

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **May 8, 2025**

Preferred Bank

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction
of incorporation or organization)

33539

(FDIC Certificate No.)

95-4340199

(I.R.S. Employee
Identification No.)

601 S. Figueroa Street, 48th Floor, Los Angeles, California

(Address of principal executive offices)

90017

(Zip code)

(213) 891-1188

(Registrant's telephone number including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure

On May 8, 2025, Preferred Bank (the “Bank”) announced that its Executive Vice President and Chief Financial Officer Edward J. Czajka updated investors at the 27th Annual D.A. Davidson Financial Institutions Conference on May 7, 2025. Attached is the Investor Presentation for that conference.

During the investor meeting, the information contained in the presentation attached hereto as Exhibit 99.1 was discussed. To the extent updates are made to this presentation, these updates will be made available on the Bank’s investor relations page of its website at www.preferredbank.com.

About Preferred Bank

Preferred Bank is one of the larger independent commercial banks headquartered 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. The Bank conducts its banking business from its main office in Los Angeles, California, and through twelve full-service branch banking offices in California (Alhambra, Century City, City of Industry, Torrance, Arcadia, Irvine (2), Diamond Bar, Pico Rivera, Tarzana and San Francisco (2)), two branches in New York (Manhattan and Flushing, Queens) and a branch office in the Houston, Texas suburb of Sugar Land. In addition, the Bank also operates a loan production office in Sunnyvale, California. 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 does continue to benefit from the significant migration to California of ethnic Chinese from China and other areas of East Asia.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Preferred Bank

Dated: May 8, 2025

By: /s/ Edward J. Czajka

Edward J. Czajka

Executive Vice President

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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99.1	27 th Annual D.A. Davidson Financial Institutions Conference, dated May 7, 2025
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27th Annual D.A. Davidson Financial Institutions Conference May 7, 2025

Forward Looking Statements



During the course of this presentation, management may make statements regarding events or future financial performance of the Bank. These statements may include comments with respect to our objectives and strategies, and the results of our operations and our business. However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. These statements are based on the beliefs and assumptions of the management of PFBC, and on the information available to management at the time the presentation materials were prepared. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future results to differ materially from these statements. Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political, and regulatory conditions. We caution that the foregoing list is not exhaustive. Additional factors that could cause the Bank's results to differ materially from those described in the forward-looking statements can be found in the Bank's 2024 Annual Report on Form 10-K filed with the Federal Deposit Insurance Corporation. When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events.

Franchise Overview: Preferred Bank

**PREFERRED
BANK**

- **\$7.1 billion commercial bank headquartered in Los Angeles, CA, targeting small/medium businesses and high net worth individuals within footprint lending**
- **Services customers through attractive branch footprint**
 - 13 branches in California, (11 in Southern California and 2 in San Francisco)
 - 2 Branches in New York (Manhattan and Queens)
 - 1 Branch in Houston, Texas
 - 1 LPO in Silicon Valley California
- **Significant insider ownership aligned with stakeholders**
 - Directors and Officers collectively own 7.7%
- **Focused on ethnic Chinese (plus other areas of East Asia) and mainstream markets**
 - Ethnic Chinese clients estimated to account for ~[45%] of deposits and ~[20%] of loans
- **Fortress capital, liquidity, and a short duration balance sheet**
- **Operational hallmark is efficiency, both structurally and culturally**

Preferred Bank (NASDAQ: PFBC)

Headquarters	Los Angeles, CA
Founded / IPO	1991 / 2005
Branches	16
Employees	320
 Market Cap. ¹	 \$1.3bb
 Assets	 \$7,100mm
Gross Loans	\$5,634mm
Deposits	\$6,073mm
Loan / Deposit	92.8%
 TCE/TA	 10.96%
CET1	11.86%
Total Capital	15.15%
 NPAs/ Assets ²	 1.30%
LTM NCOs/Avg. Loans	0.32%
 Q1 '25 ROA	 1.76%
Q1 '25 ROE	15.96%
Q1 '25 NIM	3.75%
Q1 '25 Efficiency Ratio	35.1%
Q1 '25 Nonint. Inc. / Op. Rev.	6.0%

Note: Financial data as of March 31, 2025

1) Market data as of May 2, 2025

2) Nonperforming assets includes nonaccrual loans and repossessed assets

PFBC Stock Profile

PREFERRED
BANK

Ticker Symbol

NASDAQ: PFBC

Recent Price

\$82.38 (5/2/25)

Shares O/S

13.16mm

Market Cap

\$1.08bb

Avg Volume (50-day)

108.8m shares

Annual Dividend: \$3.00
Current Yield: 3.64%

*D.A. Davidson
Piper Sandler Companies
Janney Montgomery Scott
Stephens Co.
Raymond James & Co.*

Management Overview and Business Model

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Long-Tenured Management Team with Average of [*~17*] Years in Current Roles

Li Yu
Chairman & CEO

- Founded Preferred Bank in 1991
- **Largest individual shareholder**
- 39 years of banking experience

Wellington Chen
President & COO

- 38 years in banking
- Formerly EVP and Corporate Banking Director at East-West Bank

Edward J Czajka
EVP & CFO

- 19 years with Preferred Bank
- 38 years of banking experience

Nick Pi
EVP & CCO

- 21 years with Preferred Bank
- 32 years of banking experience

Johnny Hsu
*EVP & Deputy
COO*

- 32 years of banking experience, all with Preferred Bank

How We Execute – Business Model

- Ultra high-touch service – our frontline personnel develop long lasting and deep relationships with their clients, fostering loyalty and word of mouth advertising
- We recruit senior level lenders and BD personnel with strong books of business
- Business model allows for high level of automated banking. Average branch operations staff is relatively small even though average branch size is around \$381mm in deposits
- Local decision-making, ability to execute and access to senior management
- Efficient back office, and NO Holding Company
 - *Efficiency Ratio of 31.0% in Q4 2024 ranks in the top 2% in the U.S. (FDIC UBPR)*
 - *Assets per employee of \$21.4mm as of Dec. 31, 2024, ranks in the 91st percentile.*

