



# First Horizon National Corporation

Barclays Financial Services Conference 2017

*September 12, 2017*

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### **Forward-Looking Statements**

*This communication contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to First Horizon’s beliefs, plans, goals, expectations, and estimates concerning First Horizon and Capital Bank, which announced a proposed transaction on May 4, 2017. Forward-looking statements are not a representation of historical information, but instead pertain to future operations, strategies, financial results or other developments. The words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “should,” “is likely,” “will,” “going forward,” and other expressions that indicate future events and trends identify forward-looking statements.*

*Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the control of First Horizon and Capital Bank, and many of which, with respect to future business decisions and actions, are subject to change. Examples of uncertainties and contingencies include, among other important factors: global, general, and local economic and business conditions, including economic recession or depression; expectations of and actual timing and amount of interest rate movements, including the slope and shape of the yield curve, which can have a significant impact on a financial services institution; market and monetary fluctuations, including fluctuations in mortgage markets; inflation or deflation; customer, investor, competitor, regulatory, and legislative responses to any or all of these conditions; demand for First Horizon’s and Capital Bank’s product offerings; the actions of the Securities and Exchange Commission (SEC), the Financial Accounting Standards Board (FASB), the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), the Financial Industry Regulatory Authority (FINRA), the U.S. Department of the Treasury (Treasury), the Municipal Securities Rulemaking Board (MSRB), the Consumer Financial Protection Bureau (CFPB), the Financial Stability Oversight Council (Council), the Public Company Accounting Oversight Board (PCAOB), and other regulators and agencies, including in connection with the regulatory approval process associated with the merger; pending, threatened, or possible future regulatory, administrative, and judicial outcomes, actions, and proceedings; current or future Executive orders; changes in laws and regulations applicable to First Horizon and Capital Bank; the possibility that the proposed transaction will not close when expected or at all because required regulatory, shareholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; the possibility that the anticipated benefits of the transaction will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where First Horizon and Capital Bank do business; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management’s attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; First Horizon’s and Capital Bank’s success in executing their respective business plans and strategies and managing the risks involved in the foregoing; and other factors that may affect future results of First Horizon and Capital Bank.*

*Additional factors that could cause results to differ materially from those contemplated by forward-looking statements can be found in First Horizon’s Annual Report on Form 10-K for the year ended December 31, 2016, and in its subsequent Quarterly Reports on Form 10-Q filed with the SEC and available in the “Investor Relations” section of First Horizon’s website, <http://www.firsthorizon.com>, under the heading “SEC Filings” and in other documents First Horizon files with the SEC, and in Capital Bank’s Annual Report on Form 10-K for the year ended December 31, 2016 and in its subsequent Quarterly Reports on Form 10-Q filed with the SEC and available in the “Investor Relations” section of Capital Bank’s website, [www.CapitalBank-US.com](http://www.CapitalBank-US.com), under the heading “Financials & Filings” and in other documents Capital Bank files with the SEC.*

### **Important Other Information**

*In connection with the proposed transaction, First Horizon has filed with the SEC a Registration Statement on Form S-4 (No. 333-219052) that includes a Joint Proxy Statement of First Horizon and Capital Bank and a Prospectus of First Horizon, as well as other relevant documents concerning the proposed transaction, along with certain additional documents concerning the proposed transaction. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **SHAREHOLDERS OF FIRST HORIZON AND CAPITAL BANK ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY DO AND WILL CONTAIN IMPORTANT INFORMATION.** Shareholders and other interested persons may obtain a free electronic copy of the definitive joint proxy statement/prospectus, as well as other filings containing information about First Horizon and Capital Bank, without charge, at the SEC’s website (<http://www.sec.gov>), or through the investor relations sections of First Horizon’s website (<http://www.firsthorizon.com>) and of Capital Bank’s website (<https://www.capitalbank-us.com>). Copies of the definitive joint proxy statement/prospectus and the filings with the SEC that are incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by shareholders by directing a request to Clyde A. Billings, Jr., First Horizon National Corporation, 165 Madison, 8th Floor, Memphis, TN 38103, telephone 901.523.5679, or Capital Bank Financial Corp., Attention: Secretary, 4725 Piedmont Row Drive, Suite 110, Charlotte, NC 28210.*

### **Participants in the Solicitation**

*First Horizon, Capital Bank, and certain of their respective directors, executive officers and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding First Horizon’s directors and executive officers is available in its definitive proxy statement, which was filed with the SEC on March 13, 2017, and certain of its Current Reports on Form 8-K. Information regarding Capital Bank’s directors and executive officers is available in its definitive proxy statement, which was filed with SEC on April 28, 2017, and certain of its Current Reports on Form 8-K. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the joint proxy statement/prospectus and other relevant materials filed with the SEC as mentioned in the preceding paragraph.*

