2 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 8.01 Other Events

On October 27, 2020, the Company issued a press release announcing the declaration of a quarterly cash dividend of \$0.17 per share on its outstanding common stock. The dividend will be paid on or after November 19, 2020 to shareholders of record as of the close of business on November 5, 2020. The press release is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated October 27, 2020
99.2	Presentation materials
99.3	Press release, dated October 27, 2020
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: July 28, 2020

VERITEX HOLDINGS, INC. REPORTS THIRD QUARTER OPERATING RESULTS

Dallas, TX — October 27, 2020 — Veritex Holdings, Inc. (“Veritex” or the “Company”) (Nasdaq: VBTX), the holding company for Veritex Community Bank, today announced the results for the quarter ended September 30, 2020.

“Despite the economic headwinds resulting from the pandemic, we delivered a strong quarter. Loans on active deferral have declined 87% since late July. We remain optimistic about the current recovery and the long-term strength of the DFW and Houston economies,” said C. Malcolm Holland, III, the Company’s Chairman and Chief Executive Officer. “Our quarterly results reflect strong pre-tax, pre-provision operating net revenue, slower building of our allowance for credit losses, higher capital levels and positive loan and deposit growth. I couldn’t be more proud and encouraged by what the team has accomplished during 2020 which is proving to be a challenging operating period.”

Third Quarter Highlights

- Net income of \$22.9 million, or \$0.46 diluted earnings per share (“EPS”), compared to \$24.0 million, or \$0.48 diluted EPS, for the quarter ended June 30, 2020 and \$27.4 million, or \$0.51 diluted EPS, for the quarter ended September 30, 2019;
- Pre-tax, pre-provision operating earnings¹ totaled \$39.3 million, compared to \$45.7 million for the quarter ended June 30, 2020 and \$45.7 million for the quarter ended September 30, 2019;
- Provision for credit losses and unfunded commitments was \$10.1 million, compared to \$19.0 million for the quarter ended June 30, 2020;
- Allowance for credit losses (“ACL”) to total loans held for investments (“LHI”), excluding mortgage warehouse and Paycheck Protection Program (“PPP”) loans, was 2.10% for the quarter ended September 30, 2020 compared to 2.01% for the quarter ended June 30, 2020.
- Total loans, excluding PPP loans, grew \$165.3 million from the second quarter of 2020, or 10.7% annualized.
- Total deposits grew \$97.0 million from the second quarter of 2020, or 6.3% annualized, with the average cost of total deposits decreasing to 0.46% for the three months ended September 30, 2020 from 0.59% for the three months ended June 30, 2020;
- Growth of \$20.9 million in total common equity tier 1 capital for the three months ended September 30, 2020;
- Declared quarterly cash dividend of \$0.17 payable on November 19, 2020;
- On October 5, 2020, issued \$125 million in subordinated debt initially bearing a fixed interest rate of 4.125%; and
- On October 27, 2020, extended the expiration date of the Stock Buyback Program from December 31, 2020 to March 31, 2021.

Financial Highlights

	QTD		YTD	
	Q3 2020	Q2 2020	Q3 2020	Q3 2019
	(Dollars in thousands) (unaudited)			
GAAP				
Net income	\$ 22,920	\$ 24,028	\$ 51,082	\$ 61,688
Diluted EPS	0.46	0.48	1.02	1.13
Return on average assets ²	1.06 %	1.11 %	0.81 %	1.04 %
Efficiency ratio	48.12	46.02	47.19	59.42
Book value per common share	\$ 23.87	\$ 23.45	\$ 23.87	\$ 23.02
Non-GAAP¹				
Operating earnings	\$ 22,928	\$ 21,188	\$ 48,250	\$ 93,542
Diluted operating EPS	0.46	0.43	0.96	1.71
Pre-tax, pre-provision operating earnings	39,265	45,668	124,040	136,118
Pre-tax, pre-provision operating return on average assets	1.82 %	2.11 %	1.96 %	2.30 %
Tangible book value per common share	\$ 15.19	\$ 14.71	\$ 15.19	\$ 14.61

¹ Refer to the section titled “Reconciliation of Non-GAAP Financial Measures” for a reconciliation of these non-generally accepted accounting principles (“GAAP”) financial measures to their most directly comparable GAAP measures.

² Annualized ratio.

Results of Operations for the Three Months Ended September 30, 2020

Net Interest Income

For the three months ended September 30, 2020, net interest income before provision for credit losses was \$65.9 million and net interest margin was 3.32% compared to \$65.8 million and 3.31%, respectively, for the three months ended June 30, 2020. Net interest margin increased 1 basis point from the three months ended June 30, 2020 primarily due to decreases in the average rates paid on interest-bearing demand and savings deposits and certificate and other time deposits which is slightly offset by decreases in the average yields earned on loans the three months ended September 30, 2020. As a result, the average cost of interest-bearing deposits decreased 17 basis points to 0.67% for the three months ended September 30, 2020 from 0.84% for the three months ended June 30, 2020.

Net interest income before provision for credit losses decreased by \$5.0 million from \$70.9 million to \$65.9 million and net interest margin decreased by 58 basis points from 3.90% to 3.32% for the three months ended September 30, 2020 as compared to the same period in 2019. The decrease in net interest income before provision for credit losses was primarily due to a \$17.1 million decrease in interest income on loans, partially offset by \$8.3 million and \$5.3 million decrease in interest expenses on transaction and savings deposits and certificates and other time deposits, respectively, during the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net interest margin decreased 58 basis points from the three months ended September 30, 2019 primarily due to a decrease in yields earned on loan balances, partially offset by decreases in the average rate paid on interest-bearing demand and savings deposits and certificates and other time deposits for the three months ended September 30, 2020. As a result, the average cost of interest-bearing deposits decreased 112 basis points to 0.67% for the three months ended September 30, 2020 from 1.79% for the three months ended September 30, 2019.

Noninterest Income

Noninterest income for the three months ended September 30, 2020 was \$9.8 million, a decrease of \$11.5 million, or 54.0%, compared to the three months ended June 30, 2020. The decrease was primarily due to a \$8.7 million decrease in government guaranteed loan income, net. In the second and third quarter of 2020, the Company earned fee income of 5% on PPP loans under \$350 thousand, 3% on PPP loans between \$350 thousand and \$2 million and 1% on PPP loans greater than \$2 million totaling fee income of \$295 thousand in the third quarter of 2020 compared to \$12.5 million in the second quarter of 2020. The recognized fee income on PPP loans was partially offset by a valuation allowance on the PPP loans of \$2.0 million as the Company elected to carry these loans at fair value.

Compared to the three months ended September 30, 2019, noninterest income for the three months ended September 30, 2020 increased by \$1.4 million, or 16.2%. The increase was primarily due to a \$1.3 million increase in government guaranteed loan income, net, as a result of the fee income earned on PPP loans.

Noninterest Expense

Noninterest expense was \$36.4 million for the three months ended September 30, 2020, compared to \$40.1 million for the three months ended June 30, 2020, a decrease of \$3.7 million, or 9.1%. The decrease was primarily driven by a \$1.6 million decrease in pre-payment fees on Federal Home Loan Bank ("FHLB") advances paid in the second quarter of 2020 with no corresponding pre-payment fees during the three months ended September 30, 2020. The decrease was also driven by a \$1.2 million decrease in COVID related expenses primarily related to Community Reinvestment Act donations, lender incentives, employee overtime and cleaning services that were paid in the second quarter of 2020 with nominal COVID expenses for the three months ended September 30, 2020.

Compared to the three months ended September 30, 2019, noninterest expense for the three months ended September 30, 2020 increased by \$1.8 million, or 5.1%. The increase was primarily driven by a \$3.0 million increase in salaries and employee benefits offset by a \$1.0 million decrease in merger and acquisition expenses.

Financial Condition

Total loans were \$6.8 billion at September 30, 2020, an increase of \$157.7 million, or 9.6% annualized, compared to June 30, 2020. The increase was the result of the continued execution and success of our loan growth strategy.

Total deposits were \$6.2 billion at September 30, 2020, an increase of \$97.0 million, or 6.3% annualized, compared to June 30, 2020. The increase was primarily the result of increases of \$107.8 million and \$13.0 million in interest-bearing transaction and savings deposits and noninterest-bearing demand deposits, respectively, partially offset by a decrease of \$23.8 million in certificates and other time deposits.

Asset Quality

Nonperforming assets totaled \$96.4 million, or 1.11% of total assets at September 30, 2020, compared to \$39.4 million, or 0.50% of total assets, at December 31, 2019. The Company had a net charge-off of \$2.5 million for the quarter, which is primarily the result of one relationship charge-off that was fully reserved against in the second quarter of 2020.

The Company recorded a provision for credit losses for the three months ended September 30, 2020 of \$8.7 million, compared to \$16.2 million and \$9.7 million for the three months ended June 30, 2020 and September 30, 2019, respectively. The decrease in the recorded provision for credit losses for the three months ended September 30, 2020, compared to the three months ended June 30, 2020, was primarily attributable to improvement in the Texas economic forecasts used in the Current Expected Credit Losses ("CECL") model in the third quarter of 2020 to reflect the expected impact of the COVID-19 pandemic as of September 30, 2020, as compared to our Texas economic forecasts and expected impact of the COVID-19 pandemic as of June 30, 2020. Changes to the Texas economic forecasts were offset by a \$13.2 million increase in specific reserves on certain lending relationships that moved onto nonaccrual status during the three months ended September 30, 2020. In the third quarter of 2020, we also recorded a \$1.4 million provision for unfunded commitments which was attributable to higher unfunded balances compared to a \$2.8 million provision for unfunded commitments recorded for the three months ended June 30, 2020. Allowance for credit losses as a percentage of LHI, excluding mortgage warehouse and PPP loans, was 2.10%, 2.01% and 0.46% of total loans at September 30, 2020, June 30, 2020 and September 30, 2019, respectively.

Dividend Information

On October 27, 2020, Veritex's Board of Directors declared a quarterly cash dividend of \$0.17 per share on its outstanding shares of common stock. The dividend will be paid on or after November 19, 2020 to stockholders of record as of the close of business on November 5, 2020.

Non-GAAP Financial Measures

Veritex's management uses certain non-GAAP (U.S. generally accepted accounting principles) financial measures to evaluate its operating performance and provide information that is important to investors. 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. Specifically, Veritex reviews and reports tangible book value per common share, operating earnings, tangible common equity to tangible assets, return on average tangible common equity, pre-tax, pre-provision operating earnings, pre-tax, pre-provision operating return on average assets, diluted operating earnings per share, operating return on average assets, operating return on average tangible common equity and operating efficiency ratio. Veritex has included in this earnings release information related to these non-GAAP financial measures for the applicable periods presented. Please refer to "Reconciliation of Non-GAAP Financial Measures" after the financial highlights at the end of this earnings release for a reconciliation of these non-GAAP financial measures.

Conference Call

The Company will host an investor conference call to review the results on Wednesday, October 28, 2020 at 8:30 a.m. Central Time. Participants may pre-register for the call by visiting <https://edge.media-server.com/mmc/p/yb2kmpoq> and will receive a unique PIN, which can be used when dialing in for the call. This will allow attendees to access the call immediately. Alternatively, participants may call toll-free at (877) 703-9880.

The call and corresponding presentation slides will be webcast live on the home page of the Company's website, <https://ir.veritexbank.com/>. An audio replay will be available one hour after the conclusion of the call at (855) 859-2056, Conference #1172928. This replay, as well as the webcast, will be available until November 4, 2020.

About Veritex Holdings, Inc.

Headquartered in Dallas, Texas, Veritex is a bank holding company that conducts banking activities through its wholly owned subsidiary, Veritex Community Bank, with locations throughout the Dallas-Fort Worth metroplex and in the Houston metropolitan area. Veritex Community 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.

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Forward-Looking Statements

This earnings release 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, 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, 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,” “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, 2019 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 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 earnings release 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.

