



First Horizon National Corporation

Fourth Quarter 2017 Earnings

January 19, 2018

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- *Portions of this presentation use non-GAAP financial information. Each of those portions is so noted, and a reconciliation of that non-GAAP information to comparable GAAP information is provided in a footnote or in the appendix at the end of this presentation.*
 - *This presentation contains forward-looking statements, which may include guidance, involving significant risks and uncertainties which will be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “estimate”, “should”, “is likely”, “will”, “going forward” and other expressions that indicate future events and trends and may be followed by or reference cautionary statements. A number of factors could cause actual results to differ materially from those in the forward-looking statements. These factors are outlined in our recent earnings and other press releases and in more detail in the most current 10-Q and 10-K. FHN disclaims any obligation to update any such forward-looking statements or to publicly announce the result of any revisions to any of the forward-looking statements to reflect future events or developments.*

2017 Highlights

Strong Fundamentals, Merger Closed and Well Positioned for 2018

- Solid performance driven by strong fundamentals
- Healthy balance sheet growth
- Stable credit quality
- Capital Bank (CBF) integration on track, with enhanced merger economics
- Positioned well to deliver on strategic priorities and create long-term value

| | <u>EPS</u> | <u>ROTCE¹</u> | <u>ROA</u> |
|-----------------------|-------------|--------------------------|--------------|
| Reported | \$0.65 -31% | 7.2% -336bps | 0.59% -28bps |
| Adjusted ¹ | \$1.11 +18% | 12.6% +200bps | 0.96% +9bps |

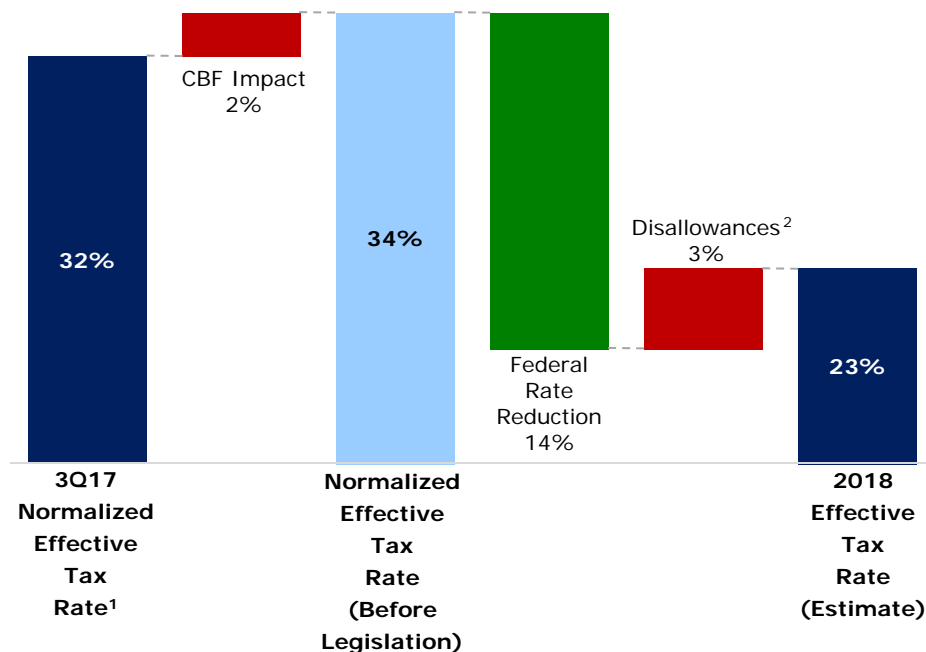
Tax Cuts and Jobs Act Impact

Lower Effective Tax Rate Affords Reinvestment and Deployment Opportunities

Earnings Tailwind and Reinvestment Action

- Effective tax rate for 2018 estimated at 23%
 - Down 900bps from 3Q17 32% normalized rate
- Reinvestment action options
 - Special bonuses for 70%+ of employees
 - Charitable contribution to Foundation
 - Others under review
- Increased capital return opportunities

Effective Tax Rate Change: 2017 to 2018F



2017 Estimated Tax Reform Impacts

- CBF-related net DTA impairment of \$48mm
- Legacy FHN net tax reform impact of \$34mm



4Q17 Estimated Tax Reform Impacts:

\$82mm

FINANCIAL RESULTS

Financial Results

- Strong results reflect:

