

SANDLER O'NEILL + PARTNERS

2019 West Coast Financial Service Conferences

March 5, 2019



PACIFIC CITY FINANCIAL CORPORATION

Safe Harbor Statement

This presentation (and oral statements made regarding the subject of this presentation) contains certain “forward-looking statements” that are based on various facts and derived utilizing numerous important assumptions and are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include information about our future financial performance, business and growth strategy, projected plans and objectives, as well as projections of macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing. Forward-looking statements are based on management’s current expectations and involve risks and uncertainties that could cause actual results to differ materially from the Company’s historical results or those described in our forward-looking statements. Pacific City Financial Corporation disclaims any obligation to update any forward-looking statement.

This presentation contains certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided at the end of this presentation. Numbers in the presentation may not sum due to rounding.

Pacific City Profile

Company Overview

- 🔗 Founded in 2003
- 🔗 Headquartered in Los Angeles, CA
- 🔗 IPO in August 2018 (\$45.0 million)
- 🔗 Third largest US based Korean-American Bank
- 🔗 Located in major metropolitan cities with high Korean-American population growth:
 - 🔗 Eleven branches in Southern CA
 - 🔗 Two on the East Coast (NY, NJ)
 - 🔗 Ten loan production offices

Excellent Asset Quality

- 🔗 Conservative credit culture and strict underwriting standards
- 🔗 Nonperforming assets to total assets of 0.06%⁽¹⁾
- 🔗 Net charge-offs to average held-for investment loan ratio of 0.02%⁽¹⁾

Organic Growth⁽¹⁾

- 🔗 \$1.70 billion in assets: Purely driven by organic growth
- 🔗 Diversified loan portfolio
- 🔗 Net CRE to Total Risk-based Capital 253.6%
- 🔗 Compounded annual growth rates (CAGRs) from 2014 to 2018
 - 🔗 Total Assets: 17.4%
 - 🔗 Total Loans: 15.7%
 - 🔗 Total Deposits: 15.8%

Well Capitalized Ratios^{(1) (2)}

- 🔗 Total risk based capital ratio of 17.31%
- 🔗 Common tier 1 capital ratio of 16.28%
- 🔗 Tier 1 risk based capital ratio of 16.28%
- 🔗 Tier 1 leverage capital ratio of 12.60%

(1) As of 12/31/18

(2) Consolidated basis

*2018, and any quarterly financials are unaudited.


Pacific City Profile (Cont'd)

Equity Information

 NASDAQ: PCB

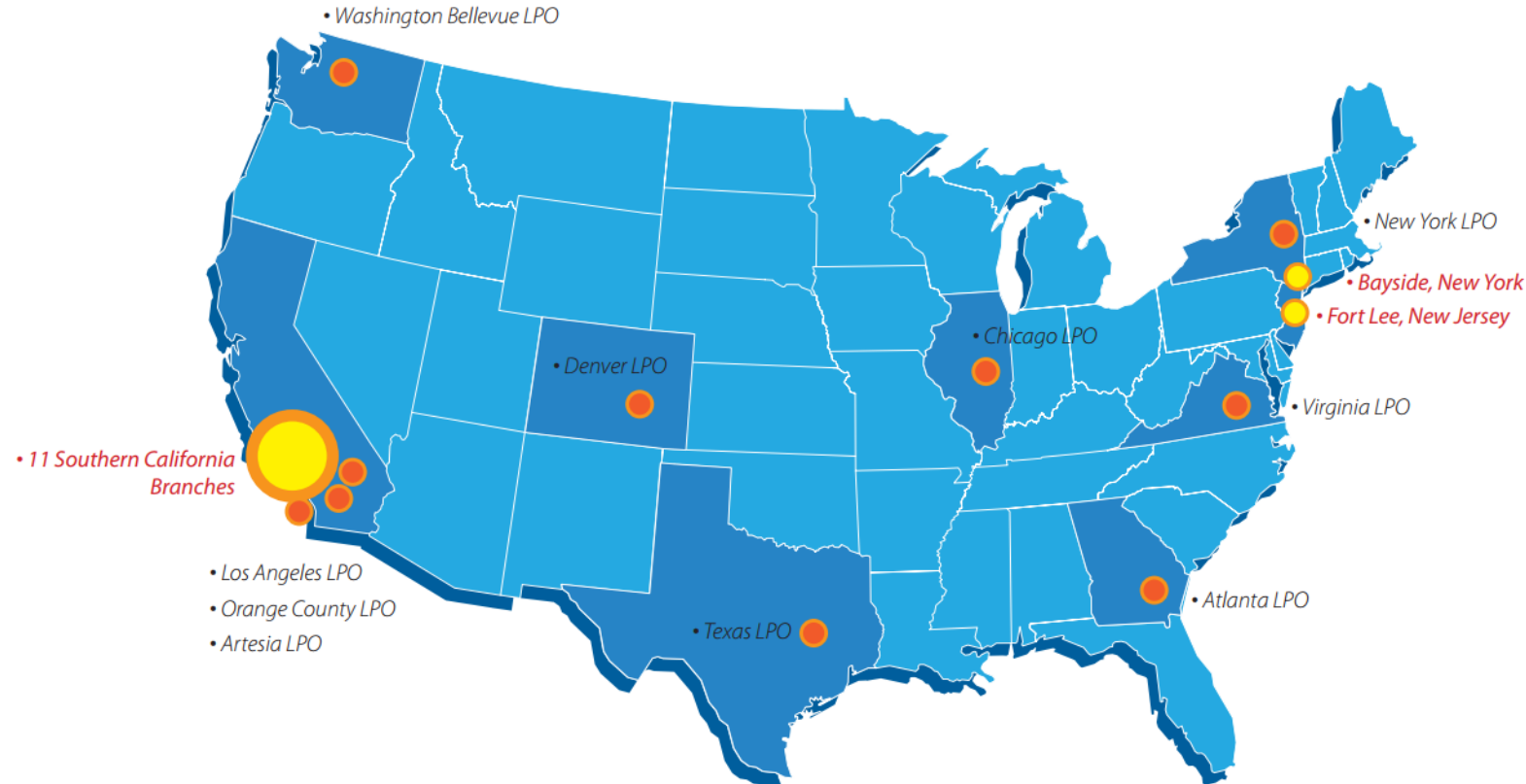
 Share Price: \$17.00⁽¹⁾

 52 Week Range: \$13.36 - \$20.95⁽¹⁾

 Market Cap: \$271.5 million⁽¹⁾

 Total Outstanding Shares: 15,998,003⁽²⁾

Franchise Footprint








(1) Based on equity market data as of 2/28/19 (Source: Bloomberg)

(2) As of 2/28/19

*2019, 2018, and any quarterly financials are unaudited.

Pacific City Recent Financials

	As of or For the Year Ended		
	12/31/2018	12/31/2017	Change
Income Statement Summary ⁽¹⁾			
Interest Income	\$ 83.7	\$ 65.3	28.2%
Interest Expense	18.0	10.1	77.8%
Net Interest Income	65.7	55.2	19.2%
Noninterest Income	10.5	13.9	-24.8%
Noninterest Expense	40.2	35.9	12.1%
Provision for loan losses	1.2	1.8	-32.6%
Pretax Income	34.7	31.3	10.9%
Income tax Expense	10.4	14.9	-30.1%
Net Income	24.3	16.4	48.1%
EPS-Diluted	\$ 1.65	\$ 1.21	36.4%
Selected Balance sheet Items			
Total Loans ⁽²⁾	1,344	1,195	12.5%
Total Deposits	1,444	1,251	15.4%
Total Assets	1,697	1,442	17.7%
Shareholders' Equity	210	142	47.9%
Key Metrics			
Book Value Per Share	\$ 13.16	\$ 10.60	24.2%
Return on Average Assets (ROAA)	1.53%	1.22%	
Return on Average Equity (ROAE)	14.26%	12.00%	
Net Interest Margin	4.23%	4.22%	
Efficiency Ratio	52.79%	51.97%	

-  2018 net income of \$24.3 million or \$1.65 per diluted share
-  \$1.70 billion in total assets at December 31, 2018, an increase of \$255.0 million, or 17.7%, from \$1.44 billion at December 31, 2017
-  \$1.34 billion Loans held-for-investment, net of deferred costs (fees) at December 31, 2018, an increase of \$148.7 million, or 12.5%, from \$1.19 billion at December 31, 2017
-  \$1.44 billion total deposits at December 31, 2018, an increase of \$192.5 million, or 15.4%, from \$1.25 billion at December 31, 2017
-  Increased quarterly cash dividend from \$0.03 to \$0.05 per share in the Q1 2019

