GENOCEA BIOSCIENCES, INC.
Form 10-Q
August 03, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
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: 001-36289

Genocea Biosciences, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	51-0596811
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

100 Acorn Park Drive Cambridge, Massachusetts	02140
(Address of Principal Executive Offices)	(Zip Code)

(617) 876-8191
(Registrant's Telephone Number, Including Area Code)

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 x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨
		Emerging growth company	x

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. x

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

As of August 1, 2018, there were 86,625,975 shares of the registrant’s Common Stock, par value $0.001 per share, outstanding.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, our clinical results and other future conditions. The words “anticipate”, “believe”, “contemplate”, “continue”, “could”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should”, “target”, negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Any forward-looking statements in this Quarterly Report on Form 10-Q reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in our Annual Report on Form 10-K and other filings with the Securities Exchange Commission (the “SEC”), including the following:

- our estimates regarding the timing and amount of funds we require to initiate clinical trials for GEN-009 and to continue our investments in immuno-oncology;
- our estimate for when we will require additional funding;
- our plans to commercialize GEN-009 and our other product candidates;
- the timing of, and our ability to, obtain and maintain regulatory approvals for our product candidates;
- the rate and degree of market acceptance and clinical utility of any approved product candidate;
- the potential benefits of strategic partnership agreements and our ability to enter into strategic partnership arrangements;
- our ability to quickly and efficiently identify and develop product candidates;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our intellectual property position; and
- our estimates regarding expenses, future revenues, capital requirements, the sufficiency of our current and expected cash resources and our need for additional financing.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Information in this Quarterly Report on Form 10-Q that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained any industry, business, market or other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

Genocea Biosciences, Inc.
Form 10-Q
For the Quarter Ended June 30, 2018

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Genocea Biosciences, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$44,215	$12,273
Prepaid expenses and other current assets	1,269	808
Total current assets	45,484	13,081
Property and equipment, net	3,069	3,460
Restricted cash	316	316
Other non-current assets	171	631
Total assets	$49,040	$17,488
Liabilities and stockholders’ equity (deficit)		
Current liabilities:		
Accounts payable	$1,656	$3,516
Accrued expenses and other current liabilities	3,075	5,604
Current portion of long-term debt	1,924	6,659
Total current liabilities	6,655	15,779
Non-current liabilities:		
Warrant liability	15,915	—
Long-term debt, net of current portion and discount	12,544	7,652
Other non-current liabilities	61	107
Total liabilities	35,175	23,538
Commitments and contingencies (Note 6)		
Stockholders’ equity (deficit):		
Preferred stock	702	—
Common stock	87	29
Additional paid-in-capital	297,597	258,114
Accumulated deficit	(284,521)	(264,193)
Total stockholders’ equity (deficit)	13,865	(6,050)
Total liabilities and stockholders’ equity (deficit)	$49,040	$17,488

See accompanying notes to unaudited condensed consolidated financial statements.

Genocea Biosciences, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating expenses:				
Research and development	$5,316	$11,427	$12,591	$21,169
General and administrative	4,472	3,571	7,581	7,205
Total operating expenses	9,788	14,998	20,172	28,374
Loss from operations	(9,788)	(14,998)	(20,172)	(28,374)
Other income (expense):				
Change in fair value of warrants	5,498	—	199	—
Interest expense, net	(241)	(370)	(442)	(728)
Other income (expense)	93	(7)	87	(8)
Total other income (expense)	5,350	(377)	(156)	(736)
Net loss	$(4,438)	$(15,375)	$(20,328)	$(29,110)
Other comprehensive loss:				
Unrealized gain on available-for-sale securities	—	3	—	—
Comprehensive loss	$(4,438)	$(15,372)	$(20,328)	$(29,110)
Net loss per share - basic and diluted	$(0.05)	$(0.54)	$(0.26)	$(1.02)
Weighted-average number of common shares used in computing net loss per share	85,538	28,541	78,428	28,519

See accompanying notes to unaudited condensed consolidated financial statements.

Genocea Biosciences, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Six Months Ended June 30,	
	2018	2017
Operating activities		
Net loss	$(20,328)	$(29,110)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	543	878
Stock-based compensation	1,236	2,175
Allocation of proceeds to transaction expenses	2,115	—
Change in fair value of warrant liability	(2,315)	—
Gain on sale of equipment	(50)	—
Write-off of deferred financing fees	355	—
Non-cash interest expense	291	256
Changes in operating assets and liabilities	(5,222)	(2,199)
Net cash used in operating activities	(23,375)	(28,000)
Investing activities		
Purchases of property and equipment	(174)	(735)
Proceeds from sale of equipment	72	—
Proceeds from maturities of investments	—	36,089
Purchases of investments	—	(153)
Net cash (used in) provided by investing activities	(102)	35,201
Financing activities		
Proceeds from equity offerings, net of issuance costs	2,920	246
Proceeds from underwritten public offering, net of issuance costs	52,538	—
Payment of deferred financing costs	(127)	—
Proceeds from long-term debt	592	—
Repayment of long-term debt	(535)	—
Proceeds from exercise of stock options	—	204
Proceeds from the issuance of common stock under ESPP	31	150
Net cash provided by financing activities	55,419	600
Net increase in cash and cash equivalents	$31,942	$7,801
Cash, cash equivalents and restricted cash at beginning of period	12,589	27,740
Cash, cash equivalents and restricted cash at end of period	$44,531	$35,541
Supplemental cash flow information		
Cash paid for interest	$508	$620
Property and equipment included in accounts payable and accrued expenses	$—	$181
Reclassification of warrants to additional paid-in capital	$190	$—

See accompanying notes to unaudited condensed consolidated financial statements.

Genocea Biosciences, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and operations

The Company

Genocea Biosciences, Inc. (the “Company”) is a biopharmaceutical company that was incorporated in Delaware on August 16, 2006 and has a principal place of business in Cambridge, Massachusetts. The Company seeks to discover and develop novel cancer vaccines and immunotherapies through its AnTigen Lead Acquisition System ("ATLAS"™) proprietary discovery platform. The ATLAS platform is designed to recall a patient's pre-existing CD4+ and CD8+ T cell immune responses to their tumor to identify neoantigens and antigens for inclusion in vaccines and immunotherapies that are designed to act through T cell (or cellular) immune responses. The Company believes that using ATLAS to identify neoantigens and antigens could lead to more immunogenic and efficacious cancer vaccines and immunotherapies.

The Company's most advanced program in active development is its preclinical immuno-oncology program, GEN-009, a neoantigen cancer vaccine, for which Genocea has initiated a Phase 1/2a clinical trial. The GEN-009 program uses ATLAS to identify patient neoantigens, or newly formed antigens unique to each patient, that are associated with that individual's tumor. The Company is also exploring GEN-010, a next-generation neoantigen vaccine program, and GEN-011, a neoantigen adoptive T cell therapy program, and has identified candidate T cell antigens for cancer vaccines targeting tumor-associated antigens and a vaccine targeting cancers caused by Epstein-Barr Virus ("EBV").

The Company has one non-active Phase 3-ready product candidate, GEN-003, an investigational immunotherapy for the treatment of genital herpes, for which it is currently exploring strategic opportunities.

The Company is devoting substantially all its efforts to product research and development, initial market development, and raising capital. To date, the Company has not generated any product revenue related to its primary business purpose and is subject to a number of risks similar to those of other preclinical stage companies, including dependence on key individuals, competition from other companies, the need and related uncertainty associated with the development of commercially viable products, and the need to obtain adequate additional financing to fund the development of its product candidates. The Company is also subject to a number of risks similar to other companies in the life sciences industry, including the uncertainty of success of its preclinical and clinical trials, regulatory approval of products, competition from substitute products, compliance with government regulations, protection of proprietary technology, and dependence on third parties. The Company anticipates that it will continue to incur significant operating losses for the next several years as it continues to develop its product candidates.

Liquidity

As of June 30, 2018, the Company had an accumulated deficit of approximately $284.5 million. The Company had cash and cash equivalents of $44.2 million at June 30, 2018. The Company expects that the balance of cash and cash equivalents as of June 30, 2018 is sufficient to support operating expenses and capital expenditure requirements into the fourth quarter of 2019.

2. Summary of significant accounting policies

Basis of presentation and use of estimates

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions of Form 10-Q and Article 10 of Regulation S-X. Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB"). Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. These interim condensed financial statements, in the opinion of management, reflect all normal recurring adjustments necessary for a fair presentation of the Company's financial position as of June 30, 2018 and results of operations for the three and six months ended June 30, 2018 and 2017, respectively.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full fiscal year. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2017 and the notes thereto which are included in the Company's Annual Report on Form 10-K, as filed with the SEC on February 16, 2018.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, the Company's management evaluates its estimates, which include, but are not limited to, estimates related to prepaid and accrued research and development expenses, stock-based compensation expense, contingencies, tax valuation reserves, fair value measurements, and reported amounts of expenses during the reporting periods. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Actual results may differ from those estimates or assumptions.

There were no changes to significant accounting policies during the six months ended June 30, 2018, as compared to the those identified in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Fair value of financial instruments

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. ASC Topic 820, Fair Value Measurement and Disclosures, established a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the financial instrument based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the financial instrument and are developed based on the best information available under the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported or disclosed fair value of the financial instruments and is not a measure of the investment credit quality. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2—Valuations based on quoted prices for similar assets or liabilities in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3—Valuations that require inputs that reflect the Company's own assumptions that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial instruments measured at fair value on a recurring basis include cash equivalents (Note 3) and liability-classified common stock warrants (Note 7). The Company is also required to disclose the fair value of financial instruments not carried at fair value. The fair value of the Company's debt (Note 5) is determined using current applicable rates for similar instruments as of the balance sheet dates and an assessment of the credit rating of the Company. The carrying value of the Company's debt approximates fair value because the Company's interest rate yield is near current market rates for comparable debt instruments. The Company's debt is considered a Level 3 liability within the fair value hierarchy.

For the six months ended June 30, 2018, there were no transfers among Level 1, Level 2, or Level 3 categories. Additionally, there were no changes to the valuation methods utilized by the Company during the six months ended June 30, 2018, other than those related to the liability-classified common stock warrants described in Note 7. The remainder of the Company's significant accounting policies are described in its Annual Report filed on Form 10-K for the fiscal year ended December 31, 2017.

