

Veritex Holdings, Inc. Fourth Quarter and Full Year 2024 Results

Investor Presentation
January 28, 2025

NASDAQ: VBTX



A BETTER STATE OF BANKING



Forward-Looking Statements

This presentation includes “forward-looking statements”, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on various facts and derived utilizing assumptions, current expectations, estimates and projections and are subject to known and unknown risks, uncertainties and other factors, which change over time and are beyond our control, that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, statements relating to the expected payment of Veritex’s quarterly cash dividend; the impact of certain changes in Veritex’s accounting policies, standards and interpretations; turmoil in the banking industry, responsive measures to mitigate and manage such turmoil and related supervisory and regulatory actions and costs and Veritex’s future financial performance, business and growth strategy, projected plans and objectives, as well as other projections based on macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact broader economic and industry trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “seeks,” “targets,” “outlooks,” “plans” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing words. We refer you to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Veritex’s Annual Report on Form 10-K for the year ended December 31, 2023 and any updates to those risk factors set forth in Veritex’s Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission (“SEC”), which are available on the SEC’s website at www.sec.gov. If one or more events related to these or other risks or uncertainties materialize, or if Veritex’s underlying assumptions prove to be incorrect, actual results may differ materially from what Veritex anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. Veritex does not undertake any obligation, and specifically declines any obligation, to supplement, update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law. All forward-looking statements, expressed or implied, included in this presentation are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Veritex or persons acting on Veritex’s behalf may issue.

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Use of Non-GAAP Financial Measures

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



Today's Speakers



Malcolm Holland

Chairman & Chief Executive Officer

- **Over 42 years** of banking experience in Dallas metropolitan area; **14 years** at the Company
- Served in various analyst, lending and executive management positions in Dallas area since 1982



Terry Earley

Chief Financial Officer

- Joined the Company in **January 2019**.
- **Over 40 years** of banking experience
- Previously served as CFO of Green Bancorp, CFO of Yadkin Financial, and Chief Financial and Operating Officer of RBC Bank



Curtis Anderson

Chief Credit Officer

- Joined the Bank in **January 2023**
- Previously served as Chief Credit Officer at Texas Capital Bank and held various roles at Bank of America

2024 Financial Highlights



Full Year Key Highlights and Execution

Operating EPS was \$2.17 for 2024

Credit Risk Profile Improves

- Criticized loans decreased approximately **\$100 million** during 2024
- CRE concentrations decreased from 320% in 2023 to **299%** in 2024. ADC as a percentage to capital sits at 87.5% down from 118.7% at the end of 2023
- NPAs to total assets decreased 15 bps to **0.62%**

Balance Sheet Strength Increases

- Loan to Deposits decreased to **89.3%** from 93.6% in 2023
- Non-brokered deposits grew \$664 Million, or 8.0%, year over year
- Growth in capital with CET1 growing 80 bps to **11.09%** at the end of 2024

Balance Sheet ¹	Total
Total Loans	\$9.6
Total Deposits	\$10.8

	4Q24	4Q24 ²	Full Year 2024	Full Year 2024 ²
Key Performance Metrics	Reported	Operating	Reported	Operating
Net Income ³	\$24.9	\$29.8	\$107.2	\$119.4
Diluted EPS	\$0.45	\$0.54	\$1.95	\$2.17
ROAA	0.78%	0.93%	0.85%	0.95%
ROATCE	9.04%	10.69%	10.10%	11.17%
Efficiency Ratio	67.04%	62.98%	62.62%	60.22%

¹ Total loans and deposits \$ in billions as of December 31, 2024.

² Refer to the reconciliation of Non-GAAP financial measures at the end of this presentation.

³ Net income \$ in millions.

Credit Quality

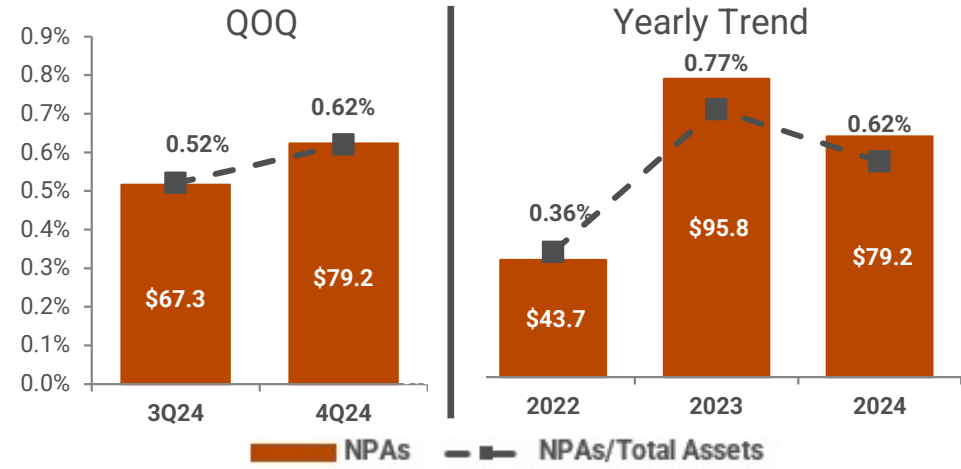


Summary

- NPA / Total Assets sit at **0.62%**, down from 0.77% at the end of 2023
- 2024 YTD net charge-offs are **0.21%**, down from 0.25% 2023 YTD

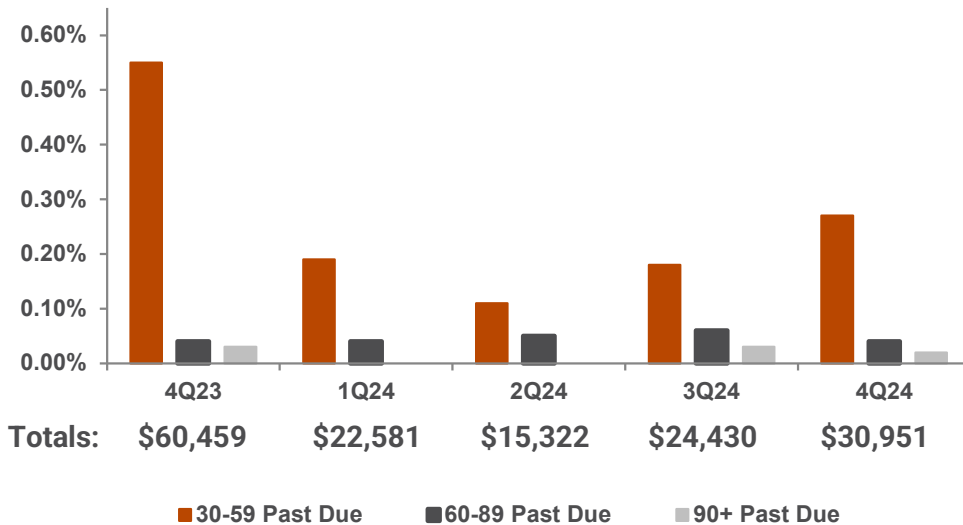
NPAs / Total Assets

(\$ in millions)