- Balance sheet strength
- Positive NII trends
- Good expense discipline
- Stable credit trends
- Addition of CBF

| \$ in millions except per share data | | | | | | |
|--------------------------------------|--------------|----------------------------|--|--------------|----------------------------|-------------------------------|
| Financial Results | 4Q17 Actuals | 4Q17 Adjusted ¹ | 4Q17 Adj. ¹ vs 3Q17 Adj. ¹ | FY17 Actuals | FY17 Adjusted ¹ | Adjusted ¹ vs 2016 |
| Net Interest Income | \$242 | \$242 | +15% | \$842 | \$842 | +16% |
| Fee Income | \$133 | \$133 | +5% | \$490 | \$505 | -9% |
| Total Revenue | \$375 | \$375 | +12% | \$1,333 | \$1,347 | +5% |
| Expense | \$347 | \$258 | +17% | \$1,024 | \$932 | +1% |
| Loan Loss Provision | \$3 | \$3 | NM | \$0 | \$0 | NM |
| Pre-Tax Income | \$26 | \$114 | -1% | \$309 | \$415 | +20% |
| NIAC | (\$53) | \$80 | +7% | \$159 | \$271 | +23% |
| EPS | (\$0.20) | \$0.30 | -6% | \$0.65 | \$1.11 | +18% |
| Avg Loans (\$B) | \$22.5 | \$22.5 | +13% | \$20.1 | \$20.1 | +10% |
| Avg Deposits (\$B) | \$24.9 | \$24.9 | +13% | \$23.1 | \$23.1 | +10% |

| \$ in millions except per share data | | |
|---|----------------|-------------------------|
| | 4Q17 | |
| | Amount | EPS |
| Reported Net Income Available to Common (NIAC) & EPS | (\$53) | (\$0.20) |
| Notable Items & Total EPS Impact: | <i>Pre-tax</i> | <i>NIAC²</i> |
| Tax Reform-Related Adjustments | NM | (\$82) |
| Other Tax Adjustments | NM | \$11 |
| Acquisition Expense | (\$47) | (\$29) |
| Legal Matters | (\$32) | (\$24) |
| Special Employee Bonuses | (\$10) | (\$8) |
| Adjusted¹ NIAC & EPS | \$80 | \$0.30 |

Capital Bank Merger Closed on November 30, 2017

Increased Confidence in Merger Success



2018 Focus: Integration and Improved Accretion

- Half of \$85mm cost savings expected in 2018
- Systems conversion in mid-2018
- Expected total merger-related costs of ~\$115mm
 - \$57mm in 2017

CBF-Related Pre-Tax Income - Dec 2017¹

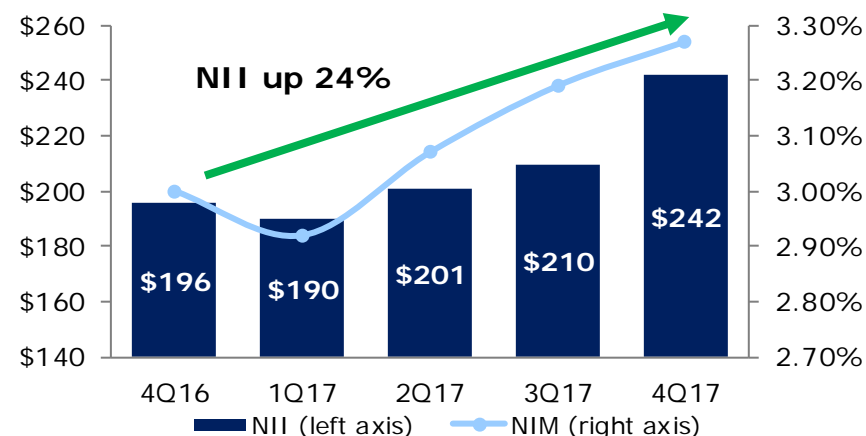
| | |
|----------------------------------|------------|
| Net Interest Income (\$mm) | \$29 |
| Fee Income | \$6 |
| <hr/> Total Revenue | <hr/> \$35 |
| Total Expense | (\$20) |
| <hr/> CBF-Related Pre-Tax Income | <hr/> \$15 |

Net Interest Income and Net Interest Margin

Strong NII Growth and Margin Expansion

- NII and NIM increases driven by:
 - Accretion from CBF loans
 - Increase in short term rates
- Total deposits rate paid at 39bps vs 36bps LQ
 - Total consumer deposits rate paid declined 3bps LQ
- Net interest spread up 9bps LQ, reflecting higher loan yields and steady deposit costs
- Estimated accretion of ~\$30mm in 2018

