



Webster Financial Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. [Operator Instructions]. Our first question is coming from Ken Zerbe with Morgan Stanley. Please state your question.

Ken Zerbe

Thanks, good morning.

Jerry Plush

Hello Ken.

Ken Zerbe

When you guys recently setup a liquidating portfolio, I was under the impression that you setup the reserve groups or losses so then we could all just push this over to the side and focus on the continuing portfolio. It just doesn't seem like that's worked out to be the case given that the additional provision that we saw this quarter. Is there any reason to believe that we won't just sort of see several more quarters of small or ongoing reserve build or additional provision expense in liquidating portfolio from here?

Jerry Plush

Ken, its Jerry. I would say if you go back and take -- listen again through the comments that I made we really looked at using low rate model and this will be specific to the liquidating home equity portfolio that put in a range to get an external view and internal view of modeling where the reserve sits at this point in time is a good forecast we think of the difference between those two as we can see what we refer to as over the next several quarters and those several quarters would be over the next 12 months. I think that just given where the portfolio has performed and I think this echoes with Jim's comment is that, yes, we could certainly see that we would add to that over quarters and we would take that into account as we do our provisioning.

Ken Zerbe

Understood. Okay. And then the second question I had was have the recent treasury actions had any noticeable impact on the value of your portfolio during October?

Jerry Plush

Ken, again it's Jerry. I think it's a great question. I think it's too early to tell just given the - once we see the folks that get the capital injections, I absolutely would have believed that we would see improvement or stability certain in this decline. But I think we have got to take a wait and see through November 14, understand specifically who is actually receive the capital and then evaluate those particular issuers within these pools.

Ken Zerbe

All right, great. Thank you very much

Jerry Plush

Ken, I would like to just make a comment on the first question which is you know that we said that liquidating portfolio about a year it go. And we did, at the time, make the assessment as to what we thought that the losses might be and did our best to reserve against them based on what we knew at the time. And I think we all realized that the markets got deteriorated very significantly since then and as a result it's appropriate to take a look. And in the construction portfolio, you could see that we have tried to resolve the issues there. And in the home equity portfolio, with the best information that we have to put up incremental reserve in this quarter, I was clear in my remarks to say that we're not suggesting by our action that we'll need to provide \$5 million every quarter, so we will provide reserves in future quarters as needed against that portfolio.

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