

March 6, 2009

VIA EMAIL

SIGTARP.response@do.treas.gov

VIA MAIL

Special Inspector General – TARP
1500 Pennsylvania Avenue, N.W., Suite 1064
Washington D.C. 20220

Subject: UCBH Holdings, Inc.
TARP Use of Funds and Compliance with The Emergency Economic
Stabilization Act of 2008 (“EESA”) Executive Compensation Requirements

Dear Sir/Madam,

Pursuant to the letter dated February 6, 2009 from Office of the Special Inspector General for Troubled Asset Relief Program (“SIGTARP”), UCBH Holdings, Inc. (“UCBH” or “Company”) is responding to SIGTARP’s request for information on TARP recipients’ use of funds and the compliance with EESA’s executive compensation requirements.

UCBH received preliminary approval from the U.S. Department of the Treasury (“Treasury”) to participate in its Capital Purchase Program (“CPP”) on October 24, 2008. UCBH received \$298,737,000 new capital from CPP through the issuance of Series C Senior Preferred Stock to the Treasury on November 14, 2008.

(1) NARRATIVE RESPONSE

(a) Anticipated Use of TARP Funds

Upon receipt of the approval and the CPP funds, UCBH has developed a comprehensive capital deployment plan (“Plan”) to address the short-term and intermediate uses of the CPP funds. The Plan is summarized as follows:

Introduction

In the context of the Plan, a short-term time horizon refers to the next three to six months upon the receipt of CPP funds, and an intermediate time horizon addresses

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actions over the next six to twelve months. UCBH's management will assess the Plan frequently as specific market conditions may warrant. Capital planning for periods beyond the next twelve months will continue to follow existing capital planning processes.

The Plan discussed here focuses on United Commercial Bank's ("UCB" or "Bank", UCBH's principal banking subsidiary) balance sheet management and the markets served by its associated branch network. The actions are meant to address specific market situation assessments associated with a defined time period, including the appropriate responses to that situation.

Any amendments to the Plan must be documented and approved by UCB's Market Risk Management Committee, and ratified by the Investment Committee of the Board of Directors.

Short-Term Deployment Strategy

The annual preferred dividend payment on the CPP Series C preferred capital is approximately \$14.9 million.

(b) (4) (b) (4)

With the receipt of \$298,737,000 new capital on November 14, 2008, UCB has undertaken the following immediate actions to utilize these funds until the intermediate deployment plan can be executed.

Key Considerations:

(b) (4)

(b) (4)

Intermediate Deployment Strategy

As the Bank is able to prudently maintain, and source new, customer lending relationships, the \$298.7 million in new capital will be deployed for the profitable growth of the Bank's balance sheet. Any corporate development opportunities will be evaluated as they arise.

Key Considerations:

- (b) (4)
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1. (b) (4)

2. Leverage the balance sheet and extend new loans:

- **(b) (4)**
- UCB has launched "Signature Homeowners Package" program on November 12, 2008 to offer 1-4 units residential home loan financing with attractive terms. The residential loan program is designed to reflect U.S. Treasury's intend of CPP that is to increase the flow of financing to U.S. consumers.
- Expansion of other lending may also be implemented as appropriate in the spirit of CPP.

3.

(b) (4)

Roles and Responsibilities

As execution of the Plan requires the coordination of multiple departments, the following further defines the individual roles and responsibilities of the Bank's staff in maintaining and executing the capital deployment strategies:

Chief Financial Officer (CFO)

The CFO is the primary owner of the Plan, and leads any revisions to the stated strategies. The CFO coordinates the activities of external advisors (if appropriate) and the relevant internal bank department managers in leading research and developing specific actions and procedures to support the plan. The CFO also reviews any reporting on the plan with the Chief Executive Officer.

Treasurer

The Treasurer is responsible for the day-to-day monitoring of the Bank's capital deployment. The Treasurer monitors the capital allocation and associated net return on capital as defined in the Plan, and is responsible for periodic reporting of net accretion or dilution associated with the capital deployment to the CFO and MRMC.

Market Risk Management Committee (MRMC)

The MRMC meets to review all market and liquidity risk issues. The Committee approves the capital deployment strategies and approves recommendations from the CFO or Treasurer on any changes to the plan.

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Board Investment Committee (BIC)

The BIC reviews the capital deployment strategies and any changes to the Plan. The BIC ratifies the Plan, and at any time the strategies are updated. Approval is recorded in the minutes of the meeting.