Management team averages 36 years of industry experience and average 23 years with Preferred Bank

Branch Map

PREFERRED
BANK

Branch light model
with average branch
size of \$381mm in
deposits

➤ Primarily serving ethnic Chinese in:

- San Gabriel Valley area of Southern California (Alhambra, Arcadia, Diamond Bar, City of Industry)
- South Bay (Torrance)
- Irvine (2)
- San Francisco (Business District)
- Flushing, NY
- Manhattan
- Houston, TX

➤ Primarily serving mainstream clientele in:

- San Fernando Valley (Tarzana)
- Downtown Los Angeles
- Westside (Century City)
- Southern L.A. County (Pico Rivera)
- San Francisco (Richmond District)



California



New York



Texas

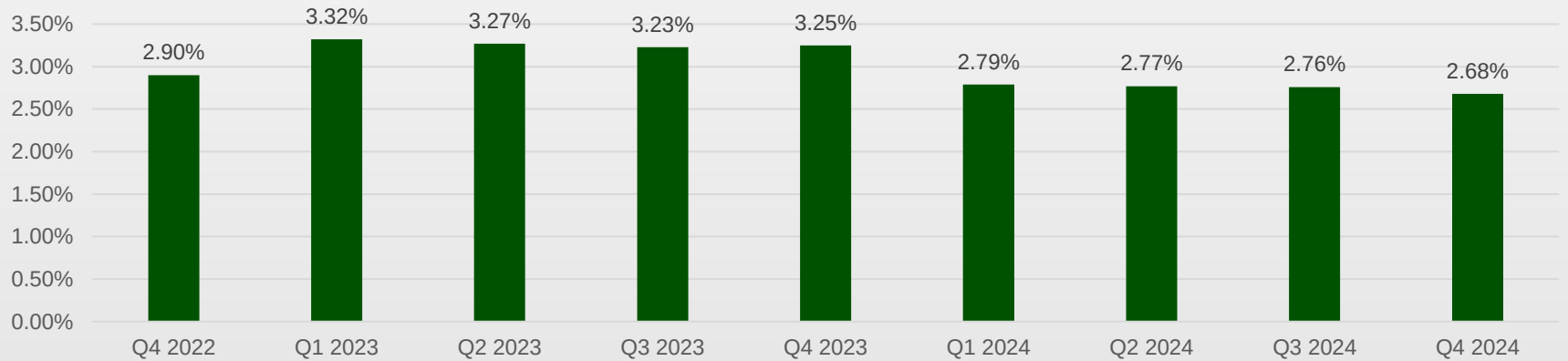
Performance



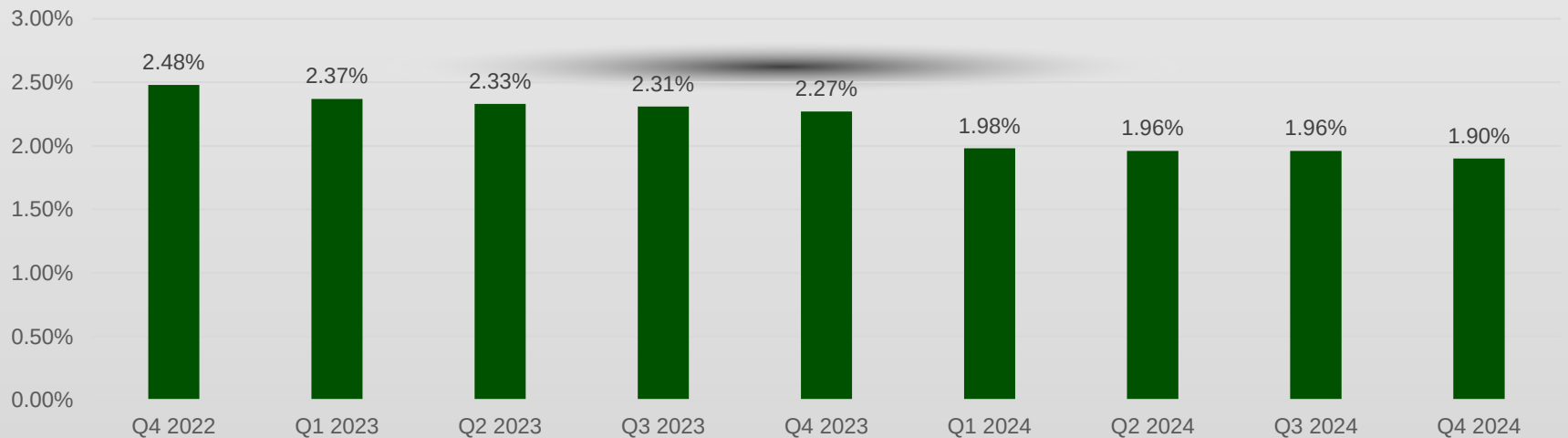
Consistent Profitability...



