



**2016 Dodd-Frank Act
Stress Testing Results**

October 17, 2016

Summary of Results

In July 2016 First Horizon National Corp. (“FHN” or “the Company”) submitted results of its annual Dodd-Frank Act Stress Test. While FHN’s stress testing results are not subject to a pass/fail requirement, results indicate FHN maintains capital well in excess of Basel III Adequately Capitalized standards under the hypothetical severe global recession of the 2016 Severely Adverse scenario. Based on this excess capital, even with the assumption that FHN maintains its current quarterly common dividend rate of \$0.07 throughout the planning horizon, FHN’s management and Board of Directors believe that the Company has the capacity to manage the risks discussed on page 8 through Severely Adverse economic conditions.

FHN Stress Testing Overview

Across the banking sector, bank holding companies and their banking subsidiaries are subject to different stress testing requirements primarily based on total consolidated assets. Institutions with \$10-50 billion in total consolidated assets (“mid-size banks”), like FHN, are subject to a less stringent form of Dodd-Frank Act Stress Testing (“DFAST”) than banks with greater than \$50 billion in total consolidated assets (“large banks”). The DFAST rules for mid-sized banks require an annual company-run exam utilizing proprietary internally developed models, methodologies, and frameworks with prescribed capital actions (as defined by DFAST supervisory guidance). Starting in 2015, mid-sized banks were required to provide to the public summaries of the most recent DFAST results. Disclosure requirements include select quantitative metrics as well as a description of the types of risks included, a summary of methodologies used, and an explanation of the most significant drivers of change in capital ratios. This presentation is FHN’s public DFAST summary for the 2016 stress test.

The results summarized in this presentation are based on the Severely Adverse scenario described in the next section of this presentation. The hypothetical assumptions underlying that scenario are required by the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency, which are the primary “regulatory agencies” for FHN and FTBNA, respectively.

Unlike large firms, mid-sized banks like FHN are not subject to the Comprehensive Capital Analysis and Review (“CCAR”) process and are not required to prepare and submit a full capital plan to the regulatory agencies. FHN’s DFAST results also are not subject a pass/fail requirement.

The regulatory objective of the annual company-run DFAST is to ensure that the tested banking institutions have robust, forward-looking capital planning processes that account for their unique risks, and to help ensure that institutions have sufficient capital to continue operations throughout times of economic and financial stress. The regulatory agencies intend to use the DFAST results to determine whether additional analytical techniques are needed to identify, measure, and monitor risk. DFAST results are also expected to support ongoing improvement in a covered institution’s stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

Severely Adverse Scenario

The 2016 Severely Adverse scenario is a hypothetical economic environment, specified by FHN's regulatory agencies, covering a nine quarter planning horizon from 1Q16 to 1Q18. The scenario was released on January 28, 2016 and features a severe global recession, accompanied by a period of heightened corporate financial stress and negative yields for short-term U.S. Treasury securities. Corporate financial conditions are stressed severely, reflecting mounting credit losses, heightened investor risk aversion, and strained market liquidity conditions. Additional characteristics of the Severely Adverse scenario include:

- Short-term Treasury rates fall to -0.5% by mid-2016 and remain at that level through the end of the scenario
- Unemployment rate peaks at 10.0%, an increase of 5.0% from 4Q15
- Annualized Real Gross Domestic Product growth rate hits a low of -7.5% in 2Q16
- At their troughs, House Price and Commercial Real Estate Price indexes fall approximately 25% and 30%, respectively, from 4Q15
- Equity prices fall over 50% by the end of 2016 with a surge in market volatility that approaches levels attained in 2008

Considerations and Comparability of Results

The Severely Adverse scenario for which results are summarized in this document is hypothetical and does not represent the outlook or expectations of FHN or the regulatory agencies. Forecasted capital ratios and earnings incorporate the macroeconomic environment prescribed in the supervisory scenario. Beginning in 2015, FHN was required to commence a phase-in of Basel III requirements. These new standards impart more stringent capital requirements. They also revised capital definitions and risk weightings, resulting in lower capital ratios than under Basel I rules which applied to FHN prior to 2015.

