# First Horizon National Corporation

## Second Quarter 2019 Earnings

July 16, 2019

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# 2Q19 Highlights

*Delivering Significant Earnings and Balance Sheet Growth Momentum*

**Earnings Growth**
Reported/Adjusted[1] EPS up 13% & 20% LQ, respectively

**Strong Returns**
Reported ROTCE[1]/ROA at 15.1% and 1.11%
Adjusted[1] ROTCE[1]/ROA at 18.2% and 1.32%

**Significant Operating Leverage**
Revenue growth of 6% on expense growth of 1% LQ; adjusted expenses[1] down 2% LQ

**Balance Sheet Growth**
Loans up 5% LQ
Regional bank deposits up 1% LQ

| *(All comparisons are 2Q19 vs 1Q19)* | 2Q19 | |
|---|---|---|
| EPS | $0.35 | +13% |
| Adjusted EPS[1] | $0.42 | +20% |
| Revenue | $462mm | +6% |
| ROTCE[1] | 15.1% | +95bps |
| Adjusted ROTCE[1] | 18.2% | +206bps |
| Efficiency Ratio | 65.1% | -290bps |
| Adj. Efficiency Ratio[1] | 59.0% | -489bps |
| Avg. Total Loans | $28.7B | +5% |
| Avg. Total Deposits | $32.0B | -2% |

*LQ – Linked Quarter. All comparisons are 2Q19 vs 1Q19, unless otherwise noted. All Deposit and Loan growth metrics are calculated with average balances, unless otherwise noted.*
*[1]Adjusted EPS, ROTCE, Adjusted ROTCE, Adjusted ROA, Adjusted Expenses, and Adjusted Efficiency Ratio are Non-GAAP numbers that are reconciled in the appendix. Adjusted numbers exclude notable items as outlined in the appendix.*

# Delivering on Key Strategic Priorities

## Dominate Tennessee

- TN average loan and deposit growth of 1% LQ
- Middle TN produced 2% average growth in loans and deposits LQ

## Profitably Grow Key Markets & Specialty Areas

- Specialty average loan growth of 14% LQ
- Average deposits grew 2% LQ in key markets and 3% in specialty areas

## Optimize The Expense Base

- Targeting $50mm+ in cost saves for full year 2019 with ~$20mm of total reinvestment
- Actions taken in 1H19 to achieve $36mm of efficiencies with $6mm of reinvestment

## Deploy Capital Effectively

- Tangible book value growth of 4% LQ
- Total payout ratio at 86%
  - Share buybacks of $50mm at average price of $14.30 in 2Q19
  - Quarterly dividend declared of $0.14 per common share; 41% dividend payout

*All comparisons are 2Q19 vs 1Q19, unless otherwise noted. All Deposit and Loan growth metrics are calculated with average balances, unless otherwise noted. LQ – Linked Quarter.*

# FINANCIAL RESULTS

# Financial Results

- **EPS up 13% LQ, up 20% on adjusted[1] basis**
- **Strong quarterly average loan and core customer deposit growth**
  - Regional Bank average loans up 5% LQ
  - Regional Bank average deposits up 1% LQ
- **Total revenue up 6% LQ**
  - Strong fee income increase driven by higher revenues in Fixed Income; $866k ADR, up 19% LQ and up 85% YOY
  - Regional Bank fees up 12% LQ with solid growth in nearly all products and services
  - NII up LQ on increased commercial loan growth and higher accretion
- **Overall expenses relatively flat, adjusted expenses down $6mm LQ**
  - Regional Bank efficiency ratio at 51%
  - LQ increase in Fixed Income variable compensation of ~$5mm
- **Loan loss provision at $13mm; net charge-offs stable at $5mm**

| *$ in millions except per share data* | 2Q19 Actual | 1Q19 Actual | Actual LQ % Change | 2Q19 Adjusted[1] | 1Q19 Adjusted[1] | Adjusted[1] LQ % Change |
|---|---|---|---|---|---|---|
| Net Interest Income | $304 | $295 | +3% | $304 | $295 | +3% |
| Fee Income | $158 | $141 | +12% | $158 | $141 | +12% |
| Total Revenue | $462 | $436 | +6% | $462 | $436 | +6% |
| Expense | $300 | $296 | +1% | $272 | $278 | -2% |
| Loan Loss Provision | $13 | $9 | +44% | $13 | $9 | +44% |
| Pre-Tax Income | $148 | $130 | +14% | $176 | $148 | +19% |
| NIAC[2] | $109 | $99 | +10% | $132 | $113 | +17% |
| EPS | $0.35 | $0.31 | +13% | $0.42 | $0.35 | +20% |
| Avg Loans ($B) | $28.7 | $27.3 | +5% | $28.7 | $27.3 | +5% |
| Avg Deposits ($B) | $32.0 | $32.5 | -2% | $32.0 | $32.5 | -2% |

## 2Q19 NIAC[2] & EPS Reconciliation

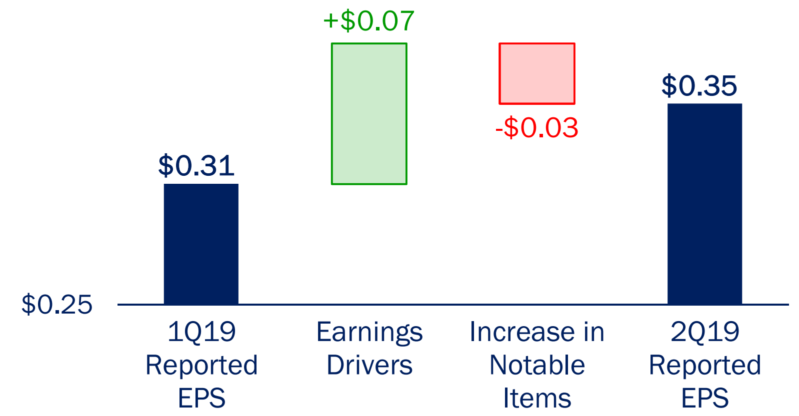
| *$ in millions except per share data* | Amount Pre-tax | Amount After-tax | Per Share EPS Impact |
|---|---|---|---|
| **2Q19 Adjusted[1]** | $176 | $132 | $0.42 |
| **Notable Items:** | | | |
| Restructuring | ($19) | ($15) | ($0.05) |
| Rebranding | ($9) | ($7) | ($0.02) |
| Acquisition Related Items | ($9) | ($7) | ($0.02) |
| Litigation Expense Reversal | $8 | $7 | +$0.02 |
| **2Q19 Reported** | $148 | $109 | $0.35 |

*LQ – Linked Quarter. YOY – Year Over Year. Numbers may not add to total due to rounding.*
*[1]Adjusted Expense, Pre-Tax Income, NIAC, and EPS are Non-GAAP numbers and are reconciled in the appendix. Adjusted numbers exclude notable items as outlined in the appendix. EPS and Adjusted EPS calculated using 315.8mm shares. [2]Net Income Available to Common (NIAC) includes the impact from $3mm of noncontrolling interest and $1.6mm of preferred stock dividends.*

