

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 31, 2022

☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____

Commission file number 001-34657

TEXAS CAPITAL BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

75-2679109

(I.R.S. Employer Identification Number)

2000 McKinney Avenue

Suite 700

Dallas TX USA

(Address of principal executive offices)

75201

(Zip Code)

(214) 932-6600

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	TCBI	Nasdaq Stock Market
5.75% Non-Cumulative Perpetual Preferred Stock Series B, par value \$0.01 per share	TCBIO	Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On April 20, 2022, the number of shares set forth below was outstanding with respect to each of the issuer's classes of common stock:

Common Stock, par value \$0.01 per share 50,723,232

Texas Capital Bancshares, Inc.
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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
TEXAS CAPITAL BANCSHARES, INC.
CONSOLIDATED BALANCE SHEETS - UNAUDITED

(in thousands except share data)

	March 31, 2022	December 31, 2021
	(Unaudited)	
Assets		
Cash and due from banks	\$ 234,853	\$ 180,663
Interest-bearing cash and cash equivalents	5,136,680	7,765,996
Available-for-sale debt securities	2,591,218	3,538,201
Held-to-maturity debt securities	1,009,972	—
Equity securities	40,825	45,607
Investment securities	3,642,015	3,583,808
Loans held for sale	8,085	8,123
Loans held for investment, mortgage finance	5,827,965	7,475,497
Loans held for investment	15,849,434	15,331,457
Less: Allowance for credit losses on loans	211,151	211,866
Loans held for investment, net	21,466,248	22,595,088
Premises and equipment, net	24,181	20,901
Accrued interest receivable and other assets	556,154	559,897
Goodwill and intangible assets, net	17,161	17,262
Total assets	\$ 31,085,377	\$ 34,731,738
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest bearing	\$ 13,434,723	\$ 13,390,370
Interest bearing	11,943,215	14,718,995
Total deposits	25,377,938	28,109,365
Accrued interest payable	8,560	7,699
Other liabilities	252,394	273,488
Short-term borrowings	1,427,033	2,202,832
Long-term debt	929,414	928,738
Total liabilities	27,995,339	31,522,122
Stockholders' equity:		
Preferred stock, \$0.01 par value, \$1,000 liquidation value:		
Authorized shares - 10,000,000		
Issued shares - 300,000 at March 31, 2022 and December 31, 2021	300,000	300,000
Common stock, \$0.01 par value:		
Authorized shares - 100,000,000		
Issued shares - 50,710,858 and 50,618,911 at March 31, 2022 and December 31, 2021, respectively	507	506
Additional paid-in capital	1,011,353	1,008,559
Retained earnings	1,983,611	1,948,274
Treasury stock - 417 shares at cost at March 31, 2022 and December 31, 2021	(8)	(8)
Accumulated other comprehensive income/(loss), net of taxes	(205,425)	(47,715)
Total stockholders' equity	3,090,038	3,209,616
Total liabilities and stockholders' equity	\$ 31,085,377	\$ 34,731,738

See accompanying notes to consolidated financial statements.

TEXAS CAPITAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME AND OTHER
COMPREHENSIVE INCOME/(LOSS) - UNAUDITED

<i>(in thousands except per share data)</i>	Three months ended March 31,	
	2022	2021
Interest income		
Interest and fees on loans	\$ 187,657	\$ 210,331
Investment securities	17,302	9,887
Interest-bearing cash and cash equivalents	3,571	2,933
Total interest income	208,530	223,151
Interest expense		
Deposits	13,630	20,004
Short-term borrowings	758	2,592
Long-term debt	10,595	5,743
Total interest expense	24,983	28,339
Net interest income	183,547	194,812
Provision for credit losses	(2,000)	(6,000)
Net interest income after provision for credit losses	185,547	200,812
Non-interest income		
Service charges on deposit accounts	6,022	4,716
Wealth management and trust fee income	3,912	2,855
Brokered loan fees	3,970	9,311
Servicing income	237	9,009
Investment banking and trading income	4,179	5,787
Net gain/(loss) on sale of loans held for sale	—	5,572
Other	1,962	7,103
Total non-interest income	20,282	44,353
Non-interest expense		
Salaries and benefits	100,098	87,522
Occupancy expense	8,885	8,274
Marketing	4,977	1,697
Legal and professional	10,302	8,277
Communications and technology	14,700	15,969
Federal Deposit Insurance Corporation (“FDIC”) insurance assessment	3,981	6,613
Servicing-related expenses	—	12,989
Other	10,149	8,975
Total non-interest expense	153,092	150,316
Income before income taxes	52,737	94,849
Income tax expense	13,087	22,911
Net income	39,650	71,938
Preferred stock dividends	4,313	3,779
Net income available to common stockholders	\$ 35,337	\$ 68,159
Other comprehensive income/(loss):		
Change in unrealized gain/(loss) on available-for-sale debt securities, before tax	\$ (199,633)	\$ (91,407)
Income tax benefit	(41,923)	(19,196)
Other comprehensive loss, net of tax	(157,710)	(72,211)
Comprehensive loss	\$ (118,060)	\$ (273)
Basic earnings per common share	\$ 0.70	\$ 1.35
Diluted earnings per common share	\$ 0.69	\$ 1.33

See accompanying notes to consolidated financial statements.

TEXAS CAPITAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - UNAUDITED

(in thousands except share data)	Preferred Stock		Common Stock		Additional	Retained	Treasury Stock		Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Earnings	Shares	Amount	Other Comprehensive Income/(Loss)	
Balance at December 31, 2020 (audited)	6,000,000	\$ 150,000	50,470,867	\$ 504	\$ 991,898	\$ 1,713,056	(417)	\$ (8)	\$ 15,774	\$ 2,871,224
Comprehensive income/(loss):										
Net income	—	—	—	—	—	71,938	—	—	—	71,938
Change in unrealized gain/(loss) on available-for-sale debt securities, net of taxes	—	—	—	—	—	—	—	—	(72,211)	(72,211)
Total comprehensive loss										(273)
Stock-based compensation expense recognized in earnings	—	—	—	—	5,461	—	—	—	—	5,461
Issuance of preferred stock	300,000	300,000	—	—	(10,277)	—	—	—	—	289,723
Preferred stock dividend	—	—	—	—	—	(3,779)	—	—	—	(3,779)
Issuance of stock related to stock-based awards	—	—	87,317	1	(2,875)	—	—	—	—	(2,874)
Balance at March 31, 2021	6,300,000	\$ 450,000	50,558,184	\$ 505	\$ 984,207	\$ 1,781,215	(417)	\$ (8)	\$ (56,437)	\$ 3,159,482
Balance at December 31, 2021 (audited)	300,000	\$ 300,000	50,618,911	\$ 506	\$ 1,008,559	\$ 1,948,274	(417)	\$ (8)	\$ (47,715)	\$ 3,209,616
Comprehensive income/(loss):										
Net income	—	—	—	—	—	39,650	—	—	—	39,650
Change in unrealized gain/(loss) on available-for-sale debt securities, net of taxes	—	—	—	—	—	—	—	—	(157,710)	(157,710)
Total comprehensive loss										(118,060)
Stock-based compensation expense recognized in earnings	—	—	—	—	5,407	—	—	—	—	5,407
Preferred stock dividend	—	—	—	—	—	(4,313)	—	—	—	(4,313)
Issuance of stock related to stock-based awards	—	—	91,947	1	(2,613)	—	—	—	—	(2,612)
Balance at March 31, 2022	300,000	\$ 300,000	50,710,858	\$ 507	\$ 1,011,353	\$ 1,983,611	(417)	\$ (8)	\$ (205,425)	\$ 3,090,038

See accompanying notes to consolidated financial statements.

TEXAS CAPITAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

(in thousands)	Three months ended March 31,	
	2022	2021
Operating activities		
Net income	\$ 39,650	\$ 71,938
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision/(benefit) for credit losses	(2,000)	(6,000)
Depreciation and amortization expense	10,604	26,067
Net (gain)/loss on sale of loans held for sale	—	(5,572)
Decrease in valuation allowance on mortgage servicing rights	—	(16,448)
Stock-based compensation expense	5,588	6,368
Purchases and originations of loans held for sale	—	(1,133,239)
Proceeds from sales and repayments of loans held for sale	571	1,233,725
Changes in operating assets and liabilities:		
Accrued interest receivable and other assets	43,200	48,927
Accrued interest payable and other liabilities	(24,691)	(27,335)
Net cash provided by operating activities	72,922	198,431
Investing activities		
Purchases of available-for-sale debt securities	(376,415)	(460,793)
Proceeds from maturities, redemptions and pay-downs of available-for-sale debt securities	104,338	118,316
Proceeds from maturities, redemptions and pay-downs of held-to-maturity debt securities	9,882	—
Sales/(purchases) of equity securities, net	940	(588)
Originations of loans held for investment, mortgage finance	(26,902,960)	(48,097,222)
Proceeds from pay-offs of loans held for investment, mortgage finance	28,550,492	48,167,550
Net (increase)/decrease in loans held for investment, excluding mortgage finance	(517,465)	(54,141)
Purchases of premises and equipment, net	(2,709)	(924)
Net cash provided by/(used in) investing activities	866,103	(327,802)
Financing activities		
Net increase/(decrease) in deposits	(2,731,427)	2,395,381
Issuance of stock related to stock-based awards	(2,612)	(2,874)
Net proceeds from issuance of preferred stock	—	289,723
Preferred stock dividends paid	(4,313)	(3,779)
Net decrease in short-term borrowings	(775,799)	(596,164)
Net proceeds from issuance of long-term debt	—	268,815
Net cash provided by/(used in) financing activities	(3,514,151)	2,351,102
Net increase/(decrease) in cash and cash equivalents	(2,575,126)	2,221,731
Cash and cash equivalents at beginning of period	7,946,659	9,206,380
Cash and cash equivalents at end of period	\$ 5,371,533	\$ 11,428,111
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ 24,122	\$ 33,860
Cash paid during the period for income taxes	302	440
Transfers of debt securities from available-for-sale to held-to-maturity	1,019,365	—

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

(1) Operations and Summary of Significant Accounting Policies

Organization and Nature of Business

Texas Capital Bancshares, Inc. (“we,” “us,” “TCBI” or the “Company”), a Delaware corporation, was incorporated in November 1996 and commenced banking operations in December 1998. The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiary, Texas Capital Bank (the “Bank”).

We serve the needs of commercial businesses and professionals and entrepreneurs located in Texas as well as operate several lines of business serving a regional or national clientele of commercial borrowers. We are primarily a secured lender, with the majority of our loans held for investment, excluding mortgage finance loans and other national lines of business, being made to businesses headquartered or with operations in Texas. Our national lines of business provide specialized lending products to businesses throughout the United States.

Basis of Presentation

Our accounting and reporting policies conform to accounting principles generally accepted in the United States (“GAAP”) and to generally accepted practices within the banking industry. Certain prior period balances have been reclassified to conform to the current period presentation.

The consolidated interim financial statements are unaudited and certain information and disclosures in the notes to consolidated unaudited financial statements that are presented in accordance with GAAP have been condensed or omitted. In the opinion of management, the interim financial statements include all normal and recurring adjustments and the disclosures made are adequate to make the interim financial information not misleading. The consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q adopted by the U.S. Securities and Exchange Commission (“SEC”). Accordingly, the financial statements do not include all of the information and notes to the consolidated unaudited financial statements required by GAAP for complete annual financial statements and should be read in conjunction with our consolidated financial statements, and notes thereto, for the year ended December 31, 2021, included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”). Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The allowance for credit losses, the fair value of financial instruments and the status of contingencies are particularly susceptible to significant change.

(2) Earnings Per Share

The following table presents the computation of basic and diluted earnings per share:

(in thousands except share and per share data)	Three months ended March 31,	
	2022	2021
Numerator:		
Net income	\$ 39,650	\$ 71,938
Preferred stock dividends	4,313	3,779
Net income available to common stockholders	\$ 35,337	\$ 68,159
Denominator:		
Denominator for basic earnings per common share—weighted average common shares	50,667,090	50,513,277
Effect of dilutive outstanding stock-settled awards	656,937	556,234
Denominator for dilutive earnings per common share—weighted average diluted common shares	51,324,027	51,069,511
Basic earnings per common share	\$ 0.70	\$ 1.35
Diluted earnings per common share	\$ 0.69	\$ 1.33
Anti-dilutive outstanding stock-settled awards	229,488	80,263

(3) Investment Securities

The following is a summary of our investment securities:

<i>(in thousands)</i>	Amortized Cost(1)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2022				
Available-for-sale debt securities:				
U.S. Treasury securities	\$ 376,569	\$ —	\$ (8,715)	\$ 367,854
U.S. government agency securities	125,000	—	(11,484)	113,516
Residential mortgage-backed securities	2,099,900	46	(167,844)	1,932,102
Tax-exempt asset-backed securities	166,889	926	(1,970)	165,845
Credit risk transfer (“CRT”) securities	14,713	—	(2,812)	11,901
Total available-for-sale debt securities	2,783,071	972	(192,825)	2,591,218
Held-to-maturity debt securities:				
Residential mortgage-backed securities	1,009,972	—	(36,381)	973,591
Total held-to-maturity debt securities	1,009,972	—	(36,381)	973,591
Equity securities				40,825
Total investment securities(2)				<u>\$ 3,642,015</u>
December 31, 2021				
Available-for-sale debt securities:				
U.S. government agency securities	\$ 125,000	\$ —	\$ (4,056)	\$ 120,944
Residential mortgage-backed securities	3,288,261	156	(63,039)	3,225,378
Tax-exempt asset-backed securities	170,626	9,407	—	180,033
CRT securities	14,713	—	(2,867)	11,846
Total available-for-sale debt securities	3,598,600	9,563	(69,962)	3,538,201
Equity securities				45,607
Total investment securities(2)				<u>\$ 3,583,808</u>

(1) Excludes accrued interest receivable of \$5.5 million and \$6.6 million at March 31, 2022 and December 31, 2021, respectively, related to available-for-sale debt securities, and \$1.6 million at March 31, 2022 related to held-to-maturity debt securities that is recorded in accrued interest receivable and other assets on the consolidated balance sheets.

(2) Includes available-for-sale debt securities and equity securities at estimated fair value and held-to-maturity debt securities at amortized cost.

Debt Securities

In the first quarter of 2022, we transferred \$1.0 billion of available-for-sale debt securities to held-to-maturity at fair value. The transfer was the result of deliberate actions taken to execute on our asset-liability management strategies in response to rising interest rates. Management determined that it has both the positive intent and ability to hold these securities to maturity. On the date of transfer, the difference between the carrying value and fair value of these securities, which was recorded, net of tax, as a loss in accumulated other comprehensive income/(loss) (“AOCI”), resulted in the securities transferring at a discount of \$69.2 million. The discount and unrealized loss, net of tax, in AOCI will be amortized to interest income over the remaining life of the securities using the interest method. There were no gains or losses recognized as a result of this transfer.

The amortized cost and estimated fair value as of March 31, 2022, excluding accrued interest receivable, of available-for-sale and held-to-maturity debt securities are presented below by contractual maturity. Actual maturities may differ from contractual maturities of mortgage-backed securities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

<i>(in thousands)</i>	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 95	\$ 101	\$ —	\$ —
Due after one year through five years	376,612	367,899	—	—
Due after five years through ten years	156,492	140,462	—	—
Due after ten years	2,249,872	2,082,756	1,009,972	973,591
Total	\$ 2,783,071	\$ 2,591,218	\$ 1,009,972	\$ 973,591

The following table discloses our available-for-sale debt securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months:

(in thousands)	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
March 31, 2022						
U.S. treasury securities	\$ 367,854	\$ (8,715)	\$ —	\$ —	\$ 367,854	\$ (8,715)
U.S. government agency securities	—	—	113,516	(11,484)	113,516	(11,484)
Residential mortgage-backed securities	962,312	(77,250)	967,491	(90,594)	1,929,803	(167,844)
Tax-exempt asset-backed securities	70,464	(1,970)	—	—	70,464	(1,970)
CRT securities	—	—	11,901	(2,812)	11,901	(2,812)
Total	\$ 1,400,630	\$ (87,935)	\$ 1,092,908	\$ (104,890)	\$ 2,493,538	\$ (192,825)
December 31, 2021						
U.S. government agency securities	\$ 24,085	\$ (915)	\$ 96,859	\$ (3,141)	\$ 120,944	\$ (4,056)
Residential mortgage-backed securities	2,871,052	(50,721)	303,491	(12,318)	3,174,543	(63,039)
CRT securities	—	—	11,846	(2,867)	11,846	(2,867)
Total	\$ 2,895,137	\$ (51,636)	\$ 412,196	\$ (18,326)	\$ 3,307,333	\$ (69,962)

At March 31, 2022, we had 81 available-for-sale debt securities in an unrealized loss position, comprised of five U.S. treasury securities, five U.S. government agency securities, 68 residential mortgage-backed securities, one tax-exempt asset-backed security and two CRT securities. The unrealized losses on the available-for-sale debt securities were the result of changes in market interest rates compared to the date the securities were acquired rather than the credit quality of the issuers or underlying loans. We do not intend to sell and it is not more likely than not that we will be required to sell before recovery of the amortized cost of the available-for-sale debt securities in an unrealized loss position and have recorded the unrealized losses related to this portfolio in AOCI. Held-to-maturity debt securities consist of government guaranteed securities for which no loss is expected. At March 31, 2022 and December 31, 2021, no allowance for credit losses was established for available-for-sale or held-to-maturity debt securities.

Debt securities with carrying values of approximately \$19.5 million and \$1.9 million were pledged to secure certain customer repurchase agreements and deposits, respectively, at March 31, 2022. The comparative amounts at December 31, 2021 were \$22.0 million and \$2.0 million, respectively.

Equity Securities

Equity securities consist of investments that qualify for consideration under the regulations implementing the Community Reinvestment Act and investments related to our non-qualified deferred compensation plan. The following is a summary of unrealized and realized gains/(losses) recognized on equity securities included in other non-interest income on the consolidated statements of income and other comprehensive income/(loss):

(in thousands)	Three months ended March 31,	
	2022	2021
Net gains/(losses) recognized during the period	\$ (3,640)	\$ 378
Less: Realized net gains/(losses) recognized on securities sold	202	398
Unrealized net gains/(losses) recognized on securities held	\$ (3,842)	\$ (20)

(4) Loans and Allowance for Credit Losses on Loans

Loans are summarized by portfolio segment as follows:

<i>(in thousands)</i>	March 31, 2022		December 31, 2021	
Loans held for investment:				
Commercial	\$	10,175,668	\$	9,897,561
Energy		797,191		721,373
Mortgage finance		5,827,965		7,475,497
Real estate		4,943,195		4,777,530
Gross loans held for investment(1)		21,744,019		22,871,961
Unearned income (net of direct origination costs)		(66,620)		(65,007)
Total loans held for investment(1)		21,677,399		22,806,954
Allowance for credit losses on loans		(211,151)		(211,866)
Total loans held for investment, net(1)	\$	21,466,248	\$	22,595,088
Loans held for sale:				
Mortgage loans, at fair value	\$	8,085	\$	8,123
Total loans held for sale	\$	8,085	\$	8,123

- (1) Excludes accrued interest receivable of \$49.7 million and \$50.3 million at March 31, 2022 and December 31, 2021, respectively, that is recorded in accrued interest receivable and other assets on the consolidated balance sheets.

