
Developing an Appropriate Investment Program for a Steep Yield Curve Environment

Federal Home Loan Bank Seattle
May 6, 2010 Web Seminar

Pete Taglia, CPA, CMB
Walt Schmidt, CFA
FTN Financial Capital Markets

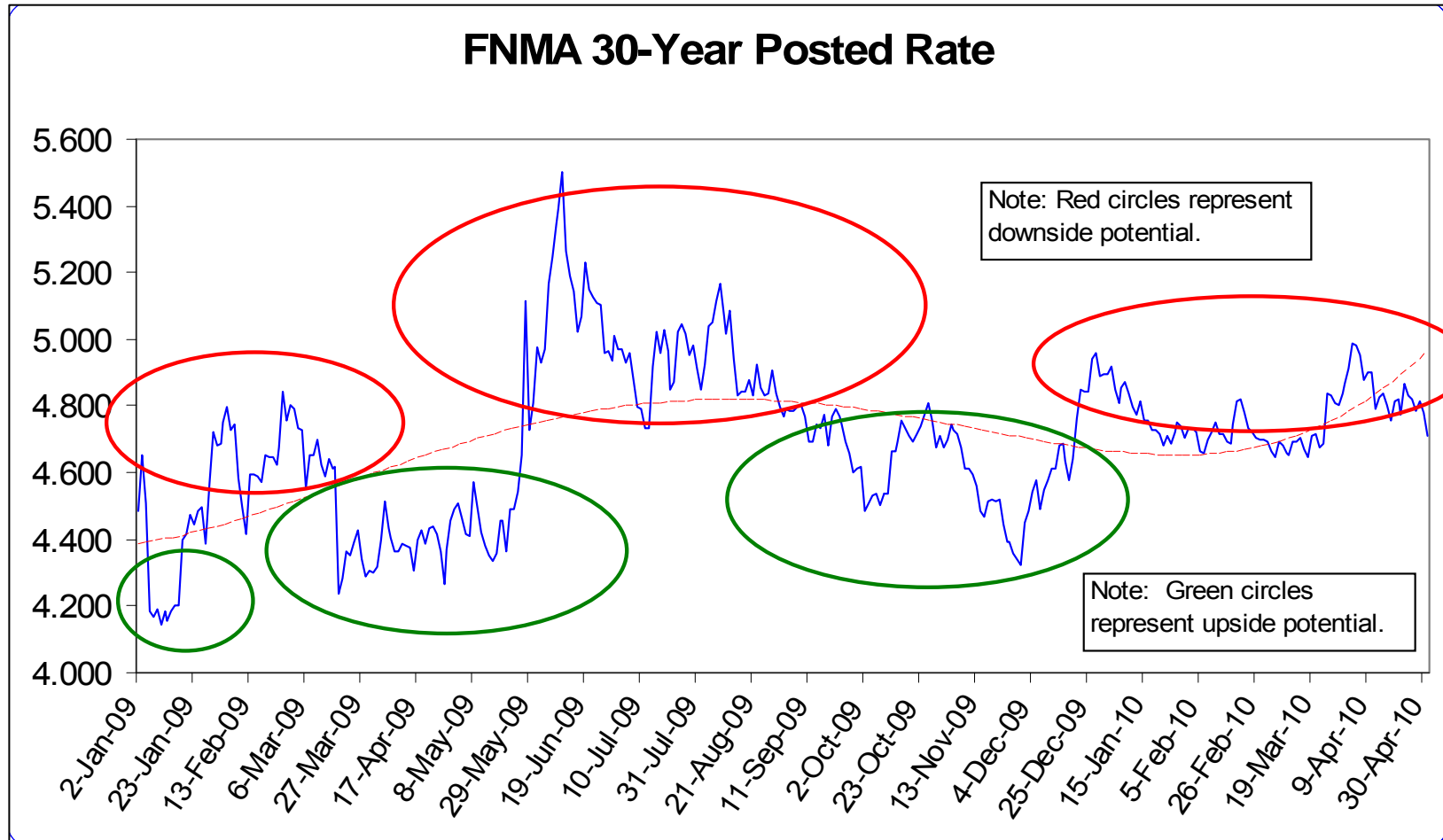
Interest Rate Risk (IRR)

Rising Interest Rate Risk ("IRR")

Low interest rates in recent periods and the impending rise in interest rates have pushed exposure to interest rate risk (IRR) to the forefront of regulatory agency concerns.

- The January 2010 release of the FFIEC *Advisory on Interest Rate Risk Management*:
 - Intended to raise awareness of the regulatory agencies' concern
 - Reiterates importance of effective corporate governance, policies and procedures, risk measuring and monitoring systems, stress testing, and internal controls related to the IRR exposures of depository institutions
 - Not only focuses on identifying and measuring IRR, but also on taking action to control IRR
- Plans must be in place to deal with the overall effect of rising interest rates on the balance sheet.

Looming Risk Of Rising Rates



Renewed Focus On Liquidity & Funding

Excerpt from the March 17, 2010 press release in connection with the Joint Interagency *Policy Statement on Funding and Liquidity Risk Management*:

“Given the recent market turmoil, the agencies are reiterating the importance of effective liquidity risk management for the safety and soundness of financial institutions. This policy statement emphasizes the importance of cash flow projections, **diversified funding sources** (emphasis added), stress testing, **a cushion of liquid assets** (emphasis added), and a formal, well-developed contingency funding plan as primary tools for measuring and managing liquidity risk. The agencies expect each financial institution to manage funding and liquidity risk using processes and systems that are commensurate with the institution's complexity, risk profile, and scope of operations.”

Impact on Institutions

Balance Sheet

- Loan management focus shifts
 - Return to vanilla lending
 - Decline in new originations
 - Disruptions in the secondary market – puts pressure on liquidity
- Changing loan portfolios
 - Credit issues become “priority one” due to property devaluations and through-the-roof delinquencies, defaults, and foreclosures
 - Adjustable-rate loan production reaches record lows
 - Consumer demand primarily for long-term fixed rate
 - Trend to increasing volatility and extension

Income

- Falling portfolio yields
 - New low-coupon originations
 - Downward ARM re-pricings
- Unsustainable margin levels due to artificially low cost-of-funds
- Historically high credit losses on all loan types
- Rising cost to service due to increased collection efforts and mandated modification programs
- Re-capitalization of FDIC insurance fund

Capital

- Anemic earnings
- Property devaluations
- Growth in non-performing assets
 - Exotic and non-standard loan types
 - Defaults triggered by ARM roll payment shock
 - HELOC & Second Liens
 - CRE
- Escalating credit losses
- Capital erosion
- Limited and expensive sources of outside capital

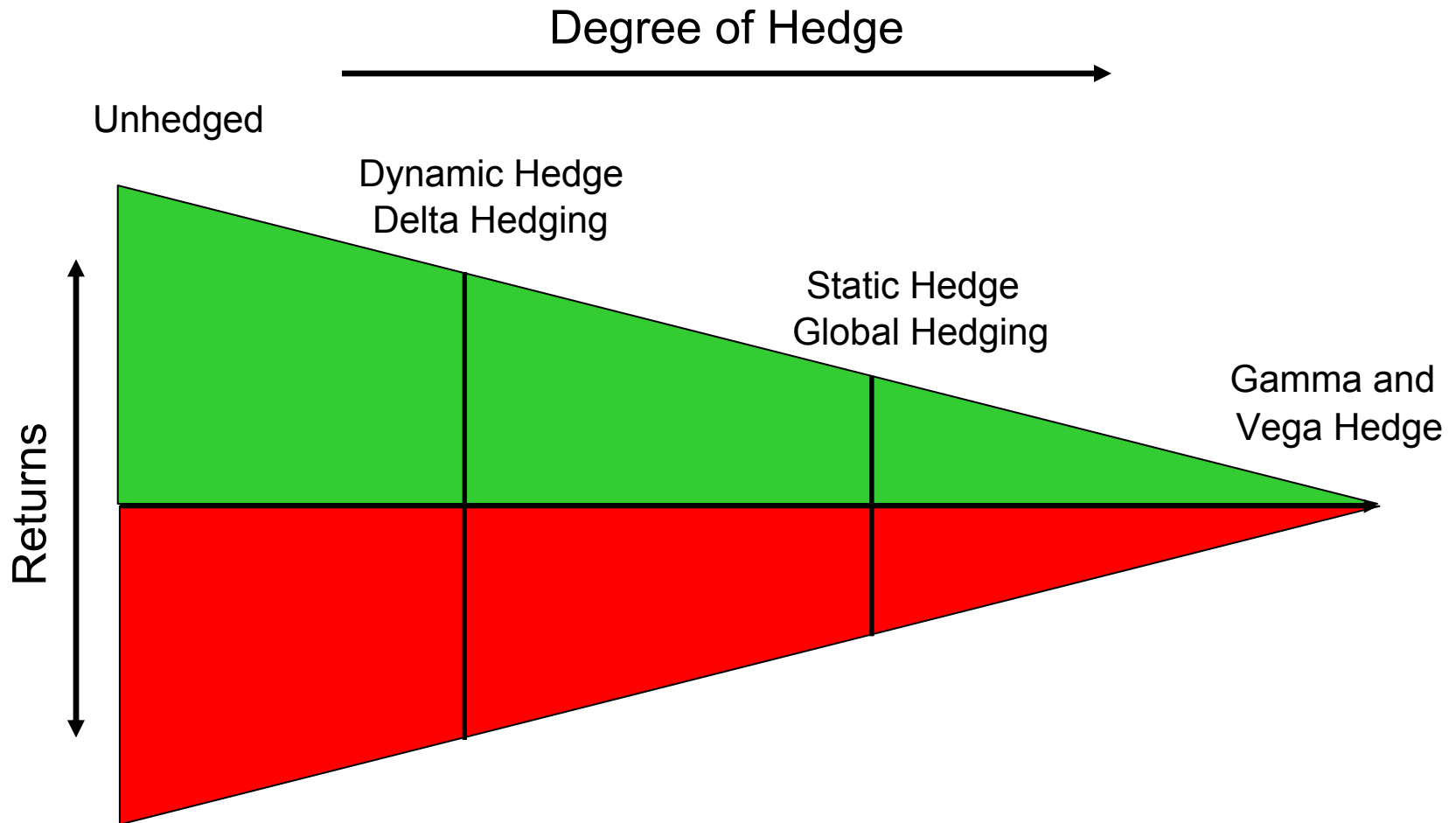
Impact on Origination Game Plan

- Vanilla lending is back to stay
- Decline in originations (fewer eligible loans)
- Continued erosion in liquidity
- Stronger credit management focus
- Trend towards a higher risk loan portfolio
 - More extension risk
 - Decline in yield
 - Likely decline in value
 - Rising cost to service loans
 - Growth in NPA

Loan Portfolio Tactics in 2010

- Proactive balance sheet management
 - Better understanding of the current and future economic performance of the loan portfolio
 - Utilize “all” fixed-income investments (loans as well as bonds)
- Heightened focus on credit management
 - Layered risk trends
 - Property value trends
- Ensure a balanced portfolio for the future
 - Appropriate adjustments to the loan portfolio policy
 - Appropriate re-balancing of existing portfolio

Return Variance Under Different Hedging Strategies



Solutions

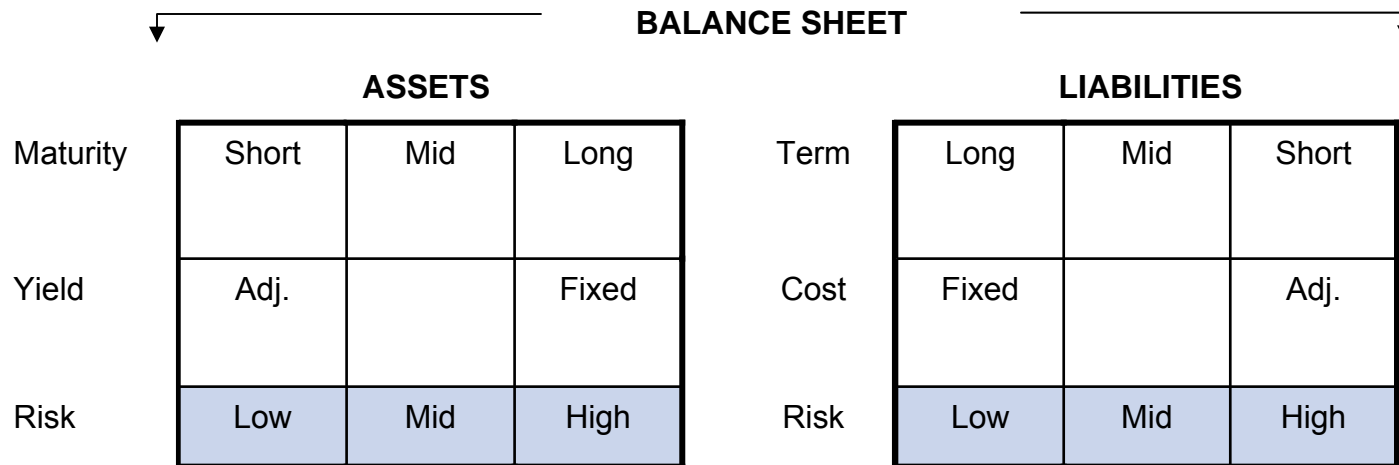
Determine Strategic Options

- Identify problematic segments of your portfolio
- Evaluate multiple strategic solutions
- Simulate each solution via financial modeling
- Evaluate alternatives
- Implement best strategy or combination of strategies