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(Unaudited)

	For the Three Months Ended					For the Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
(Dollars and shares in thousands)							
Per Share Data (Common Stock):							
Basic EPS	\$ 0.46	\$ 0.48	\$ 0.08	\$ 0.56	\$ 0.52	\$ 1.02	\$ 1.15
Diluted EPS	0.46	0.48	0.08	0.56	0.51	1.02	1.13
Book value per common share	23.87	23.45	23.19	23.32	23.02	23.87	23.02
Tangible book value per common share ¹	15.19	14.71	14.39	14.73	14.61	15.19	14.61
Common Stock Data:							
Shares outstanding at period end	49,650	49,633	49,557	51,064	52,373	49,650	52,373
Weighted average basic shares outstanding for the period	49,647	49,597	50,725	51,472	52,915	49,989	53,721
Weighted average diluted shares outstanding for the period	49,775	49,727	51,056	52,263	53,873	50,176	54,633
Summary of Credit Ratios:							
ACL to total LHL, excluding mortgage warehouse and PPP loans	2.10 %	2.01 %	1.73 %	0.52 %	0.46 %	2.10 %	0.46 %
Nonperforming assets to total assets	1.11	0.62	0.60	0.50	0.21	1.11	0.21
Net charge-offs to average loans outstanding	0.04	0.03	—	—	0.14	0.04	0.19
Summary Performance Ratios:							
Return on average assets ²	1.06	1.11	0.20	1.43	1.36	0.81	1.04
Return on average equity ²	7.74	8.36	1.41	9.63	8.98	5.91	6.88
Return on average tangible common equity ^{1,2}	13.27	14.49	3.27	16.22	15.15	10.56	11.93
Efficiency ratio	48.12	46.02	47.61	47.12	43.67	47.19	59.42
Selected Performance Metrics - Operating:							
Diluted operating EPS ¹	\$ 0.46	\$ 0.43	\$ 0.08	\$ 0.58	\$ 0.53	\$ 0.96	\$ 1.71
Pre-tax, pre-provision operating return on average assets ^{1,2}	1.82 %	2.11 %	1.94 %	2.07 %	2.26 %	1.96 %	2.30 %
Operating return on average assets ^{1,2}	1.06	0.98	0.20	1.49	1.42	0.76	1.58
Operating return on average tangible common equity ^{1,2}	13.27	12.90	3.27	16.87	15.78	10.04	17.57
Operating efficiency ratio ¹	48.11	45.74	47.61	45.67	42.36	47.10	43.19
Veritex Holdings, Inc. Capital Ratios:							
Tier 1 capital to average assets (leverage)	9.54	9.16	9.49	10.17	10.33	9.54	10.33
Common equity tier 1 capital	9.67	9.66	9.53	10.60	10.82	9.67	10.82
Tier 1 capital to risk-weighted assets	10.05	10.05	9.92	11.02	11.26	10.05	11.26
Total capital to risk-weighted assets	12.70	12.71	12.48	13.10	12.26	12.70	12.26
Tangible common equity to tangible assets ¹	9.12	8.96	8.81	10.01	10.17	9.12	10.17

¹Refer to the section titled "Reconciliation of Non-GAAP Financial Measures" after the financial highlights for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measures.

²Annualized ratio.

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(In thousands)

	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
	(unaudited)	(unaudited)	(unaudited)		(unaudited)
ASSETS					
Cash and cash equivalents	\$ 128,767	\$ 160,306	\$ 430,842	\$ 251,550	\$ 252,592
Securities	1,091,440	1,112,061	1,117,804	997,330	1,023,393
Other securities	98,023	104,213	112,775	84,063	85,007
Loans held for sale	13,928	28,041	15,048	14,080	10,715
PPP loans, at fair value	405,465	398,949	—	—	—
Loans held for investment, mortgage warehouse	544,845	441,992	371,161	183,628	233,577
Loans held for investment	5,789,293	5,726,873	5,853,735	5,737,577	5,654,027
Total loans	6,753,531	6,595,855	6,239,944	5,935,285	5,898,319
Allowance for credit losses	(121,591)	(115,365)	(100,983)	(29,834)	(26,243)
Bank-owned life insurance	82,366	81,876	81,395	80,915	80,411
Bank premises, furniture and equipment, net	115,794	115,560	116,056	118,536	118,449
Other real estate owned	5,796	7,716	7,720	5,995	4,625
Intangible assets, net	64,716	66,705	69,444	72,263	75,363
Goodwill	370,840	370,840	370,840	370,840	370,463
Other assets	112,693	88,091	85,787	67,994	80,504
Total assets	\$ 8,702,375	\$ 8,587,858	\$ 8,531,624	\$ 7,954,937	\$ 7,962,883
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Noninterest-bearing deposits	\$ 1,920,715	\$ 1,907,697	\$ 1,549,260	\$ 1,556,500	\$ 1,473,126
Interest-bearing transaction and savings deposits	2,821,945	2,714,149	2,536,865	2,654,972	2,528,293
Certificates and other time deposits	1,479,896	1,503,701	1,713,820	1,682,878	1,876,427
Total deposits	6,222,556	6,125,547	5,799,945	5,894,350	5,877,846
Accounts payable and other liabilities	66,096	64,625	56,339	37,427	45,475
Accrued interest payable	3,444	4,088	5,407	6,569	6,054
Advances from Federal Home Loan Bank	1,082,756	1,087,794	1,377,832	677,870	752,907
Subordinated debentures and subordinated notes	140,158	140,283	140,406	145,571	72,284
Securities sold under agreements to repurchase	2,028	1,772	2,426	2,353	2,787
Total liabilities	7,517,038	7,424,109	7,382,355	6,764,140	6,757,353
Commitments and contingencies					
Stockholders' equity:					
Common stock	555	555	554	549	524
Additional paid-in capital	1,124,148	1,122,063	1,119,757	1,117,879	1,114,659
Retained earnings	157,639	143,277	127,812	147,911	125,344
Accumulated other comprehensive income	47,155	42,014	45,306	19,061	23,837
Treasury stock	(144,160)	(144,160)	(144,160)	(94,603)	(58,834)
Total stockholders' equity	1,185,337	1,163,749	1,149,269	1,190,797	1,205,530
Total liabilities and stockholders' equity	\$ 8,702,375	\$ 8,587,858	\$ 8,531,624	\$ 7,954,937	\$ 7,962,883

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(In thousands, except per share data)

	For the Three Months Ended				For the Nine Months Ended			
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Interest income:								
Loans, including fees	\$ 68,685	\$ 70,440	\$ 77,861	\$ 82,469	\$ 85,811	\$ 216,986	\$ 258,344	
Investment securities	7,852	7,825	7,397	7,168	7,687	23,074	22,316	
Deposits in financial institutions and Fed Funds sold	65	186	871	1,285	1,329	1,122	4,255	
Other investments	827	891	850	820	816	2,568	2,129	
Total interest income	77,429	79,342	86,979	91,742	95,643	243,750	287,044	
Interest expense:								
Transaction and savings deposits	2,105	2,471	6,552	8,203	10,381	11,128	32,152	
Certificates and other time deposits	5,004	6,515	8,240	9,455	10,283	19,759	29,220	
Advances from FHLB	2,707	2,801	2,879	2,661	3,081	8,387	7,323	
Subordinated debentures and subordinated notes	1,743	1,798	1,903	1,559	1,024	5,444	3,116	
Total interest expense	11,559	13,585	19,574	21,878	24,769	44,718	71,811	
Net interest income	65,870	65,757	67,405	69,864	70,874	199,032	215,233	
Provision for credit losses	8,692	16,172	31,776	3,493	9,674	56,640	18,021	
Provision for unfunded commitments	1,447	2,799	3,881	—	—	8,127	—	
Net interest income after provisions	55,731	46,786	31,748	66,371	61,200	134,265	197,212	
Noninterest income:								
Service charges and fees on deposit accounts	3,130	2,960	3,642	3,728	3,667	9,732	10,606	
Loan fees	1,260	1,240	845	1,921	1,536	3,345	4,026	
(Loss) gain on sales of investment securities	(8)	2,879	—	(438)	—	2,871	(1,414)	
Gain on sales of mortgage loans held for sale	472	308	142	81	853	922	394	
Government guaranteed loan income, net	2,257	11,006	439	560	930	13,702	4,148	
Rental income	502	547	551	371	643	1,600	1,629	
Other	2,182	2,350	1,628	909	801	6,160	3,559	
Total noninterest income	9,795	21,290	7,247	7,132	8,430	38,332	22,948	
Noninterest expense:								
Salaries and employee benefits	20,553	20,019	18,870	18,917	17,530	59,442	53,874	
Occupancy and equipment	3,980	3,994	4,273	4,198	4,044	12,247	12,187	
Professional and regulatory fees	3,159	2,796	2,196	2,615	2,750	8,151	8,982	
Data processing and software expense	2,452	2,434	2,089	1,880	2,252	6,975	6,485	
Marketing	1,062	561	1,083	971	708	2,706	2,288	
Amortization of intangibles	2,840	2,696	2,696	2,696	2,712	8,232	8,191	
Telephone and communications	345	308	319	466	361	972	1,381	
Merger and acquisition expense	—	—	—	918	1,035	—	38,042	
COVID expenses	132	1,245	—	—	—	1,377	—	
Other	1,885	6,008	4,019	3,623	3,238	11,912	10,089	
Total noninterest expense	36,408	40,061	35,545	36,284	34,630	112,014	141,519	
Income before income tax expense	29,118	28,015	3,450	37,219	35,000	60,583	78,641	
Income tax (benefit) expense	6,198	3,987	(684)	8,168	7,595	9,501	16,953	
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082	\$ 61,688	
Basic EPS	\$ 0.46	\$ 0.48	\$ 0.08	\$ 0.56	\$ 0.52	\$ 1.02	\$ 1.15	
Diluted EPS	\$ 0.46	\$ 0.48	\$ 0.08	\$ 0.56	\$ 0.51	\$ 1.02	\$ 1.13	
Weighted average basic shares outstanding	49,647	49,597	50,725	51,472	52,915	49,989	53,721	
Weighted average diluted shares outstanding	49,775	49,727	51,056	52,263	53,873	50,176	54,633	

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(In thousands except percentages)

	For the Three Months Ended								
	September 30, 2020			June 30, 2020			September 30, 2019		
	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
Assets									
Interest-earning assets:									
Loans ¹	\$ 5,753,859	\$ 64,958	4.49 %	\$ 5,797,989	\$ 67,404	4.68 %	\$ 5,702,696	\$ 84,022	5.85 %
Loans held for investment, mortgage warehouse	358,248	2,705	3.00	304,873	2,279	3.01	182,793	1,789	3.88
PPP loans	407,112	1,022	1.00	303,223	757	1.00	—	—	—
Securities	1,101,469	7,852	2.84	1,117,964	7,825	2.82	1,022,289	7,687	2.98
Interest-bearing deposits in other banks	175,201	65	0.15	366,764	186	0.20	234,087	1,329	2.25
Other investments	103,948	827	3.17	110,672	891	3.24	71,901	816	4.50
Total interest-earning assets	7,899,837	77,429	3.90	8,001,485	79,342	3.99	7,213,766	95,643	5.26
Allowance for loan losses	(116,859)			(110,483)			(22,539)		
Noninterest-earning assets	802,948			798,772			818,150		
Total assets	<u>\$ 8,585,926</u>			<u>\$ 8,689,774</u>			<u>\$ 8,009,377</u>		
Liabilities and Stockholders' Equity									
Interest-bearing liabilities:									
Interest-bearing demand and savings deposits	\$ 2,735,170	\$ 2,105	0.31 %	\$ 2,684,897	\$ 2,471	0.37 %	\$ 2,621,701	\$ 10,381	1.57 %
Certificates and other time deposits	1,459,046	5,004	1.36	1,625,971	6,515	1.61	1,953,084	10,283	2.09
Advances from FHLB	1,067,771	2,707	1.01	1,206,930	2,801	0.93	632,754	3,081	1.93
Subordinated debentures and subordinated notes	142,432	1,743	4.87	142,549	1,798	5.07	74,869	1,024	5.43
Total interest-bearing liabilities	5,404,419	11,559	0.85	5,660,347	13,585	0.97	5,282,408	24,769	1.86
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	1,937,921			1,826,327			1,467,127		
Other liabilities	65,704			47,302			49,695		
Total liabilities	7,408,044			7,533,976			6,799,230		
Stockholders' equity	1,177,882			1,155,798			1,210,147		
Total liabilities and stockholders' equity	<u>\$ 8,585,926</u>			<u>\$ 8,689,774</u>			<u>\$ 8,009,377</u>		
Net interest rate spread ²			3.05 %			3.02 %			3.40 %
Net interest income		<u>\$ 65,870</u>			<u>\$ 65,757</u>			<u>\$ 70,874</u>	
Net interest margin ³			3.32 %			3.31 %			3.90 %

¹ Includes average outstanding balances of loans held for sale of \$15,404, \$22,958 and \$8,525 for the three months ended September 30, 2020, June 30, 2020, and September 30, 2019, respectively, and average balances of loans held for investment, excluding mortgage warehouse and PPP loans.

² Net interest rate spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

³ Net interest margin is equal to net interest income divided by average interest-earning assets.