The following tables summarize our gross loans held for investment by year of origination and internally assigned credit grades:

<i>(in thousands)</i>	2022	2021	2020	2019	2018	2017 and prior	Revolving lines of credit	Revolving lines of credit converted to term loans	Total
March 31, 2022									
Commercial									
(1-7) Pass	\$ 234,841	\$ 3,863,274	\$ 330,939	\$ 453,566	\$ 305,767	\$ 430,483	\$ 4,264,331	\$ 34,280	\$ 9,917,481
(8) Special mention	3,118	26,848	4,077	26,776	—	5,043	28,622	3,907	98,391
(9) Substandard - accruing	—	666	3,410	77,915	24,366	16,847	9,458	1,664	134,326
(9+) Non-accrual	—	2,003	—	44	12,898	6,918	3,607	—	25,470
Total commercial	\$ 237,959	\$ 3,892,791	\$ 338,426	\$ 558,301	\$ 343,031	\$ 459,291	\$ 4,306,018	\$ 39,851	\$ 10,175,668
Energy									
(1-7) Pass	\$ 34,710	\$ 61,000	\$ —	\$ —	\$ —	\$ 1,581	\$ 673,649	\$ —	\$ 770,940
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	7,984	—	—	7,984
(9+) Non-accrual	—	8,584	—	—	—	—	9,683	—	18,267
Total energy	\$ 34,710	\$ 69,584	\$ —	\$ —	\$ —	\$ 9,565	\$ 683,332	\$ —	\$ 797,191
Mortgage finance									
(1-7) Pass	\$ —	\$ 385,449	\$ 599,899	\$ 512,708	\$ 550,246	\$ 3,779,663	\$ —	\$ —	\$ 5,827,965
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Total mortgage finance	\$ —	\$ 385,449	\$ 599,899	\$ 512,708	\$ 550,246	\$ 3,779,663	\$ —	\$ —	\$ 5,827,965
Real estate									
CRE									
(1-7) Pass	\$ 152,474	\$ 548,881	\$ 640,761	\$ 602,864	\$ 277,042	\$ 552,259	\$ 100,734	\$ 25,101	\$ 2,900,116
(8) Special mention	—	—	—	—	—	39,697	—	451	40,148
(9) Substandard - accruing	—	17,850	—	—	40,658	40,292	—	411	99,211
(9+) Non-accrual	—	—	—	—	—	194	—	—	194
RBF									
(1-7) Pass	23,129	138,381	27,533	13,382	10,434	9,080	471,488	—	693,427
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Other									
(1-7) Pass	61,121	167,638	146,058	112,818	89,998	197,678	37,600	29,107	842,018
(8) Special mention	—	—	6,698	—	—	16,217	—	—	22,915
(9) Substandard - accruing	—	—	6,373	—	—	4,816	—	—	11,189
(9+) Non-accrual	—	—	—	—	—	2,544	—	12,666	15,210
Secured by 1-4 family									
(1-7) Pass	21,493	95,823	58,845	29,654	21,551	84,616	4,035	—	316,017
(8) Special mention	—	1,084	—	—	—	289	—	—	1,373
(9) Substandard - accruing	—	—	—	—	—	1,191	—	—	1,191
(9+) Non-accrual	—	—	—	—	—	186	—	—	186
Total real estate	\$ 258,217	\$ 969,657	\$ 886,268	\$ 758,718	\$ 439,683	\$ 949,059	\$ 613,857	\$ 67,736	\$ 4,943,195
Total	\$ 530,886	\$ 5,317,481	\$ 1,824,593	\$ 1,829,727	\$ 1,332,960	\$ 5,197,578	\$ 5,603,207	\$ 107,587	\$ 21,744,019

<i>(in thousands)</i>	2021	2020	2019	2018	2017	2016 and prior	Revolving lines of credit	Revolving lines of credit converted to term loans	Total
December 31, 2021									
Commercial									
(1-7) Pass	\$ 1,133,013	\$ 3,157,150	\$ 546,520	\$ 319,246	\$ 200,478	\$ 289,795	\$ 3,960,706	\$ 41,377	\$ 9,648,285
(8) Special mention	2,650	5,277	23,129	8,697	39	5,322	5,120	7,883	58,117
(9) Substandard - accruing	—	7,705	102,619	25,010	6,202	6,962	14,742	2,007	165,247
(9+) Non-accrual	736	1,191	49	12,955	1,166	6,196	3,619	—	25,912
Total commercial	\$ 1,136,399	\$ 3,171,323	\$ 672,317	\$ 365,908	\$ 207,885	\$ 308,275	\$ 3,984,187	\$ 51,267	\$ 9,897,561
Energy									
(1-7) Pass	\$ 71,750	\$ —	\$ —	\$ 3	\$ —	\$ 7,188	\$ 577,988	\$ —	\$ 656,929
(8) Special mention	—	—	—	—	—	—	27,421	—	27,421
(9) Substandard - accruing	—	—	—	—	—	8,643	—	—	8,643
(9+) Non-accrual	—	—	—	—	—	—	28,380	—	28,380
Total energy	\$ 71,750	\$ —	\$ —	\$ 3	\$ —	\$ 15,831	\$ 633,789	\$ —	\$ 721,373
Mortgage finance									
(1-7) Pass	\$ 289,042	\$ 590,616	\$ 656,445	\$ 754,507	\$ 332,001	\$ 4,852,886	\$ —	\$ —	\$ 7,475,497
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Total mortgage finance	\$ 289,042	\$ 590,616	\$ 656,445	\$ 754,507	\$ 332,001	\$ 4,852,886	\$ —	\$ —	\$ 7,475,497
Real estate									
CRE									
(1-7) Pass	\$ 497,462	\$ 576,344	\$ 600,005	\$ 294,005	\$ 155,252	\$ 451,042	\$ 73,988	\$ 25,970	\$ 2,674,068
(8) Special mention	—	—	291	8,827	20,089	26,344	—	—	55,551
(9) Substandard - accruing	17,850	—	—	40,900	37,393	38,188	—	2,308	136,639
(9+) Non-accrual	—	—	—	—	—	198	—	—	198
RBF									
(1-7) Pass	155,595	44,362	9,693	8,565	—	12,732	460,888	—	691,835
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Other									
(1-7) Pass	166,202	148,811	119,017	106,343	61,723	139,723	47,653	29,595	819,067
(8) Special mention	—	7,365	—	—	845	4,982	—	—	13,192
(9) Substandard - accruing	—	6,424	—	—	16,922	20,184	—	—	43,530
(9+) Non-accrual	—	—	—	—	2,641	1,450	—	13,741	17,832
Secured by 1-4 family									
(1-7) Pass	96,899	60,659	40,586	22,976	31,826	65,910	4,535	—	323,391
(8) Special mention	—	553	—	—	—	291	—	—	844
(9) Substandard - accruing	—	—	—	—	—	1,203	—	—	1,203
(9+) Non-accrual	—	—	—	—	—	180	—	—	180
Total real estate	\$ 934,008	\$ 844,518	\$ 769,592	\$ 481,616	\$ 326,691	\$ 762,427	\$ 587,064	\$ 71,614	\$ 4,777,530
Total	\$ 2,431,199	\$ 4,606,457	\$ 2,098,354	\$ 1,602,034	\$ 866,577	\$ 5,939,419	\$ 5,205,040	\$ 122,881	\$ 22,871,961

The following table details activity in the allowance for credit losses on loans. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

<i>(in thousands)</i>	Commercial	Energy	Mortgage Finance	Real Estate	Total
Three months ended March 31, 2022					
Beginning balance	\$ 102,202	\$ 52,568	\$ 6,083	\$ 51,013	\$ 211,866
Provision for credit losses on loans	5,437	(24,522)	4,159	13,699	(1,227)
Charge-offs	110	—	—	350	460
Recoveries	217	755	—	—	972
Net charge-offs (recoveries)	(107)	(755)	—	350	(512)
Ending balance	\$ 107,746	\$ 28,801	\$ 10,242	\$ 64,362	\$ 211,151
Three months ended March 31, 2021					
Beginning balance	\$ 73,061	\$ 84,064	\$ 4,699	\$ 92,791	\$ 254,615
Provision for credit losses on loans	(1,001)	(5,852)	211	929	(5,713)
Charge-offs	2,451	5,732	—	—	8,183
Recoveries	1,050	715	—	—	1,765
Net charge-offs (recoveries)	1,401	5,017	—	—	6,418
Ending balance	\$ 70,659	\$ 73,195	\$ 4,910	\$ 93,720	\$ 242,484

We recorded a negative \$2.0 million provision for credit losses for the three months ended March 31, 2022, compared to a negative provision of \$6.0 million for the same period in 2021, resulting from a decline in criticized loans, partially offset by an increase in loans held for investment, excluding mortgage finance. We recorded \$512,000 in net recoveries during the three months ended March 31, 2022, compared to net charge-offs of \$6.4 million during the same period in 2021. Criticized loans totaled \$476.1 million at March 31, 2022, compared to \$945.1 million at March 31, 2021.

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. At March 31, 2021, we had \$12.7 million in collateral-dependent real estate loans, collateralized by real estate property.

The table below provides an age analysis of our gross loans held for investment:

<i>(in thousands)</i>	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due(1)	Total Past Due	Non-Accrual Loans(2)	Current	Total	Non-Accrual With No Allowance
March 31, 2022								
Commercial	\$ 13,349	\$ 2,142	\$ 3,808	\$ 19,299	\$ 25,470	\$ 10,130,899	\$ 10,175,668	\$ 4,277
Energy	—	—	—	—	18,267	778,924	797,191	8,584
Mortgage finance	—	—	—	—	—	5,827,965	5,827,965	—
Real estate:								
CRE	187	194	1,986	2,367	194	3,037,108	3,039,669	—
RBF	—	—	—	—	—	693,427	693,427	—
Other	—	—	—	—	15,210	876,122	891,332	15,210
Secured by 1-4 family	—	—	237	237	186	318,344	318,767	—
Total	\$ 13,536	\$ 2,336	\$ 6,031	\$ 21,903	\$ 59,327	\$ 21,662,789	\$ 21,744,019	\$ 28,071

- (1) Loans past due 90 days and still accruing includes premium finance loans of \$3.2 million. These loans are generally secured by obligations of insurance carriers to refund premiums on canceled insurance policies. The receipt of the refund of premiums from the insurance carriers can take 180 days or longer from the cancellation date.
- (2) As of March 31, 2022 and December 31, 2021, none of our non-accrual loans were earning interest income on a cash basis. Additionally, no interest income was recognized on non-accrual loans for the three months ended March 31, 2022. Accrued interest of \$4,000 was reversed during the three months ended March 31, 2022.

As of March 31, 2022 and December 31, 2021, we did not have any loans considered restructured that were not on non-accrual. Of the non-accrual loans at March 31, 2022 and December 31, 2021, \$18.0 million and \$19.4 million, respectively, met the criteria for restructured. These loans had no unfunded commitments at their respective balance sheet dates.

We did not have any loans that were restructured during the three months ended March 31, 2022 or 2021.

(5) Short-term Borrowings and Long-term Debt

The table below presents a summary of short-term borrowings:

<i>(in thousands)</i>	March 31, 2022	December 31, 2021
Customer repurchase agreements	\$ 2,033	\$ 2,832
Federal Home Loan Bank borrowings	1,425,000	2,200,000
Total short-term borrowings	\$ 1,427,033	\$ 2,202,832

The table below presents a summary of long-term debt:

<i>(in thousands)</i>	March 31, 2022	December 31, 2021
Bank-issued floating rate senior unsecured credit-linked notes due 2024	\$ 270,988	\$ 270,487
Bank-issued 5.75% fixed rate subordinated notes due 2026	174,000	173,935
Company-issued 4.00% fixed rate subordinated notes due 2031	371,020	370,910
Trust preferred floating rate subordinated debentures due 2032 to 2036	113,406	113,406
Total long-term debt	\$ 929,414	\$ 928,738

(6) Financial Instruments with Off-Balance Sheet Risk

The table below presents our financial instruments with off-balance sheet risk, as well as the activity in the allowance for off-balance sheet credit losses related to those financial instruments. This allowance is recorded in other liabilities on the consolidated balance sheets.

<i>(in thousands)</i>	Three months ended March 31,	
	2022	2021
Beginning balance of allowance for off-balance sheet credit losses	\$ 17,265	\$ 17,434
Provision for off-balance sheet credit losses	(773)	(287)
Ending balance of allowance for off-balance sheet credit losses	\$ 16,492	\$ 17,147

<i>(in thousands)</i>	March 31, 2022	December 31, 2021
Commitments to extend credit - period end balance	\$ 9,917,556	\$ 9,445,763
Standby letters of credit - period end balance	364,765	357,672

(7) Regulatory Restrictions

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory (and possibly additional discretionary) actions by regulators that, if undertaken, could have a direct material adverse effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's and the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The Basel III regulatory capital framework (the "Basel III Capital Rules") adopted by U.S. federal regulatory authorities, among other things, (i) establishes the capital measure called "Common Equity Tier 1" ("CET1"), (ii) specifies that Tier 1 capital consist of CET1 and "Additional Tier 1 Capital" instruments meeting stated requirements, (iii) requires that most deductions/adjustments to regulatory capital measures be made to CET1 and not to other components of capital and (iv) defines the scope of the deductions/adjustments to the capital measures.

Additionally, the Basel III Capital Rules require that we maintain a 2.5% capital conservation buffer with respect to each of CET1, Tier 1 and total capital to risk-weighted assets, which provides for capital levels that exceed the minimum risk-based capital adequacy requirements. A financial institution with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments and stock repurchases, and certain discretionary bonus payments to executive officers.

In February 2019, the federal bank regulatory agencies issued a final rule (the "2019 CECL Rule") that revised certain capital regulations to account for changes to credit loss accounting under GAAP. The 2019 CECL Rule included a transition option that allows banking organizations to phase in, over a three-year period, the day-one adverse effects of adopting the new accounting standard related to the measurement of current expected credit losses on their regulatory capital ratios (three-year transition option). In March 2020, the federal bank regulatory agencies issued an interim final rule that maintains the three-year

transition option of the 2019 CECL Rule and also provides banking organizations that were required under GAAP to implement CECL before the end of 2020 the option to delay for two years an estimate of the effect of CECL on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period (five-year transition option). We adopted CECL on January 1, 2020 and have elected to utilize the five-year transition option.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of CET1, Tier 1 and total capital to risk-weighted assets, and of Tier 1 capital to average assets, each as defined in the regulations. Management believes, as of March 31, 2022, that the Company and the Bank meet all capital adequacy requirements to which they are subject.

Financial institutions are categorized as well capitalized based on total risk-based, Tier 1 risk-based, CET1 and Tier 1 leverage ratios. As shown in the table below, the Company's and the Bank's capital ratios exceeded the regulatory definition of well capitalized as of March 31, 2022 and December 31, 2021. The regulatory authorities can apply changes in classification of assets and such changes may retroactively subject the Company and the Bank to changes in capital ratios. Any such change could reduce one or more capital ratios below well-capitalized status. In addition, a change may result in imposition of additional assessments by the FDIC or could result in regulatory actions that could have a material effect on our condition and results of operations.

Because our Bank had less than \$15.0 billion in total consolidated assets as of December 31, 2009, we are allowed to continue to classify our trust preferred securities, all of which were issued prior to May 19, 2010, as Tier 1 capital.

The table below summarizes our actual and required capital ratios under the Basel III Capital Rules. The ratios presented below include the effects of our election to utilize the five-year CECL transition described above.

<i>(dollars in thousands)</i>	Actual		Minimum Capital Required(2)		Capital Required to be Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
March 31, 2022						
CET1						
Company	\$ 2,987,142	11.46 %	\$ 1,824,684	7.00 %	N/A	N/A
Bank	3,059,948	11.74 %	1,824,675	7.00 %	1,694,341	6.50 %
Total capital (to risk-weighted assets)						
Company	4,087,685	15.68 %	2,737,026	10.50 %	2,606,691	10.00 %
Bank	3,589,472	13.77 %	2,737,013	10.50 %	2,606,679	10.00 %
Tier 1 capital (to risk-weighted assets)						
Company	3,397,142	13.03 %	2,215,688	8.50 %	1,564,015	6.00 %
Bank	3,219,948	12.35 %	2,215,677	8.50 %	2,085,343	8.00 %
Tier 1 capital (to average assets)(1)						
Company	3,397,142	9.89 %	1,373,788	4.00 %	N/A	N/A
Bank	3,219,948	9.38 %	1,373,632	4.00 %	1,717,040	5.00 %
December 31, 2021						
CET1						
Company	\$ 2,949,785	11.06 %	\$ 1,866,444	7.00 %	N/A	N/A
Bank	3,013,170	11.30 %	1,866,303	7.00 %	1,732,996	6.50 %
Total capital (to risk-weighted assets)						
Company	4,085,540	15.32 %	2,799,666	10.50 %	2,666,348	10.00 %
Bank	3,578,014	13.42 %	2,799,455	10.50 %	2,666,148	10.00 %
Tier 1 capital (to risk-weighted assets)						
Company	3,359,785	12.60 %	2,266,396	8.50 %	1,599,809	6.00 %
Bank	3,173,170	11.90 %	2,266,225	8.50 %	2,132,918	8.00 %
Tier 1 capital (to average assets)(1)						
Company	3,359,785	9.01 %	1,490,902	4.00 %	N/A	N/A
Bank	3,173,170	8.51 %	1,490,677	4.00 %	1,863,346	5.00 %

- (1) The Tier 1 capital ratio (to average assets) is not impacted by the Basel III Capital Rules; however, the Federal Reserve Board and the FDIC may require the Company and the Bank, respectively, to maintain a Tier 1 capital ratio (to average assets) above the required minimum.
- (2) Percentages represent the minimum capital ratios plus, as applicable, the fully phased-in 2.5% CET1 capital buffer under the Basel III Capital Rules.

Dividends that may be paid by banks are routinely restricted by various regulatory authorities, including federal banking law requirements concerning the payment of dividends. The Basel III Capital Rules further limit the amount of dividends that may

be paid by us or our Bank. No dividends were declared or paid on our common stock during the three months ended March 31, 2022, or during the year ended December 31, 2021.

On April 19, 2022, our board of directors authorized a new share repurchase program under which we may repurchase up to \$150.0 million in shares of our outstanding common stock. Any repurchases under the repurchase program will be made in accordance with applicable securities laws from time to time in open market or private transactions. The extent to which we repurchase shares, and the timing of such repurchases, will be at management's discretion and will depend upon a variety of factors, including market conditions, our capital position and amount of retained earnings, regulatory requirements and other considerations. No time limit was set for the completion of the share repurchase program, and the program may be suspended or discontinued at any time.

(8) Stock-based Compensation

We have long-term incentive plans under which stock-based compensation awards are granted to employees and directors by the board of directors, or its designated committee. Grants are subject to vesting requirements and may include, among other things, nonqualified stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs"), restricted stock and performance units, or any combination thereof. On April 19, 2022, the Company's stockholders approved the Texas Capital Bancshares, Inc. 2022 Long-Term Incentive Plan, which provides for the issuance of 1,124,880 shares of common stock for compensation to the Company's key employees and non-employee directors.

The table below summarizes our stock-based compensation expense:

<i>(in thousands)</i>	Three months ended March 31,	
	2022	2021
Stock-settled awards:		
RSUs	\$ 5,407	\$ 5,460
Restricted stock	—	1
Cash-settled units	181	907
Total	\$ 5,588	\$ 6,368

<i>(in thousands except period data)</i>	March 31, 2022
Unrecognized compensation expense related to unvested stock-settled awards	\$ 46,901
Weighted average period over which expense is expected to be recognized, in years	2.7

(9) Fair Value Disclosures

We determine the fair market values of our assets and liabilities measured at fair value on a recurring and nonrecurring basis using the fair value hierarchy as prescribed in the Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*. See Note 1 - Operations and Summary of Significant Accounting Policies in our 2021 Form 10-K for information regarding the fair value hierarchy and a description of the methods and significant assumptions used by the Company in estimating its fair value disclosures for financial instruments.

