

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, 2023

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)

Securities registered under Section 12(b) of the Exchange Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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. (Check one):

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 19, 2023, 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 47,869,688

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Texas Capital Bancshares, Inc.
Form 10-Q
Quarter Ended March 31, 2023

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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, 2023	December 31, 2022
Assets		
Cash and due from banks	\$ 264,211	\$ 233,637
Interest bearing cash and cash equivalents	3,385,494	4,778,623
Available-for-sale debt securities	3,394,293	2,615,644
Held-to-maturity debt securities	918,962	935,514
Equity securities	32,714	33,956
Investment securities	4,345,969	3,585,114
Loans held for sale	27,608	36,357
Loans held for investment, mortgage finance	4,060,570	4,090,033
Loans held for investment	16,014,497	15,197,307
Less: Allowance for credit losses on loans	260,928	253,469
Loans held for investment, net	19,814,139	19,033,871
Premises and equipment, net	25,268	26,382
Accrued interest receivable and other assets	732,468	719,162
Goodwill and intangibles, net	1,496	1,496
Total assets	\$ 28,596,653	\$ 28,414,642
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest bearing deposits	\$ 9,500,583	\$ 9,618,081
Interest bearing deposits	12,679,114	13,238,799
Total deposits	22,179,697	22,856,880
Accrued interest payable	31,198	24,000
Other liabilities	273,665	345,827
Short-term borrowings	2,100,000	1,201,142
Long-term debt	932,119	931,442
Total liabilities	25,516,679	25,359,291
Stockholders' equity:		
Preferred stock, \$0.01 par value, \$1,000 liquidation value:		
Authorized shares - 10,000,000		
Issued shares - 300,000 at March 31, 2023 and December 31, 2022	300,000	300,000
Common stock, \$0.01 par value:		
Authorized shares - 100,000,000		
Issued shares - 50,947,306 and 50,867,298 at March 31, 2023 and December 31, 2022, respectively	509	509
Additional paid-in capital	1,031,905	1,025,593
Retained earnings	2,297,850	2,263,502
Treasury stock - 3,095,444 and 2,083,535 shares at cost at March 31, 2023 and December 31, 2022, respectively	(175,528)	(115,310)
Accumulated other comprehensive loss, net of taxes	(374,762)	(418,943)
Total stockholders' equity	3,079,974	3,055,351
Total liabilities and stockholders' equity	\$ 28,596,653	\$ 28,414,642

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME AND OTHER
COMPREHENSIVE INCOME/(LOSS) - UNAUDITED

<i>(in thousands except per share data)</i>	Three Months Ended March 31,	
	2023	2022
Interest income		
Interest and fees on loans	\$ 297,438	\$ 187,656
Investment securities	25,292	17,302
Interest bearing cash and cash equivalents	62,436	3,571
Total interest income	385,166	208,529
Interest expense		
Deposits	120,094	13,630
Short-term borrowings	14,744	758
Long-term debt	14,983	10,595
Total interest expense	149,821	24,983
Net interest income	235,345	183,546
Provision for credit losses	28,000	(2,000)
Net interest income after provision for credit losses	207,345	185,546
Non-interest income		
Service charges on deposit accounts	5,022	6,115
Wealth management and trust fee income	3,429	3,912
Brokered loan fees	1,895	3,970
Investment banking and trading income	18,768	4,179
Other	8,289	2,107
Total non-interest income	37,403	20,283
Non-interest expense		
Salaries and benefits	128,670	99,859
Occupancy expense	9,619	8,885
Marketing	9,044	4,977
Legal and professional	14,514	10,302
Communications and technology	17,523	14,700
Federal Deposit Insurance Corporation insurance assessment	2,170	3,981
Other	12,487	10,388
Total non-interest expense	194,027	153,092
Income before income taxes	50,721	52,737
Income tax expense	12,060	13,087
Net income	38,661	39,650
Preferred stock dividends	4,313	4,313
Net income available to common stockholders	\$ 34,348	\$ 35,337
Other comprehensive income/(loss):		
Change in unrealized gain/(loss)	\$ 42,953	\$ (200,619)
Amounts reclassified into net income	12,973	986
Other comprehensive income/(loss)	55,926	(199,633)
Income tax expense/(benefit)	11,745	(41,923)
Other comprehensive income/(loss), net of tax	44,181	(157,710)
Comprehensive income/(loss)	\$ 82,842	\$ (118,060)
Basic earnings per common share	\$ 0.71	\$ 0.70
Diluted earnings per common share	\$ 0.70	\$ 0.69

See accompanying notes to consolidated financial statements.

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

<i>(in thousands except share data)</i>	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Amount	Shares	Amount			Shares	Amount		
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 other comprehensive income/(loss), 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
Balance at December 31, 2022 (audited)	300,000	\$ 300,000	50,867,298	\$ 509	\$ 1,025,593	\$ 2,263,502	(2,083,535)	\$ (115,310)	\$ (418,943)	\$ 3,055,351
Comprehensive income/(loss):										
Net income	—	—	—	—	—	38,661	—	—	—	38,661
Change in other comprehensive income/(loss), net of taxes	—	—	—	—	—	—	—	—	44,181	44,181
Total comprehensive income										82,842
Stock-based compensation expense recognized in earnings	—	—	—	—	8,438	—	—	—	—	8,438
Preferred stock dividend	—	—	—	—	—	(4,313)	—	—	—	(4,313)
Issuance of stock related to stock-based awards	—	—	80,008	—	(2,126)	—	—	—	—	(2,126)
Repurchase of common stock	—	—	—	—	—	—	(1,011,909)	(60,218)	—	(60,218)
Balance at March 31, 2023	300,000	\$ 300,000	50,947,306	\$ 509	\$ 1,031,905	\$ 2,297,850	(3,095,444)	\$ (175,528)	\$ (374,762)	\$ 3,079,974

See accompanying notes to consolidated financial statements.

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

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Operating activities		
Net income	\$ 38,661	\$ 39,650
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Provision for credit losses	28,000	(2,000)
Depreciation and amortization	8,683	10,604
Net gain recognized on investment securities	(1,734)	—
Stock-based compensation expense	8,438	5,588
Proceeds from sales and repayments of loans held for sale	8,749	571
Changes in operating assets and liabilities:		
Accrued interest receivable and other assets	(28,286)	43,200
Accrued interest payable and other liabilities	(44,308)	(24,691)
Net cash provided by operating activities	18,203	72,922
Investing activities		
Purchases of available-for-sale securities	(849,391)	(376,415)
Proceeds from sales of available-for-sale debt securities	56,923	—
Proceeds from maturities, redemptions and pay-downs of available-for-sale debt securities	45,716	104,338
Proceeds from maturities, redemptions and pay-downs of held-to-maturity debt securities	17,489	9,882
Sales/(purchases) of equity securities, net	2,487	940
Originations of loans held for investment, mortgage finance	(14,897,110)	(26,902,960)
Proceeds from pay-offs of loans held for investment, mortgage finance	14,926,573	28,550,492
Net increase in loans held for investment, excluding mortgage finance loans	(837,100)	(517,465)
Purchase of premises and equipment, net	(1,363)	(2,709)
Net cash provided by/(used in) investing activities	(1,535,776)	866,103
Financing activities		
Net decrease in deposits	(677,183)	(2,731,427)
Issuance of stock related to stock-based awards	(2,126)	(2,612)
Preferred dividends paid	(4,313)	(4,313)
Repurchase of common stock	(60,218)	—
Net increase (decrease) in short-term borrowings	898,858	(775,799)
Net cash provided by/(used in) financing activities	155,018	(3,514,151)
Net decrease in cash and cash equivalents	(1,362,555)	(2,575,126)
Cash and cash equivalents at beginning of period	5,012,260	7,946,659
Cash and cash equivalents at end of period	\$ 3,649,705	\$ 5,371,533
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ 142,623	\$ 24,122
Cash paid during the period for income taxes	451	302
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. (“TCBI” or the “Company”), a Delaware corporation, was incorporated in November 1996 and commenced banking operations in December 1998. The consolidated financial statements include the accounts of TCBI and its wholly owned subsidiary, Texas Capital Bank (the “Bank”).

The Company serves the needs of commercial businesses, entrepreneurs and professionals located in Texas through a custom array of financial products and services with high-quality personal service.

Basis of Presentation

The Company’s 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 present a fair presentation of our financial position and results of operations. 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 and the notes to the consolidated unaudited financial statements required by GAAP for complete annual financial statements do not include all of the information and should be read in conjunction with our consolidated financial statements, and notes thereto, for the year ended December 31, 2022, included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 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:

<i>(in thousands except share and per share data)</i>	Three Months Ended March 31,	
	2023	2022
Numerator:		
Net income	\$ 38,661	\$ 39,650
Preferred stock dividends	4,313	4,313
Net income available to common stockholders	\$ 34,348	\$ 35,337
Denominator:		
Denominator for basic earnings per common share—weighted average common shares	48,264,121	50,667,090
Effect of dilutive outstanding stock-settled awards	616,604	656,937
Denominator for dilutive earnings per common share—weighted average diluted common shares	48,880,725	51,324,027
Basic earnings per common share	\$ 0.71	\$ 0.70
Diluted earnings per common share	\$ 0.70	\$ 0.69
Anti-dilutive outstanding stock-settled awards	252,308	229,488

(3) Investment Securities

The following is a summary of the Company's investment securities:

<i>(in thousands)</i>	Amortized Cost(1)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2023				
Available-for-sale debt securities:				
U.S. Treasury securities	\$ 644,697	\$ —	\$ (21,385)	\$ 623,312
U.S. government agency securities	125,000	—	(20,883)	104,117
Residential mortgage-backed securities	2,965,866	1,077	(312,007)	2,654,936
CRT securities	14,507	—	(2,579)	11,928
Total available-for-sale debt securities	3,750,070	1,077	(356,854)	3,394,293
Held-to-maturity debt securities:				
Residential mortgage-backed securities	918,962	—	(107,431)	811,531
Total held-to-maturity debt securities	918,962	—	(107,431)	811,531
Equity securities				
				32,714
Total investment securities(2)				\$ 4,345,969
December 31, 2022				
Available-for-sale debt securities:				
U.S. Treasury securities	\$ 698,769	\$ —	\$ (28,187)	\$ 670,582
U.S. government agency securities	125,000	—	(22,846)	102,154
Residential mortgage-backed securities	2,162,364	3	(331,320)	1,831,047
CRT securities	14,713	—	(2,852)	11,861
Total available-for-sale debt securities	3,000,846	3	(385,205)	2,615,644
Held-to-maturity securities:				
Residential mortgage-backed securities	935,514	—	(118,600)	816,914
Total held-to-maturity securities	935,514	—	(118,600)	816,914
Equity securities				33,956
Total investment securities(2)				\$ 3,585,114

- (1) Excludes accrued interest receivable of \$8.4 million and \$6.6 million at March 31, 2023 and December 31, 2022, respectively, related to available-for-sale debt securities and \$1.5 million and \$1.5 million at March 31, 2023 and December 31, 2022, respectively, 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 2023, the Company sold U.S. Treasury securities with an amortized cost of \$56.4 million and realized a gain of \$489,000.

