

FLUX

Texas Capital Bank embraces transition

Traditional lending and deposit institution expands into investment banking, Rio Grande Valley

By Richard Webner

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Not long ago, Texas Capital Bank stuck to what Ricky Maldonado, its market president for San Antonio, described as “core banking products”: making loans and accepting deposits.

“We could do your loans. We could do your deposits. We had some Treasury management capability, but any times you got outside of those guardrails ... we would typically pass those companies on to folks in the community that we trust that can take care of those needs,” Maldonado said.

But over the past 2 ½ years — since current President and CEO Rob Holmes came on board from JPMorgan Chase & Co. — the Dallas-based bank has transformed itself by establishing an investment banking division. It now helps clients with more complicated transactions, such as debt offerings, company sales, mergers and acquisitions.

“We’ve really done a lot of self-reflection,” Maldonado said, “and said, ‘How are we going to be meaningful to our clients if we can’t service them in more ways than just traditional banking products?’ ”

Meanwhile, Texas Capital has pushed to expand its business in the Rio Grande Valley. Though it doesn’t have physical locations there, Maldonado oversees employees who focus on the region, with its booming cross-border commerce.

These are turning points for the bank, which will celebrate the 25th anniversary of its founding in December. It has more than 2,000 employees, including more than 60 in San Antonio.

Maldonado, who grew up in a small town south of Dallas, was named market president last year after joining the bank in 2021. He has worked in banking in San Antonio for nearly 17 years, since graduating from the University of Texas at Austin, with stints at BBVA Compass and Wells Fargo.

He recently sat to discuss Texas Capital’s recent growth, the consolidation trend in his industry and the importance of relationships in the San Antonio business community. The following has been edited for brevity and clarity.

Q: How do you feel about San Antonio as a place to work in banking?

A: I tell people all the time: It’s hard to get professional talent to move into San Antonio. Unless you’ve lived here or you have family here, you don’t know much about the city. That was my experience as well. My wife and I moved here 17 years ago; we thought, “All right, we’re gonna spend two or three years here then get back to Dallas or Austin.” Got here and just absolutely loved it. Even outside the business part of it — just fell in love with the city and the small town vibe that it puts off. I love the fact that it’s relationship-oriented; it’s all about reputation. It takes a long time to get in that bubble within the business community, but once you’re there and you build a reputation, it spreads like wildfire.

Q: More so than your average city, it’s about who knows you and trusts you.

A: That’s exactly right. In San Antonio, everybody knows



Jerry Lara/Staff photographer

Ricky Maldonado, San Antonio market president, says Texas Capital Bank did “a lot of self-reflection” in its transformation.

everybody. You’re two phone calls away from getting an introduction. I’m an accounting guy by background — I certainly love that piece of (banking). But for me, the cool experience is the relationship piece, where with folks that you do business with, within banking, you look up and 10 years later, they’re family friends. You’re vacationing together.

Q: Have you found that the perception of San Antonio that you mentioned has changed?

A: I feel like that’s changed quite a bit with a lot of the development. Take, for example, the Pearl area. That didn’t exist 20 years ago. I think now when folks come to San Antonio, it’s a whole different experience. It’s becoming more of a destination city.

Q: As market president, what territory do you oversee?

A: San Antonio and surrounding areas — up to, let’s say, New Braunfels. One of the really interesting things that we’ve done over the past 12 to 24 months is really made it a priority to expand our presence into the Rio Grande Valley and Laredo. So my territory includes San Antonio, New Braunfels, the Rio Grande Valley, Laredo and Corpus Christi.

Q: Why is it that you want to expand into the Valley?

A: There’s a lot going on. If you take Laredo, it’s like San Antonio in the sense that if you don’t live there or you don’t have business there, I don’t think most folks are aware of how much is going on. You know, go down to Laredo on a random Tuesday and just look at the industrial development, the traffic for 18-wheelers. Logistics companies are thriving down there. When we looked at our territory, for us not to have banking activity in that area, we felt like we were missing a big

opportunity. We don’t have brick-and-mortar down there, but we have dedicated bankers in San Antonio that cover those geographies. And we’ve done quite well over the past year.

