UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 001-15185



(Exact name of registrant as specified in its charter)

TN	**62-0803242**
(State or other jurisdiction incorporation of organization)	**(IRS Employer Identification No.)**
165 Madison Avenue	
Memphis, Tennessee	**38103**
(Address of principal executive office)	**(Zip Code)**

(Registrant's telephone number, including area code) (901) 523-4444

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Exchange on which Registered
$.625 Par Value Common Capital Stock	FHN	New York Stock Exchange LLC
Depositary Shares, each representing a 1/4,000th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series A*	FHN PR A*	New York Stock Exchange LLC
Depositary Shares, each representing a 1/400th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series B	FHN PR B	New York Stock Exchange LLC
Depositary Shares, each representing a 1/400th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series C	FHN PR C	New York Stock Exchange LLC
Depositary Shares, each representing a 1/400th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series D	FHN PR D	New York Stock Exchange LLC
Depositary Shares, each representing a 1/4,000th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series E	FHN PR E	New York Stock Exchange LLC
Depositary Shares, each representing a 1/4,000th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series F	FHN PR F	New York Stock Exchange LLC

*Shares of Series A Preferred Stock, along with the related Series A Depositary Shares, were outstanding on June 30, 2021. The New York Stock Exchange suspended the Series A Depositary Shares from trading on July 12, 2021 and delisted the security on July 23, 2021.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or

revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding on July 31, 2021**
Common Stock, $.625 par value	549,333,271

FIRST HORIZON CORPORATION

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Glossary of Acronyms and Terms

The following is a list of common acronyms and terms used throughout this report:

ACL	Allowance for credit losses
ADR	Average daily revenue
AFS	Available for sale
AIR	Accrued interest receivable
ALCO	Asset/Liability Committee
ALLL	Allowance for loan and lease losses
ALM	Asset/liability management
AMERIBOR	American Interbank Offered Rate
AOCI	Accumulated other comprehensive income
ARRC	Alternative Reference Rates Committee
ASC	FASB Accounting Standards Codification
Associate	Person employed by FHN
ASU	Accounting Standards Update
Bank	First Horizon Bank
BOLI	Bank-owned life insurance
BSBY	Bloomberg short-term bank yield index
C&I	Commercial, financial, and industrial loan portfolio
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBF	Capital Bank Financial
CCAR	Comprehensive Capital Analysis and Review
CD	Certificate of deposit
CECL	Current expected credit loss
CEO	Chief Executive Officer
CFPB	Consumer Financial Protection Bureau
CMO	Collateralized mortgage obligations
Company	First Horizon Corporation
Corporation	First Horizon Corporation
CRA	Community Reinvestment Act
CRE	Commercial Real Estate loan portfolio
CRMC	Credit Risk Management Committee
DSCR	Debt service coverage ratios
DTA	Deferred tax asset
DTL	Deferred tax liability
EPS	Earnings per share
ESOP	Employee stock ownership plan
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Federal Reserve Board
FFP	Federal funds purchased
FFS	Federal funds sold
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC / Freddie Mac	Federal Home Loan Mortgage Corporation
FHN	First Horizon Corporation
FHNF	FHN Financial; FHN's fixed income division
FICO	Fair Isaac Corporation
FINRA	Financial Industry Regulatory Authority
FNMA / Fannie Mae	Federal National Mortgage Association
First Horizon	First Horizon Corporation
FRB	Federal Reserve Bank or the Federal Reserve Board
FTBNA	First Tennessee Bank National Association (former name of the Bank)
FTE	Fully taxable equivalent
FTHC	First Tennessee Housing Corporation
FTNF	FTN Financial (former name of FHNF)
FTNMC	First Tennessee New Markets Corporation
FTRESC	FT Real Estate Securities Company, Inc.
GAAP	Generally accepted accounting principles (U.S.)
GNMA	Government National Mortgage Association or Ginnie Mae
GSE	Government sponsored enterprises, in this report references Fannie Mae and Freddie Mac
HELOC	Home equity line of credit
HFS	Held for Sale
HTM	Held to maturity
HUD	Department of Housing and Urban Development
IBKC	IBERIABANK Corporation
IBKC merger	FHN's merger of equals with IBKC that closed July 2020
ISDA	International Swap and Derivatives Association

IRS	Internal Revenue Service
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LIHTC	Low Income Housing Tax Credit
LLC	Limited Liability Company
LMC	Loans to mortgage companies
LOCOM	Lower of cost or market
LRRD	Loan Rehab and Recovery Department
LTV	Loan-to-value
MBS	Mortgage-backed securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MSR	Mortgage servicing rights
MSRB	Municipal Securities Rulemaking Board
NAICS	North American Industry Classification System
NII	Net interest income
NIM	Net interest margin
NM	Not meaningful
NMTC	New Market Tax Credit
NOL	Net operating loss
NPA	Nonperforming asset
Non-PCD	Non-Purchased Credit Deteriorated Financial Assets
NPL	Nonperforming loan
NSF	Non-sufficient funds
OCC	Office of the Comptroller of the Currency
OIS	Overnight indexed swap
OREO	Other Real Estate Owned
OTC	One-time close, a mortgage product which allowed simplified conversion of a construction loan to permanent financing
OTTI	Other than temporary impairment
PCAOB	Public Company Accounting Oversight Board
PCD	Purchased Credit Deteriorated Financial Assets
PCI	Purchased credit impaired
PD	Probability of default
PM	Portfolio managers
PPP	Paycheck Protection Program
PSU	Performance Stock Unit
RE	Real estate
RM	Relationship managers
ROA	Return on assets
ROCE	Return on average common shareholders' equity
ROTCE	Return on tangible common equity
RPL	Reasonably Possible Loss
RSU	Restricted stock unit
RULC	Reserve for unfunded lending commitments
RWA	Risk-weighted assets
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SOFR	Secure Overnight Funding Rate
SVaR	Stressed Value-at-Risk
TA	Tangible assets
TCE	Tangible common equity
TDR	Troubled Debt Restructuring
TRUP	Trust preferred loan
UPB	Unpaid principal balance
USDA	United States Department of Agriculture
VaR	Value-at-Risk
VIE	Variable Interest Entities
we / us / our	First Horizon Corporation

Forward-Looking Statements

This report, including material incorporated into it, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements pertain to FHN's 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. Forward-looking statements can be identified by the words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “should,” “is likely,” “will,” “going forward,” and other expressions that indicate future events and trends.

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 FHN’s control, and many of which, with respect to future business decisions and actions (including acquisitions and divestitures), are subject to change and could cause FHN’s actual future results and outcomes to differ materially from those contemplated or implied by forward-looking statements or historical performance. Examples of uncertainties and contingencies include, among other important factors:

- the possibility that the anticipated benefits of the IBKC merger 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 any or all of FHN’s market areas;
- the possibility that the IBKC merger may be more expensive to integrate than anticipated, including as a result of unexpected factors or events;
- potential adverse reactions or changes to business or associate relationships resulting from the IBKC merger;
- the potential impacts on FHN’s businesses and clients of the COVID-19 pandemic, including negative impacts from quarantines and other public restrictions, market declines and volatility, and changes in client behavior;
- potential claims alleging mortgage servicing failures, individually, on a class basis, or as master servicer of securitized loans;
- potential claims relating to participation in government programs, especially lending or other financial services programs;
- global, general and local economic and business conditions, including economic recession or depression;
- the stability or volatility of values and activity in the residential housing and commercial real estate markets;
- 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;
- the financial condition of borrowers and other counterparties;
- competition within and outside the financial services industry;
- the occurrence of natural or man-made disasters, including pestilence, conflicts, or terrorist attacks, or other adverse external events;
- the effectiveness and cost-efficiency of FHN’s hedging practices;
- fraud, theft, or other incursions through conventional, electronic, or other means directly or indirectly affecting FHN or its clients, business counterparties, or competitors;
- FHN’s ability to adapt products and services to changing industry standards and client preferences;
- risks inherent in originating, selling, servicing, and holding loans and loan-based assets, including prepayment risks, pricing concessions, fluctuation in U.S. housing and other real estate prices, fluctuation of collateral values, and changes in client profiles;

- changes in the regulation of the U.S. financial services industry;
- changes in laws, regulations, and administrative actions, including executive orders, whether or not specific to the financial services industry;
- changes in accounting policies, standards, and interpretations;
- evolving capital and liquidity standards under applicable regulatory rules;
- accounting policies and processes requiring management to make estimates about matters that are uncertain; and
- other factors that may affect the future results of FHN.

FHN cautions readers of this report that the list above is not exhaustive as of the date of this report. Further, FHN assumes no obligation to update or revise any forward-looking statements that are made in this report or in any other statement, release, report, or filing from time to time. Actual results could differ and FHN's estimates and expectations could change, possibly materially, because of one or more factors, including those factors listed above or presented elsewhere in this report or those factors listed in material incorporated by reference into this report. In evaluating forward-looking statements and assessing FHN's prospects, readers of this report should carefully consider the factors mentioned above along with the additional risk and uncertainty factors discussed in Item 1A of Part II of this report and in the forepart, and in Items 1, 1A, and 7, of FHN's most recent Annual Report on Form 10-K, along with any additional factors which might materially affect future results and outcomes.

Non-GAAP Information

Certain measures included in this report are "non-GAAP," meaning they are not presented in accordance with U.S. GAAP and also are not codified in 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 Board of Directors through various internal reports. The non-GAAP measures presented in this report are: pre-provision net revenue, return on average tangible common equity, tangible common equity to tangible assets, adjusted tangible common equity to risk-weighted assets, and tangible book value per common share. Table 24 appearing in the MD&A (Item 2 of Part I) of this report provides a reconciliation of non-GAAP items presented in this report to the most comparable GAAP presentation.

Presentation of regulatory measures, even those which are not GAAP, provide a meaningful base for comparability to other financial institutions subject to the same regulations as FHN, as demonstrated by their use by banking regulators in reviewing capital adequacy of financial institutions. Although not GAAP terms, these regulatory measures are not considered "non-GAAP" under U.S. financial reporting rules as long as their presentation conforms to regulatory standards. Regulatory measures used in this report include: common equity tier 1 capital, 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 risk-weighted assets, which is a measure of total on- and off-balance sheet assets adjusted for credit and market risk, used to determine regulatory capital ratios.

PART I. FINANCIAL INFORMATION

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CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except per share amounts)	*(Unaudited)* **June 30, 2021**	December 31, 2020
Assets		
Cash and due from banks	**$ 1,303**	$ 1,203
Interest-bearing deposits with banks	**13,451**	8,351
Federal funds sold and securities purchased under agreements to resell	**622**	445
Trading securities	**1,035**	1,176
Securities available for sale at fair value	**8,388**	8,047
Loans held for sale (including $377 and $405 at fair value, respectively)	**977**	1,022
Loans and leases (including $— and $16 at fair value, respectively)	**56,687**	58,232
Allowance for loan and lease losses	**(815)**	(963)
Net loans and leases	**55,872**	57,269
Premises and equipment	**714**	759
Goodwill	**1,511**	1,511
Other intangible assets	**325**	354
Other assets	**3,710**	4,072
Total assets	**$ 87,908**	$ 84,209
Liabilities		
Noninterest-bearing deposits	**$ 25,833**	$ 22,173
Interest-bearing deposits	**47,447**	47,809
Total deposits	**73,280**	69,982
Trading liabilities	**531**	353
Short-term borrowings	**2,246**	2,198
Term borrowings	**1,672**	1,670
Other liabilities	**1,614**	1,699
Total liabilities	**79,343**	75,902
Equity		
Preferred stock, Non-cumulative perpetual, no par value; authorized 5,000,000 shares; issued 26,750 and 26,250 shares, respectively	**520**	470
Common stock, $0.625 par value; authorized 700,000,000 shares; issued 550,865,126 and 555,030,652 shares, respectively	**344**	347
Capital surplus	**4,997**	5,074
Retained earnings	**2,612**	2,261
Accumulated other comprehensive loss, net	**(203)**	(140)
FHN shareholders' equity	**8,270**	8,012
Noncontrolling interest	**295**	295
Total equity	**8,565**	8,307
Total liabilities and equity	**$ 87,908**	$ 84,209

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in millions, except per share data; shares in thousands) (Unaudited)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Interest income				
Interest and fees on loans and leases	**$ 496**	$ 306	**$ 1,003**	$ 633
Interest and fees on loans held for sale	**7**	7	**14**	13
Interest on securities available for sale	**29**	24	**58**	52
Interest on trading securities	**7**	9	**14**	23
Interest on other earning assets	**3**	—	**5**	4
Total interest income	**542**	346	**1,094**	725
Interest expense				
Interest on deposits	**24**	25	**48**	79
Interest on trading liabilities	**2**	1	**3**	4
Interest on short-term borrowings	**1**	1	**2**	12
Interest on term borrowings	**18**	14	**37**	22
Total interest expense	**45**	41	**90**	117
Net interest income	**497**	305	**1,004**	608
Provision for credit losses	**(115)**	121	**(160)**	275
Net interest income after provision for credit losses	**612**	184	**1,164**	333
Noninterest income				
Fixed income	**102**	112	**228**	208
Mortgage banking and title income	**38**	4	**91**	7
Deposit transactions and cash management	**44**	31	**86**	61
Brokerage, management fees and commissions	**21**	14	**41**	29
Trust services and investment management	**14**	8	**26**	15
Bankcard income	**15**	7	**25**	14
Securities gains (losses), net	**11**	(1)	**11**	(1)
Other income	**40**	31	**75**	48
Total noninterest income	**285**	206	**583**	381
Noninterest expense				
Personnel expense	**306**	200	**624**	384
Net occupancy expense	**33**	21	**71**	41
Computer software	**30**	17	**57**	32
Operations services	**19**	12	**35**	23
Legal and professional fees	**16**	13	**31**	22
Equipment expense	**12**	9	**23**	17
Amortization of intangible assets	**14**	5	**28**	11
Other expense	**68**	43	**173**	93
Total noninterest expense	**498**	320	**1,042**	623
Income before income taxes	**399**	70	**705**	91
Income tax expense	**88**	13	**159**	18
Net income	**$ 311**	$ 57	**$ 546**	$ 73
Net income attributable to noncontrolling interest	**3**	3	**6**	6
Net income attributable to controlling interest	**$ 308**	$ 54	**$ 540**	$ 67
Preferred stock dividends	**13**	2	**21**	3
Net income available to common shareholders	**$ 295**	$ 52	**$ 519**	$ 64
Basic earnings per common share	**$ 0.54**	$ 0.17	**$ 0.94**	$ 0.21
Diluted earnings per common share	**$ 0.53**	$ 0.17	**$ 0.93**	$ 0.21
Weighted average common shares	**550,297**	312,090	**551,268**	311,843
Diluted average common shares	**556,763**	312,936	**557,146**	312,792

Certain previously reported amounts have been reclassified to agree with current presentation.
See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in millions) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Net income	**$ 311**	$ 57	**$ 546**	$ 73
Other comprehensive income (loss), net of tax:				
Net unrealized gains (losses) on securities available for sale	**38**	(1)	**(65)**	87
Net unrealized gains (losses) on cash flow hedges	**(2)**	—	**(4)**	13
Net unrealized gains (losses) on pension and other postretirement plans	**2**	2	**6**	5
Other comprehensive income (loss)	**38**	1	**(63)**	105
Comprehensive income	**349**	58	**483**	178
Comprehensive income attributable to noncontrolling interest	**3**	3	**6**	6
Comprehensive income attributable to controlling interest	**$ 346**	$ 55	**$ 477**	$ 172
Income tax expense (benefit) of items included in other comprehensive income:				
Net unrealized gains (losses) on securities available for sale	**$ 12**	$ —	**$ (20)**	$ 28
Net unrealized gains (losses) on cash flow hedges	**—**	—	**(1)**	4
Net unrealized gains (losses) on pension and other postretirement plans	**1**	1	**2**	1

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six Months Ended June 30, 2021

(Dollars in millions, except per share data; shares in thousands) (unaudited)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (a)	Noncontrolling Interest	Total
Balance, December 31, 2020	26,250	$ 470	555,031	$ 347	$ 5,074	$ 2,261	$ (140)	$ 295	$ 8,307
Net income	—	—	—	—	—	233	—	3	236
Other comprehensive income (loss)	—	—	—	—	—	—	(101)	—	(101)
Comprehensive income (loss)	—	—	—	—	—	233	(101)	3	135
Cash dividends declared:									
Preferred stock	—	—	—	—	—	(8)	—	—	(8)
Common stock ($0.15 per share)	—	—	—	—	—	(84)	—	—	(84)
Common stock repurchased (b)	—	—	(3,864)	(2)	(60)	—	—	—	(62)
Common stock issued for:									
Stock options and restricted stock - equity awards	—	—	1,208	—	12	—	—	—	12
Stock-based compensation expense	—	—	—	—	10	—	—	—	10
Dividends declared - noncontrolling interest of subsidiary preferred stock	—	—	—	—	—	—	—	(3)	(3)
Balance, March 31, 2021	26,250	470	552,375	345	5,036	2,402	(241)	295	8,307
Net income	—	—	—	—	—	308	—	3	311
Other comprehensive income (loss)	—	—	—	—	—	—	38	—	38
Comprehensive income (loss)	—	—	—	—	—	308	38	3	349
Cash dividends declared:									
Preferred stock	—	—	—	—	—	(8)	—	—	(8)
Common stock ($0.15 per share)	—	—	—	—	—	(85)	—	—	(85)
Preferred stock issuance (1,500 shares issued at $100,000 per share net of offering costs)	1,500	145	—	—	—	—	—	—	145
Call of preferred stock	(1,000)	(95)	—	—	—	(5)	—	—	(100)
Common stock repurchased (b)	—	—	(3,435)	(3)	(61)	—	—	—	(64)
Common stock issued for:									
Stock options and restricted stock - equity awards	—	—	1,925	2	11	—	—	—	13
Stock-based compensation expense	—	—	—	—	11	—	—	—	11
Dividends declared - noncontrolling interest of subsidiary preferred stock	—	—	—	—	—	—	—	(3)	(3)
Balance, June 30, 2021	26,750	$ 520	550,865	$ 344	$ 4,997	$ 2,612	$ (203)	$ 295	$ 8,565

(a) Due to the nature of the preferred stock issued by FHN and its subsidiaries, all components of other comprehensive income (loss) have been attributed solely to FHN as the controlling interest holder.

(b) Includes $59 million and $57 million repurchased under share repurchase programs for the three months ended March 31, 2021 and June 30, 2021, respectively.

See accompanying notes to consolidated financial statements.

Six Months Ended June 30, 2020

(Dollars in millions, except per share data; shares in thousands) (unaudited)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (a)	Noncontrolling Interest	Total
Balance, December 31, 2019	1,000	$ 96	311,469	$ 195	$ 2,931	$ 1,798	$ (239)	$ 295	$ 5,076
Adjustment to reflect adoption of ASU 2016-13	—	—	—	—	—	(96)	—	—	(96)
Beginning balance, as adjusted	1,000	96	311,469	195	2,931	1,702	(239)	295	4,980
Net income	—	—	—	—	—	13	—	3	16
Other comprehensive income (loss)	—	—	—	—	—	—	104	—	104
Comprehensive income (loss)	—	—	—	—	—	13	104	3	120
Cash dividends declared:									
Preferred stock ($1,550 per share)	—	—	—	—	—	(1)	—	—	(1)
Common stock ($0.15 per share)	—	—	—	—	—	(48)	—	—	(48)
Common stock repurchased	—	—	(141)	—	(2)	—	—	—	(2)
Common stock issued for:									
Stock options and restricted stock - equity awards	—	—	652	—	4	—	—	—	4
Stock-based compensation expense	—	—	—	—	7	—	—	—	7
Dividends declared - noncontrolling interest of subsidiary preferred stock	—	—	—	—	—	—	—	(3)	(3)
Other (b)	—	—	(117)	—	(1)	—	—	—	(1)
Balance, March 31, 2020	1,000	96	311,863	195	2,939	1,666	(135)	295	5,056
Net income	—	—	—	—	—	54	—	3	57
Other comprehensive income (loss)	—	—	—	—	—	—	1	—	1
Comprehensive income (loss)	—	—	—	—	—	54	1	3	58
Cash dividends declared:									
Preferred stock ($1,550 per share)	—	—	—	—	—	(2)	—	—	(2)
Common stock ($0.15 per share)	—	—	—	—	—	(47)	—	—	(47)
Preferred stock issuance (1,500 shares issued at 100,000 per share net of offering costs)	1,500	144	—	—	—	—	—	—	144
Common stock repurchased	—	—	(183)	—	(1)	—	—	—	(1)
Common stock issued for:									
Stock options and restricted stock - equity awards	—	—	679	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	3	—	—	—	3
Dividends declared - noncontrolling interest of subsidiary preferred stock	—	—	—	—	—	—	—	(3)	(3)
Balance, June 30, 2020	2,500	$ 240	312,359	$ 195	$ 2,941	$ 1,671	$ (134)	$ 295	$ 5,208

(a) Due to the nature of the preferred stock issued by FHN and its subsidiaries, all components of other comprehensive income (loss) have been attributed solely to FHN as the controlling interest holder.

(b) Represents shares canceled in connection with the resolution of remaining CBF dissenters' appraisal process.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions) (Unaudited)	Six Months Ended June 30, 2021	2020
Operating Activities		
Net income	**$ 546**	$ 73
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	**(160)**	275
Deferred income tax expense (benefit)	**23**	(39)
Depreciation and amortization of premises and equipment	**31**	21
Amortization of intangible assets	**28**	11
Net other amortization and accretion	**(32)**	8
Net (increase) decrease in derivatives	**253**	(369)
Stock-based compensation expense	**21**	10
Securities (gains) losses, net	**(11)**	1
Net (gains) losses on sale/disposal of fixed assets	**33**	2
(Gain) loss on BOLI	**(2)**	(4)
Loans held for sale:		
Purchases and originations	**(2,804)**	(1,097)
Gross proceeds from settlements and sales	**2,050**	323
(Gain) loss due to fair value adjustments and other	**(69)**	7
Other operating activities, net	**1,108**	275
Total adjustments	**469**	(576)
Net cash provided by (used in) operating activities	**1,015**	(503)
Investing Activities		
Proceeds from sales of securities available for sale	**33**	9
Proceeds from maturities of securities available for sale	**1,175**	572
Purchases of securities available for sale	**(1,647)**	(1,498)
Proceeds from sales of premises and equipment	**4**	2
Purchases of premises and equipment	**(26)**	(21)
Proceeds from BOLI	**6**	8
Net (increase) decrease in loans and leases	**1,601**	(1,649)
Net increase in interest-bearing deposits with banks	**(5,100)**	(2,653)
Other investing activities, net	**8**	4
Net cash used in investing activities	**(3,946)**	(5,226)
Financing Activities		
Common stock:		
Stock options exercised	**25**	4
Cash dividends paid	**(167)**	(92)
Repurchase of shares	**(126)**	(4)
Cancellation of common shares	**—**	(2)
Preferred stock issuance	**145**	145
Cash dividends paid - preferred stock - noncontrolling interest	**(6)**	(6)
Cash dividends paid - preferred stock	**(16)**	(3)
Net increase in deposits	**3,304**	5,330
Net increase (decrease) in short-term borrowings	**48**	(1,126)
Proceeds from issuance of term borrowings	**—**	1,242
Increases (decreases) in restricted and secured term borrowings	**1**	(6)
Net cash provided by financing activities	**3,208**	5,482
Net increase (decrease) in cash and cash equivalents	**277**	(247)
Cash and cash equivalents at beginning of period	**1,648**	1,267
Cash and cash equivalents at end of period	**$ 1,925**	$ 1,020
Supplemental Disclosures		
Total interest paid	**$ 98**	$ 125
Total taxes paid	**173**	6
Total taxes refunded	**4**	1
Transfer from loans to OREO	**2**	2
Transfer from loans HFS to trading securities	**871**	604
Transfer from loans to loans HFS	**(31)**	—

Certain previously reported amounts have been reclassified to agree with current presentation.
See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements (Unaudited)

Note 1 – Basis of Presentation and Accounting Policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and notes necessary for complete financial statements in accordance with GAAP. In the opinion of management, the accompanying unaudited consolidated financial statements contain all significant adjustments, consisting of normal and recurring items, considered necessary for fair presentation. These interim financial statements should be read in conjunction with FHN's audited consolidated financial statements and notes in FHN's Annual Report on Form 10-K for the year ended December 31, 2020. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full year.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts reported in prior years have been reclassified to conform to the current period presentation. See the Glossary of Acronyms and Terms included in this Report for terms used herein.

Accounting Changes With Extended Transition Periods

In March 2020, the FASB issued ASU 2020-04, “Facilitation of the Effects of Reference Rate Reform on Financial Reporting” which provides several optional expedients and exceptions to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The provisions of ASU 2020-04 primarily affect 1) contract modifications (e.g., loans, leases, debt, and derivatives) made in anticipation that a reference rate (e.g., LIBOR) will be discontinued and 2) the application of hedge accounting for existing relationships affected by those modifications. The provisions of ASU 2020-04 are effective upon release and apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by ASU 2020-04 do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. FHN has identified contracts affected by reference rate reform and developed modification plans for those contracts. FHN has elected to utilize the optional expedients and exceptions provided by ASU 2020-04 for certain contract modifications that have already been implemented. FHN anticipates that it will continue to utilize the expedients and exceptions for future modifications in situations where they mitigate potential accounting outcomes that do not faithfully represent management’s intent or risk management activities, consistent with the purpose of the standard.

In January 2021, the FASB issued ASU 2021-01, "Scope" to expand the scope of ASU 2020-04 to apply to certain contract modifications that were implemented in October 2020 by derivative clearinghouses for the use of Secure Overnight Funding Rate (SOFR) in discounting, margining and price alignment for centrally cleared derivatives, including derivatives utilized in hedging relationships. ASU 2021-01 also applies to derivative contracts affected by the change in discounting convention regardless of whether they are centrally cleared (i.e., bi-lateral contracts can also be modified) and regardless of whether they reference LIBOR. ASU 2021-01 was effective immediately upon issuance with retroactive application permitted. FHN elected to retroactively apply the provisions of ASU 2021-01 because FHN's centrally cleared derivatives were affected by the change in discounting convention and because FHN has other bi-lateral derivative contracts that may be modified to conform to the use of SOFR for discounting. Adoption did not have a significant effect on FHN's reported financial condition or earnings.

Note 2 – Acquisitions and Divestitures

On July 1, 2020, FHN and IBERIABANK Corporation closed their merger-of-equals transaction. FHN issued approximately 243 million shares of FHN common stock, plus three new series of preferred stock (Series B, Series C, and Series D) in a transaction valued at $2.5 billion. At the time of closing, IBKC operated 319 offices in 12 states, mostly in the southern U.S.

The merger-of-equals transaction has been accounted for as a business combination. Accordingly, the assets acquired and liabilities assumed are generally presented at their fair values as of the merger date. The determination of fair value requires management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change.

The following schedule details the allocation of merger consideration to the valuations of the identifiable tangible and intangible assets acquired and liabilities assumed from IBKC as of July 1, 2020.

(Dollars in millions)		IBERIABANK Corporation
Assets:		
Cash and due from banks	$	395
Interest-bearing deposits with banks		1,683
Securities available for sale at fair value		3,544
Loans held for sale		320
Loans and leases (a)		25,921
Allowance for loan and lease losses		(284)
Other intangible assets		240
Premises and equipment		311
OREO		9
Other assets		1,153
Total assets acquired	$	33,292
Liabilities:		
Deposits	$	28,232
Short-term borrowings		209
Term borrowings		1,200
Other liabilities		618
Total liabilities assumed	$	30,259
Net assets acquired	$	3,033
Consideration paid:		
Consideration for outstanding common stock	$	2,243
Consideration for equity awards		28
Consideration for preferred stock		231
Total consideration paid	$	2,502
Purchase accounting gain	$	(531)

(a) Includes $1.3 billion of initial net investments in sales-type and direct financing leases.

In relation to the merger-of-equals transaction, FHN recorded a $531 million purchase accounting gain, representing the shortfall of the purchase price under the acquisition accounting value of net assets acquired, net of deferred taxes. The purchase accounting gain is not taxable. All measurement-period adjustments made during the first six months of 2021 have been deemed insignificant individually and in the aggregate. The valuation of the IBKC merger-of-equals transaction was final as of June 30, 2021. See Note 2, Acquisitions and Divestitures, in the 2020 Annual Report on Form 10-K for the year ended December 31, 2020, for a description of the methods used to determine the fair values of significant assets acquired and liabilities assumed presented above.

Note 2 – Acquisitions and Divestitures (Continued)

On July 17, 2020, First Horizon Bank completed its purchase of 30 branches from Truist Bank. As of December 31, 2020, the valuation of the acquired assets and liabilities assumed from the Truist branches acquisition was final. In relation to the acquisition, FHN recorded $78 million in goodwill, representing the excess of acquisition consideration over the estimated fair value of net assets acquired. All goodwill has been attributed to FHN's Regional Banking segment (refer to Note 7 - Goodwill and Other Intangible Assets for additional information). This goodwill was the result of expected synergies, operational efficiencies and other factors.

Expenses related to FHN's merger and integration activities are recorded in FHN's Corporate segment.

Total merger and integration expense recognized for the three and six months ended June 30, 2021 and 2020 are presented in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2021**	2020	**2021**	2020
Personnel expense (a)	**$ 16**	$ 5	**$ 37**	$ 6
Legal and professional fees (b)	**4**	5	**7**	7
Net occupancy expense (c)	**—**	(1)	**3**	(1)
Other expense (d)	**12**	5	**55**	8
Total	**$ 32**	$ 14	**$ 102**	$ 20

Certain previously reported amounts have been reclassified to agree with current presentation.
(a) Primarily comprised of fees for severance and retention.
(b) Primarily comprised of fees for legal, accounting, and merger consultants.
(c) Primarily relates to expenses associated with lease exits.
(d) Consists of fees for operations services, communications and delivery, equipment rentals, depreciation and maintenance, supplies, travel and entertainment, computer software, advertising and public relations, contract termination charges, internal technology development costs, costs of shareholder matters and asset impairments.

In addition to the transactions mentioned above, FHN acquires or divests assets from time to time in transactions that are considered business combinations or divestitures but are not material to FHN individually or in the aggregate.

Note 3 – Investment Securities

The following tables summarize FHN's investment securities on June 30, 2021 and December 31, 2020:

	June 30, 2021			
(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
U.S. treasuries	$ 607	$ —	$ —	$ 607
Government agency issued MBS	4,120	66	(19)	4,167
Government agency issued CMO	2,330	18	(25)	2,323
Other U.S. government agencies	737	10	(4)	743
States and municipalities	506	12	—	518
	$ 8,300	**$ 106**	**$ (48)**	8,358
AFS securities recorded at fair value through earnings:				
SBA-interest only strips (a)				30
Total securities available for sale (b)				**$ 8,388**

(a) SBA-interest only strips are recorded at elected fair value. See Note 17 - Fair Value of Assets and Liabilities for additional information.
(b) Includes $7.1 billion of securities pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes.

	December 31, 2020			
(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
U.S. treasuries	$ 613	$ —	$ —	$ 613
Government agency issued MBS	3,722	92	(2)	3,812
Government agency issued CMO	2,380	29	(3)	2,406
Other U.S. government agencies	672	12	—	684
Corporate and other debt	40	1	(1)	40
States and municipalities	445	15	—	460
	$ 7,872	$ 149	$ (6)	8,015
AFS securities recorded at fair value through earnings:				
SBA-interest only strips (a)				32
Total securities available for sale (b)				$ 8,047

(a) SBA-interest only strips are recorded at elected fair value. See Note 17 - Fair Value of Assets and Liabilities for additional information.
(b) Includes $6.4 billion of securities pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes.

Note 3 – Investment Securities (Continued)

The amortized cost and fair value by contractual maturity for the available-for-sale debt securities portfolio on June 30, 2021 is provided below:

	Available for Sale	
(Dollars in millions)	Amortized Cost	Fair Value
Within 1 year	$ 680	$ 681
After 1 year through 5 years	148	150
After 5 years through 10 years	346	355
After 10 years	676	712
Subtotal	1,850	1,898
Government agency issued MBS and CMO (a)	6,450	6,490
Total	**$ 8,300**	**$ 8,388**

(a) Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Gross gains and losses on sales of AFS securities for the three and six months ended June 30, 2021 and 2020 were insignificant. Cash proceeds from sales of AFS securities were $6 million and $33 million for the three and six months ended June 30, 2021, respectively. Cash proceeds from sales of AFS securities for the three months ended June 30, 2020 were insignificant and were $9 million for the six months ended June 30, 2020.

The following tables provide information on investments within the available-for-sale portfolio that had unrealized losses as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021					
	Less than 12 months		12 months or longer		Total	
(Dollars in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government agency issued MBS	$ 1,618	$ (19)	$ —	$ —	$ 1,618	$ (19)
Government agency issued CMO	1,332	(25)	—	—	1,332	(25)
Other U.S. government agencies	281	(4)	—	—	281	(4)
States and municipalities	41	—	—	—	41	—
Total	**$ 3,272**	**$ (48)**	**$ —**	**$ —**	**$ 3,272**	**$ (48)**

	As of December 31, 2020					
	Less than 12 months		12 months or longer		Total	
(Dollars in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasuries	$ 307	$ —	$ —	$ —	$ 307	$ —
Government agency issued MBS	426	(2)	—	—	426	(2)
Government agency issued CMO	586	(3)	—	—	586	(3)
Other U.S. government agencies	80	(1)	—	—	80	(1)
States and municipalities	1	—	—	—	1	—
Total	$ 1,400	$ (6)	$ —	$ —	$ 1,400	$ (6)

FHN has evaluated all AFS debt securities that were in unrealized loss positions in accordance with its accounting policy for recognition of credit losses. No AFS debt securities were determined to have credit losses because the primary cause of the decline in value was attributable to changes in interest rates.

Total AIR not included in the fair value or amortized cost basis of AFS debt securities was $22 million as of June 30, 2021 and December 31, 2020. Consistent with FHN's review of the related securities, there were no credit-related write downs of AIR for AFS debt securities during the reporting period. Additionally, for AFS debt securities with unrealized losses, FHN does

Note 3 – Investment Securities (Continued)

not intend to sell them and it is more-likely-than-not that FHN will not be required to sell them prior to recovery. Therefore, no write downs of these investments to fair value occurred during the reporting period.

The carrying amount of equity investments without a readily determinable fair value was $73 million and $57 million at June 30, 2021 and December 31, 2020, respectively. The year-to-date 2021 and 2020 gross amounts of upward and downward valuation adjustments were not significant.

Unrealized gains of $3 million and $5 million were recognized in the three months ended June 30, 2021 and 2020, respectively, and unrealized gains of $6 million and unrealized losses of $1 million were recognized for the six months ended June 30, 2021 and 2020, respectively, for equity investments with readily determinable fair values.

Note 4 – Loans and Leases

The loans and lease portfolio is disaggregated into portfolio segments and then further disaggregated into classes for certain disclosures. GAAP defines a portfolio segment as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. A class is generally a disaggregation of a portfolio segment and is generally determined based on risk characteristics of the loan and FHN's method for monitoring and assessing credit risk and performance. FHN's loan and lease portfolio segments are commercial and consumer. The classes of loans and leases are: (1) commercial, financial, and industrial, which includes commercial and industrial loans and leases and loans to mortgage companies, (2) commercial real estate, (3) consumer real estate, which includes both real estate installment and home equity lines of credit, and (4) credit card and other.

The following table provides the amortized cost basis of loans and leases by portfolio segment and class as of June 30, 2021 and December 31, 2020, excluding accrued interest of $169 million and $180 million, respectively, which is included in other assets in the Consolidated Balance Sheets.

(Dollars in millions)	**June 30, 2021**	December 31, 2020
Commercial:		
Commercial and industrial (a) (b)	**$ 27,652**	$ 27,700
Loans to mortgage companies	**4,876**	5,404
Total commercial, financial, and industrial	**32,528**	33,104
Commercial real estate	**12,292**	12,275
Consumer:		
HELOC	**2,151**	2,420
Real estate installment loans	**8,714**	9,305
Total consumer real estate	**10,865**	11,725
Credit card and other	**1,002**	1,128
Loans and leases	**$ 56,687**	$ 58,232
Allowance for loan and lease losses	**(815)**	(963)
Net loans and leases	**$ 55,872**	$ 57,269

(a) Includes equipment financing leases of $682 million and $587 million, respectively, as of June 30, 2021 and December 31, 2020.
(b) Includes PPP loans fully guaranteed by the SBA of $3.8 billion and $4.1 billion as of June 30, 2021 and December 31, 2020, respectively.

Restrictions

Loans and leases with carrying values of $37.2 billion and $38.6 billion were pledged as collateral for borrowings at June 30, 2021 and December 31, 2020, respectively.

Concentrations of Credit Risk

Most of the FHN's business activity is with clients located in the southern United States. FHN's lending activity is concentrated in its market areas within those states. As of June 30, 2021, FHN had loans to mortgage companies of $4.9 billion and loans to finance and insurance companies of $3.2 billion. As a result, 25% of the C&I portfolio is sensitive to impacts on the financial services industry.

Credit Quality Indicators

FHN employs a dual grade commercial risk grading methodology to assign an estimate for the probability of default and the loss given default for each commercial loan using factors specific to various industry, portfolio, or product segments that result in a rank ordering of risk and the assignment of grades PD 1 to PD 16. This credit grading system is intended to identify and measure the credit quality of the loan and lease portfolio by analyzing the migration between grading categories. It is also integral to the estimation methodology utilized in determining the ALLL since an allowance is established for pools of commercial loans based on the credit grade assigned. Each PD grade corresponds to an estimated one-year default probability percentage. PD grades are continually evaluated, but require a formal scorecard annually. As a response to the COVID-19 pandemic, FHN identified a segment of its commercial portfolio that requires a quarterly re-

Note 4 – Loans and Leases (Continued)

grading process. As borrowers recover, they can be removed from the quarterly re-grading process with credit officer concurrence.

PD 1 through PD 12 are “pass” grades. PD grades 13-16 correspond to the regulatory-defined categories of special mention (13), substandard (14), doubtful (15), and loss (16). Special mention loans and leases have potential weaknesses that, if left uncorrected, may result in deterioration of FHN's credit position at some future date. Substandard commercial loans and leases have well-defined weaknesses and are characterized by the distinct possibility that FHN will sustain some loss if the deficiencies are not corrected. Doubtful commercial loans and leases have the same weaknesses as substandard loans and leases with the added characteristics that the probability of loss is high and collection of the full amount is improbable.

The following tables provide the amortized cost basis of the commercial loan portfolio by year of origination and credit quality indicator as of June 30, 2021 and December 31, 2020:

	June 30, 2021									
	C&I									
(Dollars in millions)	2021	2020	2019	2018	2017	Prior to 2017	LMC (a)	Revolving Loans	Revolving Loans Converted to Term Loans (b)	Total
Credit Quality Indicator:										
Pass (PD grades 1 through 12) (c)	$ 4,191	$ 6,164	$ 4,163	$ 1,958	$ 1,448	$ 2,758	$ 4,876	$ 5,827	$ 13	$ 31,398
Special Mention (PD grade 13)	22	50	56	75	24	75	—	155	5	462
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	52	122	77	118	24	111	—	117	47	668
Total C&I loans	$ 4,265	$ 6,336	$ 4,296	$ 2,151	$ 1,496	$ 2,944	$ 4,876	$ 6,099	$ 65	$ 32,528

(a) LMC includes non-revolving commercial lines of credit to qualified mortgage companies primarily for the temporary warehousing of eligible mortgage loans prior to the borrower's sale of those mortgage loans to third party investors. The loans are of short duration with maturities less than one year.
(b) C&I loans converted from revolving to term in 2021 were not material.
(c) 2021 and 2020 balances include PPP loans.

Note 4 – Loans and Leases (Continued)

	December 31, 2020									
	C&I									
lars in millions)	2020	2019	2018	2017	2016	Prior to 2016	LMC (a)	Revolving Loans	Revolving Loans Converted to Term Loans (b)	Total
lit Quality Indicator:										
s (PD grades 1 through 12) (c)	$ 9,06	5,13	2,62	1,74	1,16	2,14	5,40	4,57	$ 60	$ 31,915
cial Mention (PD grade 13)	89	93	70	31	37	64	—	127	1	512
standard, Doubtful, or Loss (PD grades 14,15, and 16)	182	77	114	50	42	58	—	95	59	677
l C&I loans	$ 9,33	5,30	2,81	1,82	1,24	2,26	5,40	4,79	120	$ 33,104

(a) LMC includes non-revolving commercial lines of credit to qualified mortgage companies primarily for the temporary warehousing of eligible mortgage loans prior to the borrower's sale of those mortgage loans to third party investors. The loans are of short duration with maturities less than one year.
(b) $50 million of C&I loans were converted from revolving to term in 2020.
(c) 2020 balances include PPP loans.

	June 30, 2021								
	CRE								
(Dollars in millions)	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior to 2017**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Credit Quality Indicator:									
Pass (PD grades 1 through 12)	**$ 1,23**	**2,29**	**3,24**	**1,39**	**87**	**2,27**	**299**	**$ —**	**$ 11,625**
Special Mention (PD grade 13)	**3**	**74**	**50**	**190**	**70**	**101**	**—**	**—**	**488**
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	**4**	**18**	**11**	**25**	**40**	**55**	**26**	**—**	**179**
Total CRE loans	**$ 1,24**	**2,38**	**3,30**	**1,61**	**99**	**2,42**	**325**	**$ —**	**$ 12,292**

	December 31, 2020								
	CRE								
(Dollars in millions)	2020	2019	2018	2017	2016	Prior to 2016	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Credit Quality Indicator:									
Pass (PD grades 1 through 12)	$ 2,477	$ 3,311	$ 1,750	$ 1,140	$ 946	$ 1,800	$ 259	$ 19	$ 11,702
Special Mention (PD grade 13)	48	24	117	75	71	54	—	—	389
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	30	13	21	42	27	33	18	—	184
Total CRE loans	$ 2,555	$ 3,348	$ 1,888	$ 1,257	$ 1,044	$ 1,887	$ 277	$ 19	$ 12,275

Note 4 – Loans and Leases (Continued)

The consumer portfolio is comprised primarily of smaller-balance loans which are very similar in nature in that most are standard products and are backed by residential real estate. Because of the similarities of consumer loan-types, FHN is able to utilize the FICO score, among other attributes, to assess the credit quality of consumer borrowers. FICO scores are refreshed on a quarterly basis in an attempt to reflect the recent risk profile of the borrowers. Accruing delinquency amounts are indicators of asset quality within the credit card and other consumer portfolio.

The following table reflects the amortized cost basis by year of origination and refreshed FICO scores for consumer real estate loans as of June 30, 2021 and December 31, 2020. Within consumer real estate, classes include HELOC and real estate installment. HELOCs are loans which during their draw period are classified as revolving loans. Once the draw period ends and the loan enters its repayment period, the loan converts to a term loan and is classified as revolving loans converted to term loans. All loans classified in the following tables as revolving loans or revolving loans converted to term loans are HELOCs. Real estate installment loans are originated as a fixed term loan and are classified below in their vintage year. All loans in the following tables classified in a vintage year are real estate installment loans.

	June 30, 2021								
	Consumer Real Estate								
(Dollars in millions)	2021	2020	2019	2018	2017	Prior to 2017	Revolving Loans	Revolving Loans Converted to Term Loans (a)	Total
FICO score 740 or greater	$ 645	$ 1,144	$ 950	$ 520	$ 460	$ 2,083	$ 1,165	$ 138	$ 7,105
FICO score 720-739	75	148	123	87	59	222	167	26	907
FICO score 700-719	70	104	83	60	66	229	161	28	801
FICO score 660-699	50	129	102	101	62	275	225	53	997
FICO score 620-659	12	38	61	24	18	136	77	29	395
FICO score less than 620	171	49	27	37	44	250	47	35	660
Total	$ 1,023	$ 1,612	$ 1,346	$ 829	$ 709	$ 3,195	$ 1,842	$ 309	$ 10,865

(a) $19 million of HELOC loans were converted from revolving to term in 2021.

	December 31, 2020								
	Consumer Real Estate								
(Dollars in millions)	2020	2019	2018	2017	2016	Prior to 2016	Revolving Loans	Revolving Loans Converted to Term Loans	Total
FICO score 740 or greater	$ 1,186	$ 1,167	$ 703	$ 610	$ 674	$ 1,719	$ 1,275	$ 159	$ 7,493
FICO score 720-739	157	158	100	77	92	197	186	29	996
FICO score 700-719	122	107	78	76	73	221	177	34	888
FICO score 660-699	130	141	123	75	85	296	264	59	1,173
FICO score 620-659	45	61	37	28	35	127	92	36	461
FICO score less than 620	107	36	52	54	95	261	61	48	714
Total	$ 1,747	$ 1,670	$ 1,093	$ 920	$ 1,054	$ 2,821	$ 2,055	$ 365	$ 11,725

Note 4 – Loans and Leases (Continued)

The following tables reflect the amortized cost basis by year of origination and refreshed FICO scores for credit card and other loans as of June 30, 2021 and December 31, 2020.

	June 30, 2021								
	Credit Card and Other								
(Dollars in millions)	2021	2020	2019	2018	2017	Prior to 2017	Revolving Loans	Revolving Loans Converted to Term Loans (a)	Total
FICO score 740 or greater	$ 44	$ 45	$ 37	$ 43	$ 27	$ 104	$ 136	$ 7	$ 443
FICO score 720-739	9	7	6	5	7	27	37	2	100
FICO score 700-719	5	8	6	7	5	33	37	1	102
FICO score 660-699	21	11	8	12	7	47	92	3	201
FICO score 620-659	2	4	3	6	4	28	18	2	67
FICO score less than 620	15	8	4	6	9	26	20	1	89
Total	$ 96	$ 83	$ 64	$ 79	$ 59	$ 265	$ 340	$ 16	$ 1,002

(a) $3 million of other consumer loans were converted from revolving to term in 2021.

	December 31, 2020								
	Credit Card and Other								
(Dollars in millions)	2020	2019	2018	2017	2016	Prior to 2016	Revolving Loans	Revolving Loans Converted to Term Loans	Total
FICO score 740 or greater	$ 57	$ 52	$ 59	$ 37	$ 23	$ 116	$ 159	$ 5	$ 508
FICO score 720-739	7	7	9	8	8	27	91	2	159
FICO score 700-719	9	8	9	8	4	38	37	3	116
FICO score 660-699	30	12	15	9	9	48	46	3	172
FICO score 620-659	5	5	7	5	10	24	20	1	77
FICO score less than 620	14	7	8	11	9	26	20	1	96
Total	$ 122	$ 91	$ 107	$ 78	$ 63	$ 279	$ 373	$ 15	$ 1,128

Nonaccrual and Past Due Loans and Leases

Loans and leases are placed on nonaccrual if it becomes evident that full collection of principal and interest is at risk, impairment has been recognized as a partial charge-off of principal balance due to insufficient collateral value and past due status, or on a case-by-case basis if FHN continues to receive payments but there are other borrower-specific issues. Included in nonaccrual are loans for which FHN continues to receive payments including residential real estate loans where the borrower has been discharged of personal obligation through bankruptcy.

Past due loans are loans contractually past due as to interest or principal payments, but which have not yet been put on nonaccrual status. In accordance with revised Interagency Guidance issued in 2020, FHN is not required to designate loans with deferrals granted in response to COVID-19 as past due because of such deferrals. If a borrower defers payment, this may result in no contractual payments being past due, and as such, loans would not be considered past due during the period of deferral, and as a result, are excluded from loans past due 30-89 days and loans 90+ days past due in the tables below.

Note 4 – Loans and Leases (Continued)

The following table reflects accruing and non-accruing loans and leases by class on June 30, 2021 and December 31, 2020:

	June 30, 2021								
	Accruing				Non-Accruing				
(Dollars in millions)	Current	30-89 Days Past Due	90+ Days Past Due	Total Accruing	Current	30-89 Days Past Due	90+ Days Past Due	Total Non-Accruing	Total Loans and Leases
Commercial, financial, and industrial:									
C&I (a)	$ 27,488	$ 40	$ 1	**$ 27,529**	$ 93	$ 2	$ 28	**$ 123**	**$ 27,652**
Loans to mortgage companies	4,876	—	—	**4,876**	—	—	—	**—**	**4,876**
Total commercial, financial, and industrial	32,364	40	1	**32,405**	93	2	28	**123**	**32,528**
Commercial real estate:									
CRE	12,216	6	—	**12,222**	18	—	52	**70**	**12,292**
Consumer real estate:									
HELOC (b)	2,083	6	8	**2,097**	41	2	11	**54**	**2,151**
Real estate installment loans (c)	8,591	24	4	**8,619**	52	4	39	**95**	**8,714**
Total consumer real estate	10,674	30	12	**10,716**	93	6	50	**149**	**10,865**
Credit card and other:									
Credit card	267	2	1	**270**	—	—	—	**—**	**270**
Other	725	5	—	**730**	1	—	1	**2**	**732**
Total credit card and other	992	7	1	**1,000**	1	—	1	**2**	**1,002**
Total loans and leases	$ 56,246	$ 83	$ 14	**$ 56,343**	$ 205	$ 8	$ 131	**$ 344**	**$ 56,687**

(a) $103 million of C&I loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance.
(b) $23 million of HELOC loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance.
(c) $8 million of real estate installment loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance.

	December 31, 2020								
	Accruing				Non-Accruing				
(Dollars in millions)	Current	30-89 Days Past Due	90+ Days Past Due	Total Accruing	Current	30-89 Days Past Due	90+ Days Past Due	Total Non-Accruing	Total Loans
Commercial, financial, and industrial:									
C&I (a)	$ 27,541	$ 15	$ —	$ 27,556	$ 88	$ 12	$ 44	$ 144	$ 27,700
Loans to mortgage companies	5,404	—	—	5,404	—	—	—	—	5,404
Total commercial, financial, and industrial	32,945	15	—	32,960	88	12	44	144	33,104
Commercial real estate:									
CRE	12,194	23	—	12,217	10	42	6	58	12,275
Consumer real estate:									
HELOC	2,336	13	11	2,360	43	3	14	60	2,420
Real estate installment loans	9,138	40	5	9,183	63	9	50	122	9,305
Total consumer real estate	11,474	53	16	11,543	106	12	64	182	11,725
Credit card and other:									
Credit card	279	3	1	283	—	—	—	—	283
Other	838	6	—	844	1	—	1	2	845
Total credit card and other	1,117	9	1	1,127	1	—	1	2	1,128
Total loans and leases, net of unearned income	$ 57,730	$ 100	$ 17	$ 57,847	$ 205	$ 66	$ 115	$ 386	$ 58,232

(a) $101 million of C&I loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance.

