



First Horizon National Corporation

BancAnalysts Association of Boston Conference
"Running out of Fuel or about to Blast-off?"

November 3, 2017

FHN Flight Plan

"We cannot ensure success, but we can deserve it."

- Optimistic about current bank operating environment

- Bonefish focus, coupled with differentiated business model, has created significant earnings power and growth over last 5 years

- Emphasizing organic business momentum

- Combination with Capital Bank will be value-creating
 - Strengthens FHN's unique value proposition

 - Enhances presence in attractive markets

 - Accelerates realization of Bonefish financial targets

FHN Built to Succeed in Any Market

Current Operating Environment Is Mixed with Generally Positive Bias

	FHN Outlook	Commentary
Economy		<ul style="list-style-type: none"> Slow and steady economic growth continues Credit environment remains benign
Monetary/ Fiscal/ Political		<ul style="list-style-type: none"> Continued accommodative monetary policy Possible opportunities for added fiscal stimulus, such as tax reform
Regulatory		<ul style="list-style-type: none"> Recent regulatory dialogue encouraging
Competition		<ul style="list-style-type: none"> Significant loan competition Rational deposit pricing to-date Strategic growth opportunities available Technology/FinTech investment significant
Market/ Valuation		<ul style="list-style-type: none"> Bank valuations remain healthy Potential for sector upside

Our Business Model Is Adaptable and Balanced

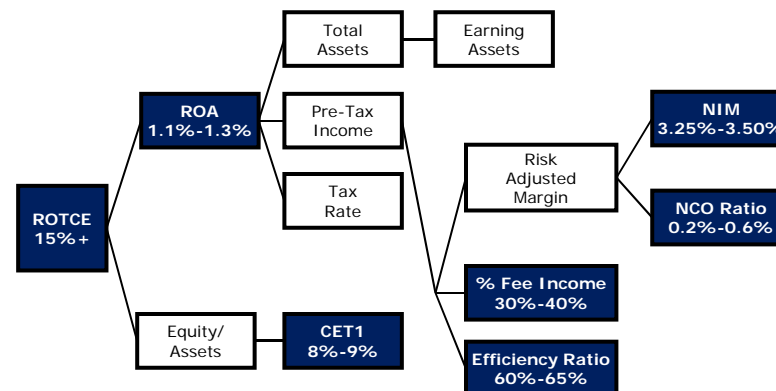
- Deeply ingrained risk/return focus
- Multiple business growth opportunities
- Talented and engaged employees
- Strong core funding
- Differentiated service delivery

FHN Bonefish Strategy – Controlling What We Can Control

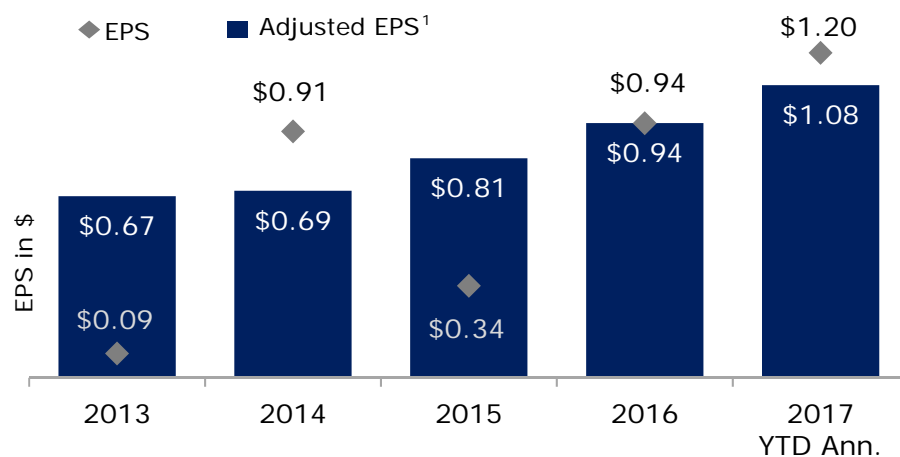
Sustainable, Profitable Growth Leading to Stronger Returns

- Using strong balance sheet growth, capture of asset sensitivity, expense control and capital deployment to move toward Bonefish targets
- Economic profit and RAROC focus drives loan mix shift to higher-return specialty areas
- Leveraging of profitability tools has aided in earnings growth and improved returns

