



# First Horizon National Corporation

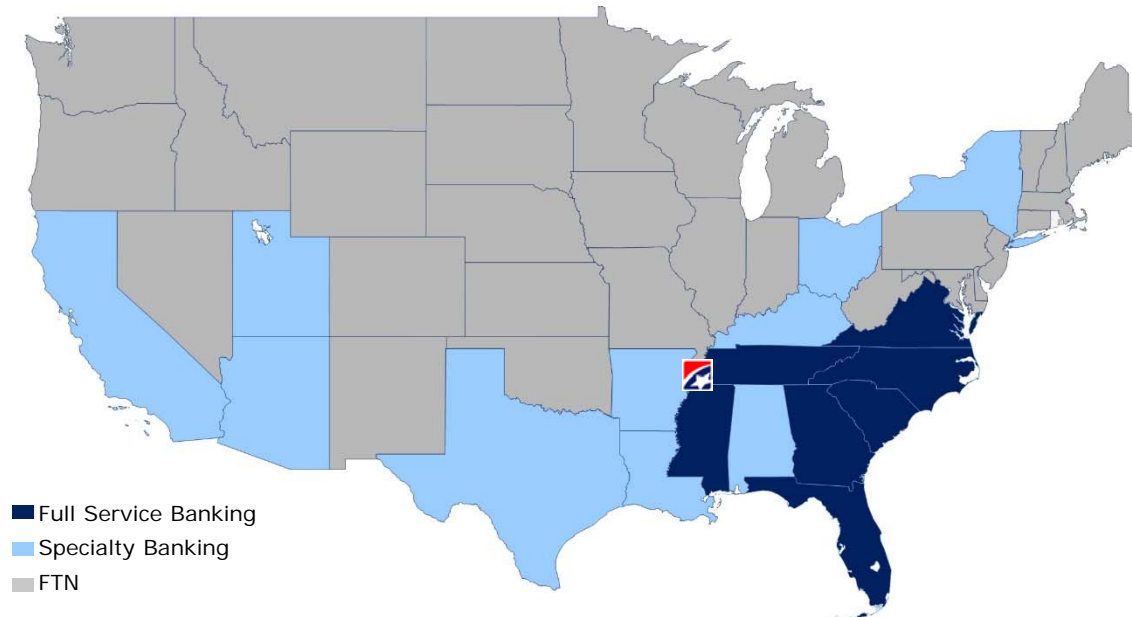
Morgan Stanley Conference

*June 12, 2018*

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- *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.*
  - *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.*

# FHN: Strong, Diversified, and Differentiated

## Regional and National Footprint



- Full Service Banking
- Specialty Banking
- FTN

## Key Highlights

Market Cap	\$6.2B
Assets	\$41B
Deposits	\$31B
Financial Centers	290
Employees	5,835

### Full Service Banking

- Retail Banking
- Private Client-Wealth Advisory
- Commercial Banking
- Treasury Services

### Specialty Businesses

- 8 Commercially oriented businesses with deep specialty expertise
- Fixed Income Sales and Trading

# FHN Key Differentiators

## *Separating from the Pack*

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- **Proven track record** of execution on key priorities
- Compelling mix in **attractive markets & businesses**
- Differentiated **specialty businesses with high growth potential**
- Deeply engrained **economic profit focus** across organization
- Disciplined **capital allocation**
- Well-positioned to deliver sustainable **top-quartile returns**

