TCBI Q3 2017 Earnings

October 18, 2017

TEXAS CAPITAL BANCSHARES, INC.

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Opening Remarks & Financial Highlights

Strong Balanced Growth	• Strong traditional LHI growth in Q3-2017 • Continued seasonally strong Mortgage Finance balances and ramp in MCA • Improvement in deposits from Q2-2017 with current levels indicative of more efficient use of earning assets
Core Earnings Power	• Benefit of increase in rates as expected with growth in total loans and higher yields in traditional LHI • Significant growth in net revenue; 11% from Q2-2017 and 22% from Q3-2016 • Operating leverage improvement • Efficiency Ratio of 51.4% and ROE of 11.20% with seasonally strong Mortgage Finance and contribution of new/expanding LOBs
Credit Quality	• NCOs for Q3-2017 \$10.7 million, or 30 bps with \$6.3 million related to energy • Credit metrics improving • Q3-2017 provision of \$20 million, higher than Q2-2017 level as a result of provision for Hurricanes Harvey and Irma as well as growth in traditional LHI growth

Operating Results

Net Income	*EPS*	*ROE*	*Total LHI*	*Total Deposits*
$58.7 million	**$1.12**	**11.20%**	**$20.5 billion**	**$19.1 billion**

Hurricane, Energy and Retail Update

Hurricane Exposure

- Provision of $4.5 million and incremental expenses of approximately $700,000 included in Q3-2017
- Traditional LHI client impact has been minimal, but continuing to monitor as some grade migrations could occur
- Mortgage Finance exposure minimal, with more precise determinations still underway on MCA
- For MCA, less than $4 million related to Harvey that may have damage or have requested payment deferral, and total Irma exposure of less than $7 million but still being evaluated

