



# First Horizon National Corporation

Third Quarter 2017 Analyst Packet

*August 21, 2017*

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- *This presentation contains forward-looking statements, which may include guidance, involving significant risks and uncertainties which will be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “estimate”, “should”, “is likely”, “will”, “going forward” and other expressions that indicate future events and trends and may be followed by or reference cautionary statements. A number of factors could cause actual results to differ materially from those in the forward-looking statements. These factors are outlined in our recent earnings and other press releases and in more detail in the most current 10-Q and 10-K. FHN disclaims any obligation to update any such forward-looking statements or to publicly announce the result of any revisions to any of the forward-looking statements to reflect future events or developments.*
  - *Certain measures included in this presentation are “non-GAAP,” meaning (under U.S. financial reporting rules) they are not presented in accordance with generally accepted accounting principles (“GAAP”) in the U.S. and also are not codified in the U.S. banking regulations currently applicable to FHN. Although other entities may use calculation methods that differ from those used by FHN for non-GAAP measures, FHN’s management believes such measures are relevant to understanding the financial condition, capital position, and financial results of FHN and its business segments. Non-GAAP measures are reported to FHN’s management and directors through various internal reports. The non-GAAP measures presented in this presentation include: return on average tangible common equity (“ROTCE”); adjusted ROTCE; adjusted return on average assets (“ROA”); adjusted efficiency ratio; segment-level earnings per share; adjusted regional banking pre-provision net revenue (“PPNR”); and adjusted regional banking ROA. Reconciliations of non-GAAP to GAAP measures and presentation of the most comparable GAAP items are presented at the end of the Appendix.*
  - *In addition, certain measures, which follow regulatory definitions rather than GAAP, are used by the various banking regulators in reviewing the financial institutions they regulate. Regulatory measures used in this presentation include: common equity tier 1 capital (“CET1”), generally defined as common equity less goodwill, other intangibles, and certain other required regulatory deductions; tier 1 capital, generally defined as the sum of core capital (including common equity and instruments that cannot be redeemed at the option of the holder) adjusted for certain items under risk based capital regulations; and (“PPNR”), calculated by adding the provision/(provision credit) for loan losses to income before income taxes.*

## Successfully Executing on Key Priorities

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

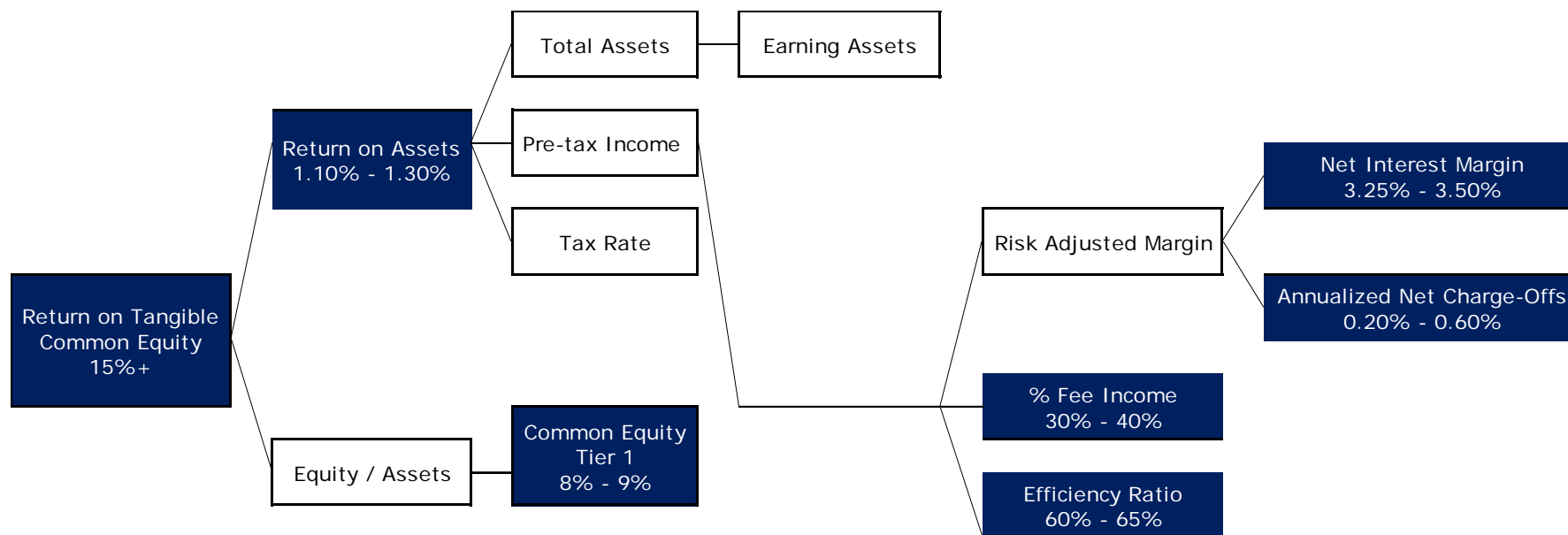
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- Expanding banking relationships with emphasis on economic profit
- Continued balance sheet growth momentum
- Focused on ongoing expense discipline
- Optimizing use of capital deployment
- Merger integration with Capital Bank on track

***Building the Foundation for Attractive Long-Term Earnings Power***

# Building Long-Term Earnings Power: Bonefish Targets

*Focused on Growing Our Company Selectively and Profitably While Positioning Our Balance Sheet for Sustainable, Higher Returns in the Long Term*

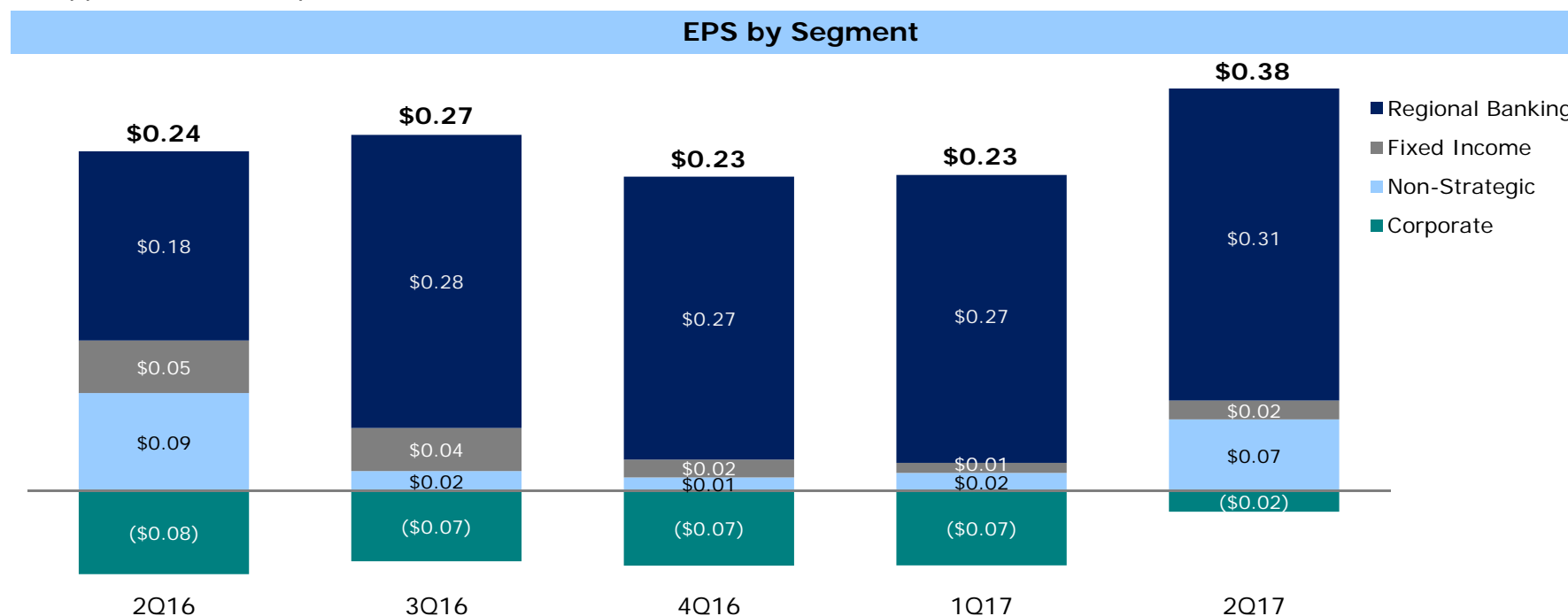


2Q17	Reported (GAAP)	Adjusted <sup>2</sup>	Long-Term Targets
ROTCE <sup>1</sup>	17.3%	12.0%	15.0%+
ROA <sup>1</sup>	1.32%	0.94%	1.10 – 1.30%
CET1	9.8%		8.0 – 9.0%
NIM <sup>1</sup>	3.07%		3.25 – 3.50%
NCO / Average Loans <sup>1</sup>	0.06%		0.20 - 0.60%
Fee Income / Revenue	39%		30 - 40%
Efficiency Ratio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

