FIRST HORIZON CORP

FORM 10-Q
(Quarterly Report)

Filed 05/07/25 for the Period Ending 03/31/25

Address	165 MADISON AVENUE
	MEMPHIS, TN, 38103
Telephone	9018186232
CIK	0000036966
Symbol	FHN
SIC Code	6021 - National Commercial Banks
Industry	Banks
Sector	Financials
Fiscal Year	12/31

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 March 31, 2025
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

FIRST HORIZON CORPORATION

(Exact name of registrant as specified in its charter)

TN	**62-0803242**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
165 Madison Avenue	
Memphis, Tennessee	**38103**
(Address of principal executive offices)	**(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 each exchange on which registered
$0.625 Par Value Common Capital Stock	FHN	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 1/4,000th 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

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 April 30, 2025
Common Stock, $0.625 par value	507,233,437

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Glossary

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

ACL	Allowance for credit losses
AFS	Available for sale
AIR	Accrued interest receivable
ALCO	Asset/Liability Committee
ALLL	Allowance for loan and lease losses
ALM	Asset/liability management
AOCI	Accumulated other comprehensive income
ASC	FASB Accounting Standards Codification
Associate	Person employed by FHN
ASU	Accounting Standards Update
Bank	First Horizon Bank
C&I	Commercial, financial, and industrial loan portfolio
CECL	Current expected credit loss
CEO	Chief Executive Officer
CME	Chicago Mercantile Exchange
CMO	Collateralized mortgage obligations
CODM	Chief Operating Decision-Maker
Company	First Horizon Corporation
Corporation	First Horizon Corporation
CRE	Commercial Real Estate
DTA	Deferred tax asset
DTL	Deferred tax liability
EAD	Exposure at default
EPS	Earnings per share
Fannie Mae	Federal National Mortgage Association
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Federal Reserve Board
Fed	Federal Reserve Board
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHN	First Horizon Corporation
FHNF	FHN Financial; FHN's fixed income division
FICO	Fair Isaac Corporation
First Horizon	First Horizon Corporation
FRB	Federal Reserve Bank or the Federal Reserve Board
Freddie Mac	Federal Home Loan Mortgage Corporation
FTE	Fully taxable equivalent
FTP	Funds transfer pricing
FTRESC	FT Real Estate Securities Company, Inc.
GAAP	Generally accepted accounting principles (U.S.)
GHG	Greenhouse Gas
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
IBKC	IBERIABANK Corporation
IBKC merger	FHN's merger of equals with IBKC that closed July 2020
ISDA	International Swap and Derivatives Association
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
LTV	Loan-to-value
MBS	Mortgage-backed securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
NAICS	North American Industry Classification System
NII	Net interest income
NIM	Net interest margin
NM	Not meaningful
NMTC	New Market Tax Credit
NPA	Nonperforming asset
NPL	Nonperforming loan
NYSE	New York Stock Exchange
OCI	Other comprehensive income
OREO	Other Real Estate Owned
PAM	Proportional amortization method
PD	Probability of default
PPNR	Pre-provision net revenue
PTNI	Pre-tax net income
RE	Real estate
SAD	Special Assets Department
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SOFR	Secure Overnight Funding Rate
SVaR	Stressed Value-at-Risk

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 materials 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, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect 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 often use words such as "believe," "expect," "anticipate," "intend," "estimate," "should," "is likely," "will," "going forward," and other similar 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 our control, and many of which, with respect to future business decisions and actions (including acquisitions and divestitures), are subject to change and could cause our actual future results and outcomes to differ materially from those contemplated by forward-looking statements or historical performance. While there is no assurance that any list of uncertainties and contingencies is complete, examples of factors which could cause actual results to differ from those contemplated by forward-looking statements or historical performance include:

- global, national, 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;
- the financial condition and stability of major financial and market participants, including private financial institutions as well as governments and governmental agencies;
- competition within and outside the financial services industry;
- the occurrence of natural or man-made disasters, pandemics, conflicts, or terrorist attacks, or other adverse external events;
- 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;
- the 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;
- 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;
- potential requirements for FHN to repurchase, or compensate for losses from, previously sold or securitized mortgages or securities based on such mortgages;
- changes in accounting policies, standards, and interpretations;
- evolving capital and liquidity standards under applicable regulatory rules;
- accounting policies and processes that require management to make estimates about matters that are uncertain;
- reputational risk and potential adverse reactions or changes to business or associate relationships; and
- other factors that may affect future results of FHN.

Any forward-looking statements made by or on behalf of FHN speak only as of the date they are made, and 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 expectations could change, possibly materially, because of one or more factors, including those factors listed above or presented elsewhere in this report, those factors listed in material incorporated by reference into this report, and other factors not listed. In evaluating forward-looking statements and assessing our prospects, readers of this report should carefully consider the factors mentioned above along with the additional risks and factors discussed in Item 2 of Part I and 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, among others. Readers should also consult any further disclosures of a forward-looking nature in any subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, or Current Reports on Form 8-K.

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, and tangible book value per common share. Table I.2.23 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, provides 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

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except per share amounts)	(Unaudited) March 31, 2025	December 31, 2024
Assets		
Cash and due from banks	**$ 915**	$ 906
Interest-bearing deposits with banks	**1,164**	1,538
Federal funds sold and securities purchased under agreements to resell	**728**	631
Trading securities	**1,376**	1,387
Securities available for sale at fair value	**8,075**	7,896
Securities held to maturity (fair value of $1,092 and $1,083, respectively)	**1,258**	1,270
Loans held for sale (including $114 and $85 at fair value, respectively)	**510**	551
Loans and leases	**62,215**	62,565
Allowance for loan and lease losses	**(822)**	(815)
Net loans and leases	**61,393**	61,750
Premises and equipment	**569**	574
Goodwill	**1,510**	1,510
Other intangible assets	**133**	143
Other assets	**3,860**	3,996
Total assets	**$ 81,491**	$ 82,152
Liabilities		
Noninterest-bearing deposits	**$ 15,835**	$ 16,021
Interest-bearing deposits	**48,373**	49,560
Total deposits	**64,208**	65,581
Trading liabilities	**670**	550
Short-term borrowings	**3,795**	3,400
Term borrowings	**1,691**	1,195
Other liabilities	**2,083**	2,315
Total liabilities	**72,447**	73,041
Equity		
Preferred stock, Non-cumulative perpetual, no par value; authorized 5,000,000 shares; issued 16,750 shares	**426**	426
Common stock, $0.625 par value; authorized 700,000,000 shares; issued 507,315,184 and 524,280,412 shares, respectively	**317**	328
Capital surplus	**4,472**	4,808
Retained earnings	**4,517**	4,382
Accumulated other comprehensive loss, net	**(983)**	(1,128)
FHN shareholders' equity	**8,749**	8,816
Noncontrolling interest	**295**	295
Total equity	**9,044**	9,111
Total liabilities and equity	**$ 81,491**	$ 82,152

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,	
(Dollars in millions, except per share data; shares in thousands) (Unaudited)	**2025**	2024
Interest income		
Interest and fees on loans and leases	**$ 895**	$ 952
Interest and fees on loans held for sale	**9**	9
Interest on investment securities	**69**	60
Interest on trading securities	**20**	20
Interest on other earning assets	**21**	32
Total interest income	**1,014**	1,073
Interest expense		
Interest on deposits	**329**	398
Interest on trading liabilities	**7**	5
Interest on short-term borrowings	**29**	28
Interest on term borrowings	**18**	17
Total interest expense	**383**	448
Net interest income	**631**	625
Provision for credit losses	**40**	50
Net interest income after provision for credit losses	**591**	575
Noninterest income		
Fixed income	**49**	52
Deposit transactions and cash management	**40**	44
Brokerage, management fees and commissions	**26**	24
Card and digital banking fees	**18**	19
Other service charges and fees	**12**	13
Trust services and investment management	**12**	11
Mortgage banking income	**8**	9
Other income	**16**	22
Total noninterest income	**181**	194
Noninterest expense		
Personnel expense	**279**	301
Net occupancy expense	**35**	31
Computer software	**32**	30
Operations services	**23**	21
Legal and professional fees	**14**	14
Deposit insurance expense	**13**	24
Advertising and public relations	**10**	8
Amortization of intangible assets	**10**	11
Equipment expense	**10**	11
Contract employment and outsourcing	**8**	13
Communications and delivery	**8**	8
Other expense	**45**	43
Total noninterest expense	**487**	515
Income before income taxes	**285**	254
Income tax expense	**63**	57
Net income	**$ 222**	$ 197
Net income attributable to noncontrolling interest	**4**	5
Net income attributable to controlling interest	**$ 218**	$ 192
Preferred stock dividends	**5**	8
Net income available to common shareholders	**$ 213**	$ 184

CONSOLIDATED STATEMENTS OF INCOME (continued)

Basic earnings per common share	**$**	**0.41**	$	0.33
Diluted earnings per common share	**$**	**0.41**	$	0.33
Weighted average common shares		**517,116**		554,977
Diluted average common shares		**523,423**		557,873

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31,	
(Dollars in millions) (Unaudited)	**2025**	2024
Net income	**$ 222**	$ 197
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on securities available for sale	**116**	(55)
Net unrealized gains (losses) on cash flow hedges	**27**	(30)
Net unrealized gains on pension and other postretirement plans	**2**	2
Other comprehensive income (loss)	**145**	(83)
Comprehensive income	**367**	114
Comprehensive income attributable to noncontrolling interest	**4**	5
Comprehensive income attributable to controlling interest	**$ 363**	$ 109
Income tax expense (benefit) of items included in other comprehensive income:		
Net unrealized gains (losses) on securities available for sale	**$ 37**	$ (18)
Net unrealized gains (losses) on cash flow hedges	**9**	(10)
Net unrealized gains on pension and other postretirement plans	**1**	1

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Three Months Ended March 31, 2025								
	Preferred Stock		Common Stock						
(In millions, except share and per share data) (unaudited)	Shares	Amount	Shares	Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (a)	Noncontrolling Interest	Total
Balance, December 31, 2024	16,750	$ 426	524,280,412	$ 328	$ 4,808	$ 4,382	$ (1,128)	$ 295	$ 9,111
Net income	—	—	—	—	—	218	—	4	222
Other comprehensive income (loss)	—	—	—	—	—	—	145	—	145
Cash dividends declared:									
Preferred stock	—	—	—	—	—	(5)	—	—	(5)
Common stock ($0.15 per share)	—	—	—	—	—	(78)	—	—	(78)
Common stock repurchased (b)	—	—	(17,657,334)	(11)	(354)	—	—	—	(365)
Excise tax on common stock repurchased	—	—	—	—	(3)	—	—	—	(3)
Common stock issued for:									
Stock options exercised and restricted stock awards	—	—	692,106	—	3	—	—	—	3
Stock-based compensation expense	—	—	—	—	18	—	—	—	18
Dividends declared - noncontrolling interest of subsidiary preferred stock	—	—	—	—	—	—	—	(4)	(4)
Balance, March 31, 2025	**16,750**	**$ 426**	**507,315,184**	**$ 317**	**$ 4,472**	**$ 4,517**	**$ (983)**	**$ 295**	**$ 9,044**

(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 $360 million repurchased under FHN's $1 billion general purchase program approved in October 2024 and scheduled to expire in January 2026.

	Three Months Ended March 31, 2024								
	Preferred Stock		Common Stock						
(In millions, except share and per share data) (unaudited)	Shares	Amount	Shares	Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (a)	Noncontrolling Interest	Total
Balance, December 31, 2023	26,750	$ 520	558,838,694	$ 349	$ 5,351	$ 3,964	$ (1,188)	$ 295	$ 9,291
Adjustment to reflect adoption of ASU 2023-02	—	—	—	—	—	8	—	—	8
Net income	—	—	—	—	—	192	—	5	197
Other comprehensive income (loss)	—	—	—	—	—	—	(83)	—	(83)
Cash dividends declared:									
Preferred stock	—	—	—	—	—	(8)	—	—	(8)
Common stock ($0.15 per share)	—	—	—	—	—	(84)	—	—	(84)
Common stock repurchased (b)	—	—	(11,051,980)	(7)	(152)	—	—	—	(159)
Excise tax on common stock repurchased	—	—	—	—	(2)	—	—	—	(2)
Common stock issued for:									
Stock options exercised and restricted stock awards	—	—	850,272	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	1	17	—	—	—	18
Dividends declared - noncontrolling interest of subsidiary preferred stock	—	—	—	—	—	—	—	(5)	(5)
Balance, March 31, 2024	26,750	$ 520	548,636,986	$ 343	$ 5,214	$ 4,072	$ (1,271)	$ 295	$ 9,173

(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 $154 million repurchased under FHN's $650 million general purchase program approved in January 2024 and terminated in October 2024.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
(Dollars in millions) (Unaudited)	**2025**	2024
Operating Activities		
Net income	**$ 222**	$ 197
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	**40**	50
Deferred income tax expense (benefit)	**2**	(57)
Depreciation and amortization of premises and equipment	**14**	14
Amortization of intangible assets	**10**	11
Net other amortization and accretion	**(2)**	1
Net decrease in trading securities	**237**	591
Net (increase) decrease in derivatives	**(3)**	4
Stock-based compensation expense	**18**	18
Loans held for sale:		
Purchases and originations	**(558)**	(608)
Gross proceeds from settlements and sales	**372**	379
Gain due to fair value adjustments and other	**(1)**	(6)
Other operating activities, net	**(2)**	244
Total adjustments	**127**	641
Net cash provided by operating activities	**349**	838
Investing Activities		
Proceeds from maturities of securities available for sale	**217**	183
Purchases of securities available for sale	**(245)**	(21)
Proceeds from prepayments of securities held to maturity	**13**	13
Purchases of premises and equipment	**(9)**	(10)
Net (increase) decrease in loans and leases	**333**	(488)
Net (increase) decrease in interest-bearing deposits with banks	**373**	(557)
Other investing activities, net	**11**	4
Net cash provided by (used in) investing activities	**693**	(876)
Financing Activities		
Common stock:		
Stock options exercised	**3**	—
Cash dividends paid	**(80)**	(85)
Repurchase of shares	**(365)**	(159)
Preferred stock:		
Cash dividends paid - preferred stock - noncontrolling interest	**(4)**	(5)
Cash dividends paid - preferred stock	**(8)**	(8)
Net decrease in deposits	**(1,373)**	(39)
Net increase in short-term borrowings	**395**	154
Proceeds from issuance of term borrowings	**497**	11
Increases (decreases) in term borrowings	**(1)**	4
Net cash used in financing activities	**(936)**	(127)
Net increase (decrease) in cash and cash equivalents	**106**	(165)
Cash and cash equivalents at beginning of period	**1,537**	1,731
Cash and cash equivalents at end of period	**$ 1,643**	$ 1,566
Supplemental Disclosures		
Total interest paid	**$ 372**	$ 420
Total taxes paid	**4**	3
Transfer from loans to OREO	**—**	1
Transfer from loans HFS to trading securities	**227**	342

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, 2024. 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 included in this Report for terms used herein.

Summary of Accounting Changes

ASU 2023-07

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures" that requires public entities to provide disclosures of significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The ASU requires a public entity to disclose, for each reportable segment, the significant expense categories and amounts that are regularly provided to the chief operating decision-maker ("CODM") and included in each reported measure of a segment's profit or loss. ASU 2023-07 also requires disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources.

ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and for interim periods beginning after December 15, 2024. FHN adopted ASU 2023-07 as of December 31, 2024 and its requirements have been applied retrospectively to all periods presented in Note 12 — Business Segment Information.

Accounting Changes Issued But Not Currently Effective

ASU 2023-09

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" to enhance transparency and decision usefulness of income tax disclosures. The provisions of this ASU require disaggregated information about a reporting entity's effective tax rate reconciliation in both percentages and reporting currency amounts. Certain categories of reconciling items are required by the ASU with additional categories required if a specified quantitative threshold is met. Reporting entities are also required to provide a qualitative discussion of the primary state and local jurisdictions for income taxes and the type of reconciling categories. ASU 2023-09 also requires disaggregation of income taxes paid by jurisdiction.

For public business entities, ASU 2023-09 is effective for annual periods beginning after December 31, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. FHN is currently assessing the impact of adopting ASU 2023-09 on its income tax disclosures.

ASU 2024-03

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses" that requires tabular disclosure, on an annual and interim basis, of additional disaggregated information about prescribed expense categories if they are present in any expense caption on the face of the income statement within continuing operations. The prescribed categories applicable to FHN are employee compensation, depreciation, and intangible asset amortization. Other required expense disclosures must be included in the tabular disclosure when they are included in the same income statement caption as a prescribed expense category. ASU 2024-03 also requires disclosure of the total amount of selling expenses and, annually, an entity's definition of selling expenses.

ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. The guidance is required to be applied prospectively. Early adoption and retrospective application are permitted. FHN is currently assessing the effects of adopting ASU 2024-03 on its financial statement disclosures.

SEC Final Rule

In March 2024, the SEC adopted final rules, "The Enhancement and Standardization of Climate-Related Disclosures for Investors" (the "Climate Disclosures Rules") to require registrants to disclose certain climate-related information in registration statements and annual reports. Information required for inclusion within the footnotes to the financial statements for severe weather events and other natural conditions includes 1) income statement effects before insurance recoveries above 1% of pre-tax income/loss, 2) balance sheet effects above 1% of shareholders' equity, and 3) certain carbon offsets and renewable energy credits. Qualitative discussion is also required for material impacts on financial estimates and assumptions that are due to severe weather events and other natural conditions or disclosed climate-related targets or transition plans.

In April 2024, the SEC issued a stay of the Climate Disclosures Rules pending the completion of judicial review of various legal challenges. On March 27, 2025, the SEC voted to end the legal defense of the Climate Disclosures Rules. The SEC has not voted to withdraw the Climate Disclosures Rules. Therefore, the actual timing of the implementation of the Climate Disclosures Rules, if sustained through the judicial process and not withdrawn or modified by the SEC, is uncertain. FHN is assessing the potential effects of the Climate Disclosures Rules on its financial statements.

Note 2—Investment Securities

The following tables summarize FHN's investment securities as of March 31, 2025 and December 31, 2024:

INVESTMENT SECURITIES AT MARCH 31, 2025

(Dollars in millions)	March 31, 2025 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
Government agency issued MBS	$ 4,183	$ 3	$ (436)	$ 3,750
Government agency issued CMO	3,192	1	(280)	2,913
Other U.S. government agencies	1,200	2	(129)	1,073
States and municipalities	381	—	(42)	339
Total securities available for sale (a)	**$ 8,956**	**$ 6**	**$ (887)**	**$ 8,075**
Securities held to maturity:				
Government agency issued MBS	$ 793	$ —	$ (95)	$ 698
Government agency issued CMO	465	—	(71)	394
Total securities held to maturity (a)	**$ 1,258**	**$ —**	**$ (166)**	**$ 1,092**

(a) Includes $7.0 billion of securities available for sale and $1.2 billion of securities held to maturity pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes.

INVESTMENT SECURITIES AT DECEMBER 31, 2024

(Dollars in millions)	December 31, 2024 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
Government agency issued MBS	$ 4,223	$ 1	$ (522)	$ 3,702
Government agency issued CMO	3,079	—	(312)	2,767
Other U.S. government agencies	1,234	—	(161)	1,073
States and municipalities	394	—	(40)	354
Total securities available for sale (a)	$ 8,930	$ 1	$ (1,035)	$ 7,896
Securities held to maturity:				
Government agency issued MBS	$ 804	$ —	$ (109)	$ 695
Government agency issued CMO	466	—	(78)	388
Total securities held to maturity (a)	$ 1,270	$ —	$ (187)	$ 1,083

(a) Includes $6.9 billion of securities available for sale and $1.3 billion of securities held to maturity pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes.

The amortized cost and fair value by contractual maturity for the debt securities portfolio as of March 31, 2025 is provided below:

DEBT SECURITIES PORTFOLIO MATURITIES

	Held to Maturity		Available for Sale	
(Dollars in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within 1 year	$ —	$ —	$ 11	$ 11
After 1 year through 5 years	—	—	98	92
After 5 years through 10 years	—	—	265	237
After 10 years	—	—	1,207	1,072
Subtotal	—	—	1,581	1,412
Government agency issued MBS and CMO (a)	1,258	1,092	7,375	6,663
Total	**$ 1,258**	**$ 1,092**	**$ 8,956**	**$ 8,075**

(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.

There were no sales of AFS securities for the three months ended March 31, 2025 and 2024.

The following tables provide information on investments within the available-for-sale portfolio that had unrealized losses as of March 31, 2025 and December 31, 2024:

AFS INVESTMENT SECURITIES WITH UNREALIZED LOSSES

	As of March 31, 2025					
	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	$ 348	$ (1)	$ 2,996	$ (435)	$ 3,344	$ (436)
Government agency issued CMO	656	(1)	1,722	(279)	2,378	(280)
Other U.S. government agencies	71	—	859	(129)	930	(129)
States and municipalities	76	(1)	242	(41)	318	(42)
Total	**$ 1,151**	**$ (3)**	**$ 5,819**	**$ (884)**	**$ 6,970**	**$ (887)**

	As of December 31, 2024					
	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	$ 663	$ (9)	$ 2,992	$ (513)	$ 3,655	$ (522)
Government agency issued CMO	675	(2)	1,744	(310)	2,419	(312)
Other U.S. government agencies	210	(6)	863	(155)	1,073	(161)
States and municipalities	66	(1)	256	(39)	322	(40)
Total	$ 1,614	$ (18)	$ 5,855	$ (1,017)	$ 7,469	$ (1,035)

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. Total AIR not included in the fair value or amortized cost basis of AFS debt securities was $27 million and $29 million as of March 31, 2025 and December 31, 2024, respectively. 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 periods. Additionally, for AFS debt securities with unrealized losses, FHN does 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 periods. There were no transfers to or from AFS or HTM during the three months ended March 31, 2025 and 2024.

For HTM securities, an allowance for credit losses is required to absorb estimated lifetime credit losses. Total AIR not included in the fair value or amortized cost basis of HTM debt securities was $3 million as of both March 31, 2025 and December 31, 2024. FHN has assessed the risk of credit loss and has determined that no allowance for credit losses for HTM securities was necessary as of March 31, 2025 and December 31, 2024. The evaluation of credit risk includes consideration of third-party and government guarantees (both explicit and implicit), senior or subordinated status, credit ratings of the issuer, the effects of interest rate changes since purchase and observable market information such as issuer-specific credit spreads.

