

FOR IMMEDIATE RELEASE

January 25, 2012

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TEXAS CAPITAL BANCSHARES ANNOUNCES OPERATING RESULTS FOR 2011

DALLAS – January 25, 2012 – Texas Capital Bancshares, Inc. (NASDAQ: TCBI), the parent company of Texas Capital Bank, announced earnings and operating results for the fourth quarter and full year of 2011.

- Net income increased 104% for the year, 19% on a linked quarter basis and 113% for the fourth quarter of 2011 as compared to the same quarter of 2010
- EPS increased 99% for the year, 20% on a linked quarter basis and 109% for the fourth quarter of 2011 as compared to the same quarter of 2010
- Demand deposits increased 21% and total deposits increased 2% from 2010; linked quarter increases of 5% and 1%, respectively
- Loans held for investment increased 18% and total loans increased 30% from 2010, reflecting linked quarter increases of 5% and 6%, respectively

“We are pleased to report another year of industry-leading growth and record profitability for Texas Capital,” said George Jones, CEO. “Especially noteworthy are improvements in operating leverage, credit quality and market share gains in key lines of business. We believe the performance has been exceptional in light of what remains a challenging environment for the banking industry.”

FINANCIAL SUMMARY

(dollars and shares in thousands)

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
ANNUAL OPERATING RESULTS⁽¹⁾			
Net Income	\$ 76,102	\$ 37,323	104%
Diluted EPS	\$ 1.99	\$ 1.00	99%
ROA	1.12%	.63%	
ROE	13.39%	7.23%	
Diluted Shares	38,333	37,346	
QUARTERLY OPERATING RESULTS⁽¹⁾			
Net Income	\$ 25,745	\$ 12,076	113%
Diluted EPS	\$.67	\$.32	109%
ROA	1.28%	.72%	
ROE	17.05%	9.04%	
Diluted Shares	38,609	37,658	
BALANCE SHEET⁽¹⁾			
Total Assets	\$8,137,225	\$6,445,679	26%
Demand Deposits	1,751,944	1,451,307	21%
Total Deposits	5,556,257	5,455,401	2%
Loans Held for Investment	5,572,371	4,711,330	18%
Total Loans	7,652,452	5,905,539	30%
Stockholders' Equity	616,331	528,319	17%

(1) Operating results, assets and loans are reporting from continuing operations

DETAILED FINANCIALS

Texas Capital Bancshares, Inc. reported net income from continuing operations of \$76.1 million for the year ended December 31, 2011 compared to \$37.3 million in 2010. For the fourth quarter of 2011, we earned \$25.7 million compared to \$12.1 million for the same period in 2010. On a fully diluted basis, earnings per common share from continuing operations were \$1.99 for the year ended December 31, 2011, compared to \$1.00 for 2010. For the fourth quarter of 2011, diluted earnings per share was \$.67 compared to \$.32 for the same period in 2010. The discussion below relates only to continuing operations.

Return on average equity was 13.39 percent and return on average assets was 1.12 percent for the year ended December 31, 2011, compared to 7.23 percent and .63 percent, respectively for 2010. Return on average equity was 17.05 percent and return on average assets was 1.28 percent for the fourth quarter of 2011, compared to 9.04 percent and .72 percent, respectively, for the fourth quarter of 2010.

Net interest income was \$88.1 million for the fourth quarter of 2011, compared to \$79.2 million in the third quarter of 2011 and \$66.0 million for the fourth quarter of 2010. For 2011, net interest income reached \$302.9 million compared to \$241.7 million in 2010. For 2011 compared to 2010, the increases in net interest margin and net interest income are due to the growth and improved spreads in loans and the substantial reduction in funding costs. The net interest margin in the fourth quarter of 2011 was 4.60 percent, a 48 basis point increase from the fourth quarter of 2010 and a 21 basis point decrease from the third quarter of 2011. The 21 basis point reduction in net interest margin from the third quarter of 2011 related primarily to the \$902.5 million growth in average loans held for sale, which experienced reduced rates during the fourth quarter. In addition, the yield on average loans held for investment, which grew \$175.8 million from the third quarter, decreased slightly. While the growth in average loans and decreases in yields caused a reduction in the net interest margin, the growth produced a substantial increase in net interest income in the fourth quarter.

