

NARA BANCORP INC  
Form S-4  
April 14, 2011  
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As filed with the Securities and Exchange Commission on April 14, 2011

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form S-4**  
**REGISTRATION STATEMENT**  
*UNDER THE SECURITIES ACT OF 1933*

**NARA BANCORP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)  
**3731 Wilshire Boulevard, Suite 1000**

**95-4170121**  
(IRS Employer  
Identification Number)

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Los Angeles, California 90010

(213) 639-1700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Alvin D. Kang**

**President and Chief Executive Officer**

**Nara Bancorp, Inc.**

**3731 Wilshire Boulevard, Suite 1000**

**Los Angeles, California 90010**

**(213) 639-1700**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**James R. Walther**

**Lisa K. Pai**

**Hillel T. Cohn**

**Mayer Brown LLP**

**Executive Vice President and**

**Morrison & Foerster LLP**

**350 South Grand Avenue, 25th Floor**

**General Counsel**

**555 West Fifth Street, Suite 3500**

**Los Angeles, California 90071**

**Center Financial Corporation**

**Los Angeles, California 90013**

**(213) 229-9500**

**3435 Wilshire Blvd, Suite 700**

**(213) 892-5200**

**Los Angeles, California 90010**

**(213) 251-2222**

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "



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**Information in this document is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY, SUBJECT TO COMPLETION, DATED APRIL 14, 2011**

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

To Our Stockholders:

We are pleased to report that the boards of directors of Nara Bancorp, Inc. and Center Financial Corporation have approved an agreement to merge our two companies. Before we can complete the merger, we must obtain the approval of stockholders of Nara Bancorp and of Center Financial Corporation. We are sending you this document to ask for your vote to adopt and approve the merger agreement, including approval of the terms of the merger, at the respective annual stockholder meetings of Nara Bancorp and Center Financial Corporation, which will be held on [ ] [ ], 2011.

The proposed merger will create the largest and, we believe, strongest Korean-American bank in the United States. The combined company will have approximately \$5.3 billion in assets, branches in major Korean-American communities across the United States, and a strong capital base to support further growth. We believe that the stockholders of both Nara Bancorp and of Center Financial Corporation will benefit from the increased earnings power of the combined company and our improved ability to generate profitable growth and higher returns going forward.

In the proposed merger, Center Financial Corporation will merge into Nara Bancorp, and Center Financial Corporation stockholders will receive 0.7804 of a share of Nara Bancorp common stock, subject to adjustment, for each share of Center Financial Corporation common stock they own. To reflect the combination of our two companies, we will adopt a name selected by the directors of both companies for our operations after the merger.

The exchange ratio in the merger will not be adjusted to reflect stock price changes between now and the closing. Based on the closing price of Nara Bancorp's common stock on December 8, 2010, the day prior to the public announcement of the merger, the exchange ratio represented a value of \$7.16 per share of Center Financial Corporation common stock. The closing price of Center Financial Corporation's common stock on that date was \$6.65. Using the closing price of Nara Bancorp's common stock on [ ] [ ], 2011 the exchange ratio represented a value of \$[ ] per share.

You should obtain current market quotations for both Nara Bancorp and Center Financial Corporation common stock. Nara Bancorp common stock is listed on the Nasdaq Global Select Market under the symbol NARA. Center Financial Corporation common stock is listed on the Nasdaq Global Select Market under the symbol CLFC.

The merger is intended to be tax-free to Center Financial Corporation stockholders, other than with respect to any cash paid in lieu of issuing fractional shares of Nara Bancorp common stock to them.

At our respective annual meetings, in addition to the merger, we will ask our stockholders to elect directors and vote on the other proposals described in the respective annual meeting notices that follow this letter. The accompanying disclosure document describes the annual meetings, the merger and the related merger agreements, and includes other important information about the proposals that will be presented for action at the annual meetings. **Please read the entire document carefully.**

**Your vote is very important.** Whether or not you plan to attend your meeting, please take the time to submit your proxy in accordance with the voting instructions contained in this document. If you do not vote, it will have the same effect as voting against the merger.

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Each of our boards of directors unanimously recommends that the stockholders of Nara Bancorp and Center Financial Corporation vote **FOR** the merger. We strongly support this combination and believe it to be in the best interests of the stockholders of both companies.

**Ki Suh Park**  
**Chairman of the Board**  
**Nara Bancorp, Inc.**

**Jin Chul Jhung**  
**Chairman of the Board**  
**Center Financial Corporation**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the Nara Bancorp common stock in connection with the merger or the other transactions described in this joint proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus is dated [ ] [ ], 2011 and is first being mailed to stockholders of Nara Bancorp and of Center Financial Corporation on or about [ ] [ ], 2011.

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**NARA BANCORP, INC.**

**Notice of Annual Meeting of Stockholders**

**To Be Held [ ] [ ], 2011**

**To the Stockholders of Nara Bancorp, Inc.:**

The annual meeting of stockholders of Nara Bancorp, Inc. will be held at [ place ], [ address ], Los Angeles, California on [ day ], [ ] [ ], 2011 at [ time ] Los Angeles time. At the annual meeting, you will be asked to consider and vote on the following matters:

1. Adoption and approval of the Agreement and Plan of Merger, dated December 9, 2010, providing for the merger of Center Financial Corporation with and into Nara Bancorp, Inc. as described in this document.
2. Election of directors of Nara Bancorp, Inc.
3. Ratification of the selection of Crowe Horwath LLP as our independent registered public accounting firm for the year ending December 31, 2011.
4. Approval, on an advisory and nonbinding basis, of the compensation paid to our named executive officers as described in this document.
5. Adjournment of the meeting if necessary or appropriate in the judgment of our board of directors to solicit additional proxies or votes in favor of the above proposals that are to be presented at the meeting.
6. Such other matters, if any, as may be properly presented for consideration and action at the annual meeting.

**The Board of Directors recommends that you vote in favor of the merger, the nominees and the other proposals described in this document.**

Only stockholders of record at the close of business on [ ] [ ], 2011 are entitled to notice of and to vote at the annual meeting.

**Whether or not you plan to attend the annual meeting, please sign, date and return the enclosed proxy card in the postage paid envelope provided, or cast your vote by telephone or Internet by following the instructions on your proxy card, as soon as you can. The vote of every stockholder is important and we appreciate your cooperation in returning your executed proxy promptly.**

Your proxy, or your telephone or Internet vote, is revocable and will not affect your right to vote in person if you attend the annual meeting. If your shares are registered in your name and you attend the meeting, you may simply revoke your previously submitted proxy and vote your shares at that time. If your shares are held by a broker or other nominee holder, and are not registered in your name, you will need additional documentation from your broker or other record holder to vote your shares personally at the meeting. Please indicate on the proxy card whether or not you expect to attend.

We appreciate your continuing support and look forward to seeing you at the annual meeting.

**By Order of the Board of Directors**

Juliet Stone

Secretary

**DATED:** [ ] [ ], 2011

**Important Notice Regarding the Availability of Proxy Materials for the**

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**2011 Annual Meeting of Stockholders**

This document and Nara Bancorp's 2010 Annual Report to Stockholders are available electronically at

<http://www.RRDEZProxy.com/2011/NaraBankEZProxy>.

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**CENTER FINANCIAL CORPORATION**

**Notice of Annual Meeting of Stockholders**

**To Be Held [ ] [ ], 2011**

**To the Stockholders of Center Financial Corporation:**

The annual meeting of stockholders of Center Financial Corporation will be held at [ place ], [ address ], Los Angeles, California on [ day ], [ ] [ ], 2011 at [ time ] Los Angeles time. At the annual meeting, you will be asked to consider and vote on the following matters:

1. Adoption and approval of the Agreement and Plan of Merger, dated December 9, 2010, providing for the merger of Center Financial Corporation with and into Nara Bancorp, Inc. as described in this document.
2. Election of directors of Center Financial Corporation.
3. Ratification of the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2011.
4. Approval, on an advisory and nonbinding basis, of the compensation paid to our named executive officers as described in this document.
5. Adjournment of the meeting if necessary or appropriate in the judgment of our board of directors to solicit additional proxies or votes in favor of the above proposals that are to be presented at the meeting.
6. Such other matters, if any, as may be properly presented for consideration and action at the annual meeting.

**The Board of Directors recommends that you vote in favor of the merger, the director nominees and each of the other proposals described in this document.**

Only stockholders of record at the close of business on [ ] [ ], 2011 are entitled to notice of and to vote at the annual meeting.

**Whether or not you plan to attend the annual meeting, please sign, date and return the enclosed proxy card in the postage paid envelope provided, or cast your vote by telephone or Internet by following the instructions on your proxy card, as soon as you can. The vote of every stockholder is important and we appreciate your cooperation in returning your executed proxy promptly.**

Your proxy, or your telephone or Internet vote, is revocable and will not affect your right to vote in person if you attend the annual meeting. If your shares are registered in your name and you attend the meeting, you may simply revoke your previously submitted proxy and vote your shares at that time. If your shares are held by a broker or other nominee holder, and not registered in your name, you will need additional documentation from your broker or other record holder to vote your shares personally at the meeting. Please indicate on the proxy card whether or not you expect to attend.

We appreciate your continuing support and look forward to seeing you at the annual meeting.

**By Order of the Board of Directors**

Lisa Kim Pai

Secretary

**DATED:** [ ] [ ], 2011

**Important Notice Regarding the Availability of Proxy Materials for the**



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**2011 Annual Meeting of Stockholders**

This document and Center Financial Corporation's 2010 Annual Report to Stockholders are available electronically at <http://investor.centerbank.com>.

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**WHERE YOU CAN FIND MORE INFORMATION**

This document incorporates important business and financial information about Nara and Center by reference to other documents that are not included in or delivered with this document. See Documents Incorporated by Reference on page [ ] for a description of these documents. You can obtain copies of the documents incorporated herein by reference through the Securities and Exchange Commission website at <http://www.sec.gov>. You can also obtain copies of these documents, without charge, by requesting them in writing, by e-mail or by telephone at the appropriate address below:

**Nara Bancorp, Inc.**

3731 Wilshire Boulevard, Suite 1000

Los Angeles, California 90010

Attention: Legal Department

Telephone: (213) 639-1700

Email: [cc-90-Legal@narabank.com](mailto:cc-90-Legal@narabank.com)

**Center Financial Corporation**

3435 Wilshire Boulevard, Suite 700

Los Angeles, California 90010

Attention: Investor Relations Department

Telephone: (213) 251-2222

Email: [angiey@centerbank.com](mailto:angiey@centerbank.com)

**If you would like to request any documents, you should make your request by [ ] [ ], 2011 in order to receive them before the annual meetings.**

**We have not authorized anyone to give any information or make any representation about the merger or our companies that is different from, or in addition to, that contained in this document or in any of the materials that Nara or Center have incorporated into this document by reference. Neither the delivery of this document to stockholders nor any distribution of Nara stock in the merger or otherwise pursuant to this document shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this document by reference or in our affairs since the date of this document.**

**The information contained in this document with respect to Nara was provided solely by Nara and the information contained in this document with respect to Center was provided solely by Center.**

**This document does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this document, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.**

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**SUMMARY**

*This summary highlights selected information contained in this document. It may not contain all of the information that is important to you in deciding how to vote on the merger or the other matters that will be voted on at the Nara or Center annual meeting. You should carefully read this entire document and the other documents referred to in this document for a more complete understanding of the merger described herein and the other matters that will be considered and voted on at the annual meetings. In addition, we incorporate important business and financial information about Nara and Center by reference into this document. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page [ ] of this document.*

Unless otherwise indicated in this document or the context otherwise requires: references to "Nara" are to Nara Bancorp, Inc., including its subsidiary, Nara Bank; references to "Center" are to Center Financial Corporation, including its subsidiary, Center Bank; and "we," "our" or "us" refer to both Nara and Center.

**THE MERGER**

**Center Will Merge With and Into Nara (see page [ ])**

Subject to the terms and conditions of the merger agreement described in this document, and in accordance with Delaware and California law, Center will merge with and into Nara. Nara therefore will be the surviving corporation for legal purposes and its certificate of incorporation will be the certificate of incorporation of the combined company. The name of the combined company will be jointly selected by Nara and Center to reflect the combination of the businesses, boards of directors and management of the two companies. We refer in this document to Nara in its capacity as the legal surviving corporation as the "combined company." Nara's bylaws, which will be amended to provide for agreed-upon corporate governance matters described under "The Merger Amendments to Bylaws" beginning on page [ ], will be the bylaws of the combined company.

Concurrently with the merger of Nara and Center, Nara's banking subsidiary, Nara Bank, will merge with and into Center's bank subsidiary, Center Bank. Center Bank therefore will be the surviving bank for legal purposes, but its name will be changed to reflect the combined company's name and the nationwide combination of the Nara and Center banking businesses.

In this document we sometimes refer to the merger of our bank subsidiaries as the "bank merger" and we refer to the merger of Nara and Center as the "merger" or the "holding company merger."

**Center Common Stockholders Will Receive 0.7804 of a Share of Nara Common Stock, Subject to Adjustment, for Each Share of Center Common Stock; Nara Stockholders Will Retain Their Shares (see page [ ])**

The merger agreement provides that Center common stockholders will receive 0.7804 of a share of Nara common stock for each share of Center common stock they own, subject to adjustment only in certain limited circumstances. It is a condition to completion of the merger that the shares of Nara common stock issued in the merger shall be listed for trading on the Nasdaq Global Select Market, which is the stock exchange on which both Nara's common stock and Center's common stock are currently listed for trading.

Upon completion of the merger, current Nara stockholders and current Center stockholders will own 55% and 45%, respectively, of the combined company, not including the shares of Nara common stock issued in a

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common stock offering Nara expects to make prior to the merger for the benefit of the combined company. Shares issued in the anticipated offering will reduce the percentage ownership interests of the respective stockholders proportionately.

Assuming the number of shares of Center common stock outstanding at the time of the merger equaled the number of shares outstanding on December 8, 2010 and that the value of Nara common stock at the time of the merger equaled \$9.17 per share, the closing price as of December 8, 2010, the aggregate purchase price for those Center shares would be \$285.7 million. As noted below, however, the total value of the Nara common stock issued to Center stockholders upon completion of the merger will fluctuate based on the share price of the Nara common stock and the number of shares of Center common stock and options outstanding on the date of the merger.

**Merger Exchange Ratio Will Not Be Adjusted in Response to Changes in Our Stock Prices (see page [ ])**

The exchange ratio in the merger agreement will not change to reflect changes in the market prices of Nara or Center common stock, although the exchange ratio may change to reflect certain changes in the respective numbers of shares of Nara or Center stock outstanding or subject to outstanding options, warrants or other purchase rights issued after the date of the merger agreement. In addition, neither Nara nor Center has the right to terminate the merger agreement in response to changes in either company's stock price. **Accordingly, the market value of the Nara common stock that Center stockholders receive in the merger may vary significantly from its current value.**

The table below shows the closing prices of Nara and Center common stock, which trade on the Nasdaq Global Select Market under the symbols NARA and CLFC, respectively, and the pro forma equivalent per share value of Center common stock at the close of the regular trading session on December 8, 2010, the last trading day before our public announcement of the merger, and [ ] [ ], 2011, the most recent trading day for which that information was available prior to the mailing of this document.

**Closing Prices Per Share of Nara and Center Common Stock**

<b>Date</b>	<b>Nara Closing Price</b>	<b>Center Closing Price</b>	<b>Center Pro Forma Equivalent Value Per Share<sup>(1)</sup></b>
December 8, 2010	\$ 9.17	\$ 6.65	\$ 7.16
[ ] [ ], 2011			

(1) The pro forma equivalent value per share of Center common stock is calculated by multiplying the Nara closing price by the exchange ratio of 0.7804.

During the period between December 8, 2010 and [ ] [ ], 2011, the Center pro forma equivalent value per share has ranged from a low of \$[ ] to a high of \$[ ] per share.

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The following table sets forth, for the periods indicated, the high and low sale prices per share of Nara common stock and Center common stock as reported by the Nasdaq Global Select Market. You may obtain current market quotations for the shares of both companies from a newspaper, the Internet or your stock broker.

**High and Low Closing Prices Per Share of Nara and Center Common Stock**

Calendar Quarter	Nara Common Stock		Center Common Stock	
	High	Low	High	Low
2009				
First Quarter	\$ 9.95	\$ 2.05	\$ 6.71	\$ 2.22
Second Quarter	5.50	2.80	3.75	2.51
Third Quarter	9.16	4.49	4.98	2.15
Fourth Quarter	12.23	6.21	5.55	3.71
2010				
First Quarter	11.78	8.33	5.47	4.55
Second Quarter	10.24	7.34	7.20	4.81
Third Quarter	8.43	5.96	5.59	4.45
Fourth Quarter	9.86	6.98	7.88	4.71
2011				
First Quarter	10.48	9.18	7.99	7.10
Second Quarter (through [ ] [ ], 2011)				

**Merger Generally Tax-Free to Stockholders (see page [ ])**

The merger has been structured to qualify as a reorganization for federal income tax purposes, and it is a condition to our respective obligations to complete the merger that Nara and Center each receive a legal opinion from its legal counsel to the effect that the merger will so qualify. If the merger qualifies as a reorganization for federal income tax purposes, holders of Center common stock generally will not recognize any gain or loss for federal income tax purposes on the exchange of their Center common stock for Nara common stock in the merger, except for any gain or loss that may result from their receipt of cash in lieu of fractional shares of Nara common stock otherwise issuable to them. Holders of Nara stock, who will retain their Nara stock without change, will also not recognize any gain or loss for federal income tax purposes.

The discussion of federal income tax effects of the merger included in this document is only a general summary. The federal income tax consequences of the merger to you will depend upon your own situation. In addition, you may be subject to state, local or foreign tax laws, none of which is discussed in this document. You should therefore consult with your own tax advisor for a complete understanding of the tax consequences of the merger to you.

**Our Boards of Directors Recommend that Nara Stockholders and Center Stockholders Approve the Merger (see pages [ ] and [ ])**

**Nara Stockholders.** The Nara board of directors has determined that the merger agreement is advisable and in the best interests of Nara and its stockholders and unanimously recommends that Nara stockholders vote FOR adoption and approval of the merger agreement.

**Center Stockholders.** The Center board of directors has determined that the merger agreement is advisable and in the best interests of Center and its stockholders and unanimously recommends that Center stockholders vote FOR adoption and approval of the merger agreement.

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***Factors Considered by Our Boards of Directors.*** In determining whether to approve the merger, our boards of directors each consulted with our respective senior managements and legal and financial advisors and considered the respective strategic, financial and other considerations referred to under The Merger Nara's Reasons for the Merger; Recommendation of the Merger by the Nara Board of Directors beginning on page [ ] and The Merger Center's Reasons for the Merger; Recommendation of the Merger by the Center Board of Directors beginning on page [ ].

