



# **FIRST QUARTER 2012 FINANCIAL SUPPLEMENT**

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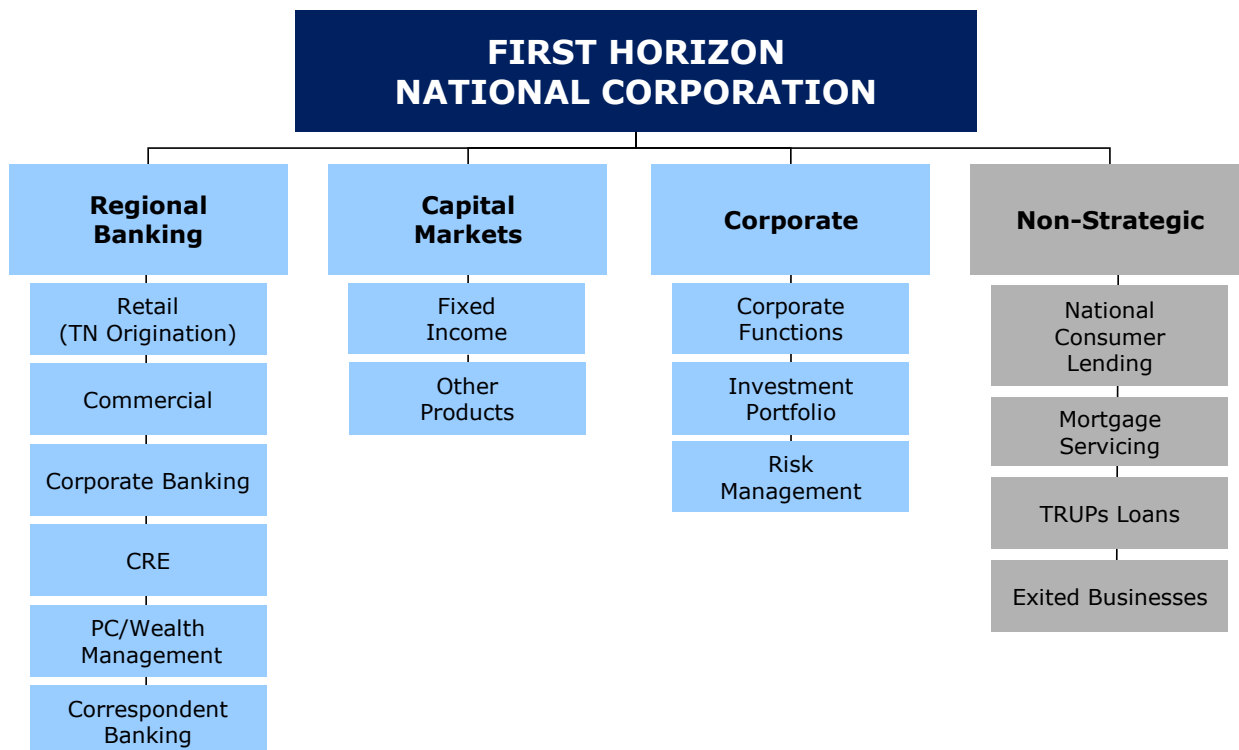
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### Other Information

This financial supplement contains forward-looking statements involving significant risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking information. Those factors include general economic and financial market conditions, including expectations of and actual timing and amount of interest rate movements including the slope of the yield curve, competition, customer and investor responses to these conditions, ability to execute business plans, geopolitical developments, recent and future legislative and regulatory developments, natural disasters, and items mentioned in this financial supplement and in First Horizon National Corporation's ("FHN") most recent press release, as well as critical accounting estimates and other factors described in FHN's recent filings with the SEC. FHN disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements included herein or therein to reflect future events or developments.

### Use of Non-GAAP Measures

Certain ratios are included in this financial supplement that are non-GAAP, meaning they are not presented in accordance with generally accepted accounting principles ("GAAP") in the U.S. FHN's management believes such ratios are relevant to understanding the capital position and results of the Company. The non-GAAP ratios presented in this financial supplement are tangible common equity to tangible assets, tangible book value per common share, tier 1 common to risk weighted assets, adjusted tangible common equity to risk weighted assets, and net interest margin adjusted for fully taxable equivalent ("FTE"). These ratios are reported to FHN's management and Board of Directors through various internal reports. Additionally, disclosure of non-GAAP capital ratios provides a meaningful base for comparability to other financial institutions as demonstrated by their use by the various banking regulators in reviewing the capital adequacy of financial institutions. Non-GAAP measures are not formally defined by GAAP or codified in the federal banking regulations, and other entities may use calculation methods that differ from those used by FHN. Tier 1 capital is a regulatory term and is generally defined as the sum of core capital (including common equity and instruments that can not be redeemed at the option of the holder) adjusted for certain items under risk based capital regulations. Also a regulatory term, risk weighted assets includes total assets adjusted for credit risk and is used to determine capital ratios. Refer to the tabular reconciliation of non-GAAP to GAAP measures and presentation of the most comparable GAAP items on page 28 of this financial supplement.



**Regional Banking**

- Traditional lending and deposit taking, investments, financial planning, trust services, asset management, and cash management
- Correspondent banking which provides credit, depository, and other banking related services to other financial institutions

**Capital Markets**

- Fixed income sales, trading, and strategies for institutional clients in the U.S. and abroad
- Other capital markets products such as portfolio advisory, derivatives, and loan trading

**Corporate**

- Executive management, enterprise-wide risk management, corporate finance, corporate communications, low income housing activities, legal functions and funding for the corporation including any impact from balance sheet positioning
- Various charges related to restructuring, repositioning, and efficiency initiatives

**Non-Strategic**

- Wind-down businesses that include:
  - National consumer lending loan portfolios
  - Trust preferred loan portfolio
  - Legacy mortgage servicing
- Exited businesses such as First Horizon Msaver, Inc. ("Msaver"), First Horizon Insurance, Inc. ("FHI"), and Highland Capital Management Corporation ("Highland Capital") and associated restructuring, repositioning, and efficiency charges

## PERFORMANCE HIGHLIGHTS



(First Quarter 2012 vs. Fourth Quarter 2011)

### Consolidated

- Net income available to common shareholders was \$30.5 million, or \$.12 per diluted share, compared to \$34.9 million, or \$.13 per diluted share in fourth quarter
- Net interest income ("NII") decreased \$6.9 million in first quarter to \$171.9 million; The net interest margin ("NIM") declined to 3.12 percent from 3.23 percent
  - The decrease in NII is primarily attributable to a decline in loan balances, overall lower reinvestment rates, and lower cash basis NII
  - The decline in NIM is largely driven by excess cash balances held at the Fed due to deposit inflow, lower reinvestment rates, and cash basis NII
- Noninterest income (including security gains) was \$202.4 million in first quarter, an increase of \$21.2 million from fourth quarter
  - Increase primarily driven by higher fixed income revenue within capital markets in first quarter
- Provision expense was \$8.0 million in first quarter compared to \$10.0 million in fourth quarter
- Noninterest expense increased \$10.0 million to \$322.0 million in first quarter
  - Expenses within the capital markets and regional banking segments increased primarily due to higher personnel costs
- Period-end and average loan balances were \$16.0 billion for the first quarter
  - The decrease in the loan portfolio is primarily driven by the decline in loans to mortgage companies as well as continued run-off within the non-strategic portfolios
- Average core deposits increased slightly to \$15.7 billion in first quarter, period-end increased \$623.1 million to \$16.2 billion

### Regional Banking

- Net interest margin decreased 7 basis points to 5.16%, NII decreased \$3.6 million to \$146.6 million in first quarter
  - Decrease in NII primarily attributable to lower commercial loan balances in first quarter and impact of day variance
- Provision credit was \$7.4 million in first quarter compared to \$12.7 million in prior quarter
  - Reflects continued improvement primarily in the commercial loan portfolio resulting in lower required reserves
- Period-end loans decreased \$222.3 million to \$11.5 billion primarily due to decline in loans to mortgage companies
- Noninterest income decreased to \$59.9 million in first quarter from \$64.6 million in fourth quarter
  - Deposit fee income decreased primarily due to seasonality in non-sufficient funds ("NSF") fee structure
  - Prior quarter included \$2.0 million of Visa volume incentives
- Noninterest expense increased to \$139.4 million in first quarter from \$136.4 million in prior quarter
  - Increase driven primarily by higher personnel costs resulting from elevated pension-related costs, FICA reset, and bonuses

### Capital Markets

- Fixed income revenues increased to \$98.6 million in first quarter from \$80.7 million in fourth quarter
  - Fixed income average daily revenue ("ADR") was \$1.6 million in first quarter compared to \$1.3 million in fourth quarter
  - Elevated fixed income volume driven by strong performance of both depository and nondepository customers
- Noninterest expense increased to \$80.3 million in first quarter from \$66.7 million in prior quarter
  - Variable compensation costs increased consistent with the increase in fixed income ADR
  - First quarter personnel costs also negatively impacted by FICA reset

### Corporate

- NII was negative \$4.7 million in first quarter compared to negative \$3.8 million in fourth quarter primarily due to a decline in income from investment securities
- Noninterest income (including securities gains) was \$9.3 million in first quarter compared to \$9.9 million in prior quarter
  - Decline impacted by recognition of \$4.0 million of interest related to a tax refund in prior quarter; partially offset by increase in deferred compensation income
- Noninterest expense decreased to \$22.5 million in first quarter from \$29.2 million in prior quarter
  - Fourth quarter included an \$8.3 million increase in derivative liabilities associated with prior sales of Visa shares related to the decline in the conversion ratio for Visa Class B shares
  - The decline in restructuring costs, primarily severance, was largely offset by an increase in deferred compensation expense

(First Quarter 2012 vs. Fourth Quarter 2011)

**Non-Strategic**

- NII decreased \$2.6 million to \$24.4 million in first quarter due to contracting loan portfolios
- Provision expense decreased to \$15.4 million in first quarter from \$22.7 million in prior quarter due to continued stabilization and runoff
- Noninterest income increased to \$26.5 million in first quarter from \$18.5 million in prior quarter due to a rise in mortgage banking income
  - Positive net hedging results increased to \$9.1 million from \$5.9 million in prior quarter
  - Servicing income in first quarter favorably affected by elevated loan liquidations and modifications resulting in recovery of servicing fees
- Noninterest expense increased slightly to \$79.8 million in first quarter from \$79.6 million in prior quarter
  - Provisioning for repurchase and foreclosure losses was \$49.3 million in first quarter compared to \$45.0 million in fourth quarter
    - The repurchase liability for first lien mortgage loans decreased from \$165.3 million to \$161.2 million in first quarter
    - Active pipeline declined to \$380.3 million from \$383.5 million in prior quarter
      - New requests/private mortgage insurance ("MI") cancellation notices were \$228.2 million in first quarter compared to \$177.7 million in prior quarter
      - Resolutions increased to \$250.3 million in first quarter from \$240.5 million in prior quarter
    - Cumulative average rescission rates ranging between 45 percent and 55 percent with average loss severities ranging between 50 percent and 60 percent

**Asset Quality**

- Allowance as a percentage of loans ratio decreased to 217 basis points from 234 basis points in prior quarter
  - Reflects a \$20.4 million net allowance decrease associated with the commercial portfolio and \$18.0 million related to the consumer portfolio
- Provision expense declined to \$8.0 million during first quarter from \$10.0 million in prior quarter
- Annualized net charge-offs decreased to 116 basis points of average loans from 184 basis points in prior quarter
  - Net charge-offs were \$46.3 million in first quarter compared to \$75.3 million in prior quarter
  - Commercial net charge-offs decreased \$24.3 million to \$10.7 million in first quarter
    - Prior quarter included a sizeable charge-off associated with one bank-related relationship (trust preferred and bank holding company loans)
    - Consumer net charge-offs were \$35.6 million in first quarter, a \$4.7 million decline from prior quarter
- Nonperforming assets ("NPAs") increased 1 percent from prior quarter; NPA ratio rose to 266 basis points from 257 basis points
  - An increase in consumer NPLs driven by \$27.5 million second liens being classified as nonperforming as a result of regulatory guidance issued in first quarter
  - Foreclosed assets declined as disposition activity more than offset new inflow
- Troubled debt restructurings ("TDRs") were \$429.6 million at the end of first quarter compared with \$382.2 million prior quarter
- Commercial Portfolio:
  - Reserves decreased \$20.4 million from prior quarter primarily driven by the C&I portfolio
  - Reflects continued aggregate improved risk profile resulting in upgrades
    - Overall stabilization within the TRUPs and bank stock portfolio; the lowest tier borrowers remain under duress but are closely monitored
- Consumer Portfolio:
  - Reserves decreased \$18.0 million in first quarter from \$198.4 million in fourth quarter driven by consumer real estate portfolio
  - Balances of consumer real estate loans increased within the regional banking segment, more than offsetting runoff from the non-strategic portfolios
    - Performance of the home equity portfolio improved in first quarter; 30+ delinquency rates decreased to 148 basis points from 170 basis points in prior quarter
  - Reserves for the Permanent Mortgage portfolio increased \$7.1 million; Allowance to loans increased to 3.62 percent from 2.55 percent
    - The increase in reserves was primarily associated with TDRs
    - 30+ delinquencies improved to 2.16 percent from 3.33 percent in prior quarter

