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August 2, 2017

Federal Reserve Bank of St. Louis,
1421 Dr. Martin Luther King Drive,
St. Louis, Missouri 63106.

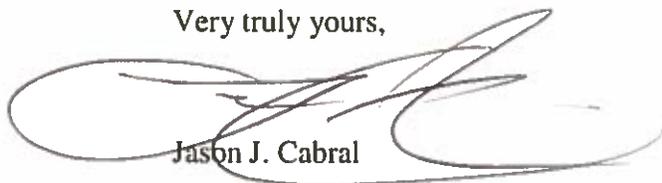
Attention: James W. Fuchs, Assistant Vice President

Re: First Horizon National Corporation: Response to Public Comment Letters

Dear Mr. Fuchs:

Please see the attached on behalf of First Horizon National Corporation.

Very truly yours,



Jason J. Cabral

(Enclosure)

cc: Richard C. Shadyac, Jr.
(ALSAC/St. Jude Children's Research Hospital)

John Hope Bryant
(Operation HOPE, Inc.)

Maximo Alvarez
(Sunshine Gasoline Distributors, Inc.)

Peter Skillern
(WiseWage and Reinvestment Partners)

Bill Biggerstaff
John Thielen
(Island Hotel Properties II & III, LLC)

James W. Fuchs
Federal Reserve Bank of St. Louis

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Oliver L. Gross
(New Urban Development, LLC)

Hank Helton
(Pathway Lending)

Julia Fondriest
(Historic Key West Inns)

Sergio Pino
(Century Homebuilders Group)

Rita Rushing
(Shrimp Improvement Systems, LLC)

Linda L. Williams
(RISE, Inc.)

Sharon K. Roberson
(YWCA Nashville & Middle Tennessee)

Retha Patton
(Eastern Eight Community Development Corp.)

Cary S. Idler, M.D.
(The Bone & Joint Surgery Clinic)

Henry Holzkamper
(Naples Place 1, LLC)

John Taylor
(National Community Reinvestment Coalition)

Erin Grace
(U.S. Department of Justice, Antitrust Division)

Michael J. Dean
(Federal Deposit Insurance Corporation)

Wayne Cox
(Federal Reserve Bank of Richmond)

James W. Fuchs
Federal Reserve Bank of St. Louis

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Commissioner Ray Grace
(North Carolina Commissioner of Banks)

David Hubbard
Robert J. Pozniak
(Federal Reserve Bank of St. Louis)

Charlie T. Tuggle, Jr.
Brian M. Mellone
(First Horizon National Corporation)

Michael T. Escue
T'Shae Y.D. Sherman
(Sullivan & Cromwell LLP)

**RESPONSE OF FIRST HORIZON NATIONAL CORPORATION TO
THE COMMENT LETTER SUBMITTED BY
REINVESTMENT PARTNERS**

AUGUST 2, 2017

First Horizon National Corporation (“First Horizon”) and its bank subsidiary, First Tennessee Bank National Association (“First Tennessee” or the “Bank”), hereby respond to the assertions in the comment letter (the “Comment Letter”) submitted to the Federal Reserve Bank of St. Louis (the “FRBSTL”) by Reinvestment Partners on July 14, 2017 in connection with First Horizon’s application, dated June 16, 2017, for approval to acquire Capital Bank Financial Corp. (“Capital Corp.”) and thereby indirectly acquire its bank subsidiary, Capital Bank Corporation (“Capital Bank”), a North Carolina state-chartered, non-member bank headquartered in Raleigh, North Carolina (the “Proposed Transaction”). First Horizon received the Comment Letter from the FRBSTL on July 19, 2017. Capitalized terms used herein and not otherwise defined have the meaning set forth in the Application.