# Solid Business Segment Performance

## Regional Banking Continues to Drive EPS Improvement

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

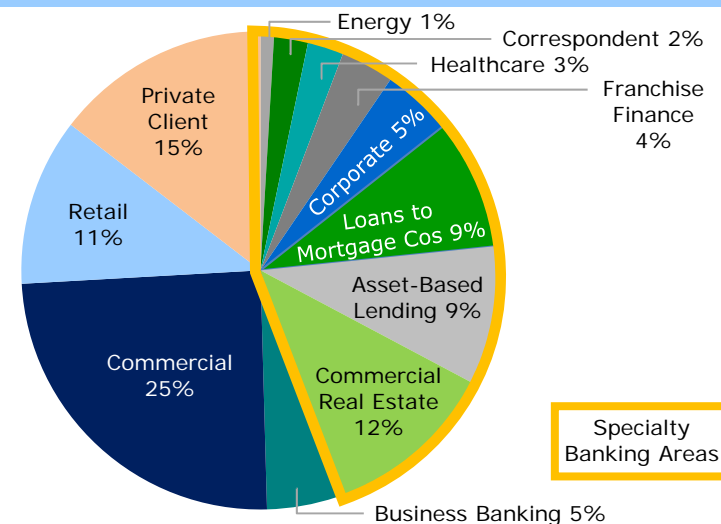


# Regional Bank Performance Remains Strong

## Executing on Profitable Growth Opportunities with Solid Operating Leverage

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

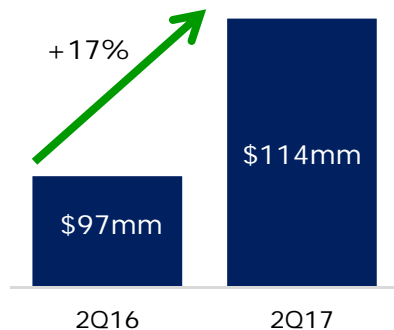
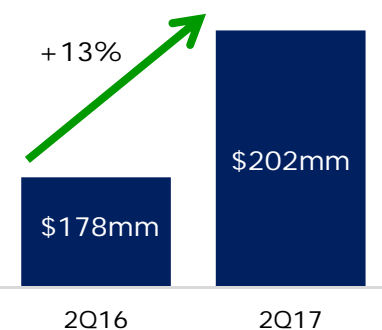
### 2Q17 Regional Banking Avg Loan Portfolio Mix



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

Net Interest Income

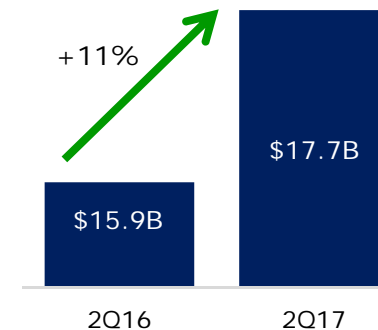
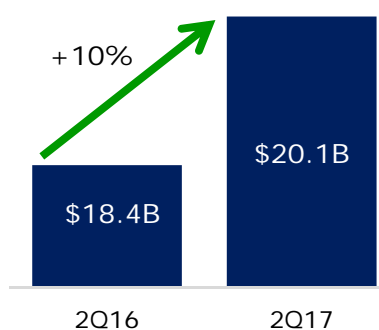
Adjusted PPNR<sup>1</sup>



### Loans and Deposits up 10%+

Average Deposits

Average Loans

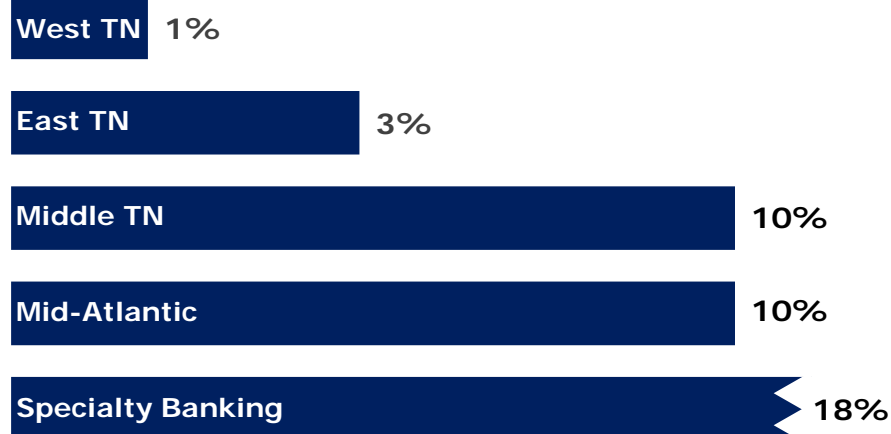


# Regional Bank Loan Growth

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

- Loan portfolio geographically diverse
  - A majority of specialty banking relationships are outside Tennessee
  - Commercial, Business, Private Client, and Consumer Retail are primarily Tennessee-based
- Disciplined underwriting
  - Governance by line leaders and credit risk managers at the market/specialty business level
  - Quarterly review of portfolio limits/exception levels
  - Extensive use of RAROC model