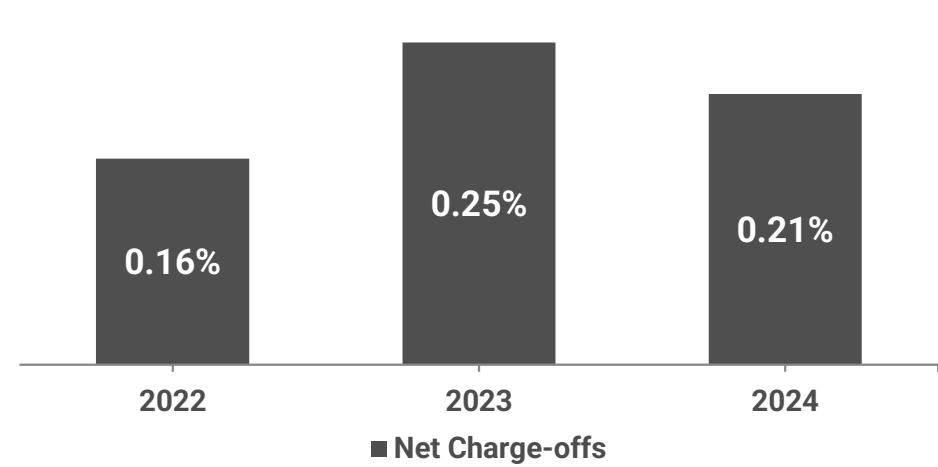


Past Due Trend % of Total Loans¹

(\$ in millions)



Net Charge-off 3 Year Lookback



¹ Total loans excludes Loans Held for Sale.

Credit Quality

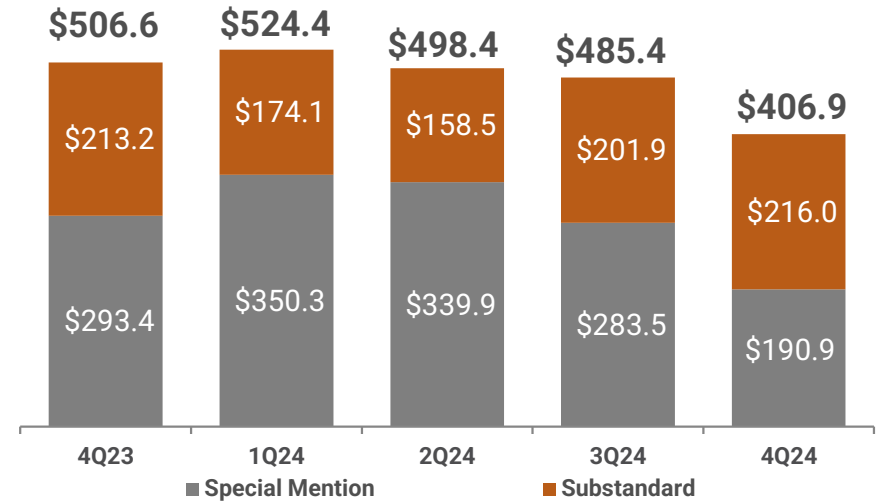


Summary

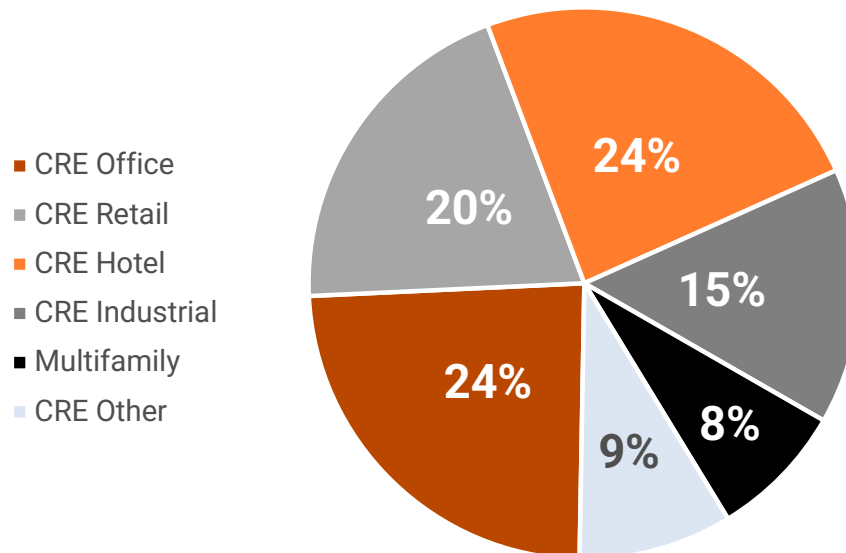
- Criticized loans = \$406.9 million, down \$78.5 million quarter over quarter
- As of January 15, 2025, approximately \$50.0 million of criticized loans were paid off

Quarterly Criticized Loans

(\$ in millions, excluding PCD loans)



Commercial Real Estate Criticized Loans Breakdown as of December 31, 2024



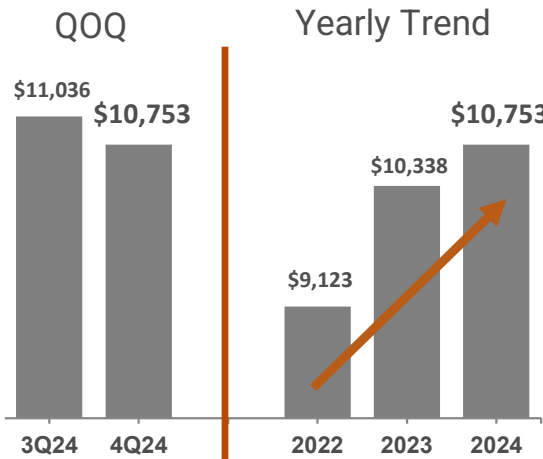
Total CRE Criticized is \$228.5 million at the end of 2024, down **35%** from the end of 2023



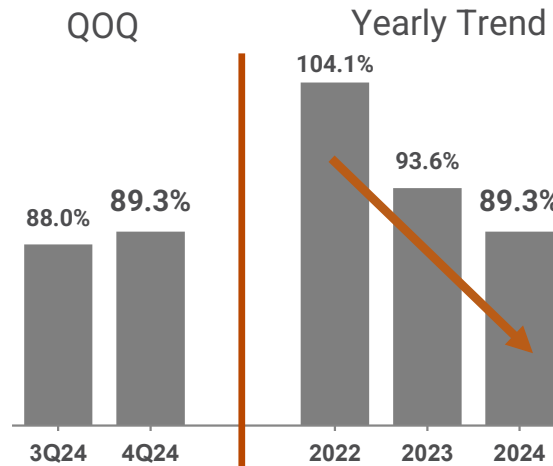
Strengthening the Balance Sheet

Deposit Growth

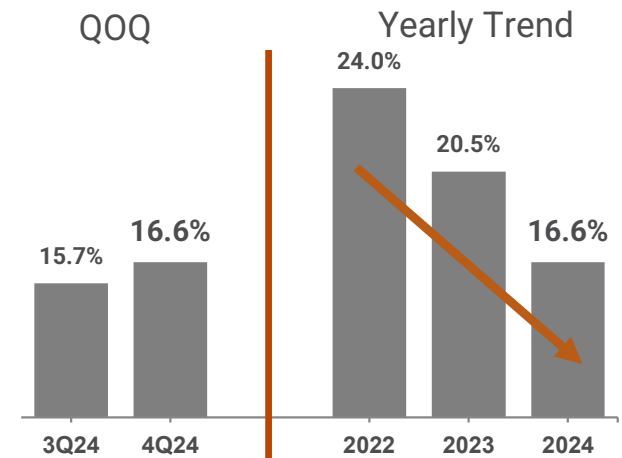
(\$ in millions)