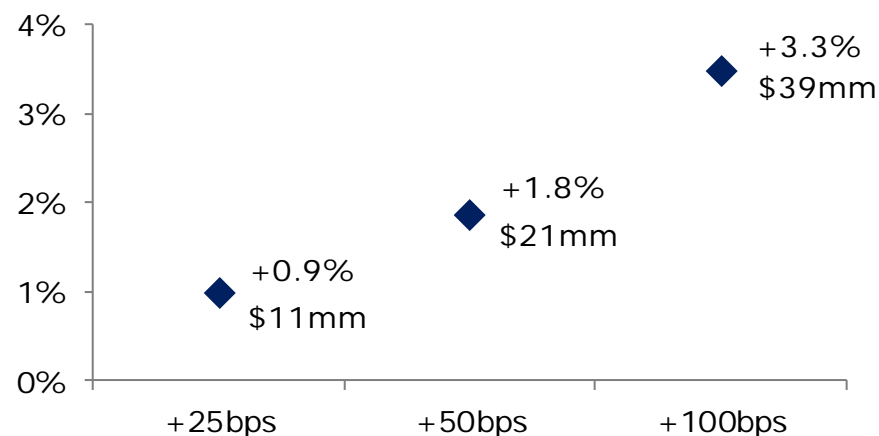
NIM Expansion and Loan Growth Drive NII Increase



NII and NIM Linked-Quarter Change Drivers

| (\$ in millions) | NII | NIM |
|--------------------------|----------------|--------------|
| 3Q17 | \$209.8 | 3.19% |
| CBF Core ² | +\$24.2 | +2bps |
| CBF Scheduled Accretion | +\$3.0 | +4bps |
| CBF Prepayment Accretion | +\$1.7 | +2bps |
| Higher Rates | +\$2.2 | +3bps |
| Other | +\$1.2 | -3bps |
| 4Q17 | \$242.1 | 3.27% |

Net Interest Income Sensitivity Impact¹

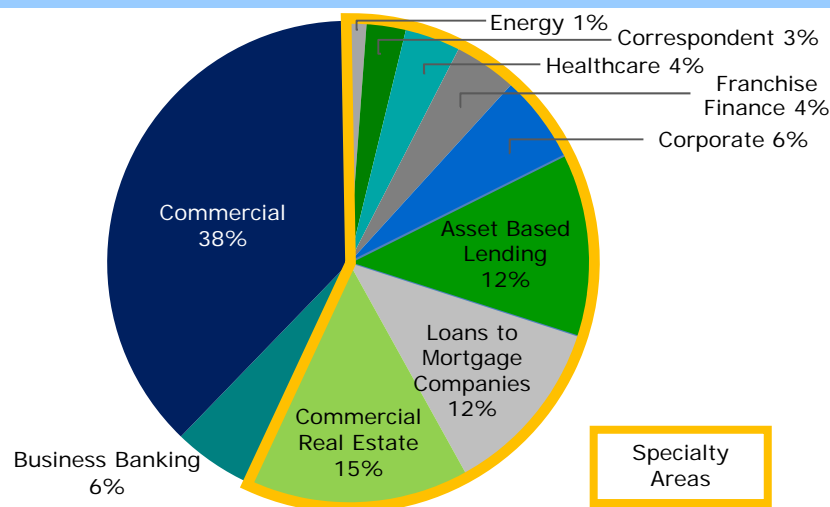


Loan Growth Diversified Across Multiple Businesses

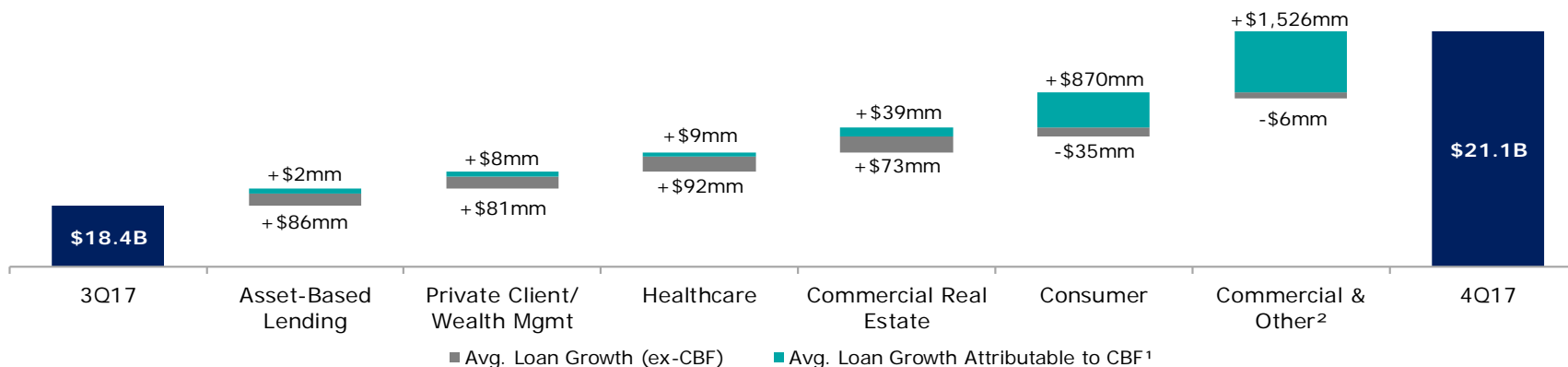
CBF Merger Enhances Regional Banking Loan Portfolio

