



**2015 Dodd-Frank Act
Stress Testing Results**

June 15, 2015

FHN Stress Testing Overview

Across the banking sector, bank holding companies and their banking subsidiaries are subject to different stress testing requirements primarily based on total consolidated assets. Institutions with \$10-50 billion in total consolidated assets ("mid-size banks"), like First Horizon National Corp. ("FHN" or "the Company"), are subject to a less stringent form of Dodd-Frank Act Stress Testing ("DFAST") than banks with greater than \$50 billion in total consolidated assets ("large banks"). The DFAST rules for mid-sized banks require an annual company-run exam utilizing proprietary internally developed models, methodologies, and frameworks with consistent capital actions (as defined by DFAST supervisory guidance). Starting in June 2015, mid-sized banks are required to provide to the public summaries of the most recent DFAST results. Disclosure requirements include select quantitative metrics as well as a description of the types of risks included, a summary of methodologies used, and an explanation of the most significant drivers of change in capital ratios. This presentation is FHN's first public DFAST summary.

The results summarized in this presentation are based on the Severely Adverse scenario described in the next section of this presentation. The hypothetical assumptions underlying that scenario are required by the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency, which are the primary "regulatory agencies" for FHN and its subsidiary First Tennessee Bank National Association ("FTBNA").

Unlike large firms, mid-sized banks like FHN are not subject to the Comprehensive Capital Analysis and Review ("CCAR") process and are not required to prepare and submit a full capital plan to the regulatory agencies. FHN's DFAST results also are not subject a pass/fail requirement.

The regulatory objective of the annual company-run DFAST is to ensure that the tested banking institutions have robust, forward-looking capital planning processes that account for their unique risks, and to help ensure that institutions have sufficient capital to continue operations throughout times of economic and financial stress. The regulatory agencies intend to use the DFAST results to determine whether additional analytical techniques are needed to identify, measure, and monitor risk. DFAST results are also expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

Severely Adverse Scenario

The Severely Adverse scenario is a hypothetical economic environment covering a nine quarter forecast horizon from 4Q14 to 4Q16. The scenario was released on October 23, 2014 and features a substantial weakening in global economic activity, accompanied by large reductions in asset prices. In the scenario, the U.S. corporate sector experiences increases in financial distress that are even larger than would be expected in a severe recession. Characteristics of the Severely Adverse scenario include:

- Unemployment rate peaks at 10.1%, an increase of 4% from 3Q14
- Real Gross Domestic Product falls to -6.1%
- At their troughs, House Price and Commercial Real Estate Price indexes fall 26% and 35%, respectively, from 3Q14
- Dow Jones Industrial Average drops to 8,600 by the end of 2015, a loss of 58% from 3Q14
- Rise in oil prices (Brent crude) to approximately \$110 per barrel

Considerations and Comparability of Results

The Severely Adverse scenario for which results are provided is hypothetical and does not represent the outlook or expectations of FHN or the regulatory agencies. Forecasted capital ratios and earnings incorporate the macroeconomic environment prescribed in the supervisory scenario. Beginning in 2015, FHN was required to commence a phase-in of Basel III requirements. These new standards impart more stringent capital requirements leading to lower capital ratios than under Basel I rules which applied to FHN prior to 2015.

The stress test was performed under regulatory rules, assumptions, and guidance which may be inconsistent with the actions and strategy management would undertake in severely adverse economic conditions.

As described in the section "Types of Risks Included", not all risks may be quantified in the results. In addition to DFAST, FHN performs other types of stress testing in the normal course of business which is reported to executive management and the Board of Directors.