The amortized cost and estimated fair value as of March 31, 2023, 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	\$ 250,900	\$ 243,554	\$ —	\$ —
Due after one year through five years	443,798	422,944	—	—
Due after five years through ten years	106,319	87,120	—	—
Due after ten years	2,949,053	2,640,675	918,962	811,531
Total	\$ 3,750,070	\$ 3,394,293	\$ 918,962	\$ 811,531

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The following table discloses the Company's 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:

<i>(in thousands)</i>	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
March 31, 2023						
U.S. Treasury securities	\$ 261,821	\$ (5,170)	\$ 361,491	\$ (16,215)	\$ 623,312	\$ (21,385)
U.S. government agency securities	—	—	104,117	(20,883)	104,117	(20,883)
Residential mortgage-backed securities	947,217	(10,451)	1,593,098	(301,556)	2,540,315	(312,007)
CRT securities	—	—	11,928	(2,579)	11,928	(2,579)
Total	\$ 1,209,038	\$ (15,621)	\$ 2,070,634	\$ (341,233)	\$ 3,279,672	\$ (356,854)
December 31, 2022						
U.S. Treasury securities	\$ 670,582	\$ (28,187)	\$ —	\$ —	\$ 670,582	\$ (28,187)
U.S. government agency securities	—	—	102,154	(22,846)	102,154	(22,846)
Residential mortgage-backed securities	261,502	(9,481)	1,569,107	(321,839)	1,830,609	(331,320)
CRT securities	—	—	11,861	(2,852)	11,861	(2,852)
Total	\$ 932,084	\$ (37,668)	\$ 1,683,122	\$ (347,537)	\$ 2,615,206	\$ (385,205)

At March 31, 2023, the Company had 109 available-for-sale debt securities in an unrealized loss position, comprised of 11 U.S. Treasury securities, five U.S. government agency securities, 91 residential mortgage-backed securities 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. The Company does not currently intend to sell and based on current conditions it does not believe it is likely that the Company will be required to sell these available-for-sale debt securities before recovery of the amortized cost of such securities in an unrealized loss position and has, therefore recorded the unrealized losses related to this portfolio in AOCI. Held-to-maturity securities consist of government guaranteed securities for which no loss is expected. At March 31, 2023 and December 31, 2022, no allowance for credit losses was established for available-for-sale or held-to-maturity debt securities.

Debt securities with carrying values of approximately \$1.6 billion and \$1.7 million were pledged to secure certain customer repurchase agreements and deposits, respectively, at March 31, 2023. The comparative amounts at December 31, 2022 were \$16.1 million and \$1.4 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 the Company's 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:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Net gains/(losses) recognized during the period	\$ 1,245	\$ (3,640)
Less: Realized net gains/(losses) recognized on securities sold	(596)	202
Unrealized net gains/(losses) recognized on securities still held	\$ 1,841	\$ (3,842)

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Loans are summarized by portfolio segment as follows:

<i>(in thousands)</i>	March 31, 2023		December 31, 2022	
Loans held for investment(1):				
Commercial	\$	9,514,781	\$	8,902,948
Energy		1,294,671		1,159,296
Mortgage finance		4,060,570		4,090,033
Real estate		5,272,443		5,198,643
Gross loans held for investment		20,142,465		19,350,920
Unearned income (net of direct origination costs)		(67,398)		(63,580)
Total loans held for investment		20,075,067		19,287,340
Allowance for credit losses on loans		(260,928)		(253,469)
Total loans held for investment, net	\$	19,814,139	\$	19,033,871
Loans held for sale:				
Non-mortgage loans, at lower of cost or fair value		27,608		36,357
Total loans held for sale	\$	27,608	\$	36,357

- (1) Excludes accrued interest receivable of \$100.0 million and \$100.4 million at March 31, 2023 and December 31, 2022, respectively, that is recorded in accrued interest receivable and other assets on the consolidated balance sheets.

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

<i>(in thousands)</i>	2023	2022	2021	2020	2019	2018 and prior	Revolving lines of credit	Revolving lines of credit converted to term loans	Total
March 31, 2023									
Commercial									
(1-7) Pass	\$ 668,265	\$ 1,913,280	\$ 594,666	\$ 192,154	\$ 186,922	\$ 440,995	\$ 5,079,665	\$ 19,786	\$ 9,095,733
(8) Special mention	95	47,169	18,690	1,399	61,187	12,025	67,354	1,860	209,779
(9) Substandard - accruing	—	18,298	39,079	1,649	3,295	24,755	34,358	895	122,329
(9+) Non-accrual	—	42,328	3,104	2,229	31,319	7,046	—	914	86,940
Total commercial	\$ 668,360	\$ 2,021,075	\$ 655,539	\$ 197,431	\$ 282,723	\$ 484,821	\$ 5,181,377	\$ 23,455	\$ 9,514,781
Energy									
(1-7) Pass	\$ 55,167	\$ 114,845	\$ —	\$ —	\$ —	\$ —	\$ 1,114,145	\$ —	\$ 1,284,157
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	7,037	—	7,037
(9+) Non-accrual	—	—	—	—	—	—	—	3,477	3,477
Total energy	\$ 55,167	\$ 114,845	\$ —	\$ —	\$ —	\$ —	\$ 1,121,182	\$ 3,477	\$ 1,294,671
Mortgage finance									
(1-7) Pass	\$ 110,532	\$ 29,682	\$ 486,327	\$ 261,183	\$ 288,589	\$ 2,884,257	\$ —	\$ —	\$ 4,060,570
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Total mortgage finance	\$ 110,532	\$ 29,682	\$ 486,327	\$ 261,183	\$ 288,589	\$ 2,884,257	\$ —	\$ —	\$ 4,060,570
Real estate									
CRE									
(1-7) Pass	\$ 156,825	\$ 1,199,143	\$ 807,286	\$ 492,723	\$ 369,393	\$ 450,333	\$ 97,541	\$ 10,924	\$ 3,584,168
(8) Special mention	—	2,650	5,847	29,802	—	24,926	—	—	63,225
(9) Substandard - accruing	—	—	17,850	—	—	29,860	—	—	47,710
(9+) Non-accrual	—	—	—	—	—	179	—	—	179
RBF									
(1-7) Pass	17,975	88,017	52,541	10,180	1,636	4,966	281,514	—	456,829
(8) Special mention	—	8,352	—	—	—	—	—	—	8,352
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Other									
(1-7) Pass	8,741	182,857	145,691	92,562	61,954	222,495	39,401	25,465	779,166
(8) Special mention	—	720	—	6,161	—	376	—	—	7,257
(9) Substandard - accruing	—	—	—	—	—	442	—	—	442
(9+) Non-accrual	—	—	—	3,355	—	—	—	—	3,355
Secured by 1-4 family									
(1-7) Pass	7,781	64,081	89,336	52,460	17,746	84,837	4,519	—	320,760
(8) Special mention	—	—	—	—	—	1,000	—	—	1,000
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Total real estate	\$ 191,322	\$ 1,545,820	\$ 1,118,551	\$ 687,243	\$ 450,729	\$ 819,414	\$ 422,975	\$ 36,389	\$ 5,272,443
Total	\$ 1,025,381	\$ 3,711,422	\$ 2,260,417	\$ 1,145,857	\$ 1,022,041	\$ 4,188,492	\$ 6,725,534	\$ 63,321	\$ 20,142,465
Gross charge-offs	\$ —	\$ 90	\$ 19,828	\$ —	\$ 262	\$ 552	\$ —	\$ —	\$ 20,732