As a preliminary matter, the purpose of the June 7, 2016 meeting at which Reinvestment Partners was present was to identify community development opportunities in the market. The Bank made no commitments. There were a number of topics discussed, many of which remain subject to further internal consideration by the Bank. As a result of the discussions during the meeting, First Tennessee joined the North Carolina Housing Coalition and continues to engage with the group. Moreover, the Bank continues to maintain its existing partnership with the National Community Reinvestment Coalition (the “NCRC”).¹

The Comment Letter references First Tennessee’s 2016 Home Mortgage Disclosure Act (“HMDA”) data² to make such conclusory statements as “First Tennessee is not adequately meeting the needs of LMI borrowers and geographies” and that “[a] review of First Tennessee’s mortgage lending in 2016 suggests that the bank has not adequately resolved the issue and that fair lending problems persist.” However, First Horizon respectfully submits that, as has been noted on several occasions by the Board of Governors of the Federal Reserve System (the “Board”), “other information critical to an institution’s credit decisions is not available from HMDA data. Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution.”³ First Horizon respectfully submits

¹ The Bone & Joint Surgery Clinic, ALSAC/St. Jude Children’s Hospital, Operation HOPE, Sunshine Gasoline Distributors, Inc., Island Hotel Properties II & III, LLC, Eastern Eight Community Development Corporation, New Urban Development Corporation, New Urban Development, LLC, Pathway Lending, Historic Key West Inns, Century Homebuilders Group, Shrimp Improvement Systems, LLC, Naples Place 1 LLC, 580 Oakhaven Circle LLC and National Community Reinvestment Coalition all have provided comments in support of the application and the Proposed Transaction.

² 2016 HMDA data has not yet been published by the Federal Financial Institutions Examination Council. The Bank provides the data as an accommodation when requested.

³ *See, e.g.*, Order Approving the Formation of a Bank Holding Company and the Acquisition of a Bank Holding Company, First Horizon National Corporation, First Horizon Merger Sub, LLC (September 17, 2015); Order Approving the Acquisition of Assets and Assumption of Liabilities, Goldman Sachs Bank USA (March 21, 2016); Order Approving the Acquisition of a Bank Holding Company, BOK Financial

that such “other information regarding the lending record of an institution” includes its Community Reinvestment Act (“CRA”) performance and its record and efforts since its last CRA evaluation. Such information is described herein in more detail.

Founded in 1864, First Tennessee is a regional bank, headquartered in Memphis, Tennessee, with more than \$29 billion in assets and 170 branches across the southeastern United States. For more than 150 years, First Tennessee has served its customers, communities and employees in an exemplary manner. The Bank has been and remains highly committed to meeting the needs of all customers, including those with low- to moderate-incomes (“LMI”) and those in minority communities, and to meeting its obligations under the CRA.

First Tennessee takes seriously its commitment to invest in the communities it serves. First Tennessee has, for example, invested \$150 million in total qualified community development investments, representing 5.8% of First Tennessee’s Tier 1 capital,⁴ since its most recent evaluation by the Office of the Comptroller of the Currency (the “OCC”) as of April 7, 2014 (the “2014 Evaluation”). These investments have been targeted toward improving access to affordable housing, supporting economic development and revitalization and enhancing access to community services for underserved communities. First Tennessee also has established an internal CRA Investment Group that includes its Chief Financial Officer, Director of the First Horizon Foundation (described below), CRA Officer, Chief Risk Officer, Chief Compliance Officer, Bank President and the Affinity Banking Executive. This group reviews the CRA Officer’s strategy for initiating investments and monitors performance to commitments.

A key component of First Tennessee’s investment strategy is its partnership with “Operation HOPE”, which began in May 2014. Operation HOPE’s mission is to strengthen the economy by focusing on empowering those who earn less than \$50,000 a year. Operation HOPE has locations in bank branches, grocery stores, city offices, colleges and police departments across the country. With First Tennessee’s support, Operation HOPE locates certified financial counselors in the Bank’s branches where they provide credit counseling, budgeting, and other financial empowerment training to individuals. “HOPE Inside,” a financial empowerment program of Operation HOPE, provides free advice related to credit, money management and homeownership, and it provides small business counseling. In August 2016, First Tennessee began work on its “Education & Empowerment Program” partnering with Operation HOPE. This comprehensive financial education program targets various audiences including youths, adults and small businesses. Using Operation HOPE’s financial curriculum, First Tennessee leverages its community network to identify and recruit Strategic Alliance Partners to help distribute the educational program.

