

TEXAS CAPITAL BANCSHARES INC/TX

Form 10-Q

October 25, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
For the quarterly period ended September 30, 2012

.. **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)

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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 (Do not check if a smaller reporting company) Small 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 October 23, 2012, 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	40,587,532
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(In thousands except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Interest income				
Loans	\$ 100,830	\$ 81,692	\$ 286,895	\$ 223,241
Securities	1,125	1,524	3,635	5,050
Federal funds sold	2	3	7	36
Deposits in other banks	54	44	151	306
Total interest income	102,011	83,263	290,688	228,633
Interest expense				
Deposits	3,378	3,191	10,332	11,479
Federal funds purchased	268	128	789	329
Repurchase agreements	3	2	10	6
Other borrowings	607	110	1,534	124
Subordinated notes	208		208	
Trust preferred subordinated debentures	692	634	2,091	1,905
Total interest expense	5,156	4,065	14,964	13,843
Net interest income	96,855	79,198	275,724	214,790
Provision for credit losses	3,000	7,000	7,000	22,500
Net interest income after provision for credit losses	93,855	72,198	268,724	192,290
Non-interest income				
Service charges on deposit accounts	1,684	1,585	4,912	4,976
Trust fee income	1,216	1,091	3,562	3,111
Bank owned life insurance (BOLI) income	549	533	1,658	1,595
Brokered loan fees	4,839	2,849	12,618	7,927
Other	2,264	1,545	7,454	5,629
Total non-interest income	10,552	7,603	30,204	23,238
Non-interest expense				
Salaries and employee benefits	31,009	25,596	90,258	73,877
Net occupancy expense	3,653	3,367	10,936	10,120
Marketing	3,472	2,455	9,469	7,311
Legal and professional	4,916	3,647	12,237	10,634
Communications and technology	2,885	2,210	8,088	7,141
FDIC insurance assessment	1,332	1,465	4,497	5,948
Allowance and other carrying costs for OREO	552	2,150	7,706	7,203
Other	5,702	5,296	16,579	15,614
Total non-interest expense	53,521	46,186	159,770	137,848

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Income from continuing operations before income taxes	50,886	33,615	139,158	77,680
Income tax expense	18,316	11,905	49,884	27,323
Income from continuing operations	32,570	21,710	89,274	50,357
Loss from discontinued operations (after-tax)	(34)	(7)	(31)	(121)
Net income	\$ 32,536	\$ 21,703	\$ 89,243	\$ 50,236
Basic earnings per common share				
Income from continuing operations	\$ 0.82	\$ 0.58	\$ 2.32	\$ 1.35
Net income	\$ 0.82	\$ 0.58	\$ 2.32	\$ 1.35
Diluted earnings per common share				
Income from continuing operations	\$ 0.80	\$ 0.56	\$ 2.25	\$ 1.31
Net income	\$ 0.80	\$ 0.56	\$ 2.25	\$ 1.31
Other comprehensive income				
Unrealized (loss) on available-for-sale securities arising during period, before tax	\$ (386)	\$ (142)	\$ (1,298)	\$ (346)
Income tax benefit (expense) related to unrealized gain (loss) on available-for-sale securities	(135)	(50)	(454)	(121)
Other comprehensive loss net of tax	(251)	(92)	(844)	(225)
Comprehensive income	\$ 32,285	\$ 21,611	\$ 88,399	\$ 50,011

See accompanying notes to consolidated financial statements.

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(In thousands except per share data)

	September 30, 2012 (Unaudited)	December 31, 2011
Assets		
Cash and due from banks	\$ 88,220	\$ 79,248
Interest-bearing deposits	60,971	31,310
Securities, available-for-sale	107,288	143,710
Loans held for sale	2,818,622	2,080,081
Loans held for sale from discontinued operations	304	393
Loans held for investment (net of unearned income)	6,549,089	5,572,371
Less: Allowance for loan losses	73,722	70,295
Loans held for investment, net	6,475,367	5,502,076
Premises and equipment, net	11,280	11,457
Accrued interest receivable and other assets	299,582	268,863
Goodwill and intangible assets, net	20,032	20,480
Total assets	\$ 9,881,666	\$ 8,137,618

Liabilities and Stoc