Assets and liabilities measured at fair value are as follows:

(in thousands)	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
March 31, 2022			
Available-for-sale debt securities:(1)			
U.S. Treasury securities	\$ 367,854	\$ —	\$ —
U.S. government agency securities	—	113,516	—
Residential mortgage-backed securities	—	1,932,102	—
Tax-exempt asset-backed securities	—	—	165,845
CRT securities	—	—	11,901
Equity securities(1)(2)	29,154	11,671	—
Loans held for sale(3)	—	—	8,085
Derivative assets(4)	—	30,238	—
Derivative liabilities(4)	—	30,238	—
Non-qualified deferred compensation plan liabilities(5)	26,474	—	—
December 31, 2021			
Available-for-sale debt securities:(1)			
U.S. government agency securities	\$ —	\$ 120,944	\$ —
Residential mortgage-backed securities	—	3,225,378	—
Tax-exempt asset-backed securities	—	—	180,033
CRT securities	—	—	11,846
Equity securities(1)(2)	33,589	12,018	—
Loans held for sale(3)	—	465	7,658
Derivative assets(4)	—	37,788	—
Derivative liabilities(4)	—	37,788	—
Non-qualified deferred compensation plan liabilities(5)	29,695	—	—

- (1) Investment securities are measured at fair value on a recurring basis, generally monthly, except for tax-exempt asset-backed securities and CRT securities which are measured quarterly.
- (2) Equity securities consist of investments that qualify for consideration under the regulations implementing the Community Reinvestment Act and investments related to our non-qualified deferred compensation plan.
- (3) Mortgage loans held for sale are measured at fair value on a recurring basis, generally monthly.
- (4) Derivative assets and liabilities are measured at fair value on a recurring basis, generally quarterly.
- (5) Non-qualified deferred compensation plan liabilities represent the fair value of the obligation to the employee, which generally corresponds to the fair value of the invested assets, and are measured at fair value on a recurring basis, generally monthly.

Level 3 Valuations

The following table summarizes the changes in Level 3 assets measured at fair value on a recurring basis:

(in thousands)	Balance at Beginning of Period	Purchases / Additions	Sales / Reductions	Net Gains (Losses)		Balance at End of Period
				Realized	Unrealized	
Three months ended March 31, 2022						
Available-for-sale debt securities:(1)						
Tax-exempt asset-backed securities	\$ 180,033	\$ —	\$ (3,736)	\$ —	\$ (10,452)	\$ 165,845
CRT securities	11,846	—	—	—	55	11,901
Loans held for sale(2)	7,658	933	(41)	—	(465)	8,085
Three months ended March 31, 2021						
Available-for-sale debt securities:(1)						
Tax-exempt asset-backed securities	\$ 199,176	\$ —	\$ (11,371)	\$ —	\$ (6,239)	\$ 181,566
CRT securities	11,417	—	—	—	48	11,465
Loans held for sale(2)	6,933	537	(279)	5	79	7,275

(1) Unrealized gains/(losses) on available-for-sale debt securities are recorded in AOCI and relate to assets that remain outstanding at period end. Realized gains/(losses) are recorded in other non-interest income on the consolidated statements of income and other comprehensive income/(loss).

(2) Realized and unrealized gains/(losses) on loans held for sale are recorded in net gain/(loss) on sale of loans held for sale on the consolidated statements of income and other comprehensive income/(loss).

Tax-exempt asset-backed securities

The fair value of tax-exempt asset-backed securities is based on a discounted cash flow model, which utilizes Level 3, or unobservable, inputs, the most significant of which were a discount rate and a weighted-average life. At March 31, 2022, the discount rates utilized ranged from 4.09% to 4.16% and the weighted-average life ranged from 4.33 years to 4.40 years. On a combined amortized cost weighted-average basis a discount rate of 4.12% and weighted-average life of 4.36 years were utilized to determine the fair value of these securities at March 31, 2022. At December 31, 2021, the combined weighted-average discount rate and weighted-average life utilized were 2.60% and 4.61 years, respectively.

CRT securities

The fair value of CRT securities is based on a discounted cash flow model, which utilizes Level 3, or unobservable, inputs, the most significant of which were a discount rate and a weighted-average life. At March 31, 2022, the discount rates utilized ranged from 4.57% to 9.54% and the weighted-average life ranged from 4.84 years to 9.38 years. On a combined amortized cost weighted-average basis a discount rate of 6.23% and a weighted-average life of 6.35 years were utilized to determine the fair value of these securities at March 31, 2022. At December 31, 2021, the combined weighted-average discount rate and combined weighted-average life utilized were 4.97% and 6.35 years, respectively.

Loans held for sale

The fair value of loans held for sale using Level 3 inputs include loans that cannot be sold through normal sale channels and thus require significant management judgment or estimation when determining the fair value. The fair value of such loans is generally based upon quoted prices of comparable loans with a liquidity discount applied. At March 31, 2022, the fair value of these loans was calculated using a weighted-average discounted price of 92.3% compared to 97.8% at December 31, 2021.

Fair Value of Financial Instruments

A summary of the carrying amounts and estimated fair values of financial instruments is as follows:

(in thousands)	Carrying Amount	Estimated Fair Value				
		Total	Level 1	Level 2	Level 3	
March 31, 2022						
Financial assets:						
Cash and cash equivalents	\$ 5,371,533	\$ 5,371,533	\$ 5,371,533	\$ —	\$ —	
Available-for-sale debt securities	2,591,218	2,591,218	367,854	2,045,618	177,746	
Held-to-maturity debt securities	1,009,972	973,591	—	973,591	—	
Equity securities	40,825	40,825	29,154	11,671	—	
Loans held for sale	8,085	8,085	—	—	8,085	
Loans held for investment, net	21,466,248	21,436,263	—	—	21,436,263	
Derivative assets	30,238	30,238	—	30,238	—	
Financial liabilities:						
Total deposits	25,377,938	25,378,165	—	—	25,378,165	
Short-term borrowings	1,427,033	1,427,033	—	1,427,033	—	
Long-term debt	929,414	913,678	—	913,678	—	
Derivative liabilities	30,238	30,238	—	30,238	—	
December 31, 2021						
Financial assets:						
Cash and cash equivalents	\$ 7,946,659	\$ 7,946,659	\$ 7,946,659	\$ —	\$ —	
Available-for-sale debt securities	3,538,201	3,538,201	—	3,346,322	191,879	
Equity securities	45,607	45,607	33,589	12,018	—	
Loans held for sale	8,123	8,123	—	465	7,658	
Loans held for investment, net	22,595,088	22,631,252	—	—	22,631,252	
Derivative assets	37,788	37,788	—	37,788	—	
Financial liabilities:						
Total deposits	28,109,365	28,109,762	—	—	28,109,762	
Short-term borrowings	2,202,832	2,202,832	—	2,202,832	—	
Long-term debt	928,738	952,404	—	952,404	—	
Derivative liabilities	37,788	37,788	—	37,788	—	

(10) Derivative Financial Instruments

The notional amounts and estimated fair values of derivative positions outstanding are presented in the following table.

	March 31, 2022			December 31, 2021		
		Estimated Fair Value			Estimated Fair Value	
(in thousands)	Notional Amount	Asset Derivative	Liability Derivative	Notional Amount	Asset Derivative	Liability Derivative
Non-hedging derivatives:						
Financial institution counterparties:						
Commercial loan/lease interest rate swaps	\$ 1,529,665	\$ 29,161	\$ 8,072	\$ 1,768,045	\$ 3,228	\$ 37,694
Commercial loan/lease interest rate caps	168,701	713	—	191,291	94	—
Customer counterparties:						
Commercial loan/lease interest rate swaps	1,529,665	8,072	29,161	1,768,045	37,694	3,228
Commercial loan/lease interest rate caps	168,701	—	713	191,291	—	94
Gross derivatives		37,946	37,946		41,016	41,016
Offsetting derivative assets/liabilities		(7,708)	(7,708)		(3,228)	(3,228)
Net derivatives included on the consolidated balance sheets		\$ 30,238	\$ 30,238		\$ 37,788	\$ 37,788

The weighted-average received and paid interest rates for interest rate swaps outstanding were as follows:

	March 31, 2022		December 31, 2021	
	Received	Paid	Received	Paid
Non-hedging interest rate swaps - financial institution counterparties	1.58 %	2.83 %	1.15 %	2.65 %
Non-hedging interest rate swaps - customer counterparties	2.83 %	1.58 %	2.65 %	1.15 %

The weighted-average strike rate for outstanding interest rate caps was 2.47% at March 31, 2022 and 2.54% at December 31, 2021.

Our credit exposure on derivative instruments is limited to the net favorable value and interest payments by each counterparty. In some cases collateral may be required from the counterparties involved if the net value of the derivative instruments exceeds a nominal amount. Our credit exposure associated with these instruments, net of any collateral pledged, was approximately \$30.2 million at March 31, 2022, and approximately \$37.8 million at December 31, 2021. Collateral levels are monitored and adjusted on a regular basis for changes in interest rate swap and cap values, as well as for changes in the value of forward sale commitments. We had \$14.3 million and \$40.3 million in cash collateral pledged for these derivatives at March 31, 2022 and December 31, 2021, respectively, included in interest-bearing cash and cash equivalents on the consolidated balance sheets.

We also enter into credit risk participation agreements with financial institution counterparties for interest rate swaps related to loans in which we are either a participant or a lead bank. The risk participation agreements entered into by us as a participant bank provide credit protection to the financial institution counterparty should the borrower fail to perform on its interest rate derivative contract with that financial institution. We are party to 12 risk participation agreements where we are a participant bank with a notional amount of \$126.8 million at March 31, 2022, compared to seven risk participation agreements having a notional amount of \$79.2 million at December 31, 2021. The maximum estimated exposure to these agreements, assuming 100% default by all obligors, was approximately \$750,000 at March 31, 2022 and \$2.3 million at December 31, 2021. The fair value of these exposures was insignificant to the consolidated financial statements at both March 31, 2022 and December 31, 2021. Risk participation agreements entered into by us as the lead bank provide credit protection to us should the borrower fail to perform on its interest rate derivative contract with us. We are party to 17 risk participation agreements where we are the lead bank having a notional amount of \$197.8 million at March 31, 2022, compared to 15 agreements having a notional amount of \$156.1 million at December 31, 2021.

(11) New Accounting Standards

Accounting Standard Update ("ASU") ASU 2022-01, "Derivatives and Hedging (Topic 815)" ("ASU 2022-01") clarifies the guidance in ASC 815 on fair value hedge accounting of interest rate risk for portfolios and financial assets. Among other things, the amended guidance established the "last-of-layer" method for making the fair value hedge accounting for these portfolios more accessible and renamed that method the "portfolio layer" method. ASU 2022-01 is effective January 1, 2023 and is not expected to have a significant impact on our consolidated financial statements.

ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)" ("ASU 2022-02") eliminates the guidance on troubled debt restructurings and requires entities to evaluate all loan modifications to determine if they result in a new loan or a continuation of the existing loan. ASU 2022-02 also requires that entities disclose current-period gross charge-offs by year of origination for loans and leases. ASU 2022-02 is effective January 1, 2023 and will have an impact on our financial statement disclosures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations for the three months ended March 31, 2022 and 2021 should be read in conjunction with our audited consolidated financial statements and the related notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Form 10-K"). Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results for the year ending December 31, 2022 or any future period.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our beliefs, assumptions and expectations of our future performance taking into account all information available to us at the time such statements are made. Forward-looking statements may often be identified by the use of words such as "expects," "estimates," "anticipates," "plans," "goals," "objectives," "intends," "seeks," "likely," "should," "may" "could" and other similar expressions. These forward-looking statements are based on the historical performance of the Company or on the Company's current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations so contemplated will be achieved, and should not be the primary basis upon which investors evaluate an investment in our securities. Certain risks, uncertainties and other factors, including those set forth under "Risk Factors" in Part I, Item 1A of the 2021 Form 10-K and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K may cause actual results to differ materially from the results discussed in the forward-looking statements appearing in this discussion and analysis and may include factors such as, but not limited to, credit quality and risk, the COVID-19 pandemic, industry and technological changes, cyber incidents or other failures, disruptions or security breaches, interest rates, commercial and residential real estate values, economic and market conditions in Texas, the United States or internationally, fund availability, accounting estimates and risk management processes, the transition away from the London Interbank Offered Rate (LIBOR), legislative and regulatory changes, business strategy execution, key personnel, competition, mortgage markets, fraud, environmental liability and severe weather, natural disasters, acts of war or terrorism or other external events. The Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Results of Operations

Three months ended March 31, 2022 compared to three months ended March 31, 2021

Selected income statement data and key performance indicators are presented in the table below:

<i>(dollars in thousands except per share data)</i>	For the Three Months Ended	
	March 31, 2022	March 31, 2021
Net interest income	\$ 183,547	\$ 194,812
Provision for credit losses	(2,000)	(6,000)
Non-interest income	20,282	44,353
Non-interest expense	153,092	150,316
Income before income taxes	52,737	94,849
Income tax expense	13,087	22,911
Net income	39,650	71,938
Preferred stock dividends	4,313	3,779
Net income available to common stockholders	\$ 35,337	\$ 68,159
Earnings per common share - basic	\$ 0.70	\$ 1.35
Earnings per common share - diluted	\$ 0.69	\$ 1.33
Net interest margin	2.23 %	2.04 %
Return on average assets	0.47 %	0.73 %
Return on average common equity	4.97 %	10.08 %
Non-interest income to average earning assets	0.25 %	0.46 %
Efficiency ratio(1)	75.1 %	62.9 %
Non-interest expense to average earning assets	1.86 %	1.57 %

(1) Non-interest expense divided by the sum of net interest income and non-interest income.

We reported net income of \$39.7 million and net income available to common stockholders of \$35.3 million for the first quarter of 2022 compared to net income of \$71.9 million and net income available to common stockholders of \$68.2 million for the first quarter of 2021. On a fully diluted basis, earnings per common share were \$0.69 for the first quarter of 2022, compared to \$1.33 for the first quarter of 2021. Return on average common equity (“ROE”) was 4.97% and return on average assets (“ROA”) was 0.47% for the first quarter of 2022, compared to 10.08% and 0.73%, respectively, for the first quarter of 2021. The decrease in net income for the first quarter of 2022 compared to the first quarter of 2021 resulted primarily from decreases in net interest income and non-interest income.

Details of the changes in the various components of net income are discussed below.

Taxable Equivalent Net Interest Income Analysis

(in thousands except percentages)	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
Assets						
Investment securities(1)	\$ 3,669,257	\$ 17,743	1.96 %	\$ 3,422,571	\$ 10,359	1.23 %
Interest bearing cash and cash equivalents	8,552,300	3,571	0.17 %	11,845,547	2,933	0.10 %
Loans held for sale	7,633	113	6.01 %	243,326	1,595	2.66 %
Loans held for investment, mortgage finance	5,732,901	43,466	3.07 %	8,177,759	64,942	3.22 %
Loans held for investment(1)(2)	15,686,319	144,134	3.73 %	15,457,888	143,935	3.78 %
Less: Allowance for credit losses on loans	212,612	—	—	254,697	—	—
Loans held for investment, net	21,206,608	187,600	3.59 %	23,380,950	208,877	3.62 %
Total earning assets	33,435,798	209,027	2.54 %	38,892,394	223,764	2.33 %
Cash and other assets	819,486			1,064,679		
Total assets	\$ 34,255,284			\$ 39,957,073		
Liabilities and Stockholders' Equity						
Transaction deposits	\$ 2,432,687	\$ 3,962	0.66 %	\$ 3,991,966	\$ 5,861	0.60 %
Savings deposits	10,420,545	8,583	0.33 %	12,889,974	10,788	0.34 %
Time deposits	1,038,722	1,085	0.42 %	2,204,242	3,355	0.62 %
Total interest bearing deposits	13,891,954	13,630	0.40 %	19,086,182	20,004	0.43 %
Short-term borrowings	1,770,781	758	0.17 %	2,686,398	2,592	0.39 %
Long-term debt	929,005	10,595	4.63 %	464,731	5,743	5.01 %
Total interest bearing liabilities	16,591,740	24,983	0.61 %	22,237,311	28,339	0.52 %
Non-interest bearing deposits	14,235,749			14,421,505		
Other liabilities	243,141			309,644		
Stockholders' equity	3,184,654			2,988,613		
Total liabilities and stockholders' equity	\$ 34,255,284			\$ 39,957,073		
Net interest income(1)		\$ 184,044			\$ 195,425	
Net interest margin			2.23 %			2.04 %
Net interest spread			1.93 %			1.81 %

(1) Taxable equivalent rates used where applicable.

(2) Average balances include non-accrual loans which are stated net of unearned income.

Volume/Rate Analysis

The following table presents the changes in taxable-equivalent net interest income and identifies the changes due to differences in the average volume of earning assets and interest-bearing liabilities and the changes due to differences in the average interest rate on those assets and liabilities.

(in thousands)	Three months ended March 31, 2022/2021		
	Net Change	Change due to(1)	
		Volume	Yield/Rate(2)
Interest income:			
Investment securities	\$ 7,384	\$ 748	\$ 6,636
Interest bearing cash and cash equivalents	638	(812)	1,450
Loans held for sale	(1,482)	(1,546)	64
Loans held for investment, mortgage finance loans	(21,476)	(19,412)	(2,064)
Loans held for investment	199	2,129	(1,930)
Total	(22,759)	(18,829)	(3,930)
Interest expense:			
Transaction deposits	(1,899)	(2,307)	408
Savings deposits	(2,205)	(2,070)	(135)
Time deposits	(2,270)	(1,782)	(488)
Short-term borrowings	(1,834)	(880)	(954)
Long-term debt	4,852	5,735	(883)
Total	(3,356)	(1,304)	(2,052)
Net interest income	\$ (19,403)	\$ (17,525)	\$ (1,878)

(1) Yield/rate and volume variances are allocated to yield/rate.

(2) Taxable equivalent rates used where applicable assuming a 21% tax rate.

Net Interest Income

Net interest income was \$183.5 million for the three months ended March 31, 2022, compared to \$194.8 million for the same period in 2021. The decrease was primarily due to a decrease in average loans held for investment, mortgage finance, partially offset by an increase in investment securities yields.

Average earning assets for the three months ended March 31, 2022 decreased \$5.5 billion compared to the same period in 2021, and included a \$3.3 billion decrease in average interest-bearing cash and cash equivalents and a \$2.4 billion decrease in average loans held for investment, mortgage finance. The decrease in average interest bearing cash and cash equivalents resulted primarily from our proactive exit of certain high-cost indexed deposit products in the second half of 2021. The decrease in average loans held for investment, mortgage finance, was primarily due to reduced volumes as a result of the rising interest rate environment. Average interest-bearing liabilities for the three months ended March 31, 2022 decreased \$5.6 billion compared to the same period in 2021, primarily due to a \$5.2 billion decrease in average interest-bearing deposits. Average demand deposits for the three months ended March 31, 2022 decreased \$185.8 million compared to the same period in 2021.

