


TCBI Q1 2015 Earnings

April 22, 2015



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Opening Remarks & Financial Highlights

Strong Balanced Growth

- Exceptional growth in traditional LHI balances despite highly competitive C&I market
- Growth in mortgage finance loans (MFLs) with impact from refinance activity
- Continued significant growth in demand and total deposits
- Asset sensitivity position increased with extended duration of low-cost funding

Core Earnings Power

- Growth in total loans continues to produce strong net revenue
- Operating leverage improving with growth, even with continued build-out
- Business model focused on organic growth continues to demonstrate ability to produce high returns on invested capital

Credit Quality

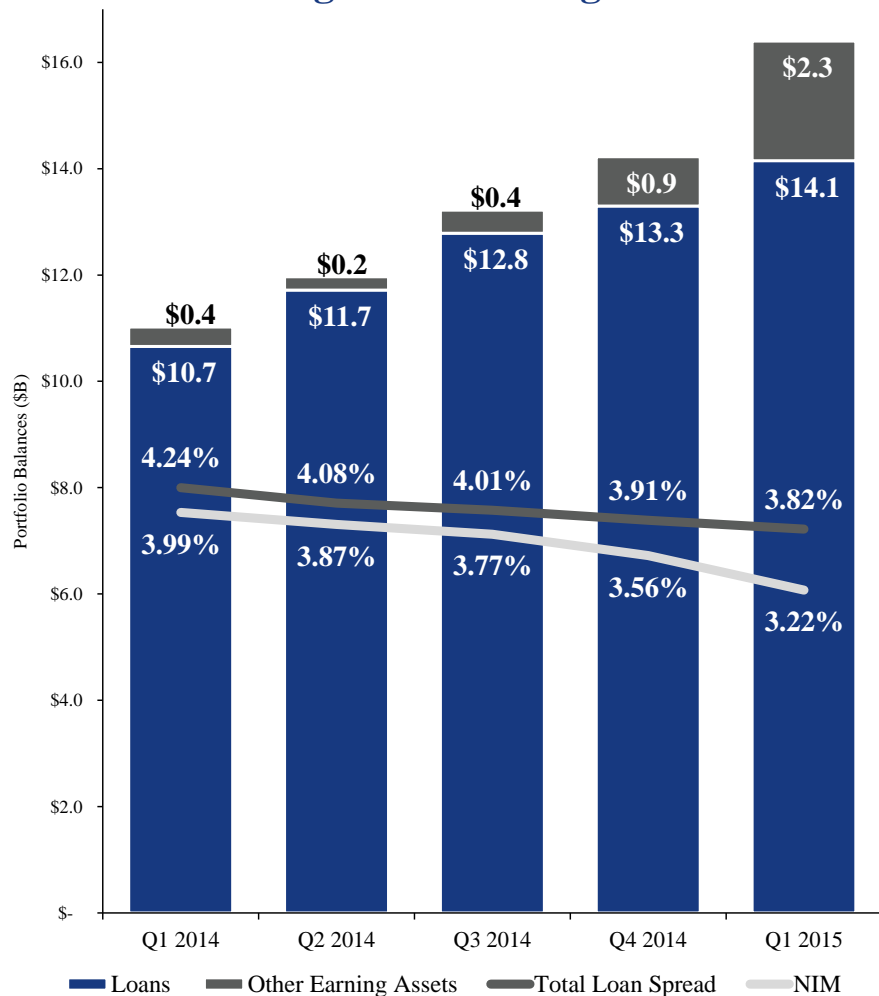
- Credit metrics remain strong but with increase in NPAs; \$1.9 million related to energy
- NCOs at 12 bps in Q1-2015, none related to energy
- High allowance coverage ratios
- Provision driven by application of methodology; increase related to growth in core LHI and anticipated downgrades in energy credits

Operating Results

<i>Net Income</i>	<i>EPS</i>	<i>ROE</i>	<i>Total Loans</i>	<i>Total Deposits</i>
\$35.1 million	\$0.70	9.82%	\$16.2 billion +13.4% LQ	\$14.1 billion +11.4% LQ