Loan to Deposit Ratio

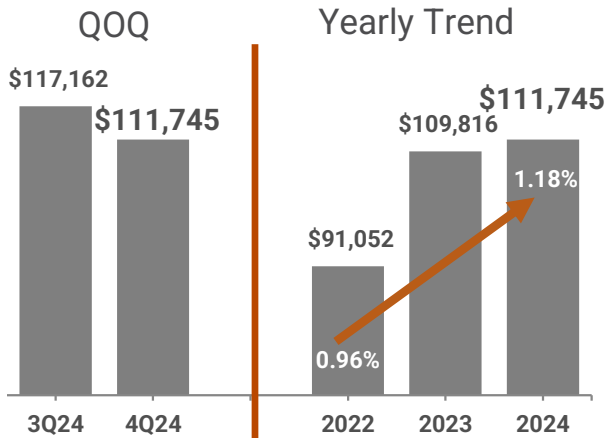


Reliance on Wholesale Funding¹

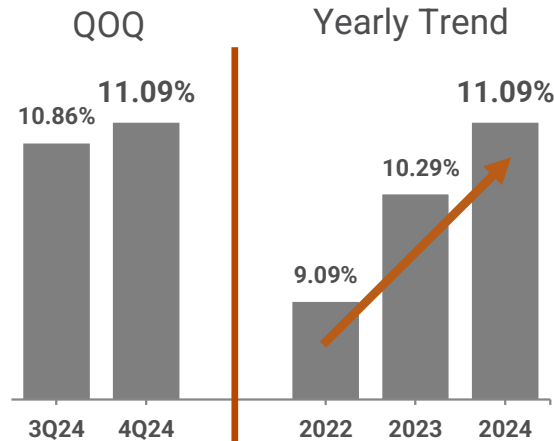


Total ACL

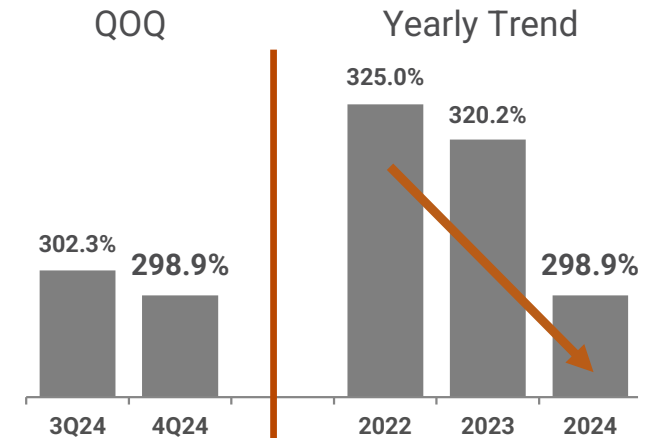
(% ACL to Total Loans²)
(\$ in thousands)



CET1 / Total RWA



CRE Concentration as % of RBC



¹ Reliance on wholesale funding % is calculated at the Veritex Community Bank level.

² % ACL to Total Loans, excluding MW, is 1.25% as of December 31, 2024.



Capital

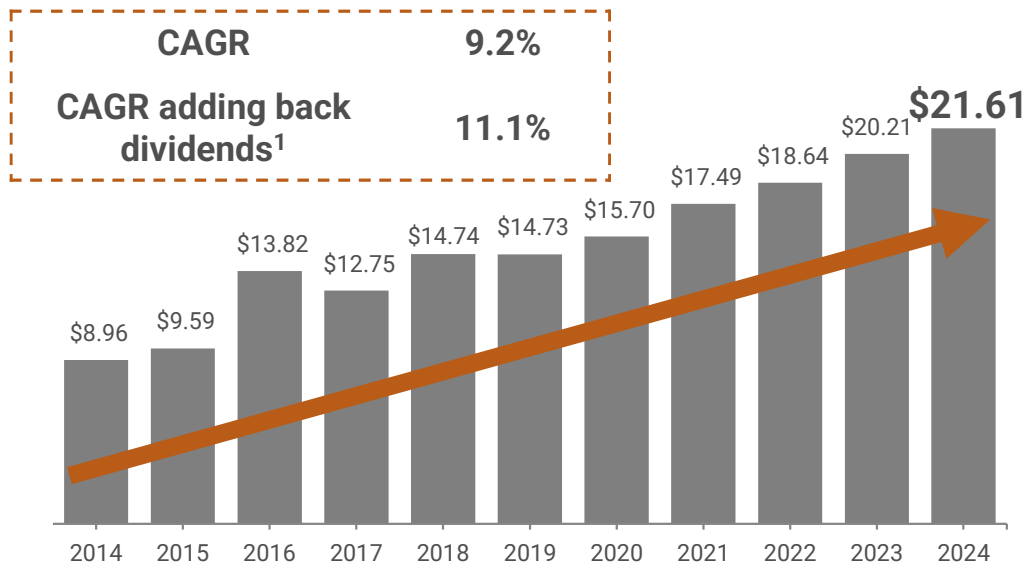
CET1 at 11.09%, up 23 bps quarter over quarter