**We Have Received Opinions From Our Financial Advisors that the Merger Exchange Ratio is Fair (see page [ ])**

***Opinion of Nara's Financial Advisor.*** In connection with the Nara board of directors' consideration of the merger agreement, Nara's financial advisor, Keefe, Bruyette & Woods, Inc., or KBW, provided its opinion to the Nara board dated as of December 9, 2010 that, as of that date, and subject to and based on the qualifications and assumptions set forth in its opinion, the exchange ratio stated in the merger agreement was fair to Nara from a financial point of view. The full text of KBW's opinion is attached as Annex B to this document. Nara stockholders should read that opinion and the description of KBW's opinion contained in this document in their entirety. The opinion of KBW does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. Nara does not expect that it will request an updated opinion from KBW.

Nara has agreed to pay a total fee of \$1.5 million to KBW in consideration of its services as financial advisor. Nara paid \$250,000 to KBW upon signing of the merger agreement in December 2010 and will pay \$1,250,000 to KBW upon completion of the merger.

***Opinion of Center's Financial Advisor.*** In connection with the Center board of directors' consideration of the merger agreement, Center's financial advisor, D.A. Davidson & Co., or DADCo, provided its opinion to the Center board of directors dated as of December 8, 2010 that, based upon, and subject to the considerations set forth in the opinion based upon such other matters as DADCo considered relevant, the exchange ratio was fair, from a financial point of view to the stockholders of Center as of the date of the opinion. The full text of DADCo's opinion is attached as Annex C to this document. Center stockholders should read that opinion and the description of DADCo's opinion contained in this document in their entirety. The opinion of DADCo will not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. Center does not expect that it will request an updated opinion from DADCo.

Center has agreed to pay a total fee of \$1.5 million to DADCo in consideration of its services as financial advisor. Center paid \$250,000 to DADCo upon signing of the merger agreement in December 2010 and will pay \$1,250,000 to DADCo upon completion of the merger.

**Center Stockholders Will Have Dissenters' Appraisal Rights Only Under Certain Circumstances (see page [ ])**

Under California law, which is the law under which Center is incorporated, the common stockholders of Center will not be entitled to dissenters' appraisal rights in connection with the merger unless Center stockholders who submit a written demand for appraisal of their shares hold, in the aggregate, shares constituting 5% or more of the outstanding shares of Center common stock. Notwithstanding the foregoing, the holders of any Center shares that are subject to a restriction on transfer imposed by Center or by any law or regulation and the holder of Center's Series A Preferred Stock will have dissenters' rights of appraisal, irrespective of the percentage of holders that dissent from the merger. Stockholders who exercise their dissenters' appraisal rights by complying with the applicable statutory procedures required by California law will be entitled to receive payment in cash for the fair value of their shares as determined in a judicial proceeding. A condition to Nara's obligation to complete the merger is that the holders of less than 6% of Center's outstanding common stock give notice of the exercise of dissenters' rights.



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Nara stockholders will not be entitled to exercise dissenters' appraisal rights under Delaware law, which is the law under which Nara is incorporated.

### **Interests of Our Directors and Executive Officers in the Merger (see page [ ])**

Directors and executive officers of Nara and Center have interests in the merger that are different from, or are in addition to, the interests of the stockholders of Nara and Center. These interests include:

the agreed-upon appointments of directors and members of senior management of Nara and Center to board positions and senior management positions at the combined company after the merger that are described in this document; and

rights of Center executive officers and directors to continued indemnification and liability insurance coverage by Nara after the merger for acts or omissions occurring prior to the merger.

Certain of the directors of Nara and Center will receive compensation in the form of cash payments or grants of shares of restricted stock as compensation for their work in negotiating the terms of the merger and in preparations for and implementation of the integration of Nara and Center upon completion of the merger. These compensation arrangements were first proposed after the merger agreement had been entered into and were not contemplated or discussed in the negotiation of the merger agreement.

### **Treatment of Center TARP Preferred Stock and Warrant in the Merger (see page [ ])**

The merger agreement provides that Center's Fixed Rate Cumulative Perpetual Preferred Stock, Series A, which Center issued to the United States Treasury Department pursuant to the Troubled Asset Relief Program, or TARP, will be converted into Nara Fixed Rate Cumulative Perpetual Preferred Stock, Series B, which will be a new series of preferred stock that will be designated by Nara prior to the completion of the merger and will have substantially the same rights, preferences, privileges and voting powers as Center's Series A Preferred Stock. The warrant to purchase Center common stock which Center issued to the Treasury Department in connection with Center's sale of its Series A Preferred Stock to the Treasury Department, and which currently covers 432,390 shares of Center common stock, will automatically convert in accordance with its terms upon completion of the merger into a warrant to purchase Nara common stock on the same terms, subject to appropriate adjustments to reflect the exchange ratio. As a result of such adjustment and assuming an exchange ratio of 0.7804, the warrant will, upon completion of the merger, entitle the holder of the warrant to purchase 337,437 shares of Nara common stock at a price of \$12.22 per share.

### **Treatment of Stock Options and Other Equity-Based Awards (see page [ ])**

Nara will assume all employee stock options and other equity-based awards under Center's equity-based compensation plans, in accordance with their terms, upon completion of the merger. As of April 1, 2011, stock options for the purchase of a total of 583,344 shares of Center common stock and 73,662 shares of Center common stock subject to certain restrictions on transfer and possible forfeiture for specified vesting periods were outstanding under Center's equity-based compensation plans. The merger will not affect the terms of any stock options or performance units of Nara issued under Nara's equity-based compensation plans.

### **Directors and Management Following the Merger; Bylaw Amendment (see page [ ])**

Following the merger, the board of directors of the combined company will have 14 members, seven of whom will be designated by Nara from its board of directors prior to the completion of the merger and seven of whom will be designated by Center from its board of directors prior to the completion of the merger. Ki Suh Park, the current Chairman of the Board of Nara, will become Chairman of the Board of the combined company. Chang Hwi Kim, a current director of Center, will become Vice Chairman of the Board of the combined

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company. Kevin S. Kim, a current director of Center, will become Chairman of the Board of the combined company's bank subsidiary resulting from the bank merger and Scott Whang, a current director of Nara, will become Vice Chairman of the Board of the combined bank.

Following the merger, Alvin Kang, the current Chief Executive Officer of Nara, will be the Chief Executive Officer of the combined company. In addition, the parties have agreed that various members of senior management from each company will serve in senior management positions of the combined company following the merger, as further described in "The Merger Board of Directors and Management After the Merger" beginning on page [ ].

Nara and Center have also agreed to follow certain corporate governance procedures during an integration period of one to two years (as determined by the board of directors of the combined company) after the merger, including the establishment of a consolidation committee of the combined company's board of directors, special board voting requirements for certain decisions, the composition of committees of the board of directors of the combined company and procedures for filling director vacancies. These procedures will be set forth in an amendment to Nara's bylaws that will become effective as of the completion of the merger. The adoption of the bylaw amendment by Nara is a condition to Nara's and Center's respective obligations to complete the merger. The form of the bylaw amendments is set forth in an exhibit to the merger agreement and is attached as Annex E to this document.

### **Regulatory Approvals We Must Obtain for the Merger (see page [ ])**

To complete the merger and the bank merger, we must obtain the approval of the California Department of Financial Institutions, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System. We have had initial discussions with each of these regulatory authorities and expect to file applications with each of them in the near future.

### **Expected Timing of the Merger**

We expect to complete the merger by mid- to late 2011 after we have received stockholder and regulatory approvals for the merger. The merger agreement provides that it may be terminated by either Nara or Center if the merger has not been consummated by July 31, 2011, but that this date may be extended by either company to not later than November 30, 2011 if the only condition to the completion of the merger that has not been satisfied as of July 31, 2011 is receipt of any required regulatory approval and the satisfaction of that condition remains reasonably possible. The merger agreement may also be extended by the mutual agreement of Nara and Center.

### **Conditions to Completion of the Merger (see page [ ])**

We may not complete the merger unless the following conditions are satisfied or, where legally permitted, waived:

the merger agreement must be adopted and approved by the common stockholders of Nara and by the outstanding shares of each class of stock of Center;

the Nara common stock to be issued in connection with the merger must be approved for listing on the Nasdaq Global Select Market;

we must obtain all necessary regulatory approvals of the merger and the bank merger from governmental authorities, and none of the approvals may contain a condition or restriction that would have a material adverse effect on the combined company after the merger;

the Federal Deposit Insurance Corporation must have consented to the transfer, as a result of the merger, of loss-sharing agreements it entered into in connection with Center's purchase and assumption of assets and liabilities of Innovative Bank, a California state chartered bank placed in receivership in April 2010;



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the registration statement of which this document is a part must have been declared effective by the Securities and Exchange Commission and not be subject to a stop order or proceedings seeking a stop order;

no restraining order, injunction or other legal restraint or prohibition to completion of the merger may be in effect and no action by a government entity with respect to such an injunction may be pending;

our respective representations and warranties in the merger agreement must be true and correct, subject to exceptions that would not have a material adverse effect on Nara or Center, as the case may be, or on the combined company following the completion of the merger;

we must each be in compliance in all material respects with our respective covenants in the merger agreement;

we must each receive an opinion of our respective tax counsel that the merger will be treated as a tax-free reorganization;

Nara's bylaws must have been amended to provide for the agreed-upon structure of the board of directors and other corporate governance arrangements after the merger, as specified in the merger agreement;

a material adverse effect (as defined in the merger agreement) shall not have been suffered by Nara or Center; and

the holders of less than 6% of the outstanding shares of Center common stock shall have exercised, or continue to have the right to exercise, dissenters' appraisal rights.

**Termination of the Merger Agreement; Fees Payable (see page [ ])**

We may jointly agree to terminate the merger agreement at any time, whether before or after stockholder adoption and approval of the merger agreement. Either of us may also terminate the merger agreement, whether before or after adoption and approval of the merger agreement, if:

a governmental authority that must grant a material regulatory approval of the merger denies such approval or a governmental authority permanently restrains or prohibits the merger, and in either case that denial or action is final and nonappealable, except that this termination right is not available to a party whose failure to comply with the merger agreement resulted in those actions by a governmental authority;

the merger is not completed on or before July 31, 2011, which date may be extended by either Nara or Center to November 30, 2011 (which date may be further extended by the mutual agreement of both parties) if the only condition to the completion of the merger that has not been satisfied as of July 31, 2011 is receipt of any required regulatory approval and the satisfaction of that condition remains reasonably possible, except that this termination right is not available to a party whose failure to comply with the merger agreement resulted in the failure to complete the merger by that date;

the other party's board of directors fails to recommend, or adversely changes its recommendation to vote in favor of the merger or takes any other action inconsistent with such recommendation, or the other party breaches its obligation to hold its stockholders meeting to vote on adoption and approval of the merger agreement or fails to comply with its agreement not to solicit other acquisition proposals;

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the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach would excuse the terminating party's obligation to complete the merger if the breach continued to exist on the closing date and the breach is either not curable or is not cured within 60 days after notice of the breach is delivered by the other party;

the stockholders of either party do not approve the merger at their respective meetings; or

the other party has suffered a material adverse effect since the date of the merger agreement.

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In addition, Nara may terminate the merger agreement if the holders of 6% or more of Center's outstanding common stock shall have exercised appraisal, dissenters' or similar rights.

The merger agreement provides that in circumstances described more fully beginning on page [ ] involving a change in recommendation in favor of the merger agreement or failure to hold a stockholders' meeting to vote on the merger or a third party acquisition proposal, either of us may be required to pay a termination fee to the other of up to \$10 million. The termination fees could discourage other companies from seeking to acquire or merge with either Nara or Center prior to completion of the merger.

### **THE ANNUAL MEETINGS**

#### **Nara Annual Meeting (see page [ ])**

The Nara annual meeting will be held at [ place ], [ address ], Los Angeles, on [ ] [ ], 2011, starting at [ time ] Los Angeles time. At the Nara annual meeting, Nara's common stockholders will be asked to vote on the following matters:

adoption and approval of the merger agreement;

election of directors;

ratification of the appointment of Crowe Horwath LLP as Nara's independent registered public accounting firm for 2011;

approval, on an advisory and nonbinding basis, of specified executive compensation;

adjournment of the meeting, if necessary or appropriate to solicit additional proxies or votes in favor of the matters to be presented at the annual meeting; and

any other matters that may be properly presented at the meeting.

You may vote at the Nara annual meeting if you owned shares of Nara common stock at the close of business on [ ] [ ], 2011. On that date [ ] shares of Nara common stock were outstanding, [ ]% of which were owned and entitled to be voted by Nara directors and executive officers and their affiliates. We currently expect that Nara's directors and executive officers will vote their shares in favor of the merger, although none of them has entered into any agreement obligating them to do so.

The affirmative vote of a majority of the shares of Nara common stock outstanding on the record date will be required to adopt and approve the merger agreement. See "Nara Annual Meeting" beginning on page [ ] for information regarding voting at the Nara annual meeting and the percentages of votes that will be required for approval of the other proposals that will be presented at the meeting.

#### **Center Annual Meeting (see page [ ])**

The Center annual meeting will be held at the [ place ], [ address ], Los Angeles, on [ ] [ ], 2011, starting at [ time ] Los Angeles time. At the Center annual meeting, Center's stockholders will be asked to vote on the following matters:

adoption and approval of the merger agreement;

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election of directors;

ratification of the appointment of KPMG LLP as Center's independent registered public accounting firm for 2011;

approval, on an advisory and nonbinding basis, of specified executive compensation;

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adjournment of the meeting, if necessary or appropriate to solicit additional proxies or votes in favor of the matters to be presented at the annual meeting; and

any other matters that may be properly presented at the meeting.

You may vote at the Center annual meeting if you owned shares of Center common stock or Center preferred stock at the close of business on [ ] [ ], 2011. On that date [ ] shares of Center common stock were outstanding, [ ]% of which were owned and entitled to be voted by Center directors and executive officers and their affiliates. We currently expect that Center's directors and executive officers will vote their shares in favor of the merger, although none of them has entered into any agreement obligating them to do so. On [ ] [ ], 2011, 55,000 shares of Center preferred stock were outstanding, all of which were issued to the United States Treasury Department in December 2008 as part of Center's participation in the Treasury Department's Capital Purchase Program under the TARP.

The affirmative vote of a majority of the shares of Center common stock outstanding on the record date and the affirmative vote of a majority of the shares of Center preferred stock outstanding on the record date will be required to adopt and approve the merger agreement. See Center Annual Meeting beginning on page [ ] for information regarding voting at the Center annual meeting and the percentages of votes that will be required to approve the proposals that will be presented at the meeting.

**INFORMATION ABOUT NARA AND CENTER**

**Nara Bancorp, Inc.**

3731 Wilshire Boulevard,

Suite 1000

Los Angeles, California 90010

(213) 639-1700

Nara is a bank holding company headquartered in Los Angeles, California. Its principal subsidiary, Nara Bank, is a California state chartered and FDIC-insured bank that offers commercial banking loan and deposit products, focusing primarily on small and medium sized businesses and on individuals in Korean-American markets in California, the New York City metropolitan area and New Jersey. Nara Bank is a member bank of the Federal Reserve System having a network of 23 branch offices, of which 16 are located in the Los Angeles, Orange County, Oakland and Silicon Valley (Santa Clara County) areas of California and 7 are located in the New York metropolitan area and New Jersey, together with one loan production office located in Dallas, Texas. At December 31, 2010, Nara had consolidated assets of \$2.96 billion, total loans of \$2.15 billion, total deposits of \$2.18 billion and total stockholders' equity of \$358.6 million. Nara's principal executive offices are located 3731 Wilshire Boulevard, Suite 1000, Los Angeles, 90010, and its telephone number is (213) 639-1700.

**Center Financial Corporation**

3435 Wilshire Boulevard,

Suite 700

Los Angeles, California 90010

(213) 251-2222

Center is a bank holding company headquartered in Los Angeles, California. Its principal subsidiary, Center Bank, is a California state chartered and FDIC-insured financial institution that offers commercial banking loan and deposit products, focusing primarily on small to medium sized businesses and individuals located in the Korean-American markets in California and in Chicago, Illinois and Seattle, Washington. Center Bank currently





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operates a network of 22 branch offices, 16 of which are located in Southern California. Center Bank also operates three branch offices in Northern California, which it acquired through an FDIC-assisted acquisition in April 2010, and two branch offices and a loan production office in Seattle, Washington, a branch office in Chicago, Illinois and a loan production office in Denver, Colorado. At December 31, 2010, Center had consolidated assets of \$2.27 billion, total loans of \$1.59 billion, total deposits of \$1.77 billion and total stockholders' equity of \$274.0 million. Center's principal executive offices are located at 3435 Wilshire Boulevard, Suite 700, Los Angeles, California 90010 and its telephone number is (213) 251-2222.

**SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

The following financial information is intended to aid you in understanding the financial aspects of the merger. The following tables present selected historical financial information of Nara, selected historical financial information of Center and selected unaudited pro forma combined condensed consolidated financial information reflecting the merger. The historical financial information shows the actual financial condition and results of operations of Nara and Center for the years indicated. As more completely described below, the pro forma unaudited combined condensed consolidated financial information is intended to illustrate certain financial effects of the proposed merger and does not indicate or reflect the actual financial condition or results of operations of Nara, Center or the combined company as of any date or for any period.

**Table of Contents****Selected Historical Financial Information of Nara**

The selected historical financial information of Nara has been derived from and should be read in conjunction with the historical consolidated financial statements and related notes of Nara filed by it with the Securities and Exchange Commission. See Documents Incorporated by Reference beginning on page [ ].