Net interest margin for the three months ended March 31, 2022 was 2.23% compared to 2.04% for the same period in 2021, primarily due to a shift in the composition of earning assets, primarily declines in interest-bearing cash and cash equivalents and LHI, mortgage finance.

The yield on total loans held for investment decreased to 3.59% for the three months ended March 31, 2022 compared to 3.62% for the same period in 2021, and the yield on earning assets increased to 2.54% for the three months ended March 31, 2022 compared to 2.33% for the same period in 2021. The average cost of total deposits decreased to 0.20% for the three months ended March 31, 2022 from 0.24% for the same period in 2021, and total funding costs, including all deposits, long-term debt and stockholders' equity, increased to 0.30% for the three months ended March 31, 2022 compared to 0.29% for the same period in 2021.

Non-interest Income

(in thousands)	Three months ended March 31,	
	2022	2021
Service charges on deposit accounts	\$ 6,022	\$ 4,716
Wealth management and trust fee income	3,912	2,855
Brokered loan fees	3,970	9,311
Servicing income	237	9,009
Investment banking and trading income	4,179	5,787
Net gain/(loss) on sale of loans held for sale	—	5,572
Other	1,962	7,103
Total non-interest income	\$ 20,282	\$ 44,353

Non-interest income decreased \$24.1 million during the three months ended March 31, 2022 compared to the same period in 2021. The decrease was primarily due to decreases in brokered loan fees, servicing fee income and net gain/(loss) on sale of loans held for sale all as a result of the sale of our mortgage servicing rights portfolio and transition of the mortgage correspondent aggregation program in 2021.

Non-interest Expense

(in thousands)	Three months ended March 31,	
	2022	2021
Salaries and benefits	\$ 100,098	\$ 87,522
Occupancy expense	8,885	8,274
Marketing	4,977	1,697
Legal and professional	10,302	8,277
Communications and technology	14,700	15,969
FDIC insurance assessment	3,981	6,613
Servicing-related expenses	—	12,989
Other	10,149	8,975
Total non-interest expense	\$ 153,092	\$ 150,316

Non-interest expense for the three months ended March 31, 2022 increased \$2.8 million compared to the same period in 2021. The increase was primarily due to increases in salaries and benefits, partially offset by a decrease in servicing-related expenses. The increase in salaries and benefits expense was primarily due to an increase in headcount, while the decrease in service-related expenses resulted primarily from the sale of our mortgage servicing rights portfolio in 2021.

Analysis of Financial Condition

Loans Held for Investment

The following table summarizes our loans held for investment by portfolio segment:

(in thousands)	March 31, 2022	December 31, 2021
Commercial	\$ 10,175,668	\$ 9,897,561
Energy	797,191	721,373
Mortgage finance	5,827,965	7,475,497
Real estate	4,943,195	4,777,530
Gross loans held for investment	\$ 21,744,019	\$ 22,871,961
Deferred income (net of direct origination costs)	(66,620)	(65,007)
Total loans held for investment	21,677,399	22,806,954
Allowance for credit losses on loans	(211,151)	(211,866)
Total loans held for investment, net	\$ 21,466,248	\$ 22,595,088

Total loans held for investment were \$21.7 billion at March 31, 2022, a decline of \$1.1 billion from December 31, 2021. The decline in total loans held for investment was primarily due to a decline in mortgage finance loans, partially offset by increases in commercial and real estate loans. Mortgage finance loans relate to our mortgage warehouse lending operations in which we purchase mortgage loan ownership interests that are typically sold within 10 to 20 days and represent 27% of total loans held for investment at March 31, 2022 compared to 33% at December 31, 2021. Volumes fluctuate based on the level of market

demand for the product and the number of days between purchase and sale of the loans, which can be affected by changes in overall market interest rates, and tend to peak at the end of each month. The balances of mortgage finance loans have continued to decline in the first quarter of 2022 as interest rates have continued to rise.

We originate a substantial majority of all loans held for investment. We also participate in syndicated loan relationships, both as a participant and as an agent. As of March 31, 2022, we had \$2.7 billion in syndicated loans, \$649.5 million of which we administer as agent. All syndicated loans, whether we act as agent or participant, are underwritten to the same standards as all other loans we originate. As of March 31, 2022, none of our syndicated loans were on non-accrual.

Portfolio Concentrations

Although more than 50% of our total loan exposure is outside of Texas and more than 50% of our deposits are sourced outside of Texas, our Texas concentration remains significant. As of March 31, 2022, a majority of our loans held for investment, excluding mortgage finance loans and other national lines of business, were to businesses with headquarters or operations in Texas. This geographic concentration subjects the loan portfolio to the general economic conditions within this state. The risks created by this concentration have been considered by management in the determination of the appropriateness of the allowance for credit losses.

Non-performing Assets

Non-performing assets include non-accrual loans and leases and repossessed assets. The table below summarizes our non-performing assets by type and by type of property securing the credit.

<i>(in thousands)</i>	March 31, 2022		December 31, 2021	
Non-accrual loans held for investment(1):				
Commercial:				
Assets of the borrowers	\$	17,927	\$	18,366
Accounts receivable and inventory		5,450		5,501
Other		2,093		2,045
Total commercial		25,470		25,912
Energy:				
Oil and gas properties		18,267		28,380
Total energy		18,267		28,380
Real estate:				
Assets of the borrowers		12,666		13,741
Commercial property		2,738		2,840
Single family residences		186		1,629
Total real estate		15,590		18,210
Total non-accrual loans held for investment		59,327		72,502
Non-accrual loans held for sale		—		—
Other real estate owned		—		—
Total non-performing assets	\$	59,327	\$	72,502
Non-accrual loans held for investment to total loans held for investment		0.27 %		0.32 %
Allowance for credit losses on loans to non-accrual loans held for investment		3.6x		2.9x
Loans held for investment past due 90 days and still accruing(2)	\$	6,031	\$	3,467
Loans held for investment past due 90 days to total loans held for investment		0.03 %		0.02 %
Loans held for sale past due 90 days and still accruing(3)	\$	3,865	\$	3,986

(1) As of March 31, 2022 and December 31, 2021, non-accrual loans included \$18.0 million and 19.4 million, respectively, in loans that met the criteria for restructured.

(2) At March 31, 2022 and December 31, 2021, loans past due 90 days and still accruing includes premium finance loans of \$3.2 million and \$3.3 million, respectively.

(3) Includes loans guaranteed by U.S. government agencies that were repurchased out of Ginnie Mae securities. Loans are recorded as loans held for sale and carried at fair value on the balance sheet. Interest on these past due loans accrues at the debenture rate guaranteed by the U.S. government.

Summary of Credit Loss Experience

The provision for credit losses, comprised of a provision for loans and off-balance sheet credit losses, is a charge to earnings to maintain the allowance for credit losses at a level consistent with management's assessment of expected losses at each balance sheet date.

We recorded a \$2.0 million negative provision for credit losses for the three months ended March 31, 2022, compared to a negative provision of \$6.0 million for the three months ended March 31, 2021. The \$2.0 million negative provision for credit losses resulted from a decline in criticized loans, partially offset by an increase in loans held for investment, excluding mortgage finance. We recorded \$512,000 in net recoveries during the three months ended March 31, 2022, compared to net charge-offs of \$6.4 million during the three months ended March 31, 2021. Criticized loans totaled \$476.1 million at March 31, 2022, compared to \$945.1 million at March 31, 2021.

The table below presents key metrics related to our credit loss experience:

	March 31, 2022	March 31, 2021
Allowance for credit losses on loans to total loans held for investment	0.97 %	0.99 %
Allowance for credit losses on loans to total average loans held for investment	0.99 %	1.03 %
Total provision for credit losses to average total loans held for investment(1)	(0.04)%	(0.10)%
Total allowance for credit losses to total loans held for investment	1.05 %	1.06 %

(1) Interim period ratios are annualized.

The table below details net charge-offs (recoveries) as a percentage of average total loans by loan category:

	Three months ended March 31,			
	2022		2021	
	Net Charge-offs	Net Charge-offs to Average Loans(1)	Net Charge-offs	Net Charge-offs to Average Loans(1)
Commercial	\$ (107)	— %	\$ 1,401	0.06 %
Energy	(755)	(0.40)%	5,017	2.94 %
Mortgage finance	—	— %	—	— %
Real estate	350	0.03 %	—	— %
Total	\$ (512)	(0.01)%	\$ 6,418	0.11 %

(1) Interim period ratios are annualized.

Liquidity and Capital Resources

Liquidity

In general terms, liquidity is a measurement of our ability to meet our cash needs. Our objectives in managing our liquidity are to maintain our ability to meet loan commitments, repurchase investment securities and repay deposits and other liabilities in accordance with their terms, without an adverse impact on our current or future earnings. Our liquidity strategy is guided by policies, formulated and monitored by our senior management and our Asset and Liability Management Committee (“ALCO”), which take into account the demonstrated marketability of our assets, the sources and stability of our funding and the level of unfunded commitments. We regularly evaluate all of our various funding sources with an emphasis on accessibility, stability, reliability and cost-effectiveness. Our principal source of funding is customer deposits, supplemented by short-term borrowings, primarily federal funds purchased and FHLB borrowings, which are generally used to fund mortgage finance assets, as well as long-term debt. We also rely on the availability of the mortgage secondary market provided by Ginnie Mae and the government-sponsored enterprises to support the liquidity of our mortgage finance assets.

During 2020 and into the first half of 2021, we significantly increased our interest-bearing cash and cash equivalents to ensure that we had the balance sheet strength to serve our clients during the COVID-19 pandemic. In the second half of 2021 and continuing into the first three months of 2022, these balances have run off as we have purchased investment securities and proactively exited certain high-cost indexed deposit products. The following table summarizes these balances:

(in thousands except percentage data)	March 31, 2022	December 31, 2021	March 31, 2021
Interest-bearing cash and cash equivalents	\$ 5,136,680	\$ 7,765,996	\$ 11,212,276
Interest-bearing cash and cash equivalents as a percent of:			
Total loans held for investment	23.7 %	34.1 %	45.9 %
Total earning assets	17.0 %	22.9 %	28.8 %
Total deposits	20.2 %	27.6 %	33.6 %

Our liquidity needs to support growth in loans held for investment have been fulfilled primarily through growth in our core customer deposits. Our goal is to obtain as much of our funding for loans held for investment and other earning assets as possible from deposits of these core customers. These deposits are generated principally through development of long-term customer relationships, with a significant focus on treasury management products. In addition to deposits from our core customers, we also have access to deposits through brokered customer relationships.

We also have access to incremental deposits through brokered retail certificates of deposit, or CDs. These traditional brokered deposits are generally of short maturities and are used to fund temporary differences in the growth in loan balances as compared to customer deposits. The following table summarizes our period-end and average core customer deposits, relationship brokered deposits and traditional brokered deposits:

<i>(in thousands)</i>	March 31, 2022	December 31, 2021	March 31, 2021
Deposits from core customers	\$ 24,020,695	\$ 25,409,180	\$ 30,102,156
Deposits from core customers as a percent of total deposits	94.7 %	90.4 %	90.1 %
Relationship brokered deposits	\$ 812,108	\$ 1,855,892	\$ 1,933,376
Relationship brokered deposits as a percent of average total deposits	3.2 %	6.6 %	5.8 %
Traditional brokered deposits	\$ 545,135	\$ 844,293	\$ 1,356,438
Traditional brokered deposits as a percent of total deposits	2.1 %	3.0 %	4.1 %
Average deposits from core customers(1)	\$ 25,906,368	\$ 28,734,460	\$ 29,980,945
Average deposits from core customers as a percent of average total deposits	92.1 %	91.1 %	89.5 %
Average relationship brokered deposits(1)	\$ 1,517,430	\$ 1,608,587	\$ 1,912,099
Average relationship brokered deposits as a percent of average total deposits	5.4 %	5.1 %	5.7 %
Average traditional brokered deposits(1)	\$ 703,905	\$ 1,188,544	\$ 1,614,643
Average traditional brokered deposits as a percent of average total deposits	2.5 %	3.8 %	4.8 %

(1) Annual averages presented for December 31, 2021.

We have access to sources of traditional brokered deposits that we estimate to be \$7.5 billion. Based on our internal guidelines, we have currently chosen to limit our use of these sources to a lesser amount.

We have short-term borrowing sources available to supplement deposits and meet our funding needs. Such borrowings are generally used to fund our mortgage finance loans, due to their liquidity, short duration and interest spreads available. These borrowing sources include federal funds purchased from our downstream correspondent bank relationships (which consist of banks that are smaller than our Bank) and from our upstream correspondent bank relationships (which consist of banks that are larger than our Bank), customer repurchase agreements and advances from the FHLB and the Federal Reserve. The following table summarizes the outstanding balance of our short-term borrowings, all of which mature within one year:

<i>(in thousands)</i>	March 31, 2022	December 31, 2021
Repurchase agreements	\$ 2,033	2,832
FHLB borrowings	1,425,000	2,200,000
Total short-term borrowings	\$ 1,427,033	2,202,832

The following table summarizes our short-term borrowing capacities net of balances outstanding.

<i>(in thousands)</i>	March 31, 2022	December 31, 2021
FHLB borrowing capacity relating to loans	\$ 4,200,346	\$ 5,190,703
FHLB borrowing capacity relating to securities	3,378,391	3,352,111
Total FHLB borrowing capacity(1)	\$ 7,578,737	\$ 8,542,814
Unused federal funds lines available from commercial banks	\$ 1,096,000	\$ 892,000
Unused Federal Reserve borrowings capacity	\$ 2,806,914	\$ 2,414,702
Unused revolving line of credit(2)	\$ 75,000	\$ 75,000

(1) FHLB borrowings are collateralized by a blanket floating lien on certain real estate secured loans, mortgage finance assets and certain pledged securities.

(2) Unsecured revolving, non-amortizing line of credit with maturity date of February 8, 2023. Proceeds may be used for general corporate purposes, including funding regulatory capital infusions into the Bank. The loan agreement contains customary financial covenants and restrictions. No borrowings were made against this line of credit during the three months ended March 31, 2022.

We also have long-term debt outstanding of \$929.4 million as of March 31, 2022, comprised of trust preferred securities, subordinated notes and senior unsecured credit linked notes with maturity dates ranging from September 2024 to December 2036. The Company may consider raising additional capital, if needed, in public or private offerings of debt or equity securities to supplement deposits and meet our long-term funding needs.

For additional information regarding our borrowings see Note 5 - Borrowings in the accompanying notes to the consolidated unaudited financial statements included elsewhere in this report.

As the Company is a holding company and is a separate operating entity from our subsidiary bank, our primary sources of liquidity are dividends received from the Bank and borrowings from outside sources. Banking regulations may limit the amount of dividends that may be paid by the Bank. See Note 7 - Regulatory Restrictions in the accompanying notes to the consolidated unaudited financial statements included elsewhere in this report for additional information regarding dividend restrictions.

Periodically, based on market conditions and other factors, and subject to compliance with applicable laws and regulations and the terms of our existing indebtedness, we or the Bank may repay, repurchase, exchange or redeem outstanding indebtedness, or otherwise enter into transactions regarding our debt or capital structure. For example, we and the Bank periodically evaluate and may engage in liability management transactions, including repurchases or redemptions of outstanding subordinated notes, which may be funded by the issuance of, or exchanges of, newly issued unsecured borrowings, as we seek to actively manage our debt maturity profile and interest cost.

As of March 31, 2022, management is not aware of any events that are reasonably likely to have a material adverse effect on our liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity that would have a material adverse effect on us.

Capital Resources

Our equity capital averaged \$3.2 billion for the three months ended March 31, 2022 compared to \$3.0 billion for the same period in 2021. We have not paid any cash dividends on our common stock since we commenced operations and have no plans to do so in the foreseeable future.

On April 19, 2022, our board of directors authorized a new share repurchase program under which we may repurchase up to \$150.0 million in shares of our outstanding common stock. Any repurchases under the repurchase program will be made in accordance with applicable securities laws from time to time in open market or private transactions. The extent to which we repurchase shares, and the timing of such repurchases, will be at management's discretion and will depend upon a variety of factors, including market conditions, our capital position and amount of retained earnings, regulatory requirements and other considerations. No time limit was set for the completion of the share repurchase program, and the program may be suspended or discontinued at any time.

See Note 7 - Regulatory Restrictions in the accompanying notes to the consolidated unaudited financial statements included elsewhere in this report for additional information regarding dividend restrictions.

Critical Accounting Estimates

SEC guidance requires disclosure of "critical accounting estimates." The SEC defines "critical accounting estimates" as those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant.

We follow financial accounting and reporting policies that are in accordance with accounting principles generally accepted in the United States. Certain significant policies are summarized in Note 1 - Operations and Summary of Significant Accounting Policies in the notes to the consolidated unaudited financial statements included elsewhere in this report and in our 2021 Form 10-K. Not all significant accounting policies require management to make difficult, subjective or complex judgments. However, the policy noted below could be deemed to be highly dependent on estimates, assumptions and judgments that meet the SEC's definition of a critical accounting estimate.

Allowance for Credit Losses

Management considers the policies related to the allowance for credit losses as the most critical to the financial statement presentation. The total allowance for credit losses includes activity related to allowances calculated in accordance with ASC 326, *Credit Losses*. The allowance for credit losses is established through a provision for credit losses charged to current earnings. The amount maintained in the allowance reflects management's continuing evaluation of the credit losses expected to be recognized over the life of the loans in our portfolio. The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. For purposes of determining the allowance for credit losses, the loan portfolio is segregated by product types in order to recognize differing risk profiles among categories, and then further segregated by credit grades. Loans that do not share risk characteristics are evaluated on an individual basis and are not included in the collective evaluation. Management estimates the allowance balance using relevant available information from internal and external sources relating to past events, current conditions and reasonable and supportable forecasts. Adjustments to historical loss information are made to incorporate our reasonable and supportable forecast of future losses at the portfolio segment level, as well as any necessary qualitative adjustments using a Portfolio Level Qualitative Factor ("PLQF") and/or a Portfolio Segment Level Qualitative Factor ("SLQF"). The PLQF and SLQF are utilized to address factors that are not present in historical loss rates and are otherwise unaccounted for in the quantitative process. A reserve is recorded upon origination or purchase of a loan. See "*Summary of Credit Loss Experience*" above and Note 4 – Loans and Allowance for Credit Losses on Loans in the accompanying notes to the consolidated unaudited financial statements included elsewhere in this report for further discussion of the risk factors considered by management in establishing the allowance for credit losses.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices, or equity prices. Additionally, the financial instruments subject to market risk can be classified either as held for trading purposes or held for other than trading.

We are subject to market risk primarily through the effect of changes in interest rates on our portfolio of assets held for purposes other than trading. Additionally, we have some market risk relative to commodity prices through our energy lending activities. Declines and volatility in commodity prices negatively impacted our energy clients' ability to perform on their loan obligations in recent years, and further uncertainty and volatility could have a negative impact on our customers and our loan portfolio in future periods. Foreign exchange rates, commodity prices (other than energy) and equity prices are not expected to pose significant market risk to us.

The responsibility for managing market risk rests with the Asset and Liability Management Committee ("ALCO"), which operates under policy guidelines established by our board of directors. The acceptable negative variation in net interest revenue due to a 100 basis point increase or decrease in interest rates is generally limited by these guidelines to plus or minus 10-12%. Oversight of our compliance with these guidelines is the ongoing responsibility of the ALCO, with exceptions reported to the Executive Risk Committee, and to our Board of Directors if necessary, on a quarterly basis. Additionally, the Credit Policy Committee ("CPC") specifically manages risk relative to commodity price market risks. The CPC establishes maximum portfolio concentration levels for energy loans as well as maximum advance rates for energy collateral.