The stress test was performed under regulatory rules, assumptions, and guidance which may be inconsistent with the actions and strategy management would undertake in severely adverse economic conditions. Such actions would be directly impacted by actual financial and economic conditions occurring at the time.

Regulatory guidance restricts banks' ability to issue, redeem, or distribute capital based on a set of prescribed assumptions including:

- For the first quarter of the forecast horizon, the bank must take into account its actual capital actions as of the end of that quarter
- For each of the second through ninth quarters of the forecast horizon, the bank must:
 - Assume no redemption or repurchase of any capital instrument
 - Assume no issuances of common stock or preferred stock¹
 - Make reasonable assumptions regarding payments of dividends consistent with internal capital needs and projections

¹ An exception is made for issuances related to expensed employee compensation or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the company's pro forma balance sheet estimates. This does not apply to FHN for the 2016 stress test.

As described in the section "Types of Risks Included", not all risks may be quantified in the results. In addition to DFAST, FHN performs other types of stress testing in the normal course of business which is reported to executive management and the Board of Directors.

While the regulatory agencies have standardized stress test scenarios, requirements, and reporting for company-run stress tests, results may not be comparable between institutions. Frameworks, processes, and methodologies utilized by each institution may vary widely. Among mid-size banks, DFAST results will vary from institution to institution due to differing product and service offerings, geographic concentration and exposure, and other idiosyncratic factors. Furthermore, expectations of mid-size banks from the regulatory agencies are tailored based on size and/or other considerations.

Due to the same factors discussed above, FHN's DFAST results will not be comparable to large banks' DFAST and CCAR results. Further lack of comparability between DFAST and CCAR is due to significant differences in projecting and modeling capital actions such as dividends and share issuances/repurchases. FHN's DFAST results are also not subject to the pass/fail requirements in CCAR. In addition, the prescribed macroeconomic factors used in the Severely Adverse scenario change annually, so FHN's results will not be directly comparable year-to-year.

2016 DFAST Results

While FHN's stress testing results are not subject to a pass/fail requirement, results indicate FHN maintains capital well in excess of Basel III Adequately Capitalized standards under the hypothetical assumptions of the Severely Adverse scenario. Based on this excess capital, management and the Board believe that the Company has the capacity to manage the risks discussed on page 8 through Severely Adverse economic conditions. On an on-going basis, FHN will review and discuss its capital plan along with other components of the FHN's broader stress testing program with the Board of Directors and regulators.

Note: FHN submitted the results of its DFAST exam in July 2016. At that time, FHN knew the actual results of 1H16, the first two quarters of the forecast horizon. The following results have not been adjusted for actual Company performance realized during 1H16, except for 1Q16 capital actions as required by regulatory guidance. Also, FHN's 9 quarter "minimum", a required quantitative disclosure, represents the lowest point over the 9 quarter planning horizon and occurs during 1Q18 for all four capital ratios. Results include \$76 million in shares repurchased and \$21 million¹ in dividends paid in 1Q16. For quarters 2Q16 through 1Q18, FHN assumed a flat quarterly common dividend of \$0.07 per share on a flat share count, maintenance of quarterly preferred dividends, and no share repurchases in quarters two through nine (as instructed by previously noted regulatory requirements).