# Successfully Executing on Key Priorities

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

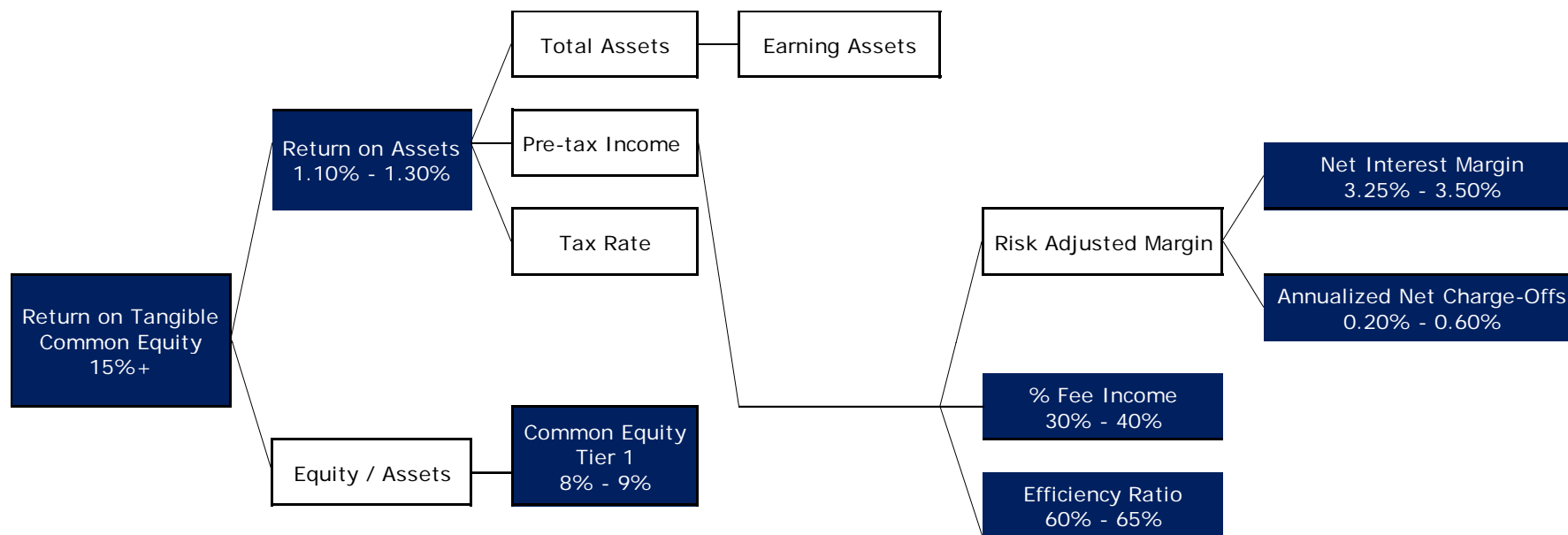
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- Expanding banking relationships with emphasis on economic profit
- Continued balance sheet growth momentum
- Focused on ongoing expense discipline
- Optimizing use of capital deployment
- Capital Bank legal closing expected 4Q17, integration expected completion in mid-2018