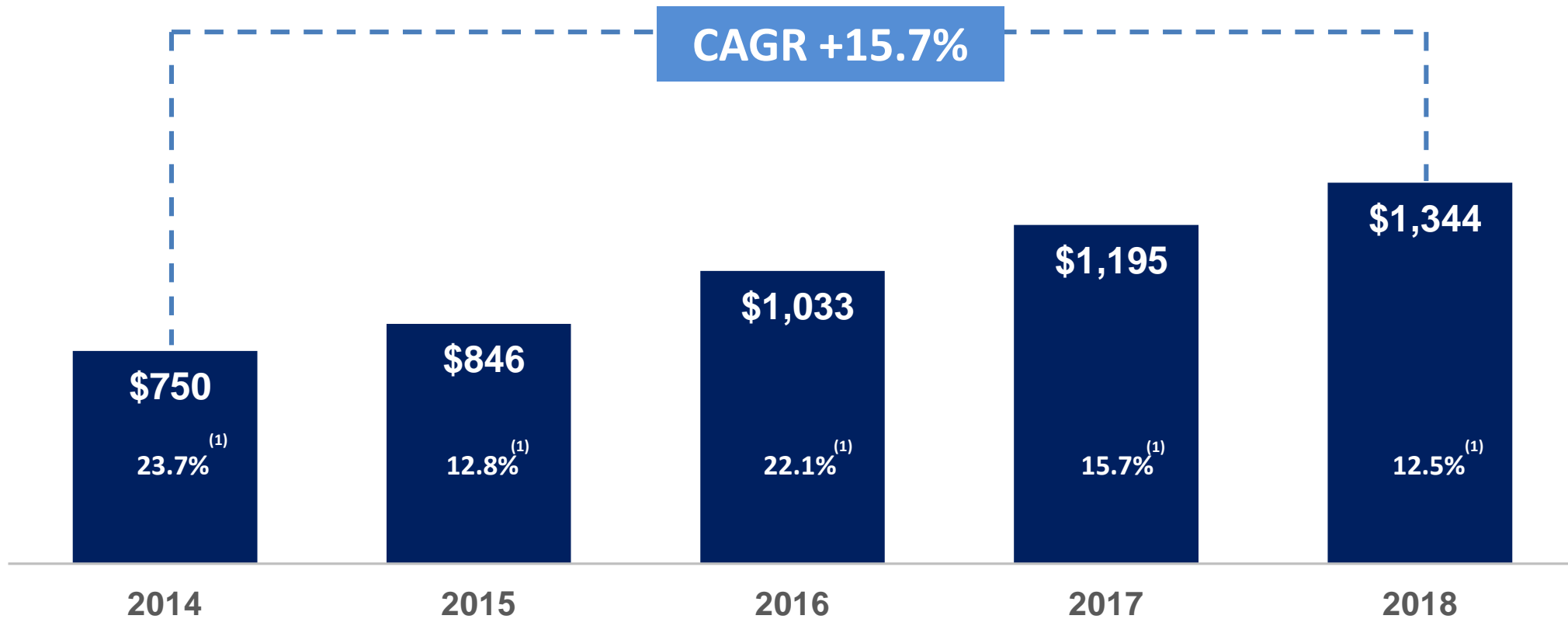
(1) \$ in millions

(2) Includes both loans held-for-sale and loans held-for-investment, net of deferred loan fees and costs (HFI Loans)

*2018 and any quarterly financials are unaudited.

Strong Growth and Performance

Total Loans (\$ in millions)

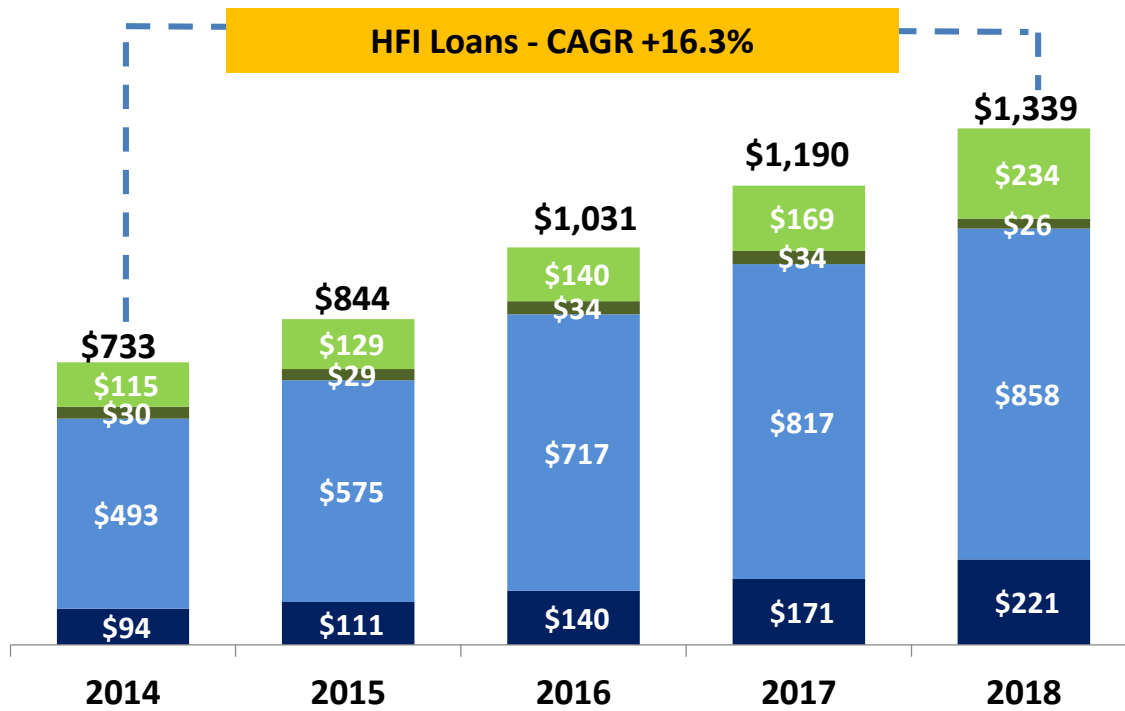


(1) Annual loan growth rates

*2018 and any quarterly financials are unaudited.

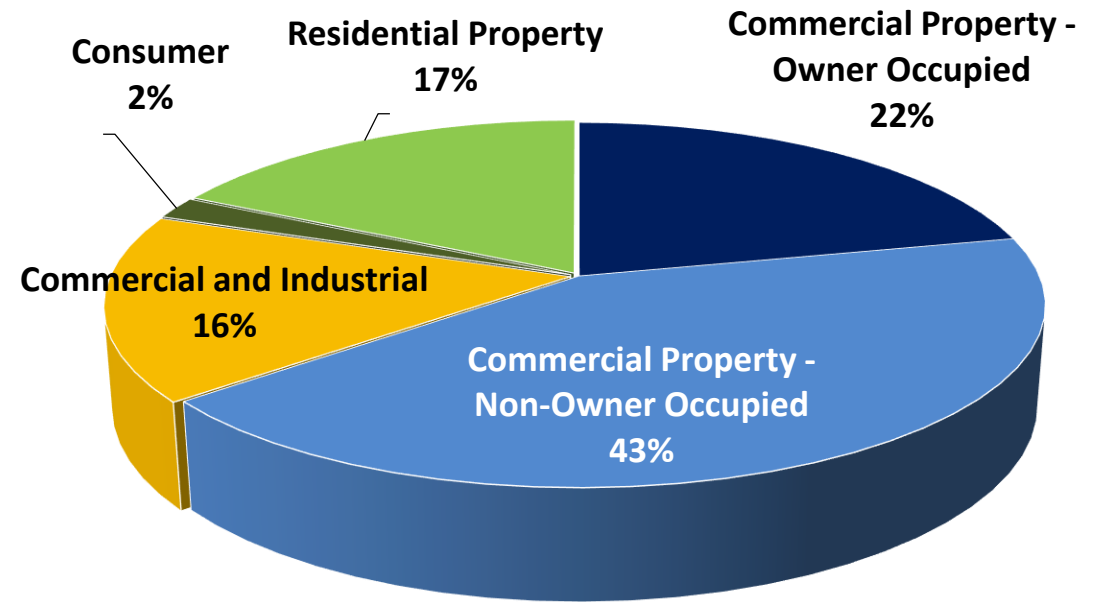
Solid Loan Growth

HFI Loans (\$ in millions)



