



# First Horizon National Corporation

First Quarter 2017 Analyst Packet

*February 9, 2017*

- 
- *Portions of this presentation use non-GAAP financial information. Each of those portions is so noted, and a reconciliation of that non-GAAP information to comparable GAAP information is provided in a footnote or in the appendix at the end of this presentation. Non-GAAP measures are reported to FHN's management and Board of Directors through various internal reports. FHN's management believes such measures are relevant to understanding the financial condition, capital position, and financial results of FHN and its business segments.*
  - *This presentation contains forward-looking statements, which may include guidance, involving significant risks and uncertainties which will be 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. A number of factors could cause actual results to differ materially from those in the forward-looking statements. These factors are outlined in our recent earnings and other press releases and in more detail in the most current 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.*
  - *Presentation of regulatory measures, some of which follow regulatory definitions rather than GAAP, provides a meaningful base for comparability to other financial institutions subject to the same regulations as FHN. Such measures are used by the various banking regulators in reviewing the performance, stability, and capital adequacy of the financial institutions they regulate.*

# Successfully Executing on Key Priorities

## *FHN Is Well Positioned For Attractive Long-Term Earnings Power*

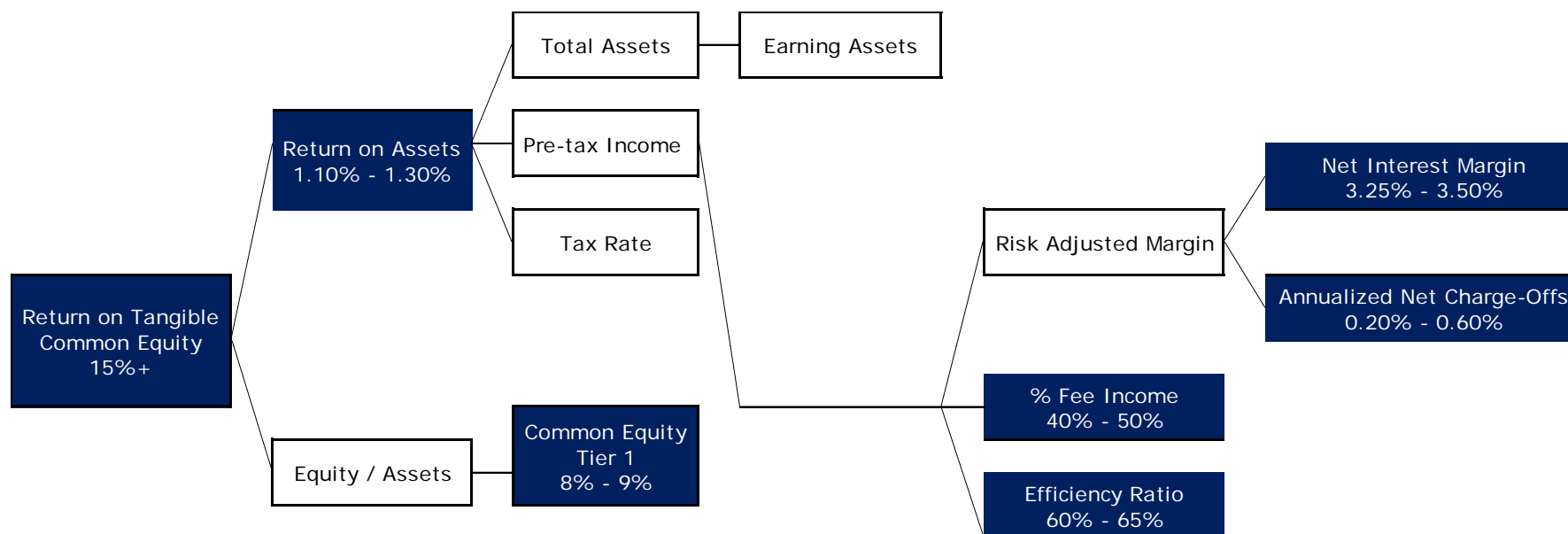
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- Proven execution capabilities
- Unique size, scope, and strengths
- Focused on efficiency, productivity, economic profitability, and growth opportunities
- Organizational alignment on the path to achieving long-term bonefish profitability
- Breadth and depth of talent that will be able to profitably run and grow the company

***Building a Foundation for Attractive Long-Term Earnings Power***

# Building Long-Term Earnings Power: Bonefish Targets

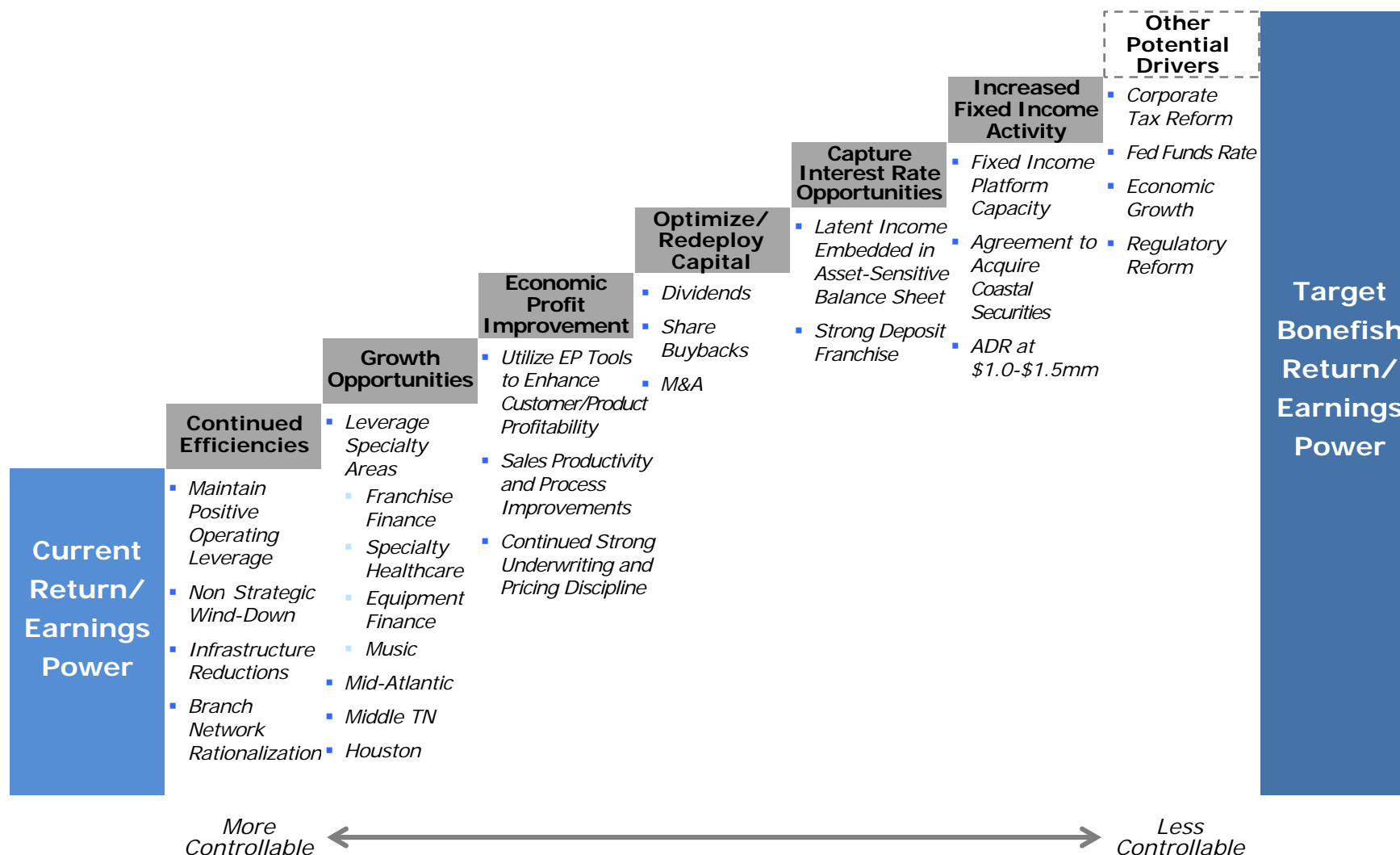
*Focused on Growing Our Company Selectively and Profitably While Positioning Our Balance Sheet for Sustainable, Higher Returns in the Long Term*



2016	Consolidated	Long-Term Targets
ROTCE <sup>1</sup>	10.6%	15.0%+
ROA	0.87%	1.10 – 1.30%
CET1 <sup>2</sup>	9.9%	8.0 – 9.0%
NIM	2.94%	3.25 – 3.50%
NCO / Average Loans	0.05%	0.20 - 0.60%
Fee Income / Revenue	43%	40 - 50%
Efficiency Ratio	72%	60 - 65%