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(In thousands except percentages)

	Nine Months Ended					
	September 30, 2020			September 30, 2019		
	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
Assets						
Interest-earning assets:						
Loans ¹	\$ 5,779,469	\$ 208,889	4.83 %	\$ 5,731,902	\$ 253,247	5.91 %
Loans held for investment, mortgage warehouse	275,890	6,318	3.06	152,617	5,097	4.47
PPP loans	236,778	1,779	1.00	—	—	—
Securities	1,086,185	23,074	2.84	968,616	22,316	3.08
Interest-bearing deposits in other banks	283,108	1,122	0.53	242,119	4,255	2.35
Other investments	102,185	2,568	3.36	56,438	2,129	5.04
Total interest-earning assets	7,763,615	243,750	4.19	7,151,692	287,044	5.37
Allowance for loan losses	(90,633)			(22,173)		
Noninterest-earning assets	776,790			799,509		
Total assets	<u>\$ 8,449,772</u>			<u>\$ 7,929,028</u>		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing demand and savings deposits	\$ 2,680,925	\$ 11,128	0.55 %	\$ 2,657,195	\$ 32,152	1.62 %
Certificates and other time deposits	1,579,114	19,759	1.67	2,067,032	29,220	1.89
Advances from FHLB	1,070,856	8,387	1.05	427,306	7,323	2.29
Subordinated debentures and subordinated notes	143,387	5,444	5.07	75,298	3,116	5.53
Total interest-bearing liabilities	5,474,282	44,718	1.09	5,226,831	71,811	1.84
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	1,763,289			1,459,904		
Other liabilities	57,737			42,853		
Total liabilities	7,295,308			6,729,588		
Stockholders' equity	1,154,464			1,199,440		
Total liabilities and stockholders' equity	<u>\$ 8,449,772</u>			<u>\$ 7,929,028</u>		
Net interest rate spread²						
Net interest rate spread ²			3.10 %			3.53 %
Net interest income		<u>\$ 199,032</u>			<u>\$ 215,233</u>	
Net interest margin ³			3.42 %			4.02 %

¹ Includes average outstanding balances of loans held for sale of \$16,448 and \$8,127 for the nine months ended September 30, 2020 and September 30, 2019, respectively, and average balances of loans held for investment, excluding mortgage warehouse and PPP loans.

² Net interest rate spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

³ Net interest margin is equal to net interest income divided by average interest-earning assets.

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights

Yield Trend

	For the Three Months Ended				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Average yield on interest-earning assets:					
Loans ¹	4.49 %	4.68 %	5.32 %	5.63 %	5.85 %
Loans held for investment, mortgage warehouse	3.00	3.01	3.28	3.51	3.88
PPP loans	1.00	1.00	—	—	—
Securities	2.84	2.82	2.86	2.83	2.98
Interest-bearing deposits in other banks	0.15	0.20	1.14	1.63	2.25
Other investments	3.17	3.24	3.72	4.53	4.50
Total interest-earning assets	3.90 %	3.99 %	4.74 %	5.00 %	5.26 %
Average rate on interest-bearing liabilities:					
Interest-bearing demand and savings deposits	0.31 %	0.37 %	1.00 %	1.24 %	1.57 %
Certificates and other time deposits	1.36	1.61	2.01	2.10	2.09
Advances from FHLB	1.01	0.93	1.23	1.45	1.93
Subordinated debentures and subordinated notes	4.87	5.07	5.27	5.23	5.43
Total interest-bearing liabilities	0.85 %	0.97 %	1.47 %	1.65 %	1.86 %
Net interest rate spread ²	3.05 %	3.02 %	3.27 %	3.35 %	3.40 %
Net interest margin ³	3.32 %	3.31 %	3.67 %	3.81 %	3.90 %

¹Includes average outstanding balances of loans held for sale of \$15,404, \$22,958, \$10,995, \$10,643 and \$8,525 for the three months ended September 30, 2020, June 30, 2020, March 31, 2020, December 31, 2019 and September 30, 2019, respectively, and average balances of loans held for investment, excluding mortgage warehouse and PPP loans.

²Net interest rate spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

³Net interest margin is equal to net interest income divided by average interest-earning assets.

Supplemental Yield Trend

	For the Three Months Ended				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Average cost of interest-bearing deposits	0.67 %	0.84 %	1.39 %	1.59 %	1.79 %
Average costs of total deposits, including noninterest-bearing	0.46	0.59	1.02	1.18	1.36

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(In thousands except percentages)

Total LHI and Deposit Portfolio Composition

	September 30, 2020		June 30, 2020		March 31, 2020		December 31, 2019		September 30, 2019						
	(Dollars in thousands)														
LHI¹															
Commercial	\$	1,623,249	28.0 %	\$	1,555,300	27.2 %	\$	1,777,603	30.4 %	\$	1,712,838	29.9 %	\$	1,711,256	30.3 %
Real Estate:															
Owner occupied commercial		734,939	12.7		769,952	13.4		723,839	12.4		706,782	12.3		716,130	12.7
Commercial		1,817,013	31.4		1,847,480	32.3		1,828,386	31.2		1,784,201	31.1		1,710,510	30.3
Construction and land		623,496	10.8		599,510	10.5		566,470	9.7		629,374	11.0		623,622	11.0
Farmland		14,413	0.2		14,723	0.3		14,930	0.3		16,939	0.3		7,986	0.1
1-4 family residential		548,953	9.5		528,688	9.2		536,892	9.2		549,811	9.6		559,310	9.9
Multi-family residential		412,412	7.1		394,829	6.9		388,374	6.6		320,041	5.6		306,966	5.4
Consumer		14,127	0.2		14,932	0.2		15,771	0.2		17,457	0.2		18,113	0.3
Total LHI	\$	5,788,602	100 %	\$	5,725,414	100 %	\$	5,852,265	100 %	\$	5,737,443	100 %	\$	5,653,893	100 %
Mortgage warehouse		544,845			441,992			373,161			183,628			233,577	
PPP loans		405,465			398,949			—			—			—	
Total LHI¹	\$	6,738,912		\$	6,566,355		\$	6,225,426		\$	5,921,071		\$	5,887,470	
Deposits															
Noninterest-bearing	\$	1,920,715	31.0 %	\$	1,907,697	31.2 %	\$	1,549,260	26.7 %	\$	1,556,500	26.4 %	\$	1,473,126	25.1 %
Interest-bearing transaction		450,739	7.2		343,640	5.6		306,641	5.3		388,877	6.6		373,997	6.4
Money market		2,267,191	36.4		2,272,520	37.1		2,143,874	37.0		2,180,017	37.0		2,066,315	35.2
Savings		104,015	1.7		97,989	1.6		86,350	1.5		86,078	1.5		87,981	1.5
Certificates and other time deposits		1,479,896	23.8		1,503,701	24.5		1,713,820	29.5		1,682,878	28.5		1,876,427	31.8
Total deposits	\$	6,222,556	100 %	\$	6,125,547	100 %	\$	5,799,945	100 %	\$	5,894,350	100 %	\$	5,877,846	100 %
Loan to Deposit Ratio		108.3 %			107.2 %			107.3 %			100.5 %			100.2 %	
Loan to Deposit Ratio, excluding mortgage warehouse and PPP loans		93.0 %			93.5 %			100.9 %			97.3 %			96.2 %	

¹ Total LHI does not include deferred fees of \$691 thousand at September 30, 2020, deferred costs of \$1.5 million and \$1.5 million at June 30, 2020 and March 31, 2020, respectively, deferred fees of \$134 thousand at March 31, 2020 and December 31, 2019, respectively, and \$134 thousand at September 30, 2019.

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Financial Highlights
(In thousands except percentages)

Asset Quality

	For the Three Months Ended					For the Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
(Dollars in thousands)							
Nonperforming Assets ("NPAs"):							
Nonaccrual loans	\$ 88,877	\$ 43,594	\$ 38,836	\$ 29,779	\$ 10,172	\$ 88,877	\$ 10,172
Accruing loans 90 or more days past due ¹	1,689	2,021	4,764	3,660	2,194	1,689	2,194
Total nonperforming loans held for investment ("NPLs")	90,566	45,615	43,600	33,439	12,366	90,566	12,366
Other real estate owned	5,796	7,716	7,720	5,995	4,625	5,796	4,625
Total NPAs	<u>\$ 96,362</u>	<u>\$ 53,331</u>	<u>\$ 51,320</u>	<u>\$ 39,434</u>	<u>\$ 16,991</u>	<u>\$ 96,362</u>	<u>\$ 16,991</u>
Charge-offs:							
Residential	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (157)
Owner occupied commercial real estate	(2,421)	—	—	—	—	(2,421)	—
Commercial	(68)	(1,740)	—	—	(8,101)	(1,808)	(10,898)
Consumer	(11)	(57)	(68)	(48)	(113)	(136)	(217)
Total charge-offs	<u>(2,500)</u>	<u>(1,797)</u>	<u>(68)</u>	<u>(48)</u>	<u>(8,214)</u>	<u>(4,365)</u>	<u>(11,272)</u>
Recoveries:							
Residential	7	—	1	5	—	8	62
Commercial	14	7	29	135	71	50	91
Consumer	13	—	274	6	—	287	86
Total recoveries	<u>34</u>	<u>7</u>	<u>304</u>	<u>146</u>	<u>71</u>	<u>345</u>	<u>239</u>
Net charge-offs	<u>\$ (2,466)</u>	<u>\$ (1,790)</u>	<u>\$ 236</u>	<u>\$ 98</u>	<u>\$ (8,143)</u>	<u>\$ (4,020)</u>	<u>\$ (11,033)</u>
CECL transition adjustment	\$ —	\$ —	\$ 39,137	\$ —	\$ —	\$ 39,137	\$ —
Allowance for credit losses ("ACL") at end of period	<u>\$ 121,591</u>	<u>\$ 115,365</u>	<u>\$ 100,983</u>	<u>\$ 29,834</u>	<u>\$ 26,243</u>	<u>\$ 121,591</u>	<u>\$ 26,243</u>
Asset Quality Ratios:							
NPAs to total assets	1.11 %	0.62 %	0.60 %	0.50 %	0.21 %	1.11 %	0.21 %
NPLs to total LHI, excluding mortgage warehouse and PPP loans	1.56	0.80	0.75	0.58	0.22	1.56	0.22
ACL to total LHI, excluding mortgage warehouse and PPP loans	2.10	2.01	1.73	0.52	0.46	2.10	0.46
Net charge-offs to average loans outstanding	0.04	0.03	—	—	0.14	0.07	0.19

¹ Accruing loans greater than 90 days past due exclude purchase credit deteriorated loans greater than 90 days past due that are accounted for on a pooled basis.

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Reconciliation of Non-GAAP Financial Measures
(Unaudited)

We identify certain financial measures discussed in this earnings release as being “non-GAAP financial measures.” In accordance with SEC rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles as in effect from time to time in the United States (“GAAP”), in our statements of income, balance sheets or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios calculated using exclusively either one or both of (i) financial measures calculated in accordance with GAAP and (ii) operating measures or other measures that are not non-GAAP financial measures.

The non-GAAP financial measures that we present in this earnings release should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we present in this earnings release may differ from that of other companies reporting measures with similar names. You should understand how such other financial institutions calculate their financial measures that appear to be similar or have similar names to the non-GAAP financial measures we have discussed in this earnings release when comparing such non-GAAP financial measures.

Tangible Book Value Per Common Share. Tangible book value is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. We calculate: (a) tangible common equity as total stockholders’ equity less goodwill and core deposit intangibles, net of accumulated amortization; and (b) tangible book value per common share as tangible common equity (as described in clause (a)) divided by number of common shares outstanding. For tangible book value per common share, the most directly comparable financial measure calculated in accordance with GAAP is book value per common share.

We believe that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per common share exclusive of changes in core deposit intangibles. Goodwill and other intangible assets have the effect of increasing total book value while not increasing our tangible book value.

The following table reconciles, as of the dates set forth below, total stockholders’ equity to tangible common equity and presents our tangible book value per common share compared with our book value per common share:

	Sep 30, 2020	Jun 30, 2020	As of Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
	(Dollars in thousands, except per share data)				
Tangible Common Equity					
Total stockholders’ equity	\$ 1,185,337	\$ 1,163,749	\$ 1,149,269	\$ 1,190,797	\$ 1,205,530
Adjustments:					
Goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)
Core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)
Tangible common equity	<u>\$ 754,288</u>	<u>\$ 730,248</u>	<u>\$ 713,317</u>	<u>\$ 752,394</u>	<u>\$ 765,053</u>
Common shares outstanding	49,650	49,633	49,557	51,064	52,373
Book value per common share	\$ 23.87	\$ 23.45	\$ 23.19	\$ 23.32	\$ 23.02
Tangible book value per common share	\$ 15.19	\$ 14.71	\$ 14.39	\$ 14.73	\$ 14.61

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Reconciliation of Non-GAAP Financial Measures
(Unaudited)

Tangible Common Equity to Tangible Assets. Tangible common equity to tangible assets is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. We calculate: (a) tangible common equity as total stockholders' equity, less goodwill and core deposit intangibles, net of accumulated amortization; (b) tangible assets as total assets less goodwill and core deposit intangibles, net of accumulated amortization; and (c) tangible common equity to tangible assets as tangible common equity (as described in clause (a)) divided by tangible assets (as described in clause (b)). For tangible common equity to tangible assets, the most directly comparable financial measure calculated in accordance with GAAP is total stockholders' equity to total assets.