***Building the 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*

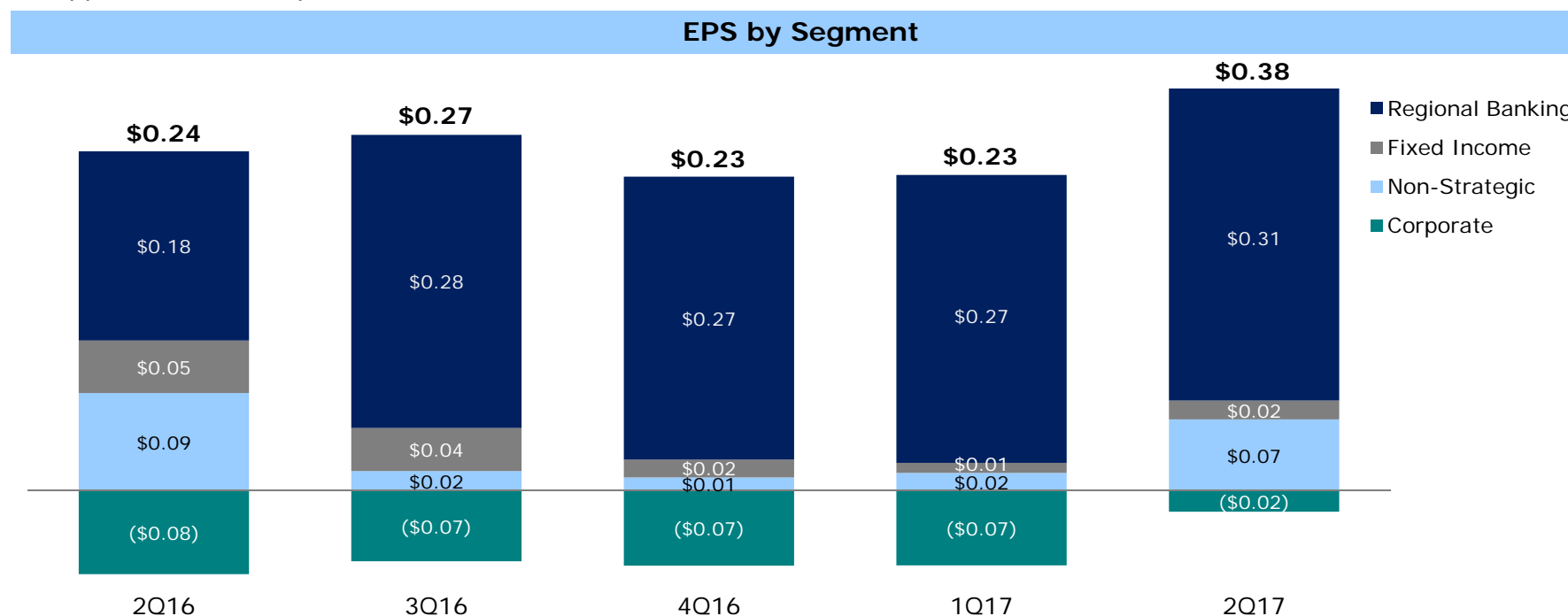


2Q17	Reported (GAAP)	Adjusted <sup>2</sup>	Long-Term Targets
ROTCE <sup>1</sup>	17.3%	12.0%	15.0%+
ROA <sup>1</sup>	1.32%	0.94%	1.10 – 1.30%
CET1	9.8%		8.0 – 9.0%
NIM <sup>1</sup>	3.07%		3.25 – 3.50%
NCO / Average Loans <sup>1</sup>	0.06%		0.20 - 0.60%
Fee Income / Revenue	39%		30 - 40%
Efficiency Ratio	66%	71%	60 - 65%

# Solid Business Segment Performance

## Regional Banking Continues to Drive EPS Improvement

- Regional Banking continues to drive the majority of earnings
  - Solid loan and deposit growth, strong NII and fee income increases and excellent credit quality
- Fixed Income EPS contribution remains modest
  - Average daily revenue at \$723k in 2Q17 vs \$689k in 1Q17
- Non-Strategic trends stable and positively impacting overall results
- Corporate segment includes asset liability management, central money book, securities portfolio and institutional expenses
- Capital Bank acquisition will be EPS accretive, utilize excess capital and add quality loan and deposit growth opportunities in expansion markets

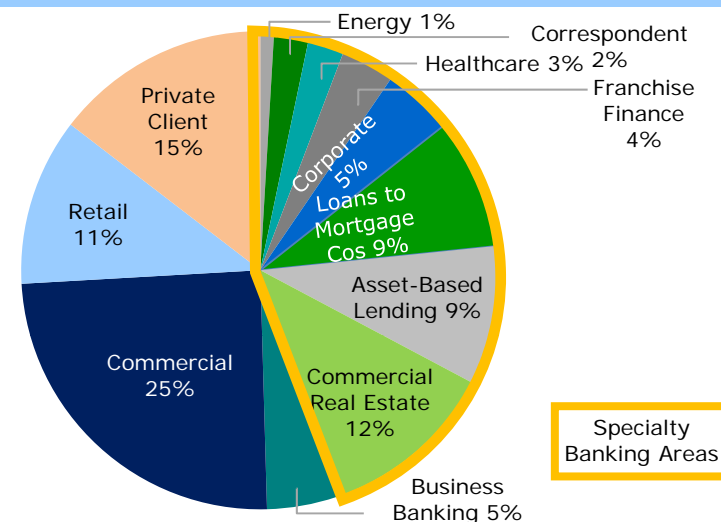


# Regional Bank Performance Remains Strong

## Executing on Profitable Growth Opportunities with Solid Operating Leverage

- Significant NII and PPNR growth YOY
  - PPNR up 51%, Adjusted PPNR up 17%<sup>1</sup>
- Asset quality trends strong
- Optimizing portfolio mix for higher returns
- Broad product offerings with focus on specialty banking, which provides economically profitable growth opportunities

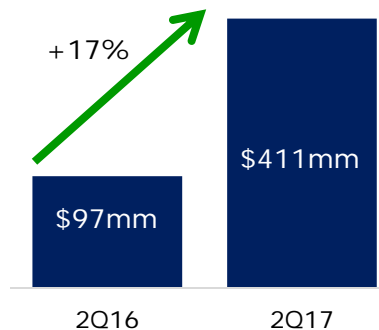
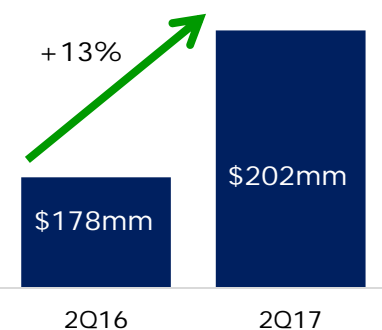
### 2Q17 Regional Banking Avg Loan Portfolio Mix