**Selected Historical Financial Information of Nara**

	Year Ended December 31,				
	2010	2009	2008	2007	2006
(in thousands, except per share and ratio data)					
<b>Income Statement Information</b>					
Net interest income	\$ 108,384	\$ 92,346	\$ 96,221	\$ 97,205	\$ 94,615
Provision for loan losses	84,630	61,023	48,825	7,530	3,754
Income (loss) before income tax expense (benefit)	(15,139)	(11,922)	4,380	55,798	56,203
Net income (loss)	(7,239)	(5,723)	2,755	33,199	33,806
Net income (loss) available to common stockholders	(11,530)	(9,999)	2,281	33,199	33,806
<b>Performance Ratios</b>					
Return on average assets	(0.24)%	(0.19)%	0.11%	1.50%	1.75%
Return on average equity	(1.99)%	(1.88)%	1.15%	16.21%	20.34%
Average stockholders' equity to average assets	12.11%	10.03%	9.38%	9.24%	8.59%
Efficiency ratio	47.70%	55.69%	51.73%	47.13%	47.35%
<b>Per Common Share Information</b>					
Earnings (loss) Basic	\$ (0.30)	\$ (0.35)	\$ 0.09	\$ 1.27	\$ 1.31
Earnings (loss) Diluted	(0.30)	(0.35)	0.09	1.25	1.28
Net interest spread	3.34%	2.64%	3.22%	3.41%	3.96%
Net interest margin	3.75%	3.15%	3.96%	4.60%	5.14%
Book value (period end, excluding preferred stock and warrants)	\$ 7.69	\$ 7.99	\$ 8.49	\$ 8.48	\$ 7.15
Tangible book value (period end) <sup>(1)</sup>	7.61	7.90	8.33	8.31	6.95
Cash dividends per common share	0	0	0.11	0.11	0.11
Number of common shares outstanding (period end) <sup>(2)</sup>	37,983,027	37,824,007	26,246,560	26,193,560	26,107,560
<b>Balance Sheet Information (period end)</b>					
Gross loans, net of deferred loan fees <sup>(3)</sup>	\$ 2,134,061	\$ 2,208,943	\$ 2,098,443	\$ 2,008,729	\$ 1,714,865
Total assets	2,963,296	3,227,957	2,672,054	2,423,410	2,046,985
Deposits	2,176,114	2,434,190	1,938,603	1,833,346	1,712,235
Long-term debt <sup>(4)</sup>	39,268	39,268	39,268	39,268	39,268
Common stockholders' equity	291,977	302,329	222,851	222,180	186,627
<b>Capital Ratios<sup>(5)</sup></b>					
Tier 1 risk-based	16.42%	16.73%	14.32%	11.84%	12.17%
Total risk-based	17.69%	17.99%	15.58%	12.78%	13.22%
Leverage	12.61%	12.36%	12.61%	10.77%	11.19%
<b>Market Capitalization</b>	\$ 374,512,646	\$ 428,924,239	\$ 258,003,685	\$ 305,680,152	\$ 546,172,498
<b>Market Price Per Share of Common Stock<sup>(6)</sup></b>					
High	\$ 11.78	\$ 12.23	\$ 14.92	\$ 21.19	\$ 21.40
Low	5.96	2.05	7.38	10.86	15.55

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- (1) Tangible book value is a non-GAAP financial measure that represents common equity less goodwill and other intangible assets, net, divided by the total number of common shares outstanding.

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- (2) The increase in the number of common shares outstanding at the end of 2009 compared to the prior year is attributable to a public offering of shares of common stock that took place in 2009.
- (3) Excludes loans held for sale.
- (4) Includes junior subordinated deferrable interest debentures held by trusts that issued guaranteed preferred beneficial interests.
- (5) For Nara on a consolidated basis.
- (6) Closing prices. Nara's common stock is listed and traded on the Nasdaq Global Select Market.

**Table of Contents****Selected Historical Financial Information of Center**

The selected historical financial information of Center has been derived from and should be read in conjunction with the historical consolidated financial statements and related notes of Center filed by it with the Securities and Exchange Commission. See Documents Incorporated by Reference beginning on page [ ].

**Selected Historical Financial Information of Center**

	Year Ended December 31,				
	2010	2009	2008	2007	2006
(in thousands, except per share and ratio data)					
<b>Income Statement Information</b>					
Net interest income	\$ 67,938	\$ 61,227	\$ 74,600	\$ 76,255	\$ 71,410
Provision for loan losses	22,010	77,472	26,178	6,494	5,666
Income (loss) before income tax expense (benefit)	23,999	(48,336)	(1,427)	35,589	42,643
Net income (loss)	22,683 <sup>(1)</sup>	(42,502)	220	21,943	26,158
Net income (loss) available to common stockholders	(9,313) <sup>(2)</sup>	(45,456)	65	21,943	26,158
<b>Performance Ratios</b>					
Return on average assets	1.01%	(1.96)%	0.01%	1.14%	1.53%
Return on average equity	8.57%	(20.29)%	0.13%	14.33%	20.66%
Average stockholders' equity to average assets	11.76%	9.66%	8.05%	7.93%	7.40%
Efficiency ratio	51.07%	61.26%	69.09%	53.13%	48.41%
<b>Per Common Share Information</b>					
Earnings (loss) Basic	\$ (0.26) <sup>(2)</sup>	\$ (2.66)	\$ 0.00	\$ 1.32	\$ 1.58
Earnings (loss) Diluted	(0.26)	(2.66)	0.00	1.31	1.57
Net interest spread	2.92%	2.51%	3.01%	3.06%	3.36%
Net interest margin	3.33%	3.03%	3.80%	4.23%	4.53%
Book value (period end, excluding preferred stock and warrants)	\$ 5.50	\$ 6.54	\$ 9.50	\$ 9.62	\$ 8.46
Tangible book value (period end) <sup>(3)</sup>	5.49	6.54	9.42	9.53	8.37
Cash dividends per common share	0	0	0.20	0.19	0.16
Number of common shares outstanding (period end) <sup>(4)</sup>	39,914,686	20,160,726	16,789,080	16,366,791	16,632,601
<b>Balance Sheet Information (period end)</b>					
Gross loans, net of deferred loan fees <sup>(5)</sup>	\$ 1,583,976	\$ 1,514,367	\$ 1,707,648	\$ 1,768,620	\$ 1,536,078
Total assets	2,270,279	2,192,800	2,056,609	2,080,663	1,843,312
Deposits	1,770,994	1,747,671	1,603,519	1,577,674	1,429,399
Long-term debt <sup>(6)</sup>	18,557	18,557	18,557	18,557	18,557
Common stockholders' equity	219,579	131,862	159,557	157,453	140,734
<b>Capital Ratios<sup>(7)</sup></b>					
Tier 1 risk-based	17.60%	16.50%	12.58%	9.31%	9.45%
Total risk-based	18.87%	17.77%	13.84%	10.42%	10.54%
Leverage	12.74%	12.40%	11.28%	8.49%	8.62%
<b>Market Capitalization</b>	\$ 302,553,320	\$ 92,739,340	\$ 103,588,624	\$ 201,638,865	\$ 398,683,446
<b>Market Price Per Share of Common Stock<sup>(8)</sup></b>					
High	\$ 7.88	\$ 6.71	\$ 14.84	\$ 24.15	\$ 24.47
Low	4.45	2.15	5.42	11.29	23.45

- (1) Based on its consideration of a number of factors, Center reduced the reserve against its deferred tax assets by \$6.0 million, resulting in an income tax provision for the year of \$1,316.

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- (2) Net income (loss) available to common stockholders was reduced by preferred stock dividends and accretion of preferred stock discount, which included the effect of the beneficial conversion feature of Center's Series B Preferred Stock. On the effective date of the conversion of the Series B Preferred Stock, the unamortized discount due to the beneficial conversion feature, in the amount of \$29.0 million, was immediately recognized as a dividend.
- (3) Tangible book value is a non-GAAP financial measure that represents common equity less goodwill and other intangible assets, net, divided by the total number of common shares outstanding.
- (4) The increase in the number of common shares outstanding at the end of 2010 compared to the prior year is attributable to the conversion of Center's Series B Preferred Stock issued in 2009 into shares of common stock in 2010.
- (5) Excludes loans held for sale.
- (6) Includes junior subordinated deferrable interest debentures held by consolidated trusts that issued guaranteed preferred beneficial interests.
- (7) For Center on a consolidated basis.
- (8) Closing prices. Center's common stock is listed and traded on the Nasdaq Global Select Market.



**Table of Contents****Selected Unaudited Pro Forma Combined Condensed Consolidated Financial Information of Nara and Center**

The following table provides pro forma information about our financial condition and results of operations, including per share data, after giving effect to the merger. The information under Pro Forma Combined Balance Sheet Information at Period End in the table below assumes the merger was completed on December 31, 2010. The information under Pro Forma Combined Income Statement Information in the table below gives effect to the merger as if the merger had been completed on January 1, 2010. This pro forma financial information further assumes that the merger is accounted for using the acquisition method of accounting, with Nara being considered the acquirer, and reflects a current estimate of the financial information based on available financial information of Nara and Center. See The Merger Accounting Treatment on page [ ].

The pro forma financial information includes adjustments to record the assets and liabilities of Center at their estimated fair values and is subject to further adjustment as of the date the merger is completed and as additional information becomes available and additional analyses are performed. The pro forma financial information is presented for illustrative purposes only and does not indicate the financial results the combined company would have realized had the impact of possible revenue enhancements, expense efficiencies, transaction related expenses and asset dispositions, among other factors, been considered.

The information presented below should be read together with the historical consolidated financial statements of Nara and Center, including the related notes, filed by each of them with the Securities and Exchange Commission and together with the consolidated historical financial information for Nara and Center and the other pro forma financial information, including the related notes, appearing elsewhere in this document. See Documents Incorporated by Reference beginning on page [ ] and Unaudited Pro Forma Combined Condensed Consolidated Financial Statements beginning on page [ ]. The pro forma financial information is not necessarily indicative of results that actually would have occurred had the merger been completed on the dates indicated or that may be obtained in the future.

**Selected Unaudited Pro Forma Combined Condensed Consolidated  
Financial Information of Nara and Center**

	As of or for the Year Ended December 31, 2010 (in thousands)
<b>Pro Forma Combined Income Statement Information:</b>	
Net interest income	\$ 196,968
Provision for loan losses	106,640
Income before income tax expense	30,653
Net income	\$ 28,051
<b>Pro Forma Combined Balance Sheet Information at Period End:</b>	
Loans, net	\$ 3,558,621
Total assets	5,309,739
Deposits	3,952,428
Long-term debt <sup>(1)</sup>	53,720
Common stockholders' equity	\$ 578,485 <sup>(2)</sup>

- (1) Includes junior subordinated deferrable interest debentures held by consolidated trusts that issued guaranteed preferred beneficial interests.  
(2) Nara and Center's preferred stock and common stock warrants have been excluded.

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We present below for Nara and Center historical, unaudited pro forma combined condensed consolidated and pro forma equivalent per share financial information as of and for the year ended December 31, 2010. You should read the information below together with the financial statements and related notes of Nara and Center that are incorporated by reference into this document and with the pro forma financial information included under Unaudited Pro Forma Combined Condensed Consolidated Financial Statements beginning on page [ ].

**Comparative Unaudited Per Share Information**

	<b>As of or for the Year Ended December 31, 2010</b>
<b>NARA COMMON STOCK</b>	
<b>Income per common share:</b>	
<b>Basic:</b>	
Historical	\$ (0.30)
Pro Forma Combined	\$ (0.12)
<b>Diluted:</b>	
Historical	\$ (0.30)
Pro Forma Combined	\$ (0.12)
<b>Cash Dividends Per Common Share</b>	
Historical	\$ 0.00
Pro Forma Combined <sup>(1)</sup>	\$ 0.00
<b>Book Value Per Share</b>	
Historical	\$ 7.69
Pro Forma Combined <sup>(1)</sup>	\$ 8.37
<b>CENTER COMMON STOCK</b>	
<b>Income per common share</b>	
<b>Basic</b>	
Historical	\$ (0.26)
Pro Forma Equivalent <sup>(2)</sup>	\$ (0.09)
<b>Diluted:</b>	
Historical	\$ (0.26)
Pro Forma Equivalent <sup>(2)</sup>	\$ (0.09)
<b>Cash Dividends Per Common Share</b>	
Historical	\$ 0.00
Pro Forma Equivalent <sup>(2)</sup>	\$ 0.00
<b>Book Value Per Share</b>	
Historical	\$ 5.50
Pro Forma Equivalent <sup>(2)</sup>	\$ 6.53

(1) The Nara pro forma combined book value was calculated by dividing total combined pro forma equity, excluding Nara and Center preferred stock, by pro forma equivalent shares outstanding as of December 31, 2010.

(2) The Center pro forma equivalent per share amounts are calculated by multiplying the Nara pro forma combined per common share amounts by the merger exchange ratio of 0.7804.



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**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this document, you should carefully consider the following risks relating to the merger in deciding whether to vote for adoption and approval of the merger agreement. You should also consider the risks relating to the respective businesses of Nara and Center contained in the Annual Reports on Form 10-K for the year ended December 31, 2010 which each has filed with the Securities and Exchange Commission, as well as any subsequent documents filed by either of them with the Securities and Exchange Commission, that are incorporated into this document by reference. See *Where You Can Find More Information* on page [ ].*

**Because the market price of Nara and Center common stock will fluctuate and the exchange ratio will not adjust for such changes, you cannot be sure of the market value of the Nara common stock that Center stockholders will receive in the merger.**

Upon completion of the merger, each outstanding share of Center common stock will be converted into 0.7804 of a share of Nara common stock, with cash being paid in lieu of the issuance of fractional shares. This exchange ratio will not be adjusted for changes in the market price of either Nara common stock or Center common stock, whether such changes in market price result from an improvement or decline in the financial condition or operating results of either company, general market and economic conditions, regulatory considerations, the timing of the merger or other factors. Changes in the price of Nara common stock prior to the merger will therefore affect the value that Nara will pay, through issuance of Nara common stock, and that Center common stockholders will receive in the merger. For example, based on the range of closing prices of Nara common stock during the period from December 8, 2010, the last trading day before public announcement of the merger, through [ ] [ ], 2011, a recent trading day shortly preceding the distribution of this document, the exchange ratio represented a value ranging from a high of \$[ ] to a low of \$[ ] for each share of Center common stock. Neither of us is permitted to terminate the merger agreement or resolicit the vote of our respective stockholders solely because of changes in the market price of the common stock of Nara or Center, although we may each have a right to terminate the merger agreement as a result of the occurrence of events that may also result in a decline in the price of the stock of the other.

**Nara and Center have not obtained updated fairness opinions from their financial advisors reflecting changes in circumstances that may have occurred since the signing of the merger agreement.**

Nara and Center have not obtained updated opinions as of the date of this document from their respective financial advisors, Keefe, Bruyette & Woods, Inc. or D.A. Davidson & Co. Changes in the operations and prospects of Nara or Center, general market and economic conditions and other factors which may be beyond the control of Nara and Center, and on which the fairness opinions were based, may have altered the value of Nara or Center or the prices of shares of Nara common stock and Center common stock as of the date of this document, or may alter such values and prices by the time the merger is completed. The opinions obtained do not speak as of any date other than the dates of those opinions. For a description of the opinions that Nara and Center received from their respective financial advisors, see *The Merger Opinions of Financial Advisors* beginning on page [ ]. For a description of the other factors considered by Nara's board of directors in determining to approve the merger, see *The Merger Nara's Reasons for the Merger; Recommendation of the Merger by the Nara Board of Directors* beginning on page [ ]. For a description of the other factors considered by Center's board of directors in determining to approve the merger, see *The Merger Center's Reasons for the Merger; Recommendation of the Merger by the Center Board of Directors* beginning on page [ ].

**Required regulatory approvals may not be received, may take longer to receive than expected or may impose conditions that are not anticipated or cannot be met.**

Before the transactions contemplated in the merger agreement, including both the holding company merger and the bank merger may be completed, approvals must be obtained from bank regulatory authorities, including

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the Federal Reserve Board, the Federal Deposit Insurance Corporation and the California Department of Financial Institutions. Although Nara and Center have each reported profits in recent quarters, both companies have had significant quarterly losses within the past two years and have been subjects of informal regulatory action, consisting of memoranda of understanding with bank regulatory authorities in the case of Center and the adoption of board of directors resolutions at the request of bank regulatory authorities in the case of Nara. These informal regulatory actions are directed toward reducing nonperforming assets, resolving perceived weaknesses in lending and specified other banking operations and, in Center's case, increasing capital. To obtain regulatory approval of the merger, we must provide adequate information to the regulatory authorities that demonstrates, among other considerations, that we have satisfactorily addressed these regulatory issues. We anticipate that this will result in a longer than normal regulatory approval process and therefore do not expect to be able to complete the merger before mid- to late 2011.

In addition, for the above or other reasons, the relevant bank regulatory authorities may impose conditions on the completion of the merger transactions (which conditions may include the raising of more capital than Nara and Center anticipate) or require changes to the terms of the merger agreement. Such conditions or changes could have the effect of delaying completion of the transactions contemplated in the merger agreement or imposing additional costs on or limiting the growth, revenues or other aspects of the business of the combined company following the merger, any of which might have a material adverse effect on the combined company following the merger.

### **We will be subject to business uncertainties and contractual restrictions while the merger is pending.**

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on both Nara and Center. These uncertainties may impair our ability to attract or motivate key personnel until the merger is completed, and could cause customers and others that deal with us to seek to change existing business relationships with either of us. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, the combined company's business following the merger could be negatively affected. In addition, the merger agreement restricts each of us from making acquisitions and taking other specified actions until the merger occurs, without the consent of the other. These restrictions may prevent each company from pursuing attractive business opportunities that may arise prior to the completion of the merger.

### **The unaudited pro forma combined condensed consolidated financial information included in this document is preliminary and the actual financial condition or results of operations of the combined company after the merger may differ materially.**

The unaudited pro forma combined condensed consolidated financial information in this document is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the identifiable Center assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary. The final determination of the amount and allocation of the purchase price will be based upon the value of the Nara common stock issuable in the merger, and the fair value of the assets and liabilities of Center, as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document.

### **We may fail to realize the cost savings we have estimated for the merger or integrate the business operations and managements of our two companies in an efficient manner.**

The success of the merger will depend, in part, on our ability to realize cost savings from combining the businesses of Nara and Center while at the same time integrating the business operations and managements of

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our two companies in an efficient manner that promotes further growth and does not unduly divert management's attention, result in losses of key employees or disrupt existing customer relationships. If we are not able to achieve these objectives as planned, the anticipated benefits of the merger may not be realized fully or may take longer to realize than expected. Such a failure could result in dilution to earnings per share.

**Goodwill resulting from the merger may adversely affect our results of operations.**

Goodwill and other intangible assets are expected to increase substantially as a result of the merger. Potential impairment of goodwill and amortization of other intangible assets could adversely affect our financial condition and results of operations. We assess our goodwill and other intangible assets and long-lived assets for impairment annually and more frequently when required by generally accepted accounting principles. We are required to record an impairment charge if circumstances indicate that the asset carrying values exceed their fair values. Our assessment of goodwill, other intangible assets, or long-lived assets could indicate that an impairment of the carrying value of such assets may have occurred that could result in a material, non-cash write-down of such assets, which could have a material adverse effect on our results of operations and future earnings.

**Nara anticipates raising additional capital through a common stock offering in connection with the merger. The issuance of additional common stock may adversely affect the market price of Nara's common stock.**

Nara's ability to raise additional capital will depend on conditions in the capital markets, which are outside its control, and on Nara's and Center's financial performance. Additional capital raised through the anticipated common stock offering may dilute the interests of existing stockholders and may cause the market price of Nara's common stock to decline.

**If the merger is not completed, Nara and Center will have incurred substantial expenses without realizing the expected benefits of the merger.**

Each of Nara and Center has incurred substantial expenses in connection with the negotiation and preparations for completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this document in connection with the merger. If the merger is not completed, Nara and Center will have incurred these expenses without realizing the expected benefits of the merger.

