TCBI Q2 2018 Earnings

July 18, 2018

Texas Capital Bancshares, Inc.

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Opening Remarks & Financial Highlights

Balanced Growth

- Solid traditional LHI growth in Q2-2018
- Expected growth in Mortgage Finance balances during seasonally strong Q2-2018
- Increase in total deposits concentrated in interest-bearing

Core Earnings Power

- Benefit from improving yields on strong base of traditional LHI
- Strong growth in net revenue; 8% from Q1-2018 and 23% from Q2-2017
- Operating leverage improvement evidenced in YOY comparison
- ROE of 12.72% for Q2-2018, down slightly from Q1-2018 as a result of increased loan loss provision

Credit Quality

- NCOs for Q2-2018 $38.0 million with $13.9 million related to energy
- Despite higher level of loan loss provision and charge-offs, credit metrics remain good
- Q2-2018 total credit costs $27.0 million compared to $14.0 million ($12.0 million provision and $2.0 million OREO valuation allowance) in Q1-2018

Operating Results

Net Income	EPS	ROE	Total LHI	Total Deposits
$71.4 million	$1.38	12.72%	$22.5 billion	$20.3 billion

Energy and Health Care Update

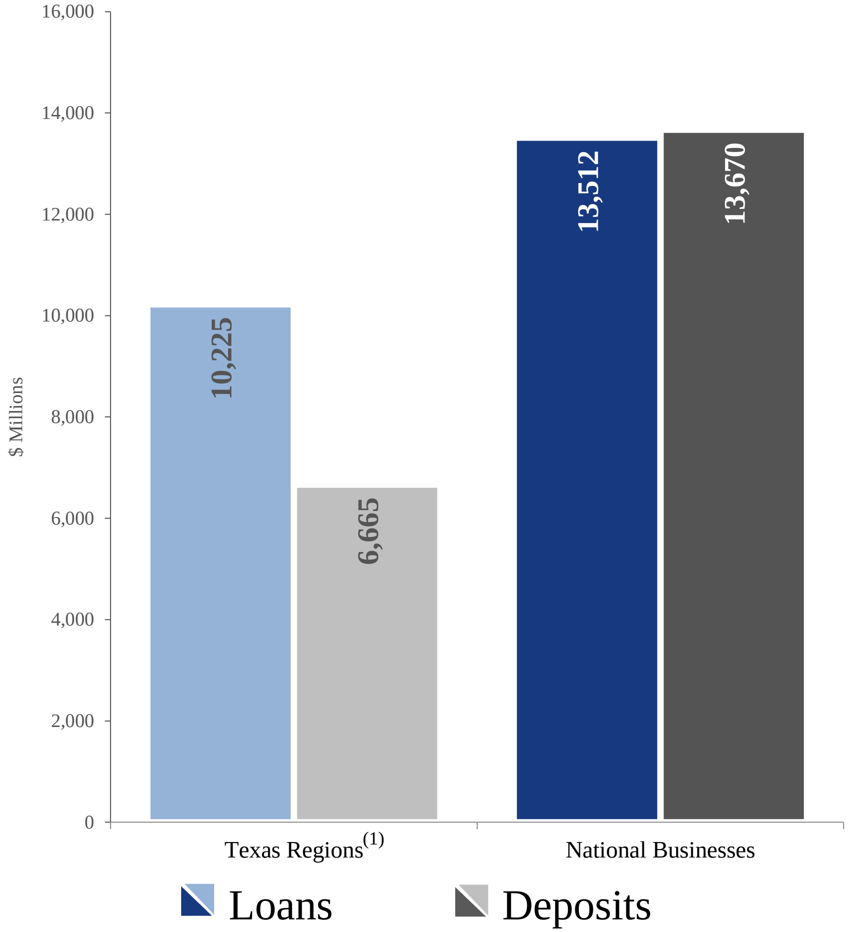
Energy Exposure

- Outstanding energy loans represented 7% of total loans, or $1.6 billion, at Q2-2018 compared to $1.4 billion at Q1-2018
- Addition of new loans improves composition and quality of total portfolio as problem assets are resolved
- Decrease in energy non-accruals
  - Non-accruals $33.6 million at Q2-2018 compared to $50.4 million at Q1-2018 and $82.6 million at Q2-2017
  - Criticized energy loans decreased to 4% of energy loans at Q2-2018 from 5% at Q1-2018 and 12% at Q2-2017
  - Total criticized energy loans at Q2-2018 $66.0 million, down from a high of $259.7 million at Q3-2016