The carrying amount of equity investments without a readily determinable fair value was $100 million and $96 million at March 31, 2025 and December 31, 2024, respectively. The year-to-date 2025 and 2024 gross amounts of upward and downward valuation adjustments were not significant.

Unrealized losses of $2 million and unrealized gains of $5 million were recognized in the three months ended March 31, 2025 and 2024, respectively, for equity investments with readily determinable fair values.

Note 3—Loans and Leases

The loan 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 March 31, 2025 and December 31, 2024, excluding accrued interest of $258 million and $271 million, respectively, which is included in other assets in the Consolidated Balance Sheets.

LOANS AND LEASES BY PORTFOLIO SEGMENT

(Dollars in millions)	**March 31, 2025**	December 31, 2024
Commercial:		
Commercial and industrial (a)	**$ 29,985**	$ 29,957
Loans to mortgage companies	**3,369**	3,471
Total commercial, financial, and industrial	**33,354**	33,428
Commercial real estate	**14,139**	14,421
Consumer:		
HELOC	**2,095**	2,092
Real estate installment loans	**11,994**	11,955
Total consumer real estate	**14,089**	14,047
Credit card and other (b)	**633**	669
Loans and leases	**$ 62,215**	$ 62,565
Allowance for loan and lease losses	**(822)**	(815)
Net loans and leases	**$ 61,393**	$ 61,750

(a) Includes equipment financing leases of $1.5 billion and $1.4 billion for March 31, 2025 and December 31, 2024, respectively.
(b) Includes $168 million and $174 million of commercial credit card balances as of March 31, 2025 and December 31, 2024, respectively.

Restrictions

Loans and leases with carrying values of $45.7 billion and $45.8 billion were pledged as collateral for borrowings at March 31, 2025 and December 31, 2024, respectively.

Concentrations of Credit Risk

Most of 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 March 31, 2025, FHN had loans to mortgage companies of $3.4 billion and loans to finance and insurance companies of $3.5 billion. As a result, 20% 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.

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 commercial 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 March 31, 2025 and December 31, 2024.

C&I PORTFOLIO

	March 31, 2025									
(Dollars in millions)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior to 2021**	**LMC (a)**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Credit Quality Indicator:										
Pass (PD grades 1 through 12)	**$ 756**	**$ 5,804**	**$ 2,525**	**$ 3,344**	**$ 2,127**	**$ 4,674**	**$ 3,369**	**$ 8,744**	**$ 211**	**$ 31,554**
Special Mention (PD grade 13)	**—**	**72**	**25**	**82**	**55**	**69**	**—**	**193**	**6**	**502**
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	**1**	**109**	**160**	**230**	**161**	**241**	**—**	**362**	**34**	**1,298**
Total C&I loans	**$ 757**	**$ 5,985**	**$ 2,710**	**$ 3,656**	**$ 2,343**	**$ 4,984**	**$ 3,369**	**$ 9,299**	**$ 251**	**$ 33,354**

	December 31, 2024									
(Dollars in millions)	2024	2023	2022	2021	2020	Prior to 2020	LMC (a)	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Credit Quality Indicator:										
Pass (PD grades 1 through 12)	$ 5,590	$ 2,607	$ 3,649	$ 2,336	$ 1,055	$ 3,853	$ 3,471	$ 8,784	$ 248	$ 31,593
Special Mention (PD grade 13)	106	27	78	47	33	57	—	279	2	629
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	84	184	113	179	33	169	—	383	61	1,206
Total C&I loans	$ 5,780	$ 2,818	$ 3,840	$ 2,562	$ 1,121	$ 4,079	$ 3,471	$ 9,446	$ 311	$ 33,428

(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.

CRE PORTFOLIO

	March 31, 2025								
(Dollars in millions)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior to 2021**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Credit Quality Indicator:									
Pass (PD grades 1 through 12)	**$ 160**	**$ 753**	**$ 1,391**	**$ 3,179**	**$ 2,457**	**$ 3,990**	**$ 304**	**$ 57**	**$ 12,291**
Special Mention (PD grade 13)	**—**	**—**	**42**	**172**	**267**	**121**	**43**	**—**	**645**
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	**—**	**3**	**33**	**333**	**307**	**521**	**6**	**—**	**1,203**
Total CRE loans	**$ 160**	**$ 756**	**$ 1,466**	**$ 3,684**	**$ 3,031**	**$ 4,632**	**$ 353**	**$ 57**	**$ 14,139**

	December 31, 2024								
(Dollars in millions)	2024	2023	2022	2021	2020	Prior to 2020	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Credit Quality Indicator:									
Pass (PD grades 1 through 12)	$ 694	$ 1,296	$ 3,282	$ 2,778	$ 894	$ 3,281	$ 340	$ 47	$ 12,612
Special Mention (PD grade 13)	—	42	280	198	37	130	—	1	688
Substandard, Doubtful, or Loss (PD grades 14,15, and 16)	3	31	251	278	116	436	6	—	1,121
Total CRE loans	$ 697	$ 1,369	$ 3,813	$ 3,254	$ 1,047	$ 3,847	$ 346	$ 48	$ 14,421

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 March 31, 2025 and December 31, 2024. Within consumer real estate, classes include HELOC and real estate installment loans. 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 a revolving loan converted to a term loan. All loans classified in the following table as revolving loans or revolving loans converted to term loans are HELOCs. Real estate installment loans are originated as fixed term loans and are classified below in their vintage year. All loans in the following table classified in a vintage year are real estate installment loans.

CONSUMER REAL ESTATE PORTFOLIO

	March 31, 2025								
(Dollars in millions)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior to 2021**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
FICO score 740 or greater	**$ 220**	**$ 1,028**	**$ 1,469**	**$ 1,974**	**$ 1,559**	**$ 2,150**	**$ 1,433**	**$ 54**	**$ 9,887**
FICO score 720-739	**25**	**146**	**192**	**266**	**209**	**364**	**178**	**17**	**1,397**
FICO score 700-719	**15**	**98**	**139**	**213**	**172**	**305**	**145**	**18**	**1,105**
FICO score 660-699	**28**	**132**	**158**	**181**	**99**	**361**	**147**	**24**	**1,130**
FICO score 620-659	**2**	**11**	**10**	**17**	**20**	**140**	**30**	**10**	**240**
FICO score less than 620	**2**	**22**	**19**	**19**	**18**	**211**	**29**	**10**	**330**
Total consumer real estate loans	**$ 292**	**$ 1,437**	**$ 1,987**	**$ 2,670**	**$ 2,077**	**$ 3,531**	**$ 1,962**	**$ 133**	**$ 14,089**

	December 31, 2024								
(Dollars in millions)	2024	2023	2022	2021	2020	Prior to 2020	Revolving Loans	Revolving Loans Converted to Term Loans	Total
FICO score 740 or greater	$ 1,045	$ 1,493	$ 2,009	$ 1,592	$ 675	$ 1,554	$ 1,430	$ 56	$ 9,854
FICO score 720-739	149	197	270	213	99	271	175	17	1,391
FICO score 700-719	98	140	217	175	72	242	150	18	1,112
FICO score 660-699	133	160	183	100	75	294	146	25	1,116
FICO score 620-659	11	10	17	21	20	122	30	9	240
FICO score less than 620	18	22	19	18	18	203	25	11	334
Total consumer real estate loans	$ 1,454	$ 2,022	$ 2,715	$ 2,119	$ 959	$ 2,686	$ 1,956	$ 136	$ 14,047

The following table reflects the amortized cost basis by year of origination and refreshed FICO scores for credit card and other loans as of March 31, 2025 and December 31, 2024.

CREDIT CARD & OTHER PORTFOLIO

	March 31, 2025								
(Dollars in millions)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior to 2021**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
FICO score 740 or greater	$ 7	$ 17	$ 18	$ 7	$ 4	$ 18	$ 190	$ 13	$ 274
FICO score 720-739	1	7	2	1	—	3	21	2	37
FICO score 700-719	—	1	1	1	—	2	12	—	17
FICO score 660-699	1	1	1	1	—	2	15	1	22
FICO score 620-659	—	1	1	—	—	1	8	—	11
FICO score less than 620	1	7	7	5	3	71	177	1	272
Total credit card and other loans	$ 10	$ 34	$ 30	$ 15	$ 7	$ 97	$ 423	$ 17	$ 633

	December 31, 2024								
(Dollars in millions)	2024	2023	2022	2021	2020	Prior to 2020	Revolving Loans	Revolving Loans Converted to Term Loans	Total
FICO score 740 or greater	$ 21	$ 22	$ 10	$ 4	$ 2	$ 19	$ 197	$ 8	$ 283
FICO score 720-739	7	3	1	1	—	3	20	2	37
FICO score 700-719	1	2	2	—	—	2	14	—	21
FICO score 660-699	1	2	1	—	—	3	15	4	26
FICO score 620-659	2	1	—	—	—	1	9	—	13
FICO score less than 620	8	8	5	4	4	78	181	1	289
Total credit card and other loans	$ 40	$ 38	$ 19	$ 9	$ 6	$ 106	$ 436	$ 15	$ 669

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.

The following table reflects accruing and non-accruing loans and leases by class on March 31, 2025 and December 31, 2024.

ACCRUING & NON-ACCRUING LOANS AND LEASES

	March 31, 2025								
	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)	$ 29,764	$ 25	$ 1	**$ 29,790**	$ 116	$ 12	$ 67	**$ 195**	**$ 29,985**
Loans to mortgage companies	3,366	3	—	**3,369**	—	—	—	**—**	**3,369**
Total commercial, financial, and industrial	33,130	28	1	**33,159**	116	12	67	**195**	**33,354**
Commercial real estate:									
CRE (b)	13,846	9	—	**13,855**	216	24	44	**284**	**14,139**
Consumer real estate:									
HELOC (c)	2,050	11	3	**2,064**	18	3	10	**31**	**2,095**
Real estate installment loans (d)	11,850	42	4	**11,896**	30	14	54	**98**	**11,994**
Total consumer real estate	13,900	53	7	**13,960**	48	17	64	**129**	**14,089**
Credit card and other:									
Credit card	249	4	—	**253**	—	—	—	**—**	**253**
Other	376	3	—	**379**	—	1	—	**1**	**380**
Total credit card and other	625	7	—	**632**	—	1	—	**1**	**633**
Total loans and leases	$ 61,501	$ 97	$ 8	**$ 61,606**	$ 380	$ 54	$ 175	**$ 609**	**$ 62,215**

	December 31, 2024								
	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)	$ 29,751	$ 32	$ 1	$ 29,784	$ 101	$ 26	$ 46	$ 173	$ 29,957
Loans to mortgage companies	3,471	—	—	3,471	—	—	—	—	3,471
Total commercial, financial, and industrial	33,222	32	1	33,255	101	26	46	173	33,428
Commercial real estate:									
CRE (b)	14,124	3	—	14,127	221	10	63	294	14,421
Consumer real estate:									
HELOC (c)	2,045	11	2	2,058	19	4	11	34	2,092
Real estate installment loans (d)	11,800	39	17	11,856	31	10	58	99	11,955
Total consumer real estate	13,845	50	19	13,914	50	14	69	133	14,047
Credit card and other:									
Credit card	262	2	1	265	—	—	—	—	265
Other	400	2	—	402	—	1	1	2	404
Total credit card and other	662	4	1	667	—	1	1	2	669
Total loans and leases	$ 61,853	$ 89	$ 21	$ 61,963	$ 372	$ 51	$ 179	$ 602	$ 62,565

(a) $185 million and $172 million of C&I loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance in 2025 and 2024, respectively.
(b) $278 million and $287 million of CRE loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance in 2025 and 2024, respectively.
(c) $3 million of HELOC loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance in both 2025 and 2024.
(d) $8 million and $9 million of real estate installment loans are nonaccrual loans that have been specifically reviewed for impairment with no related allowance in 2025 and 2024, respectively.

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 March 31, 2025 and December 31, 2024, FHN had commercial loans with amortized cost of approximately $356 million and $352 million, respectively, that were based on the value of underlying collateral. Collateral-dependent C&I and CRE loans totaled $122 million and $234 million, respectively, at March 31, 2025. The collateral for these loans generally consists of business assets including land, buildings, equipment, and financial assets. During the three months ended March 31, 2025, FHN recognized charge-offs of $24 million 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 $6 million and $38 million, respectively, as of March 31, 2025 and $6 million and $36 million, respectively, as of December 31, 2024. Charge-offs relating to collateral-dependent consumer loans were not significant for the three months ended March 31, 2025 and March 31, 2024.

Loan Modifications to Troubled Borrowers

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. Modifications could include extension of the maturity date, reductions of the interest rate, reduction or forgiveness of accrued interest, or principal forgiveness. Combinations of these modifications may also be made for individual loans. Extensions and modifications to loans are made in accordance with internal policies and guidelines which conform to regulatory guidance. Principal reductions may be made in limited circumstances, typically for specific commercial loan workouts, and in the event of borrower bankruptcy. Each occurrence is unique to the borrower and is evaluated separately.

Troubled loans are considered those in which the borrower is experiencing financial difficulty. The assessment of whether a borrower is experiencing financial difficulty can be subjective in nature and management's judgment may be required in making this determination. 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 absent a modification. Many aspects of a borrower's financial situation are assessed when determining whether they are experiencing financial difficulty.

Troubled commercial loans are typically modified through forbearance agreements which could include reduced interest rates, reduced payments, term extension, or entering into short sale agreements. Principal reductions may occur in specific circumstances.

Modifications for troubled consumer loans are generally structured using parameters of U.S. government-sponsored programs. For HELOC and real estate installment loans, troubled loans are typically modified by an interest rate reduction and a possible maturity date extension to reach an affordable housing expense-to-income ratio. Despite the absence of a loan modification by FHN, the discharge of personal liability through bankruptcy proceedings is considered a court-imposed modification.

For the credit card portfolio, troubled loan modifications are typically effected through either a short-term credit card hardship program or a longer-term credit card workout program. In the credit card hardship program, borrowers may be granted rate and payment reductions for six months to one year. In the credit card workout program, borrowers are granted a rate reduction to 0% and a term extension for up to five years.

Modifications to Borrowers Experiencing Financial Difficulty

The following table presents the amortized cost basis at the end of the reporting period of loans modified to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of modification made, as well as the financial effect of the modifications made as of March 31, 2025.

LOAN MODIFICATIONS TO BORROWERS EXPERIENCING FINANCIAL DIFFICULTY

	Interest Rate Reduction					
	March 31, 2025			March 31, 2024		
(Dollars in millions)	Balance	% of Total Class	Financial Effect	Balance	% of Total Class	Financial Effect
Consumer real estate (a)	$ —	— %	Reduced weighted-average contractual interest rate from 9.35% to 3.00%	$ —	— %	Reduced weighted-average contractual interest rate from 9.95% to 6.75%
Credit card and other (a)	—	—	N/A	—	—	Reduced weighted-average contractual interest rate from 20.50% to 0.00%
Total	**$ —**	**— %**		$ —	— %	

(a) Balance less than $1 million.

	Term Extension					
	March 31, 2025			March 31, 2024		
(Dollars in millions)	**Balance**	**% of Total Class**	**Financial Effect**	Balance	% of Total Class	Financial Effect
C&I	$ 78	0.2 %	Added a weighted-average 1.0 year to the life of loans, which reduced monthly payment amounts for the borrowers	$ 64	0.2 %	Added a weighted-average 1.4 years to the life of loans, which reduced monthly payment amounts for the borrowers
CRE	29	0.2	Added a weighted-average 1.6 years to the life of loans, which reduced monthly payment amounts for the borrowers	19	0.1	Added a weighted-average 0.8 years to the life of loans, which reduced monthly payment amounts for the borrowers
Total	**$ 107**	**0.2 %**		$ 83	0.1 %	

	Principal Forgiveness					
	March 31, 2025			March 31, 2024		
(Dollars in millions)	**Balance**	**% of Total Class**	**Financial Effect**	Balance	% of Total Class	Financial Effect
Consumer real estate (a)	$ —	— %	Less than $1 million of the principal of loans was legally discharged in bankruptcy during the period and the borrowers have not reaffirmed the debt as of period end	$ —	— %	Less than $1 million of the principal of loans was legally discharged in bankruptcy during the period and the borrowers have not reaffirmed the debt as of period end
Total	**$ —**	**— %**		$ —	— %	

(a) Balance less than $1 million.

	Combination - Term Extension and Interest Rate Reduction					
	March 31, 2025			March 31, 2024		
(Dollars in millions)	**Balance**	**% of Total Class**	**Financial Effect**	Balance	% of Total Class	Financial Effect
C&I (a)	$ —	— %	Added a weighted-average 1.2 years to the life of loans and reduced weighted-average contractual interest rate from 9.00% to 8.00%	$ —	— %	N/A
Consumer real estate (a)	—	—	Added a weighted-average 11.4 years to the life of loans and reduced weighted-average contractual interest rate from 8.88% to 3.16%	1	—	Added a weighted-average 18.8 years to the life of loans and reduced weighted-average contractual interest rate from 6.43% to 3.69%
Total	**$ —**	**— %**		$ 1	— %	

(a) Balance less than $1 million.

Loan modifications to borrowers experiencing financial difficulty that had a payment default during the period and were modified in the 12 months before default totaled $1 million for the three months ended March 31, 2025 and March 31, 2024. FHN closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

The following table depicts the performance of loans that have been modified in the last 12 months.

PERFORMANCE OF LOANS THAT HAVE BEEN MODIFIED IN THE LAST 12 MONTHS

	March 31, 2025			
(Dollars in millions)	Current	30-89 Days Past Due	90+ Days Past Due	Non-Accruing
C&I	$ 133	$ —	$ —	$ 16
CRE	178	—	—	69
Consumer Real Estate	2	—	—	1
Total	**$ 313**	**$ —**	**$ —**	**$ 86**

Note 4—Allowance for Credit Losses

Management's estimate of expected credit losses in the loan and lease portfolios is recorded in the ALLL and the reserve for unfunded lending commitments, collectively referred to as the Allowance for Credit Losses, or the ACL. The ALLL and the reserve for unfunded lending commitments are reported on the Consolidated Balance Sheets in the allowance for loan and lease losses and in other liabilities, respectively. Provisions for credit losses related to loans and leases and 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 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 underlying factors, including key assumptions and evaluation of quantitative and qualitative information.

The expected loan losses are the product of multiplying FHN’s estimates of probability of default ("PD"), loss given default ("LGD"), and individual loan level exposure at default ("EAD"), including amortization and prepayment assumptions, on an undiscounted basis. FHN uses models or assumptions to develop the expected loss forecasts, which incorporate multiple macroeconomic forecasts over a reasonable and supportable forecast period of at most four years. After the reasonable and supportable forecast period, the Company reverts to its historical loss averages, evaluated over the historical observation period, for the remaining estimated life of the loans. In order to capture the unique risks of the loan portfolio within the PD, LGD, and prepayment models, FHN segments the portfolio into pools, generally incorporating loan grades for commercial loans. As there can be no certainty that actual economic performance will precisely follow any specific macroeconomic forecast, FHN uses qualitative adjustments where current loan characteristics or current or forecasted economic conditions differ from historical periods.

The evaluation of quantitative and qualitative information is performed through assessments of groups of assets that share similar risk characteristics and certain individual loans and leases that do not share similar risk characteristics with the collective group. As described in Note 3 - Loans and Leases, loans are grouped generally by product type and significant loan portfolios are assessed for credit losses using analytical or statistical models. The quantitative component utilizes economic forecast information as its foundation and is primarily based on analytical models that use known or estimated data as of the balance sheet date and forecasted data over the reasonable and supportable period. The ACL is also affected by qualitative factors that FHN considers to reflect current judgment of various events and risks that are not measured in the quantitative calculations, including alternative economic forecasts.

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. AIR and the related allowance for expected credit losses are included as components of other assets. The total amounts of interest reversals from loans placed on nonaccrual status and the amounts of income recognized on nonaccrual loans during the three months ended March 31, 2025 and 2024 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).

The increase in the ACL balance as of March 31, 2025, as compared to December 31, 2024, was largely driven by deterioration in macroeconomic forecasts and reflects emerging concerns around potential economic instability. In developing credit loss estimates for its loan and lease portfolios, FHN utilized multiple scenarios for its macroeconomic inputs, including a baseline scenario, an upside scenario, and a downside scenario from Moody’s. As of March 31, 2025, among other things, FHN's scenario selection process factored in the outlook for production, inflation, interest rates, employment, real estate prices, international conflict, and the uncertainty around tariff policy. FHN selected one scenario as its base case, which was the Moody's baseline scenario. The heaviest weight was placed on this scenario. Smaller weights were placed on the FHN-selected downside scenario and on the FHN-selected upside scenario.

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 or identified model limitations, and for instances where limited data for acquired loans is considered to affect modeled results.

The following table provides a rollforward of the ALLL and the reserve for unfunded lending commitments by portfolio type for the three months ended March 31, 2025 and 2024.

ROLLFORWARD OF ALLL & RESERVE FOR UNFUNDED LENDING COMMITMENTS

(Dollars in millions)	Commercial, Financial, and Industrial	Commercial Real Estate	Consumer Real Estate	Credit Card and Other	Total
	Three Months Ended March 31, 2025				
Allowance for loan and lease losses:					
Balance as of January 1, 2025	$ 345	$ 227	$ 221	$ 22	$ 815
Charge-offs	(34)	(3)	—	(4)	(41)
Recoveries	6	4	1	1	12
Provision for loan and lease losses	28	(3)	8	3	36
Balance as of March 31, 2025	**$ 345**	**$ 225**	**$ 230**	**$ 22**	**$ 822**
Reserve for remaining unfunded commitments:					
Balance as of January 1, 2025	$ 57	$ 11	$ 11	$ —	$ 79
Provision for remaining unfunded commitments	6	(2)	—	—	4
Balance as of March 31, 2025	**63**	**9**	**11**	**—**	**83**
Allowance for credit losses as of March 31, 2025	**$ 408**	**$ 234**	**$ 241**	**$ 22**	**$ 905**
	Three Months Ended March 31, 2024				
Allowance for loan and lease losses:					
Balance as of January 1, 2024	$ 339	$ 172	$ 233	$ 29	$ 773
Charge-offs	(28)	(12)	—	(6)	(46)
Recoveries	3	—	1	2	6
Provision for loan and lease losses	34	21	(3)	2	54
Balance as of March 31, 2024	$ 348	$ 181	$ 231	$ 27	$ 787
Reserve for remaining unfunded commitments:					
Balance as of January 1, 2024	$ 49	$ 22	$ 12	$ —	$ 83
Provision for remaining unfunded commitments	—	(4)	—	—	(4)
Balance as of March 31, 2024	49	18	12	—	79
Allowance for credit losses as of March 31, 2024	$ 397	$ 199	$ 243	$ 27	$ 866

The following table presents gross charge-offs by year of origination for the three months ended March 31, 2025 and 2024.

