



# 2024 Stress Testing Results

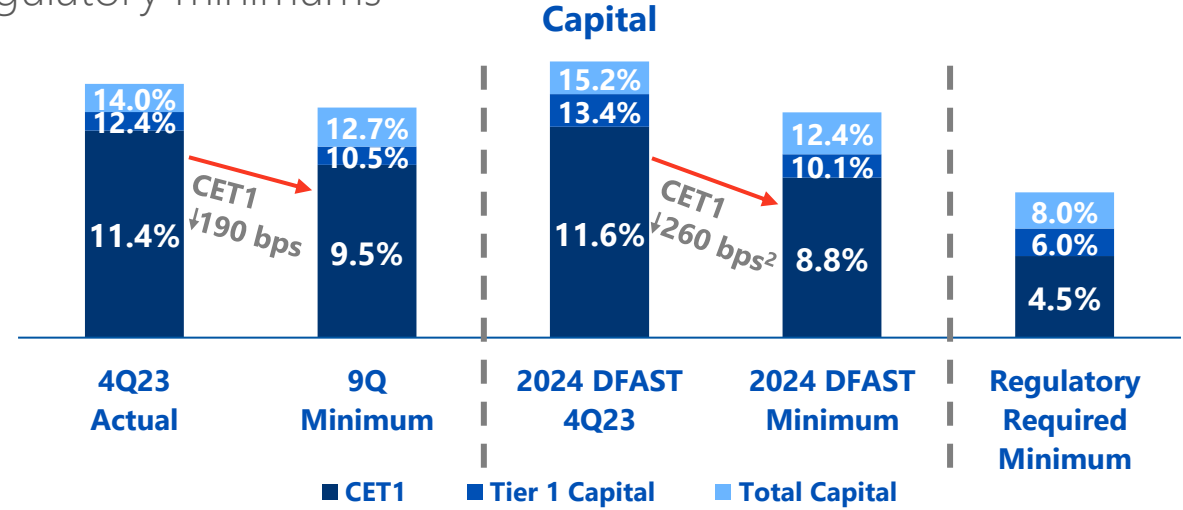
July 2024

# 2024 Company-Run Stress Test Results

Company-run stress test results demonstrate strong ability to navigate the Fed DFAST Severely Adverse Scenario while maintaining capital levels well above regulatory minimums

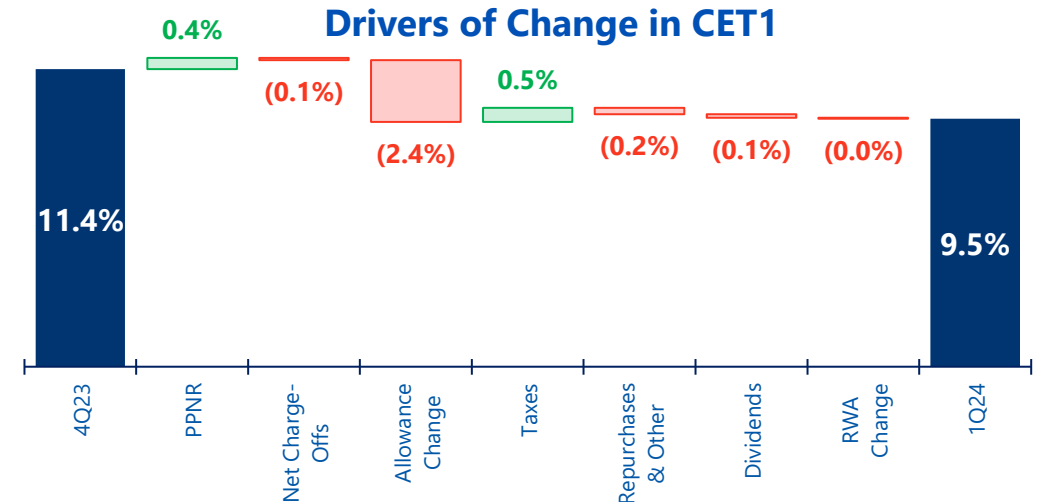
## Federal Reserve DFAST Severely Adverse Scenario