Net Interest Income & Margin

Earning Asset & Margin Trends



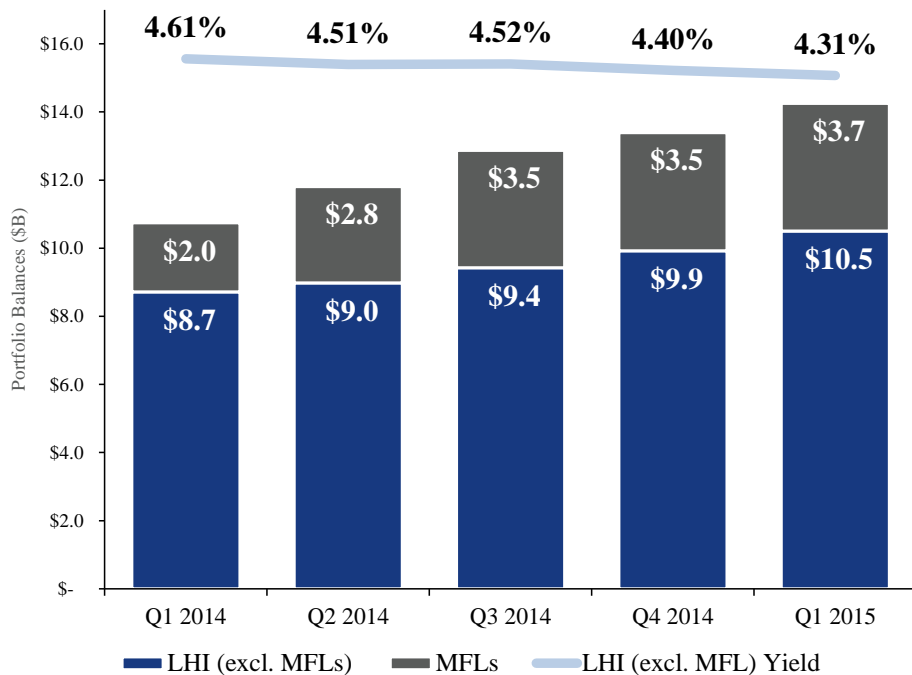
Quarterly Change

NII (\$MM)		NIM (%)
\$127.6	Q4 2014	3.56%
.3	Increase in liquidity	(.28)
(2.3)	Decrease in LHI loan yields	(.06)
(.6)	Decrease in MF loan yields	(.02)
(.7)	Mix shift of MF loans/total loans	(.02)
(2.9)	Decrease in day count for Q1	—
8.7	Increase in earning assets	—
(.1)	Other	.04
\$130.0	Q1 2015	3.22%

- Net interest income growth of 2% from Q4-2014 and 20% from Q1-2014
- MFL growth benefits NII with small negative to NIM
- Traditional LHI spreads continue to show only modest erosion with competitive pressure
- Impact of liquidity build significantly reduces NIM, but no adverse impact on NII
- Two fewer days in Q1-2015; \$.04 impact on EPS