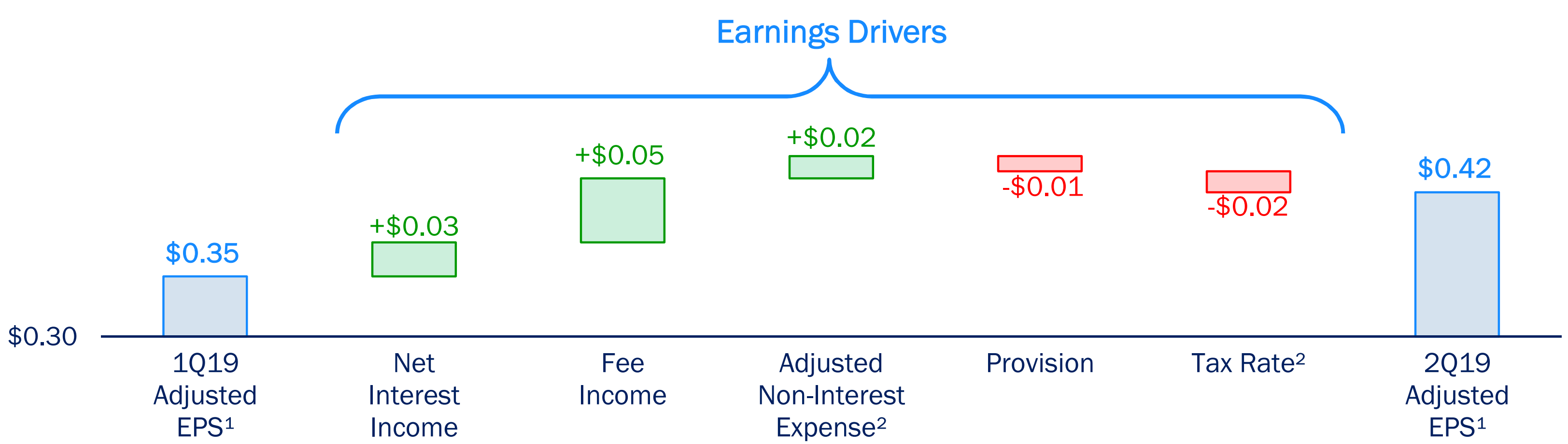
# Successful Execution of Strategic Priorities Driving EPS Growth

- Successful execution of strategic priorities driving earnings growth:
  - Balance sheet growth in key markets and specialty areas
  - Higher fees in Regional Bank & Fixed Income
  - Optimizing expenses to support strategic investments
  - Capital deployment with share buybacks

## Reported EPS Growth Linked-Quarter




## Adjusted EPS[1] Growth Linked-Quarter



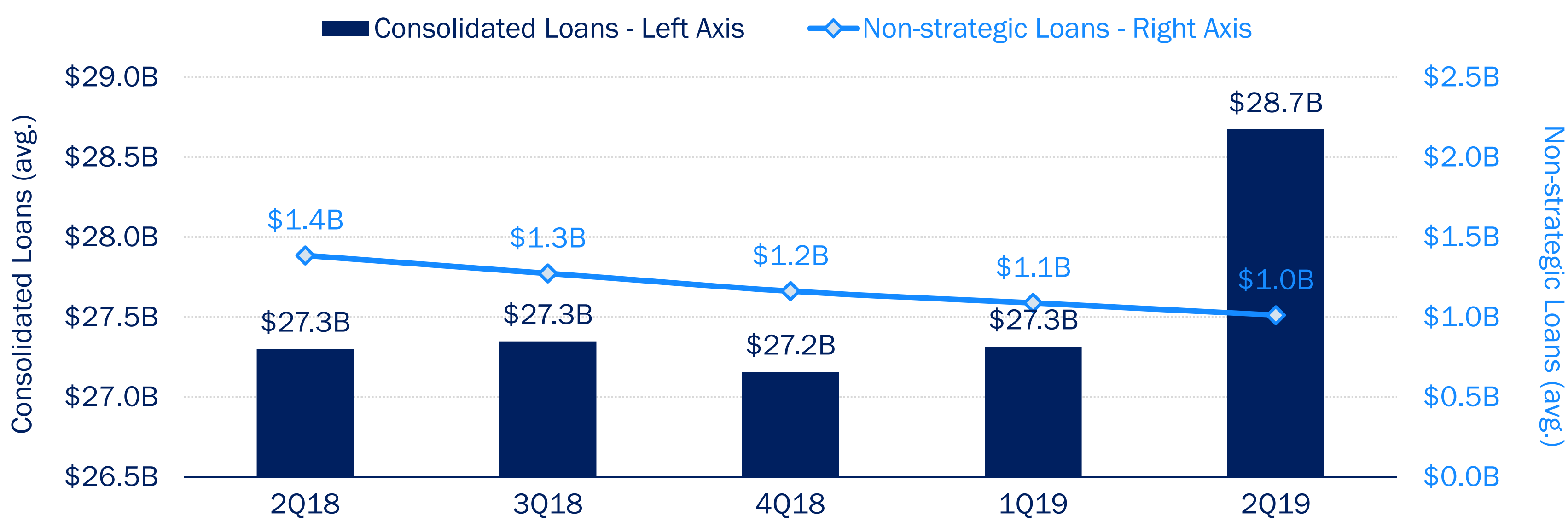

[1]Adjusted EPS is a Non-GAAP number and is reconciled in the appendix. Adjusted numbers exclude notable items as outlined in the appendix.
[2]The change in Adjusted Non-Interest Expense per Share is a Non-GAAP metric that is reconciled in the appendix. Please refer to the appendix for the calculation of the change in Tax Rate.

# Total Loan Growth Accelerated in 2Q19

*Specialty Areas and Key Markets Drive Growth*

- Momentum driven by capturing growth opportunities in key markets after Capital Bank conversion
- Total average loan growth of 5% from 2Q18 to 2Q19
  - Specialty areas loan growth of 13% YOY
  - Key markets loan growth of 5% YOY
  - Includes ~$400mm decrease in non-strategic portfolio

Total Average Loans




YOY – Year Over Year. Specialty areas include Commercial Real Estate, Asset-based Lending, Loans to Mortgage Companies, Corporate, Franchise Finance, Healthcare, Correspondent, and Energy. Key Markets includes Mid-Atlantic, Middle Tennessee, South Florida, and Texas

# Loan Growth Reflects Strategic Focus

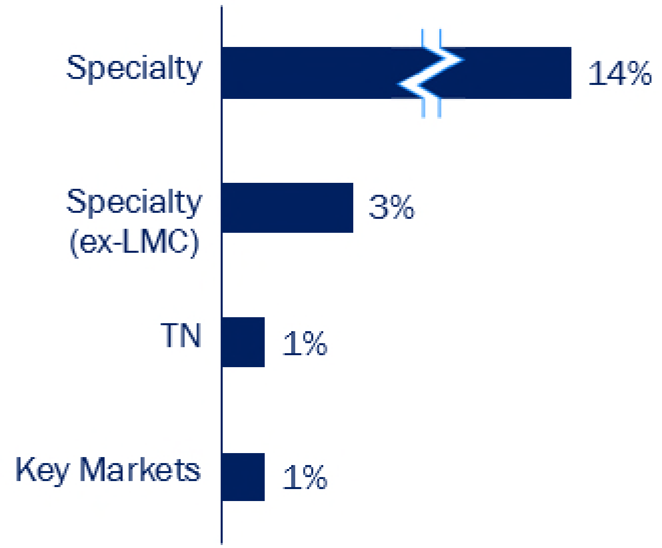
*Broad-Based Loan & Deposit Growth with Strength in Specialty Areas*

- Strategic priority on enhancing full banking relationships with specialty customers
- Specialty businesses delivered 14% average loan growth with all areas up LQ
  - Loans to mortgage companies grew 69% LQ
  - Specialty areas excluding loans to mortgage companies (LMC) up 3% LQ
- Key markets growth from Middle TN and Texas