Strategy Menu Overview

BALANCE SHEET MANAGEMENT STRATEGIES

Objective: Interest Rate Risk Reduction
Shorten and/or Dilute Duration



Strategy Menu Overview

BALANCE SHEET MANAGEMENT STRATEGIES

Objective: Interest Rate Risk Reduction
Shorten and/or Dilute Duration

		BALANCE SHEET						
		ASSETS			LIABILITIES			
Maturity		Short Increase	Mid	Long Reduce	Term	Long	Mid	Short
Yield		Adj. Increase		Fixed Reduce	Cost	Fixed		Adj.
Risk		Low	Mid	High	Risk	Low	Mid	High

- **Asset Strategy:**

- Sell longer duration loans and buy shorter term securities
- Swap fixed yield loans for variable yield loans

Strategy Menu Overview

BALANCE SHEET MANAGEMENT STRATEGIES

Objective: Interest Rate Risk Reduction
Shorten and/or Dilute Duration

		BALANCE SHEET						
		ASSETS			LIABILITIES			
Maturity		Short Increase	Mid	Long Reduce	Term	Long Increase	Mid	Short Reduce
Yield		Adj. Increase		Fixed Reduce	Cost	Fixed Increase		Adj. Reduce
Risk		Low	Mid	High	Risk	Low	Mid	High

- **Asset Strategy:**

- Sell longer duration loans and buy shorter term securities
- Swap fixed yield loans for variable yield loans

- **Liability Strategy:**

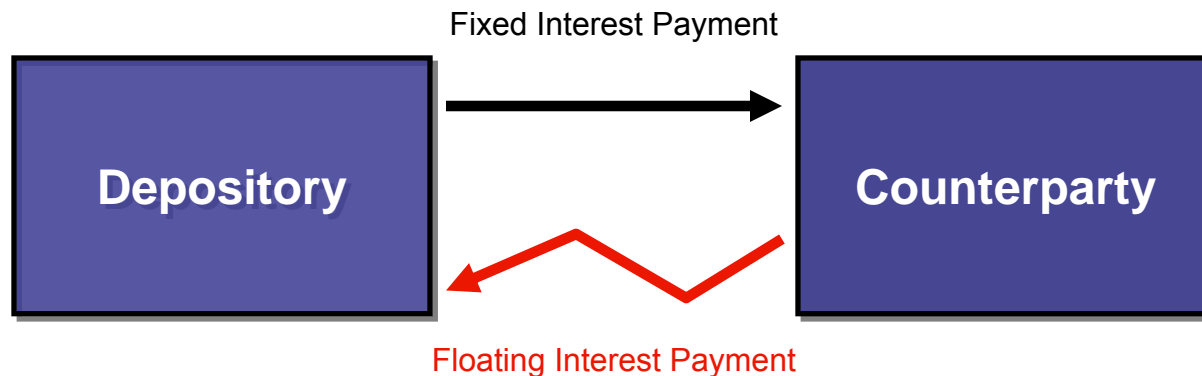
- Swap variable cost for fixed cost
- Purchase interest rate cap

“Plain Vanilla” Products

- Interest rate swaps
 - Spot / forward starts
 - Bullet / amortizing
 - Cash settle swaps / swaptions
 - Interest rate options
 - Caps
 - Floors
 - Collars / corridors
 - Active indices
 - Treasury
 - LIBOR
 - Prime
 - Fed Funds
-

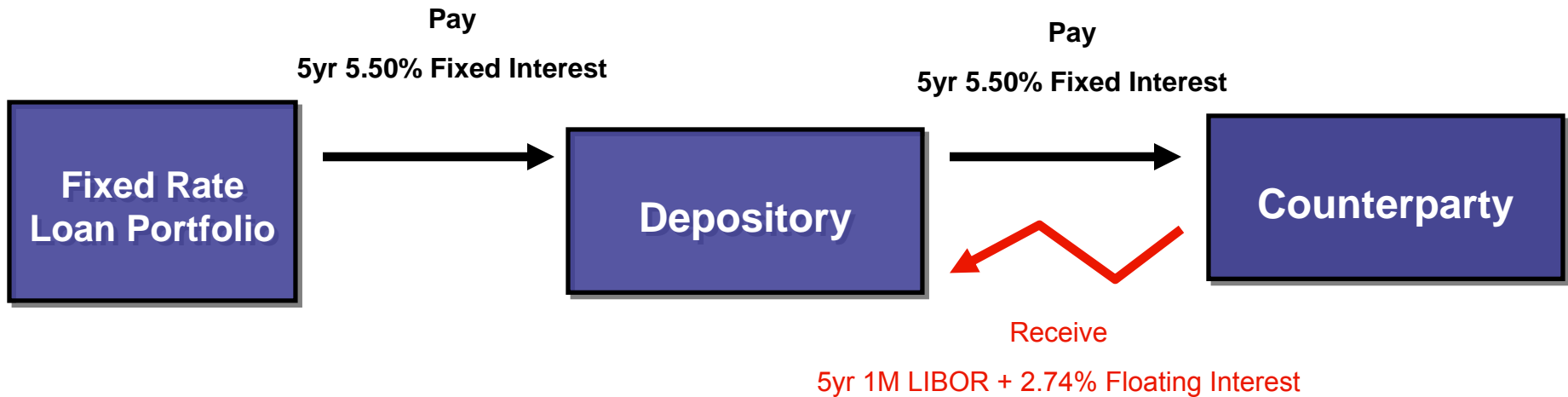
Interest Rate Swap

- An exchange of floating-for-fixed or fixed-for-floating interest payments between two parties
- There is no exchange of principal
- There is no up-front cost
- Swaps allow for depositories to shift interest rate exposure



Hedging Fixed Rate Assets

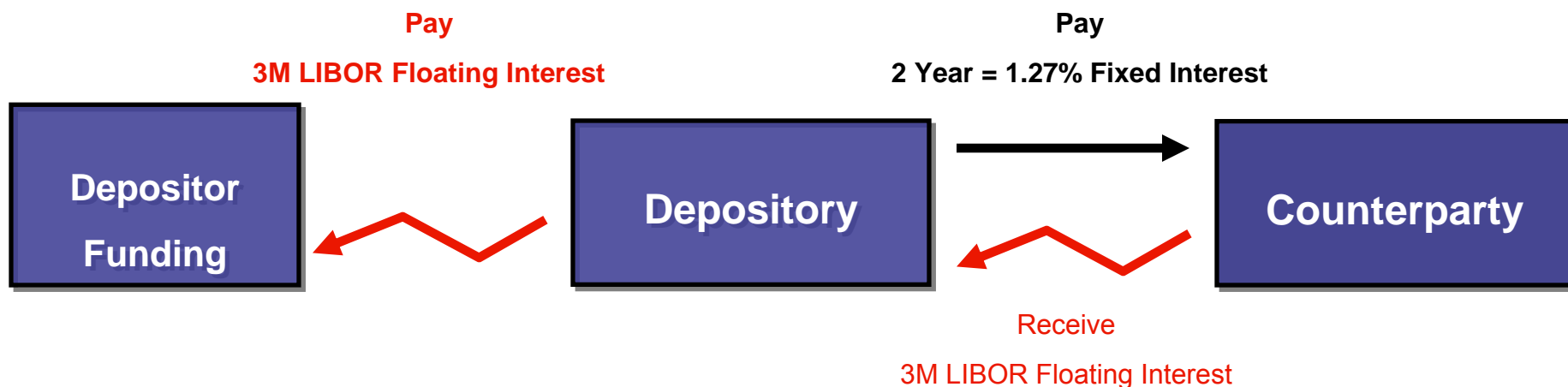
- Converts fixed-rate exposure to floating-rate position
- Asset yields will rise as interest rates rise
- Prospects: fixed-rate securities, fixed-rate mortgage loans, and fixed-rate commercial loans



Note: Classified as a Fair Value hedge

Hedging Adjustable Rate Liabilities

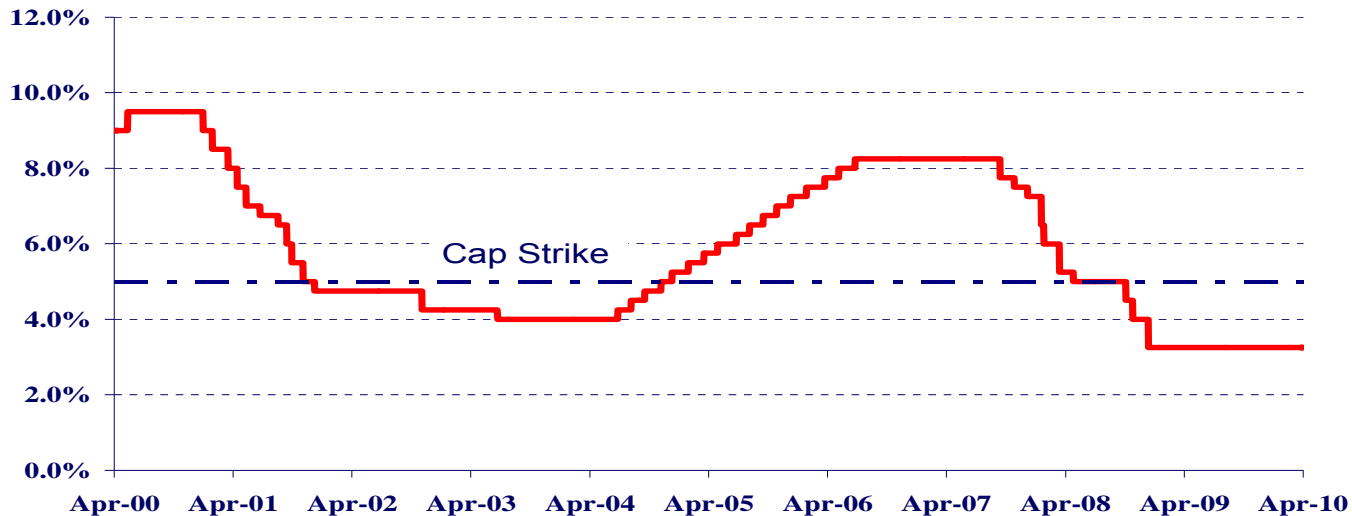
- Converts adjustable-rate exposure to long-term fixed-rate position
- Hedges depository's cost to rising rates
- Swap gains in value as interest rates rise
- Prospects: indexed adjustable rate deposits



Note: Classified as a Cash Flow hedge

Products And Strategies

Interest Rate Caps



Highlights:

- Caps can be used as insurance against rising rates
- Bank sets a cap strike rate based on an index
- If rates rise above the strike interest income will accrue to the bank
- The cap becomes more valuable as rates rise and can be realized
- Candidates: liability sensitive institutions or banks with fixed rate assets