Average loans held for investment for the year ended December 31, 2011 were \$5.1 billion, an increase of \$583.5 million, or 13%, from 2010. Average loans held for sale for the year ended December 31, 2011 increased \$327.9 million, or 37%, compared to 2010. Average loans held for investment for the fourth quarter of 2011 were \$5.4 billion, an increase of \$861.8 million from the fourth quarter of 2010 and increased \$175.8 million from the third quarter of 2011. Average loans held for sale for the fourth quarter of 2011 increased \$769.6 million compared to the fourth quarter of 2010 and increased \$902.5 million from the third quarter of 2011.

Average total deposits for the fourth quarter of 2011 decreased by \$131.6 million from the fourth quarter of 2010 and increased by \$377.9 million from the third quarter of 2011. For the same periods, the average balance of demand deposits increased by \$321.9 million, or 24 percent, to \$1.7 billion from \$1.3 billion during the fourth quarter of 2010 and increased \$134.0 million, or 9 percent, from the third quarter of 2011.

In the fourth quarter of 2011, we experienced decreases in levels of non-performing assets and credit losses. Credit costs, including the provision for credit losses and valuation charges related to other real estate owned ("OREO") totaled \$7.1 million in the fourth quarter of 2011 compared to \$14.3 million in the fourth quarter of 2010 and \$8.7 million in the third quarter of 2011. We recorded a \$6.0 million provision for credit losses in the fourth quarter of 2011 compared to \$12.0 million in the fourth quarter of 2010 and \$7.0 million in the third quarter of 2011. At December 31, 2011, the combined reserve decreased to 1.31 percent of loans held for investment as compared to 1.56 percent at December 31, 2010 and 1.32 percent at September 30, 2011. In management's opinion, the reserve is appropriate and is derived from consistent application of the methodology for establishing the adequacy of reserves for Texas Capital Bank's loan portfolio. In the fourth quarter of 2011, net charge-offs were \$3.4 million, compared to net charge-offs of \$17.0 million in the fourth quarter of 2010 and net charge-offs of \$6.3 million in the third quarter of 2011. Non-accrual loans were \$54.6 million, or .98 percent of loans held for investment at the end of the fourth quarter of 2011, \$112.1 million, or 2.38 percent, at the end of the fourth quarter of 2010 and \$66.7 million, or 1.26 percent, at the end of the third quarter 2011. At December 31, 2011, total OREO was \$34.1 million compared to \$42.3 million at the end of the fourth quarter of 2010, and \$35.8 million at the end of the third quarter of 2011. The OREO balance of \$34.1 million at December 31, 2011 is stated net of a \$10.7 million valuation allowance. The valuation charge

for OREO reflected in non-interest expense was \$1.1 million in the fourth quarter of 2011 compared to \$2.3 million in the fourth quarter of 2010 and \$1.7 million in the third quarter of 2011.

For the year ended December 31, 2011, non-interest income was \$32.2 million, a slight decrease from \$32.3 million in 2010. For the fourth quarter of 2011, non-interest income increased to \$9.0 million compared to \$7.6 million in the third quarter and decreased \$184,000 from \$9.2 million in the fourth quarter of 2010.