**The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of Nara common stock or Center common stock to decline. In addition, Nara or Center may be required to pay a termination fee of up to \$10 million.**

The merger is subject to a number of conditions to closing, including the receipt of required regulatory approvals and approvals of the Nara and Center stockholders. If any condition to the merger is not satisfied or waived, to the extent permitted by law, the merger will not be completed. In addition, Nara and Center may terminate the merger agreement under certain circumstances even if the merger is approved by stockholders. If the merger is not completed, the market price of Nara common stock or Center common stock may decline because the current market prices of those shares may reflect a market assumption that the merger will be completed. In addition, if the merger agreement is terminated under certain circumstances relating to a change in the recommendation of the board of directors of Nara or Center to its stockholders to vote in favor of the merger or in certain other circumstances involving either a breach of certain provisions of the merger agreement or failure of stockholders to adopt and approve the merger agreement after public announcement of a proposal for the acquisition, dissolution or liquidation of a party, Nara or Center may be required to pay a termination fee to the other, depending upon the circumstances, of \$2.5 million or \$10 million. For further information on the closing conditions and the termination provisions of the merger agreement, see "The Merger Merger Agreement Termination" on page [ ] and "The Merger Merger Agreement Conditions to Completion of the Merger" on page [ ].

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**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this document or they may be made a part of this document by appearing in other documents filed with the Securities and Exchange Commission by Nara and Center and incorporated by reference. These statements include statements regarding the period following completion of the merger.

Words such as anticipate, estimate, expect, project, intend, plan, believe, target, objective, goal and words and terms of similar connection with any discussion of future operating or financial performance of Nara, Center, the combined company or the merger identify forward-looking statements. All of these forward-looking statements are management's present expectations or forecasts of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the factors relating to the merger discussed under the caption "Risk Factors" beginning on page [ ], the following risks related to the businesses of Nara and Center, among others, could cause our actual results or those of the combined company to differ materially from those described in the forward-looking statements:

we may not successfully manage the credit, liquidity, operational and business risks associated with each of our businesses, including, among others, risks of changes in market interest rates affecting the yields on our loans and other interest earning assets, the rates we pay on our deposits and other liabilities and resulting effects on our net interest income, and declines in commercial real estate values in the markets served by us;

management's assumptions and estimates used in applying the company's critical accounting policies, including among others determining appropriate amounts of provisions for loan losses, may prove unreliable and or not predictive of actual results;

increased competition from other banks and financial services companies, many of which have greater resources than Nara and Center combined and which include large banks based in Korea with banking operations in the United States;

unfavorable political and international relations developments;

adverse changes in governmental or regulatory policies, including adverse interpretations of regulatory guidelines;

material litigation or investigations;

the design of the company's disclosure controls and procedures or internal controls may prove inadequate, or be circumvented, thereby causing losses or errors in information or a delay in the detection of fraud; and

adverse evaluations by bank regulatory authorities of the quality of our loans or other assets, management, systems of internal control or business risk identification, assessments and management, and restrictions on our growth or other aspects of our business that such regulatory authorities may impose as a result of such adverse evaluations.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this document in the case of forward-looking statements contained in this document, or the dates of the documents incorporated by reference into this document in the case of forward-looking statements made in those incorporated documents. Neither Nara nor Center undertakes any obligation to update these forward-looking statements.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see the reports that Nara and Center have filed with the Securities and Exchange Commission as described under "Documents

Incorporated by Reference beginning on page [ ].



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**NARA ANNUAL MEETING**

**Date, Time and Place of the Annual Meeting**

This document is being furnished to you in connection with the solicitation of proxies by Nara in connection with its 2011 annual meeting of stockholders. The Nara annual meeting is scheduled to be held as follows:

[ ] [ ], 2011

[ time ], Los Angeles time

[ location ]

Los Angeles, California

**Purpose of the Nara Annual Meeting**

Nara stockholders will be asked to consider and vote upon the following proposals at the annual meeting, including any postponement or adjournment thereof:

adoption and approval of the merger agreement (Nara Proposal 1);

election of directors (Nara Proposal 2);

ratification of the appointment of Crowe Horwath LLP as Nara's independent registered public accounting firm for 2011 (Nara Proposal 3);

approval, on an advisory and nonbinding basis, of the compensation paid to Nara's named executive officers as described in this document (Nara Proposal 4);

adjournment of the meeting, if necessary or appropriate in the judgment of the Nara board of directors, to solicit additional proxies or votes in favor of the above proposals (Nara Proposal 5); and

such other matters, if any, as may be properly be presented for consideration and action at the annual meeting.

**Record Date for the Annual Meeting**

The board of directors of Nara has fixed the close of business on [ ] [ ], 2011 as the record date for determination of stockholders entitled to notice of and to vote at the annual meeting of stockholders. On the record date, [ ] shares of Nara common stock were outstanding.

**Quorum; Votes Required**

A majority of the shares of Nara common stock outstanding on the record date must be present, either in person or by proxy, to constitute a quorum at the Nara annual meeting. The proposals require the following percentages of votes in order to approve them:

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The affirmative vote of a majority of the shares of Nara common stock outstanding on the record date will be required to adopt and approve the merger agreement.

The affirmative vote of a plurality of the votes cast at the annual meeting will be required to elect the director nominees.

The affirmative vote of a majority of the shares of Nara common stock represented at the annual meeting and entitled to vote will be required to ratify the appointment of Crowe Horwath LLP as Nara's independent registered public accounting firm for 2011.

The affirmative vote of a majority of the shares of Nara common stock represented at the annual meeting and entitled to vote will be required for the nonbinding advisory approval of executive compensation.

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The affirmative vote of a majority of the shares of Nara common stock represented at the annual meeting and entitled to vote will be required to adjourn the meeting.

At the Nara annual meeting, each share of Nara common stock will be entitled to one vote on all matters properly submitted to the Nara stockholders.

As of the record date, Nara directors and executive officers and their affiliates owned and were entitled to vote approximately [ ] shares of Nara common stock, representing less than [ ]% of the outstanding shares of Nara common stock. We currently expect that Nara's directors and executive officers will vote their shares in favor of the merger, although none of them has entered into any agreements obligating them to do so.

## **Attending the Annual Meeting**

If you are a holder of record of Nara common stock and plan to attend the Nara annual meeting, please indicate this when you vote. A photo identification will not be required for admission to the annual meeting but will be required if you want to vote your Nara common stock in person. If you want to vote your Nara common stock held through a bank, broker or other nominee in person, you must obtain a written proxy in your name from the bank, broker, or other nominee that holds your shares.

## **Proxies**

All shares of Nara common stock represented by properly executed proxy cards or voting instruction cards (including those given through voting by telephone or Internet) received before or at the annual meeting will, unless revoked, be voted in accordance with the instructions indicated on those proxy cards or voting instruction cards. If no instructions are indicated on a properly executed proxy card, the shares represented thereby will be voted:

FOR adoption and approval of the merger agreement,

FOR election of all nominees for directors presented in Nara Proposal 2, and

FOR each of the other Nara proposals described above under Purpose of the Nara Annual Meeting.

If you return a properly executed proxy card or voting instruction card and have indicated that you have abstained from voting, your Nara common stock represented by the proxy will be considered present at the annual meeting or any adjournment thereof for purposes of determining a quorum.

If your shares are held in an account at a broker or bank, you must instruct the broker or bank on how to vote your shares. If you do not provide voting instructions to your broker or bank, your shares will not be voted on any proposal on which your broker or bank does not have discretionary authority to vote. Under applicable rules, your broker or bank does not have discretionary authority to vote on the merger proposal, the election of directors or the nonbinding advisory vote on executive compensation at the annual meeting. If an executed proxy card returned by a broker or bank holding shares indicates that the broker or bank does not have discretionary authority to vote on a particular matter, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will not be voted with respect to that matter. This is called a broker non-vote. Your broker or bank will vote your shares on these proposals only if you provide instructions on how to vote by following the instructions provided to you by your broker or bank.

Because approval of the merger requires the affirmative vote of a majority of the outstanding shares of Nara common stock, abstentions, failures to vote and broker non-votes will have the same effect as votes against the merger. Accordingly, we urge you to mark each applicable box on the proxy card or voting instruction card to indicate how to vote your shares.

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Nara does not expect that any matter or proposal other than the proposals described in this document will be brought before its annual meeting or any postponement or adjournment thereof. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their judgment with respect to those matters.

If you are a Nara stockholder of record, you may revoke your proxy at any time before it is voted by:

filing a written notice of revocation with the Secretary of Nara, which notice should be sent to Nara Bank, 3731 Wilshire Blvd., Suite 1000, Los Angeles, California 90010, Attention: Legal Department;

granting a subsequently dated proxy; or

if you are a holder of record, appearing in person and voting at the Nara annual meeting.

If you hold your shares of Nara common stock through an account at a broker or bank, you should contact your broker or bank to change your vote.

Attendance at the annual meeting will not in and of itself constitute revocation of a proxy. If the annual meeting is postponed or adjourned, it will not affect the ability of stockholders of record as of the record date to exercise their voting rights or to revoke any previously granted proxy using the methods described above, except in certain circumstances that are not currently anticipated, Nara would notify stockholders by public announcement or other means if such circumstances were to occur.

## **Voting by Telephone or Internet**

Nara stockholders of record and many stockholders who hold their shares through a broker or bank will have the option to submit their proxy cards or voting instruction cards by telephone or Internet. Please note that there are separate arrangements for using the Internet and telephone depending on whether your shares are registered in Nara's stock records in your name or in the name of a broker, bank or other holder of record. If you hold your shares through a broker, bank or other holder of record, you should check your proxy card or voting instruction card forwarded by your broker, bank or other holder of record to see which options are available.

Nara stockholders of record may submit their proxies:

through the Internet by visiting a website established for that purpose at <http://www.RRDEZProxy.com/2011/NaraBankeZProxy> and following the instructions provided on that website, or

by telephone by calling the toll-free number 1-866-540-5760 in the United States, Puerto Rico or Canada on a touch-tone phone and following the recorded instructions.

## **Solicitation of Proxies**

Nara and Center will share equally the expenses incurred in connection with the printing and mailing of this document. To assist in the solicitation of proxies, Nara has retained Mellon Investment Services LLC for a fee of \$[ ] plus expenses for their services. Nara and its proxy solicitor will also request banks, brokers and other intermediaries holding shares of Nara common stock beneficially owned by others to send this document to, and obtain proxies from, the beneficial owners and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone and other electronic means and personal solicitation by the directors, officers or employees of Nara. No additional compensation will be paid to our directors, officers or employees for solicitation.



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**CENTER ANNUAL MEETING**

**Date, Time and Place of the Annual Meeting**

This document is being furnished to you in connection with the solicitation of proxies by Center in connection with its 2011 annual meeting of stockholders. The Center annual meeting is scheduled to be held as follows:

[ ] [ ], 2011

[ time ] Los Angeles time

[ location ]

Los Angeles, California

**Purpose of the Center Annual Meeting**

The matters to be considered and voted upon at the Center annual meeting will be:

1. Approval of the Agreement and Plan of Merger, dated December 9, 2010, providing for the merger of Center with and into Nara as described in this document. (Center Proposal 1)
2. Election of directors of Center Financial Corporation. (Center Proposal 2)
3. Ratification of the selection of KPMG LLP as Center's independent registered public accounting firm for the year ending December 31, 2011. (Center Proposal 3)
4. Approval, on an advisory and nonbinding basis, of the compensation paid to Center's named executive officers as described in this document. (Center Proposal 4)
5. Adjournment of the annual meeting if necessary or appropriate in the judgment of the Center board of directors to solicit additional proxies or votes in favor of the above proposals that are to be presented at the meeting. (Center Proposal 5)
6. Such other matters, if any, as may be properly presented for consideration and action at the annual meeting.

**Record Date for the Annual Meeting**

The Center board has fixed the close of business on [ ] [ ], 2011, as the record date for the purpose of determining the stockholders entitled to notice of and to vote at the annual meeting. On the record date, [ ] shares of Center common stock were outstanding. On the record date, 55,000 shares of Center preferred stock were outstanding, all of which were issued to the United States Treasury Department in December 2008 as part of Center's participation in the Treasury Department's Capital Purchase Program under the TARP.

**Quorum; Votes Required**

The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of the Center common stock is necessary to constitute a quorum at the annual meeting. Abstentions and broker non-votes are each included in the determination of the number of shares present for determining a quorum but are not counted on any matters brought before the annual meeting.

Each stockholder is entitled to one vote on each proposal per share of common stock held as of the record date. The United States Treasury Department, as the holder of all of the outstanding shares of Center's preferred stock, is entitled to one vote on the merger proposal per share of preferred stock held as of the record date, but is not entitled to vote on any of the other proposals at the Center annual stockholders meeting. The affirmative vote of a majority of the shares of Center common stock outstanding on the record date and the affirmative vote of a majority of the shares of Center preferred stock outstanding on the record date will be required to adopt and



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approve the merger agreement. The affirmative vote of a plurality of the votes cast at the annual meeting will be required to elect the director nominees. Shares represented by proxies that are marked with instructions to withhold authority for the election of one or more director nominees or that are not voted (whether by abstention or otherwise) will not be counted in determining the number of votes cast for those persons. For all other matters, including the ratification of the appointment of Center's accountants and the non-binding advisory vote on executive compensation, a majority of votes cast shall decide the outcome of each matter submitted to the stockholders at the annual meeting. Abstentions will be included in the vote totals and, as such, will have the same effect on proposals as a negative vote. Broker non-votes (i.e., the submission of a proxy by a broker or nominee specifically indicating the lack of discretionary authority to vote on the matter), if any, will not be included in the vote totals and, as such, will have no effect on any proposal other than the vote to approve the merger.

### **Revocability of Proxies**

A proxy for use at the Center annual meeting is enclosed. Any stockholder who executes and delivers such proxy has the right to revoke it at any time before it is exercised by filing with the Secretary of Center an instrument revoking it or a duly executed proxy bearing a later date, or by attending the annual meeting and voting in person. (Any stockholder who holds shares in certificate form and attends the annual meeting may simply revoke his or her previously submitted proxy and vote their shares at that time. Stockholders whose shares are held by a broker or are otherwise not registered in their own names will need additional documentation from their record holder to vote any shares personally at the annual meeting.)

Subject to such revocation, all shares represented by a properly executed proxy received in time for the annual meeting will be voted by the proxy holders whose names are set forth in the accompanying proxy in accordance with the instructions on the proxy. If no instruction is specified with respect to a matter to be acted upon, the shares represented by the proxy will be voted FOR adoption and approval of the merger agreement, FOR the election of all nominees for directors set forth herein, FOR each of the other Center proposals described above under Purpose of the Center Annual Meeting and, if any other business is properly presented at the annual meeting, in accordance with the recommendations of the Center board.

Because approval of the merger requires the affirmative vote of a majority of the outstanding shares of Center common stock, abstentions, failures to vote and broker non-votes will have the same effect as votes against the merger. Accordingly, we urge you to mark each applicable box on the proxy card or voting instruction card to indicate how to vote your shares.

### **Voting by Telephone or Internet**

Center stockholders of record and many stockholders who hold their shares through a broker or bank will have the option to submit their proxy cards or voting instruction cards by telephone or Internet. Please note that there are separate arrangements for using the Internet and telephone depending on whether your shares are registered in Center's stock records in your name or in the name of a broker, bank or other holder of record. If you hold your shares through a broker, bank or other holder of record, you should check your proxy card or voting instruction card forwarded by your broker, bank or other holder of record to see which options are available.

Center stockholders of record may submit their proxies:

through the Internet by visiting a website established for that purpose at <http://www.investorvote.com/CLFC> and following the instructions provided on that website, or

by telephone by calling the toll-free number 1-800-652-8683 in the United States, United States territories or Canada on a touch-tone phone and following the recorded instructions.



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**Solicitation of Proxies**

The solicitation of the proxy accompanying this document is made by the Center board. Nara and Center will share equally the expenses incurred in connection with the printing and mailing of this document. The proxies will be solicited principally through the mails, but directors, officers and employees of Center may solicit proxies personally or by telephone. Arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries to forward these proxy solicitation materials to stockholders whose stock in Center is held of record by such entities, and Center will reimburse such brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith. In addition, Center may pay for and utilize the services of individuals or companies it does not regularly employ in connection with this solicitation of proxies, if management determines it advisable.

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**NARA AND CENTER PROPOSAL 1: THE MERGER**

*This section of this document describes material aspects of the proposed merger, including the merger agreement. This summary may not contain all of the information that is important to you. You should carefully read this entire document and the other documents we refer you to for a more complete understanding of the merger. In addition, we incorporate important business and financial information about each of us into this document by reference. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page [ ].*

**Explanatory Note Regarding the Merger Agreement**

The merger agreement is described in this document, and a copy of it is included as Annex A to this document, to provide you with important information regarding the proposed merger and bank merger. Factual disclosures about Nara and Center contained in this document or in the public reports filed by Nara and Center with the Securities and Exchange Commission may supplement, update or modify the factual disclosures and representations about Nara and Center contained in the merger agreement. The representations, warranties and covenants made in the merger agreement by Nara and Center are qualified and subject to important limitations agreed to by the parties in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the merger agreement may have the right not to complete the merger if the representations and warranties of the other party prove to be untrue, whether due to a change in circumstances or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders or reports and documents filed with the Securities and Exchange Commission and in some cases are qualified by disclosures that were made by each party to the other, which disclosures were reflected in schedules to the merger agreement that have not been described or included in this document, including Annex A. Further, information concerning the subject matter of the representations and warranties in the merger agreement, which do not purport to be accurate as of the date of this document may have changed since the date of the merger agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this document.

**General**

Nara and Center entered into the merger agreement on December 9, 2010. The merger agreement provides both for the merger of Center with and into Nara and for the concurrent merger of their respective banking subsidiaries, which we refer to herein as the bank merger, pursuant to a bank merger agreement substantially in the form attached as an exhibit to the merger agreement. The parties entered into an amendment to the merger agreement on April 13, 2011 for the purpose, among others, of reflecting their agreement that Nara Bank would merge with and into Center Bank in the bank merger. This amendment to the merger agreement is included as part of Annex A of this document. The parties executed and delivered the definitive form of the bank merger agreement on April 13, 2011.

**The Parties**

***Nara***

Nara is a bank holding company headquartered in Los Angeles, California. Its principal subsidiary, Nara Bank, is a California state chartered and FDIC-insured financial institution that offers commercial banking loan and deposit products, focusing primarily on small- to medium-sized businesses and individuals in Korean-American markets in California, the New York City metropolitan area and New Jersey. Nara Bank is a member

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bank of the Federal Reserve System having a network of 23 branch offices, of which 16 are located in the Los Angeles, Orange County, Oakland and Silicon Valley (Santa Clara County) areas of California and 7 are located in the New York metropolitan area and New Jersey, together with one loan production office located in Dallas, Texas. At December 31, 2010, Nara had consolidated assets of \$2.96 billion, total loans of \$2.15 billion, total deposits of \$2.18 billion and total stockholders equity of \$358.6 million. Nara's principal executive offices are located 3731 Wilshire Boulevard, Suite 1000, Los Angeles, 90010, and its telephone number is (213) 639-1700.