Commercial and Industrial
 Commercial Property
 Consumer
 Residential Property

HFI Loan Compositions⁽¹⁾

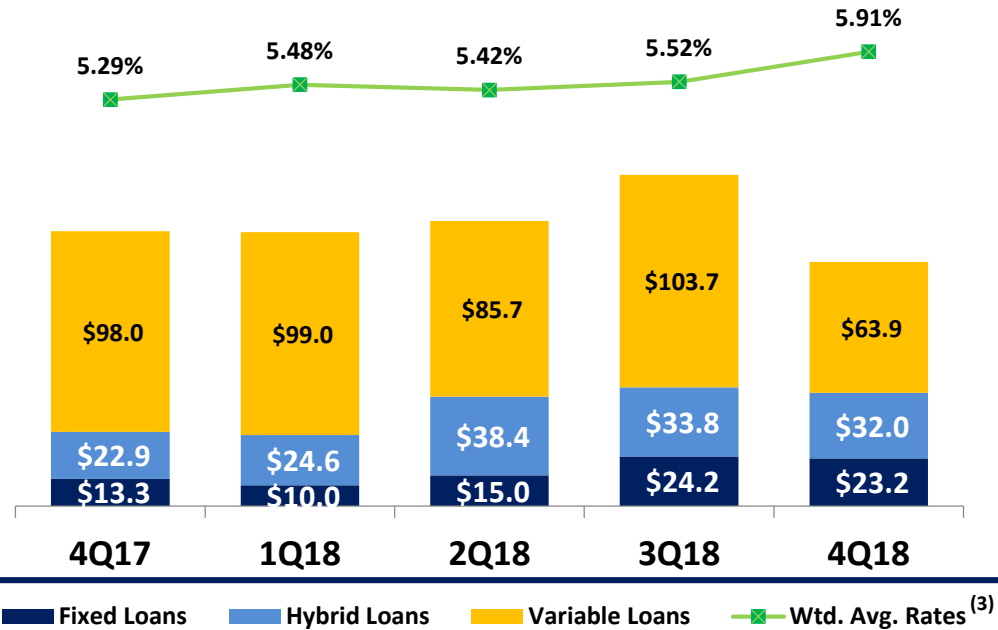


(1) As of 12/31/18

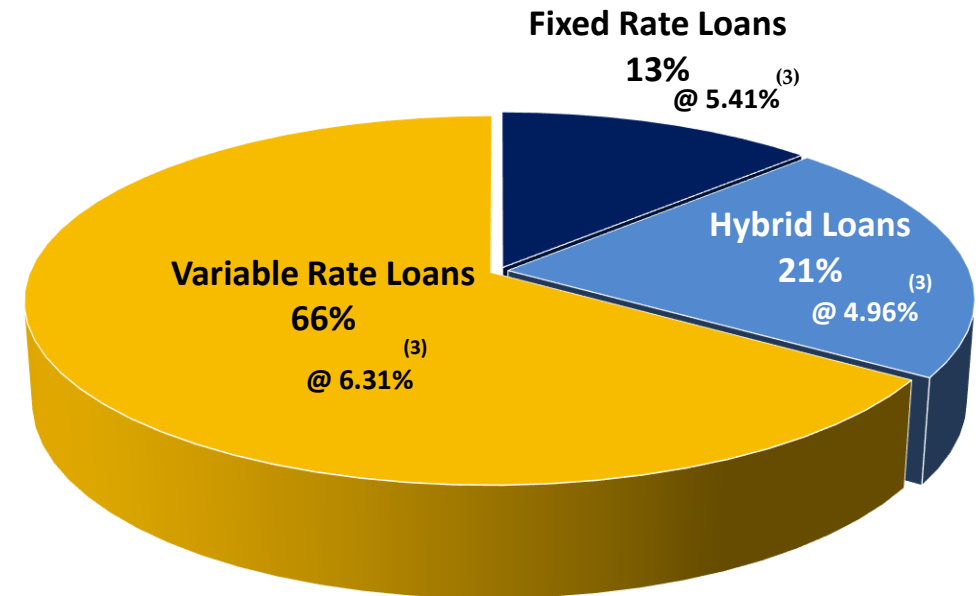
*2018 and any quarterly financials are unaudited.

Fixed vs. Variable Loans

New Loan: Fixed vs. Variable (\$ in millions)⁽¹⁾



Fixed vs. Variable⁽²⁾



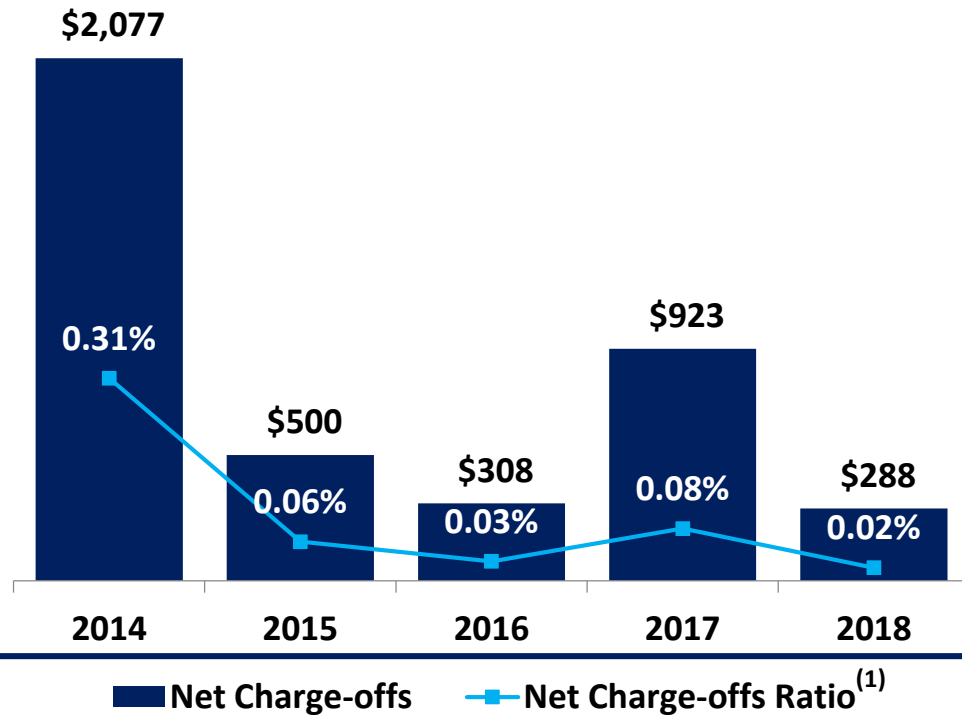
(1) Total commitment basis

(2) As of 12/31/2018

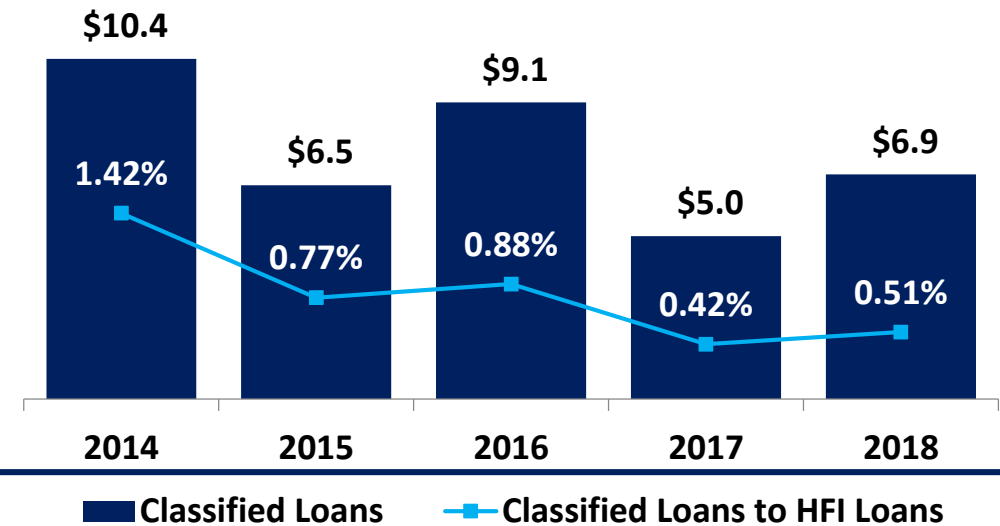
(3) Weighted average contractual interest rates
*2018 and any quarterly financials are unaudited.

Asset Quality

Net Charge-offs (\$ in thousands)



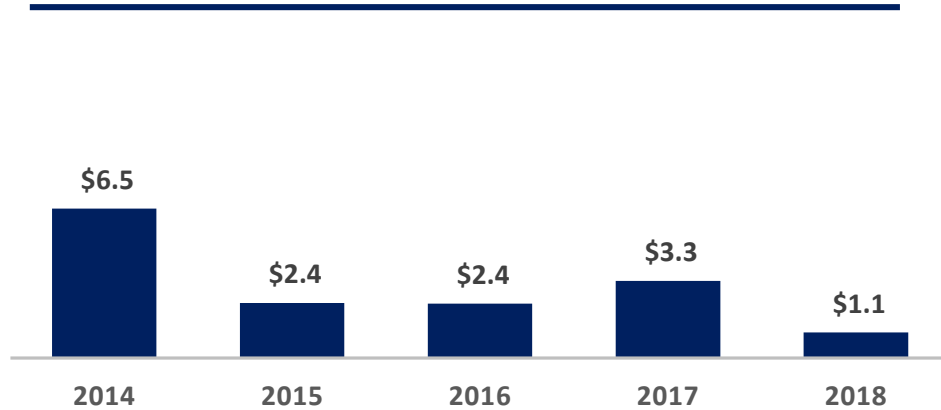
Classified Loans (\$ in millions)



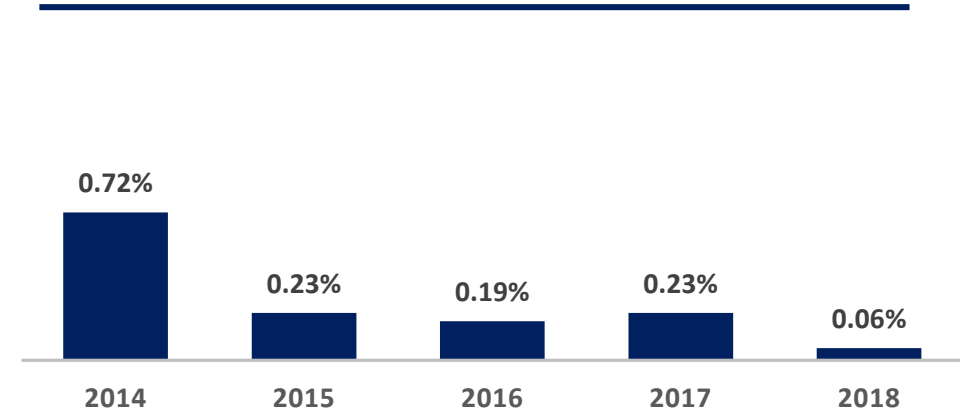
(1) Net Charge-offs Ratio = Net charge-offs to average HFI Loans
 *2018 and any quarterly financials are unaudited.