## Diversified Specialty Loan Portfolio

| | 2Q19 Avg. Bal. | LQ Growth % |
|---|---|---|
| Commercial Real Estate | $3.0B | 1% |
| Loans to Mortgage Companies | $3.0B | 69% |
| Asset-based Lending | $2.1B | 1% |
| Corporate | $1.0B | 0% |
| Healthcare | $0.9B | 4% |
| Franchise Finance | $0.8B | 6% |
| Energy | $0.4B | 27% |
| Correspondent | $0.4B | 12% |
| **Total Specialty** | **$11.4B** | **14%** |

## Focus On Strategic Priorities Leads to LQ Loan Growth



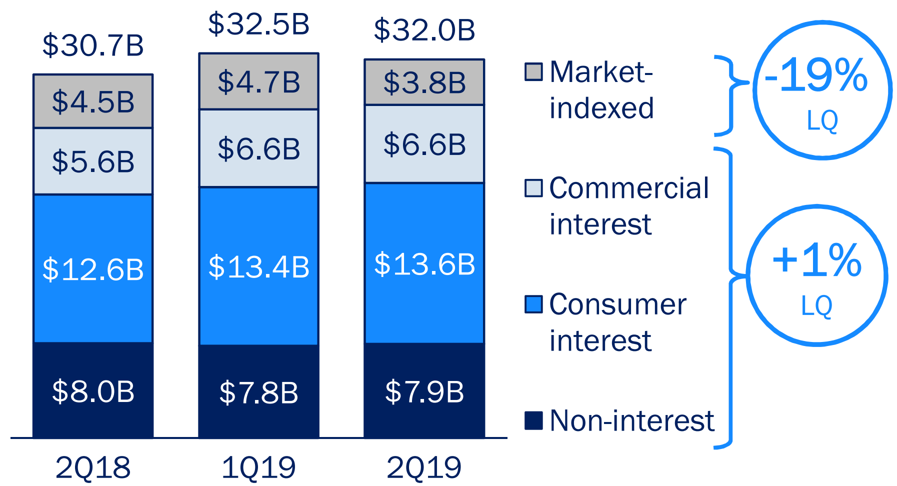

*LQ – Linked Quarter. Numbers may not add to total due to rounding. Specialty areas include Commercial Real Estate, Asset-based Lending, Loans to Mortgage Companies, Corporate, Franchise Finance, Healthcare, Correspondent, and Energy. Key Markets includes Mid-Atlantic, Middle Tennessee, South Florida, and Texas*

# Continued Deposit Momentum in 2Q19

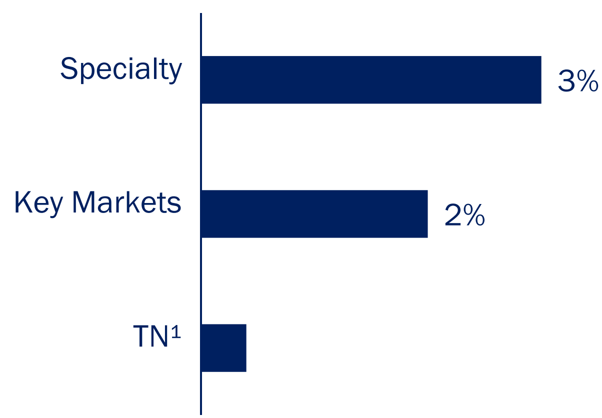
*Targeted Deposit Growth in Key Markets and Specialty Areas Achieved*

- Strategic focus on TN and key markets resulted in solid deposit growth
  - Emphasis in key markets produced LQ average growth of 3% in South Florida, 2% in Middle TN and 1% in Mid-Atlantic
- Increased emphasis on gathering specialty deposits produced 3% LQ growth
  - Loans to mortgage companies' deposits increased ~$70mm

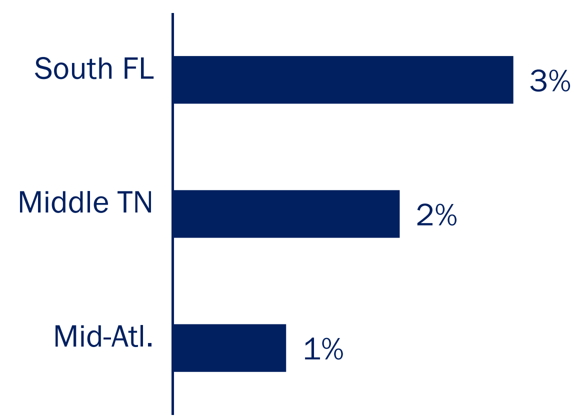
## Positive Shift in Deposit Funding Mix




## Regional Banking LQ Deposit Growth




## Key Market LQ Deposit Growth Highlights

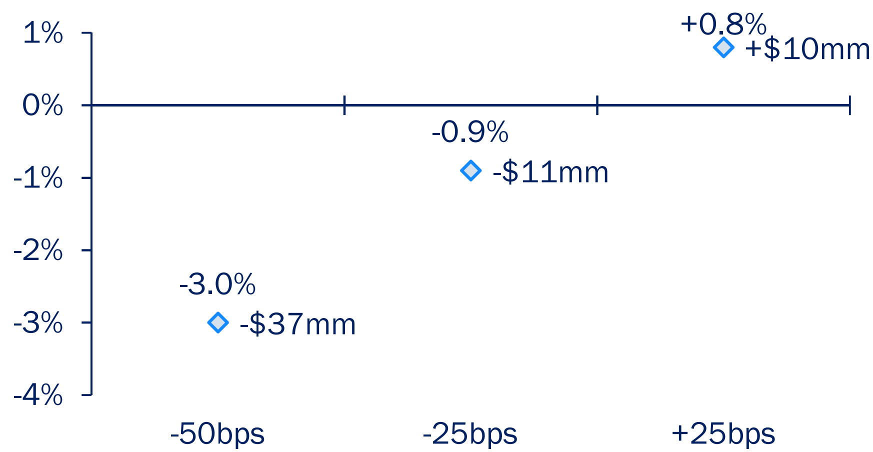



*LQ – Linked Quarter. Specialty areas include Commercial Real Estate, Asset-based Lending, Loans to Mortgage Companies, Corporate, Franchise Finance, Healthcare, Correspondent, and Energy. Key Markets includes Mid-Atlantic, Middle Tennessee, South Florida, and Texas. [1]TN deposit growth represents less than 1%.*

# Balance Sheet Management Enhances NIM & NII

- Continued success in customer deposit growth to reduce reliance on wholesale funding
  - Total deposit rate paid declined 4bps LQ
  - Market-indexed average deposits declined 19% LQ
- Countercyclical businesses of fixed income and loans to mortgage companies provide offsets in a declining rate environment

## Net Interest Income Sensitivity Impact[2]




## NII and NIM Linked-Quarter Change Drivers

| ($ in millions) | NII | NIM |
|---|---|---|
| 1Q19 - Reported | $294.5 | 3.31% |
| Less: 1Q19 CBF Loan Accretion | -$9.5 | -11bps |
| 1Q19 - Core[1] | $285.0 | 3.20% |
| Lower Interest Bearing Cash | $ - | +10bps |
| Deposit Mix Shift | +$0.8 | +1bp |
| Days | +$2.4 | - |
| Cash Basis | +$0.2 | - |
| Loan Fees | -$1.6 | -2bps |
| Lower LIBOR | -$2.0 | -2bps |
| Loan Growth/Spreads | +$8.4 | -3bps |
| Other Earning Assets (Trading Inventory) | -$1.7 | -4bps |
| Other | -$0.1 | -1bp |
| 2Q19 - Core[1] | $291.3 | 3.20% |
| Plus: 2Q19 CBF Loan Accretion | +$12.3 | +13bps |
| 2Q19 - Reported | $303.6 | 3.34% |