GROSS CHARGE-OFFS

	Three Months Ended March 31, 2025							
(Dollars in millions)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior to 2021**	**Revolving Loans**	**Total**
C&I	$ —	$ —	$ —	$ 5	$ 16	$ 12	$ 1	$ 34
CRE	—	—	—	—	—	3	—	3
Consumer Real Estate	—	—	—	—	—	—	—	—
Credit Card and Other	2	—	—	—	—	—	2	4
Total	**$ 2**	**$ —**	**$ —**	**$ 5**	**$ 16**	**$ 15**	**$ 3**	**$ 41**

	Three Months Ended March 31, 2024							
(Dollars in millions)	2024	2023	2022	2021	2020	Prior to 2020	Revolving Loans	Total
C&I	$ —	$ —	$ 7	$ 13	$ 1	$ 6	$ 1	$ 28
CRE	—	—	—	—	—	12	—	12
Consumer Real Estate	—	—	—	—	—	—	—	—
Credit Card and Other	2	—	—	—	—	1	3	6
Total	$ 2	$ —	$ 7	$ 13	$ 1	$ 19	$ 4	$ 46

Note 5—Mortgage Banking Activity

FHN originates mortgage loans for sale into the secondary market. These loans primarily consist of residential first lien mortgages that conform to standards established by GSEs that are major investors in U.S. home mortgages, but may 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 income on the Consolidated Statements of Income.

At March 31, 2025, FHN had approximately $30 million of loans that remained from pre-2009 mortgage business operations of legacy First Horizon. Activity related to the pre-2009 mortgage loans was primarily limited to payments and write-offs in 2025 and 2024, 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 related to residential mortgage loans held for sale as of and for the three months ended March 31, 2025 and the year ended December 31, 2024.

MORTGAGE LOAN ACTIVITY

(Dollars in millions)	**March 31, 2025**	December 31, 2024
Balance at beginning of period	**$ 81**	$ 62
Originations and purchases	**234**	951
Sales, net of gains	**(207)**	(932)
Balance at end of period	**$ 108**	$ 81

Mortgage Servicing Rights

FHN records mortgage servicing rights at the lower of cost or market value and amortizes them 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. The following table presents the carrying values of mortgage servicing rights as of March 31, 2025 and December 31, 2024.

MORTGAGE SERVICING RIGHTS

	March 31, 2025			December 31, 2024		
(Dollars in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Mortgage servicing rights	**$ 32**	**$ (10)**	**$ 22**	$ 30	$ (9)	$ 21

In addition, there was an insignificant amount of non-mortgage and commercial servicing rights as of March 31, 2025 and December 31, 2024. Total mortgage servicing fees included in mortgage banking income were $1 million for the three months ended March 31, 2025 and 2024.

Note 6—Goodwill and Other Intangible Assets

Goodwill

The following is a summary of goodwill by reportable segment included in the Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024.

GOODWILL

(Dollars in millions)	Commercial, Consumer & Wealth	Wholesale	Total
December 31, 2023 (a)	$ 1,217	$ 293	$ 1,510
Additions	—	—	—
December 31, 2024	$ 1,217	$ 293	$ 1,510
Additions	—	—	—
March 31, 2025	**$ 1,217**	**$ 293**	**$ 1,510**

(a) FHN reorganized its management reporting structure and reallocated goodwill in its segments and reporting units during the fourth quarter of 2024. Prior periods have been revised to reflect this reallocation.

FHN performed the required annual goodwill impairment test as of October 1, 2024. 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 it is not more likely than not that goodwill was impaired. If there are any triggering events between annual evaluations, management will evaluate whether an interim impairment analysis is warranted.

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.

Other intangible assets

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

OTHER INTANGIBLE ASSETS

	March 31, 2025			December 31, 2024		
(Dollars in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Value**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Core deposit intangibles	**$ 356**	**$ (241)**	**$ 115**	$ 356	$ (233)	$ 123
Client relationships	**32**	**(19)**	**13**	32	(18)	14
Other (a)	**27**	**(22)**	**5**	27	(21)	6
Total	**$ 415**	**$ (282)**	**$ 133**	$ 415	$ (272)	$ 143

(a) Includes non-compete covenants and purchased credit card intangible assets. Also includes state banking licenses which are not subject to amortization.

Note 7—Preferred Stock

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

PREFERRED STOCK

(Dollars in millions)	Issuance Date	Earliest Redemption Date (a)	Annual Dividend Rate		Dividend Payments	Shares Outstanding	Liquidation Amount	March 31, 2025 Carrying Amount	December 31, 2024 Carrying Amount
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 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**	145
						16,750	$ 438	**$ 426**	$ 426

(a) Denotes earliest optional redemption date. Earlier redemption is possible, at FHN's election, if certain regulatory capital events occur.
(b) The fixed dividend rate will reset on August 1, 2025 to three-month CME Term SOFR plus 4.52361% (0.26161% plus 4.262%).
(c) The fixed dividend rate will reset on May 1, 2026 to three-month CME Term SOFR plus 5.18161% (0.26161% plus 4.920%).

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 three-month CME Term SOFR plus 1.11161% (0.26161% plus 0.85%) or 3.75% per annum. These securities qualify fully as Tier 1 capital for both First Horizon Bank and FHN. On March 31, 2025 and December 31, 2024, $295 million of Class A Preferred Stock was recognized as noncontrolling interest on the Consolidated Balance Sheets.

FT Real Estate Securities Company, Inc. ("FTRESC"), an indirect subsidiary of FHN, has issued 50 shares of 9.50% Cumulative Preferred Stock, Class B (Class B Preferred Shares), with a liquidation preference of $1 million per share; of those shares, 47 were issued to nonaffiliates. FTRESC is a real estate investment trust established for the purpose of acquiring, holding, and managing real estate mortgage assets. Dividends on the Class B Preferred Shares are cumulative and are payable semi-annually. At March 31, 2025 and December 31, 2024, the Class B Preferred Shares qualified as Tier 2 regulatory capital. For all periods presented, these securities are presented in the Consolidated Balance Sheets as term borrowings.

The Class B Preferred Shares are mandatorily redeemable on March 31, 2031, and redeemable at the discretion of FTRESC in the event that the Class B Preferred Shares cannot be accounted for as Tier 2 regulatory capital or there is more than an insubstantial risk that dividends paid with respect to the Class B Preferred Shares will not be fully deductible for tax purposes.

Note 8—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 months ended March 31, 2025 and 2024:

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(Dollars in millions)	Securities AFS	Cash Flow Hedges	Pension and Post-retirement Plans	Total
Balance as of Jan 1, 2025	$ (782)	$ (94)	$ (252)	$ (1,128)
Net unrealized gains (losses)	116	18	—	134
Amounts reclassified from AOCI	—	9	2	11
Other comprehensive income (loss)	116	27	2	145
Balance as of March 31, 2025	**$ (666)**	**$ (67)**	**$ (250)**	**$ (983)**

(Dollars in millions)	Securities AFS	Cash Flow Hedges	Pension and Post-retirement Plans	Total
Balance as of Jan 1, 2024	$ (836)	$ (80)	$ (272)	$ (1,188)
Net unrealized gains (losses)	(55)	(43)	—	(98)
Amounts reclassified from AOCI	—	13	2	15
Other comprehensive income (loss)	(55)	(30)	2	(83)
Balance as of March 31, 2024	$ (891)	$ (110)	$ (270)	$ (1,271)

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

RECLASSIFICATIONS FROM AOCI

(Dollars in millions)	Three Months Ended March 31,		
Details about AOCI	**2025**	2024	**Affected line item in the statement where net income is presented**
Cash Flow Hedges:			
Realized (gains) losses on cash flow hedges	**$ 12**	$ 17	Interest and fees on loans and leases
Tax expense (benefit)	**(3)**	(4)	Income tax expense
	9	13	
Pension and Postretirement Plans:			
Amortization of prior service cost and net actuarial (gain) loss	**$ 3**	$ 3	Other expense
Tax expense (benefit)	**(1)**	(1)	Income tax expense
	2	2	
Total reclassification from AOCI	**$ 11**	$ 15	

Note 9—Earnings Per Share

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

EARNINGS PER SHARE COMPUTATIONS

(Dollars in millions, except per share data; shares in thousands)	Three Months Ended March 31, 2025	2024
Net income	**$ 222**	$ 197
Net income attributable to noncontrolling interest	**4**	5
Net income attributable to controlling interest	**218**	192
Preferred stock dividends	**5**	8
Net income available to common shareholders	**$ 213**	$ 184
Weighted average common shares outstanding—basic	**517,116**	554,977
Effect of dilutive restricted stock, performance equity awards and options	**6,307**	2,896
Weighted average common shares outstanding—diluted	**523,423**	557,873
Basic earnings per common share	**$ 0.41**	$ 0.33
Diluted earnings per common share	**$ 0.41**	$ 0.33

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.

ANTI-DILUTIVE EQUITY AWARDS

(Shares in thousands)	Three Months Ended March 31, 2025	2024
Stock options excluded from the calculation of diluted EPS	**—**	1,652
Weighted average exercise price of stock options excluded from the calculation of diluted EPS	**$ —**	$ 16.53
Other equity awards excluded from the calculation of diluted EPS	**2,396**	8,382

Note 10—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

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 March 31, 2025, the aggregate amount of liabilities established for all such loss contingency matters was $3 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 March 31, 2025, 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 less than $1 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.

Mortgage Loan Repurchase and Foreclosure Liability

FHN's repurchase and foreclosure liability, primarily related to its pre-2009 mortgage origination, sale, securitization, and servicing businesses, is comprised of accruals to cover estimated loss content in the active pipeline, estimated future inflows, and estimated loss content related to certain known claims not currently included in the active pipeline. The active pipeline consists of mortgage loan repurchase and make-whole demands from loan purchasers or securitization participants, foreclosure/servicing demands from borrowers, and certain related exposures. 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 $15 million as of both March 31, 2025 and December 31, 2024. 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 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 11—Retirement Plans

FHN sponsors a noncontributory, qualified defined benefit pension plan to associates 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 2024. Management does not currently anticipate that FHN will make a contribution to the qualified pension plan in 2025.

FHN also maintains non-qualified plans, including a supplemental retirement plan that covers certain associates 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 $4 million for 2024. FHN anticipates making benefit payments under the non-qualified plans of $5 million in 2025.

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 17 - Retirement Plans and Other Employee Benefits in FHN's 2024 Annual Report on Form 10-K.

The components of net periodic benefit cost for the three months ended March 31 were as follows.

COMPONENTS OF NET PERIODIC BENEFIT COST

	Three Months Ended March 31,	
(Dollars in millions)	**2025**	2024
Components of net periodic benefit cost		
Interest cost	**$ 8**	$ 8
Expected return on plan assets	**(8)**	(8)
Amortization of unrecognized:		
Actuarial (gain) loss	**3**	3
Net periodic benefit cost	**$ 3**	$ 3

Note 12—Business Segment Information

During fourth quarter 2024, FHN reorganized its internal management structure and, accordingly, reclassified its reportable business segments. Prior to the 2024 reclassification, FHN's reportable segments were: (1) Regional Banking, (2) Specialty Banking, and (3) Corporate. As a result of the 2024 reclassification, FHN revised its reportable segments as described below. Segment information for periods prior to fourth quarter 2024 has been reclassified to conform to the current period presentation.

FHN's operating segments are composed of the following:

- ***Commercial, Consumer & Wealth*** segment offers financial products and services, including traditional lending and deposit taking, to commercial and consumer clients primarily in the southern U.S. and other selected markets. Commercial, Consumer & Wealth also consists of lines of business that deliver product offerings and services with niche industry knowledge including asset-based lending, commercial real estate, equipment finance/leasing, energy, international banking, healthcare, and transportation and logistics. Additionally, Commercial, Consumer & Wealth provides investment, wealth management, financial planning, trust and asset management services for consumer clients as well as delivering treasury management solutions, loan syndications, and corporate banking services.
- ***Wholesale*** segment consists of lines of business that deliver product offerings and services with differentiated industry knowledge. Wholesale's lines of business include mortgage warehouse lending, franchise finance, correspondent banking, and mortgage. Additionally, Wholesale 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, marketing, properties, technology, credit risk and bank operations are allocated to the activities of Commercial, Consumer & Wealth, Wholesale, and Corporate. Additionally, the Corporate segment includes centralized management of capital and funding to support the business activities of the company including management of balance sheet 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.

Basis of Presentation

Results of individual segments are presented based on FHN's internal management reporting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of FHN's individual segments are not necessarily comparable with similar information for any other company.

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.

Funds Transfer Pricing

Net interest income in segment results reflects FHN's internal funds transfer pricing methodology which is designed to consider interest rate and liquidity risks. Under this methodology, assets receive a funding charge while liabilities and capital receive a funding credit based on market interest rates, product characteristics, and other factors.

The transfer pricing framework considers the application of funding curves and methodologies consistently across the balance sheet. A residual gain or loss from funds transfer pricing operations is retained within Corporate.

Segment Allocations

Financial results are presented, to the extent practicable, as if each segment operated on a standalone basis and include expense allocations for corporate overhead services used by the segments.

FHN has allocated the ALLL and the reserve for unfunded lending commitments based on the loan exposures within each segment's portfolio.

The Company's Chief Operating Decision Maker ("CODM") is comprised of the chief executive officer and segment leadership.

For both the Commercial, Consumer & Wealth and Wholesale segments, the CODM uses both Pre-Provision Net Revenue ("PPNR") and Pre-Tax Net Income ("PTNI") to evaluate performance and allocate resources. The measure of PPNR focuses on the Company's primary businesses principally by excluding the volatility associated with credit risk estimates due to the CECL life-of-loan estimation requirement, which is highly sensitive to changes in economic forecasts. PPNR also represents a metric utilized by regulatory agencies in stress testing assessments. PTNI is used to incorporate credit risk estimates for a holistic view of pre-tax results in the evaluation of segment performance.

For the Corporate segment, the CODM uses after-tax income to evaluate performance and allocate resources.

After-tax income is most relevant for the Corporate segment because of minimal credit risk and inclusion of the impacts from all consolidated tax matters, which are not allocated, in addition to all other methodologies affecting pre-tax income among reported segments (e.g., FTP and cost allocations).

The following tables present financial information for each reportable business segment for the three months ended March 31, 2025 and 2024.

SEGMENT FINANCIAL INFORMATION

	Three Months Ended March 31, 2025			
(Dollars in millions)	**Commercial, Consumer & Wealth**	**Wholesale**	**Corporate**	**Consolidated**
Interest income	**$ 814**	**$ 124**	**$ 76**	**$ 1,014**
Interest expense	**291**	**28**	**64**	**383**
Funds transfer pricing	**101**	**(46)**	**(55)**	**—**
Net interest income (expense)	**624**	**50**	**(43)**	**631**
Noninterest income	**110**	**59**	**12**	**181**
Total revenues	**734**	**109**	**(31)**	**812**
Noninterest expense (a)	**343**	**77**	**67**	**487**
Pre-provision net revenue (b)	**391**	**32**	**(98)**	**325**
Provision for credit losses	**38**	**3**	**(1)**	**40**
Income (loss) before income taxes	**353**	**29**	**(97)**	**285**
Income tax expense (benefit)	**84**	**7**	**(28)**	**63**
Net income (loss)	**$ 269**	**$ 22**	**$ (69)**	**$ 222**
Average assets	**$ 58,717**	**$ 8,495**	**$ 13,753**	**$ 80,965**
Depreciation and amortization	**9**	**2**	**10**	**21**
Expenditures for long-lived assets	**5**	**1**	**3**	**9**

	Three Months Ended March 31, 2024			
(Dollars in millions)	Commercial, Consumer & Wealth	Wholesale	Corporate	Consolidated
Interest income	$ 882	$ 115	$ 76	$ 1,073
Interest expense	351	31	66	448
Funds transfer pricing	94	(42)	(52)	—
Net interest income (expense)	625	42	(42)	625
Noninterest income	110	62	22	194
Total revenues	735	104	(20)	819
Noninterest expense (a)	347	75	93	515
Pre-provision net revenue (b)	388	29	(113)	304
Provision for credit losses	44	7	(1)	50
Income (loss) before income taxes	344	22	(112)	254
Income tax expense (benefit)	81	5	(29)	57
Net income (loss)	$ 263	$ 17	$ (83)	$ 197
Average assets	$ 59,348	$ 7,146	$ 14,749	$ 81,243
Depreciation and amortization	9	2	15	26
Expenditures for long-lived assets	4	—	5	9

(a) 2025 includes an FDIC special assessment of $1 million and $5 million in derivative valuation adjustments related to prior Visa Class B share sales in the Corporate segment. 2024 includes $5 million of restructuring costs and an FDIC special assessment of $10 million in the Corporate segment.
(b) Pre-provision net revenue is a non-GAAP measure and is reconciled to income (loss) before income taxes (GAAP) in this table.

The following tables reflect a disaggregation of FHN's noninterest income by major product line and reportable segment for the three months ended March 31, 2025 and 2024.

NONINTEREST INCOME DETAIL BY SEGMENT

	Three Months Ended March 31, 2025			
(Dollars in millions)	**Commercial, Consumer & Wealth**	**Wholesale**	**Corporate**	**Consolidated**
Noninterest income:				
Fixed income (a)	$ —	$ 49	$ —	$ 49
Deposit transactions and cash management	37	1	2	40
Brokerage, management fees and commissions	26	—	—	26
Card and digital banking fees	16	—	2	18
Other service charges and fees	12	—	—	12
Trust services and investment management	12	—	—	12
Mortgage banking income	—	8	—	8
Other income (b)	7	1	8	16
Total noninterest income	**$ 110**	**$ 59**	**$ 12**	**$ 181**

	Three Months Ended March 31, 2024			
(Dollars in millions)	Commercial, Consumer & Wealth	Wholesale	Corporate	Consolidated
Noninterest income:				
Fixed income (a)	$ —	$ 52	$ —	$ 52
Deposit transactions and cash management	41	1	2	44
Brokerage, management fees and commissions	24	—	—	24
Card and digital banking fees	17	—	2	19
Other service charges and fees	12	—	1	13
Trust services and investment management	11	—	—	11
Mortgage banking income	—	9	—	9
Other income (b)	5	—	17	22
Total noninterest income	$ 110	$ 62	$ 22	$ 194

(a) 2025 and 2024 include $9 million and $10 million, respectively, of underwriting, portfolio advisory, and other noninterest income in scope of ASC 606, "Revenue from Contracts with Customers."
(b) Includes letter of credit fees and insurance commissions in scope of ASC 606.

The following tables present a disaggregation of FHN's noninterest expense by major product line and reportable segment for the three months ended March 31, 2025 and 2024.

NONINTEREST EXPENSE DETAIL BY SEGMENT

	Three Months Ended March 31, 2025			
(Dollars in millions)	**Commercial, Consumer & Wealth**	**Wholesale**	**Corporate**	**Consolidated**
Noninterest expense:				
Personnel expense	$ 135	$ 51	$ 93	$ 279
Net occupancy expense	21	2	12	35
Computer software	7	2	23	32
Operations services	4	6	13	23
Legal and professional fees	3	1	10	14
Deposit insurance expense	—	—	13	13
Advertising and public relations	1	—	9	10
Amortization of intangible assets	9	—	1	10
Equipment expense	2	—	8	10
Contract employment and outsourcing	1	1	6	8
Communications and delivery	2	1	5	8
Other expense	17	5	23	45
Cost allocations	141	8	(149)	—
Total noninterest expense	$ 343	$ 77	$ 67	$ 487

	Three Months Ended March 31, 2024			
(Dollars in millions)	Commercial, Consumer & Wealth	Wholesale	Corporate	Consolidated
Noninterest expense:				
Personnel expense	$ 139	$ 51	$ 111	$ 301
Net occupancy expense	19	2	10	31
Computer software	8	1	21	30
Operations services	4	6	11	21
Legal and professional fees	2	—	12	14
Deposit insurance expense	—	—	24	24
Advertising and public relations	2	—	6	8
Amortization of intangible assets	10	—	1	11
Equipment expense	3	—	8	11
Contract employment and outsourcing	1	1	11	13
Communications and delivery	2	1	5	8
Other expense	21	5	17	43
Cost allocations	136	8	(144)	—
Total noninterest expense	$ 347	$ 75	$ 93	$ 515

Note 13—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 March 31, 2025 and December 31, 2024.

CONSOLIDATED VIEs

(Dollars in millions)	**March 31, 2025**	December 31, 2024
Assets:		
Other assets	**$ 190**	$ 195
Liabilities:		
Other liabilities	**$ 163**	$ 165

Nonconsolidated Variable Interest Entities

Tax Credit Investments

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. 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 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. FHN is therefore not the primary beneficiary of any of these entities. Accordingly, FHN does not consolidate these VIEs and accounts for these investments in other assets on the Consolidated Balance Sheets.

FHN accounts for qualifying LIHTC investments under the PAM. Effective for periods after 2023, all LIHTC investments qualify for the PAM. Commencing in 2024, FHN determined that its equity investments in NMTC and historic tax credit entities qualify for the PAM and made the election to apply the PAM for these programs. Expenses associated with non-qualifying LIHTC investments were not significant for the three months ended March 31, 2025 and 2024.

The following table summarizes the impact to income tax expense on the Consolidated Statements of Income for the three months ended March 31, 2025 and 2024 for investments accounted for under the PAM. The impact of these investments is included in other operating activities, net in the Consolidated Statements of Cash Flows.

TAX CREDIT IMPACTS ON TAX EXPENSE

	Three Months Ended March 31,	
(Dollars in millions)	**2025**	2024
Income tax expense (benefit):		
Amortization of qualifying investments	**$ 17**	$ 15
Tax credits	**(20)**	(17)
Other tax benefits related to qualifying investments	**(2)**	(2)

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 Modifications to Borrowers Experiencing Financial Difficulty

For certain troubled commercial loans, First Horizon Bank modifies the terms of the borrower’s debt in an effort to increase the probability of receipt of amounts contractually due. Following a modification to borrowers experiencing financial difficulty, 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 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 tables summarize FHN's nonconsolidated VIEs as of March 31, 2025 and December 31, 2024.

