

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
| <input type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12 | |

PREFERRED BANK

(Name of Registrant as Specified In Its Charter)
N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6b(i)(2) or Item 22(a)(2) of Schedule 14A.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
- (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:



NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

DATE: May 19, 2015
TIME: 1:00 p.m. Pacific Time
PLACE: Preferred Bank's Corporate Headquarters
601 S. Figueroa Street, 29th Floor
Los Angeles, California 90017

TO THE SHAREHOLDERS OF PREFERRED BANK:

NOTICE IS HEREBY GIVEN that, pursuant to its bylaws and the call of its Board of Directors, the Annual Meeting of Shareholders of Preferred Bank will be held at the above referenced date, time and place for the following purposes, all as set forth in the attached Proxy Statement:

1. **ELECTION OF DIRECTORS.** To elect four persons to serve on the Board of Directors as Class II Directors for a term of two years expiring at the 2017 Annual Meeting of Shareholders; each to serve until his successor is elected and has qualified. The following four persons are the Board of Directors' nominees to serve as Class II Directors for a term of two years:

Ching-Hsing Kao
William C.Y. Cheng
Chih-Wei Wu
Wayne Wu

2. **ADVISORY COMPENSATION VOTE.** To approve (non-binding) the compensation of our named executive officers ("Say on Pay").

3. **RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS.** To ratify the appointment of KPMG LLP as our independent registered public accountants for the year ending December 31, 2015.

4. **OTHER BUSINESS.** To transact such other business as may properly come before the annual meeting and at any and all adjournments thereof.

Only shareholders of record at the close of business on April 13, 2015 will receive notice of, and be eligible to vote at the annual meeting.

Our Bylaws provide for the nomination of directors in the following manner:

"Section 2.14 ADVANCE NOTICE OF SHAREHOLDER NOMINEES FOR DIRECTOR AND OTHER SHAREHOLDER PROPOSALS

(a) Annual Meeting of Shareholders.

(i) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the shareholders may be made at an annual meeting of shareholders (1) pursuant to the corporation's notice of meeting, (2) by or at the direction of the Board of Directors or (3) by any shareholder of the corporation who was a shareholder of record both at the time of giving of notice by the shareholder as

provided for in this Section 2.14(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with this Section 2.14(a).

(ii) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (3) of paragraph (a)(i) of this Section 2.14(a), the shareholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for action by the shareholders. To be timely, a shareholder's notice shall set forth all information required under this Section 2.14(a) and shall be delivered to the Secretary at the principal executive office of the corporation not earlier than the 90th day and not later than 5:00 p.m., Pacific Time, on the 60th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; *provided, however*, that in the event that the date of the mailing of the notice for the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, notice by the shareholder to be timely must be so delivered not earlier than the 90th day prior to the date of mailing of the notice for such annual meeting and not later than 5:00 p.m., Pacific Time, on the later of the 60th day prior to the date of mailing of the notice for such annual meeting or the tenth day following the day on which public announcement of the date of mailing of the notice for such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a shareholder's notice as described above.

(iii) Such shareholder's notice shall set forth (1) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (A) the name, age, business address and residence address of each such person; (B) the principal occupation or employment of each such person; (C) the class and number of shares of capital stock of the corporation beneficially owned by each such person; and (D) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such persons' written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (2) as to the shareholder giving the notice, (A) the name and address, as they appear on the corporation's books, of such shareholder and (B) the class and number of shares of capital stock of the corporation beneficially owned by such shareholder.

(iv) Such shareholder's notice, as to any other business that the shareholder proposes to bring before the meeting, shall set forth with particularity (1) the name and address of the shareholder submitting such proposal and all persons acting in concert with such shareholder; (2) the name and address of the persons identified in clause (1), as they appear on the corporation's books (if they so appear); (3) the class and number of shares of capital stock of the corporation beneficially owned by the persons identified in clause (1); (4) a description of the proposal containing all material information relating thereto, including, without limitation, the reasons for submitting such proposal; and (v) such other information as the Board of Directors reasonably determines is necessary or appropriate to enable the Board of Directors and shareholders of the corporation to consider such proposal.

(b) Special Meeting of Shareholders. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected (i) pursuant to the corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any shareholder of the corporation who is a shareholder of record both at the time of giving of notice provided for in this Section 2.14 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 2.14(b). In the event the corporation calls a special meeting of shareholders for the purpose of electing one or more individuals to the Board of Directors, any such shareholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the corporation's notice of meeting, if the shareholder's notice required by paragraph (ii) of Section 2.14(a) shall be delivered to the Secretary at the principal executive office of the corporation not earlier than the 90th day prior to such special meeting and not later than 5:00 p.m., Pacific Time, on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a shareholder's notice as described above.

(c) General.

(i) Upon written request by the Secretary or the Board of Directors or any committee thereof, any shareholder proposing a nominee for election as a director or any proposal for other business at a meeting of shareholders shall provide, within five business days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the corporation, to demonstrate the accuracy of any information submitted by the shareholder pursuant to this Section 2.14. If a shareholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 2.14.

(ii) Only such individuals who are nominated in accordance with this Section 2.14 shall be eligible for election by shareholders as directors, and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with this Section 2.14. The Chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 2.14 and, if any proposed nomination or business is not in compliance with this Section 2.14, to declare that such defective nomination or proposal be disregarded.

(iii) For purposes of this Section 2.14, (1) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (2) "public announcement" shall mean disclosure (A) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or (B) in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(iv) Notwithstanding the foregoing provisions of this Section 2.14, a shareholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.14. Nothing in this Section 2.14 shall be deemed to affect any right of a shareholder to request inclusion of a proposal in, nor the right of the corporation to omit a proposal from, the corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

(v) A copy of this Section 2.14 shall be set forth in a notice to shareholders of any annual or special meeting of the shareholders."

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY
OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 19, 2015**

The Proxy Statement, proxy card, and the Annual Report on Form 10-K for the year ended December 31, 2014, are available on our website at <http://preferredbank.com/proxymaterials/>.

IT IS IMPORTANT THAT ALL SHAREHOLDERS VOTE. WE URGE YOU TO SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE, REGARDLESS OF WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON. IF YOU DO ATTEND THE ANNUAL MEETING, YOU MAY THEN WITHDRAW YOUR PROXY AND VOTE IN PERSON.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Li Yu', with a long horizontal stroke extending to the right.

Li Yu
Corporate Secretary

Los Angeles, California
Dated: April 21, 2015



Preferred Bank
601 S. Figueroa Street, 29th Floor
Los Angeles, California 90017
(213) 891-1188

PROXY STATEMENT

FOR THE ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 19, 2015

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why did you send me this Proxy Statement?

We sent you this Proxy Statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at the 2015 Annual Meeting of Shareholders (the “Annual Meeting”) of Preferred Bank (referred to in this Proxy Statement as “Preferred Bank,” “we,” “us,” and “our”).

Holders of our common stock are receiving notice of the meeting.

This Proxy Statement summarizes the information you need to know to cast an informed vote at our Annual Meeting. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

Along with this Proxy Statement, we are also sending you our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which includes our financial statements.

On what am I voting?

The matters to be considered at the Annual Meeting are set forth below.

1. **Election of Directors.** To elect four persons to serve on our Board of Directors as Class II Directors for a term of two years expiring at our 2017 Annual Meeting of Shareholders; each to serve until his successor is elected and has qualified.
2. **Advisory Compensation Vote.** To consider an advisory (non-binding) proposal to approve the compensation of our named executive officers (“Say on Pay”).
3. **Ratification of Appointment of Independent Registered Public Accountants.** To ratify the appointment of KPMG LLP as our independent registered public accountants for the year ending December 31, 2015.
4. **Other Business.** To transact such other business as may properly come before our Annual Meeting and at any and all adjournments thereof.

Who is entitled to vote?

We will begin mailing this Proxy Statement, the Annual Report on Form 10-K and the attached notice of Annual Meeting and the accompanying proxy card on or about April 21, 2015, to all shareholders entitled to vote.

Shareholders who were the record owners of our common stock at the close of business on April 13, 2015, the record date, will receive notice of, and be entitled to vote at, our Annual Meeting. On the record date, there were 13,715,340 shares of our common stock outstanding and no shares of preferred stock outstanding. A holder of shares of our common stock on the record date will be entitled to cast one vote for each share of common stock registered in that holder’s name on each matter to be acted upon at our Annual Meeting.

Shareholder of Record: Shares Registered in Your Name

If, on April 13, 2015, your shares were registered directly in your name with our transfer agent, Computershare, then you are a shareholder of record. As a shareholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to sign, date and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Nominee

If, on April 13, 2015, your shares were held in an account at a bank, brokerage firm or other agent or nominee, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your bank, broker or other agent or nominee on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at our Annual Meeting unless you request and obtain a power of attorney or other proxy authority from that organization and bring it to our Annual Meeting.

What constitutes a quorum?

A majority of the outstanding shares of our common stock must be present at the Annual Meeting in person or by proxy, in order to constitute a quorum of the common shareholders who will vote at this Annual Meeting. We will only conduct the business of the Annual Meeting if a quorum of the common shareholders has been established. Abstentions and broker non-votes, if any, will be counted as shares present for purposes of determining the presence of a quorum of the common shareholders. In addition, see below under “What Vote is Required to Approve Each Proposal?” regarding the voting requirements under California Law for these proposals.

What vote is required to approve each proposal?

Proposal 1:
Election of Directors

The four nominees for director who receive the highest number of affirmative votes of the shares of common stock entitled to be voted for them shall be elected as directors. If, as a holder of common stock, you do not vote for a particular nominee, or you indicate “WITHHOLD AUTHORITY” to vote for a particular nominee on your proxy card, your vote will not count either “FOR” or “AGAINST” the nominee. Our Amended and Restated Articles of Incorporation do not permit cumulative voting.

Proposal 2:
Advisory Compensation
Vote

The affirmative vote of a majority of the shares of common stock represented, in person or by proxy, and voting at the Annual Meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) is required to approve (non-binding) the compensation of our named executive officers (“Say on Pay”).

Proposal 3:
Ratify Selection of
Independent Registered
Public Accountants

The affirmative vote of a majority of the shares of common stock represented, in person or by proxy, and voting at the Annual Meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) is required to ratify the selection of KPMG as the Bank’s independent registered public accountants.

How do I vote if I attend the annual meeting?

If you are a shareholder of record, you can attend the Annual Meeting and vote in person the shares you hold directly in your name. If you choose to do so, please bring the enclosed proxy card and proof of identification. If you want to vote in person at our Annual Meeting and you hold shares through a bank, broker or other agent or nominee, you must obtain a power of attorney or other proxy authority from that organization and bring it to our Annual Meeting. Follow the instructions from your bank, broker or other agent or nominee included with these proxy materials, or contact your bank, broker or other agent or nominee to request a power of attorney or other proxy authority. If you vote in person at the Annual Meeting, you will revoke any prior proxy you or your bank, broker or other agent or nominee may have submitted with respect to the shares of common stock you own of record or beneficially.

How do I vote if I do not attend the annual meeting?