Recently adopted accounting standards

Standard	Description	Effect on the financial statements
ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)	In May 2014, the FASB issued new revenue guidance under ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The standard replaces existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date. ASU No. 2014-09 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017.	The Company adopted ASU No. 2014-09 as of January 1, 2018. The adoption of ASU No. 2014-09 did not impact the Company's financial statements as the Company does not currently have any contracts with customers.
ASU No. 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments	In August 2016 the FASB issued ASU No. 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (“ASU No. 2016-15”). This guidance addresses the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. The standard is effective for annual periods beginning after December 15, 2017 and for interim periods within those fiscal years. Early adoption is permitted.	The Company adopted ASU No. 2016-15 effective January 1, 2018. The adoption of ASU No. 2016-15 did not have a material impact on the Company’s financial statements.
ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash	In November 2016, the FASB issued ASU 2016-18, which requires additional disclosures related to restricted cash. The new standard requires that amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU No. 2016-18 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017.	The Company adopted the standard on January 1, 2018 and reclassified $0.3 million of restricted cash to be included with cash and cash equivalents on the statement of cash flows.
ASU No. 2017-09, Compensation-Stock Compensation (Topic 718)	In May 2017, the FASB issued ASU No. 2017-09, Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting (“ASU No. 2017-09”). This update clarifies the changes to terms or conditions of a share-based payment award that require an entity to apply modification accounting.	The Company adopted ASU No. 2017-09 effective January 1, 2018. The adoption of ASU No. 2017-09 did not have a material impact on the Company’s financial statements.

ASU No. 2017-09 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017. Early application is permitted, and prospective application is required.

Recently issued accounting standards

Standard	Description	Effect on the financial statements
ASU No. 2016-02, Leases (Topic 842)	In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which replaces the existing lease accounting standards. The new standard requires a dual approach for lessee accounting under which a lessee would account for leases as finance (also referred to as capital) leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and corresponding lease liability. For finance leases the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases the lessee would recognize straight-line total lease expense. ASU No. 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018.	The Company generally does not finance purchases of equipment but it does lease office and lab facilities. The Company is in the process of evaluating the effect that this ASU will have on its consolidated financial statements and related disclosures, but expects the adoption will result in an increase in assets and liabilities on its consolidated balance sheets.
ASU No. 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting	In June 2018, the FASB issued ASU No. 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. The new standard largely aligns the accounting for share-based payment awards issued to employees and nonemployees by expanding the scope of ASC 718 to apply to nonemployee share-based transactions, as long as the transaction is not effectively a form of financing. The new guidance will be effective for the Company on January 1, 2019.	The Company is currently evaluating the potential impact that this guidance may have on its consolidated financial statements.

3. Fair value of financial instruments

The following table presents the Company's financial instruments that were measured at fair value on a recurring basis by level in accordance with the hierarchy defined in Note 2 (in thousands):

	Quoted prices in active markets	Significant other observable inputs	Significant unobservable inputs

	Total	(Level 1)	(Level 2)		(Level 3)	
June 30, 2018						
Assets:						
Money market funds, included in cash equivalents	$43,822	$43,822	$	—	$	—
Total assets	$43,822	$43,822	$	—	$	—
Liabilities:						

Other trends adverse to us may emerge from this legacy business. Additional information concerning risks related to our former mortgage businesses and our management of them, all of which is incorporated into this Item 1A by this reference, is set forth: under the captions “Repurchase Obligations, Off-Balance Sheet Arrangements, and Other Contractual Obligations” beginning on page 57, “Repurchase and Foreclosure Liability” beginning on page 61, and “Repurchase and Foreclosure Liability” beginning on page 65 of the Management’s Discussion and Analysis of

Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report; and under the captions “RPL-Included First Horizon Branded Mortgage Securitization Litigation Matters,” “First Horizon Branded Mortgage Securitization Litigation Matters,” and “Legacy Home Loan Sales and Servicing” in Note 17 – Contingencies and Other Disclosures beginning on pages 133, 133, and 134, respectively, which is part of the material from our 2015 Annual Report that has been incorporated by reference into Item 8 of this report.

Although we sold our mortgage servicing business and many of our servicing assets in 2008, we have significant exposures related to the mortgage servicing obligations and assets which we retained after 2008, especially in relation to the subservicing arrangements we made between 2008 and the sale of substantially all our remaining servicing assets which we completed in 2014.

Government authorities have announced substantial mortgage-related settlements with major U.S. and foreign banks. Regulations pertaining to servicing have been changed, imposing stricter duties and standards upon servicers. State or federal inquiries or investigations into our servicing and foreclosure activities may be commenced. We cannot predict the ultimate outcome of these inquiries, actions, or regulatory changes or the impact that they could have on our financial condition, results of operations, or business.

When we sold our origination and servicing businesses in 2008 we retained significant servicing obligations and assets. At that time we engaged as our subservicer the purchaser of our business. In 2011 that engagement expired and we engaged a new subservicer. Our 2008 subservicer experienced significant losses in connection with its servicing business. Our 2008 subservicer has informed us that it expects us to reimburse it for a significant portion of its losses and costs under our subservicing agreement. We disagree with our 2008 subservicer's position and have made no reimbursements. We also believe that certain amounts billed us by agencies for penalties and curtailments of claims by the subservicer prior to the 2011 subservicing transfer but billed after that date are owed by the subservicer. This disagreement has the potential to result in litigation and, in any such future litigation, the claim against us may be substantial.

Additional information concerning risks related to servicing and foreclosure practices and our management of them, all of which is incorporated into this Item 1A by this reference, is set forth: under the captions "Repurchase and Foreclosure Liability" beginning on page 61, "Foreclosure Practices" beginning on page 63, and "Repurchase and Foreclosure Liability" beginning on page 65 of the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report; and under the caption "Servicing and Foreclosure Exposures" in Note 17 – Contingencies and Other Disclosures, beginning on page 137 of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 8 of this report.

Several large purchasers of mortgage-backed securities have filed suits against the trustees for those securitizations asserting new theories of liability. The trustee of our securitizations is one of the defendants in such a suit, and many of our securitizations are among those alleged to have been purchased by the plaintiffs. The claims for damages are based in part on allegations that the trustee did not properly or timely act against the originators of the securitizations or the servicers of the loans, and further assert that the trustee had affirmative duties to act which were not set forth in the legal trust documents. Some of the legal theories advanced are untested or unsettled. Although we are not a defendant in these proceedings, these complex suits may progress or evolve so as to compel us to defend ourselves or our trustee, and could create financial exposure for us.

We have elevated loss exposures associated with past lending under various government programs. Like most banks we have participated for many years in government-sponsored lending programs. At the federal level, during the period before we sold our national mortgage origination and servicing businesses, two prominent programs for us were the FHA and VA mortgage lending programs. Those programs require lenders like us to comply with various requirements in originating the loans. Non-compliance can lead to an agency demand that the lender reimburse resulting losses.

An agency also could demand enhanced damages, including treble damages, under various federal laws. A number of federal laws, including the False Claims Act, provide for substantial recoveries and penalties if false information is provided to a federal agency, and also provide that private citizens may sue in the name

of the agency and obtain a portion of any recovery as a bounty. Some of these laws provide legal avenues for a wide variety of governmental agency claims, while others can have a narrower focus but include non-governmental claims. In some cases the laws provide for bounties if the government agency obtains a recovery. It is possible that suits under the False Claims Act or another law may be brought regarding our past financial business activities, such as mortgage originations, sales, securitizations, or servicing, either by a federal agency, by another party to those activities, or by an unrelated private person interested in pursuing the bounty. In 2012 we settled a private action of that sort related to a portion of our past VA lending, and in 2015 we settled with government agencies regarding our FHA lending. Currently we are defending another private action of that sort on appeal, having obtained a dismissal of the case in the lower court.

Additional information concerning these government program risks, all of which is incorporated into this Item 1A by this reference, is set forth under the caption “Legacy Home Loan Sales and Servicing” in Note 17 – Contingencies and Other Disclosures beginning on page 134 of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 8 of this report.

Reputation Risks

Our ability to conduct and grow our businesses, and to obtain and retain customers, is highly dependent upon external perceptions of our business practices and our financial stability. Our reputation is, therefore, a key asset for us. Our reputation is affected principally by our business practices and how those practices are perceived and understood by others. Adverse perceptions regarding the practices of our competitors, or our industry as a whole, also may adversely impact our reputation. In addition, negative perceptions relating to parties with whom we have important relationships may adversely impact our reputation. Senior management oversees processes for reputation risk monitoring, assessment, and management.

Damage to our reputation could hinder our ability to access the capital markets or otherwise impact our liquidity, could hamper our ability to attract new customers and retain existing ones, could impact the market value of our stock, could create or aggravate regulatory difficulties, and could undermine our ability to attract and retain talented employees, among other things. Adverse impacts on our reputation, or the reputation of our industry, may also result in greater regulatory and/or legislative scrutiny, which may lead to laws or regulations that change or constrain our business or operations. Events that result in damage to our reputation also may increase our litigation risk.

Credit Risks

We face the risk that our customers may not repay their loans and that the realizable value of collateral may be insufficient to avoid a charge-off. We also face risks that other counterparties, in a wide range of situations, may fail to honor their obligations to pay us. In our business some level of credit charge-offs is

unavoidable and overall levels of credit charge-offs can vary over time. Since 2007 our credit charge-offs, especially related to lending, increased to historically high levels. Net charge-offs were $131.8 million in 2007, and increased to $572.8 million and $832.3 million in 2008 and 2009, respectively. Beginning in

2010, net charge-offs began to decline, reaching $48.4 million in 2014 and $31.2 million in 2015. In recent years, our loan loss reserves also have declined from high levels. The allowance for loan loss was $210.2 million as of December 31, 2015, down substantially from $896.9 million and $849.2 million at year-end 2009 and 2008, respectively.

Our ability to manage credit risks depends primarily upon our ability to assess the creditworthiness of loan customers and other counterparties and the value of any collateral, including real estate among other things. We further manage lending credit risk by diversifying our loan portfolio, by managing its granularity, and by recording and managing an allowance for loan losses based on the factors mentioned above and in accordance with applicable accounting rules. We further manage other counterparty credit risk in a variety of ways, some of which are discussed in other parts of this Item 1A and all of which have as a primary goal the avoidance of having too much risk concentrated with any single counterparty.

We record loan charge-offs in accordance with accounting and regulatory guidelines and rules. As indicated in this Item 1A under the caption “Accounting Risks” beginning on page 31, these guidelines and rules could change and cause provision expense or charge-offs to increase, or to be recognized on an accelerated basis, for reasons not always related to the underlying performance of our portfolio. Moreover, the SEC or PCAOB could take accounting positions applicable to our holding company that may be inconsistent with those taken by the Federal Reserve, OCC, or other banking regulators.

A significant challenge for us is to keep the credit and other models and approaches we use to originate and manage loans updated to take into account changes in the competitive environment, in real estate prices and other collateral values, in the economy, and in the regulatory environment, among other things, based on our experience originating loans and servicing loan portfolios. In recent years we have changed our models and approaches based on changes in circumstances, and we will continue to do so as conditions change. At times those changes have had significant impacts upon our reported financial results and condition. In addition, we use those models and approaches to manage our loan portfolios and lending businesses. To the extent our models and approaches are not consistent with underlying real-world conditions, our management decisions could be misguided or otherwise adversely affected with substantial adverse consequences to us.