NONCONSOLIDATED VIEs AT MARCH 31, 2025

(Dollars in millions)	Maximum Loss Exposure	Liability Recognized	Classification
Type			
Low income housing partnerships	$ 659	$ 251	(a)
Other tax credit investments (b)	89	73	Other assets
Small issuer trust preferred holdings (c)	172	—	Loans and leases
On-balance sheet trust preferred securitization	26	88	(d)
Holdings of agency mortgage-backed securities (c)	8,158	—	(e)
Commercial loan modifications to borrowers experiencing financial difficulty (f)	397	—	Loans and leases
Proprietary trust preferred issuances (g)	—	167	Term borrowings

(a) Maximum loss exposure represents $408 million of current investments and $251 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 2026.
(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 $113 million classified as loans and leases and $2 million classified as trading securities, which are offset by $88 million classified as term borrowings.
(e) Includes $237 million classified as trading securities, $1.3 billion classified as securities held to maturity, and $6.7 billion classified as securities available for sale.
(f) Maximum loss exposure represents $397 million of current receivables with no additional contractual funding commitments on loans related to commercial loan modifications to borrowers experiencing financial difficulty.
(g) No exposure to loss due to nature of FHN's involvement.

NONCONSOLIDATED VIEs AT DECEMBER 31, 2024

(Dollars in millions)	Maximum Loss Exposure	Liability Recognized	Classification
Type:			
Low income housing partnerships	$ 617	$ 222	(a)
Other tax credit investments (b)	90	73	Other assets
Small issuer trust preferred holdings (c)	171	—	Loans and leases
On-balance sheet trust preferred securitization	26	88	(d)
Holdings of agency mortgage-backed securities (c)	8,017	—	(e)
Commercial loan modifications to borrowers experiencing financial difficulty (f)	381	—	Loans and leases
Proprietary trust preferred issuances (g)	—	167	Term borrowings

(a) Maximum loss exposure represents $395 million of current investments and $222 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 2026.
(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 $113 million classified as loans and leases and $2 million classified as trading securities, which are offset by $88 million classified as term borrowings.
(e) Includes $278 million classified as trading securities, $1.3 billion classified as securities held to maturity, and $6.5 billion classified as securities available for sale.
(f) Maximum loss exposure represents $381 million of current receivables with no additional contractual funding commitments on loans related to commercial loan modifications to borrowers experiencing financial difficulty.
(g) No exposure to loss due to nature of FHN's involvement.

Note 14—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 March 31, 2025 and December 31, 2024, respectively, FHN had $404 million and $541 million of cash receivables and $17 million and $25 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 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 $36 million and $45 million for the three months ended March 31, 2025 and 2024, 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 table summarizes derivatives associated with FHNF's trading activities as of March 31, 2025 and December 31, 2024.

DERIVATIVES ASSOCIATED WITH TRADING

	March 31, 2025		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Customer interest rate contracts	**$ 4,094**	**$ 18**	**$ 146**
Offsetting upstream interest rate contracts	**4,275**	**100**	**18**
Forwards and futures purchased	**1,929**	**4**	**—**
Forwards and futures sold	**1,921**	**—**	**4**

	December 31, 2024		
(Dollars in millions)	Notional	Assets	Liabilities
Customer interest rate contracts	$ 4,096	$ 8	$ 190
Offsetting upstream interest rate contracts	4,265	134	9
Forwards and futures purchased	1,421	1	6
Forwards and futures sold	1,426	7	—

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.

The following table summarizes FHN's derivatives associated with interest rate risk management activities as of March 31, 2025 and December 31, 2024.

DERIVATIVES ASSOCIATED WITH INTEREST RATE RISK MANAGEMENT

	March 31, 2025		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Customer Interest Rate Contracts Hedging			
Hedging Instruments and Hedged Items:			
Customer interest rate contracts	**$ 8,230**	**$ 28**	**$ 278**
Offsetting upstream interest rate contracts	**8,530**	**276**	**28**

	December 31, 2024		
(Dollars in millions)	Notional	Assets	Liabilities
Customer Interest Rate Contracts Hedging			
Hedging Instruments and Hedged Items:			
Customer interest rate contracts	$ 8,301	$ 10	$ 372
Offsetting upstream interest rate contracts	8,301	369	11

The following table summarizes gains (losses) on FHN's derivatives associated with interest rate risk management activities for the three months ended March 31, 2025 and 2024.

DERIVATIVE GAINS (LOSSES) ASSOCIATED WITH INTEREST RATE RISK MANAGEMENT

	Three Months Ended March 31,	
	2025	2024
(Dollars in millions)	**Gains (Losses)**	Gains (Losses)
Customer Interest Rate Contracts Hedging		
Hedging Instruments and Hedged Items:		
Customer interest rate contracts (a)	**$ 111**	$ (86)
Offsetting upstream interest rate contracts (a)	**(111)**	86

(a) Gains (losses) included in other expense within the Consolidated Statements of Income.

Cash Flow Hedges

In 2022, FHN entered into interest rate contracts (floors and swaps) which have been designated as cash flow hedges. These hedges reference 1-Month Term SOFR and FHN made certain elections under ASU 2020-04 to facilitate qualification for hedge accounting during the time that hedged items transitioned away from 1-Month LIBOR.

In a cash flow hedge, the entire change in the fair value of the interest rate derivatives 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.

The following tables summarize FHN's derivative activities associated with cash flow hedges as of March 31, 2025 and December 31, 2024.

DERIVATIVES ASSOCIATED WITH CASH FLOW HEDGES

	March 31, 2025		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Cash Flow Hedges			
Hedging Instruments:			
Interest rate contracts	**$ 5,000**	**$ —**	**$ 35**
Hedged Items:			
Variability in cash flows related to debt instruments (primarily loans)	**N/A**	**$ 5,000**	**N/A**

	December 31, 2024		
(Dollars in millions)	Notional	Assets	Liabilities
Cash Flow Hedges			
Hedging Instruments:			
Interest rate contracts	$ 5,000	$ —	$ 67
Hedged Items:			
Variability in cash flows related to debt instruments (primarily loans)	N/A	$ 5,000	N/A

The following table summarizes gains (losses) on FHN's derivatives associated with cash flow hedges for the three months ended March 31, 2025 and 2024.

DERIVATIVE GAINS (LOSSES) ASSOCIATED WITH CASH FLOW HEDGES

	Three Months Ended March 31,	
	2025	2024
(Dollars in millions)	**Gains (Losses)**	Gains (Losses)
Cash Flow Hedges		
Hedging Instruments:		
Interest rate contracts (a)	**$ 36**	$ (39)
Gain (loss) recognized in other comprehensive income (loss)	**18**	(43)
Gain (loss) reclassified from AOCI into interest income	**9**	13

(a) Approximately $13 million of pre-tax losses are expected to be reclassified into earnings in the next twelve months.

Other Derivatives

FHN has 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.

DERIVATIVES ASSOCIATED WITH MORTGAGE BANKING HEDGES

	March 31, 2025		
(Dollars in millions)	**Notional**	**Assets**	**Liabilities**
Mortgage Banking Hedges			
Option contracts written	**$ 118**	**$ 1**	**$ —**
Forward contracts written	**149**	**—**	**—**

	December 31, 2024		
(Dollars in millions)	Notional	Assets	Liabilities
Mortgage Banking Hedges			
Option contracts written	$ 51	$ —	$ —
Forward contracts written	100	1	—

The following table summarizes gains (losses) on FHN's derivatives associated with mortgage banking activities for the three months ended March 31, 2025 and 2024.

DERIVATIVE GAINS (LOSSES) ASSOCIATED WITH MORTGAGE BANKING HEDGES

	Three Months Ended March 31,	
	2025	2024
(Dollars in millions)	**Gains (Losses)**	Gains (Losses)
Mortgage Banking Hedges		
Option contracts written	**$ (1)**	$ (1)
Forward contracts written	**1**	—

In conjunction with pre-2020 sales of 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 March 31, 2025 and December 31, 2024, the derivative liabilities associated with the sales of Visa Class B shares were $18 million and $15 million, respectively. FHN recognized $5 million and $15 million, respectively, in derivative valuation adjustments related to prior sales of Visa Class B shares for the three months ended March 31, 2025 and year ended December 31, 2024. See Note 16 - 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 March 31, 2025 and December 31, 2024, these loans were valued at $10 million and $16 million, respectively. 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. FHN's counterparties in these contracts are other lending institutions involved in the loan participation/syndication arrangements for which the underlying interest rate derivative contract is intended to hedge interest rate risk for the borrower. FHN will make (other institution is the lead bank) or receive (FHN is the lead bank) payments for risk participations if the borrower defaults on its obligation to perform under the terms of its interest rate derivative agreement with the lead bank in the participation.

As of March 31, 2025 and December 31, 2024, the notional values of FHN's risk participations were $224 million and $268 million of derivative assets and $884 million and $916 million of derivative liabilities, respectively. The notional value for risk participation/syndication agreements is consistent with the percentage of participation in the lending arrangement. FHN's maximum exposure or benefit in the risk participation agreements is contingent on the fair value of the underlying interest rate derivative contracts for which the borrower is in a liability position at the time of default. FHN monitors the credit risk associated with the borrowers to which the risk participations relate through the same credit risk assessment process utilized for establishing credit loss estimates for its loan portfolio. These credit risk estimates are included in the determination of fair value for the risk participations. Assuming all underlying third-party customers referenced in the swap contracts defaulted at March 31, 2025 and December 31, 2024, the exposure from these agreements would not be material based on the fair value of the underlying swaps.

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. 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 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 $9 million of assets and $138 million of liabilities on March 31, 2025, and $5 million of assets and $187 million of liabilities on December 31, 2024. As of March 31, 2025 and December 31, 2024, FHN had received collateral of $67 million and $82 million and posted collateral of $81 million and $96 million, respectively, in the normal course of business related to these agreements.

Certain agreements 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 $9 million of assets and $138 million of liabilities on March 31, 2025, and $6 million of assets and $187 million of liabilities on December 31, 2024. As of March 31, 2025 and December 31, 2024, FHN had received collateral of $67 million and $82 million and posted collateral of $81 million and $96 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. 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.

The following table provides details of derivative assets and collateral received as presented on the Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024.

DERIVATIVE ASSETS & COLLATERAL RECEIVED

				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 (a)	Derivative liabilities available for offset	Collateral received	Net amount
Derivative assets:						
March 31, 2025						
Interest rate derivative contracts	**$ 423**	**$ —**	**$ 423**	**$ (79)**	**$ (334)**	**$ 10**
Forward contracts	**5**	**—**	**5**	**(2)**	**—**	**3**
	$ 428	**$ —**	**$ 428**	**$ (81)**	**$ (334)**	**$ 13**
December 31, 2024						
Interest rate derivative contracts	$ 522	$ —	$ 522	$ (73)	$ (436)	$ 13
Forward contracts	8	—	8	(3)	(4)	1
	$ 530	$ —	$ 530	$ (76)	$ (440)	$ 14

(a) Included in other assets on the Consolidated Balance Sheets. As of March 31, 2025 and December 31, 2024, $1 million and $2 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 March 31, 2025 and December 31, 2024.

DERIVATIVE LIABILITIES & COLLATERAL PLEDGED

				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 (a)	Derivative assets available for offset	Collateral pledged	Net amount
Derivative liabilities:						
March 31, 2025						
Interest rate derivative contracts	**$ 506**	**$ —**	**$ 506**	**$ (79)**	**$ (124)**	**$ 303**
Forward contracts	**4**	**—**	**4**	**(2)**	**(1)**	**1**
	$ 510	**$ —**	**$ 510**	**$ (81)**	**$ (125)**	**$ 304**
December 31, 2024						
Interest rate derivative contracts	$ 649	$ —	$ 649	$ (73)	$ (168)	$ 408
Forward contracts	6	—	6	(3)	(1)	2
	$ 655	$ —	$ 655	$ (76)	$ (169)	$ 410

(a) Included in other liabilities on the Consolidated Balance Sheets. As of March 31, 2025 and December 31, 2024, $20 million and $16 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 15—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 March 31, 2025 and December 31, 2024.

SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

				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:						
March 31, 2025	**$ 681**	**$ —**	**$ 681**	**$ —**	**$ (676)**	**$ 5**
December 31, 2024	572	—	572	—	(567)	5

The following table provides details of securities sold under agreements to repurchase and collateral pledged by FHN as of March 31, 2025 and December 31, 2024.

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

				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:						
March 31, 2025	**$ 1,760**	**$ —**	**$ 1,760**	**$ —**	**$ (1,760)**	**$ —**
December 31, 2024	2,096	—	2,096	—	(2,096)	—

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.

The following table provides details, by collateral type, of the remaining contractual maturity of securities sold under agreements to repurchase as of March 31, 2025 and December 31, 2024.

MATURITIES OF SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	March 31, 2025		
(Dollars in millions)	**Overnight and Continuous**	**Up to 30 Days**	**Total**
Securities sold under agreements to repurchase:			
Government agency issued MBS	**$ 1,115**	**$ —**	**$ 1,115**
Government agency issued CMO	**645**	**—**	**645**
Total securities sold under agreements to repurchase	**$ 1,760**	**$ —**	**$ 1,760**

	December 31, 2024		
(Dollars in millions)	Overnight and Continuous	Up to 30 Days	Total
Securities sold under agreements to repurchase:			
Government agency issued MBS	$ 1,535	$ —	$ 1,535
Government agency issued CMO	561	—	561
Total securities sold under agreements to repurchase	$ 2,096	$ —	$ 2,096

Note 16—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 the use of option pricing models, discounted cash flow models, and similar techniques.

Recurring Fair Value Measurements

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024.

BALANCES OF ASSETS & LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

	March 31, 2025			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Trading securities:				
U.S. treasuries	$ —	$ 2	$ —	$ 2
Government agency issued MBS	—	92	—	92
Government agency issued CMO	—	145	—	145
Other U.S. government agencies	—	218	—	218
States and municipalities	—	67	—	67
Corporate and other debt	—	830	—	830
SBA interest-only strips	—	—	22	22
Total trading securities	—	1,354	22	1,376
Loans held for sale (elected fair value)	—	101	13	114
Securities available for sale:				
Government agency issued MBS	—	3,750	—	3,750
Government agency issued CMO	—	2,913	—	2,913
Other U.S. government agencies	—	1,073	—	1,073
States and municipalities	—	339	—	339
Total securities available for sale	—	8,075	—	8,075
Other assets:				
Deferred compensation mutual funds	107	—	—	107
Equity, mutual funds, and other	35	—	—	35
Derivatives, forwards and futures	5	—	—	5
Derivatives, interest rate contracts	—	423	—	423
Derivatives, other	—	1	—	1
Total other assets	147	424	—	571
Total assets	**$ 147**	**$ 9,954**	**$ 35**	**$ 10,136**
Trading liabilities:				
U.S. treasuries	$ —	$ 548	$ —	$ 548
Corporate and other debt	—	122	—	122
Total trading liabilities	—	670	—	670
Other liabilities:				
Derivatives, forwards and futures	4	—	—	4
Derivatives, interest rate contracts	—	506	—	506
Derivatives, other	—	1	18	19
Total other liabilities	4	507	18	529
Total liabilities	**$ 4**	**$ 1,177**	**$ 18**	**$ 1,199**

	December 31, 2024			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Trading securities:				
U.S. treasuries	$ —	$ 3	$ —	$ 3
Government agency issued MBS	—	98	—	98
Government agency issued CMO	—	180	—	180
Other U.S. government agencies	—	252	—	252
States and municipalities	—	64	—	64
Corporate and other debt	—	767	—	767
SBA interest-only strips	—	—	23	23
Total trading securities	—	1,364	23	1,387
Loans held for sale (elected fair value)	—	69	16	85
Securities available for sale:				
Government agency issued MBS	—	3,702	—	3,702
Government agency issued CMO	—	2,767	—	2,767
Other U.S. government agencies	—	1,073	—	1,073
States and municipalities	—	354	—	354
Total securities available for sale	—	7,896	—	7,896
Other assets:				
Deferred compensation mutual funds	111	—	—	111
Equity, mutual funds, and other	35	—	—	35
Derivatives, forwards and futures	8	—	—	8
Derivatives, interest rate contracts	—	522	—	522
Derivatives, other	—	1	—	1
Total other assets	154	523	—	677
Total assets	$ 154	$ 9,852	$ 39	$ 10,045
Trading liabilities:				
U.S. treasuries	$ —	$ 440	$ —	$ 440
Other U.S. government agencies	—	7	—	7
Corporate and other debt	—	103	—	103
Total trading liabilities	—	550	—	550
Other liabilities:				
Derivatives, forwards and futures	6	—	—	6
Derivatives, interest rate contracts	—	649	—	649
Derivatives, other	—	1	15	16
Total other liabilities	6	650	15	671
Total liabilities	$ 6	$ 1,200	$ 15	$ 1,221

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 March 31, 2025 and 2024 on a recurring basis are summarized as follows.

CHANGES IN LEVEL 3 ASSETS & LIABILITIES MEASURED AT FAIR VALUE

	Three Months Ended March 31, 2025					
(Dollars in millions)	SBA interest-only strips		Loans held for sale		Net derivative liabilities	
Balance on January 1, 2025	**$ 23**		**$ 16**		**$ (15)**	
Total net gains (losses) included in net income	**(2)**		**—**		**(5)**	
Sales	**(3)**		**(4)**		**—**	
Settlements	**—**		**—**		**2**	
Net transfers into (out of) Level 3	**4**	**(b)**	**1**		**—**	
Balance on March 31, 2025	**$ 22**		**$ 13**		**$ (18)**	
Net unrealized gains (losses) included in net income	**$ (1)**	**(c)**	**$ —**	**(a)**	**$ (5)**	**(d)**

	Three Months Ended March 31, 2024					
(Dollars in millions)	SBA interest-only strips		Loans held for sale		Net derivative liabilities	
Balance on January 1, 2024	$ 13		$ 26		$ (23)	
Total net gains (losses) included in net income	(1)		—		—	
Purchases	—		1		—	
Sales	(2)		(13)		—	
Settlements	—		—		3	
Net transfers into (out of) Level 3	9	(b)	—		—	
Balance on March 31, 2024	$ 19		$ 14		$ (20)	
Net unrealized gains (losses) included in net income	$ (1)	(c)	$ —	(a)	$ —	(d)

(a) Primarily included in mortgage banking income on the Consolidated Statements of Income.
(b) Transfers into Level 3 SBA interest-only strips reflect transfers out of SBA loans held for sale, which are Level 2 assets measured on a nonrecurring basis. Refer to the nonrecurring measurement table included in the following section of this Note.
(c) Primarily included in fixed income on the Consolidated Statements of Income.
(d) Included in other expense on the Consolidated Statements of Income.

There were no net unrealized gains (losses) for Level 3 assets and liabilities included in other comprehensive income as of March 31, 2025 and 2024.

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 March 31, 2025 and December 31, 2024, respectively, the following tables provide the level of valuation assumptions used to determine each adjustment and the related carrying value.

LEVEL OF VALUATION ASSUMPTIONS FOR ASSETS MEASURED AT FAIR VALUE ON A NONRECURRING BASIS

	Carrying value at March 31, 2025			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Loans held for sale—SBAs and USDA	**$ —**	**$ 371**	**$ —**	**$ 371**
Loans and leases (a)	**—**	**—**	**345**	**345**
OREO (b)	**—**	**—**	**3**	**3**

	Carrying value at December 31, 2024			
(Dollars in millions)	Level 1	Level 2	Level 3	Total
Loans held for sale—SBAs and USDA	$ —	$ 438	$ —	$ 438
Loans and leases (a)	—	—	344	344
OREO (b)	—	—	3	3

(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.

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 months ended March 31, 2025 and 2024.

FAIR VALUE ADJUSTMENTS ON ASSETS MEASURED ON A NONRECURRING BASIS

	Net gains (losses) Three Months Ended March 31,	
(Dollars in millions)	**2025**	2024
Loans held for sale—SBAs and USDA	**$ (1)**	$ —
Loans and leases (a)	**(23)**	(31)
	$ (24)	$ (31)

(a) Write-downs on these loans are recognized as part of provision for credit losses.

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.

Fixed asset and leased asset impairments were immaterial for the three months ended March 31, 2025 and 2024.

Level 3 Measurements

The following table provides information regarding the unobservable inputs utilized in determining the fair value of Level 3 recurring and nonrecurring measurements as of March 31, 2025 and December 31, 2024.

UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUE MEASUREMENTS

(Dollars in millions)				Values Utilized	
Level 3 Class	Fair Value at March 31, 2025	Valuation Techniques	Unobservable Input	Range	Weighted Average (c)
Trading securities - SBA interest-only strips	$ 22	Discounted cash flow	Constant prepayment rate	16% - 35%	18%
			Bond equivalent yield	(4)% - 19%	17%
Loans held for sale - residential real estate	$ 13	Discounted cash flow	Prepayment speeds - First mortgage	2% - 6%	3%
			Foreclosure losses	63% - 66%	64%
			Loss severity trends - First mortgage	0.0% - 2.2% of UPB	0.7%
Derivative liabilities, other	$ 18	Discounted cash flow	Visa covered litigation resolution amount	$3.5 billion - $4.5 billion	$4.1 billion
			Probability of resolution scenarios	10% - 25%	19%
			Time until resolution	6 - 36 months	24 months
Loans and leases (a)	$ 345	Appraisals from comparable properties	Marketability adjustments for specific properties	0% - 25% of appraisal	NM
		Other collateral valuations	Borrowing base certificates liquidation adjustment	25% - 50% of gross value	NM
			Financial Statements liquidation adjustment	50% - 100% of reported value	NM
			Auction appraisals marketability adjustment	0% - 10% of reported value	NM
OREO (b)	$ 3	Appraisals from comparable properties	Adjustment for value changes since appraisal	0% - 10% 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) Weighted averages are determined by the relative fair value of the instruments or the relative contribution to an instrument's fair value.