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<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
December 31, 2022									
Commercial									
(1-7) Pass	\$ 1,903,529	\$ 671,459	\$ 244,568	\$ 255,444	\$ 325,201	\$ 244,373	\$ 4,877,753	\$ 21,063	\$ 8,543,390
(8) Special mention	9,141	7,740	3,628	37,794	11,998	4,975	95,310	2,250	172,836
(9) Substandard - accruing	18,670	71,147	514	1,666	14,933	6,305	30,070	—	143,305
(9+) Non-accrual	376	512	751	30,425	6,226	2,520	2,607	—	43,417
Total commercial	\$ 1,931,716	\$ 750,858	\$ 249,461	\$ 325,329	\$ 358,358	\$ 258,173	\$ 5,005,740	\$ 23,313	\$ 8,902,948
Energy									
(1-7) Pass	\$ 124,691	\$ 12,517	\$ —	\$ —	\$ —	\$ 3,317	\$ 1,007,776	\$ —	\$ 1,148,301
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	7,337	—	7,337
(9+) Non-accrual	—	—	—	—	—	—	3,658	—	3,658
Total energy	\$ 124,691	\$ 12,517	\$ —	\$ —	\$ —	\$ 3,317	\$ 1,018,771	\$ —	\$ 1,159,296
Mortgage finance									
(1-7) Pass	\$ 30,485	\$ 482,477	\$ 197,045	\$ 267,758	\$ 464,753	\$ 2,647,515	\$ —	\$ —	\$ 4,090,033
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Total mortgage finance	\$ 30,485	\$ 482,477	\$ 197,045	\$ 267,758	\$ 464,753	\$ 2,647,515	\$ —	\$ —	\$ 4,090,033
Real estate									
CRE									
(1-7) Pass	\$ 1,085,254	\$ 756,180	\$ 563,341	\$ 447,346	\$ 183,634	\$ 284,698	\$ 97,337	\$ 11,944	\$ 3,429,734
(8) Special mention	2,765	6,524	37,791	5,295	19,350	3,652	—	—	75,377
(9) Substandard - accruing	—	17,850	—	—	11,458	17,698	—	—	47,006
(9+) Non-accrual	—	—	—	—	—	182	—	—	182
RBF									
(1-7) Pass	94,066	70,951	12,161	6,106	2,655	—	326,164	—	512,103
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	7,840	—	—	—	—	—	—	—	7,840
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Other									
(1-7) Pass	182,840	131,538	94,611	67,518	76,951	163,838	42,333	31,293	790,922
(8) Special mention	729	—	8,721	—	—	386	—	—	9,836
(9) Substandard - accruing	—	—	—	247	—	1,035	—	—	1,282
(9+) Non-accrual	—	—	1,081	—	—	—	—	—	1,081
Secured by 1-4 family									
(1-7) Pass	64,050	89,967	53,003	24,314	16,953	70,082	4,911	—	323,280
(8) Special mention	—	—	—	—	—	—	—	—	—
(9) Substandard - accruing	—	—	—	—	—	—	—	—	—
(9+) Non-accrual	—	—	—	—	—	—	—	—	—
Total real estate	\$ 1,437,544	\$ 1,073,010	\$ 770,709	\$ 550,826	\$ 311,001	\$ 541,571	\$ 470,745	\$ 43,237	\$ 5,198,643
Total	\$ 3,524,436	\$ 2,318,862	\$ 1,217,215	\$ 1,143,913	\$ 1,134,112	\$ 3,450,576	\$ 6,495,256	\$ 66,550	\$ 19,350,920

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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, 2023					
Beginning balance	\$ 136,841	\$ 49,000	\$ 10,745	\$ 56,883	\$ 253,469
Provision for credit losses on loans	32,475	1,930	(3,345)	(3,691)	27,369
Charge-offs	20,732	—	—	—	20,732
Recoveries	816	6	—	—	822
Net charge-offs (recoveries)	19,916	(6)	—	—	19,910
Ending balance	\$ 149,400	\$ 50,936	\$ 7,400	\$ 53,192	\$ 260,928
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

The Company recorded a \$27.4 million provision for credit losses on loans for the three months ended March 31, 2023, compared to a \$1.2 million negative provision for the same period of 2022. The \$27.4 million provision for credit losses on loans resulted primarily from updated views on the downside risks to the economic forecast and increases in net charge-offs and criticized loans during the three months ended March 31, 2023. Net charge-offs of \$19.9 million were recorded during the three months ended March 31, 2023, related primarily to a single commercial loan, compared to net recoveries of \$512,000 during the same period of 2022. Criticized loans totaled \$561.1 million at March 31, 2023, \$513.2 million at December 31, 2022 and \$476.1 million at March 31, 2022.

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, 2023, the Company had \$38.7 million in collateral-dependent commercial loans, collateralized by business assets, and \$1.1 million in collateral-dependent real estate loans, collateralized by real estate property.

The table below provides an age analysis of 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	Total Past Due	Non-accrual(1)	Current	Total	Non-accrual With No Allowance
March 31, 2023								
Commercial	\$ 3,185	\$ 242	\$ 3,098	\$ 6,525	\$ 86,940	\$ 9,421,316	\$ 9,514,781	\$ 71,999
Energy	—	—	—	—	3,477	1,291,194	1,294,671	3,477
Mortgage finance	—	—	—	—	—	4,060,570	4,060,570	—
Real estate								
CRE	—	—	—	—	179	3,695,103	3,695,282	—
RBF	—	—	—	—	—	465,181	465,181	—
Other	430	—	—	430	3,355	786,435	790,220	3,355
Secured by 1-4 family	2,388	—	—	2,388	—	319,372	321,760	—
Total	\$ 6,003	\$ 242	\$ 3,098	\$ 9,343	\$ 93,951	\$ 20,039,171	\$ 20,142,465	\$ 78,831

(1) As of March 31, 2023, \$2.1 million of non-accrual loans were earning interest income on a cash basis compared to \$2.2 million as of December 31, 2022. We did not recognize interest income on non-accrual loans for the three months ended March 31, 2023 and March 31, 2022. Accrued interest of \$1.5 million and \$4,000 was reversed during the three months ended March 31, 2023 and March 31, 2022, respectively.

Modifications to Borrowers Experiencing Financial Difficulty

The Company adopted Accounting Standards Update (“ASU”) 2022-02, Financial Instruments - Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures (“ASU 2022-02”) effective January 1, 2023. The amendments in ASU 2022-02 eliminated the recognition and measure of troubled debt restructurings and enhanced disclosures for loan modifications to borrowers experiencing financial difficulty.

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The table below details the amortized cost of gross loans held for investment made to borrowers experiencing financial difficulty that were modified during the three months ended March 31, 2023:

<i>(in thousands)</i>	Payment Deferral	Term Extension	Payment Deferral and Term Extension	Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans Held for Investment
Commercial	\$ 31,431	\$ 1,800	\$ —	\$ 14,933	\$ 48,164	0.24 %
Energy	—	—	3,477	—	3,477	0.02 %
Total	\$ 31,431	\$ 1,800	\$ 3,477	\$ 14,933	\$ 51,641	0.26 %

The following table summarizes the financial impacts of loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2023:

	Interest Rate Reduction	Term Extension (in months)	Total Payment Deferrals (in thousands)
Commercial	0.70%	6 to 18	\$ 3,523
Energy	—	36	1,200

As of March 31, 2023, the Company did not have any loans made to borrowers experiencing financial difficulty that were modified during the first quarter of 2023 that subsequently defaulted. Payment default is defined as movement to nonperforming status, foreclosure or charge-off, whichever occurs first.

The table below provides an age analysis of gross loans held for investment made to borrowers experiencing financial difficulty that were modified on or after January 1, 2023, the date we adopted ASU 2022-02:

<i>(in thousands)</i>	30-89 Days Past Due	90+ Days Past Due	Non-Accrual	Current	Total
March 31, 2023					
Commercial	\$ 161	\$ —	\$ 924	\$ 47,079	\$ 48,164
Energy	—	—	3,477	—	3,477
Total	\$ 161	\$ —	\$ 4,401	\$ 47,079	\$ 51,641

Troubled Debt Restructuring Disclosures Prior to the Adoption of ASU 2022-02

The Company did not have any loans that were restructured during the three months ended March 31, 2022.

As of December 31, 2022 and March 31, 2022, the Company did not have any loans considered restructured that were not on non-accrual. Of the non-accrual loans at December 31, 2022 and March 31, 2022, \$531,000 and \$18.0 million, respectively, met the criteria for restructured. These loans had no unfunded commitments at their respective balance sheet dates.

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

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

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Customer repurchase agreements	\$ —	\$ 1,142
Federal Home Loan Bank borrowings	2,100,000	1,200,000
Total short-term borrowings	\$ 2,100,000	\$ 1,201,142

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

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Bank-issued floating rate senior unsecured credit-linked notes due 2024	\$ 272,994	\$ 272,492
Bank-issued 5.25% fixed rate subordinated notes due 2026	174,262	174,196
Company-issued 4.00% fixed rate subordinated notes due 2031	371,457	371,348
Trust preferred floating rate subordinated debentures due 2032 to 2036	113,406	113,406
Total long-term debt	\$ 932,119	\$ 931,442

(6) Financial Instruments with Off-Balance Sheet Risk

The table below presents the Company’s 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:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Beginning balance of allowance for off-balance sheet credit losses	\$ 21,793	\$ 17,265
Provision for off-balance sheet credit losses	631	(773)
Ending balance of allowance for off-balance sheet credit losses	\$ 22,424	\$ 16,492

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Commitments to extend credit - period end balance	\$ 10,231,682	\$ 9,673,082
Standby letters of credit - period end balance	436,057	417,896

(7) Regulatory Ratios and Capital

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 the Company maintains 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. No dividends were declared or paid on the Company’s common stock during the three months ended March 31, 2023 or 2022. In January 2023, the Company completed the full \$150.0 million of repurchases authorized by the Company’s board of directors on April 19, 2022. On January 18, 2023, the Company’s board of directors authorized a new share repurchase program under which the Company may repurchase up to \$150.0 million in shares of its outstanding common stock. During the three months ended March 31, 2023, the Company repurchased 1,011,909 shares of its common stock for an aggregate price of \$59.7 million, at a weighted average price of \$58.98 per share. The aggregate purchase price and weighted average price per share does not include the effect of excise tax incurred on net stock repurchases.

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). The Company 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, 2023, 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 Bank’s capital ratios exceeded the regulatory definition of well capitalized as of March 31, 2023 and December 31, 2022. The regulatory authorities can apply changes in the classification of assets and such changes may retroactively subject the Company and the Bank to changes in capital ratios. Any such change

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could reduce one or more capital ratios below well capitalized status. In addition, a change may result in imposition of additional assessments by the Federal Deposit Insurance Corporation (“FDIC”) or could result in regulatory actions that could have a material effect on the Bank’s condition and results of operations.

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

At the beginning of each of the last five years of the life of the Bank-issued fixed rate subordinated notes due 2026, the amount that is eligible to be included in Tier 2 capital is reduced by 20% of the original amount of the notes (net of redemptions). In 2023, the amount of the notes that qualify as Tier 2 capital has been reduced by 60%.