A significant subset of our home equity lines of credit were originated prior to our national platform sale in

2008. A large number of those loans will be switching in the next few years from interest-only payments to full amortization payments (principal and interest combined). In reserving for potential loss in this portfolio we model an increased rate of default associated with the higher monthly payment requirements when that switch occurs. Our modeling is based, among other things, on our experience with this portfolio, but risk remains that actual default rates could exceed our modeling.

The prolonged low-interest rate environment has created a challenge for us and other banks to balance taking on higher risk against the need for income or yield. This challenge applies not only to credit risk in our lending activities but also to default and rate risks regarding our investments which, as they mature, are reinvested at current rates.

The composition of our loan portfolio inherently increases our sensitivity to certain credit risks. At December 31, 2015, approximately 59% of total loans consisted of the commercial, financial, and industrial (C&I) category, while approximately 27% consisted of the consumer real estate category.

The largest component of the C&I category at year end was loans to finance and insurance companies, a component which represented about 21% of the C&I category at that time. The second largest component was loans to mortgage companies. As a result, approximately 37% of the C&I category was sensitive to impacts on the financial services industry. As discussed elsewhere in this Item 1A with respect to our company, the financial services industry is more sensitive to interest rate and yield curve changes, monetary policy, regulatory policy, changes in real estate and other asset values, and changes in general economic conditions, than many other industries. Negative impacts on the industry could dampen new lending in these lines of business and could create credit impacts for the loans in our portfolio.

The consumer real estate category contains a number of concentrations which affect credit risk assessment of the category.

Product concentration. The consumer real estate category consists primarily of home equity lines of credit, and much of the remainder consists of consumer installment loans.

Collateral concentration. This entire category is secured by residential real estate. Approximately 38% of the category consists of loans secured on a second-lien basis.

Geographic concentration. At year end about 64% of the category related to Tennessee customers, 7% related to California, and no other state represented more than 3% of the category.

Legacy concentration. A significant part of the consumer category still consists of loans originated before 2009 by our legacy national mortgage lending business. Those are loans we originated and did not sell and loans we have repurchased in the course of resolving repurchase claims with loan buyers. Our legacy loans have been shrinking in recent years, but remain substantial.

The consumer real estate category is highly sensitive to economic impacts on consumer customers and on residential real estate values. Job loss or downward job migration, as well as significant life events such as divorce, death, or disability, can significantly impact credit evaluations of the portfolio. Also, in the current environment regulatory changes, discussed above and elsewhere in this Item 1A, are more likely to affect the consumer category and our accounting estimates of credit loss than other loan types.

Our exposure to the volatile oil & gas industry is modest but growing. Our Houston office, opened in 2014, specializes in commercial lending and private banking. Commercial lending in that office significantly focuses on three categories: energy, commercial real estate (CRE), and commercial, financial, & industrial (C&I). Much of our Houston business

is connected, at least in part, to the energy industry, especially oil and gas production and distribution. Although at year-end the amount of total loans outstanding in the Houston office were financially small in relation to our total loan portfolio, our Houston office is new and growing. In addition to general credit and other risks mentioned elsewhere in this Item 1A, the energy business and related assets are sensitive to a number of factors specific to that industry. Key among those is global demand for energy and other products from oil and gas in relation to supply. Starting in late 2014 and continuing (to date) into early 2016, oil prices have fallen substantially, putting financial pressure on businesses in that industry, especially highly leveraged businesses. Although there was little financial impact from that price decline on our overall loan business at year-end, continued volatility in oil prices might impact the future financial performance and growth of our Houston-based lending business.

Additional information concerning credit risks and our management of them is set forth under the captions “Asset Quality—Trend Analysis of 2015 Compared to 2014” beginning on page 26, “Credit Risk Management” beginning on page 51, and “Allowance for Loan Losses” beginning on page 64 of the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report.

Operational Risks

Our ability to conduct and grow our businesses is dependent in part upon our ability to create, maintain, expand, and evolve an appropriate operational and organizational infrastructure, manage expenses, and recruit and retain personnel with the ability to manage a complex business. Operational risk can arise in many ways, including: errors related to failed or inadequate physical, operational, information technology, or other processes; faulty or disabled computer or other technology systems; fraud, theft, physical security breaches, electronic data and related security breaches, or other criminal conduct by employees or third parties; and exposure to other external events. Inadequacies may present themselves in myriad ways. Actions taken to manage one risk may be ineffective against others. For example, information technology systems may be insufficiently redundant to withstand a fire, incursion, or other major casualty, and they may be insufficiently adaptable to new business conditions or opportunities. Efforts to make such systems more robust may also make them less adaptable. Also, our

efforts to control expenses, which is a significant priority for us, increases our operational challenges as we strive to maintain customer service and compliance at high quality and low cost.

A serious information technology security (cybersecurity) breach can cause significant damage and at the same time be difficult to detect even after it occurs. Among other things, that damage can occur due to outright theft of funds, fraud or identity theft perpetrated on customers, or adverse publicity associated with a breach and its potential effects. Perpetrators potentially can be employees, customers, and certain vendors, all of whom legitimately have access to some portion of our systems, as well as outsiders with no legitimate access. Because of the potentially very serious consequences associated with these risks, our electronic systems and their upgrades need to address internal and external security concerns to a high degree, and our systems have to comply with applicable banking and other regulations pertaining to bank safety and customer protection. Although many of our defenses are systemic and highly technical, others are much older and more basic. For example, periodically we train all our employees to recognize red flags associated with fraud, theft, and other electronic crimes, and we educate our customers as well through regular and episodic security-oriented communications. We expect our systems and regulatory requirements to continue to evolve as technology and criminal techniques also continue to evolve.

The operational functions we outsource to third parties may experience similar disruptions that could adversely impact us and over which we may have limited control and, in some cases, limited ability to obtain quickly an alternate vendor. To the extent we rely on third party vendors to perform or assist operational functions, the challenge of managing the associated risks becomes more difficult.

The operational functions of business counterparties may experience disruptions that could adversely impact us and over which we may have limited or no control. For example, in recent years several major U.S. retailers experienced data systems incursions reportedly resulting in the thefts of credit and debit card information, online account information, and other financial data of millions of customers. Retailer incursions affect cards issued and deposit accounts maintained by many banks, including our Bank. Although our systems are not breached in retailer incursions, these events can cause us to reissue a significant number of cards and take other costly steps to avoid significant theft loss to our Bank and our customers, and our ability to recoup our losses may be limited legally or practically in many situations. Other possible points of incursion or disruption not within our control include internet service providers, electronic mail portal providers, social media portals, distant-server (“cloud”) service providers, electronic data security providers, telecommunications companies, and smart phone manufacturers.

Failure to build and maintain the necessary operational infrastructure, failure of that infrastructure to perform its functions, or failure of our disaster preparedness plans if primary infrastructure components suffer damage, can lead

to risk of loss of service to customers, legal actions, and noncompliance with applicable regulatory standards. Additional information concerning operational risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears under the caption “Operational Risk Management” beginning on page 51 of the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report.

The delivery of financial services to customers and others increasingly depends upon technologies, systems, and multi-party infrastructures which are new, creating or enhancing several risks discussed elsewhere. Examples of the risks created or enhanced by the widespread and rapid adoption of relatively untested technologies include: security incursions; operational malfunctions or other disruptions; and legal claims of patent or other intellectual property infringement.

Competition for talent is substantial and increasing. The primary tools we use to attract and retain talent are: salaries; commission, incentive, and retention compensation programs; retirement benefits; change in control severance benefits; health and other welfare benefits; and our corporate culture. To the extent we are unable to use these tools effectively, we face the risk that, over time, our best talent will leave us and we will be unable to replace those persons effectively.

Incentives might operate poorly or have unintended adverse effects. Incentive programs are difficult to design well, and even if well-designed often they must be updated to address changes in our business. A poorly designed incentive program – where goals are too difficult, too easy, or not well related to desired outcomes – could provide little useful motivation to key employees, could increase turnover, and could impact customer retention. Moreover, even where those pitfalls are avoided, incentive programs may create unintended adverse consequences. For example, a program focused entirely on revenue production, without proper controls, may result in costs growing faster than revenues.

Service Risks

We provide a wide range of services to customers, and the provision of these services may create claims against us that we provided them in a manner that harmed the customer or a third party, or was not compliant with applicable laws or rules. Our services include lending, fiduciary, custodial,

depositary, funds management, and advisory services, among others. We manage these risks primarily through training programs, compliance programs, and supervision processes. Additional information concerning these risks and our management of them, all of which is incorporated into this Item 1A by this

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reference, appears under the captions “Operational Risk Management” and “Compliance Risk Management”, both beginning on page 51 of the Management’s Discussion and Analysis of Financial

Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report.

Regulatory, Legislative, and Legal Risks

The regulatory environment is challenging, and the regulatory impacts on us have become more restrictive and more costly. We operate in a heavily regulated industry. The regulatory environment has changed significantly in the past ten years, and our regulatory burdens generally have increased, as a result of macro events affecting traditional banking, mortgage banking, and financial markets generally. Heightened levels of regulatory change are likely to continue for at least the next several years.

We are subject to many banking, deposit, insurance, securities brokerage and underwriting, and consumer lending regulations in addition to the rules applicable to all companies publicly traded in the U.S. securities markets and, in particular, on the New York Stock Exchange. Failure to comply with applicable regulations could result in financial, structural, and operational penalties. In addition, efforts to comply with applicable regulations may increase our costs and/or limit our ability to pursue certain business opportunities. See “Supervision and Regulation” in Item 1 of this report, beginning on page 5, for additional information concerning financial industry regulations. Federal and state regulations significantly limit the types of activities in which we, as a financial institution, may engage. In addition, we are subject to a wide array of other regulations that govern other aspects of how we conduct our business, such as in the areas of employment and intellectual property. Federal and state legislative and regulatory authorities increasingly consider changing these regulations or adopting new ones. Such actions could further limit the amount of interest or fees we can charge, could further restrict our ability to collect loans or realize on collateral, could affect the terms or profitability of the products and services we offer, or could materially affect us in other ways. Additional federal and state consumer protection regulations also could expand the privacy protections afforded to customers of financial institutions, restricting our ability to share or receive customer information and increasing our costs.

The following paragraphs highlight certain specific important risk areas related to regulatory matters currently. These paragraphs do not describe these risks exhaustively, and they do not describe all such risks that we face currently. Moreover, the importance of

specific risks will grow or diminish as circumstances change.

We and our Bank both are required to maintain certain regulatory capital levels and ratios. Those requirements have increased recently. In 2013 regulators adopted enhancements to U.S. capital standards based on international standards known as “Basel III.” The revised standards emphasize Common Equity Tier 1 Capital, restrict eligibility criteria for regulatory capital instruments, and make more stringent the methodology for calculating risk-weighted assets. The revised standards began to apply to us January 1, 2015. The old (2014) and new (2015) standards are discussed in Item 1 of this report above, in tabular and narrative form, under the caption “Capital Adequacy” starting on page 7.

