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West Coast Bancorp Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from Matthew Clark. Your line is open.

Matthew Clark

Hey, good morning guys.

Bob Sznewajs

Good morning.

Matthew Clark

Can you just hone in on that mortgage – that the real estate mortgage loans that are other than non-standard in terms of the non-accruals in the quarter, you know from going from 2 million to 7 million, can you give us, I guess, how many relationships are in there, what type of deterioration or what type of credit is that and maybe the related size of that portfolio?

Hadley Robbins

This is Hadley. Well, that is the non-standard portfolio and as I mentioned, we have about \$33 million in outstanding loans in that particular portfolio and that portfolio was secured by single family residences. And we got non-accruals increased over second quarter about 6 million and are about 12 million of accruals there. The non-standard program we don't anticipate to see much growth. It is going to peak and start to decline, both in terms of dollars and outstanding dollars relative to loans and non-accrual balances. That program was established as an alternative permanent or bridge financing arrangement for two-step borrowers and it was our effort to assist these people towards paying our loans. And I think that a little activity frankly has occurred in that portfolio since May.

Matthew Clark

I am sorry. I guess I was getting to the other than non-standard mortgage loans in terms of the non-accruals they are going from \$2 million to \$7 million, anything in particular there?

Hadley Robbins

Well, no. There is one property that is primarily driving that. And we don't believe have exposure on that.

Matthew Clark

Okay, thank you. And then, can you update us on your – can you maybe just hit on – I don't know if this number came across during the call or not, but the C&I delinquency rate in the quarter – this quarter versus last and then if you can address your nursery exposure overall and the related problems there to date?

Hadley Robbins

Well, the level of delinquency is slight relative to the overall C&I portfolio in terms of the change and the delinquency is primarily driven by loans that are related to the housing sector directly, primarily and to some degree less impacted as they are indirect. The most significant with our portfolio has been the nurseries. The nurseries have been impacted as they attempt to work down inventories associated with bare root stock designated to shift to ultimately to be put into subdivisions. And so as that activity has slow down their ability to generate revenue has slowed down their ability to achieve margins, the profit they would achieve as this (inaudible) been consequently have had some difficulties. I do believe that overall, the delinquency levels are fairly low and we believe that we have good plans in place for those that have demonstrated a bit of difficulty at this point.

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