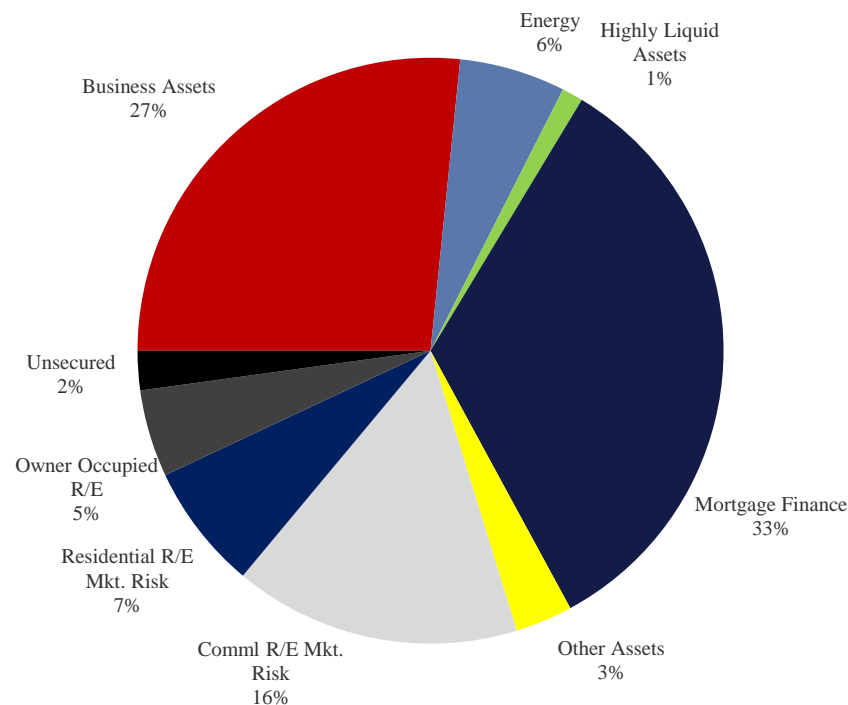
Loan Growth

Average Balance Trends (\$B)



Total Loan Composition

(\$16.2 Billion at 3/31/15)

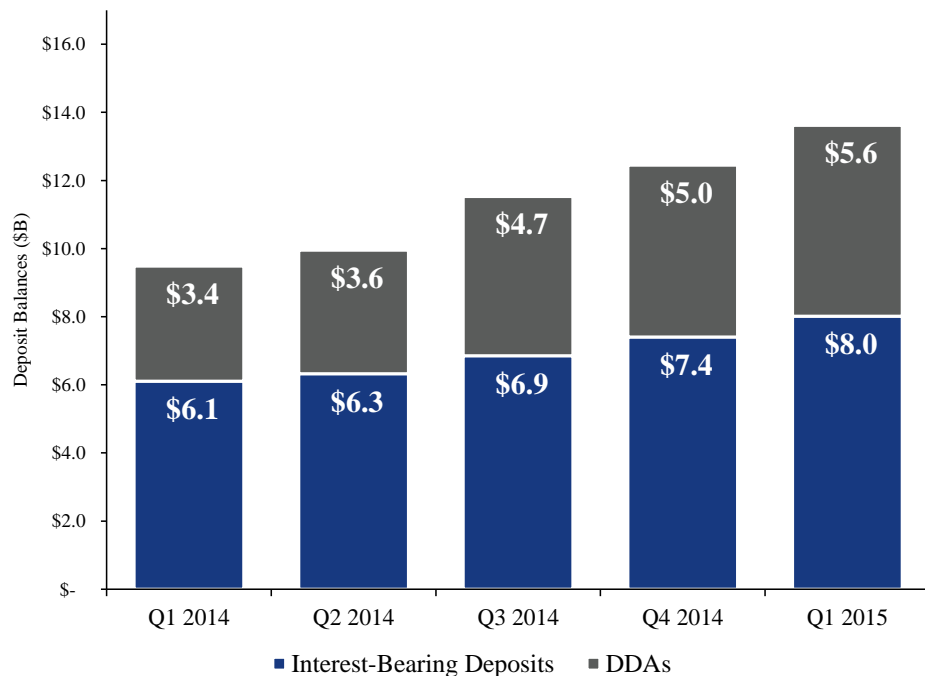


Growth Highlights

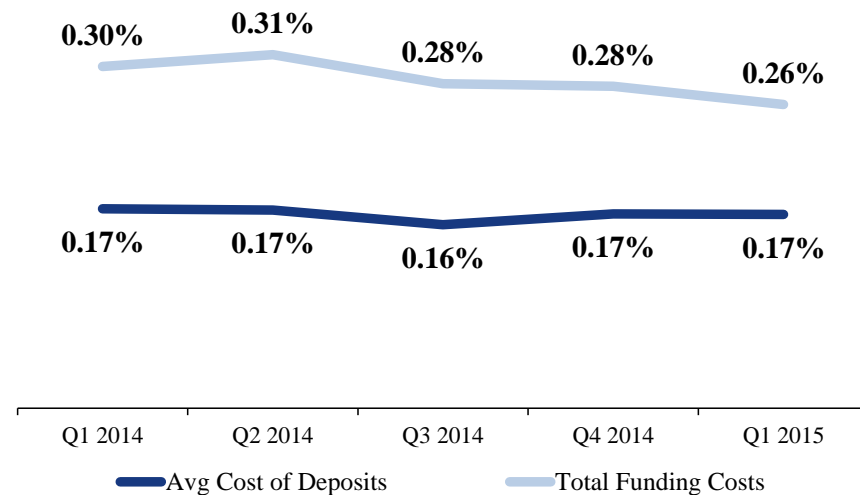
- Broad-based growth in average traditional LHI – Growth of \$580.8 million (6%) from Q4-2014 and \$1.8 billion (21%) from Q1-2014
- Period-end balance \$258.8 million higher than Q1-2015 average balance and 21% above Q1-2014 period-end balance
- MF performance exceeded industry trends with increase in averages of 8% from Q4-2014 and 85% from Q1-2014
- Consistent with trends, average MFL loans represent 26% of total loans at Q1-2015 compared to 33% at period-end