# Completed Large-Scale Conversion



**572,000**  
*new clients*

**1,300**  
*team members involved*



**23,000**  
*test scripts*

**1,500**  
*run book tasks*



**210,000**  
*proactive calls to clients*

**352**  
*signs changed*



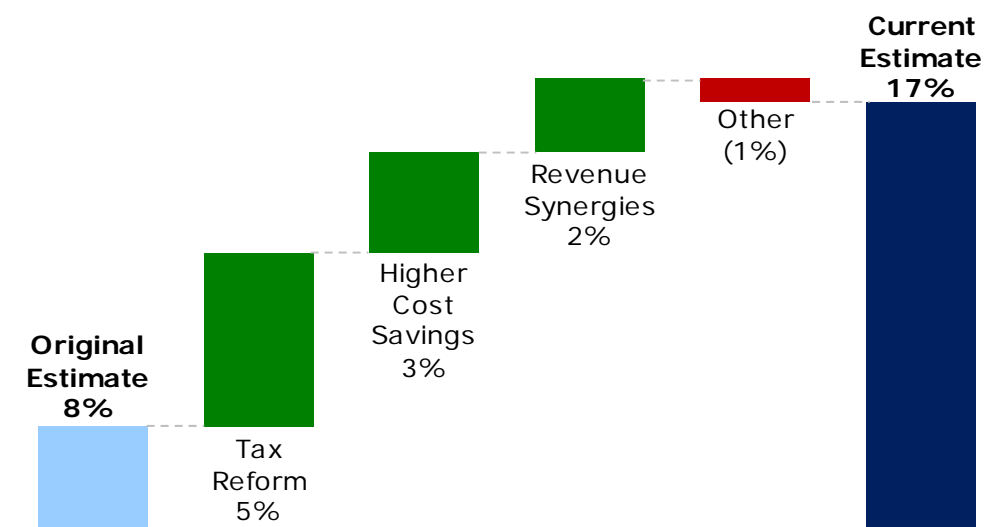
**52**  
*branch consolidations*

**700**  
*vendors exited*



# Merger Economics Better Than Expected

## *EPS Accretion Now Estimated 2x the Original Assumption*

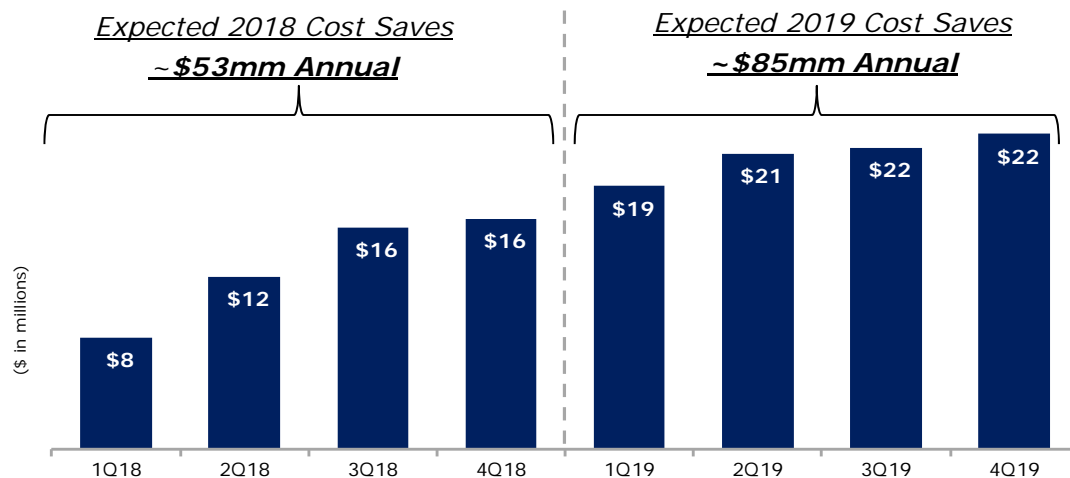


	Original Announcement	Current Outlook
Accelerated Bonefish Achievement	By End of 2019	1Q18
2019 EPS Accretion	8%	17%
Annual Cost Savings	\$65mm	\$85mm
Revenue Synergies	\$0	\$25mm-\$30mm
Fed Funds Rate Expectations	2.00% by 4Q19	2.75% by 4Q19
Tax Rate Assumptions	~35%	~23%

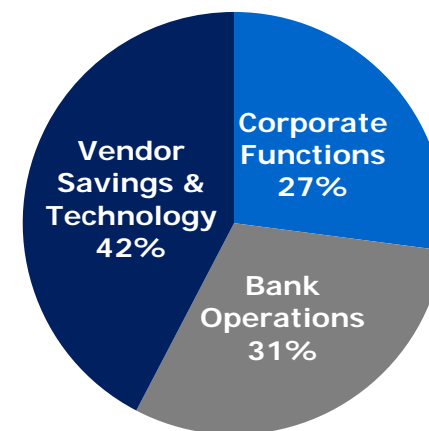
# Merger Enhances Company Return Profile