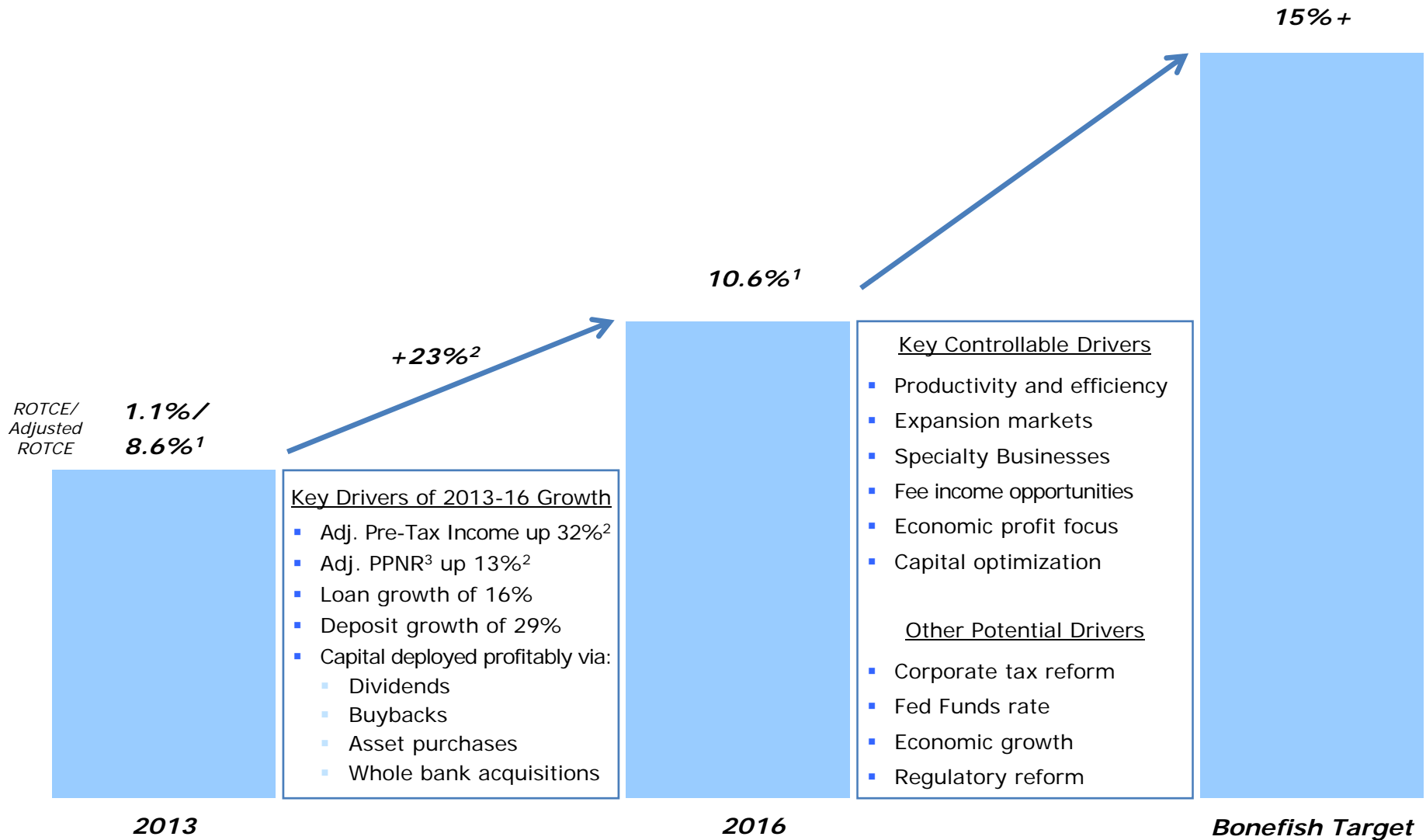
# 2017 Priorities

## Utilizing Building Blocks to Move Toward Bonefish Targets



# Strong Execution in Low-Rate Environment Has Led to Significant Improvement in Returns

*Current Trends and Potential Tailwinds Support Path to Bonefish Targets*



# Driving Positive Operating Leverage

## 2016 Expense Growth Driven by Revenue-Supported Costs & Investments

FY Revenue

Up \$110mm, or 9%

FY Expense

Down \$129mm, or 12%

FY Adjusted Expense

Up \$54mm, or 6%<sup>1</sup>

### Adjusted Expense Increase Primarily Due to Revenue-Supported Activities



Fixed Income

- Revenue up \$33mm, demonstrating solid positive operating leverage

Regional Banking

- Revenue increased \$84mm, delivering significant positive operating leverage
- Personnel spend in revenue-producing areas accounts for majority of increase in adjusted expense
- 2016 investments in specialty areas and growth markets will add net profitability going forward
  - Franchise Finance – added 13 professionals; Specialty Healthcare – added 6 professionals; Equipment Finance – added 5 professionals; Music Industry – added 3 professionals
- Financial center count down ~10%, somewhat offsetting continued investment in digital banking

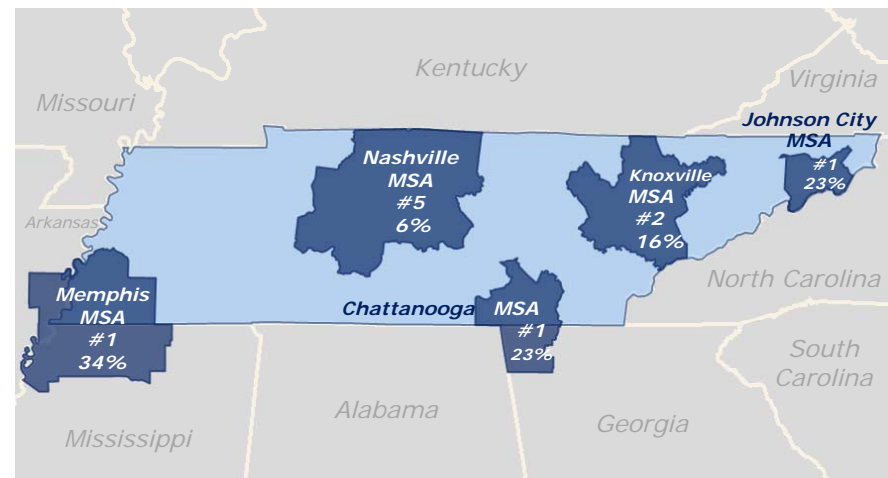
Corporate/ Non-Strategic

- Legal-related impacts primary drivers of change vs 2015

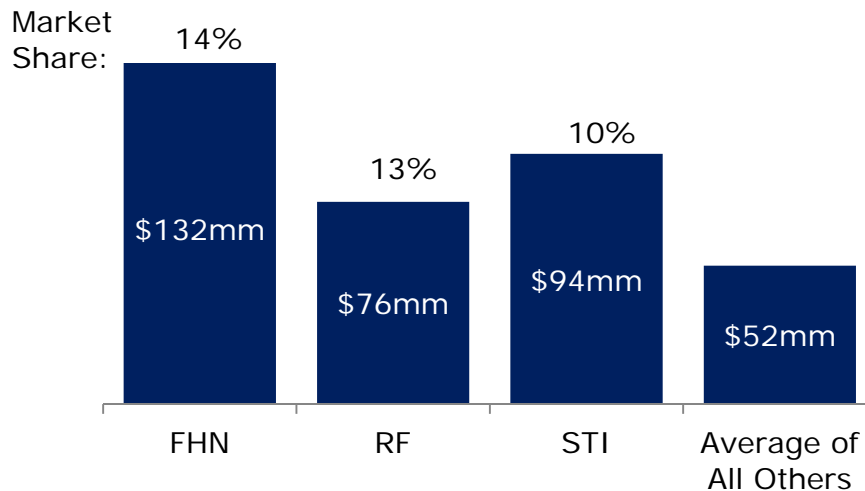
# Regional Bank: Leading Deposit Market Share

- First Tennessee has the leading deposit market share in Tennessee with 14% of total deposits
- #1 market share in three out of five major MSAs in Tennessee<sup>1</sup>
- Regional Banking average deposit rate paid of 16bps
- Attractive and stable low-cost funding mix in Regional Banking with 61% DDA and interest checking deposits
- FHN's loan to core deposit ratio of 89% supports funding needs in expansion markets

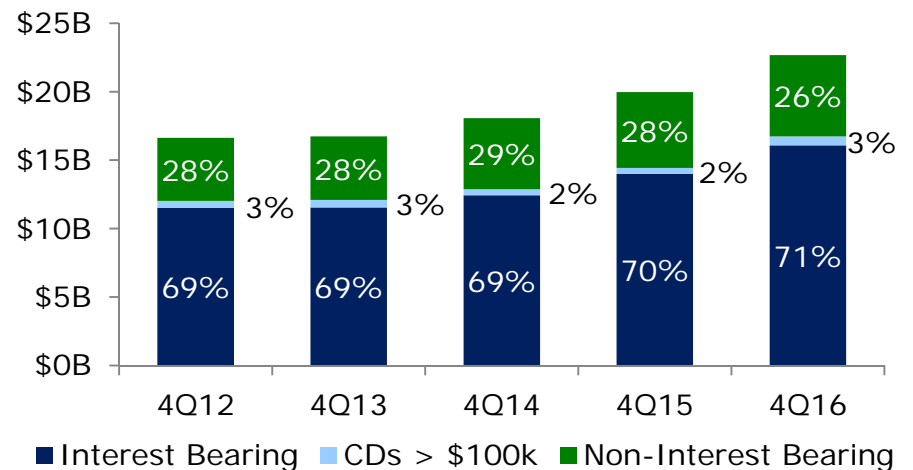
## First Tennessee Bank Has #1 TN Market Share<sup>1</sup>