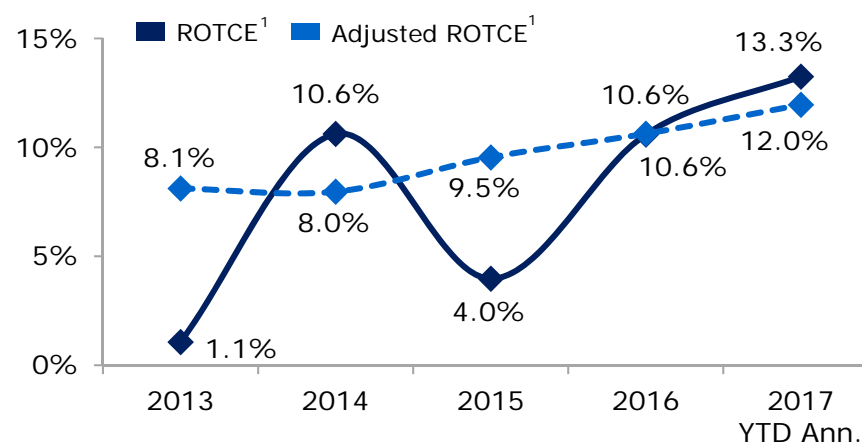
Bonefish Targets



Significant Growth in EPS Over Last 5 Years



Strong ROTCE¹ Improvement Over Last 5 Years

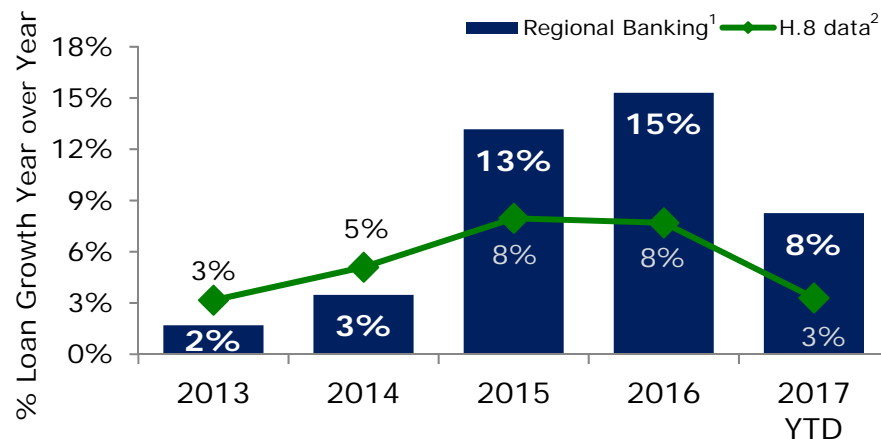


Regional Banking Performance Drives FHN Momentum

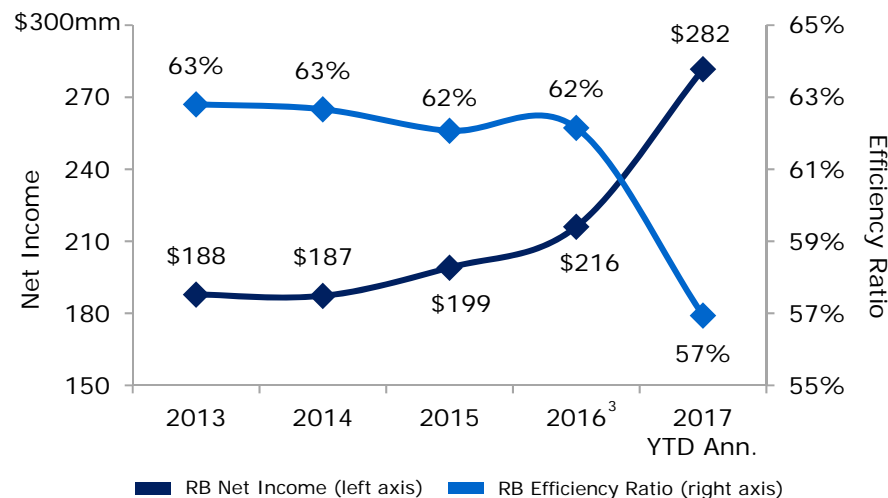
Strong Profitability Improvement and Balance Sheet Growth