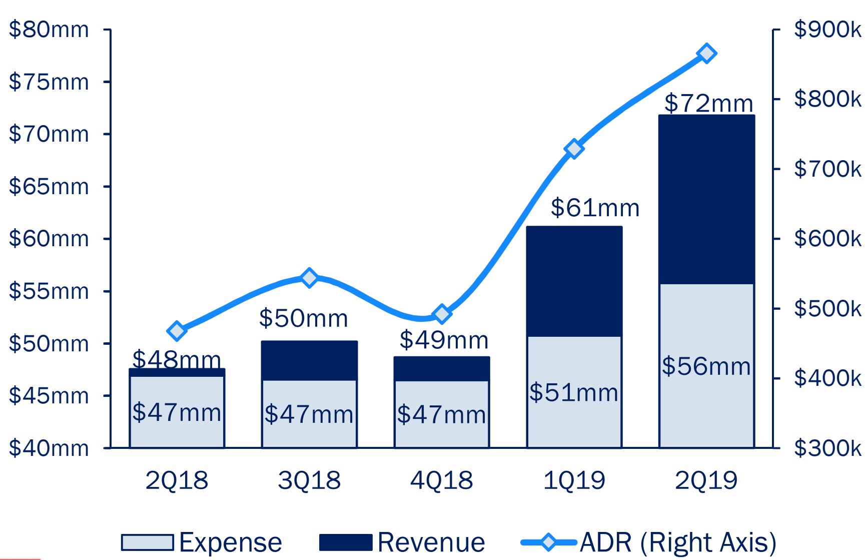
*LQ – Linked Quarter. Numbers may not add to total due to rounding. [1]Core excludes the accretion from CBF's loans, and is a Non-GAAP number reconciled in the table found on this slide. The average earning assets impact from CBF's loan accretion was $103mm in 2Q19 and $123mm in 1Q19. [2]NII sensitivity analysis uses FHN's balance sheet as of 6.30.19. Bps impact assumes increase (decrease) in Fed Funds rate. During the past few years, the movement of short-term interest rates higher after a prolonged period of very low interest rates has had an overall positive effect on FHN's NII and NIM. Recently however, competitive pressures have caused FHN's deposit costs to rise faster than the long-term "through the cycle" assumptions made in its simulation model.*

# Strong Quarter for Fixed Income

*Complementary and Countercyclical Business Demonstrated in 2Q19*

- Decline in interest rates and rate outlook favorably impacted 2Q19 activity
- Fixed income product ADR of $866k up 19% LQ, 85% YOY with growth across multiple trading desks
- Other product revenue in Fixed Income up 19% LQ and 32% YOY
- EPS contribution[1] of $0.06 YTD and $0.04 in 2Q19
- Pre-tax income increased from higher revenues in addition to the benefit of lower fixed expenses

## Fixed Income Revenue and Expense Trends




## Key Drivers of Average Daily Revenue

| Lower Revenue | Key Driver | Higher Revenue |
|---|---|---|
| Up | Direction of rates | Down |
| Low | Market Volatility | Moderate |
| Flatter | Shape of Yield Curve | Steeper |
| Positive | State of Economy & Outlook | Negative |

*LQ – Linked Quarter. YOY – Year Over Year.*

*[1]EPS contribution was calculated using the Fixed Income Segment's net income divided by diluted weighted avg. shares for the respective periods. Diluted weighted avg. shares were 317.7mm YTD and 315.8mm QTD for 2Q19.*

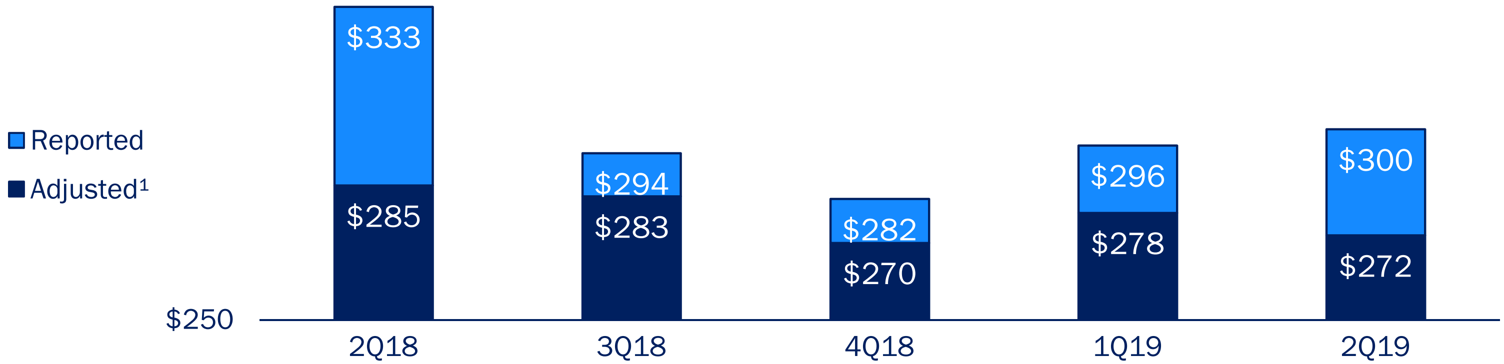
# Improving Efficiency While Investing for Growth

*Efficiency Actions Support Investment and Customer Experience Transformation*

- Efficiency actions to position us for challenging rate environment, and provide capacity to reinvest savings strategically
  - Announced 22 branch closures, improved processes, and streamlined operations
  - Sustainable structural cost savings in 1H19 provide ongoing expense benefit
  - Reduced discretionary spending and opportunistic savings added to YTD cost saves
  - Continued investments in strategic hires in key markets and customer-facing technology
- Targeting $50mm+ in cost saves for full year 2019 with ~$20mm of total reinvestment
- Actions taken in 1H19 to achieve $36mm of efficiencies with $6mm of reinvestment

## Continued Decline in Non-Interest Expense

*($ in millions)*




*Numbers may not add to total due to rounding.*

*[1]Adjusted Expense are Non-GAAP numbers and are reconciled in the appendix. Adjusted numbers exclude notable items as outlined in the appendix.*

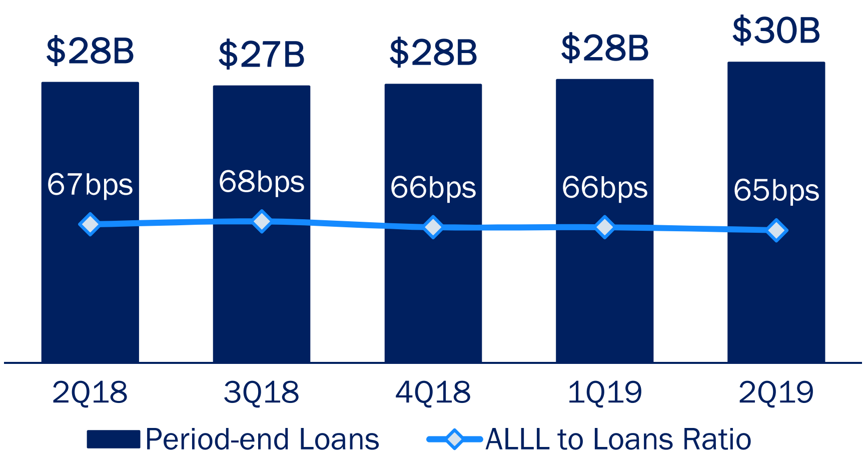
# Asset Quality

- In 2Q19, net charge-off (NCO) ratio[1] at 7bps
  - $4mm in charge-offs driven by one commercial credit in loans to mortgage companies portfolio
  - 30-day delinquencies down 8% LQ
  - NPLs at 69bps, up 4bps LQ, increase largely due to one commercial credit in loans to mortgage companies portfolio
- CBF credit performance as expected
- Allowance to loans ratio remains steady at 65bps