(Dollars in millions)				Values Utilized	
Level 3 Class	Fair Value at December 31, 2024	Valuation Techniques	Unobservable Input	Range	Weighted Average (c)
Trading securities - SBA interest-only strips	$ 23	Discounted cash flow	Constant prepayment rate	16% - 30%	17%
			Bond equivalent yield	3% - 18%	17%
Loans held for sale - residential real estate	$ 16	Discounted cash flow	Prepayment speeds - First mortgage	2% - 6%	3%
			Foreclosure losses	63% - 71%	64%
			Loss severity trends - First mortgage	0.0% - 0.2% of UPB	0.1%
Derivative liabilities, other	$ 15	Discounted cash flow	Visa covered litigation resolution amount	$3.1 billion - $4.1 billion	$3.8 billion
			Probability of resolution scenarios	10% - 25%	18%
			Time until resolution	6 - 36 months	23 months
Loans and leases (a)	$ 344	Appraisals from comparable properties	Marketability adjustments for specific properties	0% - 25% of appraisal	NM
		Other collateral valuations	Borrowing base certificates liquidation adjustment	25% - 50% of gross value	NM
			Financial Statements liquidation adjustment	50% - 100% of reported value	NM
			Auction appraisals marketability adjustment	0% - 10% of reported value	NM
OREO (b)	$ 3	Appraisals from comparable properties	Adjustment for value changes since appraisal	0% - 10% 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) Weighted averages are determined by the relative fair value of the instruments or the relative contribution to an instrument's fair value.

Trading Securities - SBA interest-only strips

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 reassessed quarterly.

Derivative liabilities

In conjunction with pre-2020 sales of 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.

Fair Value Option

FHN previously elected the fair value option on a prospective basis for substantially all types of mortgage loans originated for sale purposes. 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 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.

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

DIFFERENCES BETWEEN FAIR VALUE CARRYING AMOUNTS AND CONTRACTUAL AMOUNTS OF RESIDENTIAL REAL ESTATE LOANS REPORTED AT FAIR VALUE

	March 31, 2025		
(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	**$ 114**	**$ 117**	**$ (3)**
Nonaccrual loans	**2**	**5**	**(3)**

	December 31, 2024		
(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	$ 85	$ 89	$ (4)
Nonaccrual loans	3	5	(2)

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.

CHANGES IN FAIR VALUE RECOGNIZED IN NET INCOME

	Three Months Ended March 31,	
(Dollars in millions)	**2025**	2024
Changes in fair value included in net income:		
Mortgage banking noninterest income		
Loans held for sale	**$ 2**	$ 1

For the three months ended March 31, 2025 and 2024, the amount for residential real estate loans held for sale included an insignificant amount of gains in pre-tax earnings that are 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.

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.

Trading securities - SBA interest-only strips

Interest-only strips are valued at 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.

Securities available for sale and held to maturity

Valuations of debt 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.

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.

The fair value of residential real estate loans held for sale is determined using a discounted cash flow model that 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.

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. Typical inputs include benchmark yields, option volatility and option skew. 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. For periods prior to 2024, tax credit investments accounted for under the equity method were written down to estimated fair value quarterly based on the estimated value of the associated tax credits which incorporated estimates of required yield for hypothetical investors. Subsequent to 2023, the fair value of 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 March 31, 2025 and December 31, 2024 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 — such as premises and equipment, goodwill, other intangible assets such as the value of long-term relationships with deposit and trust clients, deferred taxes, and certain other assets and other liabilities — have not been included in the following table. Additionally, the fair value measurements presented in the following table 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.

The following table summarizes the book value and estimated fair value of financial instruments recorded in the Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024.

BOOK VALUE AND ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

	March 31, 2025				
		Fair Value			
(Dollars in millions)	Book Value	Level 1	Level 2	Level 3	Total
Assets:					
Loans and leases, net of allowance for loan and lease losses					
Commercial:					
Commercial, financial, and industrial	$ 33,009	$ —	$ —	$ 32,468	$ 32,468
Commercial real estate	13,914	—	—	13,665	13,665
Consumer:					
Consumer real estate	13,859	—	—	13,398	13,398
Credit card and other	611	—	—	626	626
Total loans and leases, net of allowance for loan and lease losses	61,393	—	—	60,157	60,157
Short-term financial assets:					
Interest-bearing deposits with banks	1,164	1,164	—	—	1,164
Federal funds sold	47	—	47	—	47
Securities purchased under agreements to resell	681	—	681	—	681
Total short-term financial assets	1,892	1,164	728	—	1,892
Trading securities (a)	1,376	—	1,354	22	1,376
Loans held for sale:					
Mortgage loans (elected fair value) (a)	114	—	101	13	114
USDA & SBA loans - LOCOM	372	—	372	—	372
Mortgage loans - LOCOM	24	—	—	24	24
Total loans held for sale	510	—	473	37	510
Securities available for sale (a)	8,075	—	8,075	—	8,075
Securities held to maturity	1,258	—	1,092	—	1,092
Derivative assets (a)	429	5	424	—	429
Other assets:					
Tax credit investments	747	—	—	715	715
Deferred compensation mutual funds	107	107	—	—	107
Equity, mutual funds, and other (b)	304	35	—	269	304
Total other assets	1,158	142	—	984	1,126
Total assets	**$ 76,091**	**$ 1,311**	**$ 12,146**	**$ 61,200**	**$ 74,657**
Liabilities:					
Defined maturity deposits	$ 5,918	$ —	$ 5,896	$ —	$ 5,896
Trading liabilities (a)	670	—	670	—	670
Short-term financial liabilities:					
Federal funds purchased	812	—	812	—	812
Securities sold under agreements to repurchase	1,760	—	1,760	—	1,760
Other short-term borrowings	1,223	—	1,223	—	1,223
Total short-term financial liabilities	3,795	—	3,795	—	3,795
Term borrowings:					
Real estate investment trust-preferred	47	—	—	47	47
Notes payable—new market tax credit investments	74	—	—	71	71
Secured borrowings	35	—	—	35	35
Junior subordinated debentures	152	—	—	142	142
Other long-term borrowings	1,383	—	1,376	—	1,376
Total term borrowings	1,691	—	1,376	295	1,671
Derivative liabilities (a)	529	4	507	18	529
Total liabilities	**$ 12,603**	**$ 4**	**$ 12,244**	**$ 313**	**$ 12,561**

(a) Classes are detailed in the recurring measurement table.
(b) Level 1 primarily consists of mutual funds with readily determinable fair values. Level 3 includes restricted investments in FHLB-Cincinnati stock of $66 million and FRB stock of $203 million.

	December 31, 2024				
		Fair Value			
(Dollars in millions)	Book Value	Level 1	Level 2	Level 3	Total
Assets:					
Loans and leases, net of allowance for loan and lease losses					
Commercial:					
Commercial, financial, and industrial	$ 33,083	$ —	$ —	$ 32,511	$ 32,511
Commercial real estate	14,194	—	—	13,894	13,894
Consumer:					
Consumer real estate	13,826	—	—	13,262	13,262
Credit card and other	647	—	—	657	657
Total loans and leases, net of allowance for loan and lease losses	61,750	—	—	60,324	60,324
Short-term financial assets:					
Interest-bearing deposits with banks	1,538	1,538	—	—	1,538
Federal funds sold	59	—	59	—	59
Securities purchased under agreements to resell	572	—	572	—	572
Total short-term financial assets	2,169	1,538	631	—	2,169
Trading securities (a)	1,387	—	1,364	23	1,387
Loans held for sale:					
Mortgage loans (elected fair value) (a)	85	—	69	16	85
USDA & SBA loans - LOCOM	439	—	439	—	439
Mortgage loans - LOCOM	27	—	—	27	27
Total loans held for sale	551	—	508	43	551
Securities available for sale (a)	7,896	—	7,896	—	7,896
Securities held to maturity	1,270	—	1,083	—	1,083
Derivative assets (a)	531	8	523	—	531
Other assets:					
Tax credit investments	706	—	—	692	692
Deferred compensation mutual funds	111	111	—	—	111
Equity, mutual funds, and other (b)	289	35	—	254	289
Total other assets	1,106	146	—	946	1,092
Total assets	$ 76,660	$ 1,692	$ 12,005	$ 61,336	$ 75,033
Liabilities:					
Defined maturity deposits	$ 6,613	$ —	$ 6,591	$ —	$ 6,591
Trading liabilities (a)	550	—	550	—	550
Short-term financial liabilities:					
Federal funds purchased	259	—	259	—	259
Securities sold under agreements to repurchase	2,096	—	2,096	—	2,096
Other short-term borrowings	1,045	—	1,045	—	1,045
Total short-term financial liabilities	3,400	—	3,400	—	3,400
Term borrowings:					
Real estate investment trust-preferred	47	—	—	47	47
Notes payable—new market tax credit investments	74	—	—	70	70
Secured borrowings	37	—	—	37	37
Junior subordinated debentures	151	—	—	142	142
Other long-term borrowings	886	—	866	—	866
Total term borrowings	1,195	—	866	296	1,162
Derivative liabilities (a)	671	6	650	15	671
Total liabilities	$ 12,429	$ 6	$ 12,057	$ 311	$ 12,374

(a) Classes are detailed in the recurring measurement table.
(b) Level 1 primarily consists of mutual funds with readily determinable fair values. Level 3 includes restricted investments in FHLB-Cincinnati stock of $51 million and FRB stock of $203 million.

The following table presents the contractual amount and fair value of unfunded loan commitments and standby and other commitments as of March 31, 2025 and December 31, 2024.

UNFUNDED COMMITMENTS

	Contractual Amount		Fair Value	
(Dollars in millions)	**March 31, 2025**	December 31, 2024	**March 31, 2025**	December 31, 2024
Unfunded Commitments:				
Loan commitments	**$ 21,158**	$ 20,992	**$ 1**	$ 1
Standby and other commitments	**709**	753	**9**	9

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

TABLE OF ITEM 2 TOPICS

Introduction

First Horizon Corporation (NYSE common stock trading symbol "FHN") is a financial holding company headquartered in Memphis, Tennessee. FHN's principal subsidiary, and only banking subsidiary, is First Horizon Bank. Through the Bank and other subsidiaries, FHN offers commercial, private banking, consumer, small business, wealth and trust management, retail brokerage, capital markets, fixed income, and mortgage banking services.

At March 31, 2025, FHN had over 450 business locations in 24 states, including over 400 banking centers in 12 states, and employed approximately 7,200 associates.

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 2024 Annual Report on Form 10-K.

Executive Overview

Significant Events and Transactions

On March 7, 2025, FHN issued $500 million of Fixed Rate/Floating Rate Senior Notes due March 7, 2031. The Senior Notes will bear interest at a rate of 5.514% during the fixed rate period, during which time interest payments are due semi-annually on March 7 and September 7, commencing September 7, 2025 and ending on March 7, 2030. During the floating rate period, the Senior Notes will bear interest at a rate of compounded SOFR plus 1.766% with interest payments due quarterly beginning June 7, 2030 until the maturity date. FHN may redeem the Senior Notes, in whole or in part, from September 3, 2025, until March 7, 2030 (the "Par Call Date"), and in whole, but not in part, on the Par Call Date. The sale of the Senior Notes resulted in net proceeds, before one-time expenses, of approximately $498 million.

Financial Performance Summary

FHN reported first quarter 2025 net income available to common shareholders of $213 million, or $0.41 per diluted share, compared to $158 million, or $0.29 per diluted share, in fourth quarter 2024 and $184 million, or $0.33 per diluted share, in first quarter 2024.

Net interest income of $631 million increased $1 million compared to fourth quarter 2024, driven by lower interest-bearing deposit costs, partially offset by lower loan yields and loan volume. Net interest income increased $6 million compared to first quarter 2024, driven by lower funding costs, partially offset by lower yields on earning assets.

Provision for credit losses was $40 million for first quarter 2025 compared to $10 million for fourth quarter 2024 and $50 million for first quarter 2024. Net charge-offs were $29 million, or 19 basis points, compared to $13 million, or 8 basis points, in fourth quarter 2024, and $40 million, or 27 basis points, in first quarter 2024.

Noninterest income of $181 million increased $82 million compared to fourth quarter 2024, largely driven by securities losses tied to an opportunistic restructuring of a portion of the portfolio in the prior quarter. Noninterest income for first quarter 2025 decreased $13 million, or 7%, compared to first quarter 2024, largely driven by lower deferred compensation income.

Noninterest expense of $487 million decreased $21 million from fourth quarter 2024, largely resulting from lower contributions, outside services, and checking account promotion expenses. Compared with first quarter 2024, noninterest expense decreased $28 million, or 5%, largely reflecting a decrease in personnel expense and lower FDIC special assessment expense, partially offset by $5 million in Visa derivative valuation expense.

Period-end loans and leases of $62.2 billion decreased $350 million, or 1%, from December 31, 2024. Commercial loans declined $356 million from typical seasonal reductions in loans to mortgage companies and reductions in CRE balances from paydowns. Consumer loan growth was $6 million during the first quarter.

Period-end deposits of $64.2 billion decreased $1.4 billion, or 2%, compared to December 31, 2024, largely driven by the pay-off of $559 million in brokered CDs. Interest-bearing deposits decreased $1.2 billion and noninterest-bearing deposits decreased $186 million.

The Common Equity Tier 1 ratio was 10.93% at March 31, 2025 compared to 11.20% at December 31, 2024. Tier 1 risk-based capital and total risk-based capital ratios at March 31, 2025 were 11.95% and 14.06%, down from 12.22% and 14.25% at December 31, 2024.

The following portions of this MD&A focus in more detail on the results of operations for the three months ended March 31, 2025, the three months ended December 31, 2024, and the three months ended March 31, 2024 and on information about FHN's financial condition, loan and lease portfolio, liquidity, funding sources, capital and other matters.

Table I.2.1

KEY PERFORMANCE INDICATORS

	As of or for the three months ended		
(Dollars in millions, except per share data)	**March 31, 2025**	December 31, 2024	March 31, 2024
Pre-provision net revenue (a)	**$ 325**	$ 221	$ 304
Diluted earnings per common share	**$ 0.41**	$ 0.29	$ 0.33
Return on average assets (b)	**1.11 %**	0.82 %	0.97 %
Return on average common equity (c)	**10.30 %**	7.38 %	8.76 %
Return on average tangible common equity (a) (d)	**12.81 %**	9.17 %	10.95 %
Net interest margin (e)	**3.42 %**	3.33 %	3.37 %
Noninterest income to total revenue (f)	**22.29 %**	23.20 %	23.72 %
Efficiency ratio (g)	**60.06 %**	61.98 %	62.92 %
Allowance for loan and lease losses to total loans and leases	**1.32 %**	1.30 %	1.27 %
Net charge-offs (recoveries) to average loans and leases (annualized)	**0.19 %**	0.08 %	0.27 %
Total period-end equity to period-end assets	**11.10 %**	11.09 %	11.21 %
Tangible common equity to tangible assets (a)	**8.37 %**	8.37 %	8.33 %
Cash dividends declared per common share	**$ 0.15**	$ 0.15	$ 0.15
Book value per common share	**$ 16.40**	$ 16.00	$ 15.23
Tangible book value per common share (a)	**$ 13.17**	$ 12.85	$ 12.16
Common equity Tier 1	**10.93 %**	11.20 %	11.31 %
Market capitalization	**$ 9,852**	$ 10,559	$ 8,449

(a) Represents a non-GAAP measure which is reconciled in the non-GAAP to GAAP reconciliation in Table I.2.23.
(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 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 table presents the major components of net interest income and net interest margin:

Table I.2.2

QUARTER-TO-DATE AVERAGE BALANCES, NET INTEREST INCOME & YIELDS/RATES

	Three Months Ended								
(Dollars in millions)	March 31, 2025			December 31, 2024			March 31, 2024		
	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	**$ 46,951**	**$ 715**	**6.18 %**	$ 47,709	$ 771	6.43 %	$ 46,756	$ 782	6.73 %
Consumer loans	**14,694**	**182**	**4.96**	14,709	183	4.97	14,396	173	4.80
Total loans and leases	**61,645**	**897**	**5.89**	62,418	954	6.09	61,152	955	6.28
Loans held for sale	**519**	**9**	**7.09**	482	9	7.38	454	9	7.80
Investment securities	**9,209**	**70**	**3.02**	9,295	62	2.69	9,590	61	2.54
Trading securities	**1,442**	**20**	**5.57**	1,515	22	5.74	1,245	20	6.48
Federal funds sold	**7**	**—**	**4.91**	7	1	5.04	73	1	5.63
Securities purchased under agreements to resell	**706**	**7**	**4.24**	587	7	4.46	471	6	5.09
Interest-bearing deposits with banks	**1,265**	**14**	**4.44**	1,438	17	4.77	1,793	25	5.46
Total earning assets / Total interest income	**$ 74,793**	**$ 1,017**	**5.50 %**	$ 75,742	$ 1,072	5.63 %	$ 74,778	$ 1,077	5.78 %
Cash and due from banks	**886**			911			948		
Goodwill and other intangible assets, net	**1,648**			1,658			1,691		
Premises and equipment, net	**570**			571			587		
Allowance for loan and lease losses	**(827)**			(821)			(789)		
Other assets	**3,895**			3,889			4,028		
Total assets	**$ 80,965**			$ 81,950			$ 81,243		
Liabilities and Shareholders' Equity:									
Interest-bearing deposits:									
Savings	**$ 26,544**	**$ 175**	**2.67 %**	$ 26,836	$ 210	3.11 %	$ 25,390	$ 206	3.27 %
Other interest-bearing deposits	**16,096**	**92**	**2.31**	15,726	99	2.49	16,735	119	2.86
Time deposits	**6,329**	**62**	**4.00**	7,407	81	4.35	6,628	73	4.42
Total interest-bearing deposits	**48,969**	**329**	**2.72**	49,969	390	3.10	48,753	398	3.28
Federal funds purchased	**565**	**6**	**4.47**	386	5	4.80	339	5	5.50
Securities sold under agreements to repurchase	**1,914**	**15**	**3.18**	1,818	16	3.48	1,675	16	3.98
Trading liabilities	**693**	**7**	**4.29**	578	6	4.01	462	5	4.31
Other short-term borrowings	**681**	**8**	**4.40**	441	5	4.75	537	7	5.43
Term borrowings	**1,332**	**18**	**5.41**	1,206	16	5.52	1,156	17	5.71
Total interest-bearing liabilities / Total interest expense	**$ 54,154**	**$ 383**	**2.87 %**	$ 54,398	$ 438	3.20 %	$ 52,922	$ 448	3.40 %
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	**15,535**			16,123			16,626		
Other liabilities	**2,165**			2,213			2,444		
Total liabilities	**71,854**			72,734			71,992		
Shareholders' equity	**8,816**			8,921			8,956		
Noncontrolling interest	**295**			295			295		
Total shareholders' equity	**9,111**			9,216			9,251		
Total liabilities and shareholders' equity	**$ 80,965**			$ 81,950			$ 81,243		
Net earnings assets / Net interest income (TE) / Net interest spread	**$ 20,639**	**$ 634**	**2.63 %**	$ 21,344	$ 634	2.43 %	$ 21,856	$ 629	2.38 %
Taxable equivalent adjustment		**(3)**	**0.79**		(4)	0.90		(4)	0.99
Net interest income / Net interest margin (a)		**$ 631**	**3.42 %**		$ 630	3.33 %		$ 625	3.37 %

(a) Calculated using total net interest income adjusted for FTE assuming a statutory federal income tax rate of 21% and, where applicable, state income taxes.

First Quarter 2025 versus Fourth Quarter 2024

Net interest income of $631 million in first quarter 2025 increased $1 million from fourth quarter 2024, and net interest margin increased 9 basis points to 3.42%, driven by lower interest-bearing deposit costs, partially offset by lower loan yields and loan volume. Loan yield decreased 20 basis points, and the cost of interest-bearing deposits decreased 38 basis points.

Average earning assets of $74.8 billion in first quarter 2025 decreased $949 million from fourth quarter 2024, largely due to a $773 million decrease in average loans and leases. Average interest-bearing liabilities decreased $244 million, largely reflecting a $1.0 billion decrease in average interest-bearing deposits, partially offset by a $630 million increase in average short-term borrowings and a $126 million increase in average term borrowings.

First Quarter 2025 versus First Quarter 2024

Net interest income increased $6 million from first quarter 2024 and the net interest margin increased 5 basis points to 3.42% in first quarter 2025, driven by lower funding costs, partially offset by lower yields on earning assets. Yields on earning assets decreased 28 basis points while funding costs decreased 53 basis points.

Average earning assets increased $15 million from first quarter 2024, largely attributable to a $493 million increase in average loans and leases, a $235 million increase in average securities purchased under agreements to resell, and a $197 million increase in average trading securities, partially offset by a $528 million decrease in average interest-bearing deposits with banks and a $381 million decrease in average investment securities. Average interest-bearing liabilities increased $1.2 billion, largely driven by a $216 million increase in average interest-bearing deposits and an $840 million increase in average short-term borrowings.

Noninterest Income

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

Table I.2.3

NONINTEREST INCOME

	Three Months Ended			1Q25 vs. 4Q24		1Q25 vs. 1Q24	
(Dollars in millions)	**March 31, 2025**	December 31, 2024	March 31, 2024	$ Change	% Change	$ Change	% Change
Noninterest income:							
Fixed income	**$ 49**	$ 49	$ 52	$ —	— %	$ (3)	(6)%
Deposit transactions and cash management	**40**	42	44	(2)	(5)	(4)	(9)
Brokerage, management fees and commissions	**26**	25	24	1	4	2	8
Card and digital banking fees	**18**	19	19	(1)	(5)	(1)	(5)
Other service charges and fees	**12**	11	13	1	9	(1)	(8)
Trust services and investment management	**12**	12	11	—	—	1	9
Mortgage banking income	**8**	8	9	—	—	(1)	(11)
Securities gains (losses), net	**—**	(91)	—	91	(100)	—	—
Other income	**16**	24	22	(8)	(33)	(6)	(27)
Total noninterest income	**$ 181**	$ 99	$ 194	$ 82	83 %	$ (13)	(7)%

First Quarter 2025 versus Fourth Quarter 2024

Noninterest income of $181 million increased $82 million, or 83%, as fourth quarter 2024 included a $91 million loss associated with an opportunistic restructuring of a portion of the securities portfolio.

Fixed income of $49 million remained unchanged from the prior quarter. Fixed income average daily revenue of $586 thousand decreased 11% from $659 thousand in fourth quarter 2024, offset by increased revenue associated with other products.

Other income decreased $8 million, largely driven by a $4 million decrease in deferred compensation income and a $3 million decrease in insurance commissions.

First Quarter 2025 versus First Quarter 2024

Noninterest income for first quarter 2025 decreased $13 million, or 7%, compared to first quarter 2024, largely driven by an $11 million decline in deferred compensation income.

