

REFINITIV

# DELTA REPORT

## 10-Q

TCBIL - TEXAS CAPITAL BANCSHARES  
10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

|              |      |
|--------------|------|
| TOTAL DELTAS | 1104 |
| CHANGES      | 248  |
| DELETIONS    | 89   |
| ADDITIONS    | 767  |

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 **June 30, 2024** **September 30, 2024**

☐ 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:

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (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 **July 17, 2024** **October 16, 2024**, 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 **46,196,722** **46,211,695**

Texas Capital Bancshares, Inc.  
Form 10-Q  
Quarter Ended **June 30, 2024** **September 30, 2024**

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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)

(in thousands except share data)

(in thousands except share data)

|  | June 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 |
|--|---------------|-------------------|--------------------|-------------------|
| <b>Assets</b>                                |               |                   |                    |                   |
| Cash and due from banks                      |               |                   |                    |                   |
| Cash and due from banks                      |               |                   |                    |                   |
| Cash and due from banks                      |               |                   |                    |                   |
| Interest bearing cash and cash equivalents   |               |                   |                    |                   |
| Available-for-sale debt securities           |               |                   |                    |                   |
| Held-to-maturity debt securities             |               |                   |                    |                   |
| Equity securities                            |               |                   |                    |                   |
| Investment securities                        |               |                   |                    |                   |
| Loans held for sale                          |               |                   |                    |                   |
| Loans held for investment, mortgage finance  |               |                   |                    |                   |
| Loans held for investment                    |               |                   |                    |                   |
| Less: Allowance for credit losses on loans   |               |                   |                    |                   |
| Loans held for investment, net               |               |                   |                    |                   |
| Premises and equipment, net                  |               |                   |                    |                   |
| Premises and equipment, net                  |               |                   |                    |                   |
| Premises and equipment, net                  |               |                   |                    |                   |
| Accrued interest receivable and other assets |               |                   |                    |                   |
| Goodwill and intangibles, net                |               |                   |                    |                   |
| <b>Total assets</b>                          |               |                   |                    |                   |
| <b>Liabilities and Stockholders' Equity</b>  |               |                   |                    |                   |
| <b>Liabilities:</b>                          |               |                   |                    |                   |
| <b>Liabilities:</b>                          |               |                   |                    |                   |

**Liabilities:**

|   |
|---|
| Non-interest bearing deposits   |
| Non-interest bearing deposits   |
| Non-interest bearing deposits   |
| Interest bearing deposits   |
| Total deposits  |
| Accrued interest payable  |
| Other liabilities   |
| Short-term borrowings   |
| Long-term debt  |
| Total liabilities   |
| Stockholders' equity:   |
| Preferred stock, \$0.01 par value, \$1,000 liquidation value:   |
| Preferred stock, \$0.01 par value, \$1,000 liquidation value:   |
| Preferred stock, \$0.01 par value, \$1,000 liquidation value:   |
| Authorized shares - 10,000,000  |
| Authorized shares - 10,000,000  |
| Authorized shares - 10,000,000  |
| Issued shares - 300,000 at June 30, 2024 and December 31, 2023  |
| Issued shares - 300,000 at June 30, 2024 and December 31, 2023  |
| Issued shares - 300,000 at June 30, 2024 and December 31, 2023  |
| Issued shares - 300,000 at September 30, 2024 and December 31, 2023   |
| Issued shares - 300,000 at September 30, 2024 and December 31, 2023   |
| Issued shares - 300,000 at September 30, 2024 and December 31, 2023   |
| Common stock, \$0.01 par value:   |
| Authorized shares - 100,000,000   |
| Authorized shares - 100,000,000   |
| Authorized shares - 100,000,000   |
| Issued shares - 51,474,581 and 51,142,979 at June 30, 2024 and December 31, 2023, respectively                    |
| Issued shares - 51,474,581 and 51,142,979 at June 30, 2024 and December 31, 2023, respectively                    |
| Issued shares - 51,474,581 and 51,142,979 at June 30, 2024 and December 31, 2023, respectively                    |
| Issued shares - 51,494,260 and 51,142,979 at September 30, 2024 and December 31, 2023, respectively               |
| Issued shares - 51,494,260 and 51,142,979 at September 30, 2024 and December 31, 2023, respectively               |
| Issued shares - 51,494,260 and 51,142,979 at September 30, 2024 and December 31, 2023, respectively               |
| Additional paid-in capital  |
| Retained earnings   |
| Treasury stock - 5,286,503 and 3,905,067 shares at cost at June 30, 2024 and December 31, 2023, respectively      |
| Treasury stock - 5,286,503 and 3,905,067 shares at cost at September 30, 2024 and December 31, 2023, respectively |
| Accumulated other comprehensive loss, net of taxes  |
| Total stockholders' equity  |
| Total liabilities and stockholders' equity  |

See accompanying notes to consolidated financial statements.

**TEXAS CAPITAL BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME AND OTHER****COMPREHENSIVE INCOME - UNAUDITED**

|  |                                  |
|--|----------------------------------|
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |

(in thousands except per share data)

(in thousands except per share data)

(in thousands except per share data)

|   |
|---|
| Interest income                                       |
| Interest income                                       |
| Interest income                                       |
| Interest and fees on loans                            |
| Interest and fees on loans                            |
| Interest and fees on loans                            |
| Investment securities                                 |
| Investment securities                                 |
| Investment securities                                 |
| Interest bearing cash and cash equivalents            |
| Interest bearing cash and cash equivalents            |
| Interest bearing cash and cash equivalents            |
| Total interest income                                 |
| Total interest income                                 |
| Total interest income                                 |
| Interest expense                                      |
| Interest expense                                      |
| Interest expense                                      |
| Deposits  |
| Deposits  |
| Deposits  |
| Short-term borrowings                                 |
| Short-term borrowings                                 |
| Short-term borrowings                                 |
| Long-term debt  |
| Long-term debt  |
| Long-term debt  |
| Total interest expense                                |
| Total interest expense                                |
| Total interest expense                                |
| Net interest income                                   |
| Net interest income                                   |
| Net interest income                                   |
| Provision for credit losses                           |
| Provision for credit losses                           |
| Provision for credit losses                           |
| Net interest income after provision for credit losses |
| Net interest income after provision for credit losses |
| Net interest income after provision for credit losses |
| Non-interest income                                   |
| Non-interest income                                   |
| Non-interest income                                   |
| Service charges on deposit accounts                   |
| Service charges on deposit accounts                   |
| Service charges on deposit accounts                   |
| Wealth management and trust fee income                |
| Wealth management and trust fee income                |
| Wealth management and trust fee income                |
| Brokered loan fees                                    |
| Brokered loan fees                                    |
| Brokered loan fees                                    |

|  |
|--|
| Investment banking and advisory fees                       |
| Investment banking and advisory fees                       |
| Investment banking and advisory fees                       |
| Trading income   |
| Trading income   |
| Trading income   |
| Available-for-sale debt securities gains/(losses), net     |
| Available-for-sale debt securities gains/(losses), net     |
| Available-for-sale debt securities gains/(losses), net     |
| Other  |
| Other  |
| Other  |
| Total non-interest income                                  |
| Total non-interest income                                  |
| Total non-interest income                                  |
| Non-interest expense                                       |
| Non-interest expense                                       |
| Non-interest expense                                       |
| Salaries and benefits                                      |
| Salaries and benefits                                      |
| Salaries and benefits                                      |
| Occupancy expense  |
| Occupancy expense  |
| Occupancy expense  |
| Marketing  |
| Marketing  |
| Marketing  |
| Legal and professional                                     |
| Legal and professional                                     |
| Legal and professional                                     |
| Communications and technology                              |
| Communications and technology                              |
| Communications and technology                              |
| Federal Deposit Insurance Corporation insurance assessment |
| Federal Deposit Insurance Corporation insurance assessment |
| Federal Deposit Insurance Corporation insurance assessment |
| Other  |
| Other  |
| Other  |
| Total non-interest expense                                 |
| Total non-interest expense                                 |
| Total non-interest expense                                 |
| Income before income taxes                                 |
| Income before income taxes                                 |
| Income before income taxes                                 |
| Income tax expense   |
| Income tax expense   |
| Income tax expense   |
| Net income   |
| Net income   |
| Net income   |
| Income/(loss) before income taxes                          |

|   |
|---|
| Income/(loss) before income taxes                         |
| Income/(loss) before income taxes                         |
| Income tax expense/(benefit)                              |
| Income tax expense/(benefit)                              |
| Income tax expense/(benefit)                              |
| <b>Net income/(loss)</b>                                  |
| <b>Net income/(loss)</b>                                  |
| <b>Net income/(loss)</b>                                  |
| Preferred stock dividends                                 |
| Preferred stock dividends                                 |
| Preferred stock dividends                                 |
| <b>Net income available to common stockholders</b>        |
| <b>Net income available to common stockholders</b>        |
| <b>Net income available to common stockholders</b>        |
| <b>Net income/(loss) available to common stockholders</b> |
| <b>Net income/(loss) available to common stockholders</b> |
| <b>Net income/(loss) available to common stockholders</b> |
| <b>Other comprehensive income/(loss)</b>                  |
| <b>Other comprehensive income/(loss)</b>                  |
| <b>Other comprehensive income/(loss)</b>                  |
| Change in unrealized gain/(loss)                          |
| Change in unrealized gain/(loss)                          |
| Change in unrealized gain/(loss)                          |
| Amounts reclassified into net income                      |
| Amounts reclassified into net income                      |
| Amounts reclassified into net income                      |
| Amounts reclassified into net income/(loss)               |
| Amounts reclassified into net income/(loss)               |
| Amounts reclassified into net income/(loss)               |
| Other comprehensive income/(loss)                         |
| Other comprehensive income/(loss)                         |
| Other comprehensive income/(loss)                         |
| Income tax expense/(benefit)                              |
| Income tax expense/(benefit)                              |
| Income tax expense/(benefit)                              |
| Other comprehensive income/(loss), net of tax             |
| Other comprehensive income/(loss), net of tax             |
| Other comprehensive income/(loss), net of tax             |
| <b>Comprehensive income</b>                               |
| <b>Comprehensive income</b>                               |
| <b>Comprehensive income</b>                               |
| Basic earnings per common share                           |
| Basic earnings per common share                           |
| Basic earnings per common share                           |
| Diluted earnings per common share                         |
| Diluted earnings per common share                         |
| Diluted earnings per common share                         |
| <b>Comprehensive income/(loss)</b>                        |
| <b>Comprehensive income/(loss)</b>                        |
| <b>Comprehensive income/(loss)</b>                        |
| Basic earnings/(loss) per common share                    |

|  |
|--|
| Basic earnings/(loss) per common share   |
| Basic earnings/(loss) per common share   |
| Diluted earnings/(loss) per common share |
| Diluted earnings/(loss) per common share |
| Diluted earnings/(loss) per common share |

See accompanying notes to consolidated financial statements.

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

|   | Preferred Stock                  |        | Paid-in Preferred Stock |        | Common Stock |         | Additional Paid-in Capital |  | Retained Earnings |  | Comprehensive Income |        | Treasury Stock |       | Accumulated Other Comprehensive Income |        | Preferred Stock |        | Common Stock |         |
|---|----------------------------------|--------|-------------------------|--------|--------------|---------|----------------------------|--|-------------------|--|----------------------|--------|----------------|-------|--|--------|-----------------|--------|--------------|---------|
|   | (in thousands except share data) | Shares | Amount                  | Shares | Amount       | Capital |                            |  | Earnings          |  | Shares               | Amount | Income/(Loss)  | Total | (in thousands except share data)       | Shares | Amount          | Shares | Amount       | Capital |
| Balance at March 31, 2023                                 |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Balance at June 30, 2023                                  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Comprehensive income/(loss):                              |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Comprehensive income/(loss):                              |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Comprehensive income/(loss):                              |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Net income  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Net income  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Net income  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Change in other comprehensive income/(loss), net of taxes |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Total comprehensive loss                                  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Stock-based compensation expense recognized in earnings   |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Stock-based compensation expense recognized in earnings   |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Stock-based compensation expense recognized in earnings   |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Preferred stock dividend                                  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Preferred stock dividend                                  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |
| Preferred stock dividend                                  |                                  |        |                         |        |              |         |                            |  |                   |  |                      |        |                |       |  |        |                 |        |              |         |



|   |
|---|
| Issuance of<br>stock related to<br>stock-based<br>awards              |
| Balance at September 30,<br>2023                                      |
| Balance at September 30,<br>2023                                      |
| Balance at September 30,<br>2023                                      |
| Balance at June 30, 2024  |
| Balance at June 30, 2024  |
| Balance at June 30, 2024  |
| Comprehensive<br>income/(loss):                                       |
| Comprehensive<br>income/(loss):                                       |
| Comprehensive<br>income/(loss):                                       |
| Net loss  |
| Net loss  |
| Net loss  |
| Change in<br>other<br>comprehensive<br>income/(loss),<br>net of taxes |
| Total<br>comprehensive<br>income                                      |
| Stock-based compensation<br>expense recognized in<br>earnings         |
| Stock-based compensation<br>expense recognized in<br>earnings         |
| Stock-based compensation<br>expense recognized in<br>earnings         |
| Preferred stock dividend  |
| Preferred stock dividend  |
| Preferred stock dividend  |
| Issuance of<br>stock related to<br>stock-based<br>awards              |
| Balance at June 30, 2023  |
| Balance at September 30,<br>2024                                      |
| Balance at June 30, 2023  |
| Balance at September 30,<br>2024                                      |
| Balance at June 30, 2023  |
| Balance at March 31, 2024   |
| Balance at March 31, 2024   |

|   |
|---|
| Balance at March 31, 2024                                 |
| Comprehensive income/(loss):                              |
| Comprehensive income/(loss):                              |
| Comprehensive income/(loss):                              |
| Net income  |
| Net income  |
| Net income  |
| Change in other comprehensive income/(loss), net of taxes |
| Total comprehensive income                                |
| Stock-based compensation expense recognized in earnings   |
| Stock-based compensation expense recognized in earnings   |
| Stock-based compensation expense recognized in earnings   |
| Preferred stock dividend                                  |
| Preferred stock dividend                                  |
| Preferred stock dividend                                  |
| Issuance of stock related to stock-based awards           |
| Repurchase of common stock                                |
| Balance at June 30, 2024                                  |
| Balance at June 30, 2024                                  |
| Balance at June 30, 2024                                  |
| Balance at September 30, 2024                             |

See accompanying notes to consolidated financial statements.

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

|  | Paid-in Capital | Preferred Stock | Common Stock | Additional Paid-in Capital | Retained Earnings | Comprehensive Income | Treasury Stock | Accumulated Other Comprehensive Income | Additional Paid-in Capital | Preferred Stock | Common Stock |
|--|-----------------|-----------------|--------------|----------------------------|-------------------|----------------------|----------------|--|----------------------------|-----------------|--------------|
| Preferred Stock                        |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Paid-in Capital                        |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Preferred Stock                        |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Common Stock                           |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Additional Paid-in Capital             |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Retained Earnings                      |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Comprehensive Income                   |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Treasury Stock                         |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Accumulated Other Comprehensive Income |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Additional Paid-in Capital             |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Preferred Stock                        |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |
| Common Stock                           |                 |                 |              |                            |                   |                      |                |  |                            |                 |              |

|   | (in thousands except share data) | Shares | Amount | Shares | Amount | Capital | Earnings | Shares | Amount | Income/(Loss) | Total | (in thousands except share data) | Shares | Amount | Capi |
|---|----------------------------------|--------|--------|--------|--------|---------|----------|--------|--------|---------------|-------|----------------------------------|--------|--------|------|
| (in thousands except share data)                          |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Balance at December 31, 2022 (audited)                    |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Comprehensive income/(loss):                              |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Comprehensive income/(loss):                              |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Comprehensive income/(loss):                              |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Net income  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Net income  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Net income  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Change in other comprehensive income/(loss), net of taxes |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Total comprehensive income                                |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Stock-based compensation expense recognized in earnings   |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Stock-based compensation expense recognized in earnings   |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Stock-based compensation expense recognized in earnings   |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Preferred stock dividend                                  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Preferred stock dividend                                  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Preferred stock dividend                                  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Issuance of stock related to stock-based awards           |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Repurchase of common stock                                |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Repurchase of common stock                                |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Repurchase of common stock                                |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Balance at June 30, 2023                                  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Balance at September 30, 2023                             |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Balance at December 31, 2023 (audited)                    |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Balance at December 31, 2023 (audited)                    |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Balance at December 31, 2023 (audited)                    |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Comprehensive income/(loss):                              |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Comprehensive income/(loss):                              |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Comprehensive income/(loss):                              |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Net income  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Net income  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |
| Net income  |                                  |        |        |        |        |         |          |        |        |               |       |                                  |        |        |      |

|   |
|---|
| Change in other comprehensive income/(loss), net of taxes |
| Total comprehensive income                                |
| Stock-based compensation expense recognized in earnings   |
| Stock-based compensation expense recognized in earnings   |
| Stock-based compensation expense recognized in earnings   |
| Preferred stock dividend                                  |
| Preferred stock dividend                                  |
| Preferred stock dividend                                  |
| Issuance of stock related to stock-based awards           |
| Repurchase of common stock                                |
| Balance at June 30, 2024                                  |
| Balance at September 30, 2024                             |
| Balance at June 30, 2024                                  |
| Balance at September 30, 2024                             |
| Balance at June 30, 2024                                  |
| Balance at September 30, 2024                             |

See accompanying notes to consolidated financial statements.

TEXAS CAPITAL BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

|   |                                 |
|---|---------------------------------|
|   | Six Months Ended June 30,       |
|   | Nine Months Ended September 30, |
|   | Six Months Ended June 30,       |
|   | Nine Months Ended September 30, |
|   | Six Months Ended June 30,       |
|   | Nine Months Ended September 30, |
| (in thousands)  |                                 |
| Operating activities  |                                 |
| Operating activities  |                                 |
| Operating activities  |                                 |
| Net income  |                                 |
| Net income  |                                 |
| Net income  |                                 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: |                                 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: |                                 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: |                                 |
| Adjustments to reconcile net income to net cash provided by operating activities:           |                                 |

|   |
|---|
| Adjustments to reconcile net income to net cash provided by operating activities:         |
| Adjustments to reconcile net income to net cash provided by operating activities:         |
| Provision for credit losses   |
| Provision for credit losses   |
| Provision for credit losses   |
| Depreciation and amortization   |
| Depreciation and amortization   |
| Depreciation and amortization   |
| Net gain recognized on investment securities  |
| Net (gain)/loss recognized on investment securities                                       |
| Net gain recognized on investment securities  |
| Net (gain)/loss recognized on investment securities                                       |
| Net gain recognized on investment securities  |
| Net (gain)/loss recognized on investment securities                                       |
| Stock-based compensation expense  |
| Stock-based compensation expense  |
| Stock-based compensation expense  |
| Purchases and originations of loans held for sale   |
| Purchases and originations of loans held for sale   |
| Purchases and originations of loans held for sale   |
| Proceeds from sales and repayments of loans held for sale                                 |
| Proceeds from sales and repayments of loans held for sale                                 |
| Proceeds from sales and repayments of loans held for sale                                 |
| Changes in operating assets and liabilities:  |
| Changes in operating assets and liabilities:  |
| Changes in operating assets and liabilities:  |
| Accrued interest receivable and other assets  |
| Accrued interest receivable and other assets  |
| Accrued interest receivable and other assets  |
| Accrued interest payable and other liabilities  |
| Accrued interest payable and other liabilities  |
| Accrued interest payable and other liabilities  |
| Net cash provided by operating activities   |
| Net cash provided by operating activities   |
| Net cash provided by operating activities   |
| Investing activities  |
| Investing activities  |
| Investing activities  |
| Purchases of available-for-sale debt securities   |
| Purchases of available-for-sale debt securities   |
| Purchases of available-for-sale debt securities   |
| Proceeds from sales of available-for-sale debt securities                                 |
| Proceeds from sales of available-for-sale debt securities                                 |
| Proceeds from sales of available-for-sale debt securities                                 |
| Proceeds from maturities, redemptions and pay-downs of available-for-sale debt securities |
| Proceeds from maturities, redemptions and pay-downs of available-for-sale debt securities |
| Proceeds from maturities, redemptions and pay-downs of available-for-sale debt securities |
| Proceeds from maturities, redemptions and pay-downs of held-to-maturity debt securities   |
| Proceeds from maturities, redemptions and pay-downs of held-to-maturity debt securities   |
| Proceeds from maturities, redemptions and pay-downs of held-to-maturity debt securities   |
| Sales/(purchases) of equity securities, net   |



|   |
|---|
| Sales/(purchases) of equity securities, net                                 |
| Sales/(purchases) of equity securities, net                                 |
| Originations of loans held for investment, mortgage finance                 |
| Originations of loans held for investment, mortgage finance                 |
| Originations of loans held for investment, mortgage finance                 |
| Proceeds from pay-offs of loans held for investment, mortgage finance       |
| Proceeds from pay-offs of loans held for investment, mortgage finance       |
| Proceeds from pay-offs of loans held for investment, mortgage finance       |
| Net increase in loans held for investment, excluding mortgage finance loans |
| Net increase in loans held for investment, excluding mortgage finance loans |
| Net increase in loans held for investment, excluding mortgage finance loans |
| Purchase of premises and equipment, net                                     |
| Purchase of premises and equipment, net                                     |
| Purchase of premises and equipment, net                                     |
| Net cash used in investing activities                                       |
| Net cash used in investing activities                                       |
| Net cash used in investing activities                                       |
| Financing activities  |
| Financing activities  |
| Financing activities  |
| Net increase/(decrease) in deposits   |
| Net increase/(decrease) in deposits   |
| Net increase/(decrease) in deposits   |
| Net increase in deposits  |
| Net increase in deposits  |
| Net increase in deposits  |
| Issuance of stock related to stock-based awards                             |
| Issuance of stock related to stock-based awards                             |
| Issuance of stock related to stock-based awards                             |
| Preferred dividends paid  |
| Preferred dividends paid  |
| Preferred dividends paid  |
| Repurchase of common stock  |
| Repurchase of common stock  |
| Repurchase of common stock  |
| Net increase/(decrease) in short-term borrowings                            |
| Net increase/(decrease) in short-term borrowings                            |
| Net increase/(decrease) in short-term borrowings                            |
| Redemption of long-term debt  |
| Redemption of long-term debt  |
| Redemption of long-term debt  |
| Net cash provided by financing activities                                   |
| Net cash provided by financing activities                                   |
| Net cash provided by financing activities                                   |
| Net increase/(decrease) in cash and cash equivalents                        |
| Net increase/(decrease) in cash and cash equivalents                        |
| Net increase/(decrease) in cash and cash equivalents                        |
| Cash and cash equivalents at beginning of period                            |
| Cash and cash equivalents at beginning of period                            |
| Cash and cash equivalents at beginning of period                            |
| Cash and cash equivalents at end of period                                  |
| Cash and cash equivalents at end of period                                  |
| Cash and cash equivalents at end of period                                  |

|  |
|--|
| Supplemental disclosures of cash flow information            |
| Supplemental disclosures of cash flow information            |
| Supplemental disclosures of cash flow information            |
| Cash paid during the period for interest                     |
| Cash paid during the period for interest                     |
| Cash paid during the period for interest                     |
| Cash paid during the period for income taxes                 |
| Cash paid during the period for income taxes                 |
| Cash paid during the period for income taxes                 |
| Transfers of loans from held for investment to held for sale |
| Transfers of loans from held for investment to held for sale |
| Transfers of loans from held for investment to held for sale |

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 1996 and commenced banking operations in 1998. The consolidated financial statements include the accounts of TCBI and its wholly owned subsidiary, Texas Capital Bank (the "Bank"). TCBI is a full-service financial services firm that delivers customized solutions to businesses, entrepreneurs and individual customers. The Company is headquartered in Dallas, with primary banking offices in Austin, Dallas, Fort Worth, Houston and San Antonio, and has built a network of clients across the country.

