

First Horizon (FHN)

\$21.30 (Stock Price as of 11/20/2025)

Price Target (6-12 Months): **\$22.39**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/02/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM: D

Value: B

Growth: F

Momentum: D

Summary

Shares of First Horizon have outperformed the industry in the past six months. The company's third-quarter 2025 results benefited from higher net interest income (NII) and fee income. Its earnings surpassed estimates in each of the trailing four quarters. The Fed's recent rate cuts are expected to stabilize funding costs, supporting NII and margins ahead. With a strong regional and specialty banking mix, company is poised for steady loan and deposit growth. Given its decent liquidity position, capital distribution seems sustainable. However, amid a volatile macroeconomic backdrop, its commercial loan portfolio concentration remains worrisome. Despite expense management efforts, higher personnel and technology costs may pressure bottom-line growth in the near term. Also, the persistent weakness in credit quality continues to pose challenges.

Data Overview

52 Week High-Low	\$23.70 - \$15.19
20 Day Average Volume (sh)	8,454,192
Market Cap	\$10.5 B
YTD Price Change	5.9%
Beta	0.70
Dividend / Div Yld	\$0.60 / 2.8%
Industry	Banks - Southwest
Zacks Industry Rank	Top 9% (22 out of 243)

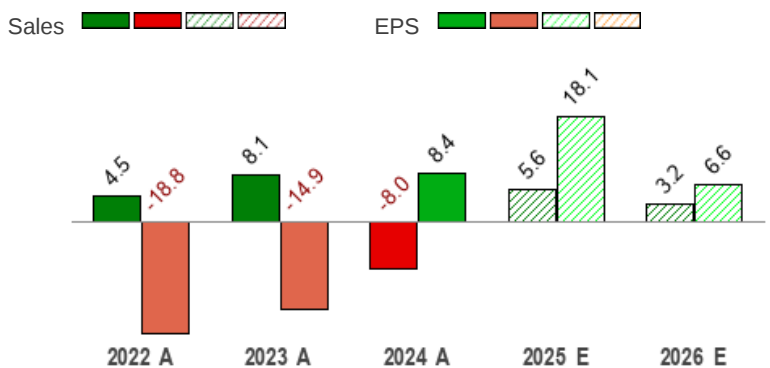
Last EPS Surprise	13.3%
Last Sales Surprise	5.1%
EPS F1 Est- 4 week change	0.8%
Expected Report Date	01/15/2026
Earnings ESP	0.0%

P/E TTM	11.8
P/E F1	11.6
PEG F1	1.0
P/S TTM	2.2

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	846 E	862 E	881 E	888 E	3,476 E
2025	812 A	830 A	889 A	857 E	3,369 E
2024	819 A	815 A	828 A	729 A	3,190 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	0.44 E	0.46 E	0.50 E	0.52 E	1.95 E
2025	0.42 A	0.45 A	0.51 A	0.46 E	1.84 E
2024	0.35 A	0.36 A	0.42 A	0.43 A	1.55 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 11/20/2025.

(2) The report's text and the price target are as of 10/31/2025.

Overview

First Horizon Corporation is a financial services company based in Memphis, TN. It provides diversified financial services, mainly via its principal subsidiary, First Horizon Bank. First Horizon Bank's principal divisions and subsidiaries operate under the brands of First Horizon Bank, IBERIABANK, First Horizon Advisors and FHN Financial. The company offers regional banking, mortgage lending, title insurance, specialized commercial lending, commercial leasing and equipment financing, brokerage, wealth management and capital market services. It operates through three business segments.

