



First Horizon National Corporation

Third Quarter 2018 Earnings

October 16, 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.*

Third Quarter 2018 Highlights

Delivering Strong Returns and Improved Efficiency

EPS			ROTCE ¹			ROA		
Reported	\$0.83	+196%	Reported	40.5%	+2,834bps	Reported	2.72%	+173bps
Adjusted ¹	\$0.36	+13%	Adjusted ¹	17.9%	+439bps	Adjusted ¹	1.21%	+12bps

Positive Operating Leverage

- Continued strong earnings power
- Merger cost savings drove lower expenses
- Excellent credit quality

Growth in Specialty & New Markets

- Specialty lending up 12% LQ annualized
- Mid-Atlantic and Florida retail deposits up 5% and 3% LQ, respectively

Effective Capital Allocation

- Sold Visa B Shares, resulting in favorable impacts to EPS, tangible book value, and capital
- Bought back 1.1 million FHN common shares



FINANCIAL RESULTS

Financial Results

- Adjusted EPS up 13% YOY
- Positive operating leverage on adjusted revenue increase of 1% and adjusted expense decline of 1%
- NII decline driven by lower accretion
- Fee income increase driven primarily by TRUPs sale for \$3.8mm gain and higher fixed income revenue
- Expense decline driven by cost saves from CBF deal and ongoing expense discipline
- Tax rate at 23%

Financial Results	3Q18		Actuals vs Actuals		Adjusted ¹ vs Adjusted ¹	
<i>\$ in millions except per share data</i>	Actuals	Adjusted ¹	2Q18	3Q17	2Q18	3Q17
Net Interest Income	\$306	\$306	-2%	+46%	-2%	+46%
Fee Income	\$349	\$136	+174%	+210%	+7%	+7%
Total Revenue	\$655	\$442	+49%	+103%	+1%	+31%
Expense	\$294	\$283	-12%	+24%	-1%	+28%
Loan Loss Provision	\$2	\$2	NM	NM	NM	NM
Pre-Tax Income	\$359	\$157	+239%	+320%	+3%	+35%
NIAC ²	\$270	\$118	+231%	+301%	—%	+58%
EPS	\$0.83	\$0.36	+232%	+196%	—%	+13%
Avg Loans (\$B)	\$27.3	\$27.3	—%	+38%	—%	+38%
Avg Deposits (\$B)	\$30.8	\$30.8	+1%	+40%	+1%	+40%

Net Income Available to Common (NIAC) & EPS Reconciliation

<i>\$ in millions except per share data</i>	Amount		Per Share
	Pre-tax	After-tax	EPS Impact
3Q18 Adjusted¹	\$157	\$118	\$0.36
Notable Items:			
Visa B Share Monetization	\$213	161	+\$0.49
Acquisition Expenses	(\$11)	(9)	(\$0.03)
3Q18 Reported	\$359	\$270	\$0.83

Significant Positive Impact from Visa B Shares Monetization

Meaningful Improvement in Tangible Book Value and TCE/TA

Impact to Tangible Book Value (TBV)¹

2Q18
\$7.94
TBV per Share

\$0.64 Increase in TBV per Share

+\$0.36 NIAC (Ex-Visa B Monetization)

+\$0.49 Visa B Monetization

-\$0.12 Common Dividends

-\$0.09 AOCI & Other

3Q18
\$8.58
TBV per Share

Impact to TCE/TA¹

2Q18
6.54%
TCE/TA

58bps Increase in TCE/TA

+29bps NIAC (Ex-Visa B Monetization)

+41bps Visa B Monetization

-9bps Common Dividends

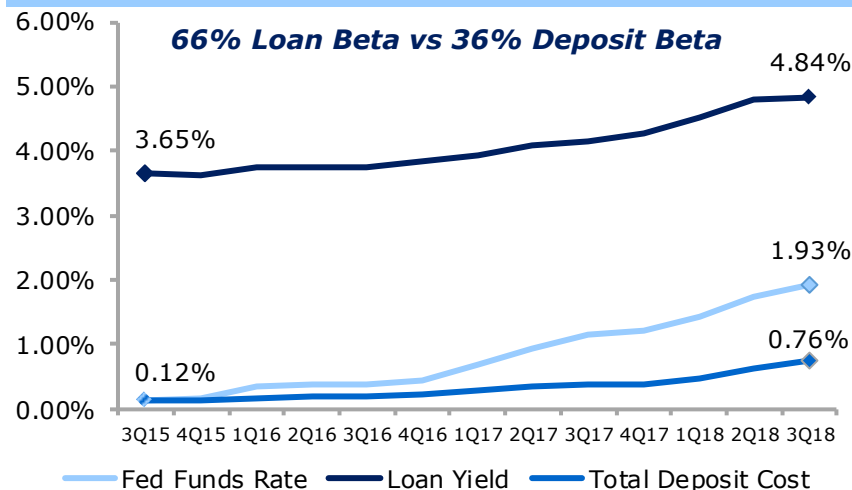
-3bps AOCI & Other

3Q18
7.12%
TCE/TA

Net Interest Income and Net Interest Margin Trends

- NIM expansion from 2.92% in 1Q17 to 3.44% in 3Q18 driven by commercial loan growth, asset sensitivity and accretion
- 66% of the loan book is floating rate
- Non-interest deposits grew 5% annualized