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



### Geographic Dispersion of Loans by Lending Area

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

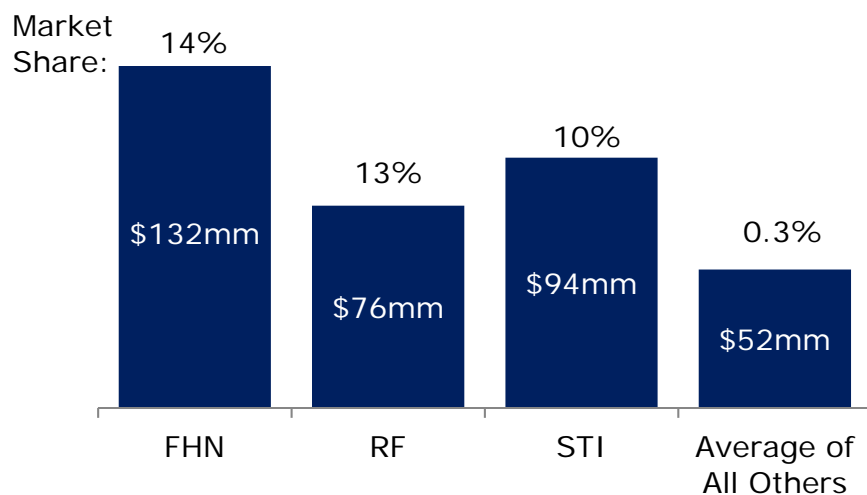
# Regional Bank Deposit Growth

## Leading Deposit Market Share in Tennessee

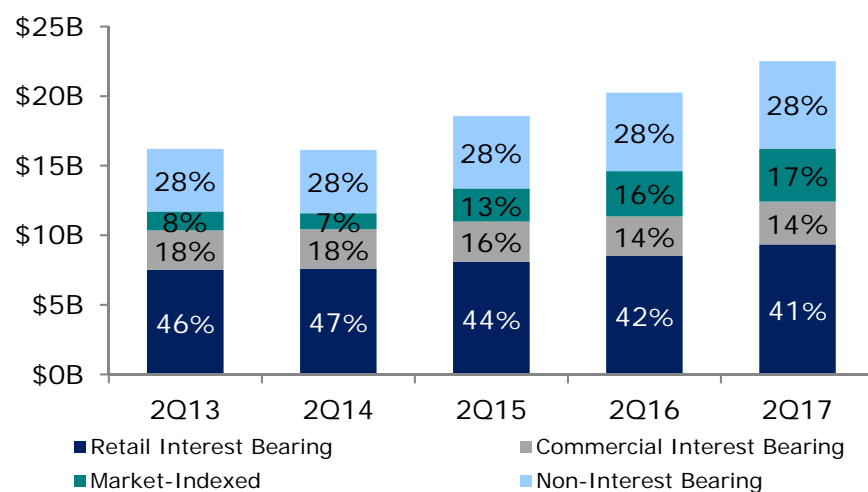
- First Tennessee has the leading deposit market share in Tennessee with 14.3% of total deposits
- #1 market share in three out of five major MSAs in Tennessee<sup>1</sup>
- Stable low-cost funding mix in Regional Banking with 59% DDA and interest checking deposits
- Regional Banking average deposits up 10% since 2Q16
- Regional Banking average deposit rate paid of 26bps, 10bps excluding market-indexed deposits



**Deposits Per Branch in Tennessee<sup>2</sup>**



**Deposit Composition**





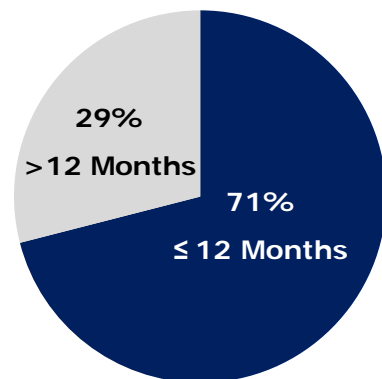
# Asset Sensitivity Overview

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

- Loan portfolio comprised of 69% floating rate loans<sup>1</sup>
  - ~76% are tied to 1 month LIBOR
  - ~5% are tied to 3 month LIBOR
  - ~19% are tied to Prime
- Securities portfolio comprises 13% of total assets with an estimated effective duration of 3.8 years
- Total period-end deposits increased 8% vs 2Q16
  - Strong DDA mix with emphasis on core deposit gathering
- Reduced reliance on interest rate sensitive wholesale funds

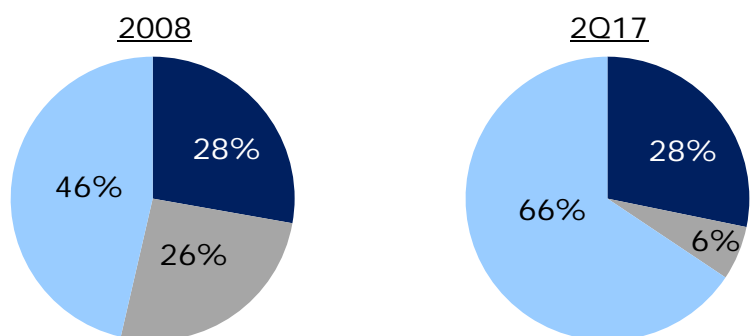
### Asset Repricing Profile Levered to Short-Term Rate Increases

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



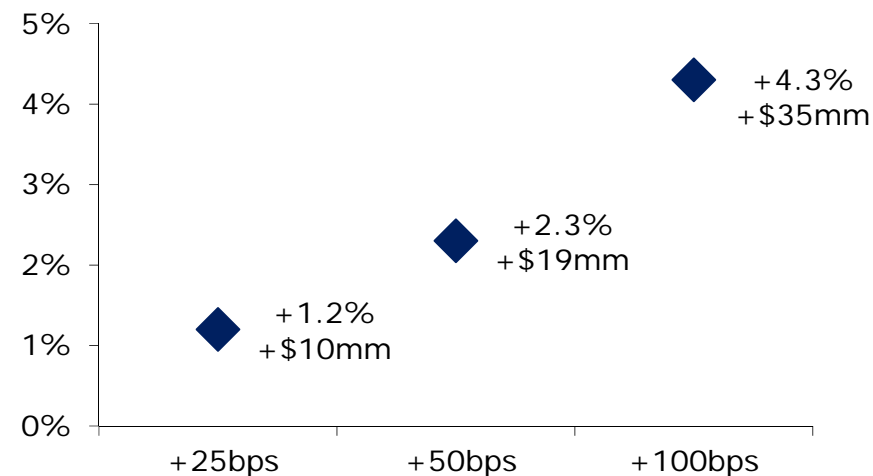
### Deposit Mix Trends

■ Noninterest Bearing ■ Time Deposits ■ Other Interest Bearing



- Stable DDA mix
- Migration from Time Deposits to MMDA & Savings

### Net Interest Income Sensitivity Impact<sup>2</sup>

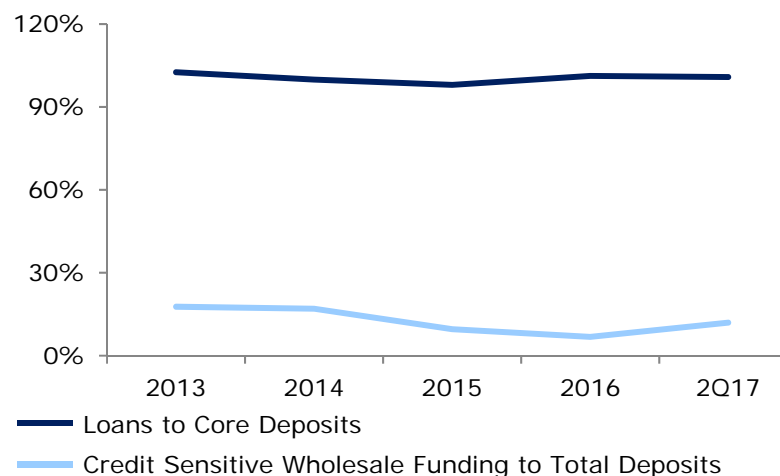


# Funding Overview

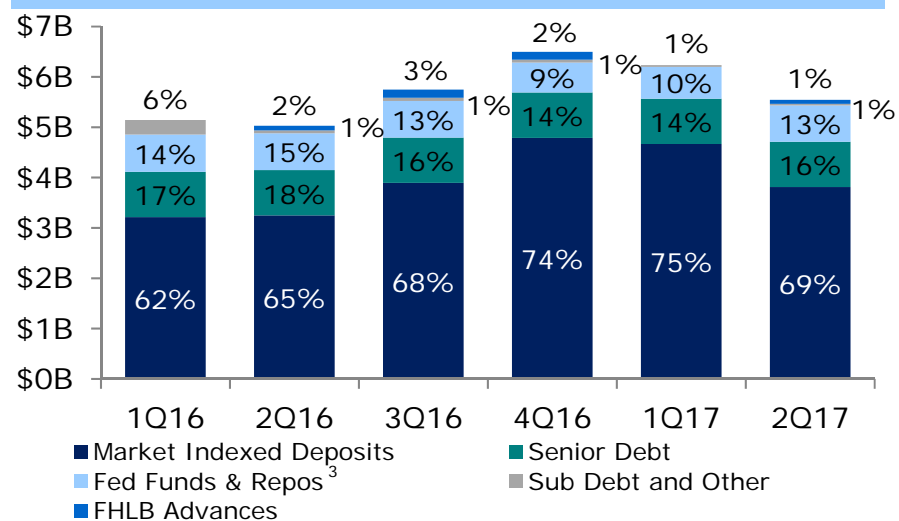
## FHN Funding Primarily From Core Deposits

- Core deposits are the primary source of funding
- Attractive and stable low-cost funding mix
- Fed Funds & Repos are primarily composed of customer accounts
- FHN maintains a contingency funding plan that may be executed should unexpected difficulties arise in accessing capital