We believe that this measure is important to many investors in the marketplace who are interested in the relative changes from period to period in common equity and total assets, in each case, exclusive of changes in core deposit intangibles. Goodwill and other intangible assets have the effect of increasing both total stockholders' equity and assets while not increasing our tangible common equity or tangible assets.

The following table reconciles, as of the dates set forth below, total stockholders' equity to tangible common equity and total assets to tangible assets and presents our tangible common equity to tangible assets:

	Sep 30, 2020	Jun 30, 2020	As of		Dec 31, 2019	Sep 30, 2019
			Mar 31, 2020			
	(Dollars in thousands)					
Tangible Common Equity						
Total stockholders' equity	\$ 1,185,337	\$ 1,163,749	\$ 1,149,269	\$ 1,190,797	\$ 1,205,530	
Adjustments:						
Goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)	(370,463)
Core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)	(70,014)
Tangible common equity	<u>\$ 754,288</u>	<u>\$ 730,248</u>	<u>\$ 713,317</u>	<u>\$ 752,394</u>	<u>\$ 765,053</u>	<u>\$ 765,053</u>
Tangible Assets						
Total assets	\$ 8,702,375	\$ 8,587,858	\$ 8,531,624	\$ 7,954,937	\$ 7,962,883	\$ 7,962,883
Adjustments:						
Goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)	(370,463)
Core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)	(70,014)
Tangible Assets	<u>\$ 8,271,326</u>	<u>\$ 8,154,357</u>	<u>\$ 8,095,672</u>	<u>\$ 7,516,534</u>	<u>\$ 7,522,406</u>	<u>\$ 7,522,406</u>
Tangible Common Equity to Tangible Assets	9.12 %	8.96 %	8.81 %	10.01 %	10.17 %	10.17 %

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Reconciliation of Non-GAAP Financial Measures
(Unaudited)

Return on Average Tangible Common Equity. Return on average tangible common equity is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. We calculate: (a) net income available for common stockholders adjusted for amortization of core deposit intangibles (which we refer to as "return") as net income, plus amortization of core deposit intangibles, less tax benefit at the statutory rate; (b) average tangible common equity as total average stockholders' equity less average goodwill and average core deposit intangibles, net of accumulated amortization; and (c) return (as described in clause (a)) divided by average tangible common equity (as described in clause (b)). For return on average tangible common equity, the most directly comparable financial measure calculated in accordance with GAAP is return on average equity.

We believe that this measure is important to many investors in the marketplace who are interested in the return on common equity, exclusive of the impact of core deposit intangibles. Goodwill and core deposit intangibles have the effect of increasing total stockholders' equity while not increasing our tangible common equity. This measure is particularly relevant to acquisitive institutions that may have higher balances in goodwill and core deposit intangibles than non-acquisitive institutions.

The following table reconciles, as of the dates set forth below, average tangible common equity to average common equity and net income available for common stockholders adjusted for amortization of core deposit intangibles, net of taxes to net income and presents our return on average tangible common equity:

	For the Three Months Ended						For the Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
	(Dollars in thousands)							
Net income available for common stockholders adjusted for amortization of core deposit intangibles								
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082	\$ 61,688	
Adjustments:								
Plus: Amortization of core deposit intangibles	2,451	2,451	2,451	2,451	2,451	7,353	7,379	
Less: Tax benefit at the statutory rate	515	515	515	515	515	1,545	1,550	
Net income available for common stockholders adjusted for amortization of core deposit intangibles	\$ 24,856	\$ 25,964	\$ 6,070	\$ 30,987	\$ 29,341	\$ 56,890	\$ 67,517	
Average Tangible Common Equity								
Total average stockholders' equity	\$ 1,177,882	\$ 1,155,798	\$ 1,183,116	\$ 1,197,191	\$ 1,210,147	\$ 1,154,464	\$ 1,199,440	
Adjustments:								
Average goodwill	(370,840)	(370,840)	(370,840)	(370,463)	(370,224)	(370,840)	(369,097)	
Average core deposit intangibles	(61,666)	(64,151)	(66,439)	(68,913)	(71,355)	(64,077)	(73,965)	
Average tangible common equity	\$ 745,376	\$ 720,807	\$ 745,837	\$ 757,815	\$ 768,568	\$ 719,547	\$ 756,378	
Return on Average Tangible Common Equity (Annualized)	13.27 %	14.49 %	3.27 %	16.22 %	15.15 %	10.56 %	11.93 %	

VERITEX HOLDINGS, INC. AND SUBSIDIARY
Reconciliation of Non-GAAP Financial Measures
(Unaudited)

Operating Earnings, Pre-tax, Pre-provision Operating Earnings and performance metrics calculated using Operating Earnings and Pre-tax, Pre-provision Operating Earnings, including Diluted Operating Earnings per Share, Operating Return on Average Assets, Pre-tax, Pre-Provision Operating Return on Average Assets, Operating Return on Average Tangible Common Equity and Operating Efficiency Ratio. Operating earnings, pre-tax, pre-provision operating earnings and the performance metrics calculated using these metrics, listed below, are non-GAAP measures used by management to evaluate the Company's financial performance. We calculate (a) operating earnings as net income plus loss (gain) on sale of securities, net, plus loss (gain) on sale of disposed branch assets, plus FHLB pre-payment fees, plus merger and acquisition expenses, less tax impact of adjustments, plus other merger and acquisition tax items, plus re-measurement of deferred tax assets as a result of the reduction in the corporate income tax rate under the Tax Cuts and Jobs Act. We calculate (b) diluted operating earnings per share as operating earnings as described in clause (a) divided by weighted average diluted shares outstanding. We calculate (c) pre-tax, pre-provision operating earnings as operating earnings as described in clause (a) plus provision for income taxes, plus provision for loan losses. We calculate (d) pre-tax, pre-provision operating return on average assets as pre-tax, pre-provision operating earnings as described in clause (a) divided by average total assets. We calculate (e) operating return on average assets as operating earnings as described in clause (a) divided by average total assets. We calculate (f) operating return on average tangible common equity as operating earnings as described in clause (a), adjusted for the amortization of intangibles and tax benefit at the statutory rate, divided by total average tangible common equity (average stockholders' equity less average goodwill and average core deposit intangibles, net of accumulated amortization). We calculate (g) operating efficiency ratio as non interest expense plus adjustments to operating non interest expense divided by (i) non interest income plus adjustments to operating non interest income plus (ii) net interest income.

We believe that these measures and the operating metrics calculated utilizing these measures are important to management and many investors in the marketplace who are interested in understanding the ongoing operating performance of the Company and provide meaningful comparisons to its peers.

The following tables reconcile, as of the dates set forth below, operating net income and pre-tax, pre-provision operating earnings and related metrics:

	For the Three Months Ended					For the Nine Months Ended	
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
	(Dollars in thousands)						
Operating Earnings							
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082	\$ 61,688
Plus: Loss (gain) on sale of securities, net	8	(2,879)	—	438	—	(2,871)	1,414
Plus: Loss on sale of disposed branch assets ¹	—	—	—	—	—	—	359
Plus: FHLB pre-payment fees	—	1,561	—	—	—	1,561	—
Plus: Merger and acquisition expenses	—	—	—	918	1,035	—	37,683
Operating pre-tax income	22,928	22,710	4,134	30,407	28,440	49,772	101,144
Less: Tax impact of adjustments	—	(277)	—	(23)	217	(277)	8,285
Plus: Other M&A tax items ²	—	—	—	829	406	—	683
Plus: Discrete tax adjustments ³	—	(1,799)	—	(965)	—	(1,799)	—
Operating earnings	\$ 22,928	\$ 21,188	\$ 4,134	\$ 30,294	\$ 28,629	\$ 48,250	\$ 93,542
Weighted average diluted shares outstanding	49,775	49,727	51,056	52,263	53,873	50,176	54,633
Diluted EPS	\$ 0.46	\$ 0.48	\$ 0.08	\$ 0.56	\$ 0.51	\$ 1.02	\$ 1.13
Diluted operating EPS	0.46	0.43	0.08	0.58	0.53	0.96	1.71

¹ Loss on sale of disposed branch assets for the nine months ended September 30, 2019 is included in merger and acquisition expense in the condensed consolidated statements of income.

² Other M&A tax items of \$829 thousand and \$406 thousand recorded during the three months ended December 31, 2019 and September 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.

³ 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. A discrete tax benefit of \$1,799 was recorded in the second quarter of 2020 as a result of the Company amending a prior year Green tax return to carry

back a net operating loss ("NOL") incurred by Green on January 1, 2019. The Company was allowed to carry back this NOL as result of a provision in the CARES Act which permits NOLs generated in tax years 2018, 2019 or 2020 to be carried back five years.

	For the Three Months Ended				For the Nine Months Ended			
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
	(Dollars in thousands)							
Pre-Tax, Pre-Provision Operating Earnings								
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082	\$ 61,688	
Plus: Provision (benefit) for income taxes	6,198	3,987	(684)	8,168	7,595	9,501	16,953	
Plus: Provision for credit losses and unfunded commitments	10,139	18,971	35,657	3,493	9,674	64,767	18,021	
Plus: Loss (gain) on sale of securities, net	8	(2,879)	—	438	—	(2,871)	1,414	
Plus: Loss on sale of disposed branch assets ¹	—	—	—	—	—	—	359	
Plus: FHLB pre-payment fees	—	1,561	—	—	—	1,561	—	
Plus: Merger and acquisition expenses	—	—	—	918	1,035	—	37,683	
Pre-tax, pre-provision operating earnings	\$ 39,265	\$ 45,668	\$ 39,107	\$ 42,068	\$ 45,709	\$ 124,040	\$ 136,118	
Average total assets	\$ 8,585,926	\$ 8,689,774	\$ 8,125,782	\$ 8,043,505	\$ 8,009,377	\$ 8,449,772	\$ 7,929,028	
Pre-tax, pre-provision operating return on average assets²	1.82 %	2.11 %	1.94 %	2.07 %	2.26 %	1.96 %	2.30 %	
Average total assets	\$ 8,585,926	\$ 8,689,774	\$ 8,125,782	\$ 8,043,505	\$ 8,009,377	\$ 8,449,772	\$ 7,929,028	
Return on average assets ²	1.06 %	1.11 %	0.20 %	1.43 %	1.36 %	0.81 %	1.04 %	
Operating return on average assets ²	1.06	0.98	0.20	1.49	1.42	0.76	1.58	
Operating earnings adjusted for amortization of core deposit intangibles								
Operating earnings	\$ 22,928	\$ 21,188	\$ 4,134	\$ 30,294	\$ 28,629	\$ 48,250	\$ 93,542	
Adjustments:								
Plus: Amortization of core deposit intangibles	2,451	2,451	2,451	2,451	2,451	7,353	7,379	
Less: Tax benefit at the statutory rate	515	515	515	515	515	1,545	1,550	
Operating earnings adjusted for amortization of core deposit intangibles	\$ 24,864	\$ 23,124	\$ 6,070	\$ 32,230	\$ 30,565	\$ 54,058	\$ 99,371	
Average Tangible Common Equity								
Total average stockholders' equity	\$ 1,177,882	\$ 1,155,798	\$ 1,183,116	\$ 1,197,191	\$ 1,210,147	\$ 1,154,464	\$ 1,199,440	
Adjustments:								
Less: Average goodwill	(370,840)	(370,840)	(370,840)	(370,463)	(370,224)	(370,840)	(369,097)	
Less: Average core deposit intangibles	(61,666)	(64,151)	(66,439)	(68,913)	(71,355)	(64,077)	(73,965)	
Average tangible common equity	\$ 745,376	\$ 720,807	\$ 745,837	\$ 757,815	\$ 768,568	\$ 719,547	\$ 756,378	
Operating return on average tangible common equity²	13.27 %	12.90 %	3.27 %	16.87 %	15.78 %	10.04 %	17.57 %	
Efficiency ratio	48.12 %	46.02 %	47.61 %	47.12 %	43.67 %	47.19 %	59.42 %	
Operating efficiency ratio	48.11 %	45.74 %	47.61 %	45.67 %	42.36 %	47.10 %	43.19 %	

¹ Loss on sale of disposed branch assets for the nine months ended September 30, 2019 is included in merger and acquisition expense in the condensed consolidated statements of income.

² Annualized ratio.



VERITEX

Investor Presentation

3rd Quarter 2020



Safe Harbor

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 Holdings, Inc.’s (“Veritex”) quarterly cash dividend, 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, 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,” “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, 2019 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 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 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.



Non-GAAP Financial Measures

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 earnings;
- Pre-tax, pre-provision operating earnings;
- Diluted operating earnings per share ("EPS");
- Pre-tax, pre-provision operating return on average assets;
- Operating return on average tangible common equity;
- Operating efficiency ratio;
- Operating noninterest income;
- Operating noninterest expense;
- Adjusted net interest margin.

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.



