

April 19, 2022

Adam Cohen, Esq.
Simpson Thacher & Bartlett LLP
900 G Street, NW
Washington, D.C. 20001

Dear Mr. Cohen:

This correspondence relates to the application filed on behalf of The Toronto-Dominion Bank, Toronto, Canada (“TDB”), TD Group US Holdings LLC, Wilmington, Delaware (“TDGUS”), and TD Bank US Holding Company, Cherry Hill, New Jersey (“TDBUSH” and, together with TDB and TDGUS, “Applicants”), to acquire First Horizon Corporation (“First Horizon”), and thereby indirectly acquire its subsidiary bank, First Horizon Bank (“FHN Bank”), both of Memphis, Tennessee, pursuant to section 3 of the Bank Holding Company Act of 1956, as amended. Based on staff’s review of the current record, the following additional information is requested, including the items in the Confidential Annex. Supporting documentation should be provided, as appropriate.

Financial and Managerial

1. Provide revised pro forma financial statements for TDGUS (parent-only balance sheet and consolidated balance sheet and capital ratios), TDBUSH (parent-only balance sheet), and TD Bank, National Association (“TD Bank”), Wilmington, Delaware (balance sheet and capital ratios), for the most recent quarter-end. Include detailed explanatory footnotes.
2. Provide the calculation of the pro forma goodwill resulting from the proposed transaction. Discuss in detail how each line item in the goodwill calculation was determined.
3. Provide actual and pro forma asset quality ratios (the classified ratio and the nonperforming assets ratio) for TDGUS on a consolidated basis and the resultant merged bank as of the most recent quarter end. The numerator and denominator of each calculated ratio must be as of the same date. The asset quality ratios should be calculated as follows, with supporting details of the calculations:
 - a. Provide two separate elements: (i) internally classified assets, comprised of the separate categories of substandard, doubtful, and loss (with relevant components of other real estate owned (“OREO”) separately identified in each category), and (ii) nonperforming assets, comprised of nonaccrual loans, all restructured loans, and OREO.
 - b. Provide a breakdown of each category (for example, commercial real estate, oil and gas, consumer loans) of internally classified assets and nonperforming assets.
 - c. For the classified assets ratio, the level of classified assets should be compared to the

Adam Cohen, Esq.

April 19, 2022

Page 2 of 7

- total amount of tier 1 capital and allowance for loan loss reserves.
- d. For the nonperforming assets ratio, the level of nonperforming assets should be compared to the total equity capital (common stock, perpetual preferred stock, surplus, retained earnings accumulated other comprehensive income) and the allowance for loan loss reserves.
4. Provide actual and pro forma loan loss reserve coverage ratios for TDGUS on a consolidated basis and the resultant merged bank as of the most recent quarter end. The coverage ratios should be calculated as follows, with supporting details of the calculations:
 - a. For the consolidated applicant, for the numerator use the total allowance for loan loss reserves and for the denominator use nonaccrual loans and loans past due more than 90 days.
 - b. For the target bank, and/or the resultant merged bank, for the numerator use the total allowance for loan loss reserves and for the denominator use nonaccrual loans.
 5. Provide the parent-only balance sheet for each of the Applicants that reflects the accounting entries for the payment of funds for the purchase of common stock from the First Horizon shareholders.
 6. Discuss the reason(s) that led to TDBUSH's determination not to treat any of the Replacement TDBUSH Preferred Stock as additional Tier 1 Capital following consummation of the Second Step Merger.
 7. Confirm that First Horizon's President and Chief Executive Officer D. Bryan Jordan is the only individual who will join the board and senior management team of Applicants.
 8. Describe the changes that would be made upon consummation of the proposal, if any, in the risk management process and/or infrastructure at TDBUSH in light of the significant increase in its asset size and extended geographic footprint.

Consumer, Community Reinvestment Act, and Convenience and Needs

9. The application states that "[TDB] is in the process of evaluating the loan and deposit products and services offered by TD B[ank] and F[HN] Bank to determine the differences between the two and what, if any, adjustments will be made." Indicate the anticipated timing for completing this evaluation, and provide updated information once it is complete.
10. Provide any current community development lending, investment, or service activities of either bank that are expected to be discontinued after the merger.
11. The application states that "TDBNA will leverage the CRA and consumer protection compliance strengths of both banks to create a strong and comprehensive combined compliance program." Please discuss the specific consumer protection compliance

Adam Cohen, Esq.

April 19, 2022

Page 3 of 7

strengths of each bank that are expected to be leveraged by the combined bank. Discuss what compliance staffing resources would be retained.

12. Discuss any products and services that the combined bank would offer in the markets of FHN Bank that are not currently offered by FHN Bank.
13. Provide any update on the status of the “Credit Card Fees” litigation described on page 208 of TDB’s most recent annual Report to Shareholders.

Competition

14. Regarding commercial products for medium sized businesses, for organizations with (i) \$10M-\$250M in annual revenue or sales and (ii) \$250M-\$5B in annual revenue or sales, provide TDB’s and First Horizon’s state-level total committed credit facilities and utilized funded volume in 2020 and 2021. State-level totals should be based on obligor’s state, as identified by obligor’s address associated with the credit facility / account. This amount should be calculated consistent with instructions in the Board’s FR Y-14Q¹ including that the following criteria should be used to identify the credit facilities included in the state-level aggregates requested by this question.²
 - a. Obligor is a domestic commercial for-profit nonfinancial entity (“qualifying obligor”).
 - i. Exclude entities domiciled outside the U.S. (defined in the FR Y-9C Glossary).
 - ii. Exclude nonprofit entities.
 - iii. Exclude obligors with a NAICS code beginning with 52 (Finance and Insurance), or 5312 (Real Estate Agents and Brokers), or 551111 (Offices of Bank or Intermediate Holding Companies).
 - iv. Exclude “Natural Person” obligors (including individuals doing business as (“DBA”) another entity, whether the primary source of repayment analysis is the personal credit of the natural person behind the DBA).
 - b. Obligor is not a small business³ and facility is not a small business loan.