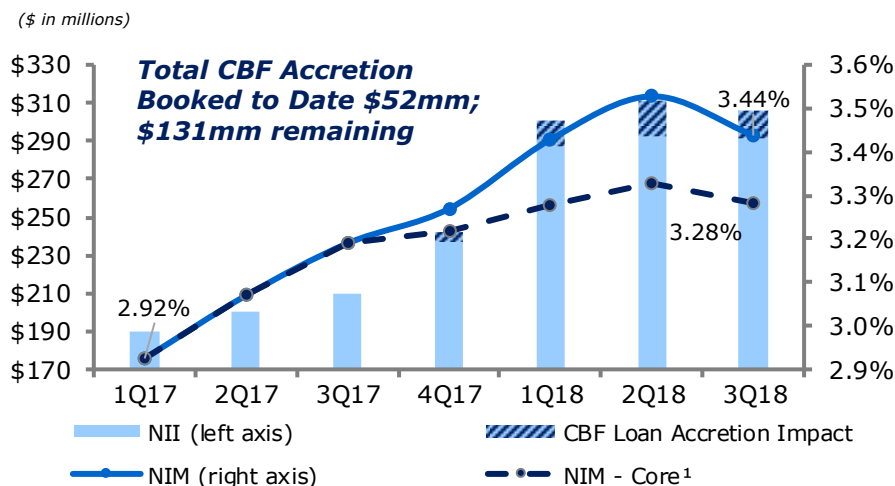
Loan Betas Have Outpaced Deposit Betas



NII and NIM Linked-Quarter Change Drivers

(\$ in millions)	NII	NIM
2Q18 - Reported	\$310.9	3.53%
Less: 2Q18 CBF Loan Accretion	-\$18.3	-21bps
2Q18 - Core¹	\$292.6	3.33%
Loans to Mtg Companies	+\$1.9	+2bps
Auto Loan Sale	-\$2.8	-3bps
Rates, Days, & Other	-\$0.4	-4bps
3Q18 - Core¹	\$291.3	3.28%
3Q18 CBF Loan Accretion	+\$14.4	+16bps
3Q18 - Reported	\$305.7	3.44%

NIM Expansion and Loan Growth Drive NII Increase



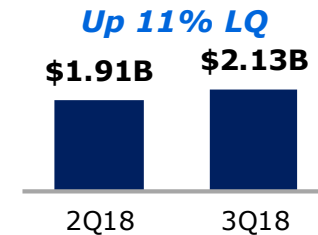
Building a Stronger Balance Sheet

Economic Profit Focus Driving Improved Loan Portfolio Mix

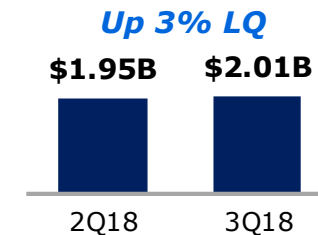
- Continued strong growth in highly profitable specialty lending areas
- Loans to Mortgage Companies increase driven by market share growth
- Strength in Middle TN with loans up 2% LQ
- Optimizing balance sheet through intentional run-down of low-value/low-spread relationships and loan sales
 - Run-off of ~\$360mm loans YTD resulting in 73bps increase in yields in those portfolios