Fixed income of $49 million decreased $3 million from first quarter 2024, largely reflecting less favorable market conditions. Fixed income average daily revenue of $586 thousand decreased $145 thousand, or 20%, compared to the same quarter of 2024. Revenue from other products increased $7 million compared to first quarter 2024.

Deposit transactions and cash management fees of $40 million decreased $4 million, largely attributable to lower overdraft fees.

Noninterest Expense

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

Table I.2.4

NONINTEREST EXPENSE

	Three Months Ended			1Q25 vs. 4Q24		1Q25 vs. 1Q24	
(Dollars in millions)	**March 31, 2025**	December 31, 2024	March 31, 2024	$ Change	% Change	$ Change	% Change
Noninterest expense:							
Personnel expense	**$ 279**	$ 276	$ 301	$ 3	1 %	$ (22)	(7)%
Net occupancy expense	**35**	34	31	1	3	4	13
Computer software	**32**	32	30	—	—	2	7
Operations services	**23**	25	21	(2)	(8)	2	10
Legal and professional fees	**14**	16	14	(2)	(13)	—	—
Deposit insurance expense	**13**	13	24	—	—	(11)	(46)
Advertising and public relations	**10**	11	8	(1)	(9)	2	25
Amortization of intangible assets	**10**	11	11	(1)	(9)	(1)	(9)
Equipment expense	**10**	10	11	—	—	(1)	(9)
Contract employment and outsourcing	**8**	11	13	(3)	(27)	(5)	(38)
Communications and delivery	**8**	8	8	—	—	—	—
Other expense	**45**	61	43	(16)	(26)	2	5
Total noninterest expense	**$ 487**	$ 508	$ 515	$ (21)	(4)%	$ (28)	(5)%

First Quarter 2025 versus Fourth Quarter 2024

Noninterest expense of $487 million decreased $21 million, or 4%, largely attributable to a decline in other expense which resulted from a $10 million contribution to the First Horizon Foundation and elevated checking account promotion expenses in fourth quarter 2024. Other expense also included $5 million in Visa derivative valuation expense in first quarter 2025.

Personnel expense of $279 million increased $3 million from the prior quarter, reflecting annual merit adjustments and incremental expense associated with performance award adjustments, partially offset by lower deferred compensation expense.

Decreases in operations services, legal and professional fees, and contract employment and outsourcing were largely attributable to the completion of technology projects which drove lower vendor costs.

First Quarter 2025 versus First Quarter 2024

Noninterest expense of $487 million decreased $28 million, or 5%, from first quarter 2024.

Personnel expense decreased $22 million compared to first quarter 2024, largely reflecting lower incentive-based compensation of $11 million and lower deferred compensation expense of $12 million.

Deposit insurance expense declined $11 million compared to the prior year quarter, largely attributable to lower FDIC special assessment expense.

The $2 million increase in other expense included $5 million in Visa derivative valuation expense in first quarter 2025.

Provision for Credit Losses

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.

Provision for credit losses was $40 million for the first quarter 2025, compared to $10 million for the fourth quarter 2024 and $50 million for first quarter 2024. Net charge-offs in first quarter 2025 were $29 million, or 19 basis points, compared to $13 million, or 8 basis points, in the prior quarter, and $40 million, or 27 basis points, in first quarter 2024. Reserve build was $11 million for first quarter 2025, compared to a reserve release of $3 million in the prior quarter. The ACL to total loans and leases ratio increased 2 basis points from year-end 2024 to 1.45%, driven by uncertainty in the macroeconomic outlook. For additional information about general asset quality trends, refer to the Asset Quality section in this MD&A.

Income Taxes

FHN recorded income tax expense of $63 million in first quarter 2025, compared to $41 million in fourth quarter 2024 and $57 million in first quarter 2024.

The effective tax rate was approximately 22.0%, 19.3%, and 22.5% for the three months ended March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

FHN's effective tax rate is favorably affected by recurring items such as tax credits and other tax benefits from tax credit investments, tax-exempt income, and bank-owned life insurance. The effective rate is unfavorably affected by the non-deductible portions of FDIC premium and executive compensation. 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 ("DTA") or deferred tax liability ("DTL") 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 current enacted statutory tax rates to these temporary differences in future years. As of March 31, 2025, FHN's gross DTA and gross DTL were $728 million and $550 million, respectively, resulting in a net DTA of $178 million at March 31, 2025, compared with a net DTA of $227 million at December 31, 2024.

As of March 31, 2025, FHN had DTA balances related to federal and state income tax carryforwards of $25 million and $3 million, respectively, which will expire at various dates.

Based on current analysis, FHN believes that its ability to realize the net DTA is more likely than not. FHN monitors its net DTA and the need for a valuation allowance on a quarterly basis. A significant adverse change in FHN's taxable earnings outlook could result in the need for a valuation allowance.

Business Segment Results

During fourth quarter 2024, FHN reorganized its internal management structure and, accordingly, its segment reporting structure. Prior to the restructure, FHN's reportable segments were Regional Banking, Specialty Banking, and Corporate. As a result of the restructure, FHN revised its reportable segments to include: (1) Commercial, Consumer & Wealth, (2) Wholesale, and (3) Corporate. Segment results for periods prior to fourth quarter 2024 have been recast to adjust for the realignment of the segment reporting structure. See Note 12 - Business Segment Information to the Consolidated Financial Statements in Part I, Item 1 of this report for additional disclosures related to FHN's segments.

Commercial, Consumer & Wealth

The Commercial, Consumer & Wealth segment generated pre-tax income of $353 million for first quarter 2025, a decrease of $22 million compared to fourth quarter 2024. Net interest income of $624 million decreased $11 million, driven by lower loan yields, fewer days in the first quarter, and a decline in DDA balances, partially offset by lower deposit costs. Provision for credit losses of $38 million increased $23 million from the prior quarter. Noninterest income decreased $6 million compared to the prior quarter, largely driven by declines in insurance commissions, deposit transaction and cash management fees, and card and digital banking fees. Noninterest expense decreased $18 million compared to fourth quarter 2024, largely due to lower advertising and public relations expenses allocated to the Commercial, Consumer & Wealth segment compared to the previous quarter.

Pre-tax income for first quarter 2025 increased $9 million to $353 million, compared to $344 million for first quarter 2024. Net interest income decreased $1 million and noninterest income remained flat compared to first quarter 2024. The provision for credit losses decreased

$6 million compared to first quarter 2024. Noninterest expense decreased $4 million compared to first quarter 2024, largely due to a decrease in personnel expense and other expense, partly offset by an increase in advertising and public relations costs allocated to the segment compared to the prior year.

Wholesale

Pre-tax income in the Wholesale segment of $29 million for first quarter 2025 decreased $7 million compared to fourth quarter 2024, largely driven by a $4 million decrease in revenue resulting from lower net interest income in first quarter 2025. Provision for credit losses increased $2 million and noninterest expense increased $1 million.

Fixed income of $49 million remained unchanged from the prior quarter, as a decline in average daily revenue was offset by an increase in other product revenue. Mortgage banking income of $8 million increased $1 million compared to the prior quarter.

Pre-tax income in the Wholesale segment increased $7 million compared to first quarter 2024. Revenue increased $5 million, primarily driven by higher net interest income compared to the previous year. Provision for credit losses was $3 million compared to $7 million in first quarter 2024. Noninterest expense increased $2 million, largely driven by higher personnel and outside services expense.

Corporate

Pre-tax loss for the Corporate segment was $97 million for first quarter 2025 compared to $200 million for fourth quarter 2024. The lower pre-tax loss for first quarter 2025 largely reflected a $17 million increase in net interest income and an $87 million increase in noninterest income compared to fourth quarter 2024. The increase in noninterest income was largely attributable to lower securities losses in first quarter 2025 due to an opportunistic restructuring of a portion of the securities portfolio that occurred in fourth quarter 2024. Noninterest expense declined $3 million, largely driven by a $10 million contribution to the First Horizon Foundation in the prior quarter, partially offset by $5 million in Visa derivative valuation expense in the current quarter.

Pre-tax loss for the Corporate segment was $97 million for the first quarter 2025 compared to $112 million for first quarter 2024, largely reflecting a $10 million decline in noninterest income and a $26 million decrease in noninterest expense. The decrease in noninterest income was largely a result of lower deferred compensation income compared to first quarter 2024. The decrease in noninterest expense was largely driven by lower personnel and deposit insurance expense compared to first quarter 2024. The decrease in personnel expense was largely attributable to lower deferred compensation expense and incentive-based compensation. The decrease in deposit insurance expense was tied to lower FDIC special assessment of $1 million in first quarter 2025, compared to $10 million in first quarter 2024. These decreases in noninterest expense were partially offset by an increase in other expense, largely the result of $5 million in Visa derivative valuation expense in the current quarter.

Analysis of Financial Condition

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

Period-end loans and leases of $62.2 billion as of March 31, 2025 decreased $350 million, or 1%, compared to December 31, 2024. Commercial loans and leases decreased $356 million, primarily from paydowns on commercial real estate loans and typical seasonal reductions in loans to mortgage companies. Consumer loans increased $6 million, primarily from growth in real estate installment loans, partially offset by declines in consumer construction and other consumer loans.

The following table provides details regarding FHN's loans and leases as of March 31, 2025 and December 31, 2024.

Table I.2.5

LOANS & LEASES

	As of March 31, 2025		As of December 31, 2024		
(Dollars in millions)	**Amount**	**Percent of total**	Amount	Percent of total	Growth Rate
Commercial:					
Commercial, financial, and industrial (a)	**$ 33,354**	**54 %**	$ 33,428	53 %	— %
Commercial real estate	**14,139**	**22**	14,421	23	(2)
Total commercial	**47,493**	**76**	47,849	76	(1)
Consumer:					
Consumer real estate	**14,089**	**23**	14,047	23	—
Credit card and other	**633**	**1**	669	1	(5)
Total consumer	**14,722**	**24**	14,716	24	—
Total loans and leases	**$ 62,215**	**100 %**	$ 62,565	100 %	(1)%

(a) Includes equipment financing loans and leases.

Loans Held for Sale

Loans held for sale primarily consists of government guaranteed loans under SBA and USDA lending programs. Smaller amounts of other consumer and home equity loans are also included in loans HFS. Additionally, FHN's mortgage banking operations include 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 non-conforming loans are primarily sold to private companies that are unaffiliated with the GSEs on a servicing-released basis. For further detail, see Note 5 - Mortgage Banking Activity to the Consolidated Financial Statements in Part I, Item 1 of this Report.

On March 31, 2025 and December 31, 2024, loans HFS were $510 million and $551 million, respectively. Held-for-sale consumer mortgage loans secured by residential real estate in process of foreclosure totaled $2 million and $1 million as of March 31, 2025 and December 31, 2024, respectively.

Asset Quality

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 comprised of C&I loans and leases and CRE loans. Consumer loans are comprised of consumer real estate loans and credit card and other loans.

FHN had a concentration of residential real estate loans of 23% of total loans as of both March 31, 2025 and December 31, 2024. 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, 2024 in the Asset Quality section within the Analysis of Financial Condition discussion. FHN’s credit underwriting guidelines and loan product offerings as of March 31, 2025 are generally consistent with those reported and disclosed in FHN’s Form 10-K for the year ended December 31, 2024.

Commercial Loan and Lease Portfolios

C&I

C&I loans are the largest component of the loan and lease portfolio, comprising 54% and 53% of the total portfolio as of March 31, 2025 and December 31, 2024, respectively. The C&I portfolio 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, direct financing and sales-type leases, working capital lines of credit, and trade credit enhancement through letters of credit. Total C&I loans and leases decreased $74 million to $33.4 billion as of March 31, 2025, compared to December 31, 2024.

The decrease in C&I loans from December 31, 2024 was largely driven by a decrease in finance and insurance, energy, and loans to mortgage companies, partially offset by an increase in wholesale trade and various other portfolios. The largest geographical concentrations of balances in the C&I portfolio as of March 31, 2025 were in Tennessee (21%), Florida (12%), Texas (10%), North Carolina (7%), Louisiana (6%), and California (6%). No other state represented more than 5% of the portfolio. This mix was generally consistent with December 31, 2024.

The following table provides the composition of the C&I portfolio by industry as of March 31, 2025 and December 31, 2024. 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 I.2.6

C&I PORTFOLIO BY INDUSTRY

(Dollars in millions)	March 31, 2025		December 31, 2024	
	Amount	Percent	Amount	Percent
Industry:				
Real estate and rental and leasing (a)	**$ 3,834**	**11 %**	$ 3,888	12 %
Finance and insurance	**3,502**	**10**	3,666	11
Loans to mortgage companies	**3,369**	**10**	3,471	10
Wholesale trade	**2,564**	**8**	2,433	7
Health care and social assistance	**2,555**	**8**	2,576	8
Manufacturing	**2,380**	**7**	2,312	7
Accommodation and food service	**2,198**	**7**	2,198	7
Retail trade	**1,781**	**5**	1,756	5
Transportation and warehousing	**1,694**	**5**	1,616	5
Energy	**1,156**	**3**	1,273	4
Other (professional, construction, entertainment, etc.) (b)	**8,321**	**26**	8,239	24
Total C&I loan portfolio	**$ 33,354**	**100 %**	$ 33,428	100 %

(a) Leasing, rental of real estate, equipment, and goods.
(b) Each industry in this category makes up less than 5% of the total.

Industry Concentrations

Loan concentrations are considered to exist for a financial institution 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 borrowers in the finance and insurance industry and loans to mortgage companies were 20% of FHN’s C&I loan portfolio as of March 31, 2025 and 21% as of December 31, 2024, and as a result could be affected by items that uniquely impact the financial services industry. Loans to borrowers in the real estate and rental and leasing industry were 11% and 12% of FHN's C&I portfolio as of March 31, 2025 and December 31, 2024, respectively. As of March 31, 2025, FHN did not have any other concentrations of C&I loans in any single industry of 10% or more of total loans.

Real Estate and Rental and Leasing

Loans to borrowers in the real estate and rental and leasing industry were 11% and 12% of FHN's C&I portfolio as of March 31, 2025 and December 31, 2024, respectively. This portfolio primarily consists of equipment financing loans and leases to clients across FHN's footprint in a broad range of industries and asset types. This portfolio also includes a smaller balance of loans and leases for solar and wind generating facilities.

Finance and Insurance

The finance and insurance component represented 10% and 11% of the C&I portfolio as of March 31, 2025 and December 31, 2024, respectively, 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 March 31, 2025, asset-based lending to consumer finance companies represented approximately $1.5 billion of the finance and insurance component.

Loans to Mortgage Companies

Loans to mortgage companies were 10% of the C&I portfolio as of both March 31, 2025 and December 31, 2024. This portfolio 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. Balances in this portfolio generally fluctuate with mortgage rates and seasonal factors. Generally, new loan originations to mortgage lenders increase when there is a decline in mortgage rates and decrease when rates rise. In periods of economic uncertainty, this trend may not occur even if interest rates are declining. In first quarter 2025, 75% of the loan originations were home purchases and 25% were refinance transactions.

Commercial Real Estate

The CRE portfolio decreased to $14.1 billion as of March 31, 2025 compared to $14.4 billion as of December 31, 2024, largely attributable to paydowns. The CRE portfolio includes financings for both commercial construction and non-construction loans. This portfolio contains loans, draws on credit lines, and letters of credit to commercial real estate developers for the construction and mini-permanent financing of income-producing real estate.

The largest geographical concentrations of CRE loan balances as of March 31, 2025 were in Florida (26%), Texas (13%), North Carolina (13%), Georgia (9%), Tennessee (9%), and Louisiana (7%). No other state represented more than 5% of the portfolio. The mix was generally consistent with December 31, 2024.

The following table represents subcategories of CRE loans by property type.

Table I.2.7

CRE PORTFOLIO BY PROPERTY TYPE

	March 31, 2025		December 31, 2024	
(Dollars in millions)	Amount	Percent	Amount	Percent
Property Type:				
Multi-family	$ 5,015	35 %	$ 5,122	36 %
Office	2,711	19	2,785	19
Retail	2,175	15	2,167	15
Industrial	2,058	15	2,130	15
Hospitality	1,317	9	1,332	9
Land/land development	359	3	249	2
Other CRE (a)	504	4	636	4
Total CRE loan portfolio	$ 14,139	100 %	$ 14,421	100 %

(a) Property types in this category each comprise less than 5%.

Consumer Loan Portfolios

Consumer Real Estate

The consumer real estate portfolio is primarily composed of home equity lines and installment loans. This portfolio totaled $14.1 billion and $14.0 billion as of March 31, 2025 and December 31, 2024, respectively. The largest geographical concentrations of balances as of March 31, 2025 were in Florida (29%), Tennessee (22%), Texas (12%), Louisiana (8%), North Carolina (7%), Georgia (6%), and New York (5%). No other state represented more than 5% of the portfolio. The mix was generally consistent with December 31, 2024.

As of March 31, 2025, approximately 89% of the consumer real estate portfolio was in a first lien position. At origination, the weighted average FICO score of this portfolio was 759, and the refreshed FICO scores averaged 756 as of March 31, 2025, representing no change from FICO scores as of December 31, 2024. Generally, performance of this portfolio is affected by life events that affect borrowers' finances, the level of unemployment, and home prices.

As of March 31, 2025 and December 31, 2024, FHN had held-to-maturity consumer mortgage loans secured by real estate totaling $32 million and $26 million, respectively, that were in the process of foreclosure.

HELOCs comprised $2.1 billion of the consumer real estate portfolio as of both March 31, 2025 and December 31, 2024. 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 March 31, 2025, approximately 95% of FHN's HELOCs were in the draw period, which was consistent with December 31, 2024. It is expected that $603 million, or 30%, 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 nearing the end of the draw period are closely monitored.

The following table presents HELOCs currently in the draw period, broken down by months remaining in the draw period.

Table I.2.8

HELOC DRAW TO REPAYMENT SCHEDULE

	March 31, 2025		December 31, 2024	
(Dollars in millions)	Repayment Amount	Percent	Repayment Amount	Percent
Months remaining in draw period:				
0-12	**$ 77**	**4 %**	$ 79	4 %
13-24	**97**	**5**	90	5
25-36	**136**	**7**	134	7
37-48	**137**	**7**	147	7
49-60	**156**	**7**	148	7
>60	**1,403**	**70**	1,404	70
Total	**$ 2,006**	**100 %**	$ 2,002	100 %

Credit Card and Other

The credit card and other consumer loan portfolio totaled $633 million as of March 31, 2025 and $669 million as of December 31, 2024. This portfolio primarily consists of consumer-related credits, including home equity and other personal consumer loans, credit card receivables, and automobile loans. The $36 million decrease was primarily driven by net repayments in the overall portfolio.

Allowance for Credit Losses

The ACL is maintained at a level sufficient to provide appropriate reserves to absorb estimated future credit losses in accordance with GAAP. For additional information regarding the ACL, see Note 4 to the Consolidated Financial Statements in Part I, Item 1 of this report and “Critical Accounting Policies and Estimates” and Note 4 to the Consolidated Financial Statements in Part II, Item 8 of FHN's 2024 Form 10-K.

The ALLL increased to $822 million as of March 31, 2025 from $815 million as of December 31, 2024. The increase in the ALLL balance as of March 31, 2025 was largely driven by deterioration in macroeconomic forecasts and reflects emerging concerns around potential economic instability. The ALLL to total loans and leases ratio increased 2 basis points to 1.32% compared to 1.30% as of December 31, 2024. The ACL to total loans and leases ratio was 1.45% and 1.43% as of March 31, 2025 and December 31, 2024, respectively.

Consolidated Net Charge-offs

Net charge-offs in first quarter 2025 were $29 million, or an annualized 19 basis points of total loans and leases, compared to net charge-offs of $13 million, or 8 basis points, in fourth quarter 2024, and $40 million, or 27 basis points, in first quarter 2024.

Table I.2.9

ANALYSIS OF ALLOWANCE FOR CREDIT LOSSES AND CHARGE-OFFS

(Dollars in millions)	**March 31, 2025**	December 31, 2024	March 31, 2024
Allowance for loan and lease losses			
C&I	**$ 345**	$ 345	$ 348
CRE	**225**	227	181
Consumer real estate	**230**	221	231
Credit card and other	**22**	22	27
Total allowance for loan and lease losses	**$ 822**	$ 815	$ 787
Reserve for remaining unfunded commitments			
C&I	**$ 63**	$ 57	$ 49
CRE	**9**	11	18
Consumer real estate	**11**	11	12
Total reserve for remaining unfunded commitments	**$ 83**	$ 79	$ 79
Allowance for credit losses			
C&I	**$ 408**	$ 402	$ 397
CRE	**234**	238	199
Consumer real estate	**241**	232	243
Credit card and other	**22**	22	27
Total allowance for credit losses	**$ 905**	$ 894	$ 866
Period-end loans and leases			
C&I	**$ 33,354**	$ 33,428	$ 32,911
CRE	**14,139**	14,421	14,426
Consumer real estate	**14,089**	14,047	13,645
Credit card and other	**633**	669	771
Total period-end loans and leases	**$ 62,215**	$ 62,565	$ 61,753
ALLL / loans and leases %			
C&I	**1.04 %**	1.03 %	1.06 %
CRE	**1.59**	1.57	1.26
Consumer real estate	**1.63**	1.57	1.69
Credit card and other	**3.41**	3.28	3.57
Total ALLL / loans and leases %	**1.32 %**	1.30 %	1.27 %
ACL / loans and leases %			
C&I	**1.22 %**	1.20 %	1.21 %
CRE	**1.66**	1.65	1.39
Consumer real estate	**1.71**	1.65	1.78
Credit card and other	**3.41**	3.28	3.57
Total ACL / loans and leases %	**1.45 %**	1.43 %	1.40 %
Quarter-to-date net charge-offs (recoveries)			
C&I	**$ 28**	$ 1	$ 25
CRE	**(1)**	9	12
Consumer real estate	**(1)**	(2)	(1)
Credit card and other	**3**	5	4
Total net charge-offs (recoveries)	**$ 29**	$ 13	$ 40

Average loans and leases			
C&I	**$ 32,633**	$ 33,108	$ 32,389
CRE	**14,318**	14,601	14,367
Consumer real estate	**14,045**	14,008	13,615
Credit card and other	**649**	701	781
Total average loans and leases	**$ 61,645**	$ 62,418	$ 61,152
Charge-off % (annualized)			
C&I	**0.35 %**	0.01 %	0.31 %
CRE	**(0.02)**	0.25	0.35
Consumer real estate	**(0.02)**	(0.05)	(0.03)
Credit card and other	**1.60**	2.78	1.98
Total charge-off %	**0.19 %**	0.08 %	0.27 %
ALLL / annualized net charge-offs			
C&I	**303 %**	9,402 %	345 %
CRE	**NM**	624	364
Consumer real estate	**NM**	NM	NM
Credit card and other	**208**	113	178
Total ALLL / net charge-offs	**695 %**	1,539 %	485 %

NM - not meaningful

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 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. NPAs consist of nonperforming loans and OREO (excluding OREO from government insured mortgages).