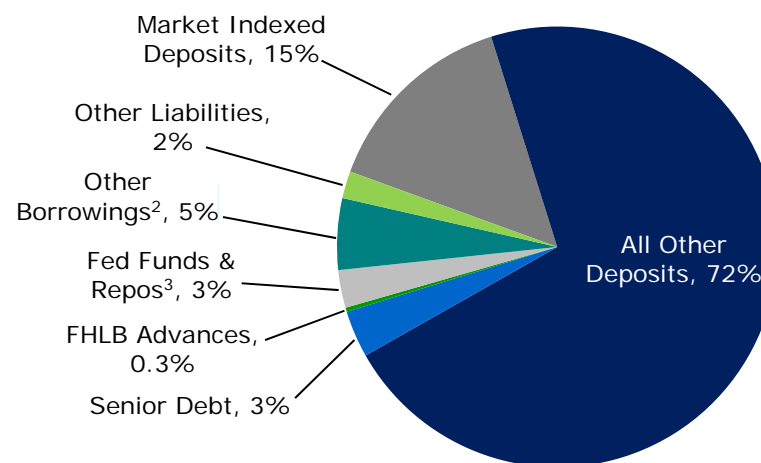
### Solid Loan to Deposit Ratio with Significant Core Funding<sup>1</sup>



### Wholesale Funding Overview



### Composition of Total Liabilities

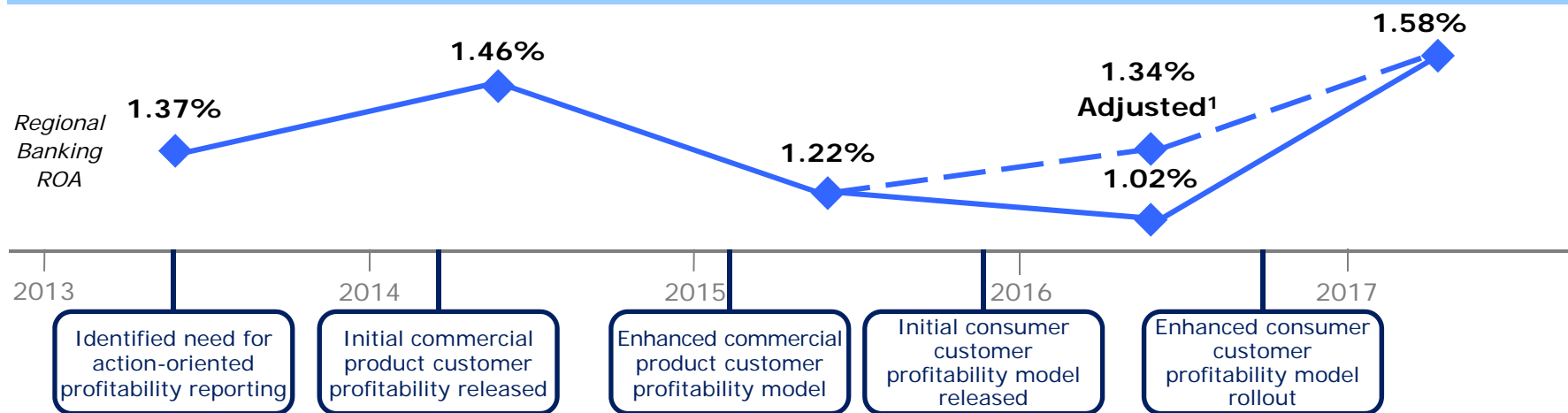


# Economic Profit Focus

## Delivering Tangible Results with Improved Returns

	Front-line/ Field			Management/Executive
	RAROC Pricing Tool	Relationship Profitability Reports	Product Profitability Reports	Bonefish/ Financial Reports
Primary Audience	<ul style="list-style-type: none"> <li>Relationship Managers</li> <li>Product Managers</li> <li>Expanded to All Commercial Lines of Business</li> </ul>	<ul style="list-style-type: none"> <li>Sales Managers</li> <li>Market Managers</li> <li>Lending Area Managers</li> </ul>	<ul style="list-style-type: none"> <li>Product Managers</li> <li>Lending Area Managers</li> </ul>	<ul style="list-style-type: none"> <li>Lending Area Managers</li> <li>Product Managers</li> <li>Executive Management</li> </ul>
Uses	<ul style="list-style-type: none"> <li>Transaction level</li> <li>Forward-looking view</li> <li>Valuation of potential asset purchases</li> </ul>	<ul style="list-style-type: none"> <li>Sales management level</li> <li>RM/ Lending Area/ Market portfolio view</li> <li>Identifying opportunities to improve profitability</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio level</li> <li>Product features, positioning, cost, etc.</li> <li>Identifying opportunities to improve profitability</li> </ul>	<ul style="list-style-type: none"> <li>Senior Business Owner level</li> <li>Performance management</li> <li>Holistic view</li> </ul>

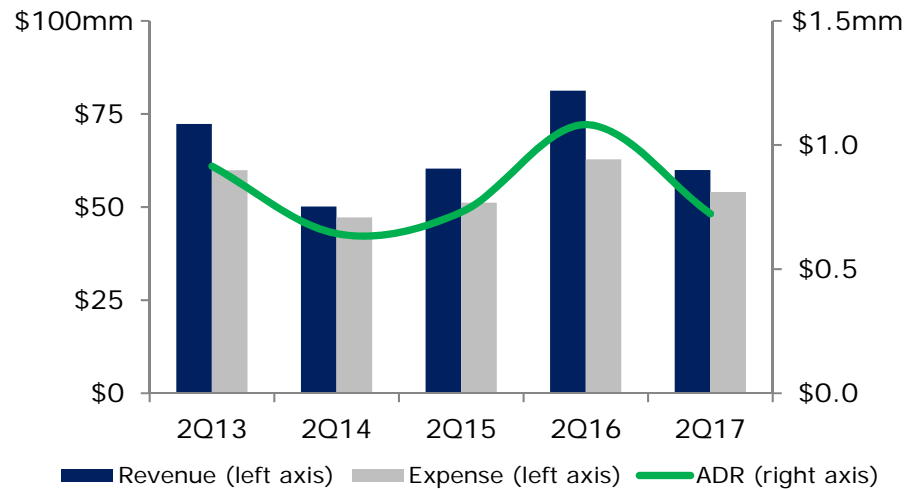
### Profitability Modeling Rollout Aligns with ROA Improvement from 2Q13-2Q17



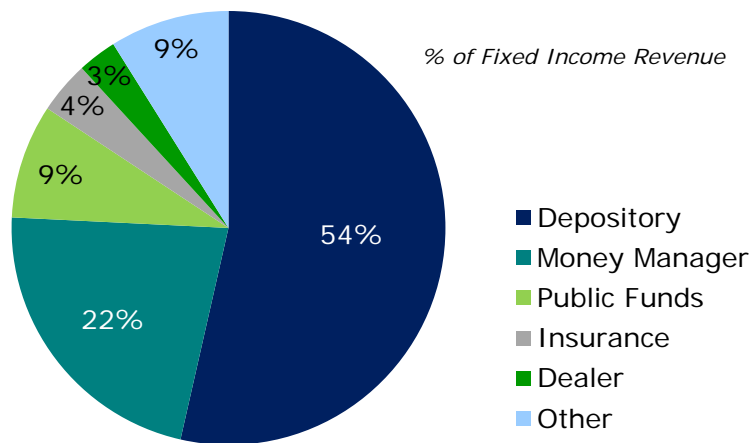
# Diversified Fixed Income Platform With Solid Returns

- Focused on investing in extensive fixed income distribution platform:
  - Acquisition of Coastal Securities in 2Q17 substantially expands government guaranteed loan ("GGL") products (SBA and USDA loans and securities) and contributes to municipal products growth strategy
  - GGL increased from 3% of fixed income product revenue to 13% of fixed income product revenue YOY
- Delivers consistently strong return on capital and provides counter-cyclicality to Regional Banking segment
- Business model adaptable to shifting market conditions due to highly variable expense structure