Pre Tax ROA



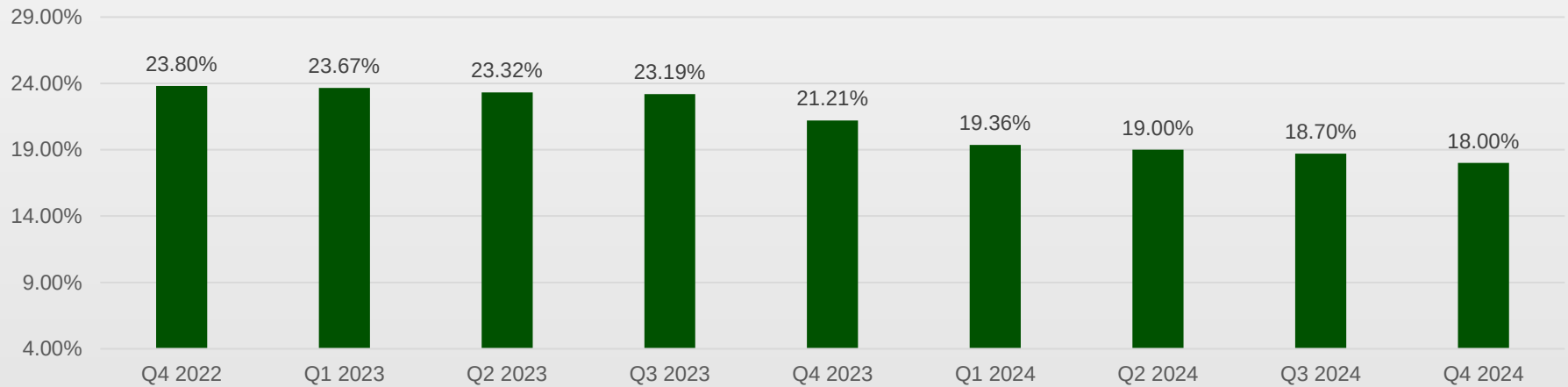
ROA



Superior ROE and Operating Efficiency



ROE



Efficiency Ratio



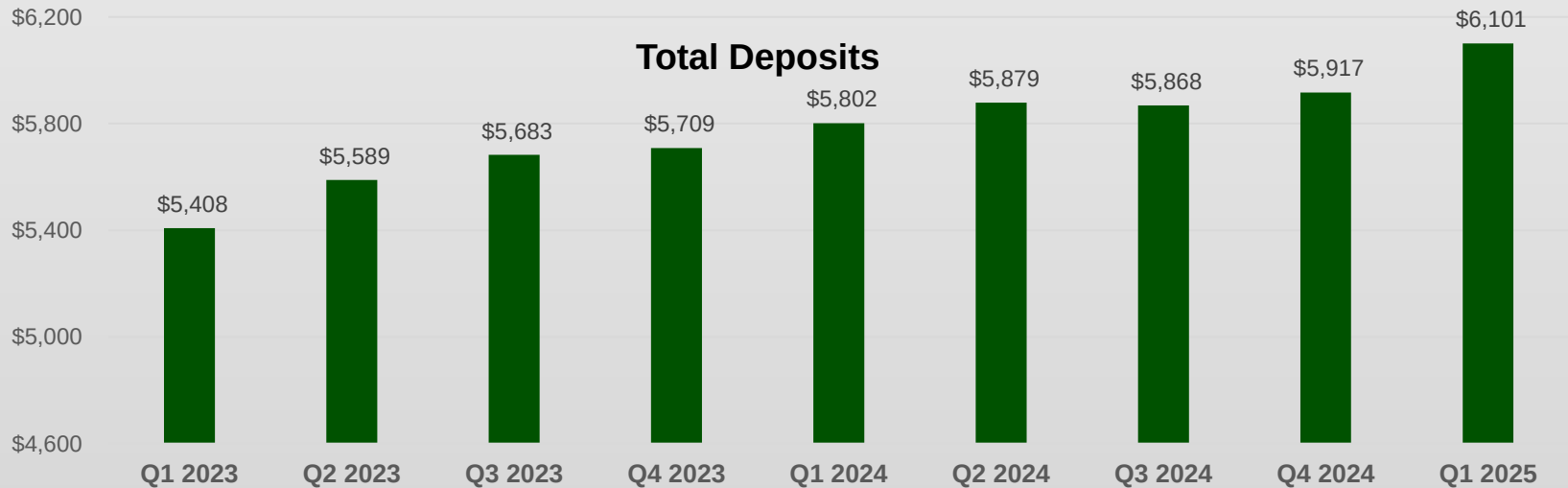
Consistent Loan and Deposit Growth.....