Nara is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended and is subject to regulation as a bank holding company by the Board of Governors of the Federal Reserve System, which we refer to herein as the Federal Reserve Board. Nara Bank is a California state chartered commercial bank that is a member bank of the Federal Reserve System. It is subject to regulation and examination by the California Department of Financial Institutions, or DFI, and its deposits are insured by the Federal Deposit Insurance Corporation, or FDIC, and is therefore also subject to the regulations of the FDIC.

In December 2009, the boards of directors of Nara and Nara Bank each adopted resolutions at the request of the DFI and the Federal Reserve Board providing that they would submit written plans to the DFI and the Federal Reserve Board for the reduction of Nara Bank's credit risk profile and improvement of its credit administration, a capital plan and a three year strategic plan. The resolutions further provided that neither Nara Bank nor Nara would declare dividends or change senior executives or directors without the prior notice to and non-objection by the DFI and Federal Reserve Board. The 2009 board resolutions were rescinded and were replaced with modified board resolutions adopted on December 8, 2010 requiring submission of a board governance and oversight plan, a liquidity and funds management plan relating to identification and monitoring of volatile liabilities, and updated capital and strategic plan with budget, ongoing asset quality improvement reporting and the requirement of prior approval for the payment of dividends or interest payments on trust preferred securities.

Additional information about Nara and Nara Bank is included in the documents incorporated by reference into this document. See [Where You Can Find More Information](#) on page [ ] and [Documents Incorporated by Reference](#) on page [ ].

***Center***

Center is a bank holding company headquartered in Los Angeles, California. Its principal subsidiary, Center Bank, is a California state chartered and FDIC-insured financial institution that offers commercial banking loan and deposit products, focusing primarily on small- to medium-sized businesses and individuals in Korean-American markets in California and in Chicago, Illinois and Seattle, Washington. Center Bank currently operates a network of 22 branch offices, 16 of which are located in Southern California. Center Bank also operates three branch offices in Northern California, which it acquired through an FDIC-assisted acquisition in April 2010, and two branch offices and a loan production office in Seattle, Washington, a branch office in Chicago, Illinois and a loan production office in Denver, Colorado. At December 31, 2010, Center had consolidated assets of \$2.27 billion, total loans of \$1.59 billion, total deposits of \$1.77 billion and total stockholders' equity of \$274.0 million. Center's principal executive offices are located at 3435 Wilshire Boulevard, Suite 700, Los Angeles, California 90010 and its telephone number is (213) 251-2222.

Center is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, and is subject to regulation as a bank holding company by the Federal Reserve Board. Center Bank is a California state chartered commercial bank whose deposits are insured by the FDIC up to the maximum limits thereof. Center Bank is subject to regulation, supervision and regular examination by the DFI and the FDIC.

Effective December 18, 2009, Center Bank entered into a memorandum of understanding, or MOU, with the FDIC and the DFI. The MOU is an informal administrative agreement pursuant to which Center Bank agreed to take various actions and comply with certain requirements to facilitate improvement in its financial condition. On December 28, 2010, Center Bank entered into a new MOU, which supersedes the prior one. The new MOU carried forward some but not all of the provisions of the prior MOU. In accordance with the 2010 MOU, Center

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Bank agreed among other things to (a) develop and implement strategic plans to restore profitability; (b) maintain a leverage capital ratio of not less than 9% and a total risk-based capital ratio of not less than 13%; (c) refrain from paying dividends without prior written regulatory approval; (d) eliminate all assets classified as Loss and half its assets classified as Doubtful ; (e) reduce the combined total of assets classified Substandard or Doubtful to not more than 40% of tier 1 capital plus the allowance for loan and lease losses; (f) develop and implement certain specified policies and procedures relating to the asset disposition plan for certain classified assets, loan impairment and note sale transactions; (g) notify the FDIC and the DFI prior to appointing any new director or senior executive officer; (h) implement a program to monitor compliance of the MOU and review and record its review of compliance; (i) refrain from establishing any new offices without prior regulatory approval; and (j) submit written quarterly progress reports to the FDIC and the DFI detailing the form and manner of any actions taken to secure compliance with the MOU and the results thereof.

On December 9, 2009, Center entered into an MOU with the Federal Reserve Bank of San Francisco, or the FRB, pursuant to which Center agreed, among other things, to (i) take steps to ensure that Center Bank complies with Center Bank's MOU; (ii) implement a capital plan addressing specified items and submit the plan to the FRB for approval; (iii) submit annual cash flow projections to the FRB; (iv) refrain from paying cash dividends, receiving cash dividends from Center Bank, increasing or guaranteeing debt, redeeming or repurchasing its stock, or issuing any additional trust preferred securities, without prior FRB approval; and (v) submit written quarterly progress reports to the FRB detailing compliance with the MOU.

The MOUs will remain in effect until modified or terminated by the FRB, the FDIC and the DFI. Center does not expect the actions called for by the MOUs to change its business strategy in any material respect, although it may have the effect of limiting or delaying Center Bank's or Center's ability or plans to expand. The board of directors and management of Center Bank and Center have taken various actions to comply with the MOUs, and will diligently endeavor to take all actions necessary for compliance. Management believes that Center Bank and Center are currently in substantial compliance with the terms of the MOUs, although formal determinations of compliance with the MOUs can only be made by the regulatory authorities. In this regard, Center Bank's leverage capital ratio and total risk-based capital ratios as of December 31, 2010 were 12.50% and 18.53%, considerably in excess of the required ratios for Center Bank. In addition, as of December 31, 2010, the combined total of assets classified as Substandard or Doubtful was 38.7% of tier 1 capital plus the allowance for loan and lease losses.

Additional information about Center and Center Bank is included in the documents incorporated by reference into this document. See [Where You Can Find More Information](#) on page [ ] and [Documents Incorporated by Reference](#) on page [ ].

**Effect of the Merger; What Center Stockholders Will Receive in the Merger**

Upon completion of the merger, Center will merge with and into Nara, with Nara being the surviving corporation in the merger.

In the merger, each outstanding share of Center common stock will be converted into 0.7804 of a share of common stock of Nara. No fractional shares will be issued, and cash will be paid instead of such issuance. The exchange ratio will not be adjusted to reflect stock price changes prior to the completion date of the merger. However, the merger agreement provides that if the number of shares of common stock of either Center or Nara or the number of Center restricted stock awards or Nara performance units that were issued and outstanding as of the date of the merger agreement shall have increased or decreased as of the closing of the merger, a corresponding adjustment shall be made to the exchange ratio such that current holders of Center common stock and current holders of Nara common stock will receive 45% and 55%, respectively, of the outstanding shares of common stock of the combined company immediately after the merger is consummated, not including the shares of Nara common stock issued in a common stock offering Nara expects to make prior to the merger for the benefit of the combined company. Shares issued in the anticipated offering will reduce the percentage ownership

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interests of the respective stockholders proportionately. No adjustment, however, will be made to the exchange ratio for any increases or decreases in the number of outstanding shares resulting from the exercise of Center stock options or Nara stock options issued and outstanding as of the date of the merger agreement.

Also in the merger, each outstanding share of Center's Fixed Rate Cumulative Perpetual Preferred Stock, Series A, will be converted into the right to receive one share of a new series of Nara preferred stock, to be designated, prior to the completion of the merger, as Nara's Fixed Rate Cumulative Perpetual Preferred Stock, Series B. The Nara Series B Preferred Stock will have rights, preferences, privileges and voting powers substantially the same as those of the Center Series A Preferred Stock for which it is exchanged in the merger. The Center Series A Preferred Stock was issued to, and is currently owned by, the United States Treasury Department under its Troubled Asset Relief Program.

The ten-year common stock purchase warrant issued by Center on December 12, 2008 to the Treasury Department in connection with the issuance of Center's Series A Preferred Stock to the Treasury Department will, in accordance with its terms and by virtue of the merger, be converted automatically into a warrant to purchase Nara common stock and Nara will assume the warrant subject to its terms. The number of shares covered by the warrant and the per share exercise price thereof will be adjusted by application of the merger exchange ratio to the original terms of the warrant. As a result of such adjustment, the warrant will entitle the holder thereof to purchase, in one or more exercises of the warrant, up to 337,437 shares of Nara common stock at a price of \$12.22 per share, assuming that the exchange ratio remains fixed at 0.7804.

## **Background of the Merger**

Each of Center's and Nara's boards of directors has from time to time engaged with senior management in considering various strategic alternatives as part of its continuing efforts to enhance its company's performance and prospects and maximize stockholder value in light of competitive, economic, regulatory and other relevant developments. Each company has considered strategic alternatives, including: continuing as an independent institution; acquiring branch offices or other smaller community banks; and entering into a strategic merger with similarly-sized or larger institutions. In this regard, from time to time during the last several years, representatives from Center and Nara have had informal discussions about the possibility of a merger between Center and Nara. These past discussions, however, never advanced to the due diligence phase for various reasons, including the inability of Center and Nara to reach preliminary agreement on a framework to address key merger issues pertaining to deal structure, pricing and the board composition, key management positions and the name of the combined company.

On September 11, 2010, the Center board held a special off-site board retreat to consider various growth strategies to enhance stockholder value, including organic growth through expansion of current and new products and services, as well as strategic growth through an acquisition of a smaller peer bank, a merger of equals or a strategic alliance with a Korea-based bank. DADCo attended the board retreat and provided the Center board with an overview presentation on the Korean-American banking landscape, the equity markets and the mergers and acquisition environment, and on the general risks and merits of the various strategic growth strategies. After consulting with DADCo on various growth strategies, and in light of the Center board's belief that the Korean-American banking sector is currently oversaturated and in need of consolidation, the Center board decided that growth through a potential merger with another Korean-American bank headquartered in Southern California likely represented the best currently available strategic growth option for Center. After considering the business, operations, financial condition, asset quality, earnings, board and management composition, prospects, branch locations and geographical overlap, culture and other attributes of the limited number of viable candidates for a potential merger, the Center board determined that a potential merger of equals with Nara, which would create the nation's largest Korean-American bank, would be an attractive strategic transaction for Center to pursue.

Following the board retreat, Jin Chul Jung, the Chairman of the Center board, called Chong-Moon Lee, the former Chairman of the Nara board, to arrange a lunch meeting to discuss the possibility of a merger between

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Center and Nara. The lunch meeting was held on or about September 14, 2010 and was attended by Center directors Jin Chul Jung, Kevin Kim and Chang Hwi Kim and Nara Chief Executive Officer Alvin Kang, Nara director Scott Whang and Nara Chairman Ki Suh Park. A second lunch meeting was held on September 23, 2010 and was attended by Kevin Kim, Jin Chul Jung and Chang Hwi Kim of Center and Scott Whang and Ki Suh Park of Nara. The participants at the lunch meetings on September 14 and September 23 discussed each company's goals, strategies, their potential synergies and their respective interests in a potential business combination. These discussions focused on broad general concepts and did not include any details of a potential merger.

On September 15, 2010, Alvin Kang had an initial discussion regarding the proposed transaction with KBW. This discussion was followed by a more extensive discussion on September 21, 2010 between Alvin Kang and Scott Whang on behalf of the Nara board of directors and representatives of KBW regarding the potential transaction with Center. At the executive session meeting of the Nara board held on September 22, 2010, the Nara board authorized KBW to contact DADCo. The Nara board also designated Chairman Ki Suh Park and Scott Whang as a special committee of the board to negotiate the terms of a possible transaction.

Following the lunch meeting on September 23, 2010, each of Center's and Nara's board of directors authorized its management to engage outside financial and legal advisors and proceed with more formal merger discussions. Nara retained KBW as its outside financial advisor and Mayer Brown LLP as its outside legal advisor, and Center retained DADCo as its outside financial advisor and Morrison & Foerster LLP as its outside legal advisor. Both boards believed that the timing was right for the parties to proceed with more formal merger discussions in light of, among other things:

a perceived need for leadership in the Korean-American banking sector and the potential to create the nation's largest Korean-American bank following the merger that could fill such need;

the improving financial condition and operating results of both companies, and the prospects for further improvement, reflecting the gradual recovery of the United States and California economies from the severe recession that negatively impacted both institutions, resulting in significant quarterly losses within the past two years;

the relative market capitalization contribution levels and convergence of stock prices of both companies to a similar multiple of book value; and

each board's belief that the capital markets would be receptive to the potential merger.

The Center board designated Kevin Kim, an independent director of Center, as its lead negotiator and the Nara board designated Scott Whang, an independent director of Nara, as its lead negotiator. From mid-September through the date of the signing of the merger agreement, Kevin Kim and Scott Whang met frequently, typically at least once a week, by telephone or in person to discuss issues relating to the potential merger, including the exchange ratio, corporate governance issues such as board composition and key management positions of the combined company and the combined bank, and integration and consolidation issues for the combined company and the combined bank. Kevin Kim and Scott Whang kept the other members of the boards of Center and Nara, respectively, informed of the status of their discussions through regular reports at board meetings and other informal director meetings.

On September 27, 2010, DADCo and KBW discussed pricing methodology, the due diligence process that Center and Nara would use, transaction timing, corporate governance and branding for the combined company. These discussions focused on an all-stock merger, with fairly apportioned board and management participation in the combined company and approaches for selecting the most qualified persons for key management positions by the combined company.

On October 5, 2010, the Nara board's merger committee, consisting of Ki Suh Park and Scott Whang, together with Nara's Chief Executive Officer, Alvin Kang, met with representatives of KBW and Mayer Brown

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by conference call to discuss merger related topics including the exchange ratio and other transaction terms. On the next day, the Nara board of directors met in executive session with representatives of KBW and Mayer Brown participating to discuss the proposed transaction in depth, including the subjects of determining the appropriate exchange ratio, and the composition of the board of directors and management of the combined company following the merger.

On October 6, 2010, DADCo and KBW participated in separate board meetings held by Center and Nara, respectively, to update the boards on the status of the preliminary merger discussion. Each board authorized the parties to proceed with further merger discussions generally along the lines that had been outlined by DADCo and KBW.

On October 8, 2010, Center, Center Bank, Nara and Nara Bank entered into a confidentiality agreement governing information to be shared by the parties in connection with the potential merger.

On October 12, 2010, an informal meeting of Nara directors was held to discuss the status of the potential merger. The meeting was also attended by KBW and Mayer Brown.

In light of the requirement to obtain regulatory approvals, each of Center and Nara also met with its bank regulators during the month of October 2010 to inform them of the merger discussions.

On October 25, 2010, each of Center and Nara provided initial access to the other party and its advisors to an on-line, password protected data room containing diligence documents and information for the potential merger. Business, legal and other due diligence began in earnest following the opening of the data rooms, with an all-hands diligence session held at the offices of Morrison & Foerster on November 1, 2010 and a series of additional supplemental diligence requests and production provided by Center and Nara following the initial opening of the data room. As part of the due diligence efforts, Center and Nara also jointly engaged an independent firm on November 12, 2010 to conduct a selected review of the loan and credit files for Center Bank and Nara Bank and opine on the loan loss reserve accounting methodologies of both banks. Business, legal and other due diligence continued throughout the merger discussion process up until the signing of the definitive merger agreement on December 9, 2010.

On October 27, 2010, a special board meeting of Center Bank was held to discuss, among other things, the outcome of the meeting with the DFI and the FDIC informing them of the potential merger.

On October 29, 2010, Nara board's merger committee met by conference call with representatives of KBW and Mayer Brown to continue their discussion of the proposed terms of the transaction.

On November 7, 2010, Kevin Kim and Scott Whang met with DADCo, KBW, Morrison & Foerster and Mayer Brown at Mayer Brown's office to discuss due diligence, merger structure and timing issues.

On November 10, 2010, a regular board meeting of Center Bank was held at which management provided a summary report on the November 1 due diligence meeting. DADCo participated in this meeting and discussed progress on exchange ratio negotiations, initial diligence findings and other merger terms.

On November 12, 2010, Kevin Kim and Scott Whang met in Irvine, California to discuss exchange ratio and board composition issues.

On November 13, 2010, the Nara board held a special meeting to discuss the potential merger.

On November 15, 2010, Mayer Brown distributed an initial draft of the merger agreement.

On or about November 18, 2010, Center received a call from an investment banker acting on behalf of another publicly traded community bank headquartered in California, and expressing an interest in initiating

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dialogue about a potential business combination. The Center board responded that Center was not interested at that time in initiating potential combination discussions with this community bank. Other than the merger discussions between Center and Nara, neither Center nor Nara initiated any dialogue with any other financial institution about a potential business combination during the merger discussions. Both the Center and Nara boards concluded that, among the limited merger candidates for expansion within the Korean-American banking community, a combination of Center and Nara offered significant synergies and benefits that exceeded those reasonably attainable through an alternative combination.

On November 23, 2010, the Center board held a special meeting to discuss the progress of the merger discussions and other merger related issues.

On November 26, 2010, Kevin Kim and Scott Whang met in Torrance, California to discuss the exchange ratio and other merger related issues.

On December 1, 2010, Kevin Kim met with the Center directors to discuss remaining merger issues. On the same day, Scott Whang and Kevin Kim conducted interviews of Jae Whan Yoo, who was Center's then-current Chief Executive Officer, and Alvin Kang as part of the process of determining who would be designated Chief Executive Officer of the combined company.

On December 2, 2010, the Center board and the Nara board held separate special meetings to discuss the merger agreement, corporate governance issues, the exchange ratio and other proposed terms of the merger. The Center board also interviewed Alvin Kang at this meeting. Concurrently, Jae Whan Yoo was interviewed by the Nara board. A portion of the Center board meeting was also attended by DADCo and Morrison & Foerster. DADCo provided the board with an update on diligence findings and the exchange ratio discussions. Morrison & Foerster distributed the revised draft of the merger agreement, together with a written summary of its material terms, to the Center board members and discussed with the Center board the proposed terms and conditions of the merger. KBW and Mayer Brown also attended the Nara special board meeting.

On December 6 and 7, 2010, the Center board and Center Bank board held special joint board meetings to discuss the potential merger and corporate governance issues relating thereto. Center director Kevin Kim and Nara director Scott Hwang continued to communicate regularly regarding open issues between the parties.

Also on December 6, 2010, Alvin Kang and directors Scott Whang and Steven Broidy and Mayer Brown met with representatives of the DFI and the Federal Reserve Board to inform them of the status of the discussions and that Nara anticipated entering into the merger agreement with Center in the next few days.

By the morning of December 8, 2010, the parties had agreed on the formula for calculating the exchange ratio. Under the formula, current Nara stockholders would own 55% of the combined company and current Center stockholders would own 45% upon the completion of the merger, not including shares that would be issued in an offering to raise capital for the combined company that the Nara and Center boards of directors contemplated would be made either before or after completion of the merger. The merger agreement provided for an exchange ratio of 0.7804 share of Nara common stock in exchange for each share of Center common stock upon completion of the merger based on the outstanding share counts agreed to by the parties as of the evening of December 8, 2010. The parties agreed that the exchange ratio would be subject to adjustment prior to the closing to reflect certain changes in the number of outstanding shares of Center or Nara common stock, Center restricted stock awards or Nara performance units that were issued and outstanding as of the date of the merger agreement.