Note 4 – Loans and Leases (Continued)

Collateral-Dependent Loans

Collateral-dependent loans are defined as loans for which repayment is expected to be derived substantially through the operation or sale of the collateral and where the borrower is experiencing financial difficulty. At a minimum, the estimated value of the collateral for each loan equals the current book value.

As of June 30, 2021 and December 31, 2020, FHN had commercial loans with amortized cost of approximately $177 million and $167 million, respectively, that were based on the value of underlying collateral. Collateral-dependent C&I and CRE loans totaled $151 million and $26 million, respectively, at June 30, 2021. The collateral for these loans generally consists of business assets including land, buildings, equipment and financial assets. During the three and six months ended June 30, 2021, FHN recognized charge-offs of approximately $2 million and $16 million, respectively, on these loans related to reductions in estimated collateral values.

Consumer HELOC and real estate installment loans with amortized cost based on the value of underlying real estate collateral were approximately $8 million and $23 million, respectively, as of June 30, 2021, and $9 million and $26 million, respectively, as of December 31, 2020. Charge-offs during the three and six months ended June 30, 2021 were not significant for collateral-dependent consumer loans.

Troubled Debt Restructurings

As part of FHN's ongoing risk management practices, FHN attempts to work with borrowers when necessary to extend or modify loan terms to better align with their current ability to repay. Extensions and modifications to loans are made in accordance with internal policies and guidelines which conform to regulatory guidance. Each occurrence is unique to the borrower and is evaluated separately.

A modification is classified as a TDR if the borrower is experiencing financial difficulty and it is determined that FHN has granted a concession to the borrower. FHN may determine that a borrower is experiencing financial difficulty if the borrower is currently in default on any of its debt, or if it is probable that a borrower may default in the foreseeable future. Many aspects of a borrower's financial situation are assessed when determining whether they are experiencing financial difficulty. Concessions could include extension of the maturity date, reductions of the interest rate (which may make the rate lower than current market for a new loan with similar risk), reduction or forgiveness of accrued interest, or principal forgiveness. The assessments of whether a borrower is experiencing (or is likely to experience) financial difficulty, and whether a concession has been granted, are subjective in nature and management's judgment is required when determining whether a modification is classified as a TDR. In accordance with regulatory guidance, certain loan modifications that might ordinarily have qualified as TDRs were not accounted for as TDRs and have been excluded from the disclosures below. For loan modifications that were made during the three and six months ended June 30, 2021 or the year ended December 31, 2020 that met the TDR relief provisions outlined in either the CARES Act, as extended by the CAA, or revised Interagency Guidance, FHN has excluded these modifications from consideration as TDRs, and has excluded loans with these qualifying modifications from designation as TDRs in the information and discussion that follows.

On June 30, 2021 and December 31, 2020, FHN had $274 million and $307 million of portfolio loans classified as TDRs, respectively. Additionally, $38 million and $42 million of loans held for sale as of June 30, 2021 and December 31, 2020, respectively, were classified as TDRs.

Note 4 – Loans and Leases (Continued)

The following tables present the end of period balance for loans modified in a TDR during the periods indicated:

	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
(Dollars in millions)	**Number**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**	Number	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial, financial, and industrial:						
C&I	**10**	**$ 19**	**$ 19**	1	$ 5	$ 5
Commercial real estate:						
CRE	**—**	**—**	**—**	—	—	—
Consumer real estate:						
HELOC	**7**	**—**	**—**	4	—	—
Real estate installment loans	**26**	**6**	**6**	40	8	8
Total consumer real estate	**33**	**6**	**6**	44	8	8
Credit card and other	**15**	**—**	**—**	16	—	—
Total TDRs	**58**	**$ 25**	**$ 25**	61	$ 13	$ 13

	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
(Dollars in millions)	**Number**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**	Number	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial, financial, and industrial:						
C&I	**27**	**$ 28**	**$ 27**	4	$ 11	$ 9
Commercial real estate:						
CRE	**1**	**12**	**10**	—	—	—
Consumer real estate:						
HELOC	**19**	**2**	**2**	12	1	1
Real estate installment loans	**35**	**8**	**8**	50	9	9
Total consumer real estate	**54**	**10**	**10**	62	10	10
Credit card and other	**28**	**—**	**—**	40	—	—
Total TDRs	**110**	**$ 50**	**$ 47**	106	$ 21	$ 19

Note 4 – Loans and Leases (Continued)

The following tables present TDRs which re-defaulted during the three and six months ended June 30, 2021 and 2020, and as to which the modification occurred 12 months or less prior to the re-default. For purposes of this disclosure, FHN generally defines payment default as 30 or more days past due.

	Three Months Ended June 30, 2021		Three Months Ended June 30, 2020	
(Dollars in millions)	**Number**	**Recorded Investment**	Number	Recorded Investment
Commercial, financial, and industrial:				
C&I	**5**	**$ 1**	—	$ —
Commercial real estate:				
CRE	**2**	**9**	—	—
Consumer real estate:				
HELOC	**—**	**—**	3	1
Real estate installment loans	**4**	**1**	5	1
Total consumer real estate	**4**	**1**	8	2
Credit card and other	**1**	**—**	7	—
Total TDRs	**12**	**$ 11**	15	$ 2

	Six Months Ended June 30, 2021		Six Months Ended June 30, 2020	
(Dollars in millions)	**Number**	**Recorded Investment**	Number	Recorded Investment
Commercial, financial, and industrial:				
C&I	**12**	**$ 2**	—	$ —
Commercial real estate:				
CRE	**2**	**9**	—	—
Consumer real estate:				
HELOC	**1**	**—**	7	2
Real estate installment loans	**7**	**3**	10	2
Total consumer real estate	**8**	**3**	17	4
Credit card and other	**1**	**—**	14	—
Total TDRs	**23**	**$ 14**	31	$ 4

Note 5 – Allowance for Credit Losses

Management's estimate of expected credit losses in the loan and lease portfolios is recorded in the ALLL and the RULC, collectively the ACL. The ALLL and the RULC are reported on the Consolidated Balance Sheets in the allowance for loan and lease losses and in other liabilities, respectively. Provision for credit losses related to the loans and leases portfolio and the unfunded lending commitments are reported in the Consolidated Statements of Income as provision for credit losses.

The ACL is maintained at a level management believes to be appropriate to absorb expected lifetime credit losses over the contractual life of the loan and lease portfolio and unfunded lending commitments. The determination of the ACL is based on periodic evaluation of the loan and lease portfolios and unfunded lending commitments considering a number of relevant underling factors, including key assumptions and evaluation of quantitative and qualitative information.

In accordance with its accounting policy elections, FHN does not recognize a separate allowance for expected credit losses for AIR and records reversals of AIR as reductions of interest income. FHN reverses previously accrued but uncollected interest when an asset is placed on nonaccrual status. As of June 30, 2021 and December 31, 2020, FHN recognized approximately $1 million in allowance for expected credit losses on COVID-19 deferrals that do not qualify for the election which is not reflected in the table below. AIR and the related allowance for expected credit losses is included as a component of other assets.

The total amount of interest reversals from loans placed on nonaccrual status and the amount of income recognized on nonaccrual loans during the three and six months ended June 30, 2021 and 2020 were not material.

Expected credit losses for unfunded commitments are estimated for periods where the commitment is not unconditionally cancellable. The measurement of expected credit losses for unfunded commitments mirrors that of loans and leases with the additional estimate of future draw rates (timing and amount).

Note 5- Allowance for Credit Losses (Continued)

The following table provides a rollforward of the ALLL and RULC by portfolio type for the three and six months ended June 30, 2021 and 2020:

(Dollars in millions)	Commercial, Financial, and Industrial (a)	Commercial Real Estate	Consumer Real Estate	Credit Card and Other	Total
Allowance for loan and lease losses:					
Balance as of April 1, 2021	$ 442	$ 232	$ 222	$ 18	$ 914
Charge-offs	(2)	—	(1)	(3)	(6)
Recoveries	5	1	8	2	16
Provision for loan and lease losses	(60)	(23)	(26)	—	(109)
Balance as of June 30, 2021	$ 385	$ 210	$ 203	$ 17	$ 815
Balance as of April 1, 2020	$ 255	$ 48	$ 123	$ 19	$ 445
Charge-offs	(18)	—	(2)	(3)	(23)
Recoveries	1	—	4	1	6
Provision for loan losses	81	9	19	1	110
Balance as of June 30, 2020	$ 319	$ 57	$ 144	$ 18	$ 538
Reserve for remaining unfunded commitments:					
Balance as of April 1, 2021	$ 62	$ 11	$ 8	$ —	$ 81
Provision for remaining unfunded commitments	(5)	(2)	1	—	(6)
Balance as of June 30, 2021	$ 57	$ 9	$ 9	$ —	$ 75
Balance as of April 1, 2020	$ 27	$ 6	$ 6	$ —	$ 39
Provision for remaining unfunded commitments	9	—	2	—	11
Balance as of June 30, 2020	$ 36	$ 6	$ 8	$ —	$ 50
Allowance for loan and lease losses:					
Balance as of January 1, 2021	$ 453	$ 242	$ 242	$ 26	$ 963
Charge-offs	(16)	(3)	(4)	(6)	(29)
Recoveries	11	3	14	3	31
Provision for loan and lease losses	(63)	(32)	(49)	(6)	(150)
Balance as of June 30, 2021	$ 385	$ 210	$ 203	$ 17	$ 815
Balance as of January 1, 2020, as adjusted (b)	$ 142	$ 29	$ 121	$ 15	$ 307
Charge-offs	(25)	(1)	(4)	(6)	(36)
Recoveries	2	1	7	2	12
Provision for loan losses	200	28	20	7	255
Balance as of June 30, 2020	$ 319	$ 57	$ 144	$ 18	$ 538
Reserve for remaining unfunded commitments:					
Balance as of January 1, 2021	$ 65	$ 10	$ 10	$ —	$ 85
Provision for remaining unfunded commitments	(8)	(1)	(1)	—	(10)
Balance as of June 30, 2021	$ 57	$ 9	$ 9	$ —	$ 75
Balance as of January 1, 2020, as adjusted (b)	$ 21	$ 3	$ 6	$ —	$ 30
Provision for remaining unfunded commitments	15	3	2	—	20
Balance as of June 30, 2020	$ 36	$ 6	$ 8	$ —	$ 50

(a) C&I loans as of June 30, 2021 include $3.8 billion in PPP loans which due to the government guarantee and forgiveness provisions are considered to have no credit risk and therefore have no allowance for loan and lease losses.
(b) Balance, as adjusted, reflects the adoption of ASU 2016-13 (CECL) effective January 1, 2020.

Note 5- Allowance for Credit Losses (Continued)

The decrease in the ACL as of June 30, 2021 as compared to December 31, 2020 reflects an improvement in the macroeconomic outlook, positive grade migration, and lower loan balances.

In developing credit loss estimates for its loan and lease portfolios, FHN selected Moody's baseline forecast as the primary source for its macroeconomic inputs, which included assumptions that were generally in line with Blue Chip Economic Indicators, including unemployment rates for 2021 and 2022 and GDP growth rates for the same periods, as well as assumptions around further business disruption related to COVID-19 and an unchanged target Fed funds range until mid 2023.

As there can be no certainty that actual economic performance will precisely follow any specific macroeconomic forecast, FHN also evaluated other macroeconomic forecasts provided by Moody's and adjusted the modeled outputs through a qualitative adjustment to account for uncertainties inherent in the macroeconomic forecast process.

During the year ended December 31, 2020 and the six months ended June 30, 2021, FHN also considered stressed loan portfolios or industries that are most exposed to the effects of the COVID-19 pandemic and added qualitative adjustments, where needed, to account for the risks not captured in modeled results. Management also made qualitative adjustments to reflect estimated recoveries based on a review of prior charge off and recovery levels, for default risk associated with large balances with individual borrowers, for estimated loss amounts not reflected in historical factors due to specific portfolio risk, and for instances where limited data for acquired loans is considered to affect modeled results.

Note 6 – Mortgage Banking Activity

On July 1, 2020, as part of the IBKC merger, FHN obtained IBKC's mortgage banking operations which includes origination and servicing of residential first lien mortgages that conform to standards established by GSEs that are major investors in U.S. home mortgages, but can also consist of junior lien and jumbo loans secured by residential property. These loans are primarily sold to private companies that are unaffiliated with the GSEs on a servicing-released basis. Gains and losses on these mortgage loans are included in mortgage banking and title income on the Consolidated Statements of Income. Prior to the merger, FHN's mortgage banking operations were not significant. At June 30, 2021, FHN had approximately $49 million of loans that remained from pre-2009 Mortgage Business operations. Activity related to the pre-2009 mortgage loans was primarily limited to payments and write-offs in 2020 and 2021, with no new originations or loan sales, and only an insignificant amount of repurchases. These loans are excluded from the disclosure below.

The following table summarizes activity relating to residential mortgage loans held for sale as of the six months ended June 30, 2021 and the year ended December 31, 2020.

(Dollars in millions)	**June 30, 2021**	December 31, 2020
Balance at beginning of period	**$ 409**	$ 4
Acquired	**—**	320
Originations and purchases	**1,420**	2,499
Sales, net of gains	**(1,489)**	(2,405)
Mortgage loans transferred from (to) held for investment	**30**	(9)
Balance at end of period	**$ 370**	$ 409

Mortgage Servicing Rights

Effective with the IBKC merger, FHN made an election to record mortgage servicing rights at the lower of cost or market value and amortize over the remaining servicing life of the loans, with consideration given to prepayment assumptions. Mortgage servicing rights are included in other assets on the Consolidated Balance Sheets. Mortgage servicing rights had the following carrying values as of the periods indicated.

	June 30, 2021			December 31, 2020		
(Dollars in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Mortgage servicing rights	**$ 34**	**$ (6)**	**$ 28**	$ 28	$ (3)	$ 25

In addition, there was an insignificant amount of non-mortgage and commercial servicing rights as of June 30, 2021 and December 31, 2020. Total mortgage servicing fees included in mortgage banking and title income were insignificant for the three months ended June 30, 2021 and $1 million for the six months ended June 30, 2021. Total mortgage servicing fees included in mortgage banking and title income were insignificant for the three and six months ended June 30, 2020.

Note 7 – Goodwill and Other Intangible Assets

Goodwill

On July 1, 2020, FHN completed its merger-of-equals transaction with IBKC. In connection with the merger, FHN recorded a $531 million purchase accounting gain, based on fair value estimates.

On July 17, 2020, FHN completed its purchase of 30 branches from Truist Bank. In relation to the acquisition, FHN recorded $78 million in goodwill, based on fair value estimates. See Note 2 - Acquisitions and Divestitures for additional information regarding these transactions.

FHN performed the required annual goodwill impairment test as of October 1, 2020. The annual impairment test did not indicate impairment in any of FHN's reporting units as of the testing date. Following the testing date, management evaluated the events and circumstances that could indicate that goodwill might be impaired and concluded that a subsequent interim test was not necessary.

As further discussed in Note 13 - Business Segment Information, FHN reorganized its management reporting structure during the fourth quarter of 2020 and, accordingly, its segment reporting structure and goodwill reporting units. In connection with the reorganization, management reallocated goodwill to the new reporting units using a relative fair value approach.

Accounting estimates and assumptions were made about FHN's future performance and cash flows, as well as other prevailing market factors (e.g., interest rates, economic trends, etc.) when determining fair value as part of the goodwill impairment test. While management used the best information available to estimate future performance for each reporting unit, future adjustments to management's projections may be necessary if conditions differ substantially from the assumptions used in making the estimates.

The following is a summary of goodwill by reportable segment included in the Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020.

(Dollars in millions)	Regional Banking	Specialty Banking	Total
December 31, 2019	$ 802	$ 631	$ 1,433
Additions	78	—	78
December 31, 2020	$ 880	$ 631	$ 1,511
December 31, 2020	$ 880	$ 631	$ 1,511
Additions and adjustments	—	—	—
June 30, 2021	**$ 880**	**$ 631**	**$ 1,511**

Other intangible assets

The following table, which excludes fully amortized intangibles, presents other intangible assets included in the Consolidated Balance Sheets:

	June 30, 2021			December 31, 2020		
(Dollars in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Value**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Core deposit intangibles	**$ 371**	**$ (105)**	**$ 266**	$ 371	$ (81)	$ 290
Customer relationships	**37**	**(10)**	**27**	37	(8)	29
Other (a)	**41**	**(9)**	**32**	41	(6)	35
Total	**$ 449**	**$ (124)**	**$ 325**	$ 449	$ (95)	$ 354

(a) Includes noncompete covenants and purchased credit card intangible assets. Also includes title plant intangible assets and state banking licenses which are not subject to amortization.

Note 8 - Preferred Stock

The following table presents a summary of FHN's non-cumulative perpetual preferred stock:

(Dollars in millions)	Issuance Date	Earliest Redemption Date (a)	Annual Dividend Rate	Dividend Payments	Shares Outstanding	Liquidation Amount	June 30, 2021 Carrying Amount	December 31, 2020 Carrying Amount
Series A	1/31/2013	4/10/2018	6.200 %	Quarterly	—	$ —	$ —	$ 95
Series B	7/2/2020	8/1/2025	6.625 % (b)	Semi-annually	8,000	80	77	77
Series C	7/2/2020	5/1/2026	6.600 % (c)	Quarterly	5,750	58	59	59
Series D	7/2/2020	5/1/2024	6.100 % (d)	Semi-annually	10,000	100	94	94
Series E	5/28/2020	10/10/2025	6.500 %	Quarterly	1,500	150	145	145
Series F	5/3/2021	7/10/2026	4.700 %	Quarterly	1,500	150	145	—
					26,750	$ 538	$ 520	$ 470

(a) Denotes earliest optional redemption date. Earlier redemption is possible, at FHN's election, if certain regulatory capital events occur.
(b) Fixed dividend rate will reset on August 1, 2025 to three-month LIBOR plus 4.262%.
(c) Fixed dividend rate will reset on May 1, 2026 to three-month LIBOR plus 4.920%.
(d) Fixed dividend rate will reset on May 1, 2024 to three-month LIBOR plus 3.859%.

During the second quarter of 2021, FHN issued $150 million of 4.70% Series F Non-Cumulative Perpetual Preferred Stock (the Series F Preferred Stock). The Series F Preferred Stock is redeemable at FHN's option, in whole or in part, on or after July 10, 2026. Earlier redemption is possible, at FHN's election, if certain regulatory capital events occur. The $145 million carrying value of the Series F Preferred Stock currently qualifies as Tier 1 Capital.

During the second quarter of 2021, FHN provided notice of its intent to redeem all outstanding shares of Series A Preferred Stock. The redemption was effective July 10, 2021. FHN removed the $100 million outstanding liquidation preference amount of the Series A Preferred Stock from total equity and included it in other liabilities on its Consolidated Balance Sheet as of June 30, 2021, because on the notification date it became mandatorily redeemable. The difference between the liquidation preference and the prior carrying value of the Series A Preferred Stock resulted in a $5 million deemed dividend that was included in EPS.

Subsidiary Preferred Stock

First Horizon Bank has issued 300,000 shares of Class A Non-Cumulative Perpetual Preferred Stock (Class A Preferred Stock) with a liquidation preference of $1,000 per share. Dividends on the Class A Preferred Stock, if declared, accrue and are payable each quarter, in arrears, at a floating rate equal to the greater of the three month LIBOR plus 0.85% or 3.75% per annum. These securities qualify fully as Tier 1 capital for both First Horizon Bank and FHN. On June 30, 2021 and December 31, 2020, $295 million of Class A Preferred Stock was recognized as noncontrolling interest on the Consolidated Balance Sheets.

Note 9 – Components of Other Comprehensive Income (Loss)

The following table provides the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three and six months ended June 30, 2021 and 2020:

(Dollars in millions)	Securities AFS	Cash Flow Hedges	Pension and Post-retirement Plans	Total
Balance as of April 1, 2021	$ 5	$ 10	$ (256)	$ (241)
Net unrealized gains (losses)	38	—	(4)	34
Amounts reclassified from AOCI	—	(2)	6	4
Other comprehensive income (loss)	38	(2)	2	38
Balance as of June 30, 2021	**$ 43**	**$ 8**	**$ (254)**	**$ (203)**

(Dollars in millions)	Securities AFS	Cash Flow Hedges	Pension and Post-retirement Plans	Total
Balance as of January 1, 2021	$ 108	$ 12	$ (260)	$ (140)
Net unrealized gains (losses)	(65)	(1)	(5)	(71)
Amounts reclassified from AOCI	—	(3)	11	8
Other comprehensive income (loss)	(65)	(4)	6	(63)
Balance as of June 30, 2021	**$ 43**	**$ 8**	**$ (254)**	**$ (203)**

(Dollars in millions)	Securities AFS	Cash Flow Hedges	Pension and Post-retirement Plans	Total
Balance as of April 1, 2020	$ 119	$ 16	$ (271)	$ (136)
Net unrealized gains (losses)	(1)	2	—	1
Amounts reclassified from AOCI	—	(2)	2	—
Other comprehensive income (loss)	(1)	—	2	1
Balance as of June 30, 2020	$ 118	$ 16	$ (269)	$ (135)

(Dollars in millions)	Securities AFS	Cash Flow Hedges	Pension and Post-retirement Plans	Total
Balance as of January 1, 2020	$ 31	$ 3	$ (274)	$ (240)
Net unrealized gains (losses)	87	15	—	102
Amounts reclassified from AOCI	—	(2)	5	3
Other comprehensive income (loss)	87	13	5	105
Balance as of June 30, 2020	$ 118	$ 16	$ (269)	$ (135)

Note 9 – Components of Other Comprehensive Income (Loss) (Continued)

Reclassifications from AOCI, and related tax effects, were as follows:

(Dollars in millions)	Three Months Ended June 30,		Six Months Ended June 30,		
Details about AOCI	**2021**	2020	**2021**	2020	**Affected line item in the statement where net income is presented**
Cash Flow Hedges:					
Realized (gains) losses on cash flow hedges	**$ (2)**	$ (2)	**$ (4)**	$ (2)	Interest and fees on loans and leases
Tax expense (benefit)	**—**	—	**1**	—	Income tax expense
	(2)	(2)	**(3)**	(2)	
Pension and Postretirement Plans:					
Amortization of prior service cost and net actuarial gain (loss)	**5**	3	**9**	6	Other expense
Tax expense (benefit)	**1**	(1)	**2**	(1)	Income tax expense
	6	2	**11**	5	
Total reclassification from AOCI	**$ 4**	$ —	**$ 8**	$ 3	

Note 10 – Earnings Per Share

The computations of basic and diluted earnings per common share were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except per share data; shares in thousands)	**2021**	2020	**2021**	2020
Net income	**$ 311**	$ 57	**$ 546**	$ 73
Net income attributable to noncontrolling interest	**3**	3	**6**	6
Net income attributable to controlling interest	**308**	54	540	67
Preferred stock dividends	13	2	**21**	3
Net income available to common shareholders	**$ 295**	$ 52	**$ 519**	$ 64
Weighted average common shares outstanding—basic	**550,297**	312,090	**551,268**	311,843
Effect of dilutive securities	**6,466**	846	**5,878**	949
Weighted average common shares outstanding—diluted	**556,763**	312,936	**557,146**	312,792
Basic earnings per common share	**$ 0.54**	$ 0.17	**$ 0.94**	$ 0.21
Diluted earnings per common share	**$ 0.53**	$ 0.17	**$ 0.93**	$ 0.21

The following table presents average outstanding options and other equity awards that were excluded from the calculation of diluted earnings per share because they were either anti-dilutive (the exercise price was higher than the weighted-average market price for the period) or the performance conditions have not been met:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Shares in thousands)	**2021**	2020	**2021**	2020
Stock options excluded from the calculation of diluted EPS	**1,516**	5,134	**1,544**	3,291
Weighted average exercise price of stock options excluded from the calculation of diluted EPS	**$ 20.98**	$ 15.80	**$ 20.97**	$ 18.26
Other equity awards excluded from the calculation of diluted EPS	**1,379**	4,389	**1,387**	3,934

Note 11 – Contingencies and Other Disclosures

CONTINGENCIES

Contingent Liabilities Overview

Contingent liabilities arise in the ordinary course of business. Often they are related to lawsuits, arbitration, mediation, and other forms of litigation. Various litigation matters currently are threatened or pending against FHN and its subsidiaries. Also, FHN at times receives requests for information, subpoenas, or other inquiries from federal, state, and local regulators, from other government authorities, and from other parties concerning various matters relating to FHN's current or former businesses. Certain matters of that sort are pending at most times, and FHN generally cooperates when those matters arise. Pending and threatened litigation matters sometimes are settled by the parties, and sometimes pending matters are resolved in court or before an arbitrator, or are withdrawn. Regardless of the manner of resolution, frequently the most significant changes in status of a matter occur over a short time period, often following a lengthy period of little substantive activity. In view of the inherent difficulty of predicting the outcome of these matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories or involve a large number of parties, or where claims or other actions may be possible but have not been brought, FHN cannot reasonably determine what the eventual outcome of the matters will be, what the timing of the ultimate resolution of these matters may be, or what the eventual loss or impact related to each matter may be. FHN establishes a loss contingency liability for a litigation matter when loss is both probable and reasonably estimable as prescribed by applicable financial accounting guidance. If loss for a matter is probable and a range of possible loss outcomes is the best estimate available, accounting guidance requires a liability to be established at the low end of the range.

Based on current knowledge, and after consultation with counsel, management is of the opinion that loss contingencies related to threatened or pending litigation matters should not have a material adverse effect on the consolidated financial condition of FHN, but may be material to FHN's operating results for any particular reporting period depending, in part, on the results from that period.

Material Loss Contingency Matters

Summary

As used in this Note, except for matters that are reported as having been substantially settled or otherwise substantially resolved, FHN's "material loss contingency matters" generally fall into at least one of the following categories: (i) FHN has determined material loss to be probable and has established a material loss liability in accordance with applicable financial accounting guidance; (ii) FHN has determined material loss to be probable but is not reasonably able to estimate an amount or range of material loss liability; or (iii) FHN has determined that material loss is not probable but is reasonably possible, and the amount or range of that reasonably possible material loss is estimable. As defined in applicable accounting guidance, loss is reasonably possible if there is more than a remote chance of a material loss outcome for FHN. FHN provides contingencies note disclosures for certain pending or threatened litigation matters each quarter, including all matters mentioned in categories (i) or (ii) and, occasionally, certain matters mentioned in category (iii). In addition, in this Note, certain other matters, or groups of matters, are discussed relating to FHN's pre-2009 mortgage origination and servicing businesses. In all litigation matters discussed in this Note, unless settled or otherwise resolved, FHN believes it has meritorious defenses and intends to pursue those defenses vigorously.

FHN reassesses the liability for litigation matters each quarter as the matters progress. At June 30, 2021, the aggregate amount of liabilities established for all such loss contingency matters was $1 million. These liabilities are separate from those discussed under the heading "Mortgage Loan Repurchase and Foreclosure Liability" below.

In each material loss contingency matter, except as otherwise noted, there is more than a remote chance that any of the following outcomes will occur: the plaintiff will substantially prevail; the defense will substantially prevail; the plaintiff will prevail in part; or the matter will be settled by the parties. At June 30, 2021, FHN estimates that for all material loss contingency matters, estimable reasonably possible losses in future periods in excess of currently established liabilities could aggregate in a range from zero to $6 million.

As a result of the general uncertainties discussed above and the specific uncertainties discussed for each matter mentioned below, it is possible that the ultimate future loss experienced by FHN for any particular matter may materially exceed the amount, if any, of currently established liability for that matter.

Note 11 – Contingencies and Other Disclosures (Continued)

Material Matters

As disclosed in previous reports, a former shareholder of CBF filed a putative class action suit, *Searles v. DeMartini et al*, against certain former directors, officers, and shareholders of CBF, alleging, among other things, that defendants breached certain fiduciary duties in connection with CBF's merger with FHN in 2017. In the second quarter of 2021, this matter was settled.

Exposures from pre-2009 Mortgage Business

FHN is contending with indemnification claims related to "other whole loans sold," which were mortgage loans originated by FHN before 2009 and sold outside of a securitization organized by FHN. These claims generally assert that FHN-originated loans contributed to losses in connection with mortgage loans securitized by the buyer of the loans. The claims generally do not include specific deficiencies for specific loans sold by FHN. Instead, the claims generally assert that FHN is liable for a share of the claimant's loss estimated by assessing the totality of the other whole loans sold by FHN to claimant in relation to the totality of the larger number of loans securitized by claimant. FHN is unable to estimate an RPL range for these matters due to significant uncertainties regarding: the number of, and the facts underlying, the loan originations which claimants assert are indemnifiable; the applicability of FHN's contractual indemnity covenants to those facts and originations; and, in those cases where an indemnity claim may be supported, whether any legal defenses, counterclaims, other counter-positions, or third-party claims might eliminate or reduce claims against FHN or their impact on FHN.

FHN also has indemnification claims related to servicing obligations. The most significant is from Nationstar Mortgage LLC, currently doing business as "Mr. Cooper." Nationstar was the purchaser of FHN's mortgage servicing obligations and assets in 2013 and 2014 and, was FHN's subservicer. Nationstar asserts several categories of indemnity obligations in connection with mortgage loans under the subservicing arrangement and under the purchase transaction. This matter currently is not in litigation, but litigation in the future is possible. FHN is unable to estimate an RPL range for this matter due to significant uncertainties regarding: the exact nature of each of Nationstar's claims and its position in respect of each; the number of, and the facts underlying, the claimed instances of indemnifiable events; the applicability of FHN's contractual indemnity covenants to those facts and events; and, in those cases where the facts and events might support an indemnity claim, whether any legal defenses, counterclaims, other counter-positions, or third-party claims might eliminate or reduce claims against FHN or their impact on FHN.

FHN has additional potential exposures related to its pre-2009 mortgage businesses. A few of those matters have become litigation which FHN currently estimates are immaterial, some are non-litigation claims or threats, some are mere subpoenas or other requests for information, and in some areas FHN has no indication of any active or threatened dispute. Some of those matters might eventually result in settlements, and some might eventually result in adverse litigation outcomes, but none are included in the material loss contingency liabilities mentioned above or in the RPL range mentioned above.

Mortgage Loan Repurchase and Foreclosure Liability

FHN's repurchase and foreclosure liability, primarily related to its pre-2009 mortgage businesses, is comprised of accruals to cover estimated loss content in the active pipeline (consisting of mortgage loan repurchase, make-whole, foreclosure/servicing demands and certain related exposures), estimated future inflows, and estimated loss content related to certain known claims not currently included in the active pipeline. FHN compares the estimated probable incurred losses determined under the applicable loss estimation approaches for the respective periods with current reserve levels. Changes in the estimated required liability levels are recorded as necessary through the repurchase and foreclosure provision.

Based on currently available information and experience to date, FHN has evaluated its loan repurchase, make-whole, foreclosure, and certain related exposures and has accrued for losses of $16 million as of both June 30, 2021 and December 31, 2020. Accrued liabilities for FHN's estimate of these obligations are reflected in other liabilities on the Consolidated Balance Sheets. Charges/expense reversals to increase/decrease the liability are included within other income on the Consolidated Statements of Income. The estimates are based upon currently available information and fact patterns that exist as of each balance sheet date and could be subject to future changes. Changes to any one of these factors could significantly impact the estimate of FHN's liability.

OTHER DISCLOSURES

Indemnification Agreements and Guarantees

In the ordinary course of business, FHN enters into indemnification agreements for legal proceedings against its directors and officers and standard representations and warranties for underwriting

Note 11 – Contingencies and Other Disclosures (Continued)

agreements, merger and acquisition agreements, loan sales, contractual commitments, and various other business transactions or arrangements.

The extent of FHN's obligations under these agreements depends upon the occurrence of future events; therefore, it is not possible to estimate a maximum potential amount of payouts that could be required by such agreements.

Note 12 – Retirement Plans

FHN sponsors a noncontributory, qualified defined benefit pension plan to employees hired or re-hired on or before September 1, 2007. Pension benefits are based on years of service, average compensation near retirement or other termination, and estimated social security benefits at age 65. Benefits under the plan are "frozen" so that years of service and compensation changes after 2012 do not affect the benefit owed. Minimum contributions are based upon actuarially determined amounts necessary to fund the total benefit obligation. Decisions to contribute to the plan are based upon pension funding requirements under the Pension Protection Act, the maximum amount deductible under the Internal Revenue Code, the actual performance of plan assets, and trends in the regulatory environment. FHN made no contributions to the qualified pension plan in 2020. Management does not currently anticipate that FHN will make a contribution to the qualified pension plan during 2021.

FHN also maintains non-qualified plans including a supplemental retirement plan that covers certain employees whose benefits under the qualified pension plan have been limited by tax rules. These other non-qualified plans are unfunded, and contributions to these plans cover all benefits paid under the non-qualified plans. Payments made under the non-qualified plans were $5 million for 2020. FHN anticipates making benefit payments under the non-qualified plans of $5 million in 2021.

Service cost is included in personnel expense in the Consolidated Statements of Income. All other components of net periodic benefit cost are included in other expense.

For more information on FHN's pension plan and other postretirement benefit plans, see Note 18 - Pension, Savings and Other Employee Benefits in FHN's 2020 Annual Report on Form 10-K.

The components of net periodic benefit cost for the three months ended June 30 were as follows:

(Dollars in millions)	**2021**	2020
Components of net periodic benefit cost		
Interest cost	**$ 4**	$ 6
Expected return on plan assets	**(4)**	(6)
Amortization of unrecognized:		
Actuarial (gain) loss	**2**	3
Net periodic benefit cost	**$ 2**	$ 3

The components of net periodic benefit cost for the six months ended June 30 were as follows:

(Dollars in millions)	**2021**	2020
Components of net periodic benefit cost		
Interest cost	**$ 8**	$ 12
Expected return on plan assets	**(8)**	(12)
Amortization of unrecognized:		
Actuarial (gain) loss	**4**	6
Other	**2**	—
Net periodic benefit cost	**$ 6**	$ 6

Note 13 – Business Segment Information

During 2020, FHN reorganized its internal management structure and, accordingly, its segment reporting structure. Historically, FHN's reportable business segments were Regional Banking, Fixed Income, Corporate, and Non-strategic. The closing of the FHN and IBKC merger of equals transaction prompted organizational changes to better integrate and execute the combined Company's strategic priorities across all lines of businesses. As a result, FHN revised its reportable segments as described below. Prior period segment information has been reclassified to conform to the current period presentation.

FHN is composed of the following operating segments:

- Regional Banking segment offers financial products and services, including traditional lending and deposit taking, to consumer and commercial clients primarily in the southern U.S. and other selected markets. Regional Banking also provides investment, wealth management, financial planning, trust and asset management services for consumer clients.

- Specialty Banking segment consists of lines of business that deliver product offerings and services with specialized industry knowledge. Specialty Banking's lines of business include asset-based lending, mortgage warehouse lending, commercial real estate, franchise finance, correspondent banking, equipment finance, mortgage, and title insurance. In addition to traditional lending and deposit taking, Specialty Banking also delivers treasury management solutions, loan syndications, and international banking. Additionally, Specialty Banking has a line of business focused on fixed income securities sales, trading, underwriting, and strategies for institutional clients in the U.S. and abroad, as well as loan sales, portfolio advisory services, and derivative sales.

- Corporate segment consists primarily of corporate support functions including risk management, audit, accounting, finance, executive office, and corporate communications. Shared support services such as human resources, properties, technology, credit risk and bank operations are allocated to the activities of Regional Banking, Specialty Banking and Corporate. Additionally, the Corporate segment includes centralized management of capital and funding to support the business activities of the company including management of wholesale funding, liquidity, and capital management and allocation. The Corporate segment also includes the revenue and expense associated with run-off businesses such as pre-2009 mortgage banking elements, run-off consumer and trust preferred loan portfolios, and other exited businesses.

Periodically, FHN adapts its segments to reflect managerial or strategic changes. FHN may also modify its methodology of allocating expenses and equity among segments which could change historical segment results. Business segment revenue, expense, asset, and equity levels reflect those which are specifically identifiable or which are allocated based on an internal allocation method. Because the allocations are based on internally developed assignments and allocations, to an extent they are subjective. Generally, all assignments and allocations have been consistently applied for all periods presented.

Note 13 – Business Segment Information (Continued)

The following tables reflect financial information for each reportable business segment for the three and six months ended June 30 2021 and 2020:

	Three Months Ended June 30, 2021			
(Dollars in millions)	**Regional Banking**	**Specialty Banking**	**Corporate**	**Consolidated**
Net interest income (expense)	**$ 443**	**$ 153**	**$ (99)**	**$ 497**
Provision for credit losses	**(88)**	**(21)**	**(6)**	**(115)**
Noninterest income	**108**	**150**	**27**	**285**
Noninterest expense	**278**	**147**	**73**	**498**
Income (loss) before income taxes	**361**	**177**	**(139)**	**399**
Income tax expense (benefit)	**85**	**43**	**(40)**	**88**
Net income (loss)	**$ 276**	**$ 134**	**$ (99)**	**$ 311**
Average assets	**$ 42,199**	**$ 20,055**	**$ 25,305**	**$ 87,559**

	Three Months Ended June 30, 2020			
(Dollars in millions)	Regional Banking	Specialty Banking	Corporate	Consolidated
Net interest income (expense)	$ 211	$ 130	$ (36)	$ 305
Provision for credit losses	103	18	—	121
Noninterest income	69	124	13	206
Noninterest expense	164	111	45	320
Income (loss) before income taxes	13	125	(68)	70
Income tax expense (benefit)	1	31	(19)	13
Net income (loss)	$ 12	$ 94	$ (49)	$ 57
Average assets	$ 20,965	$ 18,041	$ 8,928	$ 47,934

Certain previously reported amounts have been reclassified to agree with current presentation.

	Six Months Ended June 30, 2021			
(Dollars in millions)	**Regional Banking**	**Specialty Banking**	**Corporate**	**Consolidated**
Net interest income (expense)	**$ 869**	**$ 311**	**$ (176)**	**$ 1,004**
Provision for credit losses	**(120)**	**(28)**	**(12)**	**(160)**
Noninterest income	**208**	**335**	**40**	**583**
Noninterest expense (a)	**551**	**300**	**191**	**1,042**
Income (loss) before income taxes	**646**	**374**	**(315)**	**705**
Income tax expense (benefit)	**151**	**90**	**(82)**	**159**
Net income (loss)	**$ 495**	**$ 284**	**$ (233)**	**$ 546**
Average assets	**$ 42,284**	**$ 20,775**	**$ 23,427**	**$ 86,486**

(a) Includes $33 million in asset impairments related to IBKC merger integration efforts in the Corporate segment.

Note 13 – Business Segment Information (Continued)

	Six Months Ended June 30, 2020			
(Dollars in millions)	Regional Banking	Specialty Banking	Corporate	Consolidated
Net interest income (expense)	$ 405	$ 239	$ (36)	$ 608
Provision for credit losses	200	72	3	275
Noninterest income	142	228	11	381
Noninterest expense	338	221	64	623
Income (loss) before income taxes	9	174	(92)	91
Income tax expense (benefit)	(2)	43	(23)	18
Net income (loss)	$ 11	$ 131	$ (69)	$ 73
Average assets	$ 20,004	$ 17,466	$ 8,273	$ 45,743

Certain previously reported amounts have been reclassified to agree with current presentation.

The following tables reflect a disaggregation of FHN's noninterest income by major product line and reportable segment for the three and six months ended June 30, 2021 and 2020:

	Three months ended June 30, 2021			
(Dollars in millions)	**Regional Banking**	**Specialty Banking**	**Corporate**	**Consolidated**
Noninterest income:				
Fixed income (a)	**$ —**	**$ 102**	**$ —**	**$ 102**
Mortgage banking and title income	**—**	**38**	**—**	**38**
Deposit transactions and cash management	**39**	**3**	**2**	**44**
Brokerage, management fees and commissions	**21**	**—**	**—**	**21**
Trust services and investment management	**14**	**—**	**—**	**14**
Bankcard income	**14**	**1**	**—**	**15**
Securities gains (losses), net (b)	**—**	**—**	**11**	**11**
Other income (c)	**20**	**6**	**14**	**40**
Total noninterest income	**$ 108**	**$ 150**	**$ 27**	**$ 285**

(a) Includes $14 million of underwriting, portfolio advisory, and other noninterest income in scope of ASC 606, "Revenue From Contracts With Customers."
(b) Represents noninterest income excluded from the scope of ASC 606. Amount is presented for informational purposes to reconcile total noninterest income.
(c) Includes other service charges, ATM and interchange fees, electronic banking fees, and insurance commissions in scope of ASC 606.

Note 13 – Business Segment Information (Continued)

(Dollars in millions)	Three months ended June 30, 2020			
	Regional Banking	Specialty Banking	Corporate	Consolidated
Noninterest income:				
Fixed income (a)	$ —	$ 112	$ —	$ 112
Mortgage banking and title income	—	4	—	4
Deposit transactions and cash management	27	3	1	31
Brokerage, management fees and commissions	14	—	—	14
Trust services and investment management	8	—	—	8
Bankcard income	7	—	—	7
Securities gains (losses), net (b)	—	—	(1)	(1)
Other income (c)	13	5	13	31
Total noninterest income	$ 69	$ 124	$ 13	$ 206

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) Includes $9 million of underwriting, portfolio advisory, and other noninterest income in scope of ASC 606, "Revenue From Contracts With Customers."
(b) Represents noninterest income excluded from the scope of ASC 606. Amount is presented for informational purposes to reconcile total noninterest income.
(c) Includes other service charges, ATM and interchange fees, electronic banking fees, and insurance commissions in scope of ASC 606.

(Dollars in millions)	**Six Months Ended June 30, 2021**			
	Regional Banking	**Specialty Banking**	**Corporate**	**Consolidated**
Fixed income (a)	**$ 1**	**$ 227**	**$ —**	**$ 228**
Mortgage banking and title income	**—**	**90**	**1**	**91**
Deposit transactions and cash management	**77**	**6**	**3**	**86**
Brokerage, management fees and commissions	**41**	**—**	**—**	**41**
Trust services and investment management	**26**	**—**	**—**	**26**
Bankcard income	**24**	**1**	**—**	**25**
Securities gains (losses), net (b)	**—**	**—**	**11**	**11**
Other income (c)	**39**	**11**	**25**	**75**
Total noninterest income	**$ 208**	**$ 335**	**$ 40**	**$ 583**

(a) Includes $24 million of underwriting, portfolio advisory, and other noninterest income in scope of Accounting Standards Codification ("ASC") 606, "Revenue From Contracts With Customers."
(b) Represents noninterest income excluded from the scope of ASC 606. Amount is presented for informational purposes to reconcile total noninterest income.
(c) Includes other service charges, ATM and interchange fees, electronic banking fees, and insurance commissions in scope of ASC 606.

Note 13 – Business Segment Information (Continued)

	Six Months Ended June 30, 2020			
(Dollars in millions)	Regional Banking	Specialty Banking	Corporate	Consolidated
Fixed income (a)	$ —	$ 208	$ —	$ 208
Mortgage banking and title income	—	6	1	7
Deposit transactions and cash management	52	6	3	61
Brokerage, management fees and commissions	29	—	—	29
Trust services and investment management	15	—	—	15
Bankcard income	13	1	—	14
Securities gains (losses), net (b)	—	—	(1)	(1)
Other income (c)	33	7	8	48
Total noninterest income	$ 142	$ 228	$ 11	$ 381

Certain previously reported amounts have been reclassified to agree with current presentation.

(a) Includes $18 million of underwriting, portfolio advisory, and other noninterest income in scope of Accounting Standards Codification ("ASC") 606, "Revenue From Contracts With Customers."
(b) Represents noninterest income excluded from the scope of ASC 606. Amount is presented for informational purposes to reconcile total noninterest income.
(c) Includes other service charges, ATM and interchange fees, electronic banking fees, and insurance commissions in scope of ASC 606.

Note 14 – Variable Interest Entities

FHN makes equity investments in various entities that are considered VIEs, as defined by GAAP. A VIE typically does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. The Company's variable interest arises from contractual, ownership or other monetary interests in the entity, which change with fluctuations in the fair value of the entity's net assets. FHN consolidates a VIE if FHN is the primary beneficiary of the entity. FHN is the primary beneficiary of a VIE if FHN's variable interest provides it with the power to direct the activities that most significantly impact the VIE and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to the VIE. To determine whether or not a variable interest held could potentially be significant to the VIE, FHN considers both qualitative and quantitative factors regarding the nature, size and form of its involvement with the VIE. FHN assesses whether or not it is the primary beneficiary of a VIE on an ongoing basis.

Consolidated Variable Interest Entities

FHN has established certain rabbi trusts related to deferred compensation plans offered to its employees. FHN contributes employee cash compensation deferrals to the trusts and directs the underlying investments made by the trusts. The assets of these trusts are available to FHN's creditors only in the event that FHN becomes insolvent. These trusts are considered VIEs as there is no equity at risk in the trusts since FHN provided the equity interest to its employees in exchange for services rendered. FHN is considered the primary beneficiary of the rabbi trusts as it has the power to direct the activities that most significantly impact the economic performance of the rabbi trusts through its ability to direct the underlying investments made by the trusts. Additionally, FHN could potentially receive benefits or absorb losses that are significant to the trusts due to its right to receive any asset values in excess of liability payoffs and its obligation to fund any liabilities to employees that are in excess of a rabbi trust's assets.

The following table summarizes the carrying value of assets and liabilities associated with rabbi trusts used for deferred compensation plans which are consolidated by FHN as of June 30, 2021 and December 31, 2020:

(Dollars in millions)	**June 30, 2021**	December 31, 2020
Assets:		
Other assets	**$ 200**	$ 195
Liabilities:		
Other liabilities	**$ 170**	$ 165

Nonconsolidated Variable Interest Entities

Low Income Housing Tax Credit Partnerships. Through designated wholly-owned subsidiaries, First Horizon Bank makes equity investments as a limited partner in various partnerships that sponsor affordable housing projects utilizing the LIHTC. The purpose of these investments is to achieve a satisfactory return on capital and to support FHN's community reinvestment initiatives. LIHTC partnerships are managed by unrelated general partners that have the power to direct the activities which most significantly affect the performance of the partnerships. FHN is therefore not the primary beneficiary of any LIHTC partnerships. Accordingly, FHN does not consolidate these VIEs and accounts for these investments in other assets on the Consolidated Balance Sheets.

FHN accounts for all qualifying LIHTC investments under the proportional amortization method. Under this method an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance as a component of income tax expense. LIHTC investments that do not qualify for the proportional amortization method are accounted for using the equity method. Expenses associated with non-qualifying LIHTC investments were not material for the three and six months ended June 30, 2021 and 2020.

Note 14 – Variable Interest Entities (Continued)

The following table summarizes the impact to Income tax expense on the Consolidated Statements of Income for the three and six months ended June 30, 2021 and 2020 for LIHTC investments accounted for under the proportional amortization method.

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2021**	2020	**2021**	2020
Income tax expense (benefit):				
Amortization of qualifying LIHTC investments	**$ 9**	$ 6	**$ 17**	$ 11
Low income housing tax credits	**(8)**	(5)	**(17)**	(9)
Other tax benefits related to qualifying LIHTC investments	**(3)**	(3)	**(5)**	(5)

Other Tax Credit Investments. Through designated subsidiaries, First Horizon Bank periodically makes equity investments as a non-managing member in various LLCs that sponsor community development projects utilizing the NMTC. First Horizon Bank also makes equity investments as a limited partner or non-managing member in entities that receive tax credits from solar and historic tax credits. The purpose of these investments is to achieve a satisfactory return on capital and to support FHN's community reinvestment initiatives. These entities are considered VIEs as First Horizon Bank's subsidiaries represent the holders of the equity investment at risk, but do not have the ability to direct the activities that most significantly affect the performance of the entities.

Small Issuer Trust Preferred Holdings. First Horizon Bank holds variable interests in trusts which have issued mandatorily redeemable preferred capital securities ("trust preferreds") for smaller banking and insurance enterprises. First Horizon Bank has no voting rights for the trusts' activities. The trusts' only assets are junior subordinated debentures of the issuing enterprises. The creditors of the trusts hold no recourse to the assets of First Horizon Bank. Since First Horizon Bank is solely a holder of the trusts' securities, it has no rights which would give it the power to direct the activities that most significantly impact the trusts' economic performance and thus it is not considered the primary beneficiary of the trusts. First Horizon Bank has no contractual requirements to provide financial support to the trusts.

On-Balance Sheet Trust Preferred Securitization. In 2007, First Horizon Bank executed a securitization of certain small issuer trust preferreds for which the underlying trust meets the definition of a VIE as the holders of the equity investment at risk do not have the power through voting rights, or similar rights, to direct the activities that most significantly impact the entity's economic performance. Since First Horizon Bank did not retain servicing or other decision making rights, First Horizon Bank is not the primary beneficiary as it does not have the power to direct the activities that most significantly impact the trust's economic performance. Accordingly, First Horizon Bank has accounted for the funds received through the securitization as a term borrowing in its Consolidated Balance Sheets. First Horizon Bank has no contractual requirements to provide financial support to the trust.

Holdings in Agency Mortgage-Backed Securities. FHN holds securities issued by various Agency securitization trusts. Based on their restrictive nature, the trusts meet the definition of a VIE since the holders of the equity investments at risk do not have the power through voting rights, or similar rights, to direct the activities that most significantly impact the entities' economic performance. FHN could potentially receive benefits or absorb losses that are significant to the trusts based on the nature of the trusts' activities and the size of FHN's holdings. However, FHN is solely a holder of the trusts' securities and does not have the power to direct the activities that most significantly impact the trusts' economic performance, and is not considered the primary beneficiary of the trusts. FHN has no contractual requirements to provide financial support to the trusts.

Commercial Loan Troubled Debt Restructurings. For certain troubled commercial loans, First Horizon Bank restructures the terms of the borrower's debt in an effort to increase the probability of receipt of amounts contractually due. Following a troubled debt restructuring, the borrower entity typically meets the definition of a VIE as the initial determination of whether an entity is a VIE must be reconsidered as events have proven that the entity's equity is not sufficient to permit it to finance its activities without additional subordinated financial support or a restructuring of the terms of its financing. As First Horizon Bank does not have the power to direct the activities that most significantly impact such troubled commercial borrowers' operations, it is not considered the primary beneficiary even in situations where, based on the size of the financing provided, First Horizon Bank is exposed to potentially significant benefits and losses of the borrowing entity. First Horizon Bank has no contractual requirements to

Note 14 – Variable Interest Entities (Continued)

provide financial support to the borrowing entities beyond certain funding commitments established upon restructuring of the terms of the debt that allows for preparation of the underlying collateral for sale.

Proprietary Trust Preferred Issuances. In conjunction with its acquisitions, FHN acquired junior subordinated debt underlying multiple issuances of trust preferred debt. All of the trusts are considered VIEs because the ownership interests from the capital contributions to these trusts are not considered "at risk" in evaluating whether the holders of the equity investments at risk in the trusts have the ability to direct the activities that most significantly impact the entities' economic performance. Thus, FHN cannot be the trusts' primary beneficiary because its ownership interests in the trusts are not considered variable interests as they are not considered "at risk". Consequently, none of the trusts are consolidated by FHN.