## Asset Quality Highlights

| *($ in millions)* | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 |
|---|---|---|---|---|---|
| Charge-offs | ($10) | ($9) | ($18) | ($11) | ($12) |
| Recoveries | $8 | $8 | $6 | $6 | $7 |
| Net Charge-offs | $2 | $2 | $12 | $5 | $5 |
| Provision/(Credit) | $0 | $2 | $6 | $9 | $13 |

## Allowance for Loan Losses



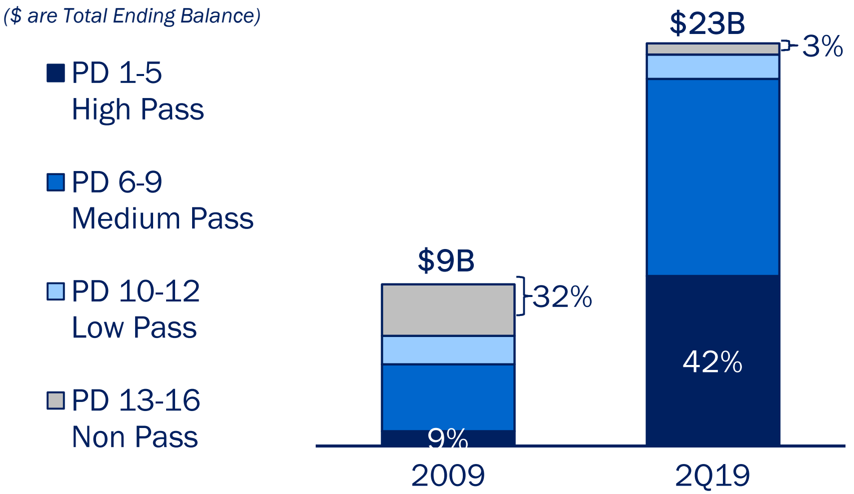

LQ – Linked Quarter. Numbers may not add to total due to rounding.
[1]Net charge-off % is annualized and as % of average loans.

# Balance Sheet Evolution Yields Lower Risk Model

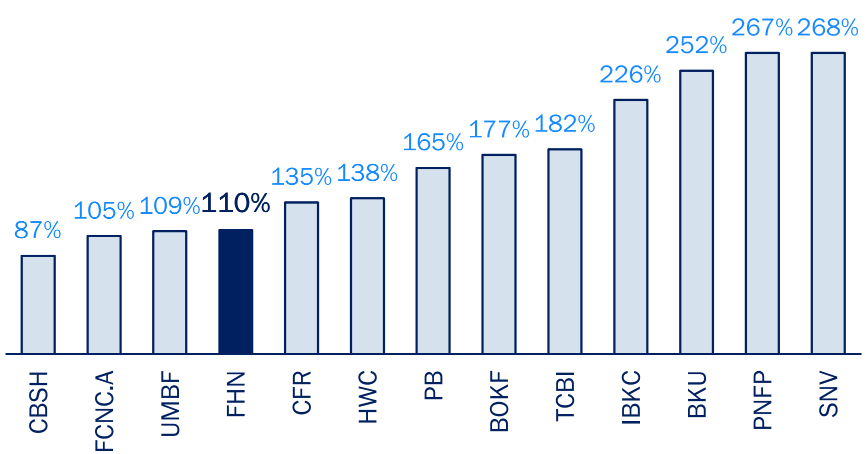
- Commercial loan portfolio shifting to higher quality, with 42% of commercial loans qualifying as investment grade equivalent
- High quality consumer portfolio with no subprime and minimal exposure to high risk consumer lending; FICO scores strong at 758
- Stronger capital resiliency in the severely adverse 2018 DFAST scenario vs peers[1]
  - FHN CET1 decline 90bps vs 440bps for peers
  - Significantly lower stressed loss rates, severely adverse NCOs less than half of DFAST peers

## Positive Commercial Credit Grade Migration

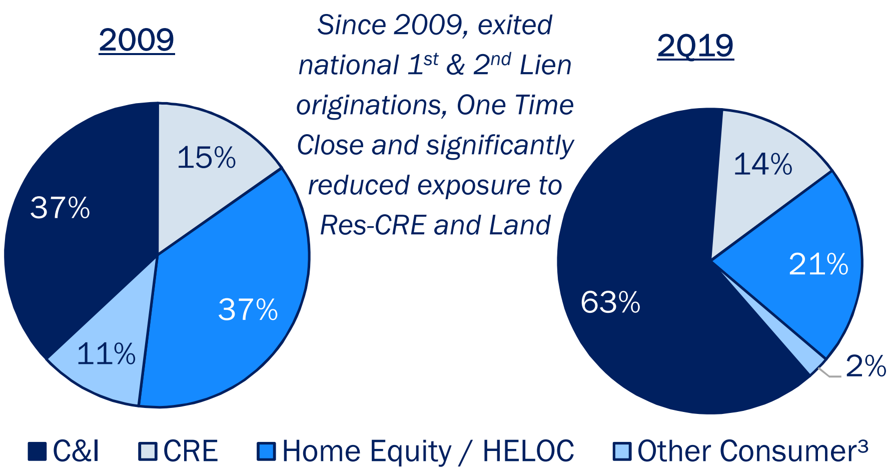
*($ are Total Ending Balance)*




## CRE to Total Capital: FHN vs Peers[2]




## Total Average Loans




[1]Results represent DFA Severely Adverse scenario. All references to peer stress testing data indicates aggregate HoldCo level 2018 supervisory Dodd-Frank Act Stress Testing ("DFAST") results of 35 participating firms. Source: Federal Reserve. [2]CRE is comprised of Non-owner-occupied Nonfarm/Nonresidential property loans, Multifamily loans, Construction & Land Development loans, and Unsecured CRE loans. Data as of 1Q19. Source: S&P Global Market Intelligence. [3]Other Consumer includes Other Consumer loans, Credit Card, One-time Close, and Permanent Mortgage loans.

# Key Takeaways

*Delivering on Key Strategic Priorities & Controlling What We Can Control*

## Controlling What We Can Control

- Strong loan growth across markets and specialty areas
- Solid core customer deposit growth with momentum in key markets
- Good expense discipline and taking additional efficiency actions to reinvest in the company
- Continued sustainable underwriting discipline and ongoing portfolio management
- Effective capital deployment with share buybacks and dividend

## Uncontrollable Market Factors

- Interest Rate Environment - Negative shift in Fed Funds, 1M LIBOR, UST Curves

# 2019 Outlook: Delivering on Strategic Priorities

| | 2Q19 Reported | 2Q19 Adjusted | 2019 Outlook | Commentary |
|---|---|---|---|---|
| ROTCE[1] | 15.1% | 18.2%[1] | 17% +/- | Outlook improved due to stronger performance across franchise |
| ROA | 1.11% | 1.32%[1] | 1.20% +/- | Increased fee income and cost reductions driving improved profitability |
| NIM | 3.34% | 3.34% | 3.30% +/- | Loan & Deposit Growth at 3-6%<br>Assumes two FF rate decreases in 2019, 1M LIBOR declines from current levels, and gradual decreases in loan accretion |
| Efficiency Ratio | 65% | 59%[1] | 61% +/- | Efficiency Ratio expected to benefit from restructuring actions and ongoing expense discipline partially offset by reinvestment |
| NCOs | 7bps | 7bps | 10bps +/- | Credit outlook stable |
| CET1 | 9.3% | 9.3% | 9.5 - 10% | Deploying capital to support loan growth<br>Capital levels expected to remain stable with payout ratio within 35-70% range |

[1]ROTCE, Adjusted ROTCE, Adjusted ROA, and Adjusted Efficiency Ratio are Non-GAAP numbers, which are reconciled in the Appendix.