## Fixed Income Revenue and Expense



## Customer Base Balanced Between Depository/Non-Depository



## Diversified Fixed Income Product Mix



### Complimentary Products

- Investment Advisory
- Loan Sales & Advisory
- Interest Rate Derivatives
- Portfolio Accounting
- Asset/Liability Management

# Optimizing Capital Deployment

*Proven Record of Successful Capital Allocation With a Long-Term View*

Capital Deployment Alternatives	<u>Invest Internally</u>	<u>Repatriate to Shareholders</u>	<u>Invest Externally</u>
Criteria	<ul style="list-style-type: none"> <li>+18% loan growth since 2012</li> <li>Established new specialty LOBs                             <ul style="list-style-type: none"> <li>Energy – 2014</li> <li>Franchise Finance – 2016</li> <li>Specialty Healthcare – 2016</li> <li>Music – 2016</li> </ul> </li> <li>Technology infrastructure                             <ul style="list-style-type: none"> <li>Platform built for 2x scale</li> </ul> </li> <li>Non-Strategic businesses exit</li> </ul>	<ul style="list-style-type: none"> <li>Cash dividend                             <ul style="list-style-type: none"> <li>Increased 9x since 2012<sup>1</sup></li> </ul> </li> <li>Share buyback                             <ul style="list-style-type: none"> <li>20.4mm shares since 2012 at average price of \$12.12<sup>2</sup></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Bank M&amp;A                             <ul style="list-style-type: none"> <li>Mountain National Bank — 2013</li> <li>Branch Acquisitions — 2014</li> <li>TrustAtlantic Bank — 2015</li> <li>Capital Bank Financial – anticipated closing in 4Q17</li> </ul> </li> <li>Product/business enhancements                             <ul style="list-style-type: none"> <li>Franchise loan portfolio — 2016</li> <li>Coastal Securities — 2Q17</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Risk adjusted return on capital (RAROC)</li> <li>Economic profit opportunity</li> <li>Prioritization based on need to support core businesses</li> </ul>	<ul style="list-style-type: none"> <li>Return capital to shareholders while maintaining an adequate capital buffer in stress scenarios</li> <li>IRR analysis, taking into account factors such as cost of capital, intrinsic value, P/TBV, and other deployment alternatives</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Fit                             <ul style="list-style-type: none"> <li>Attractive markets and scale</li> </ul> </li> <li>Financial Fit                             <ul style="list-style-type: none"> <li>TBV dilution/earnback period</li> <li>EPS accretion/dilution</li> <li>Disciplined pricing</li> </ul> </li> <li>Cultural Fit</li> </ul>

**Disciplined capital planning process will remain dynamic and take into account both macroeconomic environment and capital deployment opportunities**

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## **FHN ACQUISITION OF CBF**

# Disclaimer

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## Forward-Looking Statements

This communication contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our beliefs, plans, goals, expectations, and estimates. Forward-looking statements are not a representation of historical information, but instead pertain to future operations, strategies, financial results or other developments. The words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “should,” “is likely,” “will,” “going forward,” and other expressions that indicate future events and trends identify forward-looking statements.

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

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

## Important Other Information

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

## Participants in the Solicitation

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

# Creates Strong Regional Bank with Unique Value Proposition

## Consistent with Our M&A Goals

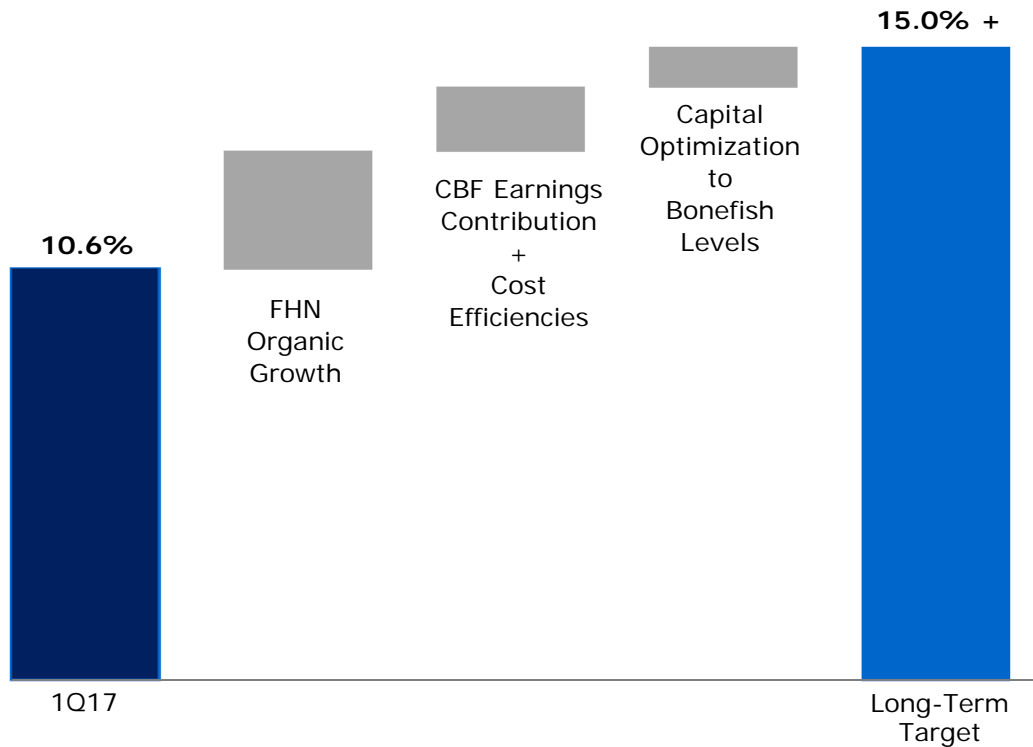
Transaction Highlights		Acceleration of Bonefish Targets		
		First Horizon Actual 2016	First Horizon Long-Term Targets	Commentary
<b>Accelerates Bonefish</b>	<ul style="list-style-type: none"> <li>Multiyear acceleration in achieving Bonefish targets</li> <li>Attractive return on capital deployed versus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



# Positions FHN to Achieve Long-Term Bonefish Targets

Targeting 15%+ ROTCE

Return Drivers



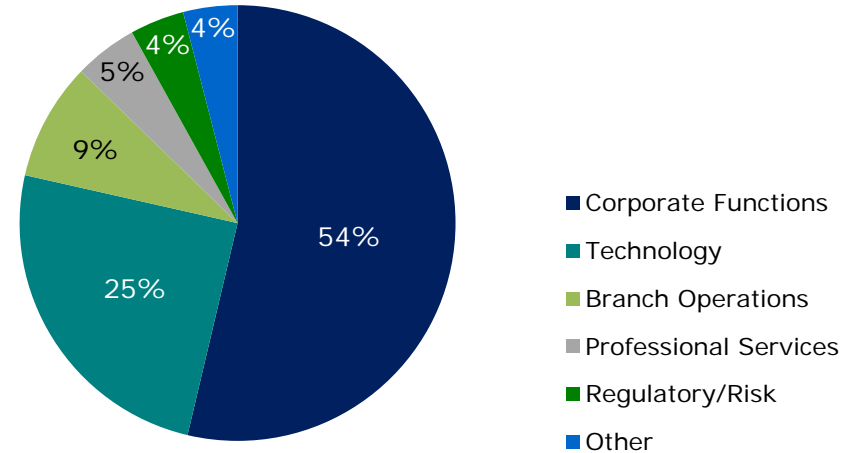
- FHN continued focus on balance sheet growth, operating leverage and capturing asset sensitivity
- Maintaining Capital Bank momentum and realizing merger cost efficiencies
  - Fully-phased in cost saves expected to improve efficiency ratio 700 bps to below 65%
- Revenue enhancements not included, but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

# Significant Upside Opportunities

## Anticipated Cost-Savings of \$65mm+

- ~6% combined cost saves represents ~30% of CBF expense base
- Leverages existing FHN infrastructure capacity
- Branch optimization opportunities
  - ~20% of branches within 2-mile radius
  - First Tennessee averages ~\$125mm deposits per branch vs Capital Bank average of ~\$40mm