**Taxes**

- First quarter includes approximately \$6 million of positive effect from permanent tax credits
  - Prior quarter included approximately \$15 million in credits which included \$6 million associated with audit settlements and statute expirations

**Capital and Liquidity**

- Paid \$0.01 per share dividend April 1, 2012
- Repurchased shares costing \$44.5 million in first quarter under the \$100 million stock repurchase program
  - Repurchased shares costing \$44.1 million in prior quarter
  - Volume weighted average price for all share repurchases under the stock repurchase program of \$8.11 per share (before \$.03 per share broker commission)
- Current ratios strong (regulatory capital ratios estimated based on period-end balances)
  - 8.70% for tangible common equity to tangible assets
  - 14.22% for Tier 1
  - 17.67% for Total Capital
  - 11.73% for Tier 1 Common

## CHARGES FOR RESTRUCTURING, REPOSITIONING, & EFFICIENCY INITIATIVES

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11
<b>By Income Statement Impact</b>					
<b>Noninterest income</b>					
All other income and commissions	\$ -	\$ -	\$1,200	\$ -	\$ -
Gain on divestiture	200	-	-	-	-
<b>Noninterest expense</b>					
Employee compensation, incentives, and benefits	(152)	3,760	2,128	7,511	2,253
Occupancy	44	39	1,031	59	795
Legal and professional fees	15	(27)	-	-	-
All other expense	5	220	74	9,026	13
Total gain/(loss) before income taxes	288	(3,992)	(2,033)	(16,596)	(3,061)
Income/(loss) from discontinued operations (a)	(96)	(84)	8,951	441	(10,514)
<b>Net impact resulting from restructuring, repositioning, and efficiency initiatives</b>	<b>\$192</b>	<b>\$(4,076)</b>	<b>\$6,918</b>	<b>\$(16,155)</b>	<b>\$(13,575)</b>

(a) Includes amounts related to Msaver, First Horizon Insurance, and Highland Capital.

## CONSOLIDATED SUMMARY RESULTS

Quarterly, Unaudited



(Dollars in thousands, except per share data)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Income Statement Highlights</b>							
Net interest income	\$171,929	\$178,877	\$176,340	\$172,860	\$172,755	(4)%	*
Noninterest income	202,113	180,993	185,725	187,592	195,537	12 %	3 %
Securities gains/(losses), net	328	203	35,162	1	798	NM	NM
Total revenue	374,370	360,073	397,227	360,453	369,090	4 %	1 %
Noninterest expense	321,994	312,036	322,708	344,455	313,796	3 %	3 %
Provision for loan losses	8,000	10,000	32,000	1,000	1,000	(20)%	NM
Income before income taxes	44,376	38,037	42,519	14,998	54,294	17 %	(18)%
Provision/(benefit) for income taxes	10,570	(526)	8,367	(4,167)	12,162	NM	(13)%
Income from continuing operations	33,806	38,563	34,152	19,165	42,132		(20)%
Income/(loss) from discontinued operations, net of tax	(435)	(752)	4,828	3,671	871	42 %	NM
Net income	33,371	37,811	38,980	22,836	43,003	(12)%	(22)%
Net income attributable to noncontrolling interest	2,844	2,871	2,875	2,844	2,844	(1)%	*
Net income/(loss) available to common shareholders	\$30,527	\$34,940	\$36,105	\$19,992	\$40,159	(13)%	(24)%
<b>Common Stock Data</b>							
Diluted EPS from continuing operations	\$0.12	\$0.13	\$0.12	\$0.06	\$0.15	(8)%	(20)%
Diluted EPS	0.12	0.13	0.14	0.08	0.15	(8)%	(20)%
Diluted shares	255,369	260,372	262,803	262,756	265,556	(2)%	(4)%
Period-end shares outstanding	252,667	257,468	263,619	263,699	263,335	(2)%	(4)%
Cash dividends declared per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01		
<b>Balance Sheet Highlights (Period-End)</b>							
Total loans, net of unearned income (Restricted - \$ .2 billion) (a)	\$15,971,330	\$16,397,127	\$16,241,402	\$16,061,646	\$15,972,372	(3)%	*
Total deposits	16,935,170	16,213,009	15,698,255	15,896,027	15,350,967	4 %	10 %
Total assets (Restricted - \$ .2 billion) (a)	25,678,969	24,789,384	25,571,469	25,054,066	24,438,344	4 %	5 %
Total liabilities (Restricted - \$ .2 billion) (a)	23,004,796	22,104,747	22,828,239	22,372,684	21,798,287	4 %	6 %
Total equity	2,674,173	2,684,637	2,743,230	2,681,382	2,640,057	*	1 %
<b>Asset Quality Highlights</b>							
Allowance for loan losses (Restricted - \$ 10.4 million) (a)	\$346,016	\$384,351	\$449,645	\$524,091	\$589,128	(10)%	(41)%
Allowance / period-end loans	2.17%	2.34%	2.77%	3.26%	3.69%		
Net charge-offs	\$46,335	\$75,294	\$106,446	\$66,037	\$76,671	(38)%	(40)%
Net charge-offs (annualized) / average loans	1.16%	1.84%	2.65%	1.67%	1.93%		
Non-performing assets (NPA)	\$527,149	\$521,161	\$582,572	\$747,860	\$818,969	1 %	(36)%
NPA % (b)	2.66%	2.57%	3.02%	4.09%	4.55%		
<b>Key Ratios &amp; Other</b>							
Return on average assets (annualized) (c)	0.53%	0.60%	0.62%	0.37%	0.71%		
Return on average common equity (annualized) (d)	5.15%	5.69%	5.90%	3.36%	6.82%		
Net interest margin (e) (f)	3.12%	3.23%	3.23%	3.20%	3.22%		
Fee income to total revenue (g)	54.03%	50.29%	51.30%	52.04%	53.09%		
Efficiency ratio (h)	86.08%	86.71%	89.13%	95.56%	85.20%		
Book value per common share	\$9.42	\$9.28	\$9.29	\$9.05	\$8.90		
Tangible book value per common share (f)	\$8.78	\$8.66	\$8.68	\$8.43	\$8.21		
Adjusted tangible common equity to risk weighted assets (f)	10.79%	10.73%	11.09%	11.05%	10.84%		
Full time equivalent employees	4,597	4,728	4,748	4,950	5,159	(3)%	(11)%

NM - Not meaningful

\* Amount is less than one percent.

(a) Restricted balances parenthetically presented are as of March 31, 2012.

(b) NPAs related to the loan portfolio over period-end loans plus foreclosed real estate and other assets.

(c) Calculated using net income.

(d) Calculated using net income available to common shareholders.

(e) Net interest margin is computed using total net interest income adjusted for FTE.

(f) Refer to the Non-GAAP to GAAP Reconciliation on page 28 of this financial supplement.

(g) Ratio excludes securities gains/(losses).

(h) Noninterest expense divided by total revenue excluding securities gains/(losses).

## CONSOLIDATED INCOME STATEMENT

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
Interest income	\$201,503	\$209,715	\$208,360	\$206,757	\$207,605	(4)%	(3)%
Less: interest expense	29,574	30,838	32,020	33,897	34,850	(4)%	(15)%
Net interest income	171,929	178,877	176,340	172,860	172,755	(4)%	*
Provision for loan losses (a)	8,000	10,000	32,000	1,000	1,000	(20)%	NM
Net interest income after provision for loan losses	163,929	168,877	144,340	171,860	171,755	(3)%	(5)%
Noninterest income:							
Capital markets	106,743	87,756	99,557	77,921	90,057	22 %	19 %
Mortgage banking	23,341	18,008	12,751	32,101	27,226	30 %	(16)%
Deposit transactions and cash management (b)	28,741	31,349	35,701	34,726	32,279		(11)%
Trust services and investment management	5,808	5,822	6,086	6,684	6,360	*	(9)%
Brokerage management fees and commissions	8,496	7,572	9,576	7,662	8,155	12 %	4 %
Insurance commissions	568	1,399	739	764	689	(59)%	(18)%
Securities gains/(losses), net (c)	328	203	35,162	1	798	NM	NM
Gain on divestiture	200	-	-	-	-	NM	NM
Other	28,216	29,087	21,315	27,734	30,271	(3)%	(7)%
Total noninterest income	202,441	181,196	220,887	187,593	196,335	12 %	3 %
Adjusted gross income after provision for loan losses	366,370	350,073	365,227	359,453	368,090	5 %	*
Noninterest expense:							
Employee compensation, incentives, and benefits	175,458	149,013	153,540	151,160	156,512	18 %	12 %
Repurchase and foreclosure provision	49,256	45,033	52,791	24,563	37,203	9 %	32 %
Operations services	9,127	10,601	11,978	13,907	13,861	(14)%	(34)%
Occupancy	12,119	12,168	13,523	13,061	14,861	*	(18)%
Legal and professional fees	6,067	12,708	18,132	20,451	18,352	(52)%	(67)%
FDIC premium expense	6,336	5,504	5,904	8,839	8,055	15 %	(21)%
Computer software	9,465	9,507	8,689	8,375	8,085	*	17 %
Contract employment and outsourcing (d)	11,115	12,514	14,352	8,142	6,888	(11)%	61 %
Equipment rentals, depreciation, and maintenance	7,616	7,748	8,795	8,481	7,890	(2)%	(3)%
Foreclosed real estate	4,170	4,793	4,691	5,803	6,789	(13)%	(39)%
Communications and courier	4,499	4,384	4,428	5,069	5,219	3 %	(14)%
Miscellaneous loan costs	1,327	1,354	959	859	1,492	(2)%	(11)%
Amortization of intangible assets	973	1,000	1,004	1,006	1,006	(3)%	(3)%
Other (e)	24,466	35,709	23,922	74,739	27,583	(31)%	(11)%
Total noninterest expense	321,994	312,036	322,708	344,455	313,796	3 %	3 %
Income before income taxes	44,376	38,037	42,519	14,998	54,294	17 %	(18)%
Provision/(benefit) for income taxes	10,570	(526)	8,367	(4,167)	12,162	NM	(13)%
Income from continuing operations	33,806	38,563	34,152	19,165	42,132	(12)%	(20)%
Income/(loss) from discontinued operations, net of tax (c)	(435)	(752)	4,828	3,671	871	42 %	NM
Net income	33,371	37,811	38,980	22,836	43,003	(12)%	(22)%
Net income attributable to noncontrolling interest	2,844	2,871	2,875	2,844	2,844	(1)%	*
Net income available to common shareholders	\$30,527	\$34,940	\$36,105	\$19,992	\$40,159	(13)%	(24)%

NM - Not meaningful

\* Amount is less than one percent.

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) 3Q11 includes approximately \$36 million of losses on sales of nonperforming loans.

(b) Fees primarily impacted by the Durbin Amendment which became effective in 4Q11 resulting in lower interchange income.

(c) 3Q11 includes a \$35.1 million gain associated with the sale of a portion of Visa Class B Shares.

(d) 3Q11 includes transition costs and elevated base subservicing costs in connection with the transition of servicing to a new mortgage servicer.

(e) 4Q11 includes an \$8.3 million increase in derivative liabilities associated with prior sales of Visa shares related to the decline in the conversion ratio for Visa Class B shares.