Please sign, date and return the proxy card in the enclosed pre-paid envelope. By casting your vote, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions. Whether or not you plan to attend the Annual Meeting, we urge you to return the proxy card. Returning the proxy card will not affect your right to attend the Annual Meeting.

You may vote your shares by telephone by calling the toll-free telephone number shown on your proxy card. Telephone voting is available 24 hours a day, 7 days a week. Voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. The telephone voting procedures are designed to authenticate the shareholder’s identity by using individual control numbers, which you will find on your proxy card. If you vote by telephone, you should NOT return your proxy card.

You may also choose to vote on the Internet. The website for Internet voting is shown on your proxy card. Internet voting is available 24 hours a day, 7 days a week. You will be given the opportunity to confirm that your instructions have been properly recorded. The Internet voting procedures are designed to authenticate the shareholder’s identity by using

individual control numbers, which you will find on your proxy card. If you vote on the Internet, you should NOT return your proxy card.

If you vote by telephone or Internet, your vote must be received by 1:00 a.m. Eastern Daylight Time, on May 19, 2015, to ensure that your vote is counted.

If you are a beneficial owner of shares registered in the name of your bank, broker or other agent or nominee, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply sign, date and mail the proxy card to ensure that your vote is counted. Follow the instructions from your bank, broker or other agent or nominee included with these proxy materials, or contact your bank, broker or other agent or nominee to request a proxy card or to vote electronically.

What if I do not specify how my shares are to be voted on the proxy card?

If your proxy card is executed and returned, but does not specify how your shares are to be voted, then your common shares represented by the proxy card will be voted in accordance with the recommendations of our Board of Directors for all the proposals; such recommendations are as follows:

- (1) “**FOR**” the election of all four nominees for director;
- (2) “**FOR**” the advisory vote on the compensation of Preferred Bank’s named executive officers;
- (3) “**FOR**” the ratification of the selection of KPMG LLP as our independent registered public accountants for the fiscal year ending December 31, 2015.

If any other matter is properly presented at the meeting, the individuals named on your proxy card will vote your shares using their best judgment. At the time of the mailing of this Proxy Statement, we knew of no matters which needed to be acted upon at the Annual Meeting, other than those discussed in the Proxy Statement.

What is the effect of broker nonvotes and abstentions?

If you hold your shares of our common stock in “street name” (that is, through a bank, broker or other agent or nominee) and you fail to instruct your bank, broker or other agent or nominee as to how to vote your shares of common stock, your bank, broker or other agent or nominee may, in its discretion, vote your shares “FOR” the ratification of the independent registered public accountants, but may not vote on any of the other proposals. This is known as a broker nonvote. It is therefore important that you provide instructions to your bank, broker or other agent or nominee if your shares are held by such person, so that your vote with respect to all the proposals is counted.

Abstentions will have no effect on Proposals 2 and 3, unless there are insufficient votes in favor of the proposals, such that the affirmative votes constitute less than a majority of the required quorum. In such cases, abstentions will have the same effect as a vote against such proposals.

May I change my vote after I return my proxy?

Yes. If you fill out and return the enclosed proxy card or vote electronically, you may change your vote at any time before the vote is conducted at the Annual Meeting. You may change your vote in any one of three ways:

- You may send to our Corporate Secretary another completed proxy card with a later date or follow the instructions to change your vote if you voted electronically by telephone or Internet.
- You may notify our Corporate Secretary in writing before the Annual Meeting that you have revoked your proxy.
- You may attend the Annual Meeting and vote in person (your attendance at the Annual Meeting, in and of itself, will not revoke your earlier proxy).

Who conducts the proxy solicitation?

We are soliciting the proxies and will bear the entire cost of this solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement and any additional materials furnished to our shareholders. Copies of solicitation material will be furnished to banks, brokerage houses and other agents and nominees holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to these beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding the solicitation material to the beneficial owners. We have requested banks, brokerage houses and other agents and nominees to forward all solicitation materials to the beneficial owners of the shares they hold of record.

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY
OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 19, 2015**

The Proxy Statement, proxy card, and the Annual Report on Form 10-K for the year ended December 31, 2014, are available on our website at <http://preferredbank.com/proxymaterials/>.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Based solely upon information furnished to us, the following table sets forth information regarding the beneficial ownership of our common stock as of April 13, 2015 by:

- each person (or group of affiliated persons) who is known by us to own beneficially more than 5% of the outstanding shares of our common stock;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

Except as indicated in the footnotes to this table and except as subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. You should keep the following points in mind as you read the information in the table:

- The amounts and percentage of our common stock beneficially owned by a holder are reported on the basis of the regulations of the Securities and Exchange Commission (“SEC”), as adopted by the Federal Deposit Insurance Corporation (“FDIC”), that govern the determination of beneficial ownership of securities. Under these regulations, a person or group of persons is deemed to be a “beneficial owner” of a security if that person or group has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security. A person or group of persons is also deemed to be a beneficial owner of any securities with respect to which that person or group has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same security and a person may be deemed to be a beneficial owner of securities as to which that person has no economic interest.
- The percentage of our common stock outstanding is based on 13,715,340 shares of our common stock outstanding as of April 13, 2015, and shares of common stock deemed outstanding pursuant to the definition of beneficial ownership in the preceding paragraph, including shares which are not actually outstanding. These shares of common stock which are beneficially owned but not outstanding, are deemed to be outstanding when computing the percentage of ownership of each person or group of persons named above, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or group.

Name and Address of Beneficial Owner ⁽¹⁾	Common Stock	
	Number of Shares	Percent of Shares
5% Shareholders		
T. Rowe Price Associates, Inc. 100 East Pratt Street, Baltimore, MD 21202 ⁽²⁾⁽³⁾	1,312,208	9.57%
Basswood Capital Management, LLC 645 Madison Ave # 10, New York, NY 10022 ⁽²⁾	1,021,552	7.45%
Directors		
Li Yu ⁽⁴⁾	1,118,329	8.05%
J. Richard Belliston ⁽⁵⁾⁽⁶⁾	16,031	*
William C.Y. Cheng ⁽⁶⁾	99,882	*
Clark Hsu ⁽⁶⁾⁽⁷⁾	337,303	2.46%
Chih-Wei Wu ⁽⁶⁾	133,813	*
Gary S. Nunnally ⁽⁶⁾	24,135	*
Ching-Hsing Kao.....	4,400	*
Wayne Wu ⁽⁶⁾⁽⁸⁾	148,900	1.09%
Named Executive Officers		
Edward J. Czajka ⁽⁹⁾	27,861	*
Lucilio Couto ⁽¹⁰⁾	81,285	*
Wellington Chen ⁽¹¹⁾	80,061	*
All directors and executive officers as a group (11 in number).....	2,072,000	14.43%

* Less than 1 percent.

⁽¹⁾ The address for each of the persons below, other than T. Rowe Price Associates, Inc. and Basswood Capital Management, LLC, is c/o Preferred Bank, 601 S. Figueroa Street, 29th Floor, Los Angeles, California 90017.

⁽²⁾ Outstanding shares based on public filings for the period ended December 31, 2014.

⁽³⁾ These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. (Price Associates) serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

⁽⁴⁾ Includes 49,299 shares for which he shares beneficial ownership with his wife, 180,000 shares issuable upon the exercise of options exercisable within 60 days of April 13, 2015, 397,333 shares reserved and issuable upon Mr. Yu's retirement or termination of employment and 100,000 restricted shares. Bestwood Trust I holds 136,689 shares over which Mr. Yu has no voting or investment power for Bestwood Trust, but Mr. Yu is a potential successor trustee of these shares pursuant to their respective trust documents. None of the Bestwood Trust shares are included in the total number of shares beneficially owned by Mr. Yu.

⁽⁵⁾ Includes 11,344 shares held by the Belliston Family Trust.

⁽⁶⁾ Includes 2,500 shares issuable upon exercise of options within 60 days of April 13, 2015.

⁽⁷⁾ Includes 68,345 shares held by Bestwood Trust I representing 50% of the shares owned by such trust for which Mr. Hsu may be deemed to be the beneficial owner of as a beneficiary under such trust.

⁽⁸⁾ Includes 133,334 shares held by Pacific Health Investment Inc.

⁽⁹⁾ Includes 13,800 shares issuable upon the exercise of options exercisable within 60 days of April 13, 2015, 7,300 restricted shares, and 1,600 shares issuable upon Mr. Czajka's retirement or termination of employment.

⁽¹⁰⁾ Includes 5,000 shares issuable upon the exercise of options exercisable within 60 days of April 13, 2015 and 7,000 restricted shares.

⁽¹¹⁾ Includes 28,000 shares issuable upon the exercise of options exercisable within 60 days of April 13, 2015 and 18,300 restricted shares.

PROPOSAL 1: ELECTION OF DIRECTORS

The four persons named below have been nominated for election to serve for a term of two years, and until their successors are elected and have qualified. Votes will be cast pursuant to the enclosed proxy card in such a way as to effect the election of the Board of Directors' four nominees.

In the event that any of the nominees should be unable or unwilling to accept nomination for election as a director, it is intended that the proxy holders will vote for the election of such substitute nominees, if any, as shall be designated by our Board of Directors. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve if elected to office.

The following table sets forth the name and biographies of the persons nominated by our Board of Directors to serve as directors.

***Class II Director Nominees
for a Term Expiring in 2017***

Name and Age	Year First Elected or Appointed	Principal Occupation, Business Experience and Qualifications
Ching-Hsing Kao (64)	2010	Mr. Kao is Executive Vice President and Los Angeles Branch Manager of Shanghai Commercial Bank headquartered in Hong Kong. Mr. Kao has over 24 years of experience in banking, having also served with the Bank of Canton in senior managerial positions from 1988 to 1997 both in Los Angeles and San Francisco. Mr. Kao received his Bachelor of Science in Chemical Engineering from Tunghai University in Taiwan, his Masters of Science in Chemical Engineering from the University of California Santa Barbara and his MBA from the University of Chicago. Prior to joining the banking industry, he spent almost a decade of his early professional career with Exxon in New York City and Houston. Mr. Kao brings a wealth of knowledge and skills attained throughout his banking career, specifically in commercial lending and international banking, as well as a deep, broad-based knowledge of the Chinese business community. Mr. Kao serves on the Audit Committee and the Loan Committee.
William C.Y. Cheng (67).....	1995	Mr. Cheng has been President of H&C Industries, Inc. since 1974. H&C Industries is engaged in the export, import and distribution of chemical products. Mr. Cheng received an MBA from the University of Southern California and a Masters degree in engineering systems from UCLA. Mr. Cheng brings to the Board of Directors long and extensive experience managing a complex enterprise. His familiarity with import-export transactions is an asset to the Board of Directors because a portion of our business is related to trade finance and his deep knowledge of international trading business and finance qualifies him to serve on our Loan Committee. Mr. Cheng chairs the Investment Committee and also serves as a member of Loan Committee, Compensation Committee and the governance and nominating committee.
Chih-Wei Wu (55)	2012	Mr. Wu has more than 27 years of experience in the banking industry. He was the Chief Executive Officer of Credit Suisse (Taiwan) from September 2008 to November 2012, when he decided to retire. From 2007 to 2008, he was Executive Chairman of Standard Chartered

Bank, Taiwan. From 1996 to 2007, he served as President and Chief Executive Officer of Hsinchu International Bank, then a publicly traded bank in Taiwan with more than 15 Billion USD in assets. Mr. Wu received a MBA Degree from California State University, Chico, and a Bachelors Degree from Soochow University in Taiwan. Mr. Wu was one of Preferred Bank's founding shareholders. Mr. Wu brings to the board in-depth experience in the banking industry and knowledge of the Bank as an institution. Further, he brings high level executive and leadership experience. Mr. Wu serves on the governance and nominating committee and the Investment Committee.