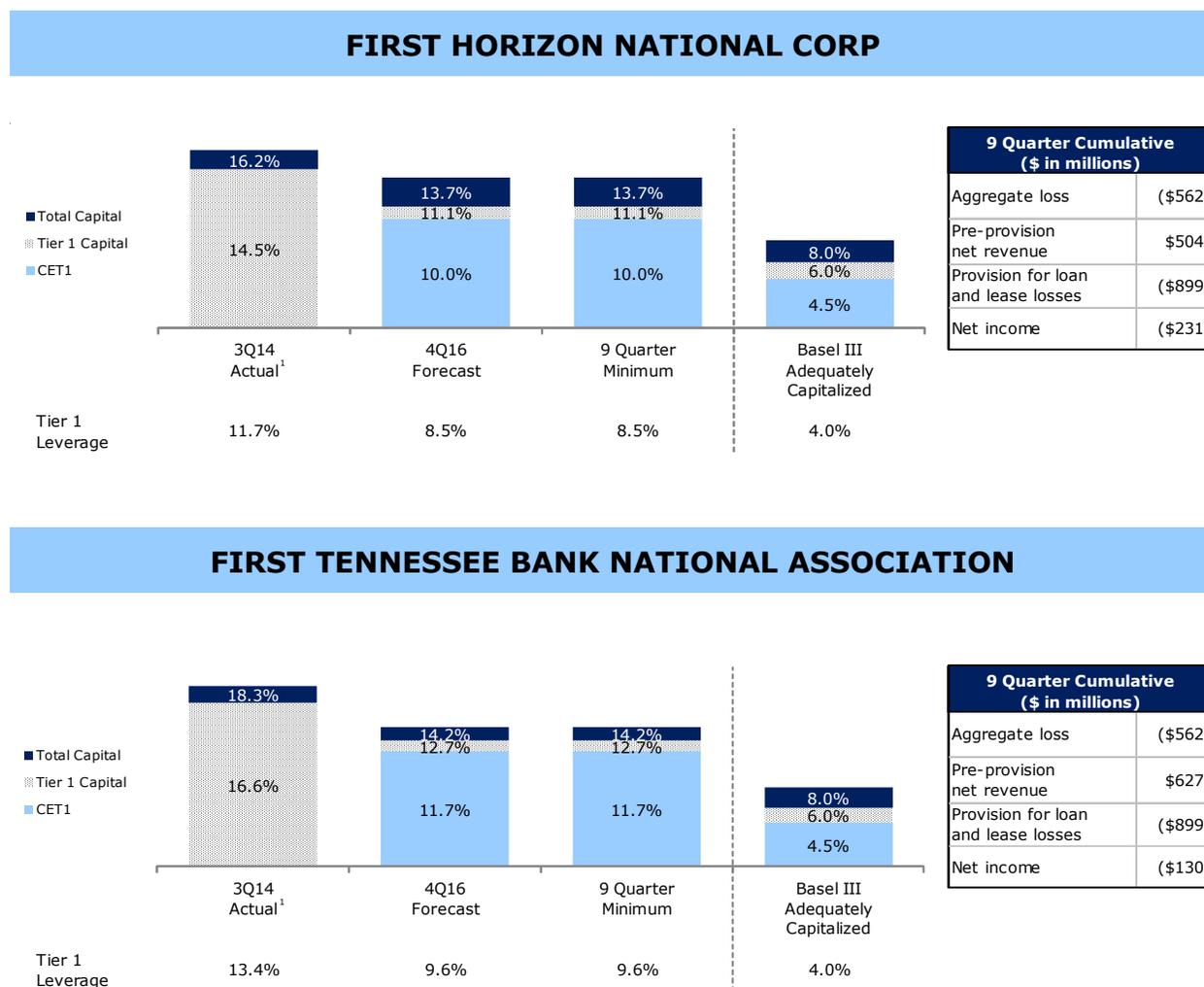
While the regulatory agencies have standardized stress test scenarios, requirements, and reporting for company-run stress tests, results may not be comparable between institutions. Frameworks, processes, and methodologies utilized by each institution may vary widely. Among mid-size banks, DFAST results will vary from institution to institution due to differing product and service offerings, geographic concentration and exposure, and other idiosyncratic factors. Furthermore, expectations of mid-size banks from the regulatory agencies are tailored based on size and/or other considerations.

Due to the same factors discussed above, FHN's DFAST results will not be comparable to large banks' DFAST and CCAR results. Further lack of comparability between DFAST and CCAR is due to significant differences in projecting and modeling capital actions such as dividends and share issuances/repurchases. FHN's DFAST results are also not subject to the pass/fail requirements in CCAR. In addition, the prescribed macroeconomic factors used in the Severely Adverse scenario change annually, so FHN's results will not be directly comparable year-to-year.