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 the Company's 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 the consolidated financial statements, and notes thereto, for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 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:

|  |                                  |
|--|----------------------------------|
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |

(in thousands except share and per share data)

(in thousands except share and per share data)

(in thousands except share and per share data)

|            |
|------------|
| Numerator: |
| Numerator: |
| Numerator: |
| Net income |

|   |
|---|
| Net income  |
| Net income  |
| Net income/(loss)   |
| Net income/(loss)   |
| Net income/(loss)   |
| Preferred stock dividends   |
| Preferred stock dividends   |
| Preferred stock dividends   |
| Net income available to common stockholders                               |
| Net income available to common stockholders                               |
| Net income available to common stockholders                               |
| Net income/(loss) available to common stockholders                        |
| Net income/(loss) available to common stockholders                        |
| Net income/(loss) available to common stockholders                        |
| Denominator:  |
| Denominator:  |
| Denominator:  |
| Basic earnings per common share—weighted average common shares            |
| Basic earnings per common share—weighted average common shares            |
| Basic earnings per common share—weighted average common shares            |
| Effect of dilutive outstanding stock-settled awards                       |
| Effect of dilutive outstanding stock-settled awards                       |
| Effect of dilutive outstanding stock-settled awards                       |
| Dilutive earnings per common share—weighted average diluted common shares |
| Dilutive earnings per common share—weighted average diluted common shares |
| Dilutive earnings per common share—weighted average diluted common shares |
| Basic earnings per common share   |
| Basic earnings per common share   |
| Basic earnings per common share   |
| Basic earnings per common share   |
| Diluted earnings per common share   |
| Diluted earnings per common share   |
| Diluted earnings per common share   |
| Basic earnings/(loss) per common share                                    |
| Basic earnings/(loss) per common share                                    |
| Basic earnings/(loss) per common share                                    |
| Diluted earnings/(loss) per common share                                  |
| Diluted earnings/(loss) per common share                                  |
| Diluted earnings/(loss) per common share                                  |
| Anti-dilutive outstanding stock-settled awards                            |
| Anti-dilutive outstanding stock-settled awards                            |
| Anti-dilutive outstanding stock-settled awards                            |

(3) Investment Securities

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

|                |           |            |            |           |                |            |            |           |
|----------------|-----------|------------|------------|-----------|----------------|------------|------------|-----------|
|                |           | Gross      | Gross      | Estimated |                | Gross      | Gross      | Estimated |
|                | Amortized | Unrealized | Unrealized | Fair      |                | Unrealized | Unrealized | Fair      |
| (in thousands) | Cost(1)   | Gains      | Losses     | Value     | (in thousands) | Gains      | Losses     | Value     |



June 30, 2024

September 30, 2024

Available-for-sale debt securities:

Available-for-sale debt securities:

Available-for-sale debt securities:

U.S. Treasury securities

U.S. Treasury securities

U.S. Treasury securities

U.S. government agency securities

Residential mortgage-backed securities

Residential mortgage-backed securities

Residential mortgage-backed securities

CRT securities

CRT securities

CRT securities

Total available-for-sale debt securities

Held-to-maturity debt securities:

Residential mortgage-backed securities

Residential mortgage-backed securities

Residential mortgage-backed securities

Total held-to-maturity debt securities

Equity securities

Total investment securities(2)

December 31, 2023

Available-for-sale debt securities:

Available-for-sale debt securities:

Available-for-sale debt securities:

U.S. Treasury securities

U.S. Treasury securities

U.S. Treasury securities

U.S. government agency securities

Residential mortgage-backed securities

CRT securities

CRT securities

CRT securities

Total available-for-sale debt securities

Held-to-maturity securities:

Residential mortgage-backed securities

Residential mortgage-backed securities

Residential mortgage-backed securities

Total held-to-maturity securities

Equity securities

Total investment securities(2)

(1) Excludes accrued interest receivable of \$12.0 million of \$13.9 million and \$9.5 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, related to available-for-sale debt securities and \$1.3 million \$1.3 million and \$1.4 million \$1.4 million at June 30, 2024 September 30, 2024 and December 31, 2023, 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

The During the third quarter of 2024, the Company did not sell any sold available-for-sale debt securities during with an amortized cost basis of \$1.2 billion, realizing a loss of \$179.6 million, and repositioned the first six months proceeds into a purchase of 2024, available-for-sale residential mortgage-backed securities with an amortized cost basis of \$1.1 billion. In the first quarter of 2023, the Company sold available-for-sale 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 June 30, 2024 September 30, 2024, 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.

|  | Available-for-sale |                | Available-for-sale |                | Held-to-maturity |                | Available-for-sale |            | Held-to-maturity |            |
|--|--------------------|----------------|--------------------|----------------|------------------|----------------|--------------------|------------|------------------|------------|
| (in thousands)                         | (in thousands)     | Amortized Cost | Fair Value         | Amortized Cost | Fair Value       | (in thousands) | Amortized Cost     | Fair Value | Amortized Cost   | Fair Value |
| Due within one year                    |                    |                |                    |                |                  |                |                    |            |                  |            |
| Due within one year                    |                    |                |                    |                |                  |                |                    |            |                  |            |
| Due within one year                    |                    |                |                    |                |                  |                |                    |            |                  |            |
| Due after one year through five years  |                    |                |                    |                |                  |                |                    |            |                  |            |
| Due after five years through ten years |                    |                |                    |                |                  |                |                    |            |                  |            |
| Due after ten years                    |                    |                |                    |                |                  |                |                    |            |                  |            |
| Total                                  |                    |                |                    |                |                  |                |                    |            |                  |            |

The table below presents the weighted average yields for the Company's available-for-sale debt securities for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**. Weighted average yields are calculated based on amortized cost on a tax-exempt basis assuming a 21% federal tax rate, where applicable.

|  | U.S. Treasury securities | U.S. Treasury securities | U.S. government agency securities | Residential mortgage-backed securities | CRT securities      | U.S. Treasury securities | U.S. government agency securities | Residential mortgage-backed securities | CRT securities |        |
|--|--------------------------|--------------------------|-----------------------------------|--|---------------------|--------------------------|-----------------------------------|--|----------------|--------|
| Due within one year                    | Due within one year      | — %                      | — %                               | — %                                    | Due within one year | 3.15 %                   | — %                               | — %                                    | — %            |        |
| Due after one year through five years  |                          |                          |                                   |  |                     |                          |                                   |  |                |        |
| Due after five years through ten years |                          |                          |                                   |  |                     |                          |                                   |  |                |        |
| Due after ten years                    |                          |                          |                                   |  |                     |                          |                                   |  |                |        |
| Total                                  | Total                    | 2.71 %                   | 1.13 %                            | 3.35 %                                 | 5.46 %              | Total                    | 3.13 %                            | — %                                    | 4.68 %         | 4.95 % |

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:

|  | Less Than 12 Months | Less Than 12 Months | 12 Months or Longer | Total      | Less Than 12 Months | 12 Months or Longer | Total           |
|--|---------------------|---------------------|---------------------|------------|---------------------|---------------------|-----------------|
| (in thousands)                         | (in thousands)      | Fair Value          | Unrealized Loss     | Fair Value | Unrealized Loss     | Fair Value          | Unrealized Loss |
| June 30, 2024                          |                     |                     |                     |            |                     |                     |                 |
| September 30, 2024                     |                     |                     |                     |            |                     |                     |                 |
| U.S. Treasury securities               |                     |                     |                     |            |                     |                     |                 |
| U.S. Treasury securities               |                     |                     |                     |            |                     |                     |                 |
| U.S. Treasury securities               |                     |                     |                     |            |                     |                     |                 |
| U.S. government agency securities      |                     |                     |                     |            |                     |                     |                 |
| Residential mortgage-backed securities |                     |                     |                     |            |                     |                     |                 |
| CRT securities                         |                     |                     |                     |            |                     |                     |                 |
| Total                                  |                     |                     |                     |            |                     |                     |                 |
| December 31, 2023                      |                     |                     |                     |            |                     |                     |                 |
| U.S. Treasury securities               |                     |                     |                     |            |                     |                     |                 |
| U.S. Treasury securities               |                     |                     |                     |            |                     |                     |                 |
| U.S. Treasury securities               |                     |                     |                     |            |                     |                     |                 |
| U.S. government agency securities      |                     |                     |                     |            |                     |                     |                 |
| Residential mortgage-backed securities |                     |                     |                     |            |                     |                     |                 |
| CRT securities                         |                     |                     |                     |            |                     |                     |                 |

[illegible]

|   |  |
|---|--|
| Loans held for investment(1):                     |  |
| Loans held for investment(1):                     |  |
| Loans held for investment(1):                     |  |
| Commercial  |  |
| Commercial  |  |
| Commercial  |  |
| Mortgage finance                                  |  |
| Commercial real estate                            |  |
| Consumer  |  |
| Gross loans held for investment                   |  |
| Gross loans held for investment                   |  |
| Gross loans held for investment                   |  |
| Unearned income (net of direct origination costs) |  |
| Total loans held for investment                   |  |
| Allowance for credit losses on loans              |  |
| Total loans held for investment, net              |  |
| Loans held for sale:                              |  |
| Mortgage loans, at fair value                     |  |
| Mortgage loans, at fair value                     |  |

|  |
|--|
| Mortgage loans, at fair value                      |
| Non-mortgage loans, at lower of cost or fair value |
| Total loans held for sale                          |

(1) Excludes accrued interest receivable of \$121.9 million \$114.8 million and \$118.1 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, that is recorded in accrued interest receivable and other assets on the consolidated balance sheets.

During the third quarter of 2024, the Company purchased a \$332.0 million commercial loan portfolio, which included certain loans that had experienced a more than insignificant deterioration in credit quality since origination ("PCD loans"). PCD loans are recorded at fair value at the acquisition date along with an allowance for credit losses determined using the same methodology as originated loans. The sum of the loan's purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a non-credit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through provision for credit losses. The following table provides a summary of PCD loans purchased and the associated credit loss reserve at acquisition date:

| (in thousands)                                      | Total |         |
|---|-------|---------|
| Par value (unpaid principal balance)                | \$    | 20,139  |
| Allowance for credit losses on loans at acquisition |       | (2,579) |
| Non-credit premium                                  |       | 2,448   |
| Purchase price                                      | \$    | 20,008  |

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

|                            | 2019           |      |      |      |      |      |                |                           |   |       | 2019           |      |      |      |      |      |                |                           |   |       |
|----------------------------|----------------|------|------|------|------|------|----------------|---------------------------|---|-------|----------------|------|------|------|------|------|----------------|---------------------------|---|-------|
|                            | (in thousands) | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 and prior | Revolving lines of credit | Revolving lines of credit converted to term loans | Total | (in thousands) | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 and prior | Revolving lines of credit | Revolving lines of credit converted to term loans | Total |
| June 30, 2024              |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| September 30, 2024         |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Commercial                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Commercial                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Commercial                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (8) Special mention        |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (9) Substandard - accruing |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (9+) Non-accrual           |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Total commercial           |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Mortgage finance           |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (8) Special mention        |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (9) Substandard - accruing |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (9+) Non-accrual           |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Total mortgage finance     |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| Commercial real estate     |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (1-7) Pass                 |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |
| (8) Special mention        |                |      |      |      |      |      |                |                           |   |       |                |      |      |      |      |      |                |                           |   |       |

|                              |
|------------------------------|
| (9) Substandard - accruing   |
| (9+) Non-accrual             |
| Total commercial real estate |
| Consumer                     |
| (1-7) Pass                   |
| (1-7) Pass                   |
| (1-7) Pass                   |
| (8) Special mention          |
| (9) Substandard - accruing   |
| (9+) Non-accrual             |
| Total consumer               |
| Total                        |
| Gross charge-offs            |

|                              |              |              |              |            |            | 2018       | Revolving lines of | Revolving lines of credit |               |
|------------------------------|--------------|--------------|--------------|------------|------------|------------|--------------------|---------------------------|---------------|
| (in thousands)               | 2023         | 2022         | 2021         | 2020       | 2019       | and prior  | credit             | converted to term loans   | Total         |
| <b>December 31, 2023</b>     |              |              |              |            |            |            |                    |                           |               |
| Commercial                   |              |              |              |            |            |            |                    |                           |               |
| (1-7) Pass                   | \$ 1,546,257 | \$ 1,408,672 | \$ 279,266   | \$ 144,699 | \$ 142,301 | \$ 157,808 | \$ 6,284,464       | \$ 16,580                 | \$ 9,980,047  |
| (8) Special mention          | 22,148       | 118,991      | 35,619       | 285        | 823        | 13,385     | 40,647             | 89                        | 231,987       |
| (9) Substandard - accruing   | 12,477       | 50,876       | 9,334        | 18,547     | —          | 78         | 38,372             | —                         | 129,684       |
| (9+) Non-accrual             | 9,395        | 34,229       | 340          | 2,085      | 15,080     | 7,840      | 79                 | —                         | 69,048        |
| Total commercial             | \$ 1,590,277 | \$ 1,612,768 | \$ 324,559   | \$ 165,616 | \$ 158,204 | \$ 179,111 | \$ 6,363,562       | \$ 16,669                 | \$ 10,410,766 |
| Mortgage finance             |              |              |              |            |            |            |                    |                           |               |
| (1-7) Pass                   | \$ —         | \$ —         | \$ —         | \$ —       | \$ —       | \$ —       | \$ 3,978,328       | \$ —                      | \$ 3,978,328  |
| (8) Special mention          | —            | —            | —            | —          | —          | —          | —                  | —                         | —             |
| (9) Substandard - accruing   | —            | —            | —            | —          | —          | —          | —                  | —                         | —             |
| (9+) Non-accrual             | —            | —            | —            | —          | —          | —          | —                  | —                         | —             |
| Total mortgage finance       | \$ —         | \$ —         | \$ —         | \$ —       | \$ —       | \$ —       | \$ 3,978,328       | \$ —                      | \$ 3,978,328  |
| Commercial real estate       |              |              |              |            |            |            |                    |                           |               |
| (1-7) Pass                   | \$ 561,801   | \$ 1,689,325 | \$ 1,042,953 | \$ 419,703 | \$ 317,480 | \$ 559,026 | \$ 575,928         | \$ 28,175                 | \$ 5,194,391  |
| (8) Special mention          | —            | 136,801      | 32,937       | 24,440     | 34,181     | 22,833     | 7,895              | —                         | 259,087       |
| (9) Substandard - accruing   | —            | 2,232        | —            | —          | —          | 28,573     | 4,141              | —                         | 34,946        |
| (9+) Non-accrual             | —            | —            | 12,350       | —          | —          | —          | —                  | —                         | 12,350        |
| Total commercial real estate | \$ 561,801   | \$ 1,828,358 | \$ 1,088,240 | \$ 444,143 | \$ 351,661 | \$ 610,432 | \$ 587,964         | \$ 28,175                 | \$ 5,500,774  |
| Consumer                     |              |              |              |            |            |            |                    |                           |               |
| (1-7) Pass                   | \$ 31,876    | \$ 56,425    | \$ 78,096    | \$ 47,423  | \$ 14,141  | \$ 102,691 | \$ 199,171         | \$ —                      | \$ 529,823    |
| (8) Special mention          | —            | —            | —            | —          | —          | —          | 100                | 41                        | 141           |
| (9) Substandard - accruing   | —            | —            | —            | —          | —          | 984        | —                  | —                         | 984           |
| (9+) Non-accrual             | —            | —            | —            | —          | —          | —          | —                  | —                         | —             |
| Total Consumer               | \$ 31,876    | \$ 56,425    | \$ 78,096    | \$ 47,423  | \$ 14,141  | \$ 103,675 | \$ 199,271         | \$ 41                     | \$ 530,948    |
| Total                        | \$ 2,183,954 | \$ 3,497,551 | \$ 1,490,895 | \$ 657,182 | \$ 524,006 | \$ 893,218 | \$ 11,129,125      | \$ 44,885                 | \$ 20,420,816 |
| Gross charge-offs            | \$ 8,364     | \$ 5,090     | \$ 25,578    | \$ —       | \$ 15,243  | \$ 883     | \$ 698             | \$ 871                    | \$ 56,727     |

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

| (in thousands)                               | Mortgage   |         |                        |          |       | (in thousands) | Mortgage   |         |                        |          |       |
|--|------------|---------|------------------------|----------|-------|----------------|------------|---------|------------------------|----------|-------|
|  | Commercial | Finance | Commercial Real Estate | Consumer | Total |                | Commercial | Finance | Commercial Real Estate | Consumer | Total |
| <b>Six Months Ended June 30, 2024</b>        |            |         |                        |          |       |                |            |         |                        |          |       |
| <b>Nine Months Ended September 30, 2024</b>  |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Allowance established for acquired PCD loans |            |         |                        |          |       |                |            |         |                        |          |       |
| Provision for credit losses on loans         |            |         |                        |          |       |                |            |         |                        |          |       |
| Charge-offs                                  |            |         |                        |          |       |                |            |         |                        |          |       |
| Recoveries                                   |            |         |                        |          |       |                |            |         |                        |          |       |
| Net charge-offs (recoveries)                 |            |         |                        |          |       |                |            |         |                        |          |       |
| Ending balance                               |            |         |                        |          |       |                |            |         |                        |          |       |
| <b>Nine Months Ended September 30, 2023</b>  |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Provision for credit losses on loans         |            |         |                        |          |       |                |            |         |                        |          |       |
| Charge-offs                                  |            |         |                        |          |       |                |            |         |                        |          |       |
| Recoveries                                   |            |         |                        |          |       |                |            |         |                        |          |       |
| Net charge-offs (recoveries)                 |            |         |                        |          |       |                |            |         |                        |          |       |
| Ending balance                               |            |         |                        |          |       |                |            |         |                        |          |       |
| <b>Six Months Ended June 30, 2023</b>        |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Beginning balance                            |            |         |                        |          |       |                |            |         |                        |          |       |
| Provision for credit losses on loans         |            |         |                        |          |       |                |            |         |                        |          |       |
| Charge-offs                                  |            |         |                        |          |       |                |            |         |                        |          |       |
| Recoveries                                   |            |         |                        |          |       |                |            |         |                        |          |       |
| Net charge-offs (recoveries)                 |            |         |                        |          |       |                |            |         |                        |          |       |
| Ending balance                               |            |         |                        |          |       |                |            |         |                        |          |       |

The Company recorded recorded a \$40.0\$49.4 million provision for credit losses on loans for the six nine months ended June 30, 2024 September 30, 2024, compared to \$12.0 \$28.5 million for the same period of 2023. The \$40.0 The \$49.4 million provision for credit losses on loans resulted primarily from growth in loans held for investment and \$22.7 \$28.8 million in net charge-offs recorded during during the six nine months ended June 30, 2024 September 30, 2024. Net charge-offs of \$22.7 \$28.8 million were recorded during the six nine months ended June 30, 2024 September 30, 2024, compared to net charge-offs of \$28.1 \$37.1 million during the same period of 2023. Criticized loans totaled \$859.7 \$897.7 million at June 30, 2024 September 30, 2024, compared to \$738.2 \$738.2 million at December 31, 2023.

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 June 30, 2024 September 30, 2024, the Company had \$41.9 \$44.0 million in collateral-dependent commercial loans, collateralized by business assets, and \$2.2 million and \$1.0 million in collateral-dependent commercial real estate and consumer loans, respectively, both of which are collateralized by real estate.

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

| The table below provides an age analysis of gross loans held for investment. |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |
|--|------------|------------|--------------------------|----------------|----------------|---------|-------|--------------|------------------|----------------|------------|----------|--------------------------|----------------|----------------|---------|-------|-------------------|
|  | 30-59 Days | 60-89 Days |                          |                |                |         |       |              |                  | 30-59 Days     | 60-89 Days |          |                          |                |                |         |       | Non-accrual       |
| (in thousands)   | Past Due   | Past Due   | 90 Days or More Past Due | Total Past Due | Non-accrual(1) | Current | Total | No Allowance | Non-accrual With | (in thousands) | Past Due   | Past Due | 90 Days or More Past Due | Total Past Due | Non-accrual(1) | Current | Total | With No Allowance |
| June 30, 2024  |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |
| September 30, 2024   |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |
| Commercial   |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |
| Commercial   |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |
| Commercial   |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |
| Mortgage finance   |            |            |                          |                |                |         |       |              |                  |                |            |          |                          |                |                |         |       |                   |

Total

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|                        |
|------------------------|
|                        |
| Three Months Ended     |
| September 30, 2023     |
| Commercial             |
| Commercial             |
| Commercial             |
| Total                  |
| Total                  |
| Total                  |
| Six Months Ended       |
| June 30, 2024          |
| Nine Months Ended      |
| September 30, 2024     |
| Six Months Ended       |
| June 30, 2024          |
| Nine Months Ended      |
| September 30, 2024     |
| Six Months Ended       |
| June 30, 2024          |
| Nine Months Ended      |
| September 30, 2024     |
| Commercial             |
| Commercial             |
| Commercial             |
| Commercial real estate |
| Commercial real estate |
| Commercial real estate |
| Total                  |
| Total                  |
| Total                  |
| Six Months Ended       |
| June 30, 2023          |
| Six Months Ended       |
| June 30, 2023          |
| Six Months Ended       |
| June 30, 2023          |
| Nine Months Ended      |
| September 30, 2023     |
| Nine Months Ended      |
| September 30, 2023     |
| Nine Months Ended      |
| September 30, 2023     |
| Commercial             |
| Commercial             |
| Commercial             |
| Total                  |
| Total                  |
| Total                  |

The table below details gross loans held for investment as of **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023** that experienced a default during the periods presented subsequent to being granted a modification in the prior twelve months. Default is defined as movement to nonperforming status, foreclosure or charge-off, whichever occurs first.