Deposit Growth

Average Balance Trends (\$B)



Funding Costs

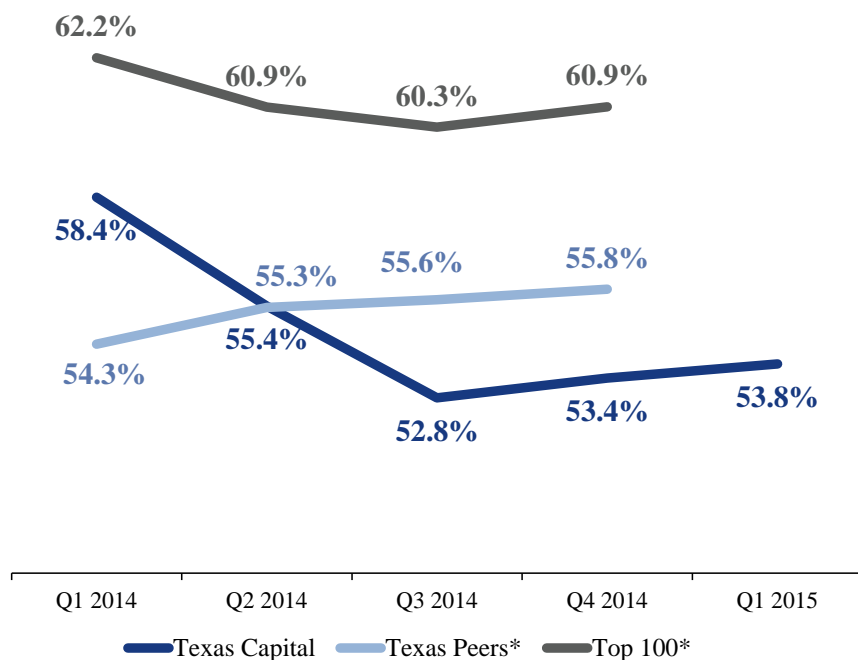


Growth Highlights

- Core funding costs – deposits and borrowed funds – flat at 17 bps
- Deposit growth consistent with strategic opportunity to build deposit base
 - Minor benefit to NII
 - Impact on NIM consistent with objectives, and will fluctuate from quarter to quarter based on levels of liquidity assets and loan mix
 - Significant increase in asset sensitivity and duration of low-cost funding

Non-interest Expense

Efficiency Ratio Trends



* Peer data through Q4-2014 from SNL Datasource

Expense Highlights

- Efficiency Ratio at less than 55% in Q1-2015, even with seasonal impact from benefit costs (\$.03 EPS impact), as well as two fewer days (\$.04 EPS impact)
- Continued focus on managing growth in NIE
 - Effective utilization of professional resources and reduction in legal expense
 - Linked quarter net decrease in incentive expense linked to performance and change in stock price

Quarterly Change

Non-interest expense (\$MM)	Increase/ (Decrease)
Q4 2014	\$74.1
Salaries and employee benefits – seasonal impact of FICA, etc.	2.3
Salaries and employee benefits – performance based incentives, LTI and annual incentive pool	(1.9)
Legal & other professional – effective use of professional services; legal reduced and varies by quarter	.3
Salaries and employee benefits – continued build out	.8
FDIC assessment	.9
Q1 2015	\$76.5

