

TEXAS CAPITAL BANCSHARES INC/TX
Form 10-Q
November 12, 2013
Table of Contents

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 September 30, 2013

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, Texas,
U.S.A.
(Address of principal executive officers)

75201
(Zip Code)

214/932-6600

(Registrant's telephone number,
including area code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "large accelerated filer" and "accelerated filer" Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Small Reporting Company

(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

On November 7, 2013, 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	40,982,263
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Table of Contents

Texas Capital Bancshares, Inc.

Form 10-Q

Quarter Ended September 30, 2013

Index

Part I. Financial Information

Item 1.	<u>Financial Statements</u>	
	<u>Consolidated Statements of Income and Other Comprehensive Income - Unaudited</u>	3
	<u>Consolidated Balance Sheets - Unaudited</u>	4
	<u>Consolidated Statements of Stockholders' Equity - Unaudited</u>	5
	<u>Consolidated Statements of Cash Flows - Unaudited</u>	6
	<u>Notes to Consolidated Financial Statements - Unaudited</u>	7
	<u>Financial Summaries - Unaudited</u>	32
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	47
Item 4.	<u>Controls and Procedures</u>	50

Part II. Other Information

Item 1A.	<u>Risk Factors</u>	50
Item 6.	<u>Exhibits</u>	52
	<u>Signatures</u>	53

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****TEXAS CAPITAL BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
UNAUDITED**

(In thousands except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Interest income				
Loans	\$ 114,453	\$ 100,830	\$ 324,053	\$ 286,895
Securities	682	1,125	2,394	3,635
Federal funds sold	22	2	41	7
Deposits in other banks	60	54	172	151
Total interest income	115,217	102,011	326,660	290,688
Interest expense				
Deposits	3,699	3,378	10,172	10,332
Federal funds purchased	152	268	570	789
Repurchase agreements	4	3	13	10
Other borrowings	119	607	475	1,534
Subordinated notes	1,829	208	5,487	208
Trust preferred subordinated debentures	638	692	1,905	2,091
Total interest expense	6,441	5,156	18,622	14,964
Net interest income	108,776	96,855	308,038	275,724
Provision for credit losses	5,000	3,000	14,000	7,000
Net interest income after provision for credit losses	103,776	93,855	294,038	268,724
Non-interest income				
Service charges on deposit accounts	1,659	1,684	5,109	4,912
Trust fee income	1,263	1,216	3,773	3,562
Bank owned life insurance (BOLI) income	423	549	1,384	1,658
Brokered loan fees	4,078	4,839	13,600	12,618
Swap fees	983	1,397	3,616	2,815
Other	2,025	867	5,358	4,639
Total non-interest income	10,431	10,552	32,840	30,204
Non-interest expense				

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Salaries and employee benefits	36,012	31,009	114,744	90,258
Net occupancy expense	4,342	3,653	12,334	10,936
Marketing	3,974	3,472	12,020	9,469
Legal and professional	3,937	4,916	12,584	12,237
Communications and technology	3,696	2,885	10,165	8,088
Allowance and other carrying costs for OREO	267	552	1,179	7,706
FDIC insurance assessment	4,357	1,332	6,134	4,497
Other	5,424	5,702	17,283	16,579
Total non-interest expense	62,009	53,521	186,443	159,770
Income from continuing operations before income taxes	52,198	50,886	140,435	139,158
Income tax expense	18,724	18,316	49,745	49,884
Income from continuing operations	33,474	32,570	90,690	89,274
Income (loss) from discontinued operations (after-tax)	2	(34)	2	(31)
Net income	33,476	32,536	90,692	89,243
Preferred stock dividends	2,437	-	4,956	-
Net income available to common shareholders	\$ 31,039	\$ 32,536	\$ 85,736	\$ 89,243
Other comprehensive income				
Change in net unrealized gain on available-for-sale securities arising during period, before tax	\$ (531)	\$ (386)	\$ (2,283)	\$ (1,298)
Income tax benefit related to net unrealized gain on available-for-sale securities	(186)	(135)	(799)	(454)
Other comprehensive loss, net of tax	(345)	(251)	(1,484)	(844)
Comprehensive income	\$ 33,131	\$ 32,285	\$ 89,208	\$ 88,399
Basic earnings per common share				
Income from continuing operations	\$ 0.76	\$ 0.82	\$ 2.10	\$ 2.32
Net income	\$ 0.76	\$ 0.82	\$ 2.10	\$ 2.32
Diluted earnings per common share				
Income from continuing operations	\$ 0.74	\$ 0.80	\$ 2.05	\$ 2.25
Net income	\$ 0.74	\$ 0.80	\$ 2.05	\$ 2.25

See accompanying notes to consolidated financial statements.

