

## Texas Capital (TCBI)

**\$96.10** (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$89.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 10/09/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: A

Value: B

Growth: B

Momentum: B

### Summary

Texas Capital's shares have outperformed the industry in the past year. Its third-quarter 2025 results benefited from higher net interest income (NII). Its strong loan and deposit growth highlights resilience amid a challenging macroeconomic backdrop. Further, the strategic progress since 2021 continues to enhance financial performance and long-term value, given the improving investment banking performance and structural improvements. Its strategic focus and diversification efforts will likely support a positive long-term outlook and position the company for long-term value creation. The robust liquidity provides support for sustainable share repurchases. However, elevated operating expenses due to investment in technology are weighing on bottom-line expansion. Also, weakening credit quality remains a concern amid ongoing market uncertainty.

### Data Overview

52 Week High-Low	<b>\$98.07 - \$59.37</b>
20 Day Average Volume (sh)	<b>407,113</b>
Market Cap	<b>\$4.4 B</b>
YTD Price Change	<b>22.0%</b>
Beta	<b>0.68</b>
Dividend / Div Yld	<b>\$0.00 / 0.0%</b>
Industry	<a href="#">Banks - Southwest</a>
Zacks Industry Rank	<b>Top 11% (27 out of 243)</b>

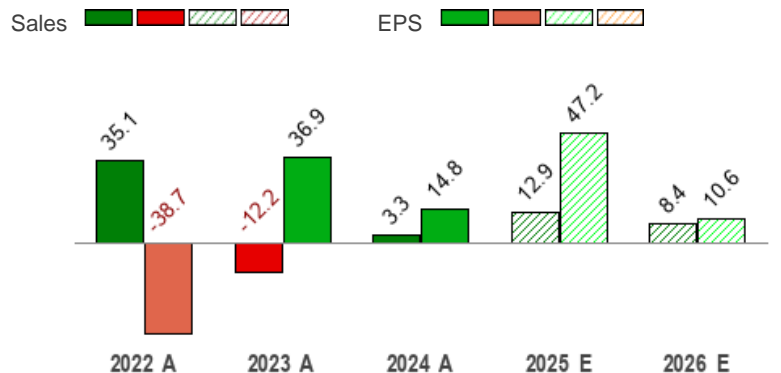
Last EPS Surprise	<b>23.2%</b>
Last Sales Surprise	<b>4.6%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>01/22/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>15.5</b>
P/E F1	<b>14.7</b>
PEG F1	<b>0.5</b>
P/S TTM	<b>2.2</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	325 E	337 E	346 E	344 E	1,360 E
2025	280 A	307 A	340 A	325 E	1,255 E
2024	256 A	267 A	305 A	284 A	1,112 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	1.48 E	1.83 E	1.93 E	1.87 E	7.21 E
2025	0.92 A	1.63 A	2.18 A	1.80 E	6.52 E
2024	0.62 A	0.80 A	1.62 A	1.43 A	4.43 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/15/2025.

(2) The report's text and the price target are as of 11/20/2025.

## Overview

Texas Capital Bancshares, Inc., a financial holding company, is the parent company of Texas Capital Bank, a Texas-based bank headquartered in Dallas. The company focuses on leveraging local business and community ties to the five major metropolitan areas of Texas — Dallas, Houston, Fort Worth, Austin and San Antonio.

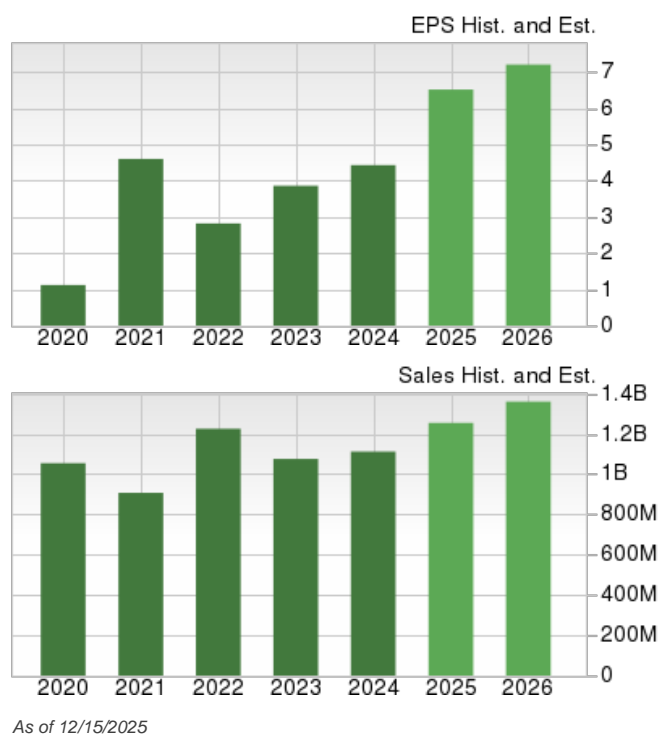
While the Texas market continues to be central to the company's growth and success, it has developed several lines of business, including mortgage finance, mortgage correspondent aggregation ("MCA"), homebuilder finance, insurance premium finance, lender finance and asset-based lending, that offer specialized loan and deposit products to businesses regionally and across the nation.

