

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.

UCBH Holdings Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Aaron Deer - Sandler O'Neill.

Aaron Deer – Sandler O'Neill & Partners

I guess first you had some discussion on credit. I'm just curious with the, I've seen the problems move from kind of the distressed single-family home market, now it's moved to the urban condominium market. What's your kind of next area of big concern? You made mention of retail. Are there other areas and how big are each of those exposures?

Thomas S. Wu

Well, I was mentioning retail in terms of the CRE market and that's the market that we are actually having some concerns, or a lot of concerns if you will. But we don't, we have much exposure in those areas. That's the point I was trying to make, okay, I just want to make it very clear.

And then in terms of the condo market in the urban areas I think in the fourth quarter we mentioned that particularly in Los Angeles and San Diego area we do have some concerns. And actually the condo price came down quite a bit in the first quarter, particularly in those two areas.

So, what we have planned is to immediately address these potential problems by recognizing the NPA, so that's why the NPA actually increased quite a bit during the first quarter as a result. And we also monitor our portfolio in the construction of these condo projects in those areas.

And majority of these actually have almost completed, but many of these developer will also be varied in the home sales market, the price, and also many of these condos may be converted to apartments for leasing and rental purposes. So, we're doing all this to continue to minimize the future NPA migration. That's what we are focusing on right now.

Aaron Deer – Sandler O'Neill & Partners

So, the broader commercial real estate portfolio and even I guess the commercial construction, those portfolios are still holding up reasonably well?

Thomas S. Wu

Yes, absolutely.

Aaron Deer – Sandler O'Neill & Partners

And then just one last question on the margin, you mentioned the expectation that it be at 3.95% or so by year end. Is that coming off of the 2.35% or 2.52% base? Do we expect to see that ramp up earlier or late in the year?

Thomas S. Wu

I just want to clarify, 2.95% to 3.1%.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.