Performance Summary - Quarterly

<i>(in thousands)</i>	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net interest income	\$ 130,009	\$ 127,582	\$ 125,661	\$ 115,407	\$ 108,315
Non-interest income	12,267	11,226	10,396	10,533	10,356
Net revenue	142,276	138,808	136,057	125,940	118,671
Provision for credit losses	11,000	6,500	6,500	4,000	5,000
Non-interest expense	76,517	74,117	71,915	69,765	69,317
Income before income taxes	54,759	58,191	57,642	52,175	44,354
Income tax expense	19,709	20,357	20,810	18,754	16,089
Net income	35,050	37,834	36,832	33,421	28,265
Preferred stock dividends	2,438	2,437	2,438	2,437	2,438
Net income available to common shareholders	\$ 32,612	\$ 35,397	\$ 34,394	\$ 30,984	\$ 25,827
Diluted EPS	\$.70	\$.78	\$.78	\$.71	\$.60
Net interest margin	3.22%	3.56%	3.77%	3.87%	3.99%
ROA	.84%	1.03%	1.07%	1.08%	1.01%
ROE	9.82%	11.41%	12.11%	11.38%	10.20%
Efficiency	53.8%	53.4%	52.9%	55.4%	58.4%

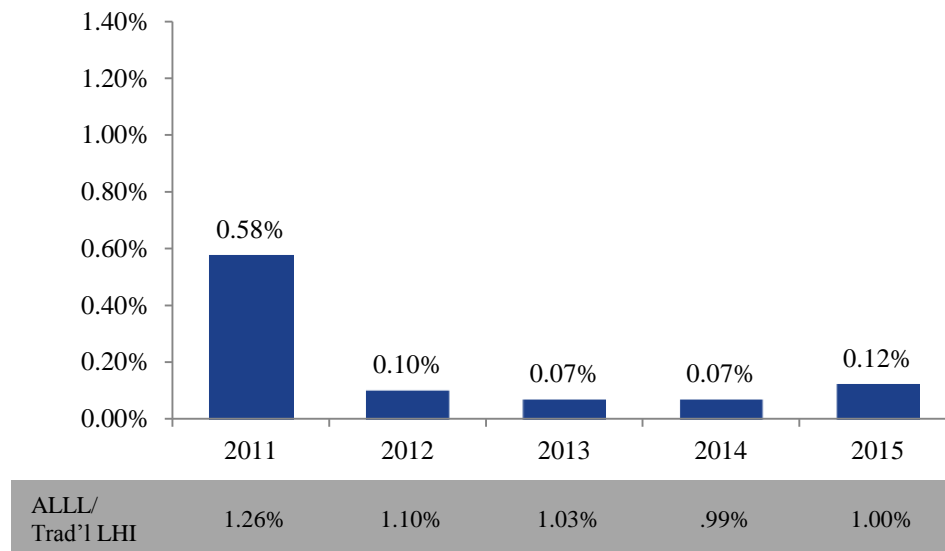
2015 Outlook

Business Driver	2015 Outlook v. 2014 Results	Changes since January 21, 2015
Average LHI	Low to mid teens percent growth	Increased from low teens percent growth
Average LHI – Mortgage Finance	High single to low double-digit percent growth	Increased from flat to single-digit percent growth
Average Deposits	Low 20's percent growth	Increased from mid to high teens percent growth
Net Interest Income	Low double-digit percent growth, with continued low interest rates and impact of days in Q1	–
Net Interest Margin	3.40% to 3.50%, excluding effect of continued liquidity build	Clarified to exclude effect of liquidity build
Net Charge-Offs	Less than 0.25%; could include some higher provisioning	Provided additional guidance on provisioning
NIE	Low to mid-teens percent growth	–
Efficiency Ratio	Mid-fifties, includes continued development of product extension and regulatory compliance costs, with improvement expected in 2 nd half of 2015	–
Diluted shares	2015 will include full effect of 2014 common equity offerings	–

Asset Quality

	Q1 2015
Non-accrual loans	
Commercial	\$ 59,152
Construction	–
Real estate	8,983
Consumer	–
Equipment leases	172
Total non-accrual loans	68,307
Non-accrual loans as % of loans excluding MF	.63%
Non-accrual loans as % of total loans	.42%
OREO	605
Total Non-accruals + OREO	\$ 68,912
Non-accrual loans + OREO as % of loans excluding MF + OREO	.64%
Reserve to non-accrual loans	1.6x