## OTHER INCOME AND OTHER EXPENSE

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Other Income</b>							
Bank owned life insurance	\$4,772	\$4,764	\$5,116	\$4,920	\$4,815	*	(1)%
Bankcard income (a)	5,615	7,259	5,258	5,151	4,720	(23)%	19%
ATM interchange fees (b)	2,556	2,655	3,709	3,791	3,535	(4)%	(28)%
Other service charges	3,293	3,541	2,969	2,819	2,853	(7)%	15%
Electronic banking fees	1,706	1,546	1,609	1,536	1,534	10%	11%
Letter of credit fees	1,334	1,230	1,407	1,869	1,776	8%	(25)%
Deferred compensation(c)	3,119	376	(2,093)	221	979	NM	NM
Gains on extinguishment of debt	-	-	-	-	5,761		NM
Other (d)	5,821	7,716	3,340	7,427	4,298	(25)%	35%
<b>Total</b>	<b>\$28,216</b>	<b>\$29,087</b>	<b>\$21,315</b>	<b>\$27,734</b>	<b>\$30,271</b>	<b>(3)%</b>	<b>(7)%</b>

### Other Expense

Losses from litigation and regulatory matters	\$153	\$694	\$ -	\$38,260	\$2,325	NM	NM
Advertising and public relations	4,250	4,965	4,571	3,558	3,790	(14)%	12%
Low income housing expense	4,608	5,974	4,712	4,973	4,697	(23)%	(2)%
Other insurance and taxes	3,199	3,395	3,352	3,507	3,467	(6)%	(8)%
Travel and entertainment	1,864	2,342	2,075	2,137	1,770	(20)%	5%
Customer relations	855	1,301	1,185	1,152	1,270	(34)%	(33)%
Employee training and dues	1,092	1,172	1,009	1,342	1,247	(7)%	(12)%
Supplies	1,033	953	1,092	792	963	8%	7%
Bank examination costs	799	1,127	1,138	1,117	1,118	(29)%	(29)%
Loan insurance expense	589	676	744	706	781	(13)%	(25)%
Federal services fees	321	342	338	291	464	(6)%	(31)%
Other (e)	5,703	12,768	3,706	16,904	5,691	(55)%	*
<b>Total</b>	<b>\$24,466</b>	<b>\$35,709</b>	<b>\$23,922</b>	<b>\$74,739</b>	<b>\$27,583</b>	<b>(31)%</b>	<b>(11)%</b>

NM - Not meaningful

\* Amount is less than one percent.

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) 4Q11 includes \$2.0 million related to Visa volume incentives.

(b) Fees primarily impacted by the Durbin Amendment which became effective in 4Q11 resulting in lower interchange income.

(c) Amounts driven by market conditions and are mirrored by changes in deferred compensation expense which is included in employee compensation expense.

(d) 1Q12 includes \$2.3 million associated with resolution of a legal matter. 4Q11 includes \$4.0 million of interest related to a tax refund.

(e) 4Q11 includes an \$8.3 million increase in derivative liabilities associated with prior sales of Visa shares related to the decline in the conversion ratio for Visa Class B shares.

## CONSOLIDATED PERIOD-END BALANCE SHEET

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Assets</b>							
Investment securities	\$3,296,603	\$3,066,272	\$3,327,846	\$3,230,477	\$3,085,478	8 %	7 %
Loans held-for-sale	431,905	413,897	386,147	397,931	370,487	4 %	17 %
Loans, net of unearned income (Restricted - \$ .2 billion) (a)	15,971,330	16,397,127	16,241,402	16,061,646	15,972,372	(3)%	*
Federal funds sold and securities purchased under agreements to resell	614,705	443,588	719,400	598,000	527,563	39 %	17 %
Interest-bearing cash (b)	761,098	452,856	358,537	263,441	308,636	68 %	NM
Trading securities	1,238,041	988,217	1,227,197	1,196,380	924,854	25 %	34 %
<b>Total earning assets</b>	<b>22,313,682</b>	<b>21,761,957</b>	<b>22,260,529</b>	<b>21,747,875</b>	<b>21,189,390</b>		5 %
Cash and due from banks (Restricted - \$ 1.7 million) (a)	349,604	384,667	339,895	313,416	337,002	(9)%	4 %
Capital markets receivables	522,001	164,987	521,198	625,243	595,594	NM	(12)%
Mortgage servicing rights, net	142,956	144,069	150,803	186,958	207,748	(1)%	(31)%
Goodwill	134,242	133,659	133,659	135,683	152,080	*	(12)%
Other intangible assets, net	25,638	26,243	27,243	28,384	31,545	(2)%	(19)%
Premises and equipment, net	314,903	321,253	326,667	330,392	320,871	(2)%	(2)%
Real estate acquired by foreclosure (c)	78,947	85,244	91,492	92,662	110,127	(7)%	(28)%
Allowance for loan losses (Restricted - \$ 10.4 million) (a)	(346,016)	(384,351)	(449,645)	(524,091)	(589,128)	(10)%	(41)%
Other assets (Restricted - \$ 4.5 million) (a)	2,143,012	2,151,656	2,169,628	2,117,544	2,083,115	*	3 %
<b>Total assets (Restricted - \$ .2 billion) (a)</b>	<b>\$25,678,969</b>	<b>\$24,789,384</b>	<b>\$25,571,469</b>	<b>\$25,054,066</b>	<b>\$24,438,344</b>	4 %	5 %
<b>Liabilities and Equity</b>							
<b>Deposits</b>							
Savings	\$6,615,289	\$6,624,405	\$6,467,377	\$6,382,963	\$6,296,533	*	5 %
Other interest-bearing deposits	3,500,445	3,193,697	3,096,621	2,784,787	2,679,437	10 %	31 %
Time deposits	1,142,249	1,173,375	1,210,661	1,277,905	1,336,666	(3)%	(15)%
<b>Total interest-bearing core deposits</b>	<b>11,257,983</b>	<b>10,991,477</b>	<b>10,774,659</b>	<b>10,445,655</b>	<b>10,312,636</b>	2 %	9 %
Noninterest-bearing deposits	4,969,597	4,613,014	4,412,375	4,937,103	4,480,413	8 %	11 %
<b>Total core deposits (d)</b>	<b>16,227,580</b>	<b>15,604,491</b>	<b>15,187,034</b>	<b>15,382,758</b>	<b>14,793,049</b>	4 %	10 %
Certificates of deposit \$100,000 and more	707,590	608,518	511,221	513,269	557,918	16 %	27 %
<b>Total deposits</b>	<b>16,935,170</b>	<b>16,213,009</b>	<b>15,698,255</b>	<b>15,896,027</b>	<b>15,350,967</b>	4 %	10 %
Federal funds purchased and securities sold under agreements to repurchase	1,801,234	1,887,052	2,101,953	2,005,999	2,125,793	(5)%	(15)%
Trading liabilities	567,571	347,285	471,120	498,915	384,250	63 %	48 %
Other short-term borrowings	181,570	172,550	621,998	187,902	237,583	5 %	(24)%
Term borrowings (Restricted - \$ .2 billion) (a)	2,340,706	2,481,660	2,509,804	2,502,517	2,514,754	(6)%	(7)%
Capital markets payables	361,018	164,708	509,164	464,993	413,334	NM	(13)%
Other liabilities	817,527	838,483	915,945	816,331	771,606	(2)%	6 %
<b>Total liabilities (Restricted - \$ .2 billion) (a)</b>	<b>23,004,796</b>	<b>22,104,747</b>	<b>22,828,239</b>	<b>22,372,684</b>	<b>21,798,287</b>	4 %	6 %
<b>Equity</b>							
Common stock (e)	157,917	160,918	164,762	164,812	164,584	(2)%	(4)%
Capital surplus (e)	1,560,343	1,601,346	1,641,878	1,638,423	1,636,623	(3)%	(5)%
Undivided profits	785,361	757,364	724,977	691,490	674,064	4 %	17 %
Accumulated other comprehensive loss, net	(124,613)	(130,156)	(83,552)	(108,508)	(130,379)	4 %	4 %
Noncontrolling interest (f)	295,165	295,165	295,165	295,165	295,165	*	*
<b>Total equity</b>	<b>2,674,173</b>	<b>2,684,637</b>	<b>2,743,230</b>	<b>2,681,382</b>	<b>2,640,057</b>		1 %
<b>Total liabilities and equity</b>	<b>\$25,678,969</b>	<b>\$24,789,384</b>	<b>\$25,571,469</b>	<b>\$25,054,066</b>	<b>\$24,438,344</b>	4 %	5 %

NM - Not meaningful

\* Amount is less than one percent.

(a) Restricted balances parenthetically presented are as of March 31, 2012.

(b) Includes excess balances held at Fed.

(c) 1Q12 includes \$19.8 million of foreclosed assets related to government insured mortgages.

(d) 1Q12 average core deposits were \$15.7 billion.

(e) Decreases in 1Q12 and 4Q11 relate to shares purchased under the share repurchase program.

(f) Includes preferred stock of subsidiary.

## CONSOLIDATED AVERAGE BALANCE SHEET

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Assets:</b>							
Earning assets:							
Loans, net of unearned income:							
Commercial, financial, and industrial (C&I)	\$7,709,856	\$7,740,802	\$7,181,058	\$6,867,893	\$6,823,350	*	13 %
Income CRE	1,255,713	1,295,079	1,308,059	1,362,459	1,422,837	(3)%	(12)%
Residential CRE	111,823	132,669	169,049	203,721	249,777	(16)%	(55)%
Consumer real estate	5,290,632	5,295,881	5,346,893	5,436,358	5,549,490	*	(5)%
Permanent mortgage	771,187	814,335	985,359	1,009,804	1,064,893	(5)%	(28)%
Credit card and other	279,150	289,189	292,800	299,904	299,861		(7)%
Restricted and secured real estate loans	622,931	654,142	681,469	708,966	741,413	(5)%	(16)%
Total loans, net of unearned income (Restricted - \$ .2 billion) (a) (b)	16,041,292	16,222,097	15,964,687	15,889,105	16,151,621	(1)%	(1)%
Loans held-for-sale	424,086	399,271	384,108	366,557	353,384	6 %	20 %
Investment securities:							
U.S. treasuries	40,088	42,935	43,812	62,970	82,197	(7)%	(51)%
U.S. government agencies	2,802,651	2,919,690	2,990,375	2,938,623	2,669,852	(4)%	5 %
States and municipalities	18,070	17,681	19,365	23,869	26,015	2 %	(31)%
Other	224,000	224,530	221,664	220,440	224,565	*	*
Total investment securities	3,084,809	3,204,836	3,275,216	3,245,902	3,002,629	(4)%	3 %
Capital markets securities inventory	1,277,372	1,263,427	1,250,249	1,235,642	1,110,584	1 %	15 %
Mortgage banking trading securities	25,797	26,927	30,320	32,263	34,549	(4)%	(25)%
Other earning assets:							
Federal funds sold and securities purchased under agreements to resell							
Interest-bearing cash (c)	632,972	641,464	660,048	653,984	581,861	(1)%	9 %
Total other earning assets	821,113	479,621	403,482	381,586	586,411	71 %	40 %
Total other earning assets	1,454,085	1,121,085	1,063,530	1,035,570	1,168,272	30 %	24 %
Total earning assets (Restricted - \$ .2 billion) (a)	22,307,441	22,237,643	21,968,110	21,805,039	21,821,039	*	2 %
Allowance for loan losses (Restricted - \$ 21.1 million) (a)	(372,264)	(424,774)	(507,478)	(567,923)	(644,107)	(12)%	(42)%
Cash and due from banks (Restricted - \$ 1.6 million) (a)	351,760	337,755	346,100	343,162	351,488	4 %	*
Capital markets receivables	91,430	108,815	124,192	112,289	124,395	(16)%	(27)%
Premises and equipment, net	317,621	323,569	328,172	324,584	320,485	(2)%	(1)%
Other assets (Restricted - \$ 8.6 million) (a)	2,504,385	2,479,298	2,519,020	2,500,864	2,596,870	1 %	(4)%
Total assets (Restricted - \$ .1 billion) (a)	\$25,200,373	\$25,062,306	\$24,778,116	\$24,518,015	\$24,570,170	1 %	3 %
<b>Liabilities and equity:</b>							
Interest-bearing liabilities:							
Interest-bearing deposits:							
Other interest-bearing deposits	\$3,246,658	\$2,991,676	\$2,900,808	\$2,673,090	\$2,662,421	9 %	22 %
Savings	6,690,470	6,559,779	6,479,880	6,320,779	6,184,409	2 %	8 %
Time deposits	1,155,716	1,190,464	1,244,602	1,315,764	1,360,180	(3)%	(15)%
Total interest-bearing core deposits	11,092,844	10,741,919	10,625,290	10,309,633	10,207,010	3 %	9 %
Certificates of deposit \$100,000 and more	660,256	544,394	507,086	547,262	560,805	21 %	18 %
Federal funds purchased and securities sold under agreements to repurchase							
Capital markets trading liabilities	2,003,566	2,170,222	2,081,379	2,130,832	2,259,138	(8)%	(11)%
Other short-term borrowings	614,084	629,019	626,982	620,726	561,429	(2)%	9 %
Term borrowings (Restricted - \$ .2 billion) (a)	182,083	362,579	284,163	340,015	172,601	(50)%	5 %
Total interest-bearing liabilities	2,457,291	2,506,088	2,491,227	2,499,794	2,838,034	(2)%	(13)%
Total interest-bearing liabilities	17,010,124	16,954,221	16,616,127	16,448,262	16,599,017	*	2 %
Noninterest-bearing deposits	4,623,457	4,519,590	4,546,876	4,574,342	4,414,758	2 %	5 %
Capital markets payables	71,180	68,662	102,831	79,463	79,389	4 %	(10)%
Other liabilities	814,417	785,356	789,190	735,786	795,176	4 %	2 %
Equity	2,681,195	2,734,477	2,723,092	2,680,162	2,681,830	(2)%	*
Total liabilities and equity (Restricted - \$ .2 billion) (a)	\$25,200,373	\$25,062,306	\$24,778,116	\$24,518,015	\$24,570,170	1 %	3 %