Asset Quality

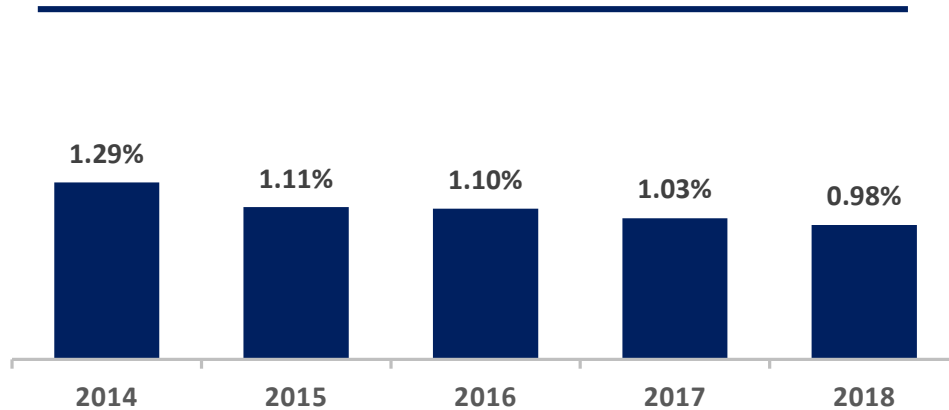
Nonperforming Assets (NPAs)⁽¹⁾



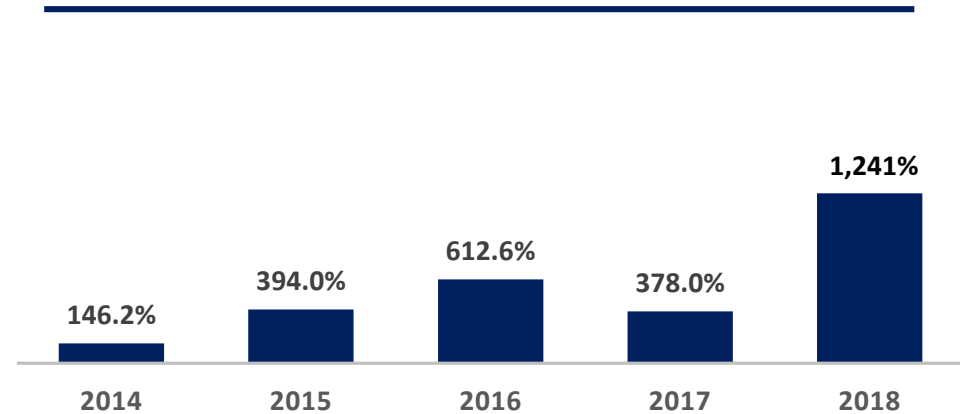
NPAs/ Total Assets



Allowance for Loan Losses to HFI Loans



Nonperforming Loan (NPL) Coverage⁽²⁾



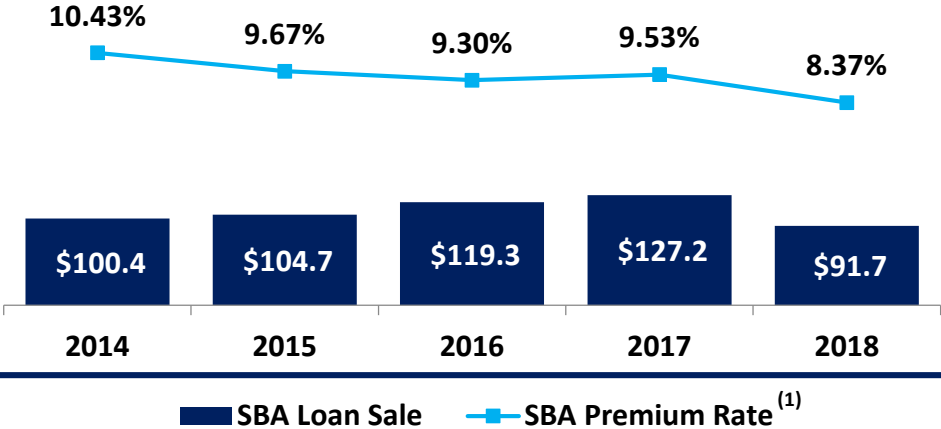
(1) \$ in millions

(2) NPL Coverage = Allowance for loan losses / NPL.

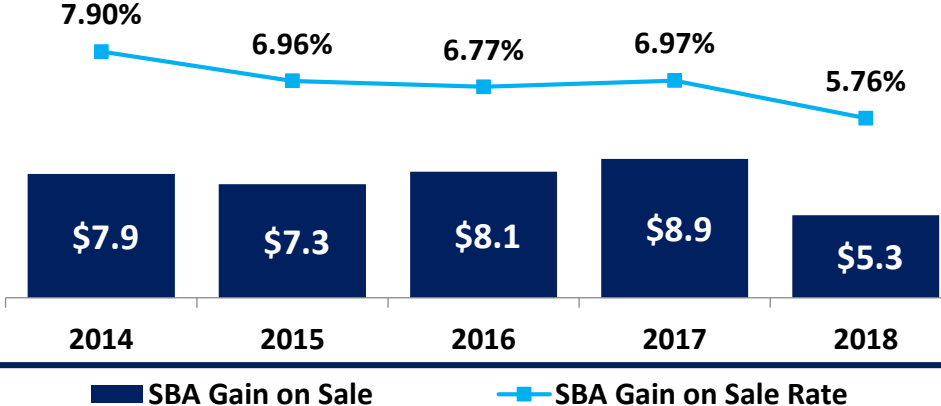
*2018 and any quarterly financials are unaudited.

SBA Loan Trends

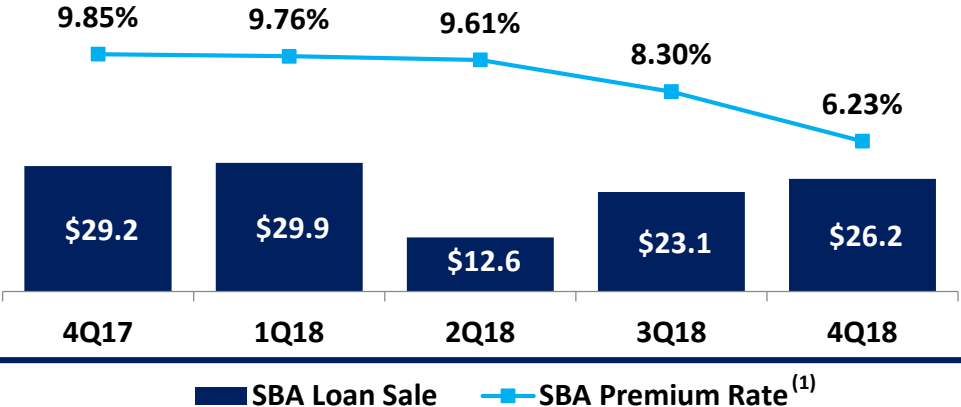
SBA Loan Sale and Premium (\$ in millions)



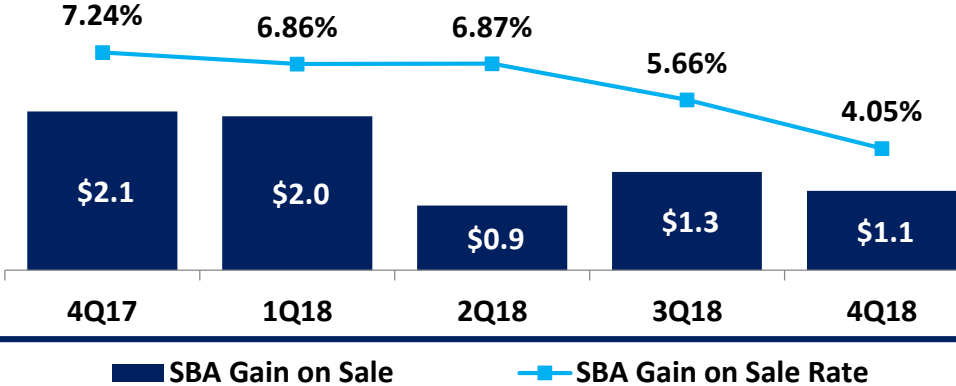
SBA Gain on Sale (\$ in millions)



SBA Loan Sale and Premium (\$ in millions)