### NII and Adjusted PPNR Growth of 13%+

Net Interest Income

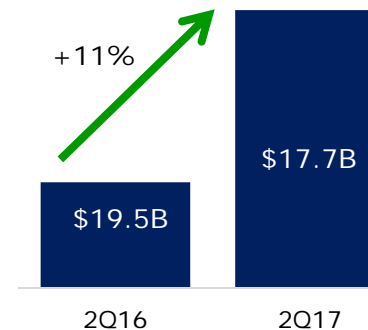
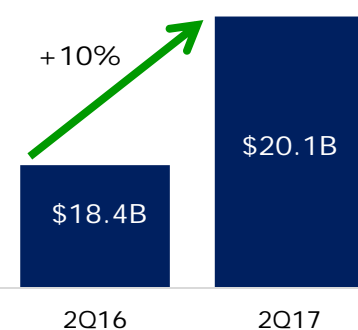
Adjusted PPNR<sup>1</sup>



### Loans and Deposits up 10%+

Average Deposits

Average Loans

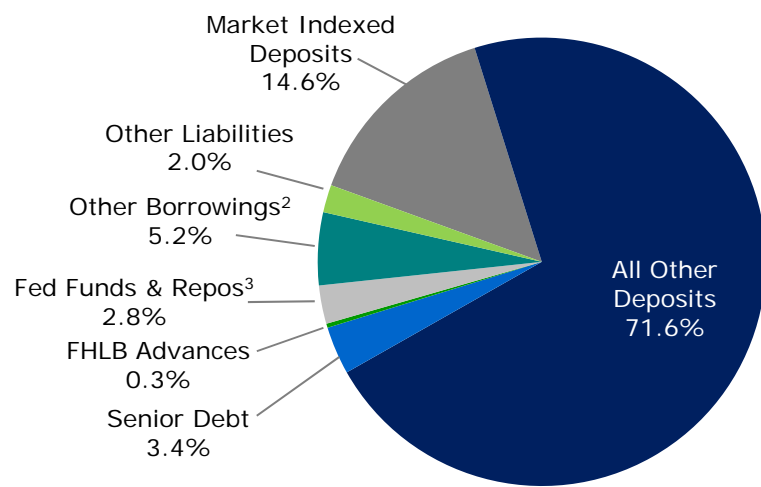


# Asset Sensitivity Overview

## NII & NIM Benefiting From Sustained Loan Growth And Higher Short-Term Rates

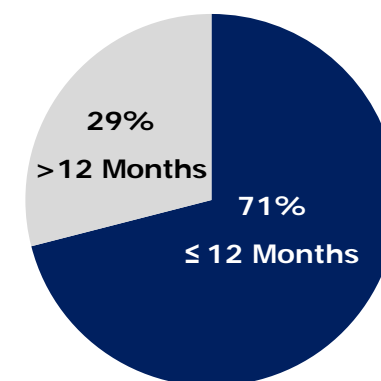
- Loan portfolio comprised of 69% floating rate loans<sup>1</sup>
- Total period-end deposits increased 8% vs 2Q16
  - Strong DDA mix with emphasis on core deposit gathering
  - Total Deposit beta of 22% in 2Q17, 18% excluding market-indexed deposits
  - Market-indexed deposits fund asset-oriented businesses such as Non-Strategic loans, FTN Financial inventory and specialty banking areas
- Reduced reliance on interest rate sensitive wholesale funds

### Composition of Total Liabilities



### Asset Repricing Profile Levered to Short-Term Rate Increases

- Floating rate assets re-price at 100% beta
- Liabilities more closely managed
- +\$3.1B short-term re-pricing gap



## Capital Bank Acquisition

# Creates Strong Regional Bank with Unique Value Proposition

## Consistent with Our M&A Goals

Transaction Highlights		Acceleration of Bonefish Targets		
		First Horizon Actual 2016	First Horizon Long-Term Targets	Commentary
<b>Accelerates Bonefish</b>	<ul style="list-style-type: none"> <li>Multiyear acceleration in achieving Bonefish targets</li> <li>Attractive return on capital deployed versus alternatives</li> </ul>			
<b>Attractive Markets</b>	<ul style="list-style-type: none"> <li>Further strengthens footprint in Southeast markets that are wealthier and faster growing</li> </ul>			
<b>Unique Value Proposition</b>	<ul style="list-style-type: none"> <li>Big bank capabilities with a community bank look and feel</li> <li>Adds scale (~\$40B pro-forma assets) and enhances competitive position</li> <li>Leverages existing infrastructure</li> </ul>			
<b>Strengthens Business Mix</b>	<ul style="list-style-type: none"> <li>60%+ commercial loans</li> <li>94% core deposit funding <sup>(1)</sup></li> </ul>			
<b>Shared Upside</b>	<ul style="list-style-type: none"> <li>Low premium to long-term relative valuations</li> <li>Remained disciplined on pricing</li> </ul>			
<b>Risk Mitigants</b>	<ul style="list-style-type: none"> <li>Extensive diligence, clean credit, cost savings modeled and revenue synergies identified</li> </ul>			
<b>ROTCE</b>		10.6%	15.0%+	✓ Enhances profitability & leverages excess capital
<b>ROA</b>		0.9%	1.1–1.3%	✓ Improves core profitability and efficiency
<b>CET1</b>		9.9%	8.0–9.0%	✓ Utilizes ~100bps of excess capital
<b>NIM</b>		2.94%	3.25–3.50%	✓ Improves net interest margins
<b>Fee Income / Revenue</b>		43%	New Target: 30-40% <sup>(2)</sup>	Changing Bonefish Target to reflect new business mix  Opportunity to improve Capital Bank's 15% fee income ratio
<b>Efficiency Ratio</b>		72%	60–65%	✓ Catalyst for significant efficiency improvement