*(in thousands)*

*(in thousands)*



| <i>(in thousands)</i>                 | Payment<br>Deferral | Term<br>Extension | Payment Deferral<br>and Term Extension | Total | Payment<br>Deferral | Term<br>Extension | Payment Deferral<br>and Term Extension | Total |
|---------------------------------------|---------------------|-------------------|--|-------|---------------------|-------------------|--|-------|
| Three Months Ended June 30, 2024      |                     |                   |  |       |                     |                   |  |       |
| Three Months Ended September 30, 2024 |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Total                                 |                     |                   |  |       |                     |                   |  |       |
| Total                                 |                     |                   |  |       |                     |                   |  |       |
| Total                                 |                     |                   |  |       |                     |                   |  |       |
| Three Months Ended June 30, 2023      |                     |                   |  |       |                     |                   |  |       |
| Three Months Ended September 30, 2023 |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Six Months Ended June 30, 2024        |                     |                   |  |       |                     |                   |  |       |
| Six Months Ended June 30, 2024        |                     |                   |  |       |                     |                   |  |       |
| Six Months Ended June 30, 2024        |                     |                   |  |       |                     |                   |  |       |
| Nine Months Ended September 30, 2024  |                     |                   |  |       |                     |                   |  |       |
| Nine Months Ended September 30, 2024  |                     |                   |  |       |                     |                   |  |       |
| Nine Months Ended September 30, 2024  |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Total                                 |                     |                   |  |       |                     |                   |  |       |
| Total                                 |                     |                   |  |       |                     |                   |  |       |
| Total                                 |                     |                   |  |       |                     |                   |  |       |
| Six Months Ended June 30, 2023        |                     |                   |  |       |                     |                   |  |       |
| Nine Months Ended September 30, 2023  |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |
| Commercial                            |                     |                   |  |       |                     |                   |  |       |

The table below provides an age analysis of gross loans held for investment as of **June 30, 2024** **September 30, 2024** made to borrowers experiencing financial difficulty that were modified in the prior twelve months, and as of **June 30, 2023** **September 30, 2023** for loans that were modified since January 1, 2023, the date of adoptions of Accounting Standards Update 2022-02:

| <i>(in thousands)</i> | <i>(in thousands)</i> | 30-89 Days<br>Past Due | 90+ Days<br>Past Due | Non-Accrual | Current | Total | <i>(in thousands)</i> | 30-89 Days<br>Past Due | 90+ Days<br>Past Due | Non-Accrual | Current | Total |
|-----------------------|-----------------------|------------------------|----------------------|-------------|---------|-------|-----------------------|------------------------|----------------------|-------------|---------|-------|
| June 30, 2024         |                       |                        |                      |             |         |       |                       |                        |                      |             |         |       |
| September 30, 2024    |                       |                        |                      |             |         |       |                       |                        |                      |             |         |       |
| Commercial            |                       |                        |                      |             |         |       |                       |                        |                      |             |         |       |
| Commercial            |                       |                        |                      |             |         |       |                       |                        |                      |             |         |       |

|                        |
|------------------------|
| Commercial             |
| Commercial real estate |
| Commercial real estate |
| Commercial real estate |
| Total                  |
| Total                  |
| Total                  |
| June 30, 2023          |
| September 30, 2023     |
| Commercial             |
| Commercial             |
| Commercial             |
| Total                  |
| Total                  |
| Total                  |

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

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

| (in thousands)                    | (in thousands) | June 30, 2024 | December 31, 2023 | (in thousands) | September 30, 2024 | December 31, 2023 |
|-----------------------------------|----------------|---------------|-------------------|----------------|--------------------|-------------------|
| Federal Home Loan Bank borrowings |                |               |                   |                |                    |                   |
| Federal Home Loan Bank borrowings |                |               |                   |                |                    |                   |
| Federal Home Loan Bank borrowings |                |               |                   |                |                    |                   |
| Total short-term borrowings       |                |               |                   |                |                    |                   |

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

| (in thousands)  | (in thousands) | June 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 |
|---|----------------|---------------|-------------------|--------------------|-------------------|
| Bank-issued floating rate senior unsecured credit-linked notes due 2024 |                |               |                   |                    |                   |
| Bank-issued floating rate senior unsecured credit-linked notes due 2024 |                |               |                   |                    |                   |
| Bank-issued floating rate senior unsecured credit-linked notes due 2024 |                |               |                   |                    |                   |
| Bank-issued 5.25% fixed rate subordinated notes due 2026                |                |               |                   |                    |                   |
| Company-issued 4.00% fixed rate subordinated notes due 2031             |                |               |                   |                    |                   |
| Trust preferred floating rate subordinated debentures due 2032 to 2036  |                |               |                   |                    |                   |
| Total long-term debt  |                |               |                   |                    |                   |

During the second quarter of 2024, the bank-issued senior unsecured credit-linked notes were redeemed in full.

(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.

| (in thousands)                                | (in thousands) | Commercial | Mortgage Finance | Commercial Real Estate | Consumer | Total | (in thousands) | Commercial | Mortgage Finance | Commercial Real Estate | Consumer | Total |
|---|----------------|------------|------------------|------------------------|----------|-------|----------------|------------|------------------|------------------------|----------|-------|
| Six Months Ended June 30, 2024                |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Nine Months Ended September 30, 2024          |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Beginning balance                             |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Beginning balance                             |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Beginning balance                             |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Provision for off-balance sheet credit losses |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Ending balance                                |                |            |                  |                        |          |       |                |            |                  |                        |          |       |
| Six Months Ended June 30, 2023                |                |            |                  |                        |          |       |                |            |                  |                        |          |       |

| Nine Months Ended September 30, 2023              |  |               |  |                   |                    |
|---|--|---------------|--|-------------------|--------------------|
| Beginning balance                                 |  |               |  |                   |                    |
| Beginning balance                                 |  |               |  |                   |                    |
| Beginning balance                                 |  |               |  |                   |                    |
| Provision for off-balance sheet credit losses     |  |               |  |                   |                    |
| Ending balance                                    |  |               |  |                   |                    |
| (in thousands)                                    |  |               |  |                   |                    |
| (in thousands)                                    |  |               |  |                   |                    |
| (in thousands)                                    |  |               |  |                   |                    |
|   |  | June 30, 2024 |  | December 31, 2023 |                    |
|   |  |               |  |                   | September 30, 2024 |
|   |  |               |  |                   | December 31, 2023  |
| Commitments to extend credit - period end balance |  |               |  |                   |                    |
| Commitments to extend credit - period end balance |  |               |  |                   |                    |
| Commitments to extend credit - period end balance |  |               |  |                   |                    |
| Standby letters of credit - period end balance    |  |               |  |                   |                    |

(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 Capital Rules adopted by U.S. federal banking agencies, among other things, (i) establish the capital measure called "Common Equity Tier 1" ("CET1"), (ii) specify that Tier 1 capital consists of CET1 and "Additional Tier 1 Capital" instruments meeting stated requirements, (iii) require that most deductions/adjustments to regulatory capital measures be made to CET1 and not to other components of capital and (iv) define the scope of the deductions/adjustments to the capital measures.

Additionally, the Basel III Capital Rules require that the Company maintain a 2.5% capital conservation buffer comprised of CET1, with respect to each of CET1, Tier 1 and total capital to risk-weighted asset ratios. 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 **six nine** months ended **June 30, 2024** **September 30, 2024** or during 2023. On January 17, 2024, the Company's board of directors authorized a new share repurchase program under which the Company could repurchase up to \$150.0 million in shares of its outstanding common stock, which is set to expire on January 31, 2025. During the **six nine** months ended **June 30, 2024** **September 30, 2024**, the Company repurchased 1,381,436 shares of its common stock for an aggregate price, including excise tax expense, of \$81.5 million, at a weighted average price of \$58.57 per share.

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 has elected to utilize the five-year transition option. The ratios presented below include the effects of the election to utilize the five-year CECL transition described above.

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 2024, the amount of the notes that qualify as Tier 2 capital has been reduced by 80%.

The table below summarizes the Company's and the Bank's actual and required capital ratios under the Basel III Capital Rules and other standards. As shown in the table below, the Company's and Bank's capital ratios exceeded the regulatory definition of well capitalized as of **June 30, 2024** **September 30, 2024** and December 31, 2023.

| June 30,<br>2024                         |  |                                   |  |                   |             |                   |         |                           |                                   | December<br>31, 2023                             |  |  |                |           |           |         |           |           |         |         |
|--|--|-----------------------------------|--|-------------------|-------------|-------------------|---------|---------------------------|-----------------------------------|--|--|--|----------------|-----------|-----------|---------|-----------|-----------|---------|---------|
| September<br>30, 2024                    |  |                                   |  |                   |             |                   |         |                           |                                   | December<br>31, 2023                             |  |  |                |           |           |         |           |           |         |         |
|  |  | Minimum<br>Capital<br>Required(2) | Capital<br>Required<br>to be Well<br>Capitalized | Capital<br>Amount | Ratio       | Capital<br>Amount | Ratio   |                           | Minimum<br>Capital<br>Required(2) | Capital<br>Required to be<br>Well<br>Capitalized | Capital Amount                         | Ratio                                    | Capital Amount |           |           |         |           |           |         |         |
| (dollars in<br>thousands)                | (dollars in<br>thousands)                |                                   |  |                   |             |                   |         | (dollars in<br>thousands) |                                   |  |  |  |                |           |           |         |           |           |         |         |
| The<br>Company                           |  |                                   |  |                   |             |                   |         |                           |                                   |  |  |  |                |           |           |         |           |           |         |         |
| CET1 capital (to risk-weighted assets)   |  |                                   |  |                   |             |                   |         |                           |                                   |  |  |  |                |           |           |         |           |           |         |         |
| CET1 capital (to risk-weighted assets)   |  |                                   |  |                   |             |                   |         |                           |                                   |  |  |  |                |           |           |         |           |           |         |         |
| CET1 capital (to risk-weighted assets)   |  | 7.00                              | %  | N/A               | \$3,244,124 | 11.62             | 11.62 % | \$3,264,609               | 12.65                             | 12.65 %  |  |  |                |           |           |         |           |           |         |         |
| Tier 1 capital (to risk-weighted assets) | Tier 1 capital (to risk-weighted assets) | 8.50                              | %  | 6.00              | %           | 3,654,124         | 13.09   | 13.09 %                   | 3,674,609                         | 14.24  | 14.24 %                                | Tier 1 capital (to risk-weighted assets) | 8.50 %         | 6.00 %    | 3,593,035 | 12.63   | 12.63 %   | 3,674,609 | 12.65   | 12.65 % |
| Total capital (to risk-weighted assets)  | Total capital (to risk-weighted assets)  | 10.50                             | %  | 10.00             | %           | 4,370,026         | 15.65   | 15.65 %                   | 4,405,575                         | 17.07  | 17.07 %                                | Total capital (to risk-weighted assets)  | 10.50 %        | 10.00 %   | 4,315,608 | 15.17   | 15.17 %   | 4,405,575 | 17.07   | 17.07 % |
| Tier 1 capital (to average assets) (1)   | Tier 1 capital (to average assets) (1)   | 4.00                              | %  | N/A               | 3,654,124   | 12.15             | 12.15 % | 3,674,609                 | 12.21                             | 12.21 %  | Tier 1 capital (to average assets) (1) | 4.00 %                                   | N/A            | 3,593,035 | 11.44     | 11.44 % | 3,674,609 | 12.21     | 12.21 % |         |

#### The Bank

|  |  |       |   |       |   |             |       |         |             |       |         |  |       |   |       |   |              |       |         |             |       |         |
|--|--|-------|---|-------|---|-------------|-------|---------|-------------|-------|---------|--|-------|---|-------|---|--------------|-------|---------|-------------|-------|---------|
| CET1 capital (to risk-weighted assets)   |  |       |   |       |   |             |       |         |             |       |         |  |       |   |       |   |              |       |         |             |       |         |
| CET1 capital (to risk-weighted assets)   |  |       |   |       |   |             |       |         |             |       |         |  |       |   |       |   |              |       |         |             |       |         |
| CET1 capital (to risk-weighted assets)   |  | 7.00  | % | 6.50  | % | \$3,646,438 | 13.16 | 13.16 % | \$3,599,919 | 14.01 | 14.01 % |  | 7.00  | % | 6.50  | % | \$ 3,570,548 | 12.65 | 12.65 % | \$3,599,919 | 14.01 | 14.01 % |
| Tier 1 capital (to risk-weighted assets) | Tier 1 capital (to risk-weighted assets) | 8.50  | % | 8.00  | % | 3,646,438   | 13.16 | 13.16 % | 3,599,919   | 14.01 | 14.01 % | Tier 1 capital (to risk-weighted assets) | 8.50  | % | 8.00  | % | 3,570,548    | 12.65 | 12.65 % | 3,599,919   | 14.01 | 14.01 % |
| Total capital (to risk-weighted assets)  | Total capital (to risk-weighted assets)  | 10.50 | % | 10.00 | % | 3,990,336   | 14.40 | 14.40 % | 3,959,100   | 15.41 | 15.41 % | Total capital (to risk-weighted assets)  | 10.50 | % | 10.00 | % | 3,921,007    | 13.89 | 13.89 % | 3,959,100   | 15.41 | 15.41 % |
| Tier 1 capital (to average assets) (1)   | Tier 1 capital (to average assets) (1)   | 4.00  | % | 5.00  | % | 3,646,438   | 12.21 | 12.21 % | 3,599,919   | 12.00 | 12.00 % | Tier 1 capital (to average assets) (1)   | 4.00  | % | 5.00  | % | 3,570,548    | 11.44 | 11.44 % | 3,599,919   | 12.00 | 12.00 % |

(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.

(8) Stock-Based Compensation

The Company has 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.

The table below summarizes the Company's stock-based compensation expense:

|                       | Three Months Ended June 30, |      | Six Months Ended June 30, |      | Three Months Ended September 30, |                | Nine Months Ended September 30, |      |
|-----------------------|-----------------------------|------|---------------------------|------|----------------------------------|----------------|---------------------------------|------|
| (in thousands)        | (in thousands)              | 2024 | 2023                      | 2024 | 2023                             | (in thousands) | 2024                            | 2023 |
| Stock-settled awards: |                             |      |                           |      |                                  |                |                                 |      |
| RSUs                  |                             |      |                           |      |                                  |                |                                 |      |
| RSUs                  |                             |      |                           |      |                                  |                |                                 |      |
| RSUs                  |                             |      |                           |      |                                  |                |                                 |      |
| Cash-settled units    |                             |      |                           |      |                                  |                |                                 |      |
| Cash-settled units    |                             |      |                           |      |                                  |                |                                 |      |
| Cash-settled units    |                             |      |                           |      |                                  |                |                                 |      |
| Total                 |                             |      |                           |      |                                  |                |                                 |      |

| (in thousands except period data)  |    | June September 30, 2024 |        |
|--|----|-------------------------|--------|
| Unrecognized compensation expense related to unvested stock-settled awards                             | \$ | 25,772                  | 32,278 |
| Weighted average period over which stock-settled awards expense is expected to be recognized, in years |    | 1.8                     | 1.9    |
| Unrecognized compensation expense related to cash-settled units  | \$ | 10,685                  | 11,039 |
| Weighted average period over which cash-settled units expense is expected to be recognized, in years   |    | 2.7                     | 2.4    |

(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 Accounting Standards Codification 820, Fair Value Measurements and Disclosures. See Note 1 - Operations and Summary of Significant Accounting Policies in our 2023 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:

| (in thousands)                         | Fair Value Measurements Using |         |         | Fair Value Measurements Using |                |         |
|--|-------------------------------|---------|---------|-------------------------------|----------------|---------|
|  | (in thousands)                | Level 1 | Level 2 | Level 3                       | (in thousands) | Level 1 |
| June 30, 2024                          |                               |         |         |                               |                |         |
| September 30, 2024                     |                               |         |         |                               |                |         |
| Available-for-sale debt securities:(1) |                               |         |         |                               |                |         |
| Available-for-sale debt securities:(1) |                               |         |         |                               |                |         |
| Available-for-sale debt securities:(1) |                               |         |         |                               |                |         |
| U.S. Treasury securities               |                               |         |         |                               |                |         |
| U.S. Treasury securities               |                               |         |         |                               |                |         |
| U.S. Treasury securities               |                               |         |         |                               |                |         |
| U.S. government agency securities      |                               |         |         |                               |                |         |
| Residential mortgage-backed securities |                               |         |         |                               |                |         |
| Residential mortgage-backed securities |                               |         |         |                               |                |         |
| Residential mortgage-backed securities |                               |         |         |                               |                |         |
| CRT securities                         |                               |         |         |                               |                |         |
| CRT securities                         |                               |         |         |                               |                |         |
| CRT securities                         |                               |         |         |                               |                |         |
| Equity securities(1)(2)                |                               |         |         |                               |                |         |
| Mortgage loans held for sale(3)        |                               |         |         |                               |                |         |
| Loans held for investment(4)           |                               |         |         |                               |                |         |
| Loans held for investment(4)           |                               |         |         |                               |                |         |
| Loans held for investment(4)           |                               |         |         |                               |                |         |

|   |
|---|
| Derivative assets(5)                                    |
| Derivative assets(5)                                    |
| Derivative assets(5)                                    |
| Securities sold not yet purchased(6)                    |
| Derivative liabilities(5)                               |
| Non-qualified deferred compensation plan liabilities(7) |
| December 31, 2023                                       |
| Available-for-sale debt securities:(1)                  |
| Available-for-sale debt securities:(1)                  |
| Available-for-sale debt securities:(1)                  |
| U.S. Treasury securities                                |
| U.S. Treasury securities                                |
| U.S. Treasury securities                                |
| U.S. government agency securities                       |
| Residential mortgage-backed securities                  |
| CRT securities  |
| CRT securities  |
| CRT securities  |
| Equity securities(1)(2)                                 |
| Mortgage loans held for sale(3)                         |
| Loans held for investment(4)                            |
| Derivative assets(5)                                    |
| Securities sold not yet purchased(6)                    |
| Derivative liabilities(5)                               |
| Non-qualified deferred compensation plan liabilities(7) |

- (1) Available-for-sale debt securities and equity 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 in exchange traded funds.
- (3) Loans held for sale are measured at fair value on a recurring basis, generally monthly.
- (4) 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.
- (5) Derivative assets and liabilities are measured at fair value on a recurring basis, generally quarterly.
- (6) Securities sold not yet purchased are measured at fair value on a recurring basis, generally monthly.
- (7) 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:

|  | Net Gains/(Losses)             |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
|--|--------------------------------|-----------------------|--------------------|----------|------------|--------------------------|--------------------------------|-----------------------|--------------------|----------|------------|--------------------------|
| (in thousands)                         |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
| (in thousands)                         |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
| (in thousands)                         | Balance at Beginning of Period | Purchases / Additions | Sales / Reductions | Realized | Unrealized | Balance at End of Period | Balance at Beginning of Period | Purchases / Additions | Sales / Reductions | Realized | Unrealized | Balance at End of Period |
| Three Months Ended June 30, 2024       |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
| Three Months Ended September 30, 2024  |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
| Available-for-sale debt securities:(1) |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
| Available-for-sale debt securities:(1) |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |
| Available-for-sale debt securities:(1) |                                |                       |                    |          |            |                          |                                |                       |                    |          |            |                          |

|  |
|--|
| CRT securities                         |
| CRT securities                         |
| CRT securities                         |
| Three Months Ended June 30, 2023       |
| Three Months Ended June 30, 2023       |
| Three Months Ended June 30, 2023       |
| Three Months Ended September 30, 2023  |
| Three Months Ended September 30, 2023  |
| Three Months Ended September 30, 2023  |
| Available-for-sale debt securities:(1) |
| Available-for-sale debt securities:(1) |
| Available-for-sale debt securities:(1) |
| CRT securities                         |
| CRT securities                         |
| CRT securities                         |
| Six Months Ended June 30, 2024         |
| Six Months Ended June 30, 2024         |
| Six Months Ended June 30, 2024         |
| Nine Months Ended September 30, 2024   |
| Nine Months Ended September 30, 2024   |
| Nine Months Ended September 30, 2024   |
| Available-for-sale debt securities:(1) |
| Available-for-sale debt securities:(1) |
| Available-for-sale debt securities:(1) |
| CRT securities                         |
| CRT securities                         |
| CRT securities                         |
| Six Months Ended June 30, 2023         |
| Six Months Ended June 30, 2023         |
| Six Months Ended June 30, 2023         |
| Nine Months Ended September 30, 2023   |
| Nine Months Ended September 30, 2023   |
| Nine Months Ended September 30, 2023   |
| Available-for-sale debt securities:(1) |
| Available-for-sale debt securities:(1) |

Available-for-sale debt securities:(1)

- CRT securities
- CRT securities
- CRT securities

(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).

CRT securities

The fair value of CRT securities is based on a discounted cash flow model, which utilizes Level 3 inputs, the most significant of which were a discount rate and weighted-average life. At June 30, 2024 September 30, 2024, the discount rates utilized ranged from 5.15% 4.52% to 6.99% 6.09% and the weighted-average life ranged from 4.63 years to 7.17 6.91 years. On a combined amortized cost weighted-average basis a discount rate of 5.83% 5.12% and a weighted-average life of 5.57 5.50 years were utilized to determine the fair value of these securities at June 30, 2024 September 30, 2024. At December 31, 2023, the combined weighted-average discount rate and weighted-average life utilized were 6.57% and 6.06 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 \$18.0 million \$20.7 million fair value of loans held for investment at June 30, 2024 September 30, 2024 reported above includes impaired loans with a carrying value of \$42.8 million \$47.1 million that were reduced by specific allowance allocations totaling \$24.8 million \$26.4 million based on collateral valuations utilizing Level 3 inputs. The \$38.3 million fair value of loans held for investment at December 31, 2023 reported above includes impaired loans with a carrying value of \$58.3 million \$58.3 million that were reduced by specific allowance allocations totaling \$20.0 million \$20.0 million based on collateral valuations utilizing Level 3 inputs.

Fair Value of Financial Instruments

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

|                                    | Carrying | Carrying       | Estimated Fair Value |       |         |         | Carrying |        | Estimated Fair Value |       |         |         |         |
|------------------------------------|----------|----------------|----------------------|-------|---------|---------|----------|--------|----------------------|-------|---------|---------|---------|
| (in thousands)                     | Amount   | (in thousands) | Amount               | Total | Level 1 | Level 2 | Level 3  | Amount | (in thousands)       | Total | Level 1 | Level 2 | Level 3 |
| June 30, 2024                      |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| September 30, 2024                 |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial assets:                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial assets:                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial assets:                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Cash and cash equivalents          |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Cash and cash equivalents          |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Cash and cash equivalents          |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Available-for-sale debt securities |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Held-to-maturity debt securities   |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Equity securities                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Loans held for sale                |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Loans held for investment, net     |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Derivative assets                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial liabilities:             |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Total deposits                     |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Total deposits                     |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Total deposits                     |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Short-term borrowings              |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Long-term debt                     |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Securities sold not yet purchased  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Derivative liabilities             |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| December 31, 2023                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial assets:                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial assets:                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |
| Financial assets:                  |          |                |                      |       |         |         |          |        |                      |       |         |         |         |



|                                    |
|------------------------------------|
| Cash and cash equivalents          |
| Cash and cash equivalents          |
| Cash and cash equivalents          |
| Available-for-sale debt securities |
| Held-to-maturity debt securities   |
| Equity securities                  |
| Loans held for sale                |
| Loans held for investment, net     |
| Derivative assets                  |
| Financial liabilities:             |
| Total deposits                     |
| Total deposits                     |
| Total deposits                     |
| Short-term borrowings              |
| Long-term debt                     |
| Securities sold not yet purchased  |
| Derivative liabilities             |

(10) Derivative Financial Instruments

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

| The notional amounts and estimated fair values of derivative positions outstanding are presented in the following table: |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
|--|----------------|-----------------|------------------|----------------------|-------------------|--------------------|----------------------|----------------|-----------------|----------------------|----------------------|-----------------|------------------|----------------------|
|  | June 30, 2024  |                 |                  |                      | December 31, 2023 | September 30, 2024 |                      |                |                 | December 31, 2023    |                      |                 |                  |                      |
|  |                |                 |                  |                      |                   |                    |                      |                |                 | Estimated Fair Value |                      |                 |                  |                      |
| (in thousands)   | (in thousands) | Notional Amount | Asset Derivative | Liability Derivative | Notional Amount   | Asset Derivative   | Liability Derivative | (in thousands) | Notional Amount | Asset Derivative     | Liability Derivative | Notional Amount | Asset Derivative | Liability Derivative |
| Derivatives designated as hedges   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Cash flow hedges:  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Cash flow hedges:  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Cash flow hedges:  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Interest rate contracts:   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Interest rate contracts:   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Interest rate contracts:   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Swaps hedging loans  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Swaps hedging loans  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Swaps hedging loans  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Non-hedging derivatives  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Customer-initiated and other derivatives:  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Customer-initiated and other derivatives:  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Customer-initiated and other derivatives:  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Foreign currency forward contracts   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Foreign currency forward contracts   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Foreign currency forward contracts   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Interest rate contracts:   |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Swaps  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Swaps  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Swaps  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Caps and floors written  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Caps and floors purchased  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |
| Forward contracts  |                |                 |                  |                      |                   |                    |                      |                |                 |                      |                      |                 |                  |                      |

| Gross derivatives   |
|---|
| Netting adjustment - offsetting derivative assets/liabilities |
| Netting adjustment - cash collateral received/posted          |
| Net derivatives included on the consolidated balance sheets   |

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 \$11.3 \$43.0 million at June 30, 2024 September 30, 2024 and approximately \$32.9 million at December 31, 2023. Collateral levels are monitored and adjusted on a regular basis for changes in the value of derivative instruments. At June 30, 2024 September 30, 2024, the Company had \$98.9 \$101.5 million in cash collateral pledged to counterparties included in interest bearing cash and cash equivalents on the consolidated balance sheet and \$46.9 and \$17.7 million in cash collateral received from counterparties included in interest bearing deposits on the consolidated balance sheet. The comparative amounts at December 31, 2023, were \$119.0 million in cash collateral pledged to counterparties and \$42.3 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 14 risk 16 risk participation agreements where it acts as a participant bank with a notional amount of \$227.0 \$219.0 million at June 30, 2024 September 30, 2024, compared to 14 risk participation agreements with a notional amount of \$230.7 million at December 31, 2023. The maximum estimated exposure to these agreements, assuming 100% default by all obligors, was approximately \$6.1 \$2.3 million at June 30, 2024 September 30, 2024 and \$4.5 million at December 31, 2023. The fair value of these exposures was insignificant to the consolidated financial statements at both June 30, 2024 September 30, 2024 and December 31, 2023. 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 party to 15 risk 19 risk participation agreements where the Company acts as the lead bank having a notional amount of \$202.9 \$253.0 million at June 30, 2024 September 30, 2024, compared to 15 agreements having a notional amount of \$204.8 million at December 31, 2023.

