FIRST HORIZON

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*Throughout this presentation, numbers may not foot due to rounding.*

# Well positioned to deliver attractive long-term performance

### Premier Southern-Based Bank

- Premier Southern banking institution with **$83B in assets**
- **Top 25 bank** in the U.S.[1]

### Complementary Market Position

- Strengthens competitive position in **high-growth, attractive markets**
- Footprint located in **15 of top 20 Southern MSAs**

### Diversified Business Mix

- **Well-diversified** revenue mix
- **Greater product offering** and customer value proposition

### Strong Efficiency Opportunities

- Expect ~$170 million of targeted merger expense saves to **help drive progress toward top tier returns**

### Experienced Leadership Team

- **Well-regarded management team** with significant experience
- History of **successfully executing** and integrating M&A transactions

*Strong focus on disciplined execution, customer-centric mindset and driving enhanced returns*

*[1]Based on 2020 U.S. deposit market share information per FDIC deposit data generated from S&P Global Market Intelligence on 11.5.2020.*

# Business model well positioned to navigate industry headwinds

| Industry Headwind | FHN Relative Positioning |
| --- | --- |
| Macroeconomic uncertainty & ultra-low rates | • **Expanded presence in 11 highly attractive southern states**<br>• More **diversified product and revenue mix** with countercyclical businesses |
| Reduction in overall efficiency given declining revenues | • **Targeting ~$170+ million of annualized cost saves by 2022**<br>• Early progress on **revenue synergies and benefits of increased balance sheet capacity** |
| Banking evolution and changing consumer preferences | • Footprint **well positioned to be more resilient** given expected post-COVID recovery activity<br>• Strong **focus on customer experience** and end-to-end journeys<br>• MOE provides opportunity for **enhanced technology and digital investments** |
| Potential for rising credit costs | • **Strong loss absorption capacity** including ~45% of the loan book marked<br>• **Solid capital and liquidity** with prudent positioning and planning<br>• **More diversified and granular commercially-oriented portfolio;** Transformed portfolio since GFC |

*[1]Source reflects S&P Global Market Intelligence data for MSAs with ≥ $1.0 billion in deposits as of 9.15.2020 and includes TX.*

# 3Q20 highlights and key messages

| Deposits | Net Loans | Revenue | ROTCE[1] | Efficiency Ratio | NIM | CET1 |
|---|---|---|---|---|---|---|
| **$68.4B** Reported | **$58.7B** Reported | **$1.36B** Reported | **37.8%** Reported | **43.3%** Reported | **2.84%** Reported | **9.21%** Reported |
| | | **$823M** Adjusted[2] | **13.9%** Adjusted[2] | **57.3%** Adjusted[2] | | |

**4Q20 Outlook**

- Expect 4Q20 reported NII and NIM to be down low-single digit % range from $532 million in 3Q20 largely reflecting lower expected IBKC accretion
  - Expect core NII to be relatively stable to down modestly
- Expect CET1 to remain in the ~9 – 9.25% range as growth in net income is largely offset by an increase in RWAs driven by lower-risk loans to mortgage companies
- Expect relatively robust fee income results despite seasonal declines in counter-cyclical businesses
- Expect to deliver annualized merger expense saves of $48 million in 4Q20
- Relatively cautious near-term stance regarding ACL coverage given continued COVID and election uncertainty; 2.7% total loss absorption capacity to loans excluding LMC and PPP[3]
  - Continue to closely monitor asset quality including sectors most immediately impacted by COVID-19

**FY2021 Expense ex. Incentives & Commissions Outlook**

- Expense excluding incentives and commissions expected to be down in the low-single digit % range from 3Q20 annualized level of $1.52 billion
- Expect to substantially deliver annualized run-rate merger savings of ~$170 million by YE2021 following targeted fall 2021 systems conversion

*Focused on delivering top-tier ROTCE*

*[1]ROTCE is a non-GAAP measure - see non-GAAP reconciliation in the appendix. [2]Adjusted financial measures exclude notable items; they are non-GAAP and are reconciled to GAAP measures in the appendix. [3]Loss absorption capacity represents 3Q20 period end Allowance for credit losses of $1.077 billion plus the unrecognized discount on acquired loans of $284 million to total loans less loans to mortgage companies (LMC) and Payroll Protection Program loans (PPP) see appendix for reconciliation.*

# Key takeaways

**Well-positioned to capitalize on the benefits of our more diversified business model and expanded franchise in attractive Southern markets**

- Diversified revenue mix with countercyclical businesses helping to mitigate pressure from low rates
- Uniquely positioned to deliver significant cost savings in a challenging environment
  - Strong progress towards at least $170 million of cost saves; proven commitment to expense discipline
- Continued prudent risk management with strong reserves and loss absorption capacity
  - ~45% of loan book marked with ~$1.3 billion of total loss absorption capacity
- Attractive capital and funding profile