# Delivering on Strategic Priorities

Dominate Tennessee

Profitably Grow Key Markets & Specialty Areas

Optimize The Expense Base

Transform the Customer Experience

Strong Risk Profile & Effective Capital Deployment

# APPENDIX

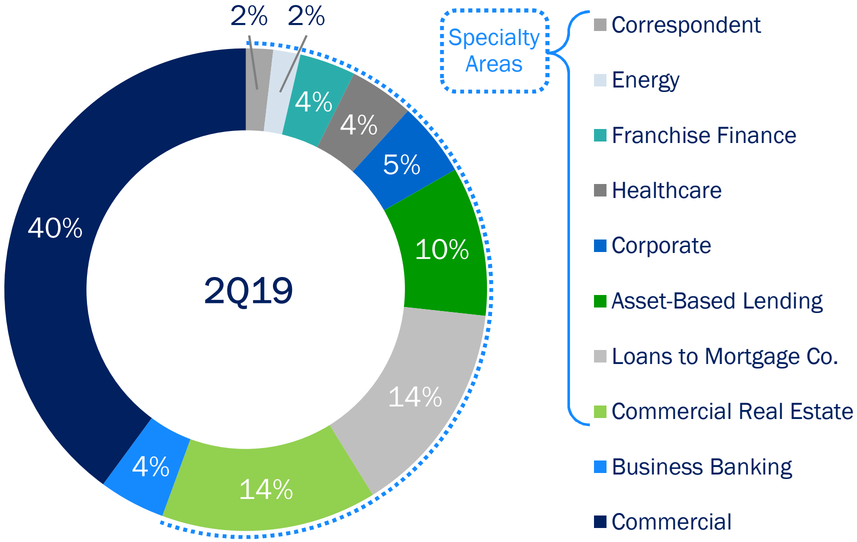
# 2Q19 Credit Quality Summary by Portfolio

| ($ 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 | $18,710 | $3,787 | $5,773 | $441 | $28,711 | $35 | $418 | $337 | $155 | $57 | $29,713 |
| 30+ Delinquency % | 0.05% | 0.07% | 0.50% | 0.72% | 0.15% | 4.03% | 0.00% | 2.60% | 1.67% | 4.27% | 0.20% |
| Dollars | $9 | $3 | $29 | $3 | $44 | $1 | $0 | $9 | $3 | $2 | $59 |
| NPL[3] % | 0.56% | 0.07% | 0.66% | 0.06% | 0.51% | 4.79% | 0.66% | 11.40% | 10.36% | 0.72% | 0.69% |
| Dollars | $104 | $3 | $38 | $0 | $145 | $2 | $3 | $38 | $16 | $0 | $205 |
| Net Charge-offs[4] % | 0.14% | 0.02% | NM | 1.82% | 0.11% | NM | 0.02% | NM | NM | 4.41% | 0.07% |
| Dollars | $6 | $0 | ($0) | $2 | $8 | 0 | $0 | ($3) | ($1) | $1 | $5 |
| Allowance | $115 | $29 | $15 | $12 | $171 | 0 | $5 | $8 | $9 | $0 | $193 |
| Allowance / Loans % | 0.61% | 0.77% | 0.25% | 2.76% | 0.60% | NM | 1.20% | 2.44% | 5.57% | 0.09% | 0.65% |
| Allowance / Net Charge-offs | 4.73x | 34.79x | NM | 1.52x | 5.43x | NM | 56.57x | NM | NM | 0.02x | 9.31x |

*Numbers may not add to total due to rounding. Data as of 2Q19. NM - Not meaningful.*
*[1]Includes Credit card, Permanent Mortgage, and Other. [2]Includes Credit card, OTC, and Other Consumer. [3]Non-performing loan excludes held-for-sale loans. [4]Net charge-offs are annualized.*
*[5]Exercised clean-up calls on jumbo securitizations in 1Q13, 3Q12, 2Q11, and 4Q10, which are now on the balance sheet in the Corporate segment.*

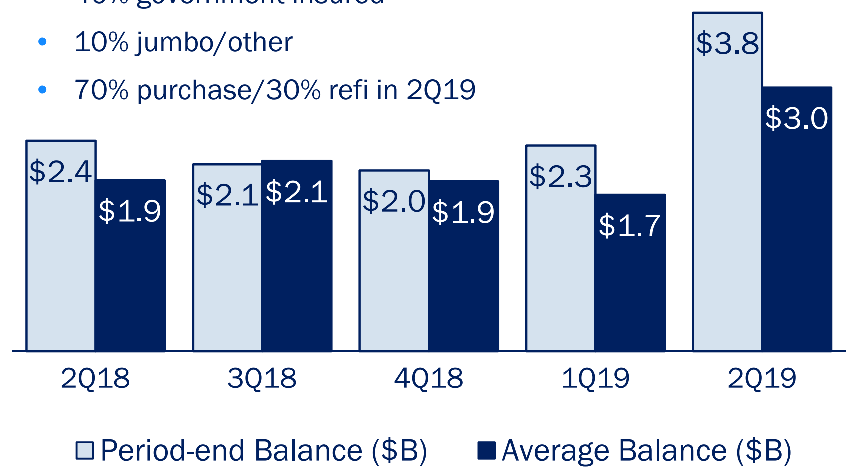
# Select C&I and CRE Portfolio Metrics

## Regional Banking Average Commercial Loans

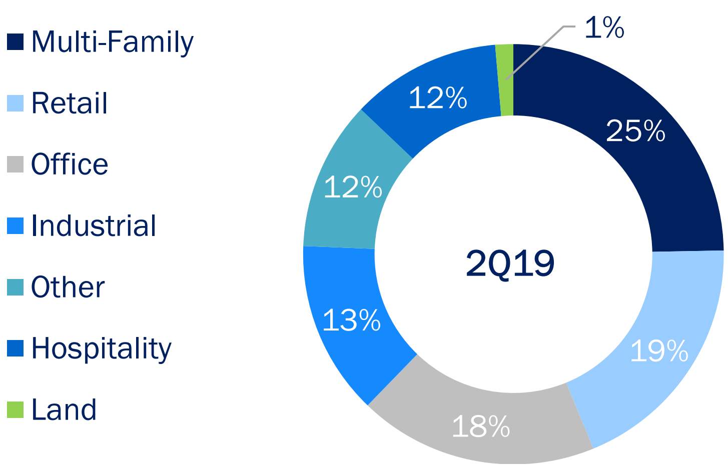



## C&I: Loans to Mortgage Companies

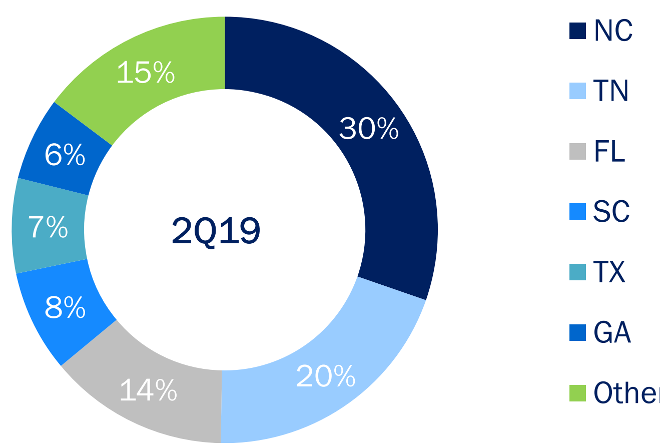
- 50% conventional conforming
- 40% government insured
- 10% jumbo/other
- 70% purchase/30% refi in 2Q19