Health Care Exposure

- As previously noted, two of the four loans that deteriorated during Q2-2018 were identified as leveraged health care
- Outstanding health care loans were $846 million at Q2-2018, compared to $753 million at Q4-2017
- Criticized health care loans at Q2-2018 were 3%; over 50% of which relates to the two non-accrual loans
- Almost 70% of the health care exposure relates to senior housing, which is not considered leveraged lending; only $9 million criticized at Q2-2018

Update on Geographic Diversification



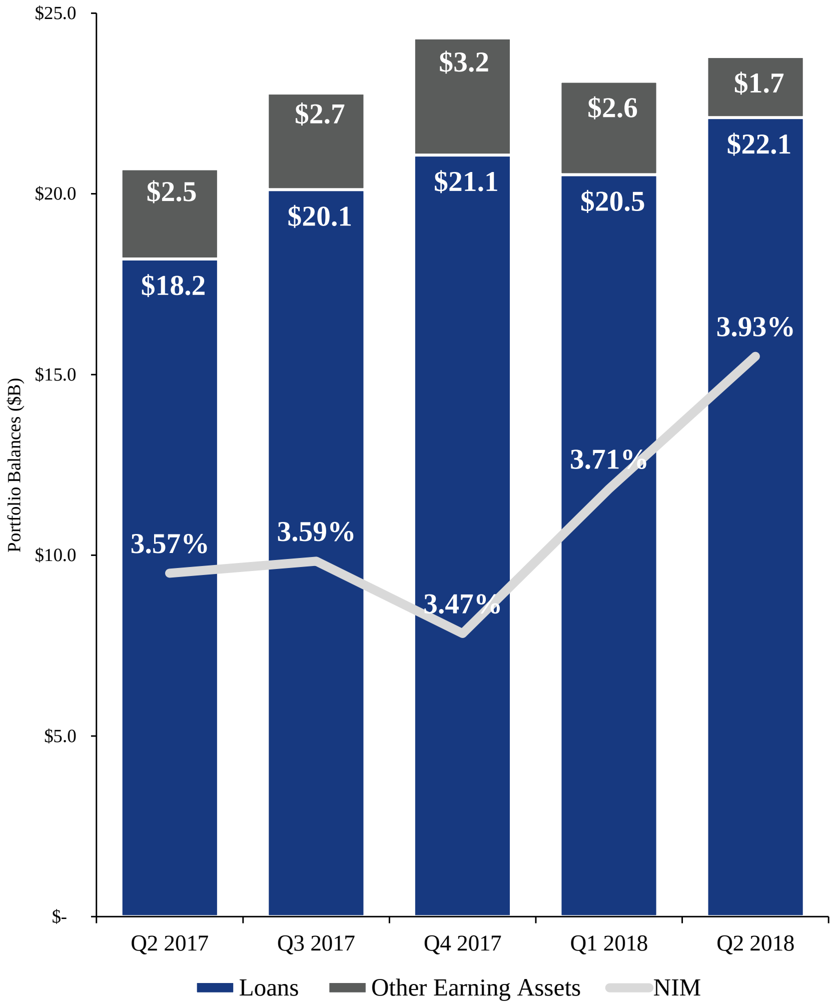
Major Texas Metro Areas	Unemployment Rate[2]
Austin-Round Rock	2.8%
DFW-Arlington	3.4%
Houston metro	4.2%
San Antonio	3.2%

- Many of our national lines of business have been operating for numerous years, increasing our geographic diversification as each gained additional market share
- National Business balances include Mortgage Finance, Builder Finance, Lender 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 May 30, 2018