Pressures to maintain appropriate capital levels and address business needs in a persistently weak economy may lead to actions that could be dilutive or otherwise adverse to our shareholders. Such actions that have occurred in the past ten years include the elimination in 2008 of our twenty cents per share quarterly common cash dividend (which was reinstated at one cent per share in 2011, has since been increased three times, and will be seven cents starting April 2016) along with two sales of our common stock and the issuance of a common stock warrant. Other such actions could include the issuance of participating preferred stock, securities convertible into common or participating stock, or the issuance of any class of stock having rights that are adverse to those of the holders of our existing classes of common or preferred stock.

Additional information concerning these risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears: under the captions “Capital Adequacy” and “Prompt Corrective Action (PCA)” in Item 1 of this report beginning on pages 7 and 8, respectively; under the captions “Capital - 2015 Compared to 2014,” “Capital Management and Adequacy,” and “Market Uncertainties and Prospective Trends” beginning on pages 23, 51, and 63, respectively, of the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report; and under the caption “Regulatory Capital” in Note 12 – Regulatory Capital and Restrictions, beginning on page

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123 of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 8 of this report.

We are required to conduct and submit annual stress tests, the outcomes of which could further increase our capital requirements and could damage our ability to obtain credit and our reputation. Stress testing processes require banks to estimate the impact on capital, liquidity, and other measures of safety of certain assumed environmental shocks. A failure to satisfy regulatory stress testing, or another significant risk management standard, could result in the imposition of operating restrictions on us and require us to raise capital, which could adversely affect operating results or be dilutive to our shareholders. In addition, a summary of a portion of the stress results must be made public. A poor result could impact our ability to borrow funds and our reputation generally.

New regulatory initiatives under Dodd-Frank and otherwise may have unintended adverse impacts upon us or the industry. For example, stress testing includes “rate shocks” which model the financial impact of sudden large increases in market interest rates upon us. In practical effect this encourages banks to shorten the “duration” of their assets (loans and investments), discouraging long-term assets. Shortening duration should improve a bank’s ability to withstand a very large rate shock. However, it also can reduce the effective yield a bank receives from its assets, which would put downward pressure on revenues, margins, and earnings.

Legal disputes are an unavoidable part of business; the outcome of litigation cannot be predicted with any certainty. We face the risk of litigation from customers, employees, vendors, contractual parties, and other persons, either singly or in class actions, and from federal or state regulators. We manage those risks through internal controls, personnel training, insurance, litigation management, our compliance and ethics processes, and other means. However, the commencement, outcome, and magnitude of litigation cannot be predicted or controlled with any certainty.

Typically we are unable to estimate our loss exposure from claims against us until relatively late

in the litigation process, which can make our financial recognition of loss from litigation unpredictable and highly uneven from one period to the next. Currently we are defending a number of legal matters. For most of them we have established either no reserve or no significant reserve. Financial accounting guidance requires that litigation loss be both estimable and probable before a reserve may be established (recorded as a liability on our balance sheet). For most litigation matters, under that guidance reserves typically are not established until after preliminary motions to dismiss or narrow the case are resolved, after discovery is substantially in process, and (in many cases) after preliminary overtures regarding settlement have occurred. Potentially significant cases often are pending for years before any loss is recognized and a reserve is established. Moreover, it is not uncommon for a case to experience relatively little progress toward resolution for a long period followed by a brief period of rapid development. Lastly, although most cases are resolved with little or no loss to us, for the others loss typically is recognized either all at once (near the time of resolution) or very unevenly over the life of the case.

Additional information concerning litigation risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears: under the caption “Legacy Mortgage Business Risks” beginning on page 20 of this report; under the captions “Repurchase Obligations, Off-Balance Sheet Arrangements, and Other Contractual Obligations,” “Repurchase and Foreclosure Liability,” “Market Uncertainties and Prospective Trends,” and “Contingent Liabilities” beginning on pages 57, 61, 63, and 68, respectively, of the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 7 of this report; and under the caption “Contingencies” in Note 17 – Contingencies and Other Disclosures, beginning on page 132 of our 2015 Annual Report, which is part of the material from that report that has been incorporated by reference into Item 8 of this report.

Risks of Expense Control

Our ability to successfully manage expenses is important to our long-term survival and prosperity but in part is subject to risks beyond our control. Many factors can influence the amount of our expenses, as well as how quickly they grow. As our

businesses change, either by expansion or contraction, additional expenses can arise from asset purchases, structural reorganization, evolving business strategies, and changing regulations, among other things. The importance of managing expenses has been amplified in the current slow growth, low net interest margin business environment. Overall, our noninterest expenses have been improving: in 2011, 2012, 2013, 2014, and 2015 noninterest expense was $1,276.5 million, $1,369.5 million, $1,148.5 million, $832.5 million, and $1,053.8 million, respectively. Volatility in noninterest expense has been significantly affected by increasingly idiosyncratic charges related to legacy mortgage activities as discussed in this Item 1A under the caption "Legacy Mortgage Business Risks" beginning on page 20.

We manage controllable expenses and risk through a variety of means, including selectively outsourcing or multi-sourcing various functions and procurement coordination and processes. In recent years we have actively sought to make strategic businesses more efficient primarily by investing in technology, re-thinking and right-sizing our physical facilities, and re-thinking and right-sizing our workforce and incentive programs. These efforts usually entail additional near-

term expenses in the form of technology purchases and implementation, facility closure or renovation costs, and severance costs, while expected benefits typically are realized with some uncertainty in the future.

We have also re-focused our attention on the economic profit generated by our business activities and prospects rather than merely revenues or ordinary profit. Economic profit analysis attempts to relate ordinary profit to the capital employed to create that profit with the goal of achieving higher (more efficient) returns on capital employed overall. Activities with higher capital usage bear a greater burden in economic profit analysis. The process is intended to allow us to more efficiently manage investment of our resources. Economic profit analysis involves a significant amount of judgment regarding capital allocation. Mistakes in those judgments could result in a misallocation of resources and diminished profitability over the long run.

Geographic Risks

We are subject to risks of operating in various jurisdictions. To a significant degree our banking business is exposed to economic, regulatory, natural disaster, and other risks that primarily impact Tennessee and neighboring states where we do our traditional banking business. If the southeastern U.S., and Tennessee in particular, were to experience adversity not shared by other parts of the country, we are likely to experience adversity to a degree not shared by those competitors which have a broader footprint.

We have international assets in the form of loans and letters of credit. Holding non-U.S assets creates a number of risks: the risk that taxes, fees, prohibitions, and other barriers and constraints may be created or

increased by the U.S. or other countries that would impact our holdings; the risk that currency exchange rates could move unfavorably so as to diminish or destroy the U.S. dollar value of assets, or to enlarge the U.S. dollar value of liabilities; and the risk that legal recourse against foreign counterparties may be limited in unexpected ways. Our ability to manage those and other risks depends upon a number of factors, including: our ability to recognize and anticipate differences in legal, cultural, and other expectations applicable to customers, regulators, vendors, and other business partners and counterparties; and our ability to recognize and manage any exchange rate risks to which we are exposed.

Insurance

Our property and casualty insurance may not cover or may be inadequate to cover the risks that we face, and we are or may be adversely affected by a default by the insurers that provide us mortgage and bank-owned life insurance.

We use insurance to manage a number of risks, including damage or destruction of property as well as legal and other liability. Not all such risks are insured, in any given insured situation our insurance may be inadequate to cover all loss, and many risks we face are uninsurable. For those risks that are insured, we also face the risks that the insurer may default on its obligations or that the insurer may refuse to honor them. We treat the former risk as a type of credit risk,

which we manage by reviewing the insurers that we use and by striving to use more than one insurer when practical. The risk of refusal, whether due to honest disagreement or bad faith, is inherent in any contractual situation.

A portion of our retail loan portfolio involves mortgage default insurance. If a default insurer were to experience a significant credit downgrade or were to become insolvent, that could adversely affect the carrying value of loans insured by that company, which could result in an immediate increase in our loan loss provision or write-down of the carrying value of those loans on our balance sheet and, in either case, a corresponding impact on our financial results. In recent years events of this sort have happened. If many default insurers were to experience downgrades or insolvency at the same time, the risk of a financial impact would be amplified.

We own certain bank-owned life insurance policies as assets on our books. Some of those policies are “general account” and others are “separate account.” The general account policies are subject to the risk that the carrier might experience a significant downgrade or become insolvent. The separate account policies are

less susceptible to carrier risk, but do carry a higher risk of value fluctuations in securities which underlie those policies. Both risks are managed through periodic reviews of the carriers and the underlying security values. However, particularly for the general account policies, our ability to liquidate a policy in anticipation of an adverse carrier event is significantly limited by applicable insurance contracts and regulations as well as by a substantial tax penalty which could be levied upon early policy termination.

Liquidity and Funding Risks

Liquidity is essential to our business model and a lack of liquidity or an increase in the cost of liquidity may materially and adversely affect our businesses, results of operations, financial conditions and cash flows. In general, the costs of our funding directly impact our costs of doing business and, therefore, can positively or negatively affect our financial results. Our funding requirements in 2014 and 2015 were met principally by deposits, by financing from other financial institutions, and by funds obtained from the capital markets.

Deposits traditionally have provided our most affordable funds and by far the largest portion of funding. However, deposit trends can shift with economic conditions. If the economy improves or market rates rise, deposit levels in our Bank might fall, perhaps fairly quickly, as depositors become more comfortable with risk and seek higher returns in other vehicles. This could pressure us to raise our deposit rates, which could shrink our net interest margin to the extent that loan rates do not rise correspondingly and at the same time.

The market among banks for deposits may be impacted as a result of the relatively new Basel III capital rules. Those rules generally provide favorable treatment for core deposits. Moreover, institutions with more than $50 billion of assets are required to maintain a minimum Liquidity Coverage ratio. Larger banks covered by this rule may be incented to compete for core deposits to an unexpected extent. Although smaller banks, like ours, are not directly impacted by this rule, if some large banks in our markets take aggressive actions we could lose deposit share or be compelled to adjust our deposit pricing and practices in ways that could increase our costs.

We also depend upon financing from private institutional or other investors by means of the capital markets. In 2014 we issued $400 million of senior bank notes due 2019, and in 2015 we issued $500 million of senior notes due 2020. The 2015 notes refinanced an earlier five-year notes issue. Presently we believe we could access the capital markets again if we desired to do so. Risk remains, however, that capital markets may become unavailable to us for reasons beyond our control.

