

Preferred Bank (Nasdaq: PFBC; Los Angeles, CA) Completes Private Placement Offering of \$62.5 Million of Subordinated Notes

Sandler O'Neill + Partners, L.P. served as exclusive placement agent for the subordinated notes.

This transaction is the 60th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner, or initial purchaser.¹ Sandler O'Neill's market share during this period, based on transactions reported in SNL Financial, is approximately 50%.²

About the Offering:

LOS ANGELES, June 13, 2016 - Preferred Bank (PFBC), an independent commercial bank, today announced the completion of a private placement of \$62.5 million in principal amount of fixed-to-floating rate subordinated notes to certain qualified investors. The proceeds from the placement of the notes will be used for general corporate purposes, capital management and to support future growth.

The subordinated notes have a maturity date of June 15, 2026 and bear interest, payable semi-annually, at the rate of 6.0% per annum until June 15, 2021. On that date, the interest rate will be adjusted to float at a rate equal to the three-month LIBOR rate plus 467.3 basis points (4.673%) until maturity. The notes include a right of prepayment, on or after June 15, 2021 and, in certain limited circumstances, before that date. The indebtedness evidenced by the subordinated notes, including principal and interest, is unsecured and subordinate and junior in right to payment to general and secured creditors and depositors of Preferred Bank. The subordinated notes have been structured to qualify as Tier 2 capital for regulatory purposes.

About the Company:

Preferred Bank is one of the larger independent commercial banks in California. The bank is chartered by the State of California, and its deposits are insured by the Federal Deposit Insurance Corporation, or FDIC, to the maximum extent permitted by law. Preferred Bank conducts its banking business from its main office in Los Angeles, California, and through eleven full-service branch banking offices in the California cities of Alhambra, Century City, City of Industry, Torrance, Arcadia, Irvine, Diamond Bar, Anaheim, Pico Rivera, Tarzana and San Francisco, and one office in Flushing, New York. Preferred Bank offers a broad range of deposit and loan products and services to both commercial and consumer customers. The bank provides personalized deposit services as well as real estate finance, commercial loans and trade finance to small- and mid-sized businesses, entrepreneurs, real estate developers, professionals and high net worth individuals. Although originally founded as a Chinese-American Bank, Preferred Bank now derives most of its customers from the diversified mainstream market but continues to benefit from the significant migration to California of ethnic Chinese from China and other areas of East Asia.

Note: This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

- (1) Source: Sandler O'Neill + Partners. Deal count includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets.
- (2) Source: SNL Financial. Aggregate deal count used in market share calculation includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets that have reported book-running managers or placement agents. Sandler O'Neill transactions used to calculate market share are those in which Sandler O'Neill acted as either a book-runner or placement agent.
- (3) Financial data not pro forma for the offering

June 13, 2016

Private Placement
6.00% Fixed-to-Floating Rate
Subordinated Notes due 2026
\$62.5 Million



Exclusive Placement Agent
SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2016³*(Dollars in millions)*

Total assets	\$2,683
Net loans	\$2,131
Total deposits	\$2,358
Total common equity	\$274
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Tier 1 leverage ratio	10.29%
Tier 1 risk-based capital ratio	10.74%
Total risk-based capital ratio	11.70%
TCE / TA	10.16%

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