Growth in Higher Return Areas¹

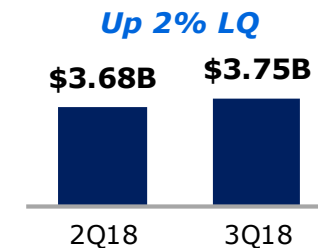
Loans to Mortgage Companies



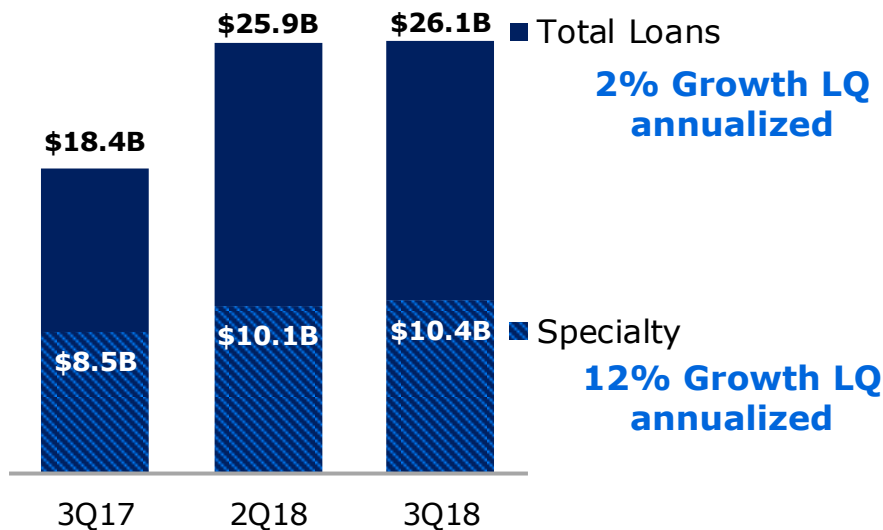
Asset-Based Lending



Middle TN



Regional Bank Loan Growth ¹



Asset Quality

Stable Credit Trends Reflect Strong Underwriting Discipline

- Credit environment remains stable and benign
- Net charge-off ratio 0.02% in 3Q18
- Non-strategic average loans decreased 8% LQ
- CBF credit performance as expected
- Allowance to loans ratio remains steady at 68bps

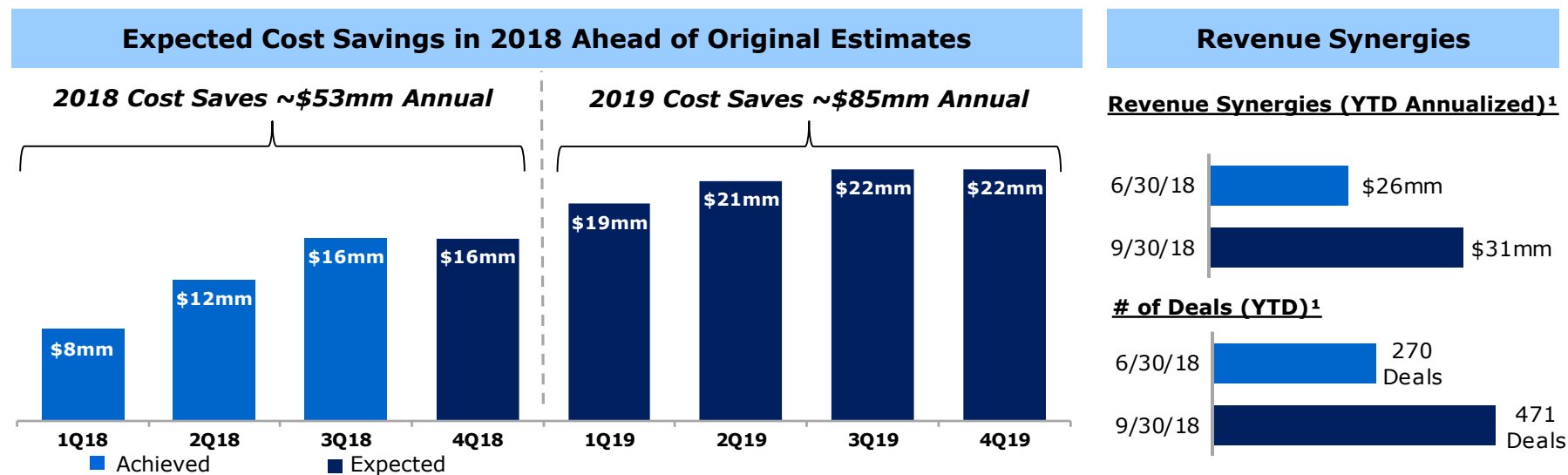
Asset Quality Highlights

(\$ in millions)	3Q17	4Q17	1Q18	2Q18	3Q18
Charge-offs	(\$11)	(\$17)	(\$8)	(\$10)	(\$9)
Recoveries	\$8	\$9	\$7	\$8	\$8
Net Charge-offs	\$2	\$8	\$1	\$2	\$2
Provision/(Credit)	\$0	\$3	(\$1)	\$0	\$2