A number of more general factors could make funding more difficult, more expensive, or unavailable on affordable terms, including, but not limited to, our financial results, organizational or political changes, adverse impacts on our reputation, changes in the activities of our business partners, disruptions in the capital markets, specific events that adversely impact the financial services industry, counterparty availability, changes affecting our loan portfolio or other assets, changes affecting our corporate and regulatory structure, interest rate fluctuations, ratings agency actions, general economic conditions, and the legal, regulatory, accounting, and tax environments governing our funding transactions. In addition, our ability to raise funds is strongly affected by the general state of the U.S. and world economies and financial markets as well as the policies and capabilities of the U.S. government and its agencies, and may remain or become increasingly difficult due to economic and other factors beyond our control.

Events affecting interest rates, markets, and other factors may adversely affect the demand for our products and services in our fixed income business. As a result, disruptions in those areas may adversely impact our earnings in that business unit.

Credit Ratings

Our credit ratings directly affect the availability and cost of our unsecured funding. The Corporation

and the Bank currently receive ratings from several rating agencies for unsecured borrowings. A rating below investment grade typically reduces availability and increases the cost of market-based funding. A debt rating of Baa3 or higher by Moody's Investors Service, or BBB- or higher by Standard & Poor's and Fitch Ratings, is considered investment grade for many purposes. In recent years we have experienced downgrades and upgrades by the various agencies at various times. At December 31, 2015, two of the three rating agencies rated the unsecured senior debt of the Corporation as investment grade, and all three rated such debt of the Bank as investment grade, although we were at or near the lowest levels of investment grade. The ratings outlook from one of the ratings agencies was positive, and from the other two was stable, for both the Corporation and the Bank. To the extent that in the future we depend on institutional borrowing and the capital markets for funding and capital, we could experience reduced liquidity and increased cost of unsecured funding if our debt ratings were lowered further, particularly if lowered below investment grade. In addition, other actions by ratings agencies can create uncertainty about our ratings in the future and thus can adversely affect the cost and availability of funding, including placing us on negative outlook or on watchlist. Please note that a credit rating is not a recommendation to buy, sell, or

hold securities, is subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

Reductions in our credit ratings could allow counterparties to terminate and immediately force us to settle certain derivatives agreements, and could force us to provide additional collateral with respect to certain derivatives agreements. At this time, those of our ISDA master agreements which have ratings triggers reference the lower of S&P's or Moody's ratings. Based on those ratings, for some time we have been required to post collateral in the amount of our derivative liability positions with most derivative counterparties. Should a credit rating downgrade occur, the maximum additional collateral we would have been required to post is approximately $1 million as of December 31, 2015.

Reductions in our credit ratings could result in counterparties reducing or terminating their relationships with us. Some parties with whom we do business may have internal policies restricting the business that can be done with financial institutions, such as the Bank, that have credit ratings lower than a certain threshold.

Interest Rate and Yield Curve Risks

We are subject to interest rate risk as a significant portion of our business involves borrowing and lending money. Accordingly, changes in interest rates directly impact our revenues and expenses, and potentially could expand or compress our net interest margin. We actively manage our balance sheet to control the risks of a reduction in net interest margin brought about by ordinary fluctuations in rates.

A flat or inverted yield curve may reduce our net interest margin and adversely affect our lending and fixed income businesses. The yield curve simply shows the interest rates applicable to short and long term debt. The curve is steep when short-term rates are much lower than long-term rates; it is flat when short-term rates are nearly equal to long-term rates; and it is inverted when short-term rates exceed long-term rates. Historically, the yield curve normally is positively sloped. However, the yield curve can be relatively flat or inverted for short or even protracted periods. A flat or inverted yield curve tends to decrease net interest margin, which would adversely impact our lending businesses, and it tends to reduce demand for long-term debt securities, which would adversely impact the revenues of our fixed income business. A goal and effect of certain actions by the Federal Reserve over the past few years has been to flatten the yield curve, and our net interest margin has declined over this period.

Expectations by the market regarding the direction of future interest rate movements can impact the demand for fixed income investments which in turn can impact the revenues of our fixed income business. That risk is most apparent during times when strong expectations have not yet been reflected in market rates, or when expectations are especially weak or uncertain.

Securities Inventories and Market Risks

The trading securities inventories we hold in our fixed income business are subject to market and credit risks. In the course of that business we hold trading securities inventory positions for purposes of distributions to customers, and we are exposed to

certain market risks attributable principally to credit risk and interest rate risk associated with fixed-income securities. We manage the risks of holding inventories of securities through certain market risk management policies and procedures, including, for example, hedging activities and Value-at-Risk (“VaR”) limits, trading policies, modeling, and stress analyses. Fixed income trading securities (long positions) were $.9 billion at year-end 2015, $1.2 billion at year-end 2014, and $.8 billion at year-end 2013. Trading liabilities (short positions) were $100.0 million, $594.3 million, and $368.3 million at December 31, 2015, 2014, and 2013, respectively. Additional information concerning these risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears under the caption “Market Risk Management” beginning on page 49 of the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2015 Annual Report, which is part of the material from that Report that has been incorporated by reference into Item 7 of this report.

Declines, disruptions, or precipitous changes in markets or market prices can adversely affect our fees and other income sources. We earn fees and other income related to our brokerage business and our management of assets for customers. Declines, disruptions, or precipitous changes in markets or market prices can adversely affect those revenue sources.

Significant changes to the securities market’s performance can have a material impact upon our assets, liabilities, and financial results. We have a number of assets and obligations that are linked, directly or indirectly, to major securities markets. Significant changes in market performance can have a material impact upon our assets, liabilities, and financial results.

An example of that linkage is our obligation to fund our pension plan so that it may satisfy benefit claims in the future. To a substantial extent the pension plan invests its assets in marketable securities, primarily fixed income but also equities. Our pension funding obligations generally depend upon actuarial estimates of benefits claims, the discount rate used to estimate the present values of those claims, and actuarial estimates of future plan asset values. Our obligations to fund the plan can be affected by changes in any of those three factors. Accordingly, our obligations diminish if the plan’s investments perform well or if estimates are changed anticipating better performance,

and can grow if those investments perform poorly or if expectations worsen. A rise in interest rates is likely to negatively impact the values of fixed income assets held in the plan, would result in an increase in the discount rate used, and also could negatively impact the stock market generally. Similarly, our obligations can be impacted by changes in mortality tables or other actuarial inputs.

Changes in our funding obligation generally translate into positive or negative changes in our pension expense over time, which in turn affects our financial performance. Although our obligations and expenses relative to the plan can be affected by many other things, including changes in our participating employee population and changes to the plan itself, declines in market performance tend to increase our obligations to fund the pension plan. Although we have taken actions intended to moderate future volatility in this area, risk of some level of volatility is unavoidable. That risk of volatility would be amplified if certain actuarial assumptions change adversely, especially the discount rate used to estimate the projected benefit obligation, or if the accounting rules regarding pension liability estimates change adversely.

Our hedging activities may be ineffective, may not adequately hedge our risks and are subject to credit risk. In the normal course of our businesses we attempt to create partial or full economic hedges of various, though not all, financial risks. For example: our fixed income unit manages interest rate risk on a portion of its trading portfolio with short positions, futures, and options contracts; and, we use derivatives, including swaps, swaptions, caps, forward contracts, options, and collars, that are designed to moderate the impact on earnings as interest rates change. Generally, in the latter example these hedged items include certain term borrowings and certain held-to-maturity loans.

Hedging creates certain risks for us, including the risk that the other party to the hedge transaction will fail to perform (counterparty risk, which is a type of credit risk), and the risk that the hedge will not fully protect us from loss as intended (hedge failure risk). Unexpected counterparty failure or hedge failure could have a significant adverse effect on our liquidity and earnings.

Accounting Risks

The preparation of our consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates that affect the financial statements. The estimate that is consistently one of our most critical is the level of the allowance for

credit losses. However, other estimates can be highly significant at discrete times or during periods of varying length. Currently those include: the level of reserves for loan repurchase, make-whole, and foreclosure losses; the valuation of our deferred tax assets; and the valuation of our goodwill. Estimates are made at specific points in time; as actual events unfold, estimates are adjusted accordingly. Due to the inherent nature of these estimates, it is possible that, at some time in the future, we may significantly increase the allowance for credit losses and/or sustain credit losses that are significantly higher than the provided allowance, or we may recognize a significant provision for impairment of our goodwill or other assets, or we may make some other adjustment that will differ materially from the estimates that we make today. Moreover, in some cases, especially concerning litigation and other contingency matters where critical information is inadequate, we are entirely unable to make estimates until fairly late in a lengthy process.

We lack first-hand visibility regarding certain loans, other assets, or liabilities which increases the risk that our estimates may be inaccurate. For example, interagency supervisory guidance related to practices for loans and lines of credit secured by junior liens on 1-4 family residential properties requires that the performance of the first lien should be considered when assessing the collectability and inherent loss of a performing junior lien. Additionally, the OCC has clarified that an institution's income recognition policy should incorporate management's consideration of all reasonably available information including, for junior liens, the performance of the associated senior liens as well as trends in other credit quality indicators. We own and service a consumer real estate portfolio that is primarily composed of home equity lines and installment loans. As of December 31, 2015, that amount was $4.8 billion. As of December 31, 2015, approximately $1.7 billion or 35 percent of the consumer real estate portfolio consisted of stand-alone second liens. We own or service approximately 8 percent of the first liens that are senior to these stand-alone second liens. We are not able to actively monitor the performance status of the first liens that are serviced by others. We obtain first lien performance information from third parties and through loss mitigation activities, and we place a stand-alone second

lien loan on nonaccrual if we discover that there are performance issues with the first lien loan. It is possible that if our evaluation methods change or information sources otherwise improve our additions to nonperforming loans may be material.

A reduction in our taxable earnings outlook could adversely affect the value of our deferred tax asset, as could a reduction in our corporate income tax rate. We have a net deferred tax asset accumulated during recent years. At December 31, 2015 our gross deferred tax asset after valuation allowance was approximately $352.6 million and the net deferred tax asset was approximately $259.3 million. The value of our deferred tax asset depends in part upon our estimation of our ability to realize the asset during applicable future periods and upon our estimate of our effective tax rate. A significant adverse change in our taxable earnings outlook could result in an impairment of the value of our deferred tax asset. Also, U.S. federal or state tax rate reductions could result in impairment.

Changes in accounting rules can significantly affect how we record and report assets, liabilities, revenues, expenses, and earnings. Although such changes generally affect all companies in a given industry, in practice changes sometimes have a disparate impact due to differences in the circumstances or business operations of companies within the same industry.

Changes in regulatory rules can create significant accounting impacts for us. Because we operate in a regulated industry we prepare regulatory financial reports based on regulatory accounting rules. Changes in those rules can have significant impacts upon us in terms of regulatory compliance. In addition, such changes can impact our ordinary financial reporting, and uncertainties related to regulatory changes can create uncertainties in our financial reporting.