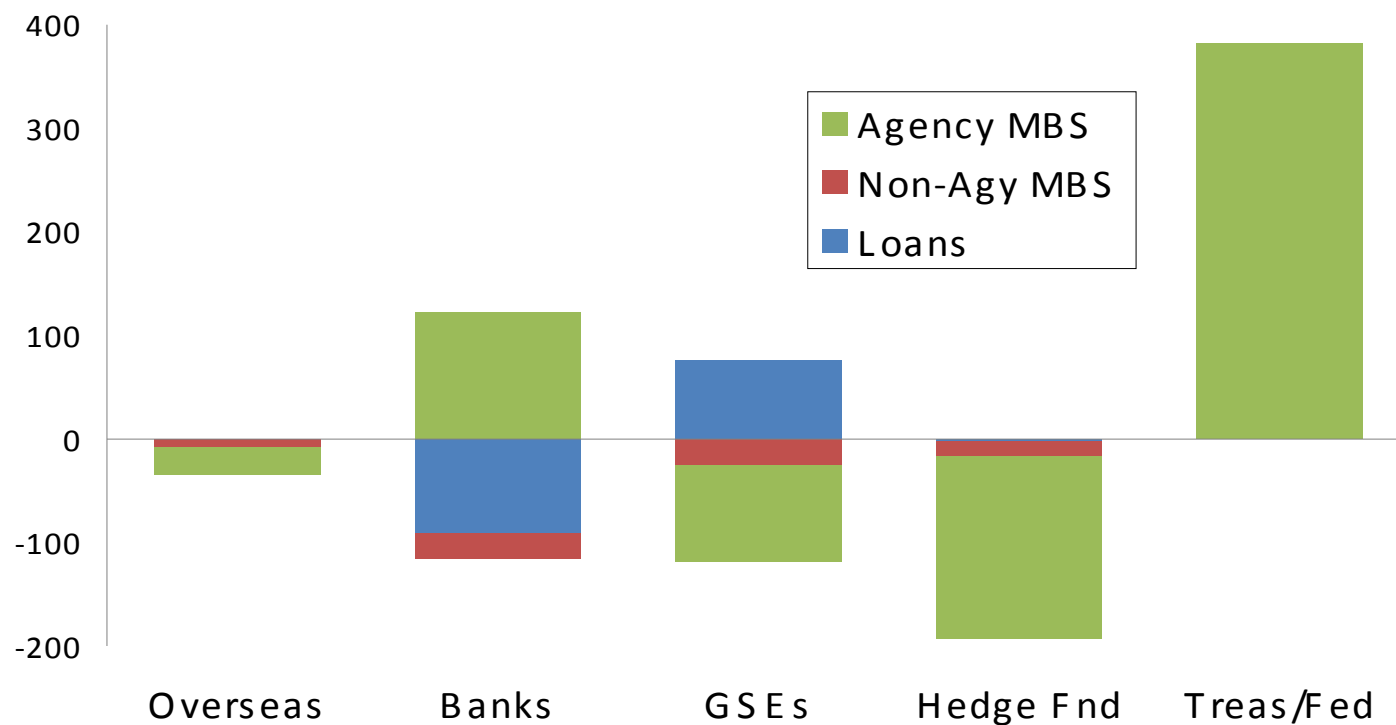
* Stand alone derivative that would be accounted for similar to a prepaid asset. Initial outlay to be amortized over life of cap. Thought of as an insurance policy against rising rates.

Strategy Menu Analysis

- Negotiated agency securitizations
 - Prime-quality long / low loans
 - Typically price at a premium
- Private market whole loan sales
 - Prime-credit “non-agency eligible” seasoned loans
 - Originated to be held in portfolio
 - Typically price at breakeven
- Private market whole loan purchases
 - Low risk, prime credit whole loans
 - Premium yields compared to bonds
- Balance sheet management hedges (*“Plain Vanilla Products”*)
 - Convert fixed loans to floating rate
 - Extend duration of short term liabilities

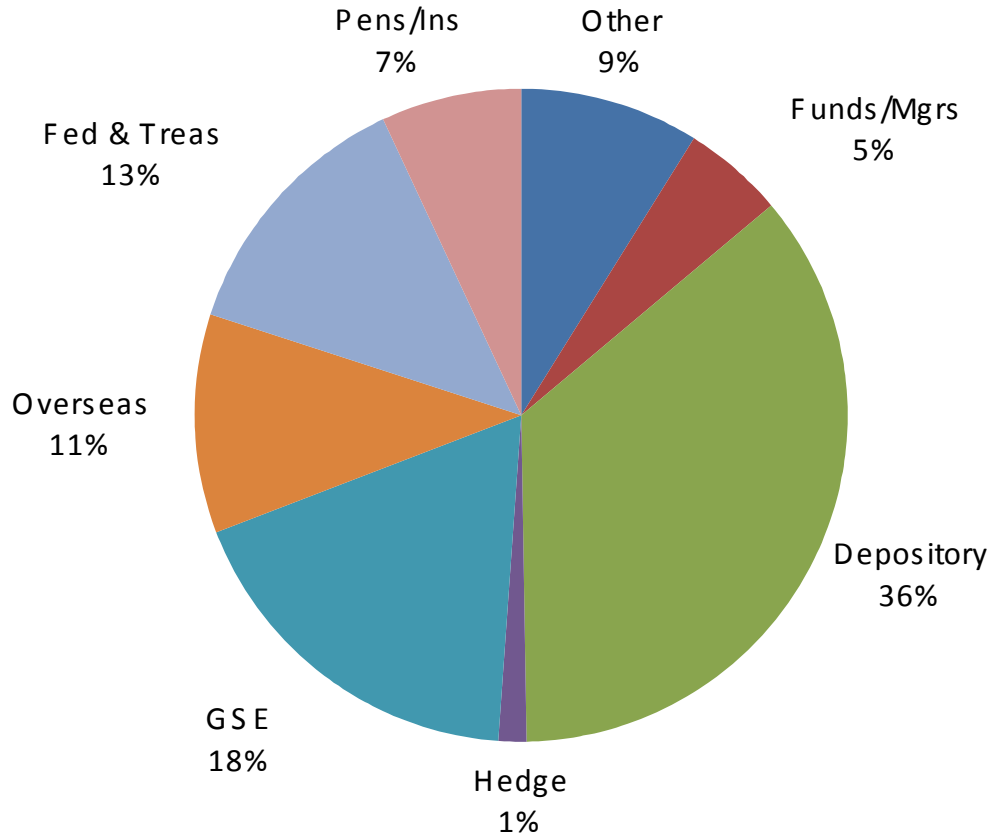
Banks Own a Lot of Mortgage Assets

**Acquisition of Mortgage Assets
September 30, 2009 to March 31, 2010**



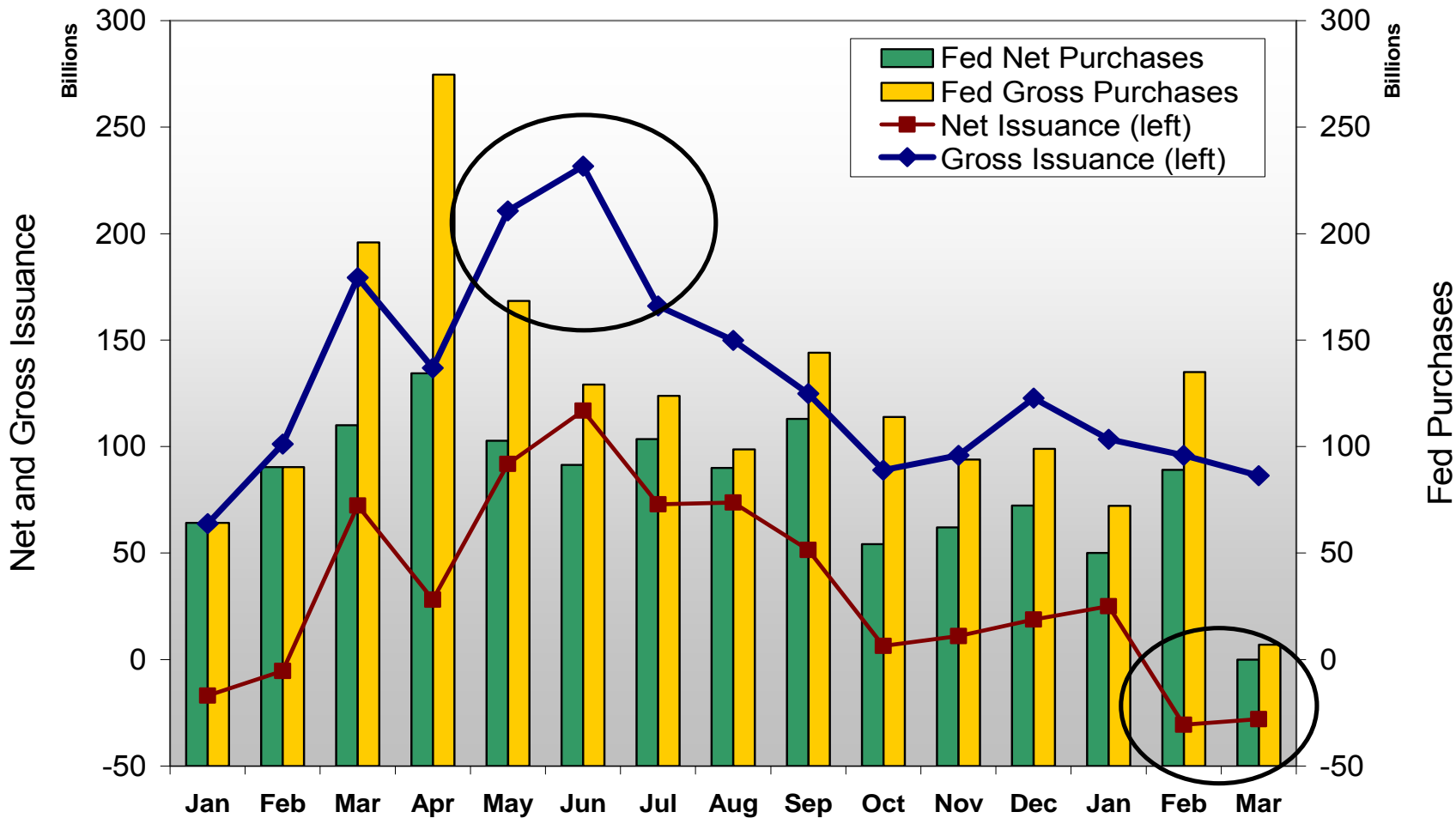
Banks Own a Lot of Mortgage Assets

Share of Single Family Mortgage Funding as of March, 2010 (\$9.7 Trillion)



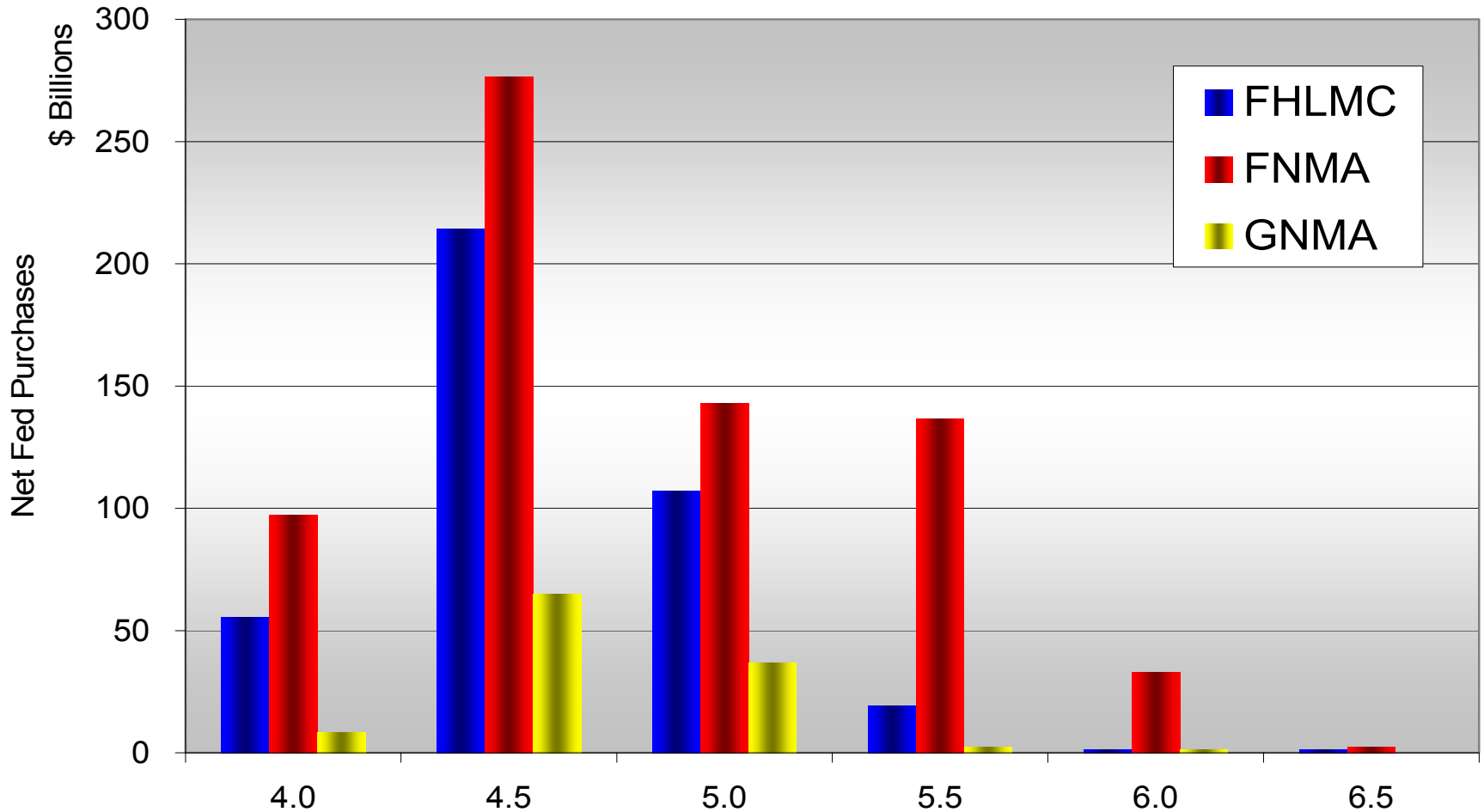
Net MBS Supply Will Likely Be Flat in 2010