- Severe global recession with heightened stress in commercial real estate (CRE) and corporate debt markets. Continuation of remote work amplifies CRE price declines and impacts the corporate sector and investor sentiment.
  - Real GDP contracts 8.5%
  - Unemployment increases to 10%
  - House prices fall 36%
  - CRE prices fall 40%
  - Equity prices down 55%



## Results and Key Assumptions<sup>3</sup>

- Minimum CET1 of 9.5% exceeded regulatory-required minimum by 500 bps
  - CET1 declined ~190 bps vs. Fed-run DFAST peer median of ~260 bps<sup>2</sup>
  - 2.5% loan loss rate significantly lower than 6.8% Fed-run DFAST peer median
- Maintain \$0.15/share quarterly common dividend
- CECL<sup>3</sup> methodology for allowance & losses; drove largest provision & capital impacts in 1Q24

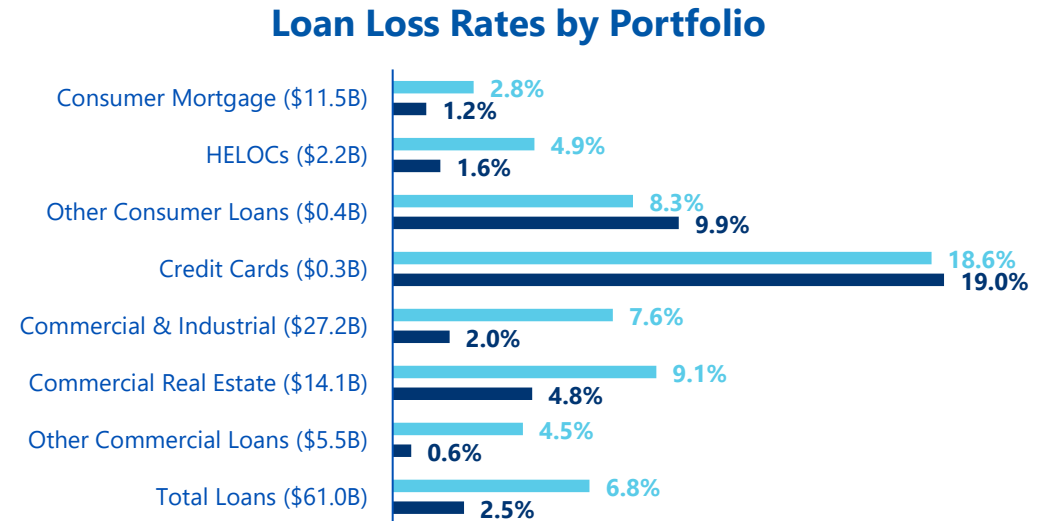
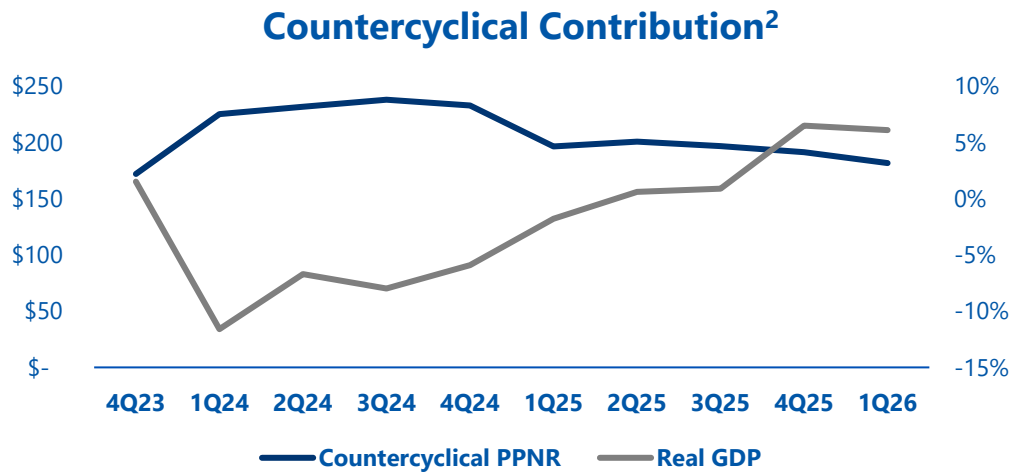
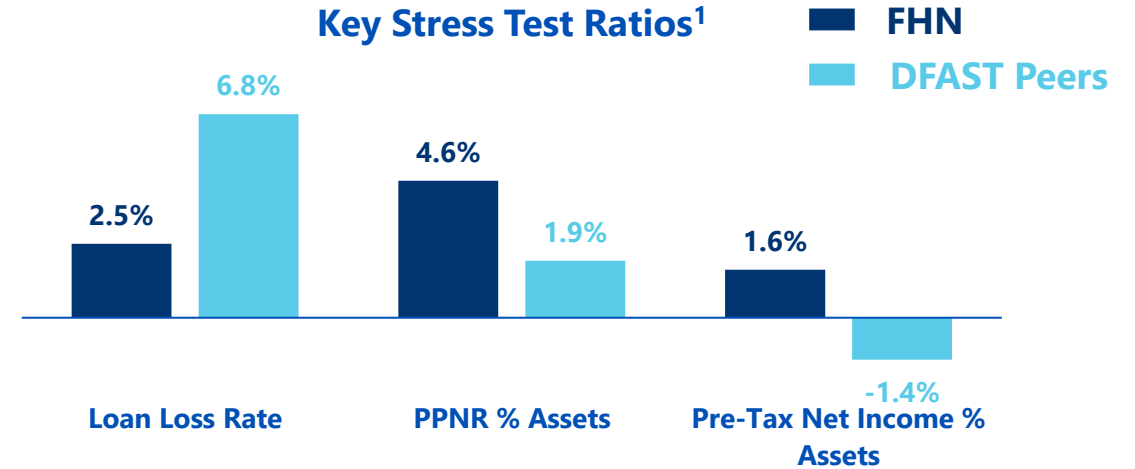