- Loan portfolio diversified by various lending areas and geographic markets
- Economic profit and RAROC focus drives loan mix shift to higher return specialty areas
- Continued strong loan growth in expansion markets and higher-return specialty lending areas
- Average commercial loans up 19% YOY and 13% LQ
- Regional Banking period-end loans at \$26B

4Q17 Average Regional Bank Commercial Loans



Regional Banking 4Q17 Average Loan Growth by Lending Area



Asset Quality

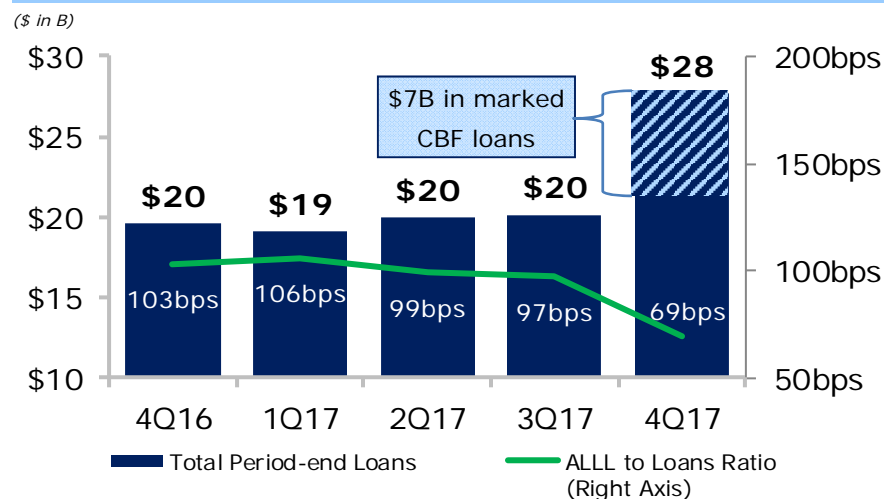
Stable Credit Trends Reflect Strong Underwriting Discipline

- Credit quality environment remains stable
- Allowance to loans ratio at 69bps
 - \$7B of marked CBF loans not reflected in allowance
- Net charge-offs increased \$6mm in 4Q17, primarily driven by a single large credit

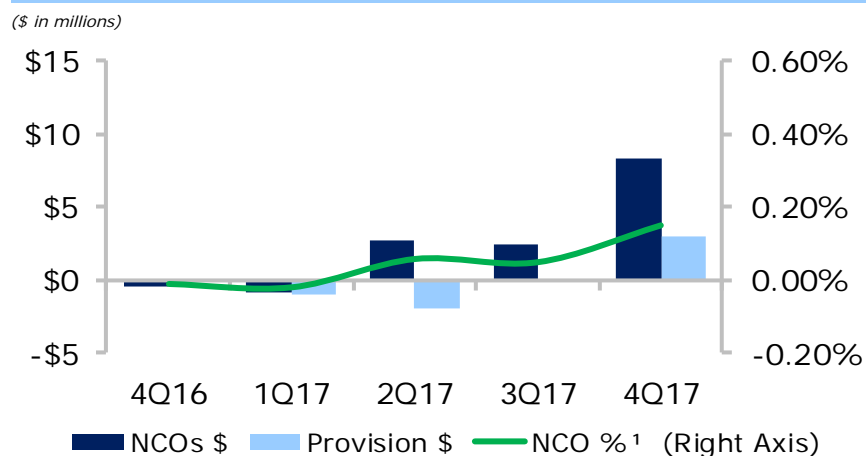
Asset Quality Highlights

| (\$ in millions) | 4Q16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 |
|----------------------------------|--------|-------|--------|--------|--------|
| Charge-offs | (\$11) | (\$8) | (\$10) | (\$11) | (\$17) |
| Recoveries | \$12 | \$9 | \$7 | \$8 | \$9 |
| Net Charge-offs/ (Recoveries) | (\$1) | (\$1) | \$3 | \$2 | \$8 |
| Provision/(Credit) | \$0 | (\$1) | (\$2) | \$0 | \$3 |

