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Western Alliance Bancorporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from Joe Morford from RBC Capital Markets.

Joe Morford – RBC Capital Markets

Thanks good morning everyone. I was first I guess curious about the classified levels, did they also decline in the quarter?

Robert Sarver

Let me take a look here. Our classified credits – well nonaccrual loans were down \$9 million, classified credits went up \$6 million.

Joe Morford – RBC Capital Markets

Okay. And on the delinquency number, I recognize there's a fair amount of volatility in that, and for the stuff that is not already cured, Robert, any kind of trend you are seeing there in terms of concentration with any single portfolio or geography or anything like that?

Robert Sarver

Well, I mean, most of our credit issues are in Nevada in terms of geography. If you break down the past due loans, about half of those loans, \$26 million would be residential land and construction. Of that \$26 million, about \$10 million has been resolved and the other \$16 million, the biggest of which is about a \$9 million project that is secured with land that is going to be a work out. We've already reserved – looking for my numbers here – we've already reserved about 2.5 million of that on our loan loss reserve but that's probably going to be a work out. About \$1 million of the past due is home equity credit line. We have got, let's see, \$3.7 million of those. \$4 million of the past due consist of eight residential mortgages that are over 30 days past due, which out of a close to \$0.5 billion portfolio is pretty good. A couple of those are collection issues, actually one for \$1 million has already been brought current. Perhaps a couple of those loans could be foreclosure or collection efforts. \$8 million of the past due is the church loan I told you that is current for \$5 million and we got two office building loans first mortgages totaling \$3.2 million that we got on there. And really the balance of about \$10 million is just various C&I credit. We got one for \$1.5 million and the rest are under like \$750,000 with some concentration in Arizona and Nevada. If I have to look at the markets in general, I would say we are having the worst time in Nevada and then Arizona and then California. And then I will add to that about \$700,000 of just various consumer loans. But other than the two – the one big

land relationship I talked about, that's about \$8 million that we got that \$2.5 million reserved on. The rest are really more smaller credits at just various stages of collection. Don't forget I mean, we are including loans that are 30 days past due too.

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