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BANKING & FINANCIAL SERVICES

Texas Security Bank expands to Southlake as part of push to \$3 billion in assets

IN THIS ARTICLE

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Texas Security Bank has opened a new office in the heart of Southlake, branching out to Tarrant County as the bank targets hitting \$2.5 billion to \$3 billion in assets within the next five years.

The bank recently took 4,721 square feet of space at 2102 E State Highway in the District 114 building at Kimball Park, which includes a branch and second-floor executive offices. Southlake marks the fourth location for Dallas-based Texas Security Bank, which focuses on providing commercial banking services to middle-market companies. Texas Security's other locations include its main office in the Design District, Garland and Farmers Branch.

CEO Craig Scheef said during a recent interview with the *Dallas Business Journal* that entering Southlake had been one of his top objectives entering the year. Overall, Scheef said he wants Texas Security to grow its assets by 15% to 20% per year. Texas Security has \$1.14 billion in assets as of Dec. 31, according to a federal filing.

"That's a lot, but historically I've been able to do it," Scheef said. "Definitely the last four or five years I've been able to do it."

Entering the Southlake market will help achieve that goal. President Drew Keith said the bank currently has 13 employees working in Southlake with plans to grow the team to 20 over the next couple of years. Of the seven additional employees, Keith said four or five will be revenue-generating relationship manager bankers.

As Texas Security looks to grow to as much as \$3 billion in assets within the next five years, Keith said Texas Security expects to have more than \$500 million generated by its Southlake location by early 2026. The bank expects to add about \$100 million in Southlake and northeast Tarrant County this year, followed by about \$200 million in 2024 and 2025, he said.

"Southlake gives us ready access to many business owners who live in the immediate area and deposit opportunities," Keith said, noting



CEO Craig Scheef said he wants Texas Security Bank to grow its assets 15% to 20% per year.

TEXAS SECURITY BANK

Southlake topped a recent *Dallas Business Journal* list of the wealthiest ZIP codes in DFW.

"Our Southlake location is much more than a single market for us - we see the location as a gateway to the eastern portion of Tarrant County," Keith said. "Our Southlake location gives us an attractive location relative to other strong business markets such as Grapevine, Colleyville, Keller, Roanoke and Westlake - just to name a few."

T H E L I S T

North Texas Area Wealthiest ZIP codes

Ranked by Median household income

Rank	ZIP Code	Median Household Income
1	76092	\$240,694
2	76034	\$180,584
3	75225	\$169,547

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Scheef started Texas Security in 2008 because of an opportunity he and the bank's other founders saw to provide financial services to owner-managed businesses as smaller banks got bought by bigger ones. Since then, Texas Security has grown from a bank that had a

legal lending limit of \$3.5 million to where it can now lend up to \$22 million.

About half of the bank's \$827.9 million loan portfolio is in commercial and industrial loans and owner-occupied commercial loans. About 32% of the portfolio is in commercial real estate and 17.5% is in residential mortgages. A majority of the mortgages are for business owners and their employees, Scheef said.

Despite the high-interest rate environment that has caused banks to see their profitability take a hit, Scheef said he remains confident in Texas Security's trajectory and ability to hit his long-term growth goals. He said banks will experience a benefit and enjoy more growth over the next couple of years if interest rates come down because bond portfolios will become less bloated.

"If we get some benefit from decreasing interest rates, those assets will be freed up to go into more profitable loan portfolios and net interest margin and return on assets will improve because the balance sheet will shrink a little bit as that bond portfolio burns off," he said.

THE LIST

Largest North Texas Area Banks

Ranked by Deposits, Local 2022

Rank	Bank	Deposits, Local 2022
1	Bank of America	\$136.25 billion