



# 2021 Stress Test Results

6/28/21

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Company-run stress test demonstrates ability to navigate the Fed CCAR Severely Adverse Scenario while maintaining capital well above regulatory minimums

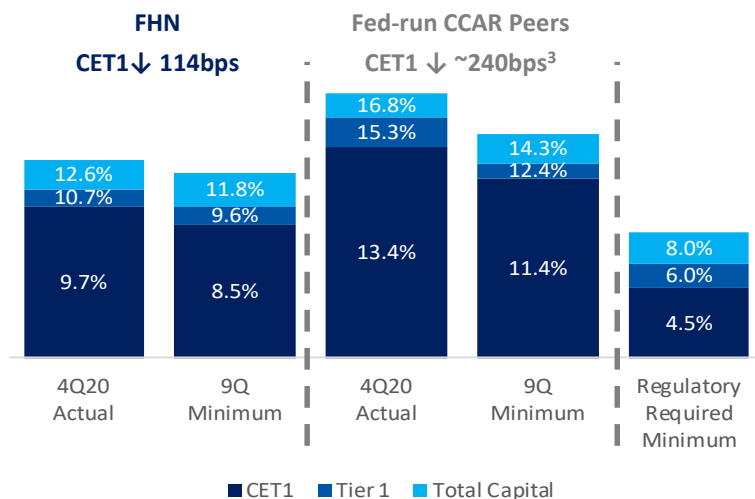
## CCAR Severely Adverse Scenario

- Severe global recession with heightened stress in commercial real estate and corporate debt markets
  - Real GDP down 4%
  - Unemployment increased to 10.8%
  - House prices down 24%
  - CRE prices down 40%
  - Equity prices down 55%

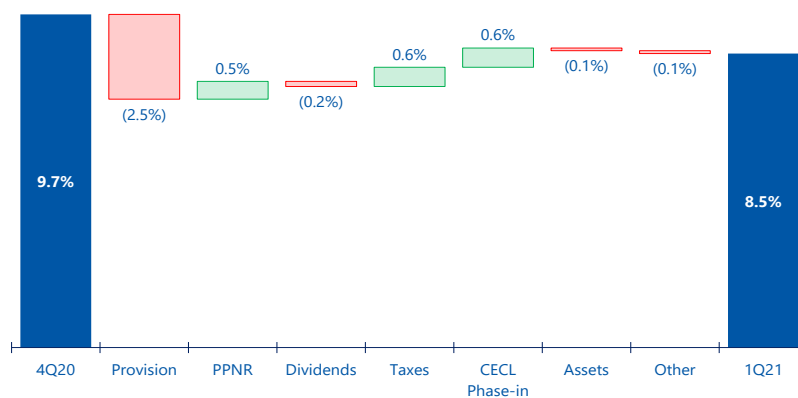
## Results and Key Assumptions

- Minimum CET1 of 8.5% exceeded regulatory minimum by 400 bps
- CET1 decline of 114bps compared to Fed-run CCAR peer<sup>1</sup> median of 240 bps
- 3.1% loss rate compared to Fed-run CCAR peer<sup>1</sup> median of 5.9%
- \$0.15/share quarterly common dividend
- Utilized CECL<sup>2</sup> methodology for allowance & losses; drove provision & capital into 1Q21

### Capital



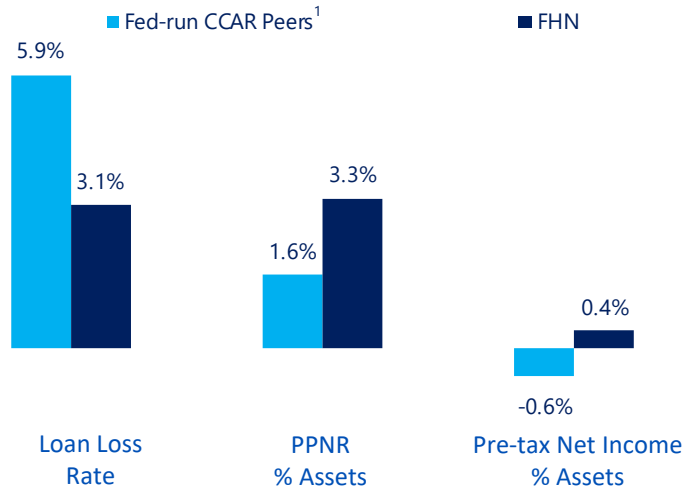
### Drivers of Change in CET1



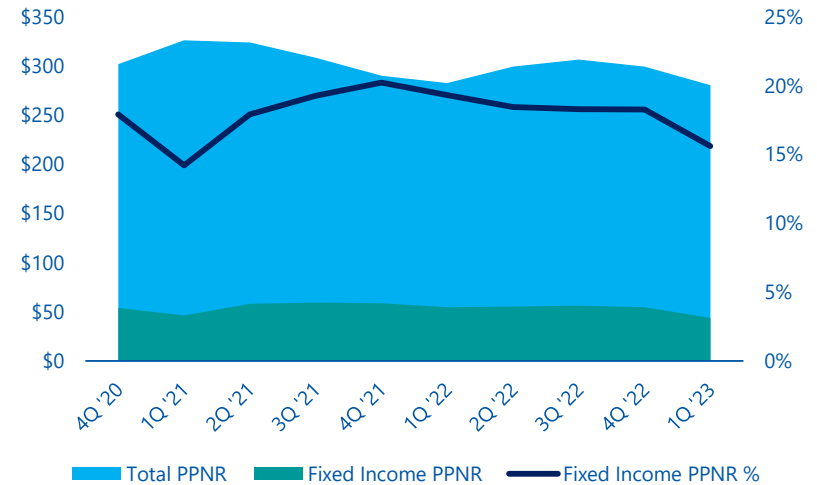
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Countercyclical businesses and favorable portfolio mix help First Horizon outperform peers in latest stress test

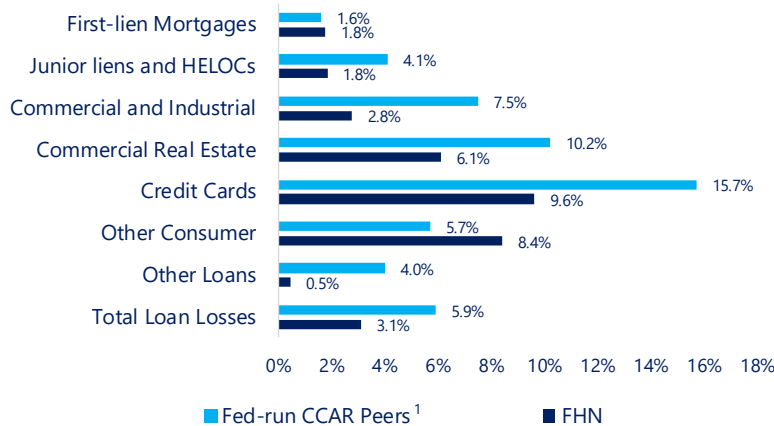
## Key Stress Test Ratios



## Fixed Income Contribution



## Overall Portfolio Loss Rates Lower than CCAR Median



- 9-quarter cumulative losses of \$1.7B; additional pre-tax loss capacity of ~\$3.4B to 4.5% CET1 capital regulatory requirement
- FHN's portfolio mix contributed to lower losses
  - Loans to mortgage companies had relatively low loss rates and represented ~9% of average loans
  - Credit card portfolio <0.5% of average loans