Table of Contents**TEXAS CAPITAL BANCSHARES, INC.****CONSOLIDATED BALANCE SHEETS**

(In thousands except share data)

	September 30, 2013	December 31, 2012
	(Unaudited)	
Assets		
Cash and due from banks	\$ 118,268	\$ 111,938
Interest-bearing deposits	76,690	94,410
Federal funds sold and securities purchased under resale agreements	100	-
Securities, available-for-sale	67,815	100,195
Loans held for sale	2,262,085	3,175,272
Loans held for sale from discontinued operations	296	302
Loans held for investment (net of unearned income)	8,051,328	6,785,535
Less: Allowance for loan losses	84,006	74,337
Loans held for investment, net	7,967,322	6,711,198
Premises and equipment, net	12,653	11,445
Accrued interest receivable and other assets	271,052	316,201
Goodwill and intangible assets, net	21,463	19,883
Total assets	\$ 10,797,744	\$ 10,540,844
Liabilities and Stockholders Equity		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 3,242,060	\$ 2,535,375
Interest bearing	5,344,152	4,576,120
Interest bearing in foreign branches	370,869	329,309
Total deposits	8,957,081	7,440,804
Accrued interest payable	743	650
Other liabilities	99,161	91,581
Federal funds purchased	169,794	273,179
Repurchase agreements	29,899	23,936
Other borrowings	250,031	1,650,046
Subordinated notes	111,000	111,000
Trust preferred subordinated debentures	113,406	113,406
Total liabilities	9,731,115	9,704,602
Stockholders equity:		

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Preferred stock	150,000	-
Common stock, \$.01 par value:		
Authorized shares 100,000,000		
Issued shares 40,935,040 and 40,727,996 at September 30, 2013 and December 31, 2012, respectively	409	407
Additional paid-in capital	446,249	450,116
Retained earnings	468,191	382,455
Treasury stock (shares at cost: 417 at September 30, 2013 and December 31, 2012)	(8)	(8)
Accumulated other comprehensive income, net of taxes	1,788	3,272
Total stockholders equity	1,066,629	836,242
Total liabilities and stockholders equity	\$ 10,797,744	\$ 10,540,844

See accompanying notes to consolidated financial statements.

Table of Contents**TEXAS CAPITAL BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**

(In thousands except share data)

	Preferred Stock		Common Stock			Retained Earnings	Treasury Stock		Accumulated		Total
	Shares	Amount	Shares	Amount	Additional Paid-in Capital		Shares	Amount	Other Comprehensive Income, Net of Taxes		
Balance at December 31, 2011	-	\$ -	37,666,708	\$ 376	\$ 349,458	\$ 261,783	(417)	\$ (8)	\$ 4,722	\$ 616,331	
Comprehensive income:											
Net income (unaudited)	-	-	-	-	-	89,243	-	-	-	89,243	
Change in unrealized gain on available-for-sale securities, net of taxes of \$454 (unaudited)	-	-	-	-	-	-	-	-	(844)	(844)	
Total comprehensive income (unaudited)										88,399	
Tax benefit related to exercise of stock-based awards (unaudited)	-	-	-	-	5,773	-	-	-	-	5,773	
Stock-based compensation expense recognized in earnings (unaudited)	-	-	-	-	4,648	-	-	-	-	4,648	
Issuance of stock related to stock-based	-	-	613,992	7	261	-	-	-	-	268	

awards
(unaudited)

Issuance of stock (unaudited)	-	-	2,300,000	23	86,964	-	-	-	-	86,987
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