Net Interest Income & Margin

Earning Asset & Margin Trends



Quarterly Change

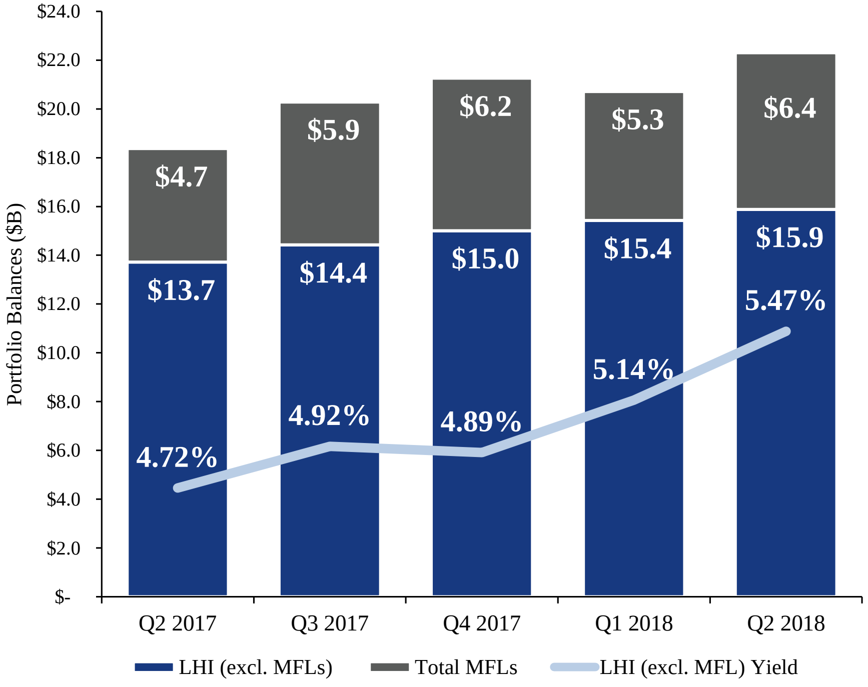
NII ($MM)		NIM (%)
$210.3	**Q1 2018**	**3.71%**
13.5	Increase in LHI yields	.23
(2.4)	Mix shift from LHI to MF	(.04)
2.0	Increase in MF loan yields	.03
-	Decrease in liquidity	.15
(8.5)	Increase in funding costs	(.14)
2.3	Impact of increase in day count	-
14.2	Increase in MF & LHI loan balances	-
.3	Other	(.01)
$231.7	**Q2 2018**	**3.93%**

NIM Highlights

- Net interest income increase of 10% from Q1-2018 with strong LHI growth and increased 27% from Q2-2017
- Increase in traditional LHI yield of 33 bps from Q1-2018
- Less than $110 million in loans subject to floors, down over $63 million compared to Q1-2018
- Average liquidity assets 7% of average earning assets at Q2-2018 compared to 11% at Q1-2018 primarily as a result of seasonal strength in mortgage finance; positive impact on NIM in Q2-2018

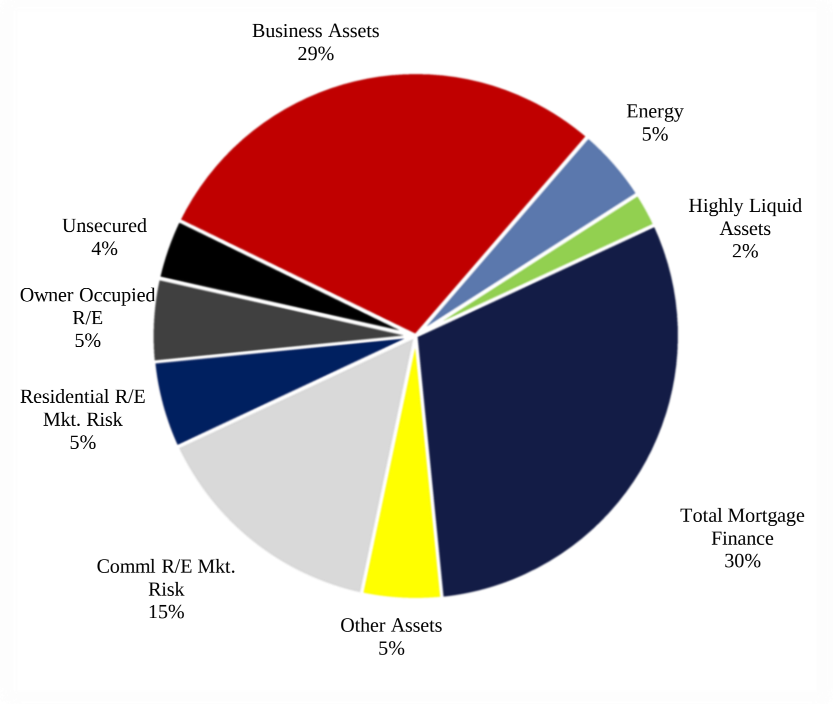
Loan Growth

Average Balance Trends ($B)