The following table summarizes FHN's nonconsolidated VIEs as of June 30, 2021:

(Dollars in millions)	Maximum Loss Exposure	Liability Recognized	Classification
Type			
Low income housing partnerships	$ 355	$ 128	(a)
Other tax credit investments (b)	67	42	Other assets
Small issuer trust preferred holdings (c)	206	—	Loans and leases
On-balance sheet trust preferred securitization	31	83	(d)
Holdings of agency mortgage-backed securities (c)	7,115	—	(e)
Commercial loan troubled debt restructurings (f)	164	—	Loans and leases
Proprietary trust preferred issuances (g)	—	287	Term borrowings

(a) Maximum loss exposure represents $227 million of current investments and $128 million of accrued contractual funding commitments. Accrued funding commitments represent unconditional contractual obligations for future funding events and are also recognized in other liabilities. FHN currently expects to be required to fund these accrued commitments by the end of 2024.
(b) Maximum loss exposure represents the value of current investments.
(c) Maximum loss exposure represents the value of current investments. A liability is not recognized as FHN is solely a holder of the trusts' securities.
(d) Includes $112 million classified as loans and leases and $2 million classified as trading securities which are offset by $83 million classified as term borrowings.
(e) Includes $0.6 billion classified as trading securities and $6.5 billion classified as securities available for sale.
(f) Maximum loss exposure represents $158 million of current receivables and $6 million of contractual funding commitments on loans related to commercial borrowers involved in a troubled debt restructuring.
(g) No exposure to loss due to nature of FHN's involvement.

The following table summarizes FHN's nonconsolidated VIEs as of December 31, 2020:

(Dollars in millions)	Maximum Loss Exposure	Liability Recognized	Classification
Type			
Low income housing partnerships	$ 338	$ 132	(a)
Other tax credit investments (b)	64	42	Other assets
Small issuer trust preferred holdings (c)	210	—	Loans and leases
On-balance sheet trust preferred securitization	32	82	(d)
Holdings of agency mortgage-backed securities (c)	7,063	—	(e)
Commercial loan troubled debt restructurings (f)	186	—	Loans and leases
Proprietary trust preferred issuances (g)	—	287	Term borrowings

(a) Maximum loss exposure represents $206 million of current investments and $132 million of accrued contractual funding commitments. Accrued funding commitments represent unconditional contractual obligations for future funding events and are also recognized in other liabilities. FHN currently expects to be required to fund these accrued commitments by the end of 2024.
(b) Maximum loss exposure represents current investments.
(c) Maximum loss exposure represents the value of current investments. A liability is not recognized as FHN is solely a holder of the trusts' securities.
(d) Includes $112 million classified as loans and leases and $2 million classified as trading securities which are offset by $82 million classified as term borrowings.
(e) Includes $0.8 billion classified as trading securities and $6.2 billion classified as securities available for sale.
(f) Maximum loss exposure represents $176 million of current receivables and $10 million of contractual funding commitments on loans related to commercial borrowers involved in a troubled debt restructuring.
(g) No exposure to loss due to nature of FHN's involvement.

Note 15 – Derivatives

In the normal course of business, FHN utilizes various financial instruments (including derivative contracts and credit-related agreements) through its fixed income and risk management operations, as part of its risk management strategy and as a means to meet clients' needs. Derivative instruments are subject to credit and market risks in excess of the amount recorded on the balance sheet as required by GAAP. The contractual or notional amounts of these financial instruments do not necessarily represent the amount of credit or market risk. However, they can be used to measure the extent of involvement in various types of financial instruments. Controls and monitoring procedures for these instruments have been established and are routinely reevaluated. The ALCO controls, coordinates, and monitors the usage and effectiveness of these financial instruments.

Credit risk represents the potential loss that may occur if a party to a transaction fails to perform according to the terms of the contract. The measure of credit exposure is the replacement cost of contracts with a positive fair value. FHN manages credit risk by entering into financial instrument transactions through national exchanges, primary dealers or approved counterparties, and by using mutual margining and master netting agreements whenever possible to limit potential exposure. FHN also maintains collateral posting requirements with certain counterparties to limit credit risk. Daily margin posted or received with central clearinghouses is considered a legal settlement of the related derivative contracts which results in a net presentation for each contract in the Consolidated Balance Sheets. Treatment of daily margin as a settlement has no effect on hedge accounting or gains/losses for the applicable derivative contracts. On June 30, 2021 and December 31, 2020, respectively, FHN had $236 million and $280 million of cash receivables and $119 million and $166 million of cash payables related to collateral posting under master netting arrangements, inclusive of collateral posted related to contracts with adjustable collateral posting thresholds and over-collateralized positions, with derivative counterparties. With exchange-traded contracts, the credit risk is limited to the clearinghouse used. For non-exchange traded instruments, credit risk may occur when there is a gain in the fair value of the financial instrument and the counterparty fails to perform according to the terms of the contract and/or when the collateral proves to be of insufficient value. See additional discussion regarding master netting agreements and collateral posting requirements later in this note under the heading "Master Netting and Similar Agreements." Market risk represents the potential loss due to the decrease in the value of a financial instrument caused primarily by changes in interest rates or the prices of debt instruments. FHN manages market risk by establishing and monitoring limits on the types and degree of risk that may be undertaken. FHN continually measures this risk through the use of models that measure value-at-risk and earnings-at-risk.

Derivative Instruments. FHN enters into various derivative contracts both to facilitate client transactions and as a risk management tool. Where contracts have been created for clients, FHN enters into upstream transactions with dealers to offset its risk exposure. Contracts with dealers that require central clearing are novated to a clearing agent who becomes FHN's counterparty. Derivatives are also used as a risk management tool to hedge FHN's exposure to changes in interest rates or other defined market risks.

Forward contracts are over-the-counter contracts where two parties agree to purchase and sell a specific quantity of a financial instrument at a specified price, with delivery or settlement at a specified date. Futures contracts are exchange-traded contracts where two parties agree to purchase and sell a specific quantity of a financial instrument at a specified price, with delivery or settlement at a specified date. Interest rate option contracts give the purchaser the right, but not the obligation, to buy or sell a specified quantity of a financial instrument, at a specified price, during a specified period of time. Caps and floors are options that are linked to a notional principal amount and an underlying indexed interest rate. Interest rate swaps involve the exchange of interest payments at specified intervals between two parties without the exchange of any underlying principal. Swaptions are options on interest rate swaps that give the purchaser the right, but not the obligation, to enter into an interest rate swap agreement during a specified period of time.

Trading Activities

FHNF trades U.S. Treasury, U.S. Agency, government-guaranteed loan, mortgage-backed, corporate and municipal fixed income securities, and other securities for distribution to clients. When these securities settle on a delayed basis, they are considered forward contracts. FHNF also enters into interest rate contracts, including caps, swaps, and floors, for its clients. In addition, FHNF enters into futures and option contracts to economically hedge interest rate risk associated with a portion of its securities inventory. These transactions are measured at fair value, with changes in fair value

Note 15 – Derivatives (Continued)

recognized in noninterest income. Related assets and liabilities are recorded on the Consolidated Balance Sheets as derivative assets and derivative liabilities within other assets and other liabilities. The FHNF Risk Committee and the Credit Risk Management Committee collaborate to mitigate credit risk related to these transactions. Credit risk is controlled through credit approvals, risk control limits, and ongoing monitoring procedures. Total trading revenues were $91 million and $100 million for the three months ended June 30, 2021 and 2020, and $206 million and $179 million for the six months ended June 30, 2021 and 2020, respectively. Trading revenues are inclusive of both derivative and non-derivative financial instruments, and are included in fixed income on the Consolidated Statements of Income.

The following tables summarize derivatives associated with FHNF's trading activities as of June 30, 2021 and December 31, 2020:

	June 30, 2021		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Customer interest rate contracts	**$ 3,815**	**$ 124**	**$ 33**
Offsetting upstream interest rate contracts	**3,815**	**6**	**10**
Option contracts purchased	**8**	**—**	**—**
Forwards and futures purchased	**9,077**	**24**	**1**
Forwards and futures sold	**9,627**	**2**	**23**

	December 31, 2020		
(Dollars in millions)	Notional	Assets	Liabilities
Customer interest rate contracts	$ 3,950	$ 207	$ 7
Offsetting upstream interest rate contracts	3,950	2	17
Forwards and futures purchased	10,795	62	—
Forwards and futures sold	11,633	1	65

Interest Rate Risk Management

FHN's ALCO focuses on managing market risk by controlling and limiting earnings volatility attributable to changes in interest rates. Interest rate risk exists to the extent that interest-earning assets and interest-bearing liabilities have different maturity or repricing characteristics. FHN uses derivatives, primarily swaps, that are designed to moderate the impact on earnings as interest rates change. Interest paid or received for swaps utilized by FHN to hedge the fair value of long term debt is recognized as an adjustment of the interest expense of the liabilities whose risk is being managed. FHN's interest rate risk management policy is to use derivatives to hedge interest rate risk or market value of assets or liabilities, not to speculate. In addition, FHN has entered into certain interest rate swaps and caps as a part of a product offering to commercial clients that includes customer derivatives paired with upstream offsetting market instruments that, when completed, are designed to mitigate interest rate risk. These contracts do not qualify for hedge accounting and are measured at fair value with gains or losses included in current earnings in noninterest expense on the Consolidated Statements of Income.

FHN had designated a derivative transaction in a hedging strategy to manage interest rate risk on $500 million of senior debt prior to its maturity in December 2020. This transaction qualified for hedge accounting using the long-haul method. FHN early redeemed the $500 million senior debt in November 2020.

Note 15 – Derivatives (Continued)

The following tables summarize FHN's derivatives associated with interest rate risk management activities as of June 30, 2021 and December 31, 2020:

	June 30, 2021		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Customer Interest Rate Contracts Hedging			
Hedging Instruments and Hedged Items:			
Customer interest rate contracts	**$ 7,231**	**$ 286**	**$ 14**
Offsetting upstream interest rate contracts	**7,231**	**3**	**15**

	December 31, 2020		
(Dollars in millions)	Notional	Assets	Liabilities
Customer Interest Rate Contracts Hedging			
Hedging Instruments and Hedged Items:			
Customer interest rate contracts	$ 6,868	$ 436	$ 1
Offsetting upstream interest rate contracts	6,868	5	35

The following table summarizes gains (losses) on FHN's derivatives associated with interest rate risk management activities for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
(Dollars in millions)	**Gains (Losses)**	Gains (Losses)	**Gains (Losses)**	Gains (Losses)
Customer Interest Rate Contracts Hedging				
Hedging Instruments and Hedged Items:				
Customer interest rate contracts (a)	**$ 46**	$ 16	**$ (168)**	$ 211
Offsetting upstream interest rate contracts (a)	**(46)**	(16)	**$ 168**	$ (211)
Debt Hedging				
Hedging Instruments:				
Interest rate swaps (b)	**$ —**	$ (1)	**$ —**	$ 4
Hedged Items:				
Term borrowings (a) (c)	**—**	1	**—**	(4)

(a) Gains (losses) included in other expense within the Consolidated Statements of Income.
(b) Gains (losses) included in interest expense.
(c) Represents gains and losses attributable to changes in fair value due to interest rate risk as designated in ASC 815-20 hedging relationships.

Cash Flow Hedges

Prior to 2021, FHN had pay floating, receive fixed interest rate swaps designed to manage its exposure to the variability in cash flows related to interest payments on debt instruments, which primarily consisted of held-to-maturity trust preferred loans. In conjunction with the IBKC merger, FHN acquired interest rate contracts (floors and collars) which have been re-designated as cash flow hedges. The debt instruments primarily consist of held-to-maturity commercial loans that have variable interest payments based on 1-month LIBOR.

In a cash flow hedge, the entire change in the fair value of the interest rate swap included in the assessment of hedge effectiveness is initially recorded in OCI and is subsequently reclassified from OCI to current period earnings (interest income or interest expense) in the same period that the hedged item affects earnings.

Note 15 – Derivatives (Continued)

The following tables summarize FHN's derivative activities associated with cash flow hedges as of June 30, 2021 and December 31, 2020:

	June 30, 2021		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Cash Flow Hedges			
Hedging Instruments:			
Interest rate contracts	**$ 1,100**	**$ 23**	**$ —**
Hedged Items:			
Variability in cash flows related to debt instruments (primarily loans)	**N/A**	**$ 1,100**	**N/A**

	December 31, 2020		
(Dollars in millions)	Notional	Assets	Liabilities
Cash Flow Hedges			
Hedging Instruments:			
Interest rate contracts	$ 1,250	$ 32	$ —
Hedged Items:			
Variability in cash flows related to debt instruments (primarily loans)	N/A	$ 1,250	N/A

The following table summarizes gains (losses) on FHN's derivatives associated with cash flow hedges for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
(Dollars in millions)	**Gains (Losses)**	Gains (Losses)	**Gains (Losses)**	Gains (Losses)
Cash Flow Hedges				
Hedging Instruments:				
Interest rate contracts (a)	**$ (6)**	$ —	**$ (14)**	$ 17
Gain (loss) recognized in Other comprehensive income (loss)	**—**	2	**(1)**	15
Gain (loss) reclassified from AOCI into interest income	**(2)**	(2)	**(3)**	(2)

(a) Approximately $22 million of pre-tax gains are expected to be reclassified into earnings in the next twelve months.

Other Derivatives

As part of the IBKC merger, FHN acquired mortgage banking operations that include the origination and sale of loans into the secondary market. As part of the origination of loans, FHN enters into interest rate lock commitments with borrowers. Additionally, FHN enters into forward sales contracts with buyers for delivery of loans at a future date.

Both of these contracts qualify as freestanding derivatives and are recognized at fair value through earnings. The notional and fair values of these contracts are presented in the table below. Balances and activity for periods prior to the IBKC merger were not significant.

Note 15 – Derivatives (Continued)

(Dollars in millions)	June 30, 2021 Notional	Assets	Liabilities
Mortgage Banking Hedges			
Option contracts written	$ 433	$ 10	$ —
Forward contracts purchased	651	1	2

(Dollars in millions)	December 31, 2020 Notional	Assets	Liabilities
Mortgage Banking Hedges			
Option contracts written	$ 667	$ 20	$ —
Forward contracts purchased	725	—	6

The following table summarizes gains (losses) on FHN's derivatives associated with mortgage banking activities for the three and six months ended June 30, 2021.

(Dollars in millions)	Three Months Ended June 30, 2021 Gains (Losses)	Six Months Ended June 30, 2021 Gains (Losses)
Mortgage Banking Hedges		
Option contracts written	$ 1	$ (9)
Forward contracts purchased	(11)	12

In conjunction with the sale of its Visa Class B shares, FHN entered into derivative transactions whereby FHN will make or receive cash payments whenever the conversion ratio of the Visa Class B shares into Visa Class A shares is adjusted. As of June 30, 2021 and December 31, 2020, the derivative liabilities associated with the sales of Visa Class B shares were $18 million and $13 million, respectively. See Note 17 - Fair Value of Assets and Liabilities for discussion of the valuation inputs and processes for these Visa-related derivatives.

FHN utilizes cross currency swaps and cross currency interest rate swaps to economically hedge its exposure to foreign currency risk and interest rate risk associated with non-U.S. dollar denominated loans. As of June 30, 2021 and December 31, 2020, these loans were valued at $12 million. The balance sheet amount and the gains/losses associated with these derivatives were not significant.

Related to its loan participation/syndication activities, FHN enters into risk participation agreements, under which it assumes exposure for, or receives indemnification for, borrowers' performance on underlying interest rate derivative contracts. As of June 30, 2021 and December 31, 2020, the notional values of FHN's risk participations were $239 million and $233 million of derivative assets and $486 million and $464 million of derivative liabilities, respectively. Assuming all underlying third party customers referenced in the swap contracts defaulted at June 30, 2021 and December 31, 2020, the exposure from these agreements would not be material based on the fair value of the underlying swaps.

In conjunction with the IBKC merger, FHN obtained certain certificates of deposit with the rate of return based on an equity index which is considered an embedded derivative as a written option that must be separately recognized. The risks of the written option are offset by purchasing an option with terms that mirror the written option, which is also carried at fair value on the Company's Consolidated Balance Sheets. As of June 30, 2021 and December 31, 2020, FHN had recognized $1 million of both assets and liabilities associated with these contracts.

Master Netting and Similar Agreements

FHN uses master netting agreements, mutual margining agreements and collateral posting requirements to minimize credit risk on derivative contracts. Master netting and similar agreements are used when counterparties have multiple derivatives contracts that allow for a "right of setoff," meaning that a counterparty may net offsetting positions and collateral with the same counterparty under the contract to determine a net receivable or payable.

Note 15 – Derivatives (Continued)

The following discussion provides an overview of these arrangements which may vary due to the derivative type and market in which a derivative transaction is executed.

Interest rate derivatives are subject to agreements consistent with standard agreement forms of the ISDA. Currently, all interest rate derivative contracts are entered into as over-the-counter transactions and collateral posting requirements are based on the net asset or liability position with each respective counterparty. For contracts that require central clearing, novation to a counterparty with access to a clearinghouse occurs and initial margin is posted.
Cash margin received (posted) that is considered settlements for the derivative contracts is included in the respective derivative asset (liability) value. Cash margin that is considered collateral received (posted) for interest rate derivatives is recognized as a liability (asset) on FHN's Consolidated Balance Sheets.

Interest rate derivatives with clients that are smaller financial institutions typically require posting of collateral by the counterparty to FHN. This collateral is subject to a threshold with daily adjustments based upon changes in the level or fair value of the derivative position. Positions and related collateral can be netted in the event of default. Collateral pledged by a counterparty is typically cash or securities. The securities pledged as collateral are not recognized within FHN's Consolidated Balance Sheets. Interest rate derivatives associated with lending arrangements share the collateral with the related loan(s). The derivative and loan positions may be netted in the event of default. For disclosure purposes, the entire collateral amount is allocated to the loan.

Interest rate derivatives with larger financial institutions entered into prior to required central clearing typically contain provisions whereby the collateral posting thresholds under the agreements adjust based on the credit ratings of both counterparties. If the credit rating of FHN and/or First Horizon Bank is lowered, FHN could be required to post additional collateral with the counterparties. Conversely, if the credit rating of FHN and/or First Horizon Bank is increased, FHN could have collateral released and be required to post less collateral in the future. Also, if a counterparty's credit ratings were to decrease, FHN and/or First Horizon Bank could require the posting of additional collateral; whereas if a counterparty's credit ratings were to increase, the counterparty could require the release of excess collateral. Collateral for these arrangements is adjusted daily based on changes in the net fair value position with each counterparty.

The net fair value, determined by individual counterparty, of all derivative instruments with adjustable collateral posting thresholds was $104 million of assets and $15 million of liabilities on June 30, 2021, and $200 million of assets and $5 million of liabilities on December 31, 2020. As of June 30, 2021 and December 31, 2020, FHN had received collateral of $233 million and $320 million and posted collateral of $2 million and $34 million, respectively, in the normal course of business related to these agreements.

Certain agreements entered into prior to required central clearing also contain accelerated termination provisions, inclusive of the right of offset, if a counterparty's credit rating falls below a specified level. If a counterparty's debt rating (including FHN's and First Horizon Bank's) were to fall below these minimums, these provisions would be triggered, and the counterparties could terminate the agreements and require immediate settlement of all derivative contracts under the agreements. The net fair value, determined by individual counterparty, of all interest rate derivative instruments with credit-risk-related contingent accelerated termination provisions was $116 million of assets and $21 million of liabilities on June 30, 2021, and $216 million of assets and $17 million of liabilities on December 31, 2020. As of June 30, 2021 and December 31, 2020, FHN had received collateral of $246 million and $343 million and posted collateral of $9 million and $53 million, respectively, in the normal course of business related to these contracts.

FHNF buys and sells various types of securities for its clients. When these securities settle on a delayed basis, they are considered forward contracts, and are generally not subject to master netting agreements. For futures and options, FHN transacts through a third party, and the transactions are subject to margin and collateral maintenance requirements. In the event of default, open positions can be offset along with the associated collateral.

For this disclosure, FHN considers the impact of master netting and other similar agreements which allow FHN to settle all contracts with a single counterparty on a net basis and to offset the net derivative asset or liability position with the related securities and cash collateral. The application of the collateral cannot reduce the net derivative asset or liability position below zero, and therefore any excess collateral is not reflected in the following tables.

Note 15 – Derivatives (Continued)

The following table provides details of derivative assets and collateral received as presented on the Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020:

(Dollars in millions)	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheets	Net amounts of assets presented in the Balance Sheets (a)	Gross amounts not offset in the Balance Sheets: Derivative liabilities available for offset	Gross amounts not offset in the Balance Sheets: Collateral received	Net amount
Derivative assets:						
June 30, 2021						
Interest rate derivative contracts	**$ 453**	**$ —**	**$ 453**	**$ (29)**	**$ (227)**	**$ 197**
Forward contracts	**26**	**—**	**26**	**(14)**	**(9)**	**3**
	$ 479	**$ —**	**$ 479**	**$ (43)**	**$ (236)**	**$ 200**
December 31, 2020						
Interest rate derivative contracts	$ 702	$ —	$ 702	$ (7)	$ (327)	$ 368
Forward contracts	63	—	63	(14)	(20)	29
	$ 765	$ —	$ 765	$ (21)	$ (347)	$ 397

(a) Included in other assets on the Consolidated Balance Sheets. As of June 30, 2021 and December 31, 2020, $3 million and $4 million, respectively, of derivative assets have been excluded from these tables because they are generally not subject to master netting or similar agreements.

The following table provides details of derivative liabilities and collateral pledged as presented on the Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020:

(Dollars in millions)	Gross amounts of recognized liabilities	Gross amounts offset in the Balance Sheets	Net amounts of liabilities presented in the Balance Sheets (a)	Gross amounts not offset in the Balance Sheets: Derivative assets available for offset	Gross amounts not offset in the Balance Sheets: Collateral pledged	Net amount
Derivative liabilities:						
June 30, 2021						
Interest rate derivative contracts	**$ 74**	**$ —**	**$ 74**	**$ (29)**	**$ (12)**	**$ 33**
Forward contracts	**24**	**—**	**24**	**(14)**	**(9)**	**1**
	$ 98	**$ —**	**$ 98**	**$ (43)**	**$ (21)**	**$ 34**
December 31, 2020						
Interest rate derivative contracts	$ 60	$ —	$ 60	$ (7)	$ (31)	$ 22
Forward contracts	65	—	65	(14)	(51)	—
	$ 125	$ —	$ 125	$ (21)	$ (82)	$ 22

(a) Included in other liabilities on the Consolidated Balance Sheets. As of June 30, 2021 and December 31, 2020, $20 million and $22 million, respectively, of derivative liabilities (primarily Visa-related derivatives) have been excluded from these tables because they are generally not subject to master netting or similar agreements.

Note 16 – Master Netting and Similar Agreements—Repurchase, Reverse Repurchase, and Securities Borrowing Transactions

For repurchase, reverse repurchase and securities borrowing transactions, FHN and each counterparty have the ability to offset all open positions and related collateral in the event of default. Due to the nature of these transactions, the value of the collateral for each transaction approximates the value of the corresponding receivable or payable. For repurchase agreements through FHN's fixed income business (securities purchased under agreements to resell and securities sold under agreements to repurchase), transactions are collateralized by securities and/or government guaranteed loans which are delivered on the settlement date and are maintained throughout the term of the transaction. For FHN's repurchase agreements through banking activities (securities sold under agreements to repurchase), securities are typically pledged at settlement and not released until maturity. For asset positions, the collateral is not included on FHN's Consolidated Balance Sheets. For liability positions, securities collateral pledged by FHN is generally represented within FHN's trading or available-for-sale securities portfolios.

For this disclosure, FHN considers the impact of master netting and other similar agreements that allow FHN to settle all contracts with a single counterparty on a net basis and to offset the net asset or liability position with the related securities collateral. The application of the collateral cannot reduce the net asset or liability position below zero, and therefore any excess collateral is not reflected in the tables below.

Securities purchased under agreements to resell is included in federal funds sold and securities purchased under agreements to resell in the Consolidated Balance Sheets. Securities sold under agreements to repurchase is included in short-term borrowings.

The following table provides details of securities purchased under agreements to resell and collateral pledged by counterparties as of June 30, 2021 and December 31, 2020:

				Gross amounts not offset in the Balance Sheets		
(Dollars in millions)	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheets	Net amounts of assets presented in the Balance Sheets	Offsetting securities sold under agreements to repurchase	Securities collateral (not recognized on FHN's Balance Sheets)	Net amount
Securities purchased under agreements to resell:						
June 30, 2021	**$ 571**	**$ —**	**$ 571**	**$ (15)**	**$ (554)**	**$ 2**
December 31, 2020	380	—	380	—	(379)	1

The following table provides details of securities sold under agreements to repurchase and collateral pledged by FHN as of June 30, 2021 and December 31, 2020:

				Gross amounts not offset in the Balance Sheets		
(Dollars in millions)	Gross amounts of recognized liabilities	Gross amounts offset in the Balance Sheets	Net amounts of liabilities presented in the Balance Sheets	Offsetting securities purchased under agreements to resell	Securities/ government guaranteed loans collateral	Net amount
Securities sold under agreements to repurchase:						
June 30, 2021	**$ 1,350**	**$ —**	**$ 1,350**	**$ (15)**	**$ (1,335)**	**$ —**
December 31, 2020	1,187	—	1,187	—	(1,187)	—

Due to the short duration of securities sold under agreements to repurchase and the nature of collateral involved, the risks associated with these transactions are considered minimal.

Note 16 – Master Netting and Similar Agreements—Repurchase, Reverse Repurchase, and Securities Borrowing Transactions (Continued)

The following tables provide details, by collateral type, of the remaining contractual maturity of securities sold under agreements to repurchase as of June 30, 2021 and December 31, 2020:

	June 30, 2021		
(Dollars in millions)	**Overnight and Continuous**	**Up to 30 Days**	**Total**
Securities sold under agreements to repurchase:			
U.S. treasuries	**$ 355**	**$ —**	**$ 355**
Government agency issued MBS	**845**	**—**	**845**
Government agency issued CMO	**4**	**—**	**4**
Government guaranteed loans (SBA and USDA)	**146**	**—**	**146**
Total securities sold under agreements to repurchase	**$ 1,350**	**$ —**	**$ 1,350**

	December 31, 2020		
(Dollars in millions)	Overnight and Continuous	Up to 30 Days	Total
Securities sold under agreements to repurchase:			
U.S. treasuries	$ 284	$ —	$ 284
Government agency issued MBS	616	—	616
Government agency issued CMO	10	—	10
Other U.S. government agencies	151	—	151
Government guaranteed loans (SBA and USDA)	126	—	126
Total securities sold under agreements to repurchase	$ 1,187	$ —	$ 1,187

Note 17 – Fair Value of Assets and Liabilities

FHN groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. This hierarchy requires FHN to maximize the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Each fair value measurement is placed into the proper level based on the lowest level of significant input. These levels are:

- Level 1—Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2—Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3—Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Note 17 – Fair Value of Assets and Liabilities (Continued)

Recurring Fair Value Measurements

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and December 31, 2020:

	June 30, 2021			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Trading securities:				
U.S. treasuries	$ —	$ 43	$ —	$ 43
Government agency issued MBS	—	411	—	411
Government agency issued CMO	—	214	—	214
Other U.S. government agencies	—	130	—	130
States and municipalities	—	18	—	18
Corporate and other debt	—	219	—	219
Total trading securities	—	1,035	—	1,035
Loans held for sale (elected fair value)	—	352	25	377
Securities available for sale:				
U.S. treasuries	—	607	—	607
Government agency issued MBS	—	4,167	—	4,167
Government agency issued CMO	—	2,323	—	2,323
Other U.S. government agencies	—	743	—	743
States and municipalities	—	518	—	518
Interest-only strips (elected fair value)	—	—	30	30
Total securities available for sale	—	8,358	30	8,388
Other assets:				
Deferred compensation mutual funds	122	—	—	122
Equity, mutual funds, and other	29	—	—	29
Derivatives, forwards and futures	27	—	—	27
Derivatives, interest rate contracts	—	451	—	451
Derivatives, other	—	2	—	2
Total other assets	178	453	—	631
Total assets	$ 178	$ 10,198	$ 55	$ 10,431
Trading liabilities:				
U.S. treasuries	$ —	$ 472	$ —	$ 472
Corporate and other debt	—	59	—	59
Total trading liabilities	—	531	—	531
Other liabilities:				
Derivatives, forwards and futures	26	—	—	26
Derivatives, interest rate contracts	—	73	—	73
Derivatives, other	—	1	18	19
Total other liabilities	26	74	18	118
Total liabilities	$ 26	$ 605	$ 18	$ 649

Note 17 – Fair Value of Assets and Liabilities (Continued)

	December 31, 2020			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Trading securities:				
U.S. treasuries	$ —	$ 81	$ —	$ 81
Government agency issued MBS	—	633	—	633
Government agency issued CMO	—	212	—	212
Other U.S. government agencies	—	62	—	62
States and municipalities	—	7	—	7
Corporate and other debt	—	181	—	181
Total trading securities	—	1,176	—	1,176
Loans held for sale (elected fair value)	—	393	12	405
Loans held for investment (elected fair value)	—	—	16	16
Securities available for sale:				
U.S. treasuries	—	613	—	613
Government agency issued MBS	—	3,812	—	3,812
Government agency issued CMO	—	2,406	—	2,406
Other U.S. government agencies	—	684	—	684
States and municipalities	—	460	—	460
Corporate and other debt	—	40	—	40
Interest-only strips (elected fair value)	—	—	32	32
Total securities available for sale	—	8,015	32	8,047
Other assets:				
Deferred compensation mutual funds	118	—	—	118
Equity, mutual funds, and other	25	—	—	25
Derivatives, forwards and futures	63	—	—	63
Derivatives, interest rate contracts	—	702	—	702
Derivatives, other	—	4	—	4
Total other assets	206	706	—	912
Total assets	$ 206	$ 10,290	$ 60	$ 10,556
Trading liabilities:				
U.S. treasuries	$ —	$ 307	$ —	$ 307
Government agency issued MBS	—	3	—	3
Corporates and other debt	—	43	—	43
Total trading liabilities	—	353	—	353
Other liabilities:				
Derivatives, forwards and futures	71	—	—	71
Derivatives, interest rate contracts	—	60	—	60
Derivatives, other	—	4	14	18
Total other liabilities	71	64	14	149
Total liabilities	$ 71	$ 417	$ 14	$ 502

Note 17 – Fair Value of Assets and Liabilities (Continued)

Changes in Recurring Level 3 Fair Value Measurements

The changes in Level 3 assets and liabilities measured at fair value for the three months ended June 30, 2021 and 2020 on a recurring basis are summarized as follows:

	Three Months Ended June 30, 2021			
(Dollars in millions)	Interest- only strips- AFS	Loans held for sale	Loans held for investment	Net derivative liabilities
Balance on April 1, 2021	$ 22	$ 12	$ 17	$ (21)
Total net gains (losses) included in net income	(1)	1	—	—
Purchases	—	5	—	—
Sales	(6)	(10)	—	—
Settlements	—	(1)	—	3
Net transfers into (out of) Level 3	15 (b)	18 (e)	(17) (e)	—
Balance on June 30, 2021	$ 30	$ 25	$ —	$ (18)
Net unrealized gains (losses) included in net income	$ (1) (c)	$ 1 (a)	$ —	$ — (d)

	Three Months Ended June 30, 2020			
(Dollars in millions)	Trading securities	Interest-only-strips-AFS	Loans held for sale	Net derivative liabilities
Balance on April 1, 2020	$ 1	$ 23	$ 14	$ (21)
Total net gains (losses) included in net income	—	(1)	—	—
Purchases	—	—	—	—
Sales	—	—	—	—
Settlements	—	—	(1)	2
Net transfers into (out of) Level 3	—	3 (b)	—	—
Balance on June 30, 2020	$ 1	$ 25	$ 13	$ (19)
Net unrealized gains (losses) included in net income	$ — (a)	$ (1) (c)	$ — (a)	$ — (d)

(a) Primarily included in mortgage banking and title income on the Consolidated Statements of Income.
(b) Transfers into interest-only strips - AFS level 3 measured on a recurring basis reflect movements from loans held for sale (Level 2 nonrecurring).
(c) Primarily included in fixed income on the Consolidated Statements of Income.
(d) Included in other expense.
(e) The loans held for investment at fair value option portfolio was transferred to the loans held for sale portfolio on April 1, 2021.

Note 17 – Fair Value of Assets and Liabilities (Continued)

The changes in Level 3 assets and liabilities measured at fair value for the six months ended June 30, 2021 and 2020, on a recurring basis are summarized as follows:

	Six Months Ended June 30, 2021							
(Dollars in millions)	Interest- only strips- AFS		Loans held for sale		Loans held for investment		Net derivative liabilities	
Balance on January 1, 2021	$ 32		$ 12		$ 16		$ (14)	
Total net gains (losses) included in net income	4		2		—		(9)	
Purchases	—		5		—		—	
Sales	(33)		(10)		—		—	
Settlements	—		(2)		(2)		5	
Net transfers into (out of) Level 3	27	(b)	18	(e)	(14)	(e)	—	
Balance on June 30, 2021	$ 30		$ 25		$ —		$ (18)	
Net unrealized gains (losses) included in net income	$ 1	(c)	$ 2	(a)	$ —		$ (9)	(d)

	Six Months Ended June 30, 2020							
(Dollars in millions)	Trading securities		Interest-only-strips-AFS		Loans held for sale		Net derivative liabilities	
Balance on January 1, 2020	$ 1		$ 19		$ 14		$ (23)	
Total net gains (losses) included in net income	—		(2)		1		(1)	
Purchases	—		5		—		—	
Sales	—		(9)		—		—	
Settlements	—		—		(2)		5	
Net transfers into (out of) Level 3	—		12	(b)	—		—	
Balance on June 30, 2020	$ 1		$ 25		$ 13		$ (19)	
Net unrealized gains (losses) included in net income	$ —	(a)	$ (2)	(c)	$ 1	(a)	$ (1)	(d)

(a) Primarily included in mortgage banking and title income on the Consolidated Statements of Income.
(b) Transfers into interest-only strips - AFS level 3 measured on a recurring basis reflect movements from loans held for sale (Level 2 nonrecurring).
(c) Primarily included in fixed income on the Consolidated Statements of Income.
(d) Included in other expense.
(e) The loans held for investment at fair value option portfolio was transferred to the loans held for sale portfolio on April 1, 2021.

There were no net unrealized gains (losses) for Level 3 assets and liabilities included in other comprehensive income as of June 30, 2021 and 2020.

Note 17 – Fair Value of Assets and Liabilities (Continued)

Nonrecurring Fair Value Measurements

From time to time, FHN may be required to measure certain other financial assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower of cost or market (LOCOM) accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis which were still held on the Consolidated Balance Sheets at June 30, 2021, and December 31, 2020, respectively, the following tables provide the level of valuation assumptions used to determine each adjustment and the related carrying value.

	Carrying value at June 30, 2021			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Loans held for sale—SBAs and USDA	$ —	$ 532	$ 1	$ 533
Loans held for sale—first mortgages	—	—	1	1
Loans and leases (a)	—	—	66	66
OREO (b)	—	—	10	10
Other assets (c)	—	—	11	11

	Carrying value at December 31, 2020			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Loans held for sale—SBAs and USDA	$ —	$ 508	$ 1	$ 509
Loans held for sale—first mortgages	—	—	1	1
Loans and leases (a)	—	—	77	77
OREO (b)	—	—	15	15
Other assets (c)	—	—	9	9

(a) Represents carrying value of loans for which adjustments are required to be based on the appraised value of the collateral less estimated costs to sell. Write-downs on these loans are recognized as part of provision for credit losses.
(b) Represents the fair value and related losses of foreclosed properties that were measured subsequent to their initial classification as OREO. Balance excludes OREO related to government insured mortgages.
(c) Represents tax credit investments accounted for under the equity method.

For assets measured on a nonrecurring basis which were still held on the Consolidated Balance Sheets at period end, the following table provides information about the fair value adjustments recorded during the three and six months ended June 30, 2021 and 2020:

	Net gains (losses) Three Months Ended June 30,		Net gains (losses) Six Months Ended June 30,	
(Dollars in millions)	**2021**	2020	**2021**	2020
Loans held for sale—SBAs and USDA	**$ (2)**	$ (1)	**$ (2)**	$ (2)
Loans and leases (a)	**(1)**	(1)	**(3)**	(6)
OREO (b)	**(1)**	—	**(1)**	—
Other assets (c)	**—**	(1)	**—**	(1)
	$ (4)	$ (3)	**$ (6)**	$ (9)

(a) Write-downs on these loans are recognized as part of provision for credit losses.
(b) Represents the fair value and related losses of foreclosed properties that were measured subsequent to their initial classification as OREO. Balance excludes OREO related to government insured mortgages.
(c) Represents tax credit investments accounted for under the equity method.

Note 17 – Fair Value of Assets and Liabilities (Continued)

For the three and six months ended June 30, 2021, FHN recognized less than $1 million and $33 million of fixed asset impairments, respectively, and no impairment and $3 million of leased asset impairments, respectively, primarily related to continuing acquisition integration efforts associated with reduction of leased office space and banking center optimization. These amounts were primarily recognized in the Corporate segment.

For the three and six months ended June 30, 2020, FHN recognized an insignificant amount and $1 million of fixed asset impairments, respectively, and an insignificant amount of leased asset impairments for both periods. These amounts were primarily recognized in the Corporate segment.

Lease asset impairments recognized represent the reduction in value of the right-of-use assets associated with leases that are being exited in advance of the contractual lease expiration.

Impairments are measured using a discounted cash flow methodology, which is considered a Level 3 valuation.

Impairments of long-lived tangible assets reflect locations where the associated land and building are either owned or leased. The fair values of owned sites were determined using estimated sales prices from appraisals and broker opinions less estimated costs to sell with adjustments upon final disposition. The fair values of owned assets in leased sites (e.g., leasehold improvements) were determined using a discounted cash flow approach, based on the revised estimated useful lives of the related assets. Both measurement methodologies are considered Level 3 valuations. Impairment adjustments recognized upon disposition of a location are considered Level 2 valuations.

Note 17 – Fair Value of Assets and Liabilities (Continued)

Level 3 Measurements

The following tables provide information regarding the unobservable inputs utilized in determining the fair value of Level 3 recurring and non-recurring measurements as of June 30, 2021 and December 31, 2020:

(Dollars in millions)

Level 3 Class	Fair Value at June 30, 2021	Valuation Techniques	Unobservable Input	Values Utilized	
				Range	Weighted Average (d)
Available for sale securities SBA - interest only strips	$ 30	Discounted cash flow	Constant prepayment rate	11% - 12%	11%
			Bond equivalent yield	11% - 13%	11%
Loans held for sale - residential real estate	$ 26	Discounted cash flow	Prepayment speeds - First mortgage	4% - 13%	5%
			Foreclosure losses	46% - 65%	64%
			Loss severity trends - First mortgage	2% - 16% of UPB	10%
Loans held for sale - unguaranteed interest in SBA loans	$ 1	Discounted cash flow	Constant prepayment rate	8% - 12%	10%
			Bond equivalent yield	15% - 16%	15%
Derivative liabilities, other	$ 18	Discounted cash flow	Visa covered litigation resolution amount	$5.4 billion - $6.0 billion	$5.8 billion
			Probability of resolution scenarios	10% - 50%	16%
			Time until resolution	9 - 33 months	24 months
Loans and leases (a)	$ 66	Appraisals from comparable properties	Marketability adjustments for specific properties	0% - 10% of appraisal	NM
		Other collateral valuations	Borrowing base certificates adjustment	20% - 50% of gross value	NM
			Financial Statements/Auction values adjustment	0% - 25% of reported value	NM
OREO (b)	$ 10	Appraisals from comparable properties	Adjustment for value changes since appraisal	0% - 10% of appraisal	NM
Other assets (c)	$ 11	Discounted cash flow	Adjustments to current sales yields for specific properties	0% - 15% adjustment to yield	NM
		Appraisals from comparable properties	Marketability adjustments for specific properties	0% - 25% of appraisal	NM

NM - Not meaningful

(a) Represents carrying value of loans for which adjustments are required to be based on the appraised value of the collateral less estimated costs to sell. Write-downs on these loans are recognized as part of provision for credit losses.

(b) Represents the fair value of foreclosed properties that were measured subsequent to their initial classification as OREO. Balance excludes OREO related to government insured mortgages.

(c) Represents tax credit investments accounted for under the equity method.

(d) Weighted averages are determined by the relative fair value of the instruments or the relative contribution to an instrument's fair value.

Note 17 – Fair Value of Assets and Liabilities (Continued)

(Dollars in millions)

Level 3 Class	Fair Value at December 31, 2020	Valuation Techniques	Unobservable Input	Values Utilized	
				Range	Weighted Average (d)
Available for sale securities SBA - interest only strips	$ 32	Discounted cash flow	Constant prepayment rate	12%	12%
			Bond equivalent yield	15% - 17%	15%
Loans held for sale - residential real estate	$ 13	Discounted cash flow	Prepayment speeds - First mortgage	5% - 15%	5%
			Foreclosure losses	59% - 70%	63%
			Loss severity trends - First mortgage	3% - 19% of UPB	12%
Loans held for sale - unguaranteed interest in SBA loans	$ 1	Discounted cash flow	Constant prepayment rate	8% - 12%	10%
			Bond equivalent yield	7% - 8%	7%
Loans held for investment	$ 16	Discounted cash flow	Constant prepayment rate	0% - 26%	11%
			Constant default rate	0% - 14%	1%
			Loss severity trends	0% - 100%	11%
Derivative liabilities, other	$ 14	Discounted cash flow	Visa covered litigation resolution amount	$5.4 billion - $6.0 billion	$5.8 billion
			Probability of resolution scenarios	10% - 50%	16%
			Time until resolution	3 - 27 months	19 months
Loans and leases (a)	$ 77	Appraisals from comparable properties	Marketability adjustments for specific properties	0% - 10% of appraisal	NM
		Other collateral valuations	Borrowing base certificates adjustment	20% - 50% of gross value	NM
			Financial Statements/Auction values adjustment	0% - 25% of reported value	NM
OREO (b)	$ 15	Appraisals from comparable properties	Adjustment for value changes since appraisal	0% - 10% of appraisal	NM
Other assets (c)	$ 9	Discounted cash flow	Adjustments to current sales yields for specific properties	0% - 15% adjustment to yield	NM
		Appraisals from comparable properties	Marketability adjustments for specific properties	0% - 25% of appraisal	NM

NM - Not meaningful

(a) Represents carrying value of loans for which adjustments are required to be based on the appraised value of the collateral less estimated costs to sell. Write-downs on these loans are recognized as part of provision for credit losses.

(b) Represents the fair value of foreclosed properties that were measured subsequent to their initial classification as OREO. Balance excludes OREO related to government insured mortgages.

(c) Represents tax credit investments accounted for under the equity method.

(d) Weighted averages are determined by the relative fair value of the instruments or the relative contribution to an instrument's fair value.

Note 17 – Fair Value of Assets and Liabilities (Continued)

Securities AFS. Increases (decreases) in estimated prepayment rates and bond equivalent yields negatively (positively) affect the value of SBA interest only strips. Management additionally considers whether the loans underlying related SBA-interest only strips are delinquent, in default or prepaying, and adjusts the fair value down 20 - 100% depending on the length of time in default.

Loans held for sale. Foreclosure losses and prepayment rates are significant unobservable inputs used in the fair value measurement of FHN's residential real estate loans held for sale. Loss severity trends are also assessed to evaluate the reasonableness of fair value estimates resulting from discounted cash flows methodologies as well as to estimate fair value for newly repurchased loans and loans that are near foreclosure. Significant increases (decreases) in any of these inputs in isolation would result in significantly lower (higher) fair value measurements. All observable and unobservable inputs are re-assessed quarterly.

Increases (decreases) in estimated prepayment rates and bond equivalent yields negatively (positively) affect the value of unguaranteed interests in SBA loans. Unguaranteed interest in SBA loans held for sale are carried at less than the outstanding balance due to credit risk estimates. Credit risk adjustments may be reduced if prepayment is likely or as consistent payment history is realized. Management also considers other factors such as delinquency or default and adjusts the fair value accordingly.

Loans held for investment. Constant prepayment rate, constant default rate and loss severity trends are significant unobservable inputs used in the fair value measurement of loans held for investment. Increases (decreases) in each of these inputs in isolation result in negative (positive) effects on the valuation of the associated loans.

Derivative liabilities. In conjunction with the sales of its Visa Class B shares, FHN and the purchasers entered into derivative transactions whereby FHN will make, or receive, cash payments whenever the conversion ratio of the Visa Class B shares into Visa Class A shares is adjusted. FHN uses a discounted cash flow methodology in order to estimate the fair value of FHN's derivative liabilities associated with its prior sales of Visa Class B shares. The methodology includes estimation of both the resolution amount for Visa's Covered Litigation matters as well as the length of time until the resolution occurs. Significant increases (decreases) in either of these inputs in isolation would result in significantly higher (lower) fair value measurements for the derivative liabilities.

Additionally, FHN performs a probability weighted multiple resolution scenario to calculate the estimated fair value of these derivative liabilities. Assignment of higher (lower) probabilities to the larger potential resolution scenarios would result in an increase (decrease) in the estimated fair value of the derivative liabilities. Since this estimation process requires application of judgment in developing significant unobservable inputs used to determine the possible outcomes and the probability weighting assigned to each scenario, these derivatives have been classified within Level 3 in fair value measurements disclosures.

Loans and leases and Other Real Estate Owned. Collateral-dependent loans and OREO are primarily valued using appraisals based on sales of comparable properties in the same or similar markets. Other collateral (receivables, inventory, equipment, etc.) is valued through borrowing base certificates, financial statements and/or auction valuations. These valuations are discounted based on the quality of reporting, knowledge of the marketability/collectability of the collateral and historical disposition rates.

Other assets – tax credit investments. The estimated fair value of tax credit investments accounted for under the equity method is generally determined in relation to the yield (i.e., future tax credits to be received) an acquirer of these investments would expect in relation to the yields experienced on current new issue and/or secondary market transactions. Thus, as tax credits are recognized, the future yield to a market participant is reduced, resulting in consistent impairment of the individual investments. Individual investments are reviewed for impairment quarterly, which may include the consideration of additional marketability discounts related to specific investments which typically includes consideration of the underlying property's appraised value.

Fair Value Option

FHN has elected the fair value option on a prospective basis for substantially all types of mortgage loans originated for sale purposes except for mortgage origination operations which utilize the platform acquired from CBF. FHN determined that the election reduces certain timing differences and better matches changes in the value of such loans with changes in the value of derivatives and forward delivery commitments used as economic hedges for these assets at the time of election.

Repurchased loans relating to mortgage banking operations conducted prior to the IBKC merger are recognized within loans held for sale at fair value at

Note 17 – Fair Value of Assets and Liabilities (Continued)

the time of repurchase, which includes consideration of the credit status of the loans and the estimated liquidation value. FHN has elected to continue recognition of these loans at fair value in periods subsequent to reacquisition. Due to the credit-distressed nature of the vast majority of repurchased loans and the related loss severities experienced upon repurchase, FHN believes that the fair value election provides a more timely recognition of changes in value for these loans that occur subsequent to repurchase. Absent the fair value election, these loans would be subject to valuation at the LOCOM value, which would prevent subsequent values from exceeding the initial fair value, determined at the time of repurchase, but would require recognition of subsequent declines in value. Thus, the fair value election provides for a more timely recognition of any potential future recoveries in asset values while not affecting the requirement to recognize subsequent declines in value.

FHN also had a portion of mortgage loans held for investment for which the fair value option was elected upon origination and which were accounted for at fair value. This portion of mortgage loans held for investment at fair value option was transferred to the loans held for sale portfolio on April 1, 2021.

The following tables reflect the differences between the fair value carrying amount of residential real estate loans held for sale and held for investment measured at fair value in accordance with management's election and the aggregate unpaid principal amount FHN is contractually entitled to receive at maturity.

	June 30, 2021		
(Dollars in millions)	Fair value carrying amount	Aggregate unpaid principal	Fair value carrying amount less aggregate unpaid principal
Residential real estate loans held for sale reported at fair value:			
Total loans	**$ 377**	**$ 382**	**$ (5)**
Nonaccrual loans	**5**	**7**	**(2)**
Loans 90 days or more past due and still accruing	**2**	**2**	**—**

	December 31, 2020		
(Dollars in millions)	Fair value carrying amount	Aggregate unpaid principal	Fair value carrying amount less aggregate unpaid principal
Residential real estate loans held for sale reported at fair value:			
Total loans	$ 405	$ 442	$ (37)
Nonaccrual loans	2	5	(3)
Loans held for investment reported at fair value:			
Total loans	16	17	(1)
Nonaccrual loans	1	1	—

Assets and liabilities accounted for under the fair value election are initially measured at fair value with subsequent changes in fair value recognized in earnings. Such changes in the fair value of assets and liabilities for which FHN elected the fair value option are included in current period earnings with classification in the income statement line item reflected in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	**2021**	2020	**2021**	2020
Changes in fair value included in net income:				
Mortgage banking noninterest income				
Loans held for sale	**$ 4**	$ —	**$ (5)**	$ 1

Note 17 – Fair Value of Assets and Liabilities (Continued)

For the three and six months ended June 30, 2021 and 2020, the amount for residential real estate loans held for sale included an insignificant amount of gains in pretax earnings that is attributable to changes in instrument-specific credit risk. The portion of the fair value adjustments related to credit risk was determined based on estimated default rates and estimated loss severities. Interest income on residential real estate loans held for sale measured at fair value is calculated based on the note rate of the loan and is recorded in the interest income section of the Consolidated Statements of Income as interest on loans held for sale.

FHN has elected to account for retained interest-only strips from guaranteed SBA loans recorded in available-for-sale securities at fair value through earnings. Since these securities are subject to the risk that prepayments may result in FHN not recovering all or a portion of its recorded investment, the fair value election results in a more timely recognition of the effects of estimated prepayments through earnings rather than being recognized through other comprehensive income with periodic review for other-than-temporary impairment. Gains or losses are recognized through fixed income revenues and are presented in the recurring measurements table.

Determination of Fair Value

Fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following describes the assumptions and methodologies used to estimate the fair value of financial instruments recorded at fair value in the Consolidated Balance Sheets and for estimating the fair value of financial instruments for which fair value is disclosed.

Short-term financial assets. Federal funds sold, securities purchased under agreements to resell, and interest bearing deposits with other financial institutions and the Federal Reserve are carried at historical cost. The carrying amount is a reasonable estimate of fair value because of the relatively short time between the origination of the instrument and its expected realization.