Non-interest expense for the fourth quarter of 2011 increased \$5.8 million, or 13 percent, to \$50.4 million from \$44.6 million in the fourth quarter of 2010. The increase is primarily related to a \$4.7 million increase in salaries and employee benefits to \$26.7 million from \$22.0 million, which was primarily due to general business growth. Marketing expense increased \$1.6 million from the fourth quarter of 2010 due to expansion of customer bases in both loans and deposits. Additionally, legal and professional expense increased \$478,000 from the fourth quarter of 2010. Allowance and other carrying costs for OREO expense decreased \$850,000 to \$2.4 million, which included a \$1.1 million valuation expense. Of the \$1.1 million valuation expense in the fourth quarter of 2011, \$691,000 related to direct write-downs of the OREO balance and \$400,000 related to increasing the valuation allowance, compared to \$1.8 million and \$544,000, respectively, in the same period of 2010. Additionally, FDIC insurance expense decreased \$1.0 million from the fourth quarter of 2010.

Stockholders' equity increased by 17 percent from \$528.3 million at December 31, 2010 to \$616.3 million at December 31, 2011. Contributing to the increase is primarily retained net income. The Bank is well capitalized under regulatory guidelines and at December 31, 2011, the Company's ratio of tangible common equity to total tangible assets was 7.3 percent.

ABOUT TEXAS CAPITAL BANCSHARES, INC.

Texas Capital Bancshares, Inc. (NASDAQ: TCBI) is the parent company of Texas Capital Bank, a commercial bank that delivers highly personalized financial services to businesses and private clients. Headquartered in Dallas, the Bank has full-service locations in Austin, Dallas, Fort Worth, Houston and San Antonio.

This release contains forward-looking statements, which are subject to risks and uncertainties. A number of factors, many of which are beyond Texas Capital Bancshares' control, could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These risks and uncertainties include the risk of adverse impacts from general economic conditions, competition, interest rate sensitivity and exposure to regulatory and legislative changes. These and other factors that could cause results to differ materially from those described in the forward-looking statements can be found in the Form 10-K and other filings made by Texas Capital Bancshares with the Securities and Exchange Commission.

TEXAS CAPITAL BANCSHARES, INC.
SELECTED FINANCIAL HIGHLIGHTS (UNAUDITED)

(Dollars in thousands except per share data)

	4 th Quarter 2011	3 rd Quarter 2011	2 nd Quarter 2011	1 st Quarter 2011	4 th Quarter 2010
CONSOLIDATED STATEMENT OF INCOME					
Interest income	\$ 92,967	\$ 83,263	\$ 75,259	\$ 70,111	\$ 75,432
Interest expense	4,820	4,065	4,165	5,613	9,477
Net interest income	88,147	79,198	71,094	64,498	65,955
Provision for credit losses	6,000	7,000	8,000	7,500	12,000
Net interest income after provision for credit losses	82,147	72,198	63,094	56,998	53,955
Non-interest income	8,994	7,603	7,951	7,684	9,178
Non-interest expense	50,353	46,186	45,263	46,399	44,582
Income from continuing operations before income taxes	40,788	33,615	25,782	18,283	18,551
Income tax expense	15,043	11,905	9,074	6,344	6,475
Income from continuing operations	25,745	21,710	16,708	11,939	12,076
Loss from discontinued operations (after-tax)	(5)	(7)	(54)	(60)	(22)
Net income	\$ 25,740	\$ 21,703	\$ 16,654	\$ 11,879	\$ 12,054
Diluted EPS from continuing operations	\$.67	\$.56	\$.44	\$.31	\$.32
Diluted EPS	\$.67	\$.56	\$.43	\$.31	\$.32
Diluted shares	38,609,094	38,435,386	38,332,888	38,341,679	37,658,396
CONSOLIDATED BALANCE SHEET DATA					
Total assets	\$8,137,225	\$7,705,372	\$6,709,338	\$6,061,046	\$6,445,679
Loans held for investment	5,572,371	5,302,584	5,164,293	4,711,424	4,711,330
Loans held for sale	2,080,081	1,909,567	1,122,330	811,400	1,194,209
Securities	143,710	142,895	157,821	171,990	185,424
Demand deposits	1,751,944	1,661,125	1,483,159	1,480,695	1,451,307
Total deposits	5,556,257	5,486,463	5,421,726	5,221,991	5,455,401
Other borrowings	1,768,116	1,451,894	561,902	133,995	297,887
Long-term debt	113,406	113,406	113,406	113,406	113,406
Stockholders' equity	616,331	587,944	563,924	544,925	528,319
End of period shares outstanding	37,666,291	37,457,762	37,329,726	37,216,929	36,956,688
Book value (excluding securities gains/losses)	\$ 16.24	\$ 15.56	\$ 14.97	\$ 14.50	\$ 14.15
Tangible book value (excluding securities gains/losses)	\$ 15.69	\$ 15.01	\$ 14.41	\$ 14.25	\$ 13.89
SELECTED FINANCIAL RATIOS					
From continuing operations					
Net interest margin	4.60%	4.81%	4.86%	4.46%	4.12%
Return on average assets	1.28%	1.25%	1.08%	.78%	.72%
Return on average equity	17.05%	14.93%	12.13%	8.91%	9.04%
Non-interest income to earning assets	.47%	.46%	.54%	.53%	.57%
Efficiency ratio	51.8%	53.2%	57.3%	64.3%	59.3%
Efficiency ratio (excluding OREO valuation charge)	50.7%	51.3%	56.3%	59.7%	56.2%
Non-interest expense to earning assets	2.62%	2.80%	3.08%	3.20%	2.78%
Non-interest expense to earning assets (excluding OREO valuation charge)	2.57%	2.70%	3.03%	2.97%	2.63%
Tangible common equity to total tangible assets	7.3%	7.3%	8.0%	8.8%	8.0%
Tier 1 capital ratio	9.6%	9.7%	10.2%	11.2%	10.6%
Total capital ratio	10.6%	10.7%	11.3%	12.5%	11.8%
Tier 1 leverage ratio	8.8%	9.8%	10.5%	10.3%	9.4%