## Deposits Per Branch in Tennessee<sup>2</sup>



## Deposit Composition

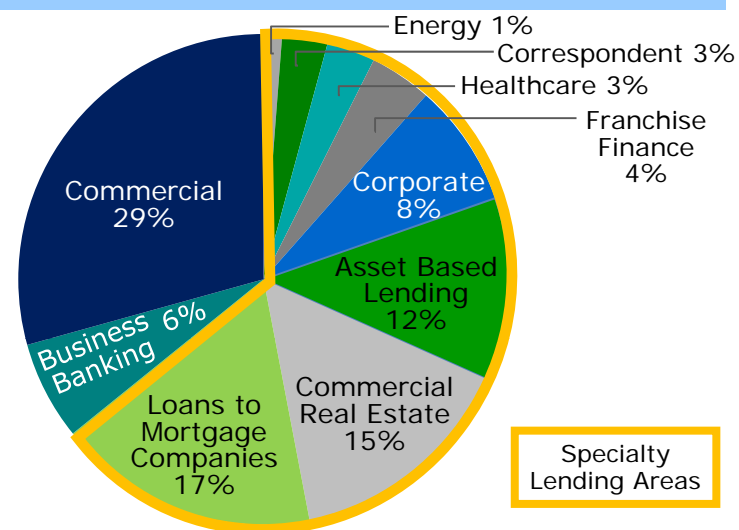




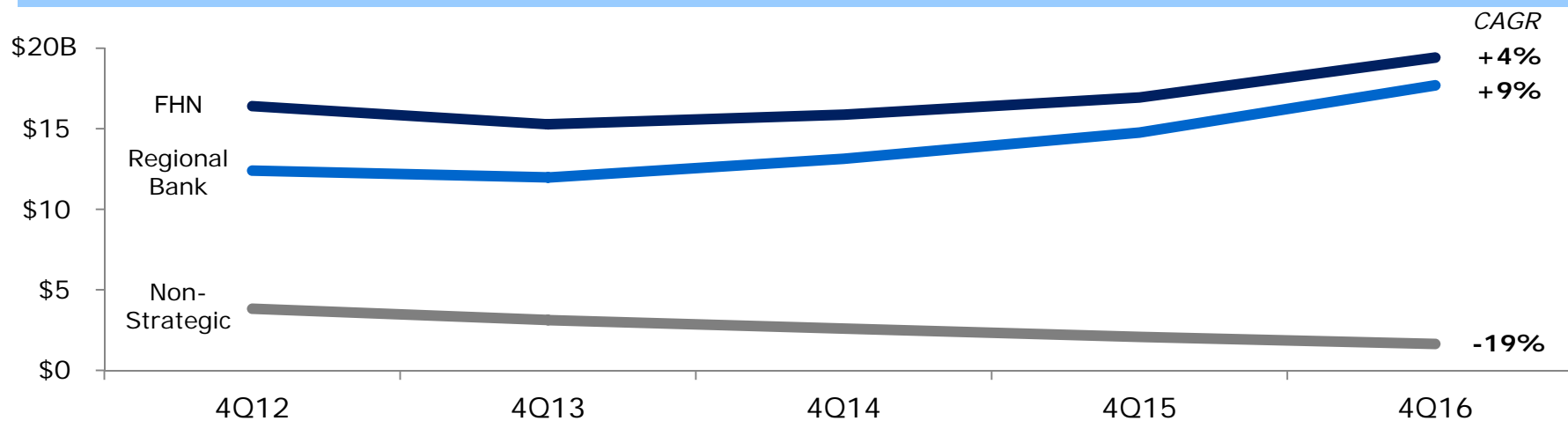
# Regional Bank Growth Opportunities: Executing on Economically Profitable Growth Opportunities

- Continued shift toward commercially-oriented businesses with greater economic profitability
  - Established Franchise Finance lending area after purchase of restaurant franchise loan portfolio in 3Q16
  - Rolled out Specialty Healthcare, Equipment Finance and Music specialty lending areas in 2H16
- Strategic initiatives in Middle Tennessee include focus on talent, marketing and physical locations
- Build out of Mid-Atlantic market
- Houston market continues to build out C&I, Energy, CRE and Private Banking business lines

4Q16 Average Commercial Loans



Strong Regional Banking Loan Growth Offsets Significant Reduction in Non-Strategic Loans

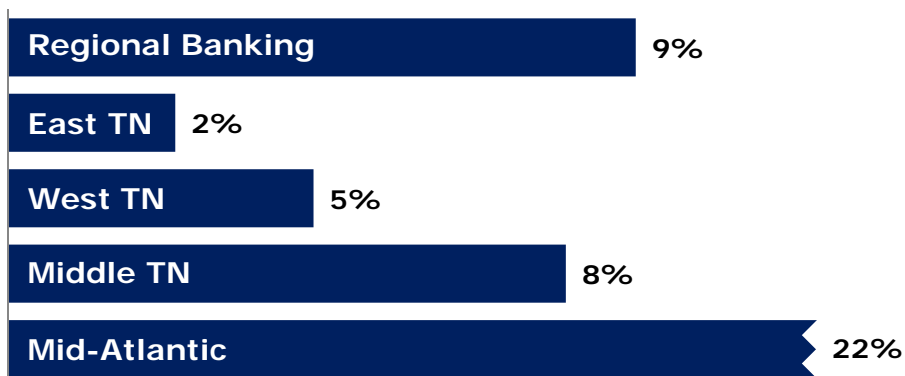


# Regional Bank Growth Opportunities

## Strong Year Over Year Loan Growth From Multiple Business Lines

- Loan portfolio geographically diverse, evenly split inside and outside of Tennessee
- A majority of Specialty Lending relationships are outside Tennessee, while Commercial, Business, Private Client, and Consumer Retail are primarily Tennessee-based
- Disciplined underwriting
  - Governance by line leaders and credit risk managers at the market/specialty business level
  - Quarterly review of portfolio limits/exception levels
  - Extensive use of RAROC model

### 4Q12 – 4Q16 Regional Banking Loan Growth (CAGR)



### Geographic Dispersion of Loans by Lending Area

	Inside Footprint <sup>1</sup>	Outside Footprint <sup>1</sup>	CAGR since 2012
Equipment Finance	100%	0%	NM
Business Banking	98%	2%	+7%
Consumer Retail	97%	3%	-1%
Private Client	96%	4%	+11%
Commercial	95%	5%	+10%
Healthcare	88%	12%	+16%
Commercial Real Estate	84%	16%	+20%
Asset Based Lending	82%	18%	+9%
Corporate	77%	23%	-4%
Franchise Finance	77%	23%	NM
Energy	77%	23%	NM
Correspondent	72%	28%	+12%
Loans to Mortgage Companies	23%	77%	+10%
Total Regional Banking	82%	18%	+9%

# Economic Profit Focus Delivering Tangible Results

	Front-line/ Field			Management/Executive
	RAROC Pricing Tool	Relationship Profitability Reports	Product Profitability Reports	Bonfish/ Financial Reports
Primary Audience	<ul style="list-style-type: none"> <li>Relationship Managers</li> <li>Product Managers</li> <li>Expanded to All Commercial Lines of Business</li> </ul>	<ul style="list-style-type: none"> <li>Sales Managers</li> <li>Market Managers</li> <li>Lending Area Managers</li> </ul>	<ul style="list-style-type: none"> <li>Product Managers</li> <li>Lending Area Managers</li> </ul>	<ul style="list-style-type: none"> <li>Lending Area Managers</li> <li>Product Managers</li> <li>Executive Management</li> </ul>
Uses	<ul style="list-style-type: none"> <li>Transaction level</li> <li>Forward-looking view</li> <li>Valuation of potential asset purchases</li> </ul>	<ul style="list-style-type: none"> <li>Sales management level</li> <li>RM/ Lending Area/ Market portfolio view</li> <li>Identifying opportunities to improve profitability</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio level</li> <li>Product features, positioning, cost, etc.</li> <li>Identifying opportunities to improve profitability</li> </ul>	<ul style="list-style-type: none"> <li>Senior Business Owner level</li> <li>Performance management</li> <li>Holistic view</li> </ul>

## Profitability Modeling Rollout Contributed to ROE Improvement



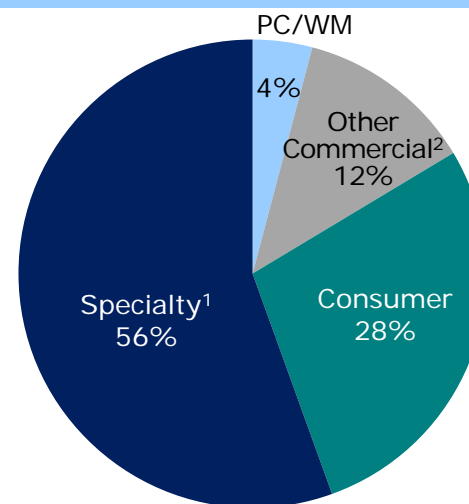
# Economic Profit Focus Delivering Tangible Results