NM - Not meaningful

\* Amount is less than one percent.

(a) Restricted balances parenthetically presented are quarterly averages as of March 31, 2012.

(b) Includes loans on nonaccrual status.

(c) Includes excess balances held at Fed.

**CONSOLIDATED NET INTEREST INCOME (a)**

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Interest Income:</b>							
Loans, net of unearned income (b)	\$163,070	\$169,169	\$163,773	\$162,281	\$164,747	(4)%	(1)%
Loans held-for-sale	3,738	3,859	5,126	3,267	3,657	(3)%	2%
Investment securities:							
U.S. treasuries	66	67	66	88	119	(1)%	(44)%
U.S. government agencies	23,768	25,262	27,615	28,643	26,513	(6)%	(10)%
States and municipalities	76	99	115	196	208	(23)%	(63)%
Other	2,422	2,264	2,250	2,391	2,423	7%	*
Total investment securities	26,332	27,692	30,046	31,318	29,263		(10)%
Capital markets securities inventory	8,934	9,789	10,141	10,479	10,027	(9)%	(11)%
Mortgage banking trading securities	642	675	706	820	889	(5)%	(28)%
Other earning assets:							
Federal funds sold and securities purchased under agreements to resell (c)	-	(32)	(58)	(93)	78	NM	NM
Interest-bearing cash	446	213	180	180	330	NM	35%
Total other earning assets	446	181	122	87	408	NM	9%
<b>Interest income</b>	<b>\$203,162</b>	<b>\$211,365</b>	<b>\$209,914</b>	<b>\$208,252</b>	<b>\$208,991</b>	<b>(4)%</b>	<b>(3)%</b>
<b>Interest Expense:</b>							
Interest-bearing deposits:							
Other interest-bearing deposits	\$1,518	\$1,407	\$1,650	\$1,638	\$1,552	8%	(2)%
Savings	5,619	5,921	6,773	7,018	7,250	(5)%	(22)%
Time deposits	5,916	6,363	7,096	7,783	8,032	(7)%	(26)%
Total interest-bearing core deposits	13,053	13,691	15,519	16,439	16,834	(5)%	(22)%
Certificates of deposit \$100,000 and more	2,306	2,166	2,328	2,612	2,710	6%	(15)%
Federal funds purchased and securities sold under agreements to repurchase							
Capital markets trading liabilities	1,223	1,269	1,159	1,237	1,324	(4)%	(8)%
Other short-term borrowings	2,515	3,363	3,703	4,102	3,791	(25)%	(34)%
Other short-term borrowings	142	171	229	231	216	(17)%	(34)%
Term borrowings	10,335	10,178	9,081	9,274	9,975	2%	4%
Interest expense	29,574	30,838	32,019	33,895	34,850	(4)%	(15)%
Net interest income - tax equivalent basis	173,588	180,527	177,895	174,357	174,141	(4)%	*
Fully taxable equivalent adjustment	(1,659)	(1,650)	(1,555)	(1,497)	(1,386)	(1)%	(20)%
<b>Net interest income</b>	<b>\$171,929</b>	<b>\$178,877</b>	<b>\$176,340</b>	<b>\$172,860</b>	<b>\$172,755</b>	<b>(4)%</b>	<b>*</b>

NM - Not meaningful

\* Amount is less than one percent.

(a) Net interest income adjusted to a fully taxable equivalent ("FTE") basis.

(b) Includes loans on nonaccrual status.

(c) 4Q11, 3Q11 and 2Q11 driven by negative market rates on reverse repurchase agreements.

## CONSOLIDATED AVERAGE BALANCE SHEET: YIELDS AND RATES

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11
<b>Assets:</b>					
Earning assets (a):					
Loans, net of unearned income:					
Commercial loans	3.90%	3.95%	3.84%	3.90%	3.84%
Retail loans	4.32	4.42	4.37	4.31	4.42
Total loans, net of unearned income (b)	4.08	4.15	4.08	4.09	4.12
Loans held-for-sale	3.53	3.87	5.34	3.57	4.14
Investment securities:					
U.S. treasuries	0.66	0.62	0.60	0.56	0.59
U.S. government agencies	3.39	3.46	3.69	3.90	3.97
States and municipalities	1.68	2.23	2.39	3.29	3.19
Other	4.33	4.03	4.06	4.34	4.32
Total investment securities	3.41	3.46	3.67	3.86	3.90
Capital markets securities inventory	2.80	3.10	3.24	3.39	3.61
Mortgage banking trading securities	9.96	10.03	9.31	10.17	10.29
Other earning assets:					
Federal funds sold and securities purchased under agreements to resell (c)	-	(0.02)	(0.03)	(0.06)	0.05
Interest-bearing cash	0.22	0.18	0.18	0.19	0.23
Total other earning assets	0.12	0.06	0.05	0.03	0.14
Interest income / total earning assets	3.65%	3.78%	3.80%	3.83%	3.86%
<b>Liabilities:</b>					
Interest-bearing liabilities:					
Interest-bearing deposits:					
Other interest-bearing deposits	0.19%	0.19%	0.23%	0.25%	0.24%
Savings	0.34	0.36	0.41	0.45	0.48
Time deposits	2.06	2.12	2.26	2.37	2.39
Total interest-bearing core deposits	0.47	0.51	0.58	0.64	0.67
Certificates of deposit \$100,000 and more	1.40	1.58	1.82	1.91	1.96
Federal funds purchased and securities sold under agreements to repurchase					
Capital markets trading liabilities	1.65	2.12	2.34	2.65	2.74
Other short-term borrowings	0.31	0.19	0.32	0.27	0.51
Term borrowings (d)	1.68	1.63	1.46	1.49	1.41
Interest expense / total interest-bearing liabilities	0.70	0.72	0.77	0.83	0.85
Net interest spread	2.95%	3.06%	3.03%	3.00%	3.01%
Effect of interest-free sources used to fund earning assets					
Net interest margin	0.17	0.17	0.20	0.20	0.21
Net interest margin	3.12%	3.23%	3.23%	3.20%	3.22%

Yields are adjusted to a fully taxable equivalent ("FTE") basis. Refer to the Non-GAAP to GAAP Reconciliation on page 28 for reconciliation of net interest income

(GAAP) to net interest income adjusted for impact of FTE - (non-GAAP).

(a) Earning assets yields are expressed net of unearned income.

(b) Includes loans on nonaccrual status.

(c) 4Q11, 3Q11 and 2Q11 driven by negative market rates on reverse repurchase agreements.

(d) Rates are expressed net of unamortized debenture cost for term borrowings.

**MORTGAGE SERVICING RIGHTS**

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>First Liens</b>							
Fair value beginning balance	\$140,724	\$147,431	\$183,530	\$204,257	\$203,812		
Reductions due to loan payments	(5,499)	(3,567)	(5,286)	(5,522)	(7,163)		
Reductions due to exercise of cleanup calls	-	-	-	(195)	-		
Changes in fair value due to:							
Changes in valuation model inputs or assumptions (a)	4,459	(3,140)	(30,813)	(15,010)	7,592		
Other changes in fair value	(8)	-	-	-	16		
Fair value ending balance	\$139,676	\$140,724	\$147,431	\$183,530	\$204,257	(1)%	(32)%
<b>Second Liens</b>							
Fair value beginning balance	\$231	\$241	\$251	\$259	\$262		
Reductions due to loan payments	(9)	(10)	(10)	(8)	(13)		
Changes in fair value due to:							
Other changes in fair value	-	-	-	-	10		
Fair value ending balance	\$222	\$231	\$241	\$251	\$259	(4)%	(14)%
<b>HELOC</b>							
Fair value beginning balance	\$3,114	\$3,131	\$3,177	\$3,232	\$3,245		
Reductions due to loan payments	(76)	(54)	(59)	(59)	(42)		
Changes in fair value due to:							
Other changes in fair value	20	37	13	4	29		
Fair value ending balance	\$3,058	\$3,114	\$3,131	\$3,177	\$3,232	(2)%	(5)%
<b>Total Consolidated</b>							
Fair value beginning balance	\$144,069	\$150,803	\$186,958	\$207,748	\$207,319		
Reductions due to loan payments	(5,584)	(3,631)	(5,355)	(5,589)	(7,218)		
Reductions due to exercise of cleanup calls	-	-	-	(195)	-		
Changes in fair value due to:							
Changes in valuation model inputs or assumptions (a)	4,459	(3,140)	(30,813)	(15,010)	7,592		
Other changes in fair value	12	37	13	4	55		
Fair value ending balance	\$142,956	\$144,069	\$150,803	\$186,958	\$207,748	(1)%	(31)%

(a) Principally reflects changes in discount rates and prepayment speed assumptions, mostly due to changes in interest rates.

