

Sovereign Bancshares, Inc. (Private; Dallas, TX) has agreed to merge with Veritex Holdings, Inc. (NASDAQ: VBTX; Dallas, TX)

Deal Value: Approximately \$162 Million

Sandler O'Neill served as financial advisor and provided a fairness opinion to Sovereign Bancshares, Inc. in this transaction. This transaction represents Sandler O'Neill's 103rd bank or thrift transaction nationwide since January 1, 2015, representing over \$32.2 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.¹

Since January 1, 2012, Sandler O'Neill has advised on 16 Texas bank or thrift transactions with an aggregate deal value of \$2.8 billion, more than any other investment bank during that time period.¹

DALLAS, Texas, December 14, 2016 -- Veritex Holdings, Inc. (NASDAQ:VBTX) ("Veritex"), the parent holding company for Veritex Community Bank, today announced that it has entered into a definitive agreement to merge with Dallas-based Sovereign Bancshares, Inc. and its wholly-owned subsidiary Sovereign Bank.

Sovereign Bancshares, through Sovereign Bank, operates ten full service banking locations in Texas. As of September 30, 2016, Sovereign Bancshares, on a consolidated basis, reported total assets of \$1.1 billion, total deposits of \$858.6 million, and total equity capital of \$118.4 million. As of September 30, 2016, the combined company would have combined assets of \$2.4 billion, combined loans of \$1.8 billion and combined deposits of \$1.9 billion.

Veritex Holdings Chairman and Chief Executive Officer C. Malcolm Holland stated, "The merger with Sovereign Bank is a transformative event in the growth of Veritex Community Bank. This merger will double our asset size as well as our number of locations. It significantly expands our presence in the Dallas metropolitan area and marks our entry into the Austin, Fort Worth and Houston communities."

Thomas J. Mastor, the Chief Executive Officer of Sovereign Bancshares, said, "We are excited to combine with an organization that shares our dedication to customer service and quality community banking and, when combined, we will complement each other tremendously. We believe our team's experience and expertise will meaningfully contribute to serving the shareholders, customers, employees and communities of both institutions."

Under the terms of the merger agreement, Veritex will issue 5,117,647 shares of its common stock and pay approximately \$58.0 million in cash to existing shareholders of Sovereign Bancshares, subject to certain conditions and potential adjustments as described in the merger agreement. In connection with the transaction, two representatives of Sovereign Bancshares' board of directors will join the Veritex board of directors. The merger agreement contains customary representations and warranties and covenants by Veritex and Sovereign Bancshares. The transaction is subject to customary closing conditions, including the receipt of regulatory approvals and approval of the merger agreement by the shareholders of Sovereign Bancshares and the issuance of shares by the shareholders of Veritex Holdings. The transaction is expected to close during the second quarter of 2017.

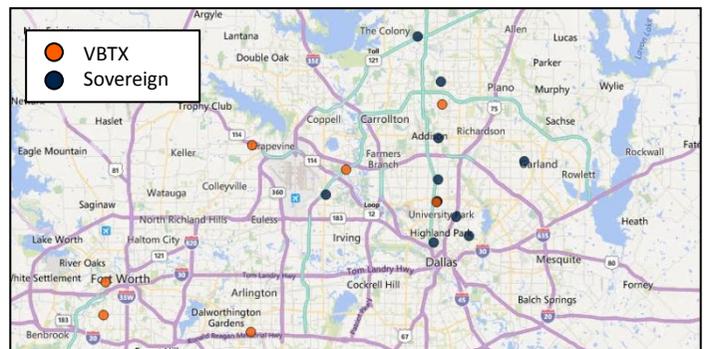
Financial Highlights

(Dollars in thousands)

	VBTX	Sovereign
Total Assets	\$1,269,238	\$1,098,589
Total Net Loans	\$923,415	\$845,532
Total Deposits	\$1,077,217	\$858,619
Total Equity	\$142,423	\$118,368
TCE / TA	9.18%	8.54%

¹⁾ Source: SNL Financial. Excludes terminated transactions and self-advisory roles
Note: Financial data as of September 30, 2016

Pro Forma Branch Map



Sandler O'Neill Contacts:

Chris Murray
Principal
(212) 466-7952

Josh Shropa
Vice President
(212) 466-7748

Parker Hurst
Analyst
(212) 466-8037