TEXAS CAPITAL BANCSHARES, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands)

	December 31, 2011	December 31, 2010	% Change
Assets			
Cash and due from banks	\$ 101,258	\$ 104,866	(3)%
Federal funds sold	-	75,000	(100)%
Securities, available-for-sale	143,710	185,424	(22)%
Loans held for sale	2,080,081	1,194,209	74%
Loans held for sale from discontinued operations	393	490	(20)%
Loans held for investment (net of unearned income)	5,572,371	4,711,330	18%
Less: Allowance for loan losses	70,295	71,510	2%
Loans held for investment, net	5,502,076	4,639,820	19%
Premises and equipment, net	11,457	11,568	(1)%
Accrued interest receivable and other assets	278,163	225,309	22%
Goodwill and intangibles, net	20,480	9,483	116%
Total assets	<u>\$ 8,137,618</u>	<u>\$ 6,446,169</u>	<u>26%</u>
Liabilities and Stockholders' Equity			
Liabilities:			
Deposits:			
Non-interest bearing	\$ 1,751,944	\$ 1,451,307	21%
Interest bearing	3,324,040	3,545,146	(6)%
Interest bearing in foreign branches	480,273	458,948	5%
Total deposits	5,556,257	5,455,401	2%
Accrued interest payable	599	2,579	(77)%
Other liabilities	82,909	48,577	63%
Federal funds purchased	412,249	283,781	45%
Repurchase agreements	23,801	10,920	118%
Other borrowings	1,332,066	3,186	N/M
Trust preferred subordinated debentures	113,406	113,406	-
Total liabilities	7,521,287	5,917,850	27%
Stockholders' equity:			
Preferred stock, \$.01 par value, \$1,000 liquidation value:			
Authorized shares - 10,000,000			
Issued shares	-	-	-
Common stock, \$.01 par value:			
Authorized shares - 100,000,000			
Issued shares - 37,666,708 and 36,957,104 at December 31, 2011 and 2010, respectively	376	369	2%
Additional paid-in capital	349,458	336,796	4%
Retained earnings	261,783	185,807	41%
Treasury stock (shares at cost: 417 at December 31, 2011 and 2010, respectively)	(8)	(8)	-
Accumulated other comprehensive income, net of taxes	4,722	5,355	(12)%
Total stockholders' equity	<u>616,331</u>	<u>528,319</u>	<u>17%</u>
Total liabilities and stockholders' equity	<u>\$ 8,137,618</u>	<u>\$ 6,446,169</u>	<u>26%</u>