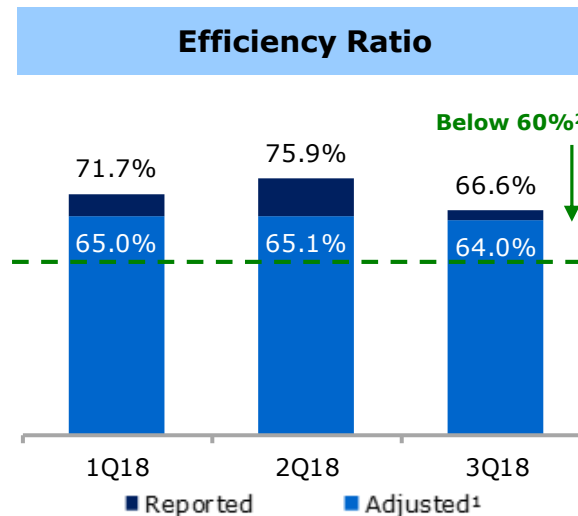
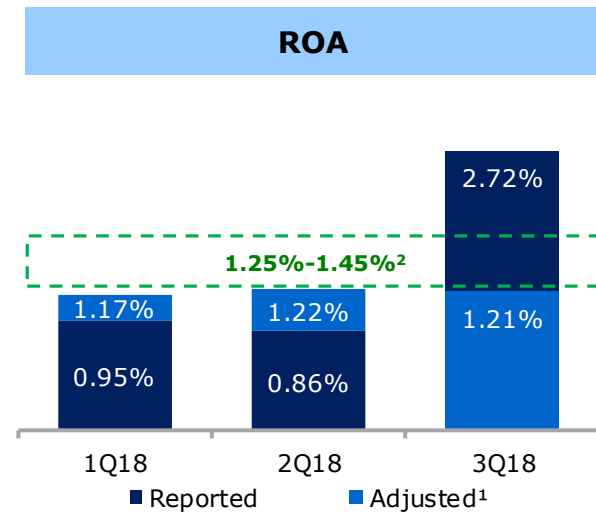
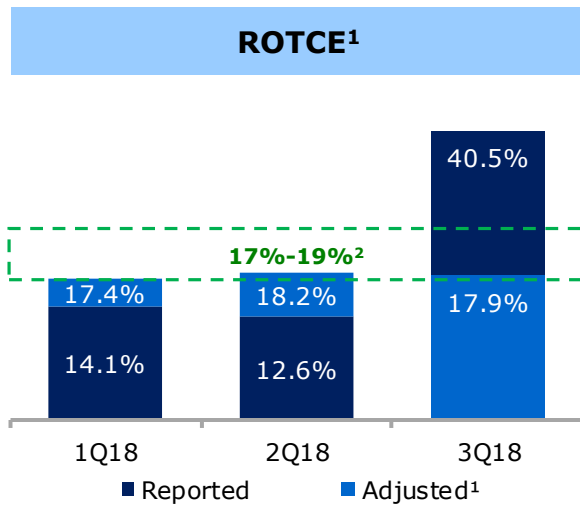
Successful Execution on Capital Bank Merger Priorities

Improved EPS Accretion From Higher Cost Savings and Revenue Synergies

- Current earnings accretion estimate more than 2x original announcement
- Cost savings of \$16mm achieved in 3Q18
 - ~75% of total expected cost saves now in run rate
- Total of closed or in-process revenue synergies of \$31mm (YTD Annualized)¹
 - 471 total deals¹ closed or in-process



Well-Positioned For Consistent Top-Quartile Returns



Third Quarter 2018 Highlights

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- Excellent credit quality

Growth in Specialty & New Markets

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Effective Capital Allocation

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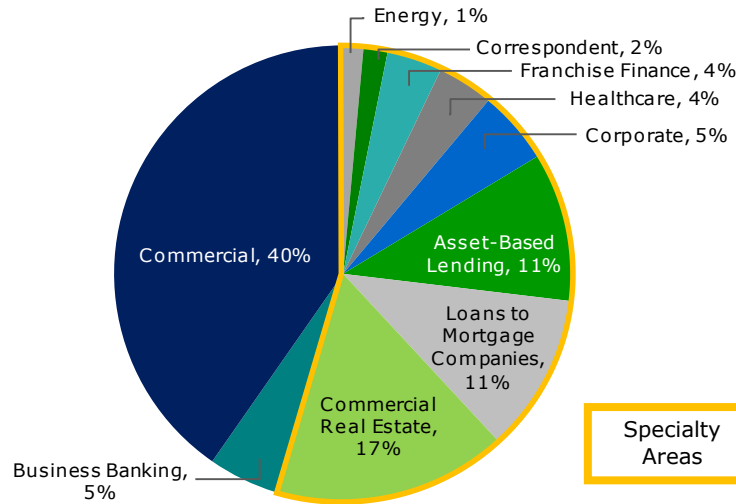
APPENDIX