Risks of Holding our Stock

The principal source of cash flow to pay dividends on our stock is dividends and distributions from the Bank, and the Bank cannot currently pay dividends to us without regulatory approval. We primarily depend upon common dividends from the Bank for cash to fund dividends we pay to our common and preferred stockholders. Regulatory constraints may prevent the Bank from declaring and paying dividends to us in 2016 without regulatory approval. Applying the applicable regulatory rules, as of December 31, 2015 and 2014, the Bank had negative $192.8 million and negative $75.7 million, respectively, available for dividends. On January 1, 2016, the Bank's total amount

available for dividends was negative $142.0 million. That amount will improve during 2016 only to the extent that the Bank's earnings for the year exceed preferred and any common dividends for the year.

Also, we are required to provide financial support to the Bank. Accordingly, at any given time a portion of our funds may have to be used for that purpose and therefore would be unavailable for dividends.

Furthermore, the Federal Reserve and the OCC have issued policy statements generally requiring insured banks and bank holding companies only to pay dividends out of current operating earnings. The

Federal Reserve has released a supervisory letter advising bank holding companies, among other things, that as a general matter a bank holding company should inform the Federal Reserve and should eliminate, defer or significantly reduce its dividends if (i) the bank holding company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the bank holding company's prospective rate of earnings is not consistent with the bank holding company's capital needs and overall current and prospective financial condition; or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

Our stockholders may suffer dilution if we raise capital through public or private equity financings to fund our operations, to increase our capital, or to expand. If we raise funds by issuing equity securities

or instruments that are convertible into equity securities, the percentage ownership of our current common stockholders will be reduced, the new equity securities may have rights and preferences superior to those of our common or outstanding preferred stock, and additional issuances could be at a sales price which is dilutive to current stockholders. We may also issue equity securities directly as consideration for acquisitions we may make that could be dilutive to stockholders.

Provisions of Tennessee law, and certain provisions of our charter and bylaws, could make it more difficult for a third party to acquire control of us or could have the effect of discouraging a third party from attempting to acquire control of us. These provisions could make it more difficult for a third party to acquire us even if an acquisition might be at a price attractive to many of our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We have no properties that we consider to be materially important to our financial statements. Information concerning our business locations, including bank branches and FTN Financial offices, is provided in Item 1 of this report under the caption "Business Locations" beginning on page 2, which information is incorporated into this Item 2 by this reference. In addition to the bank branches and FTN offices mentioned in Item 1, we have other offices and office buildings such as our headquarters building

at 165 Madison Avenue in downtown Memphis, Tennessee. Although some of these other offices contain bank branches or FTN offices, primarily they are used for operational and administrative functions. The operational and administrative offices are located in several cities, primarily in Tennessee.

At December 31, 2015, we believe our physical properties are suitable and adequate for the businesses we conduct.

ITEM 3. LEGAL PROCEEDINGS

The "Contingencies" section from Note 17 (Contingencies and Other Disclosures) to the Consolidated Financial Statements appearing on pages

132-137 of our 2015 Annual Report to shareholders is incorporated herein by reference.

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ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

SUPPLEMENTAL PART I INFORMATION

Executive Officers of the Registrant

The following is a list of our executive officers, along with certain supplemental information, all presented as of January 31, 2016. The executive officers generally are appointed at the April meeting of our

Board of Directors following the annual meeting of shareholders for a term of one year and until their successors are elected and qualified.

Name & Age	Current (Year First Elected to Office) and Recent Offices & Positions
John M. Daniel Age: 61	**Executive Vice President – Chief Human Resources Officer of the Corporation and the Bank (2006)** Mr. Daniel joined FHN as the Executive Vice President in charge of human resources in 2006. From January 2001 to September 2006, Mr. Daniel was the Executive Vice President in charge of human resources for Regions Financial Corporation.
Jeff L. Fleming Age: 54	**Executive Vice President – Chief Accounting Officer of the Corporation and the Bank (2012); principal accounting officer** Mr. Fleming became Executive Vice President – Chief Accounting Officer in 2012. He first joined FHN in the Accounting Division in 1984. From 2010 to 2011 he was Executive Vice President – Corporate Controller, from 2008 to 2010 he was Senior Vice President – Corporate Controller and from 2004 to 2008 he was Senior Vice President – Director of Corporate Accounting.
D. Bryan Jordan Age: 53	**President and Chief Executive Officer (2008) and Chairman of the Board (2012) of the Corporation and the Bank; principal executive officer** Mr. Jordan became President and Chief Executive Officer in 2008, and was elected Chairman in 2012. From May 2007 until September 2008 Mr. Jordan was Executive Vice President and Chief Financial Officer of the Corporation and the Bank. From 2000 until 2002 Mr. Jordan was Comptroller, and from 2002 until April 2007 Mr. Jordan was Chief Financial Officer, of Regions Financial Corp. During that time he was also an Executive Vice President and, from November 2006, a Senior Executive Vice President of Regions.
Michael E. Kisber Age: 56	**President – FTN Financial of the Corporation and the Bank (2011)** Mr. Kisber became President of the Bank's FTN Financial division in 2011. He joined FTN Financial in 1993 as a sales representative. In 2006 he became Head of Sales and an Executive Vice President. In 2008 he became Director of Fixed Income for FTN.

William C. Losch III	**Executive Vice President – Chief Financial Officer of the Corporation and the Bank (2009); principal financial officer**
Age: 45	Mr. Losch joined FHN as Executive Vice President – Chief Financial Officer in 2009. From 1998 to 2009, Mr. Losch was with Wachovia Corporation. Most recently he served as Senior Vice President and Chief Financial Officer of its Retail and Small Business Banking unit from 2003 to 2005, and as Senior Vice President and Chief Financial Officer of its General Bank unit from 2006 to 2009.

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Name & Age	Current (Year First Elected to Office) and Recent Offices & Positions
David T. Popwell Age: 55	**President – Banking of the Corporation and the Bank (2013)** Mr. Popwell became President of the Bank's regional banking business in January 2013. In 2011 and 2012 Mr. Popwell was Executive Vice President – Regional Banking and Banking Chief Operating Officer for FHN. From 2008 to 2011 Mr. Popwell was the Banking Chief Operating Officer of the Bank, and from 2007 to 2008 Mr. Popwell was the Market Manager for the Bank's Mid-South Market. From 2004 to 2007 Mr. Popwell was President of SunTrust Bank – Memphis, and prior to that was an Executive Vice President of National Commerce Financial Corp.
Susan L. Springfield Age: 51	**Executive Vice President – Chief Credit Officer of the Corporation and the Bank (2013)** Ms. Springfield became Executive Vice President – Chief Credit Officer in January 2013. She has served the Bank in various capacities since 1998. Most recently: in 2011 she was Executive Vice President – Commercial Banking; from 2009 to 2010 she was Executive Vice President – Commercial Credit Risk Executive; and from 2005 to 2008 she was Executive Vice President – Commercial Credit Risk Manager.
Charles T. Tuggle, Jr. Age: 67	**Executive Vice President – General Counsel of the Corporation and the Bank (2008)** Mr. Tuggle became Executive Vice President – General Counsel in 2008. From 2003 to 2007 Mr. Tuggle was an Executive Vice President of the Bank's FTN Financial division; during that time prior to 2007 Mr. Tuggle served as Chief Risk Officer of FTN Financial. From 1998 to 2003 Mr. Tuggle was Chairman and Chief Executive Officer of the law firm Baker, Donelson, Bearman, Caldwell & Berkowitz, PC.
Yousef A. Valine Age: 56	**Executive Vice President – Chief Risk Officer of the Corporation and the Bank (2010)** Mr. Valine joined FHN in 2009 and became Executive Vice President – Chief Risk Officer in 2010. From June to December 2009, Mr. Valine served as Executive Vice President – Corporate Risk Management of the Corporation and the Bank. From 1985 until June 2009, Mr. Valine was with Wachovia Corporation, most recently serving as Executive Vice President and Chief Operating Officer of its enterprise-wide risk management division from 2007 until June 2009, as the head of its Institutional Risk Group in 2006, and as its chief operational risk officer in 2005.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Our Common Stock

Our common stock, $0.625 par value, is listed and trades on the New York Stock Exchange, Inc. under the symbol FHN. As of December 31, 2015, there were 5,768 shareholders of record of our common stock. Additional information called for by this Item is incorporated herein by reference to:

(i) the Summary of Quarterly Financial Information (Table 33)(page 70), the Selected Financial and Operating Data table (page 2), and the "Liquidity Management" subsection (beginning on page 54) of the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in our 2015 Annual Report to shareholders,

(ii) the "Restrictions on dividends" section within Note 12 – Regulatory Capital and Restrictions beginning on page 124 of the 2015 Annual Report to shareholders, and

(iii) the "Payment of Dividends" and "Transactions with Affiliates" subsections beginning on pages 6 and 7, respectively, of Item 1 of this report on Form 10-K.

Sales of Unregistered Common and Preferred Stock

Not applicable.

Repurchases by Us of Our Common Stock

Pursuant to Board authority, we may repurchase shares from time to time for general purposes and for our stock option and other compensation plans, subject to market conditions, accumulation of excess equity, prudent capital management, and legal and regulatory restrictions. We will evaluate the level of capital and take action designed to generate or use capital as appropriate for the interests of the shareholders.

Additional information concerning repurchase activity during the final three months of 2015 is presented in Table 11, and the surrounding notes and other text, of the Management's Discussion and Analysis of Financial Condition and Results of Operations section appearing on pages 25-26 of our 2015 Annual Report to shareholders, which information is incorporated herein by this reference.

ITEM 6. SELECTED FINANCIAL DATA

The information called for by this Item is incorporated herein by reference to the Selected Financial and

Operating Data table appearing on page 2 of our 2015 Annual Report to shareholders.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The information called for by this Item is incorporated herein by reference to the Management's Discussion and Analysis of Financial Condition and Results of Operations section, the Glossary and Acronyms sections, and the Consolidated Historical Statements of

Income and Consolidated Average Balance Sheets and Related Yields and Rates tables appearing on pages 3-78 and 184-187 of our 2015 Annual Report to shareholders.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by this Item is incorporated herein by reference to Note 22—Derivatives to the Consolidated Financial Statements, and to the "Market Risk Management" and "Interest Rate Risk Management" subsections of the Management's

Discussion and Analysis of Financial Condition and Results of Operations section, which appear, respectively, on pages 156-161 and on pages 49-50 and 52-53 of our 2015 Annual Report to shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item is incorporated herein by reference to the Report of Management on Internal Control over Financial Reporting, the Reports of Independent Registered Public Accounting Firm, the Consolidated Financial Statements and the notes

thereto, and Table 33, Summary of Quarterly Financial Information, appearing, respectively, on pages 79-183 and on page 70 of our 2015 Annual Report to shareholders.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

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 the annual 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.