## Cost Savings and Revenue Synergies Driving Improved Performance

### Expected Cost Savings in 2018 Ahead of Original Estimates



### Savings Breakdown



### Revenue Synergies: Building Toward \$25mm-\$30mm Goal by 2019

#### Commercial

- Offer full product suite across larger client base
- Expanded treasury management services and clients
- Bigger balance sheet with higher lending capacity
- Organic growth from expanded geographic opportunity

#### Consumer

- Increase branch deposit gathering efficiency in CBF network
- Introduce private client / wealth management services to CBF network
- Expand CBF mortgage platform in core FHN markets
- Achieve peer-level credit card penetration

Total Closed & In-Process Synergies (YTD Annualized):

**\$9.1mm**

**\$90mm**      **\$150mm**  
 Synergy Loans Closed      Synergy Loans in Pipeline

Total Deals Closed & In-Process:

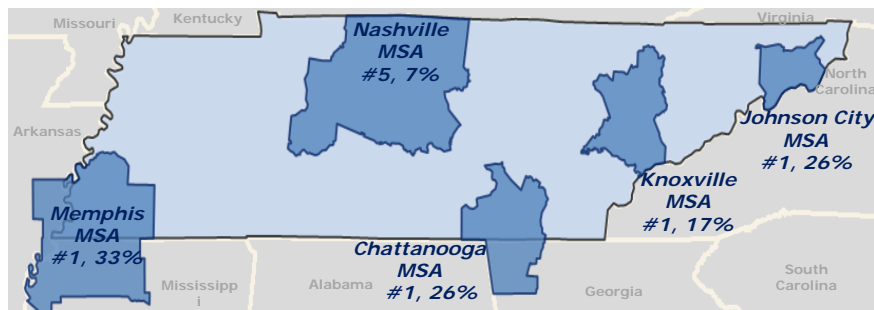
**94**

# Core Tennessee Business Foundational to Franchise Value

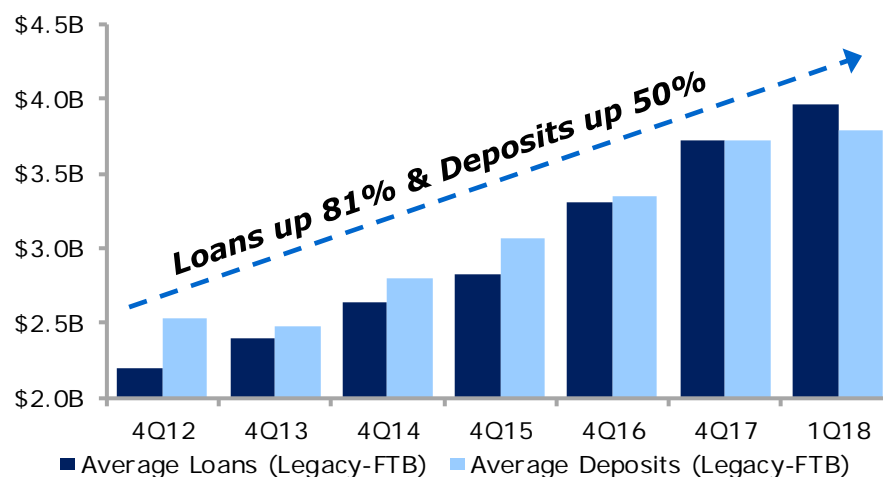
## *Strong Market Position and Healthy Economy Provide Growth Opportunities*

- Top market share in Tennessee and in 4 of top 5 MSAs
- First Tennessee deposit growth over the last five years outpaced the state's deposit growth
- Nashville, TN's fast growing market, provides blueprint for proven success in newer high-growth markets
  - Legacy First Tennessee has 81% loan growth and 50% deposit growth from 4Q12 to 1Q18
- Nashville success driven by differentiated strategy and focus on deposit gathering, specialty businesses, treasury services, and strategic hires

### Leading Market Share in Tennessee



### Nashville Loan & Deposit Growth





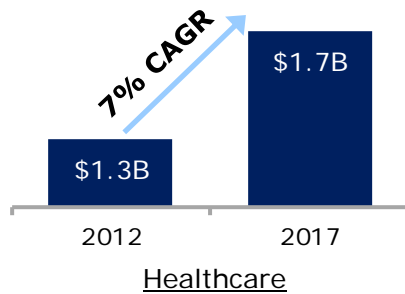
# Specialty Areas Provide Strong Growth & Profitability