Loan Losses by Portfolio²

<i>(\$ in millions)</i>	9 Quarter Cumulative Losses	4Q15 - 1Q18 Average Loan Balance	Cumulative Loss Rate
Commercial and industrial	\$151	\$6,426	2.3%
Commercial real estate	91	1,680	5.4%
Consumer	172	5,091	3.4%
All other loans and leases	66	3,536	1.9%
Total loan and lease net charge offs	<u>\$479</u>	<u>\$16,732</u>	<u>2.9%</u>

Pre-Provision Net Revenue, Provision Expense, and Net Income

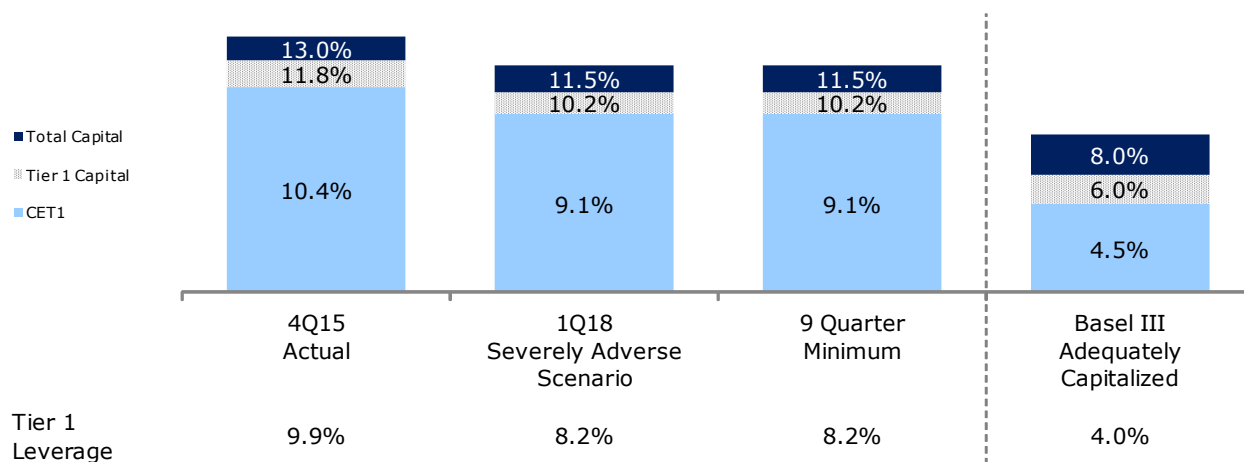
<i>(\$ in millions)</i>	FHN		FTBNA	
	9 Quarter Cumulative Losses	% Average Assets 4Q15 - 1Q18	9 Quarter Cumulative Losses	% Average Assets 4Q15 - 1Q18
Pre-provision net revenue	\$533	2.1%	\$622	2.5%
Provision for loan and lease losses	(829)	(3.3%)	(829)	(3.4%)
Realized gains/(losses) on securities	-	-	-	-
All other gains/(losses) ³	(26)	(0.1%)	(0)	(0.0%)
Net income before tax	<u>(322)</u>	<u>(1.3%)</u>	<u>(207)</u>	<u>(0.8%)</u>
Taxes	155	0.6%	121	0.5%
Net income to controlling interest	<u>(\$166)</u>	<u>(0.7%)</u>	<u>(\$86)</u>	<u>(0.3%)</u>

¹ Includes FHN common and preferred dividends as well as FTBNA preferred dividends to non-controlling interests.