## Anticipated Cost-Savings Breakdown

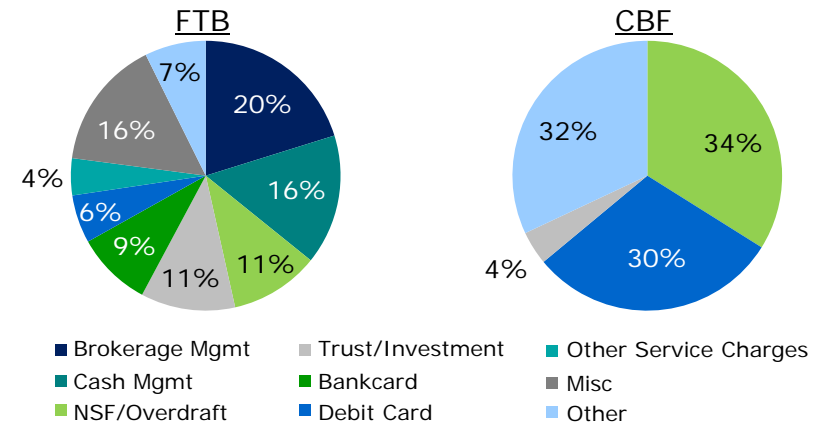


## Additional Revenue Opportunities

- Increased balance sheet capacity for combined First Tennessee and Capital Bank customer base
- Expanded fee product set for Capital Bank customers
  - Wealth management products
  - Treasury management opportunities

## Fee Income Expansion Potential

- FTB Fee Income % of 23% in 1Q17 vs 16% for CBF

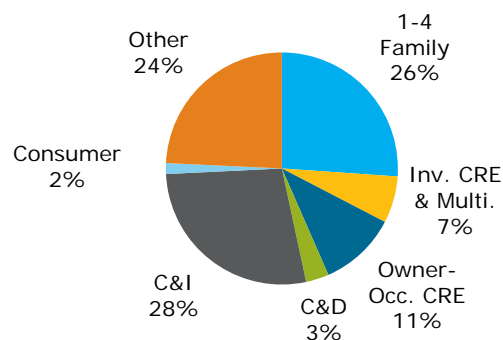


# Pro Forma Loan & Deposit Composition

## Complementary Portfolio Mixes

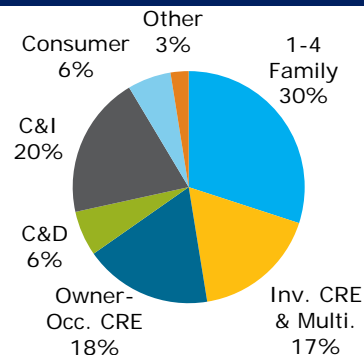
### Pro Forma Loan Composition

#### First Horizon



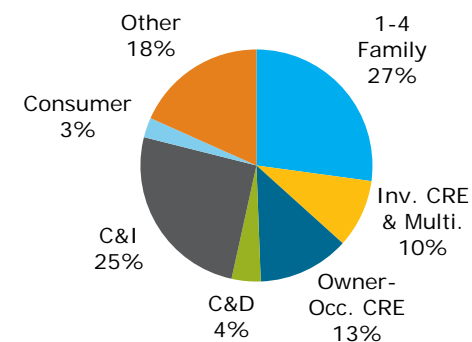
Balance: \$19,702mm  
Yield: 3.81%

#### Capital Bank



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

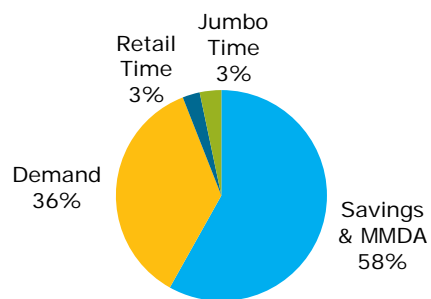
#### Pro Forma



Balance: \$27,108  
Yield: 4.01%

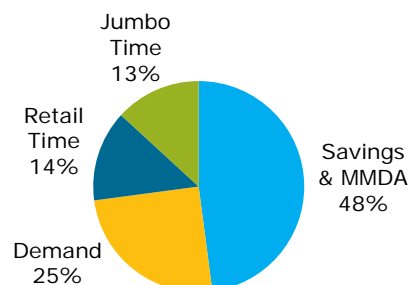
### Pro Forma Deposit Composition

#### First Horizon



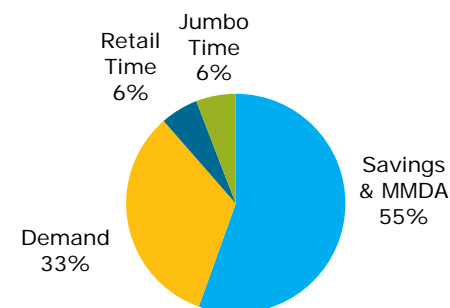
Balance: \$22,673mm  
Cost: 0.22%

#### Capital Bank



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

#### Pro Forma



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

Loans / Deposits  
Ratio : 87%

Loans / Deposits  
Ratio : 94%

Loans / Deposits  
Ratio : 89%

# Capital Bank Integration On Track

## Anticipated Integration Timeline



### Integration Progress

- Executing towards comprehensive pre-merger integration planning
- Cross-company integration team with established leads in all functional areas
- Merger Project Office (MPO) established and staffed in May/June 2017
- Leveraging success of 13 combined prior acquisitions, experienced M&A team to lead MPO



# ASSET QUALITY

# Asset Quality Remains Excellent

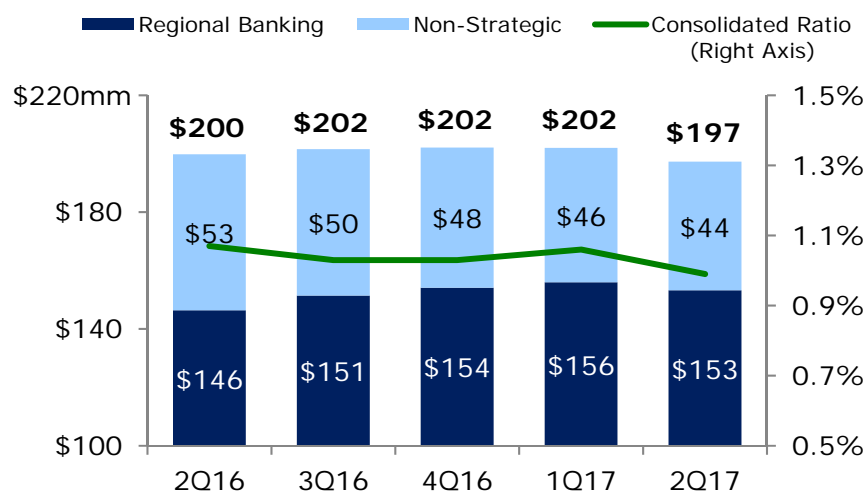
## Stable Credit Trends Reflect Strong Underwriting Discipline

- Allowance to loans ratio reflects continued improvement in commercial and consumer portfolios
- NPAs decreased 11% LQ and 28% YOY
- 30+ day delinquencies improved 12 bps LQ and 5 bps YOY
- Net charge-offs of \$3mm in 2Q17 vs \$1mm net recoveries in 1Q17 and \$8mm in 2Q16