**BUSINESS SEGMENT HIGHLIGHTS**

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 change vs.	
						4Q11	1Q11
<b>Regional Banking</b>							
Net interest income	\$146,554	\$150,116	\$140,613	\$136,296	\$134,771	(2)%	9%
Noninterest income	59,901	64,559	68,096	67,853	66,319	(7)%	(10)%
Total revenues	206,455	214,675	208,709	204,149	201,090	(4)%	3%
Provision for loan losses	(7,426)	(12,655)	(22,698)	(13,748)	(12,404)	41%	40%
Noninterest expense	139,359	136,428	137,294	143,346	147,794	2%	(6)%
Income before income taxes	74,522	90,902	94,113	74,551	65,700	(18)%	13%
Provision for income taxes	27,199	33,487	34,799	27,349	24,051	(19)%	13%
Net income	\$47,323	\$57,415	\$59,314	\$47,202	\$41,649		14%
<b>Capital Markets</b>							
Net interest income	\$5,684	\$5,527	\$5,552	\$5,509	\$5,503	3%	3%
Noninterest income	106,775	88,230	99,505	77,925	90,080	21%	19%
Total revenues	112,459	93,757	105,057	83,434	95,583	20%	18%
Noninterest expense (a)	80,302	66,721	77,168	103,383	73,563	20%	9%
Income/(loss) before income taxes	32,157	27,036	27,889	(19,949)	22,020	19%	46%
Provision/(benefit) for income taxes	12,240	10,302	10,656	(7,756)	8,406	19%	46%
Net income/(loss)	\$19,917	\$16,734	\$17,233	\$(12,193)	\$13,614	19%	46%
<b>Corporate</b>							
Net interest income/(expense)	\$(4,727)	\$(3,764)	\$(494)	\$412	\$(332)	(26)%	NM
Noninterest income	9,266	9,865	37,914	8,850	12,708	(6)%	(27)%
Total revenues	4,539	6,101	37,420	9,262	12,376	(26)%	(63)%
Noninterest expense	22,521	29,244	19,011	36,281	20,665	(23)%	9%
Income/(loss) before income taxes	(17,982)	(23,143)	18,409	(27,019)	(8,289)	22%	NM
Provision/(benefit) for income taxes	(11,805)	(22,464)	600	(18,914)	(10,617)	47%	(11)%
Net income/(loss)	\$(6,177)	\$(679)	\$17,809	\$(8,105)	\$2,328	NM	NM
<b>Non-Strategic</b>							
Net interest income	\$24,418	\$26,998	\$30,669	\$30,643	\$32,813	(10)%	(26)%
Noninterest income	26,499	18,542	15,372	32,965	27,228	43%	(3)%
Total revenues	50,917	45,540	46,041	63,608	60,041	12%	(15)%
Provision for loan losses	15,426	22,655	54,698	14,748	13,404	(32)%	15%
Noninterest expense	79,812	79,643	89,235	61,445	71,774	*	11%
Loss before income taxes	(44,321)	(56,758)	(97,892)	(12,585)	(25,137)	22%	(76)%
Benefit for income taxes	(17,064)	(21,851)	(37,688)	(4,846)	(9,678)	22%	(76)%
Loss from continuing operations	(27,257)	(34,907)	(60,204)	(7,739)	(15,459)	22%	(76)%
Income/(loss) from discontinued operations, net of tax	(435)	(752)	4,828	3,671	871	42%	NM
Net loss	\$(27,692)	\$(35,659)	\$(55,376)	\$(4,068)	\$(14,588)	22%	(90)%
<b>Total Consolidated</b>							
Net interest income	\$171,929	\$178,877	\$176,340	\$172,860	\$172,755	(4)%	*
Noninterest income	202,441	181,196	220,887	187,593	196,335	12%	3%
Total revenues	374,370	360,073	397,227	360,453	369,090	4%	1%
Provision for loan losses	8,000	10,000	32,000	1,000	1,000	(20)%	NM
Noninterest expense	321,994	312,036	322,708	344,455	313,796	3%	3%
Income before income taxes	44,376	38,037	42,519	14,998	54,294	17%	(18)%
Provision/(benefit) for income taxes	10,570	(526)	8,367	(4,167)	12,162	NM	(13)%
Income from continuing operations	33,806	38,563	34,152	19,165	42,132	(12)%	(20)%
Income/(loss) from discontinued operations, net of tax	(435)	(752)	4,828	3,671	871	42%	NM
Net income	\$33,371	\$37,811	\$38,980	\$22,836	\$43,003	(12)%	(22)%

NM - Not meaningful

\* Amount is less than one percent.

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) 2Q11 includes \$36.7 million associated with a litigation settlement.

**REGIONAL BANKING**

Quarterly, Unaudited



	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Income Statement (thousands)</b>							
Net interest income	\$146,554	\$150,116	\$140,613	\$136,296	\$134,771	(2)%	9%
Provision for loan losses	(7,426)	(12,655)	(22,698)	(13,748)	(12,404)	41%	40%
Noninterest income	59,901	64,559	68,096	67,853	66,319	(7)%	(10)%
Noninterest expense	139,359	136,428	137,294	143,346	147,794	2%	(6)%
Income before income taxes	\$74,522	\$90,902	\$94,113	\$74,551	\$65,700	(18)%	13%
Efficiency ratio (a)	67.50%	63.55%	65.78%	70.22%	73.50%		
<b>Balance Sheet (millions)</b>							
Average loans	\$11,485	\$11,458	\$10,841	\$10,525	\$10,515	*	9%
Average other earning assets	51	56	58	57	70	(9)%	(27)%
Total average earning assets	11,536	11,514	10,899	10,582	10,585	*	9%
Average core deposits	13,991	13,402	13,078	12,736	12,456	4%	12%
Average other deposits	660	544	507	547	561	21%	18%
Total average deposits	14,651	13,946	13,585	13,283	13,017	5%	13%
Total period-end deposits	15,344	14,470	13,729	13,664	13,236	6%	16%
Total period-end assets	12,282	12,535	12,066	11,413	11,045	(2)%	11%
Net interest margin (b)	5.16%	5.23%	5.17%	5.22%	5.20%		
Loan yield	3.98	4.01	4.01	4.02	4.04		
Deposit average yield	0.39	0.41	0.48	0.54	0.57		
<b>Noninterest Income Detail (thousands)</b>							
NSF / Overdraft fees (c)	\$11,282	\$13,466	\$14,239	\$13,316	\$11,749	(16)%	(4)%
Cash management fees	8,856	9,339	9,206	9,536	9,132	(5)%	(3)%
Debit card income (d)	2,552	2,523	6,826	6,941	6,414	1%	(60)%
Other	5,952	5,906	5,256	4,738	4,777	1%	25%
Total deposit transactions and cash management	28,642	31,234	35,527	34,531	32,072	(8)%	(11)%
Insurance commissions	562	1,392	732	756	679	(60)%	(17)%
Trust services and investment management	5,824	5,837	6,098	6,714	6,354	*	(8)%
Bankcard income (e)	5,457	7,025	5,025	4,912	4,485	(22)%	22%
Mortgage banking	859	1,389	1,121	947	2,591	(38)%	(67)%
Other service charges	3,725	3,369	3,312	3,359	3,526	11%	6%
Miscellaneous revenue (d)	14,832	14,313	16,281	16,634	16,612	4%	(11)%
Total noninterest income	\$59,901	\$64,559	\$68,096	\$67,853	\$66,319	(7)%	(10)%
<b>Key Statistics</b>							
Financial center locations	174	176	176	178	178	(1)%	(2)%
Trust assets - total managed assets (millions) (f)	\$3,472	\$3,345	\$3,296	\$3,421	\$4,756	4%	(27)%
First lien mortgage production (millions)	\$51	\$68	\$54	\$51	\$111	(25)%	(54)%

NM - Not meaningful

\* Amount is less than one percent.

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) Noninterest expense divided by total revenue.

(b) Net interest margin is computed using total net interest income adjusted for FTE. Refer to the Non-GAAP to GAAP Reconciliation on page 28 of this supplement.

(c) Linked-quarter decline primarily attributable to seasonality in NSF fee structure.

(d) Fees impacted by the Durbin amendment which became effective in 4Q11.

(e) 4Q11 includes \$2.0 million related to Visa volume incentives.

(f) Decrease in total managed assets due to the divestiture of Highland Capital in 2Q11.



**CAPITAL MARKETS**

Quarterly, Unaudited



	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Income Statement (thousands)</b>							
Net interest income	\$5,684	\$5,527	\$5,552	\$5,509	\$5,503	3%	3%
Noninterest income:							
Fixed income	98,553	80,741	92,624	71,164	83,194	22%	18%
Other	8,222	7,489	6,881	6,761	6,886	10%	19%
Total noninterest income	106,775	88,230	99,505	77,925	90,080	21%	19%
Noninterest expense (a)	80,302	66,721	77,168	103,383	73,563	20%	9%
Income/(loss) before income taxes	\$32,157	\$27,036	\$27,889	\$(19,949)	\$22,020	19%	46%
Efficiency ratio (b)	71.41%	71.16%	73.45%	NM	76.96%		
Fixed income average daily revenue	\$1,590	\$1,324	\$1,447	\$1,130	\$1,342	20%	18%
<b>Balance Sheet (millions)</b>							
Average trading inventory	\$1,277	\$1,263	\$1,250	\$1,236	\$1,111	1%	15%
Average other earning assets	695	686	689	664	579	1%	20%
Total average earning assets	1,972	1,949	1,939	1,900	1,690	1%	17%
Total period-end assets	2,692	1,905	2,782	2,693	2,268	41%	19%
Net interest margin (c)	1.18%	1.16%	1.17%	1.17%	1.31%		

NM - Not meaningful

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) 2Q11 includes \$36.7 million associated with a litigation settlement.

(b) Noninterest expense divided by total revenue.

(c) Net interest margin is computed using total net interest income adjusted for FTE. Refer to the Non-GAAP to GAAP Reconciliation on page 28 of this supplement.

	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Income Statement (thousands)</b>							
Net interest income/(expense)	<b>\$(4,727)</b>	\$(3,764)	\$(494)	\$412	\$(332)	(26)%	NM
Noninterest income	<b>8,938</b>	9,662	2,767	8,848	11,937	(7)%	(25)%
Securities gains, net (a)	<b>328</b>	203	35,147	2	771	62 %	(57)%
Noninterest expense (b)	<b>22,521</b>	29,244	19,011	36,281	20,665	(23)%	9 %
Income/(loss) before income taxes	<b>\$(17,982)</b>	\$(23,143)	\$18,409	\$(27,019)	\$(8,289)	22 %	NM
<b>Average Balance Sheet (millions)</b>							
Average loans	<b>\$137</b>	\$152	\$170	\$154	\$159		(14)%
Total earning assets	<b>\$4,022</b>	\$3,815	\$3,812	\$3,747	\$3,710	5 %	8 %
Net interest margin (c)	<b>(.49)%</b>	(.36)%	(.01)%	.04%	(.09)%		

NM - Not meaningful

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) 3Q11 includes a \$35.1 million gain associated with the sale of a portion of Visa Class B Shares.

(b) 4Q11 includes an \$8.3 million increase in derivative liabilities associated with prior sales of Visa shares related to the decline in the conversion ratio for Visa Class B shares.

(c) Net interest margin is computed using total net interest income adjusted for FTE. Refer to the Non-GAAP to GAAP Reconciliation on page 28 of this supplement.

**NON-STRATEGIC**

Quarterly, Unaudited



	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
<b>Income Statement (thousands)</b>							
Net interest income	\$24,418	\$26,998	\$30,669	\$30,643	\$32,813	(10)%	(26)%
Noninterest income:							
Mortgage warehouse valuation	1,640	265	(7,084)	1,820	(1,316)	NM	NM
Service fees	17,202	13,368	16,731	19,248	20,827	29%	(17)%
Change in MSR value - runoff	(5,498)	(3,567)	(5,286)	(5,526)	(7,164)	54%	(23)%
Net hedging results	9,065	5,887	7,033	15,416	12,472	54%	(27)%
Other	4,090	2,589	3,963	2,007	2,383	58%	72%
Total noninterest income	26,499	18,542	15,357	32,965	27,202		(3)%
Securities gains/(losses), net	-	-	15	-	26	NM	NM
Noninterest expense:							
Repurchase and foreclosure provision	49,256	45,032	52,791	24,563	37,203	9%	32%
Other expenses	30,556	34,611	36,444	36,882	34,571	(12)%	(12)%
Total noninterest expense	79,812	79,643	89,235	61,445	71,774	*	11%
Provision for loan losses	15,426	22,655	54,698	14,748	13,404	(32)%	15%
Loss before income taxes	(44,321)	(56,758)	(97,892)	(12,585)	(25,137)	(22)%	76%
<b>Average Balance Sheet (millions)</b>							
Loans	\$4,419	\$4,612	\$4,953	\$5,210	\$5,478	(4)%	(19)%
Loans held-for-sale	316	304	302	303	290	4%	9%
Trading securities	26	27	30	32	35	(4)%	(26)%
Mortgage servicing rights	141	149	174	194	208	(5)%	(32)%
Other assets	336	313	423	364	357	7%	(6)%
Total assets	5,238	5,405	5,882	6,103	6,368	(3)%	(18)%
Net interest margin (a)	2.05%	2.17%	2.30%	2.20%	2.26%		
Efficiency ratio (b)	156.75%	174.89%	193.88%	96.60%	119.59%		
<b>Mortgage Warehouse - Period-end (millions)</b>							
Ending warehouse balance (loans held-for-sale)	\$323	\$310	\$299	\$307	\$293	4%	10%
<b>Key Servicing Metrics (c)</b>							
Ending servicing portfolio (millions) (d)	\$21,610	\$22,749	\$24,101	\$25,223	\$26,452	(5)%	(18)%
Average servicing portfolio (millions) (d)	22,184	23,466	24,562	25,666	26,862	(5)%	(17)%
Average number of loans serviced (d)	128,068	134,490	140,270	146,520	152,083	(5)%	(16)%
<b>Portfolio Product Mix (average) (c)</b>							
GNMA	3%	3%	3%	3%	3%		
FNMA/FHLMC	35	35	36	36	36		
Private	57	57	57	57	57		
Sub-total	95	95	96	96	96		
FHN permanent mortgage portfolio and warehouse	5	5	4	4	4		
Total	100%	100%	100%	100%	100%		
<b>Other Portfolio Statistics</b>							
Weighted average base servicing fee - legacy mortgage banking (e)	34	34	34	34	34		
Weighted average base servicing fee - legacy equity lending (HELOCs and ILs)	50	50	50	50	50		
Servicing cost per loan (annualized) (f)	\$293.33	\$295.20	\$223.03	\$135.34	\$121.47		
Servicing book value (bps) (g) (h)	68	68	75	79	80		
90+ delinquency rate, excluding foreclosures (i)	11.54%	12.11%	12.47%	11.35%	11.57%		

NM - Not meaningful

\* Amount is less than one percent.

