CPP ANNUAL USE OF CAPITAL SURVEY - 2011

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Pacific City Financial Corporation/Pacific City Bank

Point of Contact:	Timothy Chang	RSSD: (For Bank Holding Companies)	3595084
UST Sequence Number:	142	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	16,200,000	FDIC Certificate Number: (For Depository Institutions)	57463
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Los Angeles
Date Repaid[1]:	N/A	State:	California

[1] If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X **Increase lending or reduce lending less than otherwise would have occurred.**

Though our overall gross lending volume has decreased by $15.8 million in 2011, we selectively increased residential mortgage loans.

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☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

☐ **Increase charge-offs.**

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☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We avoided having to reduce our balance sheet in order to preserve and maintain capital ratios required by an agreement we signed with regulators on April 22, 2010. Had we not have the CPP funds, with the prior losses we incurred in 2009 and 2010, we would have to reduce our balance sheet by about $99.6 million in average total assets in 2011 to maintain Tier 1 Leverage Capital Ratio equal to or exceeding 10% as required by an agreement with regulators.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to reduce non-accrual loans to $11.0 million in 2011 from $25.4 million in 2010 and non-performing assets to $12.4 million in 2011 from $27.8 million in 2010 by aggressively charging and selling off problem loans. The Bank was also able to set aside $11.2 million for credit losses without having Tier 1 Leverage ratio fall under 10%.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.