

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

Astoria Financial Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. The floor is now open for questions. (Operator Instructions). Thank you. Our first question comes from the line of Gary Gordon with Portales Partners.

George L. Engelke, Jr

Hi, Gary.

Gary Gordon - Portales Partners

How are you?

George L. Engelke, Jr

Good.

Gary Gordon - Portales Partners

Question about lending outlook for '09. It would look like on the single-family side, there is more competition to your ARM product from fixed rate and the government is obviously trying to promote a lower fixed rate. On the other hand, we hear more spread widening on apartment or commercial lending. You have been pretty disciplined on balancing those two opportunities in the past. What is your view on where the likely growth would come from in '09?

Monte Redman

Gary, this is Monte. In the fourth quarter, our rates were a little higher. Our pipeline shrunk a little bit. As of the end of the year, our pipeline is about \$860 million. I will tell you this. Over the last five or six weeks, in single-family applications, we have been averaging anywhere between \$125 million and \$150 million a week in applications and our rate has not gone, hybrid ARM has not gone below 5%. That is for amortizing loan. It is 5.25 for an interest only loan.

I think that our growth in 2009 is going to come from single-family. Talking about the rates, we are talking about a 5% floor on terms of 5/1 ARMs. In terms of spread, our go-to CD rate right now one year is 305. We are looking for increased spreads in terms of new production going forward.

Gary Gordon - Portales Partners

Okay, thanks. One follow-up question on capital; you said, obviously, you have no plans to raise capital today, but you would definitely think about it if things got worse. Are you allowed to go back and reconsider TARP later in the year, if you decide that you want more capital?

Monte Redman

I do not know whether you have an opportunity to go back to there later or not. I am not really sure. I do not think so at the moment. If things get extra terrible for everybody in the business, as time goes by, there will be TARP 2, TARP 3, TARP 4, and who knows what else. We are not concerned with that and we think we have the opportunity to, do what we need to do to, for us to get through this thing on our own.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.