## *Better risk-adjusted returns, efficiency, and competitive advantages*

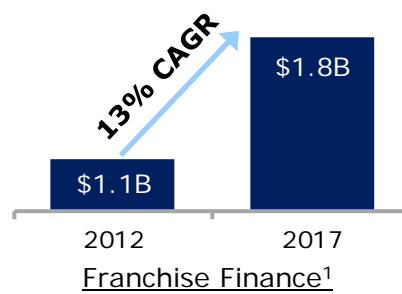
- Strategic focus has translated to significant growth, with further opportunities to build market share in legacy First Tennessee markets and new Capital Bank markets
- Specialty businesses generally have less than 5% market share, providing significant growth opportunities

### Growth in Higher Return Specialty Areas

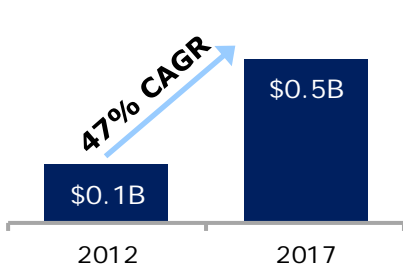
#### Loans to Mortgage Companies



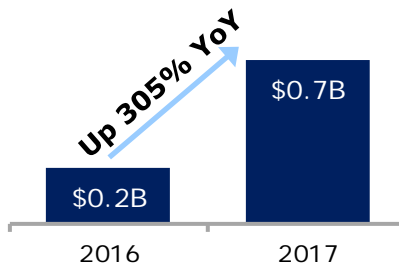
#### Asset-Based Lending



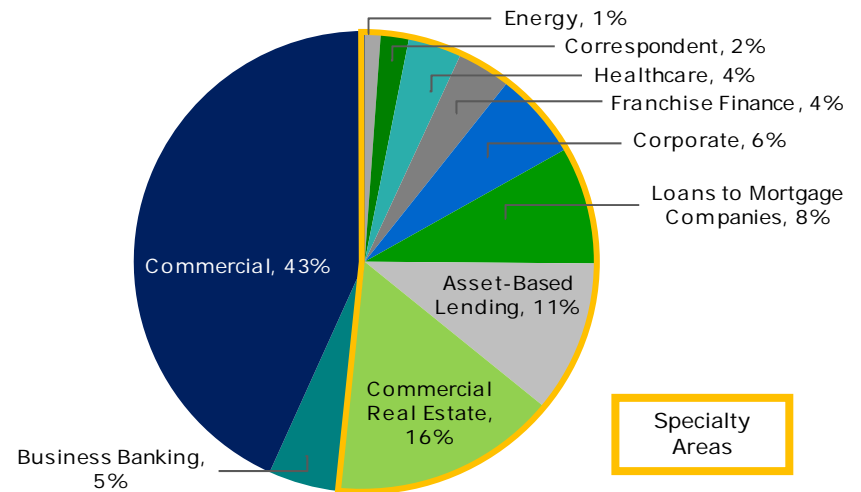
#### Healthcare



#### Franchise Finance<sup>1</sup>



### 1Q18 Commercial Loan Balance Mix

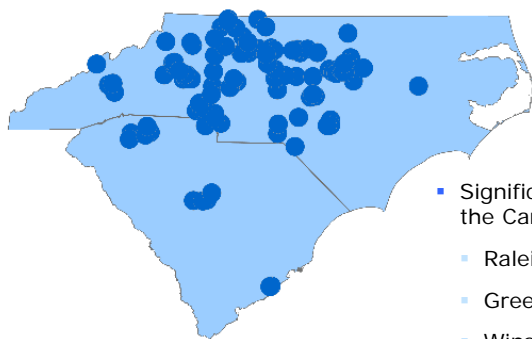


