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## First Horizon National Corp. Q3 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) The first question comes from the line of Steve Alexopoulos - JP Morgan.

#### Steve Alexopoulos - JP Morgan

Looking at slide 13 which shows the reconciliation of the nonperformers, when you look at the pipeline of delinquent loans what is your best guess where that \$250 million of new inflow goes over the next couple of quarters?

#### Greg Olivier

I think our best guess is flat to incremental improvement. We have felt for a couple of quarters we are getting close to peaking on non-performing levels and an expectation of a decline in inflows would be consistent with that.

#### Steve Alexopoulos - JP Morgan

So you don't expect that level to drop off materially from here near-term?

#### Greg Olivier

I expect the level to decrease. I am not ready to say it will be a dramatic decrease at this point. We still have some non-performing formation in the income CRE portfolio and obviously will for some time.

#### Steve Alexopoulos - JP Morgan

I wanted to talk for a second on the NIM which obviously benefited from a pretty sharp reduction in deposit costs, particularly CD's. I am just wondering how much room do you think you have to further reduce deposit costs from where we are today.

#### BJ Losche

I think we have some modest room on the CD book as we are seeing maturities come through and then re-booking at the lower levels and obviously that benefited us this quarter so there is some modest improvement there. We also saw continued improvement this quarter continuing on last quarter's on the average rate paid on our savings accounts as we brought in balances last fall and we have repriced those downward and retained those in addition to the checking account growth which

is obviously very low cost core. So we are really focused on the lower end and managing our deposit rate pay that way. So, we will continue to probably see a little bit of modest improvement there and we will continue to work on it.

**Steve Alexopoulos - JP Morgan**

You wouldn't expect another 50 basis point reduction in the time deposit costs near-term?

**BJ Losche**

No I think that was a pretty substantial reduction and I don't think looking at our maturity schedules you would see quite that level of improvement.

**Operator**

The next question comes from the line of Matt O'Connor - Deutsche Bank.

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