Interest Rate Risk Management

Our interest rate sensitivity is illustrated in the following table. The table reflects rate-sensitive positions as of March 31, 2022 and is not necessarily indicative of positions on other dates. The balances of interest rate sensitive assets and liabilities are presented in the periods in which they next reprice to market rates or mature and are aggregated to show the interest rate sensitivity gap. The mismatch between repricings or maturities within a time period is commonly referred to as the "gap" for that period. A positive gap (asset sensitive), where interest rate-sensitive assets exceed interest rate sensitive liabilities, generally will result in the net interest margin increasing in a rising rate environment and decreasing in a falling rate environment. A negative gap (liability sensitive) will generally have the opposite results on the net interest margin. To reflect anticipated prepayments, certain asset and liability categories are shown in the table using estimated cash flows rather than contractual cash flows. The Company employs interest rate floors in certain variable rate loans to enhance the yield on those loans at times when market interest rates are extraordinarily low. The degree of asset sensitivity, spreads on loans and net interest margin may be reduced until rates increase by an amount sufficient to eliminate the effects of floors. The adverse effect of floors as market rates increase may also be offset by the positive gap, the extent to which rates on deposits and other funding sources lag increasing market rates for loans and changes in composition of funding.

Interest Rate Sensitivity Gap Analysis
March 31, 2022

(in thousands)	0-3 month Balance		4-12 month Balance		1-3 year Balance		3+ year Balance		Total Balance
Assets:									
Interest-bearing cash and cash equivalents	\$	5,136,680	\$	—	\$	—	\$	—	5,136,680
Investment securities(1)		53,362		1,616		262,638		3,324,399	3,642,015
Total variable loans		18,758,901		103,979		27,640		270,758	19,161,278
Total fixed loans		260,346		1,338,040		227,872		764,568	2,590,826
Total loans(2)		19,019,247		1,442,019		255,512		1,035,326	21,752,104
Total interest sensitive assets	\$	24,209,289	\$	1,443,635	\$	518,150	\$	4,359,725	\$ 30,530,799
Liabilities:									
Interest bearing customer deposits	\$	11,092,017	\$	—	\$	—	\$	—	11,092,017
CDs & IRAs		54,225		233,417		17,897		524	306,063
Traditional brokered deposits		—		545,135		—		—	545,135
Total interest bearing deposits		11,146,242		778,552		17,897		524	11,943,215
Short-term borrowings		1,427,033		—		—		—	1,427,033
Long-term debt		270,988		—		—		658,426	929,414
Total interest sensitive liabilities	\$	12,844,263	\$	778,552	\$	17,897	\$	658,950	\$ 14,299,662
GAP	\$	11,365,026	\$	665,083	\$	500,253	\$	3,700,775	—
Cumulative GAP	\$	11,365,026	\$	12,030,109	\$	12,530,362	\$	16,231,137	\$ 16,231,137
Non-interest bearing deposits									
									13,434,723
Stockholders' equity									3,090,038
Total									\$ 16,524,761

(1) Available-for-sale debt securities and equity securities based on fair market value.

(2) Total loans includes loans held for investments, stated at gross, and loans held for sale.

While a gap interest table is useful in analyzing interest rate sensitivity, an interest rate sensitivity simulation provides a better illustration of the sensitivity of earnings to changes in interest rates. Earnings are also affected by the effects of changing interest rates on the value of funding derived from demand deposits and stockholders' equity. We perform a sensitivity analysis to identify interest rate risk exposure on net interest income. We quantify and measure interest rate risk exposure using a model to dynamically simulate the effect of changes in net interest income relative to changes in interest rates over the next twelve months based on three interest rate scenarios. These are a static rate scenario and two "shock test" scenarios.

These scenarios are based on interest rates as of the last day of a reporting period published by independent sources and incorporate relevant spreads of instruments that are actively traded in the open market. The Federal Reserve's federal funds target affects short-term borrowing; the prime lending rate, LIBOR and other alternative indexes are the basis for most of our variable-rate loan pricing. The 10-year treasury rate is also monitored because of its effect on prepayment speeds for mortgage-backed securities. These are our primary interest rate exposures. We are currently not using derivatives to manage our interest rate exposure, although we may do so in the future if that appears advisable.

For modeling purposes, the "shock test" scenarios as of March 31, 2022 and 2021 assume immediate, sustained 100 and 200 basis point increases in interest rates. Although short-term rates have begun to rise, they still remained low through the first three months of 2021 and 2022, and, as such, we do not believe that analysis of an assumed decrease in interest rates would provide meaningful results. We will continue to evaluate these scenarios as interest rates change.

Our interest rate risk exposure model incorporates assumptions regarding the level of interest rate on indeterminable maturity deposits (demand deposits, interest-bearing transaction accounts and savings accounts) for a given level of market rate change. In the current environment of decreasing short-term rates, deposit pricing can vary by product and customer. These assumptions have been developed through a combination of historical analysis and projection of future expected pricing behavior. Changes in prepayment behavior of mortgage-backed securities, residential and commercial mortgage loans in each rate environment are captured using industry estimates of prepayment speeds for various coupon segments of the portfolio. The impact of these changes is factored into the simulation model. This modeling indicated interest rate sensitivity as follows:

(in thousands)	Anticipated Impact Over the Next Twelve Months as Compared to Most Likely Scenario			
	March 31, 2022		March 31, 2021	
	100 bps Increase	200 bps Increase	100 bps Increase	200 bps Increase
Change in net interest income	\$ 70,943	\$ 149,105	\$ 38,809	\$ 93,622

The simulations used to manage market risk are based on numerous assumptions regarding the effect of changes in interest rates on the timing and extent of repricing characteristics, future cash flows and customer behavior. These assumptions are inherently uncertain and, as a result, the model cannot precisely estimate net interest income or precisely predict the impact of higher or lower interest rates on net interest income. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions, customer behavior and management strategies, among other factors.

In 2017, the U.K. Financial Conduct Authority announced that it would no longer compel banks to submit rates for the calculation of LIBOR after 2021. The administrator of LIBOR has proposed to extend publication of the most commonly used U.S. dollar LIBOR settings to June 30, 2023 and to cease publishing other LIBOR settings on December 31, 2021. The U.S. federal banking agencies issued guidance strongly encouraging banking organizations to cease using U.S. dollar LIBOR as a reference rate in new contracts as soon as practicable and in any event by December 31, 2021. We have significant exposure to financial instruments with attributes that are either directly or indirectly dependent on LIBOR to establish their interest rate and/or value, some of which mature after December 31, 2021. We have established a working group, consisting of key stakeholders from throughout the Company, to monitor developments relating to LIBOR changes and to guide the Bank's response. This team is continuing to work to ensure that our technology systems are prepared for the transition, our loan documents that reference LIBOR-based rates have been appropriately amended to reference other methods of interest rate determinations and internal and external stakeholders are apprised of the transition. Based on our transition progress to date, we ceased originating LIBOR-based products and began originating Bloomberg Short Term Yield Index based loans in December 2021. We are also prepared with other alternative benchmarks to support the transition from LIBOR. Over the next 12 months, we will continue to transition all remaining LIBOR-based products to an alternative benchmark. We will also continue to evaluate the transition process and align our trajectory with regulatory guidelines regarding the cessation of LIBOR as well as monitor new developments for transitioning to alternative reference rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the supervision and participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based upon that evaluation, we have concluded that, as of the end of such period, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(f) under the Exchange Act) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is subject to various claims and legal actions that may arise in the ordinary course of conducting its business. Management does not expect the disposition of any of these matters to have a material adverse impact on the Company's financial statements or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors previously disclosed in the 2021 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On April 19, 2022, our board of directors authorized a new share repurchase program under which we may repurchase up to \$150.0 million in shares of our outstanding common stock. Any repurchases under the repurchase program will be made in accordance with applicable securities laws from time to time in open market or private transactions. The extent to which we repurchase shares, and the timing of such repurchases, will be at management's discretion and will depend upon a variety of factors, including market conditions, our capital position and amount of retained earnings, regulatory requirements and other considerations. No time limit was set for the completion of the share repurchase program, and the program may be suspended or discontinued at any time.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

10.1	<u>Form of 2022 Time-Based Award Agreement pursuant to the Texas Capital Bancshares, Inc. 2015 Long-Term Incentive Plan+*</u>
10.2	<u>Form of 2022 Performance-Based Award Agreement pursuant to the Texas Capital Bancshares, Inc. 2015 Long-Term Incentive Plan+*</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act*</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act*</u>
32.1	<u>Section 1350 Certification of Chief Executive Officer**</u>
32.2	<u>Section 1350 Certification of Chief Financial Officer**</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

+ Management contract or compensatory plan arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEXAS CAPITAL BANCSHARES, INC.

Date: April 21, 2022

/s/ J. Matthew Scurlock

J. Matthew Scurlock

Chief Financial Officer

(Duly authorized officer and principal financial officer)

**TIME-BASED AWARD AGREEMENT
UNDER THE
TEXAS CAPITAL BANCSHARES, INC.
AMENDED AND RESTATED 2015 LONG-TERM INCENTIVE PLAN**

1. Award of Units. Pursuant to the Texas Capital Bancshares, Inc. Amended and Restated 2015 Long-Term Incentive Plan (the “**Plan**”) of Texas Capital Bancshares, Inc., a Delaware corporation and its Subsidiaries (together, the “**Company**”), _____ (the “**Participant**”) as an employee (or Contractor) of the Company, has been granted an Award under the Plan for _____ (_____) Restricted Stock Units (the “**Awarded Units**”), which may be converted into the number of whole shares of Common Stock (in accordance with Section 4 below) equal to the number of vested Awarded Units (determined in accordance with Section 3 below), subject to the terms and conditions of the Plan and this Award Agreement (this “**Agreement**”). The Date of Grant of this Award is _____, 2022. Each Awarded Unit shall be a notional share of Common Stock, with the value of each Awarded Unit being equal to the Fair Market Value of a share of Common Stock at any time. This Agreement supersedes any previously signed Agreement of the Awarded Units, if any.

2. Subject to Plan. This Agreement is subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent inconsistent with the provisions of this Agreement. The capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan, except as otherwise expressly provided herein. This Agreement is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing.

3. Vesting; Forfeiture. Awarded Units which have become vested pursuant to the terms of this Section 3 are collectively referred to herein as “**Vested Units**.” All other Awarded Units are collectively referred to herein as “**Unvested Units**.” The Participant shall be eligible to receive shares of Common Stock with respect to the Vested Units in accordance with Section 4 below. Subject to the provisions of Section 5 and Section 34 below and except as otherwise provided in this Section 3, the Awarded Units will be vested in accordance with the Schedule set forth below, if, as of the date(s) specified in the Schedule, the Participant is employed by (or if the Participant is a Contractor, is providing services to) the Company or its Subsidiaries on such date(s)):

Vesting Date	Awarded Units that Become Vested Units on such Date
The one year anniversary of the Date of Grant	33.3%
The second year anniversary of the Date of Grant	An additional 33.3%
The third year anniversary of the Date of Grant	An additional 33.4%

a. Except as otherwise provided by Section 3.b., Section 3.c. and Section 3.d. hereof, immediately upon the Participant’s Termination of Service for any reason whatsoever, the Participant shall be deemed to have forfeited all of the Participant’s Unvested Units. Similarly, if the Participant provides notice to the Company in accordance with Section 7 hereof that he or she is resigning from employment with the Company for any reason, then the Participant shall be deemed to have forfeited all of the Participant’s Unvested Units as of the first day of the Notice Period (as defined in Section 7 hereof).

b. Notwithstanding the foregoing and except as otherwise provided in Section 5 below, in the event that a Change in Control occurs, the acquiror or surviving or resulting corporation assumes the Units and on or after the date of the Change in Control, the Participant incurs a Termination of Service by the Company (or by its successor following the Change in Control) without Cause or by the Participant for Good Reason, then all Unvested Units shall immediately become Vested Units upon such termination.

c. Notwithstanding the foregoing, if the Participant's employment with the Company or any of its Subsidiaries terminates by reason of the Participant's death or Total and Permanent Disability, all Unvested Units shall immediately become Vested Units upon such termination.

d. Notwithstanding anything to the contrary contained herein and subject to Section 5 and the Non-Compete in this Section 3.d(i), if at any time after the date the Retiring Participant reaches age 60 plus 10 years of service with the Company, the Retiring Participant, after providing the Company with three months written notice of his or her intent to retire, incurs a Termination of Service with the Board's consent (other than a Termination of Service for Cause or without Good Reason), then, provided that the Company determines that the Retiring Participant continued to perform his or her duties during the three month notice period in accordance with the terms and conditions of the retirement transition plan provided to the Retiring Participant by the Company on or after the date the Retiring Participant provided notice of his or her intent to retire, the Unvested Units shall not be forfeited upon the Participant's Termination of Service and instead, such Unvested Units shall continue to be subject to the vesting provisions set forth in Section 3.a, as if the Retiring Participant had remained employed by the Company (with shares of Common Stock being delivered pursuant to Section 4 on the original Vesting Dates). The Retiring Participant acknowledges and agrees that once the Retiring Participant provides written notice to the Company of his or her intent to retire, the Retiring Participant shall no longer be eligible to receive any additional grants under the Plan.

(i) Non-Competition. During the Restricted Period, the Retiring Participant agrees that he or she shall not, without the Company's prior written consent, directly or indirectly: (i) carry on or engage in Competitive Services within the Restricted Territory on his or her own or on behalf of any Person or any Principal or Representative of any Person, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in the provision of Competitive Services within the Restricted Territory, except that the Retiring Participant may own publicly traded stock for investment purposes only in any company in which the Participant owns less than 5% of the voting equity.

(1) For purposes of this Agreement and this Section 3.d(i), (V) "***Restricted Period***" means the remaining vesting period; (W) "***Restricted Territory***" means the State of Texas, and any other territory where the Company had operations on the retirement date of the Retiring Participant or the date of termination (if the conduct occurs after the Retiring Participant's Termination of Service), as applicable; and (X) "***Competitive Services***" means engaging in the business of wealth management, investment banking and commercial and mortgage

banking, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits, broker-dealer or securities activities, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company as of the date of the Participant's Termination of Service, or during the two (2) years immediately prior to the date of the Participant's Termination of Service; (Y) "**Person**" means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise; and (Z) "**Principal or Representative**" means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

4. Delivery of Common Stock. The Vested Units shall be converted into the number of whole shares of Common Stock equal to the number of Vested Units and the Company shall electronically register such shares of Common Stock in the Participant's name (or in the name of his or her estate or beneficiary) or deliver certificates for such shares of Common Stock to the Participant in accordance with the following schedule:

a. On the vesting dates set forth in Section 3.a.(i); or

b. If earlier, (i) the date of the Participant's death or Total and Permanent Disability as provided in Section 3.c. of this Agreement, or (ii) the date of the Participant's Termination of Service without Cause or with Good Reason on or after a Change in Control as provided in Section 3.b. of this Agreement.

To the extent an Awarded Unit does not vest in accordance with the provisions of this Agreement, such Awarded Unit shall be forfeited and no shares of Common Stock shall be delivered with respect to such forfeited Awarded Unit.

5. Forfeiture and Disgorgement.

a. Notwithstanding any provisions in this Agreement to the contrary, in the event the Participant violates the provisions of Sections 3.d.(i) or 5.b. or the provisions of any agreement between the Company (or any of its Subsidiaries) that contains confidentiality, non-solicitation or other protective or restrictive covenant provisions, then:

(i) the Awarded Units shall immediately cease to vest as of the date of such violation;

(ii) any shares of Common Stock that had not been registered (or delivered) with respect to Awarded Units shall be immediately forfeited and this Agreement (other than the provisions of this Section 5) will be terminated on the date of such violation; and

(iii) any shares of Common Stock (less any taxes paid by the Participant on such shares of Common Stock) that had been delivered to the Participant (or registered in the Participant's name) with respect to any Vested Units shall be immediately returned to the Company by the Participant.

The Company must deliver written notice of its intent to enforce the provisions of this Section 5.a. at least 15 days prior to the date it intends to enforce the terms of Sections 5.a.(i) and (ii). Both the Company and the Participant agree that upon delivery of written notice under this Section 5.a., neither party will enter into any transaction that will affect the other party's interests in the cash subject to dispute until the expiration of the 15-day notice period.

The provisions of this Section 5 (including, without limitation, the provisions of this Section 5.a. and the provisions of Section 5.b. below) only shall apply to the Awarded Units for the period beginning on the Date of Grant and ending on the anniversary date of the last year of the date the Awarded Units become vested in accordance with the provisions of Section 3 above (regardless of whether the Agreement terminates or expires prior to such date) or (ii) if a Change in Control occurs, the date of the Participant's Termination of Service either by the Company without Cause or by the Participant with Good Reason.

b. The Participant agrees that to protect the Company's Confidential Information, and in consideration for the equity compensation awarded in this Agreement, it is necessary to enter into the Non-Compete covenant in Section 3.d.(i) above as applicable and the following protective covenants, which are ancillary to the enforceable promises between the Company and the Participant (or Retiring Participant as applicable) in this Agreement. By execution of this Agreement (whether by electronic means or handwritten signature), the Participant (or Retiring Participant as applicable) agrees to the following:

(i) Confidential Information.

- (1) Definition of Confidential Information. The Participant acknowledges that the Company would not provide the Participant with access to its Confidential Information or grant the Awarded Units but for the Participant's covenants or promises contained in this Section 5.b. For purposes of this Agreement, "***Confidential Information***" shall mean the Company's (for purposes of this Section 5.b., the "Company" shall include both the Company and Texas Capital Bank's ("***TCB***")) unique concepts, lending practices, sales presentations, marketing programs, marketing strategies, business practices, methods of operation, pricing information, cost information, trademarks, licenses, technical information, proprietary information, computer software programs, computer tapes and disks concerning its operations systems, customer lists, customer leads, customer loan and financial information, documents identifying past, present and future customers, customer profiles and preference data, hiring and training methods, investment policies, financial and other confidential, proprietary and/or trade secret information concerning the Company's operations and expansion plans. Confidential Information includes, without limitation, information about the Company's business, proprietary, and technical information that is not known to others and could have economic value to others if improperly disclosed. Confidential Information also means any information the Company discloses to the Participant, either directly or indirectly, in writing, orally or by inspection of tangible objects, including, without limitation, information and technical data contained in the Company's manuals, booklets, publications and materials, equipment
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of every kind and character, as well as documents, prototypes, samples, prospects, inventions, product ideas, know how, processes, plans (including, without limitation, marketing plans and strategies), specifications, designs, techniques, technology, formulas, software, improvements, forecasts, and research. Confidential Information does not include any information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company. The Participant's obligations under this Section 5 regarding specific Confidential Information shall cease when that specific portion of the Confidential Information loses its status as Confidential Information.

- (2) Access to and Agreement Not To Disclose Confidential Information. During the Participant's employment with Company, the Company agrees to provide the Participant with some or all of the Company's Confidential Information to which the Participant has not had previous access or knowledge. By executing this Agreement, the Participant agrees that the Confidential Information constitutes valuable, special and unique assets of the Company, developed at the Company's great expense, the unauthorized use or disclosure of which would cause irreparable harm to the Company. The Participant understands and acknowledges that the Company is engaged in a specialized and competitive industry; that the Company relies heavily on information, data, programs, and processes it has developed and acquired; and that competitors can reap potential or real economic benefits from the possession of the Confidential Information that is otherwise not available to its competitors. The Participant understands and acknowledges, therefore, that the protection of the Company's Confidential Information constitutes a legitimate business interest of the Company. The Participant acknowledges that the Confidential Information is the Company's exclusive property, and the Participant will hold the Confidential Information in trust and solely for the Company's benefit. The Participant further acknowledges that portions of the Confidential Information constitute "trade secrets" under Texas and federal law and, in addition to the other protections provided in this Agreement, all trade secrets will be accorded the protection and benefits under Texas law, federal law, and any other applicable law.