TEXAS CAPITAL BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in thousands except per share data)

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Interest income				
Interest and fees on loans	\$ 91,512	\$ 73,206	\$ 314,753	\$ 270,003
Securities	1,408	2,018	6,458	9,481
Federal funds sold	1	118	37	210
Deposits in other banks	46	90	352	116
Total interest income	92,967	75,432	321,600	279,810
Interest expense				
Deposits	3,471	8,371	14,950	33,309
Federal funds purchased	273	229	602	1,097
Repurchase agreements	4	1	10	10
Other borrowings	404	-	528	48
Trust preferred subordinated debentures	668	876	2,573	3,672
Total interest expense	4,820	9,477	18,663	38,136
Net interest income	88,147	65,955	302,937	241,674
Provision for credit losses	6,000	12,000	28,500	53,500
Net interest income after provision for credit losses	82,147	53,955	274,437	188,174
Non-interest income				
Service charges on deposit accounts	1,504	1,708	6,480	6,392
Trust fee income	1,108	899	4,219	3,846
Bank owned life insurance (BOLI) income	500	482	2,095	1,889
Brokered loan fees	3,408	3,793	11,335	11,190
Equipment rental income	223	802	1,905	4,134
Other	2,251	1,494	6,198	4,812
Total non-interest income	8,994	9,178	32,232	32,263
Non-interest expense				
Salaries and employee benefits	26,658	21,964	100,535	85,298
Net occupancy expense	3,537	3,140	13,657	12,314
Leased equipment depreciation	198	623	1,482	3,297
Marketing	3,798	2,198	11,109	5,419
Legal and professional	4,362	3,884	14,996	11,837
Communications and technology	2,468	2,143	9,608	8,511
FDIC insurance assessment	1,595	2,611	7,543	9,202
Allowance and other carrying costs for OREO	2,383	3,233	9,586	10,404
Other	5,354	4,786	19,685	17,206
Total non-interest expense	50,353	44,582	188,201	163,488
Income from continuing operations before income taxes	40,788	18,551	118,468	56,949
Income tax expense	15,043	6,475	42,366	19,626
Income from continuing operations	25,745	12,076	76,102	37,323
Loss from discontinued operations (after-tax)	(5)	(22)	(126)	(136)
Net income	\$ 25,740	\$ 12,054	\$ 75,976	\$ 37,187
Basic earnings per common share:				
Income from continuing operations	\$.69	\$.33	\$ 2.04	\$ 1.02
Net income	\$.69	\$.33	\$ 2.03	\$ 1.02
Diluted earnings per common share:				
Income from continuing operations	\$.67	\$.32	\$ 1.99	\$ 1.00
Net income	\$.67	\$.32	\$ 1.98	\$ 1.00

TEXAS CAPITAL BANCSHARES, INC.