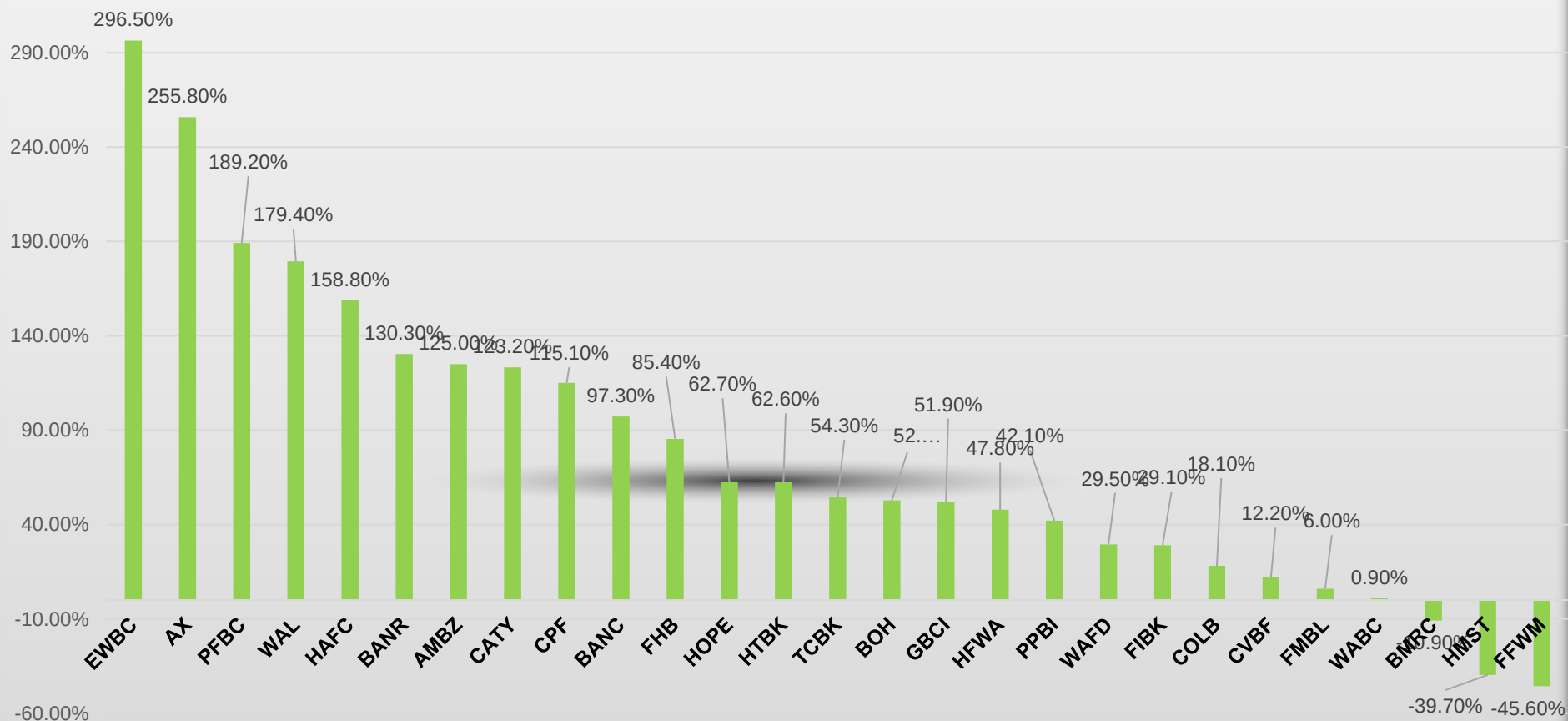
Total Loans



Total Deposits



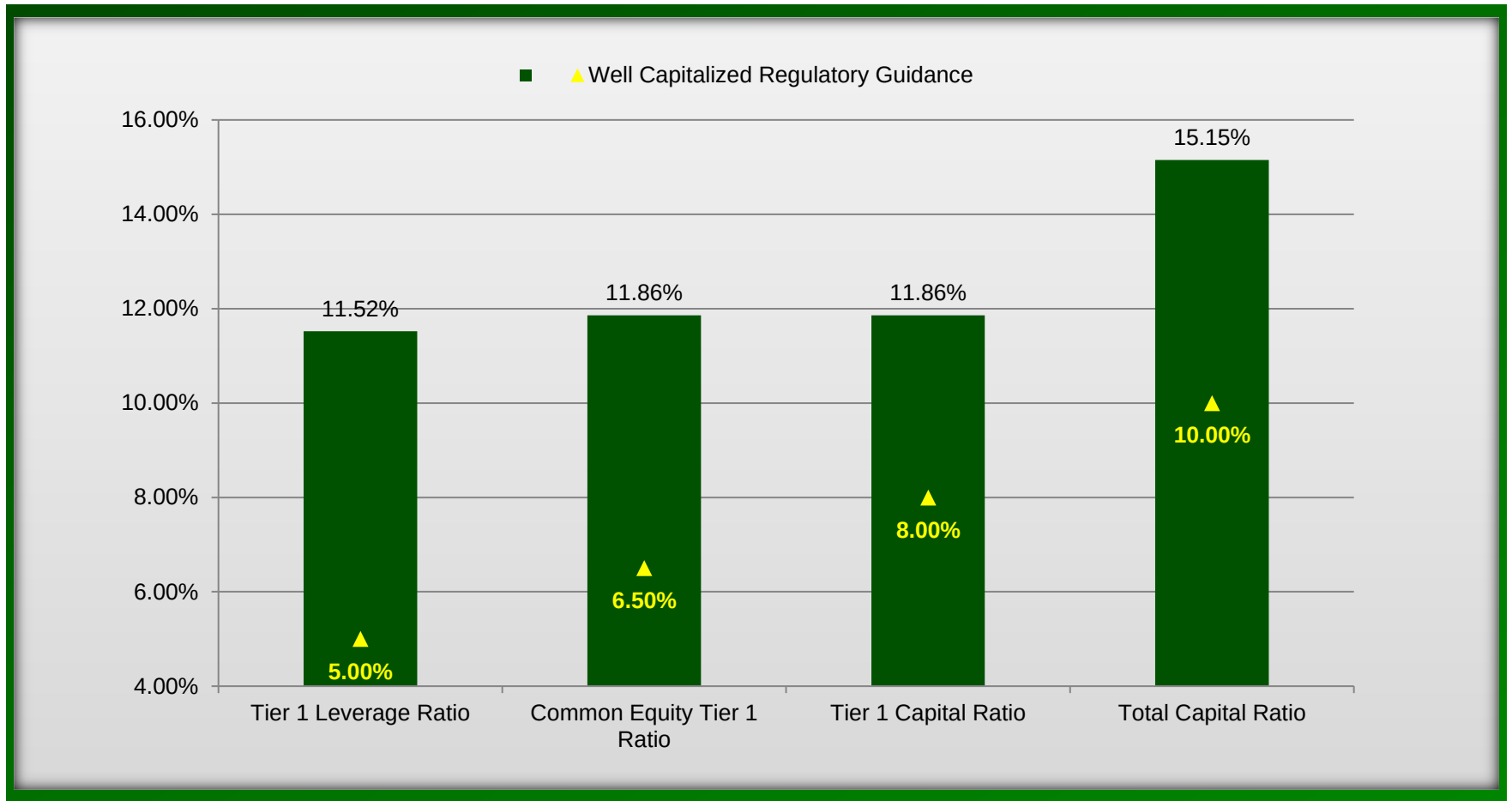
5-Year Total Return vs S&P West Banks > \$5bb