**Significant opportunities to drive relative outperformance and build shareholder value**

# APPENDIX

# Notable items & reconciliation to GAAP financials

*Slides in this presentation use Non-GAAP information. That information is not presented according to generally accepted accounting principles (GAAP) and is reconciled to GAAP information below.*

*$s in millions*

| 3Q20 IBKC merger-related notable items | | |
|---|---|---|
| **Noninterest income:** | | |
| Merger accounting adjustment: other noninterest income[1] | $ | 532 |
| **Total noninterest income** | | 532 |
| **Noninterest expense:** | | |
| Salaries and benefits | | (1) |
| Incentives and commissions | | (34) |
| Total personnel expenses | | (35) |
| Occupancy and equipment | | (4) |
| Outside services | | (32) |
| Amortization of intangible assets | | (1) |
| Louisiana Foundation contribution: other noninterest expense | | (20) |
| Other noninterest expense | | (4) |
| Total other noninterest expense | | (24) |
| **Total noninterest expense** | | (96) |
| Non-PCD provision for credit losses | | (140) |
| **Total IBKC net notable items** | $ | 296 |

| 3Q20 Other notable items | | |
|---|---|---|
| Occupancy and equipment | $ | (1) |
| Outside services | | (2) |
| Other noninterest expense | | (2) |
| PPP fees charitable contribution: other noninterest expense | | (15) |
| Non-PCD provision for credit losses - SunTrust branch acquisition | | (7) |
| **Total other 3Q20 notable items** | | (27) |
| **Total net 3Q20 notable items (pre-tax)** | $ | **269** |
| | | |
| Tax impact of 3Q20 notable items | | 61 |
| **After-tax impact of 3Q20 notable items** | $ | **331** |

**Adjusted FHN historical income statements**

| $ in millions | 3Q20 GAAP | 3Q20 Notable Items | 3Q20 Non-GAAP |
|---|---|---|---|
| Net interest income | $ 532 | $ - | $ 532 |
| Total noninterest income | 823 | (532) | 291 |
| Total revenue | 1,355 | (532) | 823 |
| Total noninterest expense | 587 | (116) | 471 |
| Provision for credit losses | 227 | (147) | 80 |
| Income before income taxes | 541 | (269) | 272 |
| Provision for income taxes | 2 | 61 | 63 |
| **Net income** | **539** | **(331)** | **208** |
| Net income attributable to noncontrolling interest | 3 | - | 3 |
| Net income attributable to controlling interest | 536 | (331) | 205 |
| Preferred stock dividends | 13 | - | 13 |
| **Net income available to common shareholders** | **$ 523** | **$ (331)** | **$ 193** |

| *$s in millions* | | 3Q20 |
|---|---|---|
| **Adjusted Return on Average Common Equity ("ROCE")/ Return on Average Tangible Common Equity ("ROTCE")/ Adjusted ROTCE** | | |
| NIAC (GAAP) | | $ 523 |
| Plus Tax effected notable items (Non-GAAP) | | (331) |
| Adjusted NIAC (Non-GAAP) | | $ 193 |
| | | |
| NIAC (annualized) (GAAP) | a | $ 2,082 |
| Adjusted NIAC (annualized) (Non-GAAP) | b | $ 765 |
| | | |
| Average Common Equity (GAAP) | c | $ 7,309 |
| Intangible Assets (GAAP)[2] | | 1,794 |
| Average Tangible Common Equity (Non-GAAP) | d | $ 5,515 |
| | | |
| **ROCE (GAAP)** | a/c | 28.49 % |
| **Adjusted ROCE (Non-GAAP)** | b/c | 10.49 % |
| **ROTCE (Non-GAAP)** | a/d | 37.75 % |
| **Adjusted ROTCE (Non-GAAP)** | b/d | 13.90 % |

| *$ in millions* | | 3Q20 |
|---|---|---|
| **Adjusted Efficiency Ratio** | | |
| Noninterest expense (GAAP) | a | $ 587 |
| Plus notable items (GAAP) | | (116) |
| Adjusted noninterest expense (Non-GAAP) | b | $ 471 |
| | | |
| Revenue excluding securities gains/losses (GAAP) | c | $ 1,357 |
| Plus notable items (GAAP) | | (532) |
| Adjusted revenue excluding securities gains/losses (Non-GAAP) | d | $ 825 |
| | | |
| **Efficiency ratio (GAAP)** | a/c | 43.31 % |
| **Adjusted efficiency ratio (Non-GAAP)** | b/d | 57.26 % |

| *$ in millions* | Loan Balance | Total loss absorption capacity | Total loss absorption capacity/ Loans |
|---|---|---|---|
| **Total Loans** | **$ 59,707** | **$ 1,361** | **2.3%** |
| Loans to Mortgage Companies (LMC) | 5,607 | 5 | 0.1 |
| PPP | 4,176 | 14 | 0.3 |
| **Total excl. LMC & PPP** | **$ 49,924** | **$ 1,342** | **2.7%** |



*Numbers may not add to total due to rounding. [1]Merger accounting adjustment is non-taxable income. [2]Includes goodwill and other intangible assets, net of amortization.*