SUMMARY OF LOAN LOSS EXPERIENCE

(Dollars in thousands)

	4 th Quarter 2011	3 rd Quarter 2011	2 nd Quarter 2011	1 st Quarter 2011	4 th Quarter 2010
Reserve for loan losses:					
Beginning balance	\$ 67,897	\$ 67,748	\$ 70,248	\$ 71,510	\$ 75,655
Loans charged-off:					
Commercial	1,348	1,523	3,654	1,993	11,135
Real estate – construction	–	–	–	–	–
Real estate – term	2,438	5,049	6,424	7,364	5,751
Consumer	–	–	283	34	216
Leases	238	(16)	464	532	148
Total	4,024	6,556	10,825	9,923	17,250
Recoveries:					
Commercial	390	109	143	546	47
Real estate – construction	–	5	–	243	–
Real estate – term	45	152	122	31	101
Consumer	4	1	3	1	2
Leases	171	36	26	150	75
Total recoveries	610	303	294	971	225
Net charge-offs	3,414	6,253	10,531	8,952	17,025
Provision for loan losses	5,812	6,402	8,031	7,690	12,880
Ending balance	\$ 70,295	\$ 67,897	\$ 67,748	\$ 70,248	\$ 71,510
Reserve for off-balance sheet credit losses:					
Beginning balance	\$ 2,274	\$ 1,676	\$ 1,707	\$ 1,897	\$ 2,777
Provision (benefit) for off-balance sheet credit losses	188	598	(31)	(190)	(880)
Ending balance	\$ 2,462	\$ 2,274	\$ 1,676	\$ 1,707	\$ 1,897
Total reserves for credit losses	\$ 72,757	\$ 70,171	\$ 69,424	\$ 71,955	\$ 73,407
Total provision for credit losses	\$ 6,000	\$ 7,000	\$ 8,000	\$ 7,500	\$ 12,000
Reserve to loans held for investment ⁽²⁾	1.26%	1.28%	1.31%	1.49%	1.52%
Reserve to average loans held for investment ⁽²⁾	1.30%	1.30%	1.39%	1.49%	1.58%
Net charge-offs to average loans ⁽¹⁾⁽²⁾	.25%	.48%	.86%	.77%	1.49%
Net charge-offs to average loans for last twelve months ⁽¹⁾⁽²⁾	.58%	.90%	1.06%	1.11%	1.14%
Total provision for credit losses to average loans ⁽¹⁾⁽²⁾	.44%	.53%	.66%	.64%	1.05%
Combined reserves for credit losses to loans held for investment ⁽²⁾	1.31%	1.32%	1.34%	1.53%	1.56%
Non-performing assets (NPAs):					
Non-accrual loans	\$ 54,580	\$ 66,714	\$ 77,884	\$ 116,479	\$ 112,090
Other real estate owned (OREO) ⁽⁴⁾	34,077	35,796	27,285	26,172	42,261
Total	\$ 88,657	\$ 102,510	\$ 105,169	\$ 142,651	\$ 154,351
Non-accrual loans to loans ⁽²⁾	.98%	1.26%	1.51%	2.47%	2.38%
Total NPAs to loans plus OREO ⁽²⁾	1.58%	1.92%	2.03%	3.01%	3.25%
Reserve for loan losses to non-accrual loans	1.3x	1.0x	.9x	.6x	.6x
Restructured loans	\$ 25,104	\$ 24,963	\$ 23,540	\$ 22,219	\$ 4,319
Loans past due 90 days and still accruing ⁽³⁾	\$ 5,467	\$ 3,003	\$ 10,333	\$ 2,529	\$ 6,706
Loans past due 90 days to loans ⁽²⁾	.10%	.06%	.20%	.05%	.14%

(1) Interim period ratios are annualized.

(2) Excludes loans held for sale.

(3) At December 31, 2011, loans past due 90 days and still accruing includes premium finance loans of \$2.5 million. These loans are primarily secured by obligations of insurance carriers to refund premiums on cancelled insurance policies. The refund of premiums from the insurance carriers can take 180 days or longer from the cancellation date.

(4) At December 31, 2011, OREO balance is net of \$10.7 million valuation allowance.

TEXAS CAPITAL BANCSHARES, INC.