- Regional Banking loan growth outpaces industry
- Focus on economic profitability and efficiency drives positive operating leverage
- Healthy loan and deposit growth from existing markets
- Specialty areas include niche lending areas where FHN has competitive advantage

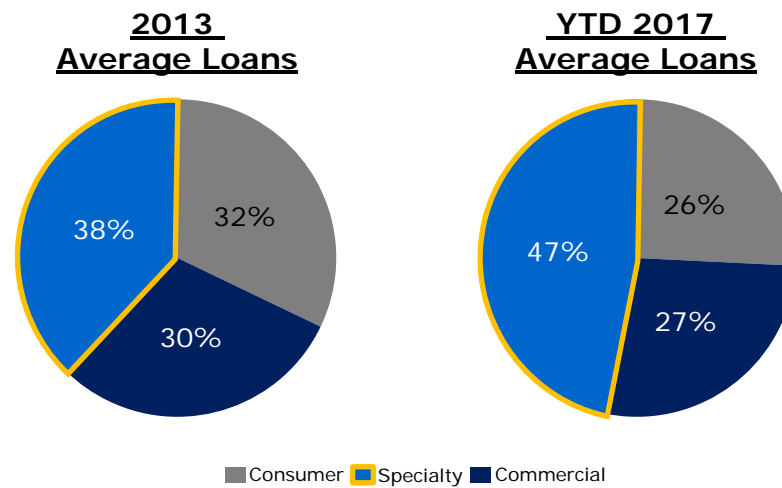
Regional Banking Average YOY Loan Growth Compares Favorably to Industry Data



Positive Operating Leverage Drives Net Income and Efficiency Ratio Improvement



Loan Mix Shift to Economically Profitable Areas

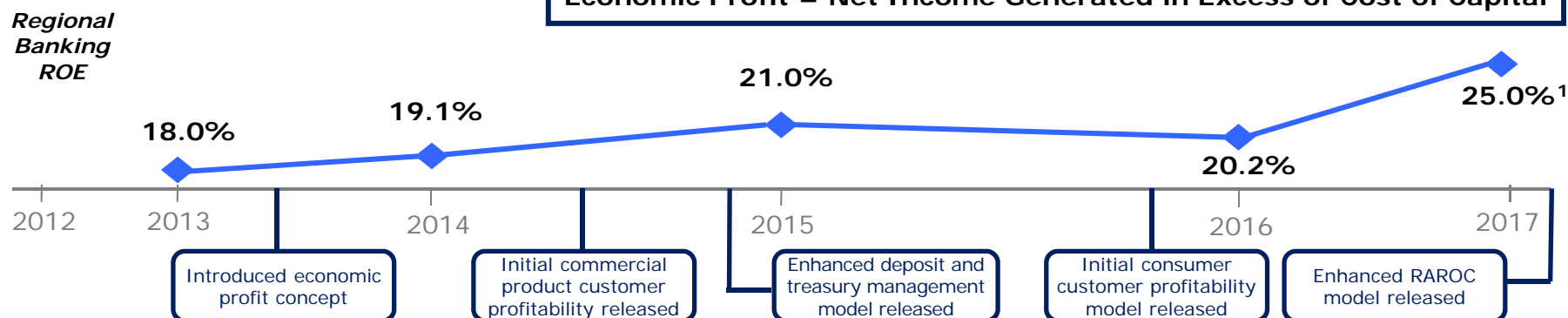


Economic Profit Focus Delivering Results

Applying Bonefish Concept to New Markets

Economic Profit (EP) Focus Aligns with ROE Improvement from 2013 to YTD 2017

Economic Profit = Net Income Generated in Excess of Cost of Capital



Cultural Benefits of Return/EP Focus

- Higher focus on risk-adjusted profitability and capital usage, particularly for lending activities
- Better identification of new business opportunities (franchise finance, specialty healthcare, etc)
- Daily business activities aligned with Bonefish strategy