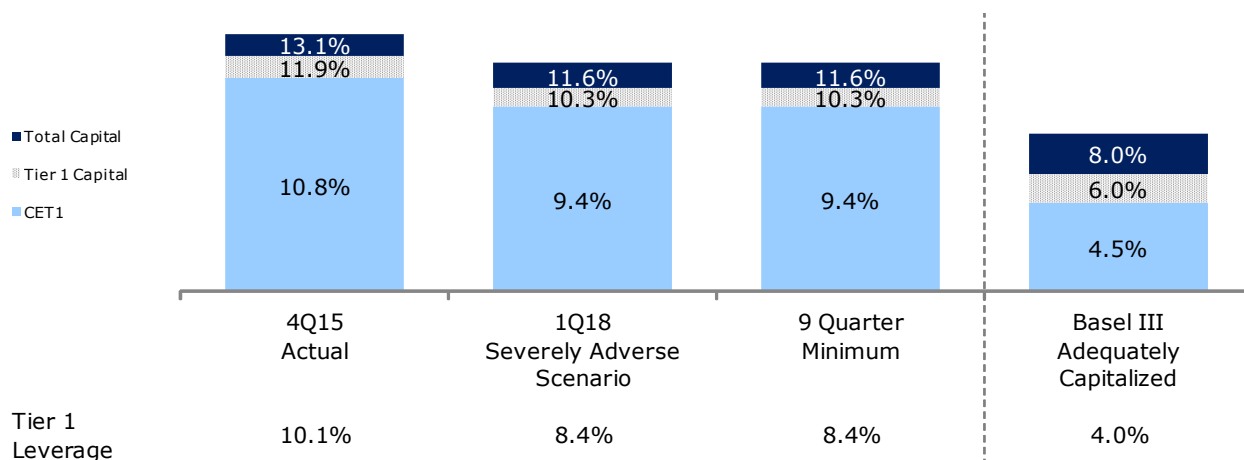
² Losses are identical for FHN and FTBNA as the portfolios are similar except for one immaterial loan at the holding company.

³ Includes income attributable to non-controlling interests; for FHN, primarily dividends paid on FTBNA preferred stock.

FIRST HORIZON NATIONAL CORP



FIRST TENNESSEE BANK NATIONAL ASSOCIATION



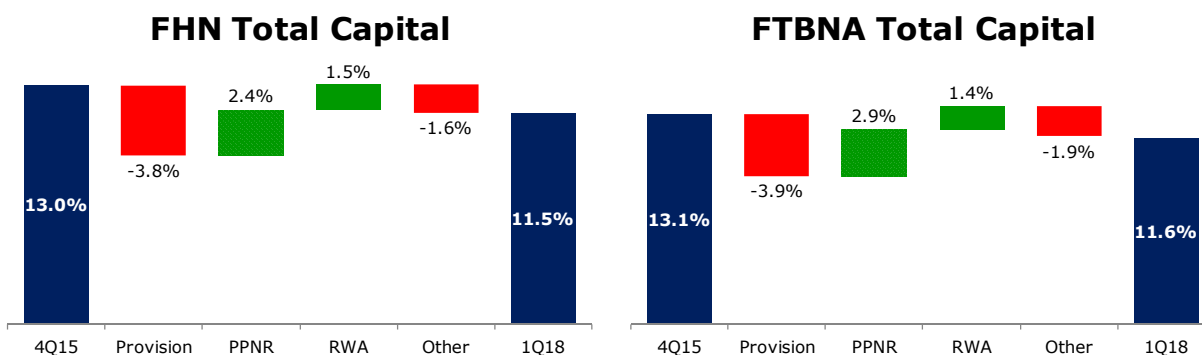
Under the Severely Adverse scenario, the most-restrictive regulatory ratio for both FHN and FTBNA is Total Capital. At the levels in the "minimum" quarter for the scenario (1Q18) -- 11.5% for FHN and 11.6% for FTBNA -- Total Capital still exceeds Basel III Adequately Capitalized standard of 8.0%.

Primary Drivers of Change in Capital Ratios

The primary driver of the change in capital ratios from the reported 4Q15 figures to Severely Adverse ratios in 1Q18 is an increase in provision for loan and lease losses, driven by higher charge-offs. FHN experiences the highest charge-offs in the consumer portfolio, followed by commercial and industrial loans, then commercial real estate.

Net interest income ("NII") remains positive throughout the planning horizon; however, it is constrained by a shrinking balance sheet and tightening margins in the negative interest rate environment. Operating expenses are elevated in the Severely Adverse scenario due to higher credit administration and foreclosure costs, professional and legal fees, marketing/advertising campaigns, technology costs, and higher FDIC insurance assessments. Fee income has a positive impact on pre-tax pre-provision net revenue ("PPNR") driven primarily by FHN's capital markets business, FTN Financial, as trading volume and average daily revenue increases in the weakening economy. Cumulative PPNR is positive and partially offsets provision expense.