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

(Dollars in thousands)

	4 th Quarter 2011	3 rd Quarter 2011	2 nd Quarter 2011	1 st Quarter 2011	4 th Quarter 2010
Interest income					
Interest and fees on loans	\$ 91,512	\$ 81,692	\$ 73,509	\$ 68,040	\$ 73,206
Securities	1,408	1,524	1,680	1,846	2,018
Federal funds sold	1	3	5	28	118
Deposits in other banks	46	44	65	197	90
Total interest income	92,967	83,263	75,259	70,111	75,432
Interest expense					
Deposits	3,471	3,191	3,417	4,871	8,371
Federal funds purchased	273	128	94	107	229
Repurchase agreements	4	2	2	2	1
Other borrowings	404	110	14	-	-
Trust preferred subordinated debentures	668	634	638	633	876
Total interest expense	4,820	4,065	4,165	5,613	9,477
Net interest income	88,147	79,198	71,094	64,498	65,955
Provision for credit losses	6,000	7,000	8,000	7,500	12,000
Net interest income after provision for credit losses	82,147	72,198	63,094	56,998	53,955
Non-interest income					
Service charges on deposit accounts	1,504	1,585	1,608	1,783	1,708
Trust fee income	1,108	1,091	1,066	954	899
Bank owned life insurance (BOLI) income	500	533	539	523	482
Brokered loan fees	3,408	2,849	2,558	2,520	3,793
Equipment rental income	223	223	676	783	802
Other	2,251	1,322	1,504	1,121	1,494
Total non-interest income	8,994	7,603	7,951	7,684	9,178
Non-interest expense					
Salaries and employee benefits	26,658	25,596	24,109	24,172	21,964
Net occupancy expense	3,537	3,367	3,443	3,310	3,140
Leased equipment depreciation	198	281	447	556	623
Marketing	3,798	2,455	2,733	2,123	2,198
Legal and professional	4,362	3,647	4,264	2,723	3,884
Communications and technology	2,468	2,210	2,584	2,347	2,143
FDIC insurance assessment	1,595	1,465	1,972	2,511	2,611
Allowance and other carrying costs for OREO	2,383	2,150	1,023	4,030	3,233
Other	5,354	5,015	4,688	4,627	4,786
Total non-interest expense	50,353	46,186	45,263	46,399	44,582
Income from continuing operations before income taxes	40,788	33,615	25,782	18,283	18,551
Income tax expense	15,043	11,905	9,074	6,344	6,475
Income from continuing operations	25,745	21,710	16,708	11,939	12,076
Loss from discontinued operations (after-tax)	(5)	(7)	(54)	(60)	(22)
Net income	\$ 25,740	\$ 21,703	\$ 16,654	\$ 11,879	\$ 12,054

TEXAS CAPITAL BANCSHARES, INC.

QUARTERLY FINANCIAL SUMMARY – UNAUDITED
 Consolidated Daily Average Balances, Average Yields and Rates
 Continuing Operations
 (Dollars in thousands)