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) Net interest margin is computed using total net interest income adjusted for FTE. Refer to the Non-GAAP to GAAP Reconciliation on page 28 of this supplement.

(b) Noninterest expense divided by total revenue excluding securities gains/(losses).

(c) Includes servicing of first liens, second liens, and HELOCs.

(d) Includes mortgage loans serviced from FHN's legacy mortgage banking business, legacy equity lending serviced for others, and mortgage loans in portfolio and warehouse. Excludes UPB of loans transferred that did not qualify for sales treatment.

(e) Includes weighted average fee of servicing assets and excess interest.

(f) Calculated based on fees charged by subservicer divided by average number of loans serviced during the quarter.

(g) Includes average MSR and mortgage trading securities divided by total average servicing portfolio.

(h) For purposes of this calculation, average MSR excludes servicing transferred that did not qualify for sales treatment due to certain recourse provisions.

(i) Excludes delinquent second liens and HELOCs.

## CAPITAL HIGHLIGHTS

Quarterly, Unaudited



(Dollars in thousands, except per share amounts)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Change vs.	
						4Q11	1Q11
Tier 1 capital (a) (b)	\$2,834,974	\$2,850,452	\$2,875,113	\$2,818,535	\$2,790,335	(1)%	2%
Tier 2 capital (a)	689,496	751,819	751,227	748,225	868,792	(8)%	(21)%
Total capital (a)	\$3,524,470	\$3,602,271	\$3,626,340	\$3,566,760	\$3,659,127	(2)%	(4)%
Risk weighted assets ("RWA") (a)	\$19,942,650	\$20,026,412	\$19,910,843	\$19,589,310	\$19,569,006	*	2%
Tier 1 ratio (a)	14.22%	14.23%	14.44%	14.39%	14.26%		
Tier 2 ratio (a)	3.45%	3.76%	3.77%	3.82%	4.44%		
Total capital ratio (a)	17.67%	17.99%	18.21%	18.21%	18.70%		
Tier 1 common ratio (a) (c)	11.73%	11.76%	11.95%	11.86%	11.73%		
Leverage ratio (a)	11.29	11.41	11.65	11.54	11.39		
Total equity to total assets	10.41	10.83	10.73	10.70	10.80		
Adjusted tangible common equity to risk weighted assets ("TCE/RWA") (a) (c) (e)	10.79	10.80	11.09	11.05	10.84		
Tangible common equity/tangible assets ("TCE/TA") (c) (d)	8.70	9.05	9.00	8.93	8.91		

\* Amount is less than one percent.

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) Current quarter is an estimate.

(b) All quarters presented include \$200 million of tier 1 qualifying trust preferred securities.

(c) Refer to the Non-GAAP to GAAP Reconciliation on page 28 of this financial supplement.

(d) Calculated using period-end balances.

(e) See Glossary of Terms for definition of ratios.

**ASSET QUALITY: CONSOLIDATED**

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Changes vs.	
						4Q11	1Q11
<b>Allowance for Loan Losses Walk-Forward</b>							
Beginning reserve	\$384,351	\$449,645	\$524,091	\$589,128	\$664,799	(15)%	(42)%
Provision	8,000	10,000	32,000	1,000	1,000	(20)%	NM
Charge-offs	(57,083)	(85,918)	(120,655)	(83,344)	(87,352)	(34)%	(35)%
Recoveries	10,748	10,624	14,209	17,307	10,681	1%	1%
Ending balance (Restricted - \$10.4 million) (a)	\$346,016	\$384,351	\$449,645	\$524,091	\$589,128	(10)%	(41)%
Reserve for unfunded commitments	5,358	6,945	9,220	12,522	14,371	(23)%	(63)%
Total allowance for loan losses plus reserve for unfunded commitments	\$351,374	\$391,296	\$458,865	\$536,613	\$603,499	(10)%	(42)%
<b>Allowance for Loan Losses</b>							
Regional Banking	\$166,115	\$187,791	\$232,269	\$278,693	\$310,470	(12)%	(46)%
Non-Strategic	179,901	196,560	217,376	245,398	278,658	(8)%	(35)%
Corporate (b)	NM	NM	NM	NM	NM	NM	NM
Total allowance for loan losses	\$346,016	\$384,351	\$449,645	\$524,091	\$589,128	(10)%	(41)%
<b>Nonperforming Assets</b>							
Regional Banking							
Nonperforming loans	\$199,629	\$199,000	\$239,666	\$283,754	\$317,109	*	(37)%
Foreclosed real estate	18,047	16,563	24,943	28,121	33,134	9%	(46)%
Total Regional Banking	\$217,676	\$215,563	\$264,609	\$311,875	\$350,243	1%	(38)%
Non-Strategic							
Nonperforming loans - including held for sale (c)	\$268,181	\$253,069	\$262,645	\$384,174	\$406,305	6%	(34)%
Foreclosed real estate	41,085	52,322	55,111	50,671	61,281	(21)%	(33)%
Total Non-Strategic	\$309,266	\$305,391	\$317,756	\$434,845	\$467,586	1%	(34)%
Corporate							
Nonperforming loans	\$207	\$207	\$207	\$1,140	\$1,140	*	(82)%
Total nonperforming assets	\$527,149	\$521,161	\$582,572	\$747,860	\$818,969	1%	(36)%
<b>Net Charge-Offs</b>							
Regional Banking (d)	\$14,251	\$31,823	\$23,727	\$18,033	\$26,703	(55)%	(47)%
Non-Strategic	32,084	43,471	82,719	48,004	49,968	(26)%	(36)%
Total net charge-offs	\$46,335	\$75,294	\$106,446	\$66,037	\$76,671	(38)%	(40)%
<b>Consolidated Key Ratios (e)</b>							
NPL %	2.30%	2.16%	2.55%	3.62%	3.99%		
NPA %	2.66	2.57	3.02	4.09	4.55		
Net charge-offs %	1.16	1.84	2.65	1.67	1.93		
Allowance / loans	2.17	2.34	2.77	3.26	3.69		
Allowance / NPL	0.94x	1.09x	1.09x	0.90x	0.92x		
Allowance / NPA	0.81x	0.91x	0.91x	0.79x	0.81x		
Allowance / charge-offs	1.87x	1.28x	1.06x	1.98x	1.92x		
<b>Other</b>							
Loans past due 90 days or more (f)	\$97,672	\$106,425	\$102,420	\$108,923	\$125,989	(8)%	(22)%
Guaranteed portion (f)	40,007	42,249	39,572	39,613	37,858	(5)%	6%
Foreclosed real estate from government insured loans	19,815	16,360	11,438	13,870	15,711	21%	26%
Period-end loans, net of unearned income (millions)	15,971	16,397	16,241	16,062	15,972	(3)%	*
Remaining unfunded commitments (millions)	7,717	7,435	7,418	7,938	8,285	4%	(7)%

NM - Not meaningful

\* Amount is less than one percent

(a) Restricted balances parenthetically presented are as of March 31, 2012. See Glossary of Terms for definition of restricted balances.

(b) The valuation adjustment taken upon exercise of clean-up calls includes expected losses.

(c) 1Q12 includes \$100.8 million of loans held for sale.

(d) Linked quarter decline driven by C&amp;I portfolio as 1Q12 includes recoveries of \$4.6 million; 4Q11 includes an \$11.7 million charge-off associated with one bank holding company loan.

(e) See Glossary of Terms for definitions of Consolidated Key Ratios.

(f) Includes loans held for sale.

**ASSET QUALITY: CONSOLIDATED**

Quarterly, Unaudited



	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Changes vs.	
						4Q11	1Q11
<b>Key Portfolio Details</b>							
<b>C&amp;I</b>							
Period-end loans (\$ millions)	\$7,705	\$8,015	\$7,706	\$7,180	\$6,808	(4)%	13%
30+ Delinq. % (a)	0.39%	0.15%	0.43%	0.52%	0.46%		
NPL %	2.00	2.02	2.60	2.96	3.13		
Charge-offs % (qtr. annualized) (b)	0.08	1.62	0.70	0.35	0.60		
Allowance / loans %	1.55%	1.63%	2.37%	2.87%	3.24%		
Allowance / charge-offs (b)	19.17x	1.03x	3.61x	8.72x	5.46x		
<b>Income CRE</b>							
Period-end loans (\$ millions)	\$1,247	\$1,257	\$1,287	\$1,311	\$1,398	(1)%	(11)%
30+ Delinq. % (a)	0.73%	0.76%	1.47%	1.11%	1.12%		
NPL %	5.59	5.50	6.27	8.54	10.07		
Charge-offs % (qtr. annualized)	2.41	0.44	1.40	1.03	2.26		
Allowance / loans %	2.64%	3.15%	3.67%	6.04%	7.05%		
Allowance / charge-offs	1.09x	6.91x	2.56x	5.63x	3.11x		
<b>Residential CRE</b>							
Period-end loans (\$ millions)	\$100	\$121	\$142	\$183	\$221	(17)%	(55)%
30+ Delinq. % (a)	1.06%	0.72%	0.61%	5.14%	5.08%		
NPL %	43.77	37.87	38.80	38.40	42.19		
Charge-offs % (qtr. annualized)	5.70	5.96	8.01	8.19	4.96		
Allowance / loans %	13.11%	13.20%	12.67%	11.10%	11.30%		
Allowance / charge-offs	2.07x	2.00x	1.31x	1.22x	2.05x		
<b>Consumer Real Estate</b>							
Period-end loans (\$ millions)	\$5,392	\$5,291	\$5,305	\$5,383	\$5,487	2%	(2)%
30+ Delinq. % (a)	1.48%	1.70%	1.61%	1.52%	1.73%		
NPL % (f)	1.03	0.67	0.80	0.64	0.69		
Charge-offs % (qtr. annualized)	1.99	1.85	2.04	2.34	2.50		
Allowance / loans %	2.26%	2.63%	2.55%	2.47%	2.60%		
Allowance / charge-offs	1.16x	1.41x	1.23x	1.05x	1.04x		
<b>Permanent Mortgage</b>							
Period-end loans (\$ millions) (c)	\$751	\$788	\$838	\$1,015	\$1,038	(5)%	(28)%
30+ Delinq. % (a)	2.16%	3.33%	5.21%	4.00%	5.47%		
NPL % (c)	4.40	4.15	2.87	13.53	12.64		
Charge-offs % (qtr. annualized) (d)	2.08	2.74	18.83	3.21	3.34		
Allowance / loans %	3.62%	2.55%	3.12%	4.28%	5.04%		
Allowance / charge-offs	1.70x	0.90x	0.14x	1.34x	1.49x		
<b>Credit Card and Other</b>							
Period-end loans (\$ millions)	\$271	\$284	\$299	\$295	\$298	(5)%	(9)%
30+ Delinq. % (a)	1.26%	1.33%	1.29%	1.20%	1.34%		
NPL %	0.79	0.75	1.69	3.21	5.12		
Charge-offs % (qtr. annualized)	2.22	5.60	5.27	5.61	4.43		
Allowance / loans %	2.27%	2.49%	2.84%	3.08%	3.36%		
Allowance / charge-offs	1.00x	0.43x	0.55x	0.54x	0.76x		
<b>Restricted Real Estate Loans and Secured Borrowings</b>							
Period-end loans (\$ millions) (e)	\$505	\$641	\$666	\$694	\$722	(21)%	(30)%
30+ Delinq. % (a)	3.41%	3.15%	2.98%	2.85%	2.94%		
NPL % (f)	1.80	1.04	0.87	0.80	0.75		
Charge-offs % (qtr. annualized)	2.52	3.63	4.46	4.76	5.08		
Allowance / loans %	5.04%	4.97%	4.86%	4.76%	5.52%		
Allowance / charge-offs	1.63x	1.33x	1.06x	0.98x	1.07x		

(a) 30+ Delinquency % includes all accounts delinquent more than one month and still accruing interest.