Corporation (November 15, 2016); Order Approving the merger of Bank Holding Companies, F.N.B. Corporation (February 24, 2017); Order Approving the Acquisition of a Bank Holding Company, Community Bank System, Inc. (April 6, 2017); Order Approving the Merger of Bank Holding Companies, Simmons First National Corporation (April 28, 2017). Each stating that “[o]ther data relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution’s compliance with fair lending laws.” *See, id.*

⁴ Tier 1 capital as referenced in this response is based on projected Tier 1 capital for First Tennessee as of February 2016 when the CRA plan was finalized and approved.

Additionally, as part of its pilot prior to implementing the Education and Empowerment Program, the Bank trained 40 employees to help teach youth financial curriculum in classrooms across its communities. As of March 31, 2017, 30 people have graduated from the Education and Empowerment program. The Bank's intent is not only to provide financial education to the communities it serves, but also to empower those people in the communities by enhancing the Bank's products and services to meet their needs.

As of March 31, 2017, First Tennessee and Operation HOPE have partnered together to establish nine HOPE Inside locations in First Tennessee branches and at one site at the Church of God in Christ Mason Temple campus in Memphis, Tennessee. Since the program commenced, HOPE Inside locations have assisted more than 6,830 people in the communities the Bank serves.⁵ First Tennessee has committed to increasing its HOPE Inside locations to 15 locations and, recently, modified this goal to increase the number to 30 locations after consummation of the Proposed Transaction.

The Bank is equally committed to active community engagement. The Bank and First Horizon Foundation, the Bank's charitable foundation established in 1993, provides substantial financial support to benefit the communities the Bank serves. For example, in the past five years alone, the Bank and the First Horizon Foundation have donated more than \$27 million to meet community needs. Moreover, First Tennessee donates time and energy through its employee volunteer program and makes a substantial economic impact on local economies by providing more than 4,300 jobs.

First Tennessee's longstanding commitment to the communities it serves has only been enhanced in recent years with the development of its comprehensive CRA plan. The CRA plan covers the period from 2014 through 2017 and reflects measurable CRA lending, investment and service commitments for First Tennessee across its CRA assessment areas.⁶ Reinvestment Partners has asserted primarily that First Tennessee has not and is not in a position to meet its commitments under the CRA plan. First Tennessee respectfully disagrees.

At the outset, First Tennessee notes that the CRA plan is a company- and footprint-wide plan across its CRA assessment areas. As illustrated below, First Tennessee has already not only met, but exceeded, the overwhelming majority of its commitments under the CRA plan, and the remaining commitments (to open 15 Operation HOPE "HOPE Inside" locations⁷ and finalize Small Business Administration ("SBA") preferred lender status⁸) are on target for completion by the end of 2017.

⁵ The Bank notes that the average credit score of a person upon entering the program was 570 and the average credit score of a person upon exiting the program was 602.

⁶ These assessment areas include the Raleigh Metropolitan Statistical Area ("MSA"), the Memphis Multistate MSA, the Chattanooga Multistate MSA, the Knoxville MSA and the Nashville MSA.

⁷ As noted above, First Tennessee recently modified this goal to increase the number to 30 locations after consummation of the Proposed Transaction.

⁸ In that connection, First Tennessee's SBA lender has closed six loans for a total of \$496,000. This meets the threshold to become a preferred lender and First Tennessee is actively pursuing that designation.

Below please find First Tennessee’s specific commitments, along with a description of its progress demonstrating how each commitment has been satisfied to date or will be satisfied by the end of 2017.