Capital



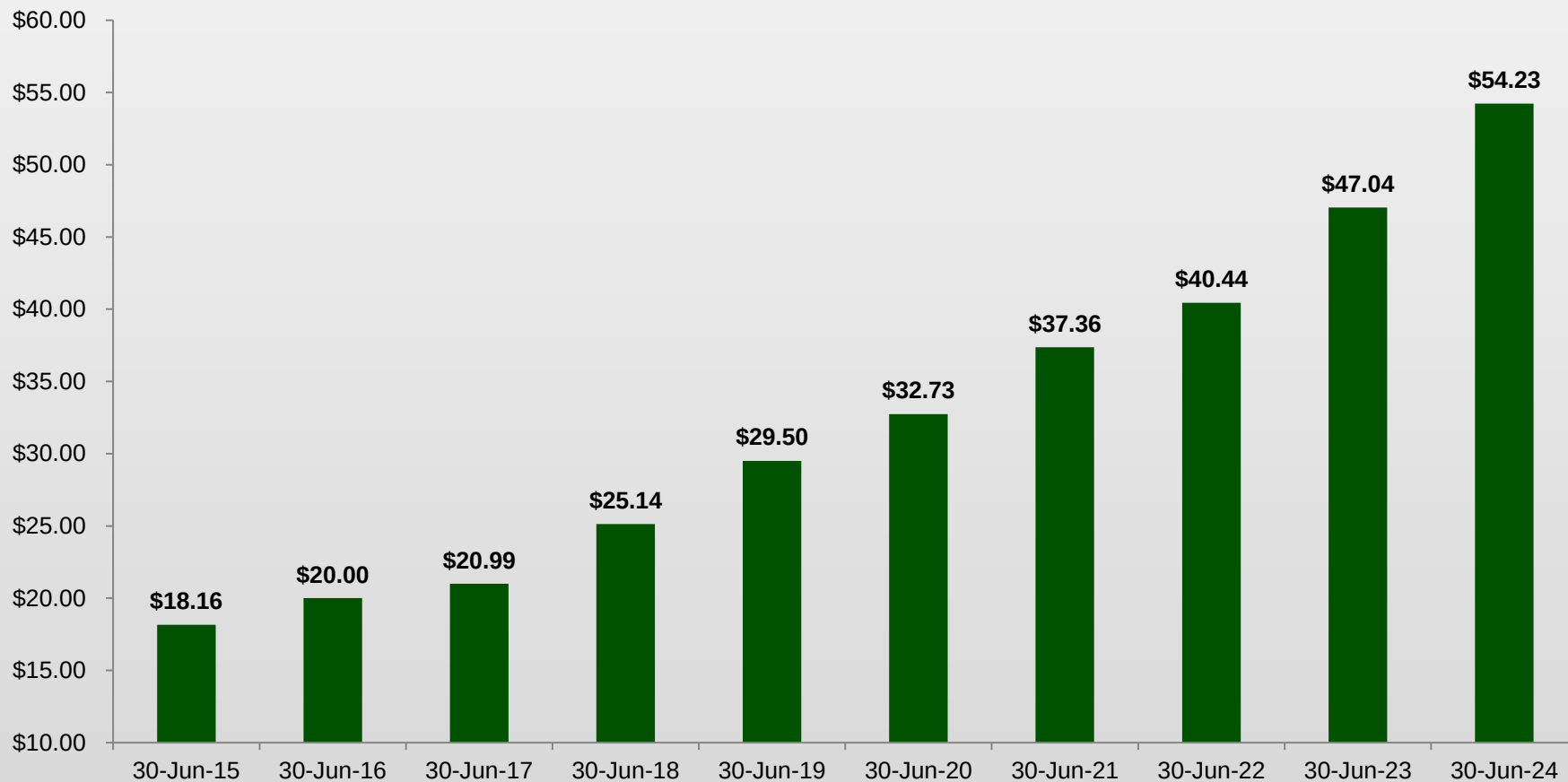
Capital Ratios – March 31, 2025



Tangible Book Value per Share

PREFERRED
BANK

TBVPS – 10 Years



CAGR of 12.6% Over the Last Ten Years -- Current TBV is \$59.27

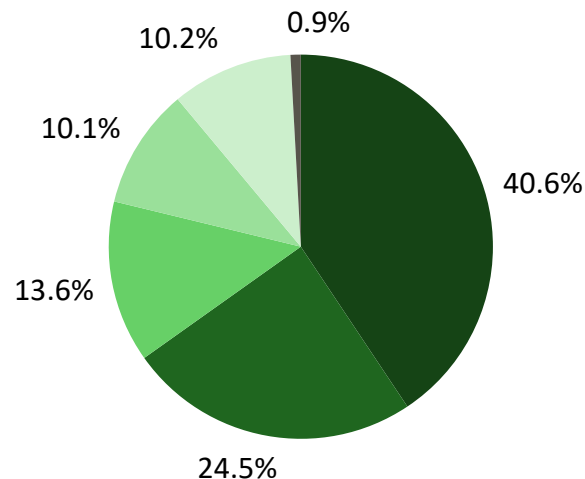
Credit Overview



Loan Portfolio Composition – March 31, 2025

- Diverse loan portfolio – 24.5% of loans are C & I
 - **High level of diversification among industries**
- Above-average number of Senior Lenders and Business Development staff allow PFBC to look at a high level of deal flow
 - **Drives strong loan yields**