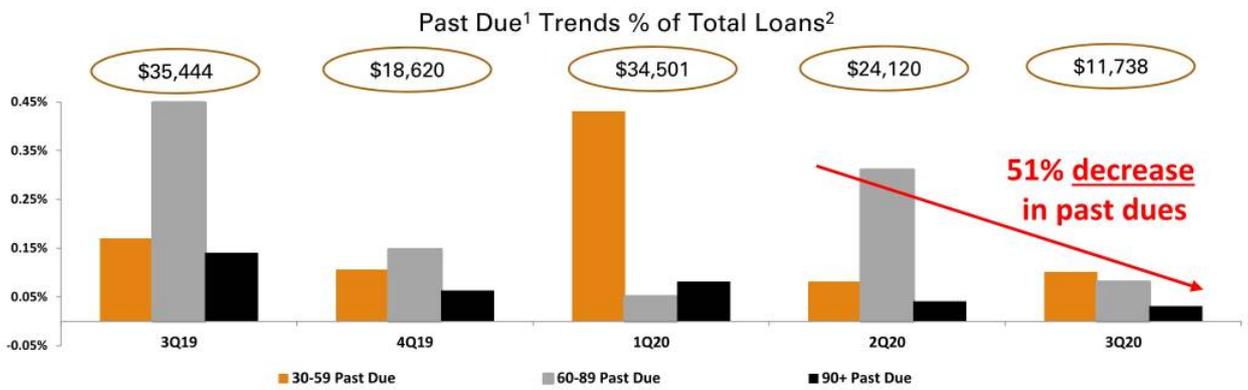
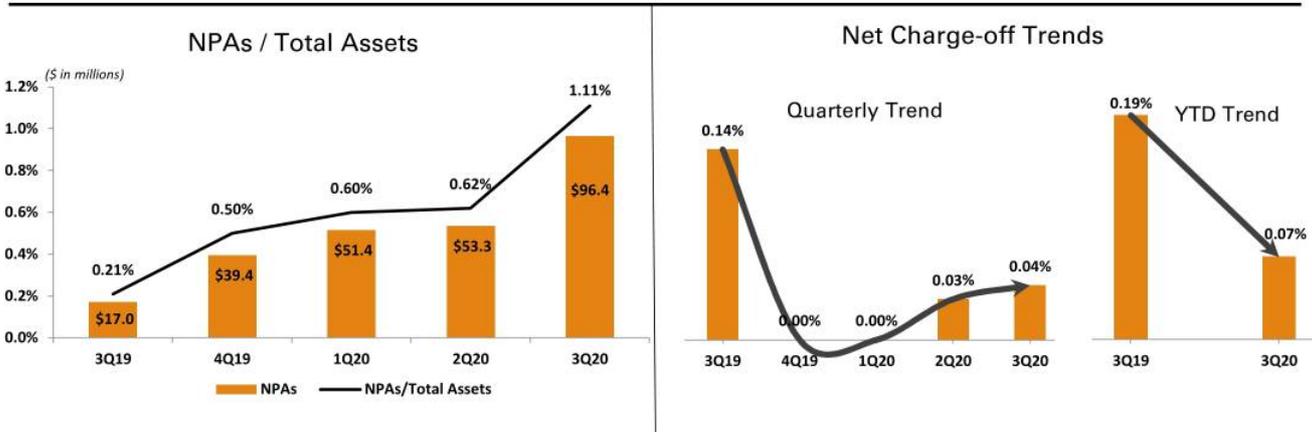
Third Quarter Overview

Strong PTPP Earnings	<ul style="list-style-type: none">• Pre-tax, pre-provision operating earnings of \$39.3 million – 1.82% of average assets annualized¹• Net income of \$22.9 million, or \$0.46 diluted earnings per share (“EPS”)
Building Reserves	<ul style="list-style-type: none">• Provision for credit losses and unfunded commitments of \$10.1 million for the quarter• Allowance for credit losses coverage increased to 2.10% of total loans held for investment, excluding mortgage warehouse (“MW”) and Paycheck Protection Program (“PPP”) loans, compared to 2.01% in 2Q20
Capital Strong & Growing	<ul style="list-style-type: none">• Net charge-offs of \$2.5 million for the quarter, or 4 bps to average loans outstanding• Maintained strong regulatory capital metrics – growth in total common equity tier 1 capital of \$20.9 million• Declared quarterly dividend of \$0.17• No share repurchases during the third quarter. Intent is to be active with remaining \$31 million in available buyback. Extended expiration date to March 31, 2021.
Loan and Deposit Growth	<ul style="list-style-type: none">• Total loans, excluding mortgage warehouse and PPP, increased \$63.2 million, or 4.4% linked quarter annualized, compared to 2Q20• Mortgage warehouse lending (counter cyclical) increased 23.3% compared to 2Q20• Total deposits grew \$97.0 million, or 6.3% annualized• Average cost of total deposits decreased to 0.46% from 0.59% as of 2Q20

¹ 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.



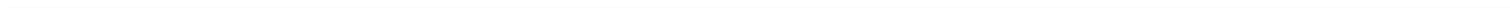
Asset Quality



¹ Past due loans exclude purchased credit deteriorated loans that are accounted for on a pooled basis and non-accrual loans.
² Total loans excludes Loans Held for Sale, MW and PPP loans.

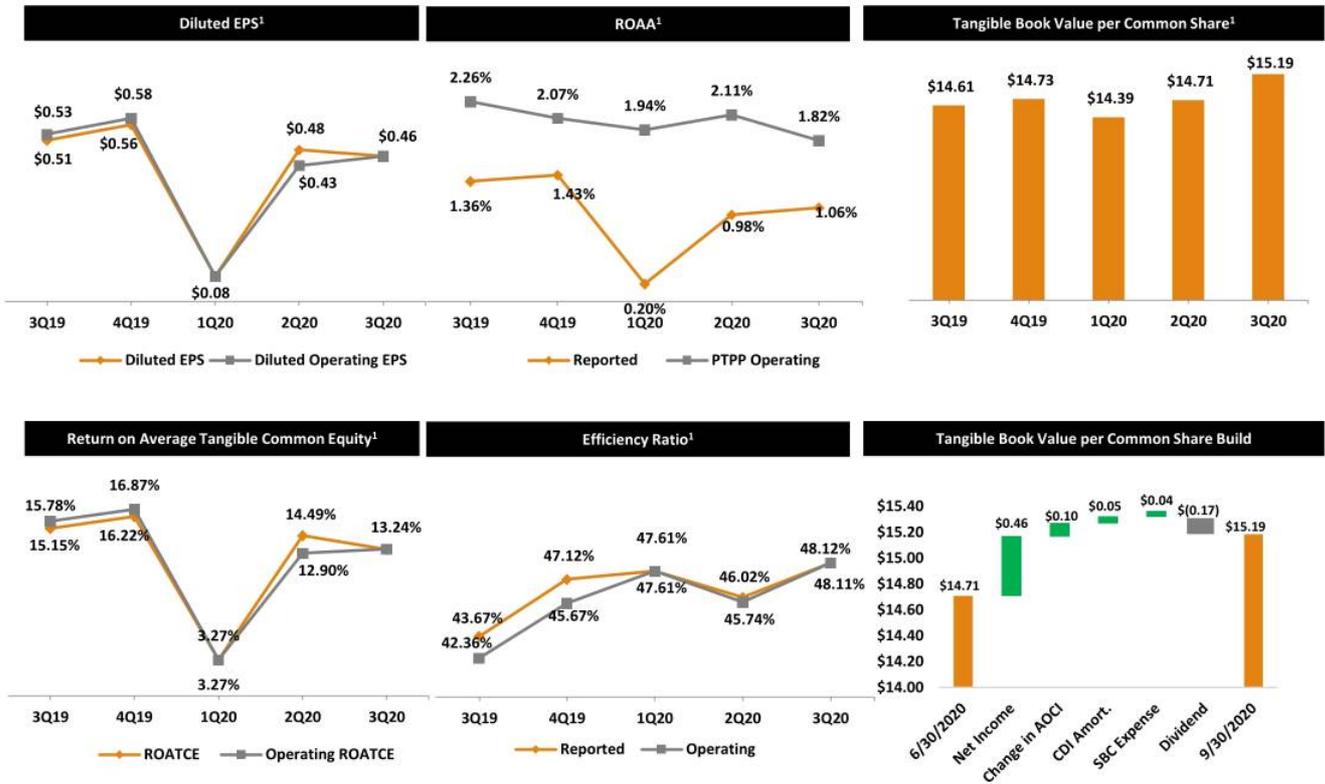


Financial Results





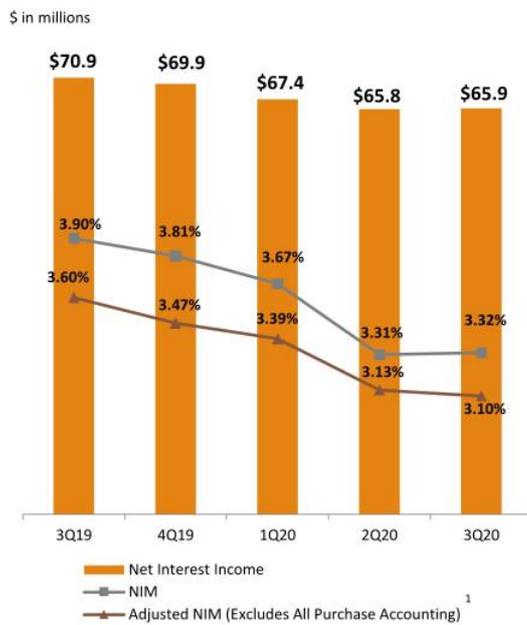
Key Financial Metrics



¹ 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 \$65.9 million, up slightly from 2Q20
- Net interest margin (“NIM”) of 3.32% up 1 bp compared to 2Q20
- Q3 weighted average loan production rate of 4.06%, excluding mortgage warehouse
- Q3 weighted average interest-bearing deposit rate of 30 bps on production

Drivers of NIM change		
	\$	%
2Q20 NIM	65,758	3.31%
Impact of rates on loans	(2,684)	(0.14)
Impact of rates on interest-bearing deposits	1,693	0.09
Impact of growth	962	0.05
Impact of PCD loan forgiveness	(772)	(0.04)
Impact of purchase accounting	665	0.03
Other changes	249	0.02
3Q20 NIM	65,871	3.32%

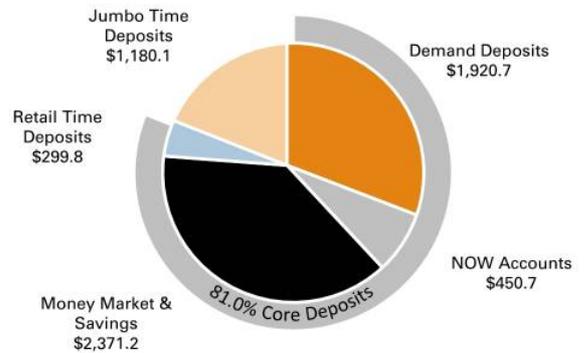
¹ Purchase accounting adjustments are primarily comprised of loan accretion and deposit premium amortization of \$4.0 million and \$110 thousand, respectively, in 3Q20, \$3.1 million and \$263 thousand, respectively, in 2Q20, \$4.4 million and \$423 thousand, respectively, in 1Q20, \$5.6 million and \$740 thousand, respectively, in 4Q19 and \$4.2 million and \$1.2 million, respectively, in 3Q19.



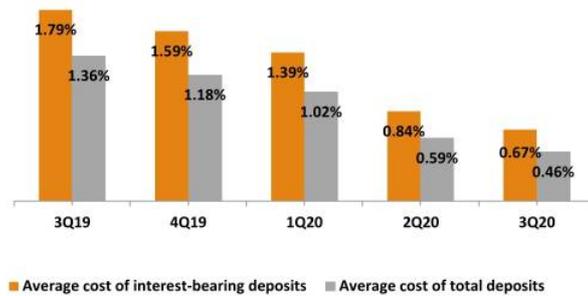
Deposits – Continued Growth & Improving Mix

- Total deposits, excluding time deposits, increased \$120.8 million, or 10.5% annualized, during 3Q20.
- Noninterest-bearing deposits totaled \$1.9 billion, which comprised 30.9% of total deposits as of September 30, 2020.
- Excluding MW and PPP loans, the loan to deposit ratio was 93.0% at September 30, 2020, virtually unchanged from 2Q20
- Reliance on less valuable time deposits has decreased from 32% in 3Q19 to 23% in 3Q20.