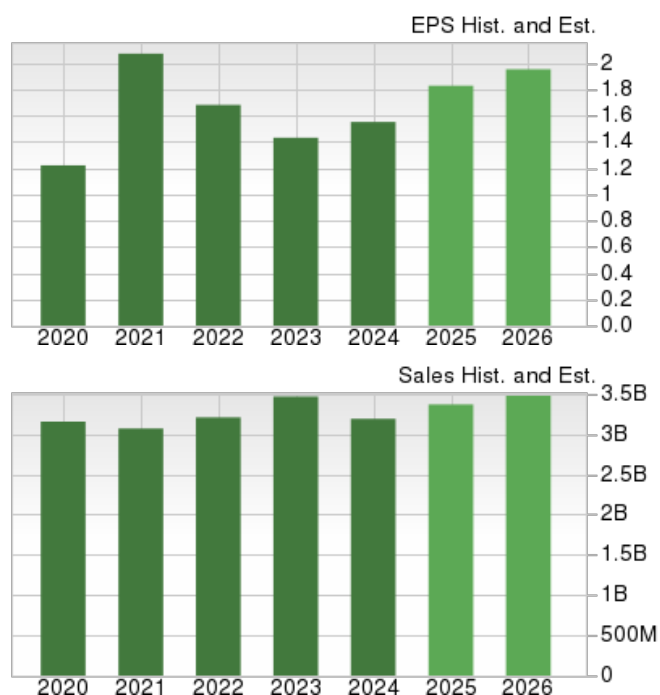
Regional Banking segment offers financial products and services including traditional lending and deposit taking. It also provides investments, financial planning, wealth management, financial planning, trust services and asset management for consumer clients.

Specialty Banking segment provides asset-based lending, mortgage warehouse lending, commercial real estate, franchise finance, correspondent banking, equipment finance, mortgage and title insurance. The segment also garners treasury management solutions, loan syndications and international banking. It also has a line of business focused on fixed income securities sales, trading, underwriting and strategies for institutional clients in the United States and abroad as well as loan sales, portfolio advisory services and derivative sales.

The Corporate segment includes risk management, audit, accounting, finance, executive office and corporate communications. The segment includes centralized management of capital and funding to support the business activities of the company including management of wholesale funding, liquidity, and capital management and allocation. It also consists of revenues and expenses associated with run-off businesses, such as pre-2009 mortgage banking elements, run-off consumer and trust preferred loan portfolios, and other exited businesses.

In 2020, it acquired 30 branches from Truist Financial and concluded an all-stock merger of equals with IBERIABANK Corp.

As of Sept. 30, 2025, First Horizon had \$83.2 billion in assets, \$63 billion in loans and leases, net of unearned income, \$65.5 billion in total deposits and \$9.2 billion in shareholders' equity.



As of 11/20/2025



As of 11/20/2025

Reasons To Buy:

- ▲ First Horizon has been witnessing continued loan growth. The company's loans and leases recorded a compound annual growth rate (CAGR) of 15% in the last five years (2019-2024). Further, deposits grew at a CAGR of 15.1% over the same period. The improvement was driven by acquisitions made during the period and by the strength of a well-diversified loan portfolio. In the first nine months of 2025, loans increased year over year while deposits declined. Management expects loan growth to continue in the upcoming period, supported by strength in the commercial and industrial portfolio and steady mortgage lending activity. Also, deposit balances are likely to stabilize, aided by growth in promotional and noninterest-bearing deposits and solid customer retention. With a strong business mix of regional and specialty banking franchises across its attractive, high-growth market, the company is well-positioned to witness decent loan and deposit growth in the upcoming period.
- ▲ The company's NII (FTE basis) has witnessed a five-year CAGR of 15.7%, ending 2024, with a rising trend continuing in the first nine months of 2025. Though the Fed has reduced interest rates by 50 bps in 2025, it has signalled a cautious approach to further easing. As such, the company's NII is expected to improve in the upcoming period, given stabilizing funding costs and improving loan demand. First Horizon's footprint in higher-growth markets offers the scope for gathering lower-cost core deposits and improving loan balances. This, along with an asset-sensitive balance sheet (significant exposure to floating rate loans), will likely support margins and NII in the upcoming period.
- ▲ The company has a decent liquidity profile. As of Sept. 30, 2025, the company held \$2.1 billion in cash and interest-bearing deposits. Further, its short-term borrowings were \$4.3 billion, while term-borrowings stood at \$1.3 billion. The company's long-term issuer ratings stand at Baa3 from Moody's and BBB from Fitch, reflecting an investment-grade profile. This will likely enable the company to access the debt market at favorable rates. Hence, given the decent liquidity, the company is better suited to meet its debt obligations going forward.
- ▲ First Horizon's capital distribution activities remain solid. The company announced a 7% dividend hike to 15 cents per share in January 2020 and has maintained the same since then. Apart from regular dividend payments, it authorized a new share repurchase program worth \$1 billion in October 2024. The plan is set to expire on Jan. 31, 2026. As of Sept. 30, 2025, nearly \$321 million worth of shares are available under the authorization. Given the company's solid capital position, its capital-distribution activities seem sustainable.
- ▲ Shares of First Horizon have outperformed the industry in the past six months. The Zacks Consensus Estimate for 2025 earnings has been revised by 2.2% in the past month. Given the strong fundamentals and positive revision, the stock has decent upside potential in the near term.