Summary

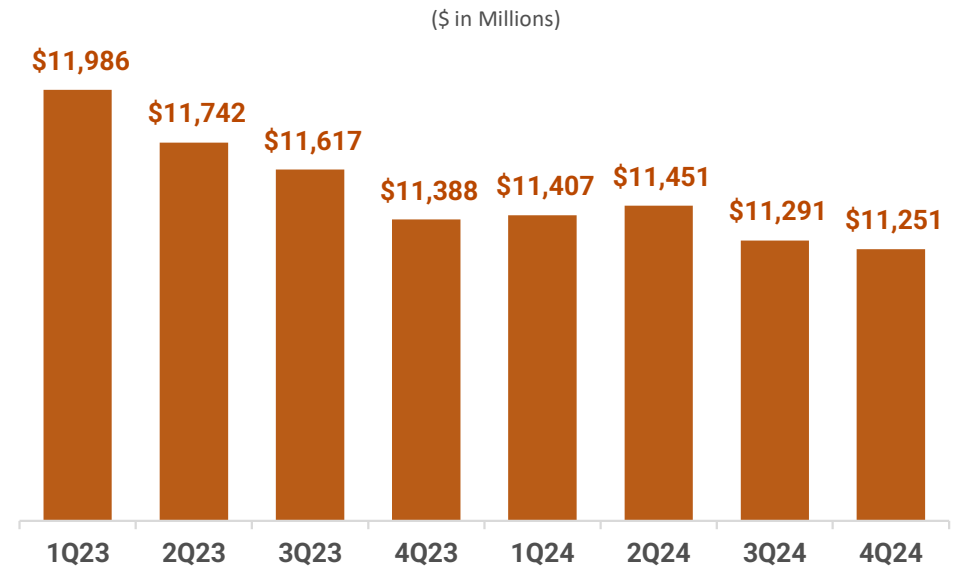
- CET1 increase primarily driven by earnings and a decrease in risk weighted assets which were down \$40 million from 3Q24
- No utilization of the stock buyback program
- TBV increased \$0.40 to \$21.61 during 2024 from 2023

Capital Ratio	4Q24 Ratio %	4Q24 Capital \$	3Q24 Ratio %	3Q24 Capital \$	(\$ in Millions) Bps ↑
CET1 Capital	11.09%	\$1,247.5	10.86%	\$1,226.6	23 bps
Tier 1 Capital	11.36%	\$1,277.6	11.13%	\$1,256.7	23 bps
Total Capital	13.96%	\$1,570.7	13.91%	\$1,570.0	5 bps
Leverage	10.32%	\$1,277.6	10.06%	\$1,256.7	26 bps

Tangible Book Value Trend since IPO in 2014



VHI Risk Weighted Assets Trend



¹ Total dividends of \$226.7 million included in the CAGR calculation.



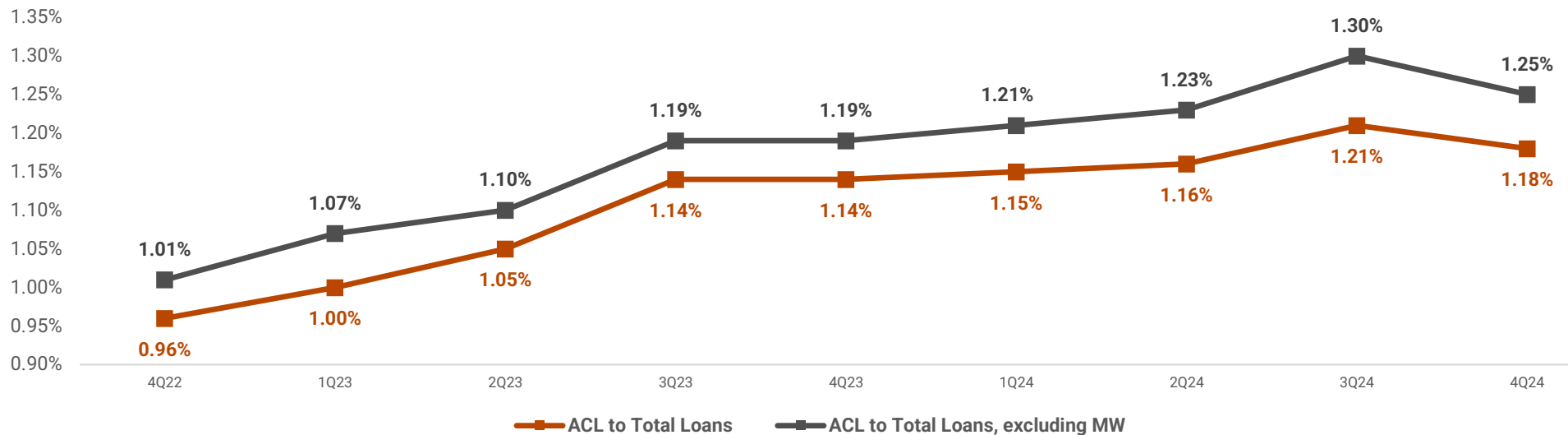
Allowance For Credit Losses

1.18% Coverage // ACL increase of 22 bps from 4Q22

Summary

- General reserve reflects current National economic outlook on economy and recessionary risk
- Weighted Moody's forecast scenarios with **65%** weighting on downside scenarios
- General reserves represent 97% of the total ACL
- Q-Factors represent **42 bps** of the general reserve

ACL Coverage Trend Analysis



Loans

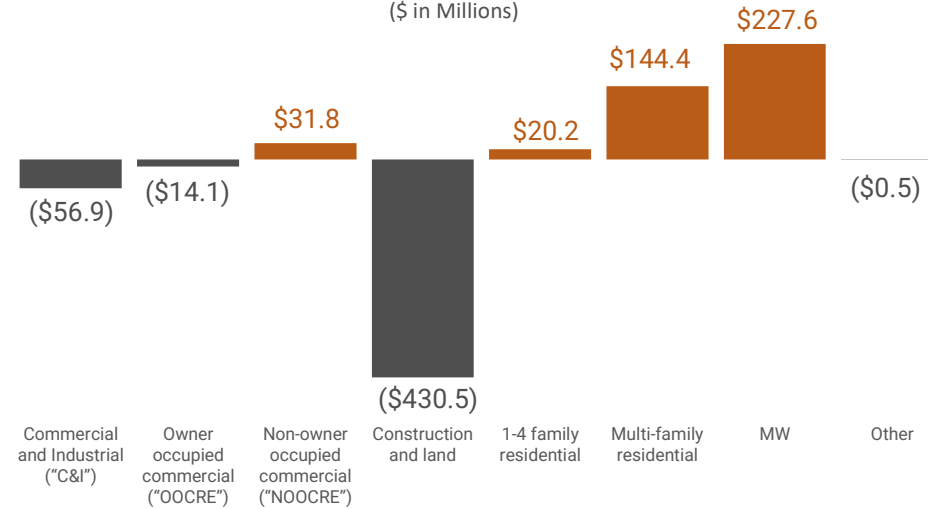


Summary

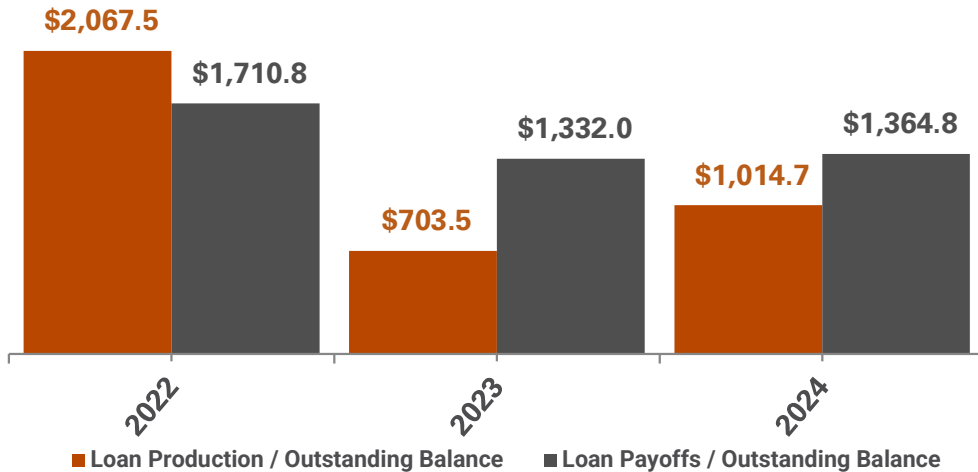
- Total loans, excluding loans held for sale, decreased approximately **\$78 million** for 2024 due to moderate production and anticipated CRE pay downs
- Year over Year change in loans driven by a \$430.5 million decrease in construction loans partially offset by a \$227.6 million increase in MW loans and \$144.4 million increase in Multifamily