Deposit Composition as of September 30, 2020



Quarterly Cost of Interest-bearing Deposits and Total Deposits



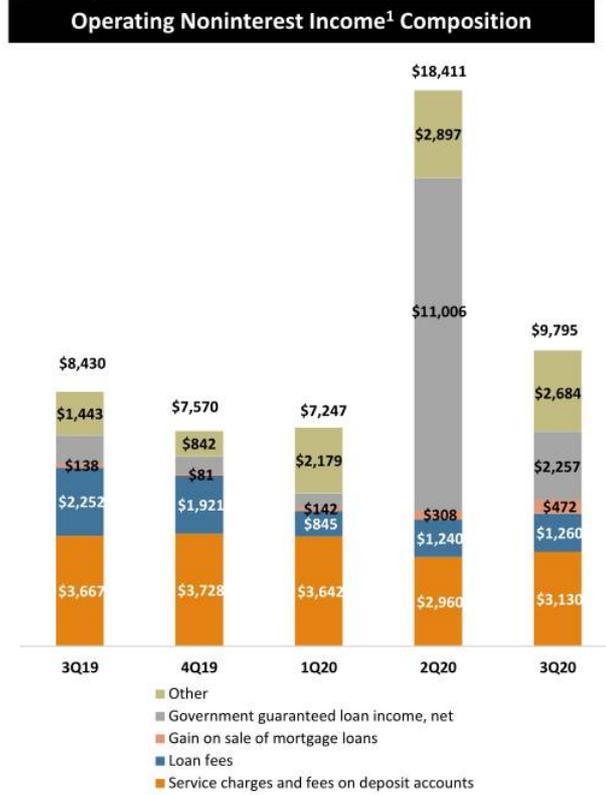
CD Maturity Table

	Balance (\$000)	WA Rate
Q4 2020	417,380	1.44%
Q1 2021	336,017	1.22%
Q2 2021	278,639	1.41%
Q3 2021	205,031	0.93%
Q4 2021	72,688	1.62%
Q1 2022	74,012	1.42%
Q2 2022	20,348	1.38%
Q3 2022	26,093	0.82%
Q4 2022 +	49,688	1.99%
Total	1,479,896	1.33%

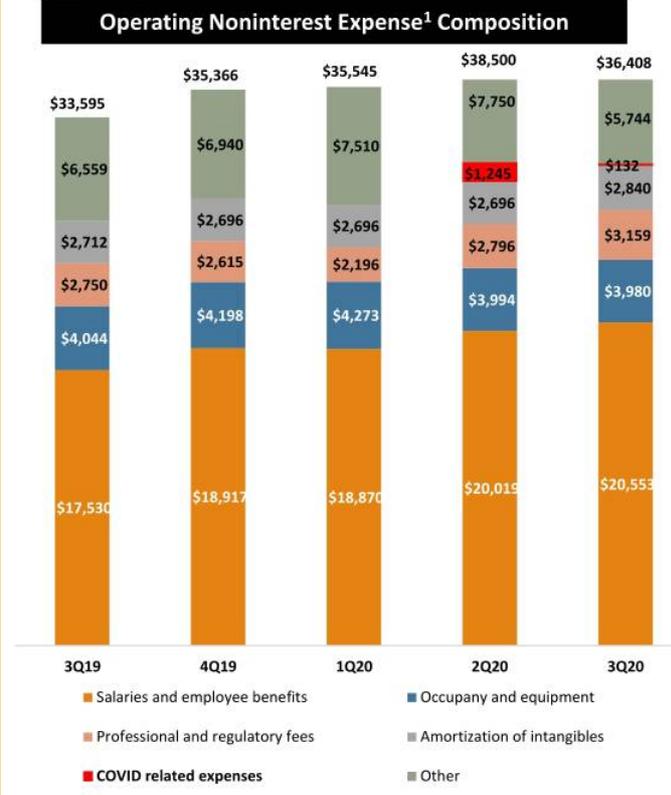


Noninterest Income/Expense (Operating)

(\$ in thousands)



(\$ in thousands)



¹ 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.



Allowance for Credit Losses

(\$ in thousands)	June 30, 2020	September 30, 2020	(Decrease) / Increase in ACL	September 30, 2020 Reserve % per Portfolio
Pooled Loans, excluding MW and PPP				
Commercial	\$ 23,370	\$ 21,059	\$ (2,311)	1.35%
CRE	38,590	37,915	(675)	1.54%
Multifamily	6,429	6,542	113	1.59%
Construction and Land	9,084	9,468	384	1.51%
1-4 Family Residential	10,217	9,860	(357)	1.81%
Consumer	311	290	(21)	2.31%
Total	\$ 88,001	\$ 85,134	\$ (2,867)	1.52%
Specific Reserves - Nonaccruals	\$ 5,713	\$ 18,892	\$ 13,179	21.15%
PCD Reserves	\$ 21,651	\$ 17,565	\$ (4,086)	13.08%
Allowance for Credit Loss ("ACL"), ex. MW and PPP	\$ 115,365	\$ 121,591		
ACL / Total Loans Held for Investment, ex. MW and PPP	2.01%	2.10%		
ACL / Total Loans Held for Investment	1.76%	1.80%		
Reserve for Unfunded Expected to Fund	\$ 8,398	\$ 9,828		
Net Charge-offs	\$ (1,554)	\$ (2,466)		

CECL Modeling Assumptions

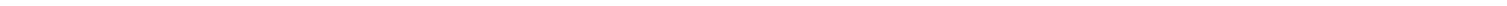
- › Weighted Moody's Texas unemployment and year-over-year % change in Texas GDP scenarios utilized in model
- › Forecasts feature significant recessionary estimates followed by slow improvement
- › Continued elevated qualitative reserves results in an ending ACL slightly over the results if we utilized Moody's "W" shape economic recovery assumptions without qualitative factors

Third Quarter PCD Update

- › Acquired PCD loans **decreased from \$146.3 million to \$121.9 million**, or 17%, during 3Q20 compared to 2Q20
- › Remaining PCD portfolio represents 2.1% of Total Loans HFI, excluding MW and PPP
- › During the third quarter, a \$13.8 million purchased credit deteriorated loan was resolved. It carried a \$3.4 million specific reserve and was resolved with a charge-off of \$2.1 million and forgiven interest



Capital and Liquidity

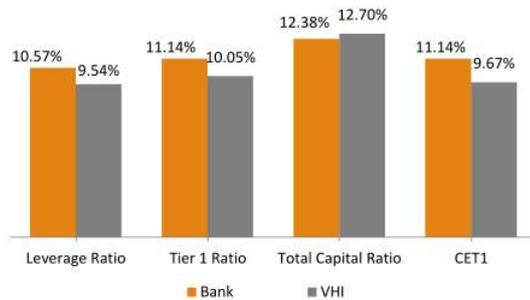




Capital Remains Strong and Continues to Build

(\$ in thousands)	September 30, 2020	June 30, 2020	\$ Change
Basel III Standardized¹			
CET1 capital	\$ 746,937	\$ 726,006	\$ 20,931
CET1 capital ratio	9.7%	9.7%	
Leverage capital	\$ 776,108	\$ 755,121	\$ 20,987
Leverage capital ratio	9.5%	9.2%	
Tier 1 capital	\$ 776,108	\$ 755,121	\$ 20,987
Tier 1 capital ratio	10.1%	10.1%	
Total capital	\$ 980,761	\$ 955,220	\$ 25,541
Total capital ratio	12.7%	12.7%	
Risk weighted assets	\$ 7,721,312	\$ 7,516,531	\$ 204,781
Total assets ²	\$ 8,702,375	\$ 8,587,858	\$ 114,517
Tangible common equity / Tangible Assets ³	9.12%	8.96%	

Ratios as of September 30, 2020



Dividends

- On October 28, 2020, declared quarterly cash dividend of \$0.17 per common share payable in November 2020
- Will continuously review dividend with Board of Directors throughout the COVID-19 pandemic

Stock Buyback Program

- Resume buyback in 4Q21 with \$31 million remaining in authorization and extended expiration date to March 31, 2021**
- On October 5, 2020, issued \$125 million in fixed-to-floating rate subordinated debt initially bearing a fixed interest rate of 4.125%. This raised total capital ratio to 14.01% on a pro forma basis

¹ Estimated capital measures inclusive of CECL capital transition provisions as of September 30, 2020.

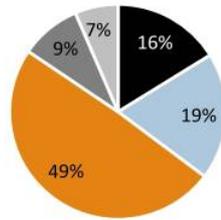
² Total assets includes PPP loans that we did not utilize the Paycheck Protection Program Liquidity Facility to fund.

³ 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.



Robust and Stable Liquidity

Debt Securities Portfolio as of September 30, 2020



■ MUN ■ COR ■ CMO ■ MBS ■ ABS

Available for Sale Portfolio Breakout

Security Type	Book Value	Market Value	Net Unrealized Gain
Corporate	\$ 166,655	\$ 170,421	\$ 3,766
Municipal	113,553	121,636	8,083
Mortgage-Backed Security	256,546	274,072	17,526
Collateralized Mortgage Obligation	414,430	436,942	22,512
Asset Backed Securities	54,257	57,385	3,128
	\$ 1,005,441	\$ 1,060,456	\$ 55,015

No required provision for credit loss on our debt securities portfolio as of September 30, 2020

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	2.85%
% Available-for-Sale	97.0%
Avg. Life	5.7 yrs
Effective Duration	4.1 yrs

\$ in millions

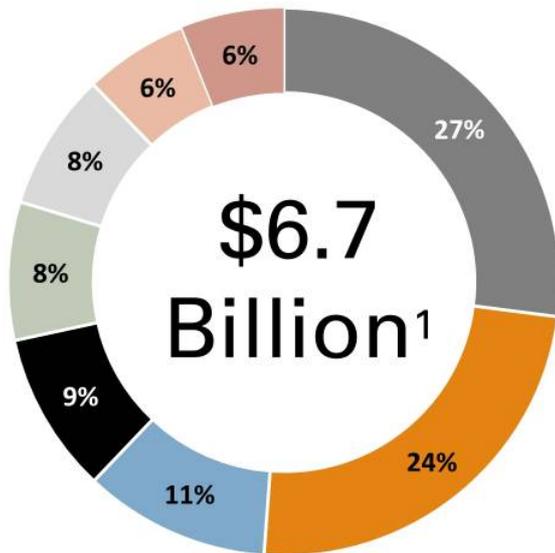
Primary & Secondary Liquidity Sources	
Cash and Cash Equivalents	\$ 128,767
Unpledged Investment Securities	989,422
FHLB Borrowing Availability	322,891
Unsecured Lines of Credit	175,000
Funds Available through Fed Discount Window	728,956
Available Paycheck Protection Program Liquidity Facility ("PPPLF") from FRB	\$ 407,502
Total as of September 30, 2020	\$ 2,752,538



Credit Outlook



Loan Portfolio by Loan Type



- NOOCRE
- OOCRE
- 1-4 Family Residential
- Multifamily
- C&I
- Construction and Land
- Mortgage Warehouse
- PPP

¹ Total loans excludes Loans Held for Sale.

NOOCRE

Outstanding: \$1.8 Billion
 Unfunded: \$118.5 Million
 Average Loan: \$2.7 Million
 WA LTV: 60%
 NPL: 2.04%

C&I

Outstanding: \$1.6 Billion
 Unfunded: \$931.6 Million
 Average Loan: \$568 Thousand
 NPL: 2.60%

OOCRE

Outstanding: \$734.9 Million
 Unfunded: \$16.4 Million
 Average Loan: \$907 Thousand
 WA LTV: 65%
 NPL: 0.72%

Construction

Outstanding: \$623.5 Million
 Unfunded: \$889.7 Million
 Average Loan: \$1.3 Million
 WA LTV: 61%
 NPL: 0.13%
 WA % Complete: 50%

Multifamily

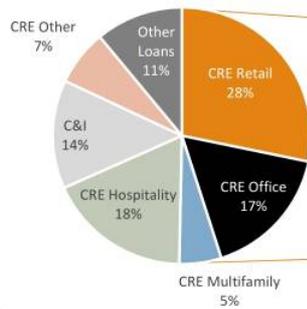
Outstanding: \$412.4 Million
 Unfunded: \$9.1 Million
 Average Loan: \$5.3 Million
 WA LTV: 68%
 NPL: 0%



Loan Deferment Program Update

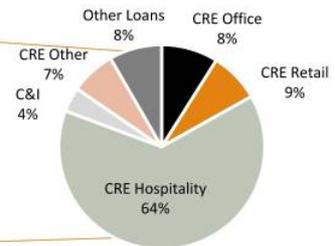
Total deferrals remaining represent **2.3%** of Loans HFI¹

Loan Deferrals as of 7/24/2020



Deferrals / Loans HFI¹
20.9%

Loan Deferrals as of 10/22/2020



Deferrals / Loans HFI¹
2.3%

↓ 89%

Loan Type	\$ of Total Remaining Deferrals	
	Balance (mm)	% of Deferrals
CRE Retail	\$338.5	28%
CRE Office	201.9	17%
CRE Multifamily	63.1	5%
CRE Hospitality	215.6	18%
C&I	164.4	14%
CRE Other	83.7	7%
Other Loans	131.6	11%
Total	\$1,198.8	100%

Loan Type	\$ of Total Remaining Deferrals		% Decline
	Balance (mm)	% of Deferrals	
CRE Retail	\$14.3	11%	(96%)
CRE Office	11.6	9%	(94%)
CRE Multifamily	0.0	0%	(100%)
CRE Hospitality	73.4	56%	(66%)
C&I	8.6	7%	(95%)
CRE Other	8.2	6%	(90%)
Other Loans	15.8	12%	(88%)
Total	\$131.9	100%	(89%)

¹ Total Loans HFI excludes MW and PPP loans.