Trading securities and trading liabilities. Trading securities and trading liabilities are recognized at fair value through current earnings. Trading inventory held for broker-dealer operations is included in trading securities and trading liabilities. Broker-dealer long positions are valued at bid price in the bid-ask spread. Short positions are valued at the ask price. Inventory positions are valued using observable inputs including current market transactions, benchmark yields, credit spreads, and consensus prepayment speeds. Trading loans are valued using observable inputs including current market transactions, swap rates, mortgage rates, and consensus prepayment speeds.

Securities available for sale. Valuations of available-for-sale securities are performed using observable inputs obtained from market transactions in similar securities. Typical inputs include benchmark yields, consensus prepayment speeds, and credit spreads. Trades from similar securities and broker quotes are used to support these valuations.

Interest only strips are valued at elected fair value based on an income approach using an internal valuation model. The internal valuation model includes assumptions regarding projections of future cash flows, prepayment rates, default rates and interest only strip terms. These securities bear the risk of loan prepayment or default that may result in FHN not recovering all or a portion of its recorded investment. When appropriate, valuations are adjusted for various factors including default or prepayment status of the underlying SBA loans. Because of the inherent uncertainty of valuation, those estimated values may be higher or lower than the values that would have been used had a ready market for the securities existed, and may change in the near term.

Loans held for sale. FHN determines the fair value of loans held for sale using either current transaction prices or discounted cash flow models. Fair values are determined using current transaction prices and/or values on similar assets when available, including committed bids for specific loans or loan portfolios. Uncommitted bids may be adjusted based on other available market information.

Fair value of residential real estate loans held for sale determined using a discounted cash flow model incorporates both observable and unobservable inputs. Inputs in the discounted cash flow model include current mortgage rates for similar products, estimated prepayment rates, foreclosure losses, and various loan performance measures (delinquency, LTV, credit score). Adjustments for delinquency and other differences in loan characteristics are typically reflected in the model's discount rates. Loss severity trends and the value of underlying collateral are also considered in assessing the appropriate fair value for severely delinquent loans and loans in foreclosure. The valuation of HELOCs also incorporates estimated cancellation rates for loans expected to become delinquent.

Note 17 – Fair Value of Assets and Liabilities (Continued)

Non-mortgage consumer loans held for sale are valued using committed bids for specific loans or loan portfolios or current market pricing for similar assets with adjustments for differences in credit standing (delinquency, historical default rates for similar loans), yield, collateral values and prepayment rates. If pricing for similar assets is not available, a discounted cash flow methodology is utilized, which incorporates all of these factors into an estimate of investor required yield for the discount rate.

FHN utilizes quoted market prices of similar instruments or broker and dealer quotations to value the SBA and USDA guaranteed loans. FHN values SBA-unguaranteed interests in loans held for sale based on individual loan characteristics, such as industry type and pay history which generally follows an income approach. Furthermore, these valuations are adjusted for changes in prepayment estimates and are reduced due to restrictions on trading. The fair value of other non-residential real estate loans held for sale is approximated by their carrying values based on current transaction values.

Mortgage loans held for investment at fair value option. The fair value of mortgage loans held for investment at fair value option is determined by a third party using a discounted cash flow model using various assumptions about future loan performance (constant prepayment rate, constant default rate and loss severity trends) and market discount rates.

Loans held for investment. The fair values of mortgage loans are estimated using an exit price methodology that is based on present values using the interest rate that would be charged for a similar loan to a borrower with similar risk, weighted for varying maturity dates and adjusted for a liquidity discount based on the estimated time period to complete a sale transaction with a market participant.

Other loans and leases are valued based on present values using the interest rate that would be charged for a similar instrument to a borrower with similar risk, applicable to each category of instruments, and adjusted for a liquidity discount based on the estimated time period to complete a sale transaction with a market participant.

For loans measured using the estimated fair value of collateral less costs to sell, fair value is estimated using appraisals of the collateral. Collateral values are monitored and additional write-downs are recognized if it is determined that the estimated collateral values have declined further. Estimated costs to sell are based on current amounts of disposal costs for similar assets. Carrying value is considered to reflect fair value for these loans.

Derivative assets and liabilities. The fair value for forwards and futures contracts is based on current transactions involving identical securities. Futures contracts are exchange-traded and thus have no credit risk factor assigned as the risk of non-performance is limited to the clearinghouse used.

Valuations of other derivatives (primarily interest rate contracts) are based on inputs observed in active markets for similar instruments. Typically inputs include benchmark yields, option volatility and option skew. Starting in October 2020, centrally cleared derivatives are discounted using SOFR as required by clearinghouses. In measuring the fair value of these derivative assets and liabilities, FHN has elected to consider credit risk based on the net exposure to individual counterparties. Credit risk is mitigated for these instruments through the use of mutual margining and master netting agreements as well as collateral posting requirements. For derivative contracts with daily cash margin requirements that are considered settlements, the daily margin amount is netted within derivative assets or liabilities. Any remaining credit risk related to interest rate derivatives is considered in determining fair value through evaluation of additional factors such as client loan grades and debt ratings. Foreign currency related derivatives also utilize observable exchange rates in the determination of fair value. The determination of fair value for FHN's derivative liabilities associated with its prior sales of Visa Class B shares are classified within Level 3 in the fair value measurements disclosure as previously discussed in the unobservable inputs discussion.

The fair value of risk participations is determined in reference to the fair value of the related derivative contract between the borrower and the lead bank in the participation structure, which is determined consistent with the valuation process discussed above. This value is adjusted for the pro rata portion of the reference derivative's notional value and an assessment of credit risk for the referenced borrower.

OREO. OREO primarily consists of properties that have been acquired in satisfaction of debt. These properties are carried at the lower of the outstanding loan amount or estimated fair value less estimated costs to sell the real estate. Estimated fair value is determined using appraised values with subsequent adjustments for deterioration in values that are not reflected in the most recent appraisal.

Other assets. For disclosure purposes, other assets consist of tax credit investments, FRB and FHLB Stock, deferred compensation mutual funds and equity investments (including other mutual funds) with readily determinable fair values. Tax credit

Note 17 – Fair Value of Assets and Liabilities (Continued)

investments accounted for under the equity method are written down to estimated fair value quarterly based on the estimated value of the associated tax credits which incorporates estimates of required yield for hypothetical investors. The fair value of all other tax credit investments is estimated using recent transaction information with adjustments for differences in individual investments. Deferred compensation mutual funds are recognized at fair value, which is based on quoted prices in active markets.

Investments in the stock of the Federal Reserve Bank and Federal Home Loan Banks are recognized at historical cost in the Consolidated Balance Sheets which is considered to approximate fair value. Investments in mutual funds are measured at the funds' reported closing net asset values. Investments in equity securities are valued using quoted market prices when available.

Defined maturity deposits. The fair value of these deposits is estimated by discounting future cash flows to their present value. Future cash flows are discounted by using the current market rates of similar instruments applicable to the remaining maturity. For disclosure purposes, defined maturity deposits include all time deposits.

Short-term financial liabilities. The fair value of federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings are approximated by the book value. The carrying amount is a reasonable estimate of fair value because of the relatively short time between the origination of the instrument and its expected realization.

Loan commitments. Fair values of these commitments are based on fees charged to enter into similar agreements taking into account the remaining terms of the agreements and the counterparties' credit standing.

Other commitments. Fair values of these commitments are based on fees charged to enter into similar agreements.

The following fair value estimates are determined as of a specific point in time utilizing various assumptions and estimates. The use of assumptions and various valuation techniques, as well as the absence of secondary markets for certain financial instruments, reduces the comparability of fair value disclosures between financial institutions. Due to market illiquidity, the fair values for loans and leases, loans held for sale, and term borrowings as of June 30, 2021 and December 31, 2020, involve the use of significant internally-developed pricing assumptions for certain components of these line items. The assumptions and valuations utilized for this disclosure are considered to reflect inputs that market participants would use in transactions involving these instruments as of the measurement date. The valuations of legacy assets, particularly consumer loans and TRUPS loans within the Corporate segment, are influenced by changes in economic conditions since origination and risk perceptions of the financial sector. These considerations affect the estimate of a potential acquirer's cost of capital and cash flow volatility assumptions from these assets and the resulting fair value measurements may depart significantly from FHN's internal estimates of the intrinsic value of these assets.

Assets and liabilities that are not financial instruments have not been included in the following table such as the value of long-term relationships with deposit and trust clients, premises and equipment, goodwill and other intangibles, deferred taxes, and certain other assets and other liabilities. Additionally, these measurements are solely for financial instruments as of the measurement date and do not consider the earnings potential of our various business lines. Accordingly, the total of the fair value amounts does not represent, and should not be construed to represent, the underlying value of FHN.

Note 17 – Fair Value of Assets and Liabilities (Continued)

The following tables summarize the book value and estimated fair value of financial instruments recorded in the Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020:

	June 30, 2021				
	Book Value	Fair Value			
(Dollars in millions)		Level 1	Level 2	Level 3	Total
Assets:					
Loans and leases, net of allowance for loan and lease losses					
Commercial:					
Commercial, financial and industrial	$ 32,143	$ —	$ —	$ 31,935	$ 31,935
Commercial real estate	12,082	—	—	12,108	12,108
Consumer:					
Consumer real estate	10,662	—	—	11,190	11,190
Credit card and other	985	—	—	1,009	1,009
Total loans and leases, net of allowance for loan and lease losses	55,872	—	—	56,242	56,242
Short-term financial assets:					
Interest-bearing deposits with banks	13,451	13,451	—	—	13,451
Federal funds sold	51	—	51	—	51
Securities purchased under agreements to resell	571	—	571	—	571
Total short-term financial assets	14,073	13,451	622	—	14,073
Trading securities (a)	1,035	—	1,035	—	1,035
Loans held for sale:					
Mortgage loans (elected fair value) (a)	377	—	352	25	377
USDA & SBA loans - LOCOM	533	—	535	1	536
Other loans - LOCOM	4	—	4	—	4
Mortgage loans - LOCOM	59	—	—	59	59
Total loans held for sale	973	—	891	85	976
Securities available for sale (a)	8,388	—	8,358	30	8,388
Derivative assets (a)	480	27	453	—	480
Other assets:					
Tax credit investments	419	—	—	404	404
Deferred compensation mutual funds	122	122	—	—	122
Equity, mutual funds, and other (b)	264	29	—	235	264
Total other assets	805	151	—	639	790
Total assets	$ 81,626	$ 13,629	$ 11,359	$ 56,996	$ 81,984
Liabilities:					
Defined maturity deposits	$ 4,304	$ —	$ 4,311	$ —	$ 4,311
Trading liabilities (a)	531	—	531	—	531
Short-term financial liabilities:					
Federal funds purchased	777	—	777	—	777
Securities sold under agreements to repurchase	1,350	—	1,350	—	1,350
Other short-term borrowings	119	—	119	—	119
Total short-term financial liabilities	2,246	—	2,246	—	2,246
Term borrowings:					
Real estate investment trust-preferred	46	—	—	47	47
Term borrowings—new market tax credit investment	45	—	—	45	45
Secured borrowings	15	—	—	15	15
Junior subordinated debentures	240	—	—	237	237
Other long term borrowings	1,326	—	1,476	—	1,476
Total term borrowings	1,672	—	1,476	344	1,820
Derivative liabilities (a)	118	26	74	18	118
Total liabilities	$ 8,871	$ 26	$ 8,638	$ 362	$ 9,026

(a) Classes are detailed in the recurring and nonrecurring measurement tables.
(b) Level 1 primarily consists of mutual funds with readily determinable fair values. Level 3 includes restricted investments in FHLB-Cincinnati stock of $32 million and FRB stock of $203 million.

Note 17 – Fair Value of Assets and Liabilities (Continued)

	December 31, 2020				
	Book Value	Fair Value			
(Dollars in millions)		Level 1	Level 2	Level 3	Total
Assets:					
Loans and leases and allowance for loan and lease losses					
Commercial:					
Commercial, financial and industrial	$ 32,651	$ —	$ —	$ 32,582	$ 32,582
Commercial real estate	12,033	—	—	12,079	12,079
Consumer:					
Consumer real estate	11,483	—	—	11,903	11,903
Credit card and other	1,102	—	—	1,131	1,131
Total loans and leases, net of allowance for loan and lease losses	57,269	—	—	57,695	57,695
Short-term financial assets:					
Interest-bearing deposits with banks	8,351	8,351	—	—	8,351
Federal funds sold	65	—	65	—	65
Securities purchased under agreements to resell	380	—	380	—	380
Total short-term financial assets	8,796	8,351	445	—	8,796
Trading securities (a)	1,176	—	1,176	—	1,176
Loans held for sale:					
Mortgage loans (elected fair value) (a)	405	—	393	12	405
USDA & SBA loans - LOCOM	509	—	511	1	512
Other loans - LOCOM	31	—	31	—	31
Mortgage loans - LOCOM	77	—	—	77	77
Total loans held for sale	1,022	—	935	90	1,025
Securities available for sale (a)	8,047	—	8,015	32	8,047
Derivative assets (a)	769	63	706	—	769
Other assets:					
Tax credit investments	400	—	—	371	371
Deferred compensation mutual funds	118	118	—	—	118
Equity, mutual funds, and other (b)	288	25	—	263	288
Total other assets	806	143	—	634	777
Total assets	$ 77,885	$ 8,557	$ 11,277	$ 58,451	$ 78,285
Liabilities:					
Defined maturity deposits	$ 5,070	$ —	$ 5,083	$ —	$ 5,083
Trading liabilities (a)	353	—	353	—	353
Short-term financial liabilities:					
Federal funds purchased	845	—	845	—	845
Securities sold under agreements to repurchase	1,187	—	1,187	—	1,187
Other short-term borrowings	166	—	166	—	166
Total short-term financial liabilities	2,198	—	2,198	—	2,198
Term borrowings:					
Real estate investment trust-preferred	46	—	—	47	47
Term borrowings—new market tax credit investment	45	—	—	45	45
Secured borrowings	15	—	—	15	15
Junior subordinated debentures	238	—	—	223	223
Other long term borrowings	1,326	—	1,455	—	1,455
Total term borrowings	1,670	—	1,455	330	1,785
Derivative liabilities (a)	149	71	64	14	149
Total liabilities	$ 9,440	$ 71	$ 9,153	$ 344	$ 9,568

(a) Classes are detailed in the recurring and nonrecurring measurement tables.
(b) Level 1 primarily consists of mutual funds with readily determinable fair values. Level 3 includes restricted investments in FHLB-Cincinnati stock of $61 million and FRB stock of $202 million.

Note 17 – Fair Value of Assets and Liabilities (Continued)

The following table presents the contractual amount and fair value of unfunded loan commitments and standby and other commitments as of June 30, 2021 and December 31, 2020:

	Contractual Amount		Fair Value	
(Dollars in millions)	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Unfunded Commitments:				
Loan commitments	**$ 22,497**	$ 20,796	**$ 1**	$ 2
Standby and other commitments	**789**	751	**8**	6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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General Information

INTRODUCTION

First Horizon Corporation (FHN) is a financial holding company headquartered in Memphis, Tennessee. FHN provides diversified financial services primarily through its principal subsidiary, First Horizon Bank. First Horizon Bank's principal divisions and subsidiaries operate under the brands of First Horizon Bank, IBERIABANK, First Horizon Advisors, and FHN Financial. FHN offers regional banking, mortgage lending, title insurance, specialized commercial lending, commercial leasing and equipment financing, brokerage, wealth management and capital market services through the First Horizon family of companies. FHN Financial, which operates partly through a division of First Horizon Bank and partly through subsidiaries, is an industry leader in fixed income sales, trading, and strategies for institutional clients in the U.S. and abroad. First Horizon Bank currently has approximately 440 banking centers in 12 states and FHN Financial has 29 offices in 18 states across the U.S. In addition, FHN has 29 title services offices in three states and 15 stand-alone mortgage lending offices in seven states.

This MD&A should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements in Part I, Item 1, as well as other information contained in this document and FHN's 2020 Annual Report on Form 10-K.

Recent Events and Transactions

Merger of Equals

On July 1, 2020, FHN completed its merger of equals with IBERIABANK Corporation. Reported results for FHN reflect legacy FHN prior to the completion of the merger and results from both FHN and IBKC from the merger closing date forward. As such, comparative income statement data in this MD&A for the first six months of 2020 is only for legacy FHN.

Preferred Stock

On May 3, 2021, FHN issued 1,500 shares of Series F Non-Cumulative Perpetual Preferred Stock with an aggregate liquidation preference of $150 million (the Series F Preferred Stock). Dividends on the Series F Preferred Stock, if declared, accrue and are payable quarterly, in arrears, at a rate of 4.70% per annum. For the issuance, FHN issued depositary shares, each of which represents a fractional ownership interest in a share of FHN's preferred stock.

On May 13, 2021, FHN provided notice of its intent to redeem all outstanding shares of Series A Preferred Stock effective July 10, 2021.

For more information on these transactions, see Note 8 - Preferred Stock.

Banking Center Optimization

Banking clients' utilization of digital capabilities to transact and purchase products and services has been on the rise, and the impact of the COVID-19 pandemic has accelerated this trend. In connection with the IBKC merger and the related impact of the pandemic, we conducted a comprehensive analysis of the enterprise-wide digital platforms and the banking center network. As a result, FHN determined that it was prudent to accelerate banking center closures in certain markets, resulting in the closure of 52 banking centers in July 2021 and plans to close an additional 20 banking centers in fourth quarter 2021.

Financial Summary

Second Quarter 2021 Highlights

Second quarter 2021 net income available to common shareholders was $295 million, or $0.53 per diluted share, compared to $225 million, or $0.40 per diluted share, in first quarter 2021 and $52 million, or $0.17 per diluted share, in second quarter 2020.

Net interest income of $497 million declined $11 million from first quarter 2021 as the impact of a decrease in average loans, lower spreads and short-term rates was partially offset by improved deposit costs. Compared with second quarter 2020, net interest income increased $192 million, or 63%, driven by the impact of the IBKC merger and Truist branch acquisition. Results also reflect the benefit of deposit pricing discipline and growth in PPP lending which partially offset the impact of lower interest rates.

Provision for credit losses benefit of $115 million in second quarter 2021 compared to a benefit of $45 million in first quarter 2021 and an expense of $121 million in second quarter 2020, driven by an improved macroeconomic outlook, positive credit grade migration, and lower loan balances following the COVID-19 pandemic.

Noninterest income of $285 million decreased $13 million from strong first quarter 2021 levels, largely as

a decline in fixed income and mortgage banking and title fees was partially offset by an increase in other noninterest income, bankcard fees and deferred compensation income. Compared with second quarter 2020, noninterest income increased $79 million driven by the impact of the IBKC merger.

Noninterest expense of $498 million decreased $46 million from first quarter 2021, driven by a decline in IBKC merger integration expenses. Compared with second quarter 2020, noninterest expense increased $178 million driven by the impact of the IBKC merger and Truist branch acquisition. Noninterest expense for the second quarter of 2021 included $32 million of merger and acquisition-related costs compared to $70 million in first quarter 2021 and $14 million in second quarter 2020.

Year-to-Date and Period End Highlights

For the six months ended June 30, 2021, net income available to common shareholders was $519 million, or $0.93 per diluted share, compared to $64 million, or $0.21 per diluted share, for the six months ended June 30, 2020. The increase was primarily driven by the impact of the IBKC merger and a reduction in provision for credit losses.

Period-end loans and leases of $56.7 billion decreased $1.5 billion, or 3%, from December 31, 2020 driven by an $860 million decrease in consumer loans and a $559 million decrease in commercial loans, largely in loans to mortgage companies. Average loans and leases of $56.8 billion in second quarter 2021 increased $22.8 billion from $34.0 billion in second quarter 2020 driven by the impact of the IBKC merger.

Period-end deposits of $73.3 billion increased $3.3 billion, or 5%, from December 31, 2020, largely reflecting growth in noninterest-bearing deposits from the impact of stimulus checks and PPP loan funding. Average deposits of $73.2 billion in second quarter 2021 increased from $37.5 billion in second quarter 2020 driven by the IBKC merger and Truist branch acquisition.

Tier 1 risk-based capital and total risk-based capital ratios at June 30, 2021 were 11.44% and 13.14%, improved from 10.74% and 12.57% at December 31, 2020, respectively. The CET1 ratio was 10.28% at June 30, 2021 compared to 9.68% at December 31, 2020.

The following portions of this MD&A focus in more detail on the results of operations for the three and six months ended June 30, 2021, the three months ended March 31, 2021, and the three and six months ended June 30, 2020 and on information about FHN's financial condition, loan and lease portfolio, liquidity, funding resources, capital and other matters.

Table 1 - Key Performance Indicators

(Dollars in millions, except per share data)	As of or for the three months ended			As of or for the six months ended	
	June 30, 2021	March 31, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
Pre-provision net revenue (a)	**$ 284**	$ 262	$ 191	**$ 545**	$ 366
Diluted earnings per common share	**$ 0.53**	$ 0.40	$ 0.17	**$ 0.93**	$ 0.21
Return on average assets (b)	**1.42 %**	1.12 %	0.48 %	**1.27 %**	0.32 %
Return on average common equity (c)	**15.45 %**	12.01 %	4.50 %	**13.75 %**	2.79 %
Return on average tangible common equity (a) (d)	**20.36 %**	15.90 %	6.74 %	**18.16 %**	4.19 %
Net interest margin (e)	**2.47 %**	2.63 %	2.90 %	**2.55 %**	3.02 %
Noninterest income to total revenue (f)	**35.49 %**	37.00 %	40.49 %	**36.26 %**	38.61 %
Efficiency ratio (g)	**64.61 %**	67.54 %	62.56 %	**66.11 %**	62.90 %
Allowance for loan and lease losses to total loans and leases	**1.44 %**	1.56 %	1.64 %	**1.44 %**	1.64 %
Net charge-offs (recoveries) to average loans and leases (annualized)	**(0.07)%**	0.06 %	0.20 %	**(0.01)%**	0.15 %
Total period-end equity to period-end assets	**9.74 %**	9.49 %	10.71 %	**9.74 %**	10.71 %
Tangible common equity to tangible assets (a)	**6.87 %**	6.64 %	6.63 %	**6.87 %**	6.63 %
Cash dividends declared per common share	**$ 0.15**	$ 0.15	$ 0.15	**$ 0.30**	$ 0.30
Book value per common share	**$ 14.07**	$ 13.65	$ 14.96	**$ 14.07**	$ 14.96
Tangible book value per common share (a)	**$ 10.74**	$ 10.30	$ 9.99	**$ 10.74**	$ 9.99
Common equity Tier 1	**10.28 %**	9.97 %	9.25 %	**10.28 %**	9.25 %
Market capitalization	**$ 9,519**	$ 9,341	$ 3,111	**$ 9,519**	$ 3,111

(a) Represents a non-GAAP measure which is reconciled in the non-GAAP to GAAP reconciliation in Table 24.
(b) Calculated using annualized net income divided by average assets.
(c) Calculated using annualized net income available to common shareholders divided by average common equity.
(d) Calculated using annualized net income available to common shareholders divided by average tangible common equity.
(e) Net interest margin is computed using total net interest income adjusted to an FTE basis assuming a statutory federal income tax rate of 21% and, where applicable, state income taxes.
(f) Ratio is noninterest income excluding securities gains (losses) to total revenue excluding securities gains (losses).
(g) Ratio is noninterest expense to total revenue excluding securities gains (losses).

Results of Operations

Net Interest Income/Net Interest Margin

Net interest income is FHN's largest source of revenue and is the difference between the interest earned on interest-earning assets (generally loans, leases and investment securities) and the interest expense incurred in connection with interest-bearing liabilities (generally deposits and borrowed funds). The level of net interest income is primarily a function of the difference between the effective yield on average interest-earning assets and the effective cost of interest-bearing liabilities. These factors are influenced by the pricing and mix of interest-earning assets and interest-bearing liabilities which, in turn, are impacted by external factors such as local economic conditions, competition for loans and deposits, the monetary policy of the FRB and market interest rates.The following tables present the average balance sheets and the major components of net interest income and net interest margin.

Table 2—Consolidated Average Balance Sheets, Net Interest Income and Yields/Rates

(Dollars in millions)	Three Months Ended								
	June 30, 2021			March 31, 2021			June 30, 2020		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
Assets:									
Loans and leases:									
Commercial loans and leases	**$ 44,890**	**$ 380**	**3.39 %**	$ 45,703	$ 382	3.39 %	$ 27,404	$ 244	3.56 %
Consumer loans	**11,939**	**118**	**3.99**	12,519	128	4.13	6,564	65	4.00
Total loans and leases	**56,829**	**498**	**3.52**	58,222	510	3.55	33,968	309	3.65
Loans held for sale	**734**	**7**	**3.94**	842	7	3.16	731	7	3.61
Investment securities	**8,401**	**29**	**1.39**	8,321	29	1.41	4,541	24	2.23
Trading securities	**1,322**	**7**	**2.03**	1,418	7	2.03	1,420	9	2.48
Federal funds sold	**38**	**—**	**0.13**	45	—	0.12	28	—	0.22
Securities purchased under agreements to resell (a)	**610**	**—**	**(0.07)**	554	—	(0.14)	394	—	(0.08)
Interest-bearing deposits with banks	**13,051**	**3**	**0.10**	9,269	2	0.10	1,620	—	0.09
Total earning assets / Total interest income	**$ 80,985**	**$ 544**	**2.70 %**	$ 78,671	$ 555	2.86 %	$ 42,702	$ 349	3.29 %
Cash and due from banks	**1,267**			1,250			562		
Goodwill and other intangible assets, net	**1,843**			1,857			1,555		
Allowance for loan and lease losses	**(884)**			(949)			(476)		
Other assets	**4,348**			4,572			3,591		
Total assets	**$ 87,559**			$ 85,401			$ 47,934		
Liabilities and Shareholders' Equity:									
Interest-bearing deposits:									
Savings	**$ 27,238**	**$ 11**	**0.16 %**	$ 27,370	$ 12	0.19 %	$ 14,118	$ 13	0.36 %
Other interest-bearing deposits	**16,029**	**6**	**0.15**	15,491	6	0.16	9,256	3	0.13
Time deposits	**4,487**	**7**	**0.65**	4,836	6	0.47	2,837	9	1.31
Total interest-bearing deposits	**47,754**	**24**	**0.20**	47,697	24	0.20	26,211	25	0.38
Federal funds purchased	**1,006**	**—**	**0.10**	996	—	0.10	1,037	—	0.12
Securities sold under agreements to repurchase	**1,116**	**1**	**0.20**	1,145	1	0.21	1,011	1	0.36
Trading liabilities	**560**	**2**	**1.17**	518	1	0.73	352	1	1.11
Other short-term borrowings	**126**	**—**	**1.34**	139	—	1.01	555	—	0.17
Term borrowings	**1,672**	**18**	**4.38**	1,670	18	4.39	1,426	14	3.96
Total interest-bearing liabilities / Total interest expense	**$ 52,234**	**$ 45**	**0.34 %**	$ 52,165	$ 44	0.34 %	$ 30,592	$ 41	0.54 %
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	**25,404**			23,284			11,316		
Other liabilities	**1,462**			1,603			908		
Total liabilities	**79,100**			77,052			42,816		
Shareholders' equity	**8,164**			8,054			4,823		
Noncontrolling interest	**295**			295			295		
Total shareholders' equity	**8,459**			8,349			5,118		
Total liabilities and shareholders' equity	**$ 87,559**			$ 85,401			$ 47,934		
Net earnings assets / Net interest income (TE) / Net interest spread	**$ 28,751**	**$ 499**	**2.36 %**	$ 26,506	$ 511	2.52 %	$ 12,110	$ 308	2.75 %
Taxable equivalent adjustment		**(2)**	**0.11**		(3)	0.11		(3)	0.15
Net interest income / Net interest margin (b)		**$ 497**	**2.47 %**		$ 508	2.63 %		$ 305	2.90 %

(a) Negative yield for all periods is driven by negative market rates on reverse repurchase agreements.
(b) Calculated using total net interest income adjusted for FTE assuming a statutory federal income tax rate of 21% and, where applicable, state income taxes.

Second Quarter 2021 versus First Quarter 2021

Net interest income in second quarter 2021 decreased $11 million from first quarter 2021 as the impact of lower average loan balances, spreads, short-term rates and a reduction in net merger-related benefits was partially offset by an improvement tied to day count and reduced deposit costs.

The net interest margin of 2.47% in second quarter 2021 decreased 16 basis points from first quarter 2021 primarily driven by an increase in excess cash.

Average earning assets of $81.0 billion in second quarter 2021 increased $2.3 billion from first quarter 2021 largely due to a $3.8 billion increase in interest-bearing cash which was partially offset by a $1.4 billion decrease in loans and leases.

Second Quarter 2021 versus Second Quarter 2020

Net interest income increased $192 million from second quarter 2020 to $497 million in second quarter 2021 driven by the impact of the IBKC merger and Truist branch acquisition in third quarter 2020. Results also reflect the benefit of growth in PPP lending and continued deposit pricing discipline, partially offset by the effect of lower interest rates and spreads.

Second quarter 2021 net interest margin decreased 43 basis points from 2.90% in second quarter 2020, driven by the impact of lower interest earning asset yields from a decline in short-term interest rates and greater levels of excess cash. Results also reflect the benefit of higher purchase accounting accretion from the IBKC merger and additional PPP lending.

Average earning assets increased $38.3 billion to $81.0 billion in second quarter 2021 from $42.7 billion in the second quarter of 2020, primarily driven by the IBKC merger and Truist branch acquisition.

Table 3—Consolidated YTD Average Balance Sheets, Net Interest Income and Yields/Rates

	Six Months Ended					
	June 30, 2021			June 30, 2020		
(Dollars in millions)	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
Assets:						
Loans and leases:						
Commercial loans and leases	$ 45,294	762	3.39%	$ 25,648	500	3.92 %
Consumer loans	12,227	245	4.06	6,598	137	4.17
Total loans and leases	57,521	1,007	3.53	32,246	637	3.97
Loans held for sale	788	14	3.52	661	13	4.08
Investment securities	8,361	58	1.40	4,504	52	2.37
Trading securities	1,370	14	2.00	1,626	23	2.73
Federal funds sold	41	—	0.12	19	—	0.44
Securities purchased under agreements to resell (a)	582	—	(0.10)	605	2	0.74
Interest-bearing deposits with banks	11,170	5	0.10	1,084	2	0.35
Total earning assets / Total interest income	$ 79,833	1,098	2.77%	$ 40,745	729	3.60 %
Cash and due from banks	1,259			586		
Goodwill and other intangible assets, net	1,850			1,558		
Premises and equipment, net	734			451		
Allowance for loan and lease losses	(916)			(415)		
Other assets	3,726			2,818		
Total assets	$ 86,486		$	45,743		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Savings	$ 27,303	23	0.17%	$ 13,118	39	0.60 %
Other interest-bearing deposits	15,761	12	0.15	8,999	17	0.38
Time deposits	4,661	13	0.56	3,097	23	1.51
Total interest-bearing deposits	47,725	48	0.18	25,214	79	0.63
Federal funds purchased	1,001	—	0.10	892	3	0.57
Securities sold under agreements to repurchase	1,130	2	0.21	894	4	0.79
Trading liabilities	539	3	0.96	551	4	1.56
Other short-term borrowings	132	1	1.17	1,121	5	0.94
Term borrowings	1,671	37	4.38	1,109	22	3.97
Total interest-bearing liabilities / Total interest expense	$ 52,198	91	0.34%	$ 29,781	117	0.79 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	24,350			9,991		
Other liabilities	1,534			911		
Total liabilities	78,082			40,683		
Shareholders' equity	8,109			4,765		
Noncontrolling interest	295			295		
Total shareholders' equity	8,404			5,060		
Total liabilities and shareholders' equity	$ 86,486		$	45,743		
Net earnings assets / Net interest income (TE) / Net interest spread	$ 27,635	1,007	2.43%	$ 10,964	612	2.81 %
Taxable equivalent adjustment		(3)	0.12		(4)	0.21
Net interest income / Net interest margin (b)	$	1,004	2.55%	$	608	3.02 %

(a) 2021 yield is driven by negative market rates on reverse repurchase agreements.
(b) Calculated using total net interest income adjusted for FTE assuming a statutory federal income tax rate of 21% and, where applicable, state income taxes.

For the six months ended June 30, 2021, net interest income of $1.0 billion increased $396 million from the year ago period driven by the benefit of the IBKC merger and Truist branch acquisition in third quarter 2020. Results also reflect the impact of lower interest-earning asset yields and spreads in addition to deposit pricing discipline. The year-to-date 2021 net interest margin decreased 38 basis points from the year ago period largely as the impact of lower loan yields and significantly higher levels of excess cash was partially offset by a reduction in deposit costs.

Provision for Credit Losses

The provision for credit losses includes the provision for loan and lease losses and the provision for unfunded lending commitments. The provision for credit losses is the expense necessary to maintain the ALLL and the accrual for unfunded lending commitments at levels appropriate to absorb management's estimate of credit losses expected over the life of the loan and lease portfolio and the portfolio of unfunded loan commitments.

The provision for credit losses was a benefit of $115 million compared to a benefit of $45 million in first quarter 2021, largely reflecting continued improvement in the overall macroeconomic outlook, positive credit grade migration, and lower loan balances. Similarly, the provision for credit losses decreased $236 million from second quarter 2020 and decreased $435 million on a year-to-date basis, driven by an improvement in the overall macroeconomic outlook, positive credit grade migration and lower loan balances.

For additional information about general asset quality trends, refer to the Asset Quality section in this MD&A.

Noninterest Income

The following table presents the significant components of noninterest income for each of the periods presented:

Table 4 - Noninterest Income

	Three Months Ended			2Q21 vs. 1Q21		2Q21 vs. 2Q20	
(Dollars in millions)	**June 30, 2021**	March 31, 2021	June 30, 2020	$ Change	% Change	$ Change	% Change
Noninterest income:							
Fixed income	**$ 102**	$ 126	$ 112	$ (24)	(19) %	$ (10)	(9) %
Mortgage banking and title income	**38**	53	4	(15)	(28) %	34	NM
Deposit transactions and cash management	**44**	42	31	2	5 %	13	42 %
Brokerage, management fees and commissions	**21**	20	14	1	5 %	7	50 %
Trust services and investment management	**14**	12	8	2	17 %	6	75 %
Bankcard income	**15**	11	7	4	36 %	8	NM
Securities gains (losses), net	**11**	—	(1)	11	NM	12	— %
Other income	**40**	34	31	6	18 %	9	29 %
Total noninterest income	**$ 285**	$ 298	$ 206	$ (13)	(4) %	$ 79	38 %

Certain previously reported amounts have been reclassified to agree with current presentation.
NM – Not meaningful

Noninterest income of $285 million decreased $13 million, or 4%, from strong first quarter 2021 levels. Fixed income decreased $24 million, or 19%, compared to strong first quarter results, reflecting a continued favorable operating environment including elevated liquidity and weak loan demand among depository customers. Mortgage banking and title income decreased $15 million, or 28%, reflecting the intentional shift in origination mix toward portfolio loans and lower gain on sale spreads. Bankcard income increased $4 million compared to first quarter 2021 largely from higher transaction volume and an increase in rebate benefits. In addition, securities gains of $11 million were recognized in the second quarter, primarily related to a legacy IBKC equity investment.

Compared to second quarter 2020, noninterest income increased $79 million, or 38%, largely driven by the impact of the IBKC merger. Results also reflect the benefit of securities gains and improvements in service charges and fees and bankcard income.

The following table presents the significant components of noninterest income for the year-to-date periods presented:

Table 5 - Noninterest Income - YTD

	Six Months Ended			
(Dollars in millions)	**June 30, 2021**	June 30, 2020	$ Change	% Change
Noninterest income:				
Fixed income	**$ 228**	$ 208	$ 20	10 %
Mortgage banking and title income	**91**	7	84	NM
Deposit transactions and cash management	**86**	61	25	41 %
Brokerage, management fees and commissions	**41**	29	12	41 %
Trust services and investment management	**26**	15	11	73 %
Bankcard income	**25**	14	11	79 %
Securities gains (losses), net	**11**	(1)	12	NM
Other income	**75**	48	27	56 %
Total noninterest income	**$ 583**	$ 381	$ 202	53 %

Certain previously reported amounts have been reclassified to agree with current presentation.
NM – Not meaningful

For the six months ended June 30, 2021, noninterest income of $583 million increased $202 million, or 53%, compared to the same period in 2020, driven by the impact of the IBKC merger as well as a $20 million increase in fixed income, higher securities gains and higher other noninterest income.

Fixed income product revenue of $206 million increased 15%, largely driven by favorable market conditions including a steeper yield curve and increased depository liquidity. Revenue from other products of $22 million decreased $7 million, or 24%, primarily driven by lower fees from derivative and loan sales.

Deferred compensation income (included in other income) increased $10 million for the year-to-date period of 2021 largely driven by equity market valuations relative to the prior year.

Noninterest Expense

The following tables present the significant components of noninterest expense for each of the periods presented:

Table 6 - Noninterest Expense

	Three Months Ended			2Q21 vs. 1Q21		2Q21 vs. 2Q20	
(Dollars in millions)	**June 30, 2021**	March 31, 2021	June 30, 2020	$ Change	% Change	$ Change	% Change
Noninterest expense:							
Personnel expense	**$ 306**	$ 318	$ 200	$ (12)	(4) %	$ 106	53 %
Net occupancy expense	**33**	37	21	(4)	(11) %	12	57 %
Computer software	**30**	28	17	2	7 %	13	76 %
Legal and professional fees	**16**	14	13	2	14 %	3	23 %
Operations services	**19**	16	12	3	19 %	7	58 %
Equipment expense	**12**	11	9	1	9 %	3	33 %
Amortization of intangible assets	**14**	14	5	—	— %	9	NM
Other expense	**68**	106	43	(38)	(36) %	25	58 %
Total noninterest expense	**$ 498**	$ 544	$ 320	$ (46)	(8) %	$ 178	56 %

Certain previously reported amounts have been reclassified to agree with current presentation.
NM – Not meaningful

Compared to first quarter 2021, noninterest expense of $498 million decreased $46 million, or 8%, driven by a $38 million decrease in merger and acquisition-related expense. Personnel expense also decreased compared to first quarter 2021 as a result of the benefit of merger cost saves, lower levels of medical costs, and lower incentives and commissions which included the impact of lower fixed income and mortgage banking results.

Noninterest expense increased $178 million, or 56%, compared to second quarter 2020 largely driven by the impact of the IBKC merger and Truist branch acquisition.

Total merger and acquisition expenses were $32 million in second quarter 2021 compared to $70 million in first quarter 2021 and $14 million in second quarter 2020.

Table 7 - Noninterest Expense-YTD

(Dollars in millions)	Six Months Ended		2Q21 vs. 2Q20	
	June 30, 2021	June 30, 2020	$ Change	% Change
Noninterest expense:				
Personnel expense	**$ 624**	$ 384	$ 240	63 %
Net occupancy expense	**71**	41	30	73 %
Computer software	**57**	32	25	78 %
Legal and professional fees	**31**	22	9	41 %
Operations services	**35**	23	12	52 %
Equipment expense	**23**	17	6	35 %
Amortization of intangible assets	**28**	11	17	NM
Other expense	**173**	93	80	86 %
Total noninterest expense	**$ 1,042**	$ 623	$ 419	67 %

For the six months ended June 30, 2021, noninterest expense increased $419 million, or 67%, primarily attributable to the impact of the IBKC merger and Truist branch acquisition. In addition to the impact of the merger and branch acquisition, the increase in personnel expense reflects an increase in revenue-based compensation and an increase in deferred compensation expense driven by equity market valuations. Other expense in 2021 included $36 million in merger and acquisition expense tied to asset impairments primarily related to continuing acquisition integration efforts associated with reduction of leased office space and banking center optimization. Total merger and acquisition expense was $102 million in the first six months of 2021 compared to $20 million for the same period of 2020.

Income Taxes

FHN recorded income tax expense of $88 million in second quarter 2021, compared to $71 million in first quarter 2021 and $13 million in second quarter 2020. For the six months ended June 30, 2021 and 2020, FHN recorded income tax expense of $159 million and $18 million, respectively. The effective tax rate was approximately 22.0%, 23.2%, and 18.4% for the three months ended June 30, 2021, March 31, 2021 and June 30, 2020, respectively. The effective tax rate was approximately 22.6% and 19.4% for the six months ended June 30, 2021 and June 30, 2020, respectively.

FHN's effective tax rate is favorably affected by recurring items such as bank-owned life insurance, tax-exempt income, and tax credits and other tax benefits from tax credit investments. The effective rate is unfavorably affected by the non-deductibility of a portion of FHN's FDIC premium, executive compensation and merger expenses. FHN's effective tax rate also may be affected by items that may occur in any given period but are not consistent from period to period, such as changes in unrecognized tax benefits. The rate also may be affected by items resulting from business combinations.

A deferred tax asset or deferred tax liability is recognized for the tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax consequence is calculated by applying enacted statutory tax rates, applicable to future years, to these temporary differences. As of June 30, 2021, FHN's gross DTA and gross DTL were $433 million and $439 million, respectively, resulting in a net DTL of $6 million at June 30, 2021, compared with a net DTA of less than $1 million at December 31, 2020.

As of June 30, 2021, FHN had deferred tax asset balances related to federal and state income tax carryforwards of $39 million and $9 million, respectively, which will expire at various dates.

FHN believes that it will be able to realize the value of its DTA and that no valuation allowance is needed. FHN monitors its DTA and the need for a valuation allowance on a quarterly basis.

Business Segment Results

During 2020, FHN reorganized its internal management structure and, accordingly, its segment reporting structure. Historically, FHN's primary business segments were Regional Banking, Fixed Income, Corporate, and Non-strategic. The closing of the FHN and IBKC merger of equals transaction prompted organizational changes to better integrate and execute the combined Company's strategic priorities across all lines of businesses. As a result, FHN revised its reportable segments to include Regional Banking, Specialty Banking and Corporate. Segment results for 2020 have been recast to adjust for the realignment of the segment reporting structure. See Note 13 - Business Segment Information for additional disclosures related to FHN's operating segments.

Regional Banking

The Regional Banking segment generated pre-tax income of $361 million for second quarter 2021 compared to $286 million for first quarter 2021 primarily driven by lower provision for credit losses from continued improvement in the overall macroeconomic outlook, positive credit migration, and lower loan balances. In addition, total revenue increased $25 million on a linked quarter basis largely due to higher net interest income.

Pre-tax income for second quarter 2021 increased $348 million compared to $13 million for second quarter 2020. The Regional Banking segment generated pre-tax income of $646 million for the six months ended June 30, 2021 compared to $9 million for the six months ended June 30, 2020. These increases reflected an increase in revenue offset by an increase in noninterest expense resulting from the IBKC merger and a decrease in the provision for credit losses resulting from improvement in the macroeconomic outlook.

Specialty Banking

The Specialty Banking segment generated pre-tax income of $177 million for second quarter 2021 compared to $197 million for first quarter 2021. The decrease reflected lower revenue partially offset by lower provision for credit losses and lower noninterest expense. The decline in revenue was primarily attributable to lower fixed income and mortgage banking and title fees. Fixed income decreased $23 million compared to strong first quarter results reflecting a continued favorable operating environment including elevated liquidity and weak loan demand among depository customers. Mortgage banking and title income decreased $14 million reflecting the impact of higher long-term rates, housing supply constraints, lower gain on sale spreads and an intentional shift in origination mix toward portfolio loans.

Pre-tax income in the Specialty Banking segment increased $52 million for second quarter 2021 compared to $125 million for second quarter 2020.
Pre-tax income of $374 million for the six months ended June 30, 2021 increased $200 million compared to $174 million for the six months ended June 30, 2020. These increases were largely driven by an increase in revenue offset by an increase in noninterest expense resulting from the IBKC merger and a decrease in the provision for credit losses resulting from improvement in the macroeconomic outlook.

Corporate

The Corporate segment generated pre-tax loss of $139 million for second quarter 2021 compared to $176 million for first quarter 2021, reflecting a decrease in noninterest expense primarily from lower merger and integration-related costs and an increase in noninterest income primarily resulting from securities gains related to a legacy IBKC equity investment. These improvements were partially offset by higher net interest expense.

Pre-tax loss in the Corporate segment increased $71 million compared to second quarter 2020. Pre-tax loss of $315 million for the six months ended June 30, 2021 increased $223 million compared to $92 million for the six months ended June 30, 2020. The increase in pre-tax loss for these periods was attributable to merger and integration-related costs, the impact of the IBKC merger and a decrease in net interest income resulting from the impact of funds transfer pricing, partially offset by an increase in deferred compensation income driven by equity market valuations relative to the prior year and securities gains related to a legacy IBKC equity investment.

Financial Condition

Total period-end assets were $87.9 billion at June 30, 2021 compared to $84.2 billion at December 31, 2020. Asset growth during 2021 was driven by a $5.2 billion increase in cash from deposit growth, offset by a $1.5 billion decrease in loans and leases.

Earning assets consist of loans and leases, loans held for sale, investment securities, and other earning assets, such as trading securities and interest-bearing deposits with banks. A detailed discussion of the major components of earning assets is provided in the following sections.

Loans and Leases

The following table provides detail regarding FHN's loans and leases as of June 30, 2021 and December 31, 2020.

Table 8—Loans and Leases

	As of June 30, 2021		As of December 31, 2020		
(Dollars in millions)	**Amount**	**Percent of total**	Amount	Percent of total	Growth Rate
Commercial:					
Commercial, financial, and industrial (a)	**$ 32,528**	**57 %**	$ 33,104	57 %	(2) %
Commercial real estate	**12,292**	**22**	12,275	21	—
Total commercial	**44,820**	**79**	45,379	78	(1)
Consumer:					
Consumer real estate	**10,865**	**19**	11,725	20	(7)
Credit card and other	**1,002**	**2**	1,128	2	(11)
Total consumer	**11,867**	**21**	12,853	22	(8)
Total loans and leases	**$ 56,687**	**100 %**	$ 58,232	100 %	(3) %

(a) Includes equipment financing loans and leases.

Period-end loans and leases decreased $1.5 million, or 3% to $56.7 billion as of June 30, 2021 from $58.2 billion on December 31, 2020, driven by a $559 million decrease in commercial loans primarily tied to PPP loans, as well as a $986 million decrease in consumer loans. Average loans and leases decreased to $56.8 billion in second quarter 2021 compared to $58.2 billion in first quarter 2021 and increased from $34.0 billion in second quarter 2020 primarily from acquired loans during third quarter 2020.

C&I loans are the largest component of the loan portfolio, comprising 57% of total loans at the end of the second quarter 2021 and year-end 2020. C&I loans decreased 2% from December 31, 2020, largely driven by a decrease in PPP loans and lower balances within Specialty Banking, primarily from mortgage warehouse lending. Commercial real estate loans increased slightly in second quarter 2021 driven by growth in Regional Banking loans.

Total consumer loans decreased 8% from year-end 2020 to $11.9 billion as of June 30, 2021, largely driven by paydowns in real estate installment loans and home equity lines of credit within the Regional Banking segment.

Loans Held for Sale

In 2020, FHN obtained IBKC's mortgage banking operations, which includes origination and servicing of residential first lien mortgage loans, primarily fixed rate single-family residential mortgage loans originated by IBKC and committed to be sold in the secondary market. The legacy FHN loans HFS portfolio consists of small business, other consumer loans, the mortgage warehouse, USDA, student, and home equity loans.

On June 30, 2021 and December 31, 2020, loans HFS were $977 million and $1.0 billion, respectively. The decrease in loans HFS was primarily driven by a seasonal slowdown in mortgage volume, as well as a reduction in refinance activity impacted by a recent rise in mortgage interest rates. Held-for-sale consumer mortgage loans secured by residential real estate in process of foreclosure totaled $2 million at both June 30, 2021 and December 31, 2020.

Loan and Lease Portfolio Composition

FHN groups its loans into portfolio segments based on internal classifications reflecting the manner in which the ALLL is established and how credit risk is measured, monitored, and reported. From time to time, and if conditions are such that certain subsegments are uniquely affected by economic or market conditions or are experiencing greater deterioration than other components of the loan portfolio, management may determine the ALLL at a more granular level. Commercial loans and leases are composed of C&I loans and leases and CRE loans. Consumer loans are composed of consumer real estate loans and credit card and other loans. FHN has a concentration of residential real estate loans (19% of total loans). Industry concentrations are discussed under the *C&I* heading below.

Credit underwriting guidelines are outlined in Item 7 of FHN's Annual Report on Form 10-K for the year ended December 31, 2020 in the Loan Portfolio Composition discussion in the Asset Quality Section. FHN's credit underwriting guidelines and loan product offerings as of June 30, 2021 are generally consistent with those reported and disclosed in FHN's Form 10-K for the year ended December 31, 2020.

Commercial Loan and Lease Portfolios

C&I

The C&I portfolio totaled $32.5 billion as of June 30, 2021 and $33.1 billion as of December 31, 2020 and is comprised of loans and leases used for general business purposes. Products offered in the C&I portfolio include term loan financing of owner-occupied real estate and fixed assets, PPP loans, direct financing and sales-type leases, working capital lines of credit, and trade credit enhancement through letters of credit. The largest geographical concentrations of balances in the C&I portfolio as of June 30, 2021 were in Tennessee (20%), Florida (12%), Texas (10%), Louisiana (8%), North Carolina (8%), California (6%), and Georgia (5%). No other state represented more than 5% of the portfolio.

The following table provides the composition of the C&I portfolio by industry as of June 30, 2021, and December 31, 2020. For purposes of this disclosure, industries are determined based on the North American Industry Classification System (NAICS) industry codes used by Federal statistical agencies in classifying business establishments for the collection, analysis, and publication of statistical data related to the U.S. business economy.

Table 9 — C&I Loan Portfolio by Industry

	June 30, 2021		December 31, 2020	
(Dollars in millions)	**Amount**	**Percent**	Amount	Percent
Industry:				
Loans to mortgage companies	**$ 4,876**	**15 %**	$ 5,404	16 %
Finance and insurance	**3,199**	**10**	3,130	10
Health care and social assistance	**2,741**	**8**	2,689	8
Real estate rental and leasing (a)	**2,502**	**8**	2,365	7
Accommodation and food service	**2,480**	**8**	2,303	7
Wholesale trade	**2,062**	**6**	2,079	6
Manufacturing	**2,065**	**6**	1,907	6
Retail trade	**1,570**	**5**	1,531	5
Energy	**1,469**	**5**	1,686	5
Other (professional, construction, transportation, etc.) (b)	**9,564**	**29**	10,010	30
Total C&I loan portfolio	**$ 32,528**	**100 %**	$ 33,104	100 %

(a) Leasing, rental of real estate, equipment, and goods.
(b) Industries in this category each comprise less than 5% as of June 30, 2021.

