

The breakup with TD Bank has freed First Horizon Bank and given it a new lease on life

Article

The news: First Horizon Bank is reinventing itself after its merger deal with TD Bank fell apart earlier this year, [per](#) The Financial Brand.

Shedding dead weight: The deal, worth \$13.4 billion, was first announced in March 2022.

- But it was held up for more than a year as regulators stalled on giving their signoff.
- After the closing date was pushed back multiple times, the deal was finally scrapped in May 2023. Though widely attributed to the fallout of the recent regional banking crisis, the termination was actually the result of AML violations that occurred at TD Bank.

As part of the termination plan, TD Bank agreed to pay First Horizon \$200 million. Now, First Horizon is using the cash infusion and renewed employee excitement to start a fresh, new, independent life.

Spending spree: The bank has laid out plans to use roughly half of the payment to level up its tech capabilities and talent.

- A portion of the funds will bolster First Horizon's infrastructure to better support cloud technology and APIs.
- The bank will also direct funds toward the development of customer-facing platforms, like a cyber fraud detection system and improvements to its online banking capabilities. Other projects include the use of new technologies like artificial intelligence and machine learning.
- First Horizon also said it plans to expand its tech team by 20% over the next two years.

In good health: A quick checkup reveals First Horizon is in a healthy place after dealing with the drawn-out merger and the March banking crisis.

- The bank's deposit levels fell only slightly in H1 2023, which it attributes to consumers spending down their savings as they deal with economic uncertainty. Some depositors that left the bank to avoid the merger also said they plan to bring their funds back to First Horizon. And a recent marketing campaign brought in \$400 million in new deposits in April and May.
- First Horizon also maintains a diversified lending portfolio that encompasses commercial and industrial loans, commercial real estate loans, and secured personal loans. Its specialty banking division—which extends franchise, equipment, energy, and healthcare financing—contributes handsomely to deposits as well.
- First Horizon executives claim the merger deal didn't impact staffing levels very much. The bank implemented a retention program when the merger was announced, and TD Bank said it would allow First Horizon employees to keep their jobs after the deal was complete.

The bottom line: First Horizon seems to have taken a not-so-great situation and turned it on its head. Cash fuels some of the changes, but any successes the bank sees in the future will result from the customer and employee loyalty it appears to have built and fostered prior to the merger deal.

First Horizon CEO Bryan Jordan is rallying his troops, but also keeping a level head. The bank, which had roughly \$81 billion in assets at the end of Q1, is in no rush to reach the \$100 billion level—at that level the bank would need to comply with strict and costly regulatory requirements. For now, First Horizon will take some time to enjoy its newfound freedom and lay the groundwork for a successful future.

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