- **Commitment to 30% or approximately \$135 million of its overall Home Mortgage Disclosure Act (“HMDA”) reportable mortgage loans will be in LMI tracts and/or to LMI borrowers.**

First Tennessee has met and exceeded the 30% goal of overall home mortgage lending for home mortgages originated in LMI tracts and/or to LMI borrowers. Indeed, approximately 31.1% of mortgage loan originations with a principal amount of approximately \$270.5 million have been made during the period of the CRA plan. Mortgage lending in our specific MSAs to LMI tracts and borrowers is set forth below:

Raleigh	56%
Memphis	27%
Chattanooga	34%
Knoxville	28%
Nashville	34%

In reaching this goal, key accomplishments since October 2016 include First Tennessee beginning production utilizing the LenderLive mortgage platform, which allows access to Fannie Mae and Freddie Mac affordable mortgage options. In addition, First Tennessee implemented the Fannie Mae Home Ready product on February 21, 2017, which also benefits LMI homebuyers. First Tennessee also has developed an Affordable Mortgage Program to serve the needs of LMI homebuyers. This program will be implemented in conjunction with First Tennessee’s establishment of a mortgage servicing relationship that provides escrow capabilities. Each program is designed to provide credit services to all borrowers in First Tennessee’s footprint.

Reinvestment Partners makes conclusory statements that First Tennessee has a poor record of lending to LMI borrowers and in LMI neighborhoods. As noted above, the Bank has met and exceeded the 30% goal of overall home mortgage lending for home mortgages originated in LMI tracts and/or to LMI borrowers. For background, the Bank notes that, prior to its relationship with LenderLive, First Tennessee had entered into a referral arrangement with Quicken Loans. Although this arrangement facilitated credit for First Tennessee clients, this lending was not reflected on the First Tennessee HMDA Loan Application Register (“HMDA LAR”) because the loans did not close in the Bank’s name. As a result, there appears to be a perception that the Bank’s lending volume was low. With respect to the, the arrangement with LenderLive, First Tennessee will be able to originate government secured loans or mortgages that require escrow accounts and that close in the Bank’s name, which will allow those loans to be reflected on the Bank’s HMDA LAR.

Reinvestment Partners also asserts that First Tennessee has disproportionately low levels of lending to and extremely high denial rates of minority borrowers. Its Comment Letter specifically references an “extensive history of fair lending issues” and a 2016 settlement of a fair housing complaint alleging low levels of mortgage originations and a disproportionate level

of high denial rates among African-American and Hispanic borrowers. First Tennessee disputes that there is a record of “extensive” fair lending issues at the Bank. Although the Bank denied any violation of law, the Bank did settle a fair housing complaint in 2016. As noted in the settlement agreement’s statement of facts, the same allegations had been made to the Board and OCC in connection with First Horizon’s acquisition of TrustAtlantic Financial Corporation and TrustAtlantic Bank, each of which conducted a lengthy and detailed review of First Tennessee and, in consideration of First Tennessee’s record of compliance with fair lending laws and its commitment to continue to enhance its fair lending program, approved the transaction. The statement of facts goes on to state that First Tennessee entered into the settlement to avoid the extraordinary expense associated with a lengthy, duplicative investigation by the Department of Housing and Urban Development that had already been undertaken and resolved by the Board and the OCC.⁹

Reinvestment Partners also states that, in 2016, First Tennessee’s pattern of low levels of lending to LMI borrowers continued, citing that First Tennessee originated a total of three mortgage loans to LMI borrowers in North Carolina, out of 87 total loans. First Tennessee points out that such data do not include originations in LMI tracts, or purchased loans in LMI tracts or to LMI borrowers. As reported on the 2016 HMDA LAR, First Tennessee had 87 originations and an additional 22 purchased loans in the state of North Carolina. Of these 109 loans, 15 were in LMI tracts and 19 were to LMI borrowers. Thus, combining originations and purchases, 34 of 109 mortgage loans made in North Carolina (or 31.2%) were made to LMI borrowers and/or made in LMI tracts.