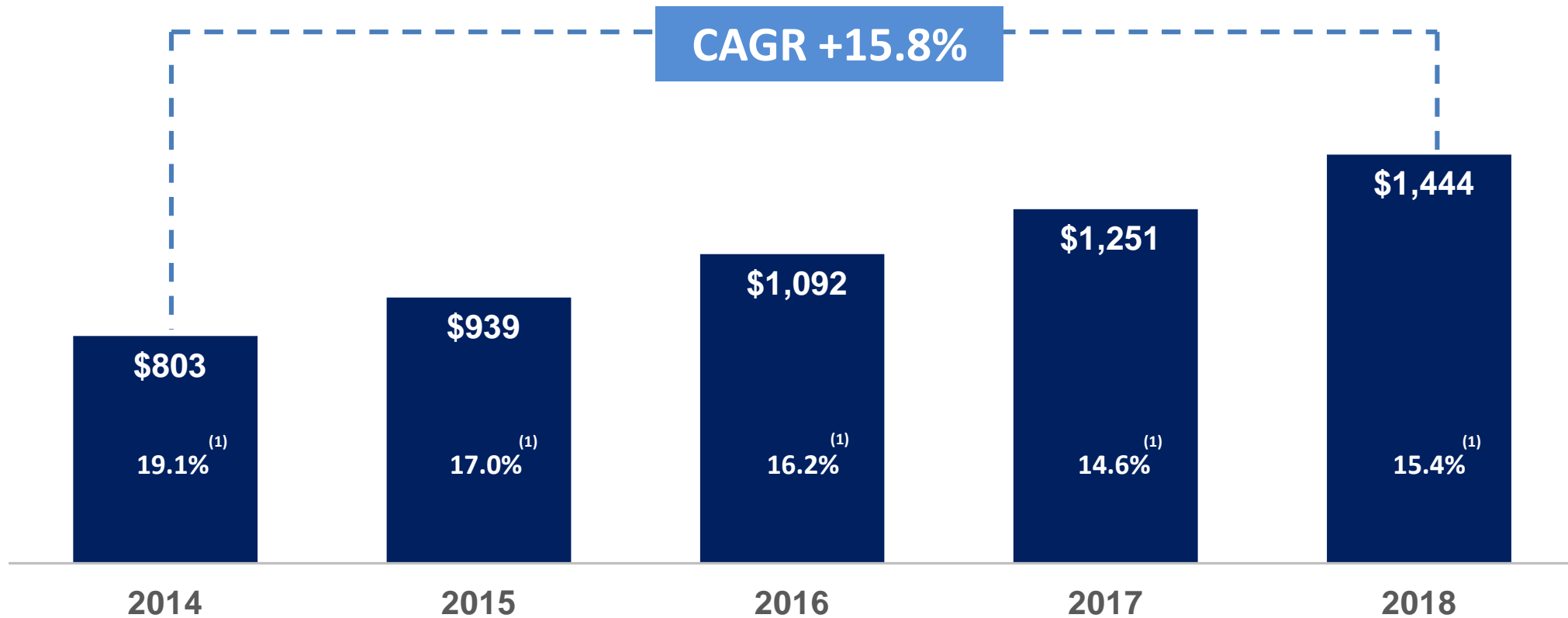
SBA Gain on Sale (\$ in millions)



(1) SBA premium on loans sold during the periods
 *2018 and any quarterly financials are unaudited.

Strong Growth and Performance

Total Deposits (\$ in millions)

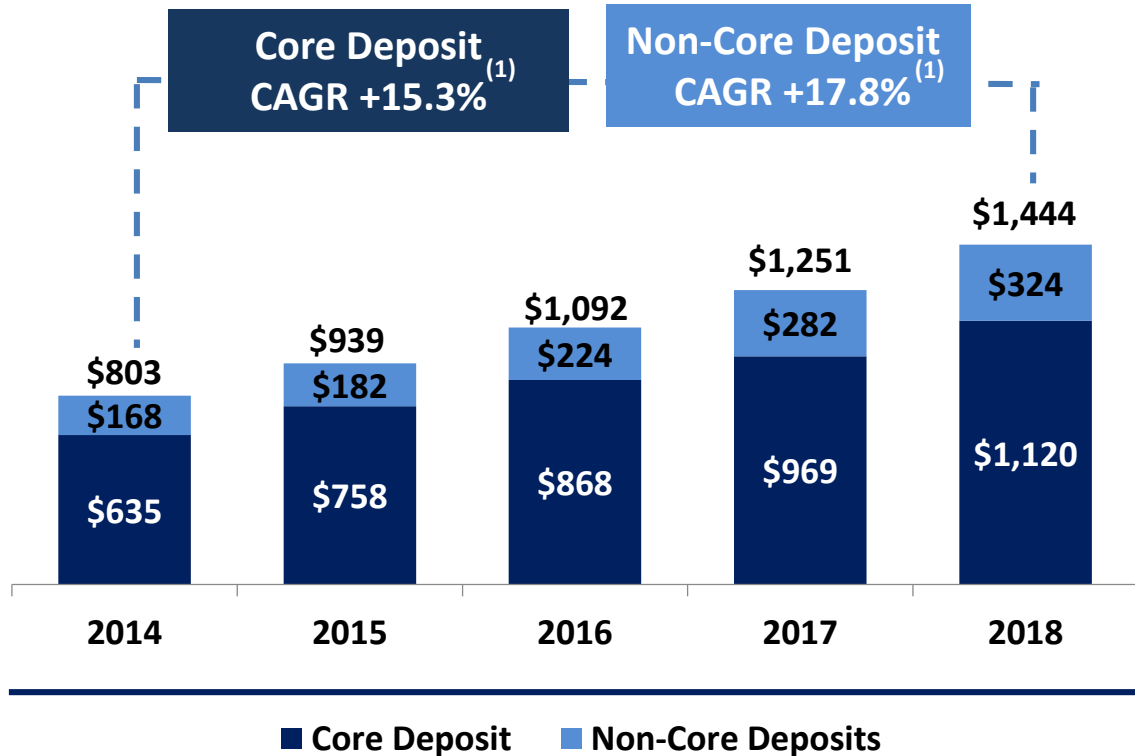


(1) Annual deposit growth rates

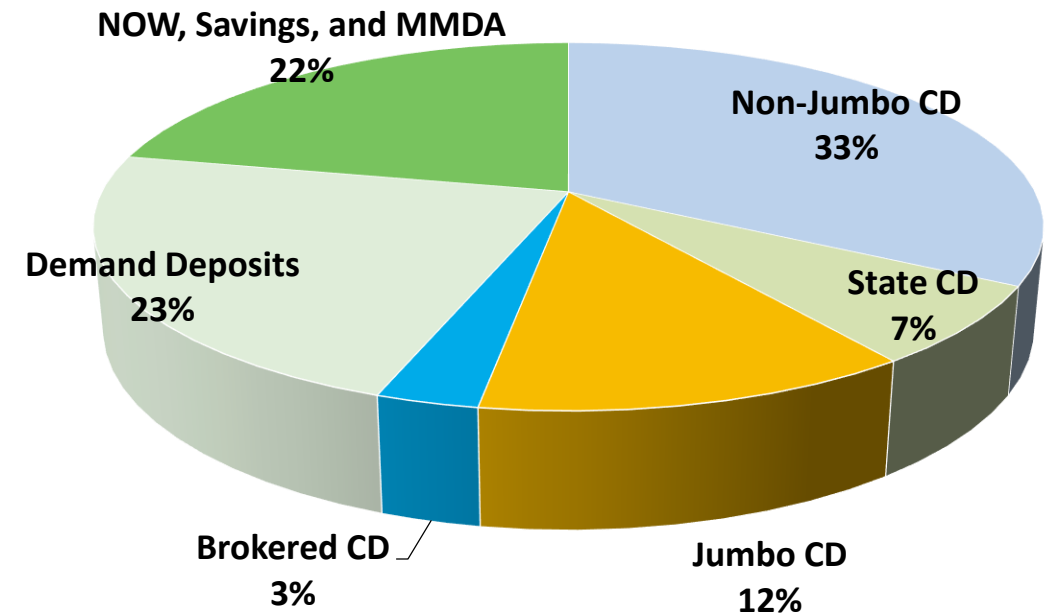
*2018 and any quarterly financials are unaudited.

Solid Core Deposit Growth

Core Deposit Trend (\$ in millions)



Total Deposit Compositions⁽²⁾



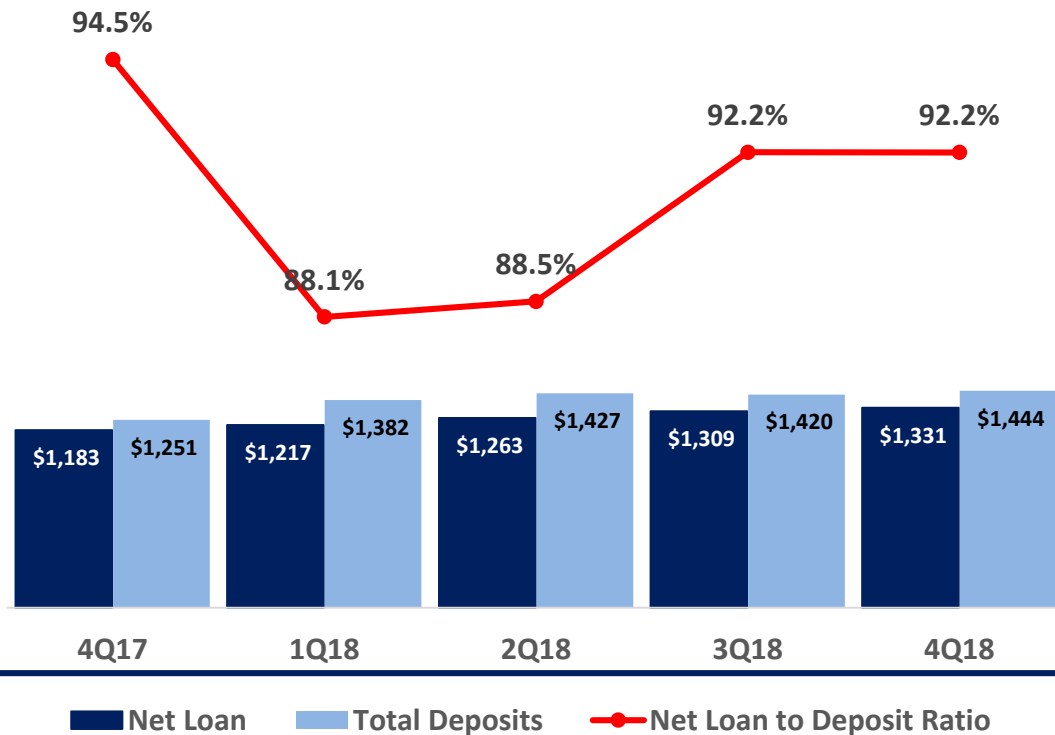
(1) Non-GAAP measure. See "Reconciliation of Non-GAAP Measures"