Agency Fixed MBS Issuance vs. Fed Purchases
\$1.25 Tln Net Purchases vs. \$488 Bln Net Issuance



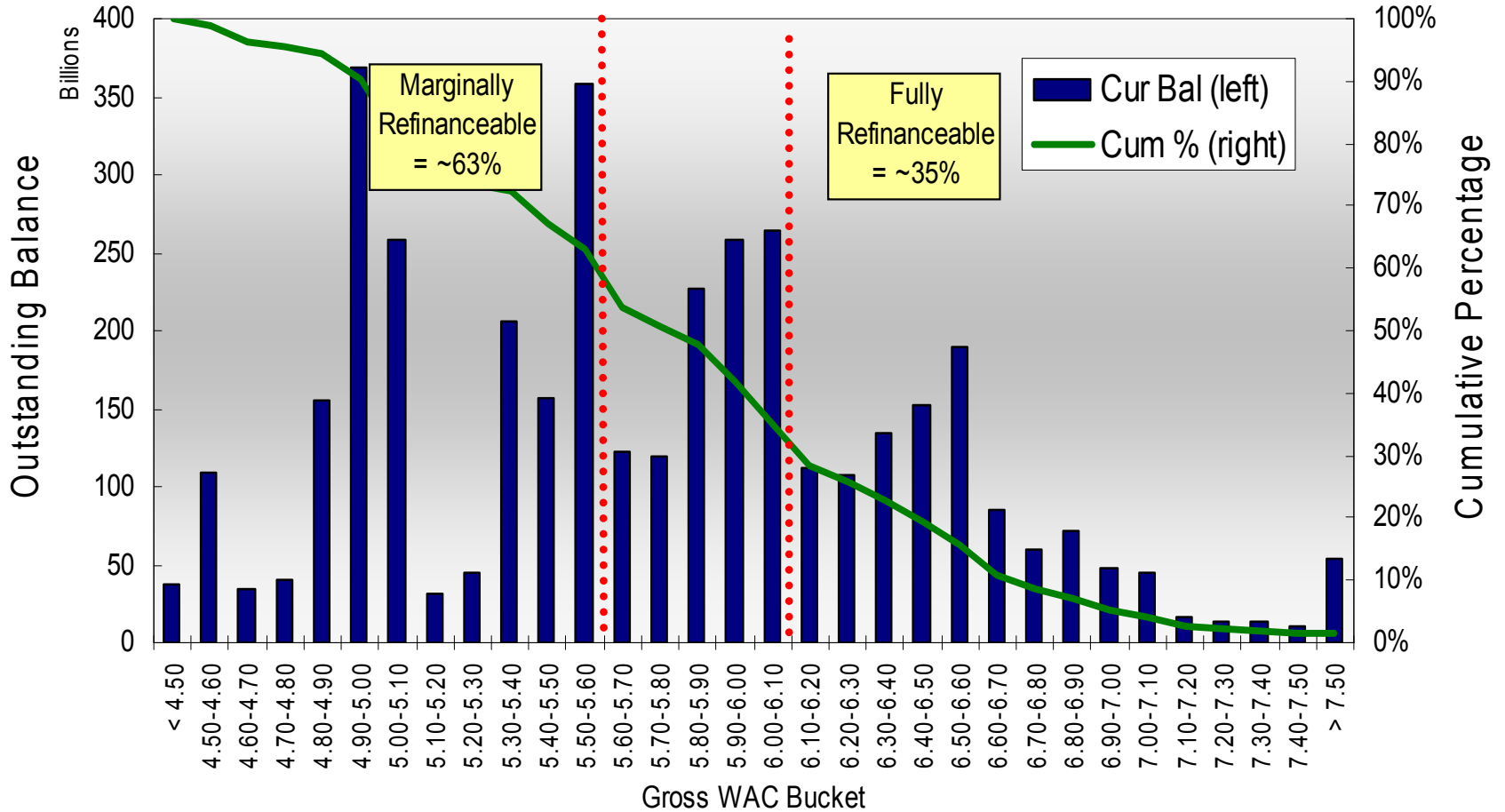
The Fed Owns Most of the 4.5 Float

Fed Purchases of 30yr Agency MBS Through April 21
Net \$1.245 Trillion Out of \$1.25 Trillion Mandate



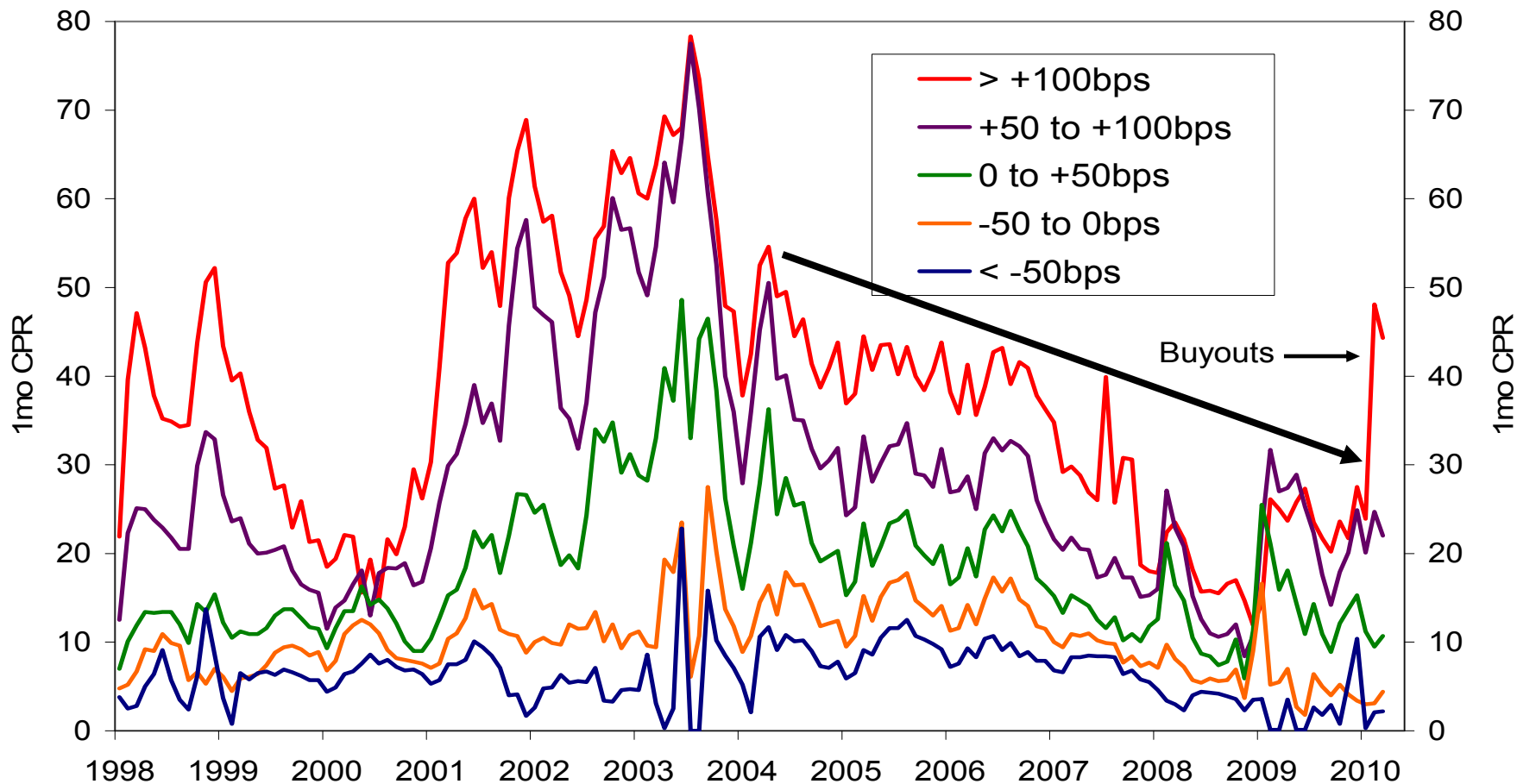
MBS Market "Out of the Money"