During the afternoon and evening of December 8, 2010, the Nara board held a special meeting to discuss the proposed merger, which meeting was reconvened by conference call the following morning to complete the board's discussion. KBW and Mayer Brown also attended the meeting. The Nara board discussed the final terms of the merger agreement, including the exchange ratio and board composition. Alvin Kang reviewed for the board the background of discussions with Center and the progress of negotiations and reported on Nara's due



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diligence investigation of Center. KBW reviewed the financial aspects of the proposed merger and Mayer Brown discussed with the board the final legal terms of the merger agreement and the legal standards applicable to the board's decisions and actions with respect to its consideration of the proposed merger.

On December 8, 2010, the Center board met with its senior management and its outside legal and financial advisors to conduct final evaluations and deliberations on whether to approve the merger agreement and the transactions contemplated by the merger agreement, including the holding company merger and bank merger. Management reviewed for the board the background of discussions with Nara and the progress of negotiations and reported on Center's due diligence investigation of Nara. DADCo reviewed with the board the structure and other terms of the proposed merger, and financial information regarding Center, Nara and the proposed merger, as well as information regarding peer companies and comparable transactions. In connection with the deliberation by the board, DADCo rendered to the Center board its oral opinion, subsequently confirmed in writing, as described under Opinions of Nara and Center Financial Advisors Opinion of Center's Financial Advisor, that, based upon and subject to the considerations set forth in the opinion and based upon such other matters as DADCo considered relevant, the exchange ratio was fair, from a financial point of view, to the stockholders of Center as of the date of the opinion. Morrison & Foerster also attended the meeting and distributed a revised draft of the merger agreement in substantially final form, together with an updated summary thereof. Morrison & Foerster discussed with the board the final legal terms of the merger agreement and the legal standards applicable to the board's decisions and actions with respect to its consideration of the proposed merger.

Following these discussions, and review and discussion among the members of the Center board, including consideration of the factors described under Center's Reasons for the Merger; Recommendation of the Merger by the Center Board of Directors, the Center board unanimously determined that the transactions contemplated by the merger agreement and related transactions and agreements, including the holding company merger and bank merger, were advisable and in the best interests of Center and its stockholders, and the directors voted unanimously to approve the merger agreement and the transactions contemplated under the merger agreement, and resolved to recommend that Center stockholders approve the merger agreement and directed that this matter be submitted for consideration of Center stockholders at a stockholders' meeting.

At its reconvened meeting on the morning of December 9, 2010, the Nara board continued its consideration of the proposed transaction with its outside legal and financial advisors, including the holding company merger and bank merger. KBW rendered its oral opinion, subsequently confirmed in writing, as described under Opinions of Nara and Center Financial Advisors Opinion of Nara's Financial Advisor, that, as of the date of the written opinion, and based upon and subject to factors and assumptions set forth therein, the exchange ratio in the merger was fair, from a financial point of view to Nara.

Following these discussions, and review and discussion among the members of the Nara board, including consideration of the factors described under Nara's Reasons for the Merger; Recommendation of the Merger by the Nara Board of Directors, the Nara board unanimously determined that the transactions contemplated by the merger agreement and related transactions and agreements, including the holding company merger and bank merger, were advisable and in the best interests of Nara and its stockholders, and the directors voted unanimously to adopt and approve the merger agreement and the transactions contemplated under the merger agreement, and resolved to recommend that Nara stockholders adopt and approve the merger agreement and directed that this matter be submitted for consideration of Nara's stockholders at a stockholders' meeting.

The merger agreement was executed on December 9, 2010 and the proposed merger was announced that afternoon at 1:30 p.m. Pacific time in a news release jointly issued by Center and Nara. On the same day, following the news release, management and board members of Center and Nara held a joint press conference with the media and a joint investor conference call to discuss and answer questions related to the proposed merger.

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### **Nara's Reasons for the Merger; Recommendation of the Merger by the Nara Board of Directors**

After careful consideration, the Nara board of directors determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Nara and its stockholders. Accordingly, Nara's board approved the merger agreement and the transactions contemplated by the merger agreement and recommends that Nara stockholders vote FOR adoption and approval of the merger agreement.

In reaching its decision, the Nara board of directors consulted with Nara's senior management team, as well as Nara's outside financial advisors and legal counsel, and considered a number of factors, including the following material factors, which are not listed in any relative order of importance:

the board of directors' belief that the merger is an important strategic transaction offering substantial near term and long range benefits and opportunities for Nara, its stockholders and the communities it serves. In this connection, the board considered the following:

the merger will create the largest Korean-American commercial bank in the United States as measured by total assets, deposits and capital;

the merger will both substantially strengthen Nara's presence in its primary existing markets in Southern California and expand its national presence through the addition of Center's offices in Chicago and Seattle, as well as Center's offices in Northern California locations not currently served by Nara;

the increased size of the resulting company will enhance its image in the marketplace and will better position the combined company to acquire other companies as appropriate opportunities arise;

management's expectations regarding cost synergies and earnings accretion, including the expectations that the combined company will realize cost savings of approximately \$11 million or more on a pre-tax basis in 2012 and that the transaction will be accretive to earnings, as compared to reported stock analysts' earnings estimates for both companies on a stand alone basis, in 2012 and following years;

while management's forecasted synergies from the merger did not include projected effects of any revenue enhancements, management believes the merger will create opportunities for incremental revenues from, among other things, cross-marketing of banking products and services;

the combined company will be able to invest more resources in risk management infrastructure;

the board of directors' belief that the merger of equals nature of the transaction, as well as the familiarity of the board of directors and management of Nara with the board of directors and management of Center, and the generally similar nature of their respective businesses and customer bases in the Korean-American community, should facilitate integration of the two companies;

historical information concerning Nara's and Center's respective businesses, financial performance and financial condition, as well as their respective operations, management, competitive position and stock performance, which comparisons generally informed the board's consideration of the relative values of Nara and Center in connection with the board's determination of an appropriate exchange ratio;

the alternatives reasonably available to Nara if it did not pursue the merger with Center, including the possibilities of pursuing an acquisition of or merger with another financial institution and the board's conclusion that a merger with Center offered the best available strategic fit and opportunity and that other alternatives should therefore not be pursued at the current time, as well as the board's perception that there would be a substantial risk of loss of the opportunity to merge with Center if negotiation of the transaction were deferred to a later time;

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the provisions of the merger agreement that are designed to restrict the ability of both Center and Nara to seek or entertain third party acquisition proposals, subject to certain exceptions that would apply if necessary to enable directors to comply with their fiduciary duties, and the provisions of the merger agreement providing for the payment of termination fees of \$2.5 million or \$10 million, depending on the circumstances, both of which the board of directors concluded, based in part on the advice of Nara's financial advisor and legal counsel, were appropriate and reasonable means to increase the likelihood that the transaction will be completed while preserving the ability of both boards of directors to act in the best interests of their stockholders;

the board of directors' view of Center's business, operations, financial condition, asset quality, earnings and prospects, based in part on its review and discussions with Nara's management about Nara's due diligence examination of Center, as well as management's experience with Center as a strong competitor in the Southern California markets in which both companies compete, and its view that the merger would result in a combined company with an attractive deposit franchise;

the financial analyses presented by KBW, Nara's financial advisor, and the oral opinion of KBW delivered on December 9, 2010, subsequently confirmed by a written opinion of KBW dated the same date, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in KBW's opinion, the exchange ratio provided for in the merger agreement for determining the amount of Nara common stock to be issued to the holders of Center common stock, in exchange for their shares was fair, from a financial point of view, to Nara's stockholders, as more fully described below under the caption "Opinions of Nara and Center Financial Advisors" Opinion of Nara's Financial Advisor beginning on page [ ];

the terms of the merger agreement taken as a whole, including the fixed exchange ratio and mutual transaction protection and termination fee provisions, which it reviewed with its outside financial and legal advisors, including:

the board's determination that an exchange ratio that is fixed, meaning that it is not subject to adjustment to reflect changes in stock market prices of the two companies, is appropriate to reflect the strategic purpose of the merger and consistent with market practice for mergers of this type;

that a fixed exchange ratio fairly allocates the respective ownership interests of Nara and Center stockholders based on the fundamental valuation assessments made by the respective boards of directors and their negotiations of the exchange ratio and avoids fluctuations in a key element of the transaction being caused by temporary market fluctuations;

the Nara board of directors' ability, and the Center board of directors' corresponding ability, under certain circumstances, to withhold, withdraw, qualify or modify its recommendation to stockholders to vote in favor of the merger, subject to an obligation to pay the other party a termination fee of \$2.5 million or \$10 million, depending on the circumstances, as described under "The Merger Agreement" Termination Fees, which the board of directors concluded was reasonable in the context of termination fees in comparable transactions and in light of the overall terms of the merger agreement, including the value of the merger consideration;

the board of directors' understanding of the current and prospective environment in which Nara and Center operate and will operate, including national and local economic conditions, the competitive environment for financial institutions generally, the continuing trends of industry consolidation and increasing costs resulting in part from regulatory and legislative mandates, which the board and management believe favor efficiencies from a greater scale of operations, and the likely effect of these factors on Nara both with and without the proposed transaction; and

management's expectation that the combined company will have a strong capital position upon completion of the transaction, bolstered by an anticipated common equity offering, and that it would continue to have a strong capital position after repurchase of the TARP preferred stock and common stock purchase warrants that Nara and Center have issued to the Treasury Department.



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The Nara board of directors also considered a variety of potentially negative factors in its deliberations concerning the merger agreement and the merger, including the following, which are not listed in any relative order of importance:

there can be no assurance that all of the conditions to the parties' obligations to complete the merger will be satisfied, including the condition of obtaining the required bank regulatory approvals, which is a condition to the consummation of the merger that cannot be waived, and, as a result, the merger may not be consummated;

the board of directors' understanding, based upon the areas of regulatory concern that had resulted in Center entering into memoranda of understanding at both the holding company and bank levels with its banking regulators and in Nara being requested to adopt resolutions of its board of directors at both the holding company and bank levels, together with informal communications with those regulators regarding the proposed merger, that the bank regulatory approval process for the transaction would take substantially longer than normal, that both companies would be required to demonstrate that they had satisfactorily dealt with the regulatory issues raised and that, depending in part on their success in doing so, the merger transaction might not be approved;

the risk that potential benefits and synergies sought from the merger may not be realized, or may not be realized within the time period expected, and the risks associated with the integration of the two companies;

the risk that if the process of integrating the businesses of Nara and Center does not proceed as planned, it may have an adverse effect on Nara's relationships with its customers and ultimately impact Nara's profitability;

the restrictions contained in the merger agreement on the conduct of Nara's business prior to the completion of the merger, which are customary for public company merger agreements involving financial institutions and which mirror those placed on Center under the merger agreement, but which, subject to specific exceptions, could delay or prevent Nara from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of Nara absent the pending completion of the merger;

the significant risks and costs involved in connection with entering into and completing the merger, or failing to complete the merger in a timely manner, or at all, including as a result of any failure to obtain required regulatory approvals, such as the risks and costs relating to diversion of management and employee attention, potential employee attrition, and the potential effect on business and customer relationships;

the fact that, because the merger consideration will be determined on the basis of a fixed exchange ratio of shares of Nara common stock for Center common stock, Nara stockholders could be adversely affected by an increase in the trading price of Nara common stock, or a decrease in the value of Center, during the pendency of the merger; and

The fact that, using various balance sheet and income comparisons, individually or on a multiple, weighted basis, reasonable arguments could be made on a contribution analysis basis that would support an exchange ratio that would result in Center stockholders receiving a smaller percentage of the pro forma shares of common stock outstanding after the merger than the percentage provided in the merger agreement, the board also considered the contrary arguments based on other financial comparison measures and weightings thereof presented by Center and its financial advisor, as well as the perceived strategic benefits of the merger, and concluded that the exchange ratio agreed upon is reasonable under the circumstances.

The foregoing discussion of the information and factors considered by the Nara board of directors is not exhaustive, but is intended to include the material factors considered by the Nara board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, the Nara board of directors did



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not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Nara board of directors also did not undertake to make any specific determination as to whether any factor was decisive in reaching its ultimate determination. The Nara board of directors instead based its recommendation on the totality of the information presented.

**THE NARA BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO ADOPT AND APPROVE THE MERGER AGREEMENT AND FOR THE PROPOSAL TO ADJOURN THE ANNUAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES AND VOTES.**

In considering the recommendation of the Nara board of directors with respect to the proposal to adopt and approve the merger agreement, Nara stockholders should be aware that Nara's directors and executive officers have interests in the merger that are different from, or in addition to, those of other Nara stockholders. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted and approved by Nara's stockholders. See "Interests of Directors and Executive Officers in the Merger" "Interests of Nara Directors and Executive Officers" beginning on page [ ].

In addition, please note that this explanation of the reasoning of Nara's board of directors and other information presented in this section includes statements that are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Caution Regarding Forward-Looking Statements" on page [ ].

**Center's Reasons for the Merger; Recommendation of the Merger by the Center Board of Directors**

At a meeting held on December 8, 2010, after a careful review of the facts and circumstances relating to the merger, by unanimous vote, the Center board (i) approved and declared advisable the merger agreement and the transactions contemplated thereby, (ii) determined that the terms of the merger agreement and the merger and the other transactions contemplated thereby were fair to, and in the best interests of, Center and its stockholders and (iii) resolved to recommend that Center stockholders adopt and approve the merger agreement and directed that this matter be submitted for consideration of Center stockholders at a stockholders' meeting.

In reaching its decision, the Center board considered the condition of the Korean-American banking sector and concluded that consolidation was likely to occur among the community banks serving the Korean-American community. The Center board determined that it would be important for Center to grow in order to maintain and enhance its competitive position. The Center board evaluated a number of growth alternatives, including organic growth and the possibility of growing through acquisitions or establishing a strategic relationship with a major Korean bank, and decided that a combination with another bank serving the Korean-American community offered the best prospects for sustainable growth. In consultation with its financial and legal advisors, the Center board evaluated the other banks serving the Korean-American community, including their business base, operating results, financial condition, asset quality, management, branch locations and institutional culture, and concluded that among the Korean-American banks, a combination with Nara likely offered the best prospects.

The merger would create the nation's largest Korean-American bank, with approximately \$5.3 billion in assets, \$3.8 billion in gross loans, and \$3.9 billion in deposits and \$632.6 million in total equity as of December 31, 2010, and a national presence with branches located in California, New York, New Jersey, Chicago and Seattle. The Center board believed that the proposed merger with Nara would position the combined company to compete more effectively against its competitors in the changing economic and regulatory environment by, among other things:

strengthening the combined company's presence in its core California markets while expanding its footprint into the New York and New Jersey markets where Center currently does not have a presence;



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creating opportunities to leverage complementary business lines across a larger customer base, while improving customer service as a result of an expanded branch and distribution network and expanded and improved product offerings;

enabling more efficient operations through increased scale and synergies of the combined company;

enhancing the combined company's ability to grow organically or through acquisitions;

enhancing the ability of the combined company to access the capital markets, particularly in light of evolving regulatory requirements calling for increased capital; and

improving the combined company's ability to compete with large Korean national banks and other competitors in trade finance relationships and to seek new lending opportunities from large, multinational Korean companies in light of the combined company's increased lending limit.

In reaching its decision and making its recommendation, the Center board also considered the following additional material factors:

The structure of the transaction as a merger of equals in which, among other things, Center's board and management would have substantial participation in the combined company. In particular, Center's board considered the following:

the board of directors of the combined company would consist of seven Center-designated directors and seven Nara-designated directors;

the participation of Center's officers in senior management positions in the combined company as described under "Board of Directors and Management After the Merger" beginning on page [ ];

the quality and experience of Nara's board and management; and

the combined company and the combined bank will operate under a name to be selected by the directors of both companies.

The current environment in the financial services industry, including national and regional economic conditions, continued consolidation in the financial services industry (including the perceived need for consolidation in the Korean-American banking sector), regulatory compliance requirements, nationwide and local competition (including competition in the Korean-American banking sector), and the likely effect of these factors on Center on both a stand-alone basis and in the context of the proposed merger.

The merger is consistent with Center's business strategies, including achieving strong earnings growth, improving customer attraction and retention and focusing on expense control. The Center board concluded after its analysis that Center and Nara are a complementary fit because of the nature of the markets served and products offered by Center and Nara and the expectation that the merger would provide economies of scale, expanded product offerings, expanded opportunities for cross-selling, cost savings opportunities, and enhanced opportunities for growth.

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The fairness of the exchange ratio in view of the fact that the implied value of the merger consideration as of December 8, 2010, the day prior to the public announcement of the merger, is \$7.16 for each share of Center common stock, representing a 7.67% premium over the closing price of Center common stock of \$6.65 on December 8, 2010, and a premium of 31.14% and 34.90% over Center's average closing price during the 60 days and 52 weeks, respectively, preceding announcement of the proposed merger.

The expectation that the merger would be accretive to earnings in light of the potential cost savings and revenue enhancements.

The opportunities for additional cost savings through potential consolidation of certain branch offices of the combined company in California that are closely located to each other.

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The increase in overall assets to approximately \$5.3 billion and the increased market capitalization are anticipated to increase the combined company's access to equity and debt markets.

The merger represents an attractive opportunity for the combined company to broaden its market without geographic overlap outside the State of California, with Center gaining a presence in New York and New Jersey and Nara gaining a presence in Seattle and Chicago.

The benefits of the proposed merger as compared with maintaining Center as a stand-alone entity. In reaching this conclusion, the Center board noted that the institution resulting from a combination of Center and Nara should be able to compete more effectively in the current market as a result of its broader base of branches, economies of scale and higher lending limits. The Center board also considered that it was likely that there would be further consolidation in the Korean-American banking sector, making it more difficult for smaller institutions to compete. The Center board also considered Center's historical revenues and revenue expectations over the near and long term, its prospects for achieving continued revenue and earnings growth on an independent basis and as part of the combined company, the execution risks involved in implementing Center's growth strategies on a stand-alone basis, the increasingly competitive environment for small community banks, the increased regulatory burden expected to arise from the implementation of the Dodd-Frank Act and the earnings and growth challenges of doing business in the company's market area, and concluded that the combined company would likely have superior future earnings and prospects compared to Center's earnings and prospects on an independent basis.

The Center board considered whether parties other than Nara would be interested in and capable of entering into a transaction with Center that would provide value to Center's stockholders that was superior to the proposed merger with Nara. As part of its analysis, the Center board considered the views of its management, DADCo and its other advisors. After considering the business, operations, financial condition, asset quality, earnings, management composition, prospects, branch locations and geographical overlap of operations, culture and other attributes of the limited number of viable candidates for a potential merger, the Center board determined that the proposed merger with Nara offered the best strategic fit and opportunity among the available strategic growth options at the time. The Center board also believed that there would be a substantial risk of loss of the opportunity to merge with Nara if negotiations of the transaction were deferred to a later time.