Wayne Wu (52).....	2013	Mr. Wu has been actively involved in life sciences investment since 1998. He formed Pacific Health Investment Inc. in May 2005 as a follow on investment fund after Pacific Republic Capital. Both Pacific Health Investment and Pacific Republic Capital invested heavily in the medical device industry. Throughout the years, Mr. Wu has served on the Board of a number of companies. Mr. Wu was the Chairman of Accuray Incorporated (Nasdaq: ARAY) from 2004 to 2010. Mr. Wu also served on the Board of Aurora Imaging Technology Inc. from 1999 to 2004. Currently Mr. Wu serves on the Board of Synaptic Medical International, a medical device in China. Mr. Wu also currently serves on the Board of four U.S. medical device companies, such as Verve Medical Inc., Dallen Medical Inc., and WaveSense Inc. Mr. Wu graduated from National Central University in Taiwan with a Bachelor of Science degree in Mathematics. He received his Master's degree in Mathematics from University of Southern California. Mr. Wu's extensive experience in investing, his Board-level experience at numerous companies as well as his considerable contacts in the Bank's primary market areas makes him a well-qualified candidate to serve on the Board. Mr. Wu serves on the Investment Committee and the Compensation Committee.
--------------------	------	--

Class I Directors

Name and Age	Year First Elected or Appointed	Principal Occupation, Business Experience and Qualifications
Li Yu (74)	1991	Mr. Yu has been and Chief Executive Officer since 1993, and was our President from 1993 to 2012. From December 1991 to the present, he has served as Chairman of our Board of Directors. From 1987 to 1991, he was the owner of several privately held companies. From 1982 to 1987, he served as Chairman of the Board of California Pacific National Bank, which became a part of Bank of America. Mr. Yu received his MBA from the University of California, Los Angeles. He was also the past President of the National Association of Chinese American Bankers, and is currently a member of the Board of Visitors of UCLA's Anderson Graduate School of Management. Under his leadership, we have grown from a de novo bank with \$20 million in initial capital in 1991 to one of the largest independent commercial banks in California with \$2.1 billion in total assets. Mr. Yu brings to the Board of Directors extensive management experience, demonstrated leadership, prudent judgment, a strong connection to our client base, and a deep understanding of our history and the banking business. Mr. Yu serves on the Loan Committee and

Investment Committee.

J. Richard Belliston (70)	2003	Mr. Belliston retired from MoneyLine Lending Services in 2007 where he had served as Vice Chairman and Chief Financial Officer since 2001. Previously he served as Chief Financial Officer and then Vice Chairman of Tokai Bank of California for 25 years. Currently, Mr. Belliston also serves as a director of Northwood Investments, Inc., a closely-held nonpublic corporation which produces recreational vehicles. Mr. Belliston is a Certified Public Accountant (inactive) and a member of the American Institute of Certified Public Accountants and California Society of CPA's. He received a Bachelor's of Science degree from Brigham Young University. Mr. Belliston's past positions as Chief Financial Officer, his background as a Certified Public Accountant and other activities in accounting-related business associations, and his extensive experience in the financial services industry qualify him to serve as the chairman of our Audit Committee and as one of our Audit Committee financial experts. Mr. Belliston also serves on our Compensation Committee and Investment Committee.
Gary S. Nunnelly (66).....	1991	Mr. Nunnelly has been President of American Thermoform Corporation, a company engaged in the import and manufacture of equipment and supplies for the visually impaired since 1985. He spent several years at Union Bank during the early stage of his career. Mr. Nunnelly was one of our founding directors. Mr. Nunnelly received a Bachelor's of Science degree in accounting from the University of Southern California. Like Mr. Yu, Mr. Nunnelly has a long history with us as one of our founders and has contributed to our long term growth. He brings to the Board of Directors leadership gained through his executive experience and brings knowledge of the banking industry through his years at Union Bank. He also brings to the Board of Directors expertise in the area of accounting and serves on the Audit Committee. In addition to the Audit Committee, Mr. Nunnelly serves on the governance and nominating committee, the Investment Committee, and the Loan Committee, as chairman.
Clark Hsu (44)	2005	Mr. Hsu is the Chairman and CEO of Lotus Creek Investments, Inc. which provides venture and growth capital to companies in the technology sector. Prior to Lotus Creek Investments, Mr. Hsu was President of Microtek Lab, Inc., which specializes in the design, manufacture and distribution of digital imaging products for consumer and commercial applications. Mr. Hsu currently serves on the Board of Directors for Microtek International, Inc., a publicly traded company in Taiwan and the parent company of Microtek Lab, Inc. Mr. Hsu received a Bachelor's degree from the University of Pennsylvania in 1992 and an MBA from the UCLA Anderson School of Business in 1997. In May of 2011, Mr. Hsu was appointed Vice Chairman of Preferred Bank. Mr. Hsu brings to the Board of Directors strong leadership skills gained from serving as President of complex business enterprises and his extensive board experience. His experience with numerous small and growing businesses as a venture capital executive brings to the Board a unique perspective on a significant portion of our client base. His familiarity with matters related to cross-border transactions is also an asset to the Board given our trade-related

business lending. Mr. Hsu serves as the chairman of the governance and nominating committee, and serves on the Loan Committee and Compensation Committee, as chairman.

Executive Officers Biographical Information

Information regarding our named executive officers for the period ended December 31, 2013, is set forth below:

Wellington Chen – Mr. Chen was promoted to President in 2012 and has been Chief Operating Officer since June of 2011. Prior to that, Mr. Chen served over seven years as Executive Vice President and Director of Corporate Banking for East West Bank where he oversaw a significant portion of the loan and deposit production activities of the bank. Prior to joining East West Bank in December 2003, Mr. Chen was Senior Executive Vice President of Far East National Bank (“Far East”), heading up their Commercial Banking Group, Consumer Banking Group, and Branch Channel. He also served on the Board of Directors of Far East. Mr. Chen’s career with Far East began in 1986 and included a variety of branch and credit management positions. Prior to that, Mr. Chen spent three years with Security Pacific National Bank where he completed the management training program and served as an asset based lending auditor. Mr. Chen serves on the Board of Directors of the Pasadena Tournament of Roses Foundation.

Edward J. Czajka – Mr. Czajka has been Senior Vice President and Chief Financial Officer since 2006 and was promoted to Executive Vice President in 2008. Before joining Preferred Bank, Mr. Czajka was Chief Financial Officer of Presidio Bank, a San Francisco-based bank that was then in organization. Prior to this, Mr. Czajka was Executive Vice President and Chief Financial Officer of North Valley Bancorp, a publicly-traded multi-bank holding company located in Redding, California. From 1994 through 2000, Mr. Czajka held the position of Vice President, Corporate Controller for Pacific Capital Bancorp in Santa Barbara, California. Mr. Czajka received his Bachelors of Science degree in Business Administration from Capella University and is a graduate of the Bank Administration Institute Graduate School of Banking at Vanderbilt University. Mr. Czajka serves as the Board Treasurer for the Los Angeles Chapter of the Risk Management Association (“RMA”) and also serves on the Board of Directors of Shane’s Inspiration, a non-profit based in Sherman Oaks, California.

Lucilio Couto – Mr. Couto has been our Executive Vice President and Chief Credit Officer since February 2010. Prior to that he was Senior Vice President and Special Assistant to the Chairman since July 2009. Before joining Preferred Bank he served in senior management positions at two other Southern California financial institutions, including Vineyard Bank, NA. Mr. Couto served as the Chief Risk Officer of Vineyard Bank from July 2007 to April 2009 and Executive Vice President and Chief Credit Officer from September 2008 to April 2009. Prior to joining Vineyard Bank, Mr. Couto spent 16 years working for the FDIC in a variety of positions, including most recently as Senior Risk Management Examiner. He has expertise in risk management, regulatory compliance, credit analysis and financial statement analysis. Mr. Couto received his Bachelor’s degree of finance from California State University San Bernardino in 1991 and graduated from the University of Wisconsin’s Graduate School of Banking in 2004.

BOARD MATTERS

Our Board of Directors is committed to good business practices, transparency in financial reporting and the highest level of corporate governance. Our Board of Directors has appointed a governance and nominating committee consisting entirely of independent directors.

Board Qualification and Selection Process

Our governance and nominating committee reviews, evaluates and proposes prospective candidates for our Board of Directors. The governance and nominating committee recommends director nominees for selection to our Board of Directors and the Board of Directors selects the nominees for election as directors. Each member of our Board of Directors should possess the highest personal and professional ethics and integrity and be devoted to representing our best interests and the best interests of our shareholders. The goal of the governance and nominating committee is to maintain a strong and experienced Board of Directors by continually assessing the board members' business background, current responsibilities, level of independence, community involvement and expected period of time available for service. In evaluating director nominees, the governance and nominating committee considers a variety of factors, including the mix of skills, experience, contacts and other qualities. Other important factors to be considered by the governance and nominating committee in the selection of nominees for director include current knowledge and contacts in our industry and other industries relevant to our business, ability to work together as an effective group and ability to commit adequate time to serve as a director. In addition, the governance and nominating committee is constantly assessing the Board of Directors to determine strengths in different areas such as financial, economic and financial institution expertise, public company board experience, marketing and community relations, regional representation, diversity, business management experience and real estate expertise.

The governance and nominating committee conducts an annual assessment of the composition of the Board of Directors, and will advise the Board of Directors on any proposed changes or enhancements to board composition and structure. The governance and nominating committee has the authority to retain a search firm to identify director candidates.

Board Independence

The Board of Directors has determined that, with the exception of Mr. Li Yu, our Chairman and Chief Executive Officer, all of our current directors, including all of our incumbent directors standing for re-election, are "independent" within the meaning of the director independence standards set by the NASDAQ Stock Market and the FDIC, as currently in effect. Furthermore, the Board has determined that each of the current members of the Audit Committee, Compensation Committee, and governance and nominating committee are "independent" within the meaning of such director independence standards. In making such determination, our Governance and Nominating Committee evaluated banking, commercial service, familial or other transactions involving each director or immediate family member and their related interests and the Bank, if any.

Consideration of Shareholder Nominees

The policy of the governance and nominating committee is to consider properly submitted shareholder recommendations for candidates for membership on our Board of Directors. In evaluating potential nominees, the governance and nominating committee will look at the same factors described under the heading "Board Qualification and Selection Process" above. Recommendations must be submitted in writing and should meet the requirements of Section 2.14 of our bylaws and should be submitted in writing to:

Chair, Governance and Nominating Committee
Preferred Bank
601 S. Figueroa Street, 29th Floor
Los Angeles, California 90017

The governance and nominating committee will then screen potential candidates to determine if they meet the qualification criteria. For those candidates who meet the criteria, the committee will conduct a due diligence review of the candidates' qualifications and interview the candidate if he or she is not already known to the committee.

