

Smaller banks gain Triangle market share, but big banks still dominate

Sep 7, 2021, 2:58pm EDT



FIRST CAROLINA

First Carolina Bank's new signage on Glenwood Avenue.

Inch by inch, Rocky Mount-based First Carolina Bank is finding traction in the Triangle – at the expense of big banks. And the firm, with its holding company based in Raleigh, is not alone.

The numbers are out and the latest deposit report from the Federal Deposit Insurance Corp. shows that while big banks are holding steady when it comes to local market share – banks like First Carolina are shaving away at their numbers, point by razor-thin point.

In the Raleigh-Cary metro, most of the banks that did increase their deposit share year-over-year saw the needle move very slightly – mere tenths or hundredths of a percentage point. The biggest needle movers were Bank of America (NYSE: BAC), First Carolina Bank, Fifth Third Bank (Nasdaq: FITB) and [Dogwood State Bank](#).

Bank of America, for example, added 0.65 percentage points – moving up from 11.3 percent of the market last year to 11.9 percent for 2021 – it has \$4.64 billion in local deposits. And while it may seem like a minute difference, it was the only institution in the top five – which includes Wells Fargo (NYSE: WFC), Truist Bank (NYSE: TFC), First Citizens (Nasdaq: FCNCA), Bank of America and PNC (NYSE: PNC) – to move up at all.

Bank of America was also the only bank in the top five to maintain its local branch count. While Wells Fargo lost two Raleigh-Cary offices, according to the report, Bank of America stayed steady at 23. Of the top 20 banks, the biggest gainer in terms of footprint was Fifth Third – which is still growing its branch presence. Fifth Third went from five offices in 2020 to 10 in the 2021 report.

For all the talk about the rise in digital banking, branch count was clearly a factor when it came to increasing deposit shares in 2021.

That was the story for First Carolina, the second biggest gainer in terms of market share in the Raleigh-Cary metro, going from less than 0.6 percent of the deposit share in 2020 to more than 1 percent in 2021.

CEO [Ron Day](#) said the addition of the full-service branch in Cary that the bank bought from Union Bank in 2020 was the biggest driver. The branch opened in August of 2020 and, coupled with the existing Glenwood Avenue location in Raleigh, made an aggressive push, he said. But he also credits the growing team, saying they're bringing business with them when they come to First Carolina from other banks. Day said it actually hasn't been difficult to sell bankers from the likes of Wells Fargo and Truist on First Carolina.

"The larger firms are very internally focused with the merger integration ... fixing their model," he said. "There's so much disruption and dislocation. ... We just offer folks a clean canvas to operate on."

And the bank has also been [investing in continued growth](#) – which helps to rosy up the picture for job prospects. It [closed on a \\$31.4 million placement](#) last year and is planning another raise in 2022, Day said.

“We’ve made a huge commitment here,” he said.

Dogwood State Bank, too, shaved off a few tenths of points from competitors, going from 0.4 percent of the deposits last year to nearly 0.8 percent.

CEO [Steve Jones](#) credits the Paycheck Protection Program.

“It was our level of activity around PPP and our team’s ability to pull those customers over, those PPP clients over to full relationships with Dogwood State Bank,” he said.

But in terms of owning the market, regional and community institutions have a ways to go in the Raleigh-Cary metro.

The top five banks in the Raleigh-Cary metro were identical to those in the 2020 report, and all increased their local deposits year over year.

In the Durham-Chapel Hill market, the differences between 2020 and 2021 numbers were more noticeable – and more volatile.

The top bank by deposits, venture-focused Pacific Western Bank, for example, increased its market share by nearly 6.6 percentage points year-over-year. The bank, which entered the market [with its buyout of Durham’s Square 1](#), now holds nearly half the deposits in the market – 48.7 percent.

The losses, too, were more dramatic than in Raleigh – with Truist decreasing its stake nearly 8.7 percentage points to just 15 percent of the metro – compared with nearly 24 percent in 2020. Much of that is fallout from the merger that created Truist, the combination of SunTrust and BB&T. The bank went from 34 offices in the metro in 2020 to 22 in 2021, according to the report.

And its loss was clearly First Horizon National’s (NYSE: FHN) gain. The Tennessee-based bank went from under 0.8 percent of the metro market share in 2020 to nearly 3.9 percent. The jump comes out of its buy of 30 former SunTrust branches – offices Truist had to divest after the deal, hence the market stake shift.

Another big winner in Durham was [Signature Bank](#), an institution that wasn’t even in the market a few years ago. Signature [acquired a group of high profile former Square 1 bankers from PacWest \(Nasdaq: PACW\) back in 2019](#). And the New York commercial bank quickly went from having no presence to 6 percent of the metro’s deposits in 2021. It was the fourth biggest bank in the metro, a list that included PacWest, Truist, Wells Fargo, Signature and Bank of America. And in doing so, it knocked PNC out of Durham-Chapel Hill’s top five.

Farther down on the list, Durham-based M&F Bank dropped from about 0.6 percent of the market in 2020 to 0.5 percent in 2021. But it made huge gains in terms of dollars. The historically Black-owned bank, whose CEO has said is [riding the “wave” of attention](#) being given to institutions like his in the midst of a renewed racial justice movement, increased its deposits from \$122.6 million to \$158.9 million in the market.

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From the Triangle Business Journal: <https://www.bizjournals.com/triangle/news/2021/09/07/dic-raleigh-durham-bank-deposit-market-share-2021.html>