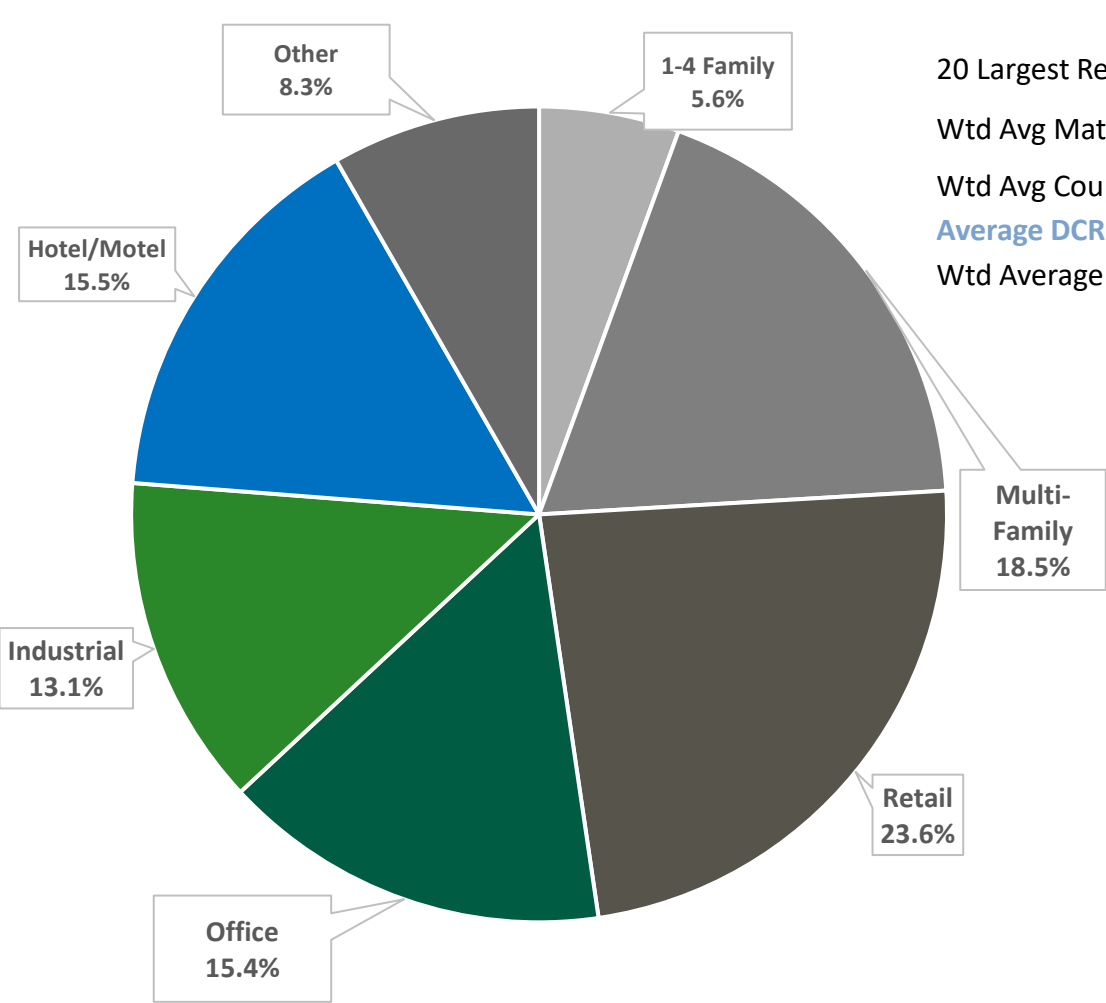
Loan Composition



Commercial Real Estate
Commercial & Industrial
1-4 Family
Multifamily
Construction & Development
Land

Gross Loans & Leases (\$mm)	\$5,634
Yield on Loans Q1 '25	7.41%
LQA Growth Q1 '25	-0.4%
% that is floating Rate	72.8%

