

Exclusive: First Horizon sees big opportunity in Triangle with SunTrust branches

By Lauren Ohnesorge – Senior Staff Writer, Triangle Business Journal
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It's been a "busy, exciting week" for First Horizon National's Triangle market president Laura Bunn.

Speaking hours after the bank announced it was snapping up 30 SunTrust branches (in connection with required divestments for SunTrust's merger with BB&T), Bunn's region is about to get a lot bigger.

"It's created a real opportunity for us," she says.

In North Carolina, the move adds 25 branches to First Horizon, including 11 in the Triangle region.

"We've known the bank has a strong desire to expand in the Triangle, and we've had ongoing conversations of our desire to grow this market, and the announcement today is a real statement of commitment to the Triangle," she says. "This is an exciting time for First Horizon, because we'll be able to increase our presence in the market and ... be a much more recognized organization in the community."

According to the latest numbers out of the Federal Deposit Insurance Corporation, SunTrust is the fifth biggest bank in Wake, Durham and Orange counties combined. It holds about 9 percent of the three counties' combined market share. First Horizon, previously under the First Tennessee and Capital Bank brands, holds a combined 2.8 percent in the three counties.

SunTrust isn't divesting its entire Triangle presence – the FDIC statistics puts its three-county branch count at 30 and BB&T has an additional 36 offices (and 12.3 percent of the market share in the three counties according to the FDIC) - but it's a big enough buy that First Horizon expects to increase its market share number, and its competitiveness in the region.

While Bunn didn't have local specifics, in total, First Horizon is assuming \$2.4 billion in deposits through the deal.

The timing of the buy, from a branding perspective, is serendipitous for First Horizon. That's because it recently rebranded its own branches in the Triangle from Capital Bank to the First Horizon name. And new signage was already expected to bring the First

Horizon logo to Raleigh branches at the first of the year. This may just expand that order.

"I'm certain that customers will wonder how they'll be affected, but First Horizon will communicate well in advance with customers," she says.

And Bunn says the bank expects to "retain all current branch employees when the purchase closes."

One thing that could increase is community involvement. A bigger branch network means a bigger community.

"We will continue to be active community partners," Bunn says. "This is one more way, with now having a branch presence in Durham and in Chapel Hill."

Lee Burrows, industry watcher and founder of Banks Street Partners, says the deal is an endorsement of the Triangle.

"The Triangle market is one of the most active, growing and dynamic markets in the U.S.," he says. "Most major banks want to have a presence in the Triangle much like they do in other dynamic, growing markets like [Northern Virginia], Charleston and Greenville, S.C., Atlanta and Nashville."

And he says that, with the First Horizon already set to double through the pending "merger of equals" with Louisiana-based IberiaBank, the company "will be a worthy competitor with the larger banks."

The IberiaBank merger is expected to create a \$75 billion institution.

At a Triangle Business Power Breakfast Wednesday, First Horizon National CEO Bryan Jordan talked up the opportunities the transaction could create for the combined bank and the Triangle - which he said continues to be a priority market.