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Zions Bancorporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Ken Zerbe – Morgan Stanley.

Ken Zerbe – Morgan Stanley

My first question is on the other real estate expense line, is that only related to further marks on your OREO properties? Because I would have thought that would also include workout expenses on troubled loans which would have remained high given the increase in MPAs.

Doyle Henry Simmons

No, it reflects both. The bounce up in the fourth quarter was not driven by expenses, it was driven by some significant write downs of OREO as we had some bids come in on some bulk properties. We've actually by not taking the bulk bids done a little bit better in disposing of them one by one.

The volatility I'd say is due to the changes in value but the underlying of maybe \$5 million or \$6 million probably just reflects expenses.

Ken Zerbe – Morgan Stanley

I did hear your explanation on how the real estate back loans translate into charge offs when they go NPL. So maybe a different way of asking it or looking at it is how much of your charge offs or provisions this quarter related to new NPL formation versus adjustments or other factors such as existing NPL or changes in values?

Doyle Henry Simmons

It's a hard question to answer as you have phrased it. The NPLs don't directly drive reserves. The reserves are driven primarily by our internal classification of loans and since there was no loan growth this quarter, you can deduce that the entire provision was due to downgrades of loans. The NPLs don't have a reserve associated with them for the most part. They are charged down to fair value when we do the FAS 114 analysis.

Harris Henry Simmons

I could give you just maybe directionally. During the quarter we had about \$545 million of loans in excess of \$1 million in size that came into non-accrual. We had about \$173 million of such loans that

are greater than \$1 million in size that came off. Of that \$173 million about \$67 million of that was actually the result of charge offs. I don't know if that's helpful.

Ken Zerbe – Morgan Stanley

A little. It is a tough question to answer but just given the size of the NPA increase in the quarter maybe I wasn't expecting charge offs necessarily to fall as much as they did. The final question I had, at year end you guys had a net deferred tax asset of about \$480 million. Give you had a net loss last year and I'm going to guess you may have another net loss this year, can you just remind us of what it will take for you to reevaluate that DTA and whether or not you might need to impair that.

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