Total NPAs (including NPLs HFS) increased to $615 million as of March 31, 2025 from $608 million as of December 31, 2024, largely driven by an increase in nonaccrual C&I loans, partially offset by a decline in nonaccrual CRE loans. The increase in nonaccrual C&I loans was largely driven by loans in the finance and insurance industry, partially offset by loans in the construction industry. This portfolio continues to maintain strong underwriting and client selection. The vast majority of NPAs have individual impairment reviews with no specific reserve required. The nonperforming loans and leases ratio increased 2 basis points to 0.98% as of March 31, 2025, compared to 0.96% as of December 31, 2024.

Table I.2.10

NONACCRUAL/NONPERFORMING LOANS, FORECLOSED ASSETS, & OTHER DISCLOSURES

(Dollars in millions)

Nonperforming loans and leases	**March 31, 2025**	December 31, 2024
C&I	**$ 195**	$ 173
CRE	**284**	294
Consumer real estate	**129**	133
Credit card and other	**1**	2
Total nonperforming loans and leases (a)	**$ 609**	$ 602
Nonperforming loans held for sale (a)	**$ 3**	$ 3
Foreclosed real estate and other assets (b)	**3**	3
Total nonperforming assets (a) (b)	**$ 615**	$ 608
Nonperforming loans and leases to total loans and leases		
C&I	**0.58 %**	0.52 %
CRE	**2.01**	2.04
Consumer real estate	**0.92**	0.95
Credit card and other	**0.19**	0.23
Total NPL %	**0.98 %**	0.96 %
ALLL / NPLs		
C&I	**178 %**	199 %
CRE	**79**	77
Consumer real estate	**178**	167
Credit card and other	**1,752**	1,438
Total ALLL / NPLs	**135 %**	136 %

(a) Excludes loans and leases that are 90 or more days past due and still accruing interest.
(b) Excludes government-insured foreclosed real estate. There were no foreclosed real estate balances from GNMA loans at March 31, 2025 and December 31, 2024.

The following table provides nonperforming assets by business segment:

Table I.2.11

NONPERFORMING ASSETS BY SEGMENT

(Dollars in millions)		
Nonperforming loans and leases (a) (b)	**March 31, 2025**	December 31, 2024
Commercial, Consumer & Wealth	**$ 575**	$ 572
Wholesale	**18**	12
Corporate	**16**	18
Consolidated	**$ 609**	$ 602
Foreclosed real estate (c)		
Commercial, Consumer & Wealth	**$ 1**	$ 1
Wholesale	**1**	1
Corporate	**1**	1
Consolidated	**$ 3**	$ 3
Nonperforming Assets (a) (b) (c)		
Commercial, Consumer & Wealth	**$ 576**	$ 573
Wholesale	**19**	13
Corporate	**17**	19
Consolidated	**$ 612**	$ 605
Nonperforming loans and leases to loans and leases		
Commercial, Consumer & Wealth	**1.02 %**	1.01 %
Wholesale	**0.32**	0.20
Corporate	**3.54**	5.46
Consolidated	**0.98 %**	0.96 %
NPA % (d)		
Commercial, Consumer & Wealth	**1.03 %**	1.02 %
Wholesale	**0.34**	0.23
Corporate	**3.68**	5.65
Consolidated	**0.97 %**	0.97 %

(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. There were no foreclosed real estate balances from GNMA loans at March 31, 2025 or December 31, 2024.
(d) Ratio is non-performing assets to total loans and leases plus foreclosed real estate.

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 90 days or more past due and still accruing were $8 million as of March 31, 2025, compared to $21 million as of December 31, 2024. Loans 30 to 89 days past due and still accruing increased to $97 million as of March 31, 2025, compared to $89 million as of December 31, 2024, driven by an increase of $6 million in both CRE and consumer loans, partially offset by a decrease of $4 million in C&I loans.

Table I.2.12

ACCRUING DELINQUENCIES & OTHER CREDIT DISCLOSURES

(Dollars in millions)

Accruing loans and leases 30+ days past due	March 31, 2025	December 31, 2024
C&I	**$ 29**	$ 33
CRE	**9**	3
Consumer real estate	**60**	69
Credit card and other	**7**	5
Total accruing loans and leases 30+ days past due	**$ 105**	$ 110
Accruing loans and leases 30+ days past due %		
C&I	**0.08 %**	0.10 %
CRE	**0.07**	0.02
Consumer real estate	**0.42**	0.50
Credit card and other	**1.15**	0.79
Total accruing loans and leases 30+ days past due %	**0.17 %**	0.18 %
Accruing loans and leases 90+ days past due (a) (b) (c):		
C&I	**$ 1**	$ 1
Consumer real Estate	**7**	19
Credit card and other	**—**	1
Total accruing loans and leases 90+ days past due	**$ 8**	$ 21
Loans held for sale		
30 to 89 days past due (b)	**$ 7**	$ 9
30 to 89 days past due - guaranteed portion (b) (d)	**6**	6
90+ days past due (b)	**8**	9
90+ days past due - guaranteed portion (b) (d)	**3**	4

(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 increased to $2.1 billion as of March 31, 2025 compared to $1.9 billion as of December 31, 2024.

This increase was largely attributable to grade migration in the multi-family and industrial portfolios. Multi-family has been affected by strong supply, which is expected to be absorbed at a modestly slower rate than experienced in recent years. The industrial sector has been impacted by volume normalization from pandemic highs and tariff uncertainty weighing on demand. These portfolios continue to maintain strong underwriting and client selection. 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.

Modifications to Borrowers Experiencing Financial Difficulty

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. 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. See Note 1 - Basis of Presentation and Accounting Policies, Note 3 - Loans and Leases, and Note 4 - Allowance for Credit Losses to the Consolidated Financial Statements in Part I, Item 1 of this Report for further discussion regarding troubled loan modifications.

Commercial Loan Modifications

As part of FHN's credit risk management governance processes, the Special Assets Department ("SAD") is responsible for managing most commercial relationships with borrowers whose financial condition has deteriorated to such an extent that the credits are individually reviewed for expected credit losses, classified as substandard or worse, placed on nonaccrual status, foreclosed or in process of foreclosure, or in active or contemplated litigation. SAD has the authority and responsibility to enter into workout and/or rehabilitation agreements with troubled commercial borrowers in order to mitigate and/or minimize the amount of credit losses recognized from these problem assets. While every circumstance is different, SAD will generally use forbearance agreements (generally 6-12 months) as an element of commercial loan workouts, which might include reduced interest rates, reduced payments, release of guarantor, term extensions or entering into short sale agreements. Principal forgiveness may be granted in specific workout circumstances.

The individual expected credit loss assessments completed on commercial loans may be used in evaluating the appropriateness of qualitative adjustments to quantitatively modeled loss expectations for loans that are not considered collateral dependent. If a loan is collateral dependent, the carrying amount of a loan is written down to the net realizable value of the collateral. Each assessment considers any modified terms and is comprehensive to ensure appropriate assessment of expected credit losses.

Consumer Loan Modifications

FHN does not currently participate in any of the loan modification programs sponsored by the U.S. government for its portfolio loans, but does generally structure modified consumer loans using the parameters of the former Home Affordable Modification Program.

Within the HELOC and permanent mortgage installment loans in the consumer portfolio segment, troubled loans are typically modified by reducing the interest rate (in increments of 25 basis points to a minimum of 3%) and a possible maturity date extension of up to 30 years to reach an affordable housing expense-to-income ratio.

Within the credit card class of the consumer portfolio segment, troubled loans are typically modified through either a short-term credit card hardship program or a longer-term credit card workout program. In the credit card hardship program, borrowers may be granted rate and payment reductions for 6 months to 1 year. In the credit card workout program, clients are granted a rate reduction to 0% and term extensions for up to 5 years to pay off the remaining balance.

Consumer loans may also be modified through court-imposed principal reductions in bankruptcy proceedings, which FHN is required to honor unless a borrower reaffirms the related debt.

Investment Securities

FHN's investment securities portfolio consists principally of debt securities available for sale. FHN maintains a securities portfolio consisting primarily of bank-eligible GSE and GNMA issued mortgage-backed securities and collateralized mortgage obligations. 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. These evaluations may result in steps taken to adjust the overall balance sheet positioning.

Investment securities were $9.3 billion and $9.2 billion on March 31, 2025 and December 31, 2024, respectively, representing 11% of total assets for both periods. For more information about the securities portfolio, see Note 2 - Investment Securities to the Consolidated Financial Statements in Part I, Item 1 of this report.

Deposits

Total deposits of $64.2 billion as of March 31, 2025 decreased $1.4 billion, or 2%, compared to December 31, 2024, largely driven by the pay-off of $559 million of brokered CDs. Interest-bearing deposits decreased $1.2 billion and noninterest-bearing deposits decreased $186 million.

FHN continues to maintain a well-diversified and stable funding mix across its footprint and specialty lines of business. At March 31, 2025, commercial deposits were $34.9 billion, or 54% of total deposits, and consumer deposits were $29.3 billion, or 46% of total deposits. At December 31, 2024, commercial deposits were $36.2 billion, or 55% of total deposits, and consumer deposits were $29.4 billion, or 45% of total deposits.

At March 31, 2025, 37% of deposits were associated with Tennessee, 18% with Florida, 13% with North Carolina, and 12% with Louisiana, with no other state above 10%. This mix remained consistent with December 31, 2024.

Total estimated uninsured deposits were $26.7 billion as of both March 31, 2025 and December 31, 2024, representing 42% and 41% of total deposits, respectively. Of the uninsured deposits as of March 31, 2025, $4.6 billion, or 7% of total deposits, were collateralized. As of December 31, 2024, collateralized deposits were $4.7 billion, or 7% of total deposits.

See Table I.2.2 - Average Balances, Net Interest Income and Yields/Rates in this Report for information on average deposits, including average rates paid.

The following table summarizes the major components of deposits as of March 31, 2025 and December 31, 2024.

Table I.2.13

DEPOSITS

	March 31, 2025		December 31, 2024			
(Dollars in millions)	**Amount**	**Percent of total**	Amount	Percent of total	Change	Percent
Savings	**$ 26,242**	**41 %**	$ 26,695	41 %	$ (453)	(2)%
Time deposits	**5,918**	**9**	6,613	10	(695)	(11)
Other interest-bearing deposits	**16,213**	**25**	16,252	25	(39)	—
Total interest-bearing deposits	**48,373**	**75**	49,560	76	(1,187)	(2)
Noninterest-bearing deposits	**15,835**	**25**	16,021	24	(186)	(1)
Total deposits	**$ 64,208**	**100 %**	$ 65,581	100 %	$ (1,373)	(2)%

Short-Term Borrowings

Short-term borrowings include federal funds purchased, securities sold under agreements to repurchase, trading liabilities, and other short-term borrowings. Total short-term borrowings increased to $4.5 billion as of March 31, 2025 compared to $4.0 billion as of December 31, 2024. The increase in short-term borrowings was largely driven by an increase of $300 million in FHLB borrowings and an increase of $217 million in federal funds purchased and securities sold under agreements to repurchase.

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.

Trading liabilities fluctuate based on various factors, including levels of trading securities and hedging 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 repurchase 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. Following FHN's issuance of $500 million of Fixed Rate/Floating Rate Senior Notes during first quarter 2025, total term borrowings increased to $1.7 billion as of March 31, 2025 from $1.2 billion as of December 31, 2024.

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 ensure ready access to the capital markets.

Total equity was $9.0 billion and $9.1 billion at March 31, 2025 and December 31, 2024, respectively. Significant changes included net income of $222 million and an increase of $145 million in AOCI, offset by $365 million in common stock repurchases, and $83 million in common and preferred dividends.

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 I.2.14

REGULATORY CAPITAL DATA

(Dollars in millions)	March 31, 2025	December 31, 2024
FHN shareholders' equity	**$ 8,749**	$ 8,816
Modified CECL transitional amount (a)	**—**	28
FHN non-cumulative perpetual preferred stock	**(426)**	(426)
Common equity tier 1 before regulatory adjustments	**$ 8,323**	$ 8,418
Regulatory adjustments:		
Disallowed goodwill and other intangibles	**$ (1,570)**	$ (1,578)
Net unrealized (gains) losses on securities available for sale	**666**	782
Net unrealized (gains) losses on pension and other postretirement plans	**250**	252
Net unrealized (gains) losses on cash flow hedges	**67**	94
Disallowed deferred tax assets	**(1)**	(1)
Common equity tier 1	**$ 7,735**	$ 7,967
FHN non-cumulative perpetual preferred stock	**426**	426
Qualifying noncontrolling interest— First Horizon Bank preferred stock	**295**	295
Tier 1 capital	**$ 8,456**	$ 8,688
Tier 2 capital	**1,490**	1,442
Total regulatory capital	**$ 9,946**	$ 10,130
Risk-Weighted Assets		
First Horizon Corporation	**$ 70,766**	$ 71,108
First Horizon Bank	**69,927**	70,418
Average Assets for Leverage		
First Horizon Corporation	**$ 80,613**	$ 81,645
First Horizon Bank	**79,678**	80,791

Table I.2.15

REGULATORY RATIOS & AMOUNTS

	March 31, 2025		December 31, 2024	
(Dollars in millions)	**Ratio**	**Amount**	Ratio	Amount
Common Equity Tier 1				
First Horizon Corporation	**10.93 %**	**$ 7,735**	11.20 %	$ 7,967
First Horizon Bank	**11.35**	**7,939**	11.12	7,834
Tier 1				
First Horizon Corporation	**11.95**	**8,456**	12.22	8,688
First Horizon Bank	**11.78**	**8,234**	11.54	8,129
Total				
First Horizon Corporation	**14.06**	**9,946**	14.25	10,130
First Horizon Bank	**13.70**	**9,578**	13.38	9,424
Tier 1 Leverage				
First Horizon Corporation	**10.49**	**8,456**	10.64	8,688
First Horizon Bank	**10.33**	**8,234**	10.06	8,129
Other Capital Ratios				
Total period-end equity to period-end assets	**11.10**		11.09	
Tangible common equity to tangible assets (b)	**8.37**		8.37	

(a) The modified CECL transitional amount includes 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 December 31, 2021. For December 31, 2024, 25% of the full amount is phased out and not included in Common Equity Tier 1 capital.
(b) Tangible common equity to tangible assets is a non-GAAP measure and is reconciled to total equity to total assets (GAAP) in the Non-GAAP to GAAP Reconciliation - Table I.2.23.

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 March 31, 2025, both FHN and First Horizon Bank had sufficient capital to qualify as well-capitalized institutions and to meet the capital conservation buffer requirement. For December 31, 2024, capital ratios for both FHN and First Horizon Bank were 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 FHN, the risk-based regulatory capital and Tier 1 leverage ratios decreased at the end of first quarter 2025 relative to year-end 2024 primarily from the impact of common share repurchases, partially offset by net income less dividends. For First Horizon Bank, the risk-based regulatory capital ratios increased from year-end 2024 largely from the impact of net income less dividends and a decrease in risk-weighted assets. The Tier 1 leverage ratio for First Horizon Bank increased from year-end 2024 largely from the impact of net income less dividends and a decrease in average assets.

During 2025, capital ratios are expected to remain above well-capitalized standards plus the required capital conservation buffer.

Common Stock Purchase Program

FHN may purchase shares of its common stock from time to time, subject to legal and regulatory restrictions. FHN's Board has authorized the common stock purchase program described below. FHN's Board has not authorized a preferred stock purchase program.

October 2024 General Purchase Program

On October 29, 2024, FHN announced that its Board of Directors had approved a new $1.0 billion common share purchase program to replace the $650 million January 2024 program. The new October program is scheduled to expire on January 31, 2026. Purchases under the new program 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 are at the discretion of senior management and are subject to various factors, including FHN's capital position, financial performance, expected capital impacts of strategic initiatives, market conditions, business conditions, and regulatory considerations.

As of March 31, 2025, $489 million in purchases had been made life-to-date under the October 2024 program at an average price per share of $20.43, or $20.41 excluding commissions. Program purchases made during the quarter ended March 31, 2025 are summarized in the following table.

Table I.2.16

COMMON STOCK PURCHASES—OCTOBER 2024 PROGRAM

(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
2025				
January 1 to January 31	2,697	$ 21.33	2,697	$ 813,835
February 1 to February 28	7,631	21.68	7,631	648,379
March 1 to March 31	7,125	19.26	7,125	511,132
Total	**17,453**	**$ 20.64**	**17,453**	

(a) Represents total costs including commissions paid. Average price paid does not reflect the one percent excise tax charged on public company share repurchases.

Stock Award Purchases

As authorized by the Board's Compensation Committee, FHN makes automatic stock purchases by withholding stock-based award shares to cover tax obligations associated with those awards. Those limited, off-market purchases are not associated with an announced purchase program and are made any time an associated tax obligation arises, whether or not a blackout period is in effect. Tax withholding purchases made during the quarter ended March 31, 2025 are summarized in the following table.

Table I.2.17

COMMON STOCK PURCHASES—TAX WITHHOLDING FOR STOCK AWARDS

(Dollar values and 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
2025				
January 1 to January 31	38	$ 20.88	N/A	N/A
February 1 to February 28	1	21.99	N/A	N/A
March 1 to March 31	166	20.93	N/A	N/A
Total	**205**	**$ 20.93**	**N/A**	

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 2024 Annual Report on Form 10-K.

Market Risk Management

Value-at-Risk ("VaR") and Stress Testing ("SVaR")

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 with 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 presented in the following table.

Table I.2.18

VaR & SVaR MEASURES

	Three Months Ended March 31, 2025			**As of March 31, 2025**
(Dollars in millions)	**Mean**	**High**	**Low**	
1-day				
VaR	**$ 2**	**$ 2**	**$ 1**	**$ 2**
SVaR	**7**	**8**	**6**	**7**
10-day				
VaR	**4**	**4**	**3**	**3**
SVaR	**35**	**42**	**28**	**34**

	Three Months Ended March 31, 2024			As of March 31, 2024
(Dollars in millions)	Mean	High	Low	
1-day				
VaR	$ 2	$ 3	$ 2	$ 2
SVaR	5	6	4	6
10-day				
VaR	7	10	6	7
SVaR	25	29	21	28

	Year Ended December 31, 2024			As of December 31, 2024
(Dollars in millions)	Mean	High	Low	
1-day				
VaR	$ 3	$ 4	$ 2	$ 2
SVaR	7	9	4	6
10-day				
VaR	8	12	4	4
SVaR	32	43	21	31

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

Table I.2.19

SCHEDULE OF RISKS INCLUDED IN VaR

	As of March 31, 2025		As of March 31, 2024		As of December 31, 2024	
(Dollars in millions)	**1-day**	**10-day**	1-day	10-day	1-day	10-day
Interest rate risk	**$ —**	**$ 1**	$ 1	$ 1	$ 1	$ 2
Credit spread risk	**1**	**1**	1	1	—	1

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 at the levels indicated by its VaR measures.

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 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. Backtesting compares the previous day's VaR measurement to a regulatory-prescribed calculation of daily trading profit/loss in the trading inventory. During the three months ended March 31, 2025 and year ended December 31, 2024, there were no days in which the regulatory-prescribed calculation reflected a loss in the trading inventory that exceeded the corresponding daily VaR measurement, resulting in zero backtesting exceptions. 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 March 31, 2025, NII exposures over the next 12 months, assuming rate shocks of plus/minus 25 basis points, plus/minus 50 basis points, plus/minus 100 basis points, and plus/minus 200 basis points, are estimated to have variances as shown in the table below.

Table I.2.20

INTEREST RATE SENSITIVITY

Shifts in Interest Rates (in bps)	% Change in Projected Net Interest Income
-200	(5.2)%
-100	(2.3)%
-50	(1.0)%
-25	(0.5)%
+25	0.4%
+50	0.7%
+100	1.4%
+200	2.3%

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 0.2%. 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 0.3%. 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.

Short-term interest rates had reached their highest levels in 15 years prior to September 2024's 50 basis point rate cut. Coupled with market disruption from high profile bank failures in 2023, this high interest rate environment has increased competitive pressures on deposit costs.

The yield curve was inverted for much of the last half of 2022, throughout 2023, and during the first eight months of 2024 before flattening in September 2024. As of March 2025, the curve is inverted up to the 2-year point. Following the 50 basis point rate cut in September 2024, and 25 basis point cuts in both November and December, market participants are now projecting three additional rate cuts in 2025. FHN continues to monitor current economic trends and potential exposures closely. For additional information, see *Yield Curve* within *Market Uncertainties and Prospective Trends* below.

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 forecasts of its liquidity position and funding needs. 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. As of March 31, 2025, available liquidity sources included cash, incremental borrowing capacity at the FHLB, access to Federal Reserve Bank borrowings through the discount window, and unencumbered securities. Additional sources of liquidity included dealer and commercial customer repurchase agreements, access to Federal Funds markets, brokered deposits, loan sales, and syndications. The table below details FHN's sources of available liquidity at March 31, 2025.

Table I.2.21

AVAILABLE LIQUIDITY
as of March 31, 2025

(Dollars in millions)	Total Capacity	Outstanding Borrowings	Available Liquidity
Cash on deposit with FRB (a)	$ 1,045	$ —	$ 1,045
FHLB	8,645	900	7,745
Discount Window	23,197	—	23,197
Unencumbered securities (b)	1,150	—	1,150
Total available liquidity			$ 33,137

(a) Included in interest-bearing deposits with banks on the Consolidated Balance Sheets.
(b) Subject to market haircuts on collateral.

Generally, a primary source of funding for a bank is core deposits from the bank's client base. The period-end loans-to-deposits ratio was 97% as of March 31, 2025 and 95% as of December 31, 2024.

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. On March 7, 2025, FHN issued $500 million of Fixed Rate/Floating Rate Senior Notes. As of March 31, 2025, FHN had outstanding $1.3 billion in senior and subordinated unsecured debt and $426 million in non-cumulative perpetual preferred stock. As of March 31, 2025, 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, the Bank's total amount available for dividends was $505 million as of April 1, 2025.