30yr Agency MBS Outstanding Balance by WAC



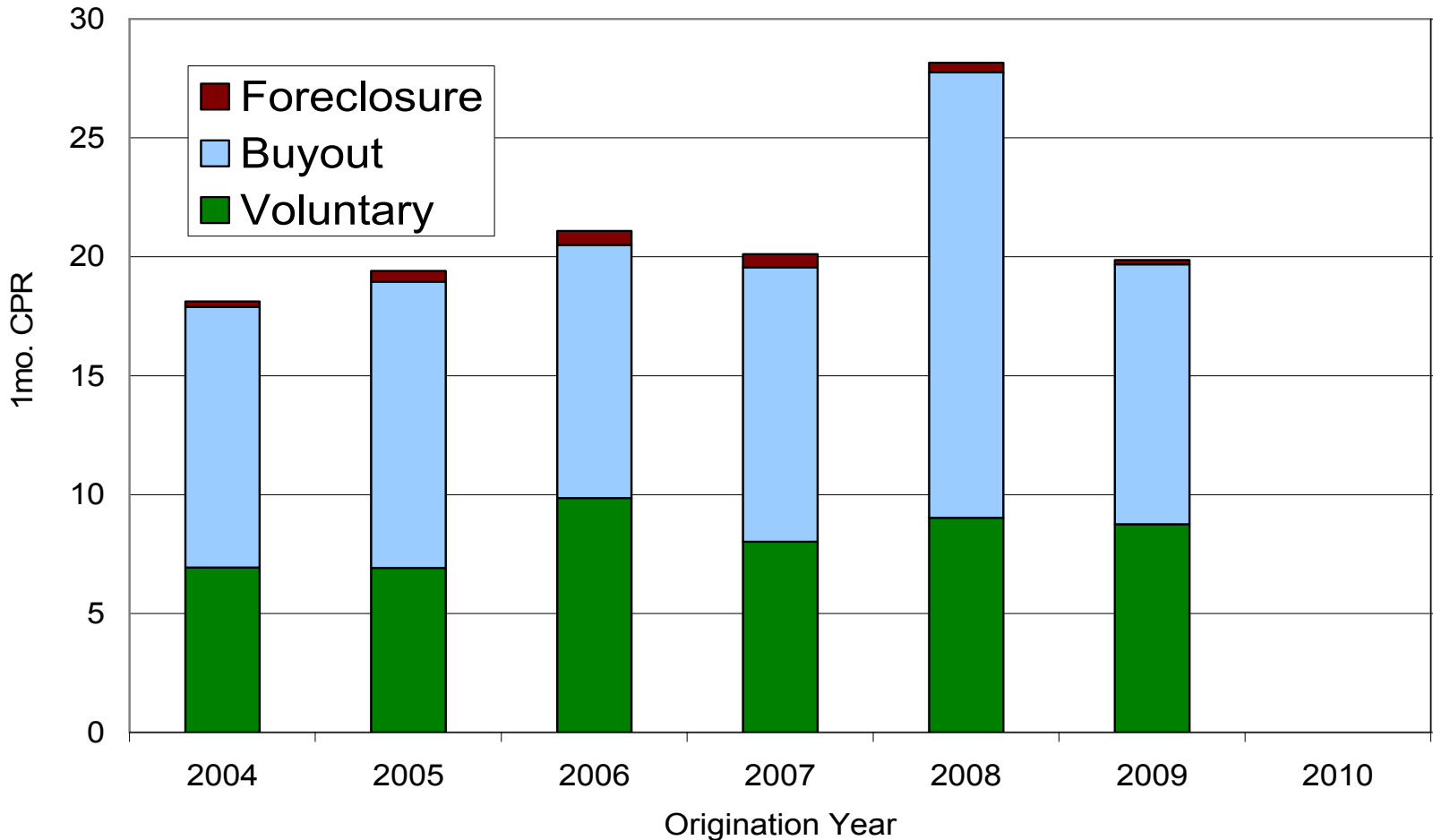
General Trend is For Slower Speeds

Prepayment Speed History by Refi Incentive
30yr Conventional MBS - 12-30 wala

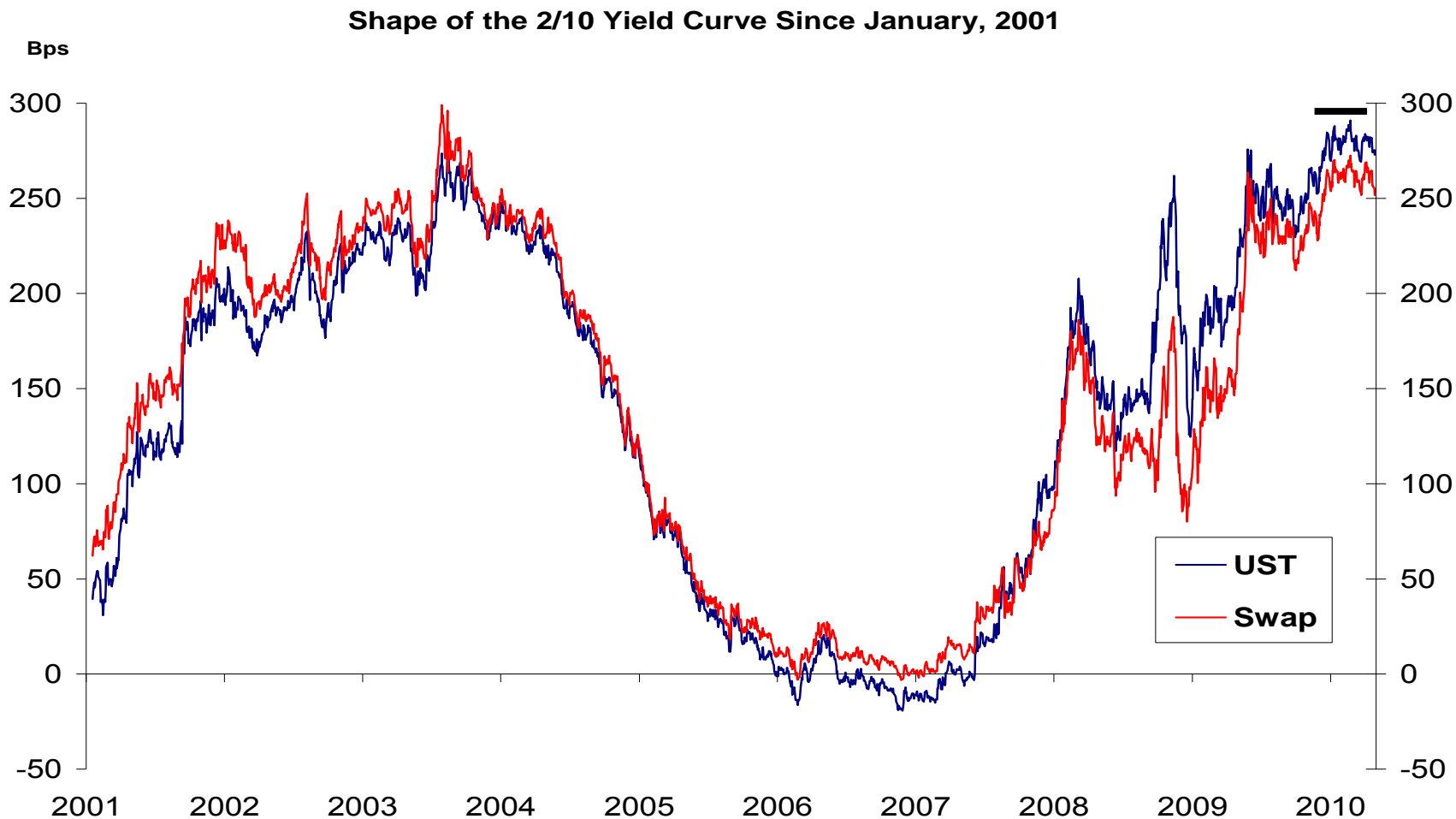


Buyouts Still an Issue for GNMA MBS

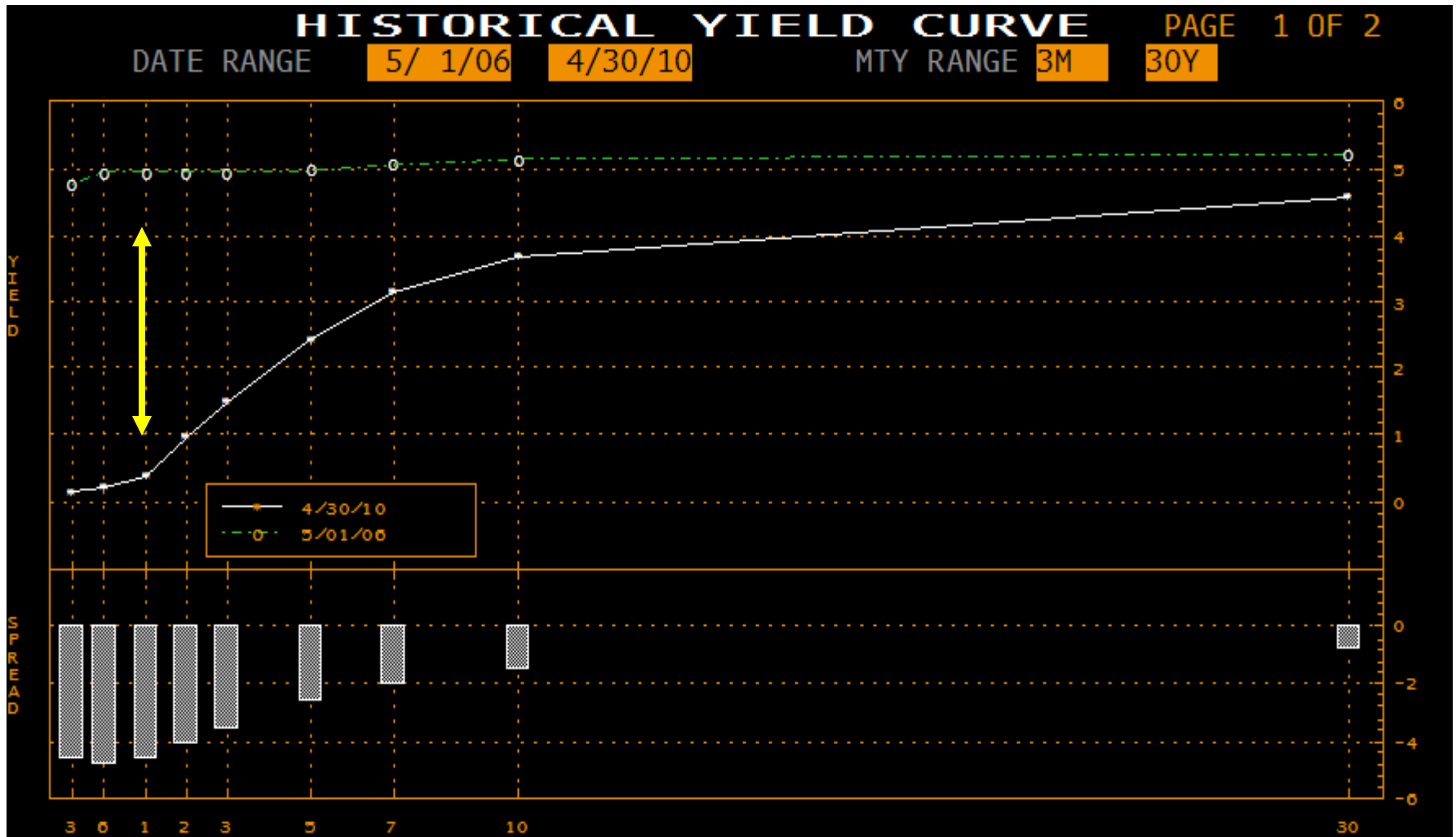
Reported 1mo. CPR Breakdown - GNMA I 30yr 5.5s
(as of the March '10 factor report - February '10 Prepayments)