In exchange for the Company's promise to provide the Participant with some or all of the Company's Confidential Information to which the Participant has not previously had access or knowledge, the Participant agrees that he or she will not, either during the period of the Participant's employment with the Company or at any time thereafter, use or rely upon for the Participant's benefit or the benefit of another, or disclose, disseminate, or distribute to anyone, including, without limitation, any individual, person, firm, corporation, or other entity, or publish, or use for any purpose, any of the Confidential Information (whether acquired, learned, obtained, or developed by the Participant alone or in conjunction with others), except (A) as properly required in the ordinary course of the

Company's business or as the Company directs and authorizes or; (B) as required by applicable law (if, to the extent reasonable and practicable, reasonable prior notice of such disclosure is given to the Company). The Participant agrees that he or she will take all reasonable measures to protect the secrecy of and avoid unauthorized disclosure and unauthorized use of the Confidential Information. The Participant also agrees to notify the Company immediately in the event of any unauthorized use, reliance upon or disclosure of the Company's Confidential Information of which the Participant is aware.

- (3) Use of Confidential Information During Employment. The Participant further agrees that in the course of his or her employment by the Company, the Participant will not remove from any office of the Company any documents, electronically stored information, or related items that contain Confidential Information, including, without limitation, computer discs, recordings, or other storage or archival systems or devices, including copies, except as may be required in the performance of the Participant's duties as an employee of the Company. The Participant also agrees that he or she will not place or save any Confidential Information on any computer or electronic storage system that is not the Company's property. All Confidential Information, and all memoranda, notes, records, drawings, documents, or other writings whatsoever made, compiled, acquired, or received by the Participant at any time during his or her employment, including during the term of this Agreement, arising out of, in connection with, or related to any activity or business of the Company, including, without limitation, the customers, vendors, third parties, or others with whom the Company has a business relationship, the arrangements of the Company with such parties, and the pricing and expansion policies and strategy of the Company, are, and shall continue to be, the Company's sole and exclusive property.

(ii) No Solicitation of Employees/Customers. The Participant agrees that during the Restricted Period, the Participant will not, alone or in combination with any individual, partner(s), company, corporation, or other entity or business with which he is in any way affiliated, including, without limitation, any partner, limited partner, member, director, officer, shareholder, employee, or agent of any such entity, recruit, solicit, request, induce or attempt to influence, directly or indirectly, any employee of the Company to resign or terminate employment with the Company. The Participant agrees that during the Restricted Period, he or she shall not, directly or indirectly, as an owner, stockholder, director, employee, partner, agent, broker, consultant or other participant solicit a customer or prospective customer, or accept any business from a customer or prospective customer with whom he or she has done business or with whom he or she has had contact during the last 12 months of the Participant's employment with the Company.

- (1) For purposes of this Agreement, (V) "***Restricted Period***" means during the Participant's employment with the Company, and a period equal to the longer of (i) the one year period after the date the Participant's employment with the Company terminates for any reason, or (ii) in the
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event the Awarded Units vest in accordance with Section 3.d. above, the remaining vesting period; provided, however, that the Restricted Period for a Participant on Garden Leave in accordance with Section 7, shall commence on the first day of the Garden Leave and continue for a period of ten (10) months from that date.

(iii) Return of Materials. The Participant agrees that he or she will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the Participant's termination date, or at any other time the Company requests such return, any and all property of the Company that is in the Participant's possession or subject to his or her control, including, but not limited to, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, equipment, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Confidential Information belonging to the Company or that the Participant received from or through his or her employment with the Company. The Participant will not make, distribute, or retain copies of any such information or property. To the extent that the Participant has electronic files or information in his possession or control that belong to the Company or otherwise contain Confidential Information (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Participant's termination date, or at any other time the Company requests, the Participant shall (1) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (2) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, and other media, devices, and equipment, such that such files and information are permanently deleted and irretrievable; and (3) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted.

(iv) Reasonableness; Notification. The Participant acknowledges that the geographic boundaries, scope of prohibited activities and the duration of the provisions in Section 3.d.(i) and this Section 5.b are reasonable and are no broader than are necessary to protect the Company's legitimate business interests. The provisions of Section 3.d.(i) and this Section 5.b shall survive the termination of the Participant's employment and can be revoked or modified only by a writing signed by the parties that specifically states an intent to revoke or modify this provision. The Participant acknowledges that the Company would not provide him or her with access to its Confidential Information but for his or her covenants or promises contained in this Section 5.b. The Participant further agrees that during the Restricted Period, he or she shall immediately notify the Company in writing of any employment, work, or business he or she undertakes with or on behalf of any person (including himself or herself) or entity.

(v) Injunctive Relief. The Participant acknowledges and agrees that the Participant's obligations, covenants, and agreements in Sections 3.d.(i) and 5.b.(i)-(iii) concern special, unique and extraordinary matters and that a violation of any of the terms of these agreements, covenants or obligations will cause the Company irreparable injury for which adequate remedies at law are not available. Therefore, the Participant agrees that the Company, in addition to any amounts that the Company is entitled to pursuant to Section 5.a. above, will be entitled to an injunction, restraining order, or all other equitable relief as a court or arbitrator of competent jurisdiction may deem necessary or appropriate to restrain the Participant from committing any violation of the agreements, covenants or obligations referred to in Sections 3.d.(i) and 5.b.(i)-(iii). The Participant waives any requirement that the Company post a bond or other security should the need arise.

(vi) Attorneys' Fees. If the parties become involved in legal action regarding the enforcement of the Protective Covenants, the prevailing party in such action will be entitled, in addition to any other remedy, to recover from the non-prevailing party its/his/her reasonable costs and attorneys' fees incurred in connection with such action.

(vii) Disclosures to Courts, Governmental Agencies or Administrative or Legislative Bodies. Notwithstanding the foregoing or any other agreement regarding confidentiality with the Company, the Participant may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over the Participant or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Participant to divulge, disclose or make accessible such information. Nothing in this Agreement is intended to interfere with the Participant's right to (1) report possible violations of state or federal law or regulation to any governmental agency or entity, (2) make other disclosures that are protected under the whistleblower provisions of state or federal law or regulation, (3) file a claim or charge with any government agency or entity, or (4) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any government or law enforcement agency, entity or court.

(viii) Defend Trade Secrets Act of 2016. The Participant is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (1) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. The Participant is further notified that if the Participant files a lawsuit for retaliation against the Company for reporting a suspected violation of law, the Participant may disclose the Company's trade secrets to the Participant's attorney and use the trade secret information in the court proceeding if the Participant: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

6. Non-Disparagement. The Participant agrees that during the Restricted Period, the Participant shall not make, publish or communicate to any person or entity or in any public forum (including social media) any defamatory or disparaging remarks, comments or statements concerning the Company or any of its products, services, affiliates, directors, officers, or employees. Notwithstanding the foregoing, this provision does not in any way limit, restrict, or impede any of the Participant's rights that are expressly reserved in Section 5(vii) and (vii), or in any way limit the Participant's ability to provide truthful testimony or information in response to a subpoena, court or arbitral order, or valid request by a government entity, or as otherwise required by law.

7. Notice Regarding Resignation of Employment.

a. The Participant agrees that in the event the Participant decides to resign from his or her employment with the Company for any reason, the Participant will give the Company at least sixty (60) days' prior written notice of such resignation (the "**Notice Period**"), and the Participant shall be deemed to have forfeited all of the Participant's Unvested Units as of the first day of the Notice Period.

b. Upon receipt of such notice, the Company may, in its sole discretion, (i) accept Participant's resignation early and terminate Participant's employment at any time during the Notice Period without any further obligation whatsoever to the Participant other than payment of wages due through the date of termination; (ii) relieve the Participant of his or her duties and responsibilities or exclude the Participant from any of the premises of the Company, or both during the Notice Period or any portion thereof ("**Garden Leave**"); and/or (iii) permit the Participant to continue his or her duties and responsibilities during the Notice Period or any portion thereof (the "**Active Notice Period**"). During the Active Notice Period or Garden Leave, as applicable, the Participant (a) shall remain an employee of the Company and continue to be subject to all of his or her obligations under this Agreement, (b) shall continue to be paid the Participant's full base salary, excluding any bonus or other variable compensation, (c) shall continue to be eligible to participate in the Company's employee benefit plans (in accordance with the terms of such plans), and (d) if on Garden Leave, shall not, without the prior written consent of an authorized representative of the Company, (i) indirectly (e.g. via third parties) or directly contact, communicate with, or otherwise have dealings with any actual or prospective investor, client, customer or employee of the Company, or (ii) enter onto the premises of the Company.

8. Who May Receive Common Stock with Respect to Vested Units. During the lifetime of the Participant, the Common Stock received upon conversion of the Vested Units may only be received by the Participant or his or her legal representative. If the Participant dies prior to the date his or her Awarded Units are converted into shares of Common Stock as described in Section 4 above, the Common Stock relating to such converted Awarded Units may be received by any individual who is entitled to receive the property of the Participant pursuant to the applicable laws of descent and distribution.

9. Common Stock Subject to Ownership Guidelines. The Participant acknowledges, understands and agrees that any Common Stock delivered to the Participant (or registered in the Participant's name) pursuant to this Agreement shall be subject to the Common Stock ownership guidelines as adopted by the Committee and in effect from time to time, and that the Participant (if and as applicable to Participant) may be required to hold such Common Stock until the Participant has met the requirements of such ownership guidelines. The Participant further acknowledges, understands and agrees

that the Committee retains the right to modify the Company's Common Stock ownership guidelines at any time.

10. Rights as Stockholder. The Participant will have no rights as a stockholder with respect to the Awarded Units until the issuance of a certificate or certificates to the Participant or the registration of such shares of Common Stock in the Participant's name. The Awarded Units shall be subject to the terms and conditions of this Agreement.

11. No Fractional Shares. Awarded Units may be converted only with respect to full shares, and no fractional share of Common Stock shall be issued.

12. Non-Assignability. The Awarded Units are not assignable or transferable by the Participant except by will or by the laws of descent and distribution.

13. The Participant's Acknowledgments. The Participant acknowledges receipt of a copy of the Plan, which is annexed hereto, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Awarded Units subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

14. Adjustment of Number of Awarded Units and Related Matters. The number of shares of Common Stock covered by the Awarded Units shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

15. Execution of Documents. The Participant, by his or her electronic execution of this Agreement, hereby agrees to execute any documents requested by the Company in connection with the payment of any amount in connection with the Awarded Units pursuant to this Agreement.

16. Remedies. Except as otherwise provided in Section 5 in this Agreement, each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including reasonable attorneys' fees) caused by any breach of any provision of this Agreement, and to exercise all other rights existing in the party's favor. No waiver of any breach of this Agreement shall be construed to be a waiver as to succeeding breaches and no waiver of any provisions of this Agreement shall constitute a waiver of any other provision of this Agreement. The remedies for any violation of Section 5 above are limited to the forfeiture, disgorgement, injunction and attorneys' fees remedies specified in Sections 5.a., b.(v) and b.(vi), and are subject to the time-limitations set forth in Section 5.a. above. The remedies described in this Section 15 do not apply to Section 5.

17. The Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to register any shares of Common Stock in the Participant's name or issue any shares of Common Stock to the Participant hereunder, if the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination by the Company under this Section 17 shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules and regulations.

18. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be acquired hereunder will be acquired by the Participant for investment purposes for his or her own

account and not with any intent for resale or distribution in violation of federal or states securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

19. Law Governing; Forum. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this agreement to the laws of another state). The Participant's sole remedy for any Claim shall be against the Company and no Participant shall have any claim or right of any nature against any Subsidiary of the Company or any stockholder or existing or former director, officer, or Employee of the Company or any Subsidiary of the Company. Subject to the Arbitration Agreement provision below, the parties further agree that the exclusive forum for any litigation arising under the terms of this Agreement and permitted by Section 31 below shall be the state courts for Dallas County, Texas, or the United States District Court for the Northern District of Texas, Dallas Division. With respect to any such court action, the Participant hereby (1) irrevocably submits to the personal jurisdiction of such courts; (2) consents to service of process; (3) consents to venue; and (4) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue, but the parties agree that such promises by the Participant shall not be in derogation of the parties' obligation to arbitrate set forth in Section 31 below. The parties further agree that the courts listed above are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

20. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Subsidiary, whether as an Employee, Contractor, consultant or Outside Director, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant as an Employee, Contractor, consultant or Outside Director at any time.

21. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court or arbitrator of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement. If any of the provisions of Section 5.b should ever be held by a court or arbitrator of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court or arbitrator may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

22. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

23. Entire Agreement. This Agreement, together with the Plan, supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the

subject matter in this Agreement and constitute the only agreements between the parties with respect to the subject matter in this Agreement. Except for the Employment Agreement between the Participant and the Company (if any), all prior negotiations and agreements between the parties with respect to the subject matter in this Agreement are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect. Except for the specific representations expressly made by the Company in this Agreement, the Participant specifically disclaims that the Participant is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. The parties represent that they are relying solely and only on their own judgment in entering into this Agreement.

24. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

25. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein.

26. Modification. No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties (electronically or otherwise); provided, however, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder.

27. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

28. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

29. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Texas Capital Bancshares, Inc.
2000 McKinney Avenue, Suite 700
Dallas, Texas 75201
Attn: Human Resources
Email: HR@texascapitalbank.com

b. Notice to the Participant shall be addressed and delivered to the most recent address in the Company's records.

30. Clawback. The Participant acknowledges, understands and agrees, with respect to any shares of Common Stock delivered to the Participant (or registered in the Participant's name) pursuant to this Agreement, that such shares of Common Stock shall be subject to recovery by the Company, and the Participant shall be required to repay such compensation or shares of Common Stock, in accordance with the Company's Claw-Back Policy, as in effect from time to time. The Participant further acknowledges, understands, and agrees that the Board retains the right to modify the Company's Claw-Back Policy at any time.

31. Arbitration.

a. The parties agree that to the fullest extent permitted by applicable law any controversy or claim of any party arising out of or in any way relating to this Agreement, the breach thereof, the Participant's employment with the Company or the termination thereof shall be settled by final, and binding arbitration in Dallas, Texas, in accordance with any Dispute Resolution and Arbitration Agreement ("DRAA") between the parties or if there is not a DRAA between the parties in accordance with the Arbitration Agreement below; provided, however, that nothing herein shall preclude the Company or the Participant from seeking temporary or preliminary injunctive relief in connection with an arbitrable controversy, including without limitation any controversy under this Agreement. The court to which the application is made is authorized to grant temporary or preliminary injunctive relief and may do so with or without addressing the merits of the underlying arbitrable dispute, as provided by applicable law. However, all determinations of final relief will be decided in arbitration, and the pursuit of temporary or preliminary injunctive relief shall not be deemed incompatible with or constitute a waiver of rights under the Arbitration Agreement.

"ARBITRATION AGREEMENT": IF THE PARTIES ARE NOT SUBJECT TO A DRAA, PARTICIPANT AND THE COMPANY AGREE THAT EXCEPT AS OTHERWISE PROVIDED IN THIS ARBITRATION AGREEMENT, ANY AND ALL CLAIMS OR DISPUTES, PAST, PRESENT, AND FUTURE, ARISING OUT OF OR RELATED TO: (i) THIS AGREEMENT, (ii) ANY OTHER AGREEMENT BETWEEN THEM, OR (iii) PARTICIPANT'S EMPLOYMENT AND SEPARATION OF EMPLOYMENT WITH THE COMPANY, WILL BE DECIDED BY A SINGLE ARBITRATOR THROUGH FINAL AND BINDING ARBITRATION AND NOT BY A JUDGE OR JURY under the then-current Employment Arbitration Rules of the AAA for individually negotiated agreements ("AAA Rules"); provided however, that if there is a conflict between the AAA Rules and this Agreement, this Agreement shall govern. The AAA Rules may be found at www.adr.org/employment or by searching for "AAA Employment Arbitration Rules" using a service such as www.Google.com. The provisions set forth herein, including all waivers included herein, shall be governed by and interpreted in accordance with the Federal Arbitration Act. If a court determines the FAA does not apply to a particular dispute or to one or both parties, the parties agree that the Texas Arbitration Act ("TAA") will apply and acknowledge that the Company is based in Texas. If neither the FAA or TAA apply, the parties stipulate and agree the arbitration law of the jurisdiction where the arbitration will take place will apply. The Company and Participant waive any right for any dispute to be brought, heard, decided, or arbitrated as a class action or collective action, and the arbitrator will have no authority to preside over any class or collective action

(“Class Action Waiver”). The following claims and disputes are not covered under this Arbitration Agreement: (i) Workers’ Compensation benefit claims (but workers’ compensation discrimination or retaliation is covered); (ii) state unemployment or disability insurance compensation claims; and (iii) disputes that may not be arbitrated or subject to pre-dispute arbitration as expressly provided by Dodd-Frank Wall Street Reform and Consumer Protection Act or other controlling federal statute.”

b. *FINRA Registered Representatives or Associated Persons.* This Section applies to Registered Representatives or Associated Persons, as classified pursuant to the Financial Industry Regulatory Authority (FINRA). To the maximum extent allowed by law, Registered Representatives or Associated Persons, as classified by FINRA, and the Company waive FINRA Rule 13200 (or any successor rule) and agree that any dispute arising out of or related to Your application and selection for employment, employment, and/or termination of employment shall be arbitrated pursuant to this Agreement—and not in a FINRA arbitral forum.

c. *FINRA Exception.* If the above waiver of FINRA 13200 is deemed invalid or unenforceable, arbitration between the Company and Registered Representatives or Associated Persons, as classified pursuant to FINRA, will be administered by FINRA in individual, bilateral arbitration in accordance with its Code of Arbitration Procedure for Industry Disputes and the FINRA Rules; provided, however, Participant and the Company waive any right to commence, be a party to or an actual or putative class member of any class or collective action arising out of or relating to Participant’s employment with the Company, and agree that any dispute must be arbitrated on an individual, bilateral basis. Additionally, if (1) FINRA declines to hear an arbitration of a dispute between the Company and a Registered Representative or Associated Person, and/or (2) if a claim or dispute is deemed not arbitrable under the FINRA Rules or Code of Arbitration Procedure for Industry Disputes, such disputes shall be resolved in individual arbitration in accordance with this Agreement—including without limitation, the Class and Collective Action Waivers section.

32. Waiver of Jury Trial. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON, THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY AN ARBITRATOR OR, AS PERMITTED BY SECTION 31 ABOVE, A JUDGE HEARING A PETITION FOR PRELIMINARY INJUNCTIVE RELIEF. THEREFORE, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY, AND/OR THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HEREUNDER.

33. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement, including, without limitation, any possible tax consequences of this Agreement in connection with Section 409A of the Code. The Company, or if applicable, any Subsidiary (for purposes of this Section 33, the term “*Company*” shall be deemed to include any applicable Subsidiary) has the authority and the right to deduct or withhold, or require the Participant to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including the Participant’s FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting or conversion of the RSUs. Unless otherwise determined by

the Committee at the time the Award is granted or thereafter, the Company shall satisfy any such withholding requirement by withholding the number of Awarded Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes.