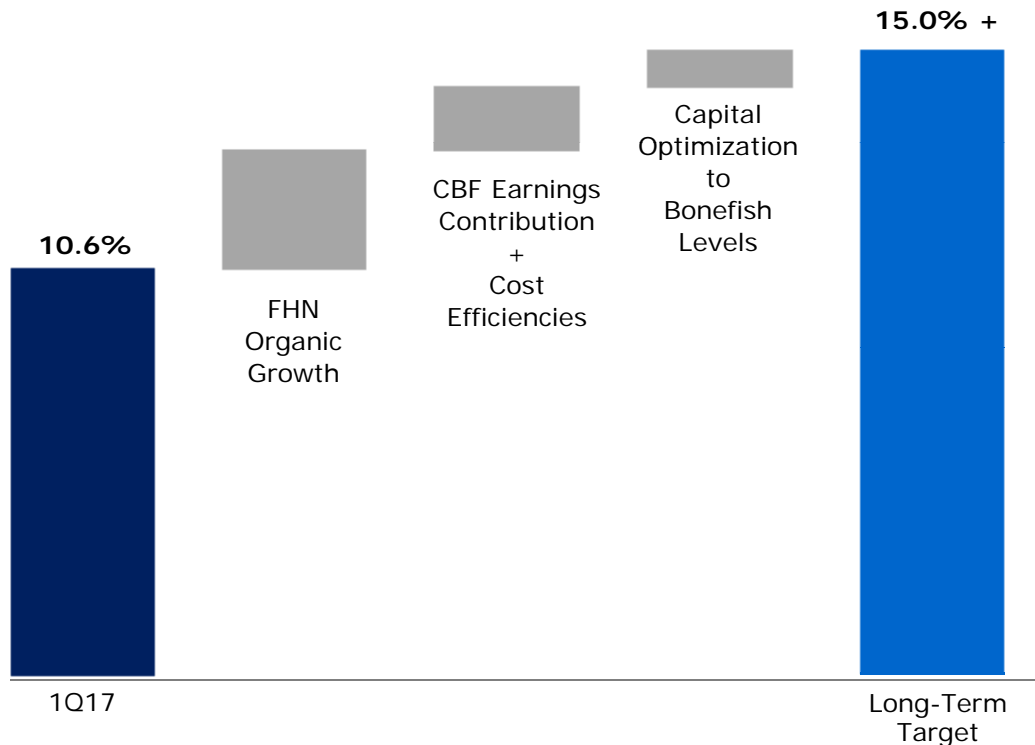


## Capital Bank Acquisition

# Positions FHN to Achieve Long-Term Bonefish Targets

Targeting 15%+ ROTCE

Return Drivers



- FHN continued focus on balance sheet growth, operating leverage and capturing asset sensitivity
- Maintaining Capital Bank momentum and realizing merger cost efficiencies
  - Fully-phased in cost saves expected to improve efficiency ratio 700 bps to below 65%
- Revenue enhancements not included, but provide potential additional upside

## Capital Bank Acquisition

# Capital Bank Integration

### Anticipated Integration Timeline



- Regulatory applications filed
- S-4 filed



- Shareholder approval received
- Anticipated deal closing in 4Q17



- Branding
- Conversion to FHN systems



- Fully-phased in cost saves

### Integration Progress

- Executing towards comprehensive pre-merger integration planning
- Integration team formed with leads from both organizations in all functional areas
- Merger Project Office (MPO) established and staffed in May/June 2017
  - Developing Targeting Operating Models for all lines of business and departments
  - Talent from both organizations identified for leadership positions
- Leveraging success of 13 combined prior acquisitions, experienced M&A team to lead MPO