(b) 1Q12 includes recoveries of \$4.8 million; 4Q11 includes a \$20.6 million charge-off associated with one bank-related relationship (TRUP and bank holding company loan).

(c) 3Q11 includes the impact of the sale of \$126 million in book value of nonperforming permanent mortgages.

(d) 3Q11 includes \$40.2 million of net charge-offs ("NCO") recognized due to sale of nonperforming mortgages.

(e) 1Q12 includes \$467.0 million of consumer real estate loans and \$38.0 million of permanent mortgage loans.

(f) 1Q12 includes a portion of the \$27.5 million of second liens classified as NPL as a result of regulatory guidance issued in first quarter.

## ROLLFORWARDS OF NONPERFORMING LOANS AND ORE INVENTORY

Unaudited



(Millions)	1Q12	4Q11	3Q11	2Q11	1Q11
<b>NPL Rollforward (a)</b>					
Beginning NPLs	\$279	\$341	\$404	\$462	\$486
+ Additions	22	17	36	31	46
+ Principal Increase	1	1	2	2	4
- Resolutions and payments	(19)	(39)	(54)	(66)	(47)
- Net Charge-offs	(10)	(37)	(22)	(15)	(22)
- Transfer to OREO	(3)	(3)	(10)	(5)	(3)
- Upgrade to Accrual	-	(1)	(15)	(5)	(2)
Ending NPLs	\$270	\$279	\$341	\$404	\$462

(a) Includes Commercial and One-Time Close Portfolios only.

(Millions)	1Q12	4Q11	3Q11	2Q11	1Q11
<b>ORE Inventory Rollforward (b)</b>					
Beginning balance	\$68.9	\$80.1	\$78.8	\$94.4	\$110.5
Valuation adjustments	(5.2)	(4.4)	(4.3)	(4.6)	(5.0)
Adjusted balance	\$63.7	\$75.7	\$74.5	\$89.8	\$105.5
+ New OREO	10.2	13.9	17.0	17.0	16.1
+ Capitalized expenses	0.2	0.2	0.5	1.0	0.6
Disposals:					
- Single transactions	(13.7)	(20.7)	(10.2)	(24.7)	(27.4)
- Bulk sales	(1.3)	(0.2)	(1.7)	(4.3)	-
- Auctions	-	-	-	-	(0.4)
Ending balance	\$59.1	\$68.9	\$80.1	\$78.8	\$94.4

(b) OREO excludes foreclosed assets related to government insured mortgages.

## ASSET QUALITY: REGIONAL BANKING

Quarterly, Unaudited



	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Changes vs.	
						4Q11	1Q11
<b>Total Regional Banking</b>							
Period-end loans (\$ millions)	\$11,530	\$11,753	\$11,374	\$10,828	\$10,482	(2)%	10%
30+ Delinq. % (a)	0.60%	0.41%	0.61%	0.82%	0.84%		
NPL %	1.73	1.69	2.11	2.62	3.03		
Charge-offs % (qtr. annualized)	0.50	1.10	0.87	0.69	1.03		
Allowance / loans %	1.44%	1.60%	2.04%	2.57%	2.96%		
Allowance / charge-offs	2.91x	1.48x	2.45x	3.86x	2.91x		
<b>Key Portfolio Details</b>							
<b>C&amp;I</b>							
Period-end loans (\$ millions)	\$7,160	\$7,465	\$7,139	\$6,600	\$6,223	(4)%	15%
30+ Delinq. % (a)	0.41%	0.16%	0.45%	0.56%	0.48%		
NPL %	1.12	1.18	1.62	1.99	2.39		
Charge-offs % (qtr. annualized) (b)	0.09	1.26	0.73	0.39	0.66		
Allowance / loans %	1.29%	1.36%	1.95%	2.43%	2.77%		
Allowance / charge-offs (b)	14.86x	1.11x	2.87x	6.61x	4.27x		
<b>Income CRE</b>							
Period-end loans (\$ millions)	\$1,204	\$1,208	\$1,235	\$1,245	\$1,278	*	(6)%
30+ Delinq. % (a)	0.76%	0.43%	0.63%	1.17%	1.23%		
NPL %	5.28	5.08	5.75	7.76	8.04		
Charge-offs % (qtr. annualized)	1.88	0.40	1.17	0.91	1.94		
Allowance / loans %	2.42%	2.95%	3.49%	5.88%	6.93%		
Allowance / charge-offs	1.29x	7.03x	2.94x	6.39x	3.59x		
<b>Residential CRE</b>							
Period-end loans (\$ millions)	\$86	\$93	\$103	\$124	\$142	(8)%	(39)%
30+ Delinq. % (a)	1.22%	0.40%	0.56%	6.87%	7.35%		
NPL %	41.83	40.28	36.74	35.22	36.09		
Charge-offs % (qtr. annualized)	6.64	7.38	4.91	7.64	5.61		
Allowance / loans %	14.07%	14.33%	14.27%	12.62%	13.51%		
Allowance / charge-offs	2.02x	1.80x	2.54x	1.55x	2.19x		
<b>Consumer Real Estate</b>							
Period-end loans (\$ millions)	\$2,809	\$2,706	\$2,604	\$2,571	\$2,554	4%	10%
30+ Delinq. % (a)	0.92%	1.02%	0.99%	0.96%	1.07%		
NPL % (c)	0.71	0.45	0.57	0.48	0.54		
Charge-offs % (qtr. annualized)	0.57	0.55	0.61	0.63	1.05		
Allowance / loans %	0.94%	1.15%	1.09%	0.88%	0.91%		
Allowance / charge-offs	1.67x	2.12x	1.79x	1.40x	0.88x		
<b>Credit Card, Permanent Mortgage, and Other</b>							
Period-end loans (\$ millions)	\$271	\$281	\$293	\$288	\$285	(4)%	(5)%
30+ Delinq. % (a)	1.40%	1.30%	1.19%	1.23%	1.57%		
NPL %	0.03	0.02	0.03	0.12	0.12		
Charge-offs % (qtr. annualized)	2.38	3.08	3.52	3.52	2.34		
Allowance / loans %	2.20%	2.27%	2.40%	2.41%	2.51%		
Allowance / charge-offs	0.91x	0.72x	0.69x	0.68x	1.08x		

## ASSET QUALITY: CORPORATE

### Permanent Mortgage

Period-end loans (\$ millions)	\$127	\$141	\$161	\$175	\$151	(10)%	(16)%
30+ Delinq. % (a)	1.33%	0.67%	0.73%	2.03%	1.98%		
NPL %	0.16	0.15	0.13	0.65	0.76		
Charge-offs % (qtr. annualized)	NM	NM	NM	NM	NM		
Allowance / loans %	NM	NM	NM	NM	NM		
Allowance / charge-offs	NM	NM	NM	NM	NM		

NM - Not meaningful

\* Amount is less than one percent

(a) 30+ Delinquency % includes all accounts delinquent more than one month and still accruing interest.

(b) 1Q12 includes recoveries of \$4.6 million; 4Q11 includes an \$11.7 million charge-off associated with one bank holding company loan.

(c) 1Q12 includes a portion of the \$27.5 million of second liens classified as NPL as a result of regulatory guidance issued in first quarter.



**ASSET QUALITY: NON-STRATEGIC**

Quarterly, Unaudited



	1Q12	4Q11	3Q11	2Q11	1Q11	1Q12 Changes vs.	
						4Q11	1Q11
<b>Total Non-Strategic</b>							
Period-end loans (\$ millions)	\$4,314	\$4,503	\$4,706	\$5,059	\$5,339	(4)%	(19)%
30+ Delinq. % (a)	2.00%	2.52%	2.87%	2.27%	2.69%		
NPL %	3.88	3.44	3.69	5.86	5.97		
Charge-offs % (qtr. annualized)	2.92	3.74	6.62	3.70	3.70		
Allowance / loans %	4.17%	4.37%	4.62%	4.85%	5.22%		
Allowance / charge-offs	1.40x	1.13x	0.66x	1.28x	1.39x		
<b>Key Portfolio Details</b>							
<b>C&amp;I (b)</b>							
Period-end loans (\$ millions)	\$546	\$549	\$567	\$580	\$585	(1)%	(7)%
30+ Delinq. % (a)	0.12%	-	0.18%	-	0.17%		
NPL %	13.58	13.50	14.93	13.99	11.04		
Charge-offs % (qtr. annualized) (c)	NM	6.15	0.37	NM	0.01		
Allowance / loans %	4.94%	5.29%	7.66%	7.95%	8.26%		
Allowance / charge-offs	NM	0.84x	20.25x	NM	NM		
<b>Income CRE</b>							
Period-end loans (\$ millions)	\$43	\$49	\$52	\$66	\$120	(12)%	(64)%
30+ Delinq. % (a)	-	8.84%	21.51%	-	-		
NPL %	14.45	15.93	18.80	23.20	31.62		
Charge-offs % (qtr. annualized)	15.96	1.29	6.29	2.64	5.44		
Allowance / loans %	9.00%	8.08%	7.82%	9.01%	8.29%		
Allowance / charge-offs	0.51x	6.04x	1.08x	2.30x	1.42x		
<b>Residential CRE</b>							
Period-end loans (\$ millions)	\$13	\$28	\$38	\$59	\$79	(54)%	(84)%
30+ Delinq. % (a)	-	1.79%	0.76%	1.49%	0.98%		
NPL %	56.20	29.77	44.39	45.06	53.26		
Charge-offs % (qtr. annualized)	1.59	1.70	15.10	9.22	3.81		
Allowance / loans %	6.96%	9.40%	8.33%	7.90%	7.28%		
Allowance / charge-offs	2.83x	4.61x	0.41x	0.71x	1.67x		
<b>Consumer Real Estate</b>							
Period-end loans (\$ millions) (d)	\$2,583	\$2,586	\$2,701	\$2,812	\$2,933	*	(12)%
30+ Delinq. % (a)	2.09%	2.41%	2.21%	2.03%	2.30%		
NPL % (h)	1.37	0.90	1.03	0.80	0.82		
Charge-offs % (qtr. annualized)	3.53	3.15	3.38	3.86	3.74		
Allowance / loans %	3.69%	4.19%	3.95%	3.91%	4.08%		
Allowance / charge-offs	1.07x	1.29x	1.14x	0.99x	1.08x		
<b>Permanent Mortgage</b>							
Period-end loans (\$ millions) (e)	\$604	\$628	\$657	\$818	\$864	(4)%	(30)%
30+ Delinq. % (a)	2.25%	3.95%	6.35%	4.46%	6.09%		
NPL % (d)	5.43	5.17	3.61	16.64	15.04		
Charge-offs % (qtr. annualized) (f)	2.59	3.46	23.31	3.88	4.05		
Allowance / loans %	4.45%	3.17%	3.94%	5.24%	5.99%		
Allowance / charge-offs	1.68x	0.89x	0.14x	1.33x	1.48x		
<b>Other Consumer</b>							
Period-end loans (\$ millions)	\$20	\$22	\$25	\$30	\$36	(9)%	(44)%
30+ Delinq. % (a)	3.04%	2.85%	4.32%	2.07%	1.92%		
NPL %	10.39	9.83	20.12	31.24	42.03		
Charge-offs % (qtr. annualized)	NM	30.70	19.63	19.98	18.01		
Allowance / loans %	2.68%	3.98%	6.98%	9.27%	9.53%		
Allowance / charge-offs	NM	0.12x	0.32x	0.41x	0.53x		
<b>Restricted Real Estate Loans and Secured Borrowings</b>							
Period-end loans (\$ millions) (g)	\$505	\$641	\$666	\$694	\$722	(21)%	(30)%
30+ Delinq. % (a)	3.41%	3.15%	2.98%	2.85%	2.94%		
NPL % (h)	1.80	1.04	0.87	0.80	0.75		
Charge-offs % (qtr. annualized)	2.52	3.63	4.46	4.76	5.08		
Allowance / loans %	5.04%	4.97%	4.86%	4.76%	5.52%		
Allowance / charge-offs	1.63x	1.33x	1.06x	0.98x	1.07x		

NM - Not meaningful

\* Amount is less than one percent

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) 30+ Delinquency % includes all accounts delinquent more than one month and still accruing interest.