NCO / Average Traditional LHI



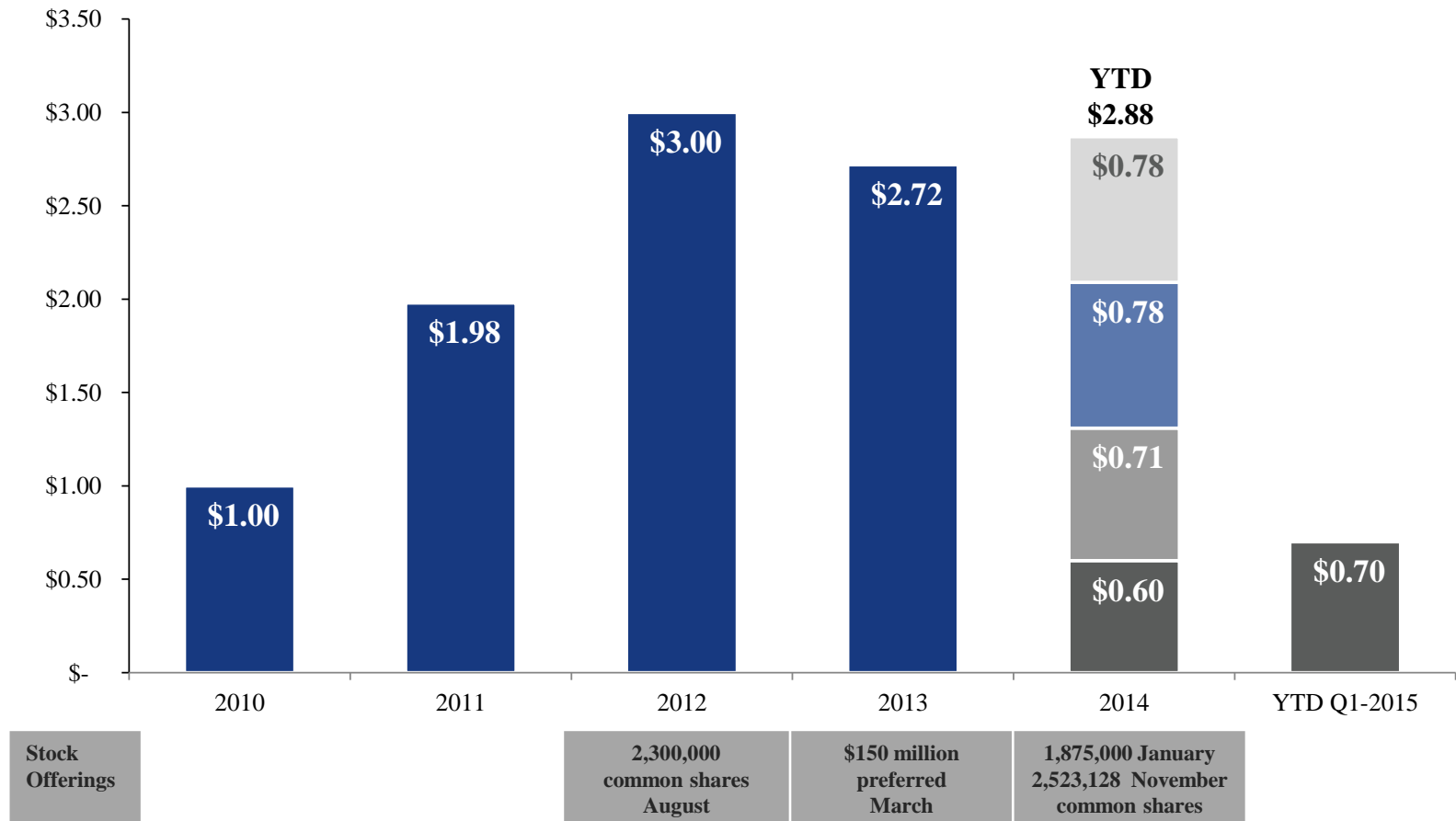
Asset Quality Highlights

- Total credit cost of \$11.0 million for Q1-2015, compared to \$5.0 million in Q1-2014 and \$6.5 million in Q4-2014
- NCOs \$3.1 million, or 12 bps, in Q1-2015 compared to 10 bps in Q1-2014 and 5 bps in Q4-2014
- Increase in non-accruals primarily related to non-energy C&I; NPA ratio still at low levels
- No net charge-offs related to energy; energy NPAs at \$1.9 million for Q1-2015

EPS Growth

EPS Growth

(5-yr CAGR of 27%)