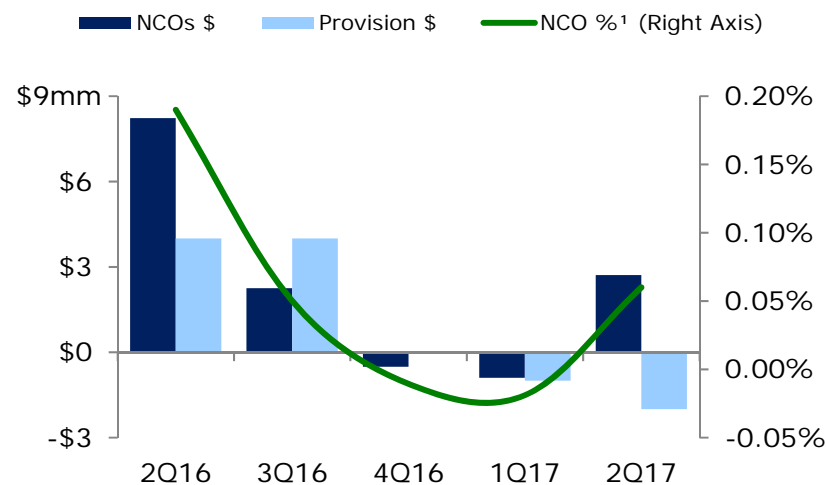
### Asset Quality Highlights

	2Q16	3Q16	4Q16	1Q17	2Q17
NCOs <sup>1</sup>	0.19%	0.05%	NM	NM	0.06%
NPAs <sup>2</sup>	1.03%	0.85%	0.80%	0.80%	0.68%
30+ Day Del <sup>2</sup>	0.32%	0.32%	0.34%	0.39%	0.27%

### Segment Allowance for Loan Losses



### Net Charge-Offs



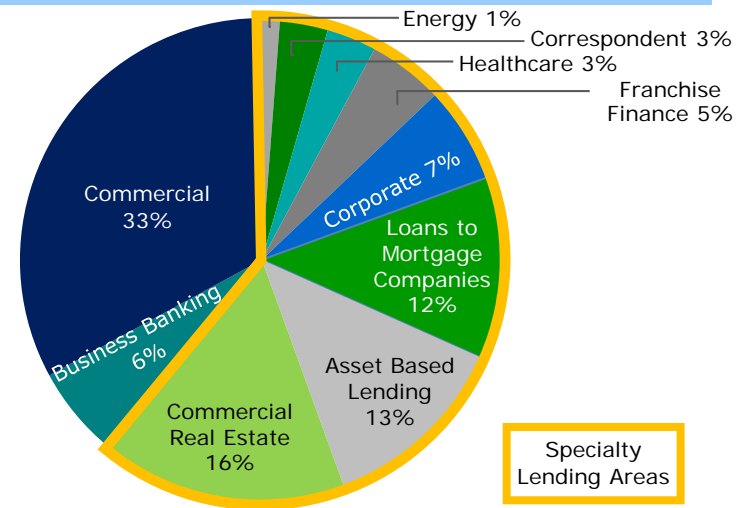
## 2Q17 Credit Quality Summary by Portfolio

	Regional Banking					Corporate <sup>5</sup>	Non-Strategic				FHNC
(\$ in millions)	Commercial (C&I & Other)	CRE	HE & HELOC	Other <sup>1</sup>	Total	Permanent Mortgage	Commercial (C&I & Other)	HE & HELOC	Permanent Mortgage	Other <sup>2</sup>	Total
Period End Loans	\$12,178	\$2,212	\$3,695	\$444	\$18,529	\$63	\$420	\$722	\$249	\$6	\$19,989
30+ Delinquency	0.03%	0.01%	0.46%	0.81%	0.13%	6.52%	-	2.62%	2.38%	1.95%	0.27%
Dollars	\$4	\$0	\$17	\$4	\$24	\$4	-	\$19	\$6	\$0	\$53
NPL <sup>3</sup> %	0.17%	0.07%	0.54%	0.09%	0.23%	2.90%	0.95%	7.64%	10.30%	1.93%	0.65%
Dollars	\$21	\$2	\$20	\$0	\$43	\$2	\$4	\$55	\$26	\$0	\$130
Net Charge-offs <sup>4</sup> %	0.04%	NM	NM	2.21%	0.07%	NM	NM	NM	0.56%	NM	0.06%
Dollars	\$1	(\$0)	(\$1)	\$2	\$3	NM	(\$0)	(\$1)	\$0	(\$0)	\$3
Allowance	\$91	\$30	\$18	\$14	\$153	NM	\$1	\$28	\$14	\$0	\$197
Allowance / Loans %	0.75%	1.38%	0.48%	3.13%	0.83%	NM	0.34%	3.90%	5.80%	0.35%	0.99%
Allowance / Net Charge-offs	17.85x	NM	NM	1.44x	12.65x	NM	NM	NM	NM	NM	18.14x

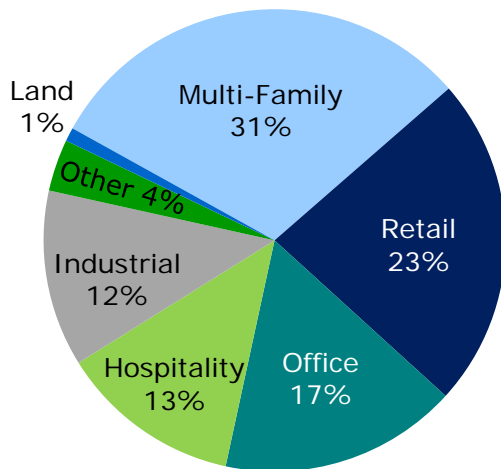
# Select C&I and CRE Portfolio Metrics

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

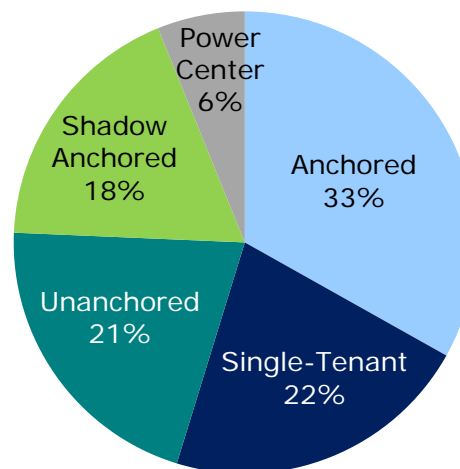
**Regional Banking 2Q17 Average Commercial Loans**



