

March 6, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Re: Pacific City Financial Corporation/Pacific City Bank

Dear Mr. Barofsky:

Enclosed please find our responses to your request dated February 6, 2009 related to our use of \$16.2 million we received from the Treasury in its Troubled Asset Relief Program Capital Purchase Program on December 19, 2008 and compliance with EESA's executive compensation requirements.

If you have any questions or need more information, please do not hesitate to contact Andrew Chung, SVP & CFO at (b) (6)

Sincerely,


Jung C. Chang
President & Chief Executive Officer

Pacific City Financial Corporation and Pacific City Bank

Pacific City Financial Corporation (the “Company,” on a parent only basis, and “We” or “Our” on a consolidated basis) is a bank holding company headquartered in Los Angeles, California. We conduct our operations through Pacific City Bank (the “Bank”), a California state-chartered bank. The Bank commenced operations on September 18, 2003 and, in July 2007, through holding company reorganization, the Bank became the wholly-owned subsidiary of the Company. Our primary mission is to provide full banking services to individuals, professionals, and small-to medium-sized businesses and their minority owners, primarily in Southern California.

At December 31, 2008, we had total assets of \$581.0 million, total loans of \$541.9 million including loans held for sale, total deposits of \$504.0 million and shareholders’ equity of \$63.4 million inclusive of The TARP Preferred Stock issuance.

Our headquarters and main office is located at 3701 Wilshire Blvd. #100, Los Angeles, California and we maintain five additional branch offices in Los Angeles County - Rowland Heights, the Los Angeles Fashion District, Cerritos/Artesia, Torrance, the W. Olympic district of Los Angeles - and one branch office in Orange County - Fullerton/Buena Park. We also maintain four loan production offices (“LPO’s”) – Washington/Oregon LPO, Texas LPO, Virginia LPO, and Northern California LPO.

1. Use of TARP CPP Funds

On December 19, 2008, we received \$16.2 million from the U.S. Treasury under the Troubled Asset Relief Program in exchange for the issuance of 16,200 shares of Fixed Rate Cumulative perpetual Preferred Stock, Series A and a warrant exercisable immediately for 810 shares of Fixed Cumulative Perpetual Preferred Stock, Series B with an exercise price of \$0.01 per share. The aggregate redemption price of both Series A and Series B Preferred Stock will be \$17,010,000. The Preferred Stock, Series A pays cumulative dividends at a rate of 5% per year for the first five years and 9% per year thereafter. The Preferred Stock, Series B pays cumulative dividends at a rate of 9% per year.

(a) Anticipated use of TARP funds

It is not easy to pinpoint how we will be using the TARP funds with rapidly changing economy and announcement of new government programs; however, we generally plan to use the TARP funds in following manners:

- Establishing Residential Mortgage Loan Center - Though our consumer loans accounted for 7.3% of our loan portfolio at December 31, 2008, they mostly consisted of personal auto loans.

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(b) (4)

(b) (4)

- Supporting increasing SBA loan activities – Since the inception of our bank, our main source of non-interest income has been gains realized from sale of SBA loans to the secondary market. Last year, coupled with the credit market not functioning efficiently and the slowdown in economy, our SBA loan volume was adversely affected. (b) (4)

(b) (4)

With the recent announcement of changes in SBA loan program and through TALF program, we expect SBA loan activities to increase in the coming months.

- Increasing purchase of mortgage-backed securities – In the past, our investment portfolio primarily consisted of various securities issued by government-sponsored enterprises. With the TARP funds, we have already started to purchase mortgage backed securities and (b) (4)

(b) (4)

- Providing additional cushion against loan losses this year – With the economy slowing down drastically and forecast of prolonged recession, there has been substantial deterioration in credit quality since the fourth quarter 2008. We have seen our non-accrual loans increase from \$7.5 million at September 30, 2008 to \$12.6 million at December 31, 2008. Delinquencies have also spiked upward and these have increased the need to boost our loan loss provisions this year and beyond. We plan to use some portion of the TARP funds as a buffer to provide additional credit protection for future loan losses.

(b) Segregation of the TARP funds from other institutional funds

We do not segregate the TARP funds from other institutional funds; however, indirectly from various internal sources, we plan to monitor and keep track of how the TARP funds will be used in the future.

(c) Actual use of TARP funds to date

Since the receipt of the TARP funds on December 19, 2008 through February 28, 2009, we have originated a total of \$23.3 million in loans and lines of credit as follows:

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(b) (4)

(d) Expected use of unspent TARP funds

Please see 1 (a) above for the detailed plan to use remaining TARP funds in the future.

2. Executive Compensation Requirements


We plan to implement all applicable executive compensation requirements associated with the TARP funds as follows:

- We will certify that the contracts of the top five senior executive officers do not encourage or reward unnecessary and excessive risk taking that threatens the value of our bank;
- We will recover or “clawback” any bonus or incentive compensation paid to the top five senior executive officers based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate;
- We will not make any golden parachute payment to the senior executive officers; and
- We agree not to deduct for tax purposes executive compensation in excess of \$500,000 for each of the top five senior executive officers.

Our Compensation Committee with the assistance of outside counsel has already reviewed the compensation arrangements of the senior executive officers and has made reasonable efforts to ensure that such arrangements do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of our bank. Please see Schedule A for a copy of the Compensation Committee Certification executed by each member of our compensation committee.

<Certification>

I, Jung C. Chang, hereby certify that: I have reviewed this response and supporting documents, and based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.



Jung C. Chang, President & CEO,
Pacific City Financial Corporation and Pacific City Bank

< Schedule A >

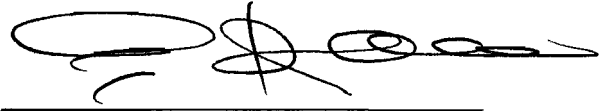
PACIFIC CITY FINANCIAL CORPORATION
EXECUTIVE COMPENSATION CERTIFICATION
COMPENSATION COMMITTEE CERTIFICATION

The compensation committee certifies that it has reviewed with senior risk officers the SEO incentive compensation arrangements and has made reasonable efforts to ensure that such arrangements do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the financial institution.

[signature appears on next page]

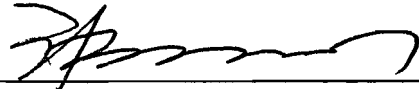
CERTIFICATION SIGNATURE PAGE

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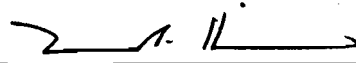
Sang Young Lee

Date: 2/26/09



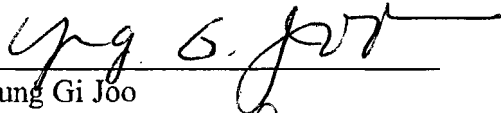
Kwang Jin Chung

Date: Feb 26, '09



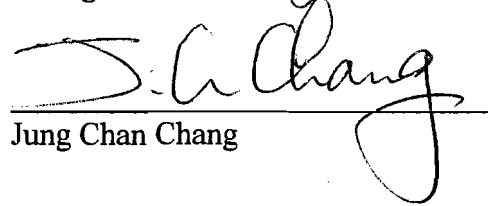
Injoa Kim

Date: Feb. 26, 2009



Young Gi Joo

Date: Feb. 26, 2009



Jung Chan Chang