Year To Date Change in Loans

(\$ in Millions)

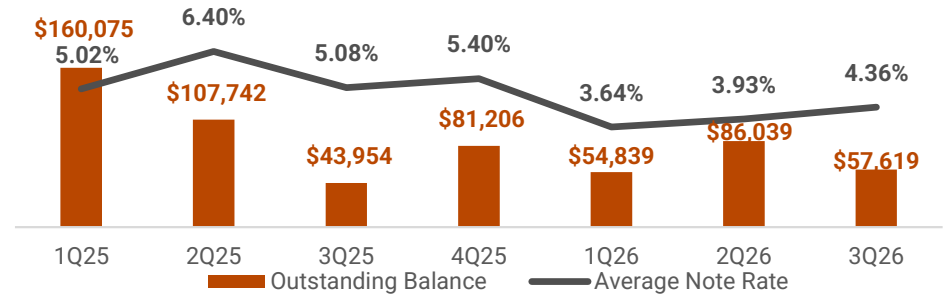


Quarterly Loan Commitment Production and Commitment Payoffs

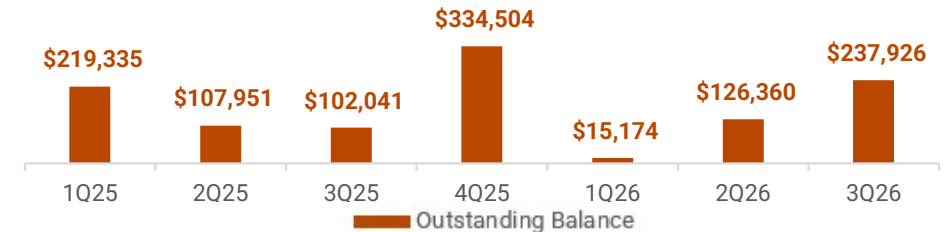


CRE Fixed Rate Maturities

(\$ in Thousands)



CRE Variable Rate Maturities





CRE By Type and Out of State Breakdown

Breakdown of CRE by Term and ADC

(\$ in thousands)	Term	ADC	Total	\$ Out of State
Multifamily	322,738	597,839	920,577	153,644
Whs/Industrial	460,971	524,887	985,858	340,384
Retail	715,056	65,598	780,654	156,777
Office	548,548	92,972	641,520	32,445
Hotel	388,308	20,641	408,949	97,190
SFR	-	358,673	358,673	11,071
Commercial and Other	212,413	138,257	350,670	28,525
Total	2,648,034	1,798,867	4,446,901	820,036

Breakdown of Out of State		
Total Loans	\$9,515,148	% of Total
National Businesses	\$1,303,794	13.7%
Mortgage Warehouse	335,815	
Mortgage Servicing Rights	311,119	
Lender Finance	473,007	
Specialty Finance	181,604	
USDA and SBA	183,671	
Mortgage	\$246,547	2.6%
Out of State	\$1,061,591	11.1%
Texas CRE Developers	820,036	8.6%
C&I / Shared National Credits	241,555	2.5%

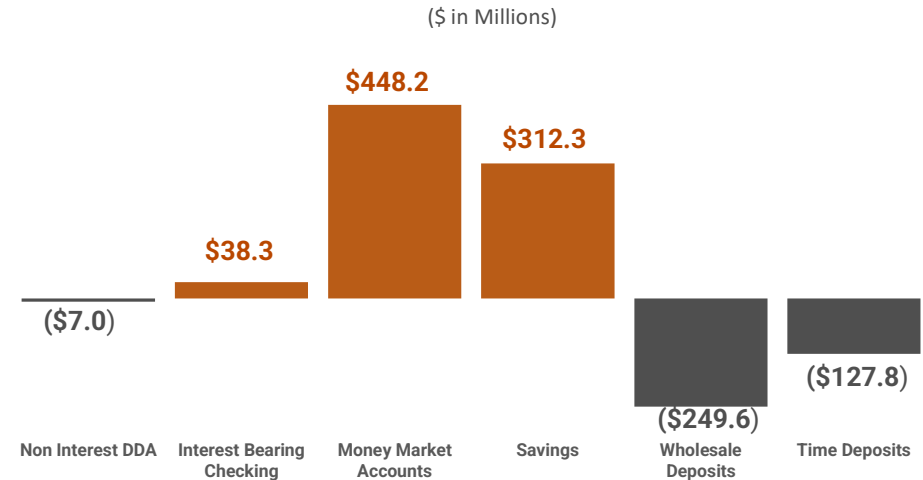
Attractive Deposit Growth



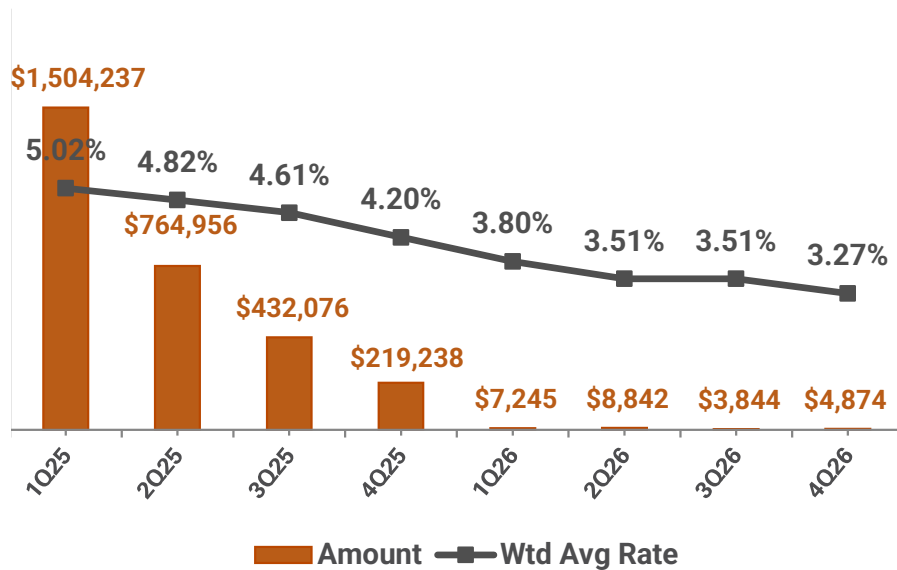
Summary

- Deposit growth was driven by **\$414 million** in attractively priced deposits during 2024, or an increase of 8.6% of attractive deposits
- LDR decreased to **89.3%** at the end of 2024
- Wholesale funding reduced to **16.6%**
- \$2.3 billion in time deposits mature over the next 2 quarters at a weighted average rate of 4.95%