*Investing in Higher Return, Higher Growth Opportunities*



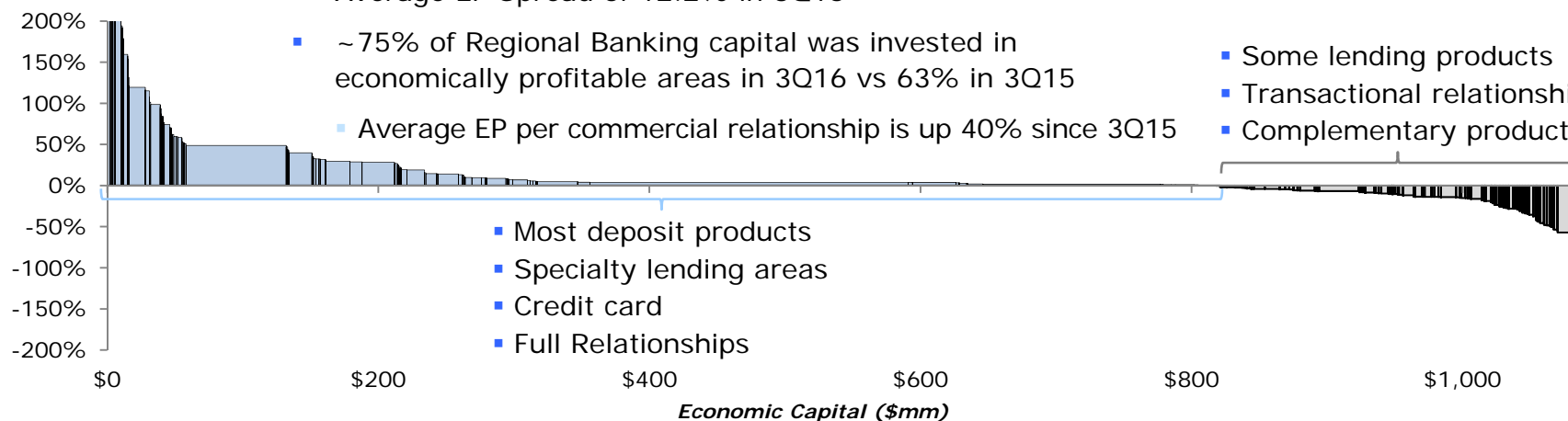
- Higher risk adjusted margins
  - Higher fee income mix
  - Low efficiency ratios
  - Full and/or well established relationships
  - Strong/differentiated value propositions
- 
- Lower risk adjusted margins
  - Transaction or predominantly credit-only relationships
  - Limited fee or cross sell opportunities
  - Commodity product offerings

## 4Q16 Regional Banking Economic Profit Breakdown



## 3Q16 Economic Profitability Analysis<sup>3</sup>

EP Spread



# Optimizing Our Use of Excess Capital

## Proven Record of Successful Capital Deployment With a Long-Term View

Capital Deployment Alternatives	<u>Invest Internally</u>	<u>Repatriate to Shareholders</u>	<u>Invest Externally</u>
Criteria	<ul style="list-style-type: none"> <li>+18% loan growth since 2012</li> <li>Established new specialty LOBs                             <ul style="list-style-type: none"> <li>Energy – 2014</li> <li>Franchise Finance – 2016</li> <li>Equipment Finance – 2016</li> <li>Specialty Healthcare – 2016</li> <li>Music – 2016</li> </ul> </li> <li>Technology infrastructure                             <ul style="list-style-type: none"> <li>Platform built for 2x scale</li> </ul> </li> <li>Non-Strategic businesses exit                             <ul style="list-style-type: none"> <li>Consumer MSR sale – 2013</li> <li>DOJ/HUD resolution - 2015</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Cash dividend                             <ul style="list-style-type: none"> <li>Increased 9x since 2012<sup>1</sup></li> </ul> </li> <li>Share buyback                             <ul style="list-style-type: none"> <li>20.4mm shares since 2012 at average price of \$12.12<sup>2</sup></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Traditional bank M&amp;A                             <ul style="list-style-type: none"> <li>Mountain National Bank — 2013</li> <li>Branch Acquisitions — 2014</li> <li>TrustAtlantic Bank — 2015</li> </ul> </li> <li>Product/business enhancements                             <ul style="list-style-type: none"> <li>Franchise loan portfolio — 2016</li> <li>Coastal Securities — Anticipated closing in 2Q 2017</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Risk adjusted return on capital (RAROC)</li> <li>Economic profit opportunity</li> <li>Prioritization based on need to support core businesses</li> </ul>	<ul style="list-style-type: none"> <li>Return capital to shareholders while maintaining an adequate capital buffer in stress scenarios</li> <li>IRR analysis, taking into account factors such as cost of capital, intrinsic value, P/TBV, and other deployment alternatives</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Fit                             <ul style="list-style-type: none"> <li>Attractive markets and scale</li> </ul> </li> <li>Financial Fit                             <ul style="list-style-type: none"> <li>TBV dilution/earnback period</li> <li>EPS accretion/dilution</li> <li>Disciplined pricing</li> </ul> </li> <li>Cultural Fit                             <ul style="list-style-type: none"> <li>Social &amp; regulatory issues</li> </ul> </li> </ul>

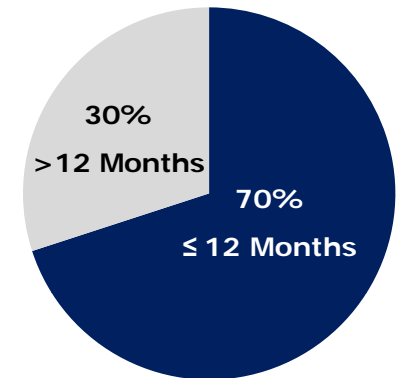
**Disciplined capital planning process will remain dynamic and take into account both macroeconomic environment and capital deployment opportunities**

# Asset Sensitivity Overview

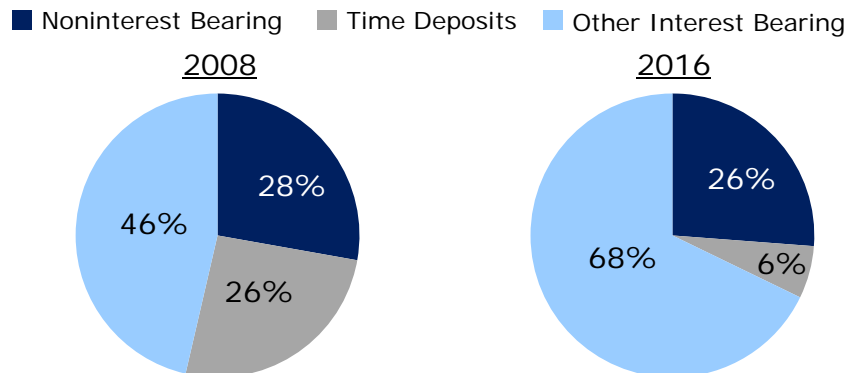
- Loan portfolio consists of 68% floating rate loans<sup>1</sup>
  - ~74% are tied to 1 month LIBOR
  - ~5% are tied to 3 month LIBOR<sup>1</sup>
  - ~21% are tied to Prime
- Securities portfolio comprises 14% of total assets with an estimated effective duration of 4.8 years
- Total period-end deposits increased 14% vs 4Q15
  - Strong DDA mix with emphasis on core deposit gathering
- Reduced reliance on interest rate sensitive wholesale funds

## Asset Re-pricing Profile Levered to Short-Term Rate Increases

- +\$3.4B short-term re-pricing gap
- Floating rate loans re-price at 100% beta
- Deposits more closely managed

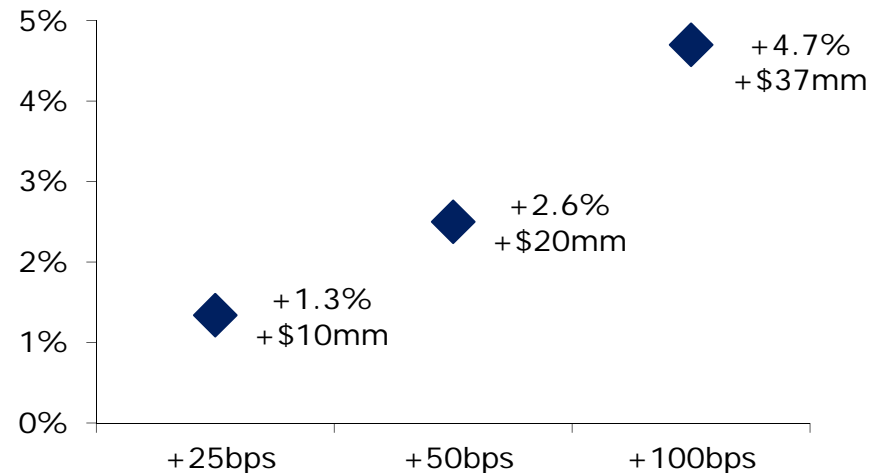


## Deposit Mix Trends



- Stable DDA mix
- Migration from Time Deposits to MMDA & Savings

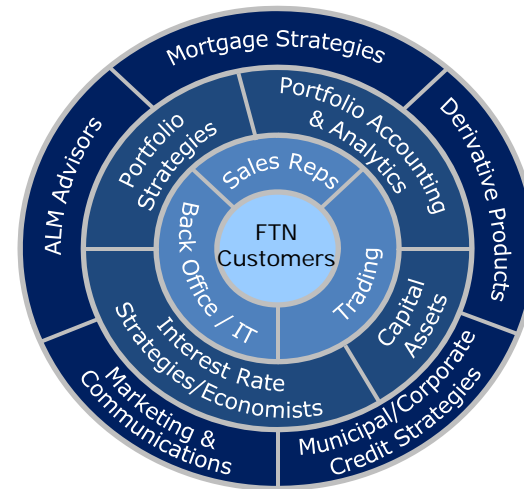
## Net Interest Income Sensitivity Impact<sup>2</sup>