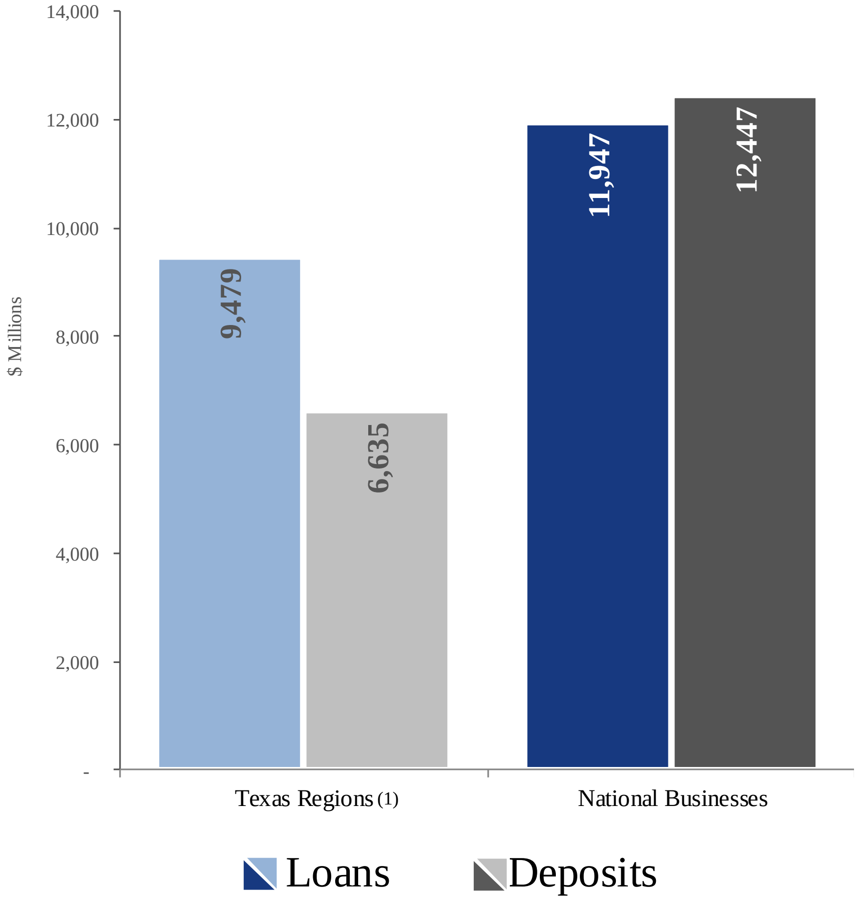
Energy Exposure

- Outstanding energy loans represented 6% of total loans, or $1.2 billion, at Q3-2017 compared to $1.1 billion at Q2-2017
- Addition of new loans improves composition and quality of total portfolio as problem assets are resolved
- Strong reserve position relative to criticized assets and total energy portfolio
  - Allocated reserve of $52.7 million represents 4% of energy loans and 41% of criticized energy loans
  - $6.3 million of energy net charge-offs in Q3-2017 previously reserved
- Decrease in energy non-accruals
  - Non-accruals $81.6 million at Q3-2017 compared to $82.6 million at Q2-2017 and $129.3 million at Q3-2016
  - Criticized energy loans decreased to 10% of energy loans at Q3-2017 from 12% at Q2-2017 and 25% at Q3-2016
  - Total criticized energy loans at Q3-2017 $125.4 million, down from a high of $259.7 million at Q3-2016

Retail CRE and Commercial Exposure

- No significant changes in direct exposure levels since year-end, up $18 million to $787 million, split between C&I and CRE
- Focus is concentrated in strip centers and personal services in strong markets and sub-markets
- Loans are generally smaller transactions with modest advance rates
- Total criticized of $4.3 million, none of which are on non-accrual

Update on Geographic Diversification



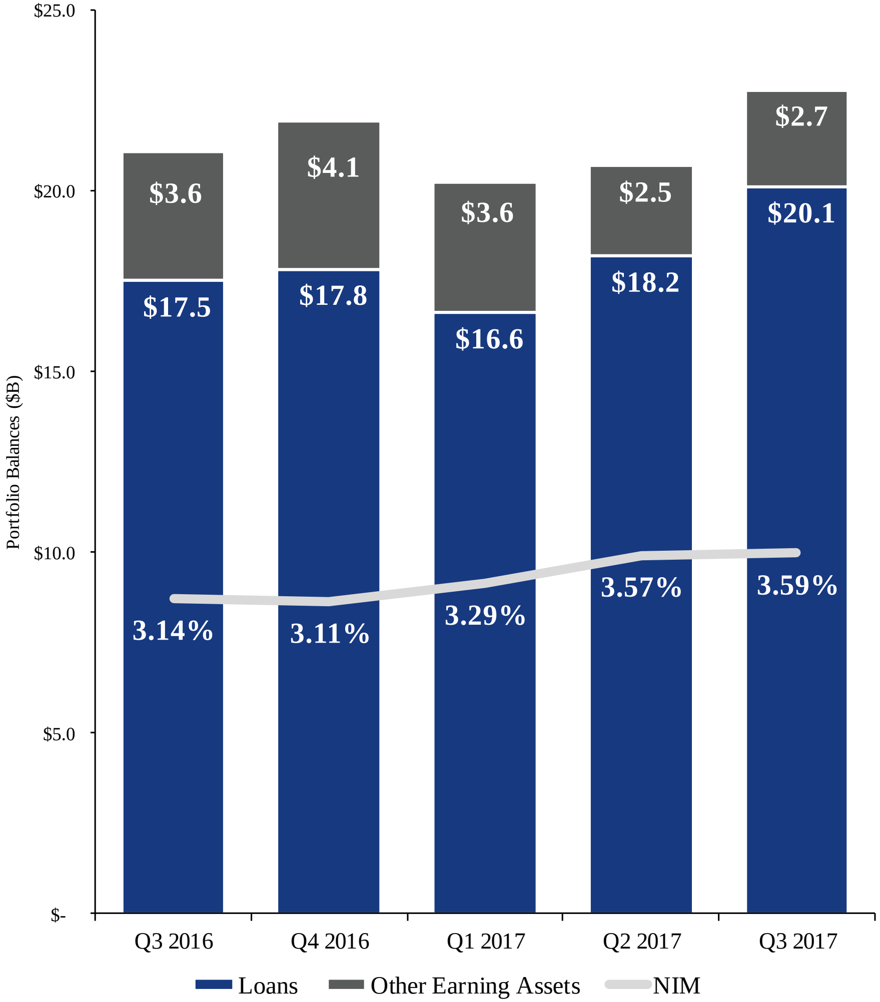
Major Texas Metro Areas	Unemployment Rate[2]
Austin-Round Rock	3.4%
DFW-Arlington	3.9%
Houston metro	5.2%
San Antonio	3.7%