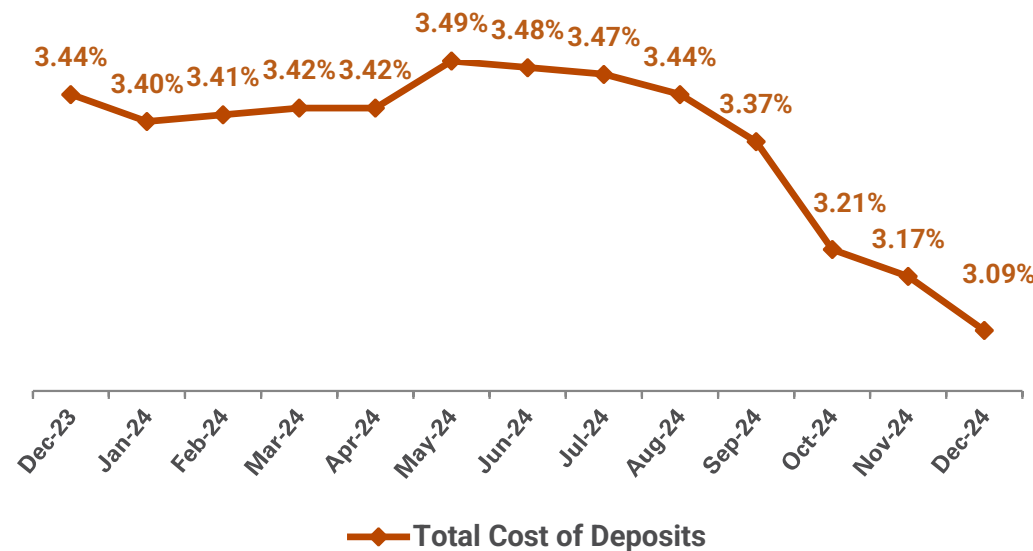
Year over Year Change in Deposits



8 Quarter Term Funding Maturity Schedule



12 Month Trend of Total Cost of Deposits



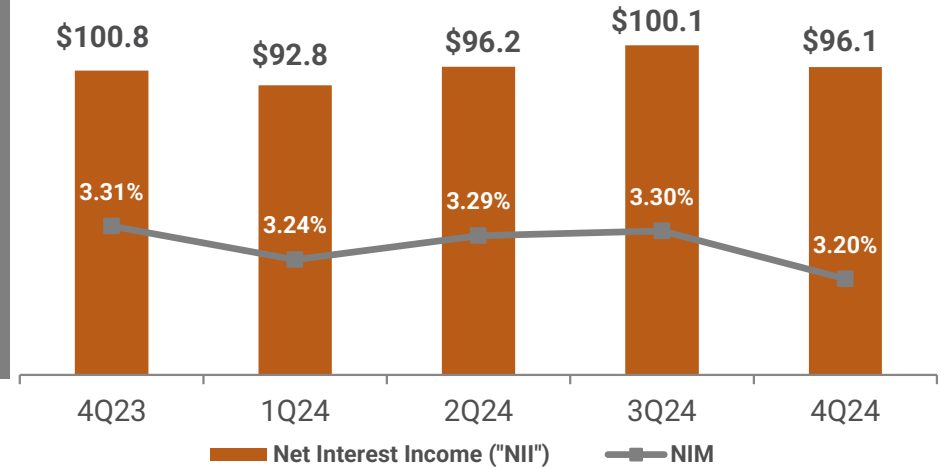


Net Interest Income

Summary

- 4Q24 NIM – 3.20%, down 11 bps from 4Q23
- 4Q24 Loans, excluding MW, yield – 6.56%
- Average Cost of Total Deposits – 3.16%, down 26 bps from 3Q24
- Improved interest rate sensitivity as a result of our restructured balance sheet

NII / NIM Trend
(\$ in Millions)



Net Interest Income Rollforward

(\$ in thousand)	
3Q24 Net Interest Income	\$100,062
Impact of deposit rate changes	\$6,314
Change in deposit mix	\$1,961
Impact of debt securities volume and rate	\$1,063
Other	\$573
Impact of nonaccrual interest reversals	(\$436)
Impact of rate of deposits in other banks	(\$1,221)
Impact of change in loan volume	(\$4,769)
Impact of loan rate changes	(\$7,406)
4Q24 Net Interest Income	\$96,141

Interest Rate Sensitivity¹

Interest Rate Scenario	4Q24		
	Percentage Change From Base	EVE Shock Scenerio	
Up 200 bps	5.51%	Up 200 bps	-5.14%
Up 100 bps	3.17%	Up 100 bps	-1.99%
BASE CASE	0.00%	BASE CASE	0.00%
Down 100 bps	-2.55%	Down 100 bps	0.43%
Down 200 bps	-4.80%	Down 200 bps	-1.25%

¹ Interest rate sensitivity is calculated using a static rate shock.



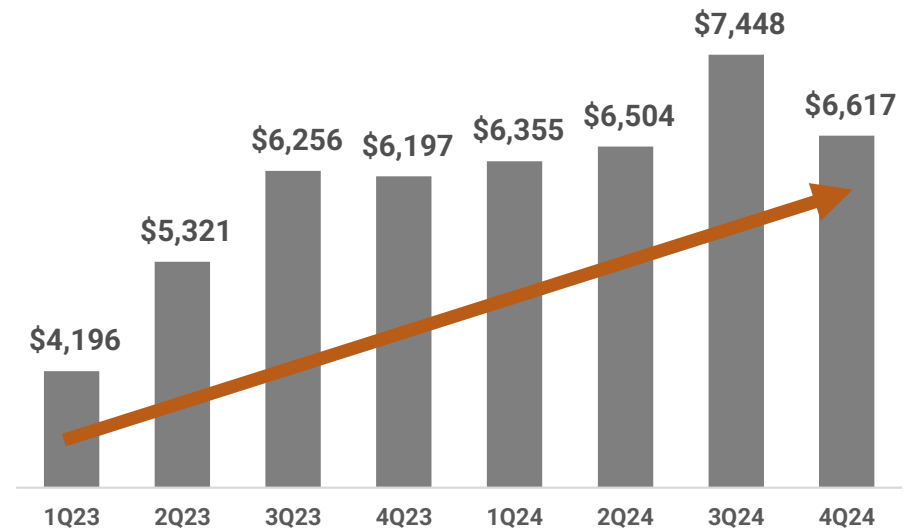
Investments and Liquidity

Summary

- Represents 11.6% of total assets
- 87.5% in AFS securities
- Effective duration = 3.64 Years
- 4Q24 portfolio yield = 4.61%
- Uninsured and uncollateralized deposits was 35.01% on December 31, 2024