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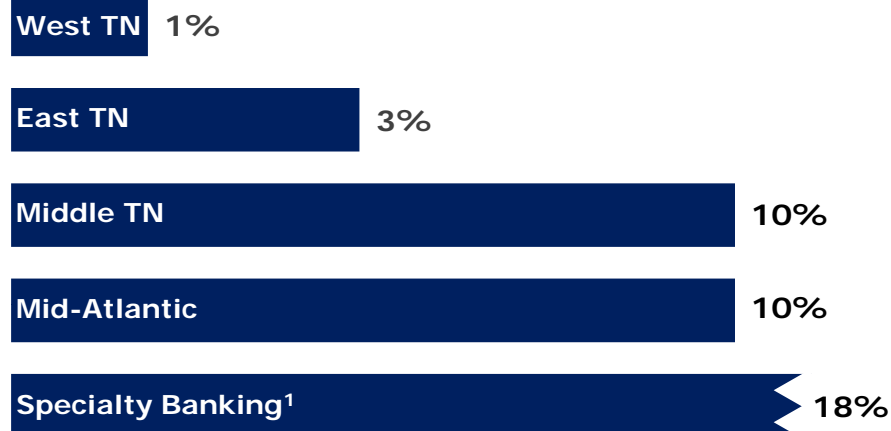
# APPENDIX

# Regional Bank Loan Growth

## Strong Year Over Year Loan Growth From Specialty Banking Areas

- Loan portfolio geographically diverse
  - A majority of specialty banking relationships are outside Tennessee
  - 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

### YOY Average Loan Growth Trends<sup>1</sup>



### Geographic Dispersion of Loans by Lending Area

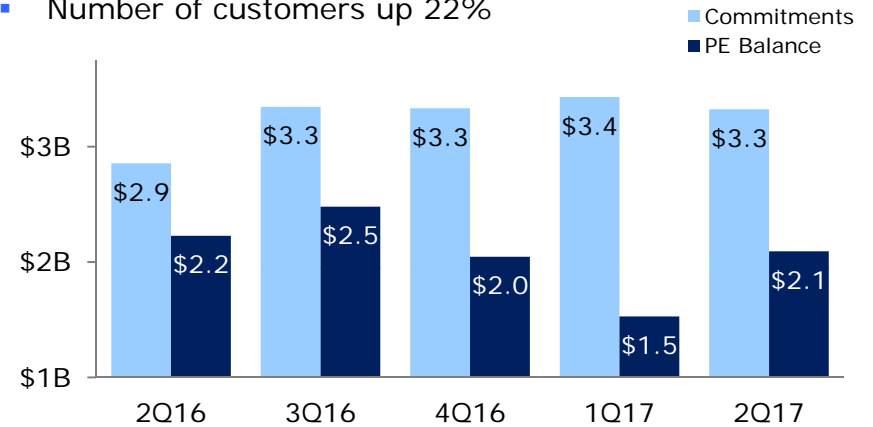
	Inside Footprint <sup>2</sup>	Outside Footprint <sup>2</sup>	YOY Loan Growth
Business Banking	98%	2%	*
Consumer Retail	97%	3%	-4%
Private Client	96%	4%	+15%
Commercial	95%	5%	+12%
Asset-Based Lending	84%	16%	+8%
Healthcare	84%	16%	+21%
Commercial Real Estate	83%	17%	+19%
Energy	77%	23%	NM
Correspondent	74%	26%	+31%
Corporate	73%	27%	NM
Franchise Finance	61%	39%	NM
Loans to Mortgage Companies	22%	78%	-2%
Total Regional Banking	84%	16%	+11%

# Select C&I and CRE Portfolio Metrics

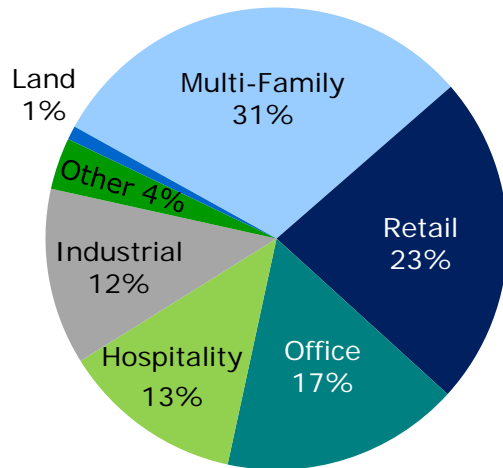
- \$12.6B C&I portfolio, diversified by industry
  - Includes ~\$525mm of retail exposure
- \$2.2B CRE portfolio, diversified by geography and product type and comprises 11% of PE total loans
  - Retail CRE at ~\$500mm in 2Q17
    - Strong credit quality
    - Mini-perm/Non-Construction of 76%
- Commercial (C&I and CRE) net charge-offs were \$1.1mm for the quarter
  - Gross charge-offs were \$1.9mm with recoveries of \$0.7mm