Key Metrics Regional Bank (\$ in mm)	2013	2017	Growth %
Loans (Period End)	\$12.2B	\$18.8B	54%
Deposits (Period End)	\$15.5B	\$20.1B	30%
Pre-Provision Net Revenue	\$312mm	\$457mm ¹	46%
Pre-Tax Income	\$294mm	\$441mm ¹	50%
Economic Profit ²	\$83mm	\$169mm ¹	103%
% Profitable:			
Products	67%	80%	
Commercial Relationships	~60% ³	65%	
Consumer Relationships	~30% ³	40%	

Momentum Strong Heading into Capital Bank Combination

Reported EPS / Adj. EPS¹

\$0.28 / \$0.32

ROA / Adj. ROA^{1,2}

0.99% / 1.08%

ROTCE / Adj. ROTCE^{1,2}

12.2% / 13.5%

3Q17 Highlights

- **Good Business Momentum and Higher Returns**
 - EPS up 4%, Adjusted EPS up 22%¹
 - ROTCE up 27 bps, Adjusted ROTCE up 205 bps^{1,2}
 - ROA up 2 bps, Adjusted ROA up 15 bps^{1,2}
 - Efficiency Ratio at 73.5%, Adjusted Efficiency Ratio at 65.5%¹

- **Strong Loan, Deposit and Net Interest Income Growth**
 - Total average commercial loans up 11%; average noninterest-bearing deposits up 9%
 - Net interest income up 13%
 - Net interest margin at 3.19%, up 23 bps

- **Regional Banking Growth and Positive Operating Leverage Continue**
 - PPNR up 11%³; Revenue up 7%
 - Average loans up 9%; Average deposits up 8%
 - Efficiency ratio improved to 55%
 - Maintains #1 deposit market share in Tennessee; deposit growth outpaces overall market

Capital Bank Integration on Track

Key Merger Activities Timeline

2H17

- Shareholder approval received
- DOJ, OCC and Fed approval received
- Pending agreement to divest 2 branches
- Anticipated deal close within 30 days

1H18

- Branding transition
- Systems conversion

2019







- Fully-phased in cost saves realized
- Focus on achieving revenue synergies

Integration Progress

- Target Operating Models developed for all lines of business and support functions
- Talent from both organizations identified for top three tiers of organization
- Cost saves expected to exceed original savings target
- Revenue opportunity execution in process

Creating Unique Value Proposition with Capital Bank

Targeting Achievement of Bonefish Goals by End of 2019

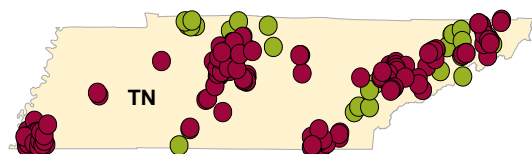
Key Points of Focus	Acceleration of Bonefish Targets			
		First Horizon Actual YTD 2017 ¹	First Horizon Long-Term Targets	Commentary
<ul style="list-style-type: none"> Enhances profitability and growth profile 		13.3%	15.0%+	<i>Enhances profitability & leverages excess capital</i>
<ul style="list-style-type: none"> Offers clients big bank capabilities with differentiated service model 		1.04%	1.1–1.3%	<i>Improves core profitability and efficiency</i>
<ul style="list-style-type: none"> Strengthens presence in attractive growth markets of North Carolina, South Carolina and Florida 		10.1%	8.0–9.0%	<i>Utilizes ~100bps of excess capital</i>
<ul style="list-style-type: none"> Accelerates realization of Bonefish financial targets 		3.10%	3.25–3.50%	<i>Improves net interest margins</i>
		37%	30-40%	<i>Opportunity to improve Capital Bank's 15% fee income ratio</i>
		71%	60–65%	<i>Catalyst for significant efficiency improvement</i>

Unique Value Proposition

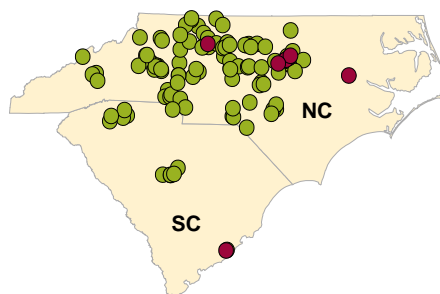
Combination of Big Bank Capabilities with Community Bank Look & Feel