The financial analyses presented by DADCo at the December 8, 2010 meeting of the Center board and the opinion of DADCo, delivered orally at the December 8, 2010 meeting and subsequently confirmed in writing to the effect that, as of that date and based upon and subject to the limitations, qualifications, factors and assumptions set forth in the written opinion, the exchange ratio to be received by Center stockholders pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of the written opinion of DADCo, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C hereto and is incorporated herein by reference. For a further discussion of DADCo's opinion, see "Opinions of Nara and Center Financial Advisors" Opinion of Center's Financial Advisor below.

The Center board's belief that the merger would create a deep bench of board and management talent, with a strong mix of leaders in the Korean-American community and professional expertise at the board level.

The Center board's belief that the terms of the merger agreement were fair and reasonable to Center and its stockholders, including, among other terms, the adequacy of the exchange ratio as further discussed above, the covenants of Center and Nara under the merger agreement, including covenants relating to efforts to obtain regulatory approvals, the limited ability of either party to terminate the merger agreement, the limited conditions to closing, and the limitations and exceptions included in the definition of material adverse effect, which term is used, among other purposes, to reduce the scope of certain representations, warranties and covenants and related merger agreement closing conditions, and the absence of which is a separate closing condition.

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The fact that Nara's common stock was trading on the low end of its historical trading range at the time the Center board approved the proposed merger, which could provide Center's stockholders with potential upside in the stock consideration they would receive if the merger is consummated.

The Center board's belief that the merger will better position the combined company to repay its TARP obligations and resume payment of dividends to its stockholders than if Center remained a separate entity.

The results of the due diligence investigation of Nara conducted by Center's management and financial, legal and other advisors.

The merger would be a tax free reorganization for U.S. federal income tax purposes and Center stockholders receiving stock consideration would not recognize gain or loss on the exchange of Center stock for stock of the combined company.

As a result of the merger, the combined company would have significantly more shares outstanding than Center on a stand-alone basis, which may increase the visibility of and liquidity in the combined company's common stock.

Although Center is prohibited under the merger agreement from soliciting a transaction proposal from any other party, the Center board is permitted to consider an alternative acquisition proposal and provide information to and enter into discussions and negotiations with the person making that proposal, if it determines in good faith, after consultation with its financial and outside legal advisors, that such competing proposal is or is reasonably likely to lead to a superior proposal and that a failure to take such action would be inconsistent with its fiduciary duties under applicable law and the Center board otherwise complies with the other restrictions and conditions set forth under the merger agreement before furnishing any information to, or engaging in discussions with, such person making the proposal.

Subject to the payment of a termination fee of up to \$10 million and compliance with certain other requirements included in the merger agreement, the Center board is permitted to change its recommendation regarding the merger and pursue an alternative transaction with another party if the directors have determined that the proposal made by that party constitutes a superior proposal. The Center board also considered the potential risks outlined below but concluded that the anticipated benefits of the merger were likely to outweigh these risks. The risks included:

The possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of Center's on-going business and in the loss of customers.

The possibility of encountering difficulties in achieving cost savings and revenue synergies in the amounts estimated or in the time frame contemplated.

The fact that the exchange ratio will not change with increases or decreases in the market price of either company's stock before the closing of the merger. Although such an exchange ratio is customary in transactions of this nature, the Center stockholders could be adversely affected if there is a decrease in the trading price of Nara common stock during the pendency of the merger or if Center's stock outperforms Nara's stock between December 9, 2010 and the closing of the merger.

The fact that completion of the merger is subject to regulatory approvals from multiple bank regulatory agencies and there can be no assurance that these approvals will be received prior to the termination date in the merger agreement, after which time either Nara or Center can terminate the merger agreement.

One or more of the bank regulatory authorities could condition their approval of the merger on the companies' compliance with burdensome requirements, which could have the effect of delaying completion of the transactions contemplated in the merger agreement or imposing additional costs on

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or limiting the revenues of the combined company, any of which might have a material adverse effect on the combined company following the merger. In this regard, the Center board noted the restrictions and challenges relating to the ongoing informal regulatory actions against Center and Nara and the potential difficulties in obtaining regulatory approvals as a result thereof. These regulatory actions consist of memoranda of understanding with bank regulatory authorities in the case of Center and the adoption of board of directors resolutions at the request of bank regulatory authorities in the case of Nara, directed toward reducing nonperforming assets, resolving perceived weaknesses in lending and specified other banking operations and, in Center's case, increasing capital. To obtain regulatory approval of the merger, each of Center and Nara believes that it must demonstrate to the regulatory authorities that each has satisfactorily addressed these regulatory issues.

The restrictions on the conduct of Center's business prior to the completion of the merger under the merger agreement, which require, among other things, that Center conduct its business only in the ordinary course and take certain actions or refrain from taking certain actions, subject to specific exceptions, which may delay or prevent Center from pursuing business opportunities that may arise that it would otherwise pursue.

The existence of a termination fee of up to \$10 million payable in certain circumstances by Center to Nara that would make it more costly for another potential purchaser to acquire Center and, therefore, might have the effect of discouraging other potential purchasers from making a competing proposal to acquire Center.

The requirement that Center submit the merger agreement to its stockholders for a vote even if its board withdraws its recommendation that Center stockholders approve the merger.

The fact that Center's executive officers and directors may have interests in the proposed merger that are different from, or in addition to, those of Center's other stockholders. See [Interests of Directors and Executive Officers in the Merger](#) beginning on page [ ].

The possibility that the merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on, among other things, the market price of Center's common stock and Center's operating results, particularly in light of the costs incurred in connection with the proposed merger.

The possibility that Nara could terminate the merger agreement and elect not to proceed with the merger if holders of 6% or more of Center's common stock exercise dissenters' rights in accordance under California law.

The other risks described in the section entitled [Risk Factors](#) beginning on page [ ].

Although the Center board considered these and other factors, the Center board did not collectively assign any specific or relative weights to the factors considered and did not make any determination with respect to any individual factor. The Center board collectively made its determination based on the conclusion reached by its members, in light of the factors that each of them considered appropriate, that the merger is in the best interests of Center and its stockholders.

The Center board noted that there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding anticipated cost savings and earnings accretion/dilution. However, the Center board concluded that the potential positive factors outweighed the potential risks of completing the merger.

It should be noted that this explanation of the Center board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading [Cautionary Statement Regarding Forward-Looking Statements](#).

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For the reasons set forth above, the Center board determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interest of Center and its stockholders, and unanimously approved the merger agreement.

**THE CENTER BOARD UNANIMOUSLY RECOMMENDS THAT THE CENTER STOCKHOLDERS VOTE FOR ADOPTION AND APPROVAL OF THE MERGER AGREEMENT.**

**Opinions of Nara and Center Financial Advisors**

*Opinion of Nara's Financial Advisor*

Nara executed an engagement agreement with KBW on November 30, 2010. KBW's engagement encompassed assisting Nara in analyzing, structuring, negotiating and effecting a transaction with Center. Nara selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Nara and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On December 8, 2010, the Nara board of directors held a meeting to evaluate the proposed merger of Center with and into Nara, which meeting was reconvened by conference call the following morning to complete the board's discussion. At the meeting on December 8, 2010, KBW reviewed the financial aspects of the proposed merger and at the reconvened meeting on December 9, 2010, rendered an oral opinion (subsequently confirmed in writing) to Nara that, as of such date, and based upon and subject to factors and assumptions set forth therein, the exchange ratio in the merger is fair, from a financial point of view to Nara. The Nara board of directors approved the merger agreement at the reconvened meeting on December 9, 2010.

The full text of KBW's written opinion, dated December 9, 2010, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this document and is incorporated herein by reference. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion. Nara's stockholders are urged to read the opinion in its entirety.

KBW's opinion speaks only as of the date of the opinion. The opinion is directed to the Nara board of directors and addresses only the fairness, from a financial point of view to Nara, of the exchange ratio in the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Nara stockholder as to how the stockholder should vote on the merger or any related matter.

In connection with its opinion, KBW reviewed, analyzed and relied upon material bearing upon the merger and the financial and operating condition of Nara and Center, including among other things, the following:

the merger agreement,

the annual reports to stockholders and Annual Report on Form 10-K for each of the three years ended December 31, 2009 of Nara and Center,

quarterly earnings releases and Quarterly Reports on Form 10-Q of Nara and Center and certain other communications from Nara and Center to their respective stockholders, and

other financial information concerning the businesses and operations of Nara and Center furnished to KBW by Nara and Center, respectively, for purposes of KBW's analysis.

KBW also held discussions with members of senior management of Nara and Center regarding the past and current business operations, regulatory relations, financial condition and future prospects of the respective





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companies and such other matters that KBW deemed relevant to its inquiry. In addition, KBW compared certain financial and stock market information for Nara and Center with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry, the potential pro forma impact of the merger, and performed such other studies and analyses as KBW considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or publicly available, and did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. KBW relied upon the managements of Nara and Center as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefor) provided to KBW and KBW assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. KBW is not an expert in the independent valuation of the adequacy of allowances for loan losses, and, without independent verification, assumed that the aggregate allowances for loan and lease losses for Nara and Center are adequate to cover those losses. KBW did not make or obtain any evaluations or appraisals of any assets or liabilities of Nara or Center, nor did it examine or review any individual credit files.

The projections furnished to KBW and used by it in certain of its analyses were prepared by Nara's and Center's senior management teams. Nara and Center do not publicly disclose internal management projections of the type provided to KBW in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. The estimates or projections contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates or projections of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

KBW was not asked to, and it did not, offer any opinion as to the terms of the merger agreement or the form of the merger, other than the exchange ratio to the extent expressly specified in KBW's opinion. Additionally, KBW's opinion did not address the relative merits of the merger as compared to any alternative business strategies that might exist for Nara, nor does it address the effect of any other business combination in which Nara might engage.

For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

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KBW further assumed that the merger will be accounted for as a purchase transaction under generally accepted accounting principles, and that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. KBW's opinion is not an expression of an opinion as to the prices at which shares of Nara common stock would trade after the announcement of the proposed merger or the actual value of the shares of Nara common stock when issued pursuant to the merger, or the prices at which the shares of Nara common stock will trade following the completion of the merger.

In performing its analyses, KBW considered such financial and other factors it deemed appropriate, including, among other things, the historical and current financial position and results of operations of Nara and Center, the assets and liabilities of Nara and Center, and the nature and terms of certain other merger transactions involving banks and bank holding companies. KBW also took into account KBW's assessment of general economic, market and financial conditions and other matters, which are beyond the control of KBW, Nara and Center and none of Nara, Center, KBW or any other person assumes responsibility if future results are materially different from those projected.

The exchange ratio was determined through negotiation between Nara and Center and the decision to enter into the merger was solely that of Nara's board of directors. In addition, the KBW opinion was among several factors taken into consideration by the Nara board in making its determination to adopt and approve the merger agreement and approve the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Nara board with respect to the fairness of the exchange ratio in the merger.

*Summary of Analysis by KBW*

The following is a summary of the material financial analyses presented by KBW to the Nara board in connection with rendering the fairness opinion described above. The following summary is not a complete description of the financial analyses performed by KBW in rendering its opinion or the presentation made by KBW to the Nara board, nor does the order of analysis described represent relative importance or weight given to any particular analysis by KBW, and the summary is qualified in its entirety by reference to the written opinion of KBW attached as Annex B. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible of partial analysis or summary description. Selecting portions of the analysis or of the summary set forth herein, without considering the analysis as a whole, could create an incomplete view of the processes underlying KBW's opinion. In arriving at its opinion, KBW considered the results of its entire analysis and KBW did not attribute any particular weight to any analysis or factor that it considered. Rather, KBW made its determination as to fairness on the basis of its experience and professional judgment after considering the results of its entire analysis. The financial analyses summarized below include information presented in tabular format. KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

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*Selected Peer Group Analysis.* Using publicly available information, KBW compared the financial performance and financial condition of Center to the following depository institutions that KBW considered comparable to Center. Companies included in this peer group of comparable companies, all of which are headquartered in the Western United States, were:

**Chinese-American Public Banks:**

East West Bancorp, Inc.  
Cathay General Bancorp  
MetroCorp Bancshares, Inc.  
Preferred Bank

**Korean-American Public Banks:**

Wilshire Bancorp, Inc.  
Nara Bancorp, Inc.  
Hanmi Financial Corporation

**Smaller Korean-American Public Banks:**

Saehan Bancorp  
Pacific City Financial Corporation  
Commonwealth Business Bank  
Pacific International Bancorp, Inc.  
Uniti Financial Corporation  
Open Bank  
US Metro Bank  
Ohana Pacific Bank

To perform this analysis, KBW used financial information for the three-month period ended September 30, 2010. Certain financial information prepared by KBW, and referenced in the tables presented below, may not correspond to the data presented in Center's historical financial statements, or to the data prepared by DADCo, presented under the section Opinion of Center's Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the financial information presented.

KBW's analysis showed the following concerning Center's financial performance:

**Center's Financial Performance**

	<b>Center</b>	<b>Asian American Peer Group Minimum</b>	<b>Asian American Peer Group Maximum</b>
Return on Average Assets	1.04%	(7.30%)	0.93%
Return on Average Equity	8.8%	(85.1%)	8.0%
Return on Average Tangible Equity <sup>(1)</sup>	8.9%	(85.1%)	10.1%
Net Interest Margin	3.31%	2.74%	4.28%
Noninterest Income / Average Assets	0.77%	0.12%	1.73%
Noninterest Expense / Average Assets	2.17%	1.23%	5.56%
Efficiency Ratio	57.6%	37.2%	113.9%
Pre Tax Pre Provision Income / Average Assets <sup>(1)</sup>	1.60%	(0.71%)	2.68%

(1) Net of Amortization of Intangible Assets. Pre Tax Pre Provision Income does not exclude gains or losses on sale of loans, or foreclosure and repo expense. All metrics are annualized with the exception of the efficiency ratio.

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KBW's analysis showed the following concerning Center's financial condition:

**Center's Financial Condition**

	Center	Asian American Peer Group Minimum	Asian American Peer Group Maximum
Gross Loans Held for Investment / Total Deposits	85.3%	71.5%	107.0%
Total Equity / Total Assets	11.94%	5.82%	14.86%
Tangible Equity / Tangible Assets	11.92%	5.74%	14.86%
Tangible Common Equity / Tangible Assets	9.57%	4.73%	12.11%
Leverage Ratio	12.55%	7.55%	14.78%
Tier 1 Ratio	18.04%	9.24%	18.04%
Total Risk-Based Capital Ratio	19.32%	10.91%	19.70%
Nonperforming Assets / Loans + OREO	4.66%	1.97%	16.91%
Loan Loss Reserve / Loans	3.45%	1.80%	8.60%
Loan Loss Reserve / Nonperforming Loans	85.0%	23.3%	97.4%
Texas Ratio <sup>(1)</sup>	25.3%	14.6%	88.0%
Net Charge-Offs / Adjusted Average Loans <sup>(2)</sup>	2.18%	0.17%	8.08%
Loan Loss Provision / NCOs	50.2%	50.2%	238.4%

(1) (NPAs & 90+ days delinquent loans) / (Tangible Common Equity).

(2) Annualized; excludes covered loans per FDIC-assisted acquisitions if applicable.

KBW's analysis showed the following concerning Center's market performance:

**Center's Market Performance**

	Center	Asian American Peer Group Minimum	Asian American Peer Group Maximum
Stock Price / Book Value per Share	1.22x	0.16x	1.37x
Stock Price / Tangible Book Value per Share	1.22x	0.16x	1.70x
Stock Price / 2011 EPS Consensus Estimates <sup>(1)</sup>	14.5x	11.2x	27.8x
Stock Price / 2012 EPS Consensus Estimates <sup>(1)</sup>	10.6x	5.4x	19.0x
Premium / Core Deposits	3.9%	-17.7%	10.5%
Dividend Yield	0.00%	0.00%	0.27%

(1) Per Thompson Financial.

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*Comparable Transaction Analysis.* KBW reviewed publicly available information related to select comparably sized acquisitions of banks nationwide announced since December 31, 2007 with aggregate transaction values between \$50 million and \$750 million, excluding transactions in which the seller had ratios of NPAs to Loans & OREO greater than 4.5%. The 21 transactions included in the group were:

**Acquiror:**

Community Bank System, Inc.  
 Old National Bancorp  
 F.N.B. Corporation  
 Eastern Bank Corporation  
 National Australia Bank, Limited  
 Chemical Financial Corporation  
 Tower Bancorp, Inc.  
 M&T Bank Corporation  
 Pensco Financial Services Corporation  
 Hampton Roads Bankshares, Inc.  
 Hillister Enterprises II, Inc.  
 Yadkin Valley Financial Corporation  
 First Merchants Corporation  
 Wells Fargo & Company  
 First Citizens Bancorporation, Inc.  
 Whitney Holding Corporation  
 CapitalSource Inc.  
 Valley National Bancorp  
 F.N.B. Corporation  
 Prosperity Bancshares, Inc.  
 Hampton Roads Bankshares, Inc.

**Acquired Company:**

Wilber Corporation  
 Monroe Bancorp  
 Comm Bancorp, Inc.  
 Wainwright Bank & Trust Company  
 F&M Bank-Iowa Central  
 O.A.K. Financial Corporation  
 First Chester County Corporation  
 Provident Bankshares Corporation  
 Old Forge Bank  
 Gateway Financial Holdings, Inc.  
 Crosby Bancshares, Inc.  
 American Community Bancshares, Inc.  
 Lincoln Bancorp  
 Century Bancshares, Inc.  
 Community Bankshares, Inc.  
 Parish National Corporation  
 Retail deposits and assets  
 Greater Community Bancorp  
 Iron & Glass Bancorp, Inc.  
 1st Choice Bancorp, Inc.  
 Shore Financial Corporation

Transaction multiples for the merger were derived from an implied aggregate offer price of \$285.7 million (based on stock prices as of December 8, 2010) for Center. For each precedent transaction, KBW derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

last twelve months earnings per share based on the latest publicly available financial statements of the acquired company prior to the announcement of the acquisition,

book value per share of the acquired company based on the latest publicly available financial statements of the company prior to the announcement of the acquisition,

tangible book value per share of the acquired company based on the latest publicly available financial statements of the company prior to the announcement of the acquisition,

total deposits based on the latest publicly available financial statements of the acquired company prior to the announcement of the acquisition,

tangible common equity premium to core deposits (total deposits less time deposits greater than \$100,000 each) based on the latest publicly available financial statements of the company prior to the announcement of the acquisition, and

market premiums based on the latest closing price 1-day and 1-month prior to the public announcement of the acquisition.