Allowance for Loan Losses

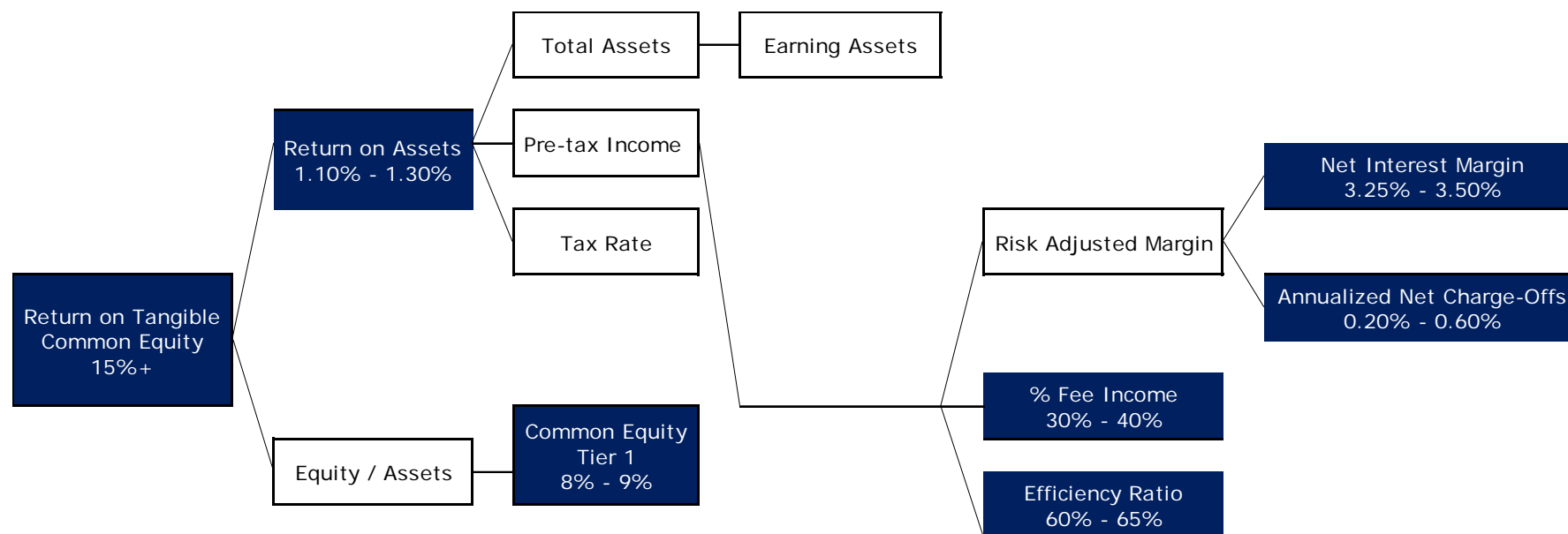


Net Charge-Offs (NCOs)



Targeting Bonefish Levels by 2019

Focused on Improving Profitability and Efficiency to Drive Sustainable Earnings Power



| | FY 2017 Reported (GAAP) | FY 2017 Adjusted ³ | Bonefish Targets | Expect to Achieve in 2019 |
|----------------------|----------------------------|----------------------------------|------------------|---------------------------------|
| ROTCE ¹ | 7.2% | 12.6% | 15.0%+ | ✓ |
| ROA | 0.59% | 0.96% | 1.10 – 1.30% | ✓ |
| CET1 ² | 8.7% | 8.7% | 8.0 – 9.0% | ✓ |
| NIM | 3.12% | 3.12% | 3.25 – 3.50% | ✓ |
| NCO / Average Loans | 0.06% | 0.06% | 0.20 - 0.60% | ✓ |
| Fee Income / Revenue | 37% | 37% | 30 - 40% | ✓ |
| Efficiency Ratio | 77% | 69% | 60 - 65% | ✓ |

Successfully Executing on Key Priorities

FHN Is Well Positioned For Attractive Long-Term Earnings Power

- Continue strong business momentum
- Grow balance sheet profitably and prudently
- Expand banking relationships with emphasis on economic profit
- Deliver successfully on merger integration activities
- Strive for achievement of Bonefish targets

Building the Foundation for Attractive Long-Term Earnings Power



APPENDIX

NOTABLE ITEMS

| | 2016 | Pre-Tax Amount | 2017 | Pre/After Tax Amount ¹ |
|----|---|----------------|---|-----------------------------------|
| 1Q | Branch Impairment | (\$3.7mm) | 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 | (\$2.5mm) | Acquisition Expense | (\$6.4mm) |
| | Litigation Accrual | (\$26.0mm) | Effective tax rate adjustment associated with reversal of a capital loss deferred tax valuation allowance ¹ | \$19.5mm |
| 3Q | Gain Primarily Related to Recoveries Associated with Prior Mortgage Servicing Sales | \$4.4mm | Loss on equity securities repurchase | (\$14.3mm) |
| | Litigation Accrual | (\$4.5mm) | Acquisition Expense | (\$8.2mm) |
| | Litigation Accrual Reversal | \$4.3mm | Legal Matters | (\$8.2mm) |
| 4Q | | | Tax rate adjustments primarily associated with the reversal of a capital loss deferred tax valuation allowance and certain discrete period items ¹ | \$13.7mm |
| | | | Tax Reform-Related Adjustments ¹ | (\$82.0mm) |
| | | | Other Tax Adjustments ¹ | \$10.7mm |
| | Litigation Accrual | (\$4.7mm) | Acquisition Expense | (\$46.7mm) |
| | | | Legal Matters | (\$32.1mm) |
| | | | Special Employee Bonuses | (\$9.9mm) |