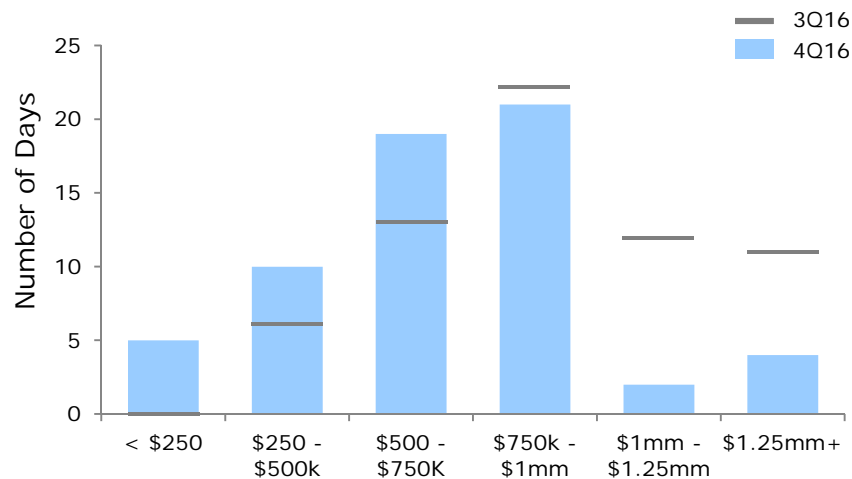
# FTN Financial: Unique Business Model with Strong Returns

- Unique fixed income business model focused on sales and distribution
- Ancillary businesses provide additional sources of revenues and complement fixed income business
- Fixed income product average daily revenue (ADR) remains strong at \$919k in 2016 vs \$780k in 2015
- ROA at 1.4% and ROE at 23% in 2016<sup>1</sup>

## FTN Financial Relationship Model



## 4Q16 Daily Fixed Income Product Revenue



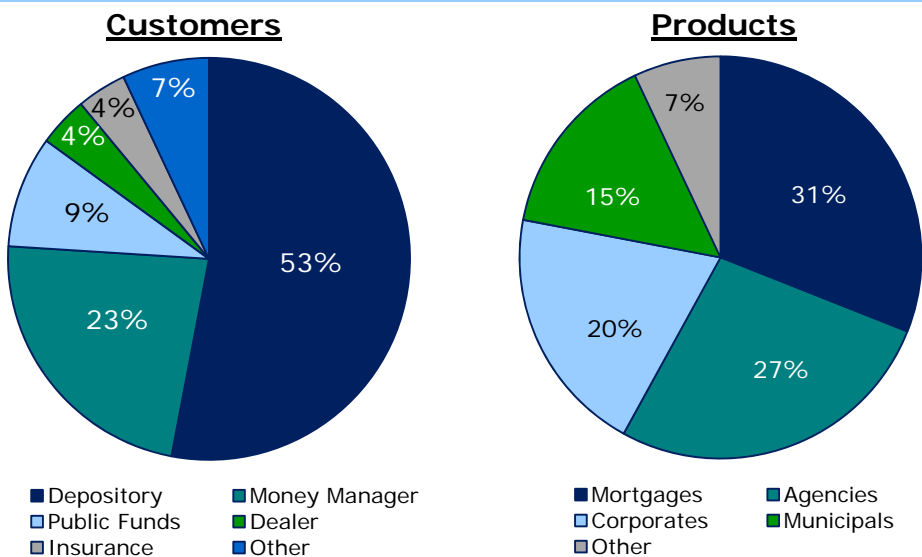
## Key Drivers of Fixed Income Average Daily Revenue

Lower Revenue	Factor	Higher Revenue
Up	Direction of rates	Down
Low	Market volatility	High
Flat	Shape of yield curve	Steep
Positive	State of economy and outlook	Negative
Less Certain	Expected future market environment	More Certain

# Strengthening Fixed Income Platform

- Focused on investing in extensive fixed income distribution platform:
  - Strategic hires to increase market share
  - Agreed to acquire Coastal Securities, expanding product set to better serve customer base
  - Maintained position as #1 underwriter of callable GSE debt for 2016, with increases in both number of issues and par volume underwritten
  - Top 10 competitive municipal underwriter for 2016

## Diversified Fixed Income Revenue Sources<sup>1</sup>



## FTN FINANCIAL RANKED #1 UNDERWRITER

For the second year in a row, FTN Financial Capital Markets ranked as the number one underwriter of US callable agency debt. Our long-term consistent support of the GSEs allows us to provide the best opportunities to maximize value in your investment portfolio.

# 1000

Nearly 1000 deals underwritten in 2016

**\$26.8** Deals totalling \$26.8 billion underwritten

More than \$8 billion ahead of our nearest competitor

# \$8

FTN Financial	948 Issues   \$26.8 Volume
Nomura	129 Issues   \$18.6 Volume
JP Morgan	236 Issues   \$17.9 Volume
Wells Fargo	584 Issues   \$17.1 Volume
TD Securities	148 Issues   \$17 Volume

USD in billions  FTN FINANCIAL Source: Bloomberg



# Positioned for Growth

## *Executing on Blue Chip Priorities*

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- Being easy to do business with
- Providing differentiated customer service
- Using the Bonefish to drive profitability



- Revenue growth drives the majority of future earnings improvement, though expense efficiency efforts will continue to yield savings
- Strategic investments, particularly in Middle Tennessee, should improve business mix and franchise value
- Impactful use of economic profitability data in decision-making, resource allocation, and incentives across products, businesses, and relationships will drive higher returns on capital
- Capital deployment – through a combination of share repurchases, dividends, and acquisitions – should improve return profile

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# ASSET QUALITY

# Asset Quality

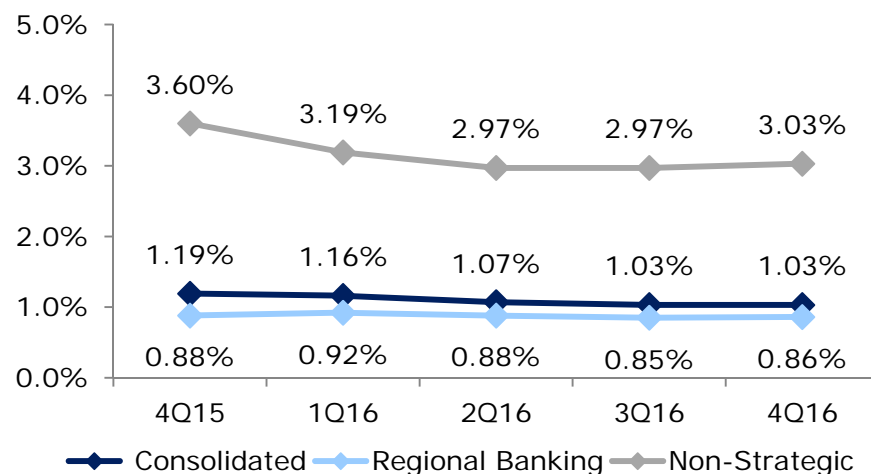
## Stable Credit Trends Reflect Strong Underwriting Discipline

- Net recoveries of \$0.5mm vs net charge-offs of \$2.3mm in 3Q16
- Non-performing assets down to \$165mm in 4Q16 vs \$174mm in 3Q16
  - Decrease largely driven by improvement in consumer real estate portfolio
- 30+ delinquencies as a percentage of total loans at 34 bps in 4Q16
  - Regional bank delinquencies at 18 bps
- Non-strategic loans reduced to 8% of total average loans at 4Q16, down from 12% a year ago

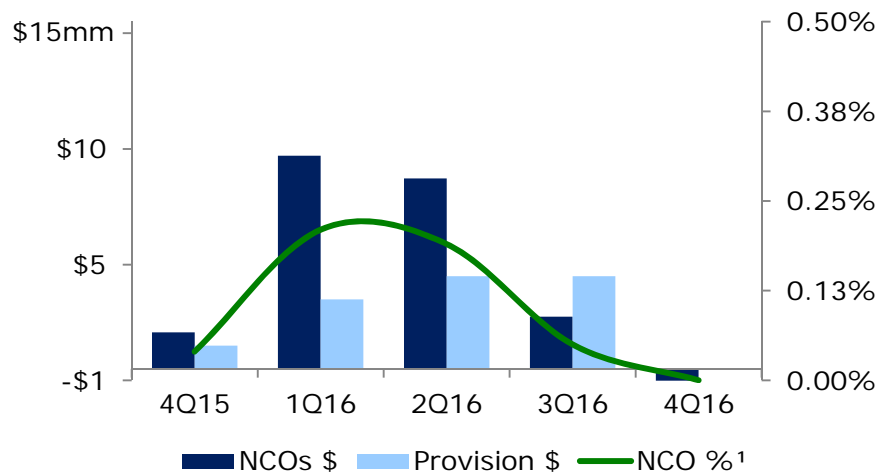
### Asset Quality Highlights

(\$ in mm)	4Q15	1Q16	2Q16	3Q16	4Q16
Provision	\$1	\$3	\$4	\$4	-
Charge-offs	\$(17)	\$(18)	\$(18)	\$(10)	\$(11)
Recovery	\$15	\$8	\$10	\$8	\$12