Nonperforming Loans Breakdown

TOP 10 NPL RELATIONSHIPS						
Loan Relationship	Loan Balance (in millions)	Industry	SBA Guarantee	Round 2 Deferral	Past Due	Comment
1	19,472	CRE-Childcare	No	No	No	Relationship secured by FLDT on two childcare centers. New operators leasing the facilities in 2020 with a restructure of the debt in 3Q20.
2	14,096	CRE Office	No	No	Yes	Secured by 3 buildings with an LTV approx. 76%. Borrower actively selling one building and executed new GSA lease resulting in occupancy of 66% in 1Q21.
3	13,167	C&I - Parts Wholesaler	No	No	No	PE sponsored relationship that was not past due as of quarter-end. Significant decline in sales raising going concern issues.
4	7,334	C&I-Entertainment CRE Retail	No	No	Yes	Secured by theater equipment leases and by a FLDT on the Retail CRE portion. The Retail CRE is matured and collection activity has commenced.
5	5,863	C&I - Parts Manufacturer	No	No	Yes	PE sponsored relationship used to refi existing debt. Relationship is currently under forbearance.
6	3,841	C&I - Contractor	No	No	Yes	Two loan relationship currently under restructuring negotiations pending litigation resolution.
7	3,129	OOCRE	Yes	No	Yes	Five loan relationship with funeral operator primarily impacted by natural disasters and COVID. Demand has been made.
8	2,319	CRE	Yes	No	Yes	Two loan relationship secured by office/warehouse and inventory. Borrower attempting a sale lease back.
9	1,793	C&I - Contractor	Yes	No	Yes	Operating line to a contractor in the manufacturing renovation business. Borrower is attempting to refinance this SBA guaranteed RLOC.
10	1,292	C&I - Oil and Gas	No	No	Yes	Bank's only remaining E&P loan. Pursuing liquidation of the collateral that secures the credit.
Top 10 NPL Total	72,305	80%				
Remaining NPLs	18,261	20%				
Totals	90,566					

NPL Statistics

- NPLs total \$90.6 million, or 1.04% of total assets
- **46%** of NPLs are **current** on loan payments
- **80%** of NPLs are made up of 10 relationships
- Remaining NPLs have avg. balance of \$222K
- Top 10 relationships have total specific reserves of \$14.2 million

Third Quarter Resolution

During the third quarter, a \$13.8 million purchased credit deteriorated loan was resolved. It carried a \$3 million specific reserve and was resolved with a charge off of \$2.1 million and forgiven interest



Pandemic Portfolio Overview

	Third Quarter Review/Results	Second Quarter Review/Results
Scope	<ul style="list-style-type: none">All relationships above \$2 million that one or more of the following applies:<ul style="list-style-type: none">New payment deferral after 5/31/20 (Round 1 or Round 2)Risk rating change between 3/31/20 and 8/31/20Borrower was a retail operator (non-CRE) or C-store (either operator or CRE)Recent covenant or borrowing base violation	<ul style="list-style-type: none">All relationships above \$2 million that one or more of the following applies:<ul style="list-style-type: none">High Risk Industry (retail CRE, hospitality, restaurant, senior housing, healthcare, leveraged lending, or energy)Received a round 1 defermentReceived a PPP loanAll relationships above \$20 million in commitments
Penetration	<ul style="list-style-type: none">Targeted review covered \$1.5 billion, or 15.9% of total commitments	<ul style="list-style-type: none">Targeted review covered \$4.9 billion, or 55.2% of total commitments
Results	<ul style="list-style-type: none">No loans were downgraded below a substandard accruing risk rating\$135.7 million, or 1.5% of the total commitments, were upgraded<ul style="list-style-type: none">\$74.3 million in the Retail, Office and Industrial CRE\$18.3 million in Retail Supermarket/Grocery sectors\$70.4 million, or 0.8% of the total commitments, were downgraded to criticized asset classification<ul style="list-style-type: none">\$34.0 million to Special Mention, with \$11.3 million in Recycle Material Merchant Wholesale Industry\$36.4 million to Substandard with the largest downgrade in the Chemical Manufacturing Industry	<ul style="list-style-type: none">\$203.2mm, or 2.3% of the total commitments, were downgraded to Special Mention<ul style="list-style-type: none">\$126.1 million, or 1.4%, in the Hospitality portfolio\$25.4 million, or 0.3%, in the Retail CRE portfolio\$31.0mm, or 0.3% of the total commitments, were downgraded to Substandard<ul style="list-style-type: none">\$3.8 million, or 0.04%, in the Hospitality portfolio\$17 million, or 0.2%, relates to a student housing property that is underperforming due to COVID issues\$10 million, or 0.1%, downgrade is related to a fuel jobber/C-Store operator who is demonstrating poor operating performance

¹ Total Loans HFI excludes MW and PPP loans.



Hospitality Portfolio Drill Down

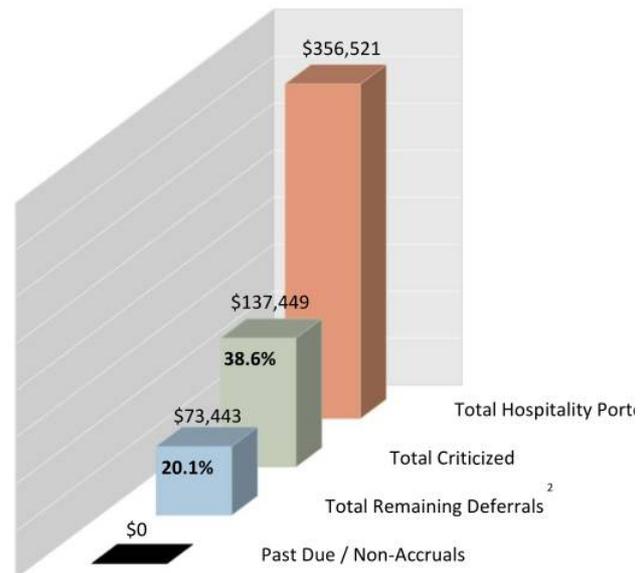
As of September 30, 2020

(\$ in millions)	#	\$ Commitment	\$ Outstanding	Avg. Loan Amount
Term	80	\$ 317.6	\$ 313.2	\$ 4.0
In-Process Construction	5	\$ 65.4	\$ 19.0	\$ 3.8
SBA / USDA	50	\$ 24.3	\$ 24.3	\$ 0.5
Total	135	\$ 407.3	\$ 356.5	\$ 2.7
% of Total Loans¹			6.2%	

- **33%** Top Tier Hotels (Marriott, Hilton, Starwood, Hyatt) / **46%** National Economy Hotels (Intercontinental, Wyndham, Best Western) / **19%** Luxury Boutique / **2%** No Flag
- Weighted average LTV of **60%** on total outstanding
- Approximately **82%** of exposure is located within the State of Texas
- **No** hotel loans were non-performing as of September 30, 2020
- 2 relationship managers oversee overwhelming majority of this portfolio. They are very experienced in this industry specifically.

¹ Total loans excludes loans held for sale, MW and PPP loans.

² Deferrals as a percentage of Hospitality loans based on loan balances as of October 22, 2020.





Hospitality Portfolio Drill Down (cont.)

As of September 30, 2020

TOP 10 HOSPITALITY RELATIONSHIPS								
Loan Relationship	Loan Balance (in millions)	Risk Rating	Hotel Type	Occupancy Rates Sept. 2020	3Q Revenue Increase	LTV	Non-Accrual	Round 2 Deferral
1	37,430	Pass Watch	Luxury	52%	142%	55%	No	Yes
2	31,894	Special Mention	Economy	74%	115%	64%	No	Yes
3	25,413	Pass Watch	Luxury	30%	341%	59%	No	No
4	20,884	Pass Watch	Top Tier	49%	68%	62%	No	No
5	16,270	Special Mention	Top Tier	44%	67%	66%	No	Yes
6	12,417	Special Mention	Economy	33%	65%	57%	No	No
7	10,623	Pass Watch	Top Tier	91%	71%	67%	No	No
8	9,935	Special Mention	Top Tier	64%	354%	69%	No	No
9	9,400	Pass Watch	Top Tier	Scheduled to complete construction 4Q20		75%	No	No
10	9,056	Special Mention	Top Tier	Construction complete with opening in 4Q20		62%	No	No
Total	183,322							
% of Portfolio	51%							

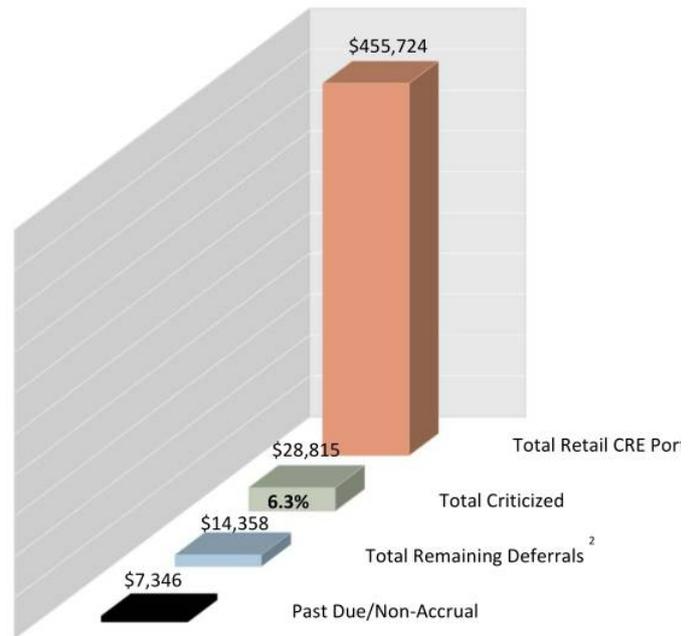
Remaining relationships in the Hospitality portfolio have an average loan balance of **\$2.1 million**



Retail CRE Portfolio Drill Down

(\$ in millions)	#	\$ Commitment	\$ Outstanding	Avg. Loan Amount
NOOCRE Retail	189	\$ 403.7	\$ 382.9	\$ 2.0
Construction Retail	26	\$ 135.1	\$ 72.8	\$ 2.8
Total	215	\$ 538.8	\$ 455.7	\$ 2.1
% of Total Loans¹			7.9%	

As of September 30, 2020



- Weighted average LTV of **57.5%** on total outstanding
- Approximately **6.3%** of outstanding exposure are Criticized assets
- **8** borrowers with loans in excess of \$10 million with an average LTV of **58%**
- Approximately **95%** of outstanding exposure is located in the Bank's primary market of Texas
- **0.61%** of retail loans were non-performing as of September 30, 2020

¹ Total loans excludes loans held for sale, MW and PPP loans.

² Deferrals as a percentage of Retail CRE loans based on loan balances as of October 22, 2020.



Restaurant Portfolio Drill Down

(\$ in millions)	#	\$ Commitment	\$ Outstanding	Avg. Loan Amount
Term	101	\$ 113.0	\$ 96.8	\$ 1.0
In-Process Construction	6	\$ 7.5	\$ 5.9	\$ 1.0
SBA / USDA	49	\$ 20.1	\$ 20.1	\$ 0.4
Total	156	\$ 140.6	\$ 122.8	\$ 0.8
% of Total Loans¹			2.1%	

As of September 30, 2020



- **63%** Quick Service / **37%** Full Service
- A total of **80%** of the portfolio is secured by real estate assets with an average LTV of **60%**
- Approximately **97%** of exposure is located within the State of Texas
- **3.2%** of restaurant loans were non-performing with \$966 thousand in specific reserves
- **6** borrowers (11 loans) account for approximately \$42 million, or 36%, of the outstanding balance. All but one of these loans are secured by CRE. The one not secured by CRE is one of the most prominent chains in DFW
- Past due / Non-accrual loans are primarily in government guaranteed loans that were problem assets prior to the COVID-19 pandemic

¹ Total loans excludes loans held for sale, MW and PPP loans.

² Deferrals as a percentage of Restaurant loans based on loan balances as of October 22, 2020.



Closing



Company Overview

- **Experienced management team**
 - 35 years average banking experience
- **Strong presence in Dallas and Houston**
 - Texas is experiencing continued strong population inflow – population growth is nearly double the U.S. average
 - Significant growth opportunities within our footprint
- **Scarcity value**
 - 3rd largest bank solely focused on major Texas MSAs
- **Excellent core earnings profile has supported significant reserve build**
 - 1.82% PTPP ROAA¹ and 2.10% ACL / Total Loans HFI for 3Q20
- **Strong capital levels²**
 - 9.67% common equity tier 1 ratio
 - 12.70% total risk-based capital ratio
- **Proactive management of asset quality²**
 - Net charge offs to average loans of 0.07% for YTD 2020
 - Pandemic portfolio reviews of loan portfolio resulted in downgrades of 2.6% of total commitments
 - \$156 million of COVID-related loan deferrals (2.7% of total loans HFI³) as of October 15, 2020
- **Steady balance sheet growth²**
 - Originated 2,199 PPP loans totaling \$405.5 million, increasing total loans to \$6.7 billion
 - Total loans HFI³ grew 7.6% YoY
 - Non-time deposits increased \$120.8 million during 3Q20
 - Non-time deposits grew 18.5% YoY
- **Track record of successfully integrating acquisitions**

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

² Financial data as of September 30, 2020.