2015 DFAST Results

While FHN's stress testing results are not subject to a pass/fail requirement, results indicate FHN maintains capital in excess of Basel III Adequately Capitalized standards under the Severely Adverse scenario. Based on this excess capital, management and the Board are comfortable that the Company has the capacity to manage the risks discussed on the following page through Severely Adverse economic conditions. On an on-going basis, FHN will review and discuss its capital plan along with other components of the FHN's broader stress testing program with the Board of Directors and regulators.

Note: FHN submitted the results of its DFAST exam in March 2015. At that time, FHN knew the actual results of 4Q14, the first quarter of the forecast horizon. The results below reflect the forecast for the quarter and have not been adjusted for actual results realized during 4Q14. Also, FHN's 9 quarter minimum, a required quantitative disclosure, represents the lowest point over the 9 quarter forecast horizon and occurs during 4Q16 for all four capital ratios.



¹ Basel I standards, which were in effect during 3Q14, do not require reporting of Common Equity Tier 1 ("CET1")

Primary Drivers of Change in Capital Ratios

The primary driver of the change in capital ratios from the reported 3Q14 figures to forecasted 4Q16 ratios is an increase in provision for loan and lease losses, driven by higher charge-offs. FHN experiences the highest charge-offs in the consumer portfolio, followed by commercial and industrial loans, then commercial real estate.

Net interest income ("NII") remains positive throughout the forecast horizon; however, it is constrained by a shrinking balance sheet and tightening yields. Operating expenses are elevated in the severely adverse scenario due to higher credit administration and foreclosure costs, professional and legal fees, marketing/advertising campaigns, and higher FDIC insurance assessments. Fee income has a positive impact on pre-tax pre-provision net revenue ("PPNR") driven primarily by FHN's capital markets business, FTN Financial, as trading volume and average daily revenue increases in the weakening economy. Cumulative PPNR is positive and partially offsets provision expense.

Contractionary economic conditions and charge-offs result in negative loan growth, reducing risk weighted assets ("RWAs"), which has a positive impact on capital ratios. Other changes include dividends, share repurchases, taxes, and exclusions and disallowances under Basel III which generally have unfavorable impacts on the 4Q16 ratios compared to 3Q14. These impacts include the disallowance of trust preferred securities from Tier 1 capital, the disallowance for investments in the capital of other financial institutions, the disallowance of a portion of minority interest capital, and increases in the risk-weights for certain assets.

Primary Drivers of Change in Capital Ratios - Severely Adverse Scenario						
Ratio	3Q14	Provision	PPNR	RWA	Other	4Q16
CET1	11.4% ¹	-4.7%	2.6%	0.8%	-0.1%	10.0%
Tier 1 Capital	14.5%	-4.7%	2.6%	0.9%	-2.2%	11.1%
Total Capital	16.2%	-4.7%	2.6%	1.1%	-1.5%	13.7%
Tier 1 Leverage	11.7%	-3.8%	2.1%	0.2%	-1.7%	8.5%

¹ Basel I standards, which were in effect during 3Q14, do not require reporting of CET1. Reflects Tier 1 Capital ratio under Basel I standards.

Types of Risks Included

FHN's stress test results quantitatively include the following risks:

- **Credit:** Risk of loss due to adverse changes in a counterparty's ability or willingness to pay its financial obligations under agreed upon terms. Credit risk arises in all contracts (actual or implicit) in which repayment to the Company depends on the performance of a counterparty, issuer, or borrower. Credit risk includes agreements whereby the Company has extended, committed, invested, or exposed a funding position.
- **Market:** Risk arising from changes in the value of the portfolio of financial instruments due to the movement in market rates or prices. Market risk also impacts net interest margin.
- **Interest rate sensitivity:** Risk that changes in interest rates may diminish the income earned on loans, securities, and other earning assets. Risk also considers the impact of interest rate changes on fee income from FHN's capital markets business.