Historically a Very Steep Yield Curve

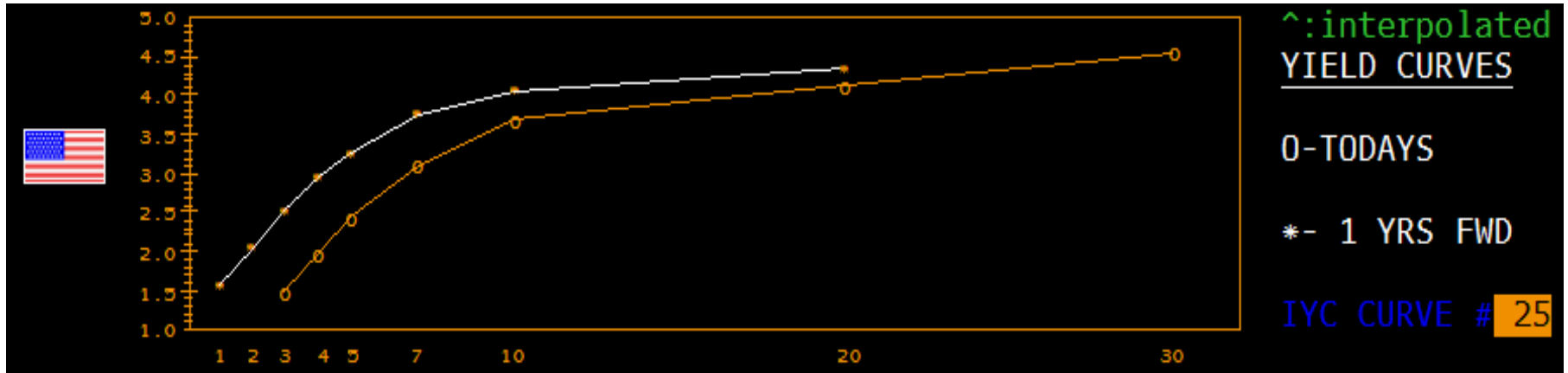


UST Curve Compared to 4 Years Ago

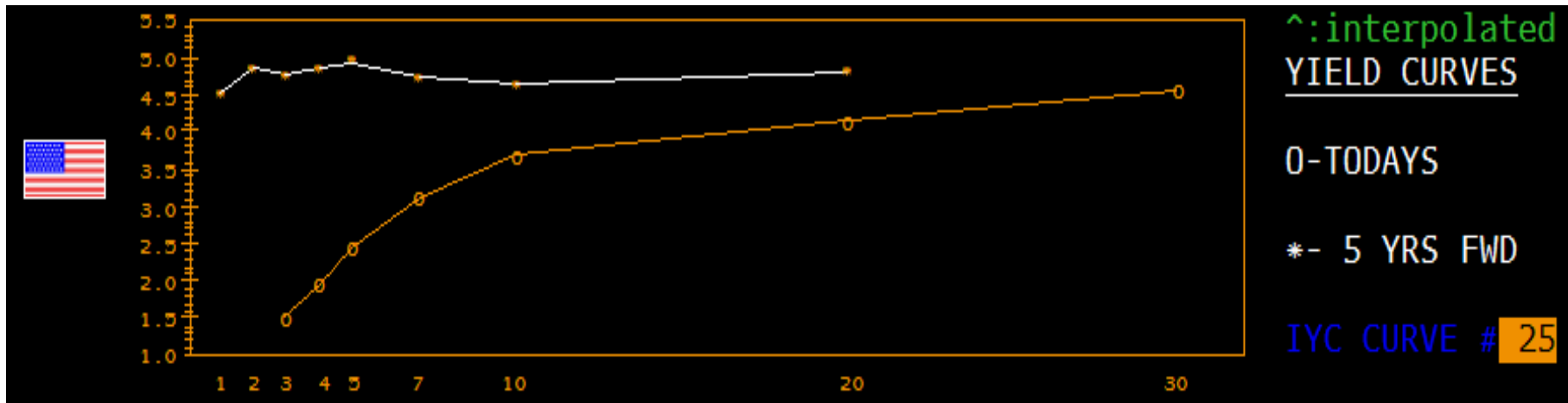


Forwards Point to a Higher/Flatter Curve

One Year Forward

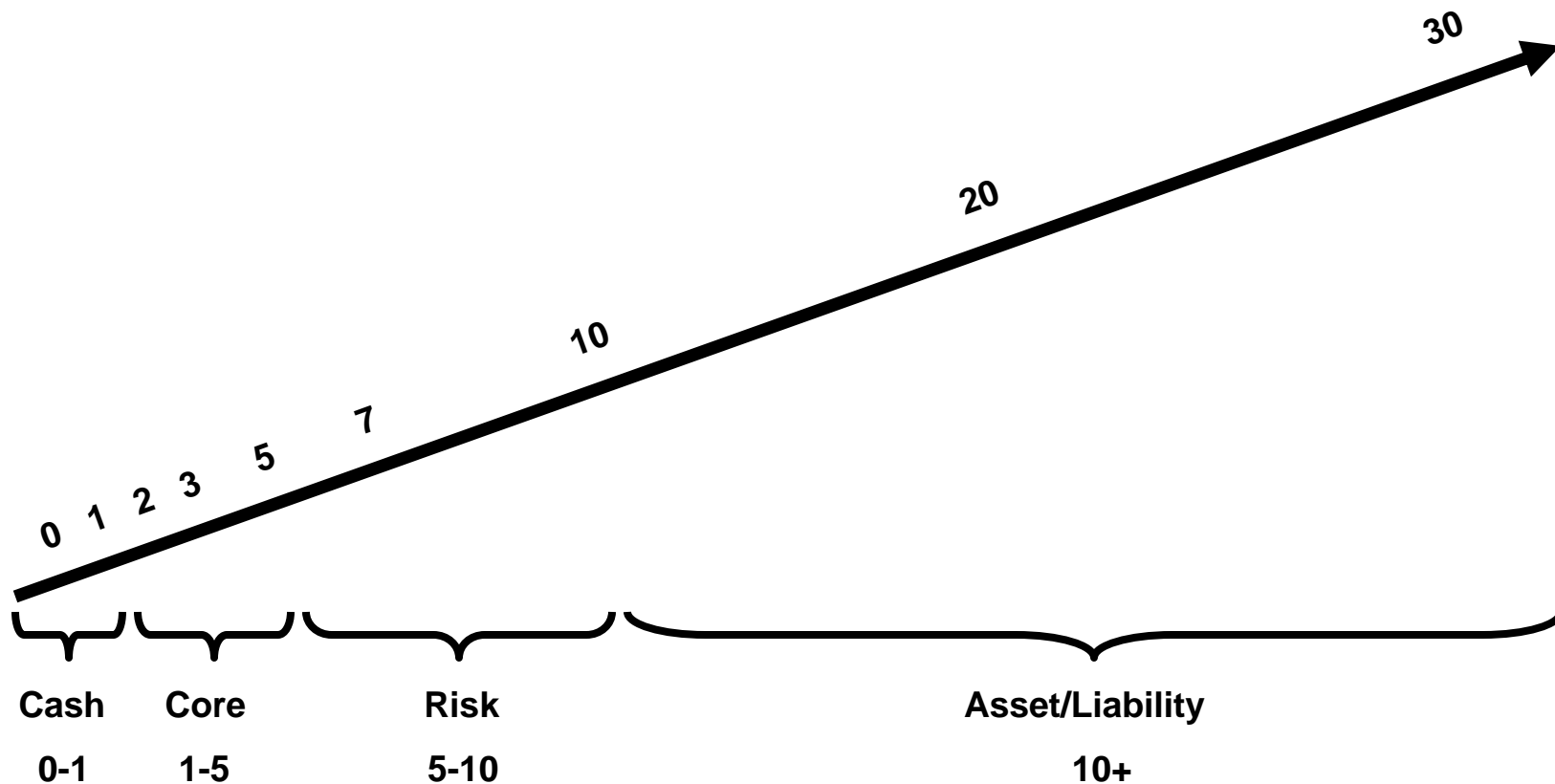


Five Years Forward



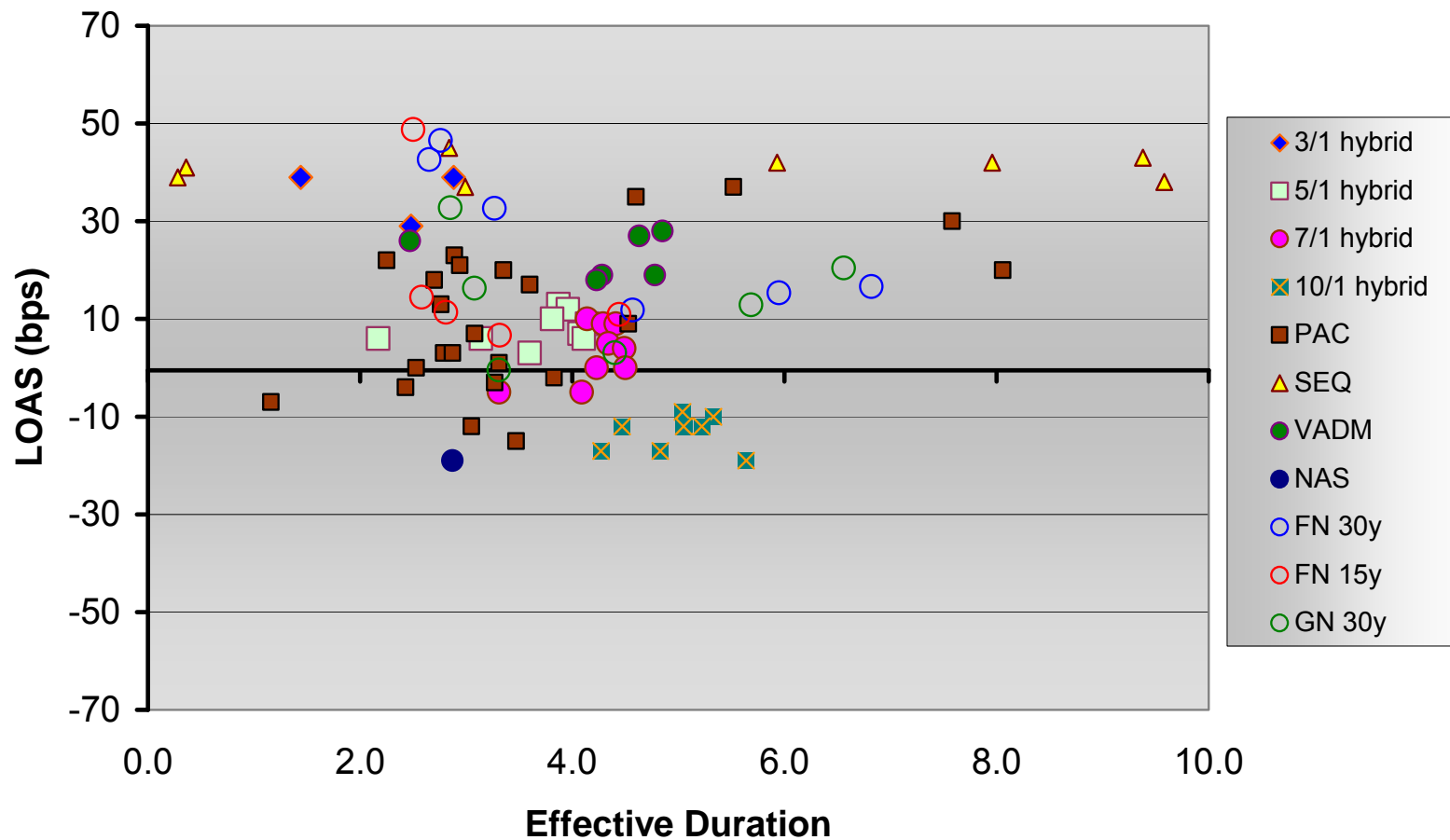
Depository Investing and the Curve

One Year Forward



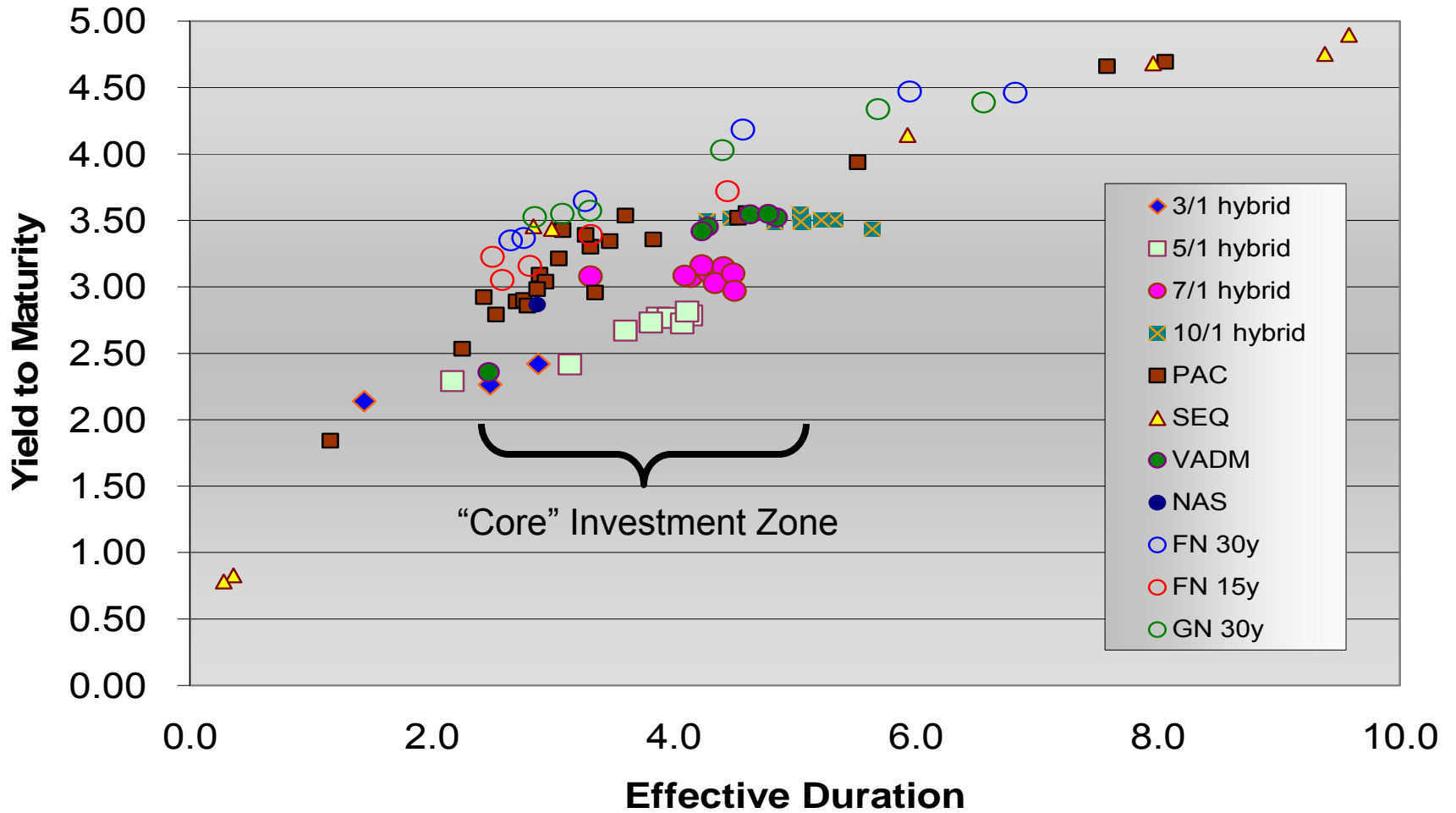
How a Money Mgr Looks at the World

LOAS/Duration Space



Same Menu from a Bank's Perspective

Yield/Duration Space



Two Choices in the Middle of the Curve

I. CMO: FNR 2008-55 VB, a 5.70-year VADM

FNR 2008-55 VB										5%	2/25/27	ADV: < PAGE >								
31397L5J4 CMO:AD, SEQ										[No Band	4/10]	CPR								
5.561(290)63 WAC (WAM) AGE APR10										99 < Go >										
APR 1mo	262P	15.7C	6/30/08:	13,493,800	next pay	6/25/10 (monthly)	30/360	Cashflows	created	4/13/10										
10 3mo	221	13.3	4/25/10:	13,493,800	rcd date	5/31/10 (24 Delay)	1stProj	5/25/10	Collat:	9142 Pools										
6mo	221	13.3	factor	1.000000000000	accrual	5/ 1/10- 5/31/10														
12mo	247	14.9																		
L17a	196	11.8																		
YIELD TABLE																				
30/360 DSCNTNG																				
B. Median																				
+300bp ₁₀₈ +200bp ₁₂₀ +100bp ₁₈₀ 0bp ₂₉₆ -100bp ₇₅₃ -200bp ₁₀₀₁ -300bp ₁₀₁₉																				
Varu	PRICE	1/32	108	PSA	120	PSA	180	PSA	296	PSA	750	PSA	1001	PSA	1019	PSA				
105-18	4.347	4.321	4.180	3.876	2.324	1.094	.987													
AvgLife	10.64	10.15	8.13	5.70	2.25	1.52	1.48													
Mod Dur	8.19	7.90	6.62	4.91	2.12	1.47	1.43													
DATEWindow	6/19-	2/25/22	5/19-	8/25/21	6/17-	6/25/19	3/15-	11/25/16	3/12-	12/25/12	8/11-	2/25/12	7/11-	1/25/12						
Spread	+62/AL	+61/AL	+81/AL	+117/AL	+119/AL	+38/AL	+29/AL													
NON-CALLABLE	APR10	MAR	FEB	JAN	DEC09	NOV	OCT	SEP	AUG	JUL	JUN	MAY09	Treasury Curve - BGN 9:32							
	262	174	226	223	242	198	176	192	301	336	358	264p	6mo	-1-	-2-	-3-	-5-	-7-	-10-	-30-
	15.7	10.4	13.6	13.4	14.6	11.9	10.6	11.6	18.1	20.2	21.5	15.8c	0.24	0.38	0.98	1.52	2.46	3.15	3.69	4.56
	Format# 1-YT										B	5y100-6+	7y99-26+							

Locked Out with Very Tight Pay Window

I. CMO: FNR 2008-55 VB, a 5.70-year VADM

Bloomberg		PROJECTED CASH FLOWS				Pg 3 of 3	
CMO		5.0000%	2/25/27	FNR 2008-55 VB	AD,SEQ		
Price	105-18	Accrued	0.0833	for 6 days	Interest	Final Pmt 12/25/2018	
Yield	4.1301				Shortfall	Pmt 12/yr 24 Delay	
Settle	5/7/10	12.0	CPR		0.0%	Acc Date 5/1/2010	
						Pmt Date 6/25/2010	
						Apr10 Factor 1.0000000000	
					Total Org Face	13,493,800.00	
					Your Org Face	10,000,000.00	
Y	Year		First prin. pmt. 12/25/16		Prev. Bal.=	10,000,000	
	No. Date	Coupon	Interest	Principal	Cashflow	Balance	