Although First Tennessee acknowledges that denial rates have been higher for minority groups, there is no evidence that the Bank has treated these groups unfavorably compared to non-minority groups. Variances in denial rates of similarly situated minority and non-minority groups (similar FICO scores, ratios of debt-to-income, loan-to-value ratios) are not statistically significant. Furthermore, individual file reviews of denials have found no evidence of disparate treatment. Denials were based on non-protected factors according to documented credit policies, including: FICO score, credit history, ratio of debt-to-income, loan-to-value ratio, an application being incomplete, and/or a customer failing to provide requested documentation.

- **Commitment to 30% or approximately \$495 million of its small business loans to small businesses in LMI tracts.**

First Tennessee has met and exceeded the 30% goal of overall small business lending for small businesses located in LMI tracts. Indeed, approximately 32.5% of First Tennessee’s small business lending has been in LMI tracts for a total of \$793 million in small business loan originations in LMI tracts. Twenty-six percent of First Tennessee’s lending has been to businesses with revenues of \$1 million or less and 46.8% has been loans of less than \$100,000.

⁹ The agreement is available at <https://portal.hud.gov/hudportal/documents/huddoc?id=15NCRC-v-FirstTennBank.pdf>.

First Tennessee is also directing more attention to small businesses by continuing to support organizations that are funding small businesses, such as Pathway Lending (the largest Community Development Financial Institution (“CDFI”) Loan Fund in the State of Tennessee) which benefits the entire State of Tennessee with its Small Business Jobs Opportunity Fund. First Tennessee invested \$5 million into this fund in early 2016.

Over the past three years, First Tennessee also has invested in The Support Center, a CDFI based in Raleigh, North Carolina, that provides small business loans and financial training to start-ups and existing businesses and lending services to community-based organizations. Since 1990, The Support Center has been offering services to create economic opportunities for individuals, families and entrepreneurs. Its primary activities include a small business revolving loan program, as well as policy, research and advocacy for community development credit unions. Since 2010, The Support Center has made more than 400 small business loans for a total investment of approximately \$28.6 million, and more than 1,000 jobs have been created or maintained. From 2014 to 2016, First Tennessee provided several grants, totaling \$35,000, for The Support Center in order to maintain membership and provide funds for the organization.

- **Commitment to a minimum of 6% or \$160 million and up to 9% or \$240 million (based on availability and suitability of opportunities) of First Tennessee’s Tier 1 capital to community development (“CD”) loans in the First Tennessee CRA assessment areas.**

First Tennessee has met and exceeded the 6% (approximately \$160 million) to 9% (approximately \$240 million) of Tier 1 capital committed to CD loans in First Tennessee’s CRA assessment areas goal (measured as of the date of approval of the CRA plan). Indeed, CD loans totaled approximately 15% of Tier 1 capital from 2014 through the first quarter of 2017, for a total of approximately \$400 million.

The loans originated during the CRA-plan period were responsive to community development and credit needs that included:

- affordable housing for LMI individuals;
- community services targeted to LMI individuals;
- promoting economic development by financing small businesses that resulted in permanent job creation and/or retention; and
- revitalization of targeted LMI census tracts or other qualified geographies and neighborhood stabilization projects to stimulate growth, stability and investment in distressed areas.

In Raleigh alone, First Tennessee originated five CD loans for \$24 million, supporting affordable housing and economic development. In Winston-Salem, First Tennessee originated two CD loans for \$3.4 million. This accounts for a total of \$27.4 million or more than 6% of all CD loans made by the Bank.

- **Commitment to a minimum of 3% or \$80 million and up to 6% or \$160 million (based on availability and suitability of opportunities) of First Tennessee’s Tier 1 capital to qualified CRA investments.**

First Tennessee has met the 3% (approximately \$80 million) to 6% (approximately \$160 million) of Tier 1 capital committed to qualified CRA investments goal. First Tennessee deployed \$150 million in qualified CRA investments for a total of 5.8% of First Tennessee’s Tier 1 capital. These included investments into several CDFIs, a small business investment company and a minority owned financial institution.