## Loans to Mortgage Companies Volume Remains Strong

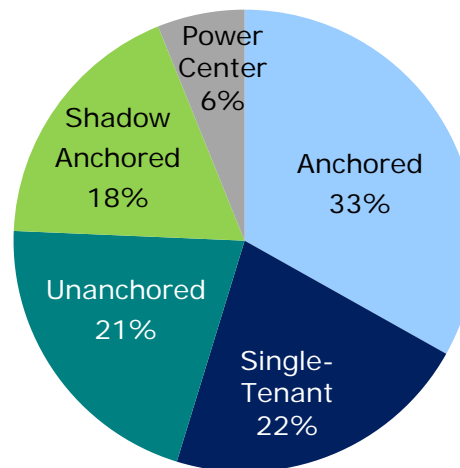
- Dwell times down 13% YOY to 14 days
- Number of customers up 22%



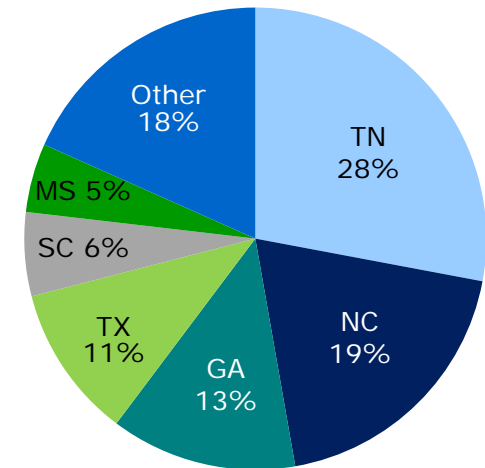
### CRE: Collateral Type



### CRE: Retail Exposure



### CRE: Geographic Distribution

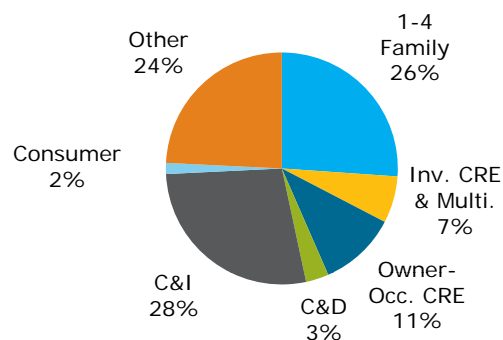


# Pro Forma Loan & Deposit Composition

## Complementary Portfolio Mixes

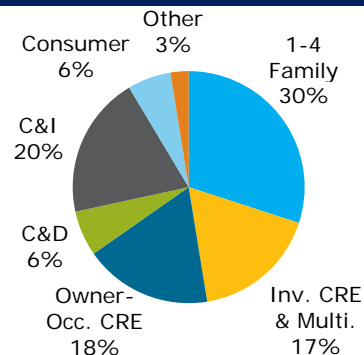
### Pro Forma Loan Composition

#### First Horizon



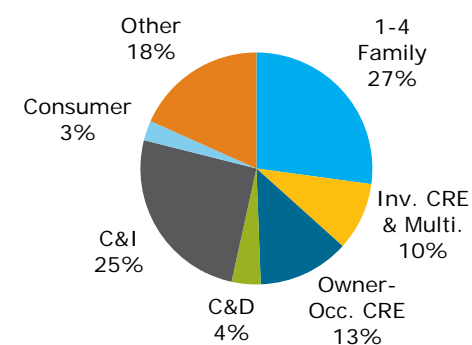
Balance: \$19,702mm  
Yield: 3.81%

#### Capital Bank



Balance: \$7,406mm  
Yield: 4.54%

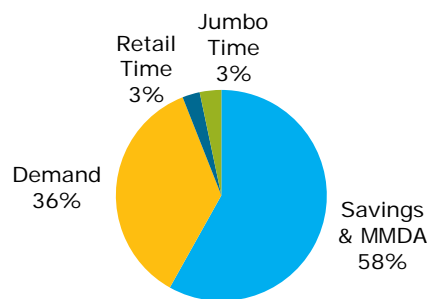
#### Pro Forma



Balance: \$27,108  
Yield: 4.01%

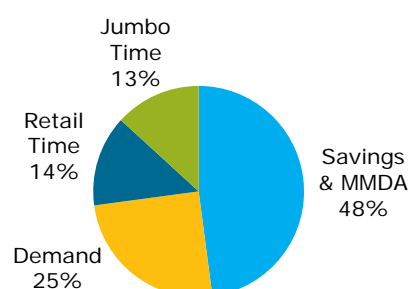
### Pro Forma Deposit Composition

#### First Horizon



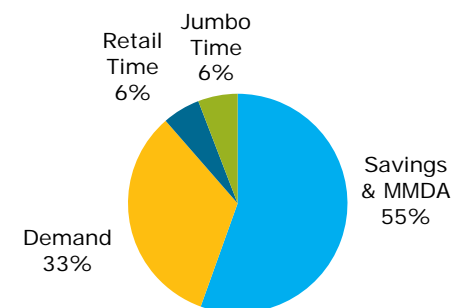
Balance: \$22,673mm  
Cost: 0.22%

#### Capital Bank



Balance: \$7,884mm  
Cost: 0.39%

#### Pro Forma



Balance: \$30,557mm  
Cost: 0.26%

Loans / Deposits  
Ratio : 87%

Loans / Deposits  
Ratio : 94%

Loans / Deposits  
Ratio : 89%

# Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of return on tangible common equity, return on assets and efficiency ratio. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.