3Q18 Credit Quality Summary by Portfolio

(\$ in millions)	Regional Banking					Corporate ⁵	Non-Strategic				FHNC
	Commercial (C&I & Other)	CRE	HE & HELOC	Other ¹	Subtotal	Permanent Mortgage	Commercial (C&I & Other)	HE & HELOC	Permanent Mortgage	Other ²	Total
Period End Loans	\$15,675	\$4,237	\$5,749	\$542	\$26,203	\$42	\$369	\$442	\$191	\$103	\$27,350
30+ Delinquency %	0.15%	0.20%	0.56%	0.74%	0.26%	4.21%	0.00%	3.06%	3.31%	5.47%	0.35%
Dollars	\$23	\$9	\$32	\$4	\$68	\$2	\$0	\$14	\$6	\$6	\$95
NPL ³ %	0.25%	0.02%	0.62%	0.07%	0.29%	4.12%	0.80%	10.09%	10.60%	0.66%	0.54%
Dollars	\$39	\$1	\$36	\$0	\$76	\$2	\$3	\$45	\$20	\$1	\$146
Net Charge-offs ⁴ %	0.01%	NM	0.03%	2.39%	0.06%	NM	NM	NM	NM	4.47%	0.02%
Dollars	\$0	\$0	\$0	\$3	\$4	NM	\$0	(\$3)	(\$1)	\$1	\$2
Allowance	\$99	\$34	\$14	\$14	\$161	NM	\$1	\$12	\$11	\$0	\$186
Allowance / Loans %	0.63%	0.80%	0.25%	2.55%	0.61%	NM	0.35%	2.81%	5.76%	0.37%	0.68%
Allowance / Net Charge-offs	71.90x	NM	9.09x	1.09x	10.98x	NM	NM	NM	NM	0.08x	31.20x

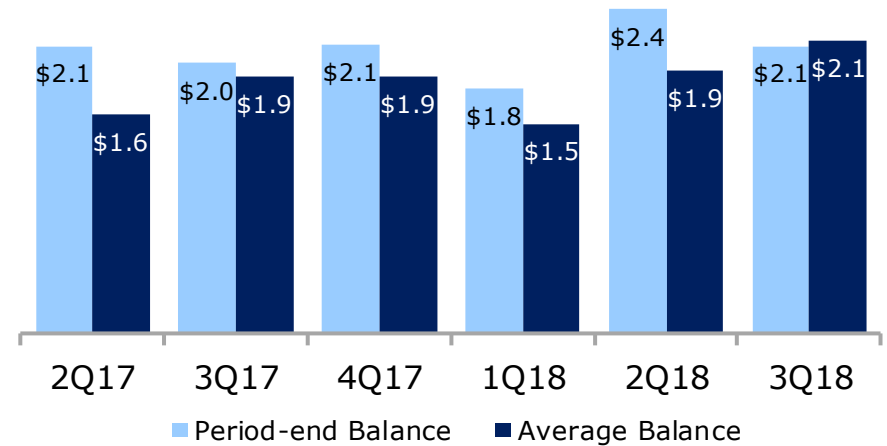
Select C&I and CRE Portfolio Metrics

3Q18 Average Regional Bank Commercial Loans

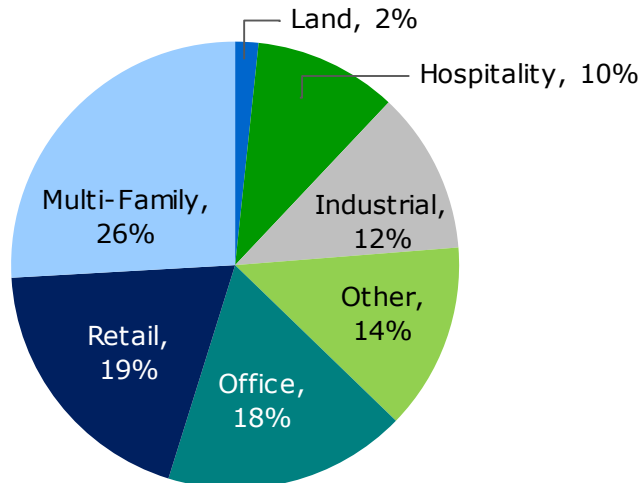


C&I: Loans to Mortgage Companies

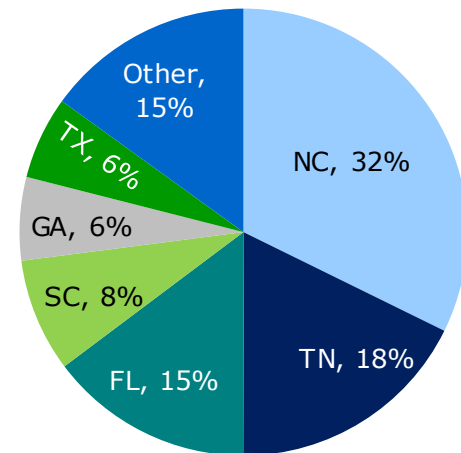
(\$ in billions)