34. Section 409A.

a. To the extent (i) any shares of Common Stock to which the Participant becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with the Participant's Termination of Service with the Company constitutes deferred compensation subject to Section 409A of the Code ("***Non-Exempt Deferred Compensation***"); (ii) the Participant is deemed at the time of his or her separation from service to be a "specified employee" under Section 409A of the Code; and (iii) at the time of the Participant's separation from service the Company is publicly traded (as defined in Section 409A of the Code), then such shares of Common Stock (other than any delivery of Common Stock permitted by Section 409A of the Code to be paid or delivered within six months of the Participant's separation from service) shall not be made until the earlier of (x) the first day of the seventh month following the Participant's separation from service or (y) the date of the Participant's death following such separation from service. Upon the expiration of the applicable deferral period, any shares of Common Stock which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this Section 34 (together with, as applicable, accrued interest thereon) shall be delivered to the Participant or the Participant's beneficiary in one lump sum.

b. To the extent any shares of Common Stock to which the Participant becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with the Participant's Termination of Service with the Company constitutes Non-Exempt Deferred Compensation, a Termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a Termination of Service unless such termination is also a "separation from service" (within the meaning of Section 409A of the Code).

c. It is intended that this Agreement comply with the provisions of Section 409A of the Code so as to not subject the Participant to the payment of additional interest and taxes under Section 409A of the Code, and in furtherance of this intent, this Agreement shall be interpreted, operated and administered in a manner consistent with these intentions.

**PERFORMANCE-BASED AWARD AGREEMENT
UNDER THE
TEXAS CAPITAL BANCSHARES, INC.
AMENDED AND RESTATED 2015 LONG-TERM INCENTIVE PLAN**

1. Award of Units. Pursuant to the Texas Capital Bancshares, Inc. Amended and Restated 2015 Long-Term Incentive Plan (the “**Plan**”) of Texas Capital Bancshares, Inc., a Delaware corporation and its Subsidiaries (together the “**Company**”), _____ (the “**Participant**”) as an employee of the Company, has been granted an Award under the Plan for _____ (the “**Awarded Units**”),¹ which may be converted into the number of whole shares of Common Stock (as determined in accordance with Section 4 below) equal to the number of vested Awarded Units (determined in accordance with Section 3 below), subject to the terms and conditions of the Plan and this Performance Award Agreement (this “**Agreement**”). The Date of Grant of this Award is _____, 2022. The maximum number of shares of Common Stock that could be issued with respect to the Awarded Units is _____². Each Awarded Unit shall be a notional share of Common Stock, with the value of each Awarded Unit being equal to the Fair Market Value of a share of Common Stock at any time. This Agreement supersedes any previously signed Agreement of the Awarded Units, if any.

2. Subject to Plan. This Agreement is subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent inconsistent with the provisions of this Agreement. The capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan, except as otherwise expressly provided herein. This Agreement is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing.

3. Vesting; Forfeiture and Non-Compete. Awarded Units which have become vested pursuant to the terms of this Section 3 are collectively referred to herein as “**Vested Units**.” All other Awarded Units are collectively referred to herein as “**Unvested Units**.” The Participant shall be eligible to receive shares of Common Stock with respect to the Vested Units in accordance with Section 4 below.

a. Subject to the provisions of Section 5 and Section 34 below and except as otherwise provided in this Section 3, the Awarded Units will vest on the date the Committee determines whether the vesting conditions set forth on Exhibit A hereto have been achieved (which date shall be after the end of 2024 and no later than March 15, 2025).

b. Except as otherwise provided by Section 3.c., Section 3.d. and Section 3.e. hereof, immediately upon the Participant’s Termination of Service for any reason whatsoever, the Participant shall be deemed to have forfeited all of the Participant’s Unvested Units. Similarly, if the Participant provides notice to the Company in accordance with Section 7 hereof that he or she is resigning from employment with the Company for any reason, then the Participant shall be deemed to have forfeited all of the Participant’s Unvested Units as of the first day of the Notice Period (as defined in Section 7 hereof).

¹ This number should be the target number of Performance-Based RSUs.

² This number should be 200% of the Performance-Based RSUs.

c. Notwithstanding the foregoing and except as otherwise provided in Section 5 below and regardless of whether the performance criteria set forth in Exhibit A have been achieved, in the event that a Change in Control occurs, the acquiror or surviving or resulting corporation assumes the Units and on or after the date of the Change in Control, the Participant incurs a Termination of Service by the Company (or by its successor following the Change in Control) without Cause or by the Participant for Good Reason, then all Unvested Units shall immediately become Vested Units upon such termination (such Unvested Units vesting at the target (100%) performance level).

d. Notwithstanding the foregoing, if the Participant's employment with the Company or any of its Subsidiaries terminates by reason of the Participant's death or Total and Permanent Disability, all Unvested Units shall immediately become Vested Units upon such termination (with such Unvested Units vesting at the target (100%) performance level).

e. Notwithstanding anything to the contrary contained herein and subject to Section 5 and the Non-Compete in this Section 3.e(i), if at any time after the date the Participant reaches age 60 plus 10 years of service with the Company ("Retiring Participant"), the Retiring Participant, after providing the Company with three months written notice of his or her intent to retire, incurs a Termination of Service with the Board's consent (other than a Termination of Service for Cause or without Good Reason), then, provided that the Company determines that the Retiring Participant continued to perform his or her duties during the three month notice period in accordance with the terms and conditions of the retirement transition plan provided to the Retiring Participant by the Company on or after the date the Retiring Participant provided notice of his or her intent to retire, the Unvested Units shall not be forfeited upon the Retiring Participant's Termination of Service and instead, such Unvested Units shall continue to be subject to the vesting provisions set forth in Section 3.a as if the Retiring Participant had remained employed by the Company (with shares of Common Stock being delivered pursuant to Section 4 on the original Vesting Dates). The Retiring Participant acknowledges and agrees that once the Retiring Participant provides written notice to the Company of his or her intent to retire, the Retiring Participant shall no longer be eligible to receive any additional grants under the Plan.

(i) Non-Competition. During the Restricted Period, the Retiring Participant agrees that he or she shall not, without the Company's prior written consent, directly or indirectly: (i) carry on or engage in Competitive Services within the Restricted Territory on his or her own or on behalf of any Person or any Principal or Representative of any Person, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in the provision of Competitive Services within the Restricted Territory, except that the Retiring Participant may own publicly traded stock for investment purposes only in any company in which the Participant owns less than 5% of the voting equity.

(1) For purposes of this Agreement and this Section 3.e(i), (V) "***Restricted Period***" means the remaining vesting period; (W) "***Restricted Territory***" means the State of Texas, and any other territory where the Company had operations on the retirement date of the Retiring Participant or the date of termination (if the conduct occurs after the Retiring Participant's Termination of Service), as applicable; and (X) "***Competitive Services***" means engaging in the business of wealth

management, investment banking and commercial and mortgage banking, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits, broker-dealer or securities activities, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company as of the date of the Participant's Termination of Service, or during the two (2) years immediately prior to the date of the Participant's Termination of Service; (Y) "**Person**" means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise; and (Z) "**Principal or Representative**" means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

4. Delivery of Common Stock. The Vested Units shall be converted into the number of whole shares of Common Stock equal to the number of Vested Units and the Company shall electronically register such shares of Common Stock in the Participant's name (or in the name of his or her estate or beneficiary) or deliver certificates for such shares of Common Stock to the Participant in accordance with the following schedule:

a. March 15, 2025; or

b. If earlier, (i) the date of the Participant's death or Total and Permanent Disability as provided in Section 3.d. of this Agreement, or (ii) the date of the Participant's Termination of Service without Cause or with Good Reason on or after a Change in Control as provided in Section 3.c. of this Agreement.

To the extent an Awarded Unit does not vest in accordance with the provisions of this Agreement, such Awarded Unit shall be forfeited and no shares of Common Stock shall be delivered with respect to such forfeited Awarded Unit.

5. Forfeiture and Disgorgement.

a. Notwithstanding any provisions in this Agreement to the contrary, in the event the Participant violates the provisions of Section 3.e.(i) or Section 5.b. or the provisions of any agreement between the Company (or any of its Subsidiaries) that contains confidentiality, non-solicitation or other protective or restrictive covenant provisions, then:

(i) the Awarded Units shall immediately cease to vest as of the date of such violation;

(ii) any shares of Common Stock that had not been registered (or delivered) with respect to Awarded Units shall be immediately forfeited and this Agreement (other than the provisions of this Section 5) will be terminated on the date of such violation; and

(iii) any shares of Common Stock (less any taxes paid by the Participant on such shares of Common Stock) that had been delivered to the Participant (or registered in the Participant's name) with respect to any Vested Units shall be immediately returned to the Company by the Participant.

The Company must deliver written notice of its intent to enforce the provisions of this Section 5.a. at least 15 days prior to the date it intends to enforce the terms of Sections 5.a.(i) and (ii). Both the Company and the Participant agree that upon delivery of written notice under this Section 5.a., neither party will enter into any transaction that will affect the other party's interests in the cash subject to dispute until the expiration of the 15-day notice period.

The provisions of this Section 5 (including, without limitation, the provisions of this Section 5.a. and the provisions of Section 5.b. below) only shall apply to the Awarded Units for the period beginning on the Date of Grant and ending on the anniversary date of the last year of the date the Awarded Units become vested in accordance with the provisions of Section 3 above (regardless of whether the Agreement terminates or expires prior to such date) or (ii) if a Change in Control occurs, the date of the Participant's Termination of Service either by the Company without Cause or by the Participant with Good Reason.

b. The Participant agrees that to protect the Company's Confidential Information, and in consideration for the equity compensation awarded in this Agreement, it is necessary to enter into the Non-Compete covenant in Section 3.e.(i) above as applicable, and the following protective covenants, which are ancillary to the enforceable promises between the Company and the Participant (or Retiring Participant as applicable) in this Agreement. By execution of this Agreement (whether by electronic means or handwritten signature), the Participant (or Retiring Participant as applicable) agrees to the following:

(i) Confidential Information.

- (1) Definition of Confidential Information. The Participant acknowledges that the Company would not provide the Participant with access to its Confidential Information or grant the Awarded Units but for the Participant's covenants or promises contained in this Section 5.b. For purposes of this Agreement, "***Confidential Information***" shall mean the Company's (for purposes of this Section 5.b., the "Company" shall include both the Company and Texas Capital Bank's ("***TCB***")) unique concepts, lending practices, sales presentations, marketing programs, marketing strategies, business practices, methods of operation, pricing information, cost information, trademarks, licenses, technical information, proprietary information, computer software programs, computer tapes and disks concerning its operations systems, customer lists, customer leads, customer loan and financial information, documents identifying past, present and future customers, customer profiles and preference data, hiring and training methods, investment policies, financial and other confidential, proprietary and/or trade secret information concerning the Company's operations and expansion plans. Confidential Information includes, without limitation, information about the Company's business, proprietary, and technical information that is not known to others and could have economic value to others if improperly disclosed. Confidential Information also means any information the Company discloses to the Participant, either directly or indirectly, in writing, orally or by inspection of tangible objects, including, without limitation, information and technical data contained in the Company's manuals, booklets, publications and materials, equipment

of every kind and character, as well as documents, prototypes, samples, prospects, inventions, product ideas, know how, processes, plans (including, without limitation, marketing plans and strategies), specifications, designs, techniques, technology, formulas, software, improvements, forecasts, and research. Confidential Information does not include any information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company. The Participant's obligations under this Section 5 regarding specific Confidential Information shall cease when that specific portion of the Confidential Information loses its status as Confidential Information.

- (2) Access to and Agreement Not To Disclose Confidential Information. During the Participant's employment with Company, the Company agrees to provide the Participant with some or all of the Company's Confidential Information to which the Participant has not had previous access or knowledge. By executing this Agreement, the Participant agrees that the Confidential Information constitutes valuable, special and unique assets of the Company, developed at the Company's great expense, the unauthorized use or disclosure of which would cause irreparable harm to the Company. The Participant understands and acknowledges that the Company is engaged in a specialized and competitive industry; that the Company relies heavily on information, data, programs, and processes it has developed and acquired; and that competitors can reap potential or real economic benefits from the possession of the Confidential Information that is otherwise not available to its competitors. The Participant understands and acknowledges, therefore, that the protection of the Company's Confidential Information constitutes a legitimate business interest of the Company. The Participant acknowledges that the Confidential Information is the Company's exclusive property, and the Participant will hold the Confidential Information in trust and solely for the Company's benefit. The Participant further acknowledges that portions of the Confidential Information constitute "trade secrets" under Texas and federal law and, in addition to the other protections provided in this Agreement, all trade secrets will be accorded the protection and benefits under Texas law, federal law, and any other applicable law.

In exchange for the Company's promise to provide the Participant with some or all of the Company's Confidential Information to which the Participant has not previously had access or knowledge, the Participant agrees that he or she will not, either during the period of the Participant's employment with the Company or at any time thereafter, use or rely upon for the Participant's benefit or the benefit of another, or disclose, disseminate, or distribute to anyone, including, without limitation, any individual, person, firm, corporation, or other entity, or publish, or use for any purpose, any of the Confidential Information (whether acquired, learned, obtained, or developed by the Participant alone or in conjunction with others), except (A) as properly required in the ordinary course of the

Company's business or as the Company directs and authorizes or; (B) as required by applicable law (if, to the extent reasonable and practicable, reasonable prior notice of such disclosure is given to the Company). The Participant agrees that he or she will take all reasonable measures to protect the secrecy of and avoid unauthorized disclosure and unauthorized use of the Confidential Information. The Participant also agrees to notify the Company immediately in the event of any unauthorized use, reliance upon or disclosure of the Company's Confidential Information of which the Participant is aware.

- (3) Use of Confidential Information During Employment. The Participant further agrees that in the course of his or her employment by the Company, the Participant will not remove from any office of the Company any documents, electronically stored information, or related items that contain Confidential Information, including, without limitation, computer discs, recordings, or other storage or archival systems or devices, including copies, except as may be required in the performance of the Participant's duties as an employee of the Company. The Participant also agrees that he or she will not place or save any Confidential Information on any computer or electronic storage system that is not the Company's property. All Confidential Information, and all memoranda, notes, records, drawings, documents, or other writings whatsoever made, compiled, acquired, or received by the Participant at any time during his or her employment, including during the term of this Agreement, arising out of, in connection with, or related to any activity or business of the Company, including, without limitation, the customers, vendors, third parties, or others with whom the Company has a business relationship, the arrangements of the Company with such parties, and the pricing and expansion policies and strategy of the Company, are, and shall continue to be, the Company's sole and exclusive property.

(ii) No Solicitation of Employees/Customers. The Participant agrees that during the Restricted Period, the Participant will not, alone or in combination with any individual, partner(s), company, corporation, or other entity or business with which he is in any way affiliated, including, without limitation, any partner, limited partner, member, director, officer, shareholder, employee, or agent of any such entity, recruit, solicit, request, induce or attempt to influence, directly or indirectly, any employee of the Company to resign or terminate employment with the Company. The Participant agrees that during the Restricted Period, he or she shall not, directly or indirectly, as an owner, stockholder, director, employee, partner, agent, broker, consultant or other participant solicit a customer or prospective customer, or accept any business from a customer or prospective customer with whom he or she has done business or with whom he or she has had contact during the last 12 months of the Participant's employment with the Company.

- (1) For purposes of this Agreement, "***Restricted Period***" means during the Participant's employment with the Company, and a period equal to the longer of (i) the one year period after the date the Participant's employment with the Company terminates for any reason, or (ii) in the event the Awarded Units vest in accordance with Section 3.e. above, the

remaining vesting period; provided, however, that the Restricted Period for a Participant on Garden Leave in accordance with Section 7, shall commence on the first day of the Garden Leave and continue for a period of ten (10) months from that date.

(iii) Return of Materials. The Participant agrees that he or she will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the Participant's termination date, or at any other time the Company requests such return, any and all property of the Company that is in the Participant's possession or subject to his or her control, including, but not limited to, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, equipment, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Confidential Information belonging to the Company or that the Participant received from or through his or her employment with the Company. The Participant will not make, distribute, or retain copies of any such information or property. To the extent that the Participant has electronic files or information in his possession or control that belong to the Company or otherwise contain Confidential Information (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Participant's termination date, or at any other time the Company requests, the Participant shall (1) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (2) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, and other media, devices, and equipment, such that such files and information are permanently deleted and irretrievable; and (3) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted.

(iv) Reasonableness; Notification. The Participant acknowledges that the geographic boundaries, scope of prohibited activities and the duration of the provisions in Section 3.e.(i) and this Section 5.b are reasonable and are no broader than are necessary to protect the Company's legitimate business interests. The provisions of Section 3.e.(i) and this Section 5.b shall survive the termination of the Participant's employment and can be revoked or modified only by a writing signed by the parties that specifically states an intent to revoke or modify this provision. The Participant acknowledges that the Company would not provide him or her with access to its Confidential Information but for his or her covenants or promises contained in Section 3.e.(i) and this Section 5.b. The Participant further agrees that during the Restricted Period, he or she shall immediately notify the Company in writing of any employment, work, or business he or she undertakes with or on behalf of any person (including himself or herself) or entity.

(v) Injunctive Relief. The Participant acknowledges and agrees that the Participant's obligations, covenants, and agreements in Sections 3.e.(i) and 5.b.(i)-(iii) concern special, unique and extraordinary matters and that a violation of any of the terms of these agreements, covenants or obligations will cause the Company irreparable injury

for which adequate remedies at law are not available. Therefore, the Participant agrees that the Company, in addition to any amounts that the Company is entitled to pursuant to Section 5.a. above, will be entitled to an injunction, restraining order, or all other equitable relief as a court or arbitrator of competent jurisdiction may deem necessary or appropriate to restrain the Participant from committing any violation of the agreements, covenants or obligations referred to in Sections 3.e(i) and 5.b(i)-(iii). The Participant waives any requirement that the Company post a bond or other security should the need arise.

(vi) Attorneys' Fees. If the parties become involved in legal action regarding the enforcement of the Protective Covenants, the prevailing party in such action will be entitled, in addition to any other remedy, to recover from the non-prevailing party its/his/her reasonable costs and attorneys' fees incurred in connection with such action.

(vii) Disclosures to Courts, Governmental Agencies or Administrative or Legislative Bodies. Notwithstanding the foregoing or any other agreement regarding confidentiality with the Company, the Participant may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over the Participant or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Participant to divulge, disclose or make accessible such information. Nothing in this Agreement is intended to interfere with the Participant's right to (1) report possible violations of state or federal law or regulation to any governmental agency or entity, (2) make other disclosures that are protected under the whistleblower provisions of state or federal law or regulation, (3) file a claim or charge with any government agency or entity, or (4) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any government or law enforcement agency, entity or court.

(viii) Defend Trade Secrets Act of 2016. The Participant is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (1) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. The Participant is further notified that if the Participant files a lawsuit for retaliation against the Company for reporting a suspected violation of law, the Participant may disclose the Company's trade secrets to the Participant's attorney and use the trade secret information in the court proceeding if the Participant: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

6. Non-Disparagement. The Participant agrees that during the Restricted Period, the Participant shall not make, publish or communicate to any person or entity or in any public forum (including social media) any defamatory or disparaging remarks, comments or statements concerning the Company or any of its products, services, affiliates, directors, officers, or employees. Notwithstanding the foregoing, this provision does not in any way limit, restrict, or impede any of the Participant's rights that are expressly reserved in Section 5(vii) and (viii), or in any way limit the Participant's ability to

provide truthful testimony or information in response to a subpoena, court or arbitral order, or valid request by a government entity, or as otherwise required by law.