Industry Concentrations

Loan concentrations exist when there are loans to numerous borrowers engaged in similar activities that would cause them to be similarly impacted by economic or other conditions. Loans to mortgage companies and borrowers in the finance and insurance industry were 25% of FHN's C&I loan portfolio as of June 30, 2021, and as a result could be affected by items that uniquely impact the financial services industry. As of June 30, 2021, FHN did not have any other concentrations of C&I loans in any single industry of 10% or more of total loans.

Loans to Mortgage Companies

Loans to mortgage companies were 15% of the C&I portfolio as of June 30, 2021 and 16% as of December 31, 2020. This portfolio generally fluctuates with mortgage rates and seasonal factors and includes commercial lines of credit to qualified mortgage companies primarily for the temporary warehousing of eligible mortgage loans prior to the borrower's sale of those mortgage loans to third party investors. Generally, new loan originations to mortgage lenders increases when there is a decline in mortgage rates and decreases when rates rise. In periods of economic uncertainty, this trend may not occur even if interest rates are declining. In second quarter 2021, 53% of the loan originations were home purchases and 47% were refinance transactions. On a year-to-date basis, approximately 58% of originations were refinance transactions.

Finance and Insurance

The finance and insurance component represented 10% of the C&I portfolio as of June 30, 2021 and December 31, 2020, and includes TRUPs (i.e., long-term unsecured loans to bank and insurance-related businesses), loans to bank holding companies, and asset-based lending to consumer finance companies. As of June 30, 2021, asset-based lending to consumer finance companies represents approximately $1.3 billion of the finance and insurance component.

Paycheck Protection Program

In 2020, Congress created the Paycheck Protection Program (PPP). Under the PPP, qualifying businesses may receive loans from private lenders, such as FHN, that are fully guaranteed by the Small Business Administration. These loans potentially are partly or fully forgivable, depending upon the borrower's use of the funds and maintenance of employment levels. To the extent forgiven, the borrower is relieved from payment while the lender is still paid from the program. Congress made revisions to the PPP in 2021, and may make further revisions in the future.

At June 30, 2021, FHN had 38,075 of PPP loans with an aggregate principal balance of $3.8 billion. For these loans, there are remaining net lender fees of approximately $70 million to be paid to FHN as of June 30, 2021.

Because PPP loans carry a full SBA guarantee, they do not have any credit risk and will not affect the amount of provision and ALLL recorded. As a result, no ALLL is recorded for PPP loans as of June 30, 2021, and FHN has assigned a risk weight of zero to PPP loans for regulatory capital purposes.

Commercial Real Estate

The CRE portfolio totaled $12.3 billion as of both June 30, 2021 and December 31, 2020. The CRE portfolio reflects financings for both commercial construction and nonconstruction loans. The largest geographical concentrations of CRE loan balances as of June 30, 2021 were in Florida (27%), North Carolina (12%), Louisiana (12%), Texas (12%), Tennessee (9%), and Georgia (9%). No other state represented more than 5% of the portfolio. This portfolio contains loans, draws on lines, and letters of credit to commercial real estate developers for the construction and mini-permanent financing of income-producing real estate. Subcategories of the CRE portfolio consist of multi-family (26%), office (22%), retail (18%), industrial (12%), hospitality (11%), land/land development (2%), and other (9%).

Consumer Loan Portfolios

Consumer Real Estate

The consumer real estate portfolio totaled $10.9 billion and $11.7 billion as of June 30, 2021 and December 31, 2020, respectively, and is primarily composed of home equity lines and installment loans. The largest geographical concentrations of balances as of June 30, 2021, were in Florida (32%), Tennessee (25%), Louisiana (10%), North Carolina (8%), and Texas (5%). No other state represented more than 5% of the portfolio.

As of June 30, 2021, approximately 86% of the consumer real estate portfolio was in a first lien position. At origination, the weighted average FICO score of this portfolio was 753 and the refreshed FICO scores averaged 764 as of June 30, 2021, no significant change from FICO scores of 753 and 763, respectively, as of December 31, 2020. Generally, performance of this portfolio is affected by life events that affect borrowers' finances, the level of unemployment, and home prices.

As of June 30, 2021 and December 31, 2020, FHN had held-for-investment consumer mortgage loans secured by real estate that were in the process of foreclosure totaling $31 million and $36 million, respectively.

HELOCs comprised $2.2 billion and $2.4 billion of the consumer real estate portfolio as of June 30, 2021 and December 31, 2020, respectively. FHN's HELOCs typically have a 5 or 10 year draw period followed by a 10 or 20 year repayment period, respectively. During the draw period, a borrower is able to draw on the line and is only required to make interest payments. The line is frozen if a borrower becomes past due on payments. Once the draw period has ended, the line is closed and the borrower is required to make both principal and interest payments monthly until the loan matures. The principal payment generally is fully amortizing, but payment amounts will adjust when variable rates reset to reflect changes in the prime rate.

As of both June 30, 2021 and December 31, 2020, approximately 87% of FHN's HELOCs were in the draw period. It is expected that $435 million, or 23% of HELOCs currently in the draw period, will enter the repayment period during the next 60 months, based on current terms. Generally, delinquencies for HELOCs that have entered the repayment period are initially higher than HELOCs still in the draw period because of the increased minimum payment requirement. However, over time, performance of these loans usually begins to stabilize. HELOCs are monitored closely for those nearing the end of the draw period.

The following table presents HELOCs currently in the draw period and expected timing of conversion to the repayment period.

Table 10—HELOC Draw To Repayment Schedule

	June 30, 2021		December 31, 2020	
(Dollars in millions)	**Repayment Amount**	**Percent**	Repayment Amount	Percent
Months remaining in draw period:				
0-12	**$ 56**	**3 %**	$ 73	4 %
13-24	**51**	**3**	66	3
25-36	**51**	**3**	62	3
37-48	**105**	**5**	67	3
49-60	**172**	**9**	187	8
>60	**1,464**	**77**	1,662	79
Total	**$ 1,899**	**100 %**	$ 2,117	100 %

Credit Card and Other

The credit card and other portfolio, which is primarily within the Regional Banking segment, totaled $1.0 billion as of June 30, 2021 and primarily includes consumer-related credits, including home equity and other personal consumer loans, credit card receivables, and automobile loans. The $126 decrease from December 31, 2020 was driven by net repayments of consumer construction loans.

Allowance for Loan and Lease Losses

Management's policy is to maintain the ALLL at a level sufficient to recognize current expected credit losses on the amortized cost basis of the loan and lease portfolio. The ALLL decreased to $815 million on June 30, 2021 from $963 million on December 31, 2020 reflecting improvement in the macroeconomic forecast compared to 2020, positive grade migration, and lower loan balances. The ratio of ALLL to total loans and leases decreased 21 basis points from December 31, 2020 to 1.44% on June 30, 2021.

The provision for loan and lease losses is the charge to or release of earnings necessary to maintain the ALLL at a sufficient level reflecting management's estimate of current expected losses on the amortized cost basis of the loan and lease portfolio. Provision credit was $109 million in second quarter 2021 compared to a provision expense of $110 million in second quarter 2020. The decrease is primarily attributable to an improving economic forecast, as second quarter 2020 was negatively impacted by the economic uncertainty around the COVID-19 pandemic.

Asset quality trends may continue to be impacted by the economic uncertainty attributable to the COVID-19 pandemic. The C&I portfolio reflects a

broad mix of categories with the heaviest concentration in loans to mortgage companies which carry minimal credit risk. The C&I portfolio as of June 30, 2021 includes $3.8 billion of loans made under the Paycheck Protection Program of the SBA. PPP loans are fully government guaranteed with the SBA. Due to the government guarantee and forgiveness provisions, PPP loans are considered to have no credit risk.

The CRE portfolio metrics may continue to be impacted by the COVID-19 pandemic due to travel and occupancy restrictions set by state and local governments affecting the hospitality and retail industries. The consumer portfolio may also continue to be impacted by the COVID-19 pandemic if consumer unemployment continues to remain elevated and clients are unable to continue making loan payments. The consumer portfolio, however, is high quality with no subprime and minimal exposure to other traditional categories of high risk lending.

Consolidated Net Charge-offs

Net recoveries in second quarter 2021 were $10 million, or an annualized 7 basis points of total loans and leases, compared to net charge-offs of $17 million, or 20 basis points in second quarter 2020.

Net recoveries in the commercial portfolio in second quarter 2021 were $4 million compared to charge-offs of $17 million in second quarter 2020. The decrease in net charge-offs reflected continued improvement in overall asset quality.

Net recoveries in the consumer portfolio were $6 million in second quarter 2021, driven by consumer real estate recoveries in the Corporate and Regional Banking segments, compared to minimal net recoveries in second quarter 2020.

Table 11—Analysis of Allowance for Loan and Lease Losses and Charge-offs

(Dollars in millions)

Allowance for loan and lease losses (a)	**June 30, 2021**	December 31, 2020	June 30, 2020
C&I	**$ 385**	$ 453	$ 319
CRE	**210**	242	57
Consumer real estate	**203**	242	144
Credit card and other	**17**	26	18
Total allowance for loan and lease losses	**$ 815**	$ 963	$ 538
Period-end loans and leases (b)			
C&I	**$ 32,528**	$ 33,104	$ 21,394
CRE	**12,292**	12,275	4,813
Consumer real estate	**10,865**	11,725	6,053
Credit card and other	**1,002**	1,128	449
Total period-end loans and leases	**$ 56,687**	$ 58,232	$ 32,709
ALLL / loans and leases %			
C&I	**1.18 %**	1.37 %	1.49 %
CRE	**1.71**	1.97	1.19
Consumer real estate	**1.87**	2.07	2.38
Credit card and other	**1.71**	2.34	4.03
Total ALLL / loans and leases %	**1.44 %**	1.65 %	1.64 %
Quarter-to-date net charge-offs (recoveries)			
C&I	**$ (3)**	$ 31	$ 17
CRE	**(1)**	(1)	—
Consumer real estate	**(7)**	(3)	(2)
Credit card and other	**1**	2	2

Total net charge-offs (recoveries)	**$ (10)**	$ 29	$ 17
Average loans and leases (b)			
C&I	**$ 32,540**	$ 34,196	$ 22,694
CRE	**12,350**	12,400	4,710
Consumer real estate	**10,926**	12,030	6,088
Credit card and other	**1,013**	1,194	476
Total average loans and leases	**$ 56,829**	$ 59,820	$ 33,968
Charge-off % (annualized)			
C&I	**(0.04)%**	0.36 %	0.30 %
CRE	**(0.02)**	(0.02)	(0.01)
Consumer real estate	**(0.28)**	(0.12)	(0.13)
Credit card and other	**0.51**	0.68	1.35
Total charge-off %	**(0.07)%**	0.19 %	0.20 %
ALLL / annualized net charge-offs			
C&I	**NM**	3.67 x	4.63 x
CRE	**NM**	NM	NM
Consumer real estate	**NM**	NM	NM
Credit card and other	**3.29 x**	3.23 x	2.82 x
Total ALLL / net charge-offs	**NM**	8.41 x	8.05 x
ALLL / NPLs			
C&I	**3.14 x**	3.15 x	2.50 x
CRE	**3.00 x**	4.15 x	27.71 x
Consumer real estate	**1.36 x**	1.33 x	1.49 x
Credit card and other	**7.25 x**	13.13 x	71.14 x
Total ALLL / NPLs	**2.37 x**	2.49 x	2.38 x

NM - not meaningful

(a) The increase in the ALLL from second quarter 2020 was primarily attributable to the allowance recorded on acquired non-PCD loans and the decline in the economic forecast attributable to the COVID-19 pandemic, while the decrease from first quarter 2021 was from an improvement in the overall economic forecast.

(b) The increase in period-end and average loans and leases from second quarter 2020 is primarily the result of $26.3 billion in acquired loans and leases in third quarter 2020.

Nonperforming Assets

Nonperforming loans are loans placed on nonaccrual if it becomes evident that full collection of principal and interest is at risk, if impairment has been recognized as a partial charge-off of principal balance due to insufficient collateral value and past due status, or (on a case-by-case basis) if FHN continues to receive payments but there are other borrower-specific issues. Included in nonaccruals are loans for which FHN continues to receive payments, including residential real estate loans where the borrower has been discharged of personal obligation through bankruptcy. NPAs consist of nonperforming loans and OREO (excluding OREO from government insured mortgages).

Reflecting an overall improvement in asset quality, total NPAs (including NPLs HFS) decreased to $362 million as of June 30, 2021 from $406 million as of December 31, 2020. The nonperforming assets ratio (nonperforming assets excluding NPLs HFS to total period-end loans plus OREO) was 0.62% as of June 30, 2021, down 7 basis points from 0.69% as of December 31, 2020. The ratio of the ALLL to NPLs was 2.4 times as of June 30, 2021 compared to 2.5 times as of December 31, 2020.

Certain nonperforming loans in both the commercial and consumer portfolios are deemed collateral-dependent and are charged down to an estimate of collateral value less costs to sell. Because the estimated loss has been recognized through a partial charge-off, typically an ALLL is not recorded.

Table 12—Nonperforming Assets by Loan Portfolio

(Dollars in millions)

Nonperforming loans and leases	**June 30, 2021**	December 31, 2020
C&I	**$ 123**	$ 144
CRE	**70**	58
Consumer real estate	**149**	182
Credit card and other	**2**	2
Total nonperforming loans and leases (a)	**$ 344**	$ 386
Nonperforming loans held for sale (a)	**$ 8**	$ 5
Foreclosed real estate and other assets (b)	**10**	15
Total nonperforming assets (a) (b)	**$ 362**	$ 406
Nonperforming loans and leases to total loans and leases		
C&I	**0.38 %**	0.43 %
CRE	**0.57**	0.48
Consumer real estate	**1.37**	1.56
Credit card and other	**0.24**	0.18
Total NPL %	**0.61 %**	0.66 %

(a) Excludes loans and leases that are 90 or more days past due and still accruing interest.
(b) Balances do not include government-insured foreclosed real estate. Foreclosed real estate from GNMA loans totaled $1 million at June 30, 2021 and $2 million at December 31, 2020.

The following table provides nonperforming assets by business segment:

Table 13—Nonperforming Assets by Segment

(Dollars in millions)

Nonperforming loans and leases (a) (b)	**June 30, 2021**	December 31, 2020
Regional Banking	**$ 209**	$ 216
Specialty Banking	**91**	117
Corporate	**44**	53
Consolidated	**$ 344**	$ 386
Foreclosed real estate (c)		
Regional Banking	**$ 8**	$ 12
Specialty Banking	**1**	1
Corporate	**1**	2
Consolidated	**$ 10**	$ 15
Nonperforming Assets (a) (b) (c)		
Regional Banking	**$ 217**	$ 228
Specialty Banking	**92**	118
Corporate	**45**	55
Consolidated	**$ 354**	$ 401
Nonperforming loans and leases to loans and leases		
Regional Banking	**0.53 %**	0.54 %
Specialty Banking	**0.55**	0.68
Corporate	**5.09**	5.70
Consolidated	**0.61 %**	0.66 %
NPA % (d)		
Regional Banking	**0.55 %**	0.57 %
Specialty Banking	**0.55**	0.68
Corporate	**5.17**	5.87
Consolidated	**0.62 %**	0.69 %

(a) Excludes loans and leases that are 90 or more days past due and still accruing interest.
(b) Excludes loans classified as held for sale.
(c) Excludes foreclosed real estate and receivables related to government insured mortgages of $4 million and $5 million at June 30, 2021 and December 31, 2020, respectively.
(d) Ratio is non-performing assets to total loans and leases plus foreclosed real estate.

Lending Assistance for Borrowers

In addition to PPP loans, other customer support initiatives in response to the COVID-19 pandemic include incremental lending assistance for borrowers through delayed payment programs and fee waivers.

The following table provides the UPB of loans related to deferrals granted to FHN's customers as of June 30, 2021 and December 31, 2020.

Table 14—Customer Deferrals

(Dollars in millions)	**As of June 30, 2021**	As of December 31, 2020
Commercial:		
C&I	**$ 38**	$ 104
CRE	**124**	194
Total Commercial	**$ 162**	$ 298
Consumer:		
HELOC	**$ 8**	$ 14
R/E installment loans	**102**	202
Credit card and other	**3**	4
Total Consumer	**$ 113**	$ 220
Total	**$ 275**	$ 518

Commercial deferrals at June 30, 2021 were comprised primarily of professional commercial real estate (48% or $78 million) and general commercial (37% or $61 million).

To the extent that loans were past due at June 30, 2021 or December 31, 2020 and had been granted a deferral, they were excluded from loans past due 30 to 89 days and loans past due 90 days or more in the table and discussion below.

Past Due Loans and Potential Problem Assets

Past due loans are loans contractually past due as to interest or principal payments, but which have not yet been put on nonaccrual status. Loans in the portfolio that are 90 days or more past due and still accruing were $14 million on June 30, 2021, compared to $17 million on December 31, 2020. The decrease was primarily driven by consumer real estate loans. Loans 30 to 89 days past due were $83 million on June 30, 2021, compared to $100 million on December 31, 2020. The decrease included a $23 million decrease in consumer real estate loans, a $17 million decrease in CRE loans, and a $2 million decrease in credit card and other consumer loans, partially offset by a $25 million increase in C&I loans past due 30 to 89 days.

Table 15—Accruing Delinquencies

(Dollars in millions)

Accruing loans and leases 30+ days past due	June 30, 2021	December 31, 2020
C&I	$ 41	$ 15
CRE	6	23
Consumer real estate	42	69
Credit card and other	8	10
Total 30+ Delinquency	$ 97	$ 117
Accruing loans and leases 30+ days past due %		
C&I	0.13 %	0.05 %
CRE	0.05	0.19
Consumer real estate	0.39	0.58
Credit card and other	0.80	0.87
Total 30+ Delinquency %	0.17 %	0.20 %
Accruing loans and leases 90+ days past due (a) (b) (c):		
C&I	$ 1	$ —
CRE	—	—
Consumer real Estate	12	16
Credit card and other	1	1
Total accruing loans and leases 90+ days past due	$ 14	$ 17
Loans held for sale		
30 to 89 days past due (b)	$ 5	$ 6
30 to 89 days past due - guaranteed portion (b) (d)	3	5
90+ days past due (b)	26	12
90+ days past due - guaranteed portion (b) (d)	12	10

(a) Excludes loans classified as held for sale.
(b) Amounts are not included in nonperforming/nonaccrual loans.
(c) Amounts are also included in accruing loans and leases 30+ days past due.
(d) Guaranteed loans include FHA, VA, and GNMA loans repurchased through the GNMA buyout program.

Potential problem assets represent those assets where information about possible credit problems of borrowers has caused management to have serious doubts about the borrower's ability to comply with present repayment terms and includes loans past due 90 days or more and still accruing. This definition is believed to be substantially consistent with the standards established by Federal banking regulators for loans classified as substandard. Potential problem assets in the loan portfolio were $715 million on June 30, 2021 and $718 million on December 31, 2020. The current expectation of losses from potential problem assets has been included in management's analysis for assessing the adequacy of the allowance for loan and lease losses.

Troubled Debt Restructurings and Loan Modifications

As part of FHN's ongoing risk management practices, FHN attempts to work with borrowers when appropriate to extend or modify loan terms to better align with their current ability to repay. Extensions and modifications to loans are made in accordance with internal policies and guidelines which conform to regulatory guidance. Each occurrence is unique to the borrower and is evaluated separately. In a

situation where an economic concession has been granted to a borrower that is experiencing financial difficulty, FHN identifies and reports that loan as a TDR.

For loan modifications that were made during 2021 and 2020 that met the TDR relief provisions outlined in either the CARES Act, as extended by the CAA, or revised Interagency Guidance, FHN has excluded these modifications from consideration as a TDR, and has excluded loans with these qualifying modifications from designation as a TDR in the information and discussion that follows. See Note 4 – Loans and Leases for further discussion regarding TDRs and loan modifications.

On June 30, 2021 and December 31, 2020, FHN had $274 million and $307 million portfolio loans classified as TDRs, respectively. For these TDRs, including specific reserves, FHN had an allowance for loan and lease losses of $16 million, or 6% of TDR balances as of June 30, 2021, and $15 million, or 5% of TDR balances, as of December 31, 2020. Additionally, FHN had $38 million and $42 million of HFS loans classified as TDRs as of June 30, 2021 and December 31, 2020, respectively.

The following table provides a summary of TDRs for the periods ended June 30, 2021 and December 31, 2020:

Table 16—Troubled Debt Restructurings

(Dollars in millions)	June 30, 2021	December 31, 2020
Held-for-investment:		
Consumer real estate:		
Current	**$ 74**	$ 77
Delinquent	**2**	2
Non-accrual (a)	**47**	61
Total consumer real estate	**123**	140
Credit card and other:		
Current	**1**	1
Delinquent	**—**	—
Non-accrual	**—**	—
Total credit card and other	**1**	1
Commercial loans:		
Current	**68**	82
Delinquent	**—**	—
Non-accrual	**82**	84
Total commercial loans	**150**	166
Total held-for-investment	**$ 274**	$ 307
Held-for-sale:		
Current	**$ 33**	$ 36
Delinquent	**4**	5
Non-accrual	**1**	1
Total held-for-sale	**38**	42
Total troubled debt restructurings	**$ 312**	$ 349

(a) Balances as of June 30, 2021 and December 31, 2020, include $12 million and $11 million, respectively, of discharged bankruptcies.

Investment Securities

FHN's investment portfolio consists principally of debt securities, including government agency issued mortgage-backed securities and government agency issued collateralized mortgage obligations, all of which are classified as AFS. The securities portfolio provides a source of income and liquidity and is an important tool used to balance the interest rate risk of the loan and deposit portfolios. The securities portfolio is periodically evaluated in light of established ALM objectives, changing market conditions that could affect the profitability of the portfolio, the regulatory environment, and the level of interest rate risk to which FHN is exposed.

Investment securities were $8.4 billion on June 30, 2021, up from $8.0 billion on December 31, 2020 and represented approximately 10% of total assets for both periods. See Note 3 - Investment Securities for more information about the securities portfolio, including gross unrealized gains and losses by type of security, contractual maturities, and securities pledged.

Deposits

Total deposits as of June 30, 2021 increased 5% to $73.3 billion from $70.0 billion on December 31, 2020, driven by an increase in non-interest bearing deposits largely reflecting the impact of government stimulus checks and PPP loan funding.

The following table summarizes the major components of deposits as of June 30, 2021 and December 31, 2020.

Table 17— Deposits

	June 30, 2021		December 31, 2020			
(Dollars in millions)	**Amount**	**Percent of total**	Amount	Percent of total	Change	Percent
Savings	**$ 27,415**	**37 %**	$ 27,324	39 %	$ 91	— %
Time deposits	**4,304**	**6**	5,070	7	(766)	(15)
Other interest-bearing deposits	**15,728**	**22**	15,415	22	313	2
Interest-bearing deposits	**47,447**	**65**	47,809	68	(362)	(1)
Noninterest-bearing deposits	**25,833**	**35**	22,173	32	3,660	17
Total deposits	**$ 73,280**	**100 %**	$ 69,982	100 %	$ 3,298	5 %

Short-Term Borrowings

Total short-term borrowings were $2.2 billion as of June 30, 2021 and December 31, 2020.

Short-term borrowings balances fluctuate largely based on the level of FHLB borrowing as a result of loan demand, deposit levels and balance sheet funding strategies. Federal funds purchased fluctuates depending on the amount of excess funding of FHN's correspondent bank customers. Balances of securities sold under agreements to resell fluctuate based on cost attractiveness relative to FHLB borrowing levels and the ability to pledge securities toward such transactions.

Term Borrowings

Term borrowings include senior and subordinated borrowings with original maturities greater than one year. Term borrowings were $1.7 billion as of June 30, 2021 and December 31, 2020.

Capital

Management's objectives are to provide capital sufficient to cover the risks inherent in FHN's businesses, to maintain excess capital to well-capitalized standards, and to assure ready access to the capital markets. Total equity was $8.6 billion at June 30, 2021 and $8.3 billion at December 31, 2020. Significant changes included net income of $546 million and the issuance of $145 million in Series F preferred stock, which were offset by $185 million in common and preferred dividends, $126 million in common share repurchases, $100 million from the call of Series A preferred stock and a decrease in AOCI of $63 million.

The following tables provide a reconciliation of shareholders' equity from the Consolidated Balance Sheets to Common Equity Tier 1, Tier 1 and Total Regulatory Capital as well as certain selected capital ratios:

Table 18—Regulatory Capital and Ratios

(Dollars in millions)	June 30, 2021	December 31, 2020
Shareholders' equity	**$ 8,270**	$ 8,012
Modified CECL transitional amount (a)	**152**	191
FHN non-cumulative perpetual preferred	**(520)**	(470)
Common equity tier 1 before regulatory adjustments	**$ 7,902**	$ 7,733
Regulatory adjustments:		
Disallowed goodwill and other intangibles	**(1,733)**	(1,757)
Net unrealized (gains) losses on securities available for sale	**(43)**	(108)
Net unrealized (gains) losses on pension and other postretirement plans	**254**	260
Net unrealized (gains) losses on cash flow hedges	**(8)**	(12)
Disallowed deferred tax assets	**—**	(5)
Other deductions from common equity tier 1	**—**	(1)
Common equity tier 1	**$ 6,372**	$ 6,110
FHN non-cumulative perpetual preferred (b)	**426**	377
Qualifying noncontrolling interest— First Horizon Bank preferred stock	**295**	295
Tier 1 capital	**$ 7,093**	$ 6,782
Tier 2 capital	**1,055**	1,153
Total regulatory capital	**$ 8,148**	$ 7,935
Risk-Weighted Assets		
First Horizon Corporation	**$ 61,991**	$ 63,140
First Horizon Bank	**61,392**	62,508
Average Assets for Leverage		
First Horizon Corporation	**86,160**	82,347
First Horizon Bank	**85,500**	81,709

	June 30, 2021		December 31, 2020	
	Ratio	Amount	Ratio	Amount
Common Equity Tier 1				
First Horizon Corporation	**10.28 %**	**$ 6,372**	9.68 %	$ 6,110
First Horizon Bank	**10.98**	**6,738**	10.46	6,537
Tier 1				
First Horizon Corporation	**11.44**	**7,093**	10.74	6,782
First Horizon Bank	**11.46**	**7,033**	10.93	6,832
Total				
First Horizon Corporation	**13.14**	**8,148**	12.57	7,935
First Horizon Bank	**12.88**	**7,908**	12.52	7,827
Tier 1 Leverage				
First Horizon Corporation	**8.23**	**7,093**	8.24	6,782
First Horizon Bank	**8.23**	**7,033**	8.36	6,832
Other Capital Ratios				
Total period-end equity to period-end assets	**9.74**		9.86	
Tangible common equity to tangible assets (c)	**6.87**		6.89	
Adjusted tangible common equity to risk-weighted assets (c)	**9.47**		8.82	

(a) The modified CECL transitional amount is calculated as defined in the final rule issued by the banking regulators on August 26, 2020 and includes the full amount of the impact to retained earnings from the initial adoption of CECL plus 25% of the change in the adjusted allowance for credit losses since FHN's initial adoption of CECL through June 30, 2021 and December 31, 2020.

(b) The $94 million carrying value of the Series D preferred stock does not qualify as Tier 1 capital because the earliest redemption date is less than five years from the issuance date, which was re-set to July 1, 2020 when the IBKC merger closed.

(c) Tangible common equity to tangible assets and adjusted tangible common equity to risk-weighted assets are non-GAAP measures and are reconciled to total equity to total assets (GAAP) in the Non-GAAP to GAAP Reconciliation - Table 24.

Banking regulators define minimum capital ratios for bank holding companies and their bank subsidiaries. Based on the capital rules and definitions prescribed by the banking regulators, should any depository institution's capital ratios decline below predetermined levels, it would become subject to a series of increasingly restrictive regulatory actions.

The system categorizes a depository institution's capital position into one of five categories ranging from well-capitalized to critically under-capitalized. For an institution the size of FHN to qualify as well-capitalized, Common Equity Tier 1, Tier 1 Capital, Total Capital, and Leverage capital ratios must be at least 6.50%, 8.00%, 10.00%, and 5.00%, respectively. Furthermore, a capital conservation buffer of 50 basis points above these levels must be maintained on the Common Equity Tier 1, Tier 1 Capital and Total Capital ratios to avoid restrictions on dividends, share repurchases and certain discretionary bonuses.

As of June 30, 2021, each of FHN and First Horizon Bank had sufficient capital to qualify as well-capitalized institutions and to meet the capital conservation buffer requirement. Capital ratios for both FHN and First Horizon Bank are calculated under the final rule issued by the banking regulators in 2020 to delay the effects of CECL on regulatory capital for two years, followed by a three-year transition period.

For both FHN and First Horizon Bank, the risk-based regulatory capital ratios increased in second quarter 2021 relative to year-end 2020 primarily from the impact of net income less dividends and share repurchases during the first six months of 2021 and a decrease in risk-weighted assets, primarily from loan activity. During 2021, capital ratios are expected to remain above well-capitalized standards plus the required capital conservation buffer. The Tier 1 Leverage ratio for both FHN and First Horizon Bank decreased from December 31, 2020 as a result of an increase in average assets.

Common Stock Purchase Programs

General Authority

Pursuant to Board authority, FHN may repurchase shares of its common stock from time to time and will evaluate the level of capital and take action designed to generate or use capital, as appropriate, for the interests of the shareholders, subject to legal and regulatory restrictions. FHN's Board has not authorized a preferred stock purchase program.

On January 23, 2018, FHN announced a $250 million share purchase authority with an expiration date of January 31, 2020. On January 29, 2019, FHN announced a $250 million increase in that authority (to $500 million total) along with an extension of the expiration date to January 31, 2021. On January 27, 2021, FHN announced that its Board of Directors approved a new $500 million common share purchase program, expiring on January 31, 2023. The new program is not tied to any compensation plan, and replaced the previous general share repurchase program, which was terminated by the Board. Purchases may be made in the open market or through privately negotiated transactions, including under Rule 10b5-1 plans as well as accelerated share repurchase and other structured transactions. The timing and exact amount of common share repurchases will be subject to various factors, including FHN's capital position, financial performance, capital impacts of strategic initiatives, market conditions and regulatory considerations.

As of June 30, 2021, $116 million in purchases had been made under this authority at an average price per share of $17.28, or $17.26 excluding commissions.

Table 19—Issuer Purchases of Common Stock - General Authority

(Dollar values and volume in thousands, except per share data)	Total number of shares purchased	Average price paid per share (a)	Total number of shares purchased as part of publicly announced programs	Maximum approximate dollar value that may yet be purchased under the programs
2021				
April 1 to April 30	397	$ 18.02	397	$ 434,099
May 1 to May 31	1,537	18.77	1,537	405,248
June 1 to June 30	1,123	18.74	1,123	384,212
Total	**3,057**	**$ 18.66**	**3,057**	

(a) Represents total costs including commissions paid.

Compensation Authority

A consolidated compensation plan share purchase program was announced on August 6, 2004. This program consolidated into a single share purchase program all of the previously authorized compensation plan share programs as well as the renewal of the authorization to purchase shares for use in connection with two compensation plans for which the share purchase authority had expired.

The total amount authorized under this consolidated compensation plan share purchase program is 29.6 million shares calculated before adjusting for stock dividends distributed through January 1, 2011. The authorization has been reduced for that portion which relates to compensation plans for which no options remain outstanding. The shares may be purchased over the option exercise period of the various compensation plans on or before December 31, 2023. Purchases may be made in the open market or through privately negotiated transactions and are subject to various factors including FHN's capital position, financial performance, capital impacts of strategic initiatives, market conditions and regulatory restrictions. As of June 30, 2021, the maximum number of shares that may be purchased under the program was 23.4 million shares. Management currently does not anticipate purchasing a material number of shares under this authority during 2021.

Table 20—Issuer Purchase of Common Stock - Compensation Authority

(Volume in thousands, except per share data)	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced programs	Maximum number of shares that may yet be purchased under the programs
2021				
April 1 to April 30	32	$ 12.96	32	23,778
May 1 to May 31	244	18.20	244	23,534
June 1 to June 30	102	17.51	102	23,432
Total	**378**	**$ 17.57**	**378**	

Risk Management

There have been no significant changes to FHN's risk management practices as described under "Risk Management" included in Item 7 of FHN's 2020 Annual Report on Form 10-K.

MARKET RISK MANAGEMENT

Value-at-Risk and Stress Testing

VaR is a statistical risk measure used to estimate the potential loss in value from adverse market movements over an assumed fixed holding period within a stated confidence level. FHN employs a model to compute daily VaR measures for its trading securities inventory. FHN computes VaR using historical simulation with a 1-year lookback period at a 99% confidence level and 1-day and 10-day time horizons. Additionally, FHN computes a Stressed VaR measure. The SVaR computation uses the same model but with model inputs reflecting historical data from a continuous 12-month period that reflects a period of significant financial stress appropriate for our trading securities portfolio.

A summary of FHN's VaR and SVaR measures for 1-day and 10-day time horizons is as follows:

Table 21—VaR and SVaR Measures

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021			As of June 30, 2021
(Dollars in millions)	**Mean**	**High**	**Low**	**Mean**	**High**	**Low**	
1-day							
VaR	**$ 1**	**$ 2**	**$ 1**	**$ 2**	**$ 4**	**$ 1**	**$ 1**
SVaR	**4**	**6**	**2**	**4**	**6**	**2**	**4**
10-day							
VaR	**3**	**5**	**1**	**7**	**21**	**1**	**2**
SVaR	**17**	**23**	**11**	**16**	**23**	**11**	**16**

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020			As of June 30, 2020
(Dollars in millions)	Mean	High	Low	Mean	High	Low	
1-day							
VaR	$ 3	$ 5	$ 2	$ 3	$ 7	$ 1	$ 3
SVaR	4	6	3	6	18	3	3
10-day							
VaR	13	19	8	10	25	2	13
SVaR	14	19	9	20	43	9	13

	Year Ended December 31, 2020			As of December 31, 2020
(Dollars in millions)	Mean	High	Low	
1-day				
VaR	$ 3	$ 7	$ 1	$ 2
SVaR	5	18	1	2
10-day				
VaR	13	25	2	10
SVaR	18	43	6	10

FHN's overall VaR measure includes both interest rate risk and credit spread risk. Separate measures of these component risks are as follows:

Table 22—Schedule of Risks Included in VaR

	As of June 30, 2021		As of June 30, 2020		As of December 31, 2020	
(Dollars in millions)	**1-day**	**10-day**	1-day	10-day	1-day	10-day
Interest rate risk	**$ —**	**$ 2**	$ 1	$ 4	$ 1	$ 2
Credit spread risk	**1**	**1**	2	8	2	6

The potential risk of loss reflected by FHN's VaR measures assumes the trading securities inventory is static. Because FHN Financial procures fixed income securities for purposes of distribution to clients, its trading securities inventory turns over regularly. Additionally, FHNF traders actively manage the trading securities inventory continuously throughout each trading day. Accordingly, FHNF's trading securities inventory is highly dynamic, rather than static. As a result, it would be rare for FHNF to incur a negative revenue day in its fixed income activities of the level indicated by its VaR measurements.

In addition to being used in FHN's daily market risk management process, the VaR and SVaR measures are also used by FHN in computing its regulatory

market risk capital requirements in accordance with the Market Risk Capital rules. For additional information regarding FHN's capital adequacy refer to the Capital section of this MD&A.

FHN also performs stress tests on its trading securities portfolio to calculate the potential loss under various assumed market scenarios. Key assumed stresses used in those tests are:

Down 25 bps - assumes an instantaneous downward move in interest rates of 25 basis points at all points on the interest rate yield curve.

Up 25 bps - assumes an instantaneous upward move in interest rates of 25 basis points at all points on the interest rate yield curve.

Curve flattening - assumes an instantaneous flattening of the interest rate yield curve through an increase in short-term rates and a decrease in long-term rates. The 2-year point on the Treasury yield curve is assumed to increase 15 basis points and the 10-year point on the Treasury yield curve is assumed to decrease 15 basis points. Shifts in other points on the yield curve are predicted based on their correlation to the 2-year and 10-year points.

Curve steepening - assumes an instantaneous steepening of the interest rate yield curve through a decrease in short-term rates and an increase in long-term rates. The 2-year point on the Treasury yield curve is assumed to decrease 15 basis points and the 10-year point on the Treasury yield curve is assumed to increase 15 basis points. Shifts in other points on the yield curve are predicted based on their correlation to the 2-year and 10-year points.

Credit spread widening - assumes an instantaneous increase in credit spreads (the difference between yields on Treasury securities and non-Treasury securities) of 25 basis points.

Model Validation

Trading risk management personnel within FHN Financial have primary responsibility for model risk management with respect to the model used by FHN to compute its VaR measures and perform stress testing on the trading inventory. Among other procedures, these personnel monitor model results and perform periodic backtesting as part of an ongoing process of validating the accuracy of the model. These model risk management activities are subject to annual review by FHN's Model Validation Group, an independent assurance group charged with oversight responsibility for FHN's model risk management.

INTEREST RATE RISK MANAGEMENT

Net Interest Income Simulation Analysis

The information provided in this section, including the discussion regarding the outcomes of simulation analysis and rate shock analysis, is forward-looking. Actual results, if the assumed scenarios were to occur, could differ because of interest rate movements, the ability of management to execute its business plans, and other factors, including those presented in the Forward-Looking Statements section of this Report.

Management uses a simulation model to measure interest rate risk and to formulate strategies to improve balance sheet positioning, earnings, or both, within FHN's interest rate risk, liquidity, and capital guidelines. Interest rate exposure is measured by forecasting 12 months of NII under various interest rate scenarios and comparing the percentage change in NII for each scenario to a base case scenario where interest rates remain unchanged. Assumptions are made regarding future balance sheet composition, interest rate movements, and loan and deposit pricing. In addition, assumptions are made about the magnitude of asset prepayments and earlier than anticipated deposit withdrawals. The results of these scenarios help FHN develop strategies for managing exposure to interest rate risk. While management believes the assumptions used and scenarios selected in its simulations are reasonable, simulation modeling provides only an estimate, not a precise calculation, of exposure to any given change in interest rates.

Based on a static balance sheet as of June 30, 2021, NII exposures over the next 12 months assuming rate shocks of plus 25 basis points, 50 basis points, 100 basis points, and 200 basis points are estimated to have favorable variances as shown in the table below.

Table 23 - Interest Rate Sensitivity

Shifts in Interest Rates (in bps)	% Change in Projected Net Interest Income
+25	2.2%
+50	4.5%
+100	9.8%
+200	17.8%

A steepening yield curve scenario where long-term rates increase by 50 basis points and short-term rates are static, results in a favorable NII variance of 0.9%. A flattening yield curve scenario where long-term rates decrease by 50 basis points and short-term rates are static, results in an unfavorable NII variance of 1.2%. Rate shocks of minus 25 basis points and 50

basis points result in unfavorable NII variances of 1.5% and 1.9%, assuming the absence of negative rates. These hypothetical scenarios are used to create a risk measurement framework, and do not necessarily represent management's current view of future interest rates or market developments.

FHN's net interest income has been, and likely will continue to be, impacted by the disruption from the COVID-19 pandemic and the low rate environment. The increase in the unemployment rate, client loan deferral requests, the impact of government assistance programs, and other developments have influenced net interest income results. Although many of those impacts have started to abate, impacts are expected to continue for some time. FHN continues to monitor current economic trends and potential exposures closely.

LIQUIDITY RISK MANAGEMENT

Among other things, ALCO is responsible for liquidity management: the funding of assets with liabilities of appropriate duration, while mitigating the risk of unexpected cash needs. ALCO and the Board of Directors have adopted a Liquidity Policy of which the objective is to ensure that FHN meets its cash and collateral obligations promptly, in a cost-effective manner and with the highest degree of reliability. The maintenance of adequate levels of asset and liability liquidity should provide FHN with the ability to meet both expected and unexpected cash and collateral needs. Key liquidity ratios, asset liquidity levels and the amount available from funding sources are reported to ALCO on a regular basis. FHN's Liquidity Policy establishes liquidity limits that are deemed appropriate for FHN's risk profile.

In accordance with the Liquidity Policy, ALCO manages FHN's exposure to liquidity risk through a dynamic, real time forecasting methodology. Base liquidity forecasts are reviewed by ALCO and are updated as financial conditions dictate. In addition to the baseline liquidity reports, robust stress testing of assumptions and funds availability are periodically reviewed. FHN maintains a contingency funding plan that may be executed, should unexpected difficulties arise in accessing funding that affects FHN, the industry, or both. Subject to market conditions and compliance with applicable regulatory requirements from time to time, funds are available from a number of sources including the available-for-sale securities portfolio, dealer and commercial customer repurchase agreements, access to the overnight and term Federal Funds markets, incremental borrowing capacity at the FHLB ($13.4 billion was available as of June 30, 2021), brokered deposits, loan sales, syndications, and access to the Federal Reserve Bank.

Core deposits are a significant source of funding and have historically been a stable source of liquidity for banks. Generally, core deposits represent funding from a financial institution's customer base which provide inexpensive, predictable pricing. The ratio of total loans, excluding loans HFS and restricted real estate loans, to core deposits was 83% for June 30, 2021 and 97% for December 31, 2020.

FHN may also use unsecured short-term borrowings as a source of liquidity. Federal funds purchased from correspondent bank clients are considered to be substantially more stable than funds purchased in the national broker markets for federal funds due to the long, historical, and reciprocal nature of banking services provided by FHN to these correspondent banks. The remainder of FHN's wholesale short-term borrowings consists of securities sold under agreements to repurchase transactions accounted for as secured borrowings with business clients or broker dealer counterparties.

Both FHN and First Horizon Bank have the ability to generate liquidity by issuing senior or subordinated unsecured debt, preferred equity and common equity, subject to market conditions and compliance with applicable regulatory requirements. In May 2021, FHN issued $150 million of Series F Non-Cumulative Perpetual Preferred Stock and announced the full redemption of its $100 million Series A Non-Cumulative Perpetual Preferred Stock which subsequently was redeemed in July. As of June 30, 2021, FHN had outstanding $1.3 billion in senior and subordinated unsecured debt and $520 million in non-cumulative perpetual preferred stock. As of June 30, 2021, First Horizon Bank and subsidiaries had outstanding preferred shares of $295 million, which are reflected as noncontrolling interest on the Consolidated Balance Sheets.

Parent company liquidity is primarily provided by cash flows stemming from dividends and interest payments collected from subsidiaries. These sources of cash represent the primary sources of funds to pay cash dividends to shareholders and principal and interest to debt holders of FHN. Applying the dividend restrictions imposed under applicable federal and state rules as outlined above, the Bank's total amount available for dividends was $1.1 billion as of July 1, 2021. First Horizon Bank declared and paid common dividends to the parent company in the amount of $183 million in first, second and third quarter 2021 and $180 million in 2020. First Horizon Bank declared preferred dividends in the second quarter of 2021 which were payable in July 2021 and paid preferred dividends in first quarter of 2021 and each quarter of 2020. Additionally, First Horizon Bank declared preferred dividends in third quarter 2021, payable in October 2021.

Payment of a dividend to shareholders of FHN is dependent on several factors which are considered by the Board. These factors include FHN's current and prospective capital, liquidity, and other needs, applicable regulatory restrictions, and availability of funds to FHN through a dividend from First Horizon Bank. Additionally, banking regulators generally require insured banks and bank holding companies to pay cash dividends only out of current operating earnings. Consequently, the decision of whether FHN will pay future dividends and the amount of dividends will be affected by current operating results. FHN paid a cash dividend of $0.15 per common share on July 1, 2021. FHN paid cash dividends of $1,550 per Series A preferred share, $1,625 per Series E preferred share, and $874.72 per Series F preferred share on July 12, 2021 and $331.25 per Series B preferred share and $165.00 per Series C preferred share on August 2, 2021. In addition, in July 2021, the Board approved cash dividends per share in the following amounts:

	Dividend/Share	Record Date	Payment Date
Common Stock	$ 0.15	09/10/2021	10/01/2021
Preferred Stock			
Series C	$ 165.00	10/15/2021	11/01/2021
Series D	$ 305.00	10/15/2021	11/01/2021
Series E	$ 1,625.00	09/24/2021	10/12/2021
Series F	$ 1,175.00	09/24/2021	10/12/2021

Repurchase Obligations and Off-Balance Sheet Arrangements

Repurchase Obligations

Prior to September 2008, FHN originated loans through its pre-2009 mortgage business, primarily first lien home loans, with the intention of selling them. As discussed in Note 11 - Contingencies and Other Disclosures, FHN's principal remaining exposures for those activities relate to (i) indemnification claims by underwriters, loan purchasers, and other parties which assert that FHN-originated loans caused or contributed to losses which FHN is legally obliged to indemnify, and (ii) indemnification or other claims related to FHN's servicing of pre-2009 mortgage loans.

FHN's approach for determining the adequacy of the repurchase and foreclosure reserve has evolved, sometimes substantially, based on changes in information available. Repurchase/make-whole rates vary based on purchaser, vintage, and claim type. For those loans repurchased or covered by a make-whole payment, cumulative average loss severities range between 50 and 60 percent of the UPB.

Repurchase Accrual Approach

In determining potential loss content, claims are analyzed by purchaser, vintage, and claim type. FHN considers various inputs including claim rate estimates, historical average repurchase and loss severity rates, mortgage insurance cancellations, and mortgage insurance curtailment requests. Inputs are applied to claims in the active pipeline, as well as to historical average inflows to estimate loss content related to potential future inflows. Management also evaluates the nature of claims from purchasers and/or servicers of loans sold to determine if qualitative adjustments are appropriate.

Repurchase and Foreclosure Liability

FHN's repurchase and foreclosure liability, primarily related to its pre-2009 mortgage business, is comprised of accruals to cover estimated loss content in the active pipeline (consisting of mortgage loan repurchase, make-whole, foreclosure/servicing demands and certain related exposures), estimated future inflows, and estimated loss content related to certain known claims not currently included in the active pipeline. The liability contemplates repurchase/make-whole and damages obligations and estimates for probable incurred losses associated with loan populations excluded from the settlements with the GSEs, as well as other whole loans sold, mortgage insurance cancellation rescissions, and loans included in bulk servicing sales effected prior to the settlements with the GSEs. FHN compares the estimated probable incurred losses determined under the applicable loss estimation approaches for the respective periods with current reserve levels. Changes in the estimated required liability levels are recorded as necessary through the repurchase and foreclosure provision. The repurchase and foreclosure liability was $16 million as of June 30, 2021 and December 31, 2020.

Off-Balance Sheet Arrangements

In the normal course of business, FHN is a party to a number of activities that contain credit, market and operational risk that are not reflected in whole or in part in the consolidated financial statements. Such activities include traditional off-balance sheet credit-related financial instruments. FHN provides customers with off-balance sheet credit support through loan commitments, lines of credit, and

standby letters of credit. Many of the commitments are expected to expire unused or be only partially used; therefore, the total amount of commitments does not necessarily represent future cash requirements. Based on its available liquidity and available borrowing capacity, FHN anticipates it will continue to have sufficient funds to meet its current commitments.

Market Uncertainties and Prospective Trends

FHN's future results could be affected both positively and negatively by several known trends. Key among those are changes in the U.S. and global economy and outlook, government actions affecting interest rates, government actions intended to stimulate the economy, and government actions and proposals which could have negative impacts on the economy at large or on certain businesses. Additional risks relate to how the COVID-19 pandemic continues to affect FHN's clients, political uncertainty, changes in federal policies (including those publicly discussed, formally proposed, or recently implemented) and the potential impacts of those changes on our businesses and clients, and whether FHN's strategic initiatives will succeed.

In March 2020, the Federal Reserve lowered short-term interest rates twice and started a "quantitative easing" program intended to lower longer-term interest rates and foster access to credit. The effective yields of 10-year and 30-year U.S. Treasury securities achieved record low rates. These changes in interest rates and the volatility in the market negatively impacted FHN's net interest margin. Amortization of net processing fees related to government relief programs associated with the COVID-19 pandemic, including the Paycheck Protection Program, has offset a portion of the net interest margin decline. In the first half of 2021, interest rates have fluctuated but within a very low rate range, continuing to adversely impact FHN's net interest margin. FHN expects that when the Federal Reserve begins to reverse its "easing" strategies, it will start by reducing its asset purchases rather than by raising short term interest rates directly.

COVID-19 Pandemic

Government and societal reaction to the COVID-19 pandemic caused extraordinary disruption to the U.S. economy, as well as to the local economies within FHN's footprint, during the final three quarters of 2020 and continuing into the first half of 2021. Business activity, especially lending (other than lending related to home mortgages), declined throughout 2020 and into the first half of this year. In certain business lines, FHN reduced or stopped new lending because of the pandemic.

During the first half of 2021, especially later in that period, in many of FHN's markets COVID-19 restrictions were at least partially eased as vaccine production and distribution increased. During the latter part of the second quarter of 2021, FHN saw the lending pipeline start to improve in several areas (unrelated to home mortgages).

In most of its markets, FHN expects the impact of COVID-19 restrictions to continue to diminish over the rest of this year with further progress in vaccination rates. However, the risk of resurgence remains as new virus variants continue to be identified in the U.S. and around the world. FHN continues to closely monitor the pandemic and its effects on clients, especially credit quality, on FHN's communities, and on the financial markets. FHN continues to reach out to clients to discuss challenges and solutions, to provide line draws and new extensions to existing clients, to provide support for small businesses through the Paycheck Protection Program and other stimulus programs, and to provide lending and deposit assistance through deferrals and waived fees.

LIBOR & Reference Rate Reform

LIBOR

The London Inter-Bank Offered Rate ("LIBOR") is the most widely used reference rate in the world, and has been for many years. A substantial majority of FHN's floating rate loans use LIBOR, denominated in U.S. Dollars ("USD"), as the reference rate to determine the interest rate paid by the client/borrower. In addition, certain floating-rate securities issued by FHN use USD LIBOR as the reference rate.

LIBOR is based on a mix of transaction-based data and expert judgment about market conditions. Before 2014, it was based mainly on expert judgment. It is published in different tenors, which are time periods such as 1-week, 1-month, 12-month, etc.

LIBOR Discontinuance

About a decade ago, evidence emerged that some members of the panel that set LIBOR may have manipulated the published LIBOR rates rather than using strictly good-faith judgments. Several banks were fined.

In 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "FCA")—the governmental regulator of LIBOR—announced that it intends to halt persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. In 2021, the FCA announced that tenors of USD LIBOR will no longer be published as follows:

- One week and 2-month USD LIBOR will not be published after December 31, 2021; and

- All other USD LIBOR tenors (*e.g.*, overnight, 1-month, 3-month, 6-month and 12-month tenors) will not be published after June 30, 2023.

U.S. Regulatory Position

In 2020, the Federal Reserve, the OCC, and the FDIC jointly encouraged U.S. banks to transition away from LIBOR for new contracts as soon as practicable and, in any event, by December 31, 2021. They noted that entering into new contracts that use LIBOR as a reference rate after December 31, 2021 would create safety and soundness risks.