The table below summarizes the Company’s and the Bank’s actual and required capital ratios under the Basel III Capital Rules. The ratios presented below include the effects of the 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, 2023						
CET1						
Company	\$ 3,157,937	12.42 %	\$ 1,779,755	7.00 %	N/A	N/A
Bank	3,454,486	13.61 %	1,776,757	7.00 %	1,649,845	6.50 %
Total capital (to risk-weighted assets)						
Company	4,285,396	16.86 %	2,669,633	10.50 %	2,542,507	10.00 %
Bank	4,010,488	15.80 %	2,665,135	10.50 %	2,538,224	10.00 %
Tier 1 capital (to risk-weighted assets)						
Company	3,567,937	14.03 %	2,161,131	8.50 %	1,525,504	6.00 %
Bank	3,614,486	14.24 %	2,157,490	8.50 %	2,030,579	8.00 %
Tier 1 capital (to average assets)(1)						
Company	3,567,937	12.03 %	1,186,723	4.00 %	N/A	N/A
Bank	3,614,486	12.20 %	1,185,349	4.00 %	1,481,686	5.00 %
December 31, 2022						
CET1						
Company	\$ 3,180,208	13.00 %	\$ 1,712,608	7.00 %	N/A	N/A
Bank	3,408,178	13.95 %	1,710,056	7.00 %	1,587,909	6.50 %
Total capital (to risk-weighted assets)						
Company	4,331,098	17.70 %	2,568,912	10.50 %	2,446,583	10.00 %
Bank	3,987,720	16.32 %	2,565,083	10.50 %	2,442,937	10.00 %
Tier 1 capital (to risk-weighted assets)						
Company	3,590,208	14.67 %	2,079,595	8.50 %	1,467,950	6.00 %
Bank	3,568,178	14.61 %	2,076,496	8.50 %	1,954,349	8.00 %
Tier 1 capital (to average assets)(1)						
Company	3,590,208	11.54 %	1,244,494	4.00 %	N/A	N/A
Bank	3,568,178	11.48 %	1,243,232	4.00 %	1,554,039	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.

The Company is required to maintain reserve balances in cash and on deposit with the Federal Reserve based on a percentage of transactional deposits; however, the Federal Reserve reduced the reserve requirement ratio to zero effective March 26, 2020, therefore the total requirement was zero at both March 31, 2023 and December 31, 2022.

(8) Stock-Based Compensation

We have long-term incentive plans under which stock-based compensation awards are granted to employees and directors by the Company’s 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, restricted stock units (“RSUs”), restricted stock and performance units, or any combination thereof.

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The table below summarizes our stock-based compensation expense:

<i>(in thousands)</i>	Three Months Ended March 31,			
	2023		2022	
Stock-settled awards:				
RSUs	\$	8,438	\$	5,407
Cash-settled units		—		181
Total	\$	8,438	\$	5,588

<i>(in thousands except period data)</i>	March 31, 2023	
Unrecognized compensation expense related to unvested stock-settled awards	\$	46,870
Weighted average period over which expense is expected to be recognized, in years		2.5

(9) Fair Value Disclosures

The Company determines the fair market values of its assets and liabilities measured at fair value on a recurring and nonrecurring basis using the fair value hierarchy as prescribed in ASC 820. See Note 1 - Operations and Summary of Significant Accounting Policies in our 2022 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 statements.

Assets and liabilities measured at fair value are as follows:

<i>(in thousands)</i>	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
March 31, 2023				
Available-for-sale debt securities:(1)				
U.S. Treasury securities	\$	623,312	\$	—
U.S. government agency securities		—		104,117
Residential mortgage-backed securities		—		2,654,936
CRT securities		—		—
Equity securities(1)(2)		21,548		11,166
Loans held for investment(3)		—		—
Derivative assets(4)		—		19,401
Derivative liabilities(4)		—		70,220
Non-qualified deferred compensation plan liabilities(4)		19,778		—
December 31, 2022				
Available-for-sale debt securities:(1)				
U.S. Treasury securities	\$	670,582	\$	—
U.S. government agency securities		—		102,154
Residential mortgage-backed securities		—		1,831,047
CRT securities		—		—
Equity securities(1)(2)		22,879		11,077
Derivative assets(4)		—		13,504
Derivative liabilities(4)		—		91,758
Non-qualified deferred compensation plan liabilities(4)		21,177		—

(1) Investment securities are measured at fair value on a recurring basis, generally monthly.

(2) Equity securities consist of investments that qualify for consideration under the regulations implementing the Community Reinvestment Act and investments related to non-qualified deferred compensation plan.

(3) Includes certain collateral-dependent loans held for investment for which a specific allocation of the allowance for credit losses is based upon the fair value of the loan's underlying collateral. These loans held for investment are measured on a nonrecurring basis, generally annually or more often as warranted by market and economic conditions.

(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 presents a reconciliation of the level 3 fair value category measured at fair value on a recurring basis:

<i>(in thousands)</i>	Balance at Beginning of Period	Purchases / Additions	Sales / Reductions	Net Gains/(Losses)		Balance at End of Period
				Realized	Unrealized	
Three Months Ended March 31, 2023						
Available-for-sale debt securities:(1)						
CRT securities	\$ 11,861	\$ —	\$ —	\$ —	\$ 67	\$ 11,928
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	1,327	(571)	—	(329)	8,085

- (1) Unrealized gains/(losses) on available-for-sale debt securities are recorded in AOCI. 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 other non-interest income on the consolidated statements of income and other comprehensive income/(loss).

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 weighted-average life. At March 31, 2023, the discount rates utilized ranged from 5.43% to 11.37% and the weighted-average life ranged from 4.84 years to 8.42 years. On a combined amortized cost weighted-average basis a discount rate of 7.44% and a weighted-average life of 6.05 years were utilized to determine the fair value of these securities at March 31, 2023. At December 31, 2022, the combined weighted-average discount rate and weighted-average life utilized were 8.24% and 6.26 years, respectively.

Loans held for investment

Certain collateral-dependent loans held for investment are reported at fair value when, based upon an individual evaluation, the specific allocation of the allowance for credit losses that is deducted from the loan's amortized cost is based upon the fair value of the loan's underlying collateral. The \$35.5 million fair value of loans held for investment at March 31, 2023 reported above includes impaired loans with a carrying value of \$39.8 million that were reduced by specific allowance allocations totaling \$4.3 million based on collateral valuations utilizing Level 3 inputs. There were no collateral-dependent loans held for investment reported at fair value at December 31, 2022.

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Fair Value of Financial Instruments

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

<i>(in thousands)</i>	Carrying Amount	Estimated Fair Value			
		Total	Level 1	Level 2	Level 3
March 31, 2023					
Financial assets:					
Cash and cash equivalents	\$ 3,649,705	\$ 3,649,705	\$ 3,649,705	\$ —	\$ —
Available-for-sale debt securities	3,394,293	3,394,293	623,312	2,759,053	11,928
Held-to-maturity debt securities	918,962	811,531	—	811,531	—
Equity securities	32,714	32,714	21,548	11,166	—
Loans held for sale	27,608	27,208	—	27,208	—
Loans held for investment, net	19,814,139	19,755,693	—	—	19,755,693
Derivative assets	19,401	19,401	—	19,401	—
Financial liabilities:					
Total deposits	22,179,697	22,184,982	—	—	22,184,982
Short-term borrowings	2,100,000	2,100,000	—	2,100,000	—
Long-term debt	932,119	866,529	—	866,529	—
Derivative liabilities	70,220	70,220	—	70,220	—
December 31, 2022					
Financial assets:					
Cash and cash equivalents	\$ 5,012,260	\$ 5,012,260	\$ 5,012,260	\$ —	\$ —
Available-for-sale debt securities	2,615,644	2,615,644	670,582	1,933,201	11,861
Held-to-maturity debt securities	935,514	816,914	—	816,914	—
Equity securities	33,956	33,956	22,879	11,077	—
Loans held for sale	36,357	36,357	—	—	36,357
Loans held for investment, net	19,033,871	18,969,922	—	—	18,969,922
Derivative assets	13,504	13,504	—	13,504	—
Financial liabilities:					
Total deposits	22,856,880	22,857,949	—	—	22,857,949
Short-term borrowings	1,201,142	1,201,142	—	1,201,142	—
Long-term debt	931,442	881,716	—	881,716	—
Derivative liabilities	91,758	91,758	—	91,758	—

(10) Derivative Financial Instruments

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

<i>(in thousands)</i>	March 31, 2023			December 31, 2022		
	Notional Amount	Estimated Fair Value		Notional Amount	Estimated Fair Value	
		Asset Derivative	Liability Derivative		Asset Derivative	Liability Derivative
Derivatives designated as hedges						
Cash flow hedges:						
Interest rate contracts:						
Swaps hedging loans	\$ 3,100,000	\$ 1,658	\$ 65,090	\$ 3,000,000	\$ —	\$ 86,378
Non-hedging derivatives						
Customer-initiated and other derivatives:						
Foreign currency forward contracts	2,682	13	—	—	—	—
Interest rate contracts:						
Swaps	4,527,001	70,881	70,881	4,396,367	83,529	83,529
Caps and floors written	168,065	—	2,238	220,142	—	2,583
Caps and floors purchased	168,065	2,238	—	220,142	2,583	—
Forward contracts	4,486,001	12,755	12,167	1,569,326	4,431	4,053
Gross derivatives		87,545	150,376		90,543	176,543
Netting adjustment - offsetting derivative assets/liabilities		(14,038)	(14,038)		(5,164)	(5,164)
Netting adjustment - cash collateral received/posted		(54,106)	(66,118)		(71,875)	(79,621)
Net derivatives included on the consolidated balance sheets		\$ 19,401	\$ 70,220		\$ 13,504	\$ 91,758

The Company's 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. The Company's credit exposure associated with these instruments, net of any collateral pledged, was approximately \$19.4 million at March 31, 2023 and approximately \$13.5 million at December 31, 2022. Collateral levels are monitored and adjusted on a regular basis for changes in the value of derivative instruments. At March 31, 2023, the Company had \$135.6 million in cash collateral pledged to counterparties included in interest bearing cash and cash equivalents on the consolidated balance sheet and \$57.0 million in cash collateral received from counterparties included in interest bearing deposits on the consolidated balance sheet. The comparative amounts at December 31, 2022, were \$89.2 million in cash collateral pledged to counterparties and \$72.5 million cash collateral received from counterparties.