Based on Fed Dodd Frank Act Stress Test (DFAST) Severely Adverse scenario released February 15, 2024 using a flat (static) balance sheet over 9 quarter planning horizon from 1Q24 to 1Q26. <sup>1</sup>References to peer stress testing data represent the median 2024 DFAST results of 31 participating firms. <sup>2</sup>Median change in peer results may not equal difference from median starting point to median minimum. <sup>3</sup>Company run results utilized Current Expected Credit Loss methodology vs. Fed methodology that set allowance equal to the next four quarters of forecasted losses. Source: Federal Reserve

# 2024 Company-Run Stress Test Results

Countercyclical businesses help First Horizon outperform peers in latest stress test

- Pre-Provision Net Revenue (PPNR) as a percent of Assets is nearly 2x greater than peers due to countercyclical contribution from loans to mortgage companies, mortgage warehouse, and FHN Financial
- 2.5% total loan loss rate vs. DFAST-peer median of 6.8%
  - Limited exposure to high loss credit cards (~\$0.3B)
  - Other Commercial Loans includes low loss portfolio of loans to mortgage companies (~\$2B)



Based on Fed Dodd Frank Act Stress Test (DFAST) Severely Adverse scenario released February 15, 2024 using a flat (static) balance sheet over 9 quarter planning horizon from 1Q24 to 1Q26

<sup>1</sup>References to peer stress testing data represent the median 2024 DFAST results of 31 participating firms.

<sup>2</sup>Countercyclical businesses include Loans to Mortgage Companies, Consumer Mortgage, and FHN Financial \$ in Millions