Alternatives to LIBOR

LIBOR became the market-preferred reference rate because it was perceived by lenders and borrowers as being superior to alternatives in a wide range of circumstances. FHN believes that no single alternative reference rate will immediately replace LIBOR for USD transactions. Instead, FHN believes it is likely that different alternatives will be used in different circumstances. Although it is difficult to predict which alternatives will be favored by market participants in any particular situation, at this time it seems likely that the following alternative reference rates may be used by market participants once USD LIBOR is discontinued:

- *SOFR*. The Alternative Reference Rates Committee ("ARRC") is a group of private-market and financial regulator participants convened by the Federal Reserve and the New York Federal Reserve Bank to help ensure a successful transition from USD LIBOR to a more robust reference rate. The ARRC has recommended the Secured Overnight Financing Rate ("SOFR") as its preferred alternative. SOFR is based on actual transaction data for the U.S. Treasury repurchase market. Accordingly, SOFR represents a riskless secured overnight rate.

- *Term SOFR*. Published by CME Group, Term SOFR is a forward-looking rate, with 1-month, 3-month and 6-month tenors, and is based on SOFR futures contracts. The ARRC has recommended conventions for Term SOFR rates, and has recommended CME Group as the administrator for Term SOFR.

- *AMERIBOR*. The American Interbank Offered Rate ("AMERIBOR") Index is produced by the American Financial Exchange. AMERIBOR is based on actual transaction data involving credit decisions by many financial institutions, on an unsecured basis.

- *BSBY*. The Bloomberg short-term bank yield index ("BSBY") is a proprietary rate index calculated and published by Bloomberg Index Services Limited. BSBY is based on actual transaction data involving unsecured credit.

- *Prime*. Although traditional prime rates (with each bank setting its own) are not likely to regain the prominence they had decades ago when U.S. banks were much smaller and the industry was more fragmented, for some clients and products banks may increase their usage of prime rates.

Other alternative reference rates are being developed and considered. The alternatives listed above are those FHN currently expects to make available to clients by November 2021.

Each alternative reference rate has advantages and disadvantages compared with other alternatives in various circumstances. Despite being supported by the Federal Reserve's ARRC, SOFR appears unlikely to gain the level of market acceptance and usage that USD LIBOR has enjoyed within the U.S. Key aspects of SOFR that support this view are: (a) SOFR fundamentally is an overnight rate, and so is not easily or reliably translated into typical LIBOR tenors; and (b) SOFR is both secured and riskless, and so does not necessarily track a bank's cost of funds very well. For a bank, it is critical to avoid significant mismatches over time between its (variable) cost of funds and its (variable) interest income. Term SOFR attempts to address some of these shortcomings, but not all of them.

FHN's Actions to Date & Transition Plans

Starting in 2019, legacy First Horizon and legacy IBERIABANK both modernized the fallback language used in their loan documentation to better handle how floating rate loans would be re-set if LIBOR ceased to be published during the loan term.

In 2021, FHN began to notify clients whose loans are based on 1-week or 2-month USD LIBOR, which will

cease at the end of 2021, and began re-negotiating terms with those clients. Only a small portion of FHN's clients have such loans.

FHN currently plans to cease using USD LIBOR on new lending late in 2021. In 2022, FHN currently plans to re-negotiate terms with all clients who have LIBOR loans that do not contain the modernized fallback language.

Currently, FHN does not have a settled plan to substitute any particular alternative for LIBOR. Each of the leading alternatives mentioned above is undergoing further development and refinement, and it remains unclear which alternative(s) FHN and its clients generally will prefer, and in which situations. FHN has formulated tentative internal preferences for certain alternatives in certain situations, and expects that formulation to evolve and expand during the rest of 2021.

In addition, FHN has begun to 1) assess the potential effects for affected securities and derivatives, and 2) assess revisions to systems, processes, and pricing needed to implement alternative reference rates.

Financial Accounting Aspects

The transition from LIBOR could impact or change FHN's hedge accounting practices.

In 2020, the FASB issued ASU 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides several optional expedients and exceptions to ease the potential burden in accounting for reference rate reform. The scope of ASU 2020-04 was expanded in 2021 with ASU 2021-01, "Scope". Refer to the Accounting Changes Issued but Not Currently Effective section of Note 1 - Basis of Presentation and Accounting Policies for additional information.

U.S. Tax Accommodation

The IRS has released guidance that is intended to facilitate the transition of existing contracts from LIBOR to new reference rates without triggering modification accounting or taxable exchange treatment for those contracts. This guidance specifies what must be met in order to qualify for the beneficial transition approach and FHN is considering this guidance in its transition plans.

Limited Data Security Incident

As reported previously, in April 2021 FHN became aware of a data security incident affecting a limited number of client accounts. FHN has determined that an unauthorized party obtained login credentials from an unknown source. Using the credentials and exploiting a vulnerability in third-party security software, the party gained unauthorized access to a limited number of online client bank accounts and to personal information in those accounts. The party fraudulently obtained an aggregate of less than $1 million from some of those accounts. FHN remediated the software vulnerability, notified the appropriate regulators and enforcement authorities, reset passwords for affected accounts, reimbursed clients for the stolen funds, and continues to work with affected clients as needed. This event did not have a material adverse effect on FHN's business, results of operations, or financial condition.

Critical Accounting Policies and Estimates

FHN has made no significant changes in its critical accounting policies and estimates from those disclosed in its 2020 Annual Report on Form 10-K.

Accounting Changes With Extended Transition Periods

Refer to Note 1 – Basis of Presentation and Accounting Policies for a detail of accounting changes with extended transition periods, which section is incorporated into MD&A by this reference.

Non-GAAP Information

Table 24—Non-GAAP to GAAP Reconciliation

	Three Months Ended			Six Months Ended	
(Dollars in millions; shares in thousands)	**June 30, 2021**	March 31, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
Pre-provision Net Revenue (Non-GAAP)					
Net interest income (GAAP)	**$ 497**	$ 508	$ 305	**$ 1,004**	$ 608
Plus: Noninterest income (GAAP)	**285**	298	206	**583**	381
Total revenues (GAAP)	**782**	806	511	**1,587**	989
Less: Noninterest expense (GAAP)	**498**	544	320	**1,042**	623
Pre-provision net revenue (Non-GAAP)	**$ 284**	$ 262	$ 191	**$ 545**	$ 366
Average Tangible Common Equity (Non-GAAP)					
Average total equity (GAAP)	**$ 8,459**	$ 8,349	$ 5,118	**$ 8,404**	$ 5,060
Less: Average noncontrolling interest (a)	**295**	295	295	**295**	295
Less: Average preferred stock (a)	**513**	470	150	**492**	123
(A) Total average common equity	**$ 7,651**	$ 7,584	$ 4,673	**$ 7,617**	$ 4,642
Less: Average intangible assets (GAAP) (b)	**1,843**	1,857	1,555	**1,850**	1,558
(B) Average Tangible Common Equity (Non-GAAP)	**$ 5,808**	$ 5,727	$ 3,118	**$ 5,767**	$ 3,084
Net Income Available to Common Shareholders					
(C) Net income available to common shareholders (annualized) (GAAP)	**$ 1,182**	$ 911	$ 210	**$ 1,047**	$ 129
Tangible Common Equity (Non-GAAP)					
(D) Total equity (GAAP)	**$ 8,565**	$ 8,307	$ 5,208	**$ 8,565**	$ 5,208
Less: Noncontrolling interest (a)	**295**	295	295	**295**	295
Less: Preferred stock (a)	**520**	470	240	**520**	240
(E) Total common equity	**$ 7,750**	$ 7,542	$ 4,673	**$ 7,750**	$ 4,673
Less: Intangible assets (GAAP) (b)	**1,836**	1,850	1,553	**1,836**	1,553
(F) Tangible common equity (Non-GAAP)	**5,914**	5,692	3,120	**5,914**	3,120
Less: Unrealized gains (losses) on AFS securities, net of tax	**43**	5	119	**43**	119
(G) Adjusted tangible common equity (Non-GAAP)	**$ 5,871**	$ 5,687	$ 3,001	**$ 5,871**	$ 3,001
Tangible Assets (Non-GAAP)					
(H) Total assets (GAAP)	**$ 87,908**	$ 87,513	$ 48,645	**$ 87,908**	$ 48,645
Less: Intangible assets (GAAP) (b)	**1,836**	1,850	1,553	**1,836**	1,553
(I) Tangible assets (Non-GAAP)	**$ 86,072**	$ 85,663	$ 47,092	**$ 86,072**	$ 47,092
Risk-Weighted Assets					
(J) Risk-weighted assets (c)	**$ 61,991**	$ 62,339	$ 37,038	**$ 61,991**	$ 37,038
Period-end Shares Outstanding					
(K) Period-end shares outstanding	**550,865**	552,374	312,359	**550,865**	312,359
Ratios					
(C)/(A) Return on average common equity (GAAP)	**15.45 %**	12.01 %	4.50 %	13.75 %	2.79 %
(C)/(B) Return on average tangible common equity (Non-GAAP)	**20.36**	15.90	6.74	18.16	4.19
(D)/(H) Total period-end equity to period-end assets (GAAP)	**9.74**	9.49	10.71	**9.74**	10.71
(F)/(I) Tangible common equity to tangible assets (Non-GAAP)	**6.87**	6.64	6.63	**6.87**	6.63
(G)/(J) Adjusted tangible common equity to risk-weighted assets (Non-GAAP)	**9.47**	9.12	8.10	**9.47**	8.10
(E)/(K) Book value per common share (GAAP)	**$ 14.07**	$ 13.65	$ 14.96	**$ 14.07**	$ 14.96
(F)/(K) Tangible book value per common share (Non-GAAP)	**$ 10.74**	$ 10.30	$ 9.99	**$ 10.74**	$ 9.99

(a) Included in total equity on the Consolidated Balance Sheets.
(b) Includes goodwill and other intangible assets, net of amortization.
(c) Defined by and calculated in conformity with bank regulations applicable to FHN.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The information called for by this item is contained in

(a) Management's Discussion and Analysis of Financial Condition and Results of Operations included as Item 2 of Part I of this report, including in particular the section entitled "Risk Management" beginning on page 100 of this report and the subsections entitled "Market Risk Management" beginning on page 100 and "Interest Rate Risk Management" beginning on page 102 of this report, and

(b) Note 15 to the Consolidated Financial Statements appearing on pages 48-54 of this report,

all of which materials are incorporated herein by reference. For additional information concerning market risk and our management of it, refer to: Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in Item 7 to FHN's Annual Report on Form 10-K for the year ended December 31, 2020, including in particular the section entitled "Risk Management" beginning on page 87 of that Report and the subsections entitled "Market Risk Management" beginning on page 88 and "Interest Rate Risk Management" beginning on page 90 of that Report; and Note 22 to the Consolidated Financial Statements appearing on pages 202-209 of Item 8 to FHN's Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. FHN's management, with the participation of FHN's chief executive officer and chief financial officer, has evaluated the effectiveness of FHN's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this quarterly report. Based on that evaluation, the chief executive officer and the chief financial officer have concluded that FHN's disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting. Other than as explained below, there have not been any changes in our internal control over financial reporting during the first fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On July 1, 2020, FHN and IBERIABANK Corporation ("IBKC") closed their merger-of-equals transaction. As permitted by Securities and Exchange Commission rules, we elected to exclude IBKC from our assessment of internal control over financial reporting as of December 31, 2020. Our integration of IBKC's systems and processes with our own could cause changes to our internal controls over financial reporting in future periods.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The “Contingencies” section of Note 11 to the Consolidated Financial Statements beginning on page 36 of this Report is incorporated into this Item by reference.

Item 1A. Risk Factors

Material changes from risk factor disclosures in FHN's Annual Report on Form 10-K for the year ended December 31, 2020, as supplemented in FHN's Quarterly Report on Form 10-Q for the period ended March 31, 2021:

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) & (b) Not Applicable

(c) The "Common Stock Purchase Programs” section including tables 19 and 20 and explanatory discussions included in Item 2 of Part I of this report under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” beginning on page 99 of this report, is incorporated herein by reference.

Items 3., 4., and 5.

Not applicable

Item 6. Exhibits

(a) Exhibits

In the Exhibit Table below: the “Filed Here” column denotes each exhibit which is filed or furnished (as applicable) with this report; the “Mngt Exh” column denotes each exhibit that represents a management contract or compensatory plan or arrangement required to be identified as such; and the “Furnished” column denotes each exhibit that is “furnished” pursuant to 18 U.S.C. Section 1350 or otherwise, and is not “filed” as part of this Report or as a separate disclosure document.

In many agreements filed as exhibits, each party makes representations and warranties to other parties. Those representations and warranties are made only to and for the benefit of those other parties in the context of a business contract. Exceptions to such representations and warranties may be partially or fully waived by such parties, or not enforced by such parties, in their discretion. No such representation or warranty may be relied upon by any other person for any purpose.

EXHIBIT TABLE

Exh No	Description of Exhibit to this Report	Filed Here	Mngt Exh	Furn-ished	Incorporated by Reference to		
					Form	Exh No.	Filing Date
3.1	Amended and Restated Charter of First Horizon Corporation				8-K	3.1	7/30/2021
4.1	Deposit Agreement, dated as of May 3, 2021, by and among First Horizon Corporation, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein [Series F]				8-K	4.1	5/03/2021
4.2	Form of certificate representing the Series F preferred stock				8-K	4.2	5/03/2021
4.3	Form of Depositary Receipt-Series F representing the Depositary Shares (included as part of Exhibit 4.1 to this report)				8-K	4.3	5/03/2021
4.4	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	X					
4.5	FHN agrees to furnish to the Securities and Exchange Commission upon request a copy of each instrument defining the rights of the holders of the senior and subordinated long-term debt of FHN and its consolidated subsidiaries						
10.1	List of Certain Benefits Available to Certain Executive Officers	X	X				
31(a)	Rule 13a-14(a) Certifications of CEO (pursuant to Section 302 of Sarbanes-Oxley Act of 2002)	X					
31(b)	Rule 13a-14(a) Certifications of CFO (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)	X					
32(a)	18 USC 1350 Certifications of CEO (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)	X		X			
32(b)	18 USC 1350 Certifications of CFO (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)	X		X			
	XBRL Exhibits						
101	The following financial information from First Horizon Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets at June 30, 2021 and December 31, 2020; (ii) Consolidated Statements of Income for the Three and Six Months Ended June 30, 2021 and 2020; (iii) Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2021 and 2020; (iv) Consolidated Statements of Changes in Equity for the Three and Six Months Ended June 30, 2021 and 2020; (v) Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2021 and 2020; (vi) Notes to Consolidated Financial Statements.	X					
101. INS	XBRL Instance Document -- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.						
101. SCH	Inline XBRL Taxonomy Extension Schema	X					
101. CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	X					

Exh No	Description of Exhibit to this Report	Filed Here	Mngt Exh	Furn-ished	Incorporated by Reference to		
					Form	Exh No.	Filing Date
101. LAB	Inline XBRL Taxonomy Extension Label Linkbase	X					
101. PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	X					
101. DEF	Inline XBRL Taxonomy Extension Definition Linkbase	X					
104	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101)	X					

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST HORIZON CORPORATION
(Registrant)

Date: August 5, 2021

By: /s/ Anthony J. Restel
Name: Anthony J. Restel
Title: Senior Executive Vice President—Chief Operating Officer and interim Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Exhibit 4.4

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

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Overview

At July 31, 2021, First Horizon Corporation ("First Horizon") had registered the following securities under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

(1) First Horizon's common stock, par value $0.625 per share ("Common Stock");

(2) First Horizon's depositary shares ("Series B Depositary Shares"), each representing a 1/400th interest in a share of First Horizon's 6.625% Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series B ("Series B Preferred Stock");

(3) First Horizon's depositary shares ("Series C Depositary Shares"), each representing a 1/400th interest in a share of First Horizon's 6.60% Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series C ("Series C Preferred Stock");

(4) First Horizon's depositary shares ("Series D Depositary Shares"), each representing a 1/400th interest in a share of First Horizon's 6.100% Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series D ("Series D Preferred Stock");

(5) First Horizon's depositary shares ("Series E Depositary Shares"), each representing a 1/4,000th interest in a share of First Horizon's Non-Cumulative Perpetual Preferred Stock, Series E ("Series E Preferred Stock"); and

(6) First Horizon's depositary shares ("Series F Depositary Shares"), each representing a 1/4,000th interest in a share of First Horizon's Non-Cumulative Perpetual Preferred Stock, Series F ("Series F Preferred Stock").

The description of securities in this exhibit is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to First Horizon's Amended and Restated Charter (the "Charter") and First Horizon's Bylaws (the "Bylaws"). The most recent version of the Charter is exhibit 3.1 to First Horizon's Current Report on Form 8-K filed July 30, 2021, and the most recent version of the Bylaws is exhibit 3.1 to First Horizon's Current Report on Form 8-K filed December 1, 2020. First Horizon's Charter and Bylaws are subject to, and governed by, the laws of Tennessee, including especially the Tennessee Business Corporation Act (the "TCBA"), Title 48 of the Tennessee Code, chapters 11 through 27. In addition:

- The description of First Horizon's Series B Depositary Shares is subject to and qualified in its entirety by reference to a Deposit Agreement, dated as of July 1, 2020 (the "Series B Deposit Agreement"), by and among First Horizon, Equiniti Trust Company, as depositary (the "Series B Depositary"), and the holders from time to time of depositary receipts described therein, which is exhibit 4.1 to First Horizon's Current Report on Form 8-K filed on July 2, 2020 ("First Horizon's 7-2-20 8-K").
- The description of First Horizon's Series C Depositary Shares is subject to and qualified in its entirety by reference to a Deposit Agreement, dated as of July 1, 2020 (the "Series C Deposit Agreement"), by and among First Horizon, Equiniti Trust Company, as depositary (the "Series C Depositary"), and the holders from time to time of depositary receipts described therein, which is exhibit 4.2 to First Horizon's 7-2-20 8-K.
- The description of First Horizon's Series D Depositary Shares is subject to and qualified in its entirety by reference to a Deposit Agreement, dated as of July 1, 2020 (the "Series D Deposit Agreement"), by and among First Horizon, Equiniti Trust Company, as depositary (the "Series D Depositary"), and the holders from time to time of depositary receipts described therein, which is exhibit 4.3 to First Horizon's 7-2-20 8-K.
- The description of First Horizon's Series E Depositary Shares is subject to and qualified in its entirety by reference to a Deposit Agreement, dated as of May 28, 2020 (the "Series E Deposit Agreement"), by and among First Horizon, Equiniti Trust Company, as depositary (the "Series E Depositary"), and the holders from time to time of depositary receipts described therein, which is exhibit 4.1 to First Horizon's Current Report on Form 8-K filed on May 28, 2020.
- The description of First Horizon's Series F Depositary Shares is subject to and qualified in its entirety by reference to a Deposit Agreement, dated as of May 3, 2021 (the "Series F Deposit Agreement"), by and among First Horizon, Equiniti Trust Company, as depositary (the "Series F Depositary"), and the holders from time to time of depositary receipts described therein, which is exhibit 4.1 to First Horizon's Current Report on Form 8-K filed on May 3, 2021.

Historical Note Regarding Corporate Name Change

First Horizon was formerly known as First Horizon National Corporation. First Horizon changed its corporate name to First Horizon Corporation late in 2020. Many of the agreements and other documents mentioned above and elsewhere in this exhibit used the former name and have not been restated to use First Horizon's current name.

Authorized Capital Stock

At July 31, 2021, First Horizon's authorized capital shares consist of 700,000,000 shares of Common Stock and 5,000,000 shares of preferred stock without par value ("Preferred Stock").
First Horizon's Board of directors is authorized to create one or more series of preferred stock from the amount authorized and, for each series, to fix the powers (including voting power), designations, preferences, and relative, participating, optional, or other special rights along with any qualifications, limitations, or restrictions. At July 31, 2021, five series were actively designated, consisting of:

- 8,625 shares of Series B Preferred Stock, liquidation preference $10,000 per share, of which 8,000 shares are outstanding;
- 5,750 shares of Series C Preferred Stock, liquidation preference $10,000 per share, of which 5,750 shares are outstanding;
- 10,000 shares of Series D Preferred Stock, liquidation preference $10,000 per share, of which 10,000 shares are outstanding;
- 1,500 shares of Series E Preferred Stock, liquidation preference $100,000 per share, of which 1,500 shares are outstanding; and
- 1,500 shares of Series F Preferred Stock, liquidation preference $100,000 per share, of which 1,500 shares are outstanding.

The outstanding shares of First Horizon's Common Stock and Preferred Stock are fully paid and nonassessable.

Historical Note Regarding Series A Preferred Stock and Series A Depositary Shares

In 2013, First Horizon designated 1,000 shares of Non-Cumulative Perpetual Preferred Stock, Series A ("Series A Preferred Stock"), liquidation preference $100,000 per share, and issued all 1,000 shares. All shares of Series A Preferred Stock were deposited with a depositary, which issued 4,000,000 depositary shares ("Series A Depositary Shares"), each representing a 1/4,000th interest in a share of Series A Preferred Stock.

Effective July 10, 2021, all 1,000 shares of Series A Preferred Stock were redeemed and became available for future designation and issuance. The redemption of the Series A Preferred Stock triggered the redemption of all 4,000,000 Series A Depositary Shares.

All Series of Preferred Stock designated and issued before the Series A Preferred Stock was redeemed (B, C, D, E, and F) refer to the Series A Preferred Stock in some manner. Those references remain in First Horizon's Charter and are retained in the descriptions in this document, but now are moot in all practical respects.

Description of Common Stock

Voting Rights

Holders of Common Stock are entitled to one vote per share on all matters voted on by the stockholders, including the election of directors. First Horizon's Common Stock does not have cumulative voting rights.

Dividend Rights

Subject to the rights of holders of outstanding shares of Preferred Stock, the holders of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by First Horizon's Board of directors in its discretion out of funds legally available for the payment of dividends.

Each outstanding Series of First Horizon's preferred stock (B, C, D, E, and F) limits First Horizon's ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of Common Stock in the event that First Horizon's Board of directors does not declare and pay (or set aside) dividends on that Series of Preferred Stock.

Liquidation Rights

Subject to any preferential rights of outstanding shares of Preferred Stock, holders of Common Stock will share ratably in all assets legally available for distribution to First Horizon's common stockholders in the event of dissolution.

Other Rights and Preferences

First Horizon's Common Stock has no sinking fund or redemption provisions, and no preemptive, conversion, or exchange rights.

Listing

First Horizon's Common Stock is listed on the New York Stock Exchange LLC under the symbol **FHN**.

Series A Depositary Shares and Series A Preferred Stock

As mentioned above, in 2013, First Horizon designated 1,000 shares of Series A Preferred Stock, liquidation preference $100,000 per share, and issued all 1,000 shares. All shares of Series A Preferred Stock were deposited with a depositary, which issued 4,000,000 Series A Depositary Shares, each representing a 1/4,000th interest in a share of Series A Preferred Stock.

Effective July 10, 2021, all 1,000 shares of Series A Preferred Stock were redeemed and became available for future designation and issuance. The redemption of the Series A Preferred Stock triggered the redemption of all 4,000,000 Series A Depositary Shares. At July 31, 2021, no Series A Preferred Stock was designated, no Series A Preferred Stock shares were outstanding, and no Series A Depositary Shares were outstanding.

Description of Series B Depositary Shares and Series B Preferred Stock

Relationship of Depositary Shares to Preferred Stock

First Horizon's Board has designated 8,625 shares of Series B Preferred Stock, of which 8,000 have been issued, all of which are held by the Series B Depositary under the Series B Deposit Agreement. The Series B Depositary has issued 3,200,000 Series B Depositary Shares, which are evidenced by depositary receipts. Each Series B Depositary Share represents a 1/400th ownership interest in one share of Series B Preferred Stock held by the Series B Depositary. The holders of the Series B Depositary Shares, pro-rata through the Series B Depositary, may exercise, receive, and enjoy all the rights of the underlying Series B Preferred Stock.

The number of designated shares of Series B Preferred Stock may be increased by action of First Horizon's Board without the consent of the current holder of Series B Preferred Stock or the holders of the Series B Depositary Shares.

Ranking

With respect to the payment of dividends and distributions upon First Horizon's liquidation, dissolution or winding up, the Series B Preferred Stock will rank (i) senior to First Horizon's Common Stock and any other class or series of preferred stock that by its terms ranks junior to the Series B Preferred Stock, (ii) equally with the Series A Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock, and any future series of preferred stock that First Horizon may issue that does not by its terms provide for a junior ranking and (iii) junior to all existing and future indebtedness and other liabilities and any class or series of preferred stock that expressly provides in the articles of amendment creating such preferred stock that such series ranks senior to the Series B Preferred Stock (subject to any requisite consents prior to issuance).

The Series B Preferred Stock is not secured, is not guaranteed by First Horizon or any of its affiliates, and is not subject to any other arrangement that legally or economically enhances the ranking of the Series B Preferred Stock.

See also "Ranking of the Five Outstanding Preferred Series with respect to Each Other" on page 50 of this Exhibit.

Voting Rights—Series B Depositary Shares

Because each Series B Depositary Share represents a 1/400th ownership interest in a share of Series B Preferred Stock, holders of Series B Depositary Shares will be entitled to 1/400th of a vote per Series B Depositary Share under those limited circumstances in which holders of the Series B Preferred Stock are entitled to vote.

When the Series B Depositary receives notice of any meeting at which the holders of the Series B Preferred Stock are entitled to vote, the Series B Depositary will provide the information contained in the notice to the record holders of the Series B Depositary Shares relating to the Series B Preferred Stock. Each record holder of Series B Depositary Shares on the record date, which will be the same date as the record date for the Series B Preferred Stock, may instruct the Series B Depositary to vote the amount of the Series B Preferred Stock represented by the holder's Series B Depositary Shares. To the extent possible, the Series B Depositary will vote the amount of the Series B Preferred Stock represented by Series B Depositary Shares in accordance with the instructions it receives. First Horizon has agreed to take all reasonable actions that the Series B Depositary determines are necessary to enable the Series B Depositary to vote as instructed. If the Series B Depositary does not receive specific instructions from the holders of any Series B Depositary Shares representing the Series B Preferred Stock, it will abstain from

voting with respect to such Shares (but shall appear at the meeting with respect to such shares unless directed to the contrary).

Voting Rights—Series B Preferred Stock

Registered owners of Series B Preferred Stock will not have any voting rights, except as set forth below or as otherwise required by applicable law.

Whenever dividends payable on the Series B Preferred Stock or any other class or series of preferred stock ranking equally with the Series B Preferred Stock, including the Series A Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, and the Series E Preferred Stock, as to payment of dividends, and upon which voting rights equivalent to those described in this paragraph have been conferred and are exercisable, have not been declared and paid in an aggregate amount equal to, as to any class or series, the equivalent of at least three or more semi-annual or six or more quarterly Dividend Periods, as applicable, whether or not for consecutive Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Series B Preferred Stock voting as a class with holders of shares of any other series of First Horizon preferred stock ranking equally with the Series B Preferred Stock, including the Series A Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, and the Series E Preferred Stock, as to payment of dividends, and upon which like voting rights have been conferred and are exercisable ("Voting Parity Stock"), will be entitled to vote for the election of two additional directors of First Horizon board of directors on the terms set forth below (and to fill any vacancies in the terms of such directorships) (the "Preferred Stock Directors"). Holders of all series of First Horizon Voting Parity Stock will vote as a single class. In the event that the holders of the shares of the Series B Preferred Stock are entitled to vote as described in this paragraph, the number of members of the First Horizon board of directors at the time will be increased by two directors, and the holders of the Series B Preferred Stock will have the right, as members of that class, as outlined above, to elect two directors at a special meeting called at the request of the holders of record of at least 20% of the aggregate voting power of the Series B Preferred Stock or any other series of Voting Parity Stock (unless such request is received less than 90 days before the date fixed for First Horizon's next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of the stockholders), provided that the election of any Preferred Stock Directors shall not cause First Horizon to violate the corporate governance requirements of the NYSE (or any other exchange on which First Horizon's securities may at such time be listed) that listed companies must have a majority of independent directors, and provided further that at no time shall the First Horizon board of directors include more than two Preferred Stock Directors.

When First Horizon has paid full dividends on the Series B Preferred Stock for the equivalent of at least two semi-annual or four quarterly Dividend Periods, as applicable, following a Nonpayment, the voting rights described above will terminate, except as expressly provided by law. The voting rights described above are subject to re-vesting upon each and every subsequent Nonpayment.

Upon termination of the right of the holders of the Series B Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors as described above, the term of office of all Preferred Stock Directors then in office elected by only those holders will terminate immediately. Whenever the term of office of the Preferred Stock Directors ends and the related voting rights have expired, the number of directors automatically will be decreased to the number of directors as otherwise would prevail. Any Preferred Stock Director may be removed at any time by the holders of record of a majority of the outstanding shares of the Series B Preferred Stock (together with holders of any Voting Parity Stock) when they have the voting rights described in this section.

Under regulations adopted by the Federal Reserve Board, if the holders of any series of preferred stock are or become entitled to vote for the election of directors, such series will be deemed a class of voting

securities and a company holding 25% or more of the series, or 10% or more if it otherwise exercises a "controlling influence" over First Horizon, will be subject to regulation as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). In addition, at the time a Series is deemed a class of voting securities, any other bank holding company will be required to obtain the prior approval of the Federal Reserve Board under the BHC Act to acquire or retain more than 5% of that Series. Any other person (other than a bank holding company) will be required to obtain the non-objection of the Federal Reserve Board under the Change in Bank Control Act of 1978, as amended, to acquire or retain 10% or more of that Series.

So long as any shares of Series B Preferred Stock remain outstanding, First Horizon will not, without the affirmative vote or consent of holders of at least 66 2/3% in voting power of the Series B Preferred Stock and any Voting Parity Stock, voting together as a class, authorize, create or issue any capital stock ranking senior to the Series B Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. So long as any shares of the Series B Preferred Stock remain outstanding, First Horizon will not, without the affirmative vote of the holders of at least 66 2/3% in voting power of the Series B Preferred Stock, amend, alter or repeal any provision of the Articles of Amendment or First Horizon's charter, including by merger, consolidation or otherwise, so as to adversely affect the powers, preferences or special rights of the Series B Preferred Stock.

Notwithstanding the foregoing, none of the following will be deemed to adversely affect the powers, preferences or special rights of the Series B Preferred Stock: any increase in the amount of authorized Common Stock or authorized Preferred Stock, or any increase or decrease in the number of shares of any series of preferred stock, or the authorization, creation and issuance of other classes or series of capital stock, in each case ranking on parity with or junior to the Series B Preferred Stock as to dividends or distribution of assets upon First Horizon's liquidation, dissolution or winding up; a merger or consolidation of First Horizon with or into another entity in which the shares of the Series B Preferred Stock remain outstanding; and a merger or consolidation of First Horizon with or into another entity in which the shares of the Series B Preferred Stock are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity and such new preference securities have powers, preferences and special rights that are not materially less favorable than the Series B Preferred Stock.

Voting Rights under Tennessee Law

Under current provisions of the TBCA, holders of the Series B Preferred Stock are entitled to vote separately as a class on certain amendments to the First Horizon charter that would impact the Series B Preferred Stock.

Dividend Rights—Series B Depositary Shares

Each dividend payable on a Series B Depositary Share will be in an amount equal to 1/400th of the dividend declared and payable on each share of Series B Preferred Stock.

The Series B Depositary will distribute all dividends and other cash distributions received on the Series B Preferred Stock to the holders of record of the Series B Depositary Shares in proportion to the number of Series B Depositary Shares held by each holder. In the event of a distribution other than in cash, the Series B Depositary will distribute property received by it to the holders of record of the Series B Depositary Shares in proportion to the number of Series B Depositary Shares held by each holder, unless the Series B Depositary determines that this distribution is not feasible, in which case the Series B Depositary may, with First Horizon's approval, adopt a method of distribution that it deems equitable and

practicable, including the sale of the property (in a commercially reasonable manner) and distribution of the net proceeds of that sale to the holders of the Series B Depositary Shares.

If the calculation of a dividend or other cash distribution results in an amount that is a fraction of a cent and that fraction is equal to or greater than $0.005, the Series B Depositary will round that amount up to the next highest whole cent and will request that First Horizon pay the resulting additional amount to the Series B Depositary for the relevant dividend or other cash distribution. If the fractional amount is less than $0.005, the Series B Depositary will disregard that fractional amount and add such amount to, and treat it as a part of, the next succeeding distribution.

Record dates for the payment of dividends and other matters relating to the Series B Depositary Shares will be the same as the corresponding record dates for the Series B Preferred Stock.

The amount paid as dividends or otherwise distributable by the Series B Depositary with respect to the Series B Depositary Shares or the underlying Series B Preferred Stock will be reduced by any amounts required to be withheld by First Horizon or the Series B Depositary on account of taxes or other governmental charges. The Series B Depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any Series B Depositary Shares or the shares of the Series B Preferred Stock until such taxes or other governmental charges are paid.

Dividend Rights—Series B Preferred Stock

Holders of the Series B Preferred Stock will be entitled to receive, only when, as, and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), out of assets legally available under applicable law for payment, noncumulative cash dividends based on the liquidation preference of $10,000 per share of Series B Preferred Stock, and no more, at a rate equal to (1) 6.625% per annum (equivalent to $1.65625 per Series B Depositary Share per annum), for each semi-annual Dividend Period occurring from, and including, the original issue date of the Series B Preferred Stock to, but excluding, August 1, 2025 (the "Fixed Rate Period"), and (2) thereafter, three-month LIBOR plus a spread of 426.2 basis points per annum, for each quarterly Dividend Period beginning August 1, 2025 (the "Floating Rate Period"). A "Dividend Period" means the period from, and including, each Dividend Payment Date (as defined below) to, but excluding, the next succeeding Dividend Payment Date, except that the initial Dividend Period will be the period from, and including, the last dividend payment date prior to the closing.

When, as, and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), during the Fixed Rate Period, First Horizon will pay cash dividends on the Series B Preferred Stock semi-annually, in arrears, on February 1 and August 1 of each year (each such date, a "Fixed Period Dividend Payment Date"), beginning on February 1, 2016, and, when, as and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), during the Floating Rate Period, First Horizon will pay cash dividends on the Series B Preferred Stock quarterly, in arrears, on February 1, May 1, August 1 and November 1 of each year, beginning on November 1, 2025 (each such date, a "Floating Period Dividend Payment Date," and together with the Fixed Period Dividend Payment Dates, the "Dividend Payment Dates"). First Horizon will pay cash dividends to the holders of record of shares of the Series B Preferred Stock as they appear on the First Horizon stock register on the applicable record date, which shall be the fifteenth calendar day before that Dividend Payment Date or such other record date fixed by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) that is not more than 60 nor less than 10 days prior to such Dividend Payment Date.

If any Dividend Payment Date on or prior to August 1, 2025 is a day that is not a business day (as defined below), then the dividend with respect to that Dividend Payment Date will instead be paid on the

immediately succeeding business day, without interest or other payment in respect of such delayed payment. If any Dividend Payment Date after August 1, 2025 is a day that is not a business day, then the Dividend Payment Date will be the immediately succeeding business day unless such day falls in the next calendar month, in which case the Dividend Payment Date will instead be the immediately preceding day that is a business day, and dividends will accumulate to the Dividend Payment Date as so adjusted. A "business day" for the Fixed Rate Period means any weekday in New York, New York that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed. A "business day" for the Floating Rate Period means any weekday in New York, New York that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed, and additionally, is a London banking day (as defined below).

First Horizon will calculate dividends on the Series B Preferred Stock for the Fixed Rate Period on the basis of a 360-day year of twelve 30-day months. First Horizon will calculate dividends on the Series B Preferred Stock for the Floating Rate Period on the basis of the actual number of days in a Dividend Period and a 360-day year. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Series B Preferred Stock will cease to accumulate after the redemption date, as described below under "Maturity and Redemption—Series B Preferred Stock," unless First Horizon defaults in the payment of the redemption price of the shares of the Series B Preferred Stock called for redemption.

Dividends on the Series B Preferred Stock will not be cumulative or mandatory. If the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) does not declare a dividend on the Series B Preferred Stock for any Dividend Period prior to the related Dividend Payment Date, that dividend will not accumulate, and First Horizon will have no obligation to pay a dividend for that Dividend Period at any time, whether or not dividends on the Series B Preferred Stock or any other series of First Horizon Preferred Stock or Common Stock are declared for any future Dividend Period.

Dividends on the Series B Preferred Stock will accumulate from the original issue date at the then-applicable dividend rate on the liquidation preference amount of $10,000 per share (equivalent to $25 per Series B Depositary Share). If First Horizon issues additional shares of the Series B Preferred Stock, dividends on those additional shares will accumulate from the original issue date of those additional shares at the then applicable dividend rate.

The dividend rate for each Dividend Period in the Floating Rate Period will be determined by the calculation agent using three-month LIBOR as in effect on the second London banking day prior to the beginning of the Dividend Period, which date is the "dividend determination date" for the relevant Dividend Period. The calculation agent then will add three-month LIBOR as determined on the dividend determination date and the applicable spread. Once the dividend rate for the Series B Preferred Stock is determined, the calculation agent will deliver that information to First Horizon and the transfer agent. Absent manifest error, the calculation agent's determination of the dividend rate for a Dividend Period for the Series B Preferred Stock will be final. A "London banking day" is any day on which commercial banks are open for dealings in deposits in U.S. dollars in the London interbank market.

The term "three-month LIBOR" means the London interbank offered rate for deposits in U.S. dollars for a three month period, as that rate appears on Reuters screen page "LIBOR01" (or any successor or replacement page) at approximately 11:00 a.m., London time, on the relevant dividend determination date.

If no offered rate appears on Reuters screen page "LIBOR01" (or any successor or replacement page) on the relevant dividend determination date at approximately 11:00 a.m., London time, then the calculation agent, in consultation with First Horizon, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month

deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, the calculation agent in consultation with First Horizon will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the dividend determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable Dividend Period in an amount of at least $1,000,000. If three quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. Otherwise, three-month LIBOR for the next Dividend Period will be equal to three-month LIBOR in effect for the then-current Dividend Period or, in the case of the first Dividend Period in the Floating Rate Period, the most recent rate on which three-month LIBOR could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period.

Priority Regarding Dividends

So long as any share of Series B Preferred Stock remains outstanding, (1) no dividend will be declared and paid or set aside for payment and no distribution will be declared and made or set aside for payment on any Junior Stock (as defined below) (other than a dividend payable solely in shares of Junior Stock or any dividend in connection with the implementation of a shareholder rights plan or the redemption or repurchase of any rights under such a plan), (2) no shares of Junior Stock will be repurchased, redeemed, or otherwise acquired for consideration by First Horizon, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange for or conversion into Junior Stock, through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock or pursuant to a contractually binding requirement to buy Junior Stock pursuant to a binding stock repurchase plan existing prior to the most recently completed Dividend Period), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by First Horizon and (3) no shares of Parity Stock (as defined below) will be repurchased, redeemed or otherwise acquired for consideration by First Horizon (other than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series B Preferred Stock and such Parity Stock, through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, as a result of a reclassification of Parity Stock for or into other Parity Stock, or by conversion into or exchange for other Parity Stock or Junior Stock), during a Dividend Period, unless, in each case, the full dividends for the most recently completed Dividend Period on all outstanding shares of the Series B Preferred Stock have been declared and paid in full or declared and a sum sufficient for the payment of those dividends has been set aside. The foregoing limitations do not apply to purchases or acquisitions of First Horizon Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any of First Horizon's employment, severance, or consulting agreements) of First Horizon's or of any of First Horizon's subsidiaries.

Except as described below, for so long as any share of Series B Preferred Stock remains outstanding, First Horizon will not declare, pay, or set aside for payment full dividends on any Parity Stock unless First Horizon has paid in full, or set aside payment in full, in respect of all accumulated dividends for all Dividend Periods for outstanding shares of preferred stock. To the extent that First Horizon declares dividends on the Series B Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, First Horizon will allocate the dividend payments on a pro rata basis among the holders of the shares of Series B Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the pro rata allocation of partial dividend payments, First Horizon will allocate dividend payments based on the ratio between the then current and unpaid dividend payments due on the shares of Series B Preferred Stock and (1) in the case of cumulative Parity Stock the aggregate of the

accumulated and unpaid dividends due on any such Parity Stock and (2) in the case of noncumulative Parity Stock, the aggregate of the declared but unpaid dividends due on any such Parity Stock. No interest will be payable in respect of any dividend payment on Series B Preferred Stock that may be in arrears.

As used in this section, "Junior Stock" means First Horizon Common Stock and any other class or series of First Horizon capital stock over which the Series B Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on First Horizon's liquidation, dissolution or winding up, and "Parity Stock" means the Series A Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock, and any other class or series of First Horizon capital stock that ranks on a par with the Series B Preferred Stock in the payment of dividends and in the distribution of assets on First Horizon's liquidation, dissolution or winding up, which includes any class or series of First Horizon stock hereafter authorized that ranks on a par with the Series B Preferred Stock in the payment of dividends and in the distribution of assets on First Horizon's liquidation, dissolution or winding up.

Subject to the conditions described above, and not otherwise, dividends (payable in cash, stock, or otherwise), as may be determined by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), may be declared and paid on First Horizon Common Stock and any Junior Stock from time to time out of any funds legally available for such payment, and the holders of the Series B Preferred Stock will not be entitled to participate in those dividends.

Maturity and Redemption—Series B Depositary Shares

If First Horizon redeems the Series B Preferred Stock, in whole or in part, Series B Depositary Shares also will be redeemed with the proceeds received by the Series B Depositary from the redemption of the Series B Preferred Stock held by the Series B Depositary. The redemption price per Series B Depositary Shares will be 1/400th of the redemption price per share payable with respect to the Series B Preferred Stock (or $25 per Series B Depositary Share), plus, as applicable, any accumulated and unpaid dividends on the shares of the Series B Preferred Stock called for redemption for the then-current dividend period to, but excluding, the redemption date, without accumulation of any undeclared dividends.

If First Horizon redeems shares of the Series B Preferred Stock held by the Series B Depositary, the Series B Depositary will redeem, as of the same redemption date, the number of Series B Depositary Shares representing those shares of the Series B Preferred Stock so redeemed. If First Horizon redeems less than all of the outstanding Series B Depositary Shares, the Series B Depositary Shares to be redeemed will be selected either pro rata or by lot. In any case, the Series B Depositary will redeem Series B Depositary Shares only in increments of 400 Depositary Shares and multiples thereof. The Series B Depositary will provide notice of redemption to record holders of the Series B Depositary Shares not less than 30 and not more than 60 days prior to the date fixed for redemption of the applicable series of Series B Preferred Stock and the Series B Depositary Shares.

Maturity and Redemption—Series B Preferred Stock

The Series B Preferred Stock is perpetual and has no maturity date. The Series B Preferred Stock is not subject to any mandatory redemption, sinking fund, or other similar provision.

Neither the holders of Series B Preferred Stock nor the holders of the Series B Depositary Shares have the right to require the redemption or repurchase of the Series B Preferred Stock. In addition, under the Federal Reserve Board's risk-based capital rules applicable to bank holding companies, any redemption of the Series B Preferred Stock is subject to prior approval of the Federal Reserve Board.

Optional Redemption

First Horizon may redeem the Series B Preferred Stock, in whole or in part, at First Horizon's option, for cash, on any Dividend Payment Date on or after August 1, 2025, with not less than 30 days' and not more

than 60 days' notice ("Optional Redemption"), subject to the approval of the appropriate federal banking agency, at the redemption price provided below. Dividends will not accumulate on those shares of Series B Preferred Stock on and after the redemption date.

Redemption Following a Regulatory Capital Event

First Horizon may redeem the Series B Preferred Stock, in whole but not in part, at First Horizon's option, for cash, at any time within 90 days following a Regulatory Capital Treatment Event, subject to the approval of the appropriate federal banking agency, at the redemption price provided below ("Regulatory Event Redemption"). A "Regulatory Capital Treatment Event" means a good faith determination by First Horizon that, as a result of any: amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of the Series B Preferred Stock; proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of the Series B Preferred Stock; or official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced or becomes effective after the initial issuance of the Series B Preferred Stock there is more than an insubstantial risk that First Horizon will not be entitled to treat the full liquidation value of the Series B Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy laws or regulations of the Federal Reserve Board (or, as and if applicable, the capital adequacy laws or regulations of any successor appropriate federal banking agency), as then in effect and applicable, for as long as any share of Series B Preferred Stock is outstanding. Dividends will not accumulate on the shares of Series B Preferred Stock on and after the redemption date.

Redemption Price

The redemption price for any redemption of Series B Preferred Stock, whether an Optional Redemption or Regulatory Event Redemption, will be equal to $10,000 per share of Series B Preferred Stock (equivalent to $25 per Series B Depositary Share), plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Redemption Procedures

If First Horizon elects to redeem any shares of Series B Preferred Stock, First Horizon will provide notice to the holders of record of the shares of Series B Preferred Stock to be redeemed, not less than 30 days and not more than 60 days before the date fixed for redemption thereof (provided, however, that if the shares of Series B Preferred Stock or the Series B Depositary Shares are held in book-entry form through The Depository Trust Company ("DTC"), First Horizon may give this notice in any manner permitted by DTC). Any notice given as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives this notice, and any defect in this notice or in the provision of this notice, to any holder of shares of Series B Preferred Stock designated for redemption will not affect the redemption of any other shares of Series B Preferred Stock. Each notice of redemption shall state: the redemption date; the redemption price; if fewer than all shares of Series B Preferred Stock are to be redeemed, the number of shares of Series B Preferred Stock to be redeemed; and the manner in which holders of Series B Preferred Stock called for redemption may obtain payment of the redemption price in respect to those shares.

If notice of redemption of any shares of Series B Preferred Stock has been given and if the funds necessary for such redemption have been set aside by First Horizon in trust for the benefit of the holders of any shares of Series B Preferred Stock so called for redemption, then from and after the redemption date such shares of Series B Preferred Stock will no longer be deemed outstanding, all dividends with

respect to such shares of Series B Preferred Stock shall cease to accumulate after the redemption date and all rights of the holders of such shares will terminate, except the right to receive the redemption price, without interest.

In the case of any redemption of only part of the Series B Preferred Stock at the time outstanding, the shares of Series B Preferred Stock to be redeemed will be selected either pro rata or by lot or in such other manner as the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) determines to be fair and equitable. Subject to the provisions set forth in this section, the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) will have the full power and authority to prescribe the terms and conditions upon which shares of Series B Preferred Stock may be redeemed from time to time.

Liquidation Rights

Upon First Horizon's voluntary or involuntary liquidation, dissolution or winding up, the holders of the outstanding shares of Series B Preferred Stock are entitled to be paid out of First Horizon assets legally available for distribution to First Horizon shareholders, before any distribution of assets is made to holders of or any other Junior Stock, a liquidating distribution in the amount of a liquidation common stock preference of $10,000 per share (equivalent to $25 per Series B Depositary Share), plus the sum of any declared and unpaid dividends for prior Dividend Periods prior to the Dividend Period in which the liquidation distribution is made and any declared and unpaid dividends for the then current Dividend Period in which the liquidation distribution is made to the date of such liquidation distribution. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series B Preferred Stock will have no right or claim to any of First Horizon's remaining assets.

Distributions will be made only to the extent that First Horizon assets are available after satisfaction of all liabilities to depositors, and creditors and subject to the rights of holders of any securities ranking senior to the Series B Preferred Stock. If First Horizon's remaining assets are not sufficient to pay the full liquidating distributions to the holders of all outstanding Series B Preferred Stock and all Parity Stock, then First Horizon will distribute First Horizon's assets to those holders pro rata in proportion to the full liquidating distributions to which they would otherwise have received.

First Horizon's merger or consolidation with one or more other entities or the sale, lease, exchange or other transfer of all or substantially all of First Horizon's assets (for cash, securities or other consideration) will not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up. If First Horizon enters into any merger or consolidation transaction with or into any other entity and First Horizon is not the surviving entity in such transaction, the Series B Preferred Stock may be converted into shares of the surviving or successor corporation or the direct or indirect parent of the surviving or successor corporation having terms identical to the terms of the Series B Preferred Stock.

Because First Horizon is a holding company, First Horizon's rights and the rights of First Horizon's creditors and First Horizon's stockholders, including the holders of the Series B Preferred Stock, to participate in the distribution of assets of any of First Horizon's subsidiaries upon that subsidiary's voluntary or involuntary liquidation, dissolution or winding up will be subject to the prior claims of that subsidiary's creditors, except to the extent that First Horizon is a creditor with recognized claims against that subsidiary. In addition, holders of the Series B Preferred Stock (and of Series B Depositary Shares) may be fully subordinated to interests held by the U.S. Government in the event First Horizon enters into a receivership, insolvency, liquidation or similar proceeding.

No Preemptive or Conversion Rights

Holders of the Series B Preferred Stock do not have preemptive rights. The Series B Preferred Stock is not convertible into, or exchangeable for, shares of any other class or series of capital stock or other

securities of First Horizon, nor convertible into or exchangeable for any other of First Horizon's property, interests or securities.

Listing

Series B Depositary Shares are listed on the New York Stock Exchange LLC under the trading symbol **FHN PR B**. The Series B Preferred Stock is not listed on any exchange, and is not registered under the Securities Exchange Act of 1934.

Description of Series C Depositary Shares and Series C Preferred Stock

Relationship of Depositary Shares to Preferred Stock

First Horizon's Board has designated 5,750 shares of Series C Preferred Stock, of which all have been issued and are held by the Series C Depositary under the Series C Deposit Agreement. The Series C Depositary has issued 2,300,000 Series C Depositary Shares, which are evidenced by depositary receipts. Each Series C Depositary Share represents a 1/400th ownership interest in one share of Series C Preferred Stock held by the Series C Depositary. The holders of the Series C Depositary Shares, pro-rata through the Series C Depositary, may exercise, receive, and enjoy all the rights of the underlying Series C Preferred Stock.

The number of designated shares of Series C Preferred Stock may be increased by action of First Horizon's Board without the consent of the current holder of Series C Preferred Stock or the holders of the Series C Depositary Shares.

Ranking

With respect to the payment of dividends and distributions upon First Horizon's liquidation, dissolution or winding up, the Series C Preferred Stock will rank (i) senior to First Horizon Common Stock and any other class or series of preferred stock that by its terms ranks junior to the Series C Preferred Stock, (ii) equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock, and any existing or future series of preferred stock that does not by its terms provide for a junior ranking, and (iii) junior to all existing and future indebtedness and other liabilities and any class or series of preferred stock that expressly provides in the Articles of Amendment creating such preferred stock that such series ranks senior to the Series C Preferred Stock (subject to any requisite consents prior to issuance).