### Allowance to Loans Ratio by Segment



### Net Charge-Offs

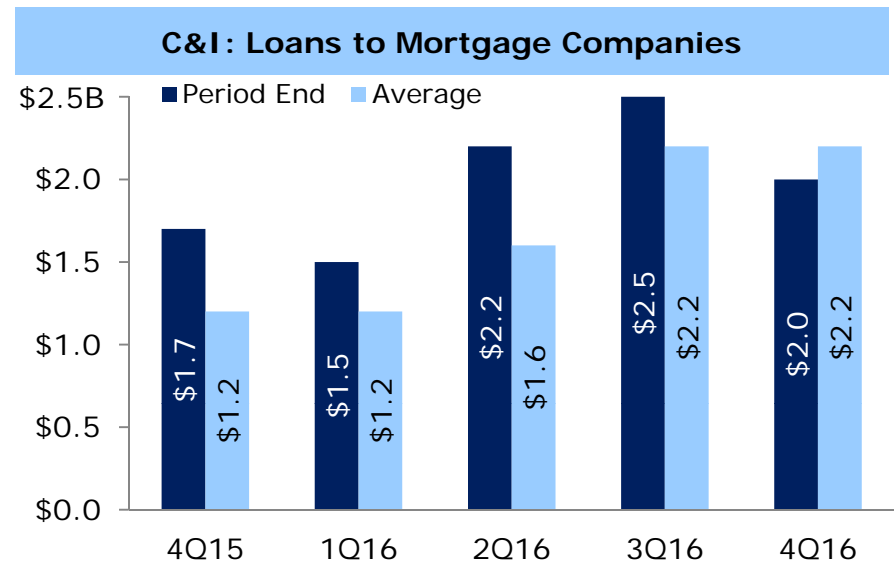


## 4Q16 Credit Quality Summary by Portfolio

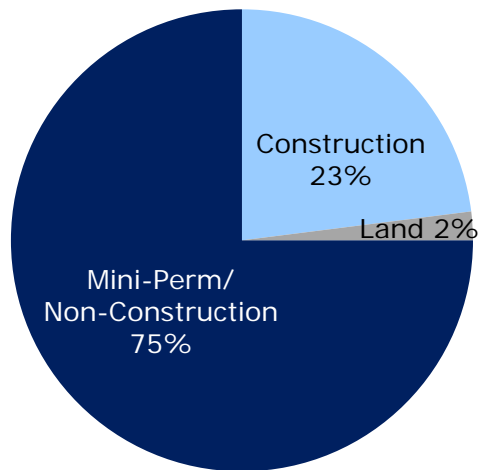
(\$ in millions)	Regional Banking					Corporate <sup>5</sup>	Non-Strategic				FHNC Consol
	Commercial (C&I & Other)	CRE	HE & HELOC	Other <sup>1</sup>	Total	Permanent Mortgage	Commercial (C&I & Other)	HE & HELOC	Permanent Mortgage	Other <sup>2</sup>	Total
Period End Loans	\$11,728	\$2,136	\$3,643	\$428	\$17,935	\$71	\$420	\$881	\$275	\$8	\$19,590
30+ Delinquency	0.08%	0.01%	0.49%	1.08%	0.18%	4.37%	-	2.76%	2.29%	1.73%	0.34%
Dollars	\$9	\$0	\$18	\$5	\$32	\$3	-	\$24	\$6	\$0	\$66
NPL <sup>3</sup> %	0.24%	0.13%	0.52%	0.09%	0.28%	1.66%	0.98%	7.26%	9.32%	1.82%	0.74%
Dollars	\$29	\$3	\$19	\$0	\$51	\$1	\$4	\$64	\$26	\$0	\$146
Net Charge-offs <sup>4</sup> %	NM	0.11%	-	2.79%	0.05%	NM	NM	NM	NM	NM	NM
Dollars	-\$2	\$1	\$0	\$3	\$2	NM	\$0	-\$2	\$0	\$0	-\$1
Allowance	\$88	\$34	\$19	\$13	\$154	NM	\$1	\$31	\$15	\$0	\$202
Allowance / Loans %	0.75%	1.59%	0.52%	3.09%	0.86%	NM	0.33%	3.56%	5.49%	2.26%	1.03%
Allowance / Charge-offs	NM	14.28x	NM	1.12x	19.30x	NM	NM	NM	NM	NM	NM

# Select C&I and CRE Portfolio Metrics

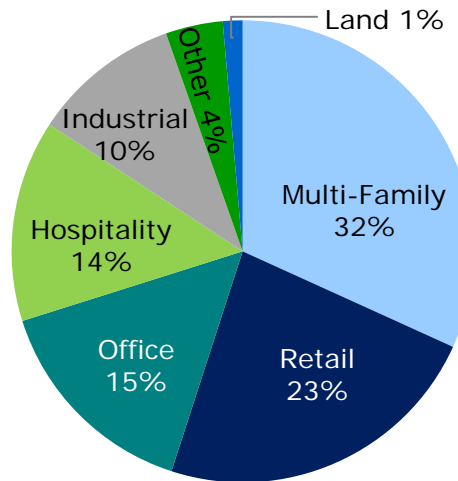
- \$12.1B C&I portfolio, diversified by industry
- \$2.1B CRE portfolio, diversified by geography and product type, comprising 11% of period-end consolidated loans
- Commercial (C&I and CRE) net recoveries of \$1.1mm for the quarter
  - Gross charge-offs were \$2.7mm with recoveries of \$3.8mm



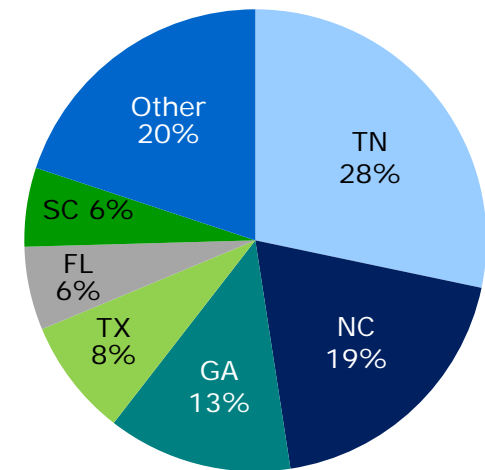
### CRE: Loan Type



### CRE: Collateral Type



### CRE: Geographic Distribution

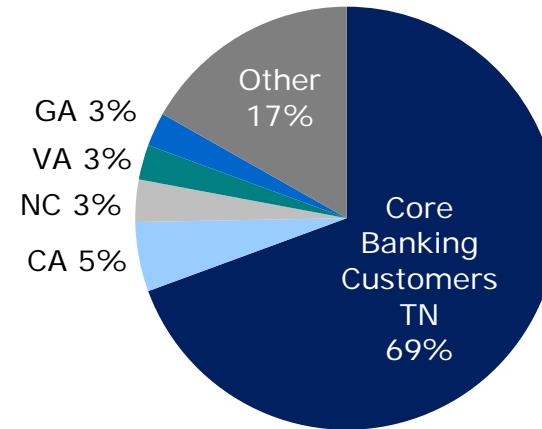


# Consumer Portfolio Overview

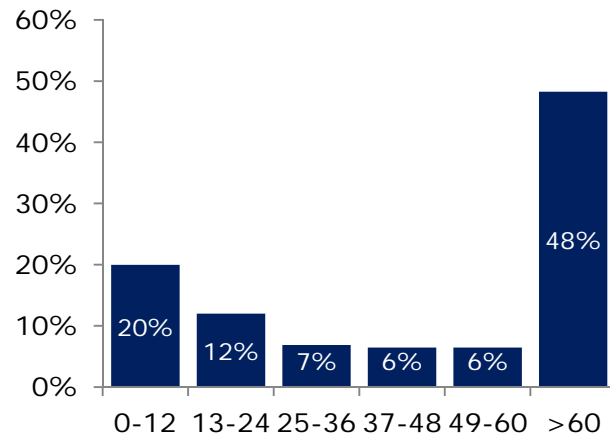
## Home Equity Portfolio Characteristics

	First	Second	Total
Balance	\$3.2B	\$1.4B	\$4.5B
Original FICO	756	736	750
Refreshed FICO	756	726	747
Original CLTV	78%	81%	79%
Full Doc	96%	78%	90%
Owner Occupied	96%	94%	95%
HELOCs	\$0.6B	\$1.1B	\$1.7B
Weighted Average HELOC Utilization	44%	51%	49%

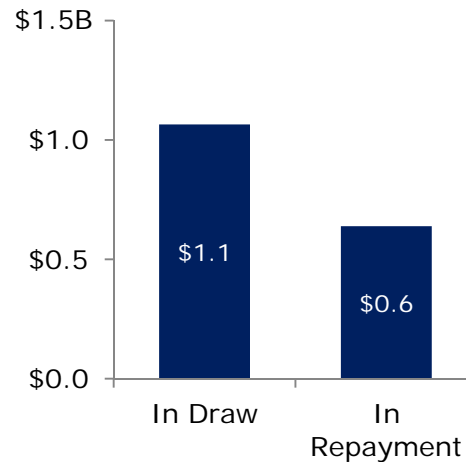
## Home Equity Geographic Distribution



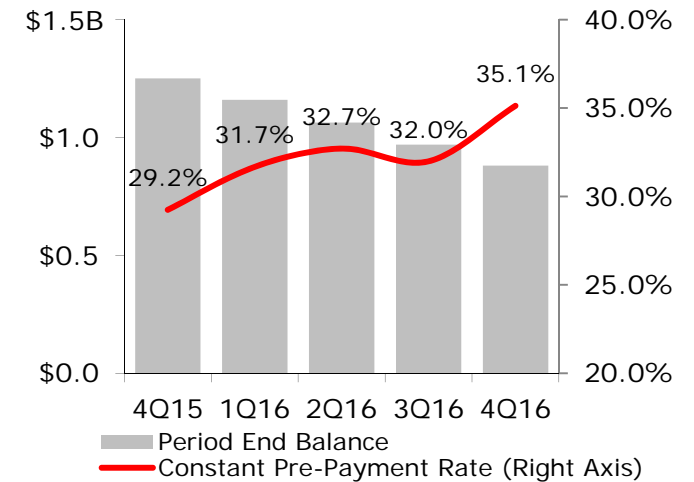
## Percent of Home Equity Portfolio: Months Left in Draw Period