(2) As of 12/31/18

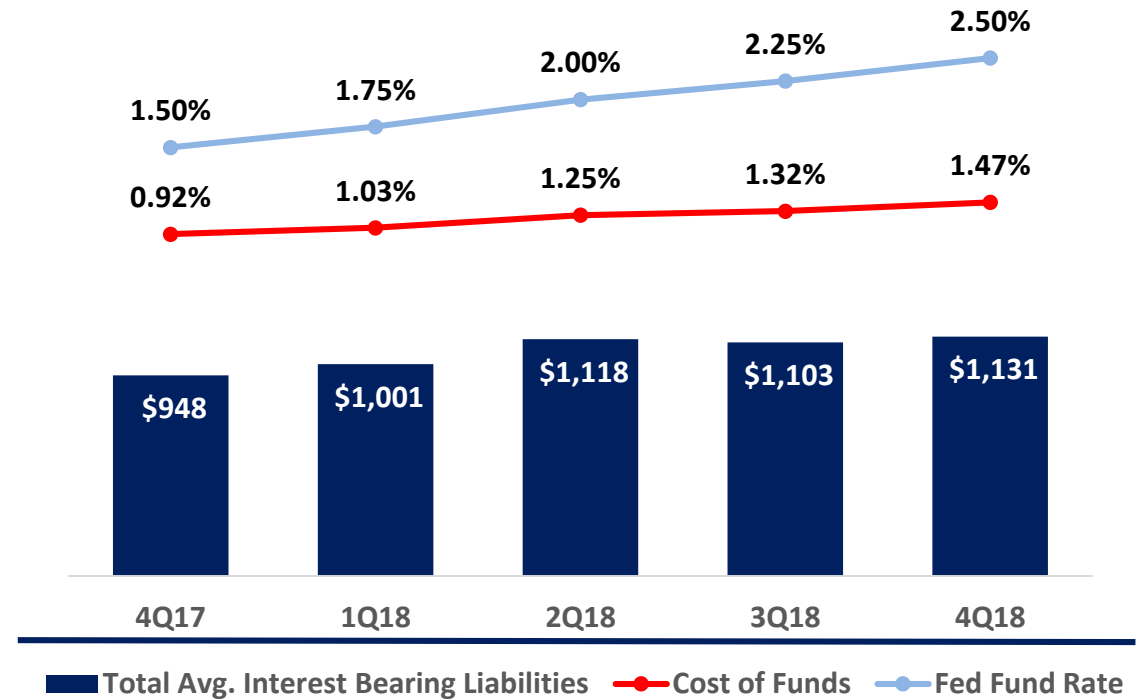
*2018 and any quarterly financials are unaudited.

Funds Management

Net Loan to Deposit Comparison (\$ in millions)



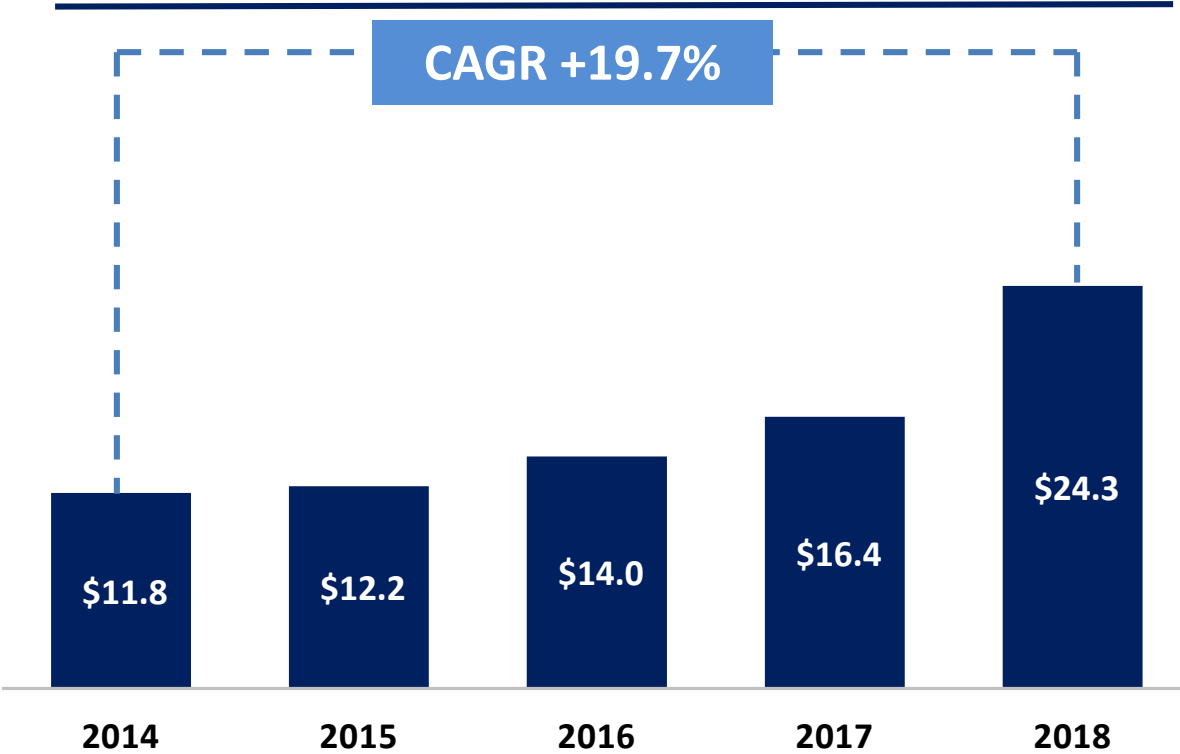
Cost of Funds (\$ in millions)



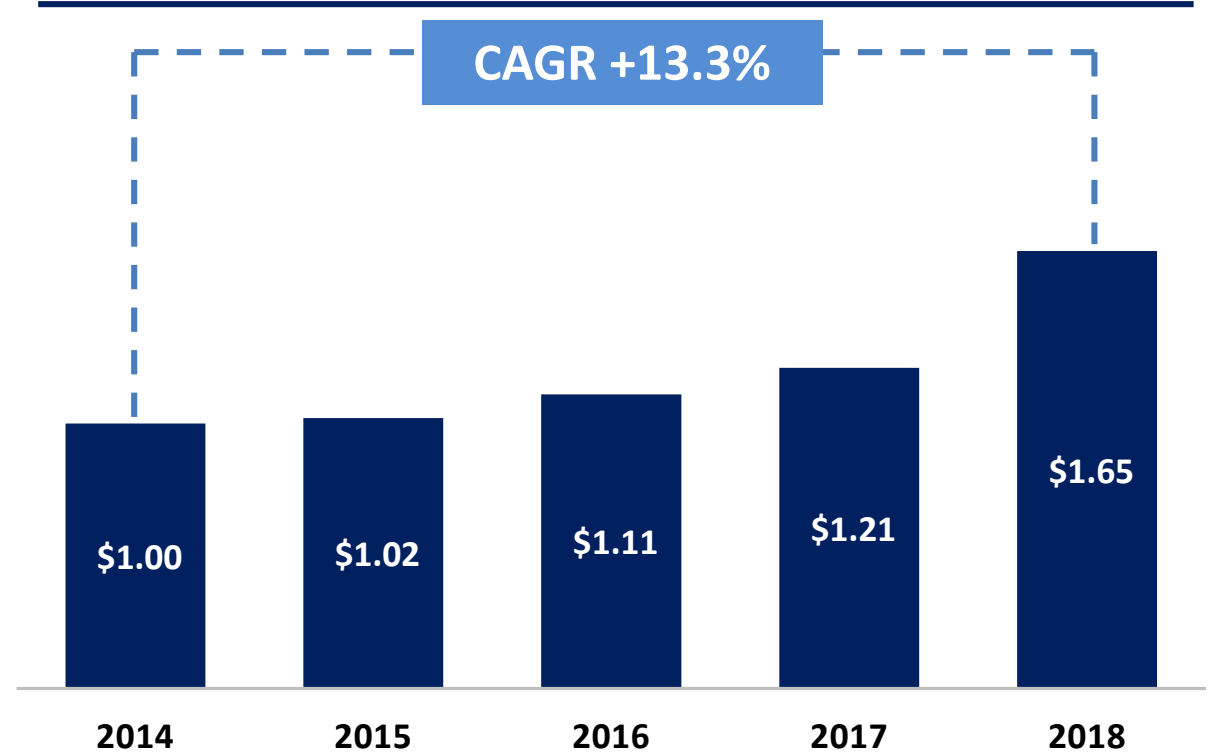
*2018 and any quarterly financials are unaudited.