4Q17 Credit Quality Summary by Portfolio

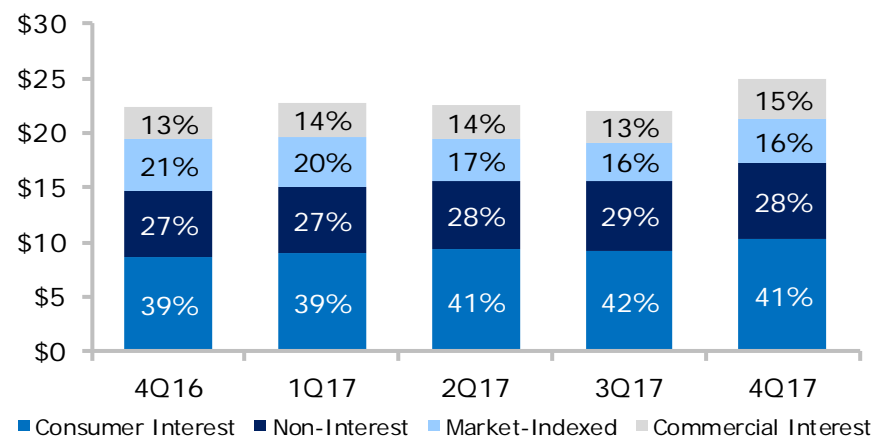
| (\$ in millions) | Regional Banking | | | | | Corporate ⁵ | Non-Strategic | | | | FHNC |
|--------------------------------|--------------------------|---------|------------|--------------------|----------|------------------------|--------------------------|------------|--------------------|--------------------|----------|
| | Commercial (C&I & Other) | CRE | HE & HELOC | Other ¹ | Subtotal | Permanent Mortgage | Commercial (C&I & Other) | HE & HELOC | Permanent Mortgage | Other ² | Total |
| Period End Loans | \$15,639 | \$4,215 | \$5,774 | \$731 | \$26,359 | \$53 | \$418 | \$594 | \$229 | \$6 | \$27,659 |
| 30+ Delinquency % | 0.20% | 0.11% | 0.40% | 1.10% | 0.26% | 3.98% | 0.00% | 3.06% | 2.12% | 0.95% | 0.33% |
| Dollars | \$31 | \$5 | \$23 | \$8 | \$67 | \$2 | \$0 | \$18 | \$5 | \$0 | \$92 |
| NPL ³ % | 0.18% | 0.03% | 0.39% | 0.07% | 0.20% | 4.03% | 0.73% | 8.23% | 10.40% | 1.89% | 0.47% |
| Dollars | \$28 | \$1 | \$23 | \$1 | \$53 | \$2 | \$3 | \$49 | \$24 | \$0 | \$131 |
| Net Charge-offs ⁴ % | 0.29% | NM | NM | 1.83% | 0.22% | NM | NM | NM | 0.18% | 1.90% | 0.15% |
| Dollars | \$10 | \$0 | -\$1 | \$3 | \$12 | NM | \$0 | -\$3 | \$0 | \$0 | \$8 |
| Allowance | \$97 | \$28 | \$16 | \$12 | \$154 | NM | \$1 | \$21 | \$13 | \$0 | \$190 |
| Allowance / Loans % | 0.62% | 0.67% | 0.28% | 1.70% | 0.58% | NM | 0.33% | 3.53% | 5.70% | 1.36% | 0.69% |
| Allowance / Net Charge-offs | 2.49x | NM | NM | 1.25x | 3.34x | NM | NM | NM | 31.54x | 0.71x | 5.75x |

Solid Core Deposit Base Provides Funding Advantage Asset Sensitivity Remains Intact

- Total average deposits up 12% YOY, up 13% LQ, represent 84% of total funding
- Regional Banking average deposits up 18% YOY, 12% LQ
- Overall deposit beta¹ since 3Q15 is 25%, 11% excluding market-indexed deposits

Average Deposit Composition

(\$ in billions)