## HELOC Draw vs Repayment Balances



## Non-Strategic Consumer Real Estate Run-Off



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# APPENDIX

## Outstanding Long-Term Debt and Preferred Stock

	Issuance	Coupon Rate	Callable Date	Maturity	Principal Outstanding	Credit Ratings <sup>3</sup>		
						Moody's	Fitch	S&P
<b>FTBNA</b>						Moody's	Fitch	S&P
Senior Debt <sup>1</sup>	11/21/14	2.95%	11/1/19	12/1/19	\$400mm	Baa3	BBB-	BBB
Preferred Stock	3/23/05	3 Month LIBOR + 85bps <sup>2</sup>	4/10/10	Perpetual	\$300mm	Ba2	B	BB
REIT Preferred	10/11/00	9.50%	NA	3/31/31	\$47mm	Ba1	NA	BB
<b>Total FTBNA</b>					<b>\$747mm</b>			
<b>FHNC</b>								
Senior Debt <sup>1</sup>	10/30/15	3.50%	11/15/20	12/15/20	\$500mm	Baa3	BBB-	BBB-
Preferred Stock	1/31/13	6.20%	4/10/18	Perpetual	\$100mm	Ba2	B	BB-
<b>Total FHNC</b>					<b>\$600mm</b>			

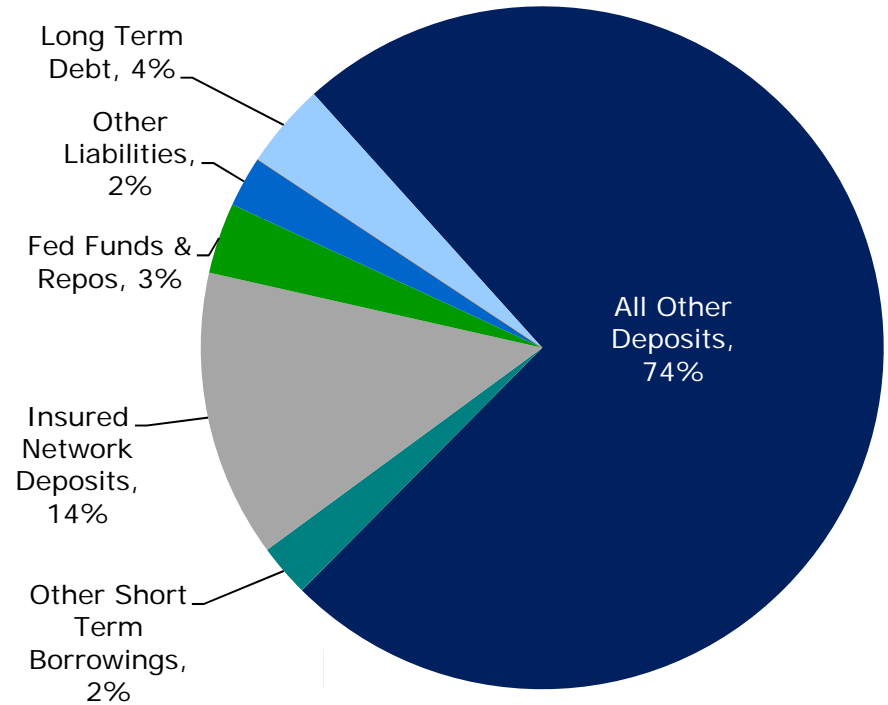
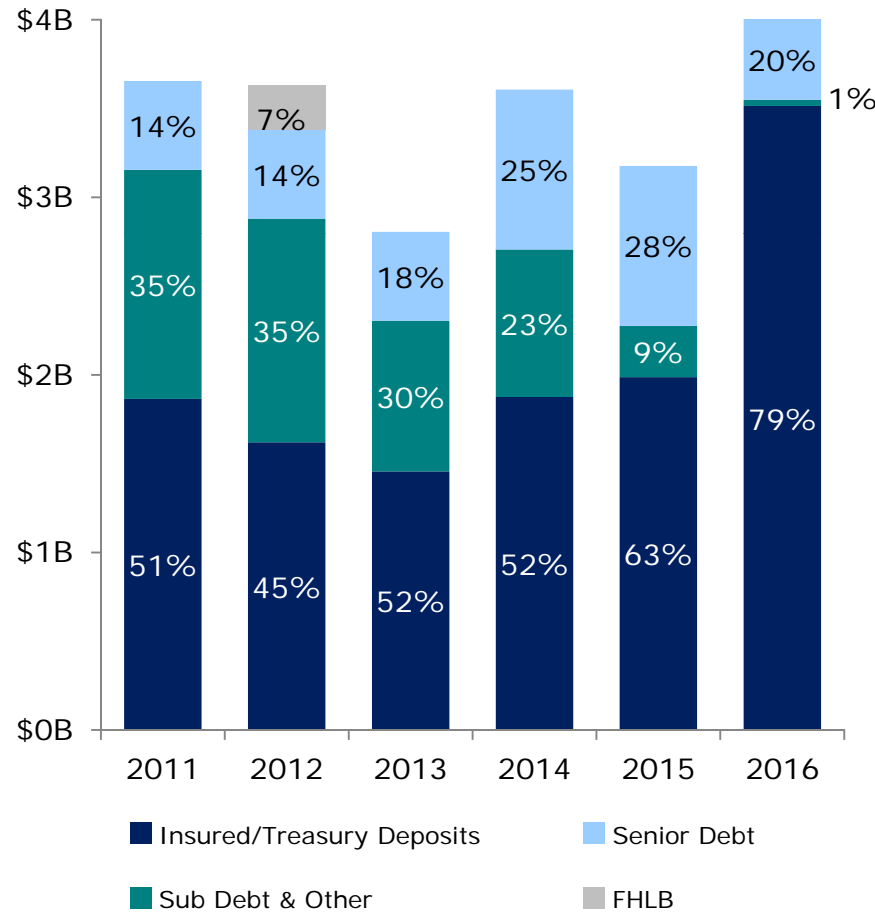
- On December 15, 2016, FHNC's senior debt was upgraded to BBB- by S&P
- On January 23, 2017, FHNC's overall outlook was raised to positive by Fitch



# FHN Funding

## Wholesale Funding Overview

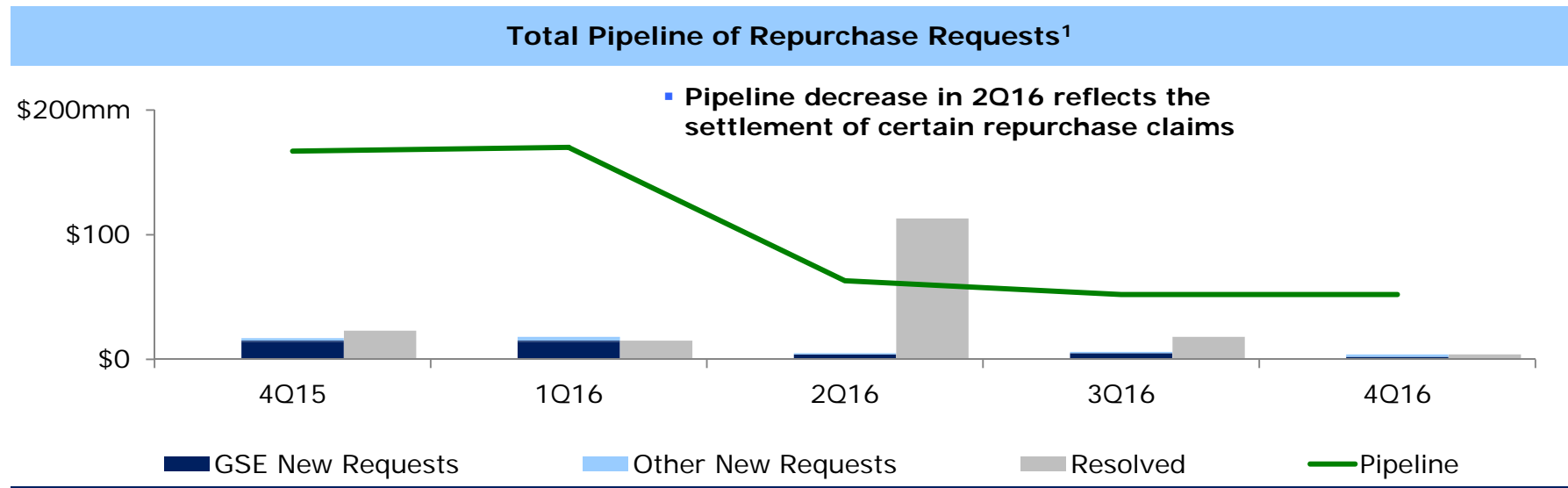
## Composition of Total Liabilities



# Agency & Non-Agency Update

Mortgage Repurchase Reserve						Other Whole Loan Sales and Non-Agency
(\$ in millions)	4Q15	1Q16	2Q16	3Q16	4Q16	
Beginning Balance	\$115	\$115	\$114	\$67	\$67	<ul style="list-style-type: none"> <li>Represent 83% of all active repurchase/make whole requests in 4Q16 pipeline</li> <li>Some non-Agency FHN loans were bundled with other companies' loans and securitized by the purchasers                             <ul style="list-style-type: none"> <li>Certain purchasers have requested indemnity related to FHN loans included in their securitizations</li> </ul> </li> </ul>
Net Realized Losses	\$(0)	\$(1)	\$(16)	\$0	\$0	
Provision	\$0	\$0	\$(31)	\$(0)	\$(1)	
Ending Balance	\$115	\$114	\$67	\$67	\$66	

