



## Banner Corporation Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you sir. We will now begin the question-and-answer session. (Operator instructions) Our first question comes from Matthew Clark with Keefe, Bruyette & Woods. Go ahead please.

#### Matthew Clark – Keefe, Bruyette & Woods

Hi good morning.

#### Mike Jones

Hi Mathew.

#### Matthew Clark – Keefe, Bruyette & Woods

Would you happen to have the – I saw I think a 30 plus day delinquency in figures, those figures in your press release but those were the ones that were on non-accrual, do you happen to have that 30 or 89-day bucket that we might see shortly that is not on non-accrual I guess this quarter relative to last?

#### Lloyd Baker

Mathew I don't have it precisely but as you note on the press release there is about \$138 million of loans past due 30 days and a \$119 million of non-accruals. So, I guess that means that the difference is about \$20 million.

#### Matthew Clark – Keefe, Bruyette & Woods

I am sorry, I thought that whole thing was on – no, you are right, thank you. Then in terms of the non-performers, construction related non-performers by region, can we just get an update I think you had grouped it into another bucket but you happen to have the details on Spokane like you did last quarter in the Columbia basin by any chance.

#### Lloyd Baker

We haven't broken it out. Spokane is certainly better than the three major markets that we have noted throughout for no other reason we have fewer loans there but the market there also did not use, we have mentioned a number of times, didn't get over heated to the same degree and so the number of problem loans there is not nearly as severe either.

**Mike Jones**

It is pretty immaterial.

**Matthew Clark – Keefe, Bruyette & Woods**

Okay and your reserves this quarter helped steady at least on a top down perspective but I guess when you look it into the loan detail it looks like your reserves bumped up a little bit in construction and commercial business, can you give us a sense for how we should be thinking about reserving going forward and I guess maybe the reason why the commercial piece has increased as quickly as it has 3.3% of relative loans for example.

**Albert Marshall**

Well, Mathew as Mike pointed out, we don't think that the increase in delinquencies and problems is entirely behind us and certainly as the economy slows down you have to believe the effect is going to show up some in the C&I portfolio. That said, we have not identified much of any in the way of spill over from residential lending into our C&I portfolio so it kind of depends on the course of the economy here. I think with our expectation that non-performers are probably going to continue to increase a little bit. It is likely that provisioning is going to be at these elevated levels for a few more quarters.

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