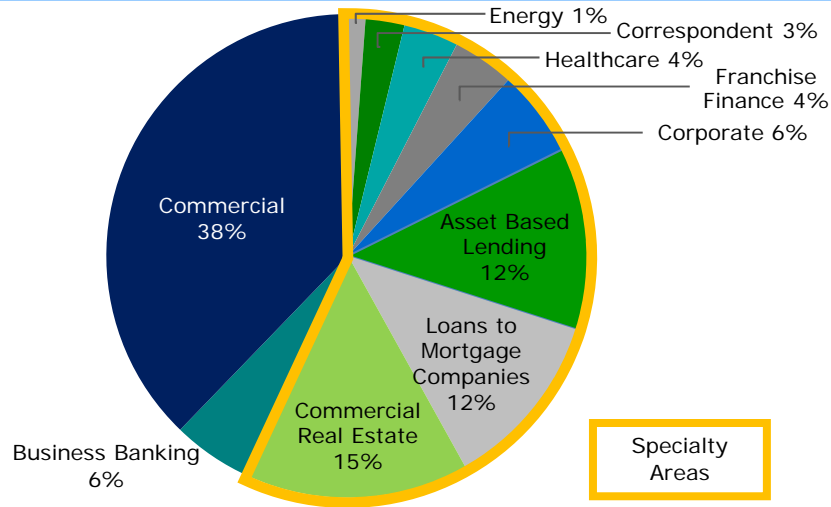


Total Average Deposit Rate Overview

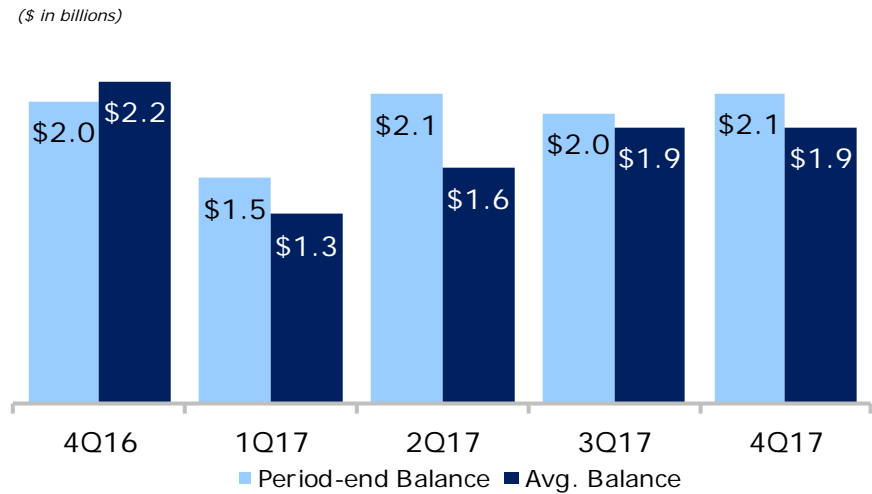
| | Rate Paid | |
|-----------------------|--------------|--------------|
| | 3Q17 | 4Q17 |
| Consumer Interest | 0.22% | 0.19% |
| Commercial Interest | 0.69% | 0.78% |
| Market-Indexed | 1.16% | 1.23% |
| Non-Interest | - | - |
| Total Deposits | 0.36% | 0.39% |

Select C&I and CRE Portfolio Metrics

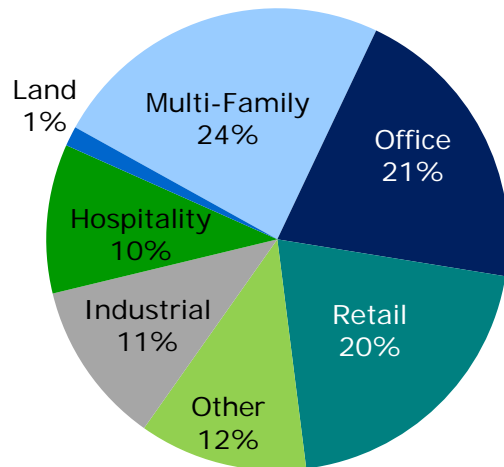
4Q17 Average Regional Bank Commercial Loans