(b) TARP Funds Segregated

The TARP funds were not segregated from other institutional funds

(c) Actual Use of TARP Funds to Date

Pursuant to UCB's short-term deployment strategy, the CPP funds have been used to purchase MBS, fund fixed rate residential mortgage loans, and fund other consumer and small business loans.

The following table summarizes the use of funds to date:

(\$ In '000)	Nov 08		Dec 08		Jan 09		Feb 09 ²		Total	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Investment Securities	3	\$ 94,242	1	\$ 47,613	3	\$ 150,000	2	\$ 100,000	9	\$ 391,855
Loans:										
Residential Mortgage	6	\$ 2,567	18	\$ 5,221	22	\$ 7,987	36	\$ 11,800	82	\$ 27,575
Consumer	22	\$ 2,363	27	\$ 3,481	27	\$ 3,531	32	\$ 5,132	108	\$ 14,507
Multifamily	4	\$ 2,109	1	\$ 414	4	\$ 3,464	4	\$ 2,680	13	\$ 8,667
BBG & SBA ¹	7	\$ 2,065	3	\$ 160	7	\$ 693	1	\$ 100	18	\$ 3,018
Total Loans	39	\$ 9,104	49	\$ 9,276	60	\$ 15,675	73	\$ 19,712	221	\$ 53,767

1. BBG (Business Banking Group), an unit of UCB's Commercial Banking, tailors to SME customers.

2. February loan data is preliminary only.

(d) Expected Use of Unspent TARP Funds

UCBH expects to continue use CPP funds to provide various loan originations such as mortgage loans, consumer loans, multifamily loans, and loans for small and medium sized companies. This expectation is consistent with UCB's strategy of deploying the CPP funds as described in the Plan and as communicated in UCBH's press release ("EXHIBIT I") upon the receipt of the CPP funds. Absent the capital infusion of CPP funds, the amount of mortgage, consumer, and small business loans that UCB originated would have been much less than what is reported in the above table due to the deep recession and current credit environment in the marketplace.

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As described in the Plan, UCB has launched "Signature Homeowners Package" program on November 12, 2008 to offer 1-4 units residential home loan financing with attractive terms. The residential loan program is designed to reflect Treasury's intent for CPP funds that is to increase the lending to consumers. UCB promoted this program extensively through various newspaper ads and displays and flyers in the branch network. Total costs for the newspaper ads up to January 2009 for this program was approximately \$105,000. A copy of the press release announcing the expansion of the program and the promotion flyer is attached in EXHIBIT II. This promotion will be extended indefinitely until further notice.

UCB has also just launched a promotion for multifamily loans (e.g., apartment loan programs) in February. A copy of the promotion flyer is attached in EXHIBIT III.

(2) PLANS AND STATUS OF IMPLEMENTATION OF EXECUTIVE COMPENSATION REQUIREMENTS

For 2008, UCB and its subsidiaries did not pay any cash bonus (incentive or discretionary), or merit awards to its senior executive officers. Awards in the form of restricted stock may be paid to senior executive officers pursuant to the guidance provided under the American Recovery and Reinvestment Act of 2009. Such awards will not have a value greater than one-third of the total amount of the senior executive officer's annual compensation and will not fully vest until UCB is no longer a participant in the TARP/PPP.

Pursuant to an Employment Agreement entered into prior February 11, 2009 and disclosed in a Form 8-K filed on January 14, 2009, a hiring bonus will be paid to an executive within ninety (90) days of that executive's start date with the Company along with another bonus payment to be paid at the end of the year, as required by the Employment Agreement.

In 2008, UCB had the Senior Executive Annual Incentive Plan (the "Incentive Plan") in place for its senior executive officers. However, no payments were made under the Incentive Plan for 2008 as the performance criteria (return on equity) adopted by the Compensation Committee of the Board of Directors was not met. In February 2009, the Compensation Committee met with the senior risk officers to review the incentive compensation arrangements for senior executive officers to ensure that the arrangements did not encourage unnecessary and excessive risk by the senior executive officers. The senior risk officers and the external consultants, Watson Wyatt, concluded that the compensation arrangements are risk neutral and do not contain any characteristics that would encourage participants to take unnecessary and excessive risk.

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For 2009, the Compensation Committee has not determined the Performance Criteria as it is awaiting further clarification of statutory and regulatory authority regarding such matters. The Compensation Committee will also review recommendations made by the senior risk officers and Watson Wyatt regarding performance criteria to be used for 2009. At its next meeting, the Compensation Committee will meet to consider the recommendations of the Human Resources Director and the Corporate Counsel as to what amendments must be made to the Incentive Plan to comply with American Recovery and Reinvestment Act of 2009 (the "Act"). Additionally, the Human Resources Director and the Corporate Counsel will make other recommendations as to the policies to be considered by the Committee and to be adopted by the Board to comply with the Executive Compensation Requirements of the Act.