Texas Capital focuses primarily on middle-market business customers and high-net-worth individuals in each of the five major metropolitan markets of Texas. For its business customers, the company offers commercial loans for general corporate purposes, including financing for working capital, internal growth, acquisitions and financing for business insurance premiums. The company provides real estate term and construction loans, equipment leasing, cash management services, trust and escrow services and letters of credit.

The company provides complete banking services for its customers, including personal trust and wealth management services, certificates of deposit, interest-bearing and non-interest-bearing checking accounts with optional features such as Visa debit/automated teller machine cards and overdraft protection, traditional money market and savings accounts, consumer loans (both secured and unsecured), branded Visa credit card accounts including gold-status accounts and internet banking.

In 2022, Texas Capital sold BankDirect Capital Finance, LLC, its insurance premium finance subsidiary, on April 20, 2021. On April 20, 2021, the company inked a deal to sell its portfolio of mortgage servicing rights (MSRs) and to transition the MCA program to a third party. The sale of MSRs was completed on June 1.

As of Sept 30, 2025, Texas Capital had total assets worth \$32.5 billion, total loans held for investment worth \$18.1 billion, deposits worth \$27.5 billion and stockholders' equity worth \$3.6 billion.



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## Reasons To Buy:

- ▲ Texas Capital is progressing well with its strategic plan announced in 2021 to improve operating efficiency. Pursuant to this, Texas Capital agreed to purchase a portfolio of about \$400 million in committed exposure to healthcare companies. This acquisition is part of Texas Capital's multi-year attempt to expand its corporate banking and healthcare vertical. Furthermore, the company continues to progress with investment banking offerings every quarter and build a base of consistent and repeatable revenues that will serve as a differentiator in the marketplace and a meaningful contributor to future earnings. The company is also implementing technology-enabled process innovations that improve customer experiences, reduce risk and deliver structural efficiencies. Further, it is broadening its offerings with the establishment of Texas Capital Securities Energy Equity Research and the debut of Texas Capital Direct Lending. These efforts are expected to increase the company's NII and reduce non-interest expenses in 2025.
- ▲ Balance sheet strength remains a key positive for Texas Capital as it continues to demonstrate resilience on a variety of metrics despite a tough operating backdrop. In the third quarter of 2025, net loans held for investments improved year over year. Also, total deposits increased year over year. Texas Capital's relationship-based business model is likely to increase its market share and support loan and deposit growth in the upcoming period.
- ▲ As of Sept 30, 2025, Texas Capital had a total debt (comprising long-term debt and short-term borrowings) of \$895.4 million. The company's liquid assets (including its cash and due from banks, and interest-bearing cash and cash equivalents) as of the same date were \$3.06 billion. Its times-interest-earned ratio of 8.2 in the third quarter of 2025 rose from the previous year. Given the robust liquidity position, its debt seems manageable.
- ▲ Texas Capital is considered to be well capitalized as its capital ratios remain exceptionally strong compared with its peer group. These ratios have been enhanced with the additional capital raised since 2008. As of Sept. 30, 2025, the total capital ratio and common equity tier (CET) 1 ratio were 16.1% and 13.6%, respectively. These ratios are well above the regulatory requirement. On Jan. 22, 2025, the company's board of directors authorized a share repurchase program under which it may repurchase up to \$200 million in shares of its outstanding common stock through Jan. 31, 2026. As of Sept 30, 2025, nearly \$141 million worth of shares remained available under the repurchase plan. Supported by decent capital levels and liquidity position, the company's share repurchase program seems sustainable. Also, we expect sustained client acquisition to strengthen its balance sheet and capital position and help it undertake opportunistic expansions.
- ▲ Shares of Texas Capital have outperformed the industry in the past year. Its earnings estimates for 2025 have been revised upward over the past 30 days. Given the solid fundamentals, the stock has decent upside potential in the near term.