Total Loan Composition

($23.7Billion at 6/30/18)

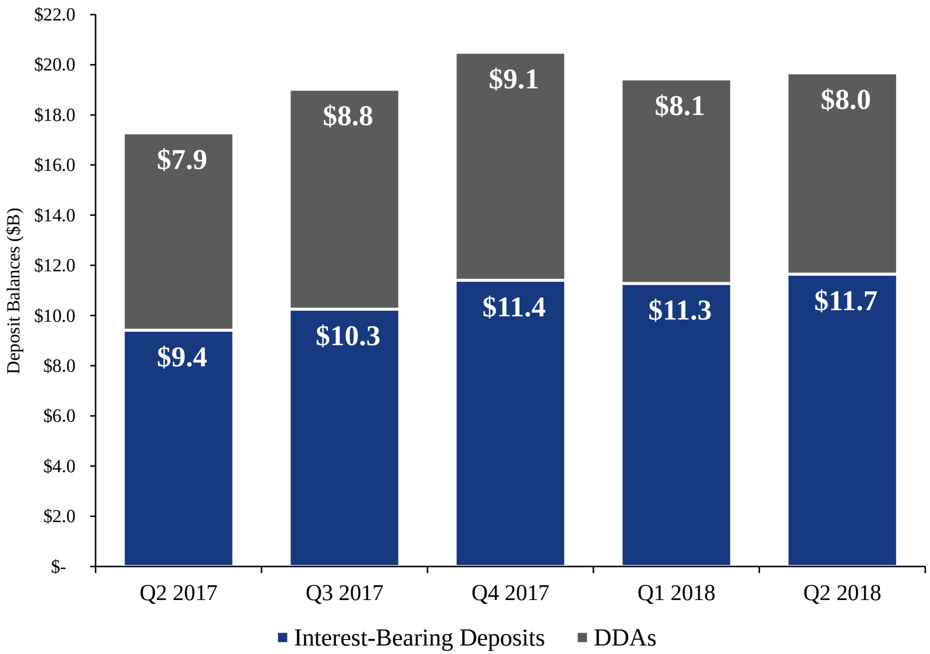


Growth Highlights

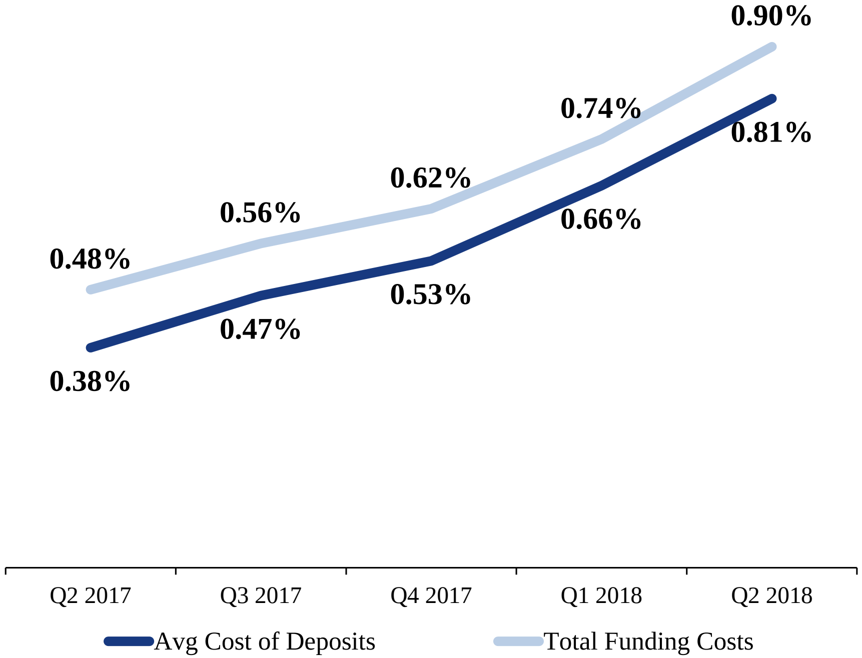
- Broad-based growth in average traditional LHI – Growth of $458.0 million (3%) from Q1-2018 and $2.2 billion (16%) from Q2-2017
- Strong growth in traditional LHI at end of the quarter; period-end balance $653.4 million higher than Q2-2018 average balance
- Increase in average total MFL balances of $1.1 billion from Q1-2018, expected seasonal strength
- Average total MFLs represent 29% of average total loans at Q2-2018 compared to 26% in Q1-2018 and 30% at period end