Pro Forma Market Snapshot

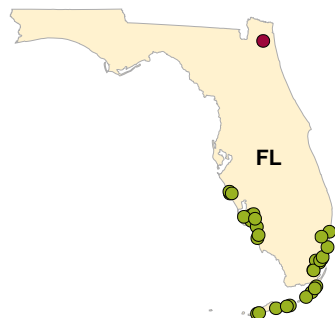
Enhancing FHN Franchise in High Growth Markets¹



Total Deposits: \$21.3bn
Total Branches: 208



Total Deposits: \$5.3bn
Total Branches: 115



Total Deposits: \$1.6bn
Total Branches: 31

● First Horizon Branch
● Capital Bank Branch

- Further strengthening of market leadership position in Tennessee
 - Significant branch optimization opportunities
-
- Deploying hybrid metro/community market strategy
 - Differentiating based on people and service delivery
 - Building meaningful market share in target segments by playing to our strengths
 - Taking advantage of sizable deposit gathering opportunity in Florida
 - South Florida deposit market size of \$280B
 - 2x existing total Tennessee deposit market share

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APPENDIX

Reconciliation to GAAP Financials

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

(\$ in millions)						
Return on Tangible Common Equity (ROTCE)	3Q17	2017¹	2016	2015	2014	2013
Average Total Equity (GAAP)	\$2,867	\$2,790	\$2,691	\$2,581	\$2,592	\$2,519
Less: Average Noncontrolling Interest (GAAP)	\$295	\$295	\$295	\$295	\$295	\$295
Less: Preferred Stock (GAAP)	\$96	\$96	\$96	\$96	\$96	\$88
Average Common Equity (GAAP) (a)	\$2,476	\$2,399	\$2,300	\$2,190	\$2,201	\$2,136
Less: Average Intangible Assets (GAAP)	\$281	\$258	\$215	\$183	\$163	\$162
Average Tangible Common Equity (Non-GAAP) (b)	\$2,195	\$2,141	\$2,086	\$2,007	\$2,038	\$1,974
Annualized Net Income Available to Common (GAAP) (c)	\$267	\$284	\$221	\$80	\$216	\$21
Return on Average Common Equity (ROE) (GAAP) (c/a)	10.8%	11.8%	9.6%	3.6%	9.8%	1.0%
Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (c/b)	12.2%	13.3%	10.6%	4.0%	10.6%	1.1%
Adjusted Net Income Available to Common / Earnings Per Share						
Net Income Available to Common (GAAP)	\$67	\$212	\$221	\$80	\$216	\$21
Plus: Tax-Affected Notable Items (GAAP) ²	\$7	(\$21)	\$1	\$112	(\$54)	\$139
Adjusted Net Income Available to Common (Non-GAAP)	\$74	\$191	\$222	\$191	\$162	\$160
Divided: Average Common Diluted Shares (GAAP)	236	236	235	236	237	240
Adjusted Earnings Per Share (Non-GAAP)	\$0.32	\$1.08	\$0.94	\$0.81	\$0.69	\$0.67
Adjusted Return on Tangible Common Equity (ROTCE)						
Annualized Adjusted Net Income Available to Common (Non-GAAP)	\$295	\$256	\$222	\$191	\$162	\$160
Average Tangible Common Equity (Non-GAAP)	\$2,195	\$2,141	\$2,086	\$2,007	\$2,038	\$1,974
Adjusted Return on Tangible Common Equity (Non-GAAP)	13.5%	12.0%	10.6%	9.5%	8.0%	8.1%
Adjusted Return on Assets						
Net Income (GAAP)	\$72	\$225	\$239	\$97	\$234	\$38
Plus: Tax-affected Notable Items (GAAP) ²	\$7	(\$21)	\$1	\$112	(\$54)	\$139
Annualized Adjusted Net Income (Non-GAAP)	\$313	\$274	\$239	\$209	\$180	\$178
Average Total Assets (GAAP)	\$28,875	\$28,853	\$27,427	\$25,636	\$23,993	\$24,400
Adjusted Return on Assets (Non-GAAP)	1.08%	0.95%	0.87%	0.82%	0.75%	0.73%
Adjusted Efficiency Ratio						
Adjusted Noninterest Expense (Non-GAAP)	\$221					
Adjusted Revenue Excluding Securities Gains (Non-GAAP)	\$337					
Adjusted Efficiency Ratio (Non-GAAP)	65.5%					