¹ Instructions for the Capital Assessments and Stress Testing Information Calculation (Reporting Form FR Y-14Q) (Dec. 2021), https://www.federalreserve.gov/reportforms/forms/FR_Y-14Q20211231_i.pdf.

² Criteria (a), (b), and (c) of this question summarize or simplify applicable Y-14Q reporting instructions, see p. 159-163 and p. 219-221 of the instructions for Reporting Form FR Y-14Q.

³ For the sake of this calculation: (taken from p. 160 of the instructions for Reporting Form FR Y-14Q) the differentiating factor between small business loans and loans that should be included in the requested calculation is how the consolidated holding company evaluates the creditworthiness of the borrower. For facilities that should be included in the requested calculation, banks typically look at the commercial operations process (an internal risk rating or a commercial grading) to assess credit risk. Qualifying facilities are those which are “graded” or “rated” using the consolidated holding company’s commercial credit rating system, as it is defined in the consolidated holding company’s normal course of business. For small business lending, banks typically look at the credit score of the borrower (scored rating) and/or use delinquency management. Therefore, exclude from your calculations small business loans that are “scored” or “delinquency managed” for which a commercial internal risk rating is not used.

Adam Cohen, Esq.

April 19, 2022

Page 4 of 7

- i. Exclude small business loans as defined in the consolidated holding company's normal course of business. And exclude loans guaranteed by the Small Business Administration.
 - c. Obligor has \$1 million or more in total committed credit⁴ with the consolidated holding company.
 - d. Exclude all credit card / charge card loans.
 - e. If a measure of obligor revenue⁵ is available, include facilities with obligors having between \$10 million and \$5 billion in revenue. Classify obligors as having (i) \$10 million to \$250 million and (ii) \$250 million and \$5 billion in revenue.
 - i. If criteria (a), (b) and (c) are met but a measure of obligor revenue is unavailable, include facilities with committed exposure between \$1M and \$1B. Categorize these facilities with revenue bucket (i) for the sake of state-level totals.
15. Regarding warehouse lending:
 - a. Provide a measure of TDB's and First Horizon's (a) volume and (b) market share of warehouse lending in 2020 and 2021.
 - b. Identify major competitors and provide these competitors' volume and market share.
16. Regarding fixed income products sold to institutional investor:
 - a. Provide a measure of TDB's and First Horizon's (a) volume and (b) market share of fixed income products in 2020 and 2021.
 - b. Identify major competitors and provide these competitors' volume and market share.
17. Identify TDB's and First Horizon's products or services and lines of business in which TDB and First Horizon compete. For each product/service and line of business:
 - a. Provide a measure of TDB's and First Horizon's (a) volume and (b) market share in 2020 and 2021.
 - b. Identify major competitors and provide these competitors' volume and market share in 2020 and 2021.

Legal

18. TDB indicated that it is considering two different transactions, including one where TDB would elect to either delay the Second Step Merger until after the Bank Merger or forego

⁴ Obligor may have more than one credit facility with the holding company. (p. 161 of OMB No. 7100-0341) The \$1 million dollar reporting threshold applies to any set of commitments where the sum of those commitments, governed under one common credit agreement, is greater than or equal to \$1 million.

⁵ Whenever available, a bank-internal data field "Revenue" suffices for the sake of this classification. (p. 192 of OMB No. 7100-0341) The measure of revenue or sales should approximate gross sales of the entity reduced by cash discounts, trade discounts, and returned sales and allowances for which credit is given to customers less returns and allowances, freight out, and cash discounts allowed for the designated period.

Adam Cohen, Esq.

April 19, 2022

Page 5 of 7

the Second Step Merger altogether. The Board generally has not taken action on two requests, one of which will not occur. With respect to this aspect of the proposal:

- a. Discuss (i) the potential benefits to TDB of each transaction, and (ii) why TDB has not elected one option over the other.
- b. Identify the criteria TDB is using to determine which transaction it ultimately would pursue.
- c. Indicate when TDB will know which of the transactions it ultimately plans to consummate.

19. Identify any U.S. states that have a community reinvestment law that is applicable to Applicants and TD Bank. For each such state, (i) identify the requirements imposed by the state's community reinvestment law and (ii) discuss how Applicants and TD Bank have complied with the requirements of the state's community reinvestment law.

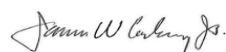
20. Indicate whether First Horizon's investment advisor subsidiaries have already begun working with their customers to assign client accounts to a subsidiary of TDGUS.

Please provide your response addressed to the undersigned within eight business days of the date of this letter. Any information for which confidential treatment is desired should be so labeled and separately bound in accordance with Section 261.17 of the Board's Rules Regarding Availability of Information.

Staff further notes that public materials related to this application will be posted to the Board's public website at <https://www.federalreserve.gov/foia/td-group-first-horizon-application-related-materials.htm>. You will find public comments submitted on the application at this location.

If you have any questions, please contact William Bissenas of the Board's Division of Supervision and Regulation at 202-728-5851, Kirin Walsh of the Board's Legal Division at 202-452-3058, Dana Hirschenbaum of the Board's Division of Consumer and Community Affairs at 202-573-0063, or Eddy Hsiao of the Federal Reserve Bank of Philadelphia at 215-574-3772.

Sincerely,



James W. Corkery, Jr.
Assistant Vice President

cc: Board of Governors
The Office of the Comptroller of the Currency
Tennessee Department of Financial Institutions