Deposit Growth

Average Balance Trends ($B)



Funding Costs



Growth Highlights

- Deposit costs increased 15 bps from .66% at Q1-2018 to .81% at Q2-2018, and total funding costs increased 16 bps
- Continued focus on cost-effective deposit growth
  - Increase in linked quarter deposits with growth in interest-bearing
  - Lower level of liquidity assets favorable to NIM in Q2-2018; some fluctuations may occur from quarter to quarter based on timing of deposit growth relative to total loan growth

Non-interest Expense

Quarterly Change

Non-interest expense ($MM)	Increase/ (Decrease)
Q1 2018	**$127.0**
Salaries and employee benefits – FAS 123R (includes stock price changes)	.1
Salaries and employee benefits – non-LTI incentives and annual incentive pool	.5
Salaries and employee benefits – FICA and seasonal payroll related items	(1.9)
Salaries and employee benefits – salaries only	1.2
Marketing expense	1.6
Legal and professional	4.1
Servicing related expenses	.6
OREO related costs	(2.0)
All other – includes occupancy, technology, FDIC insurance assessment	.9
Q2 2018	**$132.1**

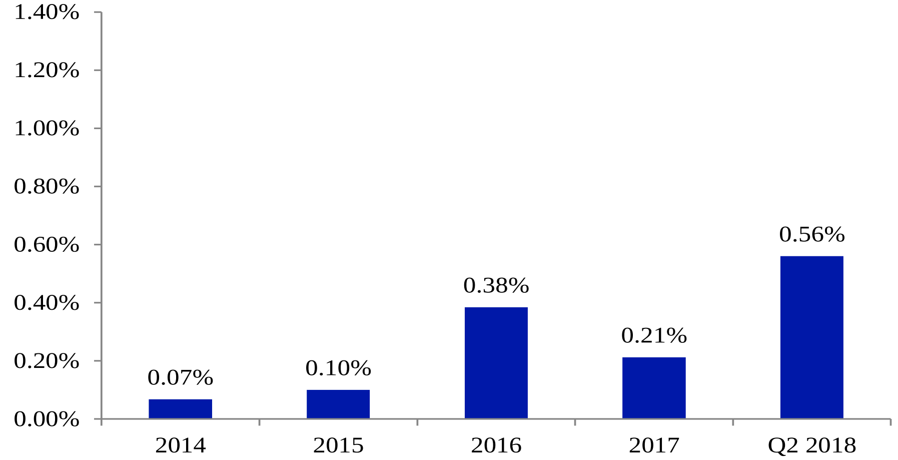
NIE - Efficiency

- Changes in Salaries & Benefits components of change
  - Annual incentive accrual ramps generally higher in Q2 than Q1
  - FICA and other payroll related items generally higher in Q1 compared to Q2
- Efficiency ratio (excluding OREO permanent write-down) 53.1% for Q2-2018 compared to 54.3% for Q1-2018
- Increase in marketing expense expected as we've noted the variable component which is tied to growth in deposit balances as well as increases in rates
- Increase in legal and professional includes an outsized non-recurring portion totaling more than half of the increase that won't be recurring in Q3-2018, and also includes the new variable component added during Q1-2018 that is directly related to deposit services