Executive Sessions

Executive sessions of non-management directors are convened as considered necessary by the Board of Directors. The Board of Directors held two executive sessions in 2014.

Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance of members of our Board of Directors at our Annual Meeting, we encourage all members to attend the Annual Meeting. Seven of our directors attended the 2014 Annual Meeting.

Communications with the Board

Individuals may communicate with our Board of Directors, including a committee of the Board of Directors or individual directors, by writing to the following address:

Preferred Bank
601 S. Figueroa Street, 29th Floor
Los Angeles, California 90017
Attention: Corporate Secretary

All communications sent to the Board of Directors will be communicated to the entire Board of Directors unless the chairman of the Board of Directors reasonably believes communication with the entire Board of Directors is not appropriate or necessary or unless the communication is addressed solely to a specific committee or an individual director.

Code of Professional and Business Conduct

We expect all of our directors, executive officers and employees to adhere to the highest standards of ethics and business conduct with each other, customers, shareholders and communities we serve and to comply with all applicable laws, rules and regulations that govern our business. These principles have long been embodied in our various policies relating to director, officer and employee conduct including such subjects as employment policies, conflicts of interest, professional conduct and protection of confidential information. While the governance and nominating committee may consider a waiver for an executive officer or director, we do not expect to grant such waivers. The Code of Professional and Business Conduct is posted on our internet website at www.preferredbank.com by clicking on "Investor Relations" and then on "Governance Documents." Any change to or waiver of this code of conduct (other than technical, administrative and other non-substantive changes) is required to be reported on a Form 8-K filed with the FDIC.

The Role of the Board of Directors

The Board of Directors oversees our business and monitors the performance of our management. In accordance with our corporate governance principles, the Board of Directors does not involve itself in day-to-day operations. The directors keep themselves informed through, among other things, discussions with our Chief Executive Officer, our Credit Operating Officer, our Chief Financial Officer, our Chief Credit Officer and other key employees, and our principal outside advisers (legal counsel, independent registered public accountants, investment bankers and other consultants), by reading reports and other materials furnished by management and by participating in board and committee meetings.

Our bylaws provide that the number of directors shall be no less than six (6) or more than eleven (11). Our bylaws further provide that the exact number of directors shall be fixed from time to time, within the foregoing range, by a resolution duly adopted by our Board of Directors or by our shareholders. Our Board of Directors has fixed the exact number of directors at nine.

Our bylaws also provide for classification of our Board of Directors into two classes, designated as Class I and Class II, with each class nearly equal in numbers as the then-total number of directors constituting the entire Board of Directors permits. In addition, our bylaws provide that at each Annual Meeting the successors to directors whose terms expire at that meeting will be elected to serve from the time of election and qualification until the second Annual Meeting following election. The term of office of the Class I Directors will expire at the Annual Meeting to be held during 2016 and the term of office of the Class II Directors will expire at the Annual Meeting to be held during 2017.

Our Board of Directors held twelve meetings during 2014. Each incumbent director attended at least 75% of the total number of Board of Directors meetings plus meetings of the standing committees on which that particular director served.

Board Leadership Structure

Mr. Li Yu serves as both our Chairman of the Board and Chief Executive Officer. The Board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board. The Board believes that combining the roles of Chairman and Chief Executive Officer is the appropriate leadership model for the Bank at this time, because it promotes unified leadership and direction for the Bank, fosters greater communication between the Bank's management and the Board, and efficiently leverages Mr. Yu's extensive knowledge of the Bank, its history and the banking industry. The Board believes it is in the best interest of the Bank to make the determination regarding the separation of Chairman and Chief Executive Officer positions based on the direction of the Bank and the membership composition of the Board. At this time, a unified role is consistent with the present direction of the Bank and composition of the Board. The Bank does not have a lead independent director at this time.

In addition, the designation of the CEO with the additional title as Chairman is important when dealing with overseas customers and dignitaries who are less familiar with the nuances of recent United States trends in corporate titles and have the perception that they are not dealing with the senior decision maker of the Bank if they are not dealing with the Chairman. The Bank has extensive experience and dealings with persons from China where this perception exists.

Risk Oversight and the Board

The Board of Directors maintains active involvement and responsibility for oversight of risks that could affect the Bank. The Board satisfies its responsibility for risk oversight through written or oral reports directly from the Audit Committee and senior officers with oversight responsibility for particular risks within the Bank. Such reports include risk trends, results of strategic and capital plan monitoring, results of regulatory issue monitoring, and financial, credit and operational key risk indicators. Our risk management officers conduct periodic monitoring of compliance efforts with a special focus on those areas that expose the Bank to compliance risk. The purpose of the periodic monitoring is to ensure that the Bank's staff is adhering to established policies and procedures. Other committees of the Board consider the risks within their areas of responsibility. For example, the Compensation Committee of the Bank considers the risks that may be implicated by our executive compensation programs.

The Committees of the Board of Directors

Our Board of Directors may delegate portions of its responsibilities to committees of its members. These standing committees of our Board of Directors meet at regular intervals to attend to their particular areas of responsibility. Our Board of Directors has established five standing committees: an Audit Committee, a Compensation Committee, a governance and nominating committee, a Loan Committee and an Investment Committee. The following is a brief description of each committee.

Audit Committee. Our Audit Committee is a standing committee appointed by our Board of Directors to oversee the processes of our accounting and financial reporting and our audits of financial statements.

The members of the Audit Committee are Messrs. Belliston (Chair), Nunnally, and Kao. The Board of Directors has determined that each of the members of the Audit Committee is (i) "independent" as defined under the standards of Rule 5605(a)(2) of the NASDAQ listing standards, (ii) meets the criteria for independence as set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended and as adopted by the FDIC (the "Exchange Act"), (iii) is independent under FDIC Regulation 363.5, (iv) has not participated in the preparation of our financial statements at any time during the past three years and (v) is able to read and understand fundamental financial statements. In addition, our Board of Directors has determined that Mr. Belliston qualifies as an "Audit Committee financial expert," as defined under SEC rules implementing Section 407 of the Sarbanes-Oxley Act, as such rules have been adopted by the FDIC.

The Audit Committee's authorities and responsibilities are set forth in the Audit Committee charter, and include, but are not limited to:

- appointing, retaining, compensating and overseeing our independent registered public accounting firm;
- pre-approving all auditing services and permitted non-audit services to be performed for us by the independent registered public accounting firm;

- reviewing the independence of our independent registered public accounting firm;
- reviewing and approving all related party transactions;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls and auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- reviewing with the independent registered public accounting firm and the internal auditor the adequacy of our system of internal controls;
- meeting with the independent registered public accounting firm to discuss the scope of the annual audit and the procedures to be followed;
- reviewing with the independent registered public accounting firm at the completion of the annual audit the results of the audit of our financial statements and their report issued in connection with the audit; and
- providing us with the report of the Audit Committee with respect to the audited financial statements required to be included in our annual proxy materials under the federal securities laws.

The Audit Committee met eleven times in 2014, held two executive sessions, and held six conference calls. The charter of the Audit Committee is available through our website at www.preferredbank.com by clicking on “Investor Relations” and then on “Governance Documents.”

Audit Committee Report

The Audit Committee Report is not deemed to be “soliciting material” or to be “filed” with the FDIC or subject to the FDIC’s proxy rules or the liabilities of Section 18 of the Exchange Act and the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by us under the Exchange Act, except to the extent we specifically incorporate the information contained in the report by reference therein.

The Audit Committee operates pursuant to a written charter revised and last approved by our Board of Directors on January 20, 2015. A copy of the Audit Committee charter is available through our website at www.preferredbank.com by clicking on “Investor Relations” and then on “Governance Documents.” The Audit Committee is responsible for overseeing the processes of our accounting and financial reporting and our audits of financial statements, both independent and internal.

Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of financial statements in accordance with generally accepted accounting principles. The Bank’s independent registered public accounting firm is responsible for auditing those financial statements. The Audit Committee’s responsibility is to monitor and review these processes. The Audit Committee relies, without independent verification, on the information provided to it and on the representations made by management, the internal auditors and the independent registered public accountants, and other consultants that the Audit Committee has retained.

In discharging its oversight responsibility, the Audit Committee has reviewed and discussed the audited financial statements and has met and held discussions with management and KPMG LLP, the independent registered public accountants for the Bank. Management represented to the Audit Committee that all financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the financial statements with management and the independent registered public accountants. The Audit Committee discussed with the independent registered public accountants matters required to be discussed by Statement on Auditing Standards No. 61 (*Communications with Audit Committees*), as amended (AICPA, Professional Standards, Vol. 1, AU Section 380) as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T.

The Audit Committee also obtained from the independent registered public accountants a formal written statement describing all relationships between the Bank and the accountants that bear on the accountants’ independence consistent with requirements of the PCAOB. The Audit Committee discussed with the independent registered public accountants any relationships that may impact the firm’s objectivity and independence and satisfied itself as to the accountants’ independence.

Based on these discussions and reviews, the Audit Committee recommended that the Board of Directors approve the inclusion of the Bank's audited financial statements in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014, for filing with the FDIC.

Respectfully submitted by the members of the Audit Committee:

J. Richard Belliston, Chairman
Gary S. Nunnelly
Ching-Hsing Kao

Dated: April 21, 2015

Compensation Committee. Our Compensation Committee is a standing committee appointed by our Board of Directors to oversee our compensation and employee benefit plans and practices, including our executive compensation plans and our incentive-compensation and equity-based plans.

The members of our Compensation Committee are Messrs. Hsu (Chair), Cheng, and Belliston. Each member is an "independent director," as defined by the applicable rules and regulations of the NASDAQ, and meets the applicable standards of independence prescribed for purposes of federal securities, tax and other laws relating to the Compensation Committee's duties and responsibilities.

The Compensation Committee's authorities and responsibilities are set forth in the Compensation Committee charter, and include, but are not limited to:

- annually evaluating the performance of our Chief Executive Officer and setting our Chief Executive Officer's compensation level based on the evaluation;
- determining the appropriate level of compensation for our other executive officers;
- reviewing all incentive-compensation and equity-based plans and adopting or amending, or recommending that our Board of Directors adopt or amend, such plans as the Compensation Committee deems appropriate;
- annually evaluating the appropriate level of compensation for service by non-employee members of our Board of Directors and, based upon such evaluation, recommending to the Board of Directors the level of compensation that the Compensation Committee deems appropriate; and
- producing the annual report on executive compensation required to be included in our annual proxy materials under the federal securities laws.

Our Compensation Committee met one time during 2014. A copy of the charter of our Compensation Committee is available on our website at www.preferredbank.com by clicking on "Investor Relations" and then on "Governance Documents."