Strong Earnings Performance

Net Income (\$ in millions)



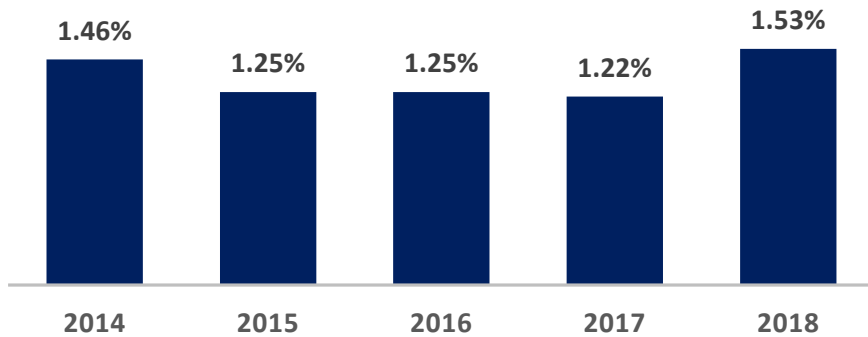
Diluted Earnings Per Share



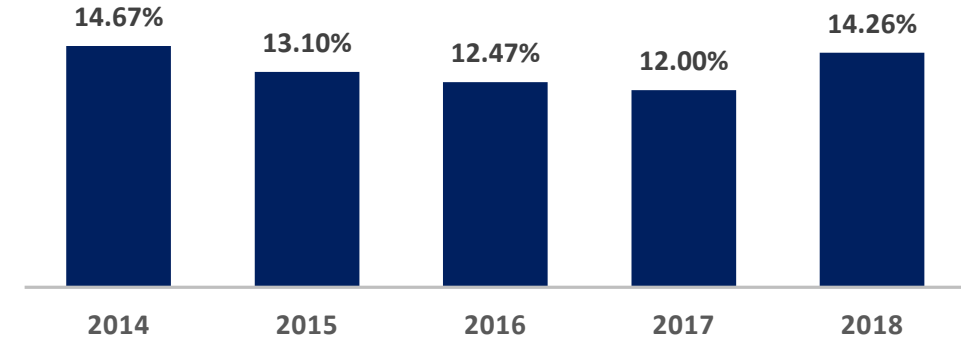
*2018 and any quarterly financials are unaudited.

Strong Earnings Performance

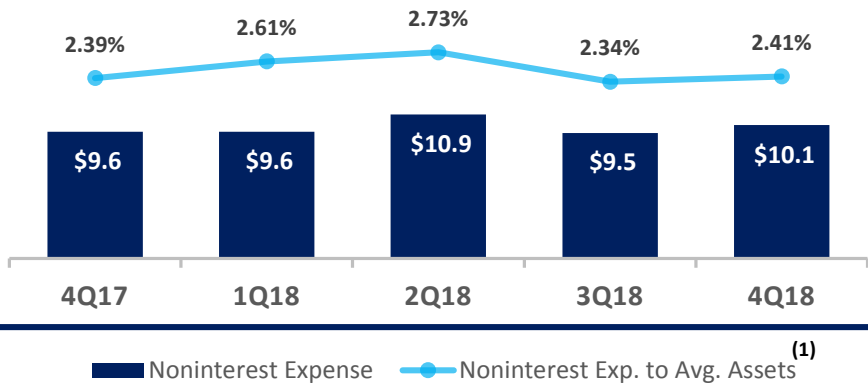
ROAA



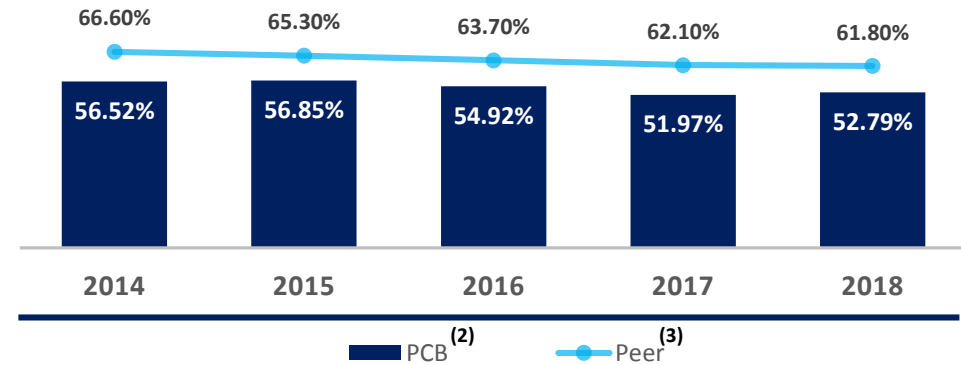
ROAE



Noninterest Expense (\$ in millions)



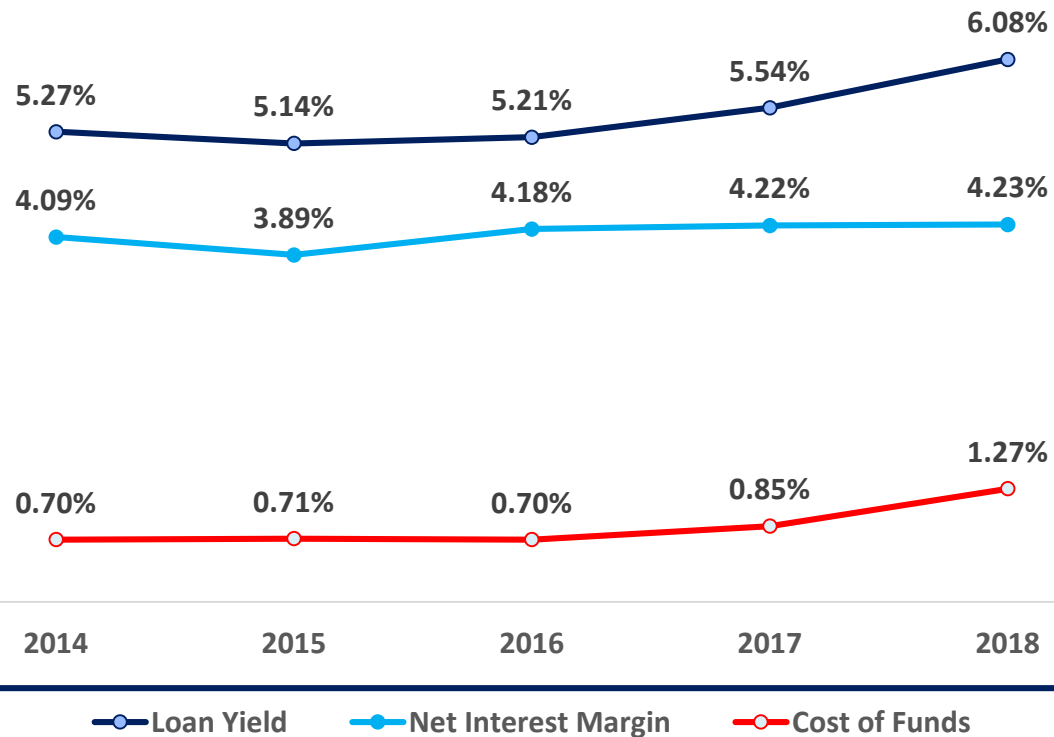
Efficiency Ratio



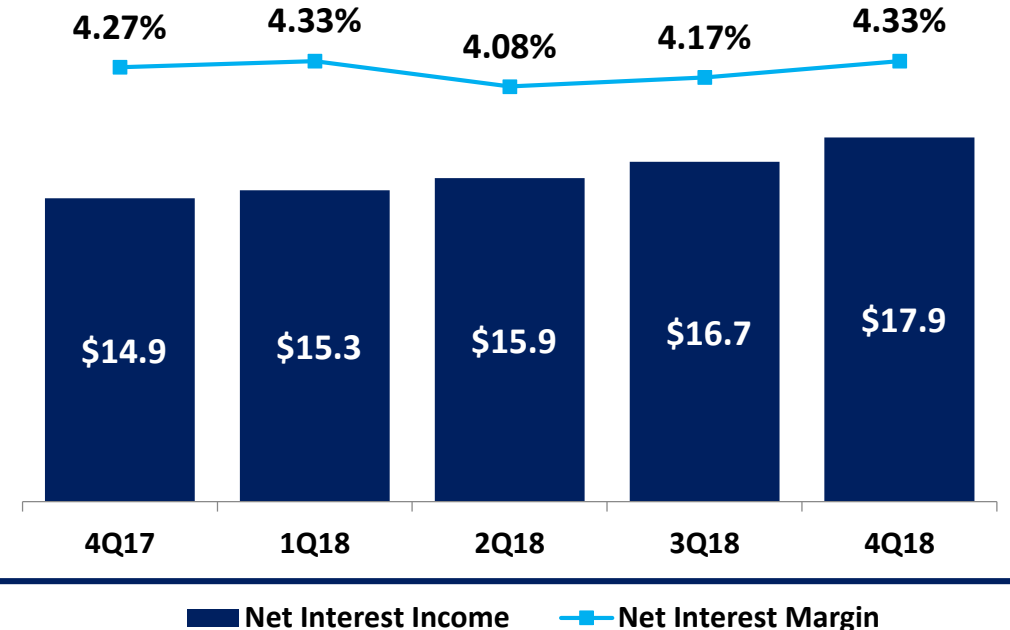
(1) Annualized
 (2) Consolidated basis
 (3) Source: Peer UBPR \$1 to \$3 billion
 *2018 and any quarterly financials are unaudited.