³ Total Loans HFI excludes PPP loans.



Supplemental

Reconciliation of Non-GAAP Financial Measures



	As of				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	(Dollars in thousands, except per share data)				
Tangible Common Equity					
Total stockholders' equity	\$ 1,185,337	\$ 1,163,749	\$ 1,149,269	\$ 1,190,797	\$ 1,205,530
Adjustments:					
Goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)
Core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)
Tangible common equity	<u>\$ 754,288</u>	<u>\$ 730,248</u>	<u>\$ 713,317</u>	<u>\$ 752,394</u>	<u>\$ 765,053</u>
Common shares outstanding	49,650	49,633	49,557	51,064	52,373
Book value per common share	\$ 23.87	\$ 23.45	\$ 23.19	\$ 23.32	\$ 23.02
Tangible book value per common share	\$ 15.19	\$ 14.71	\$ 14.39	\$ 14.73	\$ 14.61

	As of				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	(Dollars in thousands, except per share data)				
Tangible Common Equity					
Total stockholders' equity	\$ 1,185,337	\$ 1,163,749	\$ 1,149,269	\$ 1,190,797	\$ 1,205,530
Adjustments:					
Goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)
Core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)
Tangible common equity	<u>\$ 754,288</u>	<u>\$ 730,248</u>	<u>\$ 713,317</u>	<u>\$ 752,394</u>	<u>\$ 765,053</u>
Tangible Assets					
Total assets	\$ 8,702,375	\$ 8,587,858	\$ 8,531,624	\$ 7,954,937	\$ 7,962,883
Adjustments:					
Goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)
Core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)
Tangible Assets	<u>\$ 8,271,326</u>	<u>\$ 8,154,357</u>	<u>\$ 8,095,672</u>	<u>\$ 7,516,534</u>	<u>\$ 7,522,406</u>
Tangible Common Equity to Tangible Assets	9.12%	8.96%	8.81%	10.01%	10.17%

Reconciliation of Non-GAAP Financial Measures



	For the Three Months Ended				For the Nine Months Ended			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2019
	(Dollars in thousands)							
Net income available for common stockholders adjusted for amortization of core deposit intangibles								
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082	\$ 60,000	\$ 60,000
Adjustments:								
Plus: Amortization of core deposit intangibles	2,451	2,451	2,451	2,451	2,451	7,353	7,353	7,353
Less: Tax benefit at the statutory rate	515	515	515	515	515	1,545	1,545	1,545
Net income available for common stockholders adjusted for amortization of core deposit intangibles	\$ 24,856	\$ 25,964	\$ 6,070	\$ 30,987	\$ 29,341	\$ 56,890	\$ 65,708	\$ 65,708
Average Tangible Common Equity								
Total average stockholders' equity	\$ 1,177,882	\$ 1,155,798	\$ 1,183,116	\$ 1,197,191	\$ 1,210,147	\$ 1,154,464	\$ 1,195,311	\$ 1,195,311
Adjustments:								
Average goodwill	(370,840)	(370,840)	(370,840)	(370,840)	(370,463)	(370,840)	(370,840)	(370,840)
Average core deposit intangibles	(60,209)	(62,661)	(65,112)	(67,563)	(70,014)	(64,077)	(64,077)	(64,077)
Average tangible common equity	\$ 745,376	\$ 720,807	\$ 745,837	\$ 757,815	\$ 768,568	\$ 719,547	\$ 759,394	\$ 759,394
Return on Average Tangible Common Equity (Annualized)	13.27%	14.49%	3.27%	16.22%	15.15%	10.56%	10.56%	10.56%



Reconciliation of Non-GAAP Financial Measures

	For the Three Months Ended				For the Nine Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2019
	(Dollars in thousands)					
Operating Earnings						
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082
Plus: Loss (gain) on sale of securities, net	8	(2,879)	-	438	-	(2,871)
Plus: Loss on sale of disposed branch assets ¹	-	-	-	-	-	-
Plus: FHLB pre-payment fees	-	1,561	-	-	-	1,561
Plus: One-time issuance of shares to all employees	-	-	-	-	-	-
Plus: Merger and acquisition expenses	-	-	-	918	1,035	-
Operating pre-tax income	22,928	22,710	4,134	30,407	28,440	49,772
Less: Tax impact of adjustments	-	(277)	-	(23)	217	(277)
Plus: Tax Act re-measurement	-	-	-	-	-	-
Plus: Other M&A tax items ²	-	-	-	829	406	-
Plus: Discrete tax adjustments ³	-	(1,799)	-	(965)	-	(1,799)
Operating earnings	\$ 22,928	\$ 21,188	\$ 4,134	\$ 30,294	\$ 28,629	\$ 48,250
Weighted average diluted shares outstanding	49,775	49,727	51,056	52,263	53,873	50,176
Diluted EPS	\$ 0.46	\$ 0.48	\$ 0.08	\$ 0.56	\$ 0.51	\$ 1.02
Diluted operating EPS	0.46	0.43	0.08	0.58	0.53	0.96

¹ Loss on sale of disposed branch assets for the nine months ended September 30, 2019 is included in merger and acquisition expense in the condensed consolidated statements of income.

² Other M&A tax items of \$829 thousand and \$406 thousand recorded during the three months ended December 31, 2019 and September 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.

³ 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. A discrete tax benefit of \$1,799 was recorded in the second quarter of 2020 as a result of the Company amending a prior year Green tax return to carry back a net operating loss ("NOL") incurred by Green on January 1, 2019. The Company was allowed to carry back this NOL as result of a provision in the CARES Act which permits NOLs generated in tax years 2018, 2019 or 2020 to be carried back five years.



Reconciliation of Non-GAAP Financial Measures

	For the Three Months Ended				For the Nine Months Ended			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2019
	(Dollars in thousands)							
Pre-Tax, Pre-Provision Operating Earnings								
Net income	\$ 22,920	\$ 24,028	\$ 4,134	\$ 29,051	\$ 27,405	\$ 51,082	\$ 61,688	
Plus: Provision (benefit) for income taxes	6,198	3,987	(684)	8,168	7,595	9,501	16,953	
Plus: Provision for credit losses and unfunded commitments	10,139	18,971	35,657	3,493	9,674	64,767	18,021	
Plus: Loss (gain) on sale of securities, net	8	(2,879)	-	438	-	(2,871)	1,414	
Plus: Loss on sale of disposed branch assets ¹	-	-	-	-	-	-	359	
Plus: FHLB pre-payment fees	-	1,561	-	-	-	1,561	-	
Plus: One-time issuance of shares to all employees	-	-	-	-	-	-	-	
Plus: Merger and acquisition expenses	-	-	-	918	1,035	-	37,683	
Pre-tax, pre-provision operating earnings	\$ 39,265	\$ 45,668	\$ 39,107	\$ 42,068	\$ 45,709	\$ 124,040	\$ 136,118	
Average total assets	\$ 8,585,926	\$ 8,689,774	\$ 8,125,782	\$ 8,043,505	\$ 8,009,377	\$ 8,449,772	\$ 7,929,028	
Pre-tax, pre-provision operating return on average assets²	1.82%	2.11%	1.94%	2.07%	2.26%	1.96%	2.30%	
Average total assets	\$ 8,585,926	\$ 8,689,774	\$ 8,125,782	\$ 8,043,505	\$ 8,009,377	\$ 8,449,772	\$ 7,929,028	
Return on average assets ²	1.06%	1.11%	0.20%	1.43%	1.36%	0.81%	1.04%	
Operating return on average assets ²	1.06%	0.98%	0.20%	1.49%	1.42%	0.76%	1.58%	
Operating earnings adjusted for amortization of core deposit intangibles								
Operating earnings	\$ 22,928	\$ 21,188	\$ 4,134	\$ 30,294	\$ 28,629	\$ 48,250	\$ 93,542	
Adjustments:								
Plus: Amortization of core deposit intangibles	2,451	2,451	2,451	2,451	2,451	7,353	7,379	
Less: Tax benefit at the statutory rate	515	515	515	515	515	1,545	1,550	
Operating earnings adjusted for amortization of core deposit intangibles	\$ 24,864	\$ 23,124	\$ 6,070	\$ 32,230	\$ 30,565	\$ 54,058	\$ 99,371	
Average Tangible Common Equity								
Total average stockholders' equity	\$ 1,177,882	\$ 1,155,798	\$ 1,183,116	\$ 1,197,191	\$ 1,210,147	\$ 1,154,464	\$ 1,199,440	
Adjustments:								
Less: Average goodwill	(370,840)	(370,840)	(370,840)	(370,463)	(370,224)	(370,840)	(369,097)	
Less: Average core deposit intangibles	(61,666)	(64,151)	(66,439)	(68,913)	(71,355)	(64,077)	(73,965)	
Average tangible common equity	\$ 745,376	\$ 720,807	\$ 745,837	\$ 757,815	\$ 768,568	\$ 719,547	\$ 756,378	
Operating return on average tangible common equity²	13.27%	12.90%	3.27%	16.87%	15.78%	10.04%	17.57%	
Efficiency ratio	48.12%	46.02%	47.61%	47.12%	43.67%	47.19%	59.42%	
Operating efficiency ratio	48.11%	45.74%	47.61%	45.67%	42.36%	47.10%	43.19%	

¹ Loss on sale of disposed branch assets for the nine months ended September 30, 2019 is included in merger and acquisition expense in the condensed consolidated statements of income.

² Annualized ratio.

Reconciliation of Non-GAAP Financial Measures



	As of				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	(Dollars in thousands, except per share data)				
Operating Noninterest income					
Noninterest income	\$ 9,795	\$ 21,290	\$ 7,247	\$ 7,132	\$ 8,430
Plus: Loss (gain) on sale of securities available for sale, net	8	(2,879)	-	438	-
Operating Noninterest income	\$ 9,803	\$ 18,411	\$ 7,247	\$ 7,570	\$ 8,430
Operating Noninterest Expense					
Noninterest expense	\$ 36,408	\$ 40,061	\$ 35,545	\$ 36,284	\$ 34,630
Plus: FHLB prepayment fees	-	1,561	-	-	-
Plus: Merger and acquisition expenses	-	-	-	918	1,035
Operating Noninterest Expense	\$ 36,408	\$ 38,500	\$ 35,545	\$ 35,366	\$ 33,595
	For the Three Months Ended				
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	(Dollars in thousands, except per share data)				
Adjusted Net Interest Margin					
Net Interest Income	\$ 65,870	\$ 65,757	\$ 67,405	\$ 69,864	\$ 70,874
Less: Loan Accretion	3,953	3,134	4,455	5,582	4,201
Less: Deposit Premium Amortization	110	263	423	740	1,210
Adjusted Net Interest Income	\$ 61,807	\$ 62,360	\$ 62,527	\$ 63,542	\$ 65,463
Total Interest-Earning Assets	\$ 7,899,837	\$ 8,001,485	\$ 7,388,028	\$ 7,272,568	\$ 7,160,971
Adjusted Net Interest Margin	3.11%	3.13%	3.39%	3.47%	3.60%



VERITEX



**PRESS RELEASE
FOR IMMEDIATE RELEASE**

Veritex Holdings, Inc. Declares Cash Dividend on Common Stock

Dallas, TX – October 27, 2020 – Veritex Holdings, Inc. (Nasdaq: VBTX) (“Veritex” or the “Company”), the parent holding company for Veritex Community Bank, today announced the declaration of a quarterly cash dividend of \$0.17 per share on its outstanding common stock. The dividend will be paid on or after November 19, 2020 to shareholders of record as of the close of business on November 5, 2020.

About Veritex Holdings, Inc.

Headquartered in Dallas, Texas, Veritex is a bank holding company that conducts banking activities through its wholly-owned subsidiary, Veritex Community Bank, with locations throughout the Dallas-Fort Worth metroplex and in the Houston metropolitan area. Veritex Community 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.

Forward Looking Statement

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements include statements regarding Veritex’s projected plans and objectives, including the expected payment date of its common stock dividend. Forward-looking statements are typically identified by words such as “believe,” “expect,” “anticipate,” “intend,” “target,” “estimate,” “continue,” “positions,” “prospects” or “potential,” by future conditional verbs such as “will,” “would,” “should,” “could” or “may”, or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. Forward-looking statements speak only as of the date they are made and Veritex assumes no duty to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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