## CRE: Collateral Type



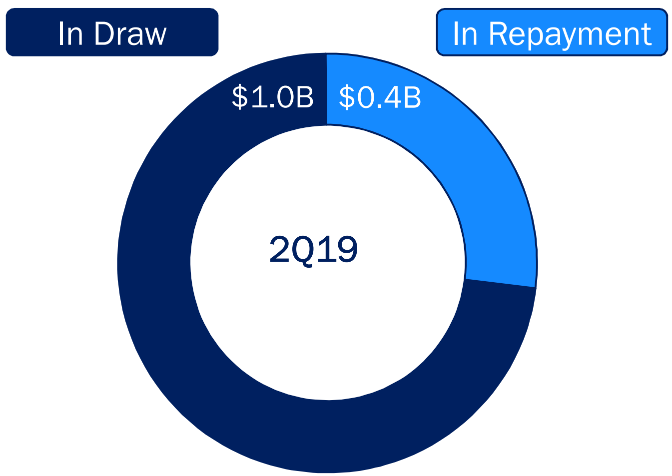

## CRE: Geographic Distribution



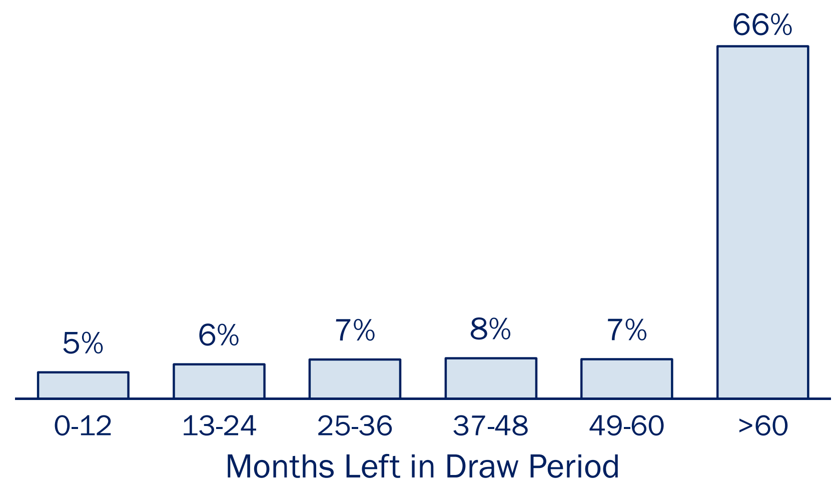

*Numbers may not add to total due to rounding.*

# Consumer Portfolio & Non-Strategic Overview

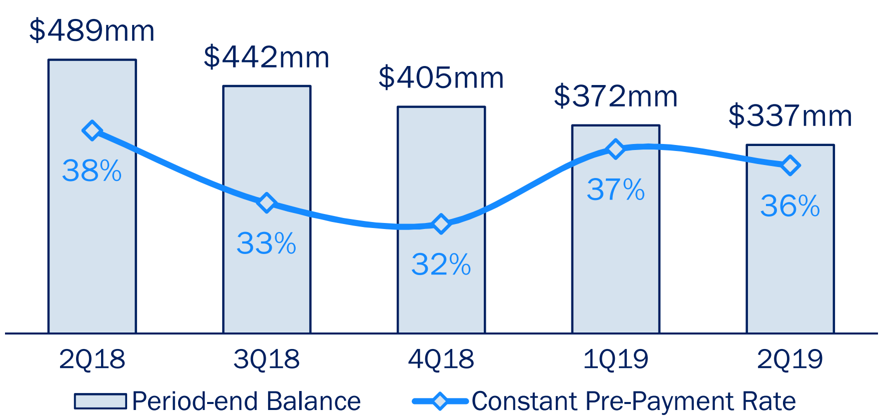
## HELOC Draw vs Repayment Balances




## Home Equity Portfolio




## Non-Strategic Consumer Real Estate




## Mortgage Repurchase Reserve

| *($ in millions)* | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 |
|---|---|---|---|---|---|
| Beginning Balance | $33 | $32 | $32 | $32 | $31 |
| Net Realized Losses[1] | ($1) | $0 | ($0) | $0 | ($13) |
| Provision Credit | ($0) | ($1) | ($0) | ($0) | ($1) |
| Ending Balance | $32 | $32 | $32 | $31 | $18 |

*Data as of 2Q19 unless noted otherwise. Numbers may not add to total due to rounding.*
*[1]2Q19 includes a $12.6 million indemnification settlement payment that reduces the repurchase and foreclosure reserve.*

# Notable Items – 2018 & 2019

| | 2018 | Pre-Tax Amount | 2019 | Pre-Tax Amount |
|---|---|---|---|---|
| 1Q | Acquisition Expense | ($31.4mm) | Restructuring | ($12.2mm) |
| | Gain on property sale | $3.3mm | Acquisition Expense | ($5.7mm) |
| 2Q | Acquisition Expense | ($43.2mm) | Restructuring | ($18.7mm) |
| | | | Rebranding | ($9.1mm) |
| | Other Expense (Visa Shares) | ($4.1mm) | Acquisition Expense | ($8.6mm) |
| | | | Litigation Expense Reversal | $8.3mm |
| 3Q | Acquisition Expense | ($11.4mm) | | |
| | Visa B Share Monetization | $212.9mm | | |
| 4Q | Acquisition Expense | ($11.6mm) | | |
| | Acquisition: Fee-income Adjustment | ($1.8mm) | | |
| | Return of excess fees from Capital Bank Debit Cards | ($8.7mm) | | |

# Expense Schedules

## *Capital Bank Acquisition, Restructuring, & Rebranding*

### Capital Bank Merger and Integration Expenses

| *($ in millions)* | 2Q19 | 1Q19 | 2Q18 |
|---|---|---|---|
| Employee comp., incentives and benefits (a) | $0.4 | $0.5 | $2.5 |
| Occupancy (b) | $1.5 | $0.1 | $2.2 |
| Miscellaneous expense (c) | $0.1 | $1.1 | $3.1 |
| Professional fees (d) | $4.5 | $1.9 | $9.0 |
| Contract employment and outsourcing (e) | $- | $ - | $1.7 |
| All other expense (f) | $1.1 | $1.1 | $23.2 |
| Total Capital Bank Merger and Integration Expense | $7.5 | $4.7 | $41.8 |

(a) Primarily comprised of fees for severance and retention.

(b) Primarily relates to fees associated with lease exit accruals.

(c) Consists of fees for operations services, communications and courier, equipment rentals, depreciation, and maintenance, supplies, travel and entertainment, computer software, and advertising and public relations.

(d) Primarily comprised of fees for legal, accounting, and merger consultants

(e) Primarily relates to fees for temporary assistance for merger and integration activities.

(f) Primarily relates to contract termination charges, costs of shareholder matters and asset impairments related to the integration, as well as other miscellaneous expenses.