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 six nine months ended June 30, 2024 September 30, 2024, the Company recorded \$36.6 million \$17.8 million in unrealized losses to adjust its cash flow hedges to fair value, which was recorded net of tax to AOCI, and reclassified \$36.1 million \$54.4 million from AOCI as a decrease to interest income on loans. Based on current market conditions, the Company estimates that during the next 12 months, an additional \$55.2 \$26.0 million related to active and terminated hedges will be reclassified from AOCI as a decrease to interest income. As of June 30, 2024 September 30, 2024, the maximum length of time over which forecasted transactions are hedged is 1.67 is 1.42 years.

(11) Accumulated Other Comprehensive Income

The following table provides the change in AOCI by component:

| (in thousands)                                      | (in thousands) | Cash Flow Hedges | Available-for-Sale Securities | Held-to-Maturity Securities | (in thousands) | Cash Flow Hedges | Available-for-Sale Securities | Held-to-Maturity Securities | Total |
|---|----------------|------------------|-------------------------------|-----------------------------|----------------|------------------|-------------------------------|-----------------------------|-------|
| Three Months Ended June 30, 2024                    |                |                  |                               |                             |                |                  |                               |                             |       |
| Three Months Ended September 30, 2024               |                |                  |                               |                             |                |                  |                               |                             |       |
| Beginning balance                                   |                |                  |                               |                             |                |                  |                               |                             |       |
| Beginning balance                                   |                |                  |                               |                             |                |                  |                               |                             |       |
| Beginning balance                                   |                |                  |                               |                             |                |                  |                               |                             |       |
| Change in unrealized gain/(loss)                    |                |                  |                               |                             |                |                  |                               |                             |       |
| Amounts reclassified into net income                |                |                  |                               |                             |                |                  |                               |                             |       |
| Total other comprehensive income/(loss)             |                |                  |                               |                             |                |                  |                               |                             |       |
| Income tax expense/(benefit)                        |                |                  |                               |                             |                |                  |                               |                             |       |
| Total other comprehensive income/(loss), net of tax |                |                  |                               |                             |                |                  |                               |                             |       |
| Ending balance                                      |                |                  |                               |                             |                |                  |                               |                             |       |
| Three Months Ended June 30, 2023                    |                |                  |                               |                             |                |                  |                               |                             |       |
| Three Months Ended September 30, 2023               |                |                  |                               |                             |                |                  |                               |                             |       |
| Beginning balance                                   |                |                  |                               |                             |                |                  |                               |                             |       |
| Beginning balance                                   |                |                  |                               |                             |                |                  |                               |                             |       |
| Beginning balance                                   |                |                  |                               |                             |                |                  |                               |                             |       |
| Change in unrealized gain/(loss)                    |                |                  |                               |                             |                |                  |                               |                             |       |

|  |
|--|
| Amounts reclassified into net income                   |
| Total other comprehensive income/(loss)                |
| Income tax expense/(benefit)                           |
| Total other comprehensive income/(loss),<br>net of tax |
| Ending balance   |
| Six Months Ended June 30, 2024                         |
| Six Months Ended June 30, 2024                         |
| Six Months Ended June 30, 2024                         |
| Nine Months Ended September 30, 2024                   |
| Nine Months Ended September 30, 2024                   |
| Nine Months Ended September 30, 2024                   |
| Beginning balance                                      |
| Beginning balance                                      |
| Beginning balance                                      |
| Change in unrealized gain/(loss)                       |
| Amounts reclassified into net income                   |
| Total other comprehensive income/(loss)                |
| Income tax expense/(benefit)                           |
| Total other comprehensive income/(loss),<br>net of tax |
| Ending balance   |
| Six Months Ended June 30, 2023                         |
| Nine Months Ended September 30, 2023                   |
| Beginning balance                                      |
| Beginning balance                                      |
| Beginning balance                                      |
| Change in unrealized gain/(loss)                       |
| Amounts reclassified into net income                   |
| Total other comprehensive income/(loss)                |
| Income tax expense/(benefit)                           |
| Total other comprehensive income/(loss),<br>net of tax |
| Ending balance   |

ITEM 2. 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 **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023 should be read in conjunction with its audited consolidated financial statements and the related notes to the consolidated financial statements included in 2023 Form 10-K. Operating results for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** are not necessarily indicative of the results for the year ending December 31, 2024 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 and future performance. 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 risks and other factors that could cause actual results to differ materially from those contemplated by forward-looking statements include, but are not limited to, economic or business conditions in Texas, the United States, or globally that impact TCBI or its customers; negative credit quality developments arising from the foregoing or other factors; TCBI's ability to effectively manage its liquidity and maintain adequate regulatory capital to support its businesses; TCBI's ability to pursue and execute upon growth plans, whether as a function of capital, liquidity, or other limitations; TCBI's ability to successfully

execute its business strategy, including its strategic plan and developing and executing new lines of business and new products and services; the extensive regulations to which TCBI is subject and its ability to comply with applicable governmental regulations, including legislative and regulatory changes; TCBI's ability to effectively manage information technology systems, including third party vendors, cyber or data privacy incidents, or other failures, disruptions or security breaches; elevated or further changes in interest rates, including the impact of interest rates on TCBI's securities portfolio and funding costs, as well as related balance sheet implications stemming from the fair value of our assets and liabilities; the effectiveness of TCBI's risk management processes, strategies and monitoring; fluctuations in commercial and residential real estate values, especially as they relate to the value of collateral supporting TCBI's loans; the failure to identify, attract, and retain key personnel and other employees; increased or expanded competition from banks and other financial service providers in TCBI's markets; adverse developments in the banking industry and the potential impact of such developments on customer confidence, liquidity and regulatory responses to these developments, including in the context of regulatory examinations and related findings and actions; negative press and social media attention with respect to the banking industry or TCBI, in particular; claims, litigation or regulatory investigations and actions that TCBI may become subject to; severe weather, natural disasters, climate change, acts of war, terrorism, global conflict (including those already reported by the media, as well as others that may arise), or other external events, as well as related legislative and regulatory initiatives; and the risks and factors more fully described in TCBI's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other documents and filings with the SEC. The information contained in this communication 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.

Results of Operations

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

|  |                                  |
|--|----------------------------------|
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |

(dollars in thousands except per share data)

(dollars in thousands except per share data)

(dollars in thousands except per share data)

|                                   |
|-----------------------------------|
| Net interest income               |
| Net interest income               |
| Net interest income               |
| Provision for credit losses       |
| Provision for credit losses       |
| Provision for credit losses       |
| Non-interest income               |
| Non-interest income               |
| Non-interest income               |
| Non-interest expense              |
| Non-interest expense              |
| Non-interest expense              |
| Income before income taxes        |
| Income before income taxes        |
| Income before income taxes        |
| Income tax expense                |
| Income tax expense                |
| Income tax expense                |
| Net income                        |
| Net income                        |
| Net income                        |
| Income/(loss) before income taxes |
| Income/(loss) before income taxes |
| Income/(loss) before income taxes |
| Income tax expense/(benefit)      |
| Income tax expense/(benefit)      |

|  |
|--|
| Income tax expense/(benefit)                       |
| Net income/(loss)                                  |
| Net income/(loss)                                  |
| Net income/(loss)                                  |
| Preferred stock dividends                          |
| Preferred stock dividends                          |
| Preferred stock dividends                          |
| Net income available to common stockholders        |
| Net income available to common stockholders        |
| Net income available to common stockholders        |
| Basic earnings per common share                    |
| Basic earnings per common share                    |
| Basic earnings per common share                    |
| Diluted earnings per common share                  |
| Diluted earnings per common share                  |
| Diluted earnings per common share                  |
| Net income/(loss) available to common stockholders |
| Net income/(loss) available to common stockholders |
| Net income/(loss) available to common stockholders |
| Basic earnings/(loss) per common share             |
| Basic earnings/(loss) per common share             |
| Basic earnings/(loss) per common share             |
| Diluted earnings/(loss) per common share           |
| Diluted earnings/(loss) per common share           |
| Diluted earnings/(loss) per common share           |
| Net interest margin                                |
| Net interest margin                                |
| Net interest margin                                |
| Return on average assets ("ROA")                   |
| Return on average assets ("ROA")                   |
| Return on average assets ("ROA")                   |
| Return on average common equity ("ROE")            |
| Return on average common equity ("ROE")            |
| Return on average common equity ("ROE")            |
| Efficiency ratio(1)                                |
| Efficiency ratio(1)                                |
| Efficiency ratio(1)                                |
| Non-interest income to average earning assets      |
| Non-interest income to average earning assets      |
| Non-interest income to average earning assets      |
| Non-interest expense to average earning assets     |
| Non-interest expense to average earning assets     |
| Non-interest expense to average earning assets     |

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

Three months ended **June 30, 2024** **September 30, 2024** compared to three months ended **June 30, 2023** **September 30, 2023**

The Company reported net **income loss** of **\$41.7 million** **\$61.3 million** and net **income loss** available to common stockholders of **\$37.4 million** **\$65.6 million** for the **second third** quarter of 2024, compared to net income of **\$68.7** **61.7** million and net income available to common stockholders of **\$64.3 million** **\$57.4 million** for the **second third** quarter of 2023. On a fully diluted basis, **earnings earnings/(loss)** per common share **were \$0.80 was \$(1.41)** for the **second third** quarter of 2024, compared to **\$1.33** **\$1.18** for the same period in 2023. ROE was **5.26%** **(8.87)%** and ROA was **0.56%** **(0.78)%** for the **second third** quarter of 2024, compared to **9.17%** **8.08%** and **0.95%** **0.81%**, respectively, for the same period in 2023. The decrease in net income for the **second third** quarter of 2024 compared to the **second third** quarter of 2023 resulted primarily from a decrease in **net interest non-interest** income, **and an increase in provision for credit losses**, resulting primarily from the **\$179.6 million** loss on sale of available-for-sale debt securities during the third quarter of 2024.

**Six Nine months ended June 30, 2024 September 30, 2024 compared to six nine months ended June 30, 2023 September 30, 2023**

The Company reported net income of \$67.8 million \$6.5 million and net loss available to common stockholders of \$6.5 million for the nine months ended September 30, 2024, compared to net income of \$169.0 million and net income available to common stockholders of \$59.2 million for the six months ended June 30, 2024, compared to net income of \$107.3 million and net income available to common stockholders of \$98.7 million \$156.1 million for the same period in 2023. On a fully diluted basis, earnings earnings/(loss) per common share were \$1.25 was \$(0.14) for the six nine months ended June 30, 2024 September 30, 2024, compared to \$2.02 \$3.20 for the same period in 2023. ROE was 4.14% (0.30)% and ROA was 0.46% 0.03% for the six nine months ended June 30, 2024 September 30, 2024, compared to 7.15% 7.46% and 0.74% 0.77%, respectively, for the same period in 2023. The decrease in net income for the six nine months ended June 30, 2024 September 30, 2024 compared to the same period in 2023 resulted primarily from a decrease in net interest non-interest income, and an increase in non-interest expense, also primarily as a result of the loss on sale of available-for-sale debt securities described above.

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

**Taxable Equivalent Net Interest Income Analysis - Quarterly(1)**

| Three Months Ended June 30, 2024               |  |                 |                |            |                 |                |            |                                   |                 | Three Months Ended June 30, 2023      |            |                 |  |            |         |         |      |        |    |            |    |
|--|--|-----------------|----------------|------------|-----------------|----------------|------------|-----------------------------------|-----------------|---------------------------------------|------------|-----------------|--|------------|---------|---------|------|--------|----|------------|----|
| Three Months Ended September 30, 2024          |  |                 |                |            |                 |                |            |                                   |                 | Three Months Ended September 30, 2023 |            |                 |  |            |         |         |      |        |    |            |    |
| (in thousands except percentages)              | (in thousands except percentages)              | Average Balance | Income/Expense | Yield/Rate | Average Balance | Income/Expense | Yield/Rate | (in thousands except percentages) | Average Balance | Income/Expense                        | Yield/Rate | Average Balance | Income/Expense                                 | Yield/Rate |         |         |      |        |    |            |    |
| Assets   |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Investment securities(2)                       |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Investment securities(2)                       |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Investment securities(2)                       |  | \$4,427,023     | \$             | 33,584     | 2.80            | 2.80 %         |            | \$4,306,881                       | \$              | 27,478                                | 2.36       | 2.36 %          | \$   | 4,314,834  | \$      | 38,389  | 3.34 | 3.34 % | \$ | 4,204,749  | \$ |
| Interest-bearing cash and cash equivalents     |  | 3,273,069       |                | 43,233     | 5.31            | %              |            | 3,286,091                         |                 | 41,571                                | 5.07       | %               |  |            |         |         |      |        |    |            |    |
| Interest bearing cash and cash equivalents     |  | 3,958,843       |                | 52,737     | 5.30            | %              |            | 3,965,045                         |                 | 53,561                                | 5.36       | %               |  |            |         |         |      |        |    |            |    |
| Loans held for sale                            | Loans held for sale                            | 28,768          | 683            | 683        | 9.55            | 9.55 %         |            | 28,414                            | 599             | 599                                   | 8.46       | 8.46 %          | Loans held for sale                            | 23,793     | 565     | 565     | 9.44 | 9.44 % |    | 31,878     |    |
| Loans held for investment, mortgage finance(4) | Loans held for investment, mortgage finance(4) | 4,357,288       | 42,722         | 42,722     | 3.94            | 3.94 %         |            | 4,376,235                         | 49,425          | 49,425                                | 4.53       | 4.53 %          | Loans held for investment, mortgage finance(4) | 5,152,317  | 54,371  | 54,371  | 4.20 | 4.20 % |    | 4,697,702  |    |
| Loans held for investment(3)                   | Loans held for investment(3)                   |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 | Loans held for investment(3)                   |            |         |         |      |        |    |            |    |
| (4)  | (4)  | 16,750,788      | 301,910        | 301,910    | 7.25            | 7.25 %         |            | 16,217,314                        | 282,956         | 282,956                               | 7.00       | 7.00 %          | (4)  | 16,792,446 | 306,541 | 306,541 | 7.26 | 7.26 % |    | 16,317,324 |    |
| Less:  |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Allowance for credit losses on loans           |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Loans held for investment, net                 | Loans held for investment, net                 | 20,844,931      | 344,632        | 344,632    | 6.65            | 6.65 %         |            | 20,332,522                        | 332,381         | 332,381                               | 6.56       | 6.56 %          | Loans held for investment, net                 | 21,677,848 | 360,912 | 360,912 | 6.62 | 6.62 % |    | 20,776,143 |    |
| Total earning assets                           | Total earning assets                           | 28,573,791      | 422,132        | 422,132    | 5.86            | 5.86 %         |            | 27,953,908                        | 402,029         | 402,029                               | 5.69       | 5.69 %          | Total earning assets                           | 29,975,318 | 452,603 | 452,603 | 5.96 | 5.96 % |    | 28,977,815 |    |
| Cash and other assets                          |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Total assets                                   |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Total assets                                   |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |
| Total assets                                   |  |                 |                |            |                 |                |            |                                   |                 |                                       |            |                 |  |            |         |         |      |        |    |            |    |

|  |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
|--|------------------------------------|-------------|---------|---------|------|--------|-------------|---------|---------|------|--------|------------------------------------|------------|---------|---------|--------|-------------|------------|--|
| Liabilities and                            |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Stockholders' Equity                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
|  |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Liabilities and                            |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Stockholders' Equity                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
|  |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Transaction deposits                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Transaction deposits                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Transaction deposits                       |                                    | \$2,061,622 | \$      | 16,982  | 3.31 | 3.31 % | \$1,345,742 | \$      | 9,468   | 2.82 | 2.82 % | \$ 1,988,688                       | \$         | 15,972  | 3.20    | 3.20 % | \$1,755,451 | \$         |  |
| Savings deposits                           | Savings deposits                   | 11,981,668  | 143,173 | 143,173 | 4.81 | 4.81 % | 10,590,558  | 114,275 | 114,275 | 4.33 | 4.33 % | Savings deposits                   | 12,240,616 | 147,770 | 147,770 | 4.80   | 4.80 %      | 10,858,306 |  |
| Time deposits                              | Time deposits                      | 1,658,899   | 21,125  | 21,125  | 5.12 | 5.12 % | 1,531,922   | 13,648  | 13,648  | 3.57 | 3.57 % | Time deposits                      | 2,070,537  | 26,513  | 26,513  | 5.09   | 5.09 %      | 1,610,235  |  |
| Total interest bearing deposits            |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Total interest bearing deposits            |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Total interest bearing deposits            |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Total interest bearing deposits            |                                    | 15,702,189  | 181,280 | 181,280 | 4.64 | 4.64 % | 13,468,222  | 137,391 | 137,391 | 4.09 | 4.09 % | 16,299,841                         | 190,255    | 190,255 | 4.64    | 4.64 % | 14,223,992  | 160,117    |  |
| Short-term borrowings                      | Short-term borrowings              | 927,253     | 12,749  | 12,749  | 5.53 | 5.53 % | 1,397,253   | 18,253  | 18,253  | 5.24 | 5.24 % | Short-term borrowings              | 1,012,608  | 13,784  | 13,784  | 5.42   | 5.42 %      | 1,393,478  |  |
| Long-term debt                             | Long-term debt                     | 778,401     | 11,457  | 11,457  | 5.92 | 5.92 % | 883,871     | 14,282  | 14,282  | 6.48 | 6.48 % | Long-term debt                     | 660,098    | 8,392   | 8,392   | 5.06   | 5.06 %      | 858,167    |  |
| Total interest bearing liabilities         | Total interest bearing liabilities | 17,407,843  | 205,486 | 205,486 | 4.75 | 4.75 % | 15,749,346  | 169,926 | 169,926 | 4.33 | 4.33 % | Total interest bearing liabilities | 17,972,547 | 212,431 | 212,431 | 4.70   | 4.70 %      | 16,475,637 |  |
| Non-interest bearing deposits              |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Other liabilities                          |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Other liabilities                          |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Other liabilities                          |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Stockholders' equity                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Stockholders' equity                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Stockholders' equity                       |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Total liabilities and stockholders' equity |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Total liabilities and stockholders' equity |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Total liabilities and stockholders' equity |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest income                        |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest income                        |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest income                        |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest margin                        |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest margin                        |                                    |             |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest margin                        |                                    | 3.01 %      |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |
| Net interest margin                        |                                    | 3.29 %      |         |         |      |        |             |         |         |      |        |                                    |            |         |         |        |             |            |  |

- (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 included non-accrual loans.
- (4) In the first quarter of 2024, enhancements were made to our methodology for applying relationship pricing credits to mortgage client loans. To conform to the current period presentation, certain prior period interest income amounts have been reclassified from loans held for investment, mortgage finance to loans held for investment and related yields have been adjusted accordingly.

Taxable Equivalent Net Interest Income Analysis - Year to Date(1)

|  |                                      |
|--|--------------------------------------|
|  | Six Months Ended June 30, 2024       |
|  | Nine Months Ended September 30, 2024 |
|  | Six Months Ended June 30, 2024       |
|  | Nine Months Ended September 30, 2024 |
|  | Six Months Ended June 30, 2024       |
|  | Nine Months Ended September 30, 2024 |

(dollars in thousands)

(dollars in thousands)

(dollars in thousands)

|  |
|--|
| Assets   |
| Assets   |
| Assets   |
| Investment securities(2)                       |
| Investment securities(2)                       |
| Investment securities(2)                       |
| Interest bearing cash and cash equivalents     |
| Interest bearing cash and cash equivalents     |
| Interest bearing cash and cash equivalents     |
| Loans held for sale                            |
| Loans held for sale                            |
| Loans held for sale                            |
| Loans held for investment, mortgage finance(4) |
| Loans held for investment, mortgage finance(4) |
| Loans held for investment, mortgage finance(4) |
| Loans held for investment(3)(4)                |
| Loans held for investment(3)(4)                |
| Loans held for investment(3)(4)                |
| Less: Allowance for credit losses on loans     |
| Less: Allowance for credit losses on loans     |
| Less: Allowance for credit losses on loans     |
| Loans held for investment, net                 |
| Loans held for investment, net                 |
| Loans held for investment, net                 |
| Total earning assets                           |
| Total earning assets                           |
| Total earning assets                           |
| Cash and other assets                          |
| Cash and other assets                          |
| Cash and other assets                          |
| Total assets                                   |
| Total assets                                   |
| Total assets                                   |

Liabilities and Stockholders' Equity

Liabilities and Stockholders' Equity

Liabilities and Stockholders' Equity

|                      |
|----------------------|
| Transaction deposits |
| Transaction deposits |
| Transaction deposits |
| Savings deposits     |
| Savings deposits     |



|  |
|--|
| Savings deposits                           |
| Time deposits                              |
| Time deposits                              |
| Time deposits                              |
| Total interest bearing deposits            |
| Total interest bearing deposits            |
| Total interest bearing deposits            |
| Short-term borrowings                      |
| Short-term borrowings                      |
| Short-term borrowings                      |
| Long-term debt                             |
| Long-term debt                             |
| Long-term debt                             |
| Total interest bearing liabilities         |
| Total interest bearing liabilities         |
| Total interest bearing liabilities         |
| Non-interest bearing deposits              |
| Non-interest bearing deposits              |
| Non-interest bearing deposits              |
| Other liabilities                          |
| Other liabilities                          |
| Other liabilities                          |
| Stockholders' equity                       |
| Stockholders' equity                       |
| Stockholders' equity                       |
| Total liabilities and stockholders' equity |
| Total liabilities and stockholders' equity |
| Total liabilities and stockholders' equity |
| Net interest income                        |
| Net interest income                        |
| Net interest income                        |
| Net interest margin                        |
| Net interest margin                        |
| Net interest margin                        |

- (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 included non-accrual loans.
- (4) In the first quarter of 2024, enhancements were made to our methodology for applying relationship pricing credits to mortgage client loans. To conform to the current period presentation, certain prior period interest income amounts have been reclassified from loans held for investment, mortgage finance to loans held for investment and related yields have been adjusted accordingly.

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.

|  |  |                                     |
|--|--|-------------------------------------|
|  | Three Months Ended June 30,<br>2024/2023 |                                     |
|  | Three Months Ended June 30,<br>2024/2023 |                                     |
|  | Three Months Ended June 30,<br>2024/2023 | Six Months Ended June 30, 2024/2023 |

|   | Three Months Ended<br>September 30, 2024/2023 |                |        |        | Three Months Ended<br>September 30, 2024/2023 |                |        |                  | Three Months Ended<br>September 30, 2024/2023 |                  |            |                  | Nine Months Ended September 30,<br>2024/2023 |                  |            |                  |
|---|---|----------------|--------|--------|---|----------------|--------|------------------|---|------------------|------------|------------------|--|------------------|------------|------------------|
|   | Change Due To(1)                              |                |        |        | Change Due To(1)                              |                |        |                  | Change Due To(1)                              |                  |            |                  | Change Due To(1)                             |                  |            |                  |
|   | Net   |                |        |        | Net   |                |        |                  | Net   |                  |            |                  | Net  |                  |            |                  |
|   | (in thousands)                                | (in thousands) | Change | Volume | Yield/Rate(2)                                 | (in thousands) | Change | Change Due To(1) | Net Change                                    | Change Due To(1) | Net Change | Change Due To(1) | Net Change                                   | Change Due To(1) | Net Change | Change Due To(1) |
| <b>Interest income</b>                      |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Investment securities                       |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Investment securities                       |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Investment securities                       |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Interest bearing cash and cash equivalents  |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Loans held for sale                         |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Loans held for investment, mortgage finance |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Loans held for investment                   |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Total interest income                       |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| <b>Interest expense</b>                     |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Transaction deposits                        |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Transaction deposits                        |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Transaction deposits                        |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Savings deposits                            |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Time deposits                               |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Short-term borrowings                       |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Long-term debt                              |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Total interest expense                      |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |
| Net interest income                         |   |                |        |        |   |                |        |                  |   |                  |            |                  |  |                  |            |                  |

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

(2) Taxable equivalent rates used where applicable.