- While cities directly involved in the oil/gas industry are more exposed to the energy downturn, Texas as a whole and TCBI markets are more resilient, due to improvement in its economic diversification, corporate relocations and strong population growth
- Many of our national lines of business have been operating for many years, increasing our geographic diversification as each gained additional market share
- National Business balances include Mortgage Finance, Builder Finance, Lender Finance, Public Finance, ABL, Franchise Finance, BDCF and national depository businesses
- Our national LOBs include Texas clients, but Texas clients represent less than 20% of their total business

Note: (1) Texas Regions loan balances include balances from the Energy business (2) Unemployment data through August 31, 2017

Net Interest Income & Margin

Earning Asset & Margin Trends



Quarterly Change

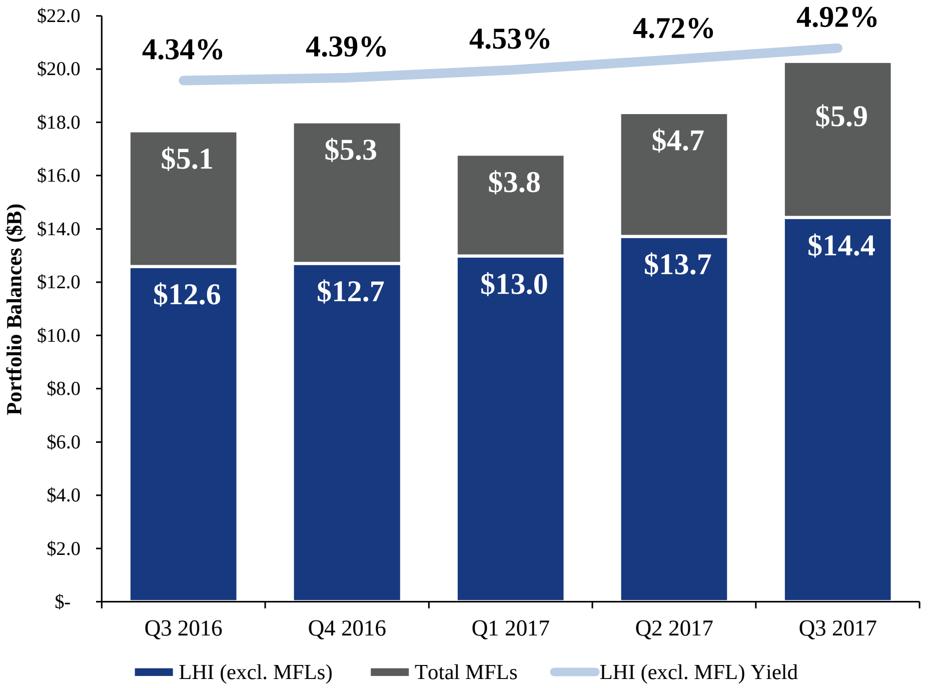
NII ($MM)		NIM (%)
$183.0	**Q2 2017**	**3.57%**
20.5	Increase in loan balances	-
6.5	Increase in loan yields (including impact of loan fees)	.12
2.0	Increase in day count	-
-	Increase in contribution from free funds	.07
(2.6)	Mix shift in earning assets	(.08)
(5.0)	Increase in funding costs	(.09)
$204.4	**Q3 2017**	**3.59%**

NIM Highlights

- Net interest income increase of 12% from Q2-2017
- Increase in traditional LHI yield of 20 bps, despite impact of significant growth
- Growth in total MFLs decreased NIM with an increase in NII
- Less than $850 million in loans subject to floors, down over $120 million compared to Q2-2017
- Average Liquidity Assets 11% of average earning assets at Q3-2017 compared to 12% at Q2-2017