First Horizon's rising loans and deposit balances along with diversified product offerings and strategic buyouts support its financials. Further, a solid capital position is an added advantage.

Reasons To Sell:

- ▼ An escalating expense base is a major concern for First Horizon. Non-interest expenses witnessed a five-year (2019-2024) CAGR of 10.6% on higher personnel expenditure and occupancy costs. Expenses slightly increased in the first nine months of 2025. Thus, rising investment in technology and personnel expenses is likely to keep costs elevated in the near term.
- ▼ A weakness in First Horizon's mortgage banking business is a headwind. As the central bank increased interest rates, mortgage originations came down. The company witnessed a decline in mortgage banking and title income at a CAGR of 28% from 2020 to 2024. However, mortgage banking income improved in the first nine months of 2025, supported by seasonally higher purchase activity. Although mortgage rates have started to ease in the recent period, refinance activity will take time to pick up in the falling-rate environment, delaying any short-term benefits for the company's mortgage banking business.
- ▼ First Horizon's loan portfolio comprises largely commercial and commercial real estate loans (76.2% of the period-end loans as of Sept. 30, 2025). The volatile macroeconomic backdrop has put a strain on commercial lending. Moreover, the asset quality of the loan category has deteriorated. Thus, the lack of loan portfolio diversification is likely to hurt the company's financials if the economic situation worsens.
- ▼ First Horizon's asset quality has been deteriorating. Provisions for credit losses and net charge-offs have been volatile. While provisions declined in 2021 and 2024, they increased in 2020, 2022 and 2023. Net charge-offs declined in 2021 and 2024 while witnessing a jump in 2020, 2022, and 2023. Although both provisions for credit losses and net charge-offs declined in the first nine months of 2025, the company's credit quality remains exposed to risks due to its high concentration in commercial loans. Further, even though interest rates have started to ease, the lagged impact of prior rate hikes may continue to strain borrowers' repayment capacity. Hence, the company's asset quality is likely to remain under pressure in the near term.

First Horizon's rising expenses and subdued mortgage banking business amid high rates are headwinds. Further, a concentrated commercial loan portfolio and deteriorating asset quality are woes.

Last Earnings Report

First Horizon Q3 Earnings Top Estimates on Y/Y NII & Fee Income Growth

First Horizon's third-quarter 2025 adjusted earnings per share (excluding notable items) of 51 cents surpassed the Zacks Consensus Estimate of 45 cents. This compares favorably with 42 cents in the year-ago quarter.

Results benefited from a rise in net interest income and non-interest income, along with provision benefits. However, a decline in loan and deposit balances acted as a headwind.

Net income available to its common shareholders (GAAP basis) was \$254 million, up 19.2% year over year.

Revenues & Expenses Rise

Total quarterly revenues were \$889 million, which rose 7.4% year over year. Also, the top line surpassed the Zacks Consensus Estimate by 5.1%.

NII increased nearly 7.5% year over year to \$674 million. Additionally, the net interest margin increased 24 basis points from the prior-year quarter to 3.55%.

Non-interest income was \$215 million, up 7.5% from the year-ago level.

Non-interest expenses increased 7.8% year over year to \$551 million. The increase was due to a rise in almost all cost components, except for amortization of intangible assets.

The efficiency ratio was 61.92%, up from the year-ago period's 61.89%. An increase in the efficiency ratio indicates a deterioration in profitability.

Loans & Deposits Balances Decrease

Total period-end loans and leases, net of unearned income, were \$63.05 billion, which decreased slightly from the end of the previous quarter. Total period-end deposits of \$65.52 billion also declined moderately.

Credit Quality: Mixed Bag

Non-performing loans and leases of \$605 million increased 4.7% from the prior-year period.