Texas Capital continues to execute its strategic plan to enhance top-line growth going forward. Solid balance sheet, decent liquidity, and a robust capital position support share repurchase program.

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## Reasons To Sell:

- ▼ Texas Capital continues to see a persistent rise in non-interest expenses over the past few years. The metric witnessed a CAGR of 42.2% over the last four years (2020-2024). Expenses declined during the first nine months of 2025 on account of lower FDIC assessment charges & marketing expenses. While Texas Capital's push for technological upgrades and efficiency improvements may support long-term growth, its expenses are expected to stay high due to ongoing tech spending and related investments. This will likely hamper bottom-line expansion in the near term.
- ▼ Deterioration in credit quality remains a headwind for Texas Capital. The company's non-performing assets and net charge-offs (NCOs) have seen an elevated graph in 2019, 2020, 2022 and 2023. NCOs witnessed a decline in 2024, while non-performing assets remained high. Both metrics increased in the first nine months of 2025. Going forward, the increase in criticized assets within the real estate sector due to multi-family and office loans, along with an uncertain market scenario, will keep the metric high.
- ▼ Texas Capital's trailing 12-month return on equity (ROE) undercuts its growth potential. The company's ROE of 9.51% compares unfavorably with the industry's 11.09%, reflecting that it is less efficient in using its shareholder funds.

Escalating operating expenses on technological advancements are a major near-term headwind for Texas Capital. Also, deteriorating credit quality on the back of economic slowdown keep us apprehensive.

## Last Earnings Report

### Texas Capital Q3 Earnings Beat on Strong NII, Expenses Decline Y/Y

Texas Capital Bancshares reported third-quarter 2025 earnings per share of \$2.18, which surpassed the Zacks Consensus Estimate of \$1.77. Further, the figure also compared favorably with \$1.59 in the year-ago quarter.

TCBI's results benefited from an increase in NII, non-interest income and higher loan and deposit balances. Also, the decrease in expenses was encouraging.

Net income available to common shareholders (GAAP basis) was a record \$100.9 million against net loss available to common stockholders of \$65.6 million reported in the prior-year quarter.

### Quarterly Revenues Rise & Expenses Decline

Total quarterly revenues increased 11.6% year over year to \$340.4 million. Also, the top line surpassed the Zacks Consensus Estimate by 4.7%.

NII was \$271.8 million, which rose 13.2% year over year. The rise was mainly driven by an increase in average earning assets and a decrease in funding costs, partially offset by an increase in average interest-bearing liabilities and a decrease in earning asset yields.

NIM of 3.47% in the third quarter expanded 31 basis points year over year.

Non-interest income rose 5.8% year over year to \$68.6 million. The increase was primarily driven by higher service charges on deposit accounts, trading income and other non-interest income. The rise also reflected the absence of the \$179.6 million loss on the sale of available-for-sale debt securities recognized in the third quarter of 2024.

Non-interest expenses decreased 2.4% year over year to \$190.6 million. The decline was primarily due to decreases in salaries and benefits, occupancy expenses, marketing expenses and communications and technology expenses, partially offset by increases in legal and professional expenses and Federal Deposit Insurance Corporation ("FDIC") expenses.

### Loans & Deposits Increase

As of Sept. 30, 2025, total average loans held for investment increased 1.1% on a sequential basis to \$24.2 billion. Total deposits rose 5.5% sequentially to \$27.5 billion.

### Credit Quality Improves

Total non-performing assets rose 8% to \$96.1 million from the prior-year quarter.

Provision for credit losses aggregated to \$12 million, which declined 20% from the year-ago quarter. Also, Texas Capital's net charge-offs of \$13.7 million were significantly up from \$6.1 million in the year-ago quarter.

### Capital Ratios Improve

As of Sept. 30, 2025, tangible common equity to total tangible assets increased to 10.3% from 9.7% in the year-ago quarter.

The leverage ratio was 11.9% in the third quarter of 2025, up from 11.4% as of Sept. 30, 2024. The common equity tier one ratio was 12.1%, which rose from the prior-year quarter's 11.2%.

### Outlook

The company expects 2025 total adjusted revenues to witness low-double-digit percentage growth from the 2024 reported figure.