Reports on Internal Control over Financial Reporting. The report of management required by Item 308(a) of Regulation S-K, and the attestation report required by Item 308(b) of Regulation S-K, appear at pages 79-80 of our 2015 Annual Report to shareholders and are incorporated herein by this reference.

Changes in Internal Control over Financial Reporting. There have not been any changes in our internal control over financial reporting during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item as it relates to directors and nominees for director of FHN, the Audit Committee of our Board of Directors, members of the Audit Committee, and audit committee financial experts is incorporated herein by reference to the “Corporate Governance & Board Matters” section and the “Vote Item No. 1—Election of Directors” section of our 2016 Proxy Statement (excluding the Audit Committee Report, the statements regarding the existence, availability, and location of the Audit Committee’s charter, and the Compensation Committee Report). The information required by this Item as it relates to our executive officers is incorporated herein by reference to the information provided under the heading “Executive Officers of the Registrant” in the Supplemental Part I Information following Item 4 of this Report. The information required by this Item as it relates to compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the “Section 16(a) Beneficial Ownership Reporting Compliance” section of the 2016 Proxy Statement.

In 2015 there were no material amendments to the procedures, described in our 2016 Proxy Statement, by which security holders may recommend nominees to our Board of Directors.

Our Board of Directors has adopted a Code of Ethics for Senior Financial Officers that applies to the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer and also applies to all professionals serving in the financial, accounting, or audit areas of FHN and its subsidiaries. A copy of the Code has been filed or incorporated by reference as Exhibit 14 to this report and is posted on our current internet website (at www.firsthorizon.com; click on “Investor Relations” and then “Corporate Governance”). A paper copy of the Code is available without charge upon written request addressed to our Corporate Secretary at our main office, 165 Madison Avenue, Memphis, Tennessee 38103. We intend to satisfy our disclosure obligations under Item 5.05 of Form 8-K related to Code amendments or waivers by posting such information on our internet website, the address for which is listed in this paragraph above.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this Item is incorporated herein by reference to the “Compensation Committee Interlocks & Insider Participation,” “Compensation Discussion & Analysis,” “Recent Compensation,” “Post-Employment Compensation,” and “Director Compensation” sections of our 2016 Proxy Statement.

The information required by Item 407(e)(5) of Regulation S-K is provided in our 2016 Proxy Statement under the caption “Compensation Committee Report.” That information is not “filed” with this report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance under Equity Compensation Plans

Equity Compensation Plan Information

The information required by this Item pursuant to Item 201(d) of Regulation S-K is incorporated herein by

reference to the "Equity Compensation Plan Information" section of the Corporation's 2016 Proxy Statement, immediately following Vote Item No. 3.

Beneficial Ownership of Corporation Stock

The information required by this Item pursuant to Item 403(a) and (b) of Regulation S-K is incorporated herein

by reference to the "Stock Ownership Information" section of our 2016 Proxy Statement.

Change in Control Arrangements

FHN is not aware of any arrangements which may result in a change in control of FHN.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item is incorporated herein by reference to the "Independence & Categorical Standards" and the "Transactions with Related Persons" sections of our 2016 Proxy Statement, which sections are incorporated herein by reference. Our independent directors and nominees are identified in the second paragraph of the "Independence & Categorical Standards" section of our 2016 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Audit Committee of the Board of Directors has a policy providing for pre-approval of all audit and non-audit services to be performed by our registered public accounting firm that performs the audit of our consolidated financial statements that are filed with the SEC. Services either may be approved in advance by the Audit Committee specifically on a case-by-case basis ("specific pre-approval") or may be approved in advance ("advance pre-approval"). Advance pre-approval requires the Committee to identify in advance the specific types of service that may be provided and the fee limits applicable to such types of service, which limits may be expressed as a limit by type of service or by category of services. All requests to provide services that have been pre-approved in advance must be submitted to the Chief Accounting Officer prior to the provision of such services for a determination that the service

to be provided is of the type and within the fee limit that has been pre-approved. Unless the type of service to be provided by our registered public accounting firm has received advance pre-approval under the policy and the fee for such service is within the limit pre-approved, the service will require specific pre-approval by the Committee. Subject to specified limitations, the chair of the Audit Committee may exercise the Committee's approval powers.

The terms of and fee for the annual audit engagement must receive the specific pre-approval of the Committee. "Audit," "Audit-related," "Tax," and "All Other" services, as those terms are defined in the policy, have the advance pre-approval of the Committee, but only to the extent those services have been specified by the Committee and only in amounts that do not exceed the fee limits specified by the Committee. Such advance pre-approval is to be for a term of 12 months following the date of pre-approval unless the Committee specifically provides for a different term. Unless the Committee specifically determines otherwise, the aggregate amount of the fees pre-approved for All Other services for the fiscal year must not exceed seventy-five percent (75%) of the aggregate amount of the fees pre-approved for the fiscal year for Audit services, Audit-related services, and those types of Tax services that represent tax compliance or tax return preparation. The policy delegates the authority to pre-approve services to be provided by our registered public accounting firm,

other than the annual audit engagement and any changes thereto, to the chair of the Committee. The chair may not, however, make a determination that causes the 75% limit described above to be exceeded. Any service pre-approved by the chair will be reported to the Committee at its next regularly scheduled meeting.

Information regarding fees billed to FHN by KPMG LLP for the two most recent fiscal years is incorporated herein by reference to the section of our 2016 Proxy Statement captioned “Vote Item No. 5 – Ratification of Appointment of Auditors.” No services were approved by the Audit Committee pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this Report:

Financial Statements and related Reports

Page 82*	1.	Consolidated Statements of Condition as of December 31, 2015 and 2014.
Page 83*	2.	Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013.
Page 84*	3.	Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013.
Pages 85-86*	4.	Consolidated Statements of Equity for the years ended December 31, 2015, 2014 and 2013.
Page 87*	5.	Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013.
Pages 88-183*	6.	Notes to Consolidated Financial Statements
Page 79*	7.	Report of Management on Internal Control over Financial Reporting
Pages 80-81*	8.	Reports of Independent Registered Public Accounting Firm

* The consolidated financial statements of FHN, the notes thereto, and the reports of management and independent public accountants, as listed above, are incorporated herein by reference to the indicated pages of FHN's 2015 Annual Report to shareholders.

Financial Statement Schedules

Not applicable.

Exhibits

A complete list of exhibits to this report on Form 10-K is provided in the Exhibit Index immediately following the Signatures part of this report, beginning on page 44. The Exhibit Index is incorporated into this Item 15 by this reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 NATIONAL CORPORATION
Date: February 25, 2016	By: /s/ William C. Losch III William C. Losch III, Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature*	**Title**	**Date**	**Signature***	**Title**	**Date**
D. Bryan Jordan D. Bryan Jordan	President, Chief Executive Officer, Chairman of the Board, and a Director (principal executive officer)	February 25, 2016	William C. Losch III William C. Losch III	Executive Vice President and Chief Financial Officer (principal financial officer)	February 25, 2016
			Jeff L. Fleming Jeff L. Fleming	Executive Vice President and Chief Accounting Officer (principal accounting officer)	February 25, 2016
John C. Compton John C. Compton	Director	February 25, 2016	Mark A. Emkes Mark A. Emkes	Director	February 25, 2016
Corydon J. Gilchrist Corydon J. Gilchrist	Director	February 25, 2016	Vicky B. Gregg Vicky B. Gregg	Director	February 25, 2016
R. Brad Martin R. Brad Martin	Director	February 25, 2016	Scott M. Niswonger Scott M. Niswonger	Director	February 25, 2016
Vicki R. Palmer Vicki R. Palmer	Director	February 25, 2016	Colin V. Reed Colin V. Reed	Director	February 25, 2016
Cecelia D. Stewart	Director	February 25, 2016	Luke Yancy III Luke Yancy III	Director	February 25, 2015

Cecelia D.
Stewart

*By: /s/ Clyde A. Billings, Jr. February 25, 2016
Clyde A. Billings, Jr.
As Attorney-in-Fact

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EXHIBIT INDEX

Each exhibit marked + is filed herewith.

Each exhibit marked * represents a management contract or compensatory plan or arrangement required to be identified as such and filed as an exhibit.

Each exhibit marked ** is “furnished” pursuant to 18 U.S.C. Section 1350 and is not “filed” as part of this Report or as a separate disclosure document.

The phrase “2015 named executive officers” refers to those executive officers whose 2015 compensation is described in FHN’s 2016 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.

Organization and Capitalization Exhibits

3.1

Restated Charter of FHN, incorporated herein by reference to Exhibit 3.1 to FHN’s Current Report on Form 8-K dated May 1, 2013.

3.2

Bylaws of First Horizon National Corporation, as amended and restated effective January 26, 2016, incorporated herein by reference to Exhibit 3.1 to FHN’s Current report on Form 8-K dated January 26, 2016.

4.1

Deposit Agreement, dated as of January 31, 2013, by and among FHN, Wells Fargo Bank, N.A., as depositary, and the holders from time to time of depositary receipts described therein, incorporated herein by reference to Exhibit 4.1 to FHN’s Current Report on Form 8-K filed January 31, 2013.

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.

***Equity-Based Award Plans**

***10.1(a)**

Equity Compensation Plan (as amended and restated April 17, 2012) (Adjusted for all stock dividends through January 1, 2011), incorporated by reference to Appendix B to FHN's Proxy Statement for its annual meeting on April 17, 2012, formerly known as 2003 Equity Compensation Plan.

***10.1(b)**

1997 Employee Stock Option Plan, as restated for amendments through December 15, 2008, incorporated herein by reference to Exhibit 10.2(d) to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

***10.1(c)**

[1995] Non-Employee Directors' Deferred Compensation Stock Option Plan, as restated for amendments through December 15, 2008, incorporated

herein by reference to Exhibit 10.1(d) to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

***10.1(d)**

2000 Non-Employee Directors' Deferred Compensation Stock Option Plan, as restated for amendments through December 15, 2008, incorporated herein by reference to Exhibit 10.1(e) to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

***10.1(e)**

2002 Bank Director and Advisory Board Member Deferral Plan, as restated for amendments through December 15, 2008, incorporated herein by reference to Exhibit 10.1(h) to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

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***Performance-Based Equity Award Documents**

***10.2(a)**

Form of Special Performance Stock Units Grant Notice [2012], incorporated herein by reference to Exhibit 10.3 to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

***10.2(b)**

Form of Performance Stock Units Grant Notice [2013], incorporated herein by reference to Exhibit 10.1 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

***10.2(c)**

Form of Grant Notice for Performance Stock Units – Core ROE Rank [2014], incorporated herein by

reference to Exhibit 10.1 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

***10.2(d)**

Form of Grant Notice for Performance Stock Units – Total Corporate Performance [2014], incorporated herein by reference to Exhibit 10.2 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

***10.2(e)**

Form of Grant Notice for Executive Performance Stock Units [2015], incorporated herein by reference to Exhibit 10.1 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

***Stock Option Award Documents**

***10.3(a)**

Form of Agreement To Defer Receipt Of Shares Following Option Exercise, incorporated herein by reference to Exhibit 10.5(c) to FHN's 2004 Annual Report on Form 10-K.