## Net Interest Income

Net interest income was \$216.6 million \$240.1 million for the three months ended June 30, 2024 September 30, 2024, compared to \$232.0 million \$232.1 million for the same period in 2023. The decrease increase was primarily due to increases in funding costs average total LHI and average interest bearing deposits, partially offset by increases in yields on average earning assets, and partially offset by an increase in average loans held for investment, excluding mortgage finance. interest bearing liabilities.

Average earning assets for the three months ended June 30, 2024 September 30, 2024 increased \$619.9 million \$997.5 million compared to the same period in 2023, which included increases of \$512.4 million \$901.7 million in average total loans held for investment and \$120.1 million \$110.1 million in average investment securities, partially offset by a \$13.0 million \$6.2 million decrease in average interest-bearing interest bearing cash and cash equivalents. Average interest-bearing interest bearing liabilities increased \$1.7 billion \$1.5 billion for the three months ended June 30, 2024 September 30, 2024 compared to the same period in 2023, primarily due to a \$2.2 billion \$2.1 billion increase in average interest-bearing interest bearing deposits, partially offset by decreases of \$470.0 million \$380.9 million in average short-term borrowings and \$105.5 million \$198.1 million in average long-term debt related to the second quarter 2024 redemption in full of the bank-issued senior unsecured credit-linked notes of \$275.0 million. debt. Average non-interest bearing deposits for the three months ended June 30, 2024 September 30, 2024 decreased to \$8.6 billion \$9.4 billion from \$9.7 billion \$10.0 billion for the same period in 2023.

Net interest margin for the three months ended June 30, 2024 September 30, 2024 was 3.01% 3.16%, compared to 3.29% 3.13% for the same period in 2023. The decrease increase in net interest margin was primarily due to an increase in funding costs, yields on investment securities, partially offset by an increase in yields on average earning assets, the cost of interest bearing deposits. The increases in yields on earnings assets and cost of funds are attributed to the impact of rising interest rates.

The yield on total loans held for investment increased to 6.65% 6.62% for the three months ended June 30, 2024 September 30, 2024, compared to 6.56% 6.58% for the same period in 2023, and the yield on earning assets increased to 5.86% 5.96% for the three months ended June 30, 2024 September 30, 2024, compared to 5.69% 5.75% for the same period in 2023. Total cost of deposits increased to 2.99% 2.94% for the three months ended June 30, 2024 September 30, 2024 from 2.37% 2.62% for the same period in 2023, and total funding costs, including non-interest bearing deposits and stockholders' equity, increased to 2.83% 2.76% for the three months ended June 30, 2024 September 30, 2024, compared to 2.38% 2.60% for the same period in 2023.

Net interest income was \$431.6 million \$671.7 million for the six nine months ended June 30, 2024 September 30, 2024, compared to \$467.3 million \$699.4 million for the same period in 2023. The decrease was primarily due to rising funding costs increases in the cost of interest bearing deposits and an increase in average interest bearing deposits,

partially offset by an increase in yields on average earnings assets and an increase in average total earning assets, loans held for investment.

Average earning assets increased \$267.7 million \$511.7 million for the six nine months ended June 30, 2024 September 30, 2024, compared to the same period in 2023, which included increases of \$830.0 million \$852.5 million in average total loans held for investment and \$178.8 million \$155.7 million in average investment securities, partially offset by a decrease of \$745.1 million \$496.5 million in average interest-bearing interest bearing cash and cash equivalents. Average

interest-bearing interest bearing liabilities increased \$1.5 billion for the six nine months ended June 30, 2024 September 30, 2024, compared to the same period in 2023, primarily due to an increase of \$2.0 billion in average interest-bearing interest bearing deposits, partially offset by a \$400.8 million \$394.2 million decrease in average short-term borrowings, borrowings and \$125.4 million decrease in average long-term debt. Average non-interest bearing deposits for the six nine months ended June 30, 2024 September 30, 2024 decreased to \$8.6 billion \$8.9 billion from \$10.0 billion for the same period in 2023.

Net interest margin for the six nine months ended June 30, 2024 September 30, 2024 was 3.02% 3.07%, compared to 3.31% 3.25% for the same period of 2023. The decrease was primarily due to the effect of rising interest rates on funding costs, the cost of interest bearing deposits, partially offset by higher earning asset yields, also as a result of rising interest rates, compared to the same period in 2023.

The yield on total loans held for investment increased to 6.68% 6.66% for the six nine months ended June 30, 2024 September 30, 2024, compared to 6.51% 6.53% for the same period in 2023, and the yield on earning assets increased to 5.87% 5.90% for the six nine months ended June 30, 2024 September 30, 2024, compared to 5.57% 5.63% for the same period in 2023. Total cost of deposits increased to 2.98% 2.97% for the six nine months ended June 30, 2024 September 30, 2024 from 2.22% 2.36% for the same period in 2023 and total funding costs, including non-interest bearing deposits and stockholders' equity, increased to 2.83% 2.80% for the six nine months ended June 30, 2024 September 30, 2024, compared to 2.24% 2.36% for the same period in 2023.

Non-interest Income

|  |                                  |
|--|----------------------------------|
|  | Three Months Ended June 30,      |
|  | Three Months Ended June 30,      |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended September 30, |
|  | Three Months Ended September 30, |

(in thousands)

(in thousands)

(in thousands)

|  |
|--|
| Service charges on deposit accounts                    |
| Service charges on deposit accounts                    |
| Service charges on deposit accounts                    |
| Wealth management and trust fee income                 |
| Wealth management and trust fee income                 |
| Wealth management and trust fee income                 |
| Brokered loan fees                                     |
| Brokered loan fees                                     |
| Brokered loan fees                                     |
| Investment banking and advisory fees                   |
| Investment banking and advisory fees                   |
| Investment banking and advisory fees                   |
| Trading income   |
| Trading income   |
| Trading income   |
| Other  |
| Available-for-sale debt securities gains/(losses), net |
| Other  |
| Available-for-sale debt securities gains/(losses), net |
| Available-for-sale debt securities gains/(losses), net |
| Other  |
| Other  |
| Other  |
| Total non-interest income                              |
| Total non-interest income                              |
| Total non-interest income                              |

Total non-interest income

Non-interest income **increased \$4.4 million decreased \$161.6 million** during the three months ended **June 30, 2024** **September 30, 2024**, compared to the same period in 2023. The **increase decrease** was primarily due to the \$179.6 million loss on sale of available-for-sale debt securities recognized during the third quarter of 2024, partially offset by increases in investment banking and advisory fees **partially offset by a decrease in trading and other non-interest income**.

Non-interest income **increased \$8.3 million decreased \$153.3 million** during the **six nine** months ended **June 30, 2024** to **\$91.7 million** **September 30, 2024**, compared to **\$83.4 million** **\$130.3 million** for the same period in **2023**. **The increase was 2023**, primarily due to the \$179.6 million loss on sale of available-for-sale debt securities recognized during the third quarter of 2024, partially offset by an increase in investment banking and advisory fees.

Non-interest Expense

|  | Three Months Ended June 30,      |
|--|----------------------------------|
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |
|  | Three Months Ended June 30,      |
|  | Three Months Ended September 30, |

(in thousands)

(in thousands)

(in thousands)

|   |
|---|
| Salaries and benefits   |
| Salaries and benefits   |
| Salaries and benefits   |
| Occupancy expense   |
| Occupancy expense   |
| Occupancy expense   |
| Marketing   |
| Marketing   |
| Marketing   |
| Legal and professional  |
| Legal and professional  |
| Legal and professional  |
| Communications and technology                                       |
| Communications and technology                                       |
| Communications and technology                                       |
| Federal Deposit Insurance Corporation ("FDIC") insurance assessment |
| Federal Deposit Insurance Corporation ("FDIC") insurance assessment |
| Federal Deposit Insurance Corporation ("FDIC") insurance assessment |
| Other   |
| Other   |
| Other   |
| Total non-interest expense  |
| Total non-interest expense  |
| Total non-interest expense  |

Non-interest expense **increased \$6.8 million \$15.4 million** during the three months ended **June 30, 2024** **September 30, 2024**, compared to the same period in 2023. The increase was primarily due to increases in salaries and benefits, occupancy expense and communications and technology expense, FDIC insurance assessment and other non-interest expense, partially offset by a decrease in legal and professional expense. **The third quarter of 2024 included restructuring expenses of \$2.4 million recorded in salaries and benefits, \$476,000 recorded in occupancy expense and \$3.1 million recorded in communications and technology expense. The third quarter of 2024 also included a \$651,000 release of FDIC special assessment accrual.**

Non-interest expense for the **six nine** months ended **June 30, 2024** **September 30, 2024** **increased \$15.1 million \$30.6 million**, compared to the same period in 2023, primarily due to increases in salaries and benefits, communications and technology expense and FDIC insurance assessment, **resulting from an additional \$3.5 million partially offset by a decrease in legal and professional expense**. Non-interest expense for the nine months ended September 30, 2024 included restructuring expenses of \$4.4 million recorded in salaries and benefits, \$476,000 recorded in occupancy expense and \$3.1 million recorded in communications and technology expense, as well as \$2.8 million in FDIC special assessment expense. **The decrease in legal and professional expense recorded for the nine months ended September 30, 2024 resulted primarily from declines in professional services, partially offset by a \$5.0 million legal settlement expense recognized in the first six months quarter of 2024, partially offset by decreases in marketing expense and legal and professional expense.**

2024.

Analysis of Financial Condition

Loans Held for Investment

The following table summarizes the Company's loans held for investment by portfolio segment. See Note 1 - Operations and Summary of Significant Accounting Policies in the 2023 Form 10-K for details of these portfolio segments.

(in thousands)

(in thousands)

(in thousands)

|   |
|---|
| Commercial  |
| Commercial  |
| Commercial  |
| Mortgage finance                                  |
| Mortgage finance                                  |
| Mortgage finance                                  |
| Commercial real estate                            |
| Commercial real estate                            |
| Commercial real estate                            |
| Consumer  |
| Consumer  |
| Consumer  |
| Gross loans held for investment                   |
| Gross loans held for investment                   |
| Gross loans held for investment                   |
| Unearned income (net of direct origination costs) |
| Unearned income (net of direct origination costs) |
| Unearned income (net of direct origination costs) |
| Total loans held for investment                   |
| Total loans held for investment                   |
| Total loans held for investment                   |
| Total loans held for investment                   |

Total loans held for investment were \$21.8 \$22.3 billion at June 30, 2024 September 30, 2024, an increase of \$1.4 \$2.0 billion from December 31, 2023. The Company experienced loan growth in all loan categories, except for commercial real estate, as it has continued to execute on its long-term strategy. Commercial loan growth includes the impact of the acquisition of a \$332.0 million loan portfolio completed during the third quarter of 2024. 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 23% 25% and 19% of gross loans held for investment at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Volumes fluctuate based on the level of market demand for the product and the number of days between purchase and sale of the loans, which can be affected by changes in overall market interest rates, and tend to peak at the end of each month.

The Company originates a substantial majority of all loans held for investment. The Company also participates in shared national credits, both as a participant and as an agent. As of June 30, 2024 September 30, 2024, the Company had \$5.3 billion in shared national credits, \$871.9 million \$1.0 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 June 30, 2024 September 30, 2024, approximately \$16.8 \$16.5 million of the Company's shared national credits 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 June 30, 2024 September 30, 2024, 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 portfolio segment and by type of property securing the credit.

(dollars in thousands)

(dollars in thousands)

|   | June 30,<br>2024 | December 31,<br>2023 | September 30, 2024 | December<br>31, 2023 |
|---|------------------|----------------------|--------------------|----------------------|
| (dollars in thousands)  |                  |                      |                    |                      |
| Non-accrual loans held for investment   |                  |                      |                    |                      |
| Non-accrual loans held for investment   |                  |                      |                    |                      |
| Non-accrual loans held for investment   |                  |                      |                    |                      |
| Commercial:   |                  |                      |                    |                      |
| Commercial:   |                  |                      |                    |                      |
| Commercial:   |                  |                      |                    |                      |
| Business assets   |                  |                      |                    |                      |
| Business assets   |                  |                      |                    |                      |
| Business assets   |                  |                      |                    |                      |
| Oil and gas properties  |                  |                      |                    |                      |
| Accounts receivable and inventory   |                  |                      |                    |                      |
| Machinery and equipment   |                  |                      |                    |                      |
| Unsecured   |                  |                      |                    |                      |
| Highly liquid assets  |                  |                      |                    |                      |
| Other   |                  |                      |                    |                      |
| Total commercial  |                  |                      |                    |                      |
| Commercial real estate:   |                  |                      |                    |                      |
| Hotel/motel   |                  |                      |                    |                      |
| Hotel/motel   |                  |                      |                    |                      |
| Hotel/motel   |                  |                      |                    |                      |
| Commercial property   |                  |                      |                    |                      |
| Total commercial real estate  |                  |                      |                    |                      |
| Total commercial real estate  |                  |                      |                    |                      |
| Total commercial real estate  |                  |                      |                    |                      |
| Consumer:   |                  |                      |                    |                      |
| Single family residences  |                  |                      |                    |                      |
| Single family residences  |                  |                      |                    |                      |
| Single family residences  |                  |                      |                    |                      |
| Total consumer  |                  |                      |                    |                      |
| Total consumer  |                  |                      |                    |                      |
| Total consumer  |                  |                      |                    |                      |
| Total non-accrual loans held for investment                                   |                  |                      |                    |                      |
| Non-accrual loans held for sale   |                  |                      |                    |                      |
| Other real estate owned ("OREO")  |                  |                      |                    |                      |
| Total non-performing assets   |                  |                      |                    |                      |
| Non-accrual loans held for investment to total loans held for investment      |                  |                      |                    |                      |
| Non-accrual loans held for investment to total loans held for investment      |                  |                      |                    |                      |
| Non-accrual loans held for investment to total loans held for investment      | 0.39 %           | 0.40 %               | 0.40 %             | 0.40 %               |
| Total non-performing assets to total assets                                   | 0.28 %           | 0.29 %               | 0.28 %             | 0.29 %               |
| Allowance for credit losses on loans to non-accrual loans held for investment | 3.1x             | 3.1x                 | 3.1x               | 3.1x                 |
| Loans held for investment past due 90 days and accruing                       |                  |                      |                    |                      |
| Loans held for investment past due 90 days and accruing                       |                  |                      |                    |                      |
| Loans held for investment past due 90 days and accruing                       |                  |                      |                    |                      |
| Loans held for investment past due 90 days to total loans held for investment | — %              | 0.10 %               | 0.02 %             | 0.10 %               |
| 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.

The Company recorded a provision for credit losses of **\$39.0** **\$49.0** million for the **six nine** months ended **June 30, 2024** **September 30, 2024**, compared to a provision of **\$35.0** **\$53.0** million for the **six nine** months ended **June 30, 2023** **September 30, 2023**. The provision for credit losses for the **six nine** months ended **June 30, 2024** **September 30, 2024** reflects growth in loans held for investment and **\$22.7** **\$28.8** million in net charge-offs recorded during the **six nine** months ended **June 30, 2024** **September 30, 2024**. The Company recorded **\$22.7** **\$28.8** million in net charge-offs during the **six nine** months ended **June 30, 2024** **September 30, 2024**, compared to **\$28.1** **\$37.1** million in net charge-offs during the same period in 2023. Criticized loans totaled **\$859.7** **\$897.7** million at **June 30, 2024** **September 30, 2024**, compared to **\$738.2** **\$738.2** million at December 31, 2023.

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

|  |                    |
|--|--------------------|
|  | June 30, 2024      |
|  | June 30, 2024      |
|  | June 30, 2024      |
|  | September 30, 2024 |
|  | September 30, 2024 |
|  | September 30, 2024 |
| Allowance for credit losses on loans to total loans held for investment            |                    |
| Allowance for credit losses on loans to total loans held for investment            |                    |
| Allowance for credit losses on loans to total loans held for investment            |                    |
| Allowance for credit losses on loans to average total loans held for investment(1) |                    |
| Allowance for credit losses on loans to average total loans held for investment(1) |                    |
| Allowance for credit losses on loans to average total loans held for investment(1) |                    |
| Total allowance for credit losses to total loans held for investment               |                    |
| Total allowance for credit losses to total loans held for investment               |                    |
| Total allowance for credit losses to total loans held for investment               |                    |
| Total provision for credit losses to average total loans held for investment(1)(2) |                    |
| Total provision for credit losses to average total loans held for investment(1)(2) |                    |
| Total provision for credit losses to average total loans held for investment(1)(2) |                    |

(1) Ratios are calculated using average balance for the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

(2) Ratios are annualized utilizing provision for credit losses for the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

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

|                        |                        | Six Months Ended June 30, |      |                                     |                 |                                     |                        | Nine Months Ended September 30, |           |                                     |                 |  |                                     |                                     |        |
|------------------------|------------------------|---------------------------|------|-------------------------------------|-----------------|-------------------------------------|------------------------|---------------------------------|-----------|-------------------------------------|-----------------|--|-------------------------------------|-------------------------------------|--------|
|                        |                        | 2024                      |      | 2024                                |                 | 2023                                |                        |                                 |           | 2024                                |                 |  |                                     | 2023                                |        |
| (dollars in thousands) | (dollars in thousands) | Net Charge-offs           |      | Net Charge-offs to Average Loans(1) | Net Charge-offs | Net Charge-offs to Average Loans(1) | (dollars in thousands) | Net Charge-offs                 |           | Net Charge-offs to Average Loans(1) | Net Charge-offs |  | Net Charge-offs to Average Loans(1) | Net Charge-offs to Average Loans(1) |        |
| Commercial             | Commercial             | \$ 17,283                 | 0.33 | 0.33 %                              | \$ 28,154       | 0.55                                | 0.55 %                 | Commercial                      | \$ 23,074 | 0.29                                | 0.29 %          |  | \$37,054                            | 0.48                                | 0.48 % |
| Mortgage finance       | Mortgage finance       | —                         | —    | — %                                 | —               | —                                   | — %                    | Mortgage finance                | —         | —                                   | — %             |  | —                                   | —                                   | — %    |
| Commercial real estate | Commercial real estate | 5,436                     | 0.19 | 0.19 %                              | —               | —                                   | — %                    | Commercial real estate          | 5,698     | 0.13                                | 0.13 %          |  | —                                   | —                                   | — %    |
| Consumer               | Consumer               | —                         | —    | — %                                 | (5)             | —                                   | — %                    | Consumer                        | 30        | 0.01                                | 0.01 %          |  | 36                                  | 0.01                                | 0.01 % |
| Total                  | Total                  | \$ 22,719                 | 0.22 | 0.22 %                              | \$ 28,149       | 0.29                                | 0.29 %                 | Total                           | \$ 28,802 | 0.18                                | 0.18 %          |  | \$37,090                            | 0.25                                | 0.25 % |

(1) Ratios are calculated using net charge-offs for the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, 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 Federal Home Loan Bank ("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 government sponsored entities to support the liquidity of mortgage finance assets.

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

(dollars in thousands)

(dollars in thousands)

(dollars in thousands)

|   |
|---|
| Interest bearing cash and cash equivalents                  |
| Interest bearing cash and cash equivalents                  |
| Interest bearing cash and cash equivalents                  |
| Interest bearing cash and cash equivalents as a percent of: |
| Interest bearing cash and cash equivalents as a percent of: |
| Interest bearing cash and cash equivalents as a percent of: |
| Total loans held for investment                             |
| Total loans held for investment                             |
| Total loans held for investment                             |
| Total earning assets  |
| Total earning assets  |
| Total earning assets  |
| Total deposits  |
| Total deposits  |
| Total 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. In addition, the Company also has access to deposits through brokered channels. The following table summarizes period-end total deposits:

|                    |                   |
|--------------------|-------------------|
| June 30, 2024      |                   |
| June 30, 2024      |                   |
| June 30, 2024      | December 31, 2023 |
| September 30, 2024 |                   |
| September 30, 2024 |                   |
| September 30, 2024 | December 31, 2023 |

(dollars in thousands)

(dollars in thousands)

(dollars in thousands)

|                   |                   | (dollars in thousands) |            |         |               |            |         |                   |               |       |         |            |               |         |            |  |
|-------------------|-------------------|------------------------|------------|---------|---------------|------------|---------|-------------------|---------------|-------|---------|------------|---------------|---------|------------|--|
|                   |                   | Balance                | % of Total |         | Balance       | % of Total |         | Balance           | % of Total    |       | Balance | % of Total |               | Balance | % of Total |  |
| Customer deposits | Customer deposits | \$ 23,294,432          | 97.8       | 97.8 %  | \$ 21,454,568 | 95.9       | 95.9 %  | Customer deposits | \$ 25,346,842 | 98.0  | 98.0 %  |            | \$ 21,454,568 | 95.9    | 95.9 %     |  |
| Brokered deposits | Brokered deposits | 523,895                | 2.2        | 2.2 %   | 917,271       | 4.1        | 4.1 %   | Brokered deposits | 518,413       | 2.0   | 2.0 %   |            | 917,271       | 4.1     | 4.1 %      |  |
| Total deposits    | Total deposits    | \$ 23,818,327          | 100.0      | 100.0 % | \$ 22,371,839 | 100.0      | 100.0 % | Total deposits    | \$ 25,865,255 | 100.0 | 100.0 % |            | \$ 22,371,839 | 100.0   | 100.0 %    |  |

Estimated uninsured assessable deposits, including accrued interest, were 40% of total deposits at **June 30, 2024** **September 30, 2024**, compared to 43% of total deposits at December 31, 2023. The uninsured amounts are estimated based on the methodologies and assumptions used for the Bank's regulatory reporting requirements.

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:

(in thousands)

(in thousands)

(in thousands)

|                       |               |                   |                    |                   |
|-----------------------|---------------|-------------------|--------------------|-------------------|
|                       | June 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 |
| Repurchase agreements |               |                   |                    |                   |
| Repurchase agreements |               |                   |                    |                   |
| Repurchase agreements |               |                   |                    |                   |
| FHLB borrowings       |               |                   |                    |                   |



|                                       |
|---------------------------------------|
| Total short-term and other borrowings |
| Total short-term and other borrowings |
| Total short-term and other borrowings |

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

(in thousands)

(in thousands)

(in thousands)

|  |
|--|
| FHLB borrowing capacity relating to loans and pledged securities |
| FHLB borrowing capacity relating to loans and pledged securities |
| FHLB borrowing capacity relating to loans and pledged securities |
| FHLB borrowing capacity relating to unencumbered securities      |
| FHLB borrowing capacity relating to unencumbered securities      |
| FHLB borrowing capacity relating to unencumbered securities      |
| Total FHLB borrowing capacity(1)                                 |
| Total FHLB borrowing capacity(1)                                 |
| Total FHLB borrowing capacity(1)                                 |
| Unused federal funds lines available from commercial banks       |
| Unused federal funds lines available from commercial banks       |
| Unused federal funds lines available from commercial banks       |
| Unused Federal Reserve borrowings capacity                       |
| Unused Federal Reserve borrowings capacity                       |
| Unused Federal Reserve borrowings capacity                       |
| Unused revolving line of credit(2)                               |
| Unused revolving line of credit(2)                               |
| Unused revolving line of credit(2)                               |

(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, 2025. 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 **six nine** months ended **June 30, 2024** **September 30, 2024** or 2023.