The Company also enters into credit risk participation agreements with financial institution counterparties for interest rate swaps related to loans in which the Company is either a participant or a lead bank. The risk participation agreements entered into by the Company 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. The Company is party to 18 risk participation agreements where it acts as a participant bank with a notional amount of \$336.9 million at March 31, 2023, compared to 19 risk participation agreements with a notional amount of \$291.2 million at December 31, 2022. The maximum estimated exposure to these agreements, assuming 100% default by all obligors, was approximately \$6.6 million at March 31, 2023 and \$8.9 million at December 31, 2022. The fair value of these exposures was insignificant to the consolidated financial statements at both March 31, 2023 and December 31, 2022. Risk participation agreements entered into by the Company as the lead bank provide credit protection should the borrower fail to perform on its interest rate derivative contract. The Company is party to 9 risk participation agreements where the Company acts as the lead bank having a notional amount of \$124.7 million at March 31, 2023, compared to 18 agreements having a notional amount of \$222.0 million at December 31, 2022.

Derivatives Designated as Cash Flow Hedges

The Company enters into interest rate derivative contracts that are designated as qualifying cash flow hedges to hedge the exposure to variability in expected future cash flows attributable to changes in a contractually specified interest rate.

During the three months ended March 31, 2023, the Company recorded \$13.5 million in unrealized losses to adjust its cash flow hedges to fair value, which was recorded net of tax to AOCI, and reclassified \$11.1 million from AOCI into interest income on loans. Based on current market conditions, the Company estimates that during the next 12 months, an additional \$50.3 million will be reclassified from AOCI as a decrease to interest income. As of March 31, 2023, the maximum length of time over which forecasted transactions are hedged is 3.50 years.

(11) Accumulated Other Comprehensive Income

The following table provides the change in AOCI by component:

<i>(in thousands)</i>	Cash Flow Hedges		Available-for-Sale Securities		Held-to-Maturity Securities		Total
Three Months Ended March 31, 2023							
Beginning balance	\$	(66,394)	\$	(304,309)	\$	(48,240)	\$ (418,943)
Change in unrealized gain/(loss)		13,528		29,425		—	42,953
Amounts reclassified into net income		11,129		—		1,844	12,973
Total other comprehensive income/(loss)		24,657		29,425		1,844	55,926
Income tax expense/(benefit)		5,179		6,179		387	11,745
Total other comprehensive income/(loss), net of tax		19,478		23,246		1,457	44,181
Ending balance	\$	(46,916)	\$	(281,063)	\$	(46,783)	\$ (374,762)
Three Months Ended March 31, 2022							
Beginning balance	\$	—	\$	(47,715)	\$	—	\$ (47,715)
Change in unrealized gain/(loss)		—		(131,454)		(69,165)	(200,619)
Amounts reclassified into net income		—		—		986	986
Total other comprehensive income/(loss)		—		(131,454)		(68,179)	(199,633)
Income tax expense/(benefit)		—		(27,605)		(14,318)	(41,923)
Total other comprehensive income/(loss), net of tax		—		(103,849)		(53,861)	(157,710)
Ending balance	\$	—	\$	(151,564)	\$	(53,861)	\$ (205,425)

(12) New Accounting Standards

ASU 2023-01, “Leases (Topic 842) - Common Control Arrangements” (“ASU 2023-01”) requires entities to determine whether a related party arrangement between entities under common control is a lease. If the arrangement is determined to be a lease, an entity must classify and account for the lease on the same basis as an arrangement with a related party (on the basis of legally enforceable terms and conditions). ASU 2023-01 is effective January 1, 2024 and is not expected to have an impact on our financial statements.

ASU 2023-02 “Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method” (“ASU 2023-02”) permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. ASU 2023-02 is effective January 1, 2024 and is not expected to have an impact on our financial statements.

ITEM 3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations for the three months ended March 31, 2023 and 2022 should be read in conjunction with its audited consolidated financial statements and the related notes to the consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K"). Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results for the year ending December 31, 2023 or any future period.

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of and pursuant to the Private Securities Litigation Reform Act of 1995 regarding, among other things, the Company's financial condition, results of operations, business plans, strategies, future performance and business and industry outlook. These statements are not historical in nature and may often be identified by the use of words such as "believes," "projects," "expects," "may," "estimates," "should," "plans," "targets," "intends" "could," "would," "anticipates," "potential," "confident," "optimistic" or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy, objectives, estimates, trends, guidance, expectations and future plans.

Because forward-looking statements relate to future results and occurrences, they are subject to inherent and various uncertainties, risks, and changes in circumstances that are difficult to predict, may change over time, are based on management's expectations and assumptions at the time the statements are made and are not guarantees of future results. Numerous risks and other factors, many of which are beyond management's control, could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. While there can be no assurance that any list of risks is complete, important risk and other factors that could cause actual results to differ materially from those contemplated by forward-looking statements include, but are not limited to, credit quality and risk, the unpredictability of economic and business conditions that may impact the Company or its customers, recent adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity and regulatory responses to these developments, the Company's ability to effectively manage its liquidity risk and any growth plans and the availability of capital and funding, the Company's ability to effectively manage information technology systems, cyber incidents or other failures, disruptions or security breaches, interest rates, including the impact of rising rates on the Company's securities portfolio and funding costs, commercial and residential real estate values, adverse or unexpected economic conditions, including inflation, recession, the threat of recession, and market conditions in Texas, the United States or globally, including governmental and consumer responses to those economic and market conditions, fund availability, accounting estimates and risk management processes, the transition away from the London Interbank Offered Rate (LIBOR), legislative and regulatory changes, enforcement actions and regulatory examinations and investigations, ratings or interpretations, business strategy execution, the failure to identify, attract and retain key personnel and other employees, increased or expanded competition from banks and other financial service providers in the Company's markets, the failure to maintain adequate regulatory capital, environmental liability associated with properties related to the Company's lending activities, and severe weather, natural disasters, acts of war, terrorism, global conflict, a material worsening of the COVID-19 pandemic or other health emergencies or other external events, climate change and related legislative and regulatory initiatives as well as the risks more fully described in the 2022 10-K, including the "Risk Factors" section in Part I, Item 1A of the 2022 10-K, Quarterly Reports on Form 10-Q, including the "Risk Factors" section in Part II, Item 1A of this report, and in its other documents and filings with the SEC. The information contained in this report speaks only as of its date. Except to the extent required by applicable law or regulation, we disclaim any obligation to update such factors or to publicly announce the results of any revisions to any of the forward-looking statements included herein to reflect future events or developments.

Overview

Recent Industry Developments

During the first quarter of 2023, the banking industry experienced significant volatility with multiple high-profile bank failures and industry wide concerns related to liquidity, deposit outflows, unrealized securities losses and eroding consumer confidence in the banking system. Despite these negative industry developments, the Company's liquidity position and balance sheet remains robust. The Company's total deposits decreased by 3% as compared to December 31, 2022, to \$22.2 billion at March 31, 2023 as we experienced minimal deposit outflow in the first quarter. The Company also took a number of preemptive actions, which included pro-active outreach to clients and actions to maximize its funding sources in response to these recent developments. Furthermore, the Company's capital remains at historically high levels with CET1 and Total Capital ratios of 12.4% and 16.9%, respectively, as of March 31, 2023.

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Results of Operations

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

<i>(dollars in thousands except per share data)</i>	Three Months Ended March 31,	
	2023	2022
Net interest income	\$ 235,345	\$ 183,546
Provision for credit losses	28,000	(2,000)
Non-interest income	37,403	20,283
Non-interest expense	194,027	153,092
Income before income taxes	50,721	52,737
Income tax expense	12,060	13,087
Net income	38,661	39,650
Preferred stock dividends	4,313	4,313
Net income available to common stockholders	\$ 34,348	\$ 35,337
Basic earnings per common share	\$ 0.71	\$ 0.70
Diluted earnings per common share	\$ 0.70	\$ 0.69
Net interest margin	3.33 %	2.23 %
Return on average assets ("ROA")	0.53 %	0.47 %
Return on average common equity ("ROE")	5.06 %	4.97 %
Non-interest income to average earning assets	0.54 %	0.25 %
Efficiency ratio(1)	71.1 %	75.1 %
Non-interest expense to average earning assets	2.78 %	1.86 %

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

Three months ended March 31, 2023 compared to three months ended March 31, 2022

The Company reported net income of \$38.7 million and net income available to common stockholders of \$34.3 million for the three months ended March 31, 2023, compared to net income of \$39.7 million and net income available to common stockholders of \$35.3 million for the same period in 2022. On a fully diluted basis, earnings per common share were \$0.70 for the three months ended March 31, 2023, compared to \$0.69 for the same period in 2022. ROE was 5.06% and ROA was 0.53% for the three months ended March 31, 2023, compared to 4.97% and 0.47%, respectively, for the same period in 2022. The decrease in net income for the three months ended March 31, 2023 compared to the same period in 2022 resulted primarily from increases in provision for credit losses and non-interest expense, partially offset by increases in net interest income and non-interest income.

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

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Taxable Equivalent Net Interest Income Analysis(1)

<i>(dollars in thousands)</i>	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Average Balance	Revenue / Expense	Yield / Rate	Average Balance	Revenue / Expense	Yield / Rate
Assets						
Investment securities(2)	\$ 4,060,456	\$ 25,292	2.31 %	\$ 3,669,257	\$ 17,743	1.91 %
Interest bearing cash and cash equivalents	5,541,341	62,436	4.57 %	8,552,300	3,571	0.17 %
Loans held for sale	43,472	938	8.75 %	7,633	113	6.01 %
Loans held for investment, mortgage finance	3,286,804	28,528	3.52 %	5,732,901	43,466	3.07 %
Loans held for investment(3)	15,598,854	268,131	6.97 %	15,686,319	144,133	3.73 %
Less: Allowance for credit losses on loans	252,727	—	—	212,612	—	—
Loans held for investment, net	18,632,931	296,659	6.46 %	21,206,608	187,599	3.59 %
Total earning assets	28,278,200	385,325	5.45 %	33,435,798	209,026	2.54 %
Cash and other assets	1,041,745			819,486		
Total assets	\$ 29,319,945			\$ 34,255,284		
Liabilities and Stockholders' Equity						
Transaction deposits	\$ 776,500	\$ 3,853	2.01 %	\$ 2,432,687	\$ 3,962	0.66 %
Savings deposits	11,195,402	105,707	3.83 %	10,420,545	8,583	0.33 %
Time deposits	1,430,657	10,534	2.99 %	1,038,722	1,085	0.42 %
Total interest bearing deposits	13,402,559	120,094	3.63 %	13,891,954	13,630	0.40 %
Short-term borrowings	1,242,881	14,744	4.81 %	1,770,781	758	0.17 %
Long-term debt	931,796	14,983	6.52 %	929,005	10,595	4.63 %
Total interest bearing liabilities	15,577,236	149,821	3.90 %	16,591,740	24,983	0.61 %
Non-interest bearing deposits	10,253,731			14,235,749		
Other liabilities	436,621			243,141		
Stockholders' equity	3,052,357			3,184,654		
Total liabilities and stockholders' equity	\$ 29,319,945			\$ 34,255,284		
Net interest income		<u>\$ 235,504</u>			<u>\$ 184,043</u>	
Net interest margin			3.33 %			2.23 %
Net interest spread			1.55 %			1.93 %

- (1) Taxable equivalent rates used where applicable.
(2) Yields on investment securities are calculated using available-for-sale securities at amortized cost.
(3) Average balances include non-accrual loans.