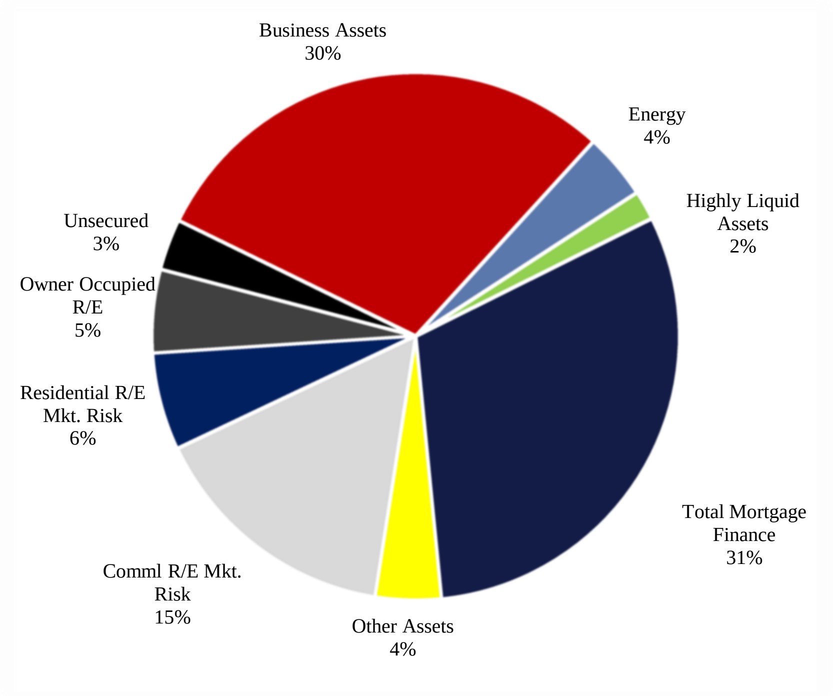
Loan Growth

Average Balance Trends ($B)



Total Loan Composition

($21.4Billion at 9/30/17)