Notable Items – 2016 and 2017

	2016	Pre-Tax Amount	2017	Pre/After Tax Amount ³
1Q	Branch Impairment	\$(3.7)mm	None	
2Q	Mortgage Repurchase Reserve Release	\$31.4mm	Mortgage Repurchase Reserve Release	\$20.0mm
	Valuation Adjustment for Derivatives Related to Prior Sales of Visa Class B Shares	\$(2.5)mm	Acquisition Expense	\$(6.4)mm
	Litigation Accrual ¹	\$(26.0)mm	Effective tax rate adjustment associated with reversal of a capital loss deferred tax valuation allowance	\$19.5mm
3Q	Gain Primarily Related to Recoveries Associated with Prior Mortgage Servicing Sales	\$4.4mm	Loss on equity securities repurchase	\$(14.3)mm
	Litigation Accrual ¹	\$(4.5)mm	Acquisition Expenses	\$(8.2)mm
	Litigation Accrual Reversal ²	\$4.3mm	Legal Matters ¹	\$(8.2)mm
			Tax rate adjustments primarily associated with the reversal of a capital loss deferred tax valuation allowance and certain discrete period items	\$13.7mm
4Q	Litigation Accrual ¹	\$(4.7)mm		

Notable Items – 2014 and 2015

	2014 Notable Item	Pre-Tax Amount	2015 Notable Item	Pre-Tax Amount
1Q	Previously Unrecognized Servicing Fees Associated with the MSR Sale	\$20.0mm	Settlement with DOJ/HUD	\$(162.5)mm
	Securities Gain on an Equity Investment	\$5.6mm		
	Lease Abandonment & Other Restructuring Charges	(\$5.7)mm		
	Net Impact from Resolution/ Collapse of On-Balance Sheet Consumer Securitizations	(\$6.4)mm		
2Q	Litigation Expense Recovery	\$47.1mm	TrustAtlantic Acquisition Expenses ¹	\$(1.1)mm
	Held-for-Sale (Primarily NPL) Portfolio Valuation Adjustment	\$8.2mm		
3Q	Gains on Sales of Held-for-Sale Loans in Non-Strategic Portfolio	\$39.7mm	Retirement of Trust Preferred Debt	\$5.8mm
	Loss Accruals Related to Legal Matters	\$(50.0)mm	Employee Benefit Plan Amendment	\$8.3mm
	Litigation Expense Recovery	\$15.0mm	Litigation Expense ²	\$(11.6)mm
	Net Loss Accruals Related to Legal Matters	\$(35.0)mm	TrustAtlantic Acquisition Expenses ¹	\$(0.6)mm
4Q	None		Discrete Tax Benefit / Capital Loss Carryover	N/A
			Litigation Accrual ³	\$(14.2)mm
			Impairment Related to Tax Credit Investment	\$(2.8)mm
			TrustAtlantic Acquisition Expenses	\$(2.7)mm
			Discrete Tax Benefits	N/A

Notable Items – 2013

	2013	Pre-Tax Amount
1Q	Restructuring Charges	\$(1.2)mm
	Legal Accrual	\$(5.2)mm
2Q	Restructuring Charges	\$(0.7)mm
	Acquisition Costs	\$(0.5)mm
	Net Legal Recovery	\$0.1mm
3Q	Restructuring Charges	\$(1.2)mm
	Acquisition Costs	\$(2.3)mm
	Loss Related to Visa Shares Sales Derivatives	\$(0.9)mm
	Non-Strategic Mortgage Repurchase Provision	\$(200)mm
	Income from Agreement to Sell Servicing Rights and Related Advances	\$12.9mm
4Q	Restructuring Charges	\$(0.4)mm
	Acquisition Costs	\$(2.3)mm
	Net Loss Accruals Related to Legal Matters	\$(57)mm
	Reversal of Mortgage Repurchase Provision	\$30mm
	Net Securities Gain	\$2.2mm