# New Market Opportunities Compelling

## Carolinas and Florida Will Enhance Deposit Mix and Balance Sheet Growth

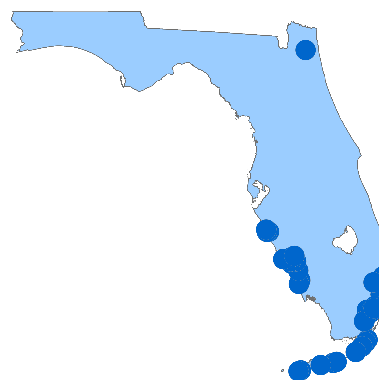
- Will bring successful approach in Nashville to newer, lower-share markets
- Strong platform for deposit growth in the Carolinas
- New high-growth markets provide significant opportunity to enhance company deposit composition
  - South Florida deposit market size of \$280B
    - 2X existing total TN deposit market (\$138B)

### Development of the Franchise in the Carolinas



- Significant footprint throughout the Carolinas
  - Raleigh MSA – Ranked 6<sup>th</sup>
  - Greensboro MSA – Ranked 8<sup>th</sup>
  - Winston Salem MSA – Ranked 8<sup>th</sup>
  - Charlotte MSA – Ranked 11<sup>th</sup>

### Meaningful Opportunities for Growth in Florida

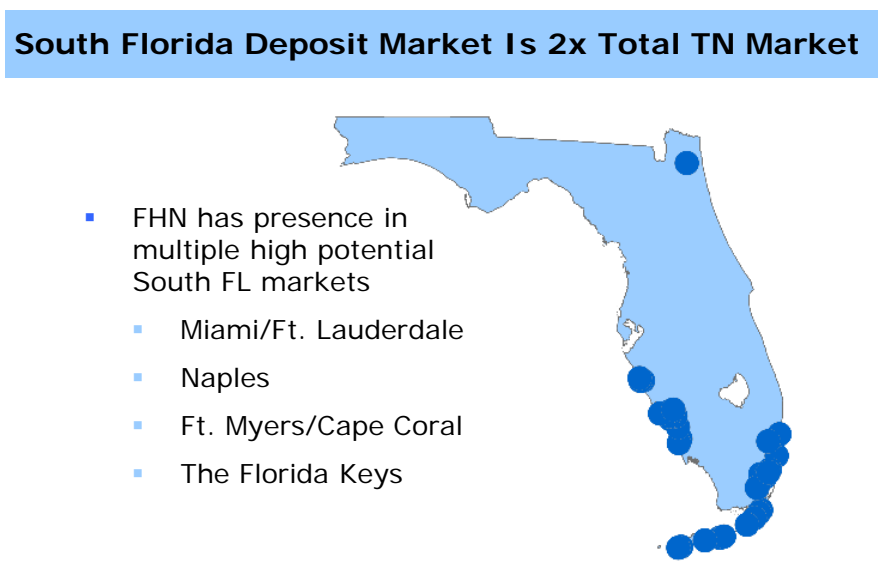
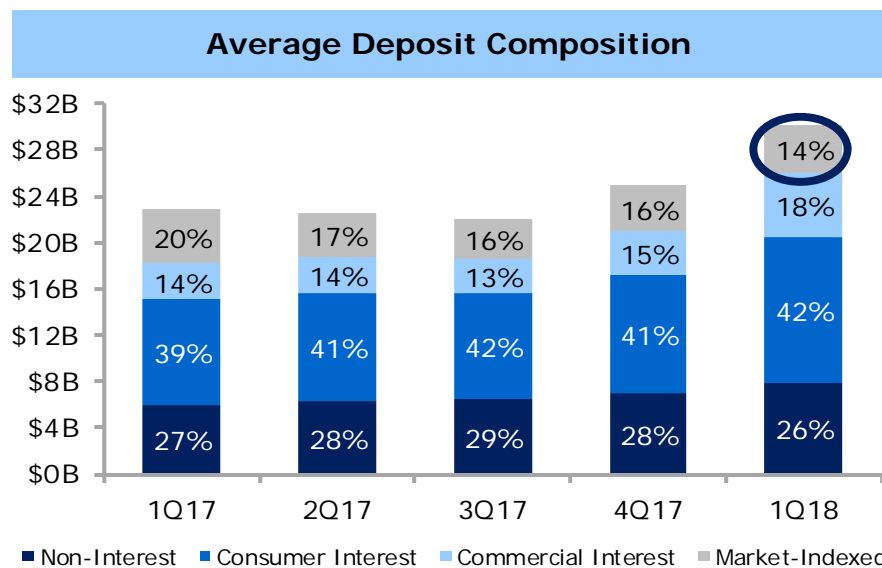


