

# Business Investment Account



With First Horizon Bank's Business Investment Account you receive a competitive return on your excess working capital funds along with FDIC insurance coverage of those funds up to \$250,000.

## How it works

The Business Investment Account is a separate account linked to your operating account. Each evening we "sweep" the collected funds in your operating account (over a peg balance you establish) into the Business Investment Account. You purchase securities with those funds pursuant to a daily repurchase agreement, an arrangement in which the bank buys the securities back at an agreed upon market value. The difference between these two amounts is the value you earn on your investment. The principal is swept back to your operating account each day with your accumulated investment return posted monthly at month end.

## The Investment

Your funds are protected in the Business Investment Account based on the financial strength of the issuers of the securities we purchase on your behalf. Although the Business Investment Account and repurchase agreements are not deposits or FDIC-insured, your funds are invested only in obligations of Government Agencies. These investments are

principally securities issued by the Federal Home Loan Banks, Federal Home Mortgage Corporation, and Federal National Mortgage Association, and may change from time to time.

You are notified each day of the specific security investment you have purchased by way of a confirmation notice. This notice will indicate the principal amount of the investment, the name of the security you own along with its identifying CUSIP number. This information can be used to identify your interest in those specific securities.

The securities are maintained by the bank in a specific account at the Federal Reserve Bank of Boston. This account is used for the sole purpose of maintaining these securities held on behalf of our Business Investment Account clients and are not commingled with other general obligations of the bank.

## Frequently Asked Questions

### 1. What rate will this investment account earn?

The rate could change daily and is based on the Federal Funds Rate published daily in various national publications. You should contact your relationship manager to determine the current rate being paid on this investment type.

### 2. Why do I get these daily notices of the investment?

This notification is required by Federal Law and gives you notice of the securities involved in the repurchase agreement. You need not receive the notice via U.S. Mail; however, you may elect to receive the notice via e-mail or a facsimile transmission.

### 3. At what point in the day does the Repurchase Agreement transaction actually take affect?

At the end of the day, after business hours, the actual amount available to invest is calculated on your operating account. That operating account may be a "master" account which accumulated funds from several of your other linked operating accounts. That account may also incorporate a "peg balance." This is a reference amount that will ensure a certain balance will remain in the operating account and not be moved to the investment account each evening. Only the "collected" balance is moved. Pending funds such as ACH transactions not

yet received or uncollected checks will not be included in the total for movement to the investment account.

By the open of business the following day, the funds are moved back into the operating account for use for your daily activities. At this point, the repurchase has taken place and your funds are normal balances in a deposit account and insured by the FDIC up to \$250,000.

### 4. If I need to exercise my rights to the ownership in the underlying securities under the Repurchase Agreement, how do I go about doing so?

If the FDIC is appointed receiver of the bank, operations from that point forward would be under the FDIC's policies and procedures in effect at that time. Generally, the deposit liabilities and secured liabilities, including repurchase agreements, and the custody of the underlying securities are transferred to a successor financial institution. Generally, within one business day, the FDIC would send you a letter informing you that the repurchase agreement you entered into with the Bank, which is a form of qualified financial contract, has been transferred to the successor institution. The successor financial institution would repurchase the securities and the value of the securities would again be available in your account.

**For more information, please contact your  
Relationship Manager or Treasury Management  
Sales Officer.**