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.

<i>(in thousands)</i>	Three Months Ended March 31, 2023/2022		
	Net Change	Change Due To(1)	
		Volume	Yield/Rate(2)
Interest income			
Investment securities	\$ 7,549	\$ 1,842	\$ 5,707
Interest bearing cash and cash equivalents	58,865	(1,262)	60,127
Loans held for sale	825	531	294
Loans held for investment, mortgage finance	(14,938)	(18,517)	3,579
Loans held for investment	123,998	(803)	124,801
Total interest income	176,299	(18,209)	194,508
Interest expense			
Transaction deposits	(109)	(2,695)	2,586
Savings deposits	97,124	631	96,493
Time deposits	9,449	406	9,043
Short-term borrowings	13,986	(221)	14,207
Long-term debt	4,388	32	4,356
Total interest expense	124,838	(1,847)	126,685
Net interest income	\$ 51,461	\$ (16,362)	\$ 67,823

(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 \$235.3 million for the three months ended March 31, 2023, compared to \$183.5 million for the same period in 2022. The increase was primarily due to an increase in yields on average earnings assets, partially offset by rising funding costs and a decrease in total average earning assets.

Average earning assets decreased \$5.2 billion for the three months ended March 31, 2023, compared to the same period in 2022, which included decreases of \$3.0 billion in average interest-bearing cash and cash equivalents and \$2.5 million in loans held for investment, mortgage finance. Average interest-bearing liabilities decreased \$1.0 billion for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to decreases of \$489.4 million in average interest-bearing deposits and \$527.9 million in average short-term borrowings. Average demand deposits for the three months ended March 31, 2023 decreased to \$10.3 billion from \$14.2 billion for the same period in 2022.

Net interest margin for the three months ended March 31, 2023 was 3.33%, compared to 2.23% for the same period of 2022. The increase was primarily due to the effect of rising interest rates on earning asset yields and a shift in earning asset composition, partially offset by higher funding costs, also as a result of rising interest rates, compared to the same period in 2022.

The yield on total loans held for investment increased to 6.46% for the three months ended March 31, 2023, compared to 3.59% for the same period in 2022, and the yield on earning assets increased to 5.45% for the three months ended March 31, 2023, compared to 2.54% for the same period in 2022. Total cost of deposits increased to 2.06% for the three months ended March 31, 2023 from 0.20% for the same period in 2022 and total funding costs, including all deposits, long-term debt and stockholders' equity, increased to 2.10% for the three months ended March 31, 2023, compared to 0.30% for the same period in 2022.

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Non-interest Income

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Service charges on deposit accounts	\$ 5,022	\$ 6,115
Wealth management and trust fee income	3,429	3,912
Brokered loan fees	1,895	3,970
Investment banking and trading income	18,768	4,179
Other	8,289	2,107
Total non-interest income	\$ 37,403	\$ 20,283

Non-interest income increased by \$17.1 million during the three months ended March 31, 2023 to \$37.4 million, compared to \$20.3 million for the same period in 2022. The increase was primarily due to increases in investment banking and trading income and other non-interest income, partially offset by a decrease in brokered loans fees.

Non-interest Expense

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Salaries and benefits	\$ 128,670	\$ 99,859
Occupancy expense	9,619	8,885
Marketing	9,044	4,977
Legal and professional	14,514	10,302
Communications and technology	17,523	14,700
Federal Deposit Insurance Corporation insurance assessment	2,170	3,981
Other	12,487	10,388
Total non-interest expense	\$ 194,027	\$ 153,092

Non-interest expense for the three months ended March 31, 2023 increased \$40.9 million compared to the same period in 2022, primarily due to an increase in salaries and benefits expense, resulting from an increase in headcount, as well as increases in marketing, legal and professional, and communications and technology expenses.

Analysis of Financial Condition

Loans Held for Investment

The following table summarizes the Company's loans held for investment on a gross basis by portfolio segment. See Note 1 - Operations and Summary of Significant Accounting Policies included in the 2022 Form 10-K for details of these portfolio segments.

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Commercial	\$ 9,514,781	\$ 8,902,948
Energy	1,294,671	1,159,296
Mortgage finance	4,060,570	4,090,033
Real estate	5,272,443	5,198,643
Gross loans held for investment	\$ 20,142,465	\$ 19,350,920

Gross loans held for investment were \$20.1 billion at March 31, 2023, an increase of \$791.5 million from December 31, 2022. The Company experienced broad-based loan growth across all loan categories, except for mortgage finance loans, as it has continued to execute on its long-term strategy. Mortgage finance loans relate to the mortgage warehouse lending operations in which the Company purchases mortgage loan ownership interests that are typically sold within 10 to 20 days and represent 20% of total loans held for investment at March 31, 2023 compared to 21% at December 31, 2022. 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. Mortgage finance loan balances have declined as compared to December 31, 2022 as interest rates have continued to rise during 2023.

The Company originates a substantial majority of all loans held for investment. The Company also participates in syndicated loan relationships, both as a participant and as an agent. As of March 31, 2023, the Company had \$4.3 billion in syndicated loans, \$1.2 billion of which the Company administered as agent. All syndicated loans, whether the Company acts as agent or participant, are underwritten to the same standards as all other loans the Company originates. As of March 31, 2023, \$3.2 million of syndicated loans were on non-accrual.

Portfolio Concentrations

Although more than 50% of the Company's total loan exposure is outside of Texas and more than 50% of deposits are sourced outside of Texas, Texas concentration remains significant. As of March 31, 2023, a majority of the loans held for investment, excluding mortgage finance and other national lines of business, were to businesses with headquarters or operations in Texas. This geographic concentration subjects the Company's 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 non-accrual loans by type and by type of property securing the credit.

<i>(dollars in thousands)</i>	March 31, 2023		December 31, 2022	
Non-accrual loans held for investment				
Commercial:				
Business assets	\$	86,020	\$	41,448
Accounts receivable and inventory		859		1,405
Other		61		564
Total commercial		86,940		43,417
Energy:				
Oil and gas properties		3,477		3,658
Total energy		3,477		3,658
Real estate:				
Business assets		—		—
Commercial property		3,534		1,263
Single family residences		—		—
Total real estate		3,534		1,263
Total non-accrual loans held for investment	\$	93,951	\$	48,338
Non-accrual loans held for sale		—		—
Other real estate owned ("OREO")		—		—
Total non-performing assets	\$	93,951	\$	48,338
Non-accrual loans held for investment to total loans held for investment		0.47 %		0.25 %
Total non-performing assets to total assets		0.33 %		0.17 %
Allowance for credit losses on loans to non-accrual loans held for investment		2.8x		5.2x
Loans held for investment past due 90 days and accruing	\$	3,098	\$	131
Loans held for investment past due 90 days to total loans held for investment		0.02 %		— %
Loans held for sale past due 90 days and accruing	\$	—	\$	—

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. Below is a discussion of provision for credit losses on loans. See Note 6 - Financial Instruments with Off-Balance Sheet Risk in the accompanying notes to the consolidated financial statements included elsewhere in this report for presentation of the activity in the allowance for credit losses for off-balance asset credit losses.

The Company recorded a \$27.4 million provision for credit losses on loans for the three months ended March 31, 2023 compared to a negative provision of \$1.2 million for the three months ended March 31, 2022. The \$27.4 million provision for credit losses on loans resulted from updated views on the downside risks to the economic forecast and increases in net charge-offs and criticized loans. The Company recorded \$19.9 million in net charge-offs, related primarily to a single commercial loan, during the three months ended March 31, 2023 compared to \$512,000 in net recoveries during the same period in 2022. Criticized loans totaled \$561.1 million at March 31, 2023, compared to \$513.2 million and \$476.1 million at December 31, 2022 and March 31, 2022, respectively.

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The table below presents key metrics related to the Company's credit loss experience:

	March 31, 2023	March 31, 2022
Allowance for credit losses on loans to total loans held for investment	1.30 %	0.97 %
Allowance for credit losses on loans to average total loans held for investment(1)	1.38 %	0.99 %
Total allowance for credit losses to total loans held for investment	1.41 %	1.05 %
Total provision for credit losses to average total loans held for investment(1)(2)	0.60 %	(0.04)%

(1) Ratios are calculated using average balance for the three months ended March 31, 2023 and 2022, respectively.

(2) Ratios are annualized utilizing provision for credit losses for the three months ended March 31, 2023 and 2022, respectively.

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

	Three Months Ended March 31,			
	2023		2022	
	Net Charge-offs	Net Charge-offs to Average Loans(1)	Net Charge-offs	Net Charge-offs to Average Loans(1)
Commercial	\$ 19,916	0.88 %	\$ (107)	— %
Energy	(6)	— %	(755)	(0.40)%
Mortgage finance	—	— %	—	— %
Real Estate	—	— %	350	0.03 %
Total	\$ 19,910	0.43 %	\$ (512)	(0.01)%

(1) Ratios are annualized utilizing net charge-offs for the three months ended March 31, 2023 and 2022, respectively.