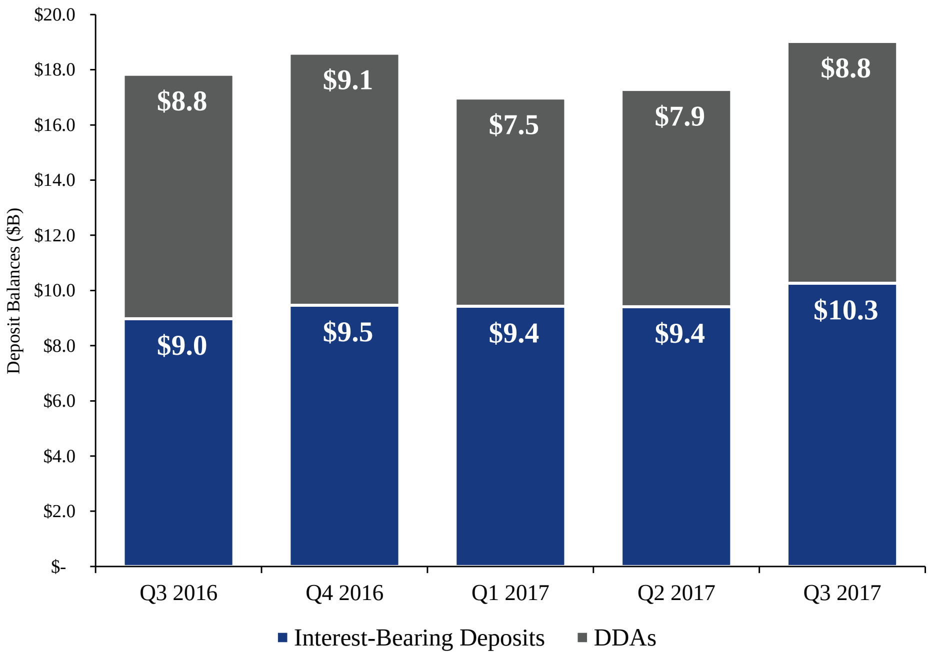


Growth Highlights

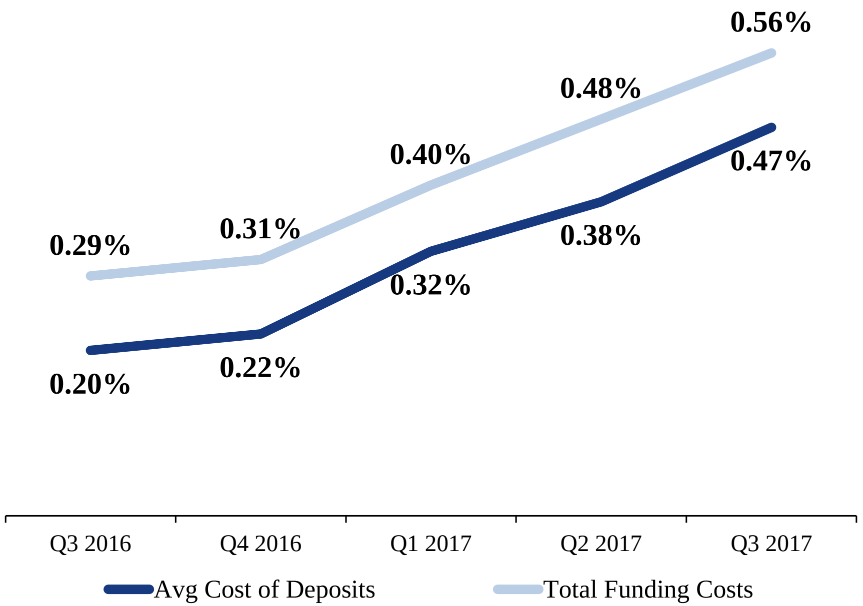
- Broad-based growth in average traditional LHI – Growth of $709.2 million (5%) from Q2-2017 and $1.8 billion (15%) from Q3-2016
- Strong growth at end of the quarter; period-end balance $400.4 million higher than Q3-2017 average balance
- Increase in average MFL balances of $1.0 billion from Q2-2017, building on Q2-2017 levels; benefit of change in participations program with higher retained balances
- Average total MFLs represent 29% of average total loans at Q3-2017 compared to 25% in Q2-2017 and 31% at period end

Deposit Growth

Average Balance Trends ($B)



Funding Costs



Growth Highlights

- Core funding costs – deposit costs increased 9 bps from .38% at Q2-2017 to .47% at Q3-2017
- Borrowing costs increased in line with short-term rates and dedicated to funding of MFLs
- Deposit focus on cost-effective growth and better utilization of liquidity build
  - Increase in linked quarter deposits with liquidity at high level with much improved earning asset composition
  - Slightly higher liquidity unfavorable to NIM in Q3-2017, but minimal impact on NIM and NII; expect fluctuations from quarter to quarter based on timing of deposit growth relative to total loan growth
  - Significant asset sensitivity with composition and duration of low-cost funding

Non-interest Expense

Quarterly Change

Non-interest expense ($MM)	Increase/ (Decrease)
Q2 2017	**$111.8**
Salaries and employee benefits – FAS 123R (includes stock price changes)	1.7
Salaries and employee benefits – non-LTI incentives and annual incentive pool	1.3
Salaries and employee benefits – continued build out	1.4
FDIC assessment	1.6
Communications and technology – technology write-off in Q2	(5.3)
Legal and professional – can vary from quarter to quarter	(.7)
Servicing related expenses	1.2
All other – includes occupancy, technology, marketing	1.8
Q3 2017	**$114.8**

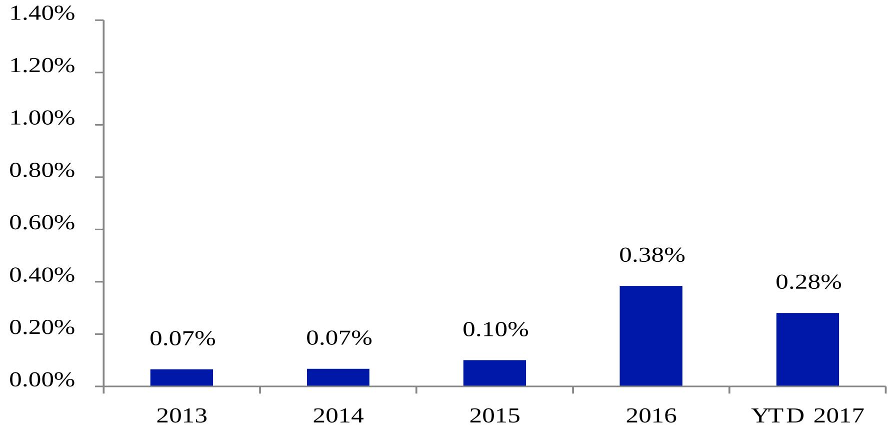
NIE - Efficiency

- Increase in 123R expense –$1.7 million
  - Expected expense for 2017 approximately $21 million; up $2 million from previously reported $19 million as a result of significant increase in stock price in Q3-2017
  - Q3-2017 expense of $6.1 million compared to $4.4 million in Q2-2017; Q4-2017 expense expected to be consistent with Q3-2017 level
- Annual incentive accrual ramps in line with plan progress and Q3 generally higher than Q2
- Improvement in Efficiency Ratio to 51.4% driven by improvement in Net Revenue
  - Growth in traditional LHI and MF
  - Improvement in core expense growth and ratio compared to 11% growth in net revenue
- Fluctuation in FDIC expense as a result of benefit in Q2-2017 of lower assets levels earlier in 2017