Q: Is that because of global economics? There’s been a lot of reporting on how American businesses are moving production from China to Mexico to build a more reliable supply chain.

A: I think you’re dead-on accurate on that one. Also, when you look at some of the COVID impact in the supply chain issues, I feel like there’s almost this need, especially for warehouse and industrial space, for (businesses) to be able to control their own destiny. Either holding inventory or having the available space at their fingertips.

Q: Has it been easy to break into the Valley? I know there are banks that have been there a long time.

A: It’s never easy, because we are in the business of developing really deep relationships. You don’t do that overnight. Laredo and the Valley are similar to San Antonio in that it is extremely relationship-oriented. It typically takes somebody in the community vouching for you: one, as a good person; two, as a good strategic adviser. Luckily, we’ve had some really good relationships in those areas that have allowed us to do that.

Q: Could you give me the rundown on Texas Capital? What do you specialize in?

A: That has changed a lot within the past few years. If you were to look at an article from 10 years ago versus what the bank is today, it has certainly undergone a transformation for the better. Since Rob Holmes, our CEO, joined a little over two years ago, we’ve been on this journey of finding the holes within our service offerings that

are needed by our clients that we typically haven’t been able to service them on. Some of the things that we’ve added are our investment banking platform that we built from the ground up. Today, we can do everything from loan syndications to foreign exchange to interest rate derivatives to (mergers and acquisition) advisory.

Q: I’m interested in your thoughts on the economy. Lately, the housing market has cooled down. How has that affected business?

A: We’re lucky we live in Texas. I think that’s probably my best answer there. Texas, through multiple cycles, routinely outperforms other states in a lot of different areas. Insulation in the housing market is one of those. You’re right; we’ve seen a slowdown, but a slowdown in Texas is still a lot better than even really good economic times in other states. The way that impacts us more than anything is more the companies that we bank that are tied into the housing industry.

Q: Are you worried about a recession?

A: The looming recession — a lot of times these things come out of nowhere. This cycle, you’ve got everybody sitting on the edge of their seats just waiting for it. I wouldn’t say concerned but something we definitely keep an eye on. The thing for Texas Capital is, we try to operate very similar through cycles. We’ve got really good credit discipline. We support our customers in good times and bad times. For us, I look at this as an opportunity to pick up market share, quite frankly. Our doors are wide open. We’ve still got a lot of activity going on. In fact, in the first quarter, we booked more new customers than we ever have in our history.

Q: The Dallas Business Journal reported in April

that Texas Capital had cut “up to 10 percent” of its workforce. Is that right, and why?

A: I don’t have specifics on a percentage, but I can tell you, that was a product of the transformation that I talked about that we’ve undergone, where not only have we brought to the table more products and services that we offer to clients, but also improving internal processes and systems and creating efficiencies. Some of the consolidation and elimination of roles that you’re referring to was part of the strategy that was put in place in 2021.

Q: I’ve spoken with other banking executives about how this is an era of consolidation in the sector. How has that affected Texas Capital?

A: I don’t see that slowing down anytime soon. I would say two things: Consolidation, in general, creates more competition. You get larger, more diversified, better-capitalized banks. In that sense, it has forced everyone to up their game. We look at that as a really clear indicator that we’ve got to create differentiators to set ourselves apart from either banks that are going through consolidation, getting larger and more capitalized, or new banks that are coming into town. Quite frankly, I’ve seen that here in San Antonio more so recently than I have in the past 17 years. Everybody wants to be in Texas, and if you’re in Texas, you want to be in San Antonio.

Q: Has your bank considered making acquisitions or mergers? Or fielded offers?

A: Unfortunately, that is certainly out of my wheelhouse. I would say it like this: We have grown over the past 25 years organically, not through acquisition. And we feel like there is a ton of upside to continue to do it that way, with better products and offerings.