



TCF Financial Corp. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Our first question comes from Dave Rochester with FBR. Please go ahead.

David Rochester - Friedman, Billings, Ramsey Group, Inc.

Hey, good morning guys.

Lynn A. Nagorske - Chief Executive Officer, Director

Good morning.

David Rochester - Friedman, Billings, Ramsey Group, Inc.

You talked in the release about managing asset growth to maintain or improve capital levels. Are you saying that you're thinking potentially about shrinking the balance sheet?

Lynn A. Nagorske - Chief Executive Officer, Director

We've had very good growth in the last couple of quarters and we are going to slow that down. We're doing that to manage our capital levels. I don't anticipate we're going to shrink the balance sheet, but I do expect that you'll see slower growth as we go forward.

David Rochester - Friedman, Billings, Ramsey Group, Inc.

Okay. On the credit front, would you happen to have the total dollar amount of home equity exposure over 90% CLTV level. I think last quarter it may have been... I wanted to say \$200 million to \$300 million or something like that. Do you happen to have that figure?

Lynn A. Nagorske - Chief Executive Officer, Director

That I don't have it right in front of me, although I will tell you that that figure is down, I believe about \$30 million from the previous quarter.

David Rochester - Friedman, Billings, Ramsey Group, Inc.

Okay. Very good. And in terms of the C&I deterioration from first to second quarter, I know you had mentioned that that was primarily in Michigan. Could you talk about the types of businesses, where they primarily small businesses and in what industries?

Lynn A. Nagorske - Chief Executive Officer, Director

If you're looking at our potential problem assets, which were one of the few banks that reports that number, but we've consistently reported, those are really our watch list credits. And I would say the increase there is really related to a couple of categories; one, companies that are related indirectly to the housing market and that could be a lumber company or a construction company that might be doing cement or excavation. And then secondly commercial real estate in the Michigan market. So, that's really the best summary I can give you.

David Rochester - Friedman, Billings, Ramsey Group, Inc.

Okay.

Lynn A. Nagorske - Chief Executive Officer, Director

And most of those credits as you've seen during the years they're well-secured, we're primarily a secured lender. And we're being vigilant about updating our appraisals for values. And so just because they go on the list and doesn't necessarily mean that we'll have a loss as it relates to those credits. Those are credits that we're monitoring more intensely and working with a borrower to come up with a solution.

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