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Huntington Bancshares Incorporated Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Ken Zerbe - Morgan Stanley.

Ken Zerbe - Morgan Stanley

I guess my first question is regarding the \$100 million discretionary equity offering. Do you guys have any internal stock price minimums where you would not want to issue shares because either the dilution or the capital impact would just not be worth it?

Donald R. Kimble

I think one thing we want to point is that in the first quarter we did improve our TCE and we did it opportunistically, and so if you take a look at the conversion of the preferred, the incremental TCE that we picked up per share was \$4.60 a share and that compared to an average stock price of \$1.85 a share. So we think that we've shown an interest in making sure that we don't do things that are going to be dilutive to our common shareholders anymore than what we absolutely have to.

And so that's why we like the structure that we have in place here or will have in place here shortly as far as the discretionary issuance program. It gives us the opportunity to be much more opportunistic and make sure that we're not issuing at inappropriate low levels as far as the stock price.

The other governor there is that the issuance is limited to no more than 10% of the common shares outstanding and so that also helps provide some additional control as far as the stock price achieved from that.

Stephen D. Steinour

So Ken, just to close out, in my mind it's another arrow in the quiver. We may use it if situations look attractive, but we're not feeling compelled to and we felt it was important to get a disclosure out promptly.

Ken Zerbe - Morgan Stanley

The second question is: What do you think's unique about your balance sheet that's leading to further NIM compression from here because a lot of other banks, even those with significant credit problems, are still guiding for NIM expansion in the next couple of quarters.

Stephen D. Steinour

I think we're just being cautious with you, Ken, quite frankly. We put a lot of on balance sheet liquidity on in the first quarter and that will give us some opportunities as we go into the second quarter and throughout the second half of the year; actions we're taking on the loan portfolio will start to come through. So we're trying to be conservative with our outlook for the year in general and so that's why we made that comment.

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