**Integration activities were substantially completed in second quarter 2018. This table shows acquisition expense related to the CBF transaction only and does not include expense from other acquisitions.*

### Restructuring Expenses

| *($ in millions)* | 2Q19 | 1Q19 |
|---|---|---|
| Employee comp., incentives and benefits | $2.6 | $6.5 |
| Legal & Professional fees | $4.2 | $4.3 |
| Occupancy | $0.1 | $0.8 |
| All other expense (a) | $11.8 | $0.5 |
| Total Restructuring Expense | $18.7 | $12.2 |

(a) Primarily relates to branch impairments.

### Rebranding Expenses

| *($ in millions)* | 2Q19 |
|---|---|
| Professional fees | $0.9 |
| Advertising and public relations | $0.4 |
| Supplies | $0.3 |
| All other expense (a) | $7.4 |
| Total Restructuring Expense | $9.1 |

(a) Primarily relates to costs associated with signage and other fixed asset impairments.

*Numbers may not add to total due to rounding.*

# Reconciliation to GAAP Financials

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

| *($ and shares in millions, except per share data)* | 2Q19 | 1Q19 | LQ % Change | 4Q18 | 3Q18 | 2Q18 |
|---|---|---|---|---|---|---|
| **Adjusted Noninterest Expense** | | | | | | |
| Noninterest Expense (GAAP) | $300 | $296 | 1% | $282 | $294 | $333 |
| Plus: Notable Items (GAAP) | -$28 | -$18 | 58% | -$12 | -$11 | -$47 |
| Adjusted Noninterest Expense (Non-GAAP) | $272 | $278 | -2% | $270 | $283 | $285 |
| **Adjusted Pre-Tax Income** | | | | | | |
| Pre-Tax Income (GAAP) | $148 | $130 | 14% | | | |
| Plus: Notable Items (GAAP) | $28 | $18 | 58% | | | |
| Adjusted Pre-Tax Income (Non-GAAP) | $176 | $148 | 19% | | | |
| **Adjusted Net Income** | | | | | | |
| Net Income (GAAP) | $114 | $103 | 10% | | | |
| Plus: Tax-affected Notable Items (GAAP)[1] | $22 | $14 | 62% | | | |
| Adjusted Net Income (Non-GAAP) | $136 | $117 | 16% | | | |
| **Adjusted Net Income Available to Common (NIAC) & Earnings Per Share (EPS)** | | | | | | |
| Net Income Available to Common (GAAP) | $109 | $99 | 10% | | | |
| Plus: Tax-affected Notable Items (GAAP)[1] | $22 | $14 | 62% | | | |
| Adjusted Net Income Available to Common (Non-GAAP) (a) | $132 | $113 | 17% | | | |
| Average Common Diluted Shares (GAAP) (b) | 316 | 320 | -1% | | | |
| Earnings Per Share (GAAP) | $0.35 | $0.31 | 13% | | | |
| Adjusted Earnings Per Share (Non-GAAP) (a/b) | $0.42 | $0.35 | 20% | | | |

*Numbers may not add to total due to rounding. LQ – Linked Quarter.*
*[1]Tax-affected notable items assume an effective tax rate of ~21% in 2Q19 and ~23% in 1Q19.*

# Reconciliation to GAAP Financials

*Slides in this presentation use non-GAAP information of adjusted efficiency ratio, 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)* | 2Q19 | 1Q19 | Variance |
|---|---|---|---|
| **Adjusted Efficiency Ratio** | | | |
| Noninterest Expense (GAAP) (a) | $300 | $296 | |
| Revenue Excluding Securities Gains (GAAP) (b) | $462 | $436 | |
| Efficiency Ratio (GAAP) (a/b) | 65.1% | 68.0% | -290bps |
| Adjusted Noninterest Expense[1] (Non-GAAP) (c) | $272 | $278 | |
| Revenue Excluding Securities Gains (Non-GAAP) (b) | $462 | $436 | |
| Adjusted Efficiency Ratio (Non-GAAP) (c/b) | 59.0% | 63.9% | -489bps |
| **Return on Tangible Common Equity (ROTCE)** | | | |
| Average Total Equity (GAAP) | $4,869 | $4,809 | |
| Less: Average Noncontrolling Interest (GAAP) | -$295 | -$295 | |
| Less: Average Preferred Stock (GAAP) | -$96 | -$96 | |
| Average Common Equity (GAAP) (d) | $4,478 | $4,418 | |
| Less: Average Intangible Assets (GAAP) | -$1,579 | -$1,585 | |
| Average Tangible Common Equity (Non-GAAP) (e) | $2,900 | $2,833 | |
| Annualized Net Income Available to Common (GAAP) (f) | $439 | $402 | |
| Return on Average Common Equity (ROCE) (GAAP) (f/d) | 9.8% | 9.1% | 70bps |
| Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (f/e) | 15.1% | 14.2% | 95bps |
| **Adjusted Return on Tangible Common Equity (ROTCE)** | | | |
| Annualized Adjusted Net Income Available to Common[1] (Non-GAAP) (g) | $528 | $457 | |
| Average Tangible Common Equity (Non-GAAP) (e) | $2,900 | $2,833 | |
| Adjusted Return on Average Tangible Common Equity (ROTCE) (Non-GAAP) (g/e) | 18.2% | 16.1% | 206bps |
| **Adjusted Return on Average Assets (ROA)** | | | |
| Annualized Net Income (GAAP) (h) | $456 | $419 | |
| Average Total Assets (GAAP) (i) | $41,243 | $40,883 | |
| Return on Average Assets (GAAP) (h/i) | 1.11% | 1.03% | N/A |
| Annualized Adjusted Net Income[1] (Non-GAAP) (j) | $545 | $475 | |
| Average Total Assets (GAAP) (i) | $41,243 | $40,883 | |
| Adjusted Return on Average Assets (Non-GAAP) (j/i) | 1.32% | 1.16% | N/A |

*Numbers may not add to total due to rounding. N/A – Not Applicable.*
*[1]Adjusted Noninterest Expense, Adjusted Net Income Available to Common, and Adjusted Net Income are Non-GAAP numbers that are reconciled on the previous slide.*

# Reconciliation to GAAP Financials

*Slides in this presentation use non-GAAP information of adjusted noninterest expense per common share and adjusted earnings per share. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.*

| *($ and shares in millions, except per share data)* | 2Q19 | 1Q19 | (1) LQ $ Change | (2) Average Common Diluted Shares (GAAP) 1Q19 | (1)/(2) LQ EPS Impact |
|---|---|---|---|---|---|
| **Adjusted Noninterest Expense Per Share** | | | | | |
| Noninterest Expense (Non-GAAP) | -$300 | -$296 | -$4 | 320 | -$0.01 |
| Adjusted Noninterest Expense (Non-GAAP)[1] | -$272 | -$278 | $6 | 320 | $0.02 |
| | | | | | |
| Adjusted Earnings Per Share (Non-GAAP)[1] | $0.42 | $0.35 | $0.07 | N/A | $0.07 |
| Less: Net Interest Income (GAAP) | $304 | $295 | $9 | 320 | $0.03 |
| Less: Fee Income (GAAP) | $158 | $141 | $17 | 320 | $0.05 |
| Less: Adjusted Noninterest Expense (Non-GAAP)[1] | -$272 | -$278 | $6 | 320 | $0.02 |
| Less: Provision (GAAP) | -$13 | -$9 | -$4 | 320 | -$0.01 |
| Tax Rate (Remainder) | N/A | N/A | N/A | N/A | -$0.02 |

*Numbers may not add to total due to rounding. N/A – Not Applicable.*

*[1]Adjusted Noninterest Expense and Adjusted EPS are Non-GAAP numbers that are reconciled on the previous slide.*