	4 th Quarter 2011			3 rd Quarter 2011			2 nd Quarter 2011			1 st Quarter 2011			4 th Quarter 2010		
	Average Balance	Revenue/Expense ⁽¹⁾	Yield/Rate	Average Balance	Revenue/Expense ⁽¹⁾	Yield/Rate	Average Balance	Revenue/Expense ⁽¹⁾	Yield/Rate	Average Balance	Revenue/Expense ⁽¹⁾	Yield/Rate	Average Balance	Revenue/Expense ⁽¹⁾	Yield/Rate
Assets															
Securities – Taxable	\$ 109,761	\$ 1,126	4.07%	\$ 115,871	\$ 1,214	4.16%	\$ 127,269	\$ 1,346	4.24%	\$ 140,007	\$ 1,500	4.35%	\$ 155,180	\$ 1,666	4.26%
Securities – Non-taxable ⁽²⁾	30,065	434	5.73%	33,051	477	5.73%	35,804	514	5.76%	37,154	532	5.81%	37,848	541	5.67%
Federal funds sold	8,505	1	0.05%	20,864	3	0.06%	14,303	5	0.14%	44,322	28	0.26%	241,907	118	0.19%
Deposits in other banks	42,644	46	0.43%	36,495	44	0.48%	77,928	65	0.33%	277,228	197	0.29%	144,650	90	0.25%
Loans held for sale	2,093,883	22,332	4.23%	1,191,375	13,340	4.44%	808,165	9,591	4.76%	735,682	8,677	4.78%	1,324,264	15,314	4.59%
Loans held for investment	5,395,253	69,180	5.09%	5,219,496	68,352	5.20%	4,890,696	63,918	5.24%	4,721,928	59,363	5.10%	4,533,501	57,892	5.07%
Less reserve for loan losses	67,214	-	-	66,215	-	-	68,031	-	-	70,142	-	-	74,580	-	-
Loans, net of reserve	7,421,922	91,512	4.89%	6,344,656	81,692	5.11%	5,630,830	73,509	5.24%	5,387,468	68,040	5.12%	5,783,185	73,206	5.02%
Total earning assets	7,612,897	93,119	4.85%	6,550,937	83,430	5.05%	5,886,134	75,439	5.14%	5,886,179	70,297	4.84%	6,362,770	75,621	4.72%
Cash and other assets	382,577			333,563			306,372			297,060			285,566		
Total assets	<u>\$7,995,474</u>			<u>\$6,884,500</u>			<u>\$6,192,506</u>			<u>\$6,183,239</u>			<u>\$6,648,336</u>		
Liabilities and Stockholders' Equity															
Transaction deposits	\$ 429,980	\$ 33	0.03%	\$ 412,203	\$ 52	0.05%	\$ 375,084	\$ 55	0.06%	\$ 345,978	\$ 55	0.06%	\$ 434,160	\$ 132	0.12%
Savings deposits	2,422,465	2,062	0.34%	2,253,123	1,664	0.29%	2,465,118	1,700	0.28%	2,469,435	2,371	0.39%	2,511,343	3,978	0.63%
Time deposits	534,441	927	0.69%	468,196	1,032	0.87%	541,337	1,351	1.00%	709,604	1,921	1.10%	1,022,509	3,068	1.19%
Deposits in foreign branches	578,728	449	0.31%	588,221	443	0.30%	415,998	311	0.30%	376,570	524	0.56%	451,088	1,193	1.05%
Total interest bearing deposits	3,965,614	3,471	0.35%	3,721,743	3,191	0.34%	3,797,537	3,417	0.36%	3,901,587	4,871	0.51%	4,419,100	8,371	0.75%
Other borrowings	1,588,198	681	0.17%	894,073	240	0.11%	233,388	110	0.19%	159,450	109	0.28%	212,939	230	0.43%
Trust preferred subordinated debentures	113,406	668	2.34%	113,406	634	2.22%	113,406	638	2.26%	113,406	633	2.26%	113,406	876	3.06%
Total interest bearing liabilities	5,667,218	4,820	0.34%	4,729,222	4,065	0.34%	4,144,331	4,165	0.40%	4,174,443	5,613	0.55%	4,745,445	9,477	0.79%
Demand deposits	1,659,132			1,525,087			1,455,366			1,417,734			1,337,213		
Other liabilities	70,142			53,233			40,177			47,753			35,589		
Stockholders' equity	598,982			576,958			552,632			543,309			530,089		
Total liabilities and stockholders' equity	<u>\$7,995,474</u>			<u>\$6,884,500</u>			<u>\$6,192,506</u>			<u>\$6,183,239</u>			<u>\$6,648,336</u>		
Net interest income		\$ 88,299			\$ 79,365			\$ 71,274			\$ 64,684			\$ 66,144	
Net interest margin			4.60%			4.81%			4.86%			4.46%			4.12%

(1) The loan averages include loans on which the accrual of interest has been discontinued and are stated net of unearned income.

(2) Taxable equivalent rates used where applicable.