Asset Quality

Non-accrual loans	Q3 2017
Commercial	$ 116,387
Construction	–
Real estate	1,818
Consumer	–
Equipment leases	–
Total non-accrual loans	**118,205**
Non-accrual loans as % of LHI excluding MF	**.80%**
Non-accrual loans as % of total LHI	**.58%**
OREO	**18,131**
Total Non-accruals + OREO	**$ 136,336**
Non-accrual loans + OREO as % of loans excluding MF + OREO	**0.92%**
Reserve to non-accrual total LHI	**1.5x**

NCO / Average Traditional LHI



	2013	2014	2015	2016	YTD 2017
Combined Reserves/ Trad'l LHI	1.09%	1.06%	1.28%	1.38%	1.28%

Asset Quality Highlights

- Total credit cost of $20.0 million for Q3-2017, compared to $13.0 million in Q2-2017 and $22.0 million in Q3-2016
- NCOs $10.7 million, or 30 bps, in Q3-2017 compared to $ 12.4 million, or 36 bps, in Q2-2017 and 24 bps in Q3-2016
- NPL ratio reduced to .58% of total LHI
- $6.3 million in charge-offs related to energy; energy NPLs at $81.6 million for Q3-2017 compared to $82.6 million in Q2-2017 and $129.3 million in Q3-2016

Performance Summary - Quarterly

(in thousands)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net interest income	$ 204,361	$ 182,959	$ 163,359	$ 171,223	$ 166,739
Non-interest income	19,003	18,769	17,110	18,835	16,716
Net revenue	223,364	201,728	180,469	190,058	183,455
Provision for credit losses	20,000	13,000	9,000	9,000	22,000
Non-interest expense	114,830	111,814	106,094	106,523	94,799
Income before income taxes	88,534	76,914	65,375	74,535	66,656
Income tax expense	29,850	25,819	22,833	26,149	23,931
Net income	58,684	51,095	42,542	48,386	42,725
Preferred stock dividends	2,438	2,437	2,438	2,437	2,438
Net income available to common shareholders	$ 56,246	$ 48,658	$ 40,104	$ 45,949	$ 40,287
Diluted EPS	**$ 1.12**	**$ .97**	**$ .80**	**$ .96**	**$ .87**
Net interest margin	**3.59%**	**3.57%**	**3.29%**	**3.11%**	**3.14%**
ROA	**.99%**	**.96%**	**.83%**	**.85%**	**.78%**
ROE	**11.20%**	**10.08%**	**8.60%**	**10.82%**	**10.20%**
Efficiency	**51.4%**	**55.4%**	**58.8%**	**56.0%**	**51.7%**

2017 Outlook

Business Driver	2017 Outlook v. 2016 Results	Comments & Changes since September 18, 2017
Average LHI	Low double-digit percent growth	–
Average LHI – Mortgage Finance	$3.6 to $4.0 billion average for Q4-2017	Increased from $3.6 to $3.8 billion average for final 6 months of 2017, with Q3-2017 average over $4 billion
Loans held for sale (MCA)	$900 million average	–
Average Deposits	Mid-single digit growth	–
Net Revenue	Mid- to high-teens percent growth	Increased from mid-teens percent growth
Net Interest Margin	3.35% to 3.45%	–
Provision Expense	Low- to mid-$50 million level	–
NIE	Low- to mid-teens percent growth	Increased from low-teens percent growth
Efficiency Ratio	Low- to mid-50s	–

Closing Comments

- Exceptional earnings and improved profitability metrics
- Positive start for Q4-2017 loan growth and in line with full year guidance
- Deposit growth improving and more balanced with loan growth; more effective utilization of liquidity and capital
- Strong asset sensitivity even with prospect of shift in deposit composition with rising rates
- Credit metrics improving and especially good on non-energy portfolio; we remain comfortable with energy portfolio and reserve position
- Modest provision related to Hurricanes as some grade migration could occur
- Provision guidance based on pace of growth and no adverse change in economic outlook
- Focus on ROE
    - Increase in contribution from new/expanded businesses
    - Slowing in pace of NIE growth
    - Increase in operating leverage with reduction in Efficiency Ratio in 2018
    - Contributions of new/expanding LOBs with emphasis on top quartile, risk-adjusted returns