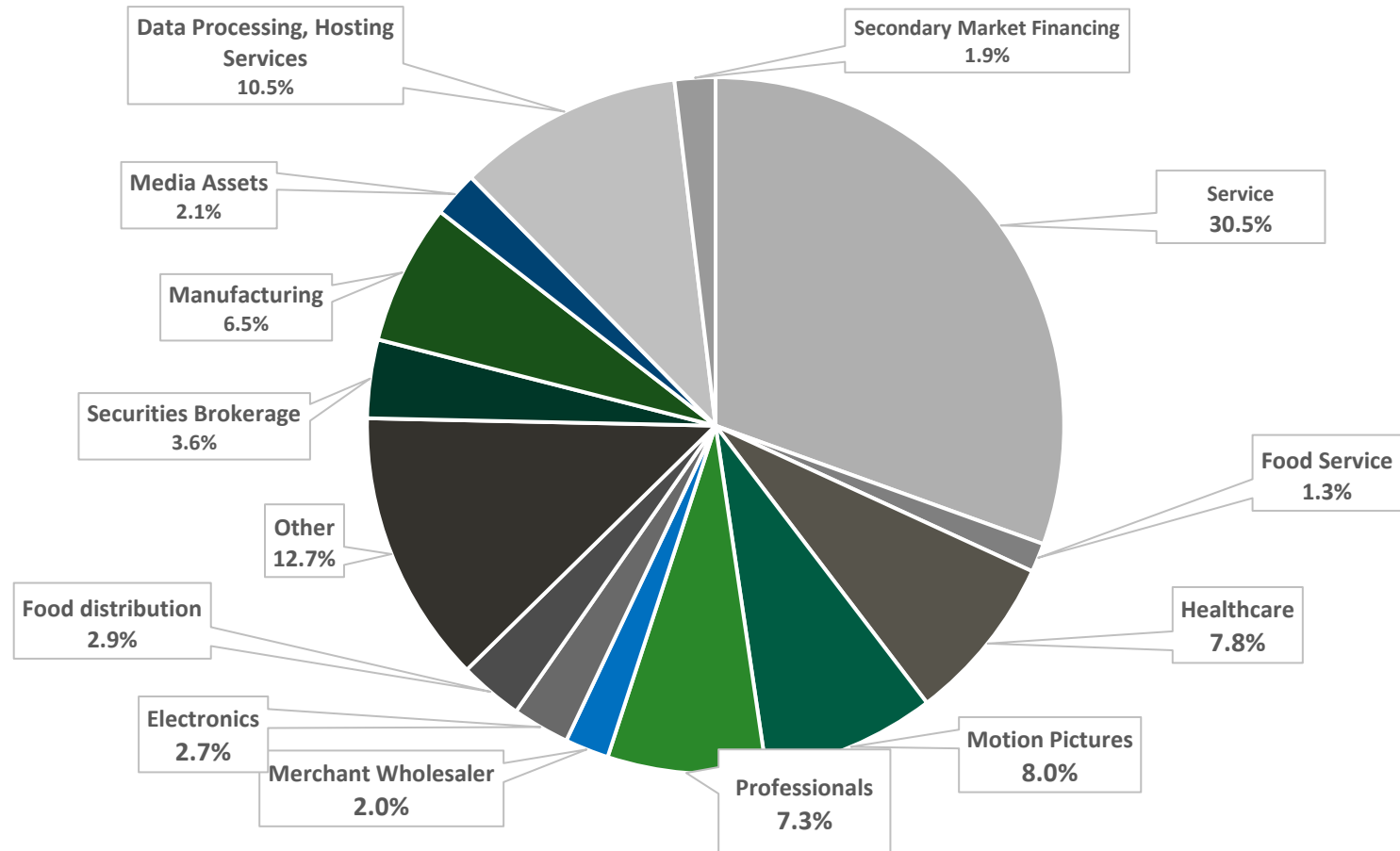
Real Estate Loan Portfolio – March 31, 2025



Portfolio Characteristics

20 Largest Relationships	25.1% of total CRE
Wtd Avg Maturity	2.5 Years
Wtd Avg Coupon	7.63%
Average DCR	1.62x
Wtd Average LTV	55.9%

