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How Texas Capital Bank plans to grow in Houston with branch-light model

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Texas Capital Bank, the subsidiary of Dallas-based Texas Capital Bancshares Inc. (Nasdaq: TCBI), is one of the largest banks in the Houston area based on local deposits, yet it has just two branches in the region.

The bank operates with a branch-light model, with its main Houston office at 1330 Post Oak Blvd. in the Galleria area and its other financial center at 4424 West Sam Houston Parkway, also known as the Westway II building. The bank had \$2.87 billion in local deposits as of June 2022, earning the No. 12 spot on the Houston Business Journal's 2022 Largest Houston-Area Banks List. Texas Capital Bank has the fewest locations of any of the 25 banks included on the List.

"Most of our clients have never even walked into a bank branch. Personally, I think it's antiquated," said Rob Ball, Houston private bank leader and co-Houston market leader for Texas Capital Bank. "We've instead invested heavily in technology and people and we've deployed our capital a little bit more toward the needs of our clients."

Much of the investments in technology have come recently as part of the bank's multi-year transformation under the leadership of President and CEO Rob Holmes, who took over the role in January 2021. That includes the ability to automatically open accounts online in 24 hours, building a treasury management platform, improving the private wealth platform and creating industry-specific verticals within the bank, said Victor Tekell, head of Houston middle market banking and co-Houston market leader.

The investments and upgrades in technology help the company's bankers be what Ball and Tekell described as "client obsessed." For Texas Capital, that means being proactive and going out into the community to meet with clients, in lieu of its clients visiting one of the bank's limited locations. The bank has about 220 employees in the Houston area, in-



Rob Ball, Houston private bank leader and co-Houston market leader for Texas Capital Bank.

cluding in Texas Capital's middle market banking, corporate banking, private wealth, energy and commercial real estate groups.

"We go see our clients, they don't come to us," Ball said. "Being client obsessed is at the heart of our strategy. Being available for our clients and being able for them to transact business the way it's transacted today is important to them."

While Texas Capital's lack of branches in the Houston area presents the bank with an opportunity to be out in front of clients more often, it does also present a challenge. Unlike other banks whose branches line the streets in Houston, Texas Capital doesn't have as much brand awareness,

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Victor Tekell, head of Houston middle market banking and co-Houston market leader for Texas Capital Bank.

Tekell said. Because of that, he said it's incumbent on the company's bankers to be out in the market and create that brand awareness themselves.

Manufacturing brand awareness is key for the bank as it continues its branch-light growth model. Although Texas Capital isn't aiming to have the highest number of branches in Houston, it's looking to be a key player in the market and statewide.

"Our goal is not to be the biggest bank, but we do want to be the most relevant," Tekell said. "We want to bank the best companies and the best people in the state."

However, that doesn't mean Texas Capital will stick with their two branches in Houston forever. Ball said the bank plans to build out additional financial centers in the Houston area in the future. The additional branches won't provide broad market coverage, but rather will put specific banking teams in key areas, Ball said. The bank is currently in the early stages of planning the new locations.

The bank is also looking to grow its philanthropic efforts in

the Houston market. In December 2022, Texas Capital Bancshares created the Texas Capital Bank Foundation, a new nonprofit expanding the company's philanthropy through grants and awards in all the markets it does business in.

In early May, the foundation announced its first annual Honors Awards program recipients. Houston-based SERJobs received the Supporting our Troops, Active and Remembered (STAR) award, which comes with a \$100,000 grant. The bank has also partnered with the Houston Livestock Show and Rodeo, serving as the first-ever Opening Day sponsor for the event in 2023.

"Being able to direct those dollars to organizations that embody what we're trying to embody, that stand for the same things that we do, is important," Ball said.

Tekell said the Houston market is "vitally important" to the overall success of the bank. Texas Capital is looking to add employees and continue growing its middle market banking group in the local region, he added.

"There's so many positives about Houston that really fits perfectly (for Texas Capital Bank)," Tekell said. "Houston has always seemed to be a perfect market for banking."