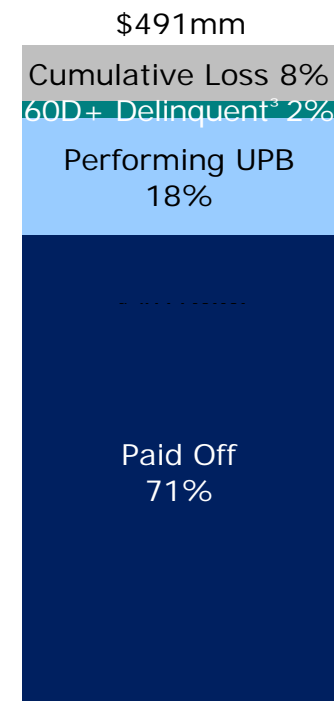
Numbers may not add to total due to rounding.



# FH Proprietary Securitizations Litigation

## Certificate Breakdown

Deal	Certificate	Original UPB	Paid Off	Current UPB	Performing UPB	60D+ Delinquent	Cumulative Loss
FHAMS 2007-FA1 (FDIC New York)	Senior	\$44.5	\$20.2	\$16.2	\$14.7	\$1.6	\$8.0
FHAMS 2007-FA2 (FDIC New York)	Senior	\$34.9	\$15.3	\$13.5	\$11.8	\$1.8	\$6.0
FHAMS 2007-FA3 (MetLife Indemnification)	Senior	\$103.0	\$68.0	\$24.6	\$21.8	\$2.8	\$10.4
FHAMS 2005-FA10 <sup>2</sup> (Royal Park Indemnification)	Senior	\$100.0	\$74.3	\$20.3	\$18.1	\$2.2	\$5.4
FHAMS 2006-FA2 <sup>1</sup> (Royal Park Indemnification)	Senior	\$30.0	\$24.8	\$3.7	\$3.2	\$0.5	\$1.5
FHAMS 2006-FA6 (TN Retirement Indemnification)	Senior	\$46.2	\$41.3	\$3.6	\$2.8	\$0.8	\$1.3
FHAMS 2006-FA8 (TN Retirement Indemnification)	Senior	\$100.0	\$80.9	\$13.5	\$12.0	\$1.5	\$5.5
FHASI 2006-AA8 (TN Retirement Indemnification)	Senior	\$32.5	\$25.3	\$4.1	\$3.1	\$1.0	\$3.1
<b>Total</b>		<b>\$491.1</b>	<b>\$350.2</b>	<b>\$99.5</b>	<b>\$87.4</b>	<b>\$12.1</b>	<b>\$41.3</b>



- Cumulative loss does not necessarily determine possible damages. For the first two certificates, FHN is defending a suit brought by the FDIC in New York, as receiver for Colonial Bank, against FHN and others. This case differs from other cases involving the other certificates listed above in terms of the types and amounts of possible damages. FHN recently settled a second suit by the FDIC, as receiver for Colonial Bank, in Alabama. That settlement was reached after FHN announced 4Q16 earnings but will have no material effect on the earnings reported.

## Notable Items

	2015	Pre-Tax Amount	2016	Pre-Tax Amount
1Q	Settlement with DOJ/HUD	\$(162.5)mm	Branch Impairment	\$(3.7)mm
	TrustAtlantic Acquisition Expenses	\$(0.6)mm		
2Q	TrustAtlantic Acquisition Expenses	\$(1.1)mm	Litigation Accrual <sup>3</sup>	\$(26.0)mm
			Valuation Adjustment for Derivatives Related to Prior Sales of Visa Class B Shares	\$(2.5)mm
			Mortgage Repurchase Reserve Release	\$31.4mm
3Q	Retirement of Trust Preferred Debt	\$5.8mm	Gain Primarily Related to Recoveries Associated with Prior Mortgage Servicing Sales	\$4.4mm
	Employee Benefit Plan Amendment	\$8.3mm	Litigation Accrual <sup>2</sup>	\$(4.5)mm
	Litigation Accrual <sup>1</sup>	\$(11.6)mm	Litigation Accrual Reversal <sup>4</sup>	\$4.3mm
	TrustAtlantic Acquisition Expenses	\$(0.6)mm		
4Q	Litigation Accrual <sup>2</sup>	\$(14.2)mm	Litigation Accrual <sup>3</sup>	\$(4.7)mm
	Impairment Related to Tax Credit Investment	\$(2.8)mm		
	TrustAtlantic Acquisition Expenses	\$(2.7)mm		

# Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of return on tangible common equity, adjusted return on tangible common equity, adjusted noninterest expense, adjusted pre-provision net revenue and adjusted pre-tax income. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.

(\$ in millions)			
	2013	2016	'13 - '16 % Change
<b>Return on Tangible Common Equity (ROTCE)</b>			
Average Total Equity (GAAP)	\$2,519	\$2,691	
Less: Average Noncontrolling Interest (GAAP)	\$295	\$295	
Less: Preferred Stock (GAAP)	\$88	\$96	
Average Common Equity (GAAP) (a)	\$2,136	\$2,300	
Less: Average Intangible Assets (GAAP)	\$162	\$215	
Average Tangible Common Equity (Non-GAAP) (b)	\$1,974	\$2,086	
Net Income Available to Common (GAAP) (c)	\$21	\$221	
Return on Average Common Equity (ROE) (GAAP) (c/a)	1.0%	9.6%	
Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (c/b)	1.1%	10.6%	NM
<b>Adjusted Return on Tangible Common Equity (ROTCE)</b>			
Annualized Net Income Available to Common (GAAP) (c)	\$21	\$221	
Plus: Notable Items <sup>1</sup> (GAAP)	\$244	\$1	
Less: Incremental Tax Impact for Notable Items <sup>2</sup> (GAAP)	\$95	\$1	
Adjusted Net Income Available to Common (Non-GAAP) (d)	\$170	\$222	
Adjusted Return on Average Tangible Common Equity (Non-GAAP) (d/b)	8.6%	10.6%	23%
<b>Adjusted Pre-Tax Income</b>			
Pre-Tax Income (GAAP)	\$18	\$345	
Plus: Notable Items <sup>1</sup> (GAAP)	\$244	\$1	
Adjusted Pre-Tax Income (Non-GAAP)	\$263	\$347	32%
<b>Adjusted Pre-Provision Net Revenue</b>			
Pre-Provision Net Revenue <sup>3</sup> (PPNR)	\$73	\$356	
Plus: Notable Items <sup>1</sup> (GAAP)	\$244	\$1	
Adjusted Pre-Provision Net Revenue <sup>3</sup> (PPNR)	\$318	\$358	13%
<b>Adjusted Consolidated Noninterest Expense</b>			
Consolidated Noninterest Expense (GAAP)	\$1,054	\$925	-12%
Less: Notable Expense Items <sup>1</sup> (GAAP)	\$188	\$6	
Adjusted Consolidated Noninterest Expense (Non-GAAP)	\$866	\$919	6%

## Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of adjusted noninterest expense. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below. Refer to slide 28 for additional details on notable items.

<i>(\$ in millions)</i>					
<b>Adjusted Noninterest Expense</b>	<b>Regional Banking</b>	<b>Fixed Income</b>	<b>Corporate</b>	<b>Non-Strategic</b>	<b>Consolidated</b>
<b>2016</b>					
Noninterest Expense (GAAP)	\$616	\$230	\$59	\$21	\$925
Less: Litigation Accruals (GAAP)	\$20	\$0	\$0	\$10	\$31
Less: Branch Impairment (GAAP)	\$4	\$0	\$0	\$0	\$4
Less: Derivatives Valuation Adjustment (GAAP)	\$0	\$0	\$3	\$0	\$3
Less: Mortgage Repurchase Reserve Release (GAAP)	\$0	\$0	\$0	-\$31	-\$31
<b>Adjusted Noninterest Expense (Non-GAAP)</b>	<b>\$591</b>	<b>\$230</b>	<b>\$56</b>	<b>\$42</b>	<b>\$920</b>
<b>2015</b>					
Noninterest Expense (GAAP)	\$563	\$220	\$58	\$213	\$1,054
Less: Litigation Accruals (GAAP)	\$0	\$12	\$0	\$177	\$188
Less: Acquisition Expense (GAAP)	\$0	\$0	\$5	\$0	\$5
Less: Employee Benefit Plan Amendment (GAAP)	-\$4	-\$1	-\$3	\$0	-\$8
Less: Tax Credit Investment Impairment (GAAP)	\$0	\$0	\$3	\$0	\$3
<b>Adjusted Noninterest Expense (Non-GAAP)</b>	<b>\$567</b>	<b>\$210</b>	<b>\$53</b>	<b>\$36</b>	<b>\$866</b>