As of Sept. 30, 2025, the ratio of total allowance for loans and lease losses to loans and leases was 1.23%, down from 1.32% in the prior-year quarter. The allowance for loan and lease losses of \$777 million fell 5.6% from the year-ago period.

First Horizon witnessed net charge-offs of \$26 million, which increased 8.3% on a year-over-year basis. Moreover, the company recorded provision benefits of \$5 million in the third quarter, against a provision for credit losses of \$35 million in the prior-year quarter.

Capital Ratios Deteriorate

As of Sept. 30, 2025, the Common Equity Tier 1 ratio was 11%, down from 11.2% reported at the end of the year-ago quarter.

The total capital ratio was 13.8%, down from the year-ago quarter's 14.2%. The tier 1 leverage ratio was 10.5%, also down from 10.6% in the year-ago quarter.

2025 Outlook

Adjusted revenues are expected to be flat to rise 4% from the \$3.28 billion reported in 2024.

Adjusted non-interest expenses are expected to remain flat or rise 2% from the \$1.98 billion reported in 2024, due to strong expense management in the first quarter and lower commissions in countercyclical fee businesses.

The net charge-off ratio is anticipated to be 0.15-0.25% bps compared with the 2024 reported figure of 0.18%, reflecting continued credit normalization and the benefit of declining rates.

The CET 1 ratio is envisioned to be 10.5-11%, reflecting expectations for modest loan growth in addition to opportunistic deployment of excess capital.

The effective tax rate is forecast to be 21-23%.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 15, 2025
Sales Surprise	5.12%
EPS Surprise	13.33%
Quarterly EPS	0.51
Annual EPS (TTM)	1.81

Recent News

Dividend Update

On July 29, 2025, First Horizon's board of directors announced a quarterly cash dividend of 15 cents per share. The dividend was paid out on Oct. 1, 2025, to shareholders of record as of Sept. 12.

Valuation

First Horizon's shares are up 2.8% in the past six months and 34% over the trailing 12-month period. Stocks in the Zacks sub-industry and those in the Zacks Finance sector are down 0.2% and up 4.5%, respectively, over the past six-month period. Over the past year, the Zacks sub-industry and sector are up 10.1% and 17%, respectively.

The S&P 500 Index is up 4.6% in the past six months and 17.9% in the past year.

The stock is currently trading at 12.29X forward 12-months earnings, which compares to 12.29X for the Zacks sub-industry, 16.93X for the Zacks sector, and 23.77X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 15.75X and as low as 5.20X, with a five-year median of 10.89X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$22.30 price target reflects 13.08X forward earnings.

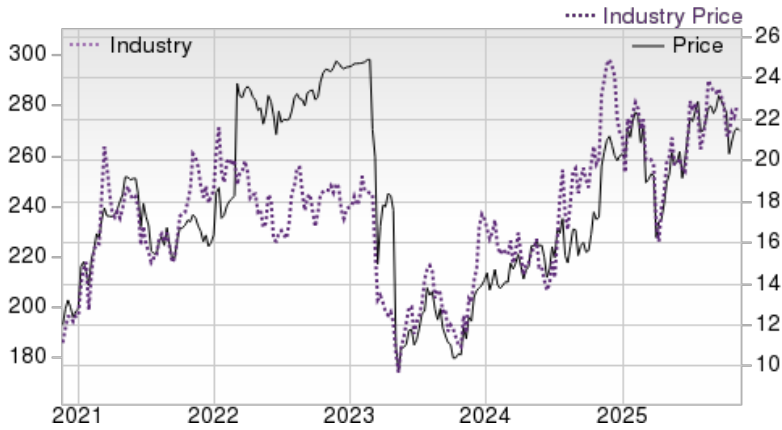
The table below shows summary valuation data for FHN.