Loan Committee. Our Loan Committee is appointed to approve our loan policies and loan underwriting standards and all significant other real estate owned transactions. Our Loan Committee also has approval authority up to our legal lending limit, which was approximately \$64.0 million for secured loans and \$38.4 million for unsecured loans at December 31, 2014, and also reviews all loan commitments granted in excess of \$1 million on a quarterly basis for the preceding quarter. The members of the Loan Committee are Messrs. Nunnelly (Chair), Cheng, Hsu, Kao and Li Yu. Our Loan Committee held twelve meetings during 2014.

Investment Committee. Our Investment Committee is appointed to adopt and maintain policies regarding our investment portfolio and to monitor the interest rates and credit risks of our investments. In addition, the Investment Committee is appointed to oversee, adopt and maintain policies regarding asset/liability management and interest rate risk. The members of the Investment Committee are Mr. William Cheng (Chair) and Messrs. Belliston, Chih-Wei Wu, and Wayne Wu. Our Investment Committee held twelve meetings during 2014.

Compensation Committee Interlocks and Insider Participation

None of the voting members of the Compensation Committee is an executive officer. None of our executive officers serves as a member of the Board of Directors or Compensation Committee of any other company that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Related Party Transactions

The SEC, whose rules are applicable to us as a result of their adoption by the FDIC, requires public companies to report certain related person transactions in their public reports and also requires public companies to describe their policies and procedures relating to the review, approval or ratification of related person transactions. Historically, our practices and procedures to monitor and disclose related person transactions have included 1) the adoption of a policy requiring prior approval of loans to directors, officers and their immediate families in accordance with the requirements of Regulation O, and 2) the adoption of a code of Professional and Business Conduct which govern potential conflicts of interest. All loans to directors and our principal shareholders and their related interests are to be negotiated by the Chief Credit Officer and approved in advance by a majority of our entire Board of Directors and any interested parties are to abstain from participating directly or indirectly in the voting. The Director affected will also excuse himself during deliberations regarding the loan.

There are no existing or proposed material transactions between us and any of our executive officers, directors, or beneficial owners of 5% or more of our common stock, or the immediate family members or associates of any of the foregoing persons, except for the customer transactions discussed below.

Some of our directors and executive officers and their immediate families, as well as the companies with which such directors and executive officers are associated, are customers of, and have had banking transactions with us in the ordinary course of business. We anticipate having such banking transactions with such persons in the future. In the opinion of our management, all loans and commitments to lend in such transactions were made in compliance with applicable laws on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons of similar creditworthiness and did not involve more than a normal risk of collectability or present other unfavorable features. As of December 31, 2014, the aggregate principal outstanding amount of loans and other extensions of credit to all of our directors, executive officers and principal shareholders (that is, those persons who own, control, or have power to vote more than 10% of any class of voting securities), including immediate family members and associated companies, was approximately \$303,000, constituting less than 1% of our total equity capital at that date.

Compensation Committee Report

The Compensation Committee Report on Executive Compensation is not deemed to be “soliciting material” or to be filed with the FDIC or subject to the FDIC’s proxy rules or the liabilities of Section 18 of the Exchange Act and the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by us under the Exchange Act, except to the extent that we specifically incorporate the information contained in the report by reference therein.

The Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth below as required by Item 402 of Regulation S-K promulgated under the Exchange Act. The Compensation Committee recommended to the Board of Directors and the Board of Directors approved the inclusion of the Compensation Discussion and Analysis in this Proxy Statement for the Bank’s Annual Meeting to be held on May 19, 2015.

Respectfully submitted by the members of the Compensation Committee:

Clark Hsu (Chairman)
J. Richard Belliston
Wayne Wu

Dated: April 21, 2015

COMPENSATION DISCUSSION AND ANALYSIS

Summary of 2014 Performance

The Bank showed continuing strong financial performance in 2014. Net income before taxes of \$40.8 million for 2014 was the highest the Bank has posted since 2007, prior to the recession, and the fourth quarter of 2014 marked ten consecutive profitable quarters. The Bank exceeded its internal financial goals while making solid progress towards organizational objectives of production personnel growth, expansion into a new geographic region and strengthening of the Bank’s infrastructure. Significant highlights include the following:

- Highest net income before taxes since 2007, including three consecutive quarters of highest pre-tax earnings since the recession.
- Total shareholder return of 39.6% for 2014 was the highest among all banks in America with capital equal to or greater than Preferred Bank.
- Return on Assets increased to 1.31 for 2014, compared to 1.18% for 2013.
- Return on Equity increased to 11.02% for 2014 compared to 9.75% for 2013.
- Loan growth of 21.1% during 2014 to 1.60 billion, well above pre-recession levels.
- Deposit growth of 16.2% during 2014.
- Efficiency ratio declined to 40.8% for 2014, from 45.7% in 2013.
- Total assets exceeded \$2 billion during 2014.
- Continued improvement of credit quality, with nonperforming assets reduced to \$17.4 million during 2014 which comprises 0.8% of total assets.
- FDIC regulators terminated the Memorandum of Understanding during 2014, which had been primarily related to Bank Secrecy Act compliance issues.

Compensation Philosophy and Objectives

The principal objectives of our compensation policies and executive compensation programs are to attract and retain high caliber executives who are critical to our long-term success, to provide a total compensation package in a cost effective manner, and to encourage management ownership of our stock while maximizing return on shareholders' equity. Our compensation program is designed to reward our executive officers with an attractive and competitive compensation package that rewards strong performance, recognizes the cost of living in the greater Los Angeles area, and considers the compensation practices of our competitors in the banking and financial services industry. The target of the program is compensation at the 75th percentile level among peer banks, and therefore the Compensation Committee demands bank financial performance of at least the 75th percentile level as well. For 2014, the Committee noted that the Bank far surpassed this 75th percentile target, as evidenced by the Bank's shareholder return being the highest among all American banks at its capital level or greater. The Compensation Committee and the Board of Directors believe that by attracting and retaining talented executives, and by motivating them to reach strategic and financial goals of the Bank, we will increase long-term shareholder value.

Role of the Compensation Committee

Our Compensation Committee is a standing committee appointed by our Board of Directors to oversee our compensation and employee benefit plans and practices, including our executive compensation plans and our incentive-compensation and equity-based plans. The Compensation Committee's authorities and responsibilities are set forth above under "BOARD MATTERS – The Committees of the Board."

Role of the Executives in Compensation Determinations

In determining the appropriate compensation levels for our named executive officers (other than our Chief Executive Officer), the Compensation Committee meets outside the presence of all executive officers, other than, as requested, our Chief Executive Officer. Our Chief Executive Officer provides his insight and suggestions with respect to the other named executive officers' compensation. Only the Compensation Committee members, who are all independent, vote upon decisions regarding executive compensation.

With respect to the compensation of our Chief Executive Officer, the Compensation Committee meets outside his presence and the presence of all of our executive officers. The Compensation Committee discusses the Chief Executive Officer's compensation with him, but conducts final deliberations and all votes regarding the recommendation of his compensation to the Board of Directors in an executive session, without the Chief Executive Officer present. The Compensation Committee bases any changes in the Chief Executive Officer's compensation on a variety of factors, including but not limited to the following:

- Analysis of our performance, regulatory restrictions and guidance, and periodic market reviews for shareholder return.
- Review of executive compensation information published by SNL Financial.
- Review of the prior year's proxy statement for all peer group banks
- Analysis of the Bank's performance metrics in the contexts of internal budget, the economic and competitive environments, and comparison of these metrics to the peer bank group.

Role of the Compensation Consultant

From time to time, our Compensation Committee seeks advice from outside experts in the executive compensation field to provide input on both Board of Director compensation and executive compensation issues. In 2014, we did not use a compensation consultant for any purpose, but we may use a compensation consultant in the future.

Consideration of Say-on-Pay Results

At our 2014 Annual Meeting of Shareholders, we submitted our executive compensation program to a non-binding advisory vote of our shareholders ("say-on-pay") and it received the support of a significant majority (69.2%) of the total votes cast at our annual meeting. Our Compensation Committee considered the results of this 2014 say-on-pay vote in connection with the discharge of its responsibilities. Because the vast majority of our shareholders voting on the "say on pay"

proposal approved the compensation of our named executive officers described in our proxy statement in 2014, our Compensation Committee did not implement any significant changes to our executive compensation program as a result of the shareholder advisory vote.

We are holding a say-on-pay vote every year, and our Compensation Committee will continue to take into account the results of such votes in considering executive compensation arrangements each year.

Compensation Market Review

In lieu of a compensation consultant, the Compensation Committee conducts its own evaluation of the competitiveness of our executive officers' salaries, bonuses, benefits and employment agreement arrangements by conducting a market check of a peer-group of commercial banks focused on comparable regional commercial banking organizations including other banks with a presence in the Chinese-American market. The Compensation Committee looks to information with respect to other banking institutions only as a guide to setting compensation, rather than for purposes of formal benchmarking. Our Compensation Committee obtains and reviews publicly available information about these companies from sources, such as filings with the SEC, reports filed with banking regulatory agencies, press releases, and similar publicly available information, to establish parameters for compensation. For the 2014 compensation review, procedures followed by the Compensation Committee included the following:

- Compared overall bank profitability, including return on assets and return on equity, for 2014 with the Bank's historical results, and with other banks in a selected peer group. The peer group is comprised of metropolitan Los Angeles and San Francisco, California banks primarily between \$1.5 billion and \$3 billion in assets (excluding Korean banks). The group also includes Cathay Bank and East West Bank, which, although larger than our peer group asset range, are representative of the banks with which we primarily compete for talent and acquire talent from. They are also the only two major Chinese-American focused public banks whose shares are publicly traded on a stock exchange other than Preferred Bank. The Committee also reviewed a national peer list of banks whose shares are publicly traded on a stock exchange between \$1 billion and \$5 billion in assets, published by SNL Financial Corp. Banks in small cities or with no state income tax were excluded, in order to consider only banks with comparable costs of living parameters for employees.
- Reviewed loan growth for the year compared to the peer group. The Committee took into consideration credit quality in regards to regulatory examination results and feedback from independent loan reviewers and external auditors.
- Reviewed deposit growth and consideration of the quality of deposits.
- Reviewed efficiency ratio, net interest margin, liquidity, and interest rate risk trends compared to the Bank's historical results as well as the peer group's results.
- Considered the organizational development of the Bank throughout 2014 and the internal goals thus achieved.
- Reviewed return to shareholders, current year and three-year average results.

Based on the above review components, the Committee concluded that the Bank's performance substantially exceeded the Bank's budget and compared very favorably to industry results as well as investor expectations. The compensation decisions discussed below reflect the positive findings of the Committee's review and are consistent with the Bank's philosophy of compensating strong performance.

The banking institutions included in peer group for purposes of the Committee's review are:

<u>Company Name</u>	<u>12/31/14 Assets (\$millions)</u>
East West Bank	\$ 28,678
Cathay Bank	11,483
Citizens Business Bank	7,372
BBCN Bank	7,135
Pacific Western Bank	15,997
California United Bank	2,264
Bank of Marin	1,786
Bridge Bank	1,810
Pacific Premier Bank	2,033
Tri Counties Bank	3,970

Elements of Compensation

Our executive compensation program consists of the following elements, which are used in the appropriate combination to meet our compensation philosophy and objectives, including responding to changing financial conditions: (1) Base Salary, (2) Annual Incentives (bonus compensation), (3) Long-Term Stock Based Incentives, (4) Deferred Compensation Arrangement, and (5) Other Compensation. In determining each component of compensation, the total compensation package of each named executive officer is considered.