(\$ in millions)	
<b>Return on Tangible Common Equity (ROTCE)</b>	<b>2Q17</b>
Average Total Equity (GAAP)	\$2,778
Less: Average Noncontrolling Interest (GAAP)	\$295
Less: Preferred Stock (GAAP)	\$96
Average Common Equity (GAAP) (a)	\$2,387
Less: Average Intangible Assets (GAAP)	\$281
Average Tangible Common Equity (Non-GAAP) (b)	\$2,106
Annualized Net Income Available to Common (GAAP) (c)	\$364
Return on Average Common Equity (ROE) (GAAP) (c/a)	15.3%
Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (c/b)	17.3%
<b>Adjusted Noninterest Expense</b>	
Noninterest Expense (GAAP)	\$218
Less: Notable Items (GAAP)	(\$14)
Adjusted Noninterest Expense (Non-GAAP)	\$232
<b>Adjusted Net Income Available to Common</b>	
Net Income Available to Common (GAAP)	\$91
Plus: Tax-Affected Notable Items (GAAP) <sup>1</sup>	(\$28)
Adjusted Net Income Available to Common (Non-GAAP)	\$63
<b>Adjusted Return on Tangible Common Equity (ROTCE)</b>	
Annualized Adjusted Net Income Available to Common (Non-GAAP)	\$252
Average Tangible Common Equity (Non-GAAP)	\$2,106
Adjusted Return on Tangible Common Equity (Non-GAAP)	12%
<b>Adjusted Return on Assets</b>	
Net Income (GAAP)	\$95
Plus: Tax-affected Notable Items (GAAP) <sup>1</sup>	(\$28)
Annualized Adjusted Net Income (Non-GAAP)	\$270
Average Total Assets (GAAP)	\$28,876
Adjusted Return on Assets (Non-GAAP)	0.94%
<b>Adjusted Efficiency Ratio</b>	
Adjusted Noninterest Expense (Non-GAAP)	\$232
Revenue Excluding Securities Gains (GAAP)	\$328
Adjusted Efficiency Ratio (Non-GAAP)	71%

# Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of segment earnings per share and adjusted PPNR. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.

(\$ in millions)					
Segment Earnings Per Share	2Q17	1Q17	4Q16	3Q16	2Q16
Regional Banking Net Income (GAAP) (a)	\$73	\$65	\$63	\$65	\$42
Fixed Income Net Income (GAAP) (b)	\$4	\$2	\$4	\$10	\$12
Non-Strategic Net Income (GAAP) (c)	\$16	\$4	\$3	\$4	\$22
Corporate Net Income (GAAP)	\$2	(\$12)	(\$12)	(\$11)	(\$14)
Less: Net Income Attributable to Noncontrolling Interest and Preferred Stock Dividends (GAAP)	\$4	\$4	\$4	\$4	\$4
Corporate Net Income Available to Common Shareholders (Non-GAAP) (d)	(\$2)	(\$17)	(\$17)	(\$16)	(\$19)
Net Income Available to Common Shareholders (GAAP)	\$91	\$54	\$53	\$63	\$57
Average Diluted Shares in Millions (GAAP) (e)	236	237	236	234	234
Regional Banking Earnings Per Share (Non-GAAP) (a/e)	\$0.31	\$0.27	\$0.27	\$0.28	\$0.18
Fixed Income Earnings Per Share (Non-GAAP) (b/e)	\$0.02	\$0.01	\$0.02	\$0.04	\$0.05
Non-Strategic Earnings Per Share (Non-GAAP) (c/e)	\$0.07	\$0.02	\$0.01	\$0.02	\$0.09
Corporate Earnings Per Share (Non-GAAP) (d/e)	(\$0.01)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.08)
Total Earnings Per Share (GAAP)	\$0.38	\$0.23	\$0.23	\$0.27	\$0.24
<b>Adjusted Regional Banking Pre-Provision Net Revenue</b>			<b>2Q17</b>	<b>2Q16</b>	<b>% Change</b>
Regional Banking Pre-Provision Net Revenue <sup>1</sup>			\$113	\$75	51%
Plus: Regional Banking Notable Items (GAAP)				\$22	
Adjusted Regional Banking Pre-Provision Net Revenue			\$113	\$97	17%

## Retail CRE Type Definitions

Anchored: Multi tenant property having one or more retail tenant and several smaller regional and/or local tenants

Shadow Anchored: Multi tenant retail property on a parcel legally separate from that occupied by an adjacent anchor tenant

Unanchored: Unanchored Retail Strip or Outlet Center, similar to shadow anchored retail except they lack an adjacent anchor tenant

Single Tenant: Free standing building leased and occupied by a Single Credit Tenant

Power Center: Typically, an open retail property containing at least 250,000 square feet and dominated by at least 75% large big box anchor retailers