The Company has long-term debt outstanding of **\$660.0 million** **\$660.2 million** as of **June 30, 2024** **September 30, 2024**, comprised of trust preferred securities and subordinated notes with maturity dates ranging from January 2026 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 2023 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 \$3.2 billion for the **six nine** months ended **June 30, 2024** **September 30, 2024** compared to \$3.1 billion for the same period in 2023. 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.

On January 17, 2024, 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. Remaining repurchase authorization under the January 18, 2023 share repurchase program was terminated upon authorization of this new program. 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, our capital position and amount of retained earnings, regulatory requirements and other considerations. The share repurchase program is set to expire on January 31, 2025, and the program may be suspended or discontinued at any time. During the **six nine** months ended **June 30, 2024** **September 30, 2024**, the Company repurchased 1,381,436 shares of its common stock for an aggregate purchase price, including excise tax expense, of \$81.5 million, at a weighted average price of \$58.57 per share.

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 in the Company's 2023 Form 10-K. Not all significant accounting policies require management to make difficult, subjective or complex judgments. However, the policy noted below could be deemed to 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. The allowance for credit losses on off-balance sheet financial instruments is recorded in other liabilities on the consolidated balance sheets. For purposes of determining the allowance for credit losses, the loan portfolio is segregated into pools first by portfolio segment and then by past due status or credit grade. Each pool is assigned a loss estimate, reflecting historical loss rates that incorporate probability of default and severity of losses over the estimated remaining life of the loans. Loans that do not share risk characteristics are evaluated on an individual basis and are not included in the collective (pool) 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. Modifications to loss estimates are made to incorporate a reasonable and supportable forecast of future losses at the pool level, as well as any necessary qualitative adjustments using a Portfolio Level Qualitative Factor (“PLQF”) and/or a Portfolio Segment Level Qualitative Factor (“SLQF”). A similar process is employed to calculate a reserve assigned to off-balance sheet financial instruments, specifically unfunded loan commitments and letters of credit. Modified loss estimates are assigned based on the balance of the commitments estimated to be outstanding at the time of default. 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 June 30, 2024 September 30, 2024, the quantitative estimate of the allowance for credit loss would increase by approximately \$151.7 \$108.3 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. As of June 30, 2024 September 30, 2024, the Company's exposure through its trading desk does not pose a significant market risk to the Company. 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 June 30, 2024 September 30, 2024 is illustrated in the following table. The table reflects rate-sensitive positions as of June 30, 2024 September 30, 2024 and is not necessarily indicative of positions on other dates. The table does not 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.

| (in thousands) | (in thousands) | 0-3 months | 4-12 months | 1-3 years | 3+ years | Total | (in thousands) | 0-3 months | 4-12 months | 1-3 years | 3+ years | Total |
|----------------|----------------|------------|-------------|-----------|----------|-------|----------------|------------|-------------|-----------|----------|-------|
| Assets         |                |            |             |           |          |       |                |            |             |           |          |       |

|  |
|--|
| Interest bearing cash and cash equivalents |
| Interest bearing cash and cash equivalents |
| Interest bearing cash and cash equivalents |
| Investment securities(1)                   |
| Variable loans                             |
| Fixed loans                                |
| Total loans(2)                             |
| Total interest sensitive assets            |
| Liabilities                                |
| Interest bearing customer deposits         |
| Interest bearing customer deposits         |
| Interest bearing customer deposits         |
| CDs  |
| Total interest bearing deposits            |
| Total interest bearing deposits            |
| Total interest bearing deposits            |
| Short-term borrowings                      |
| Long-term debt                             |
| Total borrowings                           |
| Total interest sensitive liabilities       |
| GAP  |
| Cumulative GAP                             |
| Non-interest bearing deposits              |
| Stockholders' equity                       |
| Total                                      |

- (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.

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 different interest rate scenarios. These are a static rate scenario and “shock test” scenarios, as described below.

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 **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 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. The Company will continue to evaluate these scenarios as interest rates change.

The Company’s interest rate risk exposure model incorporates 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 prepayment 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 and 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 and indicated interest rate sensitivity as follows:

| Annualized Hypothetical Change in Net Interest Income |                    |     |   |  |                    |                      |     |   |       |
|---|--------------------|-----|---|--|--------------------|----------------------|-----|---|-------|
| June 30, 2024   |                    |     |   |  | June 30, 2023      |                      |     |   |       |
| September 30, 2024                                    |                    |     |   |  | September 30, 2023 |                      |     |   |       |
| + 200 basis points                                    | + 200 basis points | 4.1 | % |  | 5.2                | % + 200 basis points | 6.1 | % | 6.0 % |

|                    |                    |        |   |       |                      |        |   |       |   |
|--------------------|--------------------|--------|---|-------|----------------------|--------|---|-------|---|
| + 100 basis points | + 100 basis points | 2.1    | % | 2.6   | % + 100 basis points | 3.1    | % | 3.0   | % |
| - 100 basis points | - 100 basis points | (5.0)  | % | (3.8) | % - 100 basis points | (6.5)  | % | (4.3) | % |
| - 200 basis points | - 200 basis points | (10.0) | % | (7.8) | % - 200 basis points | (13.5) | % | (8.6) | % |

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 10 - Derivative Financial Instruments in the accompanying notes to the consolidated financial statements included elsewhere in this report.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

The Company's management, with the supervision and participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's 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, the Company has concluded that, as of the end of such period, its disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed in the reports that the Company files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to the Company's management, including its 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 the Company's 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, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

#### ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors previously disclosed in the 2023 Form 10-K.

### 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 ~~six~~<sup>nine</sup> months ended ~~June 30, 2024~~<sup>September 30, 2024</sup> as follows:

| First Quarter                    |                                  |                                 |  |  | Second Quarter                   |                                  |                                 |  |  | Third Quarter                    |                                  |                                 |  |  |
|----------------------------------|----------------------------------|---------------------------------|--|--|----------------------------------|----------------------------------|---------------------------------|--|--|----------------------------------|----------------------------------|---------------------------------|--|--|
| January                          |                                  |                                 |  |  | February                         |                                  |                                 |  |  | March                            |                                  |                                 |  |  |
| 2024                             |                                  |                                 |  |  | 2024                             |                                  |                                 |  |  | 2024                             |                                  |                                 |  |  |
| Total Number of Shares Purchased | Total Number of Shares Purchased | Average Price Paid per Share(1) | of Publicly Announced Plans or Programs(2) | Be Purchased Under the Plans or Programs(1)(2) | Total Number of Shares Purchased | Total Number of Shares Purchased | Average Price Paid per Share(1) | of Publicly Announced Plans or Programs(2) | Be Purchased Under the Plans or Programs(1)(2) | Total Number of Shares Purchased | Total Number of Shares Purchased | Average Price Paid per Share(1) | of Publicly Announced Plans or Programs(2) | Be Purchased Under the Plans or Programs(1)(2) |
|                                  |                                  |                                 |  |  |                                  |                                  |                                 |  |  |                                  |                                  |                                 |  |  |

|              |
|--------------|
| January      |
| 2024         |
| January      |
| 2024         |
| February     |
| 2024         |
| March        |
| 2024         |
| Total        |
| Second       |
| Quarter      |
| April 2024   |
| April 2024   |
| April 2024   |
| May 2024     |
| June 2024    |
| Total        |
| Third        |
| Quarter      |
| July 2024    |
| July 2024    |
| July 2024    |
| August       |
| 2024         |
| September    |
| 2024         |
| Total        |
| Year to date |
| total        |
| Year to date |
| total        |
| Year to date |
| total        |
| Year to date |
| total        |

- (1) The approximate dollar value of shares that may yet be purchased under the plans or programs and average price paid per share do not include the effect of excise tax expense incurred on net stock repurchases.
- (2) On January 17, 2024, 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, excluding the effect of excise tax expense incurred on net stock repurchases. Remaining repurchase authorization under the January 18, 2023 share repurchase program was terminated upon authorization of this new program. 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, our capital position and amount of retained earnings, regulatory requirements and other considerations. The share repurchase program is set to expire on January 31, 2025, and the program may be suspended or discontinued at any time.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

|         |  |
|---------|--|
| 10.1    | <a href="#">Amended and Restated Employment Agreement, dated as of July 29, 2024, between Texas Capital Bancshares, Inc. and Robert C. Holmes*+</a>            |
| 31.1    | <a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act*</a>   |
| 31.2    | <a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act*</a>   |
| 32.1    | <a href="#">Section 1350 Certification of Chief Executive Officer**</a>  |
| 32.2    | <a href="#">Section 1350 Certification of Chief Financial Officer**</a>  |
| 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: **July 18, 2024** **October 17, 2024**

/s/ J. Matthew Scurlock

J. Matthew Scurlock

Chief Financial Officer

(Duly authorized officer and principal financial officer)

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**Exhibit 10.1**

## **SECOND AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT**

**THIS SECOND AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** (this “**Agreement**”) is dated as of July 29, 2024, and is entered into by and between Robert C. Holmes (“**Executive**”) and Texas Capital Bancshares, Inc. (“**TCBI**”), which is the holding company of Texas Capital Bank (“**TCB**”) (TCBI and TCB collectively, the “**Company**”). The Company and Executive shall each be referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

## **RECITALS**

**WHEREAS**, the Company desires to continue to employ Executive as the President and Chief Executive Officer of TCBI and TCB, and Executive desires to continue to be employed by the Company in such positions;

**WHEREAS**, the Parties desire to set forth in writing the terms and conditions of their agreement and understandings with respect to Executive's employment; and

**WHEREAS**, the Company hereby continues to employ Executive, and Executive hereby accepts continued employment with the Company for the period and upon the terms and conditions contained in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

## **Article I**

### **SERVICES TO BE PROVIDED BY EXECUTIVE**

A. **Position and Responsibilities; Primary Work Location.** During the Term, Executive shall serve as the President and Chief Executive Officer of TCBI and TCB. Executive shall report only to the Board (as defined below). Executive has been appointed as a member of the Board of Directors of TCBI (the **"Board"**) and the Board of Directors of TCB (the **"Bank Board"**) and shall be renominated to such boards while employed as President and Chief Executive Officer. The duties of Executive shall be those duties which can reasonably be expected to be performed by a person in such position, which include the duties within the scope of such position directed by the Board. All senior executive officers of the Company shall report to Executive (or his designee). During the Term, Executive's primary work location shall be Dallas, Texas; provided, however, that Executive shall be permitted to work remotely from time to time in his reasonable discretion.

B. **Performance.** During Executive's employment with the Company, Executive shall devote on a full-time basis substantially all of Executive's professional time, energy, skill and efforts to the performance of Executive's duties to the Company. Executive shall exercise reasonable best efforts at all times to act in a manner consistent with Executive's position with the Company and in the best interests of the Company. During Executive's employment with the

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Company, Executive (i) shall not be employed with any other entity, (ii) shall not serve as a member of any board of directors, or as a trustee of, or in any manner be affiliated with, any present or future agency or organization (except for civic, educational, religious, and not for profit organizations) without the Board's prior consent (which consent shall not be unreasonably withheld) and (iii) shall not, directly or indirectly, have any interest in, or perform any services for, any business competing with the Company's business; provided that Executive shall be permitted to manage his personal investments in a reasonable manner that does not interfere with his duties to the Company hereunder. Executive shall use reasonable best efforts to assure that any civic responsibilities or charitable activities do not interfere with Executive's duties to the Company. The Board hereby acknowledges and consents to Executive's service on the board of directors of Dillard's, Inc.

C. **Compliance.** Executive shall exercise reasonable best efforts to act in accordance with high business and ethical standards and to comply in all material respects with the policies, codes of conduct, codes of ethics, written manuals and lawful and reasonable directives of the Company (collectively, the **"Policies"**). Executive shall comply with all laws of any jurisdiction in which the Company does business (collectively, **"Laws"**), and reasonable reliance by Executive on advice or instructions from the Company's Chief Legal Officer or the Company's or Board's outside counsel that any action or inaction is in compliance with Laws in any such jurisdiction shall constitute Executive's compliance with such Laws for purposes of this Agreement. Executive shall keep the Board reasonably promptly and fully informed of Executive's conduct in connection with the business affairs of the Company. Executive shall report Executive's own violation of Policies or Laws and any violation of Policies or Laws or proposed violation of Policies or Laws of any other employee, director or contractor of the Company or other person performing services on behalf of the Company to the Company's Board promptly upon Executive becoming aware that an action or inaction is a violation or proposed violation of Policies or Laws. Additionally, Executive shall inform the Board promptly in writing of any threatened legal, regulatory action or financial loss that arises from or is otherwise related in any way to any violation of Policies or Laws.

D. **Representations.** Executive represents and warrants to the Company that Executive (i) is not violating and will not violate any contractual, legal or fiduciary obligations or burdens to which Executive is subject by entering into this Agreement or by providing services for the Company; (ii) is under no contractual, legal or fiduciary obligation or burden that will interfere with Executive's ability to perform services for the Company; and (iii) has no previous convictions under any law, disputes with regulatory agencies or other similar circumstances that would reasonably be expected to have an adverse effect on the Company. Executive shall not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

## **Article II**

### **COMPENSATION FOR SERVICES**

As compensation for all services Executive will perform for the Company, the Company will pay Executive, and Executive shall accept as full compensation, the following:

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A. **Base Salary.** During the Term, the Company shall pay Executive an annual base salary in the amount of \$1,100,000 ("**Base Salary**"), less applicable payroll taxes and withholdings, payable in accordance with the Company's normal payroll practices. The Human Capital and Compensation Committee of the Board (the "**Committee**") will review Executive's Base Salary annually, and, in the sole discretion of the Committee, may increase (but may not decrease) such Base Salary from time to time, but shall not be obligated to effectuate any increase. Any increased base salary shall be treated as Base Salary for purposes of this Agreement.

B. **Annual Cash Incentive.** During the Term, Executive shall participate in the annual cash incentive plan established by the Committee and the Board for its key executives based on various targets and performance criteria established by the Committee. Commencing in 2025, Executive's annual target cash incentive opportunity shall not be less than 180% of Base Salary ("**Target Annual Incentive**") with a maximum payout opportunity of 150% of Target Annual Incentive. The evaluation of Executive's performance, as measured by the applicable targets and the awarding of applicable bonuses, if any, shall be at the Committee's sole discretion, exercised reasonably and in good faith. The annual discretionary incentive bonus may be awarded in whole or in part, based on the level of incentive bonus plan performance criteria achieved by Executive, in the Committee's sole judgment, exercised reasonably and in good faith. The Committee shall consult with Executive at the time of the establishment of such performance criteria. Except as otherwise provided herein, Executive must be employed on the date of payout to be eligible for any bonus. If Executive terminates this Agreement without Good Reason, or if the Company terminates Executive's employment at any time for Cause, Executive will not be paid any bonus, in whole or in part, for the prior year (to the extent it remains unpaid) or the year in which the employment termination occurred, except as provided herein; provided, however, that in the event of a retirement (as defined below, other than in connection with a termination for Cause) during the period following the end of the completed fiscal year and prior to the date of payout, Executive shall remain eligible for the bonus payment for the completed fiscal year, subject to Executive's satisfaction of the release requirements of Article III hereunder. Any bonus paid pursuant to this Article II.B. shall be paid to Executive in the calendar year immediately following the calendar year to which the payment relates but within the time period permitted to be a short-term deferral under Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"). The payment of a bonus with respect to a particular calendar or fiscal year does not guarantee payment of a bonus in any subsequent year. With respect to 2024, Executive's annual bonus amount shall be determined based on a blended target based on the Base Salary in effect prior to the execution of this Agreement and the Base Salary upon and following the execution of this Agreement (and on the time period applicable to each such amount), and based on the Target Annual Incentive in effect prior to the execution of this Agreement (200%).

C. **Annual Equity Compensation.** Each year during the Term beginning in 2025, Executive shall be eligible for an annual equity-based incentive (the "**Annual LTI Award**") under the Company's long-term incentive plan (the Texas Capital Bancshares, Inc. 2022 Long-Term Incentive Plan (the "**2022 LTI Plan**") or any successor plan thereto) (the "**Plan**"), with an annual target long-term incentive award opportunity equal to 400% of Base Salary (the "**Annual**

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**LTI Award Target**") in the form of 50% time-based restricted stock units and 50% performance-based stock units. The maximum payout opportunity for such performance-based awards will be 200% of target. Executive's Annual LTI Award will be made on no less favorable terms and conditions as awards granted to other senior executives of the Company; provided, however, that Executive's awards will continue to vest without forfeiture on their existing terms following Executive's retirement (with performance-based awards vesting at target or, if Executive has been employed for at least one-half of the performance period applicable to the award, the greater of target or actual performance), provided Executive does not become employed



by, become a consultant or advisor to, or a director of a Competitive Enterprise during the twelve (12) months following the termination of Executive's employment for any reason (such condition, the "**Forfeiture Condition**"). The Company hereby acknowledges and agrees that Executive has satisfied the criteria for eligibility for retirement, which were the attainment of age 57 with at least two years of service with the Company, and therefore for purposes of Executive's Annual LTI Awards, any termination of Executive's employment or resignation by Executive shall be a "retirement". Additionally, Executive's Annual LTI Awards shall immediately vest (with performance-based awards vesting at target or, if Executive has been employed for at least one-half of the performance period applicable to the award, the greater of target or projected actual performance as determined by the Committee reasonably and in good faith) upon Executive's death or termination due to Total and Permanent Disability (as defined in the 2022 LTI Plan or as such similar term as defined in a successor plan thereto) and such Annual LTI Awards shall immediately vest (with performance-based awards vesting at target or, if Executive has been employed for at least one-half of the performance period applicable to the award, the greater of target or projected actual performance as determined by the Committee reasonably and in good faith) in the event Executive's employment is terminated or Executive resigns during the Change in Control Period (as defined below).

D. "**Competitive Enterprise**" means any business enterprise that engages in any activity that competes with any activity in which the Company is engaged during Executive's employment hereunder or as of the termination of Executive's employment (unless in each case the Company has abandoned such activity) within any state in which the Company operates during Executive's employment hereunder or as of the termination of Executive's employment (unless the Company has withdrawn from such state). Notwithstanding the foregoing, Executive shall not be considered to be employed by, a consultant or advisor to, a Competitive Enterprise to the extent Executive is employed by, a consultant or advisor to a non-competitive division or unit of a corporate conglomerate or holding company that has a subsidiary, unit or division that is a Competitive Enterprise, but with which Executive has no active participation in the subsidiary, unit or division of such corporate conglomerate or holding company which is a Competitive Enterprise.

E. **2024 Special Retention Award.** As soon as practicable following the execution of this Agreement, Executive shall be granted an award of restricted stock units with a grant date value equal to \$4,045,489 (the "**2024 Special Retention Award**"), the vesting of which shall be subject to Executive's continued employment on the third anniversary of the grant date; provided, however, that the 2024 Special Retention Award shall become immediately vested upon Executive's termination without Cause, resignation with Good Reason or due to death or

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Disability or, solely after the eighteen month anniversary of the grant date, retirement (and other than in connection with a termination for Cause), subject to Executive's satisfaction of the release requirements of Article III hereunder. For the avoidance of doubt, the 2024 Special Retention Award shall not vest upon any termination for Cause.

F. **Expenses.** During Executive's employment, the Company shall reimburse Executive for out-of-pocket expenses reasonably incurred in connection with Executive's performance of Executive's services hereunder, upon the presentation by Executive of an itemized accounting of such expenditures, with supporting receipts, provided that Executive submits such expenses for reimbursement within 60 days of the date such expenses were incurred in accordance with the Company's expense reimbursement policy. Subject to Article V.M., reimbursements shall be in compliance with the Company's expense reimbursement policies. Executive shall be entitled to use the Company's jet card and fractional jet interests for business travel, pursuant to the Company's Air Travel Policy. To the extent that, despite the Company's best efforts, private travel is unavailable for a particular business trip, the Company shall reimburse Executive (or pay directly) for travel at no less than first-class levels. The Company shall provide Executive with an annual \$150,000 allowance for personal use of the jet card and fractional jet interests at the Company's corporate rate. Any personal use of the jet card and fractional jets by Executive in excess of such \$150,000 shall be paid for by Executive at the Company's corporate rate in accordance with the Company's Air Travel Policy. Additionally, the Company shall provide Executive with a perquisite allowance equal to \$25,000 per year.

G. **Vacation.** During Executive's employment, Executive shall be entitled to paid vacation pursuant to the Company's standard written policies as may be amended by the Company (but shall not be amended less favorably than for other members of the Company senior management team generally). Vacation shall be taken at such times and intervals as shall be determined by Executive, subject to the reasonable business needs of the Company. Vacation that is unused shall lapse at the end of the calendar year and shall not carry forward.

H. **Benefits.** During Executive's employment, Executive will be eligible to participate in the Company's employee benefit plans in accordance with their terms, as in effect from time to time, in a manner commensurate with similarly situated executives of the Company and at least

equal to the most favorable employee benefits and perquisites provided or made available to any member of the Company's senior management team. In addition, following the termination of his employment for any reason, the Executive and his spouse shall each be entitled to a lifetime medical benefit (with Executive (or Executive's spouse, as applicable) paying the full amount of the employee portion of the premium) (the "**Lifetime Medical Benefit**"). Such Lifetime Medical Benefit shall be primary coverage or supplemental to Medicare, at Executive's annual election.

### Article III

#### **TERM; TERMINATION**

A. **Term of Employment.** The term of Executive's employment under this Agreement shall begin on July 29, 2024 (the "**Effective Date**") and shall continue in effect for four years following the Effective Date (the "**Initial Term**"), unless earlier terminated by any

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Party in accordance with Article III.B. Upon the expiration of the Initial Term, the Agreement will automatically renew, subject to earlier termination as herein provided, for successive one year periods (each an "**Additional Term**"), unless either Executive or the Company provides notice of nonrenewal at least 90 days prior to the expiration of the Initial Term or the then Additional Term, whichever is applicable. The Initial Term and any Additional Term(s) shall be referred to collectively as the "**Term**." For purposes of this Agreement, the Parties agree that any notice of non-renewal by the Company (at either the expiration of the Initial Term or any Additional Term) shall be treated as a termination by the Company without Cause.

B. **Termination.** Any Party may terminate Executive's employment at any time upon written notice; provided, however, that the Company shall provide Executive 30 days' prior written notice of termination without Cause or due to Executive's Disability and Executive shall give the Company 30 days' prior written notice of Executive's termination without Good Reason and Executive shall follow the process set forth in Article III to terminate employment with Good Reason. The date of Executive's termination shall be (i) if Executive's employment is terminated by his death, the date of his death; or (ii) the date stated in the notice of termination. Upon termination of Executive's employment, the Company shall pay or provide to Executive (i) any unpaid Base Salary accrued through the date of termination, on the next payroll date following termination; (ii) any accrued, unused vacation through the date of termination, on the next payroll date following termination; (iii) any unreimbursed expenses properly incurred prior to the date of termination, payable pursuant to the Company's expense reimbursement policy; (iv) any accrued or vested employee benefits, pursuant to the terms of the Company's employee benefits plans (including, for the avoidance of doubt, Executive's (and his spouse's) entitlement to the Lifetime Medical Benefit); and (v) the equity vesting described in Article II above (the "**Accrued Obligations**").

- (i) **Termination for Cause by the Company or by Executive without Good Reason or Non-Renewal by Executive.** In the event the Company terminates Executive's employment with the Company for Cause (as defined below) at any time during the Term, Executive terminates his employment with the Company for a reason other than Good Reason (as defined below), or in the event of non-renewal by Executive, the Company shall have no further liability or obligation to Executive under this Agreement or in connection with Executive's employment hereunder, except that the Company shall pay or provide the Accrued Obligations.

