



## Sterling Bancshares, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Thank you. (Operator Instructions). And our first question is from Jon Arfstrom from RBC Capital Markets. Please go ahead.

**Jon Arfstrom – RBC Capital Markets**

Thanks good morning.

**Zach L. Wasson**

Good morning.

**J. Downey Bridgwater**

Hi, Jon.

**Jon Arfstrom – RBC Capital Markets**

Almost I feel guilty asking Downey a question would you report it, but?

**J. Downey Bridgwater**

You may.

**Jon Arfstrom – RBC Capital Markets**

Maybe I will start with that. Zach I appreciate that disclosure on the changing on the construction and development categories.

**Zach L. Wasson**

Yes.

**Jon Arfstrom – RBC Capital Markets**

Can you give us an idea of the – what where the growth came from in the quarter, the loan growth was a little bit slower than expected, it's still not bad, but give us an idea of where that would be coming from and what category?

**Zach L. Wasson**

Right, if you want to take that schedule, the first thing I would do is, we move 200 million from construction and development. We priced 180 million of that in commercial real estate, and 20 million in residential mortgage. So, during the quarter we have 13 million growth in C&O, and this – that was not in energy, energy was basically flat for the quarter. Our commercial real estate grew 20, construction and development 13, residential mortgage 6, consumer and other went down slightly for net growth of \$47 million.

**J. Downey Bridgwater**

And that's outside of the transfer.

**Zach L. Wasson**

Right, that was adjusted for that transfer.

**J. Downey Bridgwater**

Right, that's answer your question.

**Jon Arfstrom – RBC Capital Markets**

Yeah. That's helpful. And then the comment on reducing non-owner occupied commercial real estate. Could you talk about how – what percentage of your commercial real estate within that category?

**J. Downey Bridgwater**

Right now our ratio of commercial real estate both owner, we got one-third non-owner occupied and two-thirds owner excuse me – two-thirds non-owner occupied and one-third owner occupied and we would like to get that closer to 50/50 or even flip it overtime. It will take a while for us to move in that right direction, but we want to make sure that we're continuing to focus on our core market [niche of] small to medium-sized businesses and the type of real estate that supports those businesses.

**Jon Arfstrom – RBC Capital Markets**

So, in your mind there's more of a mix shift than it is a reduction on those balances?

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