First Horizon Bank declared and paid common dividends to the parent company in the amount of $115 million and $230 million in first and second quarter 2025, respectively. Total common dividends of $1.1 billion were declared and paid to the parent company in 2024. First Horizon Bank declared and paid preferred dividends in first quarter 2025 and in each quarter of 2024. Additionally, First Horizon Bank declared preferred dividends in second quarter 2025, payable in July 2025.

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 (including capital conservation buffer requirements) 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 April 1, 2025. FHN paid cash dividends of $1,625 per Series E preferred share and $1,175 per Series F preferred share on April 10, 2025 and $165 per Series C preferred share on May 1, 2025. In addition, in April 2025, the Board approved cash dividends per share in the following amounts:

Table I.2.22

CASH DIVIDENDS
APPROVED BUT NOT PAID

	Dividend/Share	Record Date	Payment Date
Common Stock	$ 0.15	06/13/2025	07/01/2025
Preferred Stock			
Series B	$ 331.25	07/17/2025	08/01/2025
Series C	$ 165.00	07/17/2025	08/01/2025
Series E	$ 1,625.00	06/25/2025	07/10/2025
Series F	$ 1,175.00	06/25/2025	07/10/2025

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 enters into commitments to extend credit to borrowers, including loan commitments, lines of credit, standby letters of credit, and commercial 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.

Repurchase Obligations

Prior to September 2008, legacy First Horizon originated loans through its pre-2009 mortgage business, primarily first lien home loans, with the intention of selling them. 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

As discussed in Note 10 - Contingencies and Other Disclosures to the Consolidated Financial Statements in Part I, Item 1 of this report, FHN’s repurchase and foreclosure liability, primarily related to its pre-2009 mortgage origination, sale, securitization, and servicing businesses, is comprised of accruals to cover estimated loss content in the active pipeline, estimated future inflows, and estimated loss content related to certain known claims not currently included in the active pipeline. The active pipeline consists of mortgage loan repurchase and make-whole demands from loan purchasers or securitization participants, foreclosure/servicing demands from borrowers, and certain related exposures. 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 total repurchase and foreclosure liability, which includes both the legacy pre-2009 business and the current mortgage business, was $15 million as of both March 31, 2025 and December 31, 2024.

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, and government actions and proposals which could have positive or negative impacts on the economy at large or on certain businesses, industries, or sectors. Additional risks relate to 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 addition to trends and events noted elsewhere in this MD&A, FHN believes the following trends and events are noteworthy at this time.

Inflation, Recession, and Federal Reserve Policy

Economic Overview

The post-COVID economy in the U.S. was marked by: strong inflation, which began in 2021, peaked in 2022, and abated, though not fully, starting in 2023; the Federal Reserve "tightening" in 2022 and the first half of 2023 to contain inflation by rapidly increasing short-term interest rates; and, until September 2024, an inverted yield curve. Key aspects were:

- The rise in short-term interest rates by the Federal Reserve in 2022 was both rapid and substantial, taking the overnight Fed Funds rate from 0.20% in March 2022 to 4.65% a year later. Hikes after that were much more modest and infrequent.
- The Federal Reserve ended rate hikes in 2023. No rate actions were taken for more than a year, until a 50 basis point cut in September 2024 followed by cuts of 25 basis points in both November and December.
- In response to 2022's extremely rapid and vigorous tightening of monetary policy, the inflation rate in the U.S. now is well below 2022's levels. However, throughout 2024 and the first months of 2025, measures of inflation generally remain higher than the Federal Reserve's stated long-term goal of 2%.
- Monetary tightening often creates yield curve inversion for a time. In the current cycle, traditional inversion (when ten-year treasury rates are below two-year rates) was both very deep and unusually sustained, with inversion lasting from the summer of 2022 to September 2024 when the yield curve began to return to its more typical upward slope. The yield curve has continued to steepen in the first months of 2025.

Key events and circumstances are noted in the following discussions.

Federal Reserve and Rates

The Federal Reserve raised short-term rates several times in 2022 and in the first part of 2023. All but one of the rate increases in 2022 were 75 and 50 basis points each—aggressive by historical standards—while the 2023 rate increases were the more-typical 25 basis points each. The Federal Reserve cut rates 50 basis points in September 2024 and 25 basis points in November and again in December 2024, but the Federal Reserve has held rates steady through early May 2025.

FHN cannot predict when or how much short-term rates will be changed, how market-driven long-term rates will behave, nor how those actions may affect financial markets.

Yield Curve

Unusual yield curve effects, including inversion, are common when monetary policy changes. A traditional measure of inversion occurs when the two-year U.S. Treasury rate is higher than the ten-year rate. Traditional inversion was sustained continuously from the summer of 2022 until September 2024, an unusually long period. The degree of inversion varied during that period, but often was much deeper than is typical. Sustained traditional yield curve inversion is viewed, with statistical support, as a harbinger of economic recession, but recession did not occur.

Since the beginning of 2025, the yield curve has steepened as declines in short-term rates have outpaced declines in longer-term rates. FHN cannot predict whether this trend will continue.

Yield curve flattening and inversion generally reduce the profit FHN can make from lending by compressing FHN's net interest margin, and also generally reduce FHN's revenues from its fixed income bond trading. Both of those impacts occurred over the last three calendar years, with fluctuations. During the first quarter of 2025, net interest margin expanded, compared to the fourth quarter of 2024, as the yield curve maintained its more typical upward slope, while fixed income bond trading revenues declined modestly due to overall less favorable market conditions. Refer to *Interest Rate & Yield Curve Risks*, located in *Item 1A. Risk Factors* of FHN's Annual Report on Form 10-K for the year ended December 31, 2024, for a discussion of the risks to FHN associated with flattening and inversion.

Recession

The U.S. economy contracted (experienced negative growth) during the first two quarters of 2022, in both cases modestly. Although the occurrence of two consecutive quarters of contraction often coincides with recession, in 2022 it did not. The economy has expanded in each quarter since then. The expansion rate has varied without a sustained trend.

Recession expectations in the U.S. were high in 2022 and early 2023. They moderated significantly after that and became generally low in 2024, before reemerging in early 2025 due to the potential impact of tariffs.

Fiscal Policy

Fiscal policy (spending and taxation) directly affects U.S. government annual deficits or surpluses, along with the size and trajectory of the national debt. Fiscal policy often has a significant impact on the U.S. economy. Some of the unusual or unexpected aspects of the post-COVID economy likely were created or supported by historically unusual fiscal stimulus and other stimulative policies which pushed substantial amounts of money into the economy. The changes in the executive and legislative branches of government in 2025 could result in significant changes in U.S. fiscal policy in 2025 and 2026. Even if significant changes to policy are made quickly, however, it could take time for the effect of such changes to become a significant factor in the economic data.

Trade Policy

In the first months of 2025, the U.S. government announced new tariffs on a variety of goods and services. These measures included a universal 10% tariff on imports from all countries, with additional country-specific tariffs. As of early May 2025, the timing, scope and duration of tariffs, as well as the timing, scope and duration of any retaliatory measures by foreign governments, remains uncertain, as does the impact of tariffs on economic growth, inflation rates, and employment rates. Any significant deterioration in economic conditions related to tariffs could materially affect our financial condition and results of operations.

2023 Banking Crisis

In March 2023, two large regional U.S. banks failed after sudden large deposit outflows, and a major Swiss bank was acquired by another bank at the behest of regulators. In May 2023, a third large regional U.S. bank failed after experiencing very large deposit outflows in March. In the aftermath of these failures, bank investors and clients across the U.S. became more focused on deposit mix, funding risk management, and other safety-soundness concerns. Most U.S. banks saw abrupt net outflows of deposits in the spring of 2023 following the failures. Most have since recouped those deposits, mainly by offering higher interest rates. In 2024, competition for deposits was quite intense, and such competition could continue in 2025.

Impacts on FHN

In 2022, FHN benefited significantly from rising rates as the rise in lending rates outpaced the rise in deposit and other funding rates. In the first quarter of 2023, that outpacing ended, and FHN's net interest margin ("NIM") started to compress. FHN was able to somewhat relieve the compression during 2023 fueled in part by using increased deposits and capital to reduce more-expensive borrowings, so that NIM in 2023 improved over 2022. NIM for the entire year 2024 was flat, declining very modestly from 2023, as improvements in loan yields were largely offset by higher funding costs, especially for deposits. However, during the first quarter of 2025 NIM expanded, with declines in deposit rates more than offsetting declines in loan yields.

In addition, some of FHN's businesses were negatively impacted by rate actions in 2022, 2023, and 2024 and by the unusual yield curve. Rate increases pushed home mortgage rates in the U.S. much higher in 2022 and 2023, reducing demand. FHN's direct mortgage lending and lending to mortgage companies saw business decline significantly in 2022 and 2023. Mortgage rates modestly abated early in 2024 and FHN's mortgage business saw improvement, but rates started to rise later in the year and have remained elevated in the first quarter of 2025. However, the negative impacts of these higher rates have been offset by gains in market share. Similarly, FHN's revenues from bond trading and related activities fell significantly in 2022 and 2023 due to rising rates coupled with elevated market volatility. In 2024, bond trading revenues improved markedly, but with significant volatility quarter-to-quarter due to changing market expectations about rate moves, among other things. During the first quarter of 2025, revenues from bond trading and related activities continued to show the improvement that marked 2024, but the volatility due to changing market expectations that marked 2024 and the first quarter of 2025 could continue throughout 2025.

Other Regulatory Proposals

In 2023, the Board of Governors of the Federal Reserve and other regulators proposed regulatory changes that would, if implemented, significantly increase regulatory constraints and costs on all U.S. banks with assets over $100 billion, but those regulations appear unlikely to be adopted in the form originally proposed. A few new requirements would apply to banks, like FHN, with assets over $50 billion, but by far the main impacts would fall on banks greater than $100 billion in assets.

The proposals touch upon many regulatory requirements, including debt and equity capital requirements, credit risk standards, and asset risk-weighting. The increased requirements also would entail additional compliance costs.

Greenhouse Gas (GHG) Reporting Regimes

In October 2023, the state of California enacted laws which, taken together, will require most larger companies doing business in California to report annually their greenhouse gas ("GHG") emissions, with an external assurance requirement, and to report biennially their climate-related financial risks and risk-mitigation measures. The California laws include multi-year phase in periods and encompass Scope 1, Scope 2, and Scope 3 GHG emissions. As currently enacted, the laws require implementing regulations to be adopted by July 1, 2025, and reporting for Scopes 1 and 2 GHG emissions to begin in 2026 for the 2025 fiscal year. The California laws, especially the application of those laws to companies outside of California, have been challenged in court. While the federal court overseeing the litigation has dismissed certain challenges, others remain pending and, with appeals, these challenges could take many years to resolve. A motion for a preliminary injunction barring implementation of California's GHG regulations remains pending. Other states, including New York, New Jersey, and Illinois, are considering climate-related reporting measures similar to California's.

In March 2024, the U.S. Securities and Exchange Commission ("SEC") adopted final rules, “The Enhancement and Standardization of Climate-Related Disclosures for Investors” (the “SEC Climate Disclosures Rules”). These Rules would require all U.S. companies with publicly-traded securities to report annually their Scope 1 and 2 GHG emissions and related risk management processes and would include a related financial statement and audit requirement, among other things. Refer to "Accounting Changes" below for additional information. The SEC Climate Disclosures Rules also have a lengthy phase-in period. There is considerable uncertainty as to whether the SEC's Climate Disclosures Rules will be implemented as adopted, both because the SEC has suspended effectiveness of those rules while legal challenges are pending and because the shifts in the executive and legislative branches of government could lead the SEC to withdraw or significantly alter those rules. In March 2025, the SEC voted to end its defense of its Climate Disclosure Rules in the pending legal action, but the SEC has not withdrawn or modified its Climate Disclosure Rules nor has the legal challenge to those rules been dismissed.

Potential Business Impacts

Direct compliance costs related to the SEC's and California's GHG reporting regimes, if implemented, will include creating systems to measure or estimate and capture relevant data, staffing, and engagement of vendors, including a firm to provide required assurances (somewhat analogous to a financial statement auditor).

In addition, if FHN is required to support Scope 3 reporting by obtaining GHG-related information from customers, effectively FHN would be required to impose costs and/or inconveniences on its customers. Other banks in FHN's markets, particularly those that are private and not doing business in California, could provide financial services without those requirements, putting FHN at a competitive disadvantage.

Market Growth and Weather Events

FHN's principal markets are in the southern and southeastern United States, including most of the major gulf coast markets and several markets on the southern Atlantic seacoast. Many of FHN's markets, both coastal and non-coastal, have experienced significant population growth over at least the past twenty years, outpacing the growth rate for the U.S. as a whole. That population growth generally has been accompanied by economic growth.

Many of FHN's fastest growing markets, including most significantly those in Florida, can be impacted significantly by hurricanes and other severe coastal weather events. As those markets grow, FHN's economic commitment to them grows, as does FHN's financial exposure to those events.

Especially since 2022, it has been widely reported that the economic costs of hurricane and other severe weather events in the southeastern U.S. have been rising significantly. This reported increase in casualty risks and costs is being reflected in property insurance practices which currently are in significant flux. The insurance industry and insurance regulators are being forced to revise their risk assessment and premium pricing policies in coastal and other impacted areas as loss experience has deviated from earlier predictions, sometimes badly. In Florida, for example, some smaller carriers failed, some larger carriers left markets, and other carriers significantly increased the premiums of hurricane-related insurance, narrowed coverage, or both, resulting in numerous proposals for legislative and regulatory reform.

The availability, reliability, and cost of adequate property insurance is a significant concern for FHN as well as FHN's clients in affected markets. Instability in property insurance has made, and continues to make, FHN's business decisions more difficult. That instability increases FHN's risks of loan loss and business downturn.

More fundamentally, elevated insurance and casualty costs blunt a key factor driving growth in many of these high-growth markets: lower costs of living. If market growth slows, FHN's business could be impacted.

Critical Accounting Policies and Estimates

FHN has made no significant changes in its critical accounting policies and estimates from those disclosed in its 2024 Annual Report on Form 10-K.

Accounting Changes

Refer to Note 1 – Basis of Presentation and Accounting Policies in the Consolidated Financial Statements in Part I, Item 1 of this report for a detail of accounting changes adopted in the current year and accounting changes issued but not currently effective, which section is incorporated into MD&A by this reference.

Non-GAAP Information

Table I.2.23

NON-GAAP TO GAAP RECONCILIATION

	Three Months Ended		
(Dollars in millions; shares in thousands)	**March 31, 2025**	December 31, 2024	March 31, 2024
Pre-provision Net Revenue (Non-GAAP)			
Net interest income (GAAP)	**$ 631**	$ 630	$ 625
Plus: Noninterest income (GAAP)	**181**	99	194
Total revenues (GAAP)	**812**	729	819
Less: Noninterest expense (GAAP)	**487**	508	515
Pre-provision net revenue (Non-GAAP)	**$ 325**	$ 221	$ 304
Average Tangible Common Equity (Non-GAAP)			
Average total equity (GAAP)	**$ 9,111**	$ 9,216	$ 9,251
Less: Average noncontrolling interest (a)	**295**	295	295
Less: Average preferred stock (a)	**426**	426	520
(A) Total average common equity	**8,390**	8,495	8,436
Less: Average goodwill and other intangible assets (GAAP)(b)	**1,648**	1,658	1,691
(B) Average tangible common equity (Non-GAAP)	**$ 6,742**	$ 6,837	$ 6,745
Net Income Available to Common Shareholders			
(C) Net income available to common shareholders (annualized) (GAAP)	**$ 864**	$ 627	$ 739
Tangible Common Equity (Non-GAAP)			
(D) Total equity (GAAP)	**$ 9,044**	$ 9,111	$ 9,173
Less: Noncontrolling interest (a)	**295**	295	295
Less: Preferred stock (a)	**426**	426	520
(E) Total common equity	**8,323**	8,390	8,358
Less: Goodwill and other intangible assets (GAAP)(b)	**1,643**	1,653	1,685
(F) Tangible common equity (Non-GAAP)	**$ 6,680**	$ 6,737	$ 6,673
Tangible Assets (Non-GAAP)			
(G) Total assets (GAAP)	**$ 81,491**	$ 82,152	$ 81,799
Less: Goodwill and other intangible assets (GAAP) (b)	**1,643**	1,653	1,685
(H) Tangible assets (Non-GAAP)	**$ 79,848**	$ 80,499	$ 80,114
Period-end Shares Outstanding			
(I) Period-end shares outstanding	**507,315**	524,280	548,637
Ratios			
(C)/(A) Return on average common equity (GAAP)	**10.30 %**	7.38 %	8.76 %
(C)/(B) Return on average tangible common equity (Non-GAAP)	**12.81**	9.17	10.95
(D)/(G) Total period-end equity to period-end assets (GAAP)	**11.10**	11.09	11.21
(F)/(H) Tangible common equity to tangible assets (Non-GAAP)	**8.37**	8.37	8.33
(E)/(I) Book value per common share (GAAP)	**$ 16.40**	$ 16.00	$ 15.23
(F)/(I) Tangible book value per common share (Non-GAAP)	**$ 13.17**	$ 12.85	$ 12.16

(a) Included in total equity on the Consolidated Balance Sheets.
(b) Includes goodwill and other intangible assets, net of amortization.

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 89 of this report and the subsections entitled "Market Risk Management" beginning on page 89 and "Interest Rate Risk Management" beginning on page 91 of this report, and

(b) Note 14 to the Consolidated Financial Statements appearing on pages 44-50 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, 2024, including in particular the section entitled "Risk Management" beginning on page 86 of that Report and the subsections entitled "Market Risk Management" beginning on page 87 and "Interest Rate Risk Management" beginning on page 89 of that Report; and Note 21 to the Consolidated Financial Statements appearing on pages 185-191 of Item 8 to FHN's Annual Report on Form 10-K for the year ended December 31, 2024.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our 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 our 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.* 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The “Contingencies” section of Note 10 to the Consolidated Financial Statements beginning on page 33 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, 2024:

Not applicable.

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

(a) Unregistered Equity Securities Sold

Not applicable

(b) Use of Proceeds If Rule 463 is Applicable

Not applicable

(c) Equity Repurchases

The "Common Stock Purchase Program” section including tables I.2.16 and I.2.17 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 87 of this report, is incorporated herein by reference.

Items 3. and 4.

Not applicable

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Item 5. Other Information

(a) Previously Unreported 8-K Disclosures

Not applicable

(b) Change in Nomination Procedures

Not applicable

(c) Trading Arrangement Disclosures

During the first quarter of 2025, the following directors or executive officers (those officers who are required to file stock ownership reports on SEC Forms 3, 4, and 5) adopted, modified, or terminated the Rule 10b5-1 trading arrangements, and the non-Rule 10b5-1 trading arrangements, shown in Table II.5c below.

Unless otherwise explicitly indicated in a footnote to the Table, each arrangement marked in the Table as "10b5-1" under the "Arrangement Type" column is intended by its maker, as reported to FHN, to satisfy the affirmative defense requirements of SEC Rule 10b5-1(c).

If "Not applicable" appears in the Table, then for the first quarter of 2025 no director or executive officer of FHN adopted, modified, or terminated any Rule 10b5-1 trading arrangement or any non-Rule 10b5-1 trading arrangement.

Table II.5c

TRADING ARRANGEMENTS CREATED, MODIFIED, OR TERMINATED MOST RECENT QUARTER

	Arrangement Type		Type of Action Taken During Quarter	Date Action Taken	Duration or Expiration Date	Total Shares to be	
Name & Title	10b5-1	non-10b5-1				Bought	Sold
Not applicable							

Item 6. Exhibits

10-Q EXHIBIT TABLE

					Incorporated by Reference to		
Exh. No.	Description of Exhibit to this Report	Filed Here	Mngt Exh	Furnished	Form	Exh. No.	Filing Date
3.1	Amended and Restated Charter of First Horizon Corporation [2024]				8-K	3.1	7/24/2024
3.2	Bylaws of First Horizon Corporation, as amended and restated effective April 28, 2025				8-K	3.1	4/29/2025
4.2	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	Form of Grant Notice for Executive Performance Stock Units [2025]		X		10-K 2024	10.2(f)	2/27/2025
10.2	Form of Grant Notice for Executive Restricted Stock Units [2025]		X		10-K 2024	10.4(d)	2/27/2025
31(a)	Rule 13a-14(a) Certifications of CEO (pursuant to Section 302 of the 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			

Exh. No.	Description of Exhibit to this Report	Filed Here	Mngt Exh	Furnished	Incorporated by Reference to		
					Form	Exh. No.	Filing Date
	XBRL Exhibits						
101	The following financial information from First Horizon Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets at March 31, 2025 and December 31, 2024; (ii) Consolidated Statements of Income for the Three Months Ended March 31, 2025 and 2024; (iii) Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2025 and 2024; (iv) Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2025 and 2024; (v) Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2025 and 2024; and (vi) Notes to the 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					
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					

In the Exhibit Table: 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; 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; and the phrase "2024 named executive officers" refers to those executive officers whose 2024 compensation was described in our 2025 Proxy Statement.

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.

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: May 7, 2025	By:	/s/ Hope Dmuchowski
	Name:	Hope Dmuchowski
	Title:	Senior Executive Vice President and Chief Financial Officer
		(Duly Authorized Officer and Principal Financial Officer)

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: May 7, 2025

/s/ D. Bryan Jordan

D. Bryan Jordan
Chairman of the Board, President & 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, Hope Dmuchowski, 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: May 7, 2025

/s/ Hope Dmuchowski

Hope Dmuchowski
Senior Executive Vice President and Chief Financial Officer

Exhibit 32(a)

CERTIFICATION OF PERIODIC REPORT
18 U.S.C. SECTION 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, Chairman of the Board, President & Chief Executive Officer of First Horizon Corporation (the “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 March 31, 2025 (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: May 7, 2025

/s/ D. Bryan Jordan
D. Bryan Jordan
Chairman of the Board, President & Chief Executive Officer

Exhibit 32(b)

CERTIFICATION OF PERIODIC REPORT
18 U.S.C. SECTION 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 Hope Dmuchowski, Senior Executive Vice President and Chief Financial Officer of First Horizon Corporation (the “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 March 31, 2025 (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: May 7, 2025

/s/ Hope Dmuchowski

Hope Dmuchowski
Senior Executive Vice President and Chief Financial Officer