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Webster Financial Corp., Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will now be conducting a question-and-answer session. (Operator instructions).

Our first question is coming from Ken Zerbe with Morgan Stanley. Please state your question.

Ken Zerbe - Morgan Stanley

Thanks, good morning.

James Smith

Good morning, Ken.

Ken Zerbe - Morgan Stanley

I guess, probably my hardest question for you guys. Can you just tell us why it's been so hard to reserve correctly for your discontinued portfolio than three quarters in the row of additional reserve build or provision expense here? And I think it's one of the good things about these portfolios is you were able to isolate from the rest from the continuing portfolio and say here is the reserve but it just doesn't seem that things are working out the way you had expected?

Jerry Plush

Hi Ken its Jerry. In response to your question I think over the past several quarters what we have noted is we did add to I believe in Q3 about \$5 million another \$25 million or so in the fourth quarter and again here in this quarter. What we are looking at is a go-forward of expected charge-offs over a respective time period and we have adjusted it now to the tune of being able to look at as you can see here, we basically reported just about what we charged-off in the quarter and the reserves that we have up you could take a look over say a perspective 12 month period in terms of our expected views on the ROE rate and say that that's about what we have got in reserves.

We closely monitor this portfolio, it's being worked very hard and I think that we have isolated the specific segment in there and I feel pretty confident that it's not going to be a reserved position that you can look at and say we have won and done. So, we are not treating this in the same way that we looked into permanent NCLC portfolio where we looked at the balance of the NCLC construction, it's the true construction in process that was left there.

So this one's going to be a portfolio that we continue to add to in future quarters and what we want to try and do is make sure that people see that you can slip between what we are putting up against that particular discontinued segment versus what we are doing against the ongoing portfolio is going forward.

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