CRE: Collateral Type

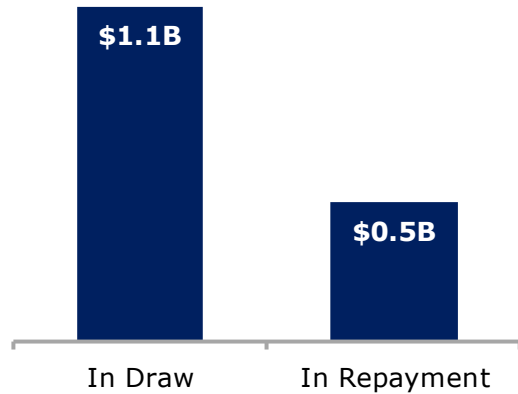


CRE: Geographic Distribution

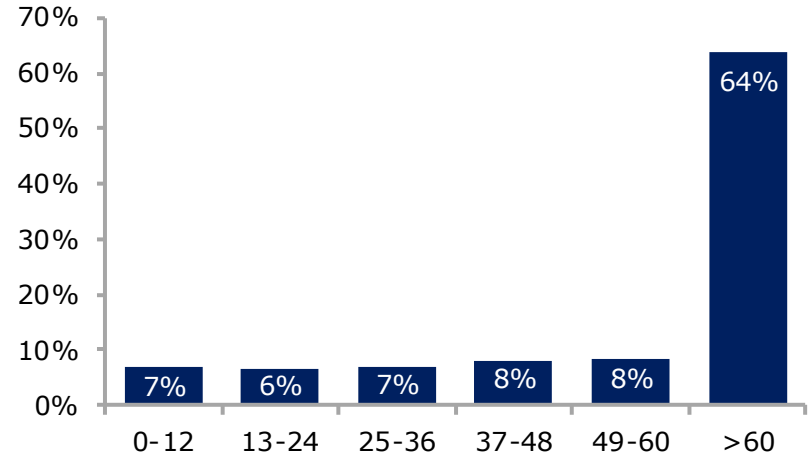


Consumer Portfolio & Non-Strategic Overview

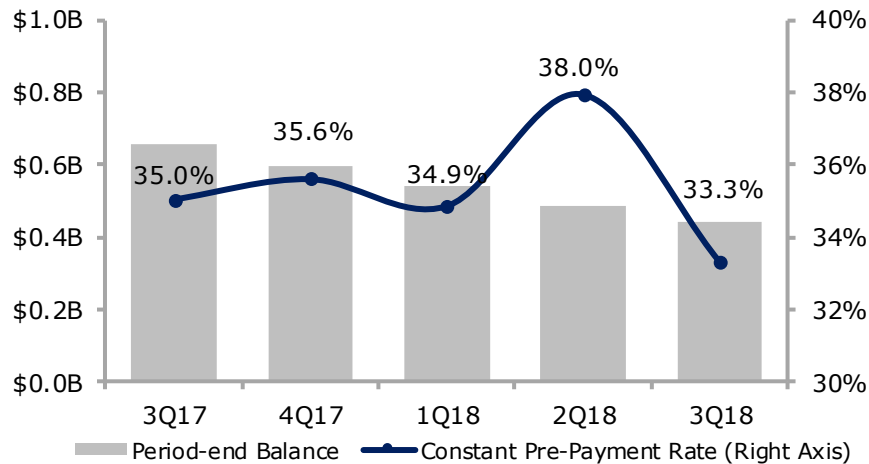
HELOC Draw vs Repayment Balances



Percent of Home Equity Portfolio: Months Left in Draw Period



Non-Strategic Consumer Real Estate Run-Off



Mortgage Repurchase Reserve

(\$ in millions)	3Q17	4Q17	1Q18	2Q18	3Q18
Beginning Balance	\$35	\$34	\$34	\$33	\$32
Net Realized Losses	(\$0)	(\$0)	\$0	(\$1)	\$0
Provision Credit	(\$1)	\$0	(\$0)	(\$0)	(\$1)
Ending Balance	\$34	\$34	\$33	\$32	\$32