Q&A

Appendix

Average Balances, Yields & Rates - Quarterly

(in thousands)	Q3 2017		Q2 2017		Q3 2016	
	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate
Assets						
Securities	$ 86,087	1.57%	$ 65,049	1.77%	$ 26,615	3.52%
Liquidity assets	2,588,998	1.25%	2,424,594	1.04%	3,561,356	.51%
Loans held for sale	1,009,703	3.88%	845,623	3.91%	430,869	3.38%
LHI, mortgage finance	4,847,530	3.46%	3,805,831	3.52%	4,658,804	3.13%
LHI	14,427,980	4.92%	13,718,739	4.72%	12,591,561	4.34%
Total LHI, net of reserve	19,102,736	4.59%	17,353,613	4.50%	17,082,279	4.05%
Total earning assets	22,787,524	4.17%	20,688,879	4.06%	21,101,119	3.44%
Total assets	$23,501,302		$21,320,976		$21,689,559	
Liabilities and Stockholders' Equity						
Total interest bearing deposits	$ 10,260,243	.87%	$ 9,416,731	.70%	$ 8,980,744	.40%
Other borrowings	1,821,837	1.25%	1,456,737	1.00%	1,607,613	.46%
Total long-term debt	394,662	5.15%	394,573	5.16%	394,301	4.99%
Total interest bearing liabilities	12,476,742	1.06%	11,268,041	.90%	10,982,658	.57%
Demand deposits	8,764,263		7,863,402		8,849,725	
Total deposits	19,024,506	.47%	17,280,133	.38%	17,830,469	.20%
Stockholders' equity	2,143,299		2,086,880		1,722,035	
Total liabilities and stockholders' equity	$23,501,302	.56%	$21,320,976	.48%	$21,689,559	.29%
Net interest margin		**3.59%**		**3.57%**		**3.14%**
Total deposits and borrowed funds	**$20,846,343**	**.54%**	**$18,736,870**	**.43%**	**$19,438,082**	**.22%**

Average Balance Sheet - Quarterly

(in thousands)	QTD Average			Q3/Q2 % Change	YOY % Change
	Q3 2017	Q2 2017	Q3 2016		
Total assets	$23,501,302	$21,320,976	$21,689,559	10%	8%
Loans held for sale	1,009,703	845,623	430,869	19%	134%
Loans held for investment	14,427,980	13,718,739	12,591,561	5%	15%
Loans held for investment, mortgage finance	4,847,530	3,805,831	4,658,804	27%	4%
Total loans held for investment	19,275,510	17,524,570	17,250,365	10%	12%
Total loans	20,285,213	18,370,193	17,681,234	10%	15%
Liquidity assets	2,588,998	2,424,594	3,561,356	7%	(27)%
Demand deposits	8,764,263	7,863,402	8,849,725	11%	(1)%
Total deposits	19,024,506	17,280,133	17,830,469	10%	7%
Stockholders' equity	2,143,299	2,086,880	1,722,035	3%	24%

Period End Balance Sheet

(in thousands)	Period End			Q3/Q2 % Change	YOY % Change
	Q3 2017	Q2 2017	Q3 2016		
Total assets	$24,400,998	$23,119,713	$22,216,388	6%	10%
Loans held for sale	955,983	846,017	648,684	13%	47%
Loans held for investment	14,828,406	14,280,353	12,662,394	4%	17%
Loans held for investment, mortgage finance	5,642,285	5,183,600	4,961,159	9%	14%
Total loans held for investment	20,470,691	19,463,953	17,623,553	5%	16%
Total loans	21,426,674	20,309,970	18,272,237	5%	17%
Liquidity assets	2,357,537	2,142,658	3,471,074	10%	(32)%
Demand deposits	8,263,202	8,174,830	8,789,740	1%	(6)%
Total deposits	19,081,257	17,292,223	18,145,123	10%	5%
Stockholders' equity	2,158,363	2,100,553	1,725,782	3%	25%