***10.3(b)**

Form of Stock Option Grant Notice, incorporated herein by reference to Exhibit 10.5(e) to FHN’s 2004 Annual Report on Form 10-K.

***10.3(c)**

First Tennessee Stock Option Enhancement Program, incorporated herein by reference to Exhibit 10.5(o) to FHN’s Annual Report on Form 10-K for the year ended December 31, 2006.

***10.3(d)**

Form of Executive Stock Option Grant Notice [2011], incorporated herein by reference to Exhibit 10.5(s) to FHN’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

***10.3(e)**

Form of Executive Stock Option Grant Notice [2012], incorporated herein by reference to Exhibit 10.4 to FHN’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

***10.3(f)**

Form of Executive Stock Option Grant Notice [2013], incorporated herein by reference to Exhibit 10.2 to FHN’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

***10.3(g)**

Form of Grant Notice for Executive Stock Options [2014], incorporated herein by reference to Exhibit 10.3 to FHN’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

***10.3(h)**

Form of Grant Notice for Executive Stock Options [2015], incorporated herein by reference to Exhibit 10.2 to FHN’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

***Other Equity-Based Award Documents**

***10.4(a)**

Form of Restricted Stock Agreement for Non-Employee Director used under the Equity Compensation Plan, incorporated herein by reference to Exhibit 10(aa) to FHN's Current Report on Form 8-K dated January 18, 2005.

***10.4(b)**

Form of Executive Retention Restricted Stock Grant Notice [2011], incorporated herein by reference to

Exhibit 10.5(t) to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

***10.4(c)**

Form of MIP-Driven Restricted Stock Grant Notice [2012], incorporated herein by reference to Exhibit 10.5 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

***10.4(d)**

Form of MIP-Driven Restricted Stock Grant Notice [2013], incorporated herein by reference to Exhibit 10.3 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

***10.4(e)**

Form of Executive Retention Restricted Stock Grant Notice [2013], incorporated herein by reference to Exhibit 10.5 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

***10.4(f)**

Form of Grant Notice for Executive Restricted Stock Units [2014], incorporated herein by reference to Exhibit 10.4 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

***10.4(g)**

Form of Grant Notice for Executive Restricted Stock Units [2015], incorporated herein by reference to Exhibit 10.3 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

***10.4(h)**

Form of Grant Notice for Executive Retention Restricted Stock [2015], incorporated herein by reference to Exhibit 10.4 to FHN's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

***10.4(i)**

Sections of Director Policy pertaining to compensation, incorporated herein by reference to Exhibit 10.1 to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.

***Management Cash Incentive Plan Documents**

***10.5(a)**

Management Incentive Plan (as amended and restated January 17, 2012), incorporated by reference to Appendix C to FHN's Proxy Statement for its annual meeting on April 17, 2012, formerly known as 2002 Management Incentive

Plan.

***10.5(b)**

Capital Markets Incentive Compensation Plan, incorporated herein by reference to Exhibit 10.6(c) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006. Certain information in this exhibit has been omitted pursuant to a request for confidential treatment. The omitted information has been submitted separately to the Securities and Exchange Commission. In accordance with FHN's bylaws, FHN's Board Compensation Committee's

charter, and action of that Committee on July 18, 2006, the annual incentive bonus to the head of the capital markets unit [currently President – FTN Financial, head of the Fixed Income segment] is subject to final review and approval by the Chief Executive Officer and by the Compensation Committee.

***10.5(c)**

Amendment to Capital Markets Incentive Compensation Plan, incorporated herein by reference to Exhibit 10.6(c2) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

***10.5(d)**

Firstpower Annual Bonus Plan, incorporated herein by reference to Exhibit 10.1 to FHN's Current Report on Form 8-K filed August 21, 2008.

***Other Exhibits relating to Employment, Retirement, Severance, or Separation**

***10.6(a)**

February 2007 form of change-in-control severance agreement between the Corporation and its executive officers, incorporated herein by reference to Exhibit 10.7(a2) to FHN's Current Report on Form 8-K dated February 20, 2007.

***10.6(b)**

Form of Amendment to February 2007 form of change-in-control severance agreement between the Corporation and its executive officers,

incorporated herein by reference to Exhibit 10.7(a4) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

***10.6(c)**

October 2007 form of change-in-control severance agreement between the Corporation and its executive officers, incorporated herein by reference to Exhibit 10.7(a5) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

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***10.6(d)**

Form of Change in Control Severance Agreement offered to executive officers on or after November 14, 2008, incorporated herein by reference to Exhibit 10.2 to FHN's Current Report on Form 8-K filed November 24, 2008.

***10.6(e)**

Form of Pension Restoration Plan (amended and restated as of January 1, 2008), incorporated herein by reference to Exhibit 10.7(e) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

***10.6(f)**

Form of Amendment to Pension Restoration Plan, incorporated herein by reference to Exhibit 10.7(d2) to

FHN's Annual Report on Form 10-K for the year ended December 31, 2009.

***10.6(g)**

Form of Amendment No. 3 to Pension Restoration Plan, incorporated herein by reference to Exhibit 10. 2 to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.

***10.6(h)**

Form of First Horizon National Corporation Savings Restoration Plan, incorporated herein by reference to Exhibit 10.1 to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

***Documents Related to Other Deferral Plans and Programs**

***10.7(a)**

Directors and Executives Deferred Compensation Plan, as amended and restated, incorporated herein by reference to Exhibit 10(h) to FHN's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 and form of individual agreement, incorporated herein by reference to Exhibit 10(h) to FHN's 1996 Annual Report on Form 10-K.

***10.7(b)**

Form of Amendment to Directors and Executives Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.1(a3) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

***10.7(c)**

Rate Applicable to Participating Directors and Executive Officers Under the Directors and Executives Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.1 to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015.

***10.7(d)**

Director Deferral Agreements with schedule, incorporated herein by reference to Exhibit 10(k) to FHN's 1992 Annual Report on Form 10-K and Exhibit 10(j) to FHN's 1995 Annual Report on Form 10-K.

***10.7(e)**

Form of First Horizon National Corporation Deferred Compensation Plan as Amended and Restated [formerly known as First Tennessee National Corporation Deferred Compensation Plan], incorporated herein by reference to Exhibit 10.1(c) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

***10.7(f)**

Form of FTN Financial Deferred Compensation Plan Amended and Restated Effective January 1, 2008, incorporated herein by reference to Exhibit 10.1(j) to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

***10.7(g)**

Form of Deferred Compensation Agreement used under FHN's 2003 Equity Compensation Plan and First Tennessee National Corporation Non-Qualified Deferred Compensation Plan, along with form of Salary, Commission, and Annual Bonus Deferral Programs Overview, form of Deferred Stock Option ("DSO") Program Summary, and description of share receipt deferral feature, incorporated herein by reference to Exhibit 10(z) to FHN's Current Report on Form 8-K dated January 3, 2005.

***Other Exhibits related to Management or Directors**

***10.8(a)**

Survivor Benefits Plan, as amended and restated July 18, 2006, incorporated herein by reference to Exhibit 10.8 to FHN's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

***10.8(b)**

Other Compensation and Benefit Arrangements for Non-employee Directors, incorporated herein by reference to Exhibit 10.8(b) to FHN's Quarterly Report

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on Form 10-Q for the quarter ended September 30, 2009.

***10.8(c)**

Long-Term Disability Program, incorporated herein by reference to Exhibit 10(v) to FHN's 2003 Annual Report on Form 10-K.

***10.8(d)**

2004 Form of Indemnity Agreement between the Corporation and its directors and executive officers, incorporated herein by reference to Exhibit 10.13 to FHN's 2004 Annual Report on Form 10-K.

***10.8(e)**

Form of amendment to 2004 form of Indemnity Agreement with directors and executive officers,

incorporated herein by reference to Exhibit 10.4 to FHN's Current Report on Form 8-K filed April 28, 2008.

***10.8(f)**

Form of Indemnity Agreement with directors and executive officers (April 2008 revision), incorporated herein by reference to Exhibit 10.5 to FHN's Current Report on Form 8-K filed April 28, 2008.

***10.8(g) +**

List of Certain Benefits Available to Executive Officers.

***10.8(h) +**

Description of 2016 Salary Rates for 2015 Named Executive Officers.

Other Material Contract Exhibits

[reserved]

Other Exhibits

12 +

Consolidated ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends, and information regarding computation of those ratios

13 +

Pages 1 through 188 of the First Horizon National Corporation 2015 Annual Report to shareholders, a copy of which is furnished for the information of the Securities and Exchange Commission. Portions of the Annual Report not incorporated herein by reference are deemed not to be “filed” with the Commission.

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Code of Ethics for Senior Financial Officers, incorporated herein by reference to Exhibit 14 to FHN’s Annual Report on Form 10-K for the year ended December 31, 2008.

21 +

Subsidiaries of First Horizon National Corporation.

23 +

Accountant’s Consents.

24 +

Power of Attorney.

31(a) +

Rule 13a-14(a) Certifications of CEO (pursuant to Section 302 of Sarbanes-Oxley Act of 2002)

31(b) +

Rule 13a-14(a) Certifications of CFO (pursuant to Section 302 of Sarbanes-Oxley Act of 2002)

****32(a) +**

18 USC 1350 Certifications of CEO (pursuant to Section 906 of Sarbanes-Oxley Act of 2002)

****32(b) +**

18 USC 1350 Certifications of CFO (pursuant to Section 906 of Sarbanes-Oxley Act of 2002)

99.1

Conformed copy of Mortgage Loan Subservicing Agreement dated June 3, 2008 related to the subservicing of certain mortgage loans, incorporated herein by reference to Exhibit 10.2 to FHN’s Current Report on Form 8-K/A filed June 4, 2008

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XBRL Exhibits

101 +

The following financial information from First Horizon National Corporation's Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL:

(i) Consolidated Statements of Condition at December 31, 2015 and 2014
(ii) Consolidated Statements of Income for the Years Ended December 31, 2015, 2014, and 2013
(iii) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2014, and 2013
(iv) Consolidated Statements of Equity for the Years Ended December 31, 2015, 2014, and 2013
(v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014, and 2013
(vi) Notes to the Consolidated Financial Statements

101.INS +

XBRL Instance Document

101.SCH +

XBRL Taxonomy Extension Schema

101.CAL +

XBRL Taxonomy Extension Calculation Linkbase

101.DEF +

XBRL Taxonomy Extension Definition Linkbase

101.LAB +

XBRL Taxonomy Extension Label Linkbase

101.PRE +

XBRL Taxonomy Extension Presentation Linkbase

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