Base Salary

This is fixed cash compensation that reflects each executive's position, experience, individual performance, and expertise. Each executive officer is eligible for an annual increase in base salary, which, if increased, generally takes effect during the month of March. Although the base salary component of our compensation package for each executive officer is competitive with companies of similar size to us and with comparable operating results within the banking industry, our Compensation Committee relies less on base salary and more on annual cash incentives and long-term stock-based incentives to reward executives.

In determining the base salaries for 2014, the Compensation Committee reviewed base salaries at peer group banks and then considered our relative financial performance and our stock price performance versus our peer group banks. 2012 through 2014 brought a return to significant profitability for the Bank and all trends indicate this will continue. In addition, management continued to make substantial progress in reducing adversely classified and nonperforming assets, maintaining costs and growing the customer base of the Bank. In recognition of this progress, the Compensation Committee elected to provide salary increases for all of our named executive officers during 2014.

Annual Cash Incentives

Purpose. We maintain a management incentive bonus plan which is designed to provide an incentive for our officers and employees to surpass a minimum amount of earnings, generally equivalent to the market rate of return on equity, which is essential to meeting our overall strategic objectives. Annual cash bonuses are designed to supplement the base salary so as to bring the total compensation of our named executive officers to a level that is competitive in the industry. This helps us attract and retain highly qualified executives.

Methodology. The Compensation Committee determines annual cash bonuses in two stages. First, based on an established formula, the Compensation Committee determines whether we have met the pre-tax income requirement necessary to establish a bonus pool for the current year under consideration. The Compensation Committee also looks to prior years to determine whether there are existing amounts in prior years' bonus pools which may serve as an additional source of bonus payments. Second, if a bonus pool exists, the Compensation Committee considers the appropriate allocation of the total amount in the bonus pool among our officers and other employees and whether any portion of the bonus pool should be paid in future years instead of the current year. Actual bonus paid out is based on the Committee's performance review of the Bank, and may be less than the accrued bonus pool.

Establishment of a Bonus Pool. The annual amount of the total bonus pool is based on a quantitative formula directly tied to our pre-tax income. Specifically, after a minimum pre-tax return on beginning equity equal to 150% of the one year constant maturity treasury yield is reached, then a percentage of pre-tax income is calculated less any stock option-related expenses and employee welfare-related expenses that the Committee deems applicable. This percentage of pre-tax income is calculated in two stages and from this bonus pool, the Compensation Committee may elect to reserve up to 30% of the amount for future years' bonuses. The resulting current year bonus is distributed in February of the following year. For 2014, performance metrics were met and the Committee accrued a bonus pool of \$5.5 million which was distributed in full in February of 2015 as a combination of approximately \$2.2 million cash and \$3.3 million in restricted stock awards. The Committee elected to distribute the bonus split between cash and partially vested restricted stock in order to promote longevity of employees within the Bank and include a provide a wide range of officers with increased investment in the Bank's future earnings and growth.

Allocation of the Bonus Pool (if any). Mr. Yu, the other named executives, and other employees are allocated portions of the total bonus pool annually based on individual performance against individual goals and objectives. Certain bonuses may be awarded at the discretion of our Compensation Committee irrespective of whether the level of pre-tax income was reached under the bonus methodology. This is typically done for new employees' first year compensation as an alternative to a signing bonus or in extraordinary circumstances.

Long-Term Stock-Based Incentives

Purpose. Long-term stock-based incentives encourage equity ownership by the named executive officers which aligns the interests of the officers with the long-term performance objectives of our shareholders and enhances our ability to attract and retain highly qualified executives on a basis compatible with industry practices.

Mix of Awards. Our 2014 Equity Incentive Plan permits the grant of nonqualified stock options, incentive stock options, stock appreciation rights, performance shares, performance units, deferred stock units and restricted stock. To date we have only granted stock options and restricted stock under the 2014 Equity Incentive Plan and its predecessor our 2004 Equity Incentive Plan. We grant stock options and restricted stock awards to achieve the objectives set forth above and to provide additional compensation to our named executive officers. The restricted stock awards granted under our Equity Incentive Plans have a one, two, or three year vesting period and are typically distributed in full immediately upon becoming 100% vested. Stock options granted typically vest evenly over a three or four year vesting period, and expire one year after becoming fully vested. The grant date recorded for the granting of stock options is the date on which the Board of Directors approves the grant or the date that the grantee is notified of the grant, which could conceivably be a date after the Board of Director's approval date. The exercise price used for the granting of stock options is the closing price of our common stock on the grant date. In the event of a change of control, all awards granted under the 2014 Equity Incentive Plan vest and become exercisable immediately, unless the awards are assumed or substituted by the successor corporation.

In determining the number of stock options to be granted to individual executives, the following factors are taken into consideration: the individual's contributions, our financial performance, competitive practices, the number of stock options previously granted, the value of our common stock on the date of the grant and the cost of expensing the options under FASB ASC Topic 718, Compensation – Stock Compensation (ASC Topic 718). Formal weightings have not been assigned to these factors.

In 2014 and 2013, the Committee elected to distribute a portion of the bonus pool in the form of restricted stock awards (RSAs) vesting over two years. In 2014, no stock options were granted as the Committee elected to distribute restricted stock awards in lieu of options. The allocation of RSAs to all employees besides himself is proposed by the CEO. The Committee reviews the merits of executives and senior officers and puts forth changes or approves the grants as proposed. The award to the CEO is determined by the Committee after extensive review and discussion.

Deferred Compensation Plan

We adopted a Deferred Compensation Plan in 1999. The plan is a nonqualified unfunded plan for a select group of management and highly compensated employees. The plan permits eligible executives to elect to defer base salary and/or bonuses up to a maximum of 30% of salary and bonus combined. Deferred amounts accrue interest at a rate of prime plus 1%, unless the deferred amounts are invested in employer stock, in which case no interest accrues on the deferred amounts and the executives are entitled to receive the shares allocated to their deferred compensation account upon a plan distribution event. The plan provides for distribution of deferred compensation upon normal or early retirement dates, termination of employment, disability, change of control, death or hardship. Preferred Bank amended the plan to conform to Section 409A

of the Internal Revenue Code. The deferral amounts are included in the Summary Compensation table under the salary column. The nonqualified deferred compensation earnings amount included in the Summary Compensation table of this Proxy Statement represents the earnings for each named executive officer “above market” as defined by the SEC (as such definition has been adopted by the FDIC). In 2010 the Deferred Compensation Plan was amended to allow the participants in the Plan to invest in the Series A mandatorily convertible non-cumulative preferred stock (Series A preferred) that was issued by the Bank in June 2010 and which automatically converted to common stock in August of 2010 upon the July 30, 2010 shareholder approval of such conversion. Of the named executive officers, Messrs. Yu and Czajka all elected to purchase shares of Series A preferred in this transaction, and, accordingly, hold reserved shares of the Bank’s common stock in lieu of cash, in their deferred compensation accounts.

The Deferred Compensation Plan was terminated as of January 1, 2015. Participants have been notified and full distributions will be made between 12 and 24 months after the termination date.

Other Compensation

Our named executive officers participate in our broad-based employee benefit plans, such as medical, dental, 401(k) Retirement Savings Plan, and supplemental disability and term life insurance programs. All of the named executive officers either receive an automobile allowance or the Bank leases an auto for them and Mr. Yu and Mr. Chen received payment of fees for social club memberships, which are used for business development and business retention purposes. The total amounts of these items are reflected in the “All Other Compensation” column of the Summary Compensation Table. The Compensation Committee believes that these items enhance the effectiveness of our named executive officers and are consistent with industry practices in comparable banking companies. The Compensation Committee regularly reviews the perquisites we provide.

The Compensation Committee believes that our compensation programs are effective in furthering our objectives of attracting, retaining and motivating the best qualified officers and ultimately will serve to increase our profitability and maximize shareholder value.

Risk Assessment of Incentive Compensation

The Compensation Committee reviewed the Bank’s compensation policies and practices for our named executive officers, as well as the incentive plans for other employees and determined that our incentive compensation programs are not reasonably likely to have a material adverse effect on the Bank. To conduct this review, the Bank evaluated its practices and policies including: the balanced mix between pay elements, short and long-term programs, Compensation Committee control over the establishment, review and approval goals, use of multiple performance measures, Compensation Committee discretion on individual awards, and Compensation Committee oversight of compensation programs.

The Compensation Committee also evaluated the conformity of the criteria and targets with the risk profile of the Bank and whether the proposed goals or the structure of the awards might have the inadvertent effect of encouraging excessive risk or other undesirable behavior. The Compensation Committee believes that its over-arching risk management framework supports risk management in the Bank’s incentive arrangements.

The following table sets forth the compensation awarded to, earned by or paid for services received by our named executive officers for the last three fiscal years ended December 31, 2014, 2013 and 2012.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards ⁽¹⁾	Option Awards ⁽¹⁾	Change in Pension Values and Nonqualified Deferred Compensation Earnings ⁽²⁾	All Other Compensation ⁽³⁾	Total
Li Yu, Chairman and Chief Executive Officer	2014	\$763,334	\$ 840,000	\$ 1,146,750	—	—	\$ 66,628	\$2,816,711
	2013	\$717,833	\$ 790,000	—	\$ 716,400	—	\$ 67,186	\$2,291,420
	2012	\$654,935	\$ 300,000	\$ 70,112	\$ 413,000	—	\$ 62,320	\$1,500,367
Wellington Chen, President & Chief Operating Officer	2014	\$411,250	\$ 288,000	\$ 208,500	—	—	\$ 52,199	\$ 959,949
	2013	\$390,833	\$ 288,000	—	\$ 226,800	—	\$ 49,591	\$ 955,224
	2012	\$371,358	\$ 260,000	—	—	—	\$ 50,897	\$ 682,255
Edward Czajka, Executive Vice President, Chief Financial Officer	2014	\$253,500	\$ 135,000	\$ 83,400	—	—	\$ 14,654	\$ 486,554
	2013	\$240,421	\$ 128,000	—	\$ 136,080	—	\$ 14,047	\$ 518,548
	2012	\$223,333	\$ 80,000	—	\$ 61,950	—	\$ 13,073	\$ 378,356
Lucilio Couto, Executive Vice President, Chief Credit Officer	2014	\$253,500	\$ 132,000	\$ 83,400	—	—	\$ 20,803	\$ 489,703
	2013	\$240,417	\$ 128,000	—	\$ 136,080	—	\$ 13,213	\$ 517,709
	2012	\$222,917	\$ 90,000	—	\$ 61,950	—	\$ 12,740	\$ 387,607

- (1) Pursuant to SEC regulations, as adopted by the FDIC, regarding the valuation of equity awards, amounts in these columns represent the applicable full grant date fair values of stock awards and stock options in accordance with FASB ASC Topic 718, excluding the effect for forfeitures.
- (2) Represents above market or preferential Deferred Compensation Plan earnings. The total nonqualified deferred compensation earnings are reported in the 2014 Nonqualified Deferred Compensation table in the Proxy Statement. For further detail, see the discussion concerning the Deferred Compensation Plan under the Compensation Discussion and Analysis.
- (3) The components of all other compensation are detailed below:
- Mr. Yu, automobile expenses of \$35,627, club dues \$3,375, deferred compensation earnings of \$451, medical reimbursements of \$18,399 received in lieu of health insurance coverage paid by the Bank, and 401(k) match of \$8,775.
 - Mr. Chen, automobile expenses of \$27,047, club dues \$17,346, and 401(k) match of \$7,806.
 - Mr. Czajka, automobile allowance \$7,200, deferred compensation earnings of \$767, and 401(k) match of \$6,687.
 - Mr. Couto, automobile allowance \$6,000, deferred compensation earnings of \$7,198, and 401(k) match of \$7,605.