- Expansion into the Florida market via the Capital Bank acquisition
- Branches mainly in the Florida Keys, Miami, Naples, and Ft. Myers/Cape Coral
- Key West MSA – Ranked #2

# Strong Deposit Franchise

## *Focused on Opportunities for Growth and Mix Improvement*

- Overall funding mix has remained stable over time, reflecting strong deposit franchise in core markets
- South Florida markets present opportunity to optimize funding mix by growing customer deposits and reducing market-indexed deposits
  - Current deposit rate paid in FL is 0.51% vs 1Q18 market-index rate of 1.47%
  - Emphasis on customer acquisition and deposit growth

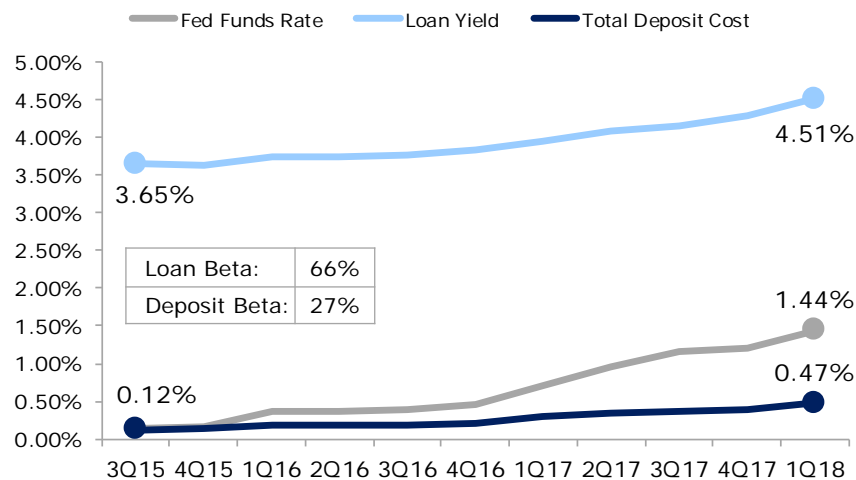


# Strong NIM Expansion Since Beginning of Rate Hike Cycle

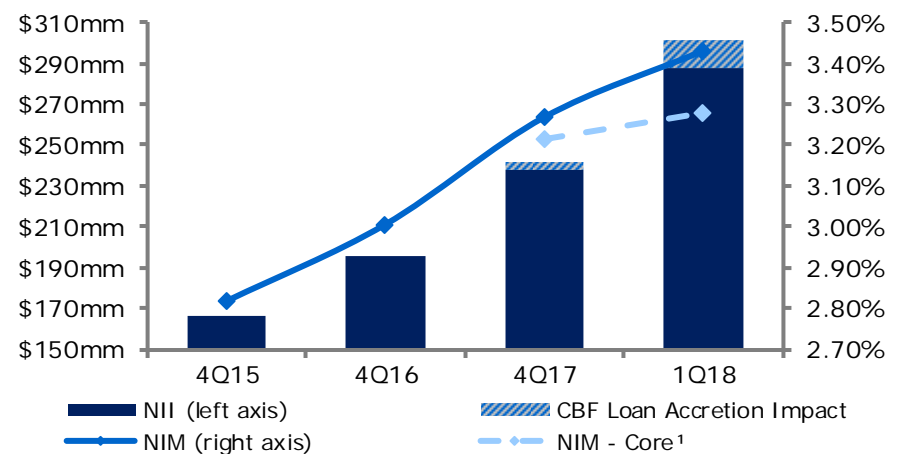
## *Focused on Disciplined Deposit Pricing & Higher Yielding Specialty Businesses*

- Strong NIM expansion since 3Q15
- Loan yield betas have outpaced deposit betas
  - Cumulative Loan Beta: 66%
  - Cumulative Total Deposit Beta: 27%
- Focused on growing high yielding specialty areas and relationship deposit pricing to continue NIM expansion