For purposes of this Agreement:

(a) "**Cause**" means the occurrence of any of the following events: (i) an act or acts of theft, embezzlement, fraud or material dishonesty by Executive that has a materially adverse effect on the business or reputation of the Company; (ii) a willful and material misrepresentation by Executive that relates to the Company, which has a material adverse effect on the Company; (iii) any willful misconduct or gross negligence by Executive related to the Company, which has a material adverse effect on the Company, including violation of any Laws; (iv) any violation by Executive of any fiduciary duties owed by Executive to the Company,

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which Executive failed to cure within 30 days after receiving written notice from the Company; (v) Executive's conviction of, or pleading *nolo contendere* or guilty to, a felony or to a misdemeanor that involves moral turpitude (other than a minor traffic infraction or other vehicular related crime which does not result in significant bodily injury); (vi) a material violation of the Company's Policies, which Executive failed to cure within 30 days after receiving written notice from the Company and which has a material adverse effect on the Company; (vii) Executive's willful refusal to substantially perform Executive's duties and responsibilities under this Agreement (other than as a result of Executive's incapacity due to physical or mental illness), which Executive failed to cure within 30 days after receiving written notice from the Company; (viii) the refusal of Executive to follow the lawful directives of the Board within the scope of his employment, which, if curable, Executive failed or refused to cure within 30 days after receiving written notice from the Board; (ix) a material breach by Executive of a material provision of this Agreement or any other material agreement to which Executive and the Company are parties that is not cured by Executive within 30 days after receipt by Executive of a written notice from the Company; or (x) the unlawful use (including being under the influence) or possession of illegal drugs by Executive on the premises of the Company or while performing any duties or responsibilities for the Company. Poor performance in and of itself shall not constitute Cause. Executive shall not be terminated for Cause as a result of any action or omission taken at the instruction of the Board or upon the advice of counsel to the Company. For purposes of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless the act or failure to act was not done in good faith and without reasonable belief that it was in the best interests of the Company. Executive shall recuse himself from all discussions and deliberations by the Board with respect to the existence or non-existence of Cause, except as provided below. A termination of Executive's employment for Cause shall not be effective and shall be deemed to be without Cause unless the final decision to terminate Executive for Cause is approved by at least 75% of the members of the Board at a special meeting of the Board called specifically for such purpose, at which Executive has had the reasonable opportunity to be heard (together with his counsel if Executive so elects).

(b) **"Good Reason"** means the occurrence of any of the following events without Executive's prior written consent: (i) a material diminution in Executive's position, authority, title, duties or responsibilities (for purposes of clarity, the appointment of another individual as co-CEO or Executive Chairman will conclusively be deemed a material diminution in Executive's authority hereunder), or if Executive ceases to report only and directly to the Board; (ii) the failure of the Company to nominate Executive to the Board or the Bank Board or the removal of Executive from the Board or the Bank Board; (iii) the change of the location where Executive performs the majority of Executive's job duties at the Effective Date ("**Base Location**") to a location that is more than 35 miles from the Base Location; (iv) a reduction by the Company in Executive's Base Salary, target annual incentive opportunity, long-term incentive opportunity or a material reduction in the aggregate level of employee benefits made available to Executive under this Agreement; (v) the Company's material breach of this Agreement; or (vi) a material and repeated or continuous interference with Executive's authorities or duties so that Executive is unable to carry out Executive's material responsibilities hereunder. Notwithstanding the foregoing, no action shall constitute "Good Reason" unless (A) Executive delivers to the Company written notice of the event alleged to constitute "Good

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Reason" within sixty (60) days following the date Executive first learns of the occurrence of such action, (B) the Company fails to remedy such action within thirty (30) days following receipt of such written notice, and (C) Executive actually terminates his employment within thirty (30) days following expiration of such cure period. Notwithstanding the foregoing, the Company placing Executive on a paid leave for up to 30 days, pending the determination of whether there is a basis to terminate Executive for Cause based on a reasonable and good faith belief by the Board that such basis may, in fact, exist, will not constitute a "Good Reason" event.

(ii) **Termination Without Cause by the Company or by Executive with Good Reason.** In the event the Company terminates Executive's employment with the Company without Cause or Executive resigns with Good Reason at any time during the Term (other than during the Change in Control Period (as defined below)), the Company shall have no further liability or obligation to Executive under this Agreement, except that the Company shall pay or provide the following amounts to Executive: (a) the Accrued Obligations and (b) the Severance Payments, as defined below. Payment of the Severance Payments shall be subject to (x) Executive's compliance in all material respects with Article IV of this Agreement and the Forfeiture Condition; provided, that the Company shall provide Executive with written notice of any alleged breach of Article IV or the Forfeiture Condition and Executive shall have thirty (30) days to cure such alleged breach, if curable, and (y) the execution and timely return by Executive of a customary release of claims with customary carveouts in a form and substance reasonably requested by the Company and consistent with the form used for other senior executives and that does not provide for any restrictive covenants or continuing obligations other than those contained herein and presented in writing within 5 days of such termination (the "**Release**"), which Executive shall have 53 days to

consider and shall be executed and delivered by Executive, and shall become irrevocable, within 60 days of Executive's termination of employment and which shall be irrevocable (the date the Release becomes irrevocable, the "**Release Effective Date**"). The Severance Payments shall mean: (1) a cash severance payment equal to two (2) times the sum of (x) Executive's Base Salary and (y) Target Annual Incentive (not taking into account any reductions to Base Salary or Target Annual Incentive made in the prior 6 months or which would constitute Good Reason), (2) to the extent unpaid, an annual cash incentive payment for the completed fiscal year prior to the year of termination, (3) an annual cash incentive payment for the fiscal year of termination, based on the Target Annual Incentive, and pro-rated for the number of days in the fiscal year prior to the date of termination (the "**Pro-Rata Bonus**") and (4) for a period of 24 months, at the Company's expense, health and other welfare benefits that are not less favorable to Executive than the health and other welfare benefits to which Executive and his spouse were entitled immediately before Executive's employment termination triggering the severance payment (or equivalent cash payments to extent such benefit plan continuation is not permitted under applicable plans); provided that such

benefits shall be modified to the extent benefits under an applicable plan are modified for active employees of the Company. The benefit in the preceding clause (4) shall be in addition to the Lifetime Medical Benefit. The Severance Payments described in clauses (1), (2) and, if applicable, (3) shall be paid to Executive in a lump sum on the Company's first regularly scheduled payroll date following the Release Effective Date (and the benefit continuation described in clause (4) shall commence upon the Release Effective Date, retroactive to the date of termination), provided, in each case, that Executive has executed and not revoked the Release; and provided, further, that if the date of such termination occurs on or after October 31 of a given calendar year, such payment will, subject to Article V.M. hereof, be paid in the immediately following calendar year on the date that is 60 days following the date of Executive's termination of employment (subject to the occurrence of the Release Effective Date). In the event Executive fails to timely execute and return (or otherwise revokes) the Release, no amount, other than the Accrued Obligations, shall be payable to Executive pursuant to this Article III.B.(ii).

(iii) **Termination Due to Death or Disability.** In the event Executive's employment is terminated due to death or Disability at any time during the Term, Executive's employment shall immediately terminate and the Company shall have no further liability or obligation to Executive under this Agreement or in connection with Executive's employment hereunder, except that the Company shall pay or provide (a) the Accrued Obligations, (b) to the extent unpaid, an annual cash incentive payment for the completed fiscal year prior to the year of termination and (c) the Pro-Rata Bonus. All amounts that may be due to Executive under this Article III.B.(iii) shall be paid to Executive or to Executive's administrators, personal representatives, heirs and legatees, as may be appropriate. Payment of any amounts in Article III.B.(iii)(b) due to Executive's Disability is conditioned upon Executive's execution and non-revocation of the Release, which Executive shall have 53 days to consider, within 60 days of Executive's termination of employment (and shall be made on the next payroll date following the Release Effective Date); provided, however, that if the date of such termination occurs on or after October 31 of a given calendar year, such payment will, subject to Article V.M. hereof, be paid in the immediately following calendar year on the date that is 60 days following the date of Executive's termination of employment (subject to the occurrence of the Release Effective Date). For purposes of this Agreement, "**Disability**" means the inability of Executive to perform Executive's essential duties and responsibilities under this Agreement with or without reasonable accommodation for a continuous period exceeding 180 days or for a total of 270 days during any period of 12 consecutive months as a result of a physical or mental illness, disease or personal injury. During the period of Executive's incapacity, Executive shall be entitled to leaves of absence from the Company in accordance with the policy of the Company generally applicable to executives for illness or temporary

disabilities for a period or periods not exceeding three months on a cumulative basis in any calendar year or as otherwise provided by applicable law, and Executive's status as an Executive shall continue during such periods. However, if Executive qualifies for short term disability payments under the Company's standard short term disability plan during such leave, Executive shall apply to receive such short term disability payments. The Company shall supplement such short term disability payments so that Executive receives such monthly amounts, when combined with the short term disability payments, equal to Executive's Base Salary. If during the period of Executive's incapacity, Executive is deemed to have incurred a "separation from service" under Section 409A of the Code because there is no reasonable expectation that Executive will return to perform services for the Company, Executive shall be entitled, as a disability benefit, to continuation of Executive's Base Salary until the date on which this Agreement is terminated (the "**Disability Period**"); provided, however, that such payments shall be reduced on a dollar-for-dollar basis by the amount of bona fide disability pay (within the meaning of Treas. Reg. Section 1.409A-1(a)(5)) received or receivable by Executive during the Disability Period, provided such disability payments are made pursuant to a plan sponsored by the Company that covers a substantial number of employees of the Company and was established prior to the date Executive incurred a Disability, and further provided that such reduction does not otherwise affect the time of payment of Executive's Base Salary pursuant to this Article III.B.(iii).

C. **Change in Control.** The severance benefits provided for in this Article III.C.(i) and (ii) are referred to collectively as the "**Change in Control Payments**" and are conditioned upon the Release Effective Date occurring within 60 days following Executive's termination from employment.

- (i) **Severance Benefits.** If Executive's employment with the Company is terminated (A) by the Company (or by the acquiring or successor business entity following a Change in Control (as defined below)) other than for Cause, death or Disability, or (B) by Executive with Good Reason, in each case, at any time during the period commencing ninety (90) days prior to the consummation of a Change in Control and ending on the two (2) year anniversary of the date of the Change in Control (the "**Change in Control Period**"), the Company shall pay or provide Executive with the Accrued Obligations and the Severance Payments described in Article III.B.(ii); provided, that, the cash severance benefit provided for in Article III.B.(ii)(1) shall be an amount equal to three (3) times the sum of (1) Executive's Base Salary plus (2) the Target Annual Incentive (not taking into account any reductions to Base Salary or Target Annual Incentive made in the prior 6 months or which would constitute Good Reason) and the benefit continuation described in Article III.B.(ii)(4) shall be for a period of thirty-six (36) months. Payment of the cash severance benefits under this Article III.C.(i) shall be

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paid to Executive in a lump sum on the Company's first regularly scheduled payroll date following the Release Effective Date (less any amounts previously paid pursuant to Article III.B.(ii)), provided, that if the date of such termination occurs on or after October 31 of a given calendar year, such payment will, subject to Article V.M. hereof, be paid in the immediately following calendar year on the date that is 60 days following the date of Executive's termination of employment (subject to the occurrence of the Release Effective Date). In addition, Executive shall become immediately and fully vested in his all of his unvested equity as described in Article II.C. regardless of whether the Release Effective Date occurs.

- (ii) **No Duplication of Payment.** For clarity, the payment of severance benefits under this Article III.C. shall be in lieu of, and not in addition to, any payments under Article III.B.(ii), unless any payments under Article III.B.(ii) had been made as a result of a termination of employment during the portion of the Change in Control Period that is prior to the date of a Change in Control.

- (iii) **Excess Parachute Payments.** Notwithstanding the other provisions of this Agreement, in the event that:

- (a) the aggregate payments or benefits to be made or afforded to Executive, whether under this Agreement or otherwise, which are determined to be parachute payments as defined in Section 280G of the Code or any successor thereof (the "**Parachute Payments**"), would be determined to include an "excess parachute payment" under Section 280G of the Code, and;
- (b) if such Parachute Payments were reduced to an amount (the "**Non-Triggering Amount**"), the value of which is one dollar (\$1.00) less than an amount equal to three times Executive's "base amount," as determined in accordance with Section

280G of the Code and the Non-Triggering Amount less the product of the marginal rate of any applicable state and federal income tax and the Non-Triggering Amount would be greater than the aggregate value of the Parachute Payments (without such reduction) minus (a) the amount of tax required to be paid by Executive thereon by Section 4999 of the Code and further minus (b) the product of the Parachute Payments and the marginal rate of any applicable state and federal income tax, then the Parachute Payments shall be reduced to the Non-Triggering Amount (and, for clarity, if the Non-Triggering Amount would be less than such aggregate value, then no such reduction shall occur). The allocation of the reduction required hereby among the Parachute Payments shall be determined by Executive, in consultation with the Accountants (as defined below).

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(c) Unless Executive and the Company otherwise agree in writing, any determination required under this section shall be made in writing by a nationally recognized accounting firm selected by the Company subject to the approval of the Executive which shall not be unreasonably withheld (the “**Accountants**”), whose determination shall be conclusive and binding upon Executive and the Company for all purposes absent manifest error. For purposes of making the calculations required by this section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. Without limiting the generality of the foregoing, any determination by the Accountants under this Article III.C(iv)(c) will take into account the value of any reasonable compensation for services to be rendered by the Executive (or for holding oneself out as available to perform services and refraining from performing services (such as under a covenant not to compete)). The Accountants shall provide detailed supporting calculations to the Company and Executive as requested by the Company or Executive. Executive and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this section. The Company shall bear all costs the Accountants may incur in connection with any calculations contemplated by this section as well as any costs incurred by Executive with the Accountants for tax planning under Sections 280G and 4999 of the Code.

(iv) Notwithstanding the foregoing, with respect to any restricted stock units and performance stock units or other awards or plans or programs in which Executive is participating at the time of termination of his employment, Executive's rights and benefits under each such award or plan shall be determined in accordance with the terms, conditions, and limitations of the award or plan and any separate agreement executed by Executive which may then be in effect (including this Agreement, which shall supersede such other award or plan or program unless specifically noted therein).

(v) For purposes of this Agreement, “**Change in Control**” shall have the meaning set forth in the Company's 2022 LTI Plan.

#### Article IV

#### **RESTRICTIVE COVENANTS**

##### **A. Confidentiality.**

(i) **Confidential Information.** Executive acknowledges and agrees that the Company has developed and will continue to develop confidential, proprietary

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and/or trade secret information regarding 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, electronically stored information, customer lists, customer leads, 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 their operations and expansion plans ("**Confidential Information**"). The Confidential Information includes, without limitation, confidential or proprietary information about the Company's business, proprietary, and technical information not known to others that could have economic value to others if improperly disclosed. Confidential Information also means any information disclosed to Executive by the Company, either directly or indirectly, in writing, orally, electronically or by inspection of tangible objects, including, without limitation, all ideas, materials, documents, information, data, methods, strategies, equipment or plans, in any format, location or media, which are developed or used by or in the Company's possession, whether pertaining to or belonging to the Company, its Affiliates, clients, customers, business partners, consultants, or vendors, and which is not generally known to the public and outside of the Company. Confidential Information specifically includes, without limitation, the Company's, its Affiliates', clients', customers', business partners', consultants', or vendors' information regarding the following: client and potential client identity and history; current or potential business opportunities; business partners' and potential business partners' identity and history; business proposals; methods and practices of doing business and strategic growth plans; pricing formulas, structures or practices; proprietary information; calculations, rates, costs, and gross and net profit margins; finances, budgets, advertising, sales/services plans, forecasts, strategies, methods, statistics, reports and data; design plans, models, drawings, specifications, experiments, technical data, software, know-how, and research data; marketing methods; and any other information, materials, documents, data or other intellectual property of any kind whatsoever that the Company, its Affiliates, clients, customers, business partners, consultants or vendors designate or treat as confidential. "**Affiliate**," as used in this Article IV, means any parent or subsidiary company of the Company, or any other entity in any form, of which the Company has any controlling ownership interest or management control in the operation of its business, or vice-versa, as determined by the Company, in its reasonable and good faith discretion. Executive acknowledges that the Company does not voluntarily disclose Confidential Information, but rather takes precautions to prevent dissemination of Confidential Information beyond those employees such as Executive entrusted with such information. For purposes of this Agreement, Confidential Information shall not include (i)

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information that is or becomes publicly available (other than as a result of a breach of this Agreement by Executive), and (ii) information that is generally available in the Company's industry through no fault of Executive.

- (ii) **No Unauthorized Use or Disclosure.** Executive acknowledges and agrees that Confidential Information is proprietary to and a trade secret of the Company and, as such, is a special and unique asset of the Company and that any disclosure or unauthorized use of any Confidential Information by Executive may cause irreparable harm and loss to the Company. Executive understands and acknowledges that each and every component of the Confidential Information (i) has been developed by the Company at significant effort and expense and is sufficiently secret to derive economic value from not being generally known to other parties; and (ii) constitutes a protectable business interest of the Company. Executive acknowledges and agrees that the Company owns the Confidential Information. Executive shall not dispute, contest, or deny any such ownership rights either during or after Executive's employment with the Company, other than in connection with a *bona fide* dispute. Executive shall use reasonable best efforts to preserve and protect the confidentiality of all Confidential Information. During the period of Executive's employment with the Company and after Executive's termination from employment for any reason, Executive shall not directly or indirectly disclose to any unauthorized person or use for Executive's own account any Confidential Information without the Board's written consent, except as otherwise provided herein. Throughout Executive's employment with the Company and thereafter: (i) Executive shall hold all Confidential Information in the strictest confidence, take all reasonable precautions to prevent its inadvertent disclosure to any unauthorized person, and follow all Company policies protecting the Confidential Information; and (ii) Executive shall not, directly or indirectly, utilize, disclose to anyone, or publish, use for any purpose, exploit, or allow or assist another person or entity to use, disclose or exploit, without prior written authorization of the Board, any Confidential Information or part thereof, except: (1) as permitted in the proper performance of Executive's duties for the Company, or (2) as otherwise permitted or required by law.

Executive shall instruct all persons to whom any Confidential Information shall be disclosed by Executive hereunder to preserve and protect the confidentiality of such Confidential Information. If Executive learns that any person or entity is taking or threatening to take any actions that would compromise any Confidential Information except as permitted by law, Executive shall, if legally permitted, promptly advise the Company's Chief Legal Officer of all facts concerning such action or threatened action. Executive shall not, directly or indirectly, use the Company's Confidential Information to: (1) call upon, solicit business from, attempt to conduct business with, conduct business with, interfere with or divert business away from any customer, client, vendor or supplier of the Company with whom or which the Company conducted business within the

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18 months prior to Executive's termination from employment with the Company; and/or (2) recruit, solicit, hire or attempt to recruit, solicit, or hire, directly or by assisting others, any persons employed by or associated with the Company. Confidential Information prepared or compiled by Executive and/or the Company or furnished to Executive during Executive's employment with the Company shall be the sole and exclusive property of the Company, and none of such Confidential Information or copies thereof, shall be retained by Executive. Executive shall not remove any documents or electronically stored information that contains Confidential Information from any Company property except as may be required in the performance of Executive's duties as a Company Executive. Executive shall not place or save any Confidential Information on any computer or electronic storage system that is not in compliance with the Company's Information Security Policy.

(iii) **Third Party Confidential Information.** During Executive's employment with the Company, the Company will receive from third parties their confidential and/or proprietary information, subject to a duty on the Company's part to maintain the confidentiality of and to use such information only for certain limited purposes. Such information shall be treated as "Confidential Information" for the purposes of this Agreement.

(iv) **No Interference.** Notwithstanding any other provision of this Agreement, Executive may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over Executive or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. Executive and the Company agree that nothing in this Agreement is intended to interfere with Executive's right to (i) report possible violations of federal, state or local law or regulation to any governmental agency or entity charged with the enforcement of any laws; (ii) make other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation; (iii) file a claim or charge with any federal, state or local government agency or entity; (iv) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any federal, state or local government or law enforcement agency, entity or court; (v) make any disclosures as reasonably necessary in connection with any legal process or proceeding between Executive and the Company or one of its Affiliates; or (vi) make disclosures, on a confidential basis, to Executive's legal, tax and professional advisors, for the purposes of obtaining legal, tax or professional advice. In making or initiating any such reports or disclosures, Executive need not seek the Company's prior authorization and is not required to notify the Company of any such reports or disclosures.

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(v) **Defend Trade Secrets Act.** Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of



reporting or investigating a suspected violation of law, or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(vi) **Return of Property and Information.** Upon the termination of Executive's employment for any reason, Executive shall as soon as practicable return and deliver to the Company any and all property of the Company in Executive's possession, custody or control (other than de minimis items), including, without limitation, Confidential Information, software, devices, credit cards, data, reports, proposals, lists, correspondence, materials, equipment, computers, hard drives, papers, books, records, documents, memoranda, manuals, e-mail, electronic or magnetic recordings or data, including all copies thereof, which belong to the Company or relate to the Company's business and which are in Executive's possession, custody or control, whether prepared by Executive or others. If at any time after the termination or resignation of Executive's employment for any reason, Executive determines that Executive has any Confidential Information or Company property in Executive's possession or control, Executive shall immediately return it to the Company, including all copies and portions of the information or property. Notwithstanding the foregoing, following the termination of his employment for any reason, Executive may retain his contacts, calendars and personal correspondence and any information or documents reasonably necessary for the preparation of his personal tax returns. The Company acknowledges that it provides Executive with certain telecommunication, cybersecurity and internet services, and as a result of this there is certain Company equipment located at Executive's residences. The Company agrees that following the termination of Executive's employment, it will facilitate the removal of such services and equipment and bear the costs thereof (and Executive agrees to provide the Company with reasonable access to his residences to effectuate such removal, at times and on dates selected by Executive in his reasonable discretion).

B. **Restrictive Covenants.** In consideration for (i) the Company's provision of Confidential Information to Executive; (ii) the substantial economic investment made by the Company in the Confidential Information and goodwill of the Company, and/or the business opportunities disclosed or entrusted to Executive; (iii) access to the Company's proprietary information, customers, employees and associates; (iv) access to information regarding the salary, pay scale, capabilities, experiences, skill and desires of the employees and independent contractors of the Company; and (v) the Company's employment of Executive pursuant to this Agreement and the compensation and other benefits provided to Executive, to protect the

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Company's Confidential Information and business goodwill of the Company and the Company's Affiliates (including, as of the Effective Date, without limitation, BankDirect), Executive agrees to the following restrictive covenants:

- (i) **Non-Solicitation of Customers.** Executive agrees that during Executive's employment and for a period of 12 months following the termination of Executive's employment for any reason (the "**Restricted Period**"), other than in connection with Executive's duties under this Agreement, Executive shall not, and shall not use any Confidential Information to, directly or indirectly, either as a principal, manager, agent, employee, consultant, officer, director, stockholder, partner, investor or lender or in any other capacity, and whether personally or through other persons, interfere with, or induce to curtail or cancel any business or contracts with the Company, or attempt to interfere with, or induce to curtail or cancel any business or contracts with the Company. Nothing in this Agreement shall prohibit Executive from placing (or causing to be placed) general advertisements to solicit customers or clients.
- (ii) **Non-Solicitation of Employees.** During the Restricted Period, other than in connection with Executive's duties under this Agreement, Executive shall not, and shall not use any Confidential Information to, on behalf of Executive or on behalf of any other person or entity, directly or indirectly, solicit, induce, recruit, engage, or attempt to, solicit, induce, recruit, engage, or encourage to leave or otherwise cease his/her employment with the Company, any individual who is an employee of the Company or who was an employee of the Company within the 12-month period prior to Executive's termination from employment with the Company. Nothing in this Agreement shall prohibit Executive from (i) placing (or causing to be placed) general advertisements soliciting employees or initiating a job candidate search, so long as such advertisements or job search are not targeted at employees of the Company or (ii) providing a reference to a third-party employer, upon request.
- (iii) **Non-Competition.** Executive agrees that during Executive's employment and during the Restricted Period, Executive shall not, and shall not use any Confidential Information to, on behalf of Executive or on behalf of any other person or entity, directly or indirectly, (a) associate (including as a director, officer, employee, partner, consultant, agent or advisor) with a Competitive Enterprise, or (b) hold a

5% or greater equity (including stock options or other equity-based awards, whether or not vested or exercisable), voting or profit participation interest in a Competitive Enterprise (for clarity, other than the Company, for which Executive is specifically permitted to hold any amount of equity interests during the Restricted Period). Notwithstanding the foregoing, following a termination of Executive's employment, Executive's service as a non-employee member of the Board of Directors of another entity that is not a Competitive Enterprise with a substantial presence in markets serviced by the

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Company as of the date of such termination shall not constitute a violation of this provision, provided Executive complies with the other restrictive covenants contained in this Agreement in connection with such role and the Company acknowledges and agrees that such service shall not constitute a violation of the Forfeiture Condition. For the purposes of the immediately preceding sentence relating to permitted Board service, an entity will not be a "Competitive Enterprise" if less than 10% of its revenues are derived from businesses maintained by the Company.