First Tennessee’s investments in CDFIs are bringing innovative programs for affordable housing and workforce development training that will create hundreds of new jobs and retain thousands of existing jobs providing for specific identified community needs. As noted above, First Tennessee has invested in The Support Center, a CDFI based in Raleigh, North Carolina, over the past three years.

Reinvestment Partners asserts that First Tennessee has low levels of qualified investments in North Carolina. First Tennessee notes that it received a “High Satisfactory” for its level of qualified investments in North Carolina. From 2014 to 2016, First Tennessee had a total of \$2,605,204 in qualified community development investments in North Carolina supporting affordable housing, community services and economic development. These included a significant grant supporting affordable housing efforts in the city of Raleigh and a grant to support the North Carolina Housing Coalition.

- **Establish a \$50 million First Tennessee Community Development Fund with the intent to provide up to \$3 million a year in qualified grants targeted to community needs and economic development.**

In January 2016, First Tennessee established a \$50 million First Tennessee Community Development Fund (the “CD Fund”).¹⁰ The CD Fund is committed to providing \$3 million per year in funding to agencies serving LMI communities and individuals. In light of the Proposed Transaction, First Tennessee is committed to increasing the CD Fund by another \$15 million. Between the newly established CD Fund and the First Horizon Foundation, approximately \$8 million is distributed annually to non-profit organizations supporting local communities. The CD Fund has specifically been used in 2016 to align funding for projects and programs that were identified by First Tennessee’s market community development managers in meetings with community development groups.

In 2016, \$95,000 in grants went to organizations in North Carolina, supporting small business development, affordable housing efforts and community services. This is approximately 3% of the total CD Fund grants in 2016.

¹⁰ In response to a comment made by Reinvestment Partners, the Bank notes that the CD Fund was established as a limited liability company and is not subject to Internal Revenue Service regulations covering foundations. As a result, the CD Fund does not have a legal mandate to distribute 5% of the value of the corpus per year.

Separately, First Tennessee also provided a \$10,000 grant to the Black Philanthropy Initiative (the “BPI”) in Winston-Salem. The mission of BPI is twofold: to introduce the concept of philanthropy to a diverse community and to provide support to community organizations and projects that impact the African-American community. In 2014, First Tennessee recognized the works of this organization and encouraged long-term funding for programs that will benefit the African-American community. First Tennessee agreed to match up to \$10,000 annually for three years, for each \$10,000 the organization could raise to begin an endowment. In three years, BPI’s endowment grew to more than \$100,000. First Tennessee has committed to another three-year match of \$10,000 per year for the years 2017 through 2019.

In addition, First Tennessee provided a \$60,000 grant to DHIC (formerly Downtown Housing Improvement Corporation) for its homeownership center. DHIC’s Homeownership Center assists families in the Research Triangle region of North Carolina with vital community programs designed to promote housing stability and improve economic well-being. Such services include homebuyer workshops, one-on-one counseling, foreclosure prevention by helping to find alternatives and down payment assistance. First Tennessee’s contribution goes toward workshops that explain the process of buying a home; counselor assistance through each step of the home-buying process; assistance for homeowners who are at risk of losing their homes; and resources for down payments that are intended to help eliminate barriers to first-time home buyers.

- **Commitment to 2% (approximately \$17 million over three years) of supplier spend to be with minority owned businesses**

First Tennessee has met and exceeded the 2% minority supplier spend goal. Indeed, from 2014 through the first quarter of 2017, First Tennessee minority supplier spend has been approximately \$58.80 million, or 6.21% of total supplier spending during the CRA plan period.