Note: Q1-2015 includes the full quarter impact of the common stock offering completed in Q4-2014, resulting in a \$0.03 decrease as compared to Q4-2014

Closing Comments

- Strong traditional LHI growth experienced in Q1-2015 affirms our confidence in the guidance for the remainder of 2015, despite limitations on CRE and Builder Finance growth rates and uncertainty related to energy
- Continue to have critical focus on maintaining strong credit quality
- Significant mortgage finance growth in Q1-2015 with record ending balance; Q1-2015 included meaningful impact from refinance activity
- Continued success in building liquidity which had a significant impact on NIM, but not net interest income in Q1-2015
- Remain highly asset sensitive based on how we run our business; better positioned to take advantage of increases in short-term rates

Q&A



Appendix

Average Balances, Yields & Rates - Quarterly

<i>(in thousands)</i>	Q1 2015		Q4 2014		Q1 2014	
	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate
Assets						
Securities	\$ 39,930	3.78%	\$ 42,515	3.80%	\$ 57,581	4.18%
Liquidity assets	2,210,864	.25%	882,001	.25%	304,042	.27%
Loans held for investment, mortgage finance	3,746,938	2.99%	3,471,737	3.06%	2,027,264	3.36%
Loans held for investment	10,502,172	4.31%	9,921,323	4.40%	8,717,969	4.61%
Total loans, net of reserve	14,148,068	3.99%	13,296,921	4.08%	10,657,547	4.41%
Total earning assets	16,398,867	3.49%	14,221,437	3.85%	11,019,170	4.29%
Total assets	\$16,857,892		\$14,631,072		\$11,401,368	
Liabilities and Stockholders' Equity						
Total interest bearing deposits	\$ 8,044,876	.28%	\$ 7,405,436	.28%	\$ 6,105,214	.27%
Other borrowings	1,172,675	.16%	251,449	.19%	293,012	.24%
Total long-term debt	399,406	4.88%	399,406	4.84%	341,073	4.87%
Total interest bearing liabilities	9,616,957	.46%	8,056,291	.50%	6,739,299	.50%
Demand deposits	5,592,124		5,047,876		3,381,501	
Stockholders' equity	1,496,172		1,380,646		1,177,054	
Total liabilities and stockholders' equity	\$16,857,892	.26%	\$14,631,072	.28%	\$11,401,368	.30%
Net interest margin		3.22%		3.56%		3.99%
Total deposits and borrowed funds	\$14,809,675	.17%	\$12,704,761	.17%	\$ 9,779,727	.17%
Loan spread		3.82%		3.91%		4.24%

Average Balance Sheet - Quarterly

<i>(in thousands)</i>	QTD Average			Q1/Q4 % Change	YOY % Change
	Q1 2015	Q4 2014	Q1 2014		
Total assets	\$16,857,892	\$14,631,072	\$11,401,368	15%	48%
Loans held for investment	10,502,172	9,921,323	8,717,969	6%	20%
Loans held for investment, mortgage finance	3,746,938	3,471,737	2,027,264	8%	85%
Total loans	14,249,110	13,393,060	10,745,233	6%	33%
Liquidity assets	2,210,864	882,001	304,042	151%	627%
Demand deposits	5,592,124	5,047,876	3,381,501	11%	65%
Total deposits	13,637,000	12,453,312	9,486,715	10%	44%
Stockholders' equity	1,496,172	1,380,646	1,177,054	8%	27%

Period End Balance Sheet

<i>(in thousands)</i>	Period End			Q1/Q4 % Change	YOY % Change
	Q1 2015	Q4 2014	Q1 2014		
Total assets	\$17,325,458	\$15,899,946	\$12,147,070	9%	43%
Loans held for investment	10,760,978	10,154,887	8,928,325	6%	21%
Loans held for investment, mortgage finance	5,408,750	4,102,125	2,688,044	32%	101%
Total loans	16,169,728	14,257,012	11,616,369	13%	39%
Liquidity assets	734,495	1,233,990	146,205	(40)%	402%
Demand deposits	6,050,817	5,011,619	3,451,294	21%	75%
Total deposits	14,122,306	12,673,300	9,729,128	11%	45%
Stockholders' equity	1,517,958	1,484,190	1,230,131	2%	23%