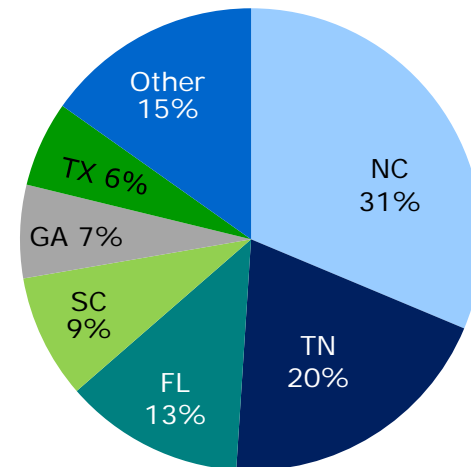
C&I: Loans to Mortgage Companies



CRE: Collateral Type



CRE: Geographic Distribution



Reconciliation to GAAP Financials

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

| (\$ in millions) | Quarter | | | Reported | Annual | |
|---|---------|--------|----------|----------|---------|-----------------------|
| Adjusted Fee Income, Revenue, & Fee Ratio | 4Q17 | 3Q17 | % Change | 2017 | 2016 | % Change ¹ |
| Fee Income (GAAP) | \$133 | \$112 | | \$490 | \$552 | |
| Less: Notable Items (GAAP) | \$0 | (\$14) | | (\$14) | NA | |
| Adjusted Fee Income (Non-GAAP) (a) | \$133 | \$127 | 5% | \$505 | \$552 | -9% |
| Plus: Net Interest Income (GAAP) | \$242 | \$210 | | \$842 | \$729 | |
| Adjusted Revenue (Non-GAAP) (b) | \$375 | \$337 | 12% | \$1,347 | \$1,282 | 5% |
| Adjusted Fee Ratio (Non-GAAP) (a/b) | 35% | 38% | | 37% | NA | |
| Adjusted Noninterest Expense | | | | | | |
| Noninterest Expense (GAAP) | \$347 | \$237 | | \$1,024 | \$925 | |
| Less: Notable Items (GAAP) | \$89 | \$16 | | \$91 | NA | |
| Adjusted Noninterest Expense (Non-GAAP) (c) | \$258 | \$221 | 17% | \$932 | \$925 | 1% |
| Adjusted Pre-Tax Income | | | | | | |
| Pre-Tax Income (GAAP) | \$26 | \$85 | | \$309 | \$345 | |
| Plus: Notable Items (GAAP) | \$89 | \$31 | | \$106 | NA | |
| Adjusted Pre-Tax Income (Non-GAAP) | \$114 | \$116 | -1% | \$415 | \$345 | 20% |
| Adjusted Net Income | | | | | | |
| Net Income (GAAP) | (\$48) | \$72 | | \$177 | \$239 | |
| Plus: Tax-Affected Notable Items (GAAP) ² | \$133 | \$7 | | \$112 | NA | |
| Adjusted Net Income (Non-GAAP) (d) | \$84 | \$79 | | \$289 | \$239 | |
| Adjusted Net Income Available to Common / Earnings Per Share | | | | | | |
| Net Income Available to Common (GAAP) | (\$53) | \$67 | | \$159 | \$221 | |
| Plus: Tax-Affected Notable Items (GAAP) ² | \$133 | \$7 | | \$112 | NA | |
| Adjusted Net Income Available to Common (Non-GAAP) (e) | \$80 | \$74 | 7% | \$271 | \$221 | 23% |
| Average Common Diluted Shares (GAAP) | 265 | 236 | | 244 | 235 | |
| Adjusted Average Common Diluted Shares (Non-GAAP) ³ (f) | 268 | 236 | | 244 | NA | |
| Adjusted Earnings Per Share (Non-GAAP) (e/f) | \$0.30 | \$0.32 | -6% | \$1.11 | \$0.94 | 18% |
| Adjusted Efficiency Ratio | | | | | | |
| Adjusted Noninterest Expense (Non-GAAP) (c) | \$258 | \$221 | | \$932 | NA | |
| Divided: Adjusted Revenue Excluding Securities Gains (Non-GAAP) | \$375 | \$337 | | \$1,346 | NA | |
| Adjusted Efficiency Ratio (Non-GAAP) | 69% | 66% | | 69% | NA | |

Reconciliation to GAAP Financials

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

| (\$ in millions) | | | |
|--|----------|------------------|-------------------------------|
| | 2017 | Reported 2016 | Annual Change ¹ |
| Return on Tangible Common Equity (ROTCE) | | | |
| Average Total Equity (GAAP) | \$2,970 | \$2,691 | |
| Less: Average Noncontrolling Interest (GAAP) | \$295 | \$295 | |
| Less: Preferred Stock (GAAP) | \$96 | \$96 | |
| Average Common Equity (GAAP) (g) | \$2,579 | \$2,300 | |
| Less: Average Intangible Assets (GAAP) | \$376 | \$215 | |
| Average Tangible Common Equity (Non-GAAP) (h) | \$2,203 | \$2,086 | |
| Net Income Available to Common (GAAP) (i) | \$159 | \$221 | |
| Return on Average Common Equity (ROE) (GAAP) (i/g) | 6.2% | 9.6% | |
| Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (i/h) | 7.2% | 10.6% | (336bps) |
| Adjusted Return on Tangible Common Equity (ROTCE) | | | |
| Average Tangible Common Equity (Non-GAAP) (h) | \$2,203 | \$2,086 | |
| Less: Equity impact for notable items ² | \$49 | NA | |
| Adjusted Average Tangible Common Equity (Non-GAAP) (j) | \$2,154 | \$2,086 | |
| Adjusted Net Income Available to Common (Non-GAAP) (e) | \$271 | \$221 | |
| Adjusted Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (e/j) | 12.6% | 10.6% | 200bps |
| Adjusted Return on Average Assets (ROA) | | | |
| Adjusted Net Income (Non-GAAP) (d) | \$289 | \$239 | |
| Divided: Average Total Assets (GAAP) | \$29,925 | \$27,427 | |
| Adjusted Return on Average Assets (Non-GAAP) | 0.96% | 0.87% | 9bps |