- **Develop a CRA Marketing Plan to better target LMI borrowers and geographies.**

The marketing plan was implemented in June 2016. The following marketing programs were deployed during 2016:

- 500 radio spots in Memphis, Nashville, Chattanooga and Knoxville, which included 250 spots specifically with WLOK in Memphis, Memphis’ first African-American owned radio station.¹¹
- Three billboards erected in LMI tracts of Memphis.
- A refinance offer provided to 25,000 LMI homeowners.

¹¹ These stations, including WLOK, were selected by the Bank’s marketing department to benefit from the widest audience reach by examining the demographics served by those stations with the radio spots being directed to those needing financial counseling and home purchase information.

A comprehensive marketing plan for 2017 has been developed, the goal of which is to:

- Build awareness of home lending offerings in LMI communities;
- Leverage varied media approaches to reach LMI consumers; and
- Promote existence of HOPE Inside locations and services.

A breakdown of the marketing plan for 2017 is below:

- 1,120 radio spots in Memphis, Nashville, Chattanooga, Knoxville, and Kingsport/Tri-Cities that will market home mortgage lending and First Tennessee's HOPE Inside program offering free financial counseling in branches.
- 280 radio spots in Raleigh, North Carolina that will promote home purchase.
- Erect 5 billboards in LMI tracts of Memphis, Nashville, Knoxville, Chattanooga and Kingsport/Tri-Cities.
- Increase First Tennessee's digital and financial center merchandising (e.g., handouts and digital information on credit score information) to its LMI communities to include more information on credit score questions via email and social media.
- Update Take One/Brochures in the financial centers.
- Promote financial education outreach on social media.

First Tennessee also has been the lead sponsor for National Association of Real Estate Brokers events in Memphis and Nashville, the theme of which has been "Rebuilding Wealth through Black Homeownership", and has been in discussions with the organization regarding a possible partnership.

- **Continue supporting the Bank's communities through a highly active volunteer program.**

First Tennessee has continued to support its communities through a highly active volunteer program. Indeed, between April 2014 and the end of 2016, First Tennessee employees volunteered 7,477 hours with 1,644 activities that qualified for community development. The volunteer program rewards volunteer activities for hours volunteered. In 2016, an additional layer was added to the rewards program, promoting CRA-related activities by providing double rewards per hour. Employees are awarded points for First Tennessee merchandise, such as cups, mugs and t-shirts.

- **Hiring five full-time Community Development Managers in our major markets.**

Five community development managers have been hired and are actively meeting with and establishing partnerships with non-profits, affordable housing providers and community organizations throughout First Tennessee's footprint. In the first quarter of 2017, the community development managers held meetings with 158 organizations seeking input, providing their expertise and discussing community development loan, investment and service opportunities for First Tennessee.

The community development manager for the Mid-Atlantic region, which encompasses First Tennessee's North Carolina branches, is very active in the *entire* market, as evidenced by the partnerships and investments provided throughout the region.

- **Commitment to double partnership with Operation HOPE to 15 locations in 2 years (by 2017).**

As of the second quarter of 2017, with ten First Tennessee Operation HOPE locations opened and operating, Operation HOPE reports that First Tennessee successfully served the needs of more than 1,570 clients during the first quarter of 2017 and 6,830 since 2014. Focusing its efforts mostly on credit and money management, Operation HOPE's financial coaches at these locations aim to positively affect the financial lives of the individuals it serves. First Tennessee plans to open three more Operation HOPE locations in Jackson, Nashville and Kingsport, Tennessee, with additional plans to open Operation HOPE Inside sites in First Tennessee's new Capital Bank markets. This remaining commitment is on target for completion by the end of 2017. As noted above, First Tennessee recently modified this goal to increase the number to 30 locations after consummation of the Proposed Transaction.

- **Commitment to develop a credit program specifically designed to meet the needs of LMI borrowers and geographies.**

In addition to the Bank product offerings through the LenderLive platform, the Bank has developed an Affordable Mortgage Program designed to serve the needs of LMI homebuyers. The unique characteristics of this program include the following: no private mortgage insurance required, alternative credit accepted and flexible underwriting. This program will be implemented in conjunction with the Bank's establishment of a mortgage servicing relationship that provides escrow capabilities.