	1 5/25/11		499,999	0	499,999	10,000,000	
	2 5/25/12		499,999	0	499,999	10,000,000	
	3 5/25/13n		499,999	0	499,999	10,000,000	
	4 5/25/14n		499,999	0	499,999	10,000,000	
	5 5/25/15n		499,999	0	499,999	10,000,000	
	6 5/25/16		499,999	0	499,999	10,000,000	
	7 5/25/17		478,355	2,418,921	2,897,277	7,581,079	
	8 5/25/18		258,811	5,148,312	5,407,123	2,432,767	
	9 12/25/18n		36,008	2,432,767	2,468,775	0	

Two Choices in the Middle of the Curve

II. Passthru: Generic FNMA 30yr 5.0

FNCL 5		5.600(351)9		UAC(UAM)CAGE		5%		ADV<PAGE>						
Generic:FNMA								Vectors 99 <go>						
1mo	312P	14.9C				next pay	6/25/10 (monthly)	Age	0: 9					
3mo	285	13.9				rcd date	5/31/10 (24 Delay)	WAM	29: 3					
6mo	294	14.7				accrual	5/ 1/10- 5/31/10	WAC	5.600					
12mo	328	17.0												
Life	238	10.6												
YIELD TABLE														
5/13/10														
B. Median:	+300bp	101	+200bp	121	+100bp	184	0bp	397	-100bp	1222	-200bp	1798	-300bp	1982
VAR	PSA		PSA		PSA		PSA		PSA		PSA		PSA	
PRICE	32													
103-13	4.557	4.520	4.402	3.985	2.334	1.005	.610							
AvgLife	10.68	9.74	7.51	4.06	1.43	0.94	0.85							
Mod Dur	7.52	7.01	5.74	3.50	1.37	0.92	0.84							
DATEWindow	6/10-	8/25/39	6/10-	8/25/39	6/10-	8/25/39	6/10-	8/25/39	6/10-	9/25/23	6/10-	1/25/12	6/10-	11/25/11
Spread	+82/AL	+84/AL	+115/AL	+196/AL	+167/AL	+62/AL	+25/AL							
APR10 MAR FEB JAN DEC09 NOV OCT SEP AUG JUL JUN MAY09										Treasury Curve - BGN 9:33				
- 312 248 293 301 289 266 218 239 331 460 492p										6mo -1- -2- -3- -5- -7- -10- -30-				
- 14.9 11.9 14.1 17.0 14.0 12.9 10.6 11.7 16.7 23.3 24.8c										0.24 0.38 0.58 1.52 2.45 3.15 3.69 4.86				

At First, the Trade Looks Unattractive

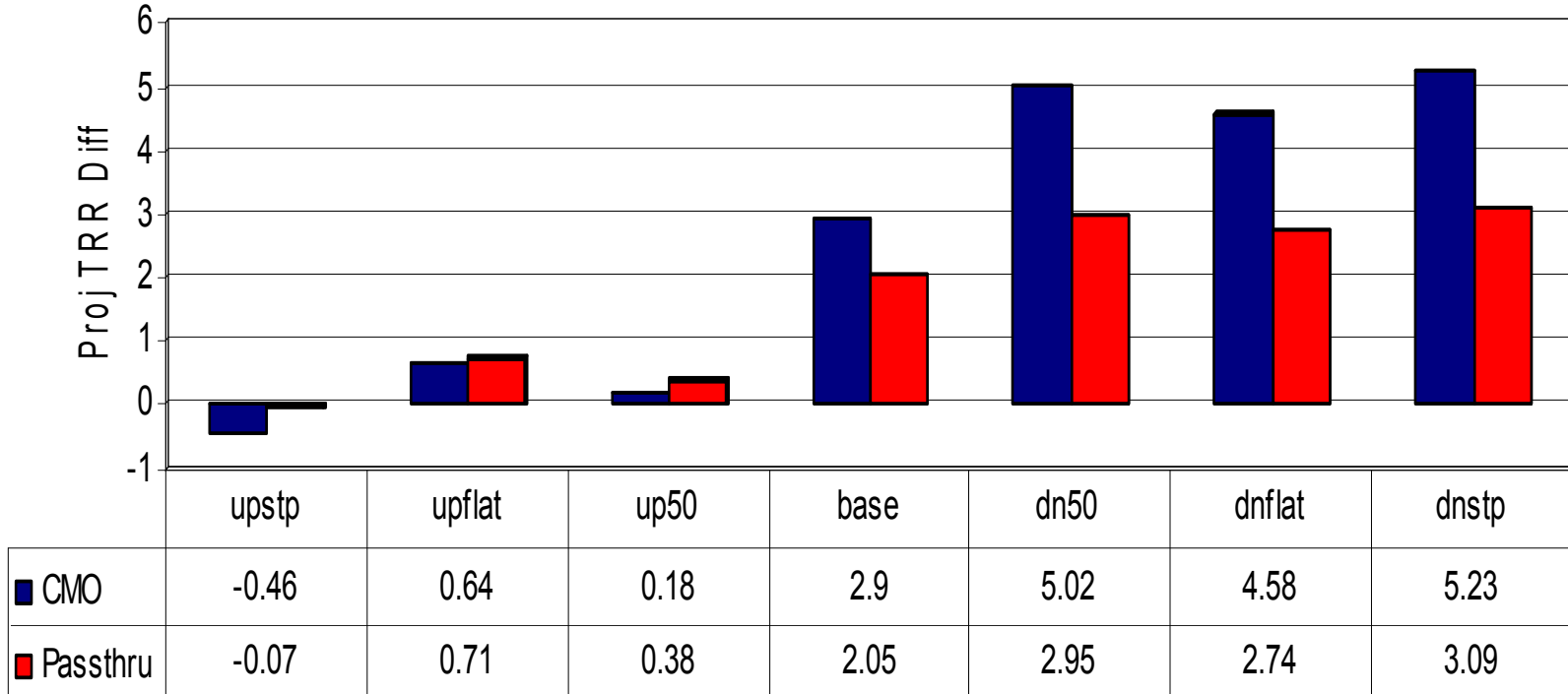
	<u>CMO</u>	<u>Passthru</u>	<u>Difference</u>
Price	105-18	103-16	2-02
Avg Life	5.70	4.70	1.00
YTM	3.88	4.06	-0.19
I-Spread	123.30	173.50	-50.20

Dynamic Measures Look Better

	<u>CMO</u>	<u>Passthru</u>	<u>Difference</u>
Price	105-18	103-16	2-02
Avg Life	5.70	4.70	1.00
YTM	3.88	4.06	-0.19
I-Spread	123.30	173.50	-50.20
Eff Dur	5.08	3.20	1.88
Z-Vol OAS	71.30	74.50	-3.20
Opts Cost	38.80	54.40	-15.60
OAS	32.50	20.10	12.40

Large Asymmetrical Returns Favor CMO

6-Month Projected Total Return (6yr VADM and FNCL 5.0)



Legend (6mo):

upsteep - 1moL up 25bps, 5yr swap up 50bps, 10yr swap up 75bps | upflat - 1moL up 75bps, 5yr swap up 50bps, 10yr swap up 25bps

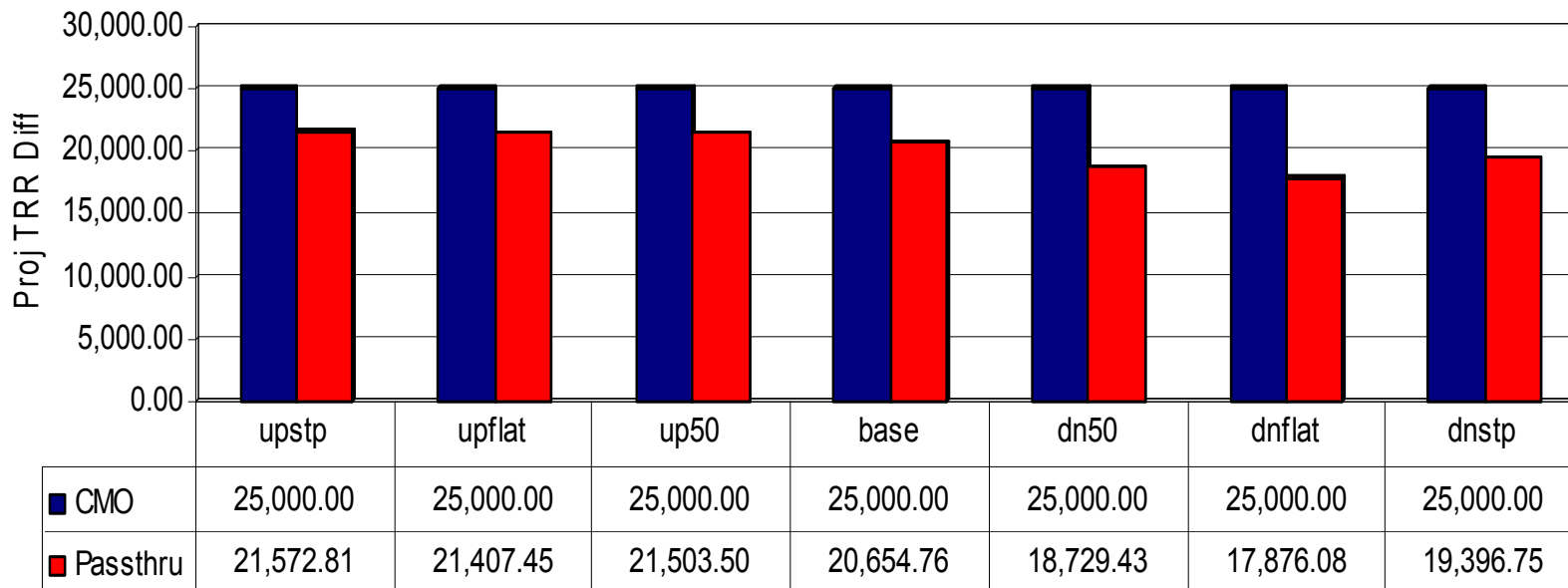
dnsteep - 1moL dn 75bps, 5yr swap dn 50bps, 10yr swap dn 25bps | dnflat - 1moL dn 25bps, 5yr swap dn 50bps, 10yr swap dn 75bps

All analytics performed on Polypaths using the AFT, Inc. prepayment model. LIBOR term structure rate shifts are ramped to a 6 month horizon.