Liquidity and Capital Resources

Liquidity

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

The following table summarizes the Company's interest bearing cash and cash equivalents:

<i>(dollars in thousands)</i>	March 31, 2023	December 31, 2022
Interest bearing cash and cash equivalents	\$ 3,385,494	\$ 4,778,623
Interest bearing cash and cash equivalents as a percent of:		
Total loans held for investment	16.9 %	24.8 %
Total earning assets	12.3 %	17.4 %
Total deposits	15.3 %	20.9 %

Liquidity to support growth in loans held for investment has been fulfilled primarily through growth in customer deposits. The Company's goal is to obtain as much of its funding for loans held for investment and other earning assets as possible from customer deposits, which are generated principally through development of long-term customer relationships, with a significant focus on treasury management products. As of March 31, 2023, estimated uninsured deposits represented 45% of total deposits. In addition, the Company also has access to deposits through brokered channels. The following table summarizes period-end total deposits:

	March 31, 2023		December 31, 2022	
	Balance	% of Total	Balance	% of Total
Customer deposits	\$ 20,795,335	93.8 %	\$ 21,247,999	93.0 %
Brokered deposits	1,384,362	6.2 %	1,608,881	7.0 %
Total deposits	\$ 22,179,697	100.0 %	\$ 22,856,880	100.0 %

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

<i>(in thousands)</i>	March 31, 2023		December 31, 2022	
Repurchase agreements	\$	—	\$	1,142
FHLB borrowings		2,100,000		1,200,000
Total short-term and other borrowings	\$	2,100,000	\$	1,201,142

The following table summarizes the Company's short-term borrowing capacities net of balances outstanding:

<i>(in thousands)</i>	March 31, 2023		December 31, 2022	
FHLB borrowing capacity relating to loans and pledged securities	\$	3,175,863	\$	2,621,218
FHLB borrowing capacity relating to unencumbered securities		2,635,859		3,539,297
Total FHLB borrowing capacity(1)	\$	5,811,722	\$	6,160,515
Unused federal funds lines available from commercial banks	\$	1,471,000	\$	1,479,000
Unused Federal Reserve borrowings capacity	\$	3,858,755	\$	3,574,762
Unused revolving line of credit(2)	\$	100,000	\$	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, 2024. 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, 2023.

The Company has long-term debt outstanding of \$932.1 million as of March 31, 2023, comprised of trust preferred securities, subordinated notes and senior unsecured credit linked notes with maturity dates ranging from September 2024 to December 2036. See Note 5 - Short-Term Borrowings and Long-Term Debt in the accompanying notes to the consolidated financial statements included elsewhere in this report for additional information. The Company may consider raising additional capital, if needed, in public or private offerings of debt or equity securities to supplement deposits and meet its long-term funding needs.

As the Company is a holding company and is a separate operating entity from the Bank, the Company's 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 Ratios and Capital in the accompanying notes to the consolidated financial statements included elsewhere in this report for additional information regarding dividend restrictions and "Liquidity Risks" included in Part I, Item 1A of the 2022 Form 10-K.

Periodically, based on market conditions and other factors, and subject to compliance with applicable laws and regulations and the terms of its existing indebtedness, the Company may repay, repurchase, exchange or redeem outstanding indebtedness, or otherwise enter into transactions regarding debt or capital structure. For example, the Company periodically evaluates 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 to actively manage the debt maturity profile and interest cost.

Capital Resources

The Company's equity capital averaged \$3.1 billion for the three months ended March 31, 2023 compared to \$3.2 billion for the same period in 2022. The decrease relates to the shares of Company stock that have been repurchased during the previous 12 months. The Company has not paid any cash dividends on common stock since operations commenced and has no plans to do so in the foreseeable future.

In January 2023, the Company completed the full \$150.0 million of repurchases authorized by the Company's board of directors on April 19, 2022. On January 18, 2023, the Company's board of directors authorized a new share repurchase program under which the Company may repurchase up to \$150.0 million in shares of outstanding common stock. Any repurchases under the repurchase program have been made in accordance with applicable securities laws in open market or private transactions. The extent to which the Company repurchases shares, and the timing of such repurchases, will be at management's discretion and will depend upon a variety of factors, including market conditions, 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. During the three months ended March 31, 2023, the Company repurchased 1,011,909 shares of its common stock for an aggregate purchase price of \$59.7 million, at a weighted average price

of \$58.98 per share. The aggregate purchase price and weighted average price per share does not include the effect of excise tax expense incurred on net stock repurchases.

For additional information on the Company's capital and stockholders' equity, see Note 7 - Regulatory Ratios and Capital in the accompanying notes to the consolidated financial statements included elsewhere in this report.

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.

The Company follows financial accounting and reporting policies that are in accordance with accounting principles generally accepted in the United States. The more significant of these policies are summarized in Note 1 - Operations and Summary of Significant Accounting Policies in the notes to the consolidated financial statements included elsewhere in this report. Not all significant accounting policies require management to make difficult, subjective or complex judgments. However, the policy noted below could be deemed to meet the SEC's definition of a critical accounting policy.

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 Accounting Standards Codification 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 the Company's 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 the 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 financial statements included elsewhere in this report for further discussion of the risk factors considered by management in establishing the allowance for credit losses.

Management considers a range of macroeconomic scenarios in connection with the allowance estimation process. Within the various economic scenarios considered as of March 31, 2023, the quantitative estimate of the allowance for credit loss would increase by approximately \$143.0 million under sole consideration of the most severe downside scenario. The quoted sensitivity calculation reflects the sensitivity of the modeled allowance estimate to macroeconomic forecast data, but is absent of qualitative overlays and other qualitative adjustments that are part of the quarterly reserving process and does not necessarily reflect the nature and extent of future changes in the allowance for reasons including increases or decreases in qualitative adjustments, changes in the risk profile and size of the portfolio, changes in the severity of the macroeconomic scenario and the range of scenarios under management consideration.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk represents the potential economic loss on trading and non-trading portfolios and financial instruments due to adverse price movements in markets including interest rates, foreign exchange rates, credit spreads, commodity prices and equity and related implied volatility levels.

The Company is subject to market risk primarily through the effect of changes in interest rates on its portfolio of assets held for purposes other than trading and interest rate derivative instruments that are used for managing interest rate risk.

In addition, the Company has exposure to market risk through its trading desk that engages in fixed income and equity securities, derivatives and foreign exchange transactions to support the investing and hedging activities of customers. The Company uses Value-at-Risk (“VaR”) as a means to measure, monitor, and limit aggregate market risk on the trading portfolio. VaR is a statistical risk measure estimating potential loss at the 95th percentile based on a one-year history of market risk factors associated with the trading portfolio. VaR provides a consistent cross-asset measure for risk profiles and allows for diversification benefit based on historical correlations across market moves. All statistical models involve a degree of uncertainty and VaR is calculated at a statistical confidence interval of the 95th percentile based on one-year daily historic market moves. Larger economic losses are possible, particularly during stressed macroeconomic and market conditions.

The responsibility for managing market risk rests with the ALCO, which operates under policy guidelines established by the Company’s board of directors. Oversight of the Company’s compliance with the guidelines is the ongoing responsibility of the ALCO, with exceptions reported to the Executive Risk Committee and the board of directors, if necessary, on a quarterly basis.

Interest Rate Risk Management

The Company’s interest rate sensitivity as of March 31, 2023 is illustrated in the following table. The table reflects rate-sensitive positions as of March 31, 2023 and is not necessarily indicative of positions on other dates. The table does take into account the effect of the Company’s derivatives designated as cash flow hedges. 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. Certain variable rate loans have embedded floors which limit the decline in 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.

<i>(in thousands)</i>	0-3 months		4-12 months		1-3 years		3+ years		Total
Assets									
Interest bearing cash and cash equivalents	\$	3,385,494	\$	—	\$	—	\$	—	\$ 3,385,494
Investment securities(1)		45,030		244,602		261,821		3,794,516	4,345,969
Variable loans		18,436,757		263,569		31,497		289,861	19,021,684
Fixed loans		22,392		81,532		160,731		883,734	1,148,389
Total loans(2)		18,459,149		345,101		192,228		1,173,595	20,170,073
Total interest sensitive assets	\$	21,889,673	\$	589,703	\$	454,049	\$	4,968,111	\$ 27,901,536
Liabilities									
Interest bearing customer deposits	\$	11,260,363	\$	—	\$	—	\$	—	\$ 11,260,363
CDs		520,805		837,973		59,784		189	1,418,751
Total interest bearing deposits		11,781,168		837,973		59,784		189	12,679,114
Short-term borrowings		2,100,000		—		—		—	2,100,000
Long-term debt		386,400		—		174,262		371,457	932,119
Total borrowings		2,486,400		—		174,262		371,457	3,032,119
Total interest sensitive liabilities	\$	14,267,568	\$	837,973	\$	234,046	\$	371,646	\$ 15,711,233
GAP	\$	7,622,105	\$	(248,270)	\$	220,003	\$	4,596,465	\$ —
Cumulative GAP	\$	7,622,105	\$	7,373,835	\$	7,593,838	\$	12,190,303	\$ 12,190,303
Non-interest bearing deposits									9,500,583
Stockholders’ equity									3,079,974
Total									\$ 12,580,557

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

(2) Total loans include gross loans held for investment and loans held for sale.

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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 non-interest bearing deposits and stockholders' equity. Management performs a sensitivity analysis to identify interest rate risk exposure on net interest income. Management also quantifies and measures 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, SOFR, Bloomberg Short Term Yield Index and other alternative indexes are the basis for most of the 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 the Company's primary interest rate exposures. Interest rate derivative contracts may be used to manage exposure to adverse fluctuations in these primary interest rate exposures as is discussed in more detail under the heading *Use of Derivatives to Manage Interest Rate and Other Risks* below.

For modeling purposes, the "shock test" scenarios as of March 31, 2023 assume immediate, sustained 100 and 200 basis point increases in interest rates as well as 100 and 200 basis point decreases in interest rates. As of March 31, 2022, the scenarios assumed a sustained 100 and 200 basis point increase in interest rates. As short-term rates remained low during the first quarter of 2022, the Company did not believe that analysis of an assumed decrease in interest rates would provide meaningful results. The Company will continue to evaluate these scenarios as interest rates change.