As noted in the regulatory guidance, the DFAST may not necessarily capture a company's full range of risks, exposures, activities, and vulnerabilities that have a potential effect on capital adequacy. Consistent with the stress testing guidance, FHN considers the results of DFAST, together with other capital assessment activities, to ensure that the Company's material risks and vulnerabilities are appropriately considered in its overall assessment of capital adequacy. In addition to the risks noted on the previous page, FHN qualitatively considers the following risks in the forecasting and management/Board review process:

- **Liquidity:** Risk of being unable to fund assets with the appropriate duration and rate-based liabilities, as well as the risk of not being able to meet unexpected cash needs. Liquidity risk arises from failure to recognize and/or react to changing market conditions. Short and long term declines in earnings may arise from the Company's inability to timely adjust balance sheet holdings.
- **Business Strategy/Reputational:** Current and prospective risk to earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Strategic risk is driven by management's short and long term planning, ability to identify necessary tangible and intangible resources, and ability to obtain and manage those resources through execution of the strategic plan. Reputational risk considers FHN's ability to maintain and enhance confidence and opinion of customers, counterparties, investors, lenders, general public, and regulators.
- **Operational:** Risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. Operational risk may stem from failure to develop and maintain appropriate employment practices, health/safety issues, compliance/regulatory matters, negligent customer care, or any type of business disruption. Operational losses do not consider opportunity costs.
- **Idiosyncratic:** Risk of loss due to unpredictable or unsystematic events. Among other things, includes internal and external fraud, cyber-security breaches, litigation, catastrophic incidents, and the adverse disparate impact of regulatory changes.

FHN evaluates its ability to manage the above risks by setting stringent operating procedures and capital adequacy requirements.

Stress Testing Methodologies

FHN's Board of Directors is responsible for the DFAST program, policies, testing, and results. Executive management is responsible for establishing and maintaining a system of controls, oversight, and documentation. A comprehensive stress testing framework has been developed to ensure a consistent, repeatable, and transparent process. The framework utilizes a series of interrelated forecasting models and processes to perform the stress test. As part of the forecasting process, management reviews model output and may selectively apply qualitative overlays where deemed prudent based on management's judgment. These overlays could lead to more conservative results.

FHN's stress testing process involves a broad group of senior business leaders and product managers to adequately assess the scenarios and forecast financial results in consideration of existing strategic plans and stressed economic conditions. Select key forecasting methodologies include:

- PPNR – includes NII, non-interest income, and non-interest expense, all on a pre-tax basis. The NII methodology incorporates forecasted balance sheet, credit spreads, and interest rate yield curves. The non-interest income and expense methodology incorporates strategic actions for growth and cost structure management over the forecast horizon.
- Credit losses – are forecasted using a multi-model approach including portfolio level top-down and bottom-up econometric models, historical look back analysis, and qualitative assessment.
- Balance sheet – forecast considers growth opportunities, portfolio runoff, and pricing assumptions from business line leaders and product managers. Forecasts include a review of historical trends, market dynamics, and strategic actions.
- RWAs and Capital – are aggregated based on income statement and balance sheet results and are calculated under Basel I for 2014 with phase-in of Basel III beginning in 2015.

FHN employs a comprehensive governance process in an effort to ensure results reflect sound forecasting methodologies and are consistent with management's strategy and the regulatory scenario outlook:

- Results are reviewed and approved by multiple committees, senior and executive management, and the Board of Directors
- Reviews incorporate consideration of risk appetite and strategic plan
- Additionally, assurance functions review all material models, internal controls, processes, procedures, and governance with a strong emphasis on data integrity

About First Horizon

The 4,300 employees of First Horizon National Corp. (NYSE:FHN) provide financial services through more than 170 First Tennessee Bank locations in and around Tennessee and 26 FTN Financial offices in the U.S. and abroad. The company was founded during the Civil War in 1864 and has the 14th oldest national bank charter in the country. First Tennessee has one of the highest customer retention rates of any bank in the country, and FTN Financial is a capital markets industry leader in fixed income sales, trading and strategies for institutional customers. First Horizon has been recognized as one of the nation's best employers by Forbes, American Banker and Working Mother magazines. More information is available at www.FirstHorizon.com.