The following table sets forth the grants of plan-based awards during 2014.

Grants of Plan-Based Awards Table

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All other stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (#)				
Li Yu	2/7/14	—	—	—	55,000	—	\$ 1,146,750	
Wellington Chen	2/7/14	—	—	—	10,000	—	\$ 208,500	
Edward Czajka	2/7/14	—	—	—	4,000	—	\$ 83,400	
Lucilio Couto	2/7/14	—	—	—	4,000	—	\$ 83,400	

The following table lists the outstanding equity awards at December 31, 2014. All of the awards have been adjusted for the stock dividends and stock splits declared by us since the grant date.

Outstanding Equity Awards at December 31, 2014

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ⁽¹⁾	Option Expiration Date	Number of Shares of Stock or Units That Have Not Vested	Market Value of Shares of Stock or Units That Have Not Vested ⁽²⁾
Li Yu	2/7/14	—	—	—	—	20,000	\$557,800
	2/14/13	40,000	80,000	\$15.77	2/14/17	—	—
	2/1/12	66,666	33,334	\$8.95	2/1/16	—	—
Wellington Chen	2/7/14	—	—	—	—	3,334	\$92,985
	2/7/13	7,500	22,500	\$15.79	2/7/18	—	—
	6/21/11	13,000	—	\$7.46	6/21/15	—	—
Edward Czajka	2/7/14	—	—	—	—	1,334	\$37,205
	2/7/13	4,500	13,500	\$15.79	2/7/18	—	—
	2/1/12	10,000	5,000	\$8.95	2/1/16	—	—
Lucilio Couto	2/7/14	—	—	—	—	1,334	\$37,205
	2/7/13	4,500	13,500	\$15.79	2/7/18	—	—
	2/1/12	10,000	5,000	\$8.95	2/1/16	—	—

(1) The exercise price used for the granting of stock options is the closing price of our common stock on the grant date. For further detail, see the discussion concerning stock option grants under “Long-Term Stock-Based Incentives” in the Compensation Discussion and Analysis section.

(2) The aggregate market value of outstanding restricted stock awards is based on the closing price of our common stock on December 31, 2014, which was the last trading day of the 2014 fiscal year.

Option Exercises and Stock Vested during the 2014 Fiscal Year

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (# Shares)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (# Shares)	Value Realized on Vesting (\$) ⁽²⁾
Li Yu	—	—	—	—
Wellington Chen	15,000	\$ 277,500	35,000	\$ 840,350
Edward Czajka	3,000	\$ 48,942	—	—
Lucilio Couto	3,000	\$ 44,820	—	—

(1) The amount represents the difference between the closing price of PFBC’s common stock on the exercise date and the option exercise price, multiplied by the number of shares exercised.

(2) The amount represents the product of the number of shares vested and the closing price of PFBC’s common stock on the vesting date.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes information as of December 31, 2014, relating to our equity compensation plans pursuant to which grants of options, restricted stock, or other rights to acquire shares may be granted from time to time.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders	663,362	\$ 12.99	2,500,000
Equity compensation plans not approved by security holders.....	—	—	—
Total.....	663,362	\$ 12.99	2,500,000

Potential Payments Upon Termination or Change of Control

On November 17, 2005, we entered into a retention and severance agreement with Mr. Li Yu, our Chairman, President and Chief Executive Officer. We approved this agreement for the purpose of retaining this key executive. Pursuant to the terms of the agreement, Mr. Yu is entitled to receive a severance payment in the event he is terminated in connection with a change of control, is terminated by us without “cause,” or voluntarily terminates based on a “good reason” (as such terms are defined in the agreements). Under the agreement, Mr. Yu is entitled to a lump sum equal to one and one half times his annual base salary, based on the greater of such amount at either the time immediately prior to the termination or in the year that the change of control event occurred. The agreement also provides for additional benefits including the vesting of stock options and the provision of certain employee medical and insurance benefits for a period of eighteen months following termination. Our 2014 and 2004 Equity Incentive Plans provide for full acceleration of vesting for our named executive officers upon termination of employment in connection with a change in control event. We are not a party to any other employment, change in control, non-competition or severance agreement for any other named executive officer.

**Potential Payments upon Termination of Employment
As of December 31, 2014**

Name	Cash severance Arrangements/ Compensation (\$)	Accrued Vacation (\$)	Insurance Death Benefits (\$)	Acceleration of Vested Options (unamortized expense)(\$)	Total Termination Benefits (\$)
Li Yu					
Voluntary Termination of Retirement	\$ —	\$ 299,827	\$ —	\$ —	\$ 299,827
Involuntary Termination (other than For Cause)	—	299,827	—	—	299,827
Involuntary Termination (For Cause)	—	299,827	—	—	299,827
Termination in Connection with Change in Control	1,145,001	299,827	—	2,158,746	3,603,574
Death	—	299,827	1,983,200	—	2,283,027
Disability	—	299,827	—	—	299,827
Wellington Chen					
Voluntary Termination of Retirement	—	39,665	—	—	39,665
Involuntary Termination (other than For Cause)	—	39,665	—	—	39,665
Involuntary Termination (For Cause)	—	39,665	—	—	39,665
Termination in Connection with Change in Control	—	39,665	—	365,235	404,900
Death	—	39,665	—	—	39,665
Disability	—	39,665	—	—	39,665
Edward Czajka					
Voluntary Termination of Retirement	—	26,347	—	—	26,347
Involuntary Termination (other than For Cause)	—	26,347	—	—	26,347
Involuntary Termination (For Cause)	—	26,347	—	—	26,347
Termination in Connection with Change in Control	—	26,347	—	295,255	321,602
Death	—	26,347	21,947	—	48,294
Disability	—	26,347	—	—	26,347
Lucilio Couto					
Voluntary Termination of Retirement	—	15,391	—	—	15,391
Involuntary Termination (other than For Cause)	—	15,391	—	—	15,391
Involuntary Termination (For Cause)	—	15,391	—	—	15,391
Termination in Connection with Change in Control	—	15,391	—	295,255	310,646
Death	—	15,391	218,268	—	233,659
Disability	—	15,391	—	—	15,391

Compensation of Directors

All non-executive directors receive an annual fee of \$40,000 and \$1,000 for each Board of Directors meeting attended in person and \$500 if attended by phone. In addition, the Chair of the Audit Committee receives an annual fee of \$12,000, while the other members of the Audit Committee receive \$5,000. The Chair of the Compensation Committee

receives an additional \$10,000 annual fee, while the other members of the Compensation Committee receive \$5,000. The Chair of the Loan Committee receives an additional \$8,000 annual fee, while the other members of the Loan Committee receive \$4,000. In addition, each member of the Loan Committee, Compensation Committee, Investment Committee and Audit Committee receives \$500 for each committee meeting they attend if it is held on a day other than a day of a regular meeting of the Board of Directors. Directors are also eligible to participate in our 2014 Equity Incentive Plan and previously were eligible to participate in our 2004 Equity Incentive Plan. On May 20, 2014, 1,187 restricted stock awards with a two year vesting period were granted to each Class I Director under the 2004 Equity Incentive Plan. On February 7, 2015, 45,000 restricted shares were awarded to Mr. Li Yu with a two-year vesting period under the 2014 Equity Incentive Plan.

The following table summarizes the compensation paid to our non-employee directors during 2014. Compensation paid to Li Yu is set forth in the Summary Compensation Table.

2014 Director Compensation

Name	Fees Earned or Paid in Cash ⁽¹⁾	Stock Awards ⁽²⁾	Total Compensation
J. Richard Belliston ⁽³⁾	\$72,500	\$25,532	\$98,032
William C. Y. Cheng	\$56,000	—	\$56,000
Clark Hsu	\$63,500	\$25,532	\$89,032
Gary S. Nunnelly	\$67,500	\$25,532	\$93,032
Ching-Hsing Kao	\$63,000	—	\$63,000
Wayne Wu	\$55,500	—	\$55,500
Chih-Wei Wu	\$47,500	—	\$47,500

(1) Each director, except Wayne Wu who only served a portion of the year, received an annual fee which was \$40,000 for 2014. Fees in excess of the annual fee represent fees for meeting attendance and compensation for committee chairmanships.

(2) Pursuant to SEC regulations, as adopted by the FDIC, regarding the valuation of equity awards, amounts in these columns represent the applicable full grant date fair values of stock awards and stock options in accordance with FASB ASC Topic 718, excluding the effect for forfeitures.

(3) J. Richard Belliston is the chairman of the Audit Committee, Mr. Nunnelly is the Chair of the Loan Committee and Mr. Hsu is Chair of the Compensation Committee

We have also entered into indemnification agreements with each of our directors. The agreements indemnify each director in third-party proceedings, in which the director is made a party to or threatened to be made a party to, or otherwise involved in any proceeding, by reason of the fact that the director is or was our agent. We also indemnify each director that is made party to, or threatened to be made party to, or otherwise involved in, any proceeding which is an action by or in the right of us to procure a judgment in our favor by reason of the fact that the director is or was our agent.

The following table shows contributions and earnings during 2014 and account balances as of December 31, 2014 under our Deferred Compensation Plan.

2014 Nonqualified Deferred Compensation

Name	Executive's Contributions in Last Fiscal Year ⁽¹⁾	Aggregate Earnings in Last Fiscal Year ⁽²⁾	Aggregate Withdrawals/Distributions	Aggregate Balance at end of Last Fiscal Year
Li Yu	\$ 0	\$ 451	\$ 0	\$ 10,856
Edward Czajka	\$ 12,570	\$ 767	\$ 0	\$ 21,947
Lucilio Couto	\$ 115,650	\$ 7,198	\$ 0	\$ 218,268

(1) Contribution amounts are included in the Summary Compensation table under the "Salary" column. We do not match participants' deferred contribution amounts into this plan.

(2) Represents interest earned on the deferred balance for each participant at a rate of prime plus 1%.

PROPOSAL 2: ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires, among other things, that we permit a non-binding, advisory vote on the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, compensation tables and accompanying narrative discussion contained in this proxy statement.

As described in greater detail under the heading “Compensation Discussion and Analysis,” we seek to closely align the interests of our named executive officers with the interests of our shareholders. Our compensation practices are designed to encourage and motivate our named executive officers to achieve superior performance on both a short-term and long-term basis while at the same time avoiding the encouragement of unnecessary or excessive risk-taking.

