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Fifth Third Bancorp Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Betsy Graseck - Morgan Stanley.

Betsy Graseck - Morgan Stanley

Couple of questions, one could you talk through a little bit about the new loan growth that you're generating and the degree to which it is sourced from existing customers, existing lines of credit versus new customers versus, maybe existing customers and completely new lines of credit. What I'm trying to get a sense of, is the degree to which you're new lending is based on old pricing or based on new pricing?

Kevin Kabat

A couple of things I'd say in general Betsy on that, one is we are seeing both. We are bringing in new customers as well as renewing and extending lines with current relationships, particularly strong relationships.

I'd tell you generally, we are seeing and getting higher pricing even through the renewal, as well as well as our focus has been on broadening relationships particularly in the commercial book. So beyond pricing, we are also getting the ancillary services, treasury management services, more deposit relationships et cetera. I can't give you a specific breakout in terms of dollar for dollar, new prospects versus renewals and originations in that way, but we are seeing both in that regard.

Betsy Graseck - Morgan Stanley

And the degree, which the pricing ability that you have is increasing or decreasing as you kind of think through the last six months. I mean there has been a change in the competitive dynamic in your footprints. So it'll be helpful to understand the degree which you can either take advantage of that or not?

Kevin Kabat

I think that's exactly a very good point and we've been able to take advantage of that and I think that shown really on both sides of the balance sheet for us, both our pricing from a yield on assets and customers that way, but also our expectations and what we've seen in pricing even on the deposit and liability side. So you're exactly right that's beginning to happen in both sides, we've seen that specifically.

Ross Kari

I'll just reinforce that the projected increases in net interest margin for the second quarter and continued throughout the year, as Kevin said do reflect a better pricing environment for both deposits and loans, and we are very focused on making sure we realize that.

Betsy Graseck - Morgan Stanley

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