(iv) **Mutual Non-Disparagement.** Executive agrees that the Company's goodwill and reputation are assets of great value to the Company which have been obtained and maintained through great costs, time and effort. Therefore, during Executive's employment and the thirty-six (36) months after the termination of Executive's employment for any reason, Executive shall not in any way disparage, libel or defame ("**Disparage**") the Company, its business or business practices, its products or services, or its managers, officers, directors, or affiliates and after termination of Executive's employment, the Company will instruct its officers and members of the Board not to Disparage Executive. Additionally, the Company shall not make any official statement (whether written, verbal or otherwise) at any time during Executive's employment or the thirty-six (36) months thereafter that Disparages Executive. Nothing in this Article IV.B.(iii) is intended to interfere with Executive's right to engage in the conduct set forth in Article IV.A.(iv). Additionally, this Article IV.B.(iii) shall not prohibit Executive from (a) rebutting false or misleading statements made by any of the parties named herein about Executive or (b) making customary competitive statements in the course of performing his duties to a subsequent employer or business partner, subject to Executive's other obligations under this Agreement.

#### C. **Works.**

(i) **Assignment of Work Product.** For the purposes of this Agreement, the term "**Work Product**" shall mean, collectively, all work product, information, inventions, original works of authorship, ideas, know-how, processes, designs, computer programs, photographs, illustrations, developments, trade secrets and discoveries, including improvements thereto, and all other intellectual property, including patents, trademarks, copyrights and trade secrets, that the Executive conceives, creates, develops, makes, reduces to practice, or fixes in a tangible medium of expression, either alone or with others. During the Executive's employment with the Company and for a period of 12 months following the termination of the Executive's employment for any reason, Executive shall promptly make full written disclosure to the Company of all Work Product conceived, created, developed, made, reduced to practice, or fixed in a tangible medium of expression during the period of the Executive's employment with the Company and related to the Company's business.

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Executive hereby assigns and shall be deemed to have assigned to the Company or its designee, all of the Executive's right, title, and interest in and to any and all Work Product conceived, created, developed, made, reduced to practice, or fixed in a tangible medium of expression during the period of the Executive's employment with the Company that (a) relates in any manner to the

previous, existing or contemplated business or work, of the Company; (b) is or was suggested by, has resulted or will result from, or has arisen or will arise out of any work that the Executive has done or may do for or on behalf of the Company; (c) has resulted or will result from or has arisen or will arise out of any materials or information that may have been disclosed or otherwise made available to the Executive as a result of duties assigned to the Executive by the Company; or (d) has been or will be otherwise made through the use of the Company's time, information, facilities, or materials, even if conceived, created, developed, made, reduced to practice, or fixed during other than working hours. All original works of authorship that have been or will be made or fixed in a tangible medium of expression by the Executive (solely or jointly with others) within the scope of the Executive's employment with the Company will be considered "Works Made for Hire," as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any Work Product is within the Company's sole discretion and for the Company's sole benefit, and that no royalty will be due to the Executive based on commercialization of any Work Product.

(ii) **Maintenance of Records.** Executive agrees to keep and maintain adequate and current hard-copy and electronic records of all Work Product related to the Company's business made by the Executive (solely or jointly with others) during the term of the Executive's employment with the Company. The records will be available to and remain the sole property of the Company during the Executive's employment with the Company and at all times thereafter.

(iii) **Patent and Copyright Registrations.** Executive agrees to assist the Company, or its designee, at the Company's sole expense, in every proper way to secure the Company's rights in Work Product in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, affidavits, and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Work Product. The Executive further agrees that the Executive's obligation to execute or cause to be executed, when it is in the Executive's power to do so, any such instrument or papers shall continue after the termination of this Agreement.

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D. **Tolling.** If Executive violates any of the restrictions contained in this [Article IV](#), the Restricted Period with respect to such restriction shall be suspended and shall not run in favor of Executive from the time of the commencement of any violation until the time when Executive cures the violation to the satisfaction of the Company. The period of time during which Executive is in breach of a restriction shall be added to the Restricted Period in respect of such restriction, so long as the Company undertakes reasonable efforts to enforce such restriction promptly upon becoming aware of any alleged breach.

E. **Remedies.** Executive acknowledges that the restrictions contained in [Article IV](#) of this Agreement, in view of the nature of the Company's business and Executive's position with the Company, are reasonable and necessary to protect the Company's legitimate business interests. Executive further acknowledges and agrees that the covenants, obligations and agreements of Executive contained in [Article IV](#) concern special, unique and extraordinary matters and that a violation of any of the terms of these covenants, obligations or agreements may cause the Company irreparable injury for which adequate remedies at law may not be available. In the event of a material breach by Executive of [Article IV](#) of this Agreement, which is not cured (if curable) by Executive within thirty (30) days of his receipt of written notice from the Company of such material breach, Executive shall immediately forfeit any unpaid portion of the Severance Payments or Change in Control Payments, as applicable, from the date of such breach and the Company shall be entitled to (i) cease payment of any unpaid portion of the Severance Payments or Change in Control Payments, as applicable; and (ii) recover any portion of the Severance Payments or Change in Control Payments, as applicable. Additionally, Executive agrees that the Company shall be entitled to seek an injunction, restraining order, and all other relief (without the requirement to post bond) as a court of competent jurisdiction may deem necessary or appropriate, in addition to damages and costs. The remedies in this [Article IV.E](#) shall not be deemed the exclusive remedies for a breach or threatened breach of this [Article IV](#) but shall be in addition to all remedies available at law or in equity. The existence of any claim or cause of action Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the Company's enforcement of the covenants in [Article IV](#). No modification or waiver of any covenant contained in [Article IV](#) shall be valid unless the Company's Board approves the waiver or modification in writing (which for the avoidance of doubt, may be given via email). A Dispute, as defined in [Article V](#), regarding a breach or threatened breach of this [Article IV](#) is not subject to the Dispute Resolution provisions in [Article V](#); rather, the Company and, as applicable, Executive, may apply to a court of competent jurisdiction to enforce the covenants set forth in this [Article IV](#). The Company and Executive irrevocably submit to the exclusive jurisdiction of the state courts and federal courts in the city of

the Company's headquarters (Dallas, Texas) regarding the injunctive remedies set forth in this Article IV, provided that such court(s) has authority to issue injunctive relief restraining any alleged violation of Article IV. Each party waives all objections and defenses based on service of process, forum, venue, or personal or subject matter jurisdiction, as these defenses may relate to an application for injunctive relief in a suit or proceeding under this Article IV.

F. **Reasonableness; Validity.** Executive hereby represents to the Company that Executive has read and understands, and agrees to be bound by, the terms of this Article IV.

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Executive acknowledges that the geographic area, scope and duration of the covenants contained in this Article IV are fair and reasonable in light of (i) the nature of the operations of the Company's business; (ii) Executive's level of control over and contact with the business; and (iii) the amount of compensation and Confidential Information that Executive is receiving in connection with Executive's employment with the Company. It is the desire and intent of the Parties that the provisions of Article IV be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and therefore, to the extent permitted by applicable law, the Parties hereby waive any provision of applicable law that would render any provision of Article IV invalid or unenforceable. The Parties hereby agree that the terms and provisions of this Article IV are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement will thereby be affected.

G. **Reformation.** The Parties agree that the foregoing restrictions set forth in Article IV are reasonable under the circumstances and that any breach of the covenants contained in Article IV would cause irreparable injury to the Company. Executive understands that the foregoing restrictions may limit Executive's ability to engage in certain businesses during the Restricted Period, but acknowledges that Executive shall receive Confidential Information and sufficiently high remuneration and other benefits to justify such restrictions. If any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, overly broad, or otherwise unenforceable, the Parties intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, the Parties intend to make this provision enforceable under the law or laws of all applicable jurisdictions so that the entire agreement not to compete and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal.

H. **Survival.** Executive's post-termination obligations in Article IV shall survive the termination of this Agreement and Executive's termination of employment with the Company for any reason.

## **Article V**

### **MISCELLANEOUS PROVISIONS**

A. **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to any conflict of law or choice of law rules.

B. **Dispute Resolution.** In the event of any dispute, controversy or claim arising out of, or in connection with or relating to this Agreement or any other agreement, Executive's employment, the termination of Executive's employment for any reason, or Executive's relationship with the Company, or, in connection with the Company, any of its predecessors, successors, affiliates, assigns, agents, directors, officers, employees, consultants, committees, employee benefit plans and committees, fiduciaries, representatives, insurers, attorneys, and all persons and entities acting by, through, under or in concert with any of them (any such matter, a "**Dispute**"), *except for* any Dispute arising under Article IV of this Agreement:

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- (i) The parties to such Dispute shall use commercially reasonable efforts to resolve such Dispute through negotiation between individuals with the authority to settle the Dispute on behalf of the parties (each, an **“Authorized Decision-Maker”**). To this end, each such party shall cause an Authorized Decision-Maker to consult and negotiate with an Authorized Decision-Maker of the other party, and the parties shall attempt to reach a resolution satisfactory to both parties, recognizing that their mutual interests may not be aligned (and that each such party shall be entitled to reasonably seek to promote such party’s own interests in such resolution).
- (ii) If the parties do not resolve such Dispute within 30 days of the first negotiation between Authorized Decision-Makers, then upon written notice by either party to the other, the Dispute shall be submitted to non-binding mediation to be administered in Dallas, Texas, by the American Arbitration Association or its successor (the **“AAA”**)(or another mediator upon the mutual agreement of Executive and the Company). Such mediation session shall take place within 60 days of the date of receipt of the written request for mediation. If the parties are not able to agree regarding the identity of the mediator within 20 days from the party’s delivery of the mediation demand to the other party, the AAA shall appoint a neutral mediator upon written request to the AAA by either party.
- (iii) In the event the Company and Executive are unable to resolve any Dispute pursuant to Article V.B.(i) or (ii) above, the parties hereto shall resolve such Dispute by binding arbitration under the Employment Arbitration rules of the AAA then in effect, and in accordance with applicable law, including the Federal Arbitration Act and the Federal Rules of Civil Procedure, but subject to the following agreed provisions and except where applicable federal or state law requires otherwise. Subject to legal privileges, the arbitrator shall have the power to permit discovery as allowed under the Federal Rules of Civil Procedure. The arbitration shall be conducted in Dallas, Texas, and the proceedings shall be kept strictly confidential by the parties, their respective attorneys and the arbitrator. Notice of papers or processes relating to any arbitration proceeding, or for the confirmation of award and entry of judgment on an award may be served on each of the parties by registered or certified mail. The arbitrator shall be selected by agreement of the parties; but if no agreement can be reached, the arbitrator shall be appointed pursuant to the procedures of the AAA. The Company shall pay the arbitrator’s expenses. Each party shall pay its own legal expenses, except where prohibited by law. The arbitrator shall have no authority to consolidate the claims of other employees into a class action or otherwise fashion, consider, preside over, or award relief to any form of a representative, collective, or class proceeding. The arbitrator shall provide a written opinion supporting his/her conclusions, including detailed findings of fact and conclusions of law. Such findings of fact shall be final and binding on the parties. The arbitrator may award

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damages and/or permanent injunctive relief, but in no event shall the arbitrator have the authority to award punitive or exemplary damages, except where authorized by statute. Notwithstanding anything to the contrary in this Article V, the Company may apply to a court of competent jurisdiction to enforce the covenants set forth in Article IV. If proper notice of any hearing has been given, the arbitrator shall have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. If any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation or ordinance, such portion shall be deemed to be modified or altered to conform thereto or, if that is not possible, to be omitted from this Agreement, and the invalidity of any such portion shall not affect the force, effect and validity of the remaining portion hereof.

C. **Cooperation.** During the ninety (90) day period after the termination of Executive’s employment, Executive shall reasonably cooperate and provide reasonable assistance, at the reasonable request of the Company, in the transitioning of Executive’s job duties and responsibilities. During the thirty-six (36) month period after the termination of Executive’s employment, Executive shall reasonably cooperate and provide reasonable assistance, at the reasonable request of the Company, with any and all investigations or other legal, equitable or business matters or proceedings which involve any matters for which Executive worked on or had responsibility during Executive’s employment with the Company. During such period, Executive also agrees to be reasonably available to the Company or its representatives to provide general advice or assistance as requested by the Company in connection with legal proceedings related to circumstances within Executive’s knowledge based upon his employment at the Company. This includes but is not limited to testifying (and preparing to testify) as a witness in any proceeding or otherwise providing information or reasonable assistance to the Company in connection with any investigation, claim or suit, and cooperating with the Company regarding any investigation, litigation, claims or other disputed items involving the Company that relate to matters within the knowledge or responsibility of Executive. Specifically,

Executive agrees (i) to meet with the Company's representatives, its counsel or other designees (either in person or virtually) at reasonable times and places with respect to any items within the scope of this provision; (ii) to provide truthful testimony regarding same to any court, agency or other adjudicatory body; (iii) if legally permitted, to provide the Company, as soon as practicable, with notice of contact or subpoena by any nongovernmental adverse party as to matters relating to the Company; and (iv) to not voluntarily assist any such non-governmental adverse party or such non-governmental adverse party's representatives. All advice, assistance and other cooperation provided by Executive under this Article V.C. shall be subject to Executive's personal and business commitments, and Executive shall not be required to cooperate against his own legal interests or those of a subsequent employer or business partner. Executive shall receive no additional compensation for time spent assisting the Company pursuant to this Article V.C. other than the compensation and benefits provided for in this Agreement, provided that Executive shall be entitled to be reimbursed by the Company for any reasonable out-of-pocket expenses incurred in fulfilling Executive's obligations pursuant this Article V.C., including travel expenses at the level he was entitled

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during his employment hereunder (as of immediately following the Effective Date) and the fees of independent counsel in connection with such cooperation, if Executive, in his reasonable discretion, determines that independent counsel is necessary. Nothing in this Article V.C. is intended to interfere with Executive's right to engage in the conduct outlined in Article IV.A.(iv).

D. **Headings.** The paragraph headings contained in this Agreement are for convenience only and shall in no way or manner be construed as a part of this Agreement.

E. **Severability.** In the event that any court of competent jurisdiction or arbitrator holds any provision in this Agreement to be invalid, illegal or unenforceable in any respect, the remaining provisions shall not be affected or invalidated and shall remain in full force and effect.

F. **Reformation.** In the event any court of competent jurisdiction or arbitrator holds any restriction in this Agreement to be unreasonable and/or unenforceable as written, the court or arbitrator may reform this Agreement to make it enforceable, and this Agreement shall remain in full force and effect as reformed by the court or arbitrator.

G. **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties, and fully supersedes any and all prior agreements, understanding or representations among the Parties pertaining to or concerning the subject matter of this Agreement, including, without limitation, Executive's Employment Agreement with the Company dated as of October 25, 2020 and Executive's Amended and Restated Employment Agreement with the Company dated as of January 23, 2023. No oral statements or prior written material not specifically incorporated in this Agreement shall be of any force and effect, and no changes in or additions to this Agreement shall be recognized, unless incorporated in this Agreement by written amendment, such amendment to become effective on the date stipulated in it. Any amendment to this Agreement must be in writing and must be signed by all parties to this Agreement.

H. **Disclaimer of Reliance.** Except for the specific representations expressly made by the Company in this Agreement, Executive specifically disclaims that Executive 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 terms of Executive's employment, and any compensation or benefits to which Executive may be entitled. Executive represents that Executive relied solely and only on Executive's own judgment in making the decision to enter into this Agreement.

I. **No Fiduciary Relationship by the Company.** This Agreement does not create, nor shall it be construed as creating, any principal and agent, trust, or other fiduciary duty or special relationship running from the Company (or any of its officers or directors) to Executive.

J. **Waiver.** No waiver of any breach of this Agreement shall be construed to be a waiver as to succeeding breaches. The failure of any Party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant or condition but the obligations of the Parties with respect thereto shall continue in full force and effect. The breach by one Party to

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this Agreement shall not preclude equitable relief, injunctive relief, damages or the obligations in [Article IV](#).

K. **Modification.** The provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

L. **Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors and permitted assigns. Executive may not assign this Agreement to a third party. The Company may not assign this Agreement, except to a successor-in-interest in connection with a Change in Control. Except as provided in this Agreement, nothing in this Agreement entitles any person other than the Parties to the Agreement to any claim, cause of action, remedy, or right of any kind.

M. **Section 409A.** This Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall either be exempt from the requirements of Section 409A of the Code, or shall comply with the requirements of Section 409A of the Code. To the extent any provision of this Agreement is or becomes not exempt from or not in compliance with Section 409A of the Code, Executive and the Company shall work together in good faith to amend this Agreement such that it is exempt from or complies with the requirements of Section 409A of the Code, while maintaining the intended economic benefit of this Agreement to the extent possible. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise which constitutes a "deferral of compensation" within the meaning of Section 409A of the Code. Notwithstanding anything in this Agreement or elsewhere to the contrary, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute "non-qualified deferred compensation" within the meaning of Section 409A of the Code upon or following a termination of Executive's employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service" within the meaning of Section 409A of the Code. Notwithstanding any provision in this Agreement or elsewhere to the contrary, if on Executive's termination of employment, Executive is deemed to be a "specified employee" within the meaning of Section 409A of the Code, any payments or benefits due upon a termination of Executive's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Section 409A of the Code (whether under this Agreement, any other plan, program, payroll practice or any equity grant) and which do not otherwise qualify under the exemptions under Treasury Regulation Section 1.409A-1 (including without limitation, the short-term deferral exemption and the permitted payments under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided to Executive in a lump sum (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) on the earlier of (x) the date which is six months and one day after Executive's separation

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from service for any reason other than death, and (y) the date of Executive's death, and any remaining payments and benefits shall be paid or provided in accordance with the normal payment dates specified for such payment or benefit. With respect to any expense reimbursement benefit provided pursuant to this Agreement, (1) the amount of expenses eligible for reimbursement provided to Executive during any calendar year shall not affect the amount of expenses eligible for reimbursement provided to Executive in any other calendar year, (2) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (3) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit. Each payment under this Agreement to Executive shall be deemed a separate payment. To the extent the benefits provided under [Article III.B.\(ii\)](#) or [Article III.C.\(ii\)](#) are otherwise taxable to Executive, such benefits, for purposes of Section 409A of the Code shall be provided as separate monthly in-kind payments of those benefits, and to the extent those benefits are subject to and not otherwise excepted from Section 409A of the Code, the provision of the in-kind benefits during one calendar year shall not affect the in-kind benefits to be provided in any other calendar year.

N. **Further Acts.** Whether or not specifically required under the terms of this Agreement, each party shall execute and deliver such documents and take such further actions as shall be necessary in order for such party to perform all of his or its obligations specified in the Agreement or reasonably implied from the Agreement's terms.

O. **Publicity and Advertising.** Executive agrees that the Company may use his name, picture, or likeness for any advertising, publicity or other business purpose at any time, during the term of this Agreement and may continue to use materials generated during the term of this Agreement for a period of six months thereafter. The use of Executive's name, picture, or likeness shall not be deemed to result in any invasion of Executive's privacy or in violation of any property right Executive may have; and Executive shall receive no additional consideration if his name, picture or likeness is so used. Executive further agrees that any negatives, prints or other material for printing or reproduction purposes prepared in connection with the use of his name, picture or likeness by the Company shall be and are the sole property of the Company.

P. **Indemnification.** The Company agrees that it shall indemnify and hold harmless Executive to the fullest extent permitted by Texas law from and against any and all liabilities, costs, claims and expenses including without limitation all costs and expenses incurred in defense of litigation, including attorneys' fees, arising out of the employment of Executive hereunder, except to the extent arising out of or based upon the willful misconduct, fraud, or gross negligence of Executive. Costs and expenses incurred by Executive in defense of any such litigation, including attorneys' fees, shall be paid by the Company in advance of the final disposition of such litigation promptly upon receipt by the Company of (i) a written request for payment, (ii) appropriate documentation evidencing the incurrence, amount and nature of the costs and expenses for which payment is being sought, and (iii) an undertaking adequate under Texas law made by or on behalf of Executive to repay the amounts so paid if it shall ultimately be determined that Executive is not entitled to be indemnified by the Company under this Agreement. THE FOREGOING INDEMNIFICATION SPECIFICALLY INCLUDES CLAIMS

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THAT ARISE OUT OF EXECUTIVE'S SOLE, JOINT OR CONTRIBUTORY NEGLIGENCE, BUT SPECIFICALLY EXCLUDES THOSE CLAIMS THAT ARISE OUT OF EXECUTIVE'S WILLFUL MISCONDUCT, FRAUD OR GROSS NEGLIGENCE. EXECUTIVE WOULD NOT HAVE ENTERED INTO THIS AGREEMENT IF NOT FOR THIS INDEMNIFICATION. The Company further agrees to maintain customary directors' and officers' liability insurance policies, under which Executive shall be covered, at levels no less favorable than other directors and officers are covered.

Q. **Withholding Taxes.** The Company may withhold from any amounts or benefits payable under this Agreement income taxes and payroll taxes that are required to be withheld pursuant to any applicable law or regulation.

R. **Federal Deposit Insurance Act Compliance.** Anything in this Agreement to the contrary notwithstanding, the Company will not be obligated to make any payment hereunder that would be prohibited as a "golden parachute payment" or "indemnification payment" under Section 18(k) of the Federal Deposit Insurance Act.

S. **Legal Fees.** The Company will pay directly to Executive's attorney, for the reasonable legal fees and expenses incurred by Executive in connection with the negotiation and preparation of this Agreement and any related documents, an amount not to exceed \$50,000, as soon as reasonably practicable following the date hereof.

T. **Execution in Multiple Counterparts.** This Agreement may be executed in multiple counterparts, whether or not all signatories appear on these counterparts, and each counterpart shall be deemed an original for all purposes.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Company and Executive have caused this Agreement to be executed on the date first set forth above, to be effective as of the Effective Date.

**TEXAS CAPITAL BANCSHARES, INC.**

Name: David S. Huntley

Title: Chair, Compensation & Human Capital Committee and Authorized Signatory

**EXECUTIVE**

Name: Robert C. Holmes

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EXHIBIT 31.1

**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: July 18, 2024 October 17, 2024

/S/ Rob C. Holmes

Rob C. Holmes

President and Chief Executive Officer

EXHIBIT 31.2

#### 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: July 18, 2024 October 17, 2024

/S/ J. Matthew Scurlock

J. Matthew Scurlock

Chief Financial Officer

EXHIBIT 32.1

#### CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Texas Capital Bancshares, Inc. (the "Company") for the period ending June 30, 2024 September 30, 2024 (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: July 18, 2024 October 17, 2024

EXHIBIT 32.2

#### CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Texas Capital Bancshares, Inc. (the "Company") for the period ending June 30, 2024 September 30, 2024 (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: July 18, 2024 October 17, 2024

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