Adjusted non-interest revenues are expected to be \$270 million. Management expects fee income to be in the range of \$230-\$235 million in 2025 and \$60-\$65 million in the fourth quarter on the back of \$35-\$40 million in investment banking business.

Adjusted non-interest expenses are anticipated to register mid-single-digit percentage growth, down from previous guidance of high-single-digit growth.

The treasury product fees are expected to account for 5% of the total revenues in 2025, reflecting an increase from 2% recorded in 2021.

The bank expects to achieve 10% of total revenues from investment banking and trading income by 2025, indicating growth from the 4% witnessed in 2021. Expected growth will likely be driven by corporate advisory, underwriting and sales & trading.

More than 20 new Treasury Solutions and Investment Banking products are targeted by 2025. Client-facing talent is expected to grow at least 2.3X by 2025.

This apart, it plans to expand its segments to serve nearly 85% of the Texas-based companies' banking opportunities by the end of 2025.

With its strategic efforts to fortify its treasury, investment banking and private wealth divisions, the company aims to increase the contribution of its non-interest income to its total revenues from 11% in 2020 to 15-20% by 2025.

**FY Quarter Ending** **12/31/2024**

Earnings Reporting Date	Oct 22, 2025
Sales Surprise	4.58%
EPS Surprise	23.16%
Quarterly EPS	2.18
Annual EPS (TTM)	6.16

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The company expects the deposit mix to shift towards a more stable base, with indexed deposits to decline 50-15% of deposits by 2025.

It also anticipates shifting liquid assets into higher-yielding assets over time to maintain these liquid assets at over 20% of average total assets in the medium term, and an NCO ratio of 25-50 bps is expected.

CET 1 ratio is envisioned to be greater than 11% in 2025.

The tax rate is expected to be about 24% for 2025.

Provisions/average LHI (Excluding mortgage finance) are anticipated to be in the range of 30-35 bps in 2025.

Management expects full-year 2025 average mortgage finance loans to rise roughly 10%.

Management anticipates the ratio of average mortgage finance deposits to average mortgage finance loans to decline to roughly 85% during the fourth quarter of 2025 as loan volumes normalise from their seasonal peak and deposit balances decline on account of remittance of property tax and insurance payments.

Real estate loans payoff is projected to outpace originations, resulting in lower balances during the fourth quarter of 2025.

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## Valuation

Texas Capital's shares are up 17.1% in the past six months and down 0.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 18.7%, and those in the Zacks Finance sector are up 6.6% in the past six months. Over the past year, stocks in the Zacks sub-industry are up 20.4%, and the Zacks Finance sector is up 7.4%.

The S&P 500 index is up 14.8% in the past six-month period and up 12.9% in the trailing 12-month period.

The stock is currently trading at 12.03X forward 12-month earnings, which compares to 12.12X for the Zacks sub-industry, 16.71X for the Zacks sector, and 22.78X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 21.00X and as low as 10.25X, with a 5-year median of 14.83X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$89 price target reflects 12.63X forward earnings.

The table below shows summary valuation data for TCBI.

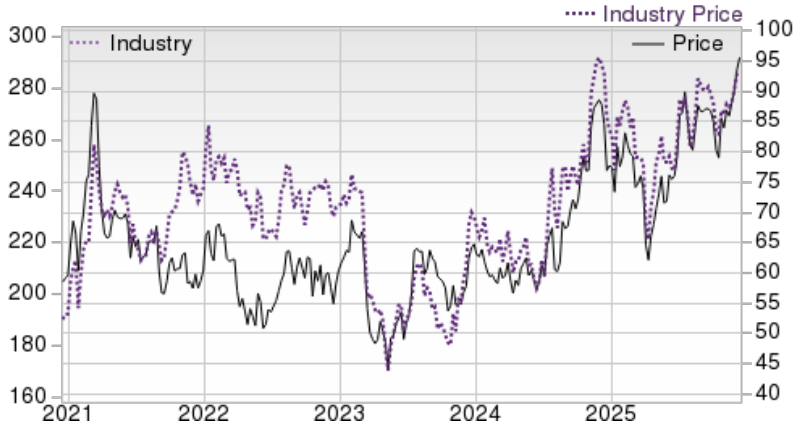
Valuation Multiples - TCBI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.03	12.12	16.71	22.78
	5-Year High	21.00	16.67	18.31	23.81
	5-Year Low	10.25	9.76	12.38	15.73
	5-Year Median	14.83	13.38	16.14	21.20
P/TB TTM	Current	1.18	2.26	6.25	12.34
	5-Year High	1.75	3.95	6.47	16.64
	5-Year Low	0.77	1.98	3.44	10.57
	5-Year Median	1.12	2.63	4.72	13.75
P/S F12M	Current	2.87	4.48	8.93	5.18
	5-Year High	4.50	6.87	10.06	5.52
	5-Year Low	1.92	3.76	6.68	3.84
	5-Year Median	2.83	5.07	8.35	5.06