Total Available Liquidity

(\$ in millions)



November Loss Trade Summary of Details

Securities Sold and Average Yield : \$189 MM / 3.89%

Securities Purchased and Average Yield : \$189 MM / 5.67%

Pre-tax loss recognized : \$4.39 million

Estimated Earn-back : 1.39 Years

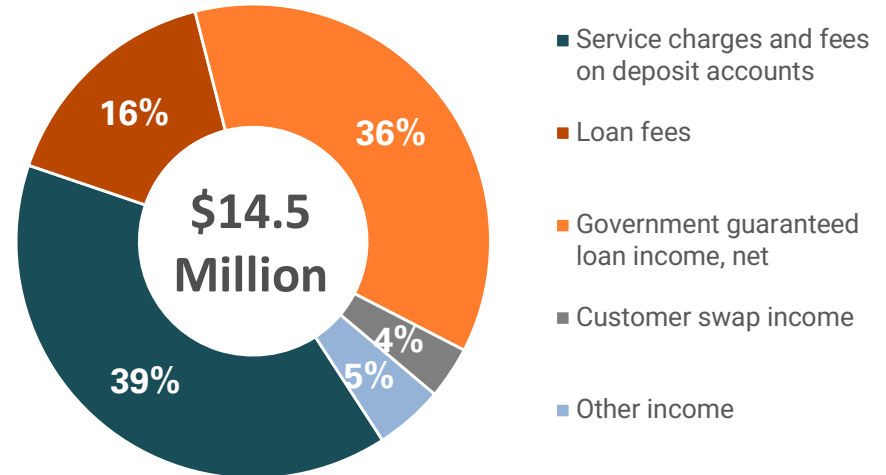


Noninterest Income and Expense

Summary

- 4Q24 operating noninterest income = \$14.5 Million, up 10.3% from 3Q24
- 4Q24 operating noninterest expense = \$69.6 Million
- Increase in operating noninterest expenses are primarily driven by increases in data processing/software and professional and regulatory fees

Operating Noninterest Income



Expense Management

Engaged a national consulting firm to evaluate expense management and initiatives

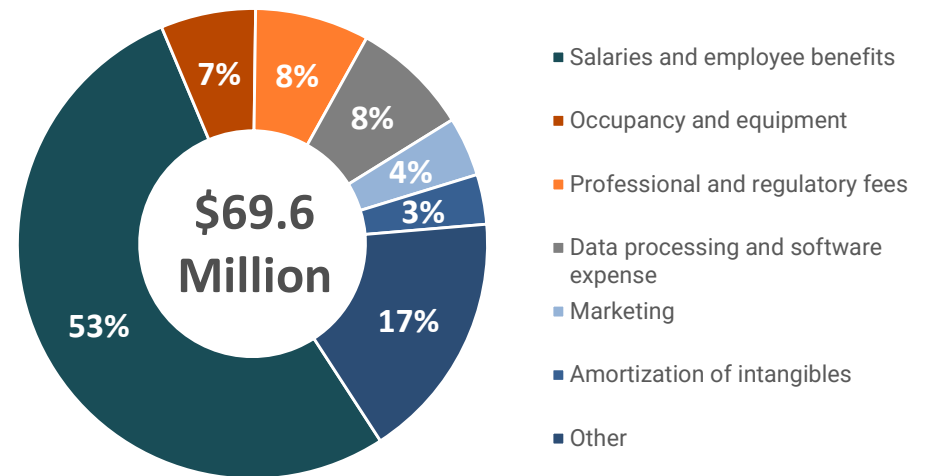
Vendor Management and Contract Renewals

- 2024 contract renewals led to over \$800 thousand in annual savings
- Other key contracts are in scope in 2025 and beyond

Other Focus Areas

- Treasury Management
- Commercial Banking

Operating Noninterest Expense



Veritex Holdings, Inc. Fourth Quarter and Full Year 2024 Results

Supplemental Information



A BETTER STATE OF BANKING



Reconciliation of Non-GAAP Financial Measures

	As of				
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
	(Dollars in thousands, except per share data)				
Tangible Common Equity					
Total stockholders' equity	\$ 1,601,069	\$ 1,608,014	\$ 1,548,616	\$ 1,538,515	\$ 1,531,323
Adjustments:					
Goodwill	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)
Core deposit intangibles	(18,744)	(21,182)	(23,619)	(26,057)	(28,495)
Tangible common equity	<u>\$ 1,177,873</u>	<u>\$ 1,182,380</u>	<u>\$ 1,120,545</u>	<u>\$ 1,108,006</u>	<u>\$ 1,098,376</u>
Common shares outstanding	54,517	54,446	54,350	54,496	54,338
Book value per common share	\$ 29.37	\$ 29.53	\$ 28.49	\$ 28.23	\$ 28.18
Tangible book value per common share	\$ 21.61	\$ 21.72	\$ 20.62	\$ 20.33	\$ 20.21

	As of				
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
	(Dollars in thousands)				
Tangible Common Equity					
Total stockholders' equity	\$ 1,601,069	\$ 1,608,014	\$ 1,548,616	\$ 1,538,515	\$ 1,531,323
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Tangible common equity	<u>\$ 1,177,873</u>	<u>\$ 1,182,380</u>	<u>\$ 1,120,545</u>	<u>\$ 1,108,006</u>	<u>\$ 1,098,376</u>
Tangible Assets					
Total assets	\$ 12,768,341	\$ 13,042,976	\$ 12,684,330	\$ 12,708,396	\$ 12,394,337
Adjustments:					
Goodwill	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)
Core deposit intangibles	(18,744)	(21,182)	(23,619)	(26,057)	(28,495)
Tangible Assets	<u>\$ 12,345,145</u>	<u>\$ 12,617,342</u>	<u>\$ 12,256,259</u>	<u>\$ 12,277,887</u>	<u>\$ 11,961,390</u>
Tangible Common Equity to Tangible Assets	9.54 %	9.37 %	9.14 %	9.02 %	9.18 %



Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
	(Dollars in thousands)						
Net income available for common stockholders adjusted for amortization of core deposit intangibles							
Net income	\$ 24,882	\$ 31,001	\$ 27,202	\$ 24,156	\$ 3,499	\$ 107,241	\$ 108,261
Adjustments:							
Plus: Amortization of core deposit intangibles	2,437	2,438	2,438	2,438	2,438	9,751	9,752
Less: Tax benefit at the statutory rate	512	512	512	512	512	2,048	2,048
Net income available for common stockholders adjusted for amortization of core deposit intangibles	\$ 26,807	\$ 32,927	\$ 29,128	\$ 26,082	\$ 5,425	\$ 114,944	\$ 115,965
Average Tangible Common Equity							
Total average stockholders' equity	\$1,604,335	\$1,583,401	\$1,541,609	\$1,533,868	\$1,510,286	\$1,565,957	\$1,501,525
Adjustments:							
Average goodwill	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)
Average core deposit intangibles	(20,342)	(22,789)	(25,218)	(27,656)	(30,093)	(23,988)	(33,718)
Average tangible common equity	\$1,179,541	\$1,156,160	\$1,111,939	\$1,101,760	\$1,075,741	\$1,137,517	\$1,063,355
Return on Average Tangible Common Equity (Annualized)	9.04 %	11.33 %	10.54 %	9.52 %	2.00 %	10.10 %	10.91 %



Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
	(Dollars in thousands, except per share data)						
Operating Earnings							
Net income	\$ 24,882	\$ 31,001	\$ 27,202	\$ 24,156	\$ 3,499	\$ 107,241	\$ 108,261
Plus: Equity method investment write-down	—	—	—	—	29,417	—	29,417
Plus: FDIC special assessment	—	—	134	—	768	134	768
Plus: Severance payments ¹	1,545	1,487	613	—	—	3,645	1,950
Plus: Loss on sale of debt securities AFS, net	4,397	—	—	6,304	—	10,701	5,321
Operating pre-tax income	30,824	32,488	27,949	30,460	33,684	121,721	145,717
Less: Tax impact of adjustments	1,248	307	166	1,323	2,059	3,044	3,603
Plus: Nonrecurring tax adjustments	193	—	527	—	—	720	—
Operating earnings	\$ 29,769	\$ 32,181	\$ 28,310	\$ 29,137	\$ 31,625	\$ 119,397	\$ 142,114
Weighted average diluted shares outstanding	55,237	54,932	54,823	54,842	54,691	54,958	54,596
Diluted EPS	\$ 0.45	\$ 0.56	\$ 0.50	\$ 0.44	\$ 0.06	\$ 1.95	\$ 1.98
Diluted operating EPS	\$ 0.54	\$ 0.59	\$ 0.52	\$ 0.53	\$ 0.58	\$ 2.17	\$ 2.60

¹ Severance payments relate to restructurings made during the periods disclosed.

Reconciliation of Non-GAAP Financial Measures



(Dollars in thousands)	For the Quarter Ended				For the Year Ended		
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Dec 31, 2023	
Pre-Tax, Pre-Provision Operating Earnings							
Net Income	\$ 24,882	\$ 31,001	\$ 27,202	\$ 24,156	\$ 3,499	\$ 107,241	\$ 108,261
Plus: Provision for income taxes	8,222	8,067	8,221	7,237	6,004	31,747	36,023
Plus: Provision for credit losses and unfunded commitments	1,899	4,000	8,250	5,959	8,000	20,108	40,471
Plus: Severance payments	1,545	1,487	613	—	—	3,645	1,950
Plus: Loss on sale of AFS, net	4,397	—	—	6,304	—	10,701	5,321
Plus: Equity method investment write-down	—	—	—	—	29,417	—	29,417
Plus: FDIC special assessment	—	—	134	—	768	134	768
Net pre-tax, pre-provision operating earnings	\$ 40,945	\$ 44,555	\$ 44,420	\$ 43,656	\$ 47,688	\$ 173,576	\$ 222,211
Average total assets	\$12,750,972	\$12,861,918	\$12,578,706	\$12,336,042	\$12,306,634	\$12,632,863	\$12,282,747
Pre-tax, pre-provision operating return on average assets¹	1.28 %	1.38 %	1.42 %	1.42 %	1.54 %	1.37 %	1.81 %
Average loans	\$ 9,449,565	\$ 9,661,774	\$ 9,765,428	\$ 9,563,372	\$ 9,581,784	\$ 9,609,738	\$ 9,591,666
Pre-tax, pre-provision operating return on average loans¹	1.72 %	1.83 %	1.83 %	1.84 %	1.97 %	1.81 %	2.32 %
Average Total Assets	\$12,750,972	\$12,861,918	\$12,578,706	\$12,336,042	\$12,306,634	\$12,632,863	\$12,282,747
Return on average assets¹	0.78 %	0.96 %	0.87 %	0.79 %	0.11 %	0.85 %	0.88 %
Operating return on average assets¹	0.93	1.00	0.91	0.95	1.02	0.95	1.16



Reconciliation of Non-GAAP Financial Measures

Operating earnings: adjusted for amortization of core deposit intangibles

Operating earnings	\$ 29,769	\$ 32,181	\$ 28,310	\$ 29,137	\$ 31,625	\$ 119,397	\$ 142,114
Adjustments:							
Plus: Amortization of core deposit intangibles	2,437	2,438	2,438	2,438	2,438	9,751	9,752
Less: Tax benefit at the statutory rate	512	512	512	512	512	2,048	2,048
Operating earnings: adjusted for amortization of core deposit intangibles	\$ 31,694	\$ 34,107	\$ 30,236	\$ 31,063	\$ 33,551	\$ 127,100	\$ 149,818

Average Tangible Common Equity

Total average stockholders' equity	\$ 1,604,335	\$ 1,583,401	\$ 1,541,609	\$ 1,533,868	\$ 1,510,286	\$ 1,565,957	\$ 1,501,525
Adjustments:							
Less: Average goodwill	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)	(404,452)
Less: Average core deposit intangibles	(20,342)	(22,789)	(25,218)	(27,656)	(30,093)	(23,988)	(33,718)
Average tangible common equity	\$ 1,179,541	\$ 1,156,160	\$ 1,111,939	\$ 1,101,760	\$ 1,075,741	\$ 1,137,517	\$ 1,063,355
Operating return on average tangible common equity¹	10.69 %	11.74 %	10.94 %	11.34 %	12.37 %	11.17 %	14.09 %

Efficiency ratio	67.04 %	61.94 %	59.11 %	62.45 %	77.49 %	62.62 %	55.82 %
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Operating efficiency ratio

Net interest income	\$ 96,141	\$ 100,062	\$ 96,236	\$ 92,806	\$ 95,533	\$ 385,245	\$ 399,114
Noninterest income (loss)	10,056	13,106	10,578	6,662	(17,792)	40,402	19,105
Plus: Loss on sale of AFS, net	4,397	—	—	6,304	—	10,701	5,321
Plus: Equity method investment write-down	—	—	—	—	29,417	—	29,417
Operating noninterest income	14,453	13,106	10,578	12,966	11,625	51,103	53,843
Noninterest expense	71,194	70,100	63,141	62,116	60,238	266,551	233,464
Less: FDIC special assessment	—	—	134	—	768	134	768
Less: Severance payments	1,545	1,487	613	—	—	3,645	1,950
Operating noninterest expense	\$ 69,649	\$ 68,613	\$ 62,394	\$ 62,116	\$ 59,470	\$ 262,772	\$ 230,746
Operating efficiency ratio	62.98 %	60.63 %	58.41 %	58.73 %	55.50 %	60.22 %	50.94 %

¹ Annualized ratio for quarterly metrics.

**Veritex Holdings, Inc.
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A BETTER STATE OF BANKING