Contractionary economic conditions and charge-offs result in negative loan growth, reducing risk weighted assets ("RWAs"), which has a positive impact on capital ratios. Other changes include dividends, share repurchases, taxes, and exclusions and disallowances under Basel III which generally have unfavorable impacts on the 1Q18 ratios compared to 4Q15. These impacts include the disallowance for investments in the capital of other financial institutions, the disallowance of a portion of minority interest capital, and increases in the risk-weights for certain assets.



FHN Primary Drivers of Change in Capital Ratios - Severely Adverse Scenario						
Ratio	4Q15	Provision	PPNR	RWA	Other	1Q18
CET1	10.4%	-3.8%	2.4%	1.1%	-1.0%	9.1%
Tier 1 Capital	11.8%	-3.8%	2.4%	1.3%	-1.5%	10.2%
Total Capital	13.0%	-3.8%	2.4%	1.5%	-1.6%	11.5%
Tier 1 Leverage	9.9%	-3.2%	2.0%	0.8%	-1.3%	8.2%

FTBNA Primary Drivers of Change in Capital Ratios - Severely Adverse Scenario						
Ratio	4Q15	Provision	PPNR	RWA	Other	1Q18
CET1	10.8%	-3.9%	2.9%	1.2%	-1.6%	9.4%
Tier 1 Capital	11.9%	-3.9%	2.9%	1.3%	-1.9%	10.3%
Total Capital	13.1%	-3.9%	2.9%	1.4%	-1.9%	11.6%
Tier 1 Leverage	10.1%	-3.3%	2.5%	0.8%	-1.7%	8.4%

Types of Risks Included

FHN's stress test results quantitatively include the following risks:

- **Credit:** Risk of loss due to adverse changes in a counterparty's ability or willingness to pay its financial obligations under agreed upon terms. Credit risk arises in all contracts (actual or implicit) in which repayment to the Company depends on the performance of a counterparty, issuer, or borrower. Credit risk includes agreements whereby the Company has extended, committed, invested, or exposed a funding position.
- **Market:** Risk arising from changes in the value of the portfolio of financial instruments due to the movement in market rates or prices. Market risk also impacts net interest margin.
- **Interest rate sensitivity:** Risk that changes in interest rates may diminish the income earned on loans, securities, and other earning assets. Risk also considers the impact of interest rate changes on fee income from FHN's capital markets business.

As noted in the regulatory guidance, the DFAST may not necessarily capture a company's full range of risks, exposures, activities, and vulnerabilities that have a potential effect on capital adequacy. Consistent with the stress testing guidance, FHN considers the results of DFAST, together with other capital assessment activities, to ensure that the Company's material risks and vulnerabilities are appropriately considered in its overall assessment of capital adequacy. In addition to the risks noted above, FHN qualitatively considers the following risks in the forecasting and management/Board review process:

- **Liquidity:** Risk of being unable to fund assets with the appropriate duration and rate-based liabilities, as well as the risk of not being able to meet unexpected cash needs. Liquidity risk arises from failure to recognize and/or react to changing market conditions. Short and long term declines in earnings may arise from FHN's inability to timely adjust balance sheet holdings.
- **Business Strategy/Reputational:** Current and prospective risk to earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Strategic risk is driven by management's short and long term planning, ability to identify necessary tangible and intangible resources, and ability to obtain and manage those resources through execution of the strategic plan. Reputational risk considers FHN's ability to maintain and enhance confidence and opinion of customers, counterparties, investors, lenders, general public, and regulators.
- **Operational:** Risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. Operational risk may stem from failure to develop and maintain appropriate employment practices, health/safety issues, compliance/regulatory matters, negligent customer care, or any type of business disruption. Operational losses do not consider opportunity costs.
- **Idiosyncratic:** Risk of loss due to unpredictable or unsystematic events. Among other things, includes internal and external fraud, cyber-security breaches, litigation, catastrophic incidents, and the adverse disparate impact of regulatory changes.