NIM and NII

Loan Yield vs. Cost of Funds



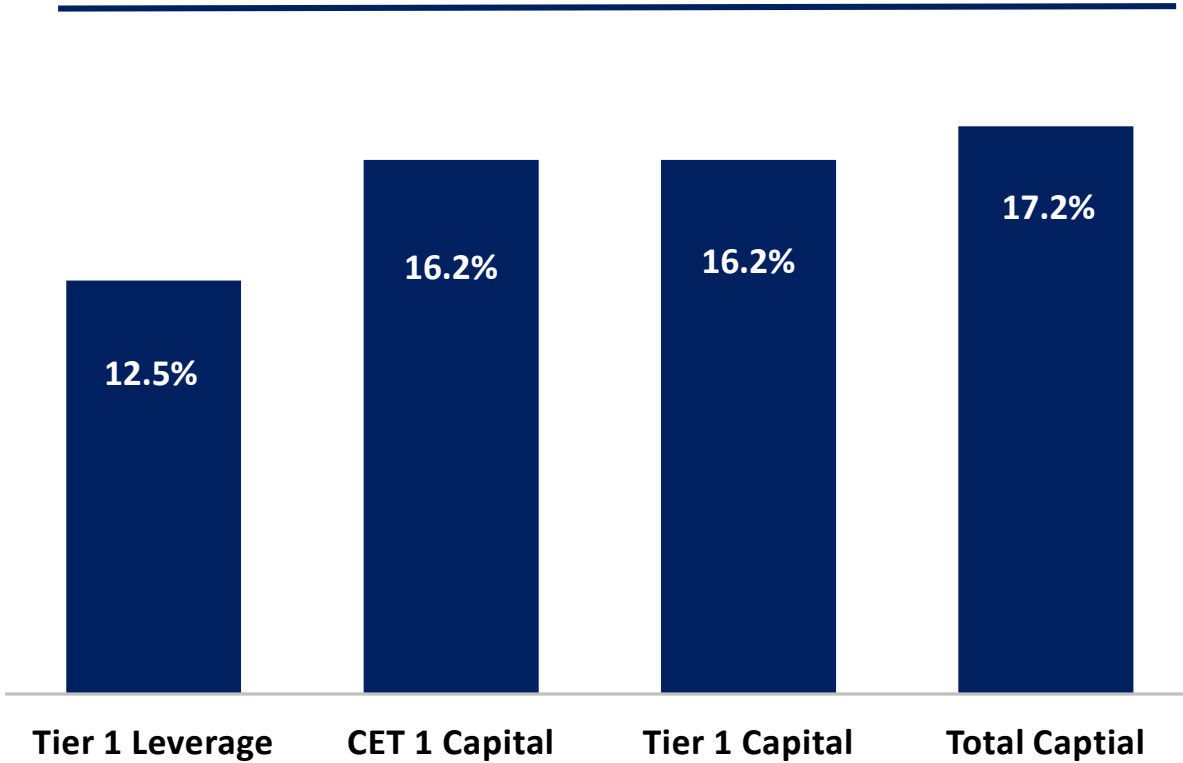
Net Interest Income⁽¹⁾ & Net Interest Margin



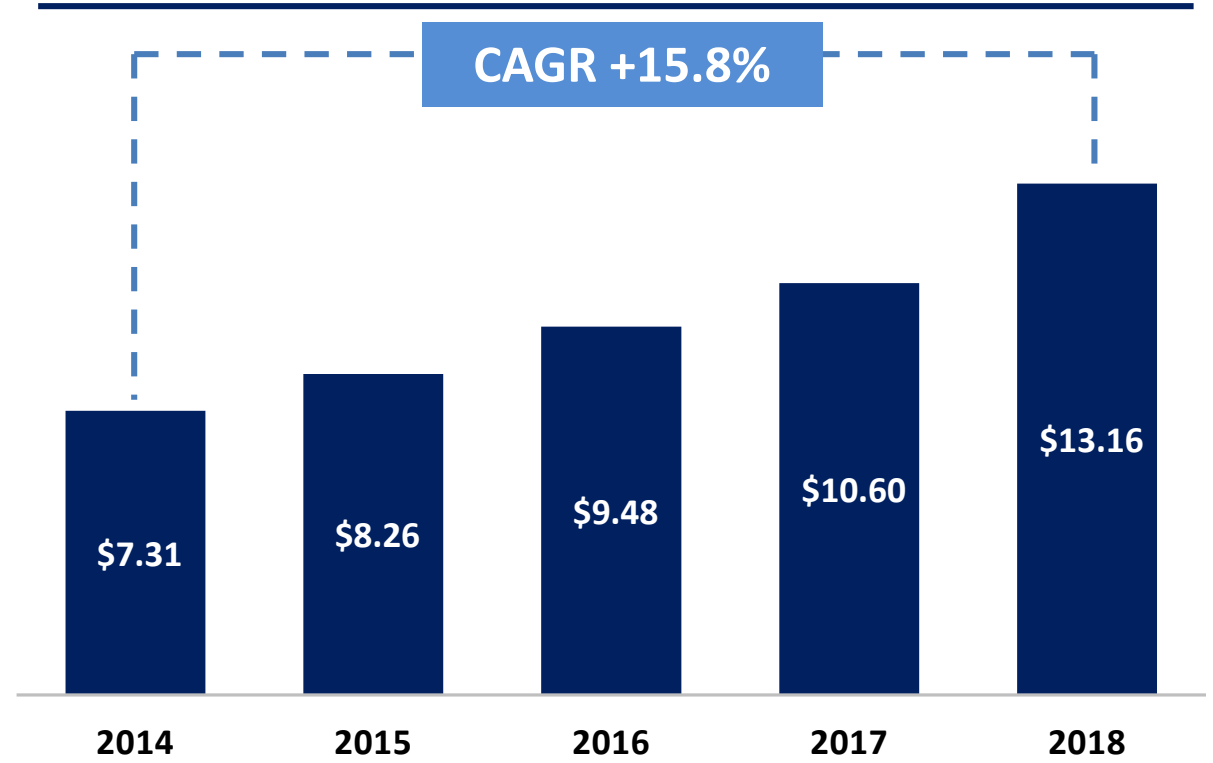
(1) \$ in millions
 *2018 and any quarterly financials are unaudited.

Capital Ratios and BV Per Share

Bank Capital Ratios⁽¹⁾



Book Value Per Share



(1) As of 12/31/18

*2018 and any quarterly financials are unaudited.

Financial Highlights & Investment Opportunities

-  **Cohesive and Experienced Management Team**
-  **Proven Track Record of Organic Growth**
-  **Excellent Asset Quality and Strong Earnings Performance**
-  **Conservative Credit Culture and Risk Profile with Diversified Loan Portfolio**
-  **Increased Quarterly Cash Dividend from \$0.03 to \$0.05 per share in Q1 2019**

Reconciliation of Non-GAAP Measures

Core Deposits are a non-GAAP measure that we use to measure the portion of our total deposits that are thought to be more stable, lower cost and reprice less frequently on average in a rising rate environment. We calculate core deposits as total deposits less time deposits greater than \$250,000 and brokered deposits. Management tracks its core deposits because management believes it is a useful measure to help assess the Company's deposit base and, among other things, potential volatility therein. The following table reconciles core deposits to total deposits, its most comparable GAAP measure:

(\$ in thousands)

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Total Deposits	\$802,828	\$939,439	\$1,091,812	\$1,251,290	\$1,443,753
Less: Time Deposits Greater Than \$250,0000	(151,326)	(157,327)	(184,573)	(229,862)	(281,239)
Less: Brokered Deposits	(17,000)	(24,201)	(39,066)	(52,500)	(42,500)
Core Deposits	\$634,502	\$757,911	\$868,173	\$968,928	\$1,120,014

2018 Q4 Financial Comparison

	For the Quarter Ended				
	12/31/2018	9/30/2018	Change	12/31/2017	Change
Income Statement Summary ⁽¹⁾					
Interest Income	\$ 23.2	\$ 21.5	8.1%	\$ 17.9	30.0%
Interest Expense	5.4	4.8	12.4%	2.9	82.9%
Net Interest Income	17.9	16.7	6.8%	14.9	19.6%
Noninterest Income	2.2	2.6	-13.2%	3.4	-33.4%
Noninterest Expense	10.1	9.5	6.5%	9.6	5.4%
Provision for loan losses	0.3	0.4	-29.5%	1.7	-82.8%
Pretax Income	9.7	9.4	3.3%	7.0	38.8%
Income tax Expense	2.9	2.8	4.2%	4.6	-36.5%
Net Income	6.7	6.5	2.8%	2.3	187.8%
EPS-Diluted	\$ 0.41	\$ 0.44	-6.8%	\$ 0.17	141.2%
Selected Balance sheet Items					
Total Loans ⁽²⁾	1,344	1,322	1.7%	1,195	12.5%
Total Deposits	1,444	1,420	1.7%	1,251	15.4%
Total Assets	1,697	1,664	2.0%	1,442	17.7%
Shareholders' Equity	210	203	3.6%	142	47.9%
Key Metrics					
Book Value Per Share	\$ 13.16	\$ 12.71	3.6%	\$ 10.60	24.2%
Return on Average Assets (ROAA)	1.60%	1.60%		0.65%	
Return on Average Equity (ROAE)	12.92%	14.50%		6.47%	
Net Interest Margin	4.33%	4.17%		4.27%	
Efficiency Ratio	50.44%	49.34%		52.58%	

(1) \$ in millions

(2) Includes both loans held-for-sale and loans held-for-investment, net of deferred loan fees and costs (HFI Loans)

*2018 and any quarterly financials are unaudited.