Asset Quality

Non-accrual loans	Q2 2018
Commercial	$ 79,586
Construction	–
Real estate	2,543
Consumer	66
Equipment leases	1,100
Total non-accrual loans	$ 83,295
Non-accrual loans as % of LHI excluding MF	.50%
Non-accrual loans as % of total LHI	.37%
OREO	9,526
Total Non-accruals + OREO	$ 92,821
Non-accrual loans + OREO as % of LHI excluding MF + OREO	.56%
Reserve to non-accrual loans	2.2x

NCO / Average Traditional LHI



	2014	2015	2016	2017	Q2 2018
Combined Reserves/ Trad'l LHI	1.06%	1.28%	1.38%	1.26%	1.15%

Asset Quality Highlights

- Total credit cost of $27.0 million for Q2-2018, compared to $14.0 million in Q1-2018 (includes $2.0 million OREO valuation allowance) and $13.0 million in Q2-2017
- NCOs $38.0 million, or 96 bps of LHI excluding MF loans, in Q2-2018 compared to $5.2 million, or 14 bps, in Q1-2018 and 36 bps in Q2-2017
- NPL ratio decreased to .37% of total LHI
- $13.9 million in charge-offs related to energy in Q2-2018; energy NPLs at $33.6 million for Q2-2018 compared to $50.4 million in Q1-2018 and $82.6 million in Q2-2017

Performance Summary - Quarterly

(in thousands)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net interest income	$ 231,712	$ 210,300	$ 210,649	$ 204,361	$ 182,959
Non-interest income	17,279	19,947	19,374	19,003	18,769
Net revenue	248,991	230,247	230,023	223,364	201,728
Provision for credit losses	27,000	12,000	2,000	20,000	13,000
OREO write-down	-	2,000	6,111	-	-
Non-interest expense	132,131	124,960	127,027	114,830	111,814
Income before income taxes	89,860	91,287	94,885	88,534	76,914
Income tax expense	18,424	19,342	50,143	29,850	25,819
Net income	71,436	71,945	44,742	58,684	51,095
Preferred stock dividends	2,437	2,438	2,437	2,438	2,437
Net income available to common shareholders	$ 68,999	$ 69,507	$ 42,305	$ 56,246	$ 48,658
Diluted EPS	**$ 1.38**	**$ 1.38**	**$ .84**	**$ 1.12**	**$ .97**
Net interest margin	**3.93%**	**3.71%**	**3.47%**	**3.59%**	**3.57%**
ROA	**1.16%**	**1.22%**	**.71%**	**.99%**	**.96%**
ROE	**12.72%**	**13.39%**	**8.18%**	**11.20%**	**10.08%**
ROE, excl. DTA write-off	**12.72%**	**13.39%**	**11.58%**	**11.20%**	**10.08%**
Efficiency	**53.1%**	**55.1%**	**57.9%**	**51.4%**	**55.4%**
Efficiency, excl. OREO write-down	**53.1%**	**54.3%**	**55.2%**	**51.4%**	**55.4%**

2018 Outlook

Business Driver	2018 Outlook v. 2017 Results	Comments & Changes since June 18, 2018
Average LHI	Low to mid-teens percent growth	-
Average LHI – Mortgage Finance	Mid-single digit percent growth	Increased from low- to mid-single digit percent growth and removed range for QTD average balance
Loans held for sale (MCA)	$1.2 billion average	Increased from $1 billion average
Average Deposits	Low-teens percent growth	Decreased from low to mid-teens percent growth
Net Revenue	Mid to high-teens percent growth	Increased from mid-teens percent growth
Net Interest Margin	3.60% to 3.70%	Increased from 3.45% to 3.55%
Provision Expense	Low to mid-$60 million level	-
NIE	Low-teens percent growth	Increased from high single digit to low-teens percent growth
Efficiency Ratio	Low-50s	-
Effective tax rate	22%	-

Closing Comments

- Continued strong earnings in Q2-2018
- Solid traditional LHI growth in Q2-2018, and year to date which is positive to earnings for the remainder of 2018
- Benefit from seasonal strength in Mortgage Finance asset balances
- Deposit levels increased, but also used more of liquidity in funding seasonal growth in Mortgage Finance
- High asset betas continue to overcome the shift in deposit composition and pricing with rising rates
- Focus on ROE
  - Continued strong focus on credit quality
  - Targeted approach in slowing pace of NIE growth
  - Leveraging deposit generation capabilities which will have longer term impact
  - Positive impact from new corporate tax rate