Total Return analytics assume constant-OAS pricing to a 6-month horizon.

Lockout “Protects” Book Income

6-Month Projected Book Income on \$1 Million (6yr VADM and FNCL 5.0)



Legend (6mo):

upsteep - 1moL up 25bps, 5yr swap up 50bps, 10yr swap up 75bps | upflat - 1moL up 75bps, 5yr swap up 50bps, 10yr swap up 25bps

dnsteep - 1moL dn 75bps, 5yr swap dn 50bps, 10yr swap dn 25bps | dnflat - 1moL dn 25bps, 5yr swap dn 50bps, 10yr swap dn 75bps

All analytics performed on Polypaths using the AFT, Inc. prepayment model. LIBOR term structure rate shifts are ramped to a 6 month horizon.

Total Return analytics assume constant-OAS pricing to a 6-month horizon.

On the Front End – Hybrid ARM's or Floaters?

I. Seasoned 5X1 with 35 Months to Roll and 5/2/5 Cap Structure

00 <GO> 31418MNE8 5.165(333)27		FNAD0388 MBS:FNLB		4.699% 10/ 1/39		ADV:<PAGE>							
WAC(WAM)WALA APR10		LOANS: 4.317		CAP= 9.832% FLR=		Historical 99 <GO> 0.00%							
APR 1mo	471P 25.4C	10/ 1/09:	25,140,664	next pay	6/25/10 (monthly)	CA	FL	NC	OTHR				
10 3mo	380 20.1	4/ 1/10:	21,652,206	rcd date	5/31/10 (24 Delay)	23.1	7.5	7.4	02.0				
0mo	503 24.0	factor	0.861242400000	accrual	5/ 1/10- 5/31/10	2008	2009	2004	OTHR				
12mo	-					07.5	13.4	0.8	12.2				
Life	503 24.0												
5/24/10		YIELD TABLE				Fxd Index= 1.04000							
Varu	12.0	18.0	24.0	.0	15.0	20.0	25.0	CPB					
PRICE	1/32	CPR	CPR	CPR	CPB	CPB	CPB	CPB					
105-28	2.503	2.287	2.014	2.385	1.860	1.649	1.416						
AvgLife	6.26	4.47	3.39	2.77	2.24	2.08	1.92						
Sprd Dur	5.26	3.94	3.09	2.58	2.12	1.98	1.84						
DATEWindow	0/10- 1/25/38	0/10- 1/25/38	0/10- 1/25/38	0/10- 3/25/13	0/10- 3/25/13	0/10- 3/25/13	0/10- 3/25/13						
Spread I	-34/AL	+12/AL	+34/AL	+101/AL	+77/AL	+65/AL	+50/AL						
CPB@100	APR10 MAR FEB JAN DEC09NOV09												
	471 310 300 471 701 719p												
	25.4 10.1 18.3 22.0 32.3 31.7c												
					Treasury Curve - BGN 7:15								
					0mo	-1-	-2-	-3-	-5-	-7-	-10-	-30-	
						0.24	0.37	0.95	1.47	2.40	3.10	3.04	4.50

On the Front End – Hybrid ARM or Floaters?

II. CMO Floater with 7% Life Cap

FHR 3344 FT		0.60438% 7/15/34		ADV:<PAGE>								
31397JXB5 CMO:SC,EXCH,FLT,PAC(11)		[No Band 4/10]		NO Notes								
FGLMC 5.5 S 5.913(267)80		(1xLIBOR01M)+35BP		88 <Go>								
APR 1mo 388P 23.3C		7/30/07: 167,791,546		next pay 5/15/10 (monthly)								
10 3mo 427 25.6		4/15/10: 119,159,229		reset 5/15/10 (0 Delay)								
0mo 335 20.1		factor 0.710162290000		accrual 4/15/10- 5/14/10								
12mo 336 20.2				30/360 Cashflows								
Life 233 13.9				created 4/14/10								
				1stProj 5/15/10								
				Collat: 60 Pools								
				1st INDEX 0.25438								
5/ 7/10		YIELD TABLE			Fxd Index= 0.28469							
B.Median		+300bp ¹¹⁵	+200bp ¹⁴⁰	+100bp ²⁴²	0bp ³⁵⁵ -100bp ⁷⁰⁷ -200bp ⁸⁶⁴ -300bp ⁹³⁶							
Vary PRICE	1/32	115 PSA	140 PSA	242 PSA	355 PSA 707 PSA 864 PSA 936 PSA							
CLASS: ReRemic information is availa												
DEAL: CALL FEATURE:1% Deal cleanup is not considered in an												
99-14	.736	.745	.747	.766	.905 .988 1.031							
AvgLife	5.77	5.31	5.23	4.44	2.12 1.62 1.44							
Index Dur	-0.00	-0.00	-0.00	0.00	0.01 0.01 0.02							
DATEWindow	5/15/10-	5/15/10-	5/15/10-	5/15/10-	5/15/10- 5/15/10- 5/15/10-							
VARY INDEX? N	1/15/34	2/15/34	3/15/34	3/15/34	5/15/33 5/15/31 9/15/29							
CALL Provision	APR10	MAR	FEB	JAN	DEC09	NOV	OCT	SEP	AUG	JUL	JUN	MAY09
NOT Modelled	388	556	324	322	185	195	174	272	297	482	345	432p
	23.3	33.4	19.5	19.3	11.1	11.7	10.4	10.3	17.8	28.9	20.7	25.9c

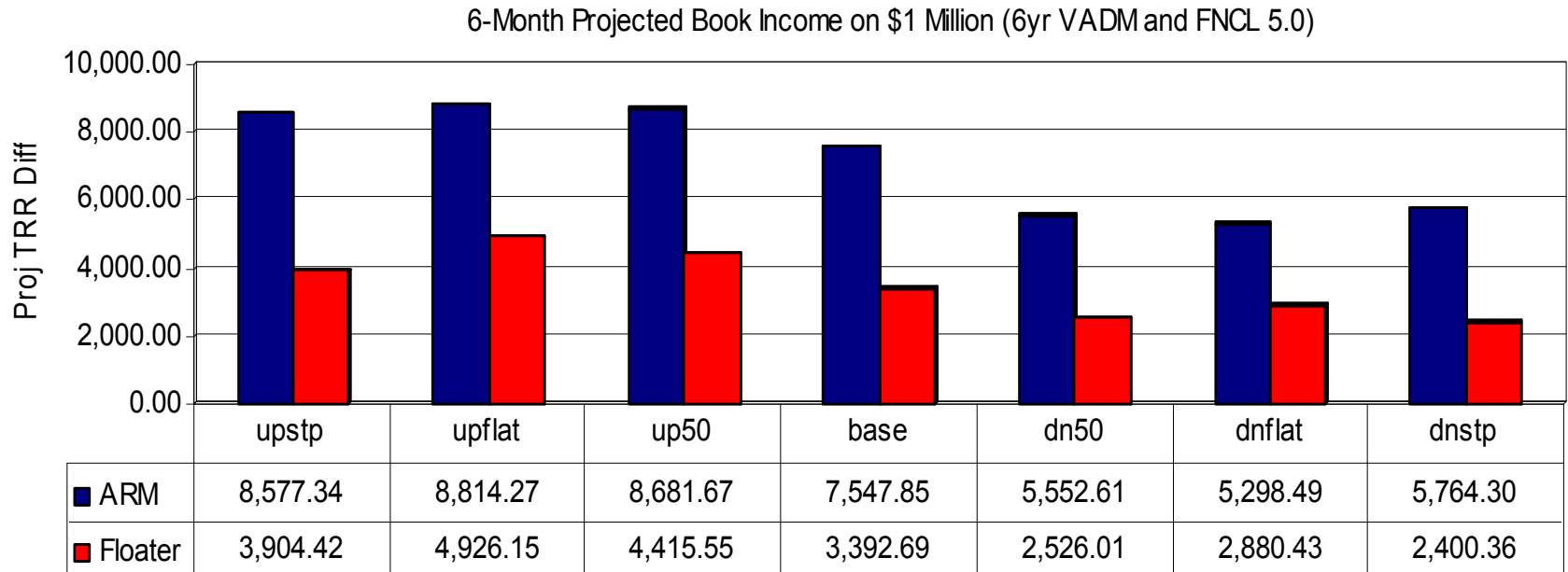
YTM Profile Depends on Rate Outlook

Yield In Different Rate Scenarios

	<u>Hybrid ARM</u>	<u>Floater</u>	<u>Difference</u>
Base	2.01	0.77	1.24
+50	2.21	1.27	0.94
+100	2.42	1.77	0.64
+150	2.63	2.25	0.38
+200	2.83	2.75	0.08
+250	3.04	3.26	-0.22
+300	3.24	3.77	-0.53

Assumes 24 CPR on Hybrid ARM and 296 PSA on Floater

Choice is Easy Based on Book Income



Legend (6mo):

upsteep - 1moL up 25bps, 5yr swap up 50bps, 10yr swap up 75bps | upflat - 1moL up 75bps, 5yr swap up 50bps, 10yr swap up 25bps

dnsteep - 1moL dn 75bps, 5yr swap dn 50bps, 10yr swap dn 25bps | dnflat - 1moL dn 25bps, 5yr swap dn 50bps, 10yr swap dn 75bps

All analytics performed on Polypaths using the AFT, Inc. prepayment model. LIBOR term structure rate shifts are ramped to a 6 month horizon.

Total Return analytics assume constant-OAS pricing to a 6-month horizon.

Investment “Takeaways”

- Curve is historically steep and the next MAJOR move will be a flatter curve.
- MBS assets are and should remain a core holding for financial institutions given government backing/risk weighting and available yield.
- The “sweet spot” for banks on the curve (2-3yrs) is picked over and offers relatively little value.
- Take advantage of steep curve and a VERY benign prepayment environment to BARBELL purchases in the 1yr and 5yr partials.
- Lockout and coupon. Lockout and coupon. Lockout and coupon.

Disclaimer

This material was produced by an FTN Financial Strategist and is not considered research and is not a product of any research department. Strategists may provide advice to investors as well as to FTN Financial's trading desk. The trading desk may trade as principal in the products discussed in this material. Strategists may have consulted with the trading desk while preparing this material and the trading desk may have accumulated positions in the securities or related derivatives products that are the subject of this material. Strategists receive compensation which may be based in part on the quality of their analysis, FTN Financial revenues, trading revenues, and competitive factors.

Although this information has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. Opinions, historical price(s) or value(s) are as of the date and, if applicable, time, indicated. FTN Financial does not accept any responsibility to update any opinions or other information contained in this communication. FTN Financial is not providing investment advice through this material. This is for information purposes only and is not intended as an offer or solicitation of any product. Securities, financial instruments, products or strategies mentioned in this material may not be suitable for all investors. Before acting on any advice or recommendation in this material, you should consider whether it is suitable for your particular circumstances. Further information on any of the securities or financial instruments mentioned in this material may be obtained upon request.

FTN Financial Group and FTN Financial Capital Markets are divisions of First Tennessee Bank National Association (FTB). FTN Financial Securities Corp (FFSC), FTN Financial Capital Assets Corporation, and FTN Equity Capital Markets Corp. (FTN Equity Capital) are wholly owned subsidiaries of FTB. FFSC and FTN Equity Capital are members of FINRA and SIPC—<http://www.sipc.org/>. Equity research is provided by FTN Equity Capital. FTN Financial Group, through First Tennessee Bank or its affiliates, offers investment products and services.

Questions?

Pete Taglia
Vice President,
Financial Management
312.258.5010
pete.taglia@ftnfinancial.com

Walt Schmidt
Senior Vice President,
Structured Product Strategies
312.258.5020
walter.schmidt@ftnfinancial.com