The Series C Preferred Stock is not secured, is not guaranteed by First Horizon or any of its affiliates and is not subject to any other arrangement that legally or economically enhances the ranking of the Series C Preferred Stock.

See also "Ranking of the Five Outstanding Preferred Series with respect to Each Other" on page 50 of this Exhibit.

Voting Rights—Series C Depositary Shares

Because each Series C Depositary Share represents a 1/400th ownership interest in a share of Series C Preferred Stock, holders of Series C Depositary Shares will be entitled to 1/400th of a vote per Series C Depositary Share under those limited circumstances in which holders of the Series C Preferred Stock are entitled to vote.

When the Series C Depositary receives notice of any meeting at which the holders of the Series C Preferred Stock are entitled to vote, the Series C Depositary will provide the information contained in the notice to the record holders of the Series C Depositary Shares relating to the Series C Preferred Stock. Each record holder of Series C Depositary Shares on the record date, which will be the same date as the record date for the Series C Preferred Stock, may instruct the Series C Depositary to vote the amount of the Series C Preferred Stock represented by the holder's Series C Depositary Shares. To the extent possible, the Series C Depositary will vote the amount of the Series C Preferred Stock represented by Series C Depositary Shares in accordance with the instructions it receives. First Horizon has agreed to take all reasonable actions that the Series C Depositary determines are necessary to enable the Series C Depositary to vote as instructed. If the Series C Depositary does not receive specific instructions from the holders of any Series C Depositary Shares representing the Series C Preferred Stock, it will abstain from

voting with respect to such Shares (but shall appear at the meeting with respect to such shares unless directed to the contrary).

Voting Rights—Series C Preferred Stock

Registered owners of Series C Preferred Stock will not have any voting rights, except as set forth below or as otherwise required by applicable law.

Whenever dividends payable on the Series C Preferred Stock or any other class or series of preferred stock ranking equally with the Series C Preferred Stock, including the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, and the Series E Preferred Stock, as to payment of dividends, and upon which voting rights equivalent to those described in this paragraph have been conferred and are exercisable, have not been declared and paid in an aggregate amount equal to, as to any class or series, the equivalent of at least six or more quarterly Dividend Periods, whether or not for consecutive Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Series C Preferred Stock voting as a class with holders of shares of any other series of First Horizon preferred stock ranking equally with the Series C Preferred Stock, including the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, and the Series E Preferred Stock, as to payment of dividends, and upon which like voting rights have been conferred and are exercisable ("Voting Parity Stock"), will be entitled to vote for the election of two additional directors of the First Horizon board of directors on the terms set forth below (and to fill any vacancies in the terms of such directorships) (the "Preferred Stock Directors"). Holders of all series of First Horizon Voting Parity Stock will vote as a single class. In the event that the holders of the shares of the Series C Preferred Stock are entitled to vote as described in this paragraph, the number of members of the First Horizon board of directors at the time will be increased by two directors, and the holders of the Series C Preferred Stock will have the right, as members of that class, as outlined above, to elect two directors at a special meeting called at the request of the holders of record of at least 20% of the aggregate voting power of the Series C Preferred Stock or any other series of Voting Parity Stock (unless such request is received less than 90 days before the date fixed for First Horizon's next annual or special meeting of the shareholders, in which event such election shall be held at such next annual or special meeting of the shareholders), provided that the election of any Preferred Stock Directors shall not cause First Horizon to violate the corporate governance requirements of the NYSE (or any other exchange on which First Horizon's securities may at such time be listed) that listed companies must have a majority of independent directors, and provided further that at no time shall the First Horizon board of directors include more than two Preferred Stock Directors.

When First Horizon has paid full dividends on the Series C Preferred Stock for the equivalent of at least four quarterly Dividend Periods following a Nonpayment, the voting rights described above will terminate, except as expressly provided by law. The voting rights described above are subject to re-vesting upon each and every subsequent Nonpayment.

Upon termination of the right of the holders of the Series C Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors as described above, the term of office of all Preferred Stock Directors then in office elected by only those holders will terminate immediately.

Whenever the term of office of the Preferred Stock Directors ends and the related voting rights have expired, the number of directors automatically will be decreased to the number of directors as otherwise would prevail. Any Preferred Stock Director may be removed at any time by the holders of record of a majority of the outstanding shares of the Series C Preferred Stock (together with holders of any Voting Parity Stock) when they have the voting rights described in this section.

Under regulations adopted by the Federal Reserve Board, if the holders of any series of preferred stock are or become entitled to vote for the election of directors, such series will be deemed a class of voting

securities and a company holding 25% or more of the series, or 10% or more if it otherwise exercises a "controlling influence" over First Horizon, will be subject to regulation as a bank holding company under the BHC Act. In addition, at the time a Series is deemed a class of voting securities, any other bank holding company will be required to obtain the prior approval of the Federal Reserve Board under the BHC Act to acquire or retain more than 5% of that Series. Any other person (other than a bank holding company) will be required to obtain the non-objection of the Federal Reserve Board under the Change in Bank Control Act of 1978, as amended, to acquire or retain 10% or more of that Series.

So long as any shares of preferred stock remain outstanding, First Horizon will not, without the affirmative vote or consent of holders of at least 66 2/3% in voting power of the Series C Preferred Stock and any Voting Parity Stock, voting together as a class, authorize, create or issue any capital stock ranking senior to the Series C Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. So long as any shares of the Series C Preferred Stock remain outstanding, First Horizon will not, without the affirmative vote of the holders of at least 66 2/3% in voting power of the Series C Preferred Stock, amend, alter or repeal any provision of the Articles of Amendment or the First Horizon charter, including by merger, consolidation or otherwise, so as to affect the powers, preferences or special rights of the Series C Preferred Stock.

Notwithstanding the foregoing, none of the following will be deemed to affect the powers, preferences or special rights of the Series C Preferred Stock: any increase in the amount of authorized Common Stock or authorized Preferred Stock, or any increase or decrease in the number of shares of any series of Preferred Stock, or the authorization, creation and issuance of other classes or series of capital stock, in each case ranking on parity with or junior to the Series C Preferred Stock as to dividends or distribution of assets upon First Horizon's liquidation, dissolution or winding up; a merger or consolidation of First Horizon with or into another entity in which the shares of the Series C Preferred Stock remain outstanding; and a merger or consolidation of First Horizon with or into another entity in which the shares of the Series C Preferred Stock are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity and such new preference securities have powers, preferences and special rights that are not materially less favorable than the Series C Preferred Stock.

Voting Rights under Tennessee Law

Under current provisions of the TBCA, holders of the Series C Preferred Stock are entitled to vote separately as a class on certain amendments to the First Horizon charter that would impact the Series C Preferred Stock.

Dividend Rights—Series C Depositary Shares

Each dividend payable on a Series C Depositary Share will be in an amount equal to 1/400th of the dividend declared and payable on each share of Series C Preferred Stock.

The Series C Depositary will distribute all dividends and other cash distributions received on the Series C Preferred Stock to the holders of record of the Series C Depositary Shares in proportion to the number of Series C Depositary Shares held by each holder. In the event of a distribution other than in cash, the Series C Depositary will distribute property received by it to the holders of record of the Series C Depositary Shares in proportion to the number of Series C Depositary Shares held by each holder, unless the Series C Depositary determines that this distribution is not feasible, in which case the Series C Depositary may, with First Horizon's approval, adopt a method of distribution that it deems equitable and

practicable, including the sale of the property (in a commercially reasonable manner) and distribution of the net proceeds of that sale to the holders of the Series C Depositary Shares.

If the calculation of a dividend or other cash distribution results in an amount that is a fraction of a cent and that fraction is equal to or greater than $0.005, the Series C Depositary will round that amount up to the next highest whole cent and will request that First Horizon pay the resulting additional amount to the Series C Depositary for the relevant dividend or other cash distribution. If the fractional amount is less than $0.005, the Series C Depositary will disregard that fractional amount and add such amount to, and treat it as a part of, the next succeeding distribution.

Record dates for the payment of dividends and other matters relating to the Series C Depositary Shares will be the same as the corresponding record dates for the Series C Preferred Stock.

The amount paid as dividends or otherwise distributable by the Series C Depositary with respect to the Series C Depositary Shares or the underlying Series C Preferred Stock will be reduced by any amounts required to be withheld by First Horizon or the Series C Depositary on account of taxes or other governmental charges. The Series C Depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any Series C Depositary Shares or the shares of the Series C Preferred Stock until such taxes or other governmental charges are paid.

Dividend Rights—Series C Preferred Stock

Holders of the Series C Preferred Stock will be entitled to receive, only when, as, and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), out of assets legally available under applicable law for payment, noncumulative cash dividends based on the liquidation preference of $10,000 per share of Series C Preferred Stock, and no more, at a rate equal to (1) 6.60% per annum (equivalent to $1.65 per Series C Depositary Share per annum), for each quarterly Dividend Period occurring from, and including, the original issue date of the Series C Preferred Stock to, but excluding, May 1, 2026 (the "Fixed Rate Period"), and (2) thereafter, three-month LIBOR plus a spread of 492 basis points per annum, for each quarterly Dividend Period beginning May 1, 2026 (the "Floating Rate Period"). A "Dividend Period" means the period from, and including, each Dividend Payment Date (as defined below) to, but excluding, the next succeeding Dividend Payment Date, except that the initial Dividend Period will be the period from, and including, the last dividend payment date prior to the closing.

When, as, and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), First Horizon will pay cash dividends on the Series C Preferred Stock quarterly, in arrears, on February 1, May 1, August 1 and November 1 of each year (each such date, a "Dividend Payment Date"), beginning on the first Dividend Payment Date after completion of the merger. First Horizon will pay cash dividends to the holders of record of shares of the Series C Preferred Stock as they appear on First Horizon's stock register on the applicable record date, which shall be the fifteenth calendar day before that Dividend Payment Date or such other record date fixed by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) that is not more than 60 nor less than 10 days prior to such Dividend Payment Date.

If any Dividend Payment Date on or prior to May 1, 2026 is a day that is not a business day (as defined below), then the dividend with respect to that Dividend Payment Date will instead be paid on the immediately succeeding business day, without interest or other payment in respect of such delayed payment. If any Dividend Payment Date after May 1, 2026 is a day that is not a business day, then the Dividend Payment Date will be the immediately succeeding business day unless such day falls in the next calendar month, in which case the Dividend Payment Date will instead be the immediately preceding day that is a business day, and dividends will accumulate to the Dividend Payment Date as so adjusted. A

"business day" for the Fixed Rate Period means any weekday in New York, New York that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed. A "business day" for the Floating Rate Period means any weekday in New York, New York that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed, and additionally, is a London banking day (as defined below).

First Horizon will calculate dividends on the Series C Preferred Stock for the Fixed Rate Period on the basis of a 360-day year of twelve 30-day months. First Horizon will calculate dividends on the Series C Preferred Stock for the Floating Rate Period on the basis of the actual number of days in a Dividend Period and a 360-day year. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Series C Preferred Stock will cease to accumulate after the redemption date, as described below under "Maturity and Redemption—Series C Preferred Stock," unless First Horizon defaults in the payment of the redemption price of the shares of the Series C Preferred Stock called for redemption.

Dividends on the Series C Preferred Stock will not be cumulative or mandatory. If the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) does not declare a dividend on the Series C Preferred Stock for any Dividend Period prior to the related Dividend Payment Date, that dividend will not accumulate, and First Horizon will have no obligation to pay a dividend for that Dividend Period at any time, whether or not dividends on the Series C Preferred Stock or any other series of First Horizon Preferred Stock or Common Stock are declared for any future Dividend Period.

Dividends on the Series C Preferred Stock will accumulate from the issue date at the then-applicable dividend rate on the liquidation preference amount of $10,000 per share (equivalent to $25 per Series C Depositary Share). If First Horizon issues additional shares of the Series C Preferred Stock, dividends on those additional shares will accumulate from the issue date of those additional shares at the then-applicable dividend rate.

The dividend rate for each Dividend Period in the Floating Rate Period will be determined by the calculation agent using three-month LIBOR as in effect on the second London banking day prior to the beginning of the Dividend Period, which date is the "dividend determination date" for the relevant Dividend Period. The calculation agent then will add three-month LIBOR as determined on the dividend determination date and the applicable spread. Once the dividend rate for the Series C Preferred Stock is determined, the calculation agent will deliver that information to First Horizon and the transfer agent. Absent manifest error, the calculation agent's determination of the dividend rate for a Dividend Period for the Series C Preferred Stock will be final. A "London banking day" is any day on which commercial banks are open for dealings in deposits in U.S. dollars in the London interbank market.

The term "three-month LIBOR" means the London interbank offered rate for deposits in U.S. dollars for a three month period, as that rate appears on Reuters screen page "LIBOR01" (or any successor or replacement page) at approximately 11:00 a.m., London time, on the relevant dividend determination date.

If no offered rate appears on Reuters screen page "LIBOR01" (or any successor or replacement page) on the relevant dividend determination date at approximately 11:00 a.m., London time, then the calculation agent, in consultation with First Horizon, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, the calculation agent in consultation with First Horizon will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by

it at approximately 11:00 a.m., New York City time, on the dividend determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable Dividend Period in an amount of at least $1,000,000. If three quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided.

Otherwise, three-month LIBOR for the next Dividend Period will be equal to three-month LIBOR in effect for the then-current Dividend Period or, in the case of the first Dividend Period in the Floating Rate Period, the most recent rate on which three-month LIBOR could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period.

Priority Regarding Dividends

So long as any share of Series C Preferred Stock remains outstanding, (1) no dividend will be declared and paid or set aside for payment and no distribution will be declared and made or set aside for payment on any Junior Stock (as defined below) (other than a dividend payable solely in shares of Junior Stock or any dividend in connection with the implementation of a shareholder rights plan or the redemption or repurchase of any rights under such a plan); (2) no shares of Junior Stock will be repurchased, redeemed, or otherwise acquired for consideration by First Horizon, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange for or conversion into Junior Stock, through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock or pursuant to a contractually binding requirement to buy Junior Stock pursuant to a binding stock repurchase plan existing prior to the most recently completed Dividend Period), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by First Horizon; and (3) no shares of Parity Stock (as defined below) will be repurchased, redeemed or otherwise acquired for consideration by First Horizon (other than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series C Preferred Stock and such Parity Stock, through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, as a result of a reclassification of Parity Stock for or into other Parity Stock, or by conversion into or exchange for other Parity Stock or Junior Stock), during a Dividend Period, unless, in each case, the full dividends for the most recently completed Dividend Period on all outstanding shares of the Series C Preferred Stock have been declared and paid in full or declared and a sum sufficient for the payment of those dividends has been set aside. The foregoing limitations do not apply to purchases or acquisitions of First Horizon's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any First Horizon employment, severance, or consulting agreements) of First Horizon's or of any of First Horizon's subsidiaries.

Except as described below, for so long as any share of Series C Preferred Stock remains outstanding, First Horizon will not declare, pay, or set aside for payment full dividends on any Parity Stock unless First Horizon has paid in full, or set aside payment in full, in respect of all accumulated dividends for all Dividend Periods for outstanding shares of preferred stock. To the extent that First Horizon declares dividends on the Series C Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, First Horizon will allocate the dividend payments on a pro rata basis among the holders of the shares of Series C Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the pro rata allocation of partial dividend payments, First Horizon will allocate dividend payments based on the ratio between the then current and unpaid dividend payments due on the shares of Series C Preferred Stock and (1) in the case of cumulative Parity Stock the aggregate of the accumulated and unpaid dividends due on any such Parity Stock and (2) in the case of noncumulative Parity Stock, the aggregate of the declared but unpaid dividends due on any such Parity Stock. No interest will be payable in respect of any dividend payment on Series C Preferred Stock that may be in arrears.

As used in this section, "Junior Stock" means First Horizon Common Stock and any other class or series of First Horizon's capital stock over which the Series C Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on First Horizon's liquidation, dissolution or winding up, and "Parity Stock" means the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, and the Series E Preferred Stock, and any other class or series of First Horizon's capital stock that ranks on a par with the Series C preferred stock in the payment of dividends and in the distribution of assets on First Horizon's liquidation, dissolution or winding up, which includes any other class or series of First Horizon's stock hereafter authorized that ranks on a par with the Series C Preferred Stock in the payment of dividends and in the distribution of assets on First Horizon's liquidation, dissolution or winding up.

Subject to the conditions described above, and not otherwise, dividends (payable in cash, stock, or otherwise), as may be determined by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), may be declared and paid on First Horizon's Common Stock and any Junior Stock from time to time out of any funds legally available for such payment, and the holders of the Series C Preferred Stock will not be entitled to participate in those dividends.

Maturity and Redemption—Series C Depositary Shares

If First Horizon redeems the Series C Preferred Stock, in whole or in part, Series C Depositary Shares also will be redeemed with the proceeds received by the Series C Depositary from the redemption of the Series C Preferred Stock held by the Series C Depositary. The redemption price per Series C Depositary Shares will be 1/400th of the redemption price per share payable with respect to the Series C Preferred Stock (or $25 per Series C Depositary Share), plus, as applicable, any accumulated and unpaid dividends on the shares of the Series C Preferred Stock called for redemption for the then-current dividend period to, but excluding, the redemption date, without accumulation of any undeclared dividends.

If First Horizon redeems shares of the Series C Preferred Stock held by the Series C Depositary, the Series C Depositary will redeem, as of the same redemption date, the number of Series C Depositary Shares representing those shares of the Series C Preferred Stock so redeemed. If First Horizon redeems less than all of the outstanding Series C Depositary Shares, the Series C Depositary Shares to be redeemed will be selected either pro rata or by lot. In any case, the Series C Depositary will redeem Series C Depositary Shares only in increments of 400 Depositary Shares and multiples thereof. The Series C Depositary will provide notice of redemption to record holders of the Series C Depositary Shares not less than 30 and not more than 60 days prior to the date fixed for redemption of the applicable series of Series C Preferred Stock and the Series C Depositary Shares.

Maturity and Redemption—Series C Preferred Stock

The Series C Preferred Stock is perpetual and has no maturity date. The Series C Preferred Stock is not subject to any mandatory redemption, sinking fund, or other similar provision.

Neither the holders of Series C Preferred Stock nor the holders of the Series C Depositary Shares have the right to require the redemption or repurchase of the Series C Preferred Stock. In addition, under the Federal Reserve Board's risk-based capital rules applicable to bank holding companies, any redemption of the Series C Preferred Stock is subject to prior approval of the Federal Reserve Board.

Optional Redemption

First Horizon may redeem the Series C Preferred Stock, in whole or in part, at First Horizon's option, for cash, on any Dividend Payment Date on or after May 1, 2026, with not less than 30 days' and not more than 60 days' notice ("Optional Redemption"), subject to the approval of the appropriate federal banking

agency, at the redemption price provided below. Dividends will not accumulate on those shares of Series C Preferred Stock on and after the redemption date.

Redemption Following a Regulatory Capital Event

First Horizon may redeem the Series C Preferred Stock, in whole but not in part, at First Horizon's option, for cash, at any time within 90 days following a Regulatory Capital Treatment Event, subject to the approval of the appropriate federal banking agency, at the redemption price provided below ("Regulatory Event Redemption"). A "Regulatory Capital Treatment Event" means a good faith determination by First Horizon that, as a result of any: amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of the Series C Preferred Stock; proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of the Series C Preferred Stock; or official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced or becomes effective after the initial issuance of the Series C Preferred Stock, there is more than an insubstantial risk that First Horizon will not be entitled to treat the full liquidation value of the Series C Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy laws or regulations of the Federal Reserve Board (or, as and if applicable, the capital adequacy laws or regulations of any successor appropriate federal banking agency), as then in effect and applicable, for as long as any share of Series C Preferred Stock is outstanding. Dividends will not accumulate on the shares of Series C Preferred Stock on and after the redemption date.

Redemption Price

The redemption price for any redemption of Series C Preferred Stock, whether an Optional Redemption or Regulatory Event Redemption, will be equal to $10,000 per share of Series C Preferred Stock (equivalent to $25 per Series C Depositary Share), plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Redemption Procedures

If First Horizon elects to redeem any shares of Series C Preferred Stock, First Horizon will provide notice to the holders of record of the shares of Series C Preferred Stock to be redeemed, not less than 30 days and not more than 60 days before the date fixed for redemption thereof (provided, however, that if the shares of Series C Preferred Stock or the Series C Depositary Shares are held in book-entry form through DTC, First Horizon may give this notice in any manner permitted by DTC). Any notice given as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives this notice, and any defect in this notice or in the provision of this notice, to any holder of shares of Series C Preferred Stock designated for redemption will not affect the redemption of any other shares of Series C Preferred Stock. Each notice of redemption shall state: the redemption date; the redemption price; if fewer than all shares of Series C Preferred Stock are to be redeemed, the number of shares of Series C Preferred Stock to be redeemed; and the manner in which holders of Series C Preferred Stock called for redemption may obtain payment of the redemption price in respect to those shares.

If notice of redemption of any shares of Series C Preferred Stock has been given and if the funds necessary for such redemption have been set aside by First Horizon in trust for the benefit of the holders of any shares of Series C Preferred Stock so called for redemption, then from and after the redemption date such shares of Series C Preferred Stock will no longer be deemed outstanding, all dividends with respect to such shares of Series C Preferred Stock shall cease to accumulate after the redemption date and

all rights of the holders of such shares will terminate, except the right to receive the redemption price, without interest.

In the case of any redemption of only part of the Series C Preferred Stock at the time outstanding, the shares of Series C Preferred Stock to be redeemed will be selected either pro rata or by lot or in such other manner as the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) determines to be fair and equitable. Subject to the provisions set forth in this section, the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) will have the full power and authority to prescribe the terms and conditions upon which shares of Series C Preferred Stock may be redeemed from time to time.

Liquidation Rights

Upon First Horizon's voluntary or involuntary liquidation, dissolution or winding up, the holders of the outstanding shares of Series C Preferred Stock are entitled to be paid out of First Horizon's assets legally available for distribution to First Horizon's shareholders, before any distribution of assets is made to holders of Common Stock or any other Junior Stock, a liquidating distribution in the amount of a liquidation preference of $10,000 per share (equivalent to $25 per Series C Depositary Share), plus the sum of any declared and unpaid dividends for prior Dividend Periods prior to the Dividend Period in which the liquidation distribution is made and any declared and unpaid dividends for the then current Dividend Period in which the liquidation distribution is made to the date of such liquidation distribution. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series C Preferred Stock will have no right or claim to any of First Horizon's remaining assets.

Distributions will be made only to the extent that First Horizon's assets are available after satisfaction of all liabilities to depositors, and creditors and subject to the rights of holders of any securities ranking senior to the Series C Preferred Stock. If First Horizon's remaining assets are not sufficient to pay the full liquidating distributions to the holders of all outstanding Series C Preferred Stock and all Parity Stock, then First Horizon will distribute First Horizon's assets to those holders pro rata in proportion to the full liquidating distributions to which they would otherwise have received.

First Horizon's merger or consolidation with one or more other entities or the sale, lease, exchange or other transfer of all or substantially all of First Horizon's assets (for cash, securities or other consideration) will not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up. If First Horizon enters into any merger or consolidation transaction with or into any other entity and First Horizon is not the surviving entity in such transaction, the Series C Preferred Stock may be converted into shares of the surviving or successor corporation or the direct or indirect parent of the surviving or successor corporation having terms identical to the terms of the Series C Preferred Stock.

Because First Horizon is a holding company, First Horizon's rights and the rights of First Horizon's creditors and First Horizon's shareholders, including the holders of the Series C Preferred Stock, to participate in the distribution of assets of any of First Horizon's subsidiaries upon that subsidiary's voluntary or involuntary liquidation, dissolution or winding up will be subject to the prior claims of that subsidiary's creditors, except to the extent that First Horizon is a creditor with recognized claims against that subsidiary. In addition, holders of the Series C Preferred Stock (and of Series C Depositary Shares) may be fully subordinated to interests held by the U.S. Government in the event First Horizon enters into a receivership, insolvency, liquidation or similar proceeding.

No Preemptive or Conversion Rights

Holders of the Series C Preferred Stock do not have preemptive rights. The Series C Preferred Stock is not convertible into, or exchangeable for, shares of any other class or series of capital stock or other

securities of First Horizon, nor convertible into or exchangeable for any other of First Horizon's property, interests or securities.

Listing

Series C Depositary Shares are listed on the New York Stock Exchange LLC under the trading symbol **FHN PR C**. The Series C Preferred Stock is not listed on any exchange, and is not registered under the Securities Exchange Act of 1934.

Description of Series D Depositary Shares and Series D Preferred Stock

Relationship of Depositary Shares to Preferred Stock

First Horizon's Board has designated 10,000 shares of Series D Preferred Stock, of which all have been issued and are held by the Series D Depositary under the Series D Deposit Agreement. The Series D Depositary has issued 4,000,000 Series D Depositary Shares, which are evidenced by depositary receipts. Each Series D Depositary Share represents a 1/400th ownership interest in one share of Series D Preferred Stock held by the Series D Depositary. The holders of the Series D Depositary Shares, pro-rata through the Series D Depositary, may exercise, receive, and enjoy all the rights of the underlying Series D Preferred Stock.

The number of designated shares of Series D Preferred Stock may be increased by action of First Horizon's Board without the consent of the current holder of Series D Preferred Stock or the holders of the Series D Depositary Shares.

Ranking

With respect to the payment of dividends and distributions upon First Horizon's liquidation, dissolution or winding up, the Series D Preferred Stock will rank (i) senior to First Horizon's Common Stock and any other class or series of capital stock that by its terms ranks junior to the Series D Preferred Stock, (ii) equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, and any existing or future series of capital stock that does not by its terms provide for a junior ranking, and (iii) junior to all existing and future indebtedness and other liabilities and any class or series of capital stock that expressly provides in the Articles of Amendment creating such preferred stock that such series ranks senior to the Series D Preferred Stock (subject to any requisite consents prior to issuance).

The Series D Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of First Horizon capital stock or other securities and will not be subject to any sinking fund or other obligation to redeem or repurchase the Series D Preferred Stock. The preferred stock is not secured, is not guaranteed by First Horizon or any of First Horizon's affiliates and is not subject to any other arrangement that legally or economically enhances the ranking of the Series D Preferred Stock.

See also "Ranking of the Five Outstanding Preferred Series with respect to Each Other" on page 50 of this Exhibit.

Voting Rights—Series D Depositary Shares

Because each Series D Depositary Share represents a 1/400th ownership interest in a share of Series D Preferred Stock, holders of Series D Depositary Shares will be entitled to 1/400th of a vote per Series D Depositary Share under those limited circumstances in which holders of the Series D Preferred Stock are entitled to vote.

When the Series D Depositary receives notice of any meeting at which the holders of the Series D Preferred Stock are entitled to vote, the Series D Depositary will provide the information contained in the notice to the record holders of the Series D Depositary Shares relating to the Series D Preferred Stock. Each record holder of Series D Depositary Shares on the record date, which will be the same date as the record date for the Series D Preferred Stock, may instruct the Series D Depositary to vote the amount of the Series D Preferred Stock represented by the holder's Series D Depositary Shares. To the extent possible, the Series D Depositary will vote the amount of the Series D Preferred Stock represented by Series D Depositary Shares in accordance with the instructions it receives. First Horizon has agreed to take all reasonable actions that the Series D Depositary determines are necessary to enable the Series D

Depositary to vote as instructed. If the Series D Depositary does not receive specific instructions from the holders of any Series D Depositary Shares representing the Series D Preferred Stock, it will abstain from voting with respect to such Shares (but shall appear at the meeting with respect to such shares unless directed to the contrary).

Voting Rights—Series D Preferred Stock

Registered owners of Series D Preferred Stock will not have any voting rights, except as set forth below or as otherwise required by applicable law.

Whenever dividends payable on the Series D Preferred Stock or any other class or series of preferred stock ranking equally with the Series D Preferred Stock, including the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, as to payment of dividends, and upon which voting rights equivalent to those described in this paragraph have been conferred and are exercisable, have not been declared and paid in an aggregate amount equal to, as to any class or series, the equivalent of at least three Fixed Rate Periods or at least six Floating Rate Periods, whether or not for consecutive Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Series D Preferred Stock voting as a class with holders of shares of any other series of First Horizon preferred stock ranking equally with the Series D Preferred Stock, including the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, as to payment of dividends, and upon which like voting rights have been conferred and are exercisable ("Voting Parity Stock"), will be entitled to vote for the election of two additional directors of the First Horizon board of directors on the terms set forth below (and to fill any vacancies in the terms of such directorships) (the "Preferred Stock Directors"). Holders of all series of First Horizon Voting Parity Stock will vote as a single class. In the event that the holders of the shares of the Series D Preferred Stock are entitled to vote as described in this paragraph, the number of members of the First Horizon board of directors at the time will be increased by two directors, and the holders of the Series D Preferred Stock will have the right, as members of that class, as outlined above, to elect two directors at a special meeting called at the request of the holders of record of at least 20% of the aggregate voting power of the Series D Preferred Stock or any other series of Voting Parity Stock (unless such request is received less than 90 days before the date fixed for First Horizon's next annual or special meeting of the shareholders, in which event such election shall be held at such next annual or special meeting of the shareholders), provided that the election of any Preferred Stock Directors shall not cause First Horizon to violate the corporate governance requirements of the NYSE (or any other exchange on which First Horizon's securities may at such time be listed) that listed companies must have a majority of independent directors, and provided further that at no time shall the First Horizon board of directors include more than two Preferred Stock Directors.

The Preferred Stock Directors elected at any such special meeting will hold office until First Horizon's next annual meeting of the shareholders unless they have been previously terminated or removed pursuant to the First Horizon charter. In case any vacancy in the office of a Preferred Stock Director occurs (other than prior to the initial election of the Preferred Stock Directors), the vacancy may be filled by the written consent of the Preferred Stock Director remaining in office, or if none remains in office, by the vote of the holders of the Series D Preferred Stock (together with holders of any Voting Parity Stock) to serve until First Horizon's next annual meeting of the shareholders.

When First Horizon has paid full dividends on the Series D Preferred Stock for the equivalent of at least two Fixed Rate Periods or at least four Floating Rate Periods following a Nonpayment, the voting rights described above will terminate, except as expressly provided by law. The voting rights described above are subject to re-vesting upon each and every subsequent Nonpayment.

Upon termination of the right of the holders of the Series D Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors as described above, the term of office of all Preferred Stock Directors then in office elected by only those holders will terminate immediately.

Whenever the term of office of the Preferred Stock Directors ends and the related voting rights have expired, the number of directors automatically will be decreased to the number of directors as otherwise would prevail. Any Preferred Stock Director may be removed at any time by the holders of record of a majority of the outstanding shares of the Series D Preferred Stock (together with holders of any Voting Parity Stock) when they have the voting rights described in this section.

Under regulations adopted by the Federal Reserve Board, if the holders of any series of preferred stock are or become entitled to vote for the election of directors, such series will be deemed a class of voting securities and a company holding 25% or more of the series, or 10% or more if it otherwise exercises a "controlling influence" over First Horizon, will be subject to regulation as a bank holding company under the BHC Act. In addition, at the time a Series is deemed a class of voting securities, any other bank holding company will be required to obtain the prior approval of the Federal Reserve Board under the BHC Act to acquire or retain more than 5% of that Series. Any other person (other than a bank holding company) will be required to obtain the non-objection of the Federal Reserve Board under the Change in Bank Control Act of 1978, as amended, to acquire or retain 10% or more of that Series.

So long as any shares of Series D Preferred Stock remain outstanding, First Horizon will not, without the affirmative vote or consent of holders of at least 66 2/3% in voting power of the Series D Preferred Stock and any Voting Parity Stock, voting together as a class, authorize, create or issue any capital stock ranking senior to the Series D Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any authorized capital stock into any such shares of such capital stock or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. So long as any shares of the Series D Preferred Stock remain outstanding, First Horizon will not, without the affirmative vote of the holders of at least 66 2/3% in voting power of the Series D Preferred Stock, amend, alter or repeal any provision of the Articles of Amendment or First Horizon's charter, including by merger, consolidation or otherwise, so as to affect the powers, preferences or special rights of the Series D Preferred Stock.

Notwithstanding the foregoing, none of the following will be deemed to affect the powers, preferences or special rights of the Series D Preferred Stock: any increase in the amount of authorized Common Stock or authorized Preferred Stock, or any increase or decrease in the number of shares of any series of Preferred Stock, or the authorization, creation and issuance of other classes or series of capital stock, in each case ranking on parity with or junior to the Series D Preferred Stock as to dividends or distribution of assets upon First Horizon's liquidation, dissolution or winding up; a merger or consolidation of First Horizon with or into another entity in which the shares of the Series D Preferred Stock remain outstanding; and a merger or consolidation of First Horizon with or into another entity in which the shares of the Series D Preferred Stock are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity, so long as such new preference securities have powers, preferences and special rights that are identical to the powers, preferences and special rights of the Series D Preferred Stock.

Voting Rights under Tennessee Law

Under current provisions of the TBCA, holders of the Series D Preferred Stock are entitled to vote separately as a class on certain amendments to the First Horizon charter that would impact the Series D Preferred Stock.

Dividend Rights—Series D Depositary Shares

Each dividend payable on a Series D Depositary Share will be in an amount equal to 1/400th of the dividend declared and payable on each share of Series D Preferred Stock.

The Series D Depositary will distribute all dividends and other cash distributions received on the Series D Preferred Stock to the holders of record of the Series D Depositary Shares in proportion to the number of Series D Depositary Shares held by each holder. In the event of a distribution other than in cash, the Series C Depositary will distribute property received by it to the holders of record of the Series D Depositary Shares in proportion to the number of Series D Depositary Shares held by each holder, unless the Series D Depositary determines that this distribution is not feasible, in which case the Series D Depositary may, with First Horizon's approval, adopt a method of distribution that it deems equitable and practicable, including the sale of the property (in a commercially reasonable manner) and distribution of the net proceeds of that sale to the holders of the Series D Depositary Shares.

If the calculation of a dividend or other cash distribution results in an amount that is a fraction of a cent and that fraction is equal to or greater than $0.005, the Series D Depositary will round that amount up to the next highest whole cent and will request that First Horizon pay the resulting additional amount to the Series D Depositary for the relevant dividend or other cash distribution. If the fractional amount is less than $0.005, the Series D Depositary will disregard that fractional amount and add such amount to, and treat it as a part of, the next succeeding distribution.

Record dates for the payment of dividends and other matters relating to the Series D Depositary Shares will be the same as the corresponding record dates for the Series D Preferred Stock.

The amount paid as dividends or otherwise distributable by the Series D Depositary with respect to the Series D Depositary Shares or the underlying Series D Preferred Stock will be reduced by any amounts required to be withheld by First Horizon or the Series D Depositary on account of taxes or other governmental charges. The Series D Depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any Series D Depositary Shares or the shares of the Series D Preferred Stock until such taxes or other governmental charges are paid.

Dividend Rights—Series D Preferred Stock

Holders of the Series D Preferred Stock will be entitled to receive, only when, as, and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), out of assets legally available under applicable law for payment, noncumulative cash dividends based on the liquidation preference of $10,000 per share of Series D Preferred Stock, and no more, at a rate equal to (1) 6.100 % per annum (equivalent to $1.525 per Series D Depositary Share per annum), for each semi-annual Dividend Period occurring from, and including, the original issue date of the Series D Preferred Stock to, but excluding, May 1, 2024 (the "Fixed Rate Period"), and (2) thereafter, three-month LIBOR plus a spread of 385.9 basis points per annum, for each quarterly Dividend Period beginning May 1, 2024 (the "Floating Rate Period"), subject to potential adjustment as provided in clause (iii) of the definition of three-month LIBOR. A "Dividend Period" means the period from, and including, each Dividend Payment Date (as defined below) to, but excluding, the next succeeding Dividend Payment Date, except that the initial Dividend Period will be the period from, and including, the last dividend payment date prior to the closing.

When, as, and if declared by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), First Horizon will pay cash dividends on the Series D Preferred Stock semi-annually, in arrears, on May 1 and November 1 of each year (each such date, a "Dividend Payment Date"), beginning on the first Dividend Payment Date after completion of the merger and ending on May 1, 2024.

From, and including, May 1, 2024, First Horizon will pay cash dividends on the Series D Preferred Stock quarterly, in arrears, on February 1, May 1, August 1, and November 1, beginning on August 1, 2024, subject to potential adjustment as provided in clause (iii) of the definition of three-month LIBOR. First Horizon will pay cash dividends to the holders of record of shares of the Series D Preferred Stock as they appear on First Horizon's stock register on the applicable record date, which shall be the fifteenth calendar day before that Dividend Payment Date or such other record date fixed by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) that is not more than 60 nor less than 10 days prior to such Dividend Payment Date.

If any Dividend Payment Date on or prior to May 1, 2024 is a day that is not a business day (as defined below), then the dividend with respect to that Dividend Payment Date will instead be paid on the immediately succeeding business day, without interest or other payment in respect of such delayed payment. If any Dividend Payment Date after May 1, 2024 is a day that is not a business day, then the Dividend Payment Date will be the immediately succeeding business day unless such day falls in the next calendar month, in which case the Dividend Payment Date will instead be the immediately preceding day that is a business day, and dividends will accumulate to the Dividend Payment Date as so adjusted. A "business day" for the Fixed Rate Period means any weekday in New York, New York that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed. A "business day" for the Floating Rate Period means any weekday in New York, New York that is not a day on which banking institutions in those cities are authorized or required by law, regulation, or executive order to be closed, and additionally, is a London banking day, which is any day on which commercial banks are open for dealings in deposits in U.S. dollars in the London interbank market.

First Horizon will calculate dividends on the Series D Preferred Stock for the Fixed Rate Period on the basis of a 360-day year of twelve 30-day months. First Horizon will calculate dividends on the Series D Preferred Stock for the Floating Rate Period on the basis of the actual number of days in a Dividend Period and a 360-day year, subject to potential adjustment as provided in clause (iii) of the definition of three-month LIBOR.

Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Series D Preferred Stock will cease to accumulate on and after the redemption date, as described below under "—Redemption," unless First Horizon defaults in the payment of the redemption price of the shares of the Series D Preferred Stock called for redemption.

Dividends on the Series D Preferred Stock will not be cumulative or mandatory. If the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) does not declare a dividend on the Series D Preferred Stock for any Dividend Period prior to the related Dividend Payment Date, that dividend will not accumulate, and First Horizon will have no obligation to pay a dividend for that Dividend Period at any time, whether or not dividends on the Series D Preferred Stock or any other series of First Horizon's Preferred Stock or Common Stock are declared for any future Dividend Period.

Dividends on the Series D Preferred Stock will accumulate from the issue date at the then-applicable dividend rate on the liquidation preference amount of $10,000 per share (equivalent to $25 per Series D Depositary Share). If First Horizon issues additional shares of the Series D Preferred Stock, dividends on those additional shares will accumulate from the issue date of those additional shares at the then-applicable dividend rate.

The dividend rate for each Dividend Period in the Floating Rate Period will be determined by the calculation agent using three-month LIBOR as in effect on the second London banking day prior to the beginning of the Dividend Period, which date is the "dividend determination date" for the relevant

Dividend Period. The calculation agent then will add three-month LIBOR as determined on the dividend determination date and the applicable spread. Once the dividend rate for the Series D Preferred Stock is determined, the calculation agent will deliver that information to First Horizon and the transfer agent. Absent manifest error, the determination by the calculation agent (or, for the avoidance of doubt, by the IFA in the clause (iii) below) of the dividend rate for a Dividend Period for the Series D Preferred Stock will be final and binding. A "London banking day" is any day on which commercial banks are open for dealings in deposits in U.S. dollars in the London interbank market.

The term "three-month LIBOR" means, for each dividend determination date related to the Floating-Rate Period, the rate determined by the calculation agent as follows: (i) the London interbank offered rate for deposits in U.S. dollars for a three month period, as that rate appears on Reuters screen page "LIBOR01" (or any successor or replacement page) at approximately 11:00 a.m., London time, on the relevant dividend determination date. (ii) If no offered rate appears on Reuters screen page "LIBOR01" (or any successor or replacement page) on the relevant dividend determination date at approximately 11:00 a.m., London time, then the calculation agent, in consultation with First Horizon, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, the calculation agent in consultation with First Horizon will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the dividend determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable Dividend Period in an amount of at least $1,000,000. If three quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. Otherwise, if a LIBOR Event (as defined below) has not occurred, three-month LIBOR for the next Dividend Period will be equal to three-month LIBOR in effect for the then-current Dividend Period or, in the case of the first Dividend Period in the Floating Rate Period, the most recent rate on which three-month LIBOR could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period. (iii) Notwithstanding clauses (i) and (ii) above, if First Horizon, in its sole discretion, determine on the relevant dividend determination date that the three-month LIBOR has been permanently discontinued or is no longer viewed as an acceptable benchmark for securities like the Series D Preferred Stock, and First Horizon has notified the calculation agent (if it is not First Horizon) of such determination (a "LIBOR Event"), then the calculation agent will use, as directed by First Horizon, as a substitute or successor base rate (the "Alternative Rate") for each future dividend determination date, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with market practice regarding a substitute for the three-month LIBOR. As part of such substitution, the calculation agent will, as directed by First Horizon, make such adjustment to the Alternative Rate or the spread thereon, as well as the business day convention, the dividend determination date and related provisions and definitions ("Adjustments"), in each case that are consistent with market practice for the use of such Alternative Rate. Notwithstanding the foregoing, if First Horizon determines that there is no alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with market practice regarding a substitute for three-month LIBOR, First Horizon may, in its sole discretion, appoint an independent financial advisor ("IFA") to determine an appropriate Alternative Rate and any Adjustments, and the decision of the IFA will be binding on First Horizon, the calculation agent and the holders of the Series D Preferred Stock. If on any dividend determination date during the Floating-Rate Period (which may be the first dividend determination date of the Floating-Rate Period) a LIBOR Event

has occurred prior to such Dividend Determination Date and for any reason an Alternative Rate has not been determined or there is no such market practice for the use of such Alternative Rate (and, in each case, an IFA has not determined an appropriate Alternative Rate and Adjustments or an IFA has not been appointed) as of such Dividend Determination Date, then commencing on such Dividend Determination Date the dividend rate, business day convention and manner of calculating dividends applicable during the Fixed-Rate Period will be in effect for the applicable Dividend Period and will remain in effect during the remainder of the Floating-Rate Period.

Priority Regarding Dividends

During any Dividend Period, so long as any share of Series D Preferred Stock remains outstanding, unless (i) the full dividends for the immediately preceding Dividend Period on all outstanding shares of Series D Preferred Stock have been paid in full or declared; and funds sufficient for the payment of those dividends set aside, and (ii) First Horizon is not in default on its obligation to redeem any shares of Series D Preferred Stock that have been called for redemption, (1) no dividend will be declared and paid or set aside for payment and no distribution will be declared and made or set aside for payment on any Junior Stock (as defined below) (other than a dividend payable solely in shares of Junior Stock or any dividend in connection with the implementation of a shareholder rights plan or the redemption or repurchase of any rights under such a plan); (2) no shares of Junior Stock will be repurchased, redeemed, or otherwise acquired for consideration by First Horizon, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange for or conversion into Junior Stock, through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock or pursuant to a contractually binding requirement to buy Junior Stock pursuant to a binding stock repurchase plan existing prior to the most recently completed Dividend Period), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by us; and (3) no shares of Parity Stock (as defined below) will be repurchased, redeemed or otherwise acquired for consideration by First Horizon (other than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series D Preferred Stock and such Parity Stock, through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, as a result of a reclassification of Parity Stock for or into other Parity Stock, or by conversion into or exchange for other Parity Stock or Junior Stock), during a Dividend Period.

The foregoing limitations do not apply to purchases or acquisitions of First Horizon Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any of First Horizon's employment, severance, or consulting agreements) of First Horizon's or of any of First Horizon's subsidiaries.

Except as described below, for so long as any share of Series D Preferred Stock remains outstanding, First Horizon will not declare, pay, or set aside for payment full dividends on any Parity Stock unless First Horizon has paid in full, or set aside payment in full, in respect of all accumulated dividends for all Dividend Periods for outstanding shares of preferred stock. To the extent that First Horizon declares dividends on the Series D Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, First Horizon will allocate the dividend payments on a pro rata basis among the holders of the shares of Series D Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the pro rata allocation of partial dividend payments, First Horizon will allocate dividend payments based on the ratio between the then current and unpaid dividend payments due on the shares of Series D Preferred Stock and (1) in the case of cumulative Parity Stock the aggregate of the accumulated and unpaid dividends due on any such Parity Stock and (2) in the case of noncumulative Parity Stock, the aggregate of the declared but unpaid dividends due on any such Parity

Stock. No interest will be payable in respect of any dividend payment on Series D Preferred Stock that may be in arrears.

"Junior Stock" means First Horizon Common Stock and any other class or series of First Horizon capital stock over which the Series D Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on First Horizon's liquidation, dissolution or winding up, and "Parity Stock" means the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, and any other class or series of First Horizon capital stock that ranks on a par with the Series D Preferred Stock in the payment of dividends and in the distribution of assets on First Horizon's liquidation, dissolution or winding up, which includes any other class or series of First Horizon's stock hereafter authorized that ranks on a par with the Series D Preferred Stock in the payment of dividends and in the distribution of assets on First Horizon's liquidation, dissolution or winding up.

Subject to the conditions described above, and not otherwise, dividends (payable in cash, stock, or otherwise), as may be determined by the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors), may be declared and paid on First Horizon Common Stock and any Junior Stock from time to time out of any funds legally available for such payment, and the holders of the Series D Preferred Stock will not be entitled to participate in those dividends.

Maturity and Redemption—Series D Depositary Shares

If First Horizon redeems the Series D Preferred Stock, in whole or in part, Series D Depositary Shares also will be redeemed with the proceeds received by the Series D Depositary from the redemption of the Series D Preferred Stock held by the Series D Depositary. The redemption price per Series D Depositary Shares will be 1/400th of the redemption price per share payable with respect to the Series D Preferred Stock (or $25 per Series D Depositary Share), plus, as applicable, any accumulated and unpaid dividends on the shares of the Series D Preferred Stock called for redemption for the then-current dividend period to, but excluding, the redemption date, without accumulation of any undeclared dividends.

If First Horizon redeems shares of the Series D Preferred Stock held by the Series D Depositary, the Series D Depositary will redeem, as of the same redemption date, the number of Series D Depositary Shares representing those shares of the Series D Preferred Stock so redeemed. If First Horizon redeems less than all of the outstanding Series D Depositary Shares, the Series D Depositary Shares to be redeemed will be selected either pro rata or by lot. In any case, the Series D Depositary will redeem Series D Depositary Shares only in increments of 400 Depositary Shares and multiples thereof. The Series D Depositary will provide notice of redemption to record holders of the Series D Depositary Shares not less than 30 and not more than 60 days prior to the date fixed for redemption of the applicable series of Series D Preferred Stock and the Series D Depositary Shares.

Maturity and Redemption—Series D Preferred Stock

The Series D Preferred Stock is perpetual and has no maturity date. The Series D Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provision.

Neither the holders of Series D Preferred Stock nor the holders of the Series D Depositary Shares have the right to require the redemption or repurchase of the Series D Preferred Stock. In addition, under the Federal Reserve Board's risk-based capital rules applicable to bank holding companies, any redemption of the Series D Preferred Stock is subject to prior approval of the Federal Reserve Board.

Optional Redemption

First Horizon may redeem the Series D Preferred Stock, in whole or in part, at First Horizon's option, for cash, on any Dividend Payment Date on or after May 1, 2024, with not less than 30 days' and not more than 60 days' notice ("Optional Redemption"), subject to the approval of the appropriate federal banking

agency, at the redemption price provided below. Dividends will not accumulate on those shares of Series D Preferred Stock on and after the redemption date.

Redemption Following a Regulatory Capital Event

First Horizon may redeem the Series D Preferred Stock, in whole but not in part, at First Horizon's option, for cash, at any time within 90 days following a Regulatory Capital Treatment Event, subject to the approval of the appropriate federal banking agency, at the redemption price provided below. A "Regulatory Capital Treatment Event" means a good faith determination by First Horizon that, as a result of any: amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of the Series D Preferred Stock; proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of the Series D Preferred Stock; or official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced or becomes effective after the initial issuance of the Series D Preferred Stock there is more than an insubstantial risk that First Horizon will not be entitled to treat the full liquidation value of the Series D Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy laws or regulations of the Federal Reserve Board (or, as and if applicable, the capital adequacy laws or regulations of any successor appropriate federal banking agency), as then in effect and applicable, for as long as any share of Series D Preferred Stock is outstanding. Dividends will not accumulate on the shares of Series D Preferred Stock on and after the redemption date.

Redemption Price

The redemption price for any redemption of Series D Preferred Stock, whether an Optional Redemption or Regulatory Event Redemption, will be equal to $10,000 per share of Series D Preferred Stock (equivalent to $25 per Series D Depositary Share), plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Redemption Procedures

If First Horizon elects to redeem any shares of Series D Preferred Stock, First Horizon will provide notice to the holders of record of the shares of Series D Preferred Stock to be redeemed, not less than thirty (30) days and not more than sixty (60) days before the date fixed for redemption thereof (provided, however, that if the shares of Series D Preferred Stock or the Series D Depositary Shares are held in book-entry form through DTC, First Horizon may give this notice in any manner permitted by DTC). Any notice given as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives this notice, and any defect in this notice or in the provision of this notice, to any holder of shares of Series D Preferred Stock designated for redemption will not affect the redemption of any other shares of Series D Preferred Stock. Each notice of redemption shall state: the redemption date; the redemption price; if fewer than all shares of Series D Preferred Stock are to be redeemed, the number of shares of Series D Preferred Stock to be redeemed; and the manner in which holders of Series D Preferred Stock called for redemption may obtain payment of the redemption price in respect to those shares.

If notice of redemption of any shares of Series D Preferred Stock has been given and if the funds necessary for such redemption have been set aside by First Horizon in trust for the benefit of the holders of any shares of Series D Preferred Stock so called for redemption, then from and after the redemption date such shares of Series D Preferred Stock will no longer be deemed outstanding, all dividends with respect to such shares of Series D Preferred Stock shall cease to accumulate after the redemption date and

all rights of the holders of such shares will terminate, except the right to receive the redemption price, without interest.

In the case of any redemption of only part of the Series D Preferred Stock at the time outstanding, the shares of Series D Preferred Stock to be redeemed will be selected either pro rata or by lot or in such other manner as the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) determines to be fair and equitable. Subject to the provisions described in this exhibit, the First Horizon board of directors (or a duly authorized committee of the First Horizon board of directors) will have the full power and authority to prescribe the terms and conditions upon which shares of Series D Preferred Stock may be redeemed from time to time.