(b) Includes trust preferred loan portfolio and other exited businesses.

(c) 4Q11 includes an \$8.9 million charge-off associated with one TRUP loan.

(d) 1Q12 runoff offset by reclassification of loans from "restricted real estate loans" due to FHN's exercise of cleanup calls related to prior securitizations. This resulted in the collapse of the securitization trusts and payoffs of the associated borrowings.

(e) 3Q11 includes the impact of the sale of \$126 million in book value of nonperforming permanent mortgages.

(f) 3Q11 includes \$40.2 million of net charge-offs ("NCO") recognized due to sale of nonperforming mortgages.

(g) 1Q12 includes \$467.0 million of consumer real estate loans and \$38.0 million of permanent mortgage loans.

(h) 1Q12 includes a portion of the \$27.5 million of second liens classified as NPL as a result of regulatory guidance issued in first quarter.

**ASSET QUALITY: PORTFOLIO METRICS**

Unaudited


**C&I Portfolio: \$7.7 Billion (48.2% of Total Loans)**

	% OS
General Corporate, Commercial, and Business Banking Loans	79%
Loans to Mortgage Companies	14%
Trust Preferred Loans	5%
Bank Holding Company Loans	2%

**Income CRE Portfolio: \$1.2 Billion (7.8% of Total Loans)**

Top 10 States as of March 31, 2012	% NPL	% OS
Tennessee	4.17%	59%
Georgia	7.07%	7%
North Carolina	12.59%	6%
Florida	14.90%	5%
Mississippi	12.55%	4%
South Carolina	-	4%
Kentucky	-	3%
Texas	2.74%	3%
West Virginia	-	2%
Virginia	0.77%	1%

**Consumer Real Estate (primarily Home Equity) Portfolio: \$5.9 Billion (36.7% of Total Loans) (a)**

Origination LTV and FICO for Portfolio as of March 31, 2012

*(excludes whole loan insurance)*

	Loan-to-Value		
	<=80%	80% - 90%	>90%
FICO score greater than or equal to 740	33%	16%	7%
FICO score 720-739	6%	4%	2%
FICO score 700-719	6%	4%	2%
FICO score 660-699	7%	4%	3%
FICO score 620-659	2%	1%	1%
FICO score less than 620	1%	-	1%

Consumer Real Estate Portfolio Detail:

Vintage	Balance (\$ B)	Origination Characteristics						NCO's %	
		W/A Age (mo.)	CLTV	FICO	% Broker (b)	% TN	% 1st lien	QTD	
pre-2003	\$0.2	124	76%	716	16%	45%	33%	1.16%	
2003	\$0.4	105	75%	729	16%	32%	39%	0.94%	
2004	\$0.7	92	79%	725	28%	22%	27%	1.83%	
2005	\$1.0	80	81%	730	19%	17%	16%	3.23%	
2006	\$0.8	69	78%	734	6%	23%	17%	3.52%	
2007	\$0.9	57	80%	739	15%	26%	19%	3.96%	
2008	\$0.4	46	75%	748	8%	73%	51%	0.77%	
2009	\$0.3	34	72%	753	-	87%	58%	0.16%	
2010	\$0.4	20	80%	750	-	92%	73%	0.03%	
2011	\$0.6	8	77%	760	-	90%	86%	-	
2012	\$0.2	1	74%	764	-	90%	92%	-	
Total	\$5.9	61	78%	739 (c)	12%	44%	38%	2.05%	

(a) Consumer Real Estate portfolio includes \$467.0 million of restricted real estate loans and secured borrowings.

(b) Correspondent and Wholesale.

(c) 739 average portfolio origination FICO; 729 weighted average portfolio FICO (refreshed).

**Permanent Mortgage Portfolio: \$0.8 Billion (4.9% of Total Loans) (a) (b) (c)**

Top 10 States as of March 31, 2012	Del. %	% OS
California	3.74%	25%
Texas	7.09%	9%
Washington	2.33%	8%
Virginia	4.76%	6%
Maryland	2.25%	4%
Arizona	5.29%	4%
Oregon	2.25%	4%
North Carolina	3.11%	3%
Florida	10.36%	3%
Tennessee	4.38%	3%

(a) Permanent Mortgage portfolio includes \$38.0 million of restricted real estate loans.

(b) Documentation type: 69% full doc; 26% stated; 5% other.

(c) Product type: 70% jumbo; 14% Alt A; 16% other.

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**Adjusted Tangible Equity/RWA:** Shareholders' equity excluding intangible assets and unrealized gains/losses on available-for-sale securities and cash flow hedges divided by risk weighted assets.

**Core Business Segments:** Management treats regional banking, capital markets, and corporate as FHN's core businesses. Non-strategic has significant legacy assets and operations that are being wound down.

**Lower of Cost or Market ("LOCOM"):** A method of accounting for certain assets by recording them at the lower of their historical cost or their current market value.

**Restricted Real Estate Loans and Secured Borrowings:** Restricted loans are assets of a consolidated variable interest entity that can be used only to settle obligations of the consolidated variable interest entity and liabilities of a consolidated variable interest entity for which creditors (or beneficial interest holders) do not have recourse to the general credit of the primary beneficiary. Line item also includes loans from nonconsolidated variable interest entities that did not qualify for sale treatment. Such loans secure borrowings that are classified as term borrowings.

**Troubled Debt Restructuring ("TDR"):** A restructuring of debt whereby a creditor for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. Such concession is granted in an attempt to protect as much of the creditor's investment as possible by increasing the probability of repayment.

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### Asset Quality - Consolidated Key Ratios

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**NPL %:** Ratio is nonperforming loans in the loan portfolio to total period-end loans.

**NPA %:** Ratio is nonperforming assets related to the loan portfolio to total period-end loans plus foreclosed real estate and other assets.

**Net charge-offs %:** Ratio is annualized net charge-offs to total average loans.

**Allowance / loans:** Ratio is allowance for loan losses to total period-end loans.

**Allowance to loans excluding insured loans:** Ratio is allowance for loan losses to total period-end loans excluding insured loans.

**Allowance / NPL:** Ratio is allowance for loan losses to nonperforming loans in the loan portfolio.

**Allowance / NPA:** Ratio is allowance for loan losses to nonperforming assets related to the loan portfolio.

**Allowance / charge-offs:** Ratio is allowance for loan losses to annualized net charge-offs.

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## NON-GAAP TO GAAP RECONCILIATION

Quarterly, Unaudited



(Thousands)	1Q12	4Q11	3Q11	2Q11	1Q11
<b>Tangible Common Equity (Non-GAAP)</b>					
(A) Total equity (GAAP)	\$2,674,173	\$2,684,637	\$2,743,230	\$2,681,382	\$2,640,057
Less: Noncontrolling interest (a)	295,165	295,165	295,165	295,165	295,165
(B) Total common equity	\$2,379,008	\$2,389,472	\$2,448,065	\$2,386,217	\$2,344,892
Less: Intangible assets (GAAP) (b)	159,880	159,902	160,902	164,067	183,625
(C) Tangible common equity (Non-GAAP)	\$2,219,128	\$2,229,570	\$2,287,163	\$2,222,150	\$2,161,267
Less: Unrealized gains on AFS securities, net of tax	67,077	67,069	79,358	58,068	39,338
(D) Adjusted tangible common equity (Non-GAAP) (c)	\$2,152,051	\$2,162,501	\$2,207,805	\$2,164,082	\$2,121,929
<b>Tangible Assets (Non-GAAP)</b>					
(E) Total assets (GAAP)	\$25,678,969	\$24,789,384	\$25,571,469	\$25,054,066	\$24,438,344
Less: Intangible assets (GAAP) (b)	159,880	159,902	160,902	164,067	183,625
(F) Tangible assets (Non-GAAP)	\$25,519,089	\$24,629,482	\$25,410,567	\$24,889,999	\$24,254,719
<b>Period-end Shares Outstanding</b>					
(G) Period-end shares outstanding	252,667	257,468	263,619	263,699	263,335
<b>Tier 1 Common (Non-GAAP)</b>					
(H) Tier 1 capital (d) (e)	\$2,834,974	\$2,850,452	\$2,875,113	\$2,818,535	\$2,790,335
Less: Noncontrolling interest - FTBNA preferred stock (a) (f)	294,816	294,816	294,816	294,816	294,816
Less: Trust preferred (g)	200,000	200,000	200,000	200,000	200,000
(I) Tier 1 common (Non-GAAP)	\$2,340,158	\$2,355,636	\$2,380,297	\$2,323,719	\$2,295,519
<b>Risk Weighted Assets</b>					
(J) Risk weighted assets (d) (e)	\$19,942,650	\$20,026,412	\$19,910,843	\$19,589,310	\$19,569,006
<b>Ratios</b>					
(C)/(F) Tangible common equity to tangible assets ("TCE/TA") (Non-GAAP)	8.70%	9.05%	9.00%	8.93%	8.91%
(A)/(E) Total equity to total assets (GAAP)	10.41%	10.83%	10.73%	10.70%	10.80%
(C)/(G) Tangible book value per common share (Non-GAAP)	\$8.78	\$8.66	\$8.68	\$8.43	\$8.21
(B)/(G) Book value per common share (GAAP)	\$9.42	\$9.28	\$9.29	\$9.05	\$8.90
(I)/(J) Tier 1 common ratio (Non-GAAP) (d)	11.73%	11.76%	11.95%	11.86%	11.73%
(H)/(E) Tier 1 capital to total assets (GAAP) (d)	11.04%	11.50%	11.24%	11.25%	11.42%
(D)/(J) Adjusted tangible common equity to risk weighted assets ("TCE/RWA") (Non-GAAP) (c) (d)	10.79%	10.80%	11.09%	11.05%	10.84%
<b>Net interest income adjusted for impact of fully taxable equivalent ("FTE") (Non-GAAP)</b>					
<b>Regional Banking</b>					
Net interest income (GAAP)	\$146,554	\$150,116	\$140,613	\$136,296	\$134,771
FTE adjustment	1,493	1,510	1,434	1,353	1,243
Net interest income adjusted for impact of FTE (Non-GAAP)	\$148,047	\$151,626	\$142,047	\$137,649	\$136,014
<b>Capital Markets</b>					
Net interest income (GAAP)	\$5,684	\$5,527	\$5,552	\$5,509	\$5,503
FTE adjustment	140	106	81	76	72
Net interest income adjusted for impact of FTE (Non-GAAP)	\$5,824	\$5,633	\$5,633	\$5,585	\$5,575
<b>Corporate</b>					
Net interest income (GAAP)	\$(4,727)	\$(3,764)	\$(494)	\$412	\$(332)
FTE adjustment	26	34	40	68	71
Net interest income adjusted for impact of FTE (Non-GAAP)	\$(4,701)	\$(3,730)	\$(454)	\$480	\$(261)
<b>Non-Strategic</b>					
Net interest income (GAAP)	\$24,418	\$26,998	\$30,669	\$30,643	\$32,813
FTE adjustment	-	-	-	-	-
Net interest income adjusted for impact of FTE (Non-GAAP)	\$24,418	\$26,998	\$30,669	\$30,643	\$32,813
<b>Total Consolidated</b>					
Net interest income (GAAP)	\$171,929	\$178,877	\$176,340	\$172,860	\$172,755
FTE adjustment	1,659	1,650	1,555	1,497	1,386
Net interest income adjusted for impact of FTE (Non-GAAP)	\$173,588	\$180,527	\$177,895	\$174,357	\$174,141

Certain previously reported amounts have been reclassified to agree with current presentation.

- (a) Included in Total equity on the Consolidated Balance Sheet.
- (b) Includes goodwill and other intangible assets, net of amortization.
- (c) See Glossary of Terms for definition of ratio.
- (d) Current quarter is an estimate.
- (e) Defined by and calculated in conformity with bank regulations.
- (f) Represents FTBNA preferred stock included in noncontrolling interest.
- (g) Included in Term borrowings on the Consolidated Balance Sheet.