7. Notice Regarding Resignation of Employment.

a. The Participant agrees that in the event the Participant decides to resign from his or her employment with the Company for any reason, the Participant will give the Company at least sixty (60) days' prior written notice of such resignation (the "**Notice Period**"), and the Participant shall be deemed to have forfeited all of the Participant's Unvested Units as of the first day of the Notice Period.

b. Upon receipt of such notice, the Company may, in its sole discretion, (i) accept Participant's resignation early and terminate Participant's employment at any time during the Notice Period without any further obligation whatsoever to the Participant other than payment of wages due through the date of termination; (ii) relieve the Participant of his or her duties and responsibilities or exclude the Participant from any of the premises of the Company, or both during the Notice Period or any portion thereof ("**Garden Leave**"); and/or (iii) permit the Participant to continue his or her duties and responsibilities during the Notice Period or any portion thereof (the "**Active Notice Period**"). During the Active Notice Period or Garden Leave, as applicable, the Participant (a) shall remain an employee of the Company and continue to be subject to all of his or her obligations under this Agreement, (b) shall continue to be paid the Participant's full base salary, excluding any bonus or other variable compensation, (c) shall continue to be eligible to participate in the Company's employee benefit plans (in accordance with the terms of such plans), and (d) if on Garden Leave, shall not, without the prior written consent of an authorized representative of the Company, (i) indirectly (e.g. via third parties) or directly contact, communicate with, or otherwise have dealings with any actual or prospective investor, client, customer or employee of the Company, or (ii) enter onto the premises of the Company.

8. Who May Receive Common Stock with Respect to Vested Units. During the lifetime of the Participant, the Common Stock received upon conversion of the Vested Units may only be received by the Participant or his or her legal representative. If the Participant dies prior to the date his or her Awarded Units are converted into shares of Common Stock as described in Section 4 above, the Common Stock relating to such converted Awarded Units may be received by any individual who is entitled to receive the property of the Participant pursuant to the applicable laws of descent and distribution.

9. Common Stock Subject to Ownership Guidelines. The Participant acknowledges, understands and agrees that any Common Stock delivered to the Participant (or registered in the Participant's name) pursuant to this Agreement shall be subject to the Common Stock ownership guidelines as adopted by the Committee and in effect from time to time, and that the Participant (if and as applicable to Participant) may be required to hold such Common Stock until the Participant has met the requirements of such ownership guidelines. The Participant further acknowledges, understands and agrees that the Committee retains the right to modify the Company's Common Stock ownership guidelines at any time.

10. Rights as Stockholder. The Participant will have no rights as a stockholder with respect to the Awarded Units until the issuance of a certificate or certificates to the Participant or the registration of such shares of Common Stock in the Participant's name. The Awarded Units shall be subject to the terms and conditions of this Agreement.

11. No Fractional Shares. Awarded Units may be converted only with respect to full shares, and no fractional share of Common Stock shall be issued.

12. Non-Assignability. The Awarded Units are not assignable or transferable by the Participant except by will or by the laws of descent and distribution.

13. The Participant's Acknowledgments. The Participant acknowledges receipt of a copy of the Plan, which is annexed hereto, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Awarded Units subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

14. Adjustment of Number of Awarded Units and Related Matters. The number of shares of Common Stock covered by the Awarded Units shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

15. Execution of Documents. The Participant, by his or her electronic execution of this Agreement, hereby agrees to execute any documents requested by the Company in connection with the payment of any amount in connection with the Awarded Units pursuant to this Agreement.

16. Remedies. Except as otherwise provided in Section 5 in this Agreement, each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including reasonable attorneys' fees) caused by any breach of any provision of this Agreement, and to exercise all other rights existing in the party's favor. No waiver of any breach of this Agreement shall be construed to be a waiver as to succeeding breaches and no waiver of any provisions of this Agreement shall constitute a waiver of any other provision of this Agreement. The remedies for any violation of Section 5 above are limited to the forfeiture, disgorgement, injunction and attorneys' fees remedies specified in Sections 5.a., b.(v) and b.(vi). and are subject to the time-limitations set forth in Section 5.a. above. The remedies described in this Section 16 do not apply to Section 5.

17. The Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to register any shares of Common Stock in the Participant's name or issue any shares of Common Stock to the Participant hereunder, if the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination by the Company under this Section 17 shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules and regulations.

18. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be acquired hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or states securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

19. Law Governing; Forum. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of

Texas law that might refer the governance, construction, or interpretation of this agreement to the laws of another state). The Participant's sole remedy for any Claim shall be against the Company and no Participant shall have any claim or right of any nature against any Subsidiary of the Company or any stockholder or existing or former director, officer, or Employee of the Company or any Subsidiary of the Company. Subject to the Arbitration Agreement provision below, the parties further agree that the exclusive forum for any litigation arising under the terms of this Agreement and permitted by Section 31 below shall be the state courts for Dallas County, Texas, or the United States District Court for the Northern District of Texas, Dallas Division. With respect to any such court action, the Participant hereby (1) irrevocably submits to the personal jurisdiction of such courts; (2) consents to service of process; (3) consents to venue; and (4) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue, but the parties agree that such promises by the Participant shall not be in derogation of the parties' obligation to arbitrate set forth in Section 31 below. The parties further agree that the courts listed above are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

20. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Subsidiary, whether as an Employee, Contractor, consultant or Outside Director, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant as an Employee, Contractor, consultant or Outside Director at any time.

21. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court or arbitrator of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement. If any of the provisions of Section 5.b should ever be held by a court or arbitrator of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court or arbitrator may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

22. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

23. Entire Agreement. This Agreement, together with the Plan, supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter in this Agreement and constitute the only agreements between the parties with respect to the subject matter in this Agreement. Except for the Employment Agreement between the Participant and the Company (if any), all prior negotiations and agreements between the parties with respect to the subject matter in this Agreement are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect. Except for the specific

representations expressly made by the Company in this Agreement, the Participant specifically disclaims that the Participant is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. The parties represent that they are relying solely and only on their own judgment in entering into this Agreement.

24. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

25. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein.

26. Modification. No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties (electronically or otherwise); provided, however, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder.

27. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

28. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

29. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Texas Capital Bancshares, Inc.
2000 McKinney Avenue, Suite 700
Dallas, Texas 75201
Attn: Human Resources
Email: HR@texascapitalbank.com

- b. Notice to the Participant shall be addressed and delivered to the most recent address in the Company's records.

30. Clawback. The Participant acknowledges, understands and agrees, with respect to any shares of Common Stock delivered to the Participant (or registered in the Participant's name) pursuant to this Agreement, that such shares of Common Stock shall be subject to recovery by the Company, and the Participant shall be required to repay such compensation or shares of Common Stock, in accordance with

the Company's Recoupment i.e. Claw-Back Policy, as in effect from time to time. The Participant further acknowledges, understands, and agrees that the Board retains the right to modify the Company's Claw-Back Policy at any time.

31. Arbitration.

a. The parties agree that to the fullest extent permitted by applicable law any controversy or claim of any party arising out of or in any way relating to this Agreement, the breach thereof, the Participant's employment with the Company or the termination thereof shall be settled by final, and binding arbitration in Dallas, Texas, in accordance with any Dispute Resolution and Arbitration Agreement ("DRAA") between the parties or if there is not a DRAA between the parties in accordance with the Arbitration Agreement below; provided, however, that nothing herein shall preclude the Company or the Participant from seeking temporary or preliminary injunctive relief in connection with an arbitrable controversy, including without limitation any controversy under this Agreement. The court to which the application is made is authorized to grant temporary or preliminary injunctive relief and may do so with or without addressing the merits of the underlying arbitrable dispute, as provided by applicable law. However, all determinations of final relief will be decided in arbitration, and the pursuit of temporary or preliminary injunctive relief shall not be deemed incompatible with or constitute a waiver of rights under the Arbitration Agreement.

"ARBITRATION AGREEMENT": IF THE PARTIES ARE NOT SUBJECT TO A DRAA, PARTICIPANT AND THE COMPANY AGREE THAT EXCEPT AS OTHERWISE PROVIDED IN THIS ARBITRATION AGREEMENT, ANY AND ALL CLAIMS OR DISPUTES, PAST, PRESENT, AND FUTURE, ARISING OUT OF OR RELATED TO: (i) THIS AGREEMENT, (ii) ANY OTHER AGREEMENT BETWEEN THEM, OR (iii) PARTICIPANT'S EMPLOYMENT AND SEPARATION OF EMPLOYMENT WITH THE COMPANY, WILL BE DECIDED BY A SINGLE ARBITRATOR THROUGH FINAL AND BINDING ARBITRATION AND NOT BY A JUDGE OR JURY under the then-current Employment Arbitration Rules of the AAA for individually negotiated agreements ("AAA Rules"); provided however, that if there is a conflict between the AAA Rules and this Agreement, this Agreement shall govern. The AAA Rules may be found at www.adr.org/employment or by searching for "AAA Employment Arbitration Rules" using a service such as www.Google.com. The provisions set forth herein, including all waivers included herein, shall be governed by and interpreted in accordance with the Federal Arbitration Act. If a court determines the FAA does not apply to a particular dispute or to one or both parties, the parties agree that the Texas Arbitration Act ("TAA") will apply and acknowledge that the Company is based in Texas. If neither the FAA or TAA apply, the parties stipulate and agree the arbitration law of the jurisdiction where the arbitration will take place will apply. The Company and Participant waive any right for any dispute to be brought, heard, decided, or arbitrated as a class action or collective action, and the arbitrator will have no authority to preside over any class or collective action ("Class Action Waiver"). The following claims and disputes are not covered under this Arbitration Agreement: (i) Workers' Compensation benefit claims (but workers' compensation discrimination or retaliation is covered); (ii) state unemployment or disability insurance compensation claims; and (iii) disputes that may not be arbitrated or subject to pre-dispute arbitration as expressly provided by Dodd-Frank Wall Street Reform and Consumer Protection Act or other controlling federal statute."

b. *FINRA Registered Representatives or Associated Persons.* This Section applies to Registered Representatives or Associated Persons, as classified pursuant to the Financial Industry Regulatory Authority (FINRA). To the maximum extent allowed by law, Registered Representatives or Associated Persons, as classified by FINRA, and the Company waive FINRA Rule 13200 (or any successor rule) and agree that any dispute arising out of or related to Your application and selection for employment, employment, and/or termination of employment shall be arbitrated pursuant to this Agreement—and not in a FINRA arbitral forum.

c. *FINRA Exception.* If the above waiver of FINRA 13200 is deemed invalid or unenforceable, arbitration between the Company and Registered Representatives or Associated Persons, as classified pursuant to FINRA, will be administered by FINRA in individual, bilateral arbitration in accordance with its Code of Arbitration Procedure for Industry Disputes and the FINRA Rules; provided, however, Participant and the Company waive any right to commence, be a party to or an actual or putative class member of any class or collective action arising out of or relating to Participant's employment with the Company, and agree that any dispute must be arbitrated on an individual, bilateral basis. Additionally, if (1) FINRA declines to hear an arbitration of a dispute between the Company and a Registered Representative or Associated Person, and/or (2) if a claim or dispute is deemed not arbitrable under the FINRA Rules or Code of Arbitration Procedure for Industry Disputes, such disputes shall be resolved in individual arbitration in accordance with this Agreement—including without limitation, the Class and Collective Action Waivers section.

32. Waiver of Jury Trial. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON, THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY AN ARBITRATOR OR, AS PERMITTED BY SECTION 31 ABOVE, A JUDGE HEARING A PETITION FOR PRELIMINARY INJUNCTIVE RELIEF. THEREFORE, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY, AND/OR THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HEREUNDER.

33. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement, including, without limitation, any possible tax consequences of this Agreement in connection with Section 409A of the Code. The Company, or if applicable, any Subsidiary (for purposes of this Section 33, the term “*Company*” shall be deemed to include any applicable Subsidiary) has the authority and the right to deduct or withhold, or require the Participant to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting or conversion of the RSUs. Unless otherwise determined by the Committee at the time the Award is granted or thereafter, the Company shall satisfy any such withholding requirement by withholding the number of Awarded Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes.

34. Section 409A.

a. To the extent (i) any shares of Common Stock to which the Participant becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with the Participant's Termination of Service with the Company constitutes deferred compensation subject to Section 409A of the Code ("***Non-Exempt Deferred Compensation***"); (ii) the Participant is deemed at the time of his or her separation from service to be a "specified employee" under Section 409A of the Code; and (iii) at the time of the Participant's separation from service the Company is publicly traded (as defined in Section 409A of the Code), then such shares of Common Stock (other than any delivery of Common Stock permitted by Section 409A of the Code to be paid or delivered within six months of the Participant's separation from service) shall not be made until the earlier of (x) the first day of the seventh month following the Participant's separation from service or (y) the date of the Participant's death following such separation from service. Upon the expiration of the applicable deferral period, any shares of Common Stock which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this Section 34 (together with, as applicable, accrued interest thereon) shall be delivered to the Participant or the Participant's beneficiary in one lump sum.

b. To the extent any shares of Common Stock to which the Participant becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with the Participant's Termination of Service with the Company constitutes Non-Exempt Deferred Compensation, a Termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a Termination of Service unless such termination is also a "separation from service" (within the meaning of Section 409A of the Code).

c. It is intended that this Agreement comply with the provisions of Section 409A of the Code so as to not subject the Participant to the payment of additional interest and taxes under Section 409A of the Code, and in furtherance of this intent, this Agreement shall be interpreted, operated and administered in a manner consistent with these intentions.

EXHIBIT A

The Awarded Units shall vest in accordance with the following schedule (60% based on ROTCE (the “**ROTCE Units**”) and 40% based on Relative TSR (the “**TSR Units**”), as outlined below):

1. For purposes of this Exhibit A and the Agreement, unless the context requires otherwise, the following terms shall have the meanings indicated:
 - a. “**ROTCE**” shall mean Return on Tangible Common Equity.
 - b. “**Relative TSR**” shall mean the Company's Total Shareholder Return (“**TSR**”) relative to the TSR of the Peer Group. Relative TSR will be determined by ranking the Company and the component companies of the Peer Group from highest to lowest according to their respective TSRs.
 - c. “**Performance Period**” shall mean the period commencing on and including January 1, 2022 and ending on December 31, 2024.
 - d. “**Peer Group**” shall be comprised of the following companies:

Associated Banc-Corp	Hancock Whitney Corporation
BankUnited, Inc.	PacWest Bancorp
BOK Financial Corporation	Pinnacle Financial Partners, Inc.
Comerica Incorporated	Prosperity Bancshares Inc.
Cullen/Frost Bankers, Inc.	Signature Bank
F.N.B. Corporation	Western Alliance Bancorporation
First Horizon National Corporation	Wintrust Financial Corporation

Notwithstanding the foregoing, the Peer Group shall be subject to the following adjustments:

- (i) If during the Performance Period two component companies of the Peer Group merge or otherwise combine into a single entity, the surviving entity shall remain a component company of the Peer Group and the non-surviving entity shall be removed from the Peer Group, provided that the surviving entity continues to meet the criteria for inclusion in the Peer Group; if the surviving entity no longer meets the criteria for inclusion in the Peer Group, the surviving entity will be removed from the Peer Group for all periods after such merger or combination.
 - (ii) If during the applicable Performance Period a component company of the Peer Group merges into or otherwise combines with an entity that is not a component company of the Peer Group, such component company shall be removed from the Peer Group for all periods after such merger or combination.
 - (iii) If during the applicable Performance Period a component company of the Peer Group ceases to be a public company by becoming a private company through the “going dark” process, such component company shall be removed from the
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Peer Group for all periods after the component company ceases to be a public company.

- (iv) If during the applicable Performance Period a component company of the Peer Group files a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code or liquidation under Chapter 7 of the U.S. Bankruptcy Code, such component company shall be removed from the Peer Group for all periods after such filing.

2. Subject to paragraph 4 below, upon the achievement of the average ROTCE for the Performance Period, as determined by the Committee, in its sole discretion, the ROTCE Units shall be eligible to vest as follows:

ROTCE	Payout %
[•]%	200%
[•]% – [•]%	100% - 199.9%
[•]% – [•]%	50% - 99.9%
Less than [•]%	0%

3. Subject to paragraph 4 below, upon the achievement of the Relative TSR by the Company versus Peer Group during the Performance Period, as determined by the Committee, in its sole discretion, the TSR Units shall be eligible to vest based upon the Company's ranking within its Peer Group as follows:

Rank within Peer Group Based on Relative TSR	% Vested and Payout
[•]	200%
[•]	100%-199.9%
[•]	50%-99.9%
[•]	0%

4. Achievement of the performance goals set forth in paragraphs 2 and 3 of this Exhibit A shall be determined by the Committee, in its sole discretion, and shall be subject to the following terms and conditions:

- Payouts between performance levels shall be linear; provided, that in no event shall the payout percentage exceed 200% (maximum payout).
 - Notwithstanding the criteria in the table in paragraph 3 of this Exhibit A, in the event the Company's TSR over the Performance Period is negative, the Payout for the portion of the award that is earned based on Relative TSR shall not exceed 100%.
 - All performance metrics assume that no capital raises occur during the Performance Period. If a capital raise occurs during the Performance Period, performance may be adjusted to exclude the effects of the capital raise.
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- d. The Committee will review potential adjustments to achievement of the performance metrics based on Federal Funds Rate changes or any other material changes and/or impacts, as determined by the Committee in its sole discretion.
5. By way of example, assume (i) 50 Performance-Based Units, (ii) ROTCE for the Performance Period was achieved at 100% payout level%, and (iii) Relative TSR for the Performance Period was achieved at the 100% payout level. Provided that the conditions set forth in Section 3.a.(i) of the Agreement and paragraph 4 of this Exhibit A have been met, the Participant would be entitled to:
- a. 100% of the ROTCE Units at 100% payout [for example purposes only, 60% x 50 units are ROTCE Units (or 30 units) and to calculate vesting, based on the hypothetical performance, it would be 30 units x 100% for a total number of 30 vested ROTCE Units]; and
 - b. 100% of the TSR Units [for example purposes only, 40% x 50 units are TSR Units (or 20 units) and to calculate vesting, based on the hypothetical performance, it would be 20 units x 100% for a total number of 20 vested TSR Units].

CERTIFICATION

I, Rob C. Holmes, certify that:

1. I have reviewed this report on Form 10-Q of Texas Capital Bancshares, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 21, 2022

/s/ Rob C. Holmes

Rob C. Holmes

President and Chief Executive Officer

CERTIFICATION

I, J. Matthew Scurlock, certify that:

1. I have reviewed this report on Form 10-Q of Texas Capital Bancshares, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 21, 2022

/s/ J. Matthew Scurlock

J. Matthew Scurlock
Chief Financial Officer

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Texas Capital Bancshares, Inc. (the “Company”) for the period ending March 31, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Rob C. Holmes, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report, fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ Rob C. Holmes

Rob C. Holmes

President and Chief Executive Officer

Date: April 21, 2022

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Texas Capital Bancshares, Inc. (the “Company”) for the period ending March 31, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, J. Matthew Scurlock, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report, fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ J. Matthew Scurlock

J. Matthew Scurlock
Chief Financial Officer

Date: April 21, 2022