NOTABLE ITEMS

	2017	Pre-Tax Amount ¹	2018	Pre-Tax Amount ¹
1Q	None		Acquisition Expense	(\$31.4mm)
			Gain on property sale	\$3.3mm
2Q	Mortgage Repurchase Reserve Release	\$20.0mm	Acquisition Expense	(\$43.2mm)
	Acquisition Expense	(\$6.4mm)		
	Effective tax rate adjustment associated with reversal of a capital loss deferred tax valuation allowance ¹	\$19.5mm		
3Q	Loss on equity securities repurchase	(\$14.3mm)	Acquisition Expense	(\$11.4mm)
	Acquisition Expense	(\$8.2mm)		
	Legal Matters	(\$8.2mm)		
	Tax rate adjustments primarily associated with the reversal of a capital loss deferred tax valuation allowance and certain discrete period items ¹	\$13.7mm		
4Q	Tax Reform-Related Adjustments ¹	(\$82.0mm)		
	Other Tax Adjustments ¹	\$10.7mm		
	Acquisition Expense	(\$46.7mm)		
	Legal Matters	(\$32.1mm)		
	Employee Bonuses	(\$9.9mm)		

Capital Bank Acquisition Expenses

(\$ in millions)	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17
Employee compensation, incentives and benefits (a)	\$2.0	\$2.5	\$3.9	\$16.8	\$0.2	\$ -
Occupancy (b)	\$0.1	\$2.2	\$ -	\$ -	\$ -	\$ -
Miscellaneous expense (c)	\$1.4	\$3.1	\$2.0	\$1.0	\$0.1	\$0.1
Professional fees (d)	\$4.6	\$9.0	\$5.6	\$20.1	\$3.5	\$4.5
Contract employment and outsourcing (e)	\$0.6	\$1.7	\$1.4	\$0.9	\$0.4	\$ -
All other expense (f)	\$1.5	\$23.2	\$17.0	\$6.2	\$2.8	\$ -
Total Capital Bank Merger and Integration Expense	\$10.2	\$41.8	\$30.1	\$45.1	\$7.0	\$4.6

(a) Primarily comprised of fees for severance and retention.

(b) Primarily relates to fees associated with lease exit accruals.

(c) Consists of fees for operations services, communications and courier, equipment rentals, depreciation, and maintenance, supplies, travel and entertainment, computer software, and advertising and public relations.

(d) Primarily comprised of fees for legal, accounting, and merger consultants

(e) Primarily relates to fees for temporary assistance for merger and integration activities.

(f) Primarily relates to contract termination charges, costs of shareholder matters and asset impairments related to the integration, as well as other miscellaneous expenses.

Reconciliation to GAAP Financials

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

(\$ in millions)	3Q18	2Q18	1Q18	3Q17	% Change	
					LQ	YOY
Adjusted Fee Income & Revenue						
Revenue (GAAP)	\$655	\$438	\$437	\$322	49%	103%
Fee Income (GAAP)	\$349	\$128	\$136	\$112	174%	210%
Plus: Notable Items (GAAP)	-\$213	\$0	-\$3	\$15		
Adjusted Fee Income (Non-GAAP)	\$136	\$128	\$133	\$127	7%	7%
Plus: Net Interest Income (GAAP)	\$306	\$311	\$301	\$210		
Adjusted Revenue (Non-GAAP)	\$442	\$438	\$434	\$337	1%	31%
Adjusted Noninterest Expense						
Noninterest Expense (GAAP)	\$294	\$333	\$313	\$237	-12%	24%
Plus: Notable Items (GAAP)	-\$11	-\$47	-\$31	-\$16		
Adjusted Noninterest Expense (Non-GAAP)	\$283	\$285	\$282	\$221	-1%	28%
Adjusted Pre-Tax Income						
Pre-Tax Income (GAAP)	\$359	\$106	\$125	\$85	239%	320%
Plus: Notable Items (GAAP)	-\$201	\$47	\$28	\$31		
Adjusted Pre-Tax Income (Non-GAAP)	\$157	\$153	\$153	\$116	3%	35%
Adjusted Net Income						
Net Income (GAAP)	\$275	\$86	\$95	\$72	219%	283%
Plus: Tax-affected Notable Items (GAAP) ¹	-\$153	\$36	\$21	\$7		
Adjusted Net Income (Non-GAAP)	\$122	\$122	\$116	\$79	- %	55%
Adjusted Net Income Available to Common (NIAC) & Earnings Per Share (EPS)						
Net Income Available to Common (GAAP)	\$270	\$82	\$91	\$67	231%	301%
Plus: Tax-affected Notable Items (GAAP) ¹	-\$153	\$36	\$21	\$7		
Adjusted Net Income Available to Common (Non-GAAP) (a)	\$118	\$118	\$112	\$75	- %	58%
Average Common Diluted Shares (GAAP) (b)	327	328	330	236		
Earnings Per Share (GAAP)	\$0.83	\$0.25	\$2.32	\$0.28	232%	196%
Adjusted Earnings Per Share (Non-GAAP) (a/b)	\$0.36	\$0.36	\$0.34	\$0.32	- %	13%

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.