### Loan Yield Betas Have Outpaced Deposit Betas



### NIM Expansion and Loan Growth Drive NII Increase




# Deeply Engrained Economic Profit Focus

## Doubled Economic Profit in the Regional Bank from 2013 to 2017

Economic Profit (EP)<sup>1</sup> Focus Driving Increased Profitability in Regional Bank

- EP more than doubled from 2013 to 2017
- Net Income increased 55%
- Improvement was driven by:
  - Grew core deposit balances in consumer, commercial, and specialty banking areas
  - Improvement in overall deposit profitability, especially in Consumer
  - Increased average loan relationship size  
Enhanced alignment of loan pricing
  - Improved profitability of relationships
  - Right-sized cost structure
- Will apply economic profit focus to new markets

**2013**  
**Economic Profit:**  
**\$83mm**



**2017**  
**Economic Profit:**  
**\$175mm**

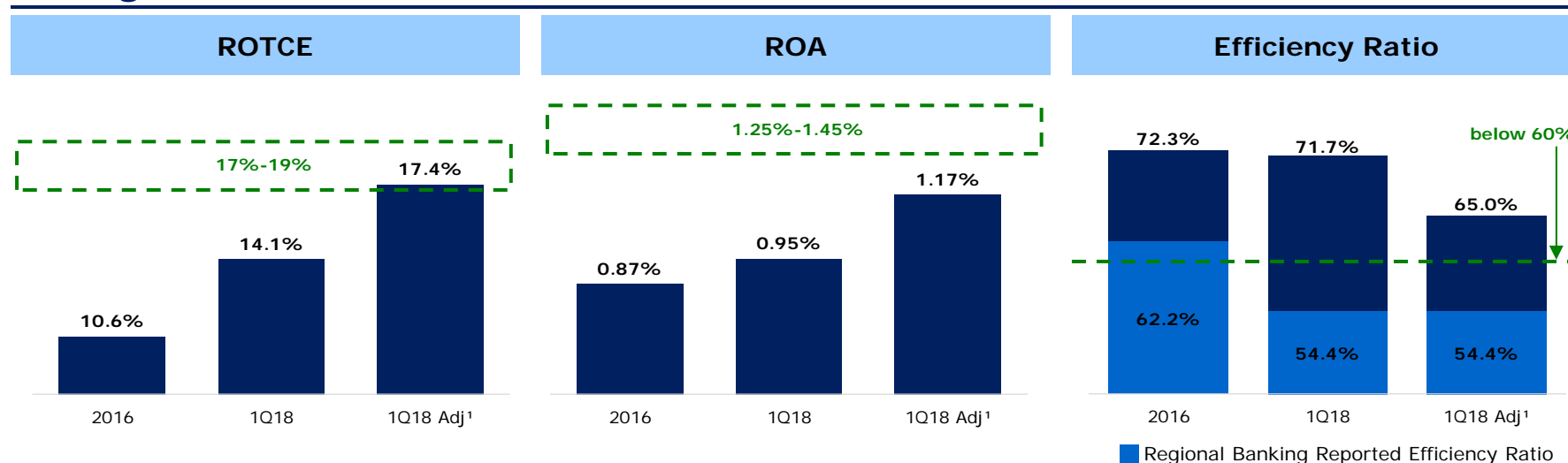
**+2x Improvement in Economic Profit Since 2013**

Key Metrics Regional Bank	2013	2017	Growth %
Loans (Period End)	\$12.2B	\$19.0B	56%
Deposits (Period End)	\$15.5B	\$19.9B	29%
Net Income	\$188mm	\$292mm	55%
Economic Capital	\$1.05B	\$1.10B	4%

% Profitable	2013	2017
Products	67%	80%
Commercial Relationships	~60% <sup>2</sup>	65%
Consumer Relationships	~30% <sup>2</sup>	40%

# Well-Positioned For Consistent Top-Quartile Returns

## Strong Momentum and Current Tailwinds Are Positive



### Current Environment for Banking Industry Remains Favorable

#### Macro Trends

- Continued solid GDP growth and low unemployment rate
- Low risk of near-term recession

#### Credit Environment

- Credit quality remains stable and benign

#### Interest Rates

- Continued hikes in short term interest rates
- Increasing deposit competition

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# APPENDIX



# Notable Items & Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of adjusted fee income, adjusted revenue, adjusted noninterest expense, adjusted net income, adjusted net income available to common, core net interest margin, and core net interest income. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.