In December of 2008, the Boards of UCBH and UCB entered into Amendments to Change in Control or Employment Agreements which provided that no payments could be made that were prohibited by Section 111(b) of the Emergency Economic Stabilization Act of 2008. Furthermore, this Amendment provided that so long as the executive compensation restrictions of TARP and the CPP are applicable to the Company, no bonus or other incentive compensation shall be based upon criteria which encourage unnecessary and/or excessive risks that threatened the value of the Company and the repayment of any bonus or other incentive compensation paid that is based upon the Company's statement of earnings, gains, or other criteria that are later proven to be materially inaccurate to the extent required by the Treasury and/or TARP and/or CPP.

In conclusion, UCBH is committed to serve our communities by continuing to provide and expand financing to consumers and businesses pursuant to the spirit of TARP CPP.

If you have any questions regarding this response, I can be reached at (b) (6) (office), (b) (6) (fax), or (b) (6)

Sincerely,



Craig S. Orr
Executive Vice President and
Chief Financial Officer

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CERTIFICATION

I, Craig S. On, certify that: I have reviewed this response and applicable supporting documents, and, based on my knowledge, this response and applicable supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.



Craig S. On
Executive Vice President and
Chief Financial Officer

EXHIBIT I

UCBH
Press Release
on CPP Capital



UCBH HOLDINGS, INC.

555 MONTGOMERY STREET • SAN FRANCISCO, CALIFORNIA 94111 • 415/315-2800

FOR: **UCBH HOLDINGS, INC.**

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Senior Vice President, Corporate Development and Investor Relations
(415) 315-2800

Craig S. On
Executive Vice President and Chief Financial Officer
(415) 315-2800

EVC Group
Investor Relations: Douglas M. Sherk or Jenifer Kirtland
(415) 896-6820
Media Relations: Steve DiMattia
(646) 201-5445

For Immediate Release

**UCBH HOLDINGS, INC. RAISES \$298.7 MILLION IN NEW CAPITAL
THROUGH THE U.S. TREASURY'S CAPITAL PURCHASE PROGRAM**

SAN FRANCISCO, November 14, 2008 – UCBH Holdings, Inc. (NASDAQ: UCBH), the holding company of United Commercial Bank (UCB™), today announced that on November 14, 2008, UCBH issued to the United States Department of the Treasury (the “Treasury”), in exchange for aggregate consideration of \$298.7 million, a total of 298,737 shares of Series C Fixed-Rate Cumulative Perpetual Preferred Stock (the “Series C Preferred Stock”) with a \$0.01 par value and a \$1,000 per share liquidation preference, and a Warrant (the “Warrant”) to purchase up to 7,847,732 shares of UCBH’s Common Stock at an exercise price of \$5.71. The \$298.7 million in new capital dramatically strengthens the Company’s already strong capital position. The proceeds will be treated as Tier 1 capital, and UCBH’s total risk-based capital ratio of 12.5% as of September 30, 2008, which is well above the regulatory requirements of 10.0% for “well capitalized” banks, would increase to 15.0% with the inclusion of this new capital.

The Series C Preferred Stock will pay cumulative dividends at a rate of 5% per annum for the first five years and 9% per annum thereafter. The Series C Preferred Stock cannot be redeemed during the first three years after issuance except with the proceeds from a “Qualified Equity Offering.” Thereafter, UCBH may elect to redeem the Series C Preferred Stock at the original purchase price plus accrued but unpaid dividends, if any. The related Warrant expires in ten years and is immediately exercisable upon its issuance.

“We are very pleased to participate in the second round of the Treasury’s Capital Purchase Program, which demonstrates that UCBH is a healthy financial institution that can help stimulate the U.S. economy and strengthen confidence in the U.S. banking system,” said Thomas S. Wu, Chairman, President and Chief Executive Officer of UCBH Holdings, Inc. “We plan to deploy the capital to support lending activities and to position UCBH for additional market opportunities.”

 **UCBH HOLDINGS, INC.**

*UCBH Holdings, Inc. Raises \$298.7 Million in New Capital Through the U.S. Treasury's
Capital Purchase Program
November 14, 2008
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About UCBH Holdings, Inc.