During the first quarter of 2023, the Company's interest rate risk exposure model incorporated updated assumptions regarding the level of interest rate, including indeterminable maturity deposits (non-interest bearing deposits, interest bearing transaction accounts and savings accounts) and loan and security prepayments behaviors for a given level of market rate change. In the current environment of changing 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 results for 2023. This modeling indicated interest rate sensitivity as follows:

<i>(in thousands)</i>	Anticipated Impact Over the Next Twelve Months as Compared to Most Likely Scenario					
	March 31, 2023				March 31, 2022	
	Increase		Decrease		Increase	
	100 bps	200 bps	100 bps	200 bps	100 bps	200 bps
Change in net interest income	\$ 33,709	\$ 67,032	\$ (46,393)	\$ (93,297)	\$ 70,943	\$ 149,105

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.

Use of Derivatives to Manage Interest Rate and Other Risks

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers.

On the date the Company enters into a derivative contract, the derivative is designated as either a fair value hedge, cash flow hedge, net investment hedge, or a designation is not made as it is a customer-related transaction, an economic hedge for asset/liability risk management purposes or another stand-alone derivative created through the Company's operations.

To manage the sensitivity of earnings and capital to interest rate, prepayment, credit, price and foreign currency fluctuations (asset and liability management positions), the Company may enter into derivative transactions. In addition, the Company enters into interest rate and foreign exchange derivative contracts to support the business requirements of its customers (customer-related positions).

For additional information regarding derivatives, see Note 15 - Derivative Financial Instruments in the accompanying notes to the consolidated financial statements included elsewhere in this report.

LIBOR Transition

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 extended publication of the most commonly used U.S. dollar LIBOR settings to June 30, 2023 and ceased 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. On March 15, 2022, President Biden signed into law the “Adjustable Interest Rate (LIBOR) Act,” as part of the Consolidated Appropriations Act, 2022, which provides for a statutory transition to a replacement rate selected by the Federal Reserve based on the SOFR for contracts referencing LIBOR that contain no fallback provisions or ineffective fallback provisions, unless a replacement rate is selected by a determining person as outlined in the statute. On December 16, 2022, the Federal Reserve adopted a final rule implementing the Adjustable Interest Rate (LIBOR) Act by identifying benchmark rates based on SOFR that will replace LIBOR in certain financial contracts after June 30, 2023. The Company has significant but declining 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 June 30, 2023. The Company 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 has worked to successfully ensure that technology systems are prepared for the transition, loan documents that reference LIBOR-based rates have been appropriately amended to reference other methods of interest rate determinations and internal and external stakeholders have been apprised of the transition. Based on the transition progress to date, the Company ceased originating LIBOR-based products and began originating alternative indexed products in December 2021. The Company will continue to transition all remaining LIBOR-based products to an alternative benchmark. The Company will also continue to evaluate the transition process and align its 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

Other than the risk factors set forth below, there have been no material changes in the risk factors previously disclosed in the 2022 Form 10-K.

Recent negative developments affecting the banking industry, and resulting media coverage, have eroded customer confidence in the banking system. The recent high-profile bank failures involving Silicon Valley Bank and Signature Bank have generated significant market volatility among publicly traded bank holding companies and, in particular, regional banks like the Company. These market developments have negatively impacted customer confidence in the safety and soundness of regional banks. As a result, customers may choose to maintain deposits with larger financial institutions or invest in higher yielding short-term fixed income securities, all of which could materially adversely impact the Company's liquidity, loan funding capacity, net interest margin, capital and results of operations. While the Department of the Treasury, the Federal Reserve, and the FDIC have made statements ensuring that depositors of these recently failed banks would have access to their deposits, including uninsured deposit accounts, there is no guarantee that such actions will be successful in restoring customer confidence in regional banks and the banking system more broadly.

Rising interest rates have decreased the value of the Company's held-to-maturity securities portfolio, and the Company would realize losses if it were required to sell such securities to meet liquidity needs. As a result of inflationary pressures and the resulting rapid increases in interest rates over the last year, the trading value of previously issued government and other fixed income securities has declined significantly. These securities make up a majority of the securities portfolio of most banks in the U.S., including the Company's, resulting in unrealized losses embedded in the held-to-maturity portion of U.S. banks' securities portfolios. While the Company does not currently intend to sell these securities, if the Company were required to sell such securities to meet liquidity needs, it may incur losses, which could impair the Company's capital, financial condition, and results of operations and require the Company to raise additional capital on unfavorable terms, thereby negatively impacting its profitability. While the Company has taken actions to maximize its funding sources, there is no guarantee that such actions will be successful or sufficient in the event of sudden liquidity needs. Furthermore, while the Federal Reserve Board has announced a Bank Term Funding Program available to eligible depository institutions secured by U.S. treasuries, agency debt and mortgage-backed securities, and other qualifying assets as collateral at par, to mitigate the risk of potential losses on the sale of such instruments, there is no guarantee that such programs will be effective in addressing liquidity needs as they arise.

Any regulatory examination scrutiny or new regulatory requirements arising from the recent events in the banking industry could increase the Company's expenses and affect the Company's operations. The Company also anticipates increased regulatory scrutiny – in the course of routine examinations and otherwise – and new regulations directed towards banks of similar size to the Bank, designed to address the recent negative developments in the banking industry, all of which may increase the Company's costs of doing business and reduce its profitability. Among other things, there may be an increased focus by both regulators and investors on deposit composition and the level of uninsured deposits. As primarily a commercial bank, the Bank has a high degree of uninsured deposits compared to larger national banks or smaller community banks with a stronger focus on retail deposits. As a result, the Bank could face increased scrutiny or be viewed as higher risk by regulators and the investor community.

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

The Company repurchased shares of its common stock in the open market during the three months ended March 31, 2023 as follows:

	Total Number of Shares Purchased	Average Price Paid per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(1)
January 2023	564,206	\$ 61.50	564,206	\$ 150,000,000
February 2023	—	—	—	150,000,000
March 2023	447,703	55.80	447,703	125,019,420
Total	1,011,909	\$ 58.98	1,011,909	\$ 125,019,420

- (1) On April 19, 2022, the Company's board of directors authorized a share repurchase program under which the Company could repurchase up to \$150.0 million in shares of its outstanding common stock. In January 2023, the Company completed the full \$150.0 million of repurchases authorized under this plan. On January 18, 2023, the Company's board of directors authorized a new share repurchase program under which the Company may repurchase up to \$150.0 million in shares of its 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 the Company repurchases shares, and the timing of such repurchases, will be at management's discretion and will depend upon a variety of factors, including market conditions, the Company's 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.
- (2) The aggregate purchase price and weighted average price per share does not include the effect of excise tax expense incurred on net stock repurchases. For the quarter ended March 31, 2023, excise tax expense totaled \$540,000.

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ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

10.1	Amended and Restated Employment Agreement, dated as of January 23, 2023, between Texas Capital Bancshares, Inc. and Robert C. Holmes, which is incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 27, 2023+
10.2	Form of 2023 Time-Based Award Agreement pursuant to the Texas Capital Bancshares, Inc. 2022 Long-Term Incentive Plan+*
10.3	Form of 2023 Performance-Based Award Agreement pursuant to the Texas Capital Bancshares, Inc. 2022 Long-Term Incentive Plan+*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act*
32.1	Section 1350 Certification of Chief Executive Officer**
32.2	Section 1350 Certification of Chief Financial Officer**
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 20, 2023

/s/ J. Matthew Scurlock

J. Matthew Scurlock

Chief Financial Officer

(Duly authorized officer and principal financial officer)

**AWARD AGREEMENT
UNDER THE
TEXAS CAPITAL BANCSHARES, INC.
2022 LONG-TERM INCENTIVE PLAN**

1. Award of Units. Pursuant to the Texas Capital Bancshares, Inc. 2022 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 _____, 2023. 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 acquirer 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 Participant reaches eligible age for retirement ("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 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. Eligible age for retirement shall be based on the Retiring Participant's age plus years of service, in accordance with the Company's Retirement Policy in effect on the date the Retiring Participant provides written notice of his or her intent to retire. The Participant further acknowledges, understands, and agrees that the Board retains the right to modify the Company's Retirement Policy at any time.

(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 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 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
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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) as set forth in Section 3.d.(i), in the 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 twelve (12) 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. Recoupment. 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 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 Recoupment 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.

**AWARD AGREEMENT
UNDER THE
TEXAS CAPITAL BANCSHARES, INC.
2022 LONG-TERM INCENTIVE PLAN**

1. Award of Units. Pursuant to the Texas Capital Bancshares, Inc. 2022 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 _____, 2023. 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 2025 and no later than March 15, 2026).

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).

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)).

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

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

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 eligible age for retirement ("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. Eligible age for retirement shall be based on the Retiring Participant's age plus years of service, in accordance with the Company's Retirement Policy in effect on the date the Retiring Participant provides written notice of his or her intent to retire. The Participant further acknowledges, understands, and agrees that the Board retains the right to modify the Company's Retirement Policy at any time.

(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 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, 2026; 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) as set forth in Section 3.e.(i), 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 twelve (12) 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. Recoupment. 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 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 Recoupment 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, 2023 and ending on December 31, 2025.
 - d. “*Peer Group*” shall be comprised of the following companies:

Associated Banc-Corp	Hancock Whitney Corporation
Bank OZK	Pinnacle Financial Partners, Inc.
BankUnited, Inc.	Prosperity Bancshares Inc.
BOK Financial Corporation	Simmons First National Corporation
Comerica Incorporated	Synovus Financial Corp.
Cullen/Frost Bankers, Inc.	Western Alliance Bancorporation
F.N.B. 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 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:

<u>ROTCE</u>	<u>Payout %</u>
[•]	200%
[•]	100% - 199.9%
[•]	50% - 99.9%
[•]	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:

<u>Rank within Peer Group Based on Relative TSR</u>	<u>% Vested and Payout</u>
[•]	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.
 - 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:
- 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 20, 2023

/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 20, 2023

/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, 2023 (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 20, 2023

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Texas Capital Bancshares, Inc. (the “Company”) for the period ending March 31, 2023 (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 20, 2023