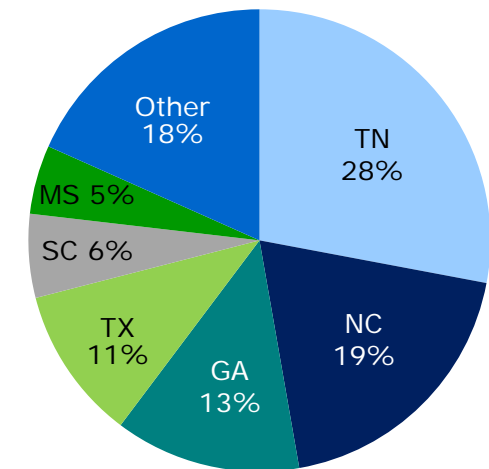
**CRE: Collateral Type**



**CRE: Retail Exposure**

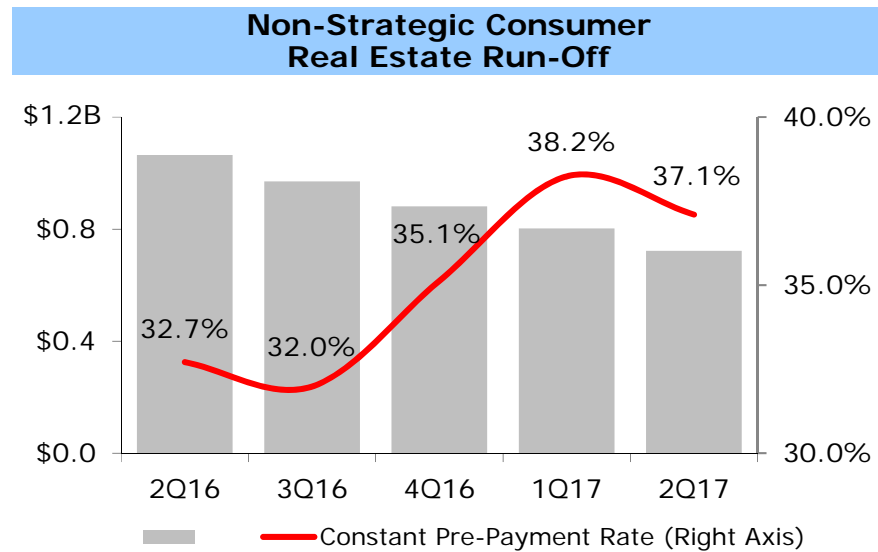
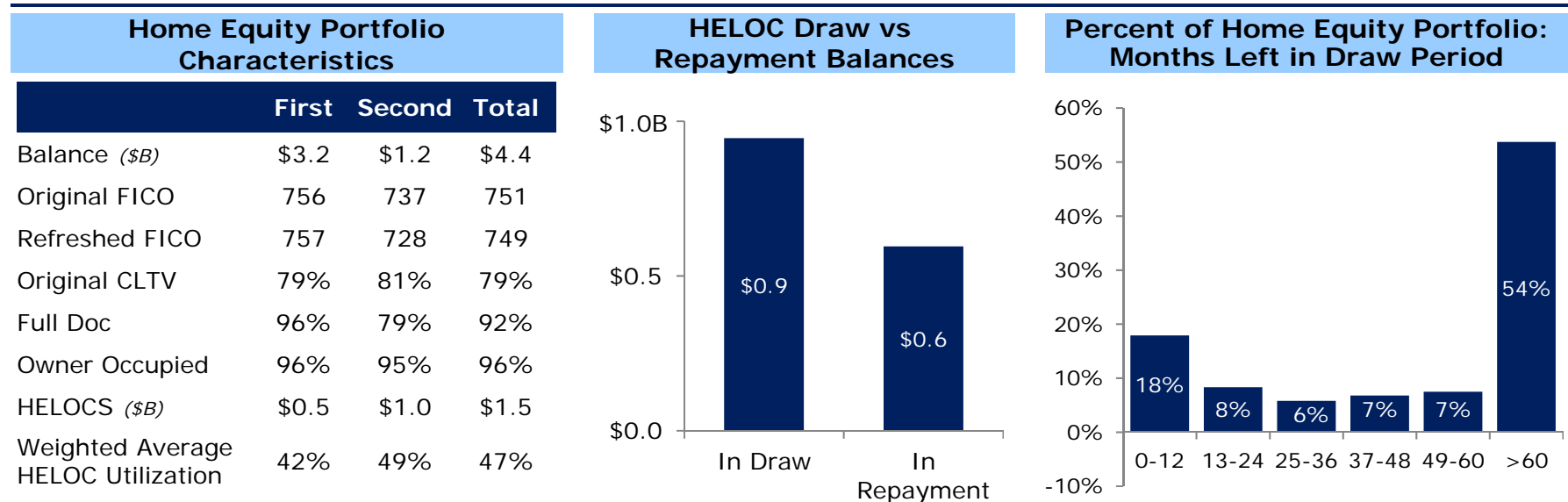


**CRE: Geographic Distribution**





# Consumer Portfolio Overview



Mortgage Repurchase Reserve					
	(\$ in millions)				
	2Q16	3Q16	4Q16	1Q17	2Q17
Beginning Balance	\$114	\$67	\$67	\$65	\$65
Net Realized Losses	\$(16)	\$(0)	\$(1)	\$(0)	\$(8)
Provision	\$(31)	\$(0)	\$(1)	\$(0)	\$(22)
Ending Balance	\$67	\$67	\$65	\$65	\$35

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# APPENDIX

## Outstanding Long-Term Debt and Preferred Stock

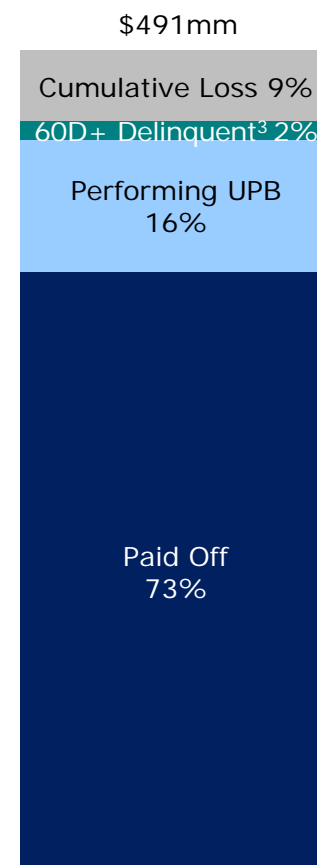
	Issuance	Coupon Rate	Callable Date	Maturity	Principal Outstanding	Credit Ratings <sup>3</sup>		
						Moody's	Fitch	S&P
<b>FTBNA</b>								
Senior Debt <sup>1</sup>	11/21/14	2.95%	11/1/19	12/1/19	\$400mm	Baa3	BBB-	BBB
Preferred Stock	3/23/05	3 Month LIBOR + 85bps <sup>2</sup>	4/10/10	Perpetual	\$300mm	Ba2	B	BB
REIT Preferred	10/11/00	9.50%	NA	3/31/31	\$47mm	Ba1	NA	BB
<b>Total FTBNA</b>					<b>\$747mm</b>			
<b>FHNC</b>								
Senior Debt <sup>1</sup>	10/30/15	3.50%	11/15/20	12/15/20	\$500mm	Baa3	BBB-	BBB-
Preferred Stock	1/31/13	6.20%	4/10/18	Perpetual	\$100mm	Ba2	B	BB-
<b>Total FHNC</b>					<b>\$600mm</b>			

- On December 15, 2016, FHNC's senior debt was upgraded to BBB- by S&P
- On January 23, 2017, FHNC's overall outlook was raised to positive by Fitch

# FH Proprietary Securitizations Litigation

## Certificate Breakdown

Deal	Certificate	Original UPB	Paid Off	Current UPB	Performing UPB	60D+ Delinquent	Cumulative Loss
FHAMS 2007-FA1 (FDIC New York)	Senior	\$44.5	\$21.4	\$15.1	\$13.5	\$1.6	\$8.0
FHAMS 2007-FA2 (FDIC New York)	Senior	\$34.9	\$16.5	\$12.2	\$10.5	\$1.7	\$6.1
FHAMS 2007-FA3 (MetLife Indemnification)	Senior	\$103.0	\$69.7	\$22.7	\$19.8	\$2.9	\$10.7
FHAMS 2005-FA10 <sup>1</sup> (Royal Park Indemnification)	Senior	\$100.0	\$76.6	\$17.9	\$16.1	\$1.9	\$5.4
FHAMS 2006-FA2 <sup>2</sup> (Royal Park Indemnification)	Senior	\$30.0	\$25.0	\$3.5	\$3.0	\$0.5	\$1.4
FHAMS 2006-FA6 (TN Retirement Indemnification)	Senior	\$46.2	\$41.6	\$3.2	\$2.5	\$0.7	\$1.4
FHAMS 2006-FA8 (TN Retirement Indemnification)	Senior	\$100.0	\$82.2	\$12.2	\$10.8	\$1.3	\$5.6
FHASI 2006-AA8 (TN Retirement Indemnification)	Senior	\$32.5	\$25.8	\$3.3	\$2.8	\$0.5	\$3.5
<b>Total</b>		<b>\$491.1</b>	<b>\$358.8</b>	<b>\$90.1</b>	<b>\$79.0</b>	<b>\$11.1</b>	<b>\$42.2</b>



# Reconciliation to GAAP Financials

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

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

# Reconciliation to GAAP Financials

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

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

Adjusted Regional Banking Pre-Provision Net Revenue	2Q17	2Q16	% Change
Regional Banking Pre-Provision Net Revenue <sup>1</sup>	\$113	\$75	51%
Plus: Regional Banking Notable Items (GAAP)		\$22	
Adjusted Regional Banking Pre-Provision Net Revenue	\$113	\$97	17%

Adjusted Regional Banking Return on Assets	2Q16
Regional Banking Net Income (GAAP)	\$42
Plus: Tax-affected Regional Banking Notable Items (GAAP) <sup>2</sup>	\$14
Annualized Adjusted Regional Banking Net Income (Non-GAAP)	\$223
Regional Banking Average Total Assets (GAAP)	\$16,576
Adjusted Regional Banking Return on Assets (Non-GAAP)	1.34%

## Retail CRE Type Definitions

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

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

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

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

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