UCBH Holdings, Inc., with \$13.04 billion in assets as of September 30, 2008, is the holding company for United Commercial Bank, a state-chartered commercial bank, which is a leading bank in the United States serving the Chinese communities and American companies doing business in Greater China. Together, the Bank and its subsidiaries, including United Commercial Bank (China) Limited, operate 51 California branches/offices located in the San Francisco Bay Area, Sacramento, Stockton, Los Angeles and Orange counties, eight branches in New York, five branches in metropolitan Atlanta, three branches in New England, two branches in the Pacific Northwest, a branch in Houston, branches in Hong Kong, Shanghai and Shantou, China, and representative offices in Beijing, Guangzhou and Shenzhen, China, and Taipei, Taiwan. UCB, with headquarters in San Francisco, provides commercial banking services to small- and medium-sized businesses and professionals in a variety of industries, as well as consumer and private client services to individuals. The Bank offers a full range of lending activities, including commercial real estate and construction loans, commercial credit facilities, international trade finance, asset-based financing, cash management, loans guaranteed by the U.S. Small Business Administration, commercial, multifamily and residential mortgages, home equity lines of credit, and online banking services for businesses and consumers. For additional information, visit the web site for United Commercial Bank at www.ibankUNITED.com or the web site for UCBH Holdings, Inc. at www.ucbh.com.

Forward-Looking Statements

Certain statements contained in this release may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based upon specific assumptions that may or may not prove correct. Forward-looking statements are also subject to known and unknown risks, uncertainties and other factors relating to the Company's and the Bank's operations and business environment, all of which are difficult to predict, and many of which are beyond the control of the Company and the Bank. The factors include, among others: the current dislocations in global credit and capital markets; economic and business conditions in the areas and markets in which the Company and the Bank operate, particularly those affecting loans secured by real estate; deterioration or improvement in the ability of the Bank's borrowers to pay their debts to the Bank; market fluctuations such as those affecting interest and foreign exchange rates and the value of securities in which the Bank invests; competition from other financial institutions, whether banks, investment banks, insurance companies or others; the ability of the Bank to assimilate acquisitions, enter new markets and lines of business, and open new branches, successfully; changes in business strategies; changes in tax law and governmental regulation of financial institutions; demographic changes; and other risks and uncertainties, including those discussed in the documents the Company files with the Securities and Exchange Commission ("SEC"). The foregoing may cause the actual results and performance of the Company and the Bank to be materially different from the results and performance indicated or suggested by the forward-looking statements. Further description of the risks and uncertainties are included in detail in the Company's current, quarterly and annual reports, as filed with the SEC.

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EXHIBIT II

UCBH

“Signature Homeowners
Package” Press Release
and Promotion Flyer



FOR: UNITED COMMERCIAL BANK

CONTACT: Eleanor Chang
Senior Vice President, Director of Marketing
(415) 315-2800

GolinHarris
Media Relations: Mary Placido
(415) 274-7902

For Immediate Release

UNITED COMMERCIAL BANK EXPANDS ITS “SIGNATURE HOMEOWNERS PACKAGE”

SAN FRANCISCO, February 23, 2009 – United Commercial Bank (UCB™ or the “Bank”) announced that it is committed to doubling its 2008 home loan origination volume to help more consumers in its communities purchase a home or to refinance. UCB is supporting the growth through its participation in the U.S. Treasury’s Capital Purchase Program.

Starting February 17th, UCB has expanded its “Signature Homeowners Package”, which is already available in California, to all of the six states (California, Washington, New York, Massachusetts, Georgia, and Texas) in which it operates and will be stepping up its advertising and marketing efforts to let homeowners know more about this program.

In addition to financing home purchase transactions, the “Signature Homeowners Package” is now also available to existing homeowners for term and rate refinances.

Doreen Woo Ho, President of Community Banking, noted, “While 2009 is shaping up to be a challenging year for the economy, it is important that UCB continues its commitment of helping our customers to manage their finances, buy homes or refinance their existing home mortgages in the communities we serve.”

The UCB “Signature Homeowners Package” is uniquely designed to help qualified Bank customers address their home financing and other banking needs. In addition to home mortgages, UCB continues to support its customers in commercial lending, commercial real estate, and multi-family financing.