Liquidation Rights

Upon First Horizon's voluntary or involuntary liquidation, dissolution or winding up, the holders of the outstanding shares of Series D Preferred Stock are entitled to be paid out of First Horizon's assets legally available for distribution to First Horizon shareholders, before any distribution of assets is made to holders of Common Stock or any other Junior Stock, a liquidating distribution in the amount of a liquidation preference of $10,000 per share (equivalent to $25 per Series D Depositary Share), plus the sum of any declared and unpaid dividends for prior Dividend Periods prior to the Dividend Period in which the liquidation distribution is made and any declared and unpaid dividends for the then current Dividend Period in which the liquidation distribution is made to the date of such liquidation distribution. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of First Horizon's remaining assets.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, First Horizon's available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Series D Preferred Stock and the corresponding amounts payable on all shares of Parity Stock in the distribution of assets upon any such liquidation, dissolution or winding up, then First Horizon will distribute First Horizon's assets to those holders pro rata in proportion to the full liquidating distributions to which they would otherwise have received.

First Horizon's merger or consolidation with one or more other entities or the sale, lease, exchange or other transfer of all or substantially all of First Horizon's assets (for cash, securities or other consideration) will not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up. If First Horizon enters into any merger or consolidation transaction with or into any other entity and First Horizon is not the surviving entity in such transaction, the Series D Preferred Stock may be converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity, so long as such new preference securities have powers, preferences and special rights that are identical to the powers, preferences and special rights of the Series D Preferred Stock described in this exhibit.

Because First Horizon is a holding company, First Horizon's rights and the rights of First Horizon creditors and First Horizon shareholders, including the holders of the Series D Preferred Stock, to participate in the distribution of assets of any of First Horizon's subsidiaries upon that subsidiary's voluntary or involuntary liquidation, dissolution or winding up will be subject to the prior claims of that subsidiary's creditors, except to the extent that First Horizon is a creditor with recognized claims against that subsidiary. In addition, holders of the Series D Preferred Stock (and of the Series D Depositary Shares) may be fully subordinated to interests held by the U.S. Government in the event First Horizon enters into a receivership, insolvency, liquidation or similar proceeding.

No Preemptive or Conversion Rights

Holders of the Series D Preferred Stock do not have preemptive rights. The Series D Preferred Stock is not convertible into, or exchangeable for, shares of any other class or series of capital stock or other securities of First Horizon, nor convertible into or exchangeable for any other of First Horizon's property, interests or securities.

Listing

Series D Depositary Shares are listed on the New York Stock Exchange LLC under the trading symbol **FHN PR D**. The Series D Preferred Stock is not listed on any exchange, and is not registered under the Securities Exchange Act of 1934.

Description of Series E Depositary Shares and Series E Preferred Stock

Relationship of Depositary Shares to Preferred Stock

All 1,500 designated shares of Series E Preferred Stock have been issued and are held by the Series E Depositary under the Series E Deposit Agreement. The Series E Depositary has issued 6,000,000 Series E Depositary Shares, which are evidenced by depositary receipts. Each Series E Depositary Share represents a 1/4,000th ownership interest in one share of Series E Preferred Stock held by the Series E Depositary. The holders of the Series E Depositary Shares, pro-rata through the Series E Depositary, may exercise, receive, and enjoy all the rights of the underlying Series E Preferred Stock.

The number of designated shares of Series E Preferred Stock may be increased by action of First Horizon's Board without the consent of the current holder of Series E Preferred Stock or the holders of the Series E Depositary Shares.

Ranking of Series E Preferred Stock

With respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up, the Series E Preferred Stock ranks:

- senior to First Horizon's Common Stock and all other junior stock;
- senior to or on a parity with each other series of preferred stock First Horizon may issue (except for any senior series that may be issued upon the requisite vote or consent of the holders of at least a two-thirds of the shares of the Series E Preferred Stock at the time outstanding and entitled to vote) with respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up; and
- junior to all existing and future indebtedness and other non-equity claims on First Horizon.

See also "Ranking of the Five Outstanding Preferred Series with respect to Each Other" on page 50 of this Exhibit.

Voting Rights—Series E Depositary Shares

When the Series E Depositary receives notice of any meeting at which the holders of the Series E Preferred Stock are entitled to vote, the Series E Depositary will mail the information contained in the notice to the record holders of the Series E Depositary Shares. Each record holder of the Series E Depositary Shares on the record date, which will be the same date as the record date for the Series E Preferred Stock, may instruct the Series E Depositary to vote the amount of the Series E Preferred Stock represented by the holder's Series E Depositary Shares. To the extent possible, the Series E Depositary will vote the amount of the Series E Preferred Stock represented by Series E Depositary Shares in accordance with the instructions it receives. First Horizon will agree to take all reasonable actions that the depositary determines are necessary to enable the Series E Depositary to vote as instructed. If the Series E Depositary does not receive specific instructions from the holders of any Series E Depositary Shares, it will not vote the shares of Series E Preferred Stock relating to those Series E Depositary Shares.

Voting Rights—Series E Preferred Stock

Except as described below or otherwise required by law, the holders of Series E Preferred Stock do not have voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of First Horizon's capital stock, and are not be entitled to participate in meetings of holders of First Horizon's Common Stock or to call a meeting of the holders of any one or more classes or series of First Horizon's capital stock for any purpose.

Right to Elect Two Directors upon Non-payment of Dividends

If and when the dividends on the Series E Preferred Stock and any dividend parity stock that has voting rights equivalent to those described in this paragraph ("voting parity stock") have not been declared and paid (i) in the case of the Series E Preferred Stock and voting parity stock bearing non-cumulative dividends, in full for at least six quarterly dividend periods or their equivalent (whether or not consecutive) or (ii) in the case of voting parity stock bearing cumulative dividends, in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive), the number of directors then constituting First Horizon's board of directors will be increased by two. Holders of Series E Preferred Stock, together with the holders of all other affected classes and series of voting parity stock, voting as a single class, will be entitled to elect the two additional members of First Horizon's board of directors (the "preferred stock directors") at any annual or special meeting of shareholders or any special meeting of the holders of Series E Preferred Stock and any voting parity stock for which dividends have not been paid, called as provided below, but only if the election of any preferred stock directors would not cause First Horizon to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange or trading facility on which First Horizon's securities may be listed or traded). In addition, First Horizon's board of directors shall at no time have more than two preferred stock directors.

At any time after this voting power has vested as described above, First Horizon's Secretary may, and upon the written request of holders of record of at least 20% of the outstanding shares of the Series E Preferred Stock and voting parity stock (addressed to the Secretary at First Horizon's principal office) must, call a special meeting of the holders of Series E Preferred Stock and voting parity stock for the election of the preferred stock directors. No special meeting may be called within 90 days of the date fixed for the next annual or special meeting of shareholders. Notice for a special meeting will be given in a similar manner to that provided in First Horizon's by-laws for a special meeting of the shareholders, which First Horizon will provide upon request, or as required by law. If First Horizon's Secretary is required to call a meeting but does not do so within 20 days after receipt of any such request, then any holder of shares of Series E Preferred Stock may (at First Horizon's expense) call such meeting, upon notice as provided in this section, and for that purpose will have access to First Horizon's stock books. The preferred stock directors elected at any such special meeting will hold office until the next annual meeting of First Horizon's shareholders unless they have been previously terminated. In case any vacancy occurs among the preferred stock directors, a successor will be elected by First Horizon's board of directors to serve until the next annual meeting of the shareholders upon the nomination of the then remaining preferred stock director or, if none remains in office, by the vote of the holders of record of a majority of the outstanding shares of Series E Preferred Stock and voting parity stock, voting as a single class. Any preferred stock director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series E Preferred Stock and all voting parity stock, voting as a single class. The preferred stock directors will each be entitled to one vote per director on any matter.

Whenever full dividends have been paid on the Series E Preferred Stock and any noncumulative voting parity stock for at least one year after a non-payment event and all dividends on any cumulative voting parity stock have been paid in full, then the right of the holders of the Series E Preferred Stock to elect the preferred stock directors will cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future dividend periods), the terms of office of all preferred stock directors will immediately terminate and the number of directors constituting First Horizon's board of directors will be reduced accordingly.

Other Voting Rights of Series E Preferred Stock

So long as any shares of the Series E Preferred Stock remain outstanding, in addition to any other vote or consent of stockholders required by law or First Horizon's Charter, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series E Preferred Stock at the time outstanding and entitled to vote, voting separately as a class, will be required to:

- authorize or increase the authorized amount of, or issue shares of, any class or series of First Horizon's capital stock ranking senior to the Series E Preferred Stock with respect to payment of dividends or as to distributions upon First Horizon's liquidation, dissolution or winding-up, or issue any obligation or security convertible into or evidencing the right to purchase, any such class or series of First Horizon's capital stock;
- amend the provisions of First Horizon's Charter or restated bylaws so as to materially and adversely affect the special powers, preferences, privileges or rights of the Series E Preferred Stock, taken as a whole; or
- consummate a binding share-exchange or reclassification involving the Series E Preferred Stock, or a merger or consolidation of First Horizon with or into another entity, unless the shares of the Series E Preferred Stock (i) remain outstanding or (ii) are converted into or exchanged for preference securities of the surviving entity or any entity controlling such surviving entity and such new preference securities have terms that are not materially less favorable than those of the Series E Preferred Stock.

When determining the application of the supermajority voting rights described above, the authorization, creation and issuance, or an increase in the authorized or issued amount of, junior stock or any series of preferred stock, or any securities convertible into or exchangeable or exercisable for junior stock or any series of preferred stock, that by its terms expressly provides that it ranks on an equal basis with the Series E Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and as to distributions upon First Horizon's liquidation, dissolution or winding-up, will not be deemed to materially and adversely affect the powers, preferences, privileges or rights of the Series E Preferred Stock, and will not require the affirmative vote or consent of, the holders of any outstanding shares of Series E Preferred Stock.

Each holder of the Series E Preferred Stock will have one vote per share on any matter on which holders of the Series E Preferred Stock are entitled to vote, including any action by written consent. Whether the vote or consent of a majority or other portion of the Series E Preferred Stock and any voting parity stock has been cast or given on any matter will be determined by reference to the respective liquidation preference amounts of the Series E Preferred Stock and voting parity stock voted or covered by the consent.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding shares of the Series E Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by First Horizon for the benefit of the holders of the Series E Preferred Stock to effect the redemption.

Under current provisions of the Tennessee Business Corporation Act, holders of the Series E Preferred Stock are entitled to vote separately as a class on certain amendments to First Horizon's Charter that would impact the Series E Preferred Stock.

Dividend Rights—Series E Depositary Shares

The Series E Depositary will distribute any cash dividends or other cash distributions received in respect of the deposited shares of the Series E Preferred Stock to the record holders of Series E Depositary Shares

relating to the underlying shares of the Series E Preferred Stock in proportion to the number of Series E Depositary Shares held by the holders. The Series E Depositary will distribute any property received by it other than cash to the record holders of Series E Depositary Shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the Series E Depositary may, with First Horizon's approval, sell the property and distribute the net proceeds from the sale to the holders of the Series E Depositary Shares in proportion to the number of Series E Depositary Shares they hold.

Record dates for the payment of dividends and other matters relating to the Series E Depositary Shares will be the same as the corresponding record dates for the Series E Preferred Stock.

The amounts distributed to holders of Series E Depositary Shares will be reduced by any amounts required to be withheld by the Series E Depositary or by First Horizon on account of taxes or other governmental charges.

Dividend Rights—Series E Preferred Stock

The holder of Series E Preferred Stock, in preference to the holders of First Horizon's Common Stock and of any other shares of First Horizon's stock ranking junior to the Series E Preferred Stock as to payment of dividends, will be entitled to receive, only when, as and if declared by First Horizon's board of directors, out of assets legally available for payment, non-cumulative cash dividends. These dividends will be payable at a rate of 6.500% per annum, applied to the $100,000 liquidation preference per share of Series E Preferred Stock (equivalent to $25 per Series E Depositary Share) and will be paid in arrears on each dividend payment date. A "dividend payment date" means each January 10, April 10, July 10 and October 10, commencing October 10, 2020, except if any such date is not a business day, then such date will nevertheless be a dividend payment date but dividends on the Series E Preferred Stock, when, as and if declared, will be paid on the next succeeding business day (without interest or any other adjustment in the amount of the dividend per share of the Series E Preferred Stock). A "business day" means each weekday that is not a legal holiday in New York, New York and is not a day on which banking institutions in New York, New York are authorized or obligated by law, regulation or executive order to close. A "dividend period" means each period from and including a dividend payment date (except that the initial dividend period shall commence on and include the original issue date of the Series E Preferred Stock) and continuing to but not including the next succeeding dividend payment date. As that term is used herein, each dividend payment date "relates" to the dividend period most recently ending before such dividend payment date. Dividends will be paid to holders of record of the Series E Preferred Stock as they appear on First Horizon's books on the applicable record date, which shall be the 15th calendar day before such dividend payment date, or such other record date fixed for that purpose by First Horizon's board of directors that is not more than 60 nor less than 10 calendar days prior to such dividend payment date.

The amount of dividends payable per share of the Series E Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

Dividends on shares of the Series E Preferred Stock will not be cumulative and will not be mandatory. If First Horizon's board of directors does not declare a dividend on the Series E Preferred Stock in respect of a dividend period, then no dividend will be deemed to have accrued for such dividend period, be payable on the related dividend payment date, or accumulate, and First Horizon will have no obligation to pay any dividend for such dividend period, whether or not First Horizon's board of directors declares a dividend on the Series E Preferred Stock or any other series of First Horizon's Preferred Stock or on First Horizon's Common Stock for any future dividend period. References to the "accrual" (or similar terms)

of dividends herein refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

Priority Regarding Dividends

So long as any share of the Series E Preferred Stock remains outstanding, unless (i) the full dividends for the most recently completed dividend period have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside) on all outstanding shares of the Series E Preferred Stock and (ii) First Horizon is not in default on First Horizon's obligation to redeem any shares of the Series E Preferred Stock that have been called for redemption:

- no dividend shall be declared, paid or set aside for payment, and no distribution shall be declared, made or set aside for payment, on any junior stock, other than (i) a dividend payable solely in junior stock or (ii) any dividend in connection with the implementation of a stockholders' rights plan, or the redemption or repurchase of any rights under any such plan;
- no shares of junior stock shall be repurchased, redeemed or otherwise acquired for consideration by First Horizon, directly or indirectly; this restriction on repurchases, redemptions or other acquisitions will not apply to or otherwise restrict a repurchase, redemption or acquisition
  - as a result of a reclassification of junior stock for or into other junior stock,
  - the exchange or conversion of junior stock for or into other junior stock,
  - through the use of the proceeds of a sale of other shares of junior stock within the preceding 180 days,
  - purchases, redemptions or other acquisitions of shares of junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants,
  - purchases of shares of junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the most recently completed dividend period, including under a contractually binding stock repurchase plan (including a so-called Rule 10b5-1(c) purchase plan),
  - the purchase of fractional interests in shares of junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged,
  - purchases or other acquisitions by any of First Horizon's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in junior stock in the ordinary course of business,
  - purchases by any of First Horizon's broker-dealer subsidiaries of First Horizon's capital stock for resale pursuant to an offering by First Horizon of such capital stock underwritten by such broker-dealer subsidiary, or
  - the acquisition by First Horizon or any of First Horizon's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by First Horizon or any of First Horizon's subsidiaries), including as trustees or custodians;
- no shares of dividend parity stock shall be repurchased, redeemed or otherwise acquired for consideration by First Horizon, directly or indirectly; this restriction on repurchases, redemptions or other acquisitions will not apply to or otherwise restrict a repurchase, redemption or acquisition

- pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series E Preferred Stock and such dividend parity stock,
- as a result of a reclassification of dividend parity stock for or into other dividend parity stock,
- the exchange or conversion of dividend parity stock for or into other dividend parity stock,
- through the use of the proceeds of a sale of other shares of dividend parity stock within the preceding 180 days,
- purchases of shares of dividend parity stock pursuant to a contractually binding requirement to buy dividend parity stock existing prior to the most recently completed dividend period, including under a contractually binding stock repurchase plan (including a so-called Rule 10b5-1(c) purchase plan),
- the purchase of fractional interests in shares of dividend parity stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged,
- purchases or other acquisitions by any of First Horizon's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in dividend parity stock in the ordinary course of business,
- purchases by any of First Horizon's broker-dealer subsidiaries of First Horizon's capital stock for resale pursuant to an offering by First Horizon of such capital stock underwritten by such broker-dealer subsidiary, or
- the acquisition by First Horizon or any of First Horizon's subsidiaries of record ownership in dividend parity stock for the beneficial ownership of any other persons (other than for the beneficial ownership by First Horizon or any of First Horizon's subsidiaries), including as trustees or custodians; and

- no money shall be paid to or made available for a sinking fund for the redemption of any junior stock or dividend parity stock by First Horizon.

When dividends are not paid in full upon the shares of the Series E Preferred Stock and any dividend parity stock, all dividends paid or declared for payment on that dividend payment date with respect to the Series E Preferred Stock and the dividend parity stock will be shared (i) first ratably by the holders of any dividend parity stock who have the right to receive dividends with respect to past dividend periods for which such dividends were not declared and paid, in proportion to the respective amounts of the undeclared and unpaid dividends relating to past dividend periods, and (ii) thereafter ratably by the holders of the Series E Preferred Stock and any dividend parity stock, in proportion to the respective amounts of the declared and unpaid dividends relating to the current dividend period. To the extent a dividend period with respect to any dividend parity stock coincides with more than one dividend period with respect to the Series E Preferred Stock, for purposes of the immediately preceding sentence, First Horizon's board of directors will treat such dividend period as two or more consecutive dividend periods, none of which coincides with more than one dividend period with respect to the Series E Preferred Stock or in any manner that it deems to be fair and equitable. For the purposes of this paragraph, the term "dividend period" as used with respect to any dividend parity stock means such dividend periods as are provided for in the terms of such dividend parity stock.

Subject to the foregoing, such dividends (payable in cash, securities or otherwise) as may be determined by First Horizon's board of directors may be declared and paid on any class or series of junior stock or any dividend parity stock from time to time out of assets legally available for such payment, and the Series E Preferred Stock will not be entitled to participate in any such dividend. Holders of the Series E

Preferred Stock will not be entitled to receive any dividends not declared by First Horizon's board of directors and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.

Maturity and Redemption—Series E Depositary Shares

If First Horizon redeems shares of the Series E Preferred Stock represented by the Series E Depositary Shares, the depositary shares will be redeemed from the proceeds received by the Series E Depositary resulting from the redemption of the shares of the Series E Preferred Stock held by the Series E Depositary. The redemption price per Series E Depositary Share will be equal to 1/4,000th of the redemption price per share payable with respect to the Series E Preferred Stock or $25 per Series E Depositary Share (plus dividends if applicable). Whenever First Horizon redeems shares of the Series E Preferred Stock held by the Series E Depositary, the Depositary will redeem, as of the same redemption date, the number of Series E Depositary Shares representing the shares of the Series E Preferred Stock so redeemed.

In case of any redemption of less than all of the outstanding Series E Depositary Shares, the Series E Depositary Shares to be redeemed will be selected by the Series E Depositary by lot or pro rata or in any other manner determined by the Series E Depositary to be equitable.

Maturity and Redemption—Series E Preferred Stock

The Series E Preferred Stock is perpetual and has no maturity date. The Series E Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Neither the holders of Series E Preferred Stock nor holders of Series E Depositary Shares have the right to require the redemption or repurchase of the Series E Preferred Stock.

First Horizon may, at First Horizon's option, redeem the Series E Preferred Stock (i) in whole or in part, from time to time, on any dividend payment date on or after October 10, 2025, or (ii) in whole, but not in part, at any time within 90 days following a Regulatory Capital Event (as defined below), at a redemption price equal to $100,000 per share (equivalent to $25 per Series E Depositary Share), plus any declared and unpaid dividends.

A "Regulatory Capital Event" means the good faith determination by First Horizon that, as a result of (i) any amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series E Preferred Stock, (ii) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of Series E Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series E Preferred Stock, there is more than an insubstantial risk that First Horizon will not be entitled to treat the full liquidation preference amount of $100,000 per share of Series E Preferred Stock then outstanding as "Tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking agency) as then in effect and applicable.

"Appropriate federal banking agency" means the "appropriate federal banking agency" with respect to First Horizon as that term is defined in Section 3(q) of the Federal Deposit Insurance Act or any successor provision.

Liquidation Rights

In the event that First Horizon voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of the Series E Preferred Stock will be entitled to receive an amount per share (the "total

liquidation amount") equal to the liquidation preference of $100,000 per share (equivalent to $25 per Series E Depositary Share), plus any declared and unpaid dividends (but not including any undeclared dividends). Holders of the Series E Preferred Stock will be entitled to receive the total liquidation amount out of First Horizon's assets that are available for distribution to shareholders, after payment or provision for payment of First Horizon's debts and other liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series E Preferred Stock with respect to distributions but before any distribution of assets is made to holders of First Horizon's Common Stock or any other shares ranking, as to that distribution, junior to the Series E Preferred Stock.

The Series E Preferred Stock may be fully subordinate to interests held by the U.S. government in the event of a receivership, insolvency, liquidation, or similar proceeding, including a proceeding under the "orderly liquidation authority" provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

If First Horizon's assets are not sufficient to pay the total liquidation amount in full to all holders of Series E Preferred Stock and all holders of any shares of First Horizon's stock ranking as to any such distribution on a parity with the Series E Preferred Stock, the amounts paid to the holders of the Series E Preferred Stock and to such other shares will be paid pro rata in accordance with the respective total liquidation amount for those holders. If the liquidation preference has been paid in full to all holders of Series E Preferred Stock and the liquidation preference of any other shares ranking on parity with the Series E Preferred Stock has been paid in full, the holders of First Horizon's Common Stock or any other shares ranking, as to such distribution, junior to the Series E Preferred Stock will be entitled to receive all of First Horizon's remaining assets according to their respective rights and preferences, and the Series E Preferred Stock will not be entitled to participate in any such distribution.

For purposes of the liquidation rights, neither the sale, lease, exchange or transfer of all or substantially all of First Horizon's property and assets, nor the consolidation, merger or other business combination by First Horizon with or into any other entity or by another entity with or into First Horizon, including a merger, consolidation or other business combination in which the holders of Series E Preferred Stock receive cash, securities or property for their shares, will constitute a liquidation, dissolution or winding-up of First Horizon's affairs.

No Preemptive or Conversion Rights

Holders of the Series E Preferred Stock do not have preemptive rights. The Series E Preferred Stock is not convertible into, or exchangeable for, shares of any other class or series of capital stock or other securities of First Horizon, nor convertible into or exchangeable for any other of First Horizon's property, interests or securities.

Listing

Series E Depositary Shares are listed on the New York Stock Exchange LLC under the trading symbol **FHN PR E**. The Series E Preferred Stock is not listed on any exchange, and is not registered under the Securities Exchange Act of 1934.

Description of Series F Depositary Shares and Series F Preferred Stock

Relationship of Depositary Shares to Preferred Stock

All 1,500 designated shares of Series F Preferred Stock have been issued and are held by the Series F Depositary under the Series F Deposit Agreement. The Series F Depositary has issued 6,000,000 Series F Depositary Shares, which are evidenced by depositary receipts. Each Series F Depositary Share represents a 1/4,000th ownership interest in one share of Series F Preferred Stock held by the Series F Depositary. The holders of the Series F Depositary Shares, pro-rata through the Series F Depositary, may exercise, receive, and enjoy all the rights of the underlying Series F Preferred Stock.

The number of designated shares of Series F Preferred Stock may be increased by action of First Horizon's Board without the consent of the current holder of Series F Preferred Stock or the holders of the Series F Depositary Shares.

Ranking of Series F Preferred Stock

With respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up, the Series F Preferred Stock ranks:

- senior to First Horizon's Common Stock and all other junior stock;
- senior to or on a parity with each other series of preferred stock First Horizon may issue (except for any senior series that may be issued upon the requisite vote or consent of the holders of at least a two-thirds of the shares of the Series F Preferred Stock at the time outstanding and entitled to vote) with respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up; and
- junior to all existing and future indebtedness and other non-equity claims on First Horizon.

See also "Ranking of the Five Outstanding Preferred Series with respect to Each Other" on page 50 of this Exhibit.

Voting Rights—Series F Depositary Shares

When the Series F Depositary receives notice of any meeting at which the holders of the Series F Preferred Stock are entitled to vote, the Series F Depositary will mail the information contained in the notice to the record holders of the Series F Depositary Shares. Each record holder of the Series F Depositary Shares on the record date, which will be the same date as the record date for the Series F Preferred Stock, may instruct the Series F Depositary to vote the amount of the Series F Preferred Stock represented by the holder's Series F Depositary Shares. To the extent possible, the Series F Depositary will vote the amount of the Series F Preferred Stock represented by Series F Depositary Shares in accordance with the instructions it receives. First Horizon will agree to take all reasonable actions that the depositary determines are necessary to enable the Series F Depositary to vote as instructed. If the Series F Depositary does not receive specific instructions from the holders of any Series F Depositary Shares, it will not vote the shares of Series F Preferred Stock relating to those Series F Depositary Shares.

Voting Rights—Series F Preferred Stock

Except as described below or otherwise required by law, the holders of Series F Preferred Stock do not have voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of First Horizon's capital stock, and are not be entitled to participate in meetings of holders of First Horizon's Common Stock or to call a meeting of the holders of any one or more classes or series of First Horizon's capital stock for any purpose.

Right to Elect Two Directors upon Non-payment of Dividends

If and when the dividends on the Series F Preferred Stock and any dividend parity stock that has voting rights equivalent to those described in this paragraph ("voting parity stock") have not been declared and paid (i) in the case of the Series F Preferred Stock and voting parity stock bearing non-cumulative dividends, in full for at least six quarterly dividend periods or their equivalent (whether or not consecutive) or (ii) in the case of voting parity stock bearing cumulative dividends, in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive), the number of directors then constituting First Horizon's board of directors will be increased by two. Holders of Series F Preferred Stock, together with the holders of all other affected classes and series of voting parity stock, voting as a single class, will be entitled to elect the two additional members of First Horizon's board of directors (the "preferred stock directors") at any annual or special meeting of shareholders or any special meeting of the holders of Series F Preferred Stock and any voting parity stock for which dividends have not been paid, called as provided below, but only if the election of any preferred stock directors would not cause First Horizon to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange or trading facility on which First Horizon's securities may be listed or traded). In addition, First Horizon's board of directors shall at no time have more than two preferred stock directors.

At any time after this voting power has vested as described above, First Horizon's Secretary may, and upon the written request of holders of record of at least 20% of the outstanding shares of the Series F Preferred Stock and voting parity stock (addressed to the Secretary at First Horizon's principal office) must, call a special meeting of the holders of Series F Preferred Stock and voting parity stock for the election of the preferred stock directors. No special meeting may be called within 90 days of the date fixed for the next annual or special meeting of shareholders. Notice for a special meeting will be given in a similar manner to that provided in First Horizon's by-laws for a special meeting of the shareholders, which First Horizon will provide upon request, or as required by law. If First Horizon's Secretary is required to call a meeting but does not do so within 20 days after receipt of any such request, then any holder of shares of Series F Preferred Stock may (at First Horizon's expense) call such meeting, upon notice as provided in this section, and for that purpose will have access to First Horizon's stock books. The preferred stock directors elected at any such special meeting will hold office until the next annual meeting of First Horizon's shareholders unless they have been previously terminated. In case any vacancy occurs among the preferred stock directors, a successor will be elected by First Horizon's board of directors to serve until the next annual meeting of the shareholders upon the nomination of the then remaining preferred stock director or, if none remains in office, by the vote of the holders of record of a majority of the outstanding shares of Series F Preferred Stock and voting parity stock, voting as a single class. Any preferred stock director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series F Preferred Stock and all voting parity stock, voting as a single class. The preferred stock directors will each be entitled to one vote per director on any matter.

Whenever full dividends have been paid on the Series F Preferred Stock and any noncumulative voting parity stock for at least one year after a non-payment event and all dividends on any cumulative voting parity stock have been paid in full, then the right of the holders of the Series F Preferred Stock to elect the preferred stock directors will cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future dividend periods), the terms of office of all preferred stock directors will immediately terminate and the number of directors constituting First Horizon's board of directors will be reduced accordingly.

Other Voting Rights of Series F Preferred Stock

So long as any shares of the Series F Preferred Stock remain outstanding, in addition to any other vote or consent of stockholders required by law or First Horizon's Charter, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series F Preferred Stock at the time outstanding and entitled to vote, voting separately as a class, will be required to:

- authorize or increase the authorized amount of, or issue shares of, any class or series of First Horizon's capital stock ranking senior to the Series F Preferred Stock with respect to payment of dividends or as to distributions upon First Horizon's liquidation, dissolution or winding-up, or issue any obligation or security convertible into or evidencing the right to purchase, any such class or series of First Horizon's capital stock;
- amend the provisions of First Horizon's Charter or restated bylaws so as to materially and adversely affect the special powers, preferences, privileges or rights of the Series F Preferred Stock, taken as a whole; or
- consummate a binding share-exchange or reclassification involving the Series F Preferred Stock, or a merger or consolidation of First Horizon with or into another entity, unless the shares of the Series F Preferred Stock (i) remain outstanding or (ii) are converted into or exchanged for preference securities of the surviving entity or any entity controlling such surviving entity and such new preference securities have terms that are not materially less favorable than those of the Series F Preferred Stock.

When determining the application of the voting rights described above, the authorization, creation and issuance, or an increase in the authorized or issued amount of, junior stock or any series of preferred stock, or any securities convertible into or exchangeable or exercisable for junior stock or any series of preferred stock, that by its terms expressly provides that it ranks on an equal basis with the Series F Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and as to distributions upon First Horizon's liquidation, dissolution or winding-up, will not be deemed to materially and adversely affect the powers, preferences, privileges or rights of the Series F Preferred Stock, and will not require the affirmative vote or consent of, the holders of any outstanding shares of Series F Preferred Stock.

Each holder of the Series F Preferred Stock will have one vote per share on any matter on which holders of the Series F Preferred Stock are entitled to vote, including any action by written consent. Whether the vote or consent of a majority or other portion of the Series F Preferred Stock and any voting parity stock has been cast or given on any matter will be determined by reference to the respective liquidation preference amounts of the Series F Preferred Stock and voting parity stock voted or covered by the consent.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding shares of the Series F Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by First Horizon for the benefit of the holders of the Series F Preferred Stock to effect the redemption.

Under current provisions of the Tennessee Business Corporation Act, holders of the Series F Preferred Stock are entitled to vote separately as a class on certain amendments to First Horizon's Charter that would impact the Series F Preferred Stock.

Dividend Rights—Series F Depositary Shares

The Series F Depositary will distribute any cash dividends or other cash distributions received in respect of the deposited shares of the Series F Preferred Stock to the record holders of Series F Depositary Shares

relating to the underlying shares of the Series F Preferred Stock in proportion to the number of Series F Depositary Shares held by the holders. The Series F Depositary will distribute any property received by it other than cash to the record holders of Series F Depositary Shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the Series F Depositary may, with First Horizon's approval, sell the property and distribute the net proceeds from the sale to the holders of the Series F Depositary Shares in proportion to the number of Series F Depositary Shares they hold.

Record dates for the payment of dividends and other matters relating to the Series F Depositary Shares will be the same as the corresponding record dates for the Series F Preferred Stock.

The amounts distributed to holders of Series F Depositary Shares will be reduced by any amounts required to be withheld by the Series F Depositary or by First Horizon on account of taxes or other governmental charges.

Dividend Rights—Series F Preferred Stock

The holder of Series F Preferred Stock, in preference to the holders of First Horizon's Common Stock and of any other shares of First Horizon's stock ranking junior to the Series F Preferred Stock as to payment of dividends, will be entitled to receive, only when, as and if declared by First Horizon's board of directors, out of assets legally available for payment, non-cumulative cash dividends. These dividends will be payable at a rate of 4.70% per annum, applied to the $100,000 liquidation preference per share of Series F Preferred Stock (equivalent to $25 per Series F Depositary Share) and will be paid in arrears on each dividend payment date. A "dividend payment date" means each January 10, April 10, July 10 and October 10, commencing July 10, 2021, except if any such date is not a business day, then such date will nevertheless be a dividend payment date but dividends on the Series F Preferred Stock, when, as and if declared, will be paid on the next succeeding business day (without interest or any other adjustment in the amount of the dividend per share of the Series F Preferred Stock). A "business day" means each weekday that is not a legal holiday in New York, New York and is not a day on which banking institutions in New York, New York are authorized or obligated by law, regulation or executive order to close. A "dividend period" means each period from and including a dividend payment date (except that the initial dividend period shall commence on and include the original issue date of the Series F Preferred Stock) and continuing to but not including the next succeeding dividend payment date. As that term is used herein, each dividend payment date "relates" to the dividend period most recently ending before such dividend payment date. Dividends will be paid to holders of record of the Series F Preferred Stock as they appear on First Horizon's books on the applicable record date, which shall be the 15th calendar day before such dividend payment date, or such other record date fixed for that purpose by First Horizon's board of directors that is not more than 60 nor less than 10 calendar days prior to such dividend payment date.

The amount of dividends payable per share of the Series F Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

Dividends on shares of the Series F Preferred Stock will not be cumulative and will not be mandatory. If First Horizon's board of directors does not declare a dividend on the Series F Preferred Stock in respect of a dividend period, then no dividend will be deemed to have accrued for such dividend period, be payable on the related dividend payment date, or accumulate, and First Horizon will have no obligation to pay any dividend for such dividend period, whether or not First Horizon's board of directors declares a dividend on the Series F Preferred Stock or any other series of First Horizon's Preferred Stock or on First Horizon's Common Stock for any future dividend period. References to the "accrual" (or similar terms) of dividends herein refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

Priority Regarding Dividends

So long as any share of the Series F Preferred Stock remains outstanding, unless (i) the full dividends for the most recently completed dividend period have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside) on all outstanding shares of the Series F Preferred Stock and (ii) First Horizon is not in default on First Horizon's obligation to redeem any shares of the Series F Preferred Stock that have been called for redemption:

- no dividend shall be declared, paid or set aside for payment, and no distribution shall be declared, made or set aside for payment, on any junior stock, other than (i) a dividend payable solely in junior stock or (ii) any dividend in connection with the implementation of a stockholders' rights plan, or the redemption or repurchase of any rights under any such plan;
- no shares of junior stock shall be repurchased, redeemed or otherwise acquired for consideration by First Horizon, directly or indirectly, other than:
  - as a result of a reclassification of junior stock for or into other junior stock,
  - the exchange or conversion of junior stock for or into other junior stock,
  - through the use of the proceeds of a sale of other shares of junior stock within the preceding 180 days,
  - purchases, redemptions or other acquisitions of shares of junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants,
  - purchases of shares of junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the most recently completed dividend period, including under a contractually binding stock repurchase plan (including a so-called Rule 10b5-1(c) purchase plan),
  - the purchase of fractional interests in shares of junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged,
  - purchases or other acquisitions by any of First Horizon's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in junior stock in the ordinary course of business,
  - purchases by any of First Horizon's broker-dealer subsidiaries of First Horizon's capital stock for resale pursuant to an offering by First Horizon of such capital stock underwritten by such broker-dealer subsidiary, or
  - the acquisition by First Horizon or any of First Horizon's subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by First Horizon or any of First Horizon's subsidiaries), including as trustees or custodians;
- no shares of dividend parity stock shall be repurchased, redeemed or otherwise acquired for consideration by First Horizon, directly or indirectly, other than:
  - pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series F Preferred Stock and such dividend parity stock,
  - as a result of a reclassification of dividend parity stock for or into other dividend parity stock,
  - the exchange or conversion of dividend parity stock for or into other dividend parity stock,

- through the use of the proceeds of a sale of other shares of dividend parity stock within the preceding 180 days,
- purchases of shares of dividend parity stock pursuant to a contractually binding requirement to buy dividend parity stock existing prior to the most recently completed dividend period, including under a contractually binding stock repurchase plan (including a so-called Rule 10b5-1(c) purchase plan),
- the purchase of fractional interests in shares of dividend parity stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged,
- purchases or other acquisitions by any of First Horizon's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in dividend parity stock in the ordinary course of business,
- purchases by any of First Horizon's broker-dealer subsidiaries of First Horizon's capital stock for resale pursuant to an offering by First Horizon of such capital stock underwritten by such broker-dealer subsidiary, or
- the acquisition by First Horizon or any of First Horizon's subsidiaries of record ownership in dividend parity stock for the beneficial ownership of any other persons (other than for the beneficial ownership by First Horizon or any of First Horizon's subsidiaries), including as trustees or custodians; and

• no money shall be paid to or made available for a sinking fund for the redemption of any junior stock or dividend parity stock by First Horizon.

When dividends are not paid in full upon the shares of the Series F Preferred Stock and any dividend parity stock, all dividends paid or declared for payment on that dividend payment date with respect to the Series F Preferred Stock and the dividend parity stock will be shared (i) first ratably by the holders of any dividend parity stock who have the right to receive dividends with respect to past dividend periods for which such dividends were not declared and paid, in proportion to the respective amounts of the undeclared and unpaid dividends relating to past dividend periods, and (ii) thereafter ratably by the holders of the Series F Preferred Stock and any dividend parity stock, in proportion to the respective amounts of the declared and unpaid dividends relating to the current dividend period. To the extent a dividend period with respect to any dividend parity stock coincides with more than one dividend period with respect to the Series F Preferred Stock, for purposes of the immediately preceding sentence, First Horizon's board of directors will treat such dividend period as two or more consecutive dividend periods, none of which coincides with more than one dividend period with respect to the Series F Preferred Stock or in any manner that it deems to be fair and equitable. For the purposes of this paragraph, the term "dividend period" as used with respect to any dividend parity stock means such dividend periods as are provided for in the terms of such dividend parity stock.

Subject to the foregoing, such dividends (payable in cash, securities or otherwise) as may be determined by First Horizon's board of directors may be declared and paid on any class or series of junior stock or any dividend parity stock from time to time out of assets legally available for such payment, and the Series F Preferred Stock will not be entitled to participate in any such dividend. Holders of the Series F Preferred Stock will not be entitled to receive any dividends not declared by First Horizon's board of directors and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.

Maturity and Redemption—Series F Depositary Shares

If First Horizon redeems shares of the Series F Preferred Stock represented by the Series F Depositary Shares, the depositary shares will be redeemed from the proceeds received by the Series F Depositary resulting from the redemption of the shares of the Series F Preferred Stock held by the Series F Depositary. The redemption price per Series F Depositary Share will be equal to 1/4,000th of the redemption price per share payable with respect to the Series F Preferred Stock or $25 per Series F Depositary Share (plus dividends if applicable). Whenever First Horizon redeems shares of the Series F Preferred Stock held by the Series F Depositary, the Depositary will redeem, as of the same redemption date, the number of Series F Depositary Shares representing the shares of the Series F Preferred Stock so redeemed.

In case of any redemption of less than all of the outstanding Series F Depositary Shares, the Series F Depositary Shares to be redeemed will be selected by the Series F Depositary by lot or pro rata or in any other manner determined by the Series F Depositary to be equitable.

Maturity and Redemption—Series F Preferred Stock

The Series F Preferred Stock is perpetual and has no maturity date. The Series F Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Neither the holders of Series F Preferred Stock nor holders of Series F Depositary Shares have the right to require the redemption or repurchase of the Series F Preferred Stock.

First Horizon may, at First Horizon's option, redeem the Series F Preferred Stock (i) in whole or in part, from time to time, on any dividend payment date on or after July 10, 2026, or (ii) in whole, but not in part, at any time within 90 days following a Regulatory Capital Event (as defined below), at a redemption price equal to $100,000 per share (equivalent to $25 per Series F Depositary Share), plus any declared and unpaid dividends.

A "Regulatory Capital Event" means the good faith determination by First Horizon that, as a result of (i) any amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series F Preferred Stock, (ii) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of Series F Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series F Preferred Stock, there is more than an insubstantial risk that First Horizon will not be entitled to treat the full liquidation preference amount of $100,000 per share of Series F Preferred Stock then outstanding as "Tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking agency) as then in effect and applicable.

"Appropriate federal banking agency" means the "appropriate federal banking agency" with respect to First Horizon as that term is defined in Section 3(q) of the Federal Deposit Insurance Act or any successor provision.

Liquidation Rights

In the event that First Horizon voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of the Series F Preferred Stock will be entitled to receive an amount per share (the "total liquidation amount") equal to the liquidation preference of $100,000 per share (equivalent to $25 per Series F Depositary Share), plus any declared and unpaid dividends (but not including any undeclared dividends). Holders of the Series F Preferred Stock will be entitled to receive the total liquidation amount

out of First Horizon's assets that are available for distribution to shareholders, after payment or provision for payment of First Horizon's debts and other liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series F Preferred Stock with respect to distributions but before any distribution of assets is made to holders of First Horizon's Common Stock or any other shares ranking, as to that distribution, junior to the Series F Preferred Stock.

The Series F Preferred Stock may be fully subordinate to interests held by the U.S. government in the event of a receivership, insolvency, liquidation, or similar proceeding, including a proceeding under the "orderly liquidation authority" provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

If First Horizon's assets are not sufficient to pay the total liquidation amount in full to all holders of Series F Preferred Stock and all holders of any shares of First Horizon's stock ranking as to any such distribution on a parity with the Series F Preferred Stock, the amounts paid to the holders of the Series F Preferred Stock and to such other shares will be paid pro rata in accordance with the respective total liquidation amount for those holders. If the liquidation preference has been paid in full to all holders of Series F Preferred Stock and the liquidation preference of any other shares ranking on parity with the Series F Preferred Stock has been paid in full, the holders of First Horizon's Common Stock or any other shares ranking, as to such distribution, junior to the Series F Preferred Stock will be entitled to receive all of First Horizon's remaining assets according to their respective rights and preferences, and the Series F Preferred Stock will not be entitled to participate in any such distribution.

For purposes of the liquidation rights, neither the sale, lease, exchange or transfer of all or substantially all of First Horizon's property and assets, nor the consolidation, merger or other business combination by First Horizon with or into any other entity or by another entity with or into First Horizon, including a merger, consolidation or other business combination in which the holders of Series F Preferred Stock receive cash, securities or property for their shares, will constitute a liquidation, dissolution or winding-up of First Horizon's affairs.

No Preemptive or Conversion Rights

Holders of the Series F Preferred Stock do not have preemptive rights. The Series F Preferred Stock is not convertible into, or exchangeable for, shares of any other class or series of capital stock or other securities of First Horizon, nor convertible into or exchangeable for any other of First Horizon's property, interests or securities.

Listing

Series F Depositary Shares are listed on the New York Stock Exchange LLC under the trading symbol **FHN PR F**. The Series F Preferred Stock is not listed on any exchange, and is not registered under the Securities Exchange Act of 1934.

Ranking of the Outstanding Preferred Series with respect to Each Other

First Horizon's Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, and Series F Preferred Stock are dividend parity stocks and liquidation parity stocks with respect to each other, meaning that each Series ranks equally with each other Series as to distributions of dividends or upon the liquidation, dissolution or winding-up of First Horizon, as described above.

The Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, and Series F Preferred Stock are voting parity stocks with respect to each other in connection with certain limited voting rights provided to those Series in the event certain dividend payments are missed, as described above.

Other Depositary Share Matters

Withdrawal of Series B, C, or D Preferred Stock

Upon surrender of Series B, C, or D Depositary Shares at the principal office of the applicable Depositary, upon payment of any unpaid amount due the Depositary, and subject to the terms of the applicable deposit agreement, the owner of the Depositary Shares evidenced thereby is entitled to delivery of the number of shares of the applicable Series of Preferred Stock and all money and other property, if any, represented by such Depositary Shares. Only whole shares of Preferred Stock may be withdrawn. If the Depositary Shares surrendered by the holder in connection with withdrawal exceed the number of Depositary Shares that represent the number of whole shares of rollover First Horizon preferred stock to be withdrawn, the Depositary will deliver to that holder at the same time a new depositary receipt evidencing the excess number of Depositary Shares.

Holders of shares of Preferred Stock thus withdrawn will not thereafter be entitled to deposit such shares under the applicable deposit agreement or to receive Depositary Shares therefor.

Resignation and Removal of a Depositary

In accordance with the applicable Deposit Agreement, a Depositary may resign at any time with notice to First Horizon. Similarly, First Horizon may remove or replace a Depositary at any time.

Charter and Bylaw Provisions which Might Operate to Deter a Change in Control Event

First Horizon's Charter contains certain provisions which might discourage or delay attempts to gain control of First Horizon. Those Charter provisions include:

1. providing that only the Board of directors may fill any newly created directorships resulting from an increase in the number of directors (by means of amending the Bylaws);
2. providing that only the Board of directors may fill vacancies on the Board, including those caused by an increase in the size of the board, except for vacancies on the board resulting from a director's removal (which shareholders may choose to fill);
3. providing that shareholders may remove a director only for cause by the affirmative vote of at least a majority of the voting power of all outstanding voting stock;
4. requiring the affirmative vote by holders of at least 80% of the voting power of all outstanding voting stock in order for First Horizon's shareholders (a) to make, amend, or repeal any Bylaw

provision, and (b) to adopt any Charter provision which is inconsistent with any Bylaw provision; and

5. requiring the affirmative vote by holders of at least 80% of the voting power of all outstanding voting stock to alter any of the above provisions.

First Horizon's Bylaws contain certain provisions which might have a similar effect. Those Bylaw provisions include:

1. authorizing only the board of directors or First Horizon's Chairman of the Board to call a special meeting of shareholders;
2. requiring timely notice before a shareholder may nominate a director or propose other business to be presented at a shareholders' meeting;
3. requiring timely notice and adherence to certain procedures and restrictions before a shareholder's nomination of a director may be included in First Horizon's proxy solicitation materials; and
4. requiring the affirmative vote by holders of at least 80% of the voting power of all outstanding voting stock in order for First Horizon's shareholders to make, amend, or repeal any Bylaw provision.

In addition, in certain instances, the ability of First Horizon's Board to issue authorized but unissued shares of Common Stock or Preferred Stock may have an anti-takeover effect.

This summary does not include the effects of laws and regulations which might, and in some cases would, significantly restrict the ability of anyone to gain control of First Horizon. The most significant of those are embodied in federal laws regulating control of banks and bank holding companies, and related regulations of the Board of Governors of the Federal Reserve.

Exhibit 10.1

LIST OF CERTAIN BENEFITS AVAILABLE TO CERTAIN EXECUTIVE OFFICERS

(As in effect July 26, 2021)

The following benefits are available to some or all executive officers (among other persons), but not to all full-time associates of First Horizon.

1) If the Board has authorized a stock repurchase program, an executive may request the repurchase of shares of First Horizon at the day's volume-weighted average price with no payment of any fees or commissions if the repurchase of the shares is otherwise permissible under the authorized program.

2) First Horizon's regular disability insurance program is available to associates generally. Associates above a certain grade level, including executive officers, are offered an additional benefit. Executive officers who choose the additional coverage pay the premiums with after-tax dollars.

3) First Horizon makes available or pays for tax preparation, tax consulting, estate planning, and financial counseling services for executive officers. If a preferred provider is used, First Horizon will pay the annual counseling fee per person as well as general engagement fees and expenses which are not applied on a per person basis.

4) On occasion spouses of certain associates, including executive officers, are asked by First Horizon, for business reasons, to accompany the associate on a business trip or function. In those cases First Horizon may pay the travel, accommodation, and other expenses of the spouse incidental to the trip or function, some or all of which can result in taxable income for the associate. On occasion First Horizon may provide or pay for a memento, gift, or other gratuity that the associate or spouse receives in connection with the business trip or function.

5) The Chief Executive Officer and the Executive Chairman of the Board are permitted to take personal flights on company aircraft. Personal usage is limited to certain aircraft, is subject to certain situational and other limitations, and may not exceed 25 flight hours per calendar year. In addition, the spouse of each of the Chief Executive Officer and the Executive Chairman of the Board may accompany them on business trips even if there is no business purpose for their travel.

6) First Horizon provides home security protection for executive officers, provided by third parties and overseen by First Horizon's corporate security department. When an executive is first covered by this program, First Horizon estimates the assessment, upgrade, installation, and other similar costs to be approximately $20,000. Ongoing monitoring and system maintenance also are included.

7) First Horizon provides a relocation benefit to a wide range of associates, including executive officers, under varying circumstances and subject to certain constraints. The benefit may be in the form of an allowance or a reimbursement of actual expenses, and includes a tax gross up feature.

8) First Horizon requires the Chief Executive Officer to participate in an executive health program selected by First Horizon. The program provides substantially enhanced ongoing health screening and related services. First Horizon pays the expenses associated with attendance, including program fees and incidental expenses such as lodging, meals, and air travel. The program primarily performs screening and diagnostic functions. Accordingly, any treatments that might be recommended as a result of the program generally would be paid in the ordinary course through the

health insurance plan selected by the Officer under First Horizon's broad-based associate health benefit program.

9) First Horizon promotes executive-level annual physical health examinations for executive officers. Each officer may use a medical service-provider of his or her choice. First Horizon subsidizes the cost to the extent not covered by health insurance.

10) The Executive Chairman of the Board is provided with certain perquisites carried over from when he was Chief Executive Officer of IBERIABANK Corporation, consistent with certain contracts First Horizon has with him. Those perquisites include club membership charges, social dues, an automobile allowance, an annual medical examination, and security alarm services.

Exhibit 31(a)

FIRST HORIZON CORPORATION
RULE 13a – 14(a) CERTIFICATIONS OF CEO
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(QUARTERLY REPORT)

CERTIFICATIONS

I, D. Bryan Jordan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Horizon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ D. Bryan Jordan

D. Bryan Jordan
President and Chief Executive Officer

Exhibit 31(b)

FIRST HORIZON CORPORATION
RULE 13a – 14(a) CERTIFICATIONS OF CFO
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(QUARTERLY REPORT)

CERTIFICATIONS

I, Anthony J. Restel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Horizon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ Anthony J. Restel

Anthony J. Restel
Senior Executive Vice President and Chief Operating Officer and interim Chief Financial Officer

Exhibit 32(a)

CERTIFICATION OF PERIODIC REPORT
18 USC 1350 CERTIFICATIONS OF CEO
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,
As Codified at 18 U.S.C. Section 1350

I, the undersigned D. Bryan Jordan, President and Chief Executive Officer of First Horizon Corporation ("Corporation"), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, as follows:

1. The Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 5, 2021

/s/ D. Bryan Jordan

D. Bryan Jordan
President and Chief Executive Officer

Exhibit 32(b)

CERTIFICATION OF PERIODIC REPORT
18 USC 1350 CERTIFICATIONS OF CFO
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,
As Codified at 18 U.S.C. Section 1350

I, the undersigned Anthony J. Restel, Senior Executive Vice President and Chief Operating Officer and interim Chief Financial Officer of First Horizon Corporation ("Corporation"), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, as follows:

1. The Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 5, 2021

/s/ Anthony J. Restel

Anthony J. Restel
Senior Executive Vice President and Chief Operating Officer and interim Chief Financial Officer