1Q18 Notable Items	Pre-Tax Amount <sup>1</sup>	
Acquisition Expense	(\$31.4mm)	
Gain on property sale	\$3.3mm	
<b>Reconciliation Table</b>		
<b>1Q18</b>		
<b>Adjusted Fee Income &amp; Revenue</b>		
Fee Income (GAAP)	\$136mm	
Plus: Notable Items (GAAP)	(\$3mm)	
Adjusted Fee Income (Non-GAAP)	\$133mm	
Plus: Net Interest Income (GAAP)	\$301mm	
Adjusted Revenue (Non-GAAP)	\$434mm	
<b>Adjusted Noninterest Expense</b>		
Noninterest Expense (GAAP)	\$313mm	
Plus: Notable Items (GAAP)	(\$31mm)	
Adjusted Noninterest Expense (Non-GAAP)	\$282mm	
<b>Adjusted Net Income</b>		
Net Income (GAAP)	\$95mm	
Plus: Tax-affected Notable Items (GAAP) <sup>2</sup>	\$21mm	
Adjusted Net Income (Non-GAAP)	\$116mm	
<b>Adjusted Net Income Available to Common (NIAC)</b>		
Net Income Available to Common (GAAP)	\$91mm	
Plus: Tax-affected Notable Items (GAAP) <sup>2</sup>	\$21mm	
Adjusted Net Income Available to Common (Non-GAAP)	\$112mm	
<b>Core Net Interest Margin (NIM) &amp; Core Net Interest Income (NII)</b>		
	<b>NII</b>	<b>NIM</b>
4Q17 - Reported (GAAP)	\$242.1mm	3.27%
Less: 4Q17 CBF Loan Accretion	-\$4.7mm	-5bps
4Q17 - Core <sup>3</sup> (Non-GAAP)	\$237.4mm	3.22%
CBF Excluding Loan Accretion	+\$41.4mm	+3bps
Higher Rates	+\$2.7mm	+3bps
Other	+\$6.0mm	0bps
1Q18 - Core <sup>3</sup> (Non-GAAP)	\$287.4mm	3.28%
1Q18 CBF Loan Accretion	+\$13.7mm	+16bps
1Q18 - Reported (GAAP)	\$301.2mm	3.43%

# Reconciliation to GAAP Financials

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

Reconciliation Table	1Q18
<b>Adjusted Efficiency Ratio</b>	
Adjusted Noninterest Expense <sup>1</sup> (Non-GAAP) (a)	\$282mm
Adjusted Revenue <sup>1</sup> Excluding Securities Gains (Non-GAAP) (b)	\$434mm
Adjusted Efficiency Ratio (Non-GAAP) (a/b)	65%
<b>Return on Tangible Common Equity (ROTCE)</b>	
Average Total Equity (GAAP)	\$4,574mm
Less: Average Noncontrolling Interest (GAAP)	(\$295mm)
Less: Average Preferred Stock (GAAP)	(\$96mm)
Average Common Equity (GAAP) (c)	\$4,183mm
Less: Average Intangible Assets (GAAP)	(\$1,568mm)
Average Tangible Common Equity (Non-GAAP) (d)	\$2,615mm
Annualized Net Income Available to Common (GAAP) (e)	\$368mm
Return on Average Common Equity (ROE) (GAAP) (e/c)	8.8%
Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (e/d)	14.1%
<b>Adjusted Return on Tangible Common Equity (ROTCE)</b>	
Annualized Adjusted Net Income Available to Common <sup>1</sup> (Non-GAAP) (f)	\$454mm
Average Tangible Common Equity (Non-GAAP) (d)	\$2,615mm
Adjusted Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (f/d)	17.4%
<b>Adjusted Return on Average Assets (ROA)</b>	
Annualized Adjusted Net Income <sup>1</sup> (Non-GAAP) (g)	\$472mm
Average Total Assets (GAAP) (h)	\$40,351mm
Adjusted Return on Average Assets (Non-GAAP) (g/h)	1.17%