Q&A

Appendix

Average Balances, Yields & Rates - Quarterly

(in thousands)	Q2 2018		Q1 2018		Q2 2017	
	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate
Assets						
Securities	$ 24,514	3.15%	$ 23,854	3.50%	$ 65,049	1.77%
Liquidity assets	1,665,087	1.74%	2,564,579	1.55%	2,424,594	1.04%
Loans held for sale	1,516,047	4.50%	1,187,594	4.28%	845,623	3.91%
LHI, mortgage finance	4,898,411	3.85%	4,097,995	3.70%	3,805,831	3.52%
LHI	15,883,317	5.47%	15,425,323	5.14%	13,718,739	4.72%
Total LHI, net of reserve	20,592,490	5.14%	19,339,080	4.88%	17,353,613	4.50%
Total earning assets	23,798,138	4.86%	23,115,107	4.48%	20,688,879	4.06%
Total assets	$24,606,237		$23,912,613		$21,320,976	
Liabilities and Stockholders' Equity						
Total interest bearing deposits	$11,654,506	1.36%	$11,281,585	1.14%	$ 9,416,731	.70%
Other borrowings	2,113,391	1.93%	1,721,914	1.57%	1,456,737	1.00%
Total long-term debt	394,933	5.47%	394,843	5.36%	394,573	5.16%
Total interest bearing liabilities	14,162,830	1.56%	13,398,342	1.32%	11,268,041	.90%
Demand deposits	8,017,578		8,147,721		7,863,402	
Total deposits	19,672,084	.81%	19,429,306	.66%	17,280,133	.38%
Stockholders' equity	2,325,755		2,255,852		2,086,880	
Total liabilities and stockholders' equity	$24,606,237	.90%	$23,912,613	.74%	$21,320,976	.48%
Net interest margin		**3.93%**		**3.71%**		**3.57%**
Total deposits and borrowed funds	**$21,785,475**	**.92%**	**$21,151,220**	**.74%**	**$18,736,870**	**.43%**

Average Balance Sheet - Quarterly

(in thousands)	QTD Average			Q2/Q1 % Change	YOY % Change
	Q2 2018	Q1 2018	Q2 2017		
Total assets	$24,606,237	$23,912,613	$21,320,976	3%	15%
Loans held for sale	1,516,047	1,187,594	845,623	28%	79%
Loans held for investment	15,883,317	15,425,323	13,718,739	3%	16%
Loans held for investment, mortgage finance	4,898,411	4,097,995	3,805,831	20%	29%
Total loans held for investment	20,781,728	19,523,318	17,524,570	6%	19%
Total loans	22,297,775	20,710,912	18,370,193	8%	21%
Liquidity assets	1,665,087	2,564,579	2,424,594	(35)%	(31)%
Demand deposits	8,017,578	8,147,721	7,863,402	(2)%	2%
Total deposits	19,672,084	19,429,306	17,280,133	1%	14%
Stockholders' equity	2,325,755	2,255,852	2,086,880	3%	11%

Period End Balance Sheet

(in thousands)	Period End			Q2/Q1 % Change	YOY % Change
	Q2 2018	Q1 2018	Q2 2017		
Total assets	$27,781,910	$24,449,147	$23,119,713	14%	20%
Loans held for sale	1,276,768	1,088,565	846,017	17%	51%
Loans held for investment	16,536,721	15,741,772	14,280,353	5%	16%
Loans held for investment, mortgage finance	5,923,058	4,689,938	5,183,600	26%	14%
Total loans held for investment	22,459,779	20,431,710	19,463,953	10%	15%
Total loans	23,736,547	21,520,275	20,309,970	10%	17%
Liquidity assets	3,288,107	2,296,673	2,142,658	43%	53%
Demand deposits	7,648,125	7,413,340	8,174,830	3%	(6)%
Total deposits	20,334,871	18,764,533	17,292,223	8%	18%
Stockholders’ equity	2,343,530	2,273,429	2,100,553	3%	12%