Valuation Multiples - FHN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.29	12.29	16.93	23.77
	5-Year High	15.75	16.67	18.31	23.77
	5-Year Low	5.20	9.76	12.39	15.72
	5-Year Median	10.89	13.41	16.14	21.17
P/TB TTM	Current	1.47	2.33	5.60	13.98
	5-Year High	2.57	3.95	6.02	16.64
	5-Year Low	0.89	1.98	3.29	10.56
	5-Year Median	1.49	2.63	4.71	13.79
P/S F12M	Current	3.08	4.65	9.29	5.45
	5-Year High	4.28	6.87	10.05	5.52
	5-Year Low	1.52	3.76	6.57	3.84
	5-Year Median	3.02	5.07	8.23	5.03

As of 10/30/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 9% (22 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Banc of California, ... (BANC)	Neutral	3
BancFirst Corporatio... (BANF)	Neutral	3
BOK Financial Corpor... (BOKF)	Neutral	3
Cullen/Frost Bankers... (CFR)	Neutral	3
First Financial Bank... (FFIN)	Neutral	3
Prosperity Bancshare... (PB)	Neutral	3
PCB Bancorp (PCB)	Neutral	2
Texas Capital Bancsh... (TCBI)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Banks - Southwest

	FHN	X Industry	S&P 500	BOKF	CFR	PB
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	3
VGM Score	D	-	-	C	D	C
Market Cap	10.50 B	457.77 M	37.00 B	6.74 B	7.75 B	6.30 B
# of Analysts	7	2	22	2	6	8
Dividend Yield	2.81%	0.83%	1.54%	2.37%	3.30%	3.50%
Value Score	B	-	-	B	C	B
Cash/Price	0.47	0.51	0.04	0.84	1.02	0.28
EV/EBITDA	5.42	5.28	14.10	3.81	0.15	5.28
PEG Ratio	0.95	0.91	2.17	NA	2.84	0.98
Price/Book (P/B)	1.22	1.15	3.23	1.12	1.80	0.82
Price/Cash Flow (P/CF)	11.52	11.66	14.54	11.57	10.85	11.66
P/E (F1)	11.61	11.71	19.43	12.82	12.42	11.65
Price/Sales (P/S)	2.15	2.13	2.96	2.01	2.68	3.58
Earnings Yield	8.63%	8.50%	5.12%	7.80%	8.06%	8.58%
Debt/Equity	0.15	0.05	0.57	0.54	0.05	0.00
Cash Flow (\$/share)	1.85	2.10	8.99	9.20	11.17	5.68
Growth Score	F	-	-	F	D	D
Hist. EPS Growth (3-5 yrs)	-1.05%	2.79%	8.17%	1.68%	14.26%	-2.11%
Proj. EPS Growth (F1/F0)	18.71%	19.91%	8.30%	0.85%	8.80%	11.35%
Curr. Cash Flow Growth	4.36%	-1.01%	7.00%	-9.80%	-7.85%	4.14%
Hist. Cash Flow Growth (3-5 yrs)	10.51%	6.42%	7.32%	0.06%	3.20%	5.28%
Current Ratio	0.96	0.95	1.18	0.76	0.65	0.77
Debt/Capital	12.56%	4.69%	38.16%	34.97%	4.76%	0.00%
Net Margin	18.08%	18.28%	12.75%	15.98%	21.99%	30.28%
Return on Equity	10.93%	11.09%	17.04%	9.24%	15.84%	7.06%
Sales/Assets	0.06	0.06	0.53	0.07	0.06	0.05
Proj. Sales Growth (F1/F0)	5.60%	1.02%	5.49%	3.90%	6.80%	5.20%
Momentum Score	D	-	-	C	C	C
Daily Price Chg	2.70%	0.00%	0.38%	1.49%	0.65%	1.25%
1 Week Price Chg	-0.60%	0.07%	-3.05%	-0.47%	-2.35%	-1.07%
4 Week Price Chg	3.39%	0.54%	-0.85%	1.63%	-1.48%	5.39%
12 Week Price Chg	-6.61%	-3.76%	2.48%	-5.24%	-8.09%	-4.73%
52 Week Price Chg	7.30%	-0.48%	12.25%	-6.82%	-11.99%	-18.87%
20 Day Average Volume	8,454,192	20,023	2,928,402	363,066	486,854	1,127,595
(F1) EPS Est 1 week change	0.75%	0.00%	0.00%	0.44%	0.00%	0.08%
(F1) EPS Est 4 week change	0.75%	1.18%	0.38%	1.18%	3.48%	-0.13%
(F1) EPS Est 12 week change	5.49%	4.52%	0.57%	-0.36%	4.33%	0.28%
(Q1) EPS Est Mthly Chg	0.00%	2.86%	-0.10%	3.94%	6.12%	2.55%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	F
Momentum Score	D
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.