C&I Portfolio Detail – March 31, 2025



Portfolio Characteristics

20 Largest Relationships

Line Usage %

Wtd Avg Maturity

Weighted Average Coupon

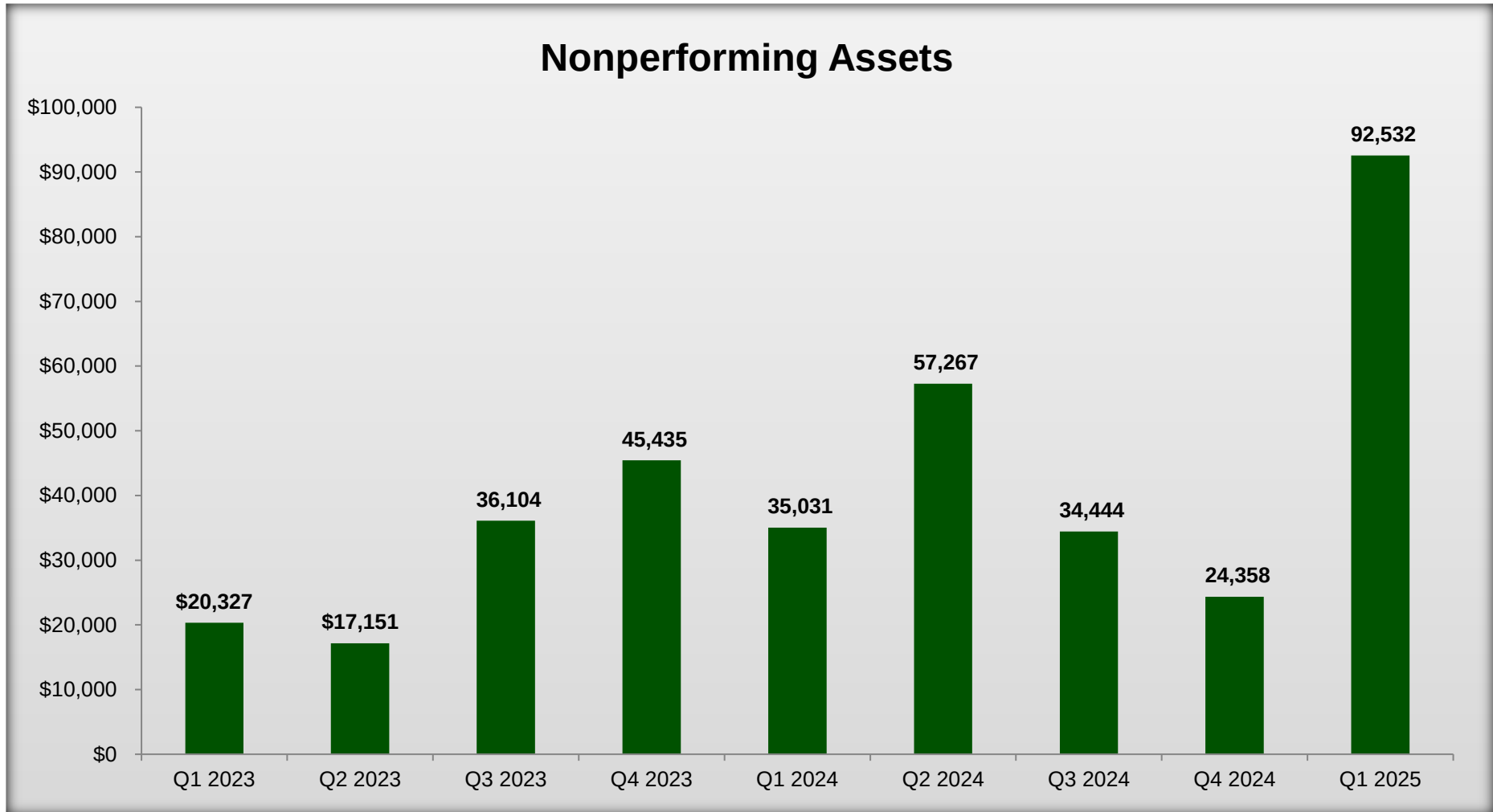
31.2% of C&I Loans

63.7%

2.7 Years

7.45%

NPA's



\$65.5mm of NPA's are comprised of the two aforementioned credits

Recent Developments – NPL's

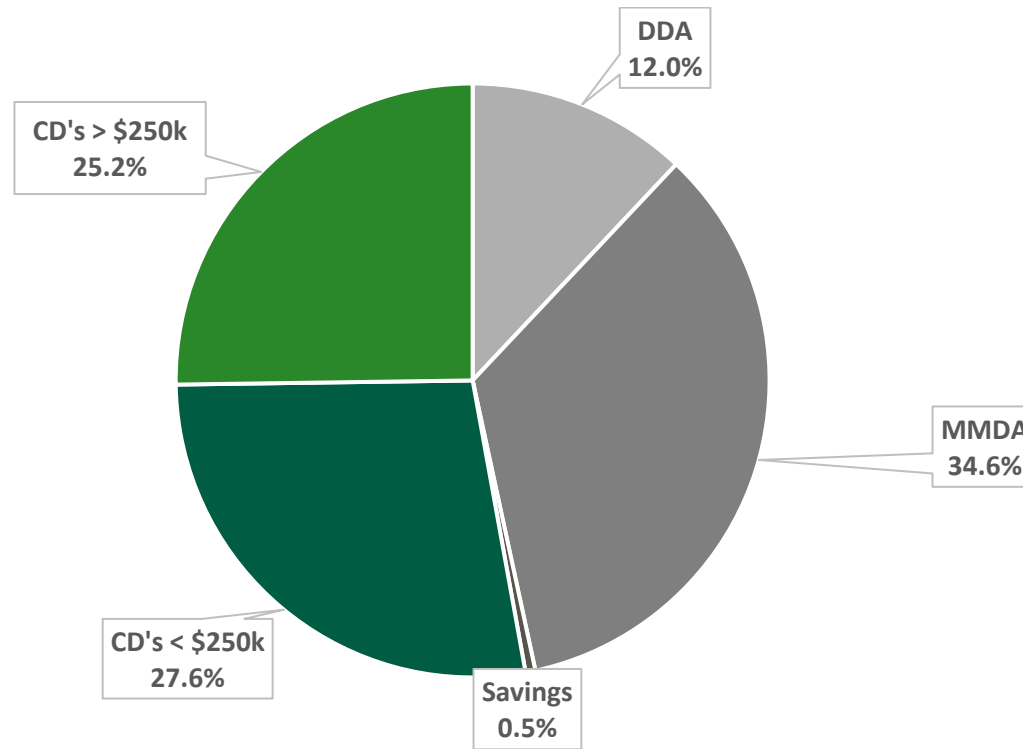


- *In the Q1 2025 Earnings Press Release and on the ensuing earnings call, the Bank discussed two relatively large credits that had migrated to nonaccrual status.*
 - *One loan (\$28.5mm) is secured by what is now vacant land in a prime location in Newport Beach, California. The Bank has already received a large non-refundable deposit for the sale of the note, at par.*
 - *The other loan is a \$36.9mm loan secured by a large multi-family property in Redlands, California. This loan has an LTV of 71% based on a late 2024 appraisal. This property is part of a BK filing and offers have been received for this property for just under \$50mm.*
- *In light of the above, the Bank does not expect to incur any losses on these two nonperforming loans.*

Deposits



Deposit Composition – March 31, 2025



Characteristics

Percentage DDA	12.0%
MRQ Cost of Deposits	3.44%
LQA Growth Rate	10.54%
Core Deposits / Total Deposits	50.3%

Recent Expansion



- *On April 7, 2025, the Bank opened a full-service Branch office In Manhattan, NY in the prestigious Penn 2 building at Penn Station.*
- *In May of 2024, the Bank opened a Loan Production Office in the Silicon Valley community of Sunnyvale, California.*
- *The Bank is currently in negotiations with the owner of a retail property in Cupertino, California with the intent to move the LPO to a location that can house a full-service branch.*

Summary



- *Preferred Bank has a strong capital base with 11% tangible common equity*
- *The Bank repurchased 464,314 shares in 2024 at an average price of \$73.87 and has repurchased 670,047 shares for total consideration of \$53.5 million so far in 2025*
- *The Bank moved from high asset sensitivity which benefitted the Bank through 2022 and 2023 to a more matched balance sheet which has helped to navigate a declining or sideways rate environment*
- *ACL coverage is 1.28% of total loans, providing a robust cushion*
- *Currently trading at **8.4X 2025 consensus earnings***
- *TSR proves that organic growth and consistent TBV growth equal superior shareholder returns in the banking industry*
- *Important performance metrics (ROA, ROE, efficiency ratio) are well above peer group*

Questions?