FHN evaluates its ability to manage the above risks by setting stringent operating procedures and capital adequacy requirements.

Stress Testing Methodologies

FHN's Board of Directors is responsible for the DFAST program, policies, testing, and results. Executive management is responsible for establishing and maintaining a system of controls, oversight, and documentation. FHN has developed a comprehensive stress testing framework to ensure a consistent, repeatable, and transparent process. The framework utilizes a series of interrelated forecasting models and processes to perform the stress test. As part of that framework, management reviews model output and may selectively apply qualitative overlays where deemed prudent based on management's judgment.

FHN's stress testing process involves a broad group of senior business leaders and product managers to adequately assess the hypothetical scenarios and forecast financial results in consideration of existing strategic plans and stressed economic conditions. Select key forecasting methodologies include:

- PPNR – includes NII, non-interest income, and non-interest expense, all on a pre-tax basis. The NII methodology incorporates forecasted balance sheet, credit spreads, and interest rate yield curves. The non-interest income and expense methodology incorporates strategic actions for growth and cost structure management over the forecast horizon.
- Credit losses – are forecasted using a multi-model approach including portfolio level top-down and bottom-up econometric models, historical look back analysis, and qualitative assessment.
- Balance sheet – forecast considers growth opportunities, portfolio runoff, and pricing assumptions from business line leaders and product managers. Forecasts include a review of historical trends, market dynamics, and strategic actions.
- RWAs and Capital – are aggregated based on income statement and balance sheet results. Results conform to Basel III standards and include phase-ins which began in 2015.

FHN employs a comprehensive governance and effective challenge process in an effort to ensure results reflect sound forecasting methodologies, consistency with management's strategy, and the regulatory scenario outlook:

- Results are reviewed and approved by multiple committees, senior and executive management, and the Board of Directors
- Reviews incorporate consideration of risk appetite and strategic plan
- Additionally, assurance functions review all material models, internal controls, processes, procedures, and governance with a strong emphasis on data integrity

Forward-Looking Statements

This presentation contains forward-looking statements involving significant risks and uncertainties. Ordinarily forward-looking statements are identified by words such as "believe", "expect", "anticipate", "intend", "estimate", "should", "is likely", "will", "going forward" and other expressions that indicate future events and trends and may be followed by or reference cautionary statements. This entire presentation, however, reports forward-looking results of a regulatory process based on hypothetical assumptions about the future. Because it is based on hypothetical assumptions, forward-looking information in this presentation generally is provided without using any of the usual identifying words.

Moreover, because forward-looking statements in this presentation are based on regulator-required assumptions about future events and conditions, they do not reflect FHN's actual

expectations for the future and do not necessarily reflect FHN's current views on optimally useful stress scenarios.

Finally, even if the assumed events and conditions all were to occur, a number of factors could cause actual results to differ materially from those in the forward-looking statements. These factors are outlined in this presentation as well as in FHN's most recent SEC filings on Forms 10-Q and 10-K. FHN disclaims any obligation to update any such forward-looking statements or to publicly announce the result of any revisions to any of the forward-looking statements to reflect future events or developments.

About First Horizon

The 4,300 employees of First Horizon National Corp. (NYSE:FHN) provide financial services through more than 160 bank locations across Tennessee and the southern U.S. and 29 FTN Financial offices across the U.S. The company was founded during the Civil War in 1864 and has the 14th oldest national bank charter in the country. First Tennessee has the largest deposit market share in Tennessee and one of the highest customer retention rates of any bank in the country. FTN Financial is a capital markets industry leader in fixed income sales, trading and strategies for institutional customers in the U.S. and abroad. First Horizon has been recognized as one of the nation's best employers by Working Mother and American Banker. More information is available at www.FirstHorizon.com.