(\$ in millions)	3Q18	2Q18	1Q18	3Q17	Change YOY
Adjusted Efficiency Ratio					
Noninterest Expense (GAAP) (a)	\$294	\$333	\$313	N/A	
Revenue Excluding Securities Gains (GAAP) (b)	\$442	\$438	\$437	N/A	
Efficiency Ratio (GAAP) (a/b)	67%	76%	72%	N/A	N/A
Adjusted Noninterest Expense ¹ (Non-GAAP) (c)	\$283	\$285	\$282	N/A	
Adjusted Revenue ¹ Excluding Securities Gains (Non-GAAP) (d)	\$442	\$438	\$434	N/A	
Adjusted Efficiency Ratio (Non-GAAP) (c/d)	64%	65%	65%	N/A	N/A
Return on Tangible Common Equity (ROTCE)					
Average Total Equity (GAAP)	\$4,611	\$4,553	\$4,574	\$2,867	
Less: Average Noncontrolling Interest (GAAP)	-\$295	-\$295	-\$295	-\$295	
Less: Average Preferred Stock (GAAP)	-\$96	-\$96	-\$96	-\$96	
Average Common Equity (GAAP) (e)	\$4,220	\$4,161	\$4,183	\$2,476	
Less: Average Intangible Assets (GAAP)	-\$1,573	-\$1,569	-\$1,568	-\$281	
Average Tangible Common Equity (Non-GAAP) (f)	\$2,647	\$2,592	\$2,615	\$2,195	
Annualized Net Income Available to Common (GAAP) (g)	\$1,072	\$327	\$368	\$267	
Return on Average Common Equity (ROE) (GAAP) (g/e)	25.4%	7.9%	8.8%	10.8%	1,462bps
Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (g/f)	40.5%	12.6%	14.1%	12.2%	2,834bps
Adjusted Return on Tangible Common Equity (ROTCE)					
Annualized Adjusted Net Income Available to Common ¹ (Non-GAAP) (h)	\$467	\$473	\$455	\$296	
Average Tangible Common Equity (Non-GAAP) (f)	\$2,647	\$2,592	\$2,615	\$2,195	
Less: Equity impact for notable items ²	-\$33	N/A	N/A	N/A	
Adjusted Average Tangible Common Equity (Non-GAAP) (i)	\$2,614	\$2,592	\$2,615	\$2,195	
Adjusted Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (h/i)	17.9%	18.2%	17.4%	13.5%	439bps
Adjusted Return on Average Assets (ROA)					
Annualized Net Income (GAAP) (j)	\$1,090	\$345	\$385	\$285	
Average Total Assets (GAAP) (k)	\$40,077	\$40,174	\$40,351	\$28,875	
Return on Average Assets (GAAP) (j/k)	2.72%	0.86%	0.95%	0.99%	173bps
Annualized Adjusted Net Income ¹ (Non-GAAP) (l)	\$485	\$490	\$472	\$313	
Average Total Assets (GAAP) (k)	\$40,077	\$40,174	\$40,351	\$28,875	
Adjusted Return on Average Assets (Non-GAAP) (l/k)	1.21%	1.22%	1.17%	1.09%	12bps

Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of the ratio of tangible common equity to tangible assets and tangible book value per share. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.

(\$ in millions)	3Q18	2Q18	Change LQ
Tangible Common Equity (TCE)/Tangible Assets (TA)			
Total Equity (GAAP) (a)	\$4,742	\$4,550	
Less: Noncontrolling Interest	-\$295	-\$295	
Less: Preferred Stock	-\$96	-\$96	
Total Common Equity (b)	\$4,351	\$4,159	
Less: Intangible Assets (GAAP)	-\$1,571	-\$1,577	
Tangible Common Equity (Non-GAAP) (c)	\$2,780	\$2,581	
Total Assets (GAAP) (d)	\$40,636	\$41,077	
Less: Intangible Assets (GAAP)	-\$1,571	-\$1,577	
Tangible Assets (Non-GAAP) (e)	\$39,065	\$39,500	
Total Equity to Total Assets (GAAP) (a/d)	11.67%	11.08%	59bps
TCE to TA (Non-GAAP) (c/e)	7.12%	6.54%	58bps
Tangible Book Value Per Share (TBV per Share)			
Period-end Common Shares Outstanding (f)	324	325	
Book Value per Share (GAAP) (b/f)	\$13.43	\$12.80	\$0.63
TBV per Share (Non-GAAP) (c/f)	\$8.58	\$7.94	\$0.64