As of 11/19/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 11% (27 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Banc of California, ... (BANC)	Neutral	3
BancFirst Corporatio... (BANF)	Neutral	3
BOK Financial Corpor... (BOKF)	Neutral	3
Cullen/Frost Bankers... (CFR)	Neutral	2
First Financial Bank... (FFIN)	Neutral	3
First Foundation Inc... (FFWM)	Neutral	4
Prosperity Bancshare... (PB)	Neutral	3
Southside Bancshares... (SBSI)	Neutral	2

## Industry Comparison<sup>(1)</sup> Industry: Banks - Southwest

	TCBI	X Industry	S&P 500	BANC	BOKF	PB
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	C	C	C
Market Cap	4.36 B	518.55 M	39.38 B	3.00 B	7.53 B	6.92 B
# of Analysts	7	2	22	3	2	8
Dividend Yield	0.00%	0.81%	1.41%	2.02%	2.12%	3.19%
Value Score	B	-	-	B	B	B
Cash/Price	0.70	0.59	0.04	0.80	0.75	0.26
EV/EBITDA	8.72	6.00	14.60	5.41	4.52	6.00
PEG Ratio	0.53	0.99	2.23	NA	NA	1.07
Price/Book (P/B)	1.31	1.25	3.35	1.01	1.25	0.90
Price/Cash Flow (P/CF)	15.76	12.94	15.20	15.53	12.94	12.81
P/E (F1)	14.63	12.98	19.78	15.29	14.33	12.80
Price/Sales (P/S)	2.19	2.22	3.06	1.65	2.24	3.93
Earnings Yield	6.83%	7.62%	4.99%	6.56%	6.98%	7.81%
Debt/Equity	0.19	0.05	0.57	0.32	0.54	0.00
Cash Flow (\$/share)	6.06	2.10	8.99	1.28	9.20	5.68
Growth Score	B	-	-	D	F	D
Hist. EPS Growth (3-5 yrs)	7.27%	2.79%	8.16%	-15.07%	1.68%	-2.11%
Proj. EPS Growth (F1/F0)	47.18%	20.42%	8.57%	62.50%	0.85%	11.35%
Curr. Cash Flow Growth	22.86%	-1.01%	6.75%	-84.64%	-9.80%	4.14%
Hist. Cash Flow Growth (3-5 yrs)	-4.99%	6.42%	7.43%	21.43%	0.06%	5.28%
Current Ratio	1.00	0.95	1.19	0.89	0.76	0.77
Debt/Capital	14.57%	4.69%	38.01%	21.52%	34.97%	0.00%
Net Margin	15.14%	18.28%	12.78%	11.49%	15.98%	30.28%
Return on Equity	9.51%	11.09%	17.00%	8.00%	9.24%	7.06%
Sales/Assets	0.06	0.06	0.53	0.05	0.07	0.05
Proj. Sales Growth (F1/F0)	12.90%	1.02%	5.77%	5.30%	3.90%	5.20%
Momentum Score	B	-	-	A	B	A
Daily Price Chg	-1.64%	-0.12%	-1.07%	0.00%	-1.22%	-0.87%
1 Week Price Chg	2.12%	2.12%	-0.63%	3.82%	2.68%	3.11%
4 Week Price Chg	11.21%	3.97%	1.39%	16.24%	10.72%	9.01%
12 Week Price Chg	9.70%	3.30%	2.45%	17.62%	6.90%	10.38%
52 Week Price Chg	13.03%	3.87%	12.83%	18.60%	2.62%	-8.99%
20 Day Average Volume	407,113	23,363	2,728,366	2,070,732	241,928	874,973
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	4.99%	0.44%	0.08%
(F1) EPS Est 12 week change	5.85%	4.91%	0.69%	8.24%	-0.36%	-0.11%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.69%



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>B</b>
Growth Score	<b>B</b>
Momentum Score	<b>B</b>
VGM Score	<b>A</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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