About United Commercial Bank

United Commercial Bank, a subsidiary of UCBH Holdings, Inc., is a state-chartered commercial bank, which is a leading bank in the United States serving the Chinese communities and American companies doing business in Greater China. With assets of \$13.53 billion for UCBH Holdings, Inc. as of December 31, 2008, the Bank and its subsidiaries, including United Commercial Bank (China) Limited, operate 51 California branches/offices located in the San Francisco Bay Area, Sacramento, Stockton, Los Angeles and Orange counties, nine branches in New York, five branches in metropolitan Atlanta, three branches in New England, two branches in the Pacific Northwest, a branch in Houston, branches in Hong Kong, Shanghai and Shantou, China, and representative offices in Beijing, Guangzhou and Shenzhen,

China, and Taipei, Taiwan. UCB, with headquarters in San Francisco, provides commercial banking services to small- and medium-sized businesses and professionals in a variety of industries, as well as consumer and private client services to individuals. The Bank offers a full range of lending activities, including commercial real estate and construction loans, commercial credit facilities, international trade finance, asset-based financing, cash management, loans guaranteed by the U.S. Small Business Administration, commercial, multifamily and residential mortgages, home equity lines of credit, and online banking services for businesses and consumers. For additional information, visit the web site for United Commercial Bank at www.ibankUNITED.com or the web site for UCBH Holdings, Inc. at www.ucbh.com.

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Owning a home has never been easier!



To assist you in buying your dream home when property prices have become much more affordable, United Commercial Bank offers you an exclusive UCB **Signature Homeowner Package** with many benefits from now through March 31, 2009.*

- **Attractive rates for fixed rate mortgage loans¹**
- **Loan amount up to \$1 million**
- **Loan-to-Value ratio up to 80%²**
- **No-Income Verification available³**
- **Fee waiver of \$430⁴**
- **No pre-payment penalty**
- **Priority loan processing – conditional loan approval within 3 business days**

To obtain the special promotion rates, you will need to set up direct transfer for the monthly loan payment by opening and maintaining a Signature Checking account.⁵ With the Signature Checking account, you may also enjoy:

- **No account maintenance fee for 6 months after loan closing⁶**
- **Free ATM usage worldwide⁷**
- **Free lifetime check orders⁸**
- **A Premier Check Card that offers you shopping convenience and discounts**
- **and much more...**

Enjoy even more benefits upon loan closing:

- **Additional 0.25% APY⁹ if you open a \$50,000 new CD account with a term of 12 months or less during the promotional period**
- **\$2 discount on Global Remittance service¹⁰**

Limited time offer. Act now and make your dream come true.

www.ibankunited.com 1-800-821-3899

Member FDIC



*Promotional offers cannot be combined with any other UCB offers. **1.** Promotional rates are applicable to 15Y and 30Y fixed rate loan programs for purchase of owner-occupied 1-4 unit residential properties only. Not applicable to refinance or non-owner-occupied properties. Automatic deduction of monthly loan payments from a Signature Checking account is required to enjoy the promotional rate offers. Please ask us for the current rates. **2.** Loan-to-Value ratio may vary depending on loan amount, type of property and market condition of the property location. **3.** No-Income Verification is available only for our Quick Quality Home Loan programs. **4.** Fee waiver offer is available to loan applications received between 11/12/08 and 3/31/09, and applies only to 15Y and 30Y fixed rate loan programs. **5.** Minimum opening and daily balance required is \$1,500. If the account is closed within 2 years after loan closing, a \$600 fee will be charged against the loan. **6.** Six months after the date of loan closing, you must maintain a \$1,500 minimum daily balance in the Signature Checking account in order to avoid the monthly account maintenance fee of \$12. **7.** The Visa® / PLUS® ATM Network provides universal ATM coverage through more than 1 million ATMs in 162 countries. A 1% conversion fee will apply to every foreign currency transaction. **8.** Limited to corporate image style checks only. **9.** Offer for an additional 0.25% Annual Percentage Yield (APY) is valid from the date of the loan closing through 5/29/09. Promotional details and APY are subject to change without prior notice. To qualify, funds to open the new CD account must be new money to UCB. UCB reserves the right to discontinue this offer at any time. The minimum opening deposit and the minimum daily balance required to obtain the disclosed APY is \$50,000. Early withdrawal penalty applies. Fees could reduce earnings. Other restrictions apply. For additional account terms and conditions, please refer to our "Consumer Account Agreement and Disclosures" and the CD "Supplemental Terms and Conditions Disclosures". These materials contain information about fees, balance computation methods, compounding and crediting of interest, contractual terms and conditions, and other important information. **10.** Regular prices are \$12 for each remittance to China and \$16 for each remittance to other countries. Offer is valid from the date of the loan closing through 5/29/09.

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EXHIBIT III

UCBH Apartment Loan Promotion Flyer



Apartment Loan Programs

UCB offers a wide range of loan programs to meet your unique apartment financing needs.

- Low Fixed-rates*
- Knowledgeable and Experienced Loan Professionals
- Fast Turnaround and Hassle-free Review Process



Please ask us for the various promotions we offer.

www.ibankunited.com 1-800-821-3899

*Call us for the current rates.

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