Accordingly, we ask our shareholders to indicate their support for our executive compensation practices for our named executive officers and vote for the following resolution:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC, as adopted by the FDIC.

This vote is advisory, which means that the vote on executive compensation is not binding on Preferred Bank, our Board of Directors or the Compensation Committee of the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

Your advisory vote will not be construed (i) as overruling a decision by Preferred Bank or the Board of Directors, (ii) to create or imply any change to the fiduciary duties of Preferred Bank or the Board, (iii) to create or imply any additional fiduciary duties for Preferred Bank or the Board, or (iv) to restrict or limit the ability of shareholders to make proposals for inclusion in proxy materials related to executive compensation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” PROPOSAL NO 2.

PROPOSAL 3: RATIFY SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR 2015

Our Audit Committee has appointed KPMG LLP as our independent registered public accountants for the year ending December 31, 2015, and our shareholders are being asked to ratify the appointment. KPMG LLP has audited our financial statements since the fiscal year ended December 31, 1996. All professional services rendered by KPMG LLP during 2014 were furnished at customary rates and terms. A representative of KPMG LLP is expected to be present at our Annual Meeting, will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions from shareholders. If you do not ratify the appointment, the Audit Committee will reconsider the appointment. However, even if you ratify the appointment, the Audit Committee may appoint new independent registered public accountants at any time during the year if it believes that such a change would be in our best interests and the best interests of our shareholders.

In determining the independence of KPMG LLP, the Audit Committee considered whether the provision of non-audit services is compatible with maintaining that independence.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” PROPOSAL NO 3.

Independent Auditor Fees

The following table shows the fees paid or accrued by us for the audit and other services provided by KPMG LLP for fiscal years 2014 and 2013.

	December 31,	
	2014	2013
Audit Fees ⁽¹⁾	\$600,000	\$585,294
Audit Related Fees ⁽²⁾	—	—
Tax Fees.....	—	—
All Other Fees.....	—	—
Total Fees	\$600,000	\$585,294

(1) Integrated Audit and Audit of Internal Control over Reporting Fees consisted of fees for the audit of our consolidated financial statements, internal controls over financial reporting and review of financial statements included in our quarterly reports. These include estimated costs to complete the integrated audit for the years ended December 31, 2014 and 2013.

(2) Audit-related fees consisted of fees billed for professional assurance and related services other than those noted in footnote (1) above and for services in connection with stock offerings.

Audit Committee Pre-Approval Policy

All audit and non-audit services to be performed by KPMG LLP require pre-approval by our Audit Committee or its chairman, provided that the chairman is required to report any decisions to pre-approve such audit related or non-audit services and fees to the full Audit Committee at its next regular meeting. All services described above were pre-approved by our Audit Committee in accordance with its pre-approval policies and procedures.

THE BOARD RECOMMENDS THAT THE COMMON SHAREHOLDERS VOTE “FOR” RATIFICATION OF THE SELECTION OF KPMG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR 2015.

OTHER BUSINESS

We know of no other business which will be presented for consideration at our Annual Meeting other than as stated in the notice of Annual Meeting. If, however, other matters are properly brought before the meeting, it is the intention of the persons named as proxies on the enclosed proxy card to vote the shares represented thereby in accordance with their best judgment and in their discretion, and authority to do so is included in the proxy.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of our equity securities to file reports of ownership and changes in ownership with the FDIC. The FDIC requires executive officers, directors and greater than 10% shareholders to furnish to us copies of all Section 16(a) forms they file. Based solely on our review of these reports and of certifications furnished to us, we believe that, during the fiscal year ended December 31, 2014, all executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements, except that Form 4 with a transaction date of February 7, 2014 was filed on August 12, 2014 related to the issuance of restricted stock awards to each of our four named executive officers, which were erroneously not filed upon grant of the restricted shares. Additionally, the Form 4 related to the issuance of restricted stock awards to each of our Class I directors with a transaction date of May 20, 2014 was filed on July 25, 2014, which were also erroneously not filed upon grant of the restricted shares.

SHAREHOLDER PROPOSALS FOR 2016 ANNUAL MEETING OF SHAREHOLDERS

Proposals received from shareholders in accordance with Rule 14a-8 under the Exchange Act are given careful consideration by us. Shareholder proposals are eligible for consideration for inclusion in the Proxy Statement for the 2015 annual meeting of shareholders if we receive them on or before December 17, 2015. Shareholder proposals must be directed to the Corporate Secretary, Preferred Bank, 601 S. Figueroa Street, 29th Floor, Los Angeles, California 90017.

For any proposal that is not submitted for inclusion in next year's proxy statement (as described in the preceding paragraph), but is instead sought to be presented from the floor at next year's annual meeting, Rule 14a-4(c) under the Exchange Act applies. Under Rule 14a-4(c) and as set forth in the advance notice provisions of our bylaws, the proxy solicited by the Board of Directors will confer discretionary authority to vote on any proposal presented by a shareholder from the floor at next year's meeting if (a) our Corporate Secretary receives notice of the proposal at the address indicated above no later than 5:00 p.m., Pacific Time, on February 26, 2016, and no earlier than January 27, 2016, and we include in the proxy statement advice on the nature of the proposal and how we intend to exercise our discretion to vote on the proposal, or (b) our Corporate Secretary does not receive notice of the proposal prior to 5:00 p.m., Pacific Time, on February 26, 2016, and no earlier than January 27, 2016.

Under the advance notice provisions of our bylaws, in the event the date of the mailing of the notice for the 2016 annual meeting is advanced or delayed by more than 30 days from April 16, 2016, notice by the shareholder to be timely must be delivered not earlier than the 90th day prior to the date of mailing of the notice for such annual meeting and not later than 5:00 p.m., Pacific Time, on the later of the 60th day prior to the date of mailing of the notice for such annual meeting or the 10th day following the day on which public announcement of the date of mailing of the notice for such meeting is first made.

Notices of intention to present proposals at the 2016 annual meeting of shareholders must comply with the provisions of our bylaws. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other requirements.

ANNUAL REPORT

We have enclosed a copy of our 2014 Annual Report on Form 10-K with this Proxy Statement. If you would like another copy of our 2014 Annual Report on Form 10-K, we will send you one without charge. The Annual Report on Form 10-K includes a list of exhibits filed with the FDIC, but does not include the exhibits. If you wish to receive copies of the exhibits, we will send them to you. Expenses for copying and mailing them to you will be your responsibility. Please write to:

Financial Profiles, Inc.
11601 Wilshire Blvd Suite 1920
Los Angeles, California 90025
Attention: Kristen McNally, Senior Vice President

A copy of our Annual Report on Form 10-K is also available without charge from our company website at www.preferredbank.com.

WHERE YOU CAN FIND MORE INFORMATION

In accordance with Sections 12, 13 and 14 of the Exchange Act and as a bank that is not a member of the Federal Reserve System, we file certain reports, proxy materials, information statements and other information with the FDIC, copies of which can be inspected and copied at the public reference facilities maintained by the FDIC, at the Public Reference Section, Room F-6043, 550 17th Street, N.W., Washington, DC 20429. Requests for copies may be made by telephone at (202) 898-8193 or by fax at (202) 898-3909. Certain financial information filed by us with the FDIC is also available electronically at the FDIC's website at <http://www.fdic.gov>. Our FDIC filings are available to the public at <http://www.snl.com/irweblinkx/docs.aspx?iid=1023519> or at our website at www.preferredbank.com. Click on the *Investor Relations* tab and then click on the *Company Filings* tab. Other than the annual, quarterly, and current reports, proxy statements and other information we file with the FDIC, the information on our website is not part of this Proxy Statement.

You should review the information and exhibits included in our filings with the FDIC for further information about us, including but not limited to our business, our current officers and directors, our officers' and directors' compensation and beneficial ownership of our shares, our regulation and supervision, and dividend policy. Statements in this Proxy Statement concerning any document we filed with the FDIC are not intended to be comprehensive and are qualified by reference to such documents. Any requests for copies of these filings, at no cost, should be submitted or directed to:

Preferred Bank
601 S. Figueroa Street, 29th Floor
Los Angeles, California 90017
(213) 891-1188

Attention: Edward J. Czajka,
Chief Financial Officer

YOUR VOTE AT THIS YEAR'S MEETING IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN. PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE PROMPTLY.

By Order of the Board of Directors



Li Yu
Corporate Secretary

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS

May 19, 2015

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Edward Czajka and Lucilio Couto, or either of them, each with full power of substitution, as proxies of the undersigned to attend the Annual Meeting of Shareholders of Preferred Bank (the "Bank"), to be held on May 19, 2015, at 1:00 p.m., Pacific Time, at the Bank's corporate headquarters, 601 S. Figueroa Street, 29th Floor, Los Angeles, California 90017, and at any adjournment or postponements thereof, and to vote the number of shares the undersigned would be entitled to vote if personally present as indicated below. **The Board of Directors recommends a vote "FOR" its nominees for director and for each of Proposals 2 and 3.**

1. Election of directors of the Bank.

FOR all nominees listed below
(except as marked to the contrary below)

WITHHOLD AUTHORITY
to vote for all the nominees listed below

Class II Nominees

Ching-Hsing Kao
William C. Y. Cheng
Chih-Wei Wu
Wayne Wu

INSTRUCTIONS: TO WITHHOLD AUTHORITY FOR ANY INDIVIDUAL NOMINEE, STRIKE THAT NOMINEE'S NAME FROM THE LIST ABOVE.

2. Advisory vote on the compensation of Preferred Bank's named executive officers (Say-on-Pay).

FOR

AGAINST

ABSTAIN

3. Ratification of the appointment of KPMG, LLP as independent registered public accountants for the fiscal year ending December 31, 2015.

FOR

AGAINST

ABSTAIN

THIS PROXY WILL BE VOTED AS SPECIFIED, OR, IF NO CHOICE IS SPECIFIED, WILL BE VOTED FOR THE FOUR NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS LISTED ABOVE AND FOR PROPOSALS 2 AND 3.

THIS PROXY ALSO CONFERS DISCRETIONARY AUTHORITY ON THE PROXY HOLDERS TO VOTE AS TO ANY OTHER MATTER THAT IS PROPERLY BROUGHT BEFORE THE ANNUAL MEETING.

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY
OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 19, 2015**

The proxy statement, proxy card, and the Annual Report on Form 10-K for the year ended December 31, 2014, are available on our website at <http://preferredbank.com/proxymaterials/>.

THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF (A) THE NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 19, 2015, (B) THE ACCOMPANYING PROXY STATEMENT AND (C) THE ANNUAL REPORT ON FORM 10-K OF THE COMPANY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014.

(Please sign exactly as name appears. When shares are held by joint tenants, both should sign. When signing

as attorney, as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.)

_____, 2015
Date

Signature

Signature, if held jointly

**SHAREHOLDERS ARE URGED TO MARK, DATE, SIGN AND RETURN
THIS PROXY IN THE ENVELOPE PROVIDED, WHICH REQUIRES
NO POSTAGE IF MAILED WITHIN THE UNITED STATES**