In response to a comment made by Reinvestment Partners, First Tennessee wishes to clarify that it does not have any form of product or service partnership with World Acceptance but, rather, like many other financial institutions, has an arm's-length lending relationship with World Acceptance. Additionally, First Tennessee wishes to clarify that it has suspended its relationship with OnDeck Capital as of May 2016.

- **Commitment to enhance existing deposit products specifically designed for LMI customers.**

First Tennessee currently offers the Access Checking product and has done so for a number of years. This account has a low minimum opening deposit of \$25, \$3.00 monthly service charge and no minimum balance requirements. A free ATM (with PIN POS access) or Visa Debit Card (with PIN POS and Visa purchase access at more than 11 million merchants) is available for the account and the account comes with free online banking, bill pay and online statements. However, no conventional paper check writing is permitted and overdraft protection products or services are not available.

With respect to Reinvestment Partners' assertion that the Companion Card is not available in North Carolina, First Tennessee wishes to clarify that the card was previously

available in all First Tennessee markets. However, as a result of higher than usual level of fraudulent activity related to VISA and Master Card fund transfers in select markets, including North Carolina, the decision was made to discontinue the card offering in these markets until a fraud solution was established.

First Tennessee also respectfully submits that Reinvestment Partners has misunderstood the Bank's processing policy by asserting that the Bank posts transactions "high-to-low". The Bank first posts all credits (high to low). When posting customer initiated debits, the Bank then posts in the order the customer initiated them (e.g., the Bank posts non-returnable debits, such as wires, debit card and ATM transactions in time-stamp order). This is then followed by posting non-returnable debits that are not time stamped. (e.g., checks in check-number order).

- **Commitment to improve accessibility of products and services for LMI individuals by developing specific strategies to leverage alternative channels.**

First Tennessee's goal has been to increase the number of LMI users of mobile and online banking applications and to improve accessibility. In order to effect this strategy, First Tennessee has redesigned its mobile banking platform, offering additional services and easy access. Additionally, First Tennessee continues to encourage and promote the use of mobile and online banking through direct marketing via social media and other avenues. As a result of implementing these action items, First Tennessee has achieved the following outcomes:

- LMI/Income households are using online banking an average of 21.7% and LMI/Geography households are using online banking an average of 19.4%, compared to non-LMI households who use online banking at 33.3%.
- LMI/Income households are using online login at an average of 48% and LMI/Geography households at an average of 45.4%, compared to non-LMI usage at 62.8%.
- LMI/Income households are using mobile banking at an average of 30.4% and LMI/Geography households at an average of 52.5% over the past three months, compared to non-LMI usage of 40.2%.

First Tennessee continues to improve its online banking platform and recently upgraded the platform to include a budget component to encourage better money management.

First Tennessee believes that its CRA record is exemplary and its commitment to the communities it serves is unwavering. This record is further evidenced by the numerous letters the FRBSTL received in support of the Application from various stakeholders. These letters were received from customers and community groups alike, including ALSAC/St. Jude Children's Hospital, Operation HOPE and, notably, the NCRC, which had opposed First Horizon's 2015 acquisition of TrustAtlantic, among others.

First Tennessee's commitment to the State of North Carolina is evidenced by the staff support and the level of community development lending, investment and services. First Tennessee continues to enhance its CRA program and this market is a focus of attention and will

continue to be after the consummation of the merger as our market presence in North Carolina increases.

In closing, First Tennessee believes that organizations such as Reinvestment Partners play an important role in advancing the spirit of the CRA. We will continue to work with leading advocacy organizations, such as Operation HOPE, the NCRC and others, to improve the quality of our work. For the factual reasons cited herein, we respectfully submit that the Comment Letter should not negatively affect the Board's decision on the Application.