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Prosperity Bancshares Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Barry McCarver of Stephens Inc. Your line is now open.

Barry McCarver – Stephens Inc.

My first question is probably for Tim on the asset quality aspect. I didn't catch all your comments regarding the \$10 million in foreclosed assets. Can you give us an idea of what that is and kind of your thoughts on the timing of that to roll off?

H.E. Timanus, Jr.

It's primarily about four different credits. One is a shopping center, it's about \$2 million. There's another large shopping center in there. There's a mobile home park. All those are located in Houston. We're working diligently on trying to move those out. We've had some offers on them already. None that have been acceptable, but some that have been close. The exact timing to move them out, Barry, is pretty difficult to give any assurance on. Our target I can tell you is to move them out by the end of the next quarter.

James D. Rollins

It's a total of 22 properties and four of them are over a \$1 million that Tim's talking about.

David Hollaway

Historically we've had them out of here within a six-month timeframe. Sometimes faster, but I'd rather – If you have to go one side, I would say the side of six months on the outside.

James D. Rollins

Out of the 22 that are in there only a couple were here at September 30th. So we're turning them pretty fast.

David Hollaway

I was going to say if you looked at our non-performing last quarter the majority of all of those have been gone.

James D. Rollins

That's right.

Barry McCarver – Stephens Inc.

That was going to be my next question. Is there anything to read into the timing that several of these big ones hit all in the fourth quarter given that they did come from acquisitions?

H.E. Timanus, Jr.

I don't think so. All of these came from the Southern National Bank acquisition and it was just their type of lending. Some people have said this in the past some types of credits might astound the books of other banks where we take a position if they have a harder time, if they can't pay interest, then we really don't go into renewals or we do a terms and conditions, so I don't – To answer your question, I don't think so.

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