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The results of the analysis are set forth in the following table:

**Comparable Transaction Analysis**

<b>Transaction Price to:</b>	<b>Nara / Center Merger</b>	<b>Comparable Transactions Minimum</b>	<b>Comparable Transactions Maximum</b>
LTM EPS	NM <sup>(1)</sup>	8.5x	35.6x
Book Value	1.31x	0.61x	3.37x
Tangible Book Value	1.32x	0.90x	3.37x
Deposits	15.9%	3.0%	35.9%
Core Deposit Premium	5.4%	1.3%	28.6%
Market Premium: 1-Day	7.6%	19.3%	169.5%
Market Premium: 1-Month	22.1%	(15.2%)	189.9%

(1) Not meaningful.

No company or transaction used as a comparison in the above analysis is identical to Nara, Center or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning similarities and differences in financial and operating characteristics of the companies involved.

*Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of Center. In this analysis, KBW assumed discount rates ranging from 11.0% to 15.0% to derive (i) the present value of the estimated free cash flows that Center could generate over a five-year period, including certain cost savings forecasted as a result of the merger, and (ii) the present value of Center's terminal value at the end of year five. Terminal values for Center were calculated based on a range of 8.0x to 16.0x estimated year six earnings. In performing this analysis, KBW used Center's and Nara's management's estimates. Certain data were adjusted to account for restructuring charges anticipated by management to result from the merger. KBW assumed that Center would maintain a tangible common equity / tangible asset ratio of 8.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for Center.

Based on these assumptions, KBW derived a range of implied value of Center of \$6.27 per share to \$12.61 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of this methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Center.

*Forecasted Pro Forma Financial Analysis.* KBW analyzed the estimated financial impact of the merger on Nara's 2011 estimated earnings per share. For both Nara and Center, KBW ran two scenarios, one using management estimates of earnings per share for 2011, and the other using consensus analyst estimates of earnings per share for 2011. In addition, KBW assumed that the merger will result in cost savings equal to Nara's management's estimates. Based on its analysis, KBW determined, in both scenarios, that the merger would be accretive to Nara's estimated GAAP earnings per share in 2011.

Furthermore, the analysis indicated that Nara's leverage ratio, tier 1 risk-based capital ratio and total risk-based capital ratio would all remain at or above the levels specified in the bank regulatory definition of well capitalized. This analysis was based on internal projections provided by Nara's and Center's senior management teams. For all of the above analyses, the actual results achieved by Nara following the merger may vary from the projected results, and the variations may be material.

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The Nara board retained KBW as an independent contractor to act as financial advisor to Nara regarding the merger. As part of its investment banking business, KBW is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to, Nara and Center. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Nara for KBW's own account and for the accounts of its customers.

Under the engagement agreement entered into by Nara and KBW, Nara agreed to pay KBW a cash fee of \$250,000 concurrently with the rendering of its opinion, the amount of which fee, to the extent paid, shall be credited against the amount of any contingent fee that becomes payable. Nara will pay to KBW at the time of closing of the merger a contingent cash fee equal to \$1,500,000. Pursuant to the KBW engagement agreement, Nara also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements, including fees and reasonable expenses of counsel, up to \$25,000, incurred in connection with the engagement and to indemnify KBW and related parties against certain liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

### ***Opinion of Center's Financial Advisor***

DADCo was retained to act as financial advisor to Center in connection with the merger and to render an opinion as to whether the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the stockholders of Center. At a meeting of Center's board of directors held on December 8, 2010, DADCo rendered its opinion to the effect that, based upon and subject to the considerations set forth in the opinion and based upon such other matters as DADCo considered relevant, the exchange ratio was fair, from a financial point of view, to the stockholders of Center as of the date of the opinion.

The full text of the written opinion of DADCo, dated December 8, 2010, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this document and is incorporated herein by reference. Center's stockholders should read the opinion in its entirety. DADCo provided its opinion for the information and assistance of Center's board of directors in connection with its consideration of the merger. The DADCo opinion is not a recommendation as to how any holder of Center's common stock should vote with respect to the merger.

In connection with rendering its opinion and performing its related financial analyses, DADCo reviewed, among other things:

a draft of the merger agreement dated December 8, 2010;

certain financial statements and other historical financial and business information about Center and Nara made available to DADCo from published sources and/or from the internal records of Center and Nara that DADCO deemed relevant;

consensus earnings estimates by quarter for the year 2010 and by quarter and annually for the years 2011 and 2012 published by Thompson Financial as of December 7, 2010 and the views of senior management of Center and Nara as well as limited discussions with senior management regarding past and present business, financial condition, results of operations and future prospects for Center and Nara;

the current market environment generally and the banking environment in particular;

the publicly reported historical price and trading activity for Center and Nara common stock;

the relative contributions of Center and Nara to the combined company;





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a comparison of certain financial and stock market information for Center with similar publicly available information for certain other companies of which the securities are publicly traded;

the financial terms of certain other mergers of equals in the financial institutions industry, to the extent publicly available;

the pro forma financial impact of the merger, taking into consideration the amounts and timing of the transaction costs and cost savings which the managements of Center and Nara estimate will result from the merger; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as DADCo considered relevant.

DADCo also has reviewed the final executed merger agreement, and believes that none of the changes from the draft merger agreement on December 8, 2010 to the final executed merger agreement affected its fairness opinion or fairness opinion analysis in any material respects.

In rendering its opinion, DADCo assumed and relied upon the accuracy and completeness of all information supplied or otherwise made available to DADCo, discussed with or reviewed by or for DADCo, or publicly available, and DADCo has not assumed responsibility for independently verifying such information or undertaken an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Center or Nara, nor has DADCo been furnished with any such evaluation or appraisal. In addition, DADCo has not assumed any obligation to conduct, nor has it conducted, any physical inspection of the properties or facilities of Center or Nara. DADCo has further relied on statements from the management of Center and Nara that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. DADCo did not make an independent evaluation of the adequacy of the allowance for loan losses of Center or Nara nor has DADCo reviewed any individual credit files relating to Center or Nara. DADCo has assumed that the respective allowances for loan losses for both Center and Nara are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. DADCo has assumed that there has been no material change in Center's or Nara's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements provided.

DADCo has assumed in all respects material to the analysis that Center and Nara will remain as going concerns for all periods relevant to the analysis. It has also assumed in all respects material to the analysis that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement will not be waived.

DADCo has assumed that in the course of obtaining necessary regulatory or other consents or approvals (contractual or otherwise) for the transaction, no restrictions, including any divestiture requirements or amendment or modifications, will be imposed that will have a material adverse effect on the contemplated benefits of the transaction.

In addition, DADCo has also assumed that the transaction will qualify as a tax-free reorganization. DADCo does not express any view as to, and its opinion does not address, the relative merits of the transaction as compared to any alternative business strategies that might exist for Center or the effect of any other transaction in which Center might engage. Additionally, DADCo is not expressing any opinion herein as to the prices at which the shares of Center or Nara currently trade or may trade in the future. The opinion of DADCo is necessarily based upon information available to DADCo and economic, market, financial and other conditions as they exist and can be evaluated on the date of the opinion.

Set forth below is a summary of the material financial analyses performed by DADCo in connection with rendering its opinion. The summary of the analyses of DADCo set forth below is not a complete description of the analyses underlying its opinion, and the order in which these analyses are described below is not indicative of any relative weight or importance given to those analyses by DADCo. The following summaries of financial

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analyses include information presented in tabular format. You should read these tables together with the full text of the summary financial analyses, as the tables alone are not a complete description of the analyses.

Unless otherwise indicated, the following quantitative information, to the extent it is based on market data, is based on market data as of December 7, 2010, the last trading day prior to the date on which DADCo made its presentation to Center's board of directors, and is not necessarily indicative of market conditions after such date.

*Contribution Analysis.* DADCo computed the relative contributions of Center and Nara to (1) the total assets, gross loans, loan loss reserves, investment securities, total deposits, core deposits, total equity, tangible equity, tangible common equity, tier 1 capital and risk-based capital as of September 30, 2010, (2) interest income, interest expense, net interest income, non-interest income, non-interest expense, net income and pre-tax pre-provision income for the last twelve months ended September 30, 2010, (3) projected net income for years 2011 and 2012 based on consensus earnings estimates published by Thompson Financial as of December 7, 2010, and (4) market capitalization and total number of branch locations as of December 7, 2010

The results of this analysis are set forth in the following table (\$ in thousands):

Contribution	Nara	Center	Contribution %	
			Nara	Center
<b>Balance Sheet</b>				
Total Assets	\$ 2,984,976	\$ 2,267,439	56.8%	43.2%
Gross Loans	2,174,757	1,578,908	57.9%	42.1%
Loan Loss Reserves	63,692	54,460	53.9%	46.1%
Investment Securities	504,596	306,445	62.2%	37.8%
Total Deposits	2,202,656	1,792,281	55.1%	44.9%
Core Deposits*	1,872,801	1,247,037	60.0%	40.0%
Total Equity	356,102	270,690	56.8%	43.2%
Tangible Equity	352,932	270,216	56.6%	43.4%
Tangible Common Equity	288,965	216,869	57.1%	42.9%
Tier 1 Capital	377,991	284,662	57.0%	43.0%
Risk-Based Capital	407,066	304,816	57.2%	42.8%
<b>Income Statement Last Twelve Months</b>				
Interest Income	\$ 154,254	\$ 96,379	61.5%	38.5%
Interest Expense	48,179	30,167	61.5%	38.5%
Net Interest Income	106,075	66,212	61.6%	38.4%
Non-Interest Income	25,607	16,416	60.9%	39.1%
Non-Interest Expense	60,819	47,874	56.0%	44.0%
Net Income	(13,785)	(8,233)	NM	NM
Pre-Tax Pre-Provision Income	70,863	42,790	62.4%	37.6%
<b>Income Statement Projected</b>				
Net Income 2011E	\$ 12,542	\$ 18,360	40.6%	59.4%
Net Income 2012E	27,743	25,145	52.5%	47.5%
<b>Other Considerations</b>				
Market Capitalization	\$ 338,282	\$ 262,924	56.3%	43.7%
Branches	23	22	51.1%	48.9%

\* Core deposits include all non-jumbo CDs.

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*Selected Companies Analysis.* DADCo reviewed and compared certain financial and stock market information, ratios and multiples for Center to corresponding financial and stock market information, ratios and multiples for (1) a group of ten publicly traded regional banks in the Western U.S. of similar size and credit condition and (2) a group of thirteen publicly traded regional banks in California set forth below:

Western U.S. Companies of Similar Size and Credit Condition\*

CoBiz Financial, Inc.

Columbia Banking System, Inc.

First California Financial Group, Inc.

Heritage Commerce Corp

Heritage Financial Corporation

Nara Bancorp, Inc.

Pacific Continental Corporation

TriCo Bancshares

West Coast Bancorp

Wilshire Bancorp, Inc.

\* *Consists of all publicly traded banks headquartered in the Western U.S. with total assets between \$1.0 billion and \$5.0 billion, and with a ratio of non-performing assets to total assets between 2.00% and 5.00%. The foregoing criteria are intended to capture companies within the Western United States that were relatively comparable to Nara and Center in terms of size, credit quality and financial condition.*

California Companies\*\*

Bank of Marin

CVB Financial Corp.

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First California Financial Group, Inc.

Hanmi Financial Corporation

Heritage Commerce Corp

Nara Bancorp, Inc.

Pacific Mercantile Bancorp

PacWest Bancorp

Preferred Bank

Sierra Bancorp

TriCo Bancshares

Westamerica Bancorporation

Wilshire Bancorp, Inc.

*\*\* Consists of all publicly traded banks headquartered in California with total assets between \$1.0 billion and \$10.0 billion. This list is geographically focused and is intended to capture all publicly traded banks that are relatively similar in size to Nara or Center, regardless of their financial condition or credit quality. Accordingly, DADCo did not apply the ratio of non-performing assets to total asset criteria in selecting comparable companies for this list.*

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DADCo calculated and compared selected multiples and ratios for Center and the selected companies based upon publicly available information. DADCo used balance sheet and income statement information at or for the fiscal quarter ended September 30, 2010 and market data as of December 7, 2010. For the financial statistics set forth below, DADCo relied on information published by SNL Financial LLC, a recognized data service that collects, standardizes and disseminates relevant corporate, financial, market and mergers and acquisitions data for companies in the banking industry. The selected multiples, statistics and ratios that were calculated and compared by DADCo were as follows:

Market capitalization as a multiple of stated tangible book value;

Ratio of market capitalization less tangible book value to core deposits (core deposit premium);

Ratio of tier 1 capital to average adjusted assets (leverage ratio);

Ratio of tier 1 capital to risk weighted assets (tier 1 ratio);

Ratio of total risk-based capital to risk weighted assets (risk-based capital ratio);

Ratio of tangible common equity to tangible assets;

Ratio of non-performing assets to total assets;

Ratio of loan loss reserve to non-performing assets;

Ratio of non-performing assets plus loans 90+ days past due to tangible book value plus loan loss reserve ( Texas ratio );

Ratio of net charge-offs to average total loans;

Net interest margin; and

Return on average assets.

	<b>Center</b>	<b>Selected Companies (Median) Western US Companies</b>	<b>California Companies</b>
Market capitalization as a multiple of stated tangible book value;	121.2%	114.4%	109.2%
Ratio of market capitalization less tangible book value to core deposits* (core deposit premium);	3.62%	2.30%	2.26%
Ratio of tier 1 capital to average adjusted assets (leverage ratio);	12.55%	12.47%	10.01%
Ratio of tier 1 capital to risk weighted assets (tier 1 ratio);	18.04%	16.20%	14.10%

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Ratio of total risk-based capital to risk weighted assets (risk-based capital ratio);	19.32%	17.46%	15.56%
Ratio of tangible common equity to tangible assets;	9.57%	9.51%	8.34%
Ratio of non-performing assets to total assets;	3.03%	3.76%	3.78%
Ratio of loan loss reserve to non-performing assets;	79.4%	51.4%	50.0%
Ratio of non-performing assets plus loans 90+ days past due to tangible book value plus loan loss reserve (Texas ratio)	25.3%	37.3%	43.8%
Ratio of net charge-offs to average total loans	2.18%	1.69%	1.93%
Net interest margin	3.25%	4.06%	3.88%
Return on average assets	1.04%	0.44%	0.25%

\* Core deposits include all non-jumbo CDs

*Precedent Transactions Analysis.* DADCo analyzed publicly available information for nine selected comparable merger-of-equal transactions in the commercial banking industry, consisting of:

Virginia Financial Group / FNB Corp.

Bank of New York Co. / Mellon Financial Corp.

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UnionBancorp Inc. / Centru Financial Corporation

Regions Financial Corp. / Union Planters Corp.

UNB Corp. / BancFirst Ohio Corp.

MB Financial Inc. / MidCity Financial Corporation

New York Community Bancorp / Richmond County Financial Corp

First Place Financial Corp. / FFY Financial Corp.

National Commerce Bancorp / CCB Financial Corp.

DADCo calculated the premium to the stock price for the last trading day prior to the announcement of the transaction implied by the exchange ratio for the precedent transaction, the contribution to market value of each company in the precedent transaction, the contribution to tangible common equity of each company in the precedent transaction (before purchase accounting adjustments) and the pro forma ownership of each company in the precedent transaction, as well as certain non-financial terms of the precedent transactions, including a review of the composition of the board of directors of the combined company. The results of these analyses and reviews are summarized in the following table:

Issuer / Partner	Announce Date	Deal Value (\$M)	1-Day Premium	% Contribution		Tangible Common Equity		Merger Results Pro-Forma Ownership		Board Representation	
				Market Capitalization Issuer	Market Capitalization Partner	Issuer	Partner	Issuer	Partner	Issuer	Partner
Virginia Financial Group/FNB Corp.	Jul-07	\$ 240.2	2.9%	49.0%	51.0%	51.2%	48.8%	48.0%	52.0%	50.0%	50.0%
Bank of New York Co./ Mellon Financial Corp.	Dec-06	\$ 16,864.4	0.0%	61.9%	38.1%	69.4%	30.6%	63.3%	36.7%	55.6%	44.4%
UnionBancorp Inc./ Centru Financial Corporation	Jun-06	\$ 54.3	5.3%	59.5%	40.5%	68.4%	31.6%	58.6%	41.4%	50.0%	50.0%
Regions Financial Corp./Union Planters Corp.	Jan-04	\$ 6,000.8	0.0%	58.3%	41.7%	61.1%	38.9%	59.0%	41.0%	50.0%	50.0%
UNB Corp./BancFirst Ohio Corp.	Sep-01	\$ 216.0	17.0%	52.0%	48.0%	46.4%	53.6%	47.0%	53.0%	50.0%	50.0%
MB Financial Inc./ MidCity Financial Corporation	Apr-01	\$ 174.8	NA	NA	NA	31.4%	68.6%	40.0%	60.0%	47.1%	52.9%
New York Comm. Bancorp/Richmond County Fin. Corp	Mar-01	\$ 779.3	4.7%	59.9%	40.1%	46.8%	53.2%	60.0%	40.0%	55.6%	44.4%
First Place Financial Corp./FFY Financial Corp.	May-00	\$ 71.5	4.8%	56.4%	43.6%	69.2%	30.8%	60.0%	40.0%	50.0%	50.0%
National Commerce Bancorp./CCB Financial Corp.	Mar-00	\$ 1,920.6	25.2%	59.0%	41.0%	44.3%	55.7%	53.0%	47.0%	50.0%	50.0%



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*Accretion/Dilution Analysis.* DADCo performed pro forma analyses of the financial impact of the merger on Center's and Nara's (1) estimated earnings per share on a GAAP basis for 2<sup>nd</sup> half of 2011 after the transaction closes and full year 2012 (2) pre-tax pre-provision earnings per share for the annualized Q3 2010 and (3) estimated closing tangible book value per share. The following assumptions were applied:

Transaction closes June 30, 2011;

Financial data as of September 30, 2010;

42% marginal corporate tax rate on transaction and earnings adjustments;

Consensus earnings estimates by equity research analysts, as published by Thompson Financial, by quarter for the year 2010 and by quarter and annually for the years 2011 and 2012

Center and Nara total asset growth of 2.7% and 5.7%, respectively until closing;

Center's options are converted into Nara's options on the basis of the exchange ratio;

Restructuring charge of \$10.7 million at closing; 3.00% pre-tax opportunity cost of cash;

Assumes a total fair market value adjustment on Center's loan portfolio of 8.00% (including the estimated existing loan loss reserves at closing);

Pre-tax annual cost savings of \$11.2 million: \$2.8 million realized in 2011 and \$11.2 million realized in 2012;

No revenue synergies included;

Assumes Center and Nara continue policy of not paying dividends; and

Assumes neither Center nor Nara repurchases the outstanding preferred stock or warrants issued to the Treasury Department under the TARP Capital Purchase Program.

	Nara	Center
<b><u>Earnings per Share</u></b>		
2nd Half 2011	44.0%	-6.6%
2012	23.2%	11.1%
<b><u>Pre-Tax Pre-Provision EPS</u></b>		
Annualized Q3 2010	-1.5%	44.6%
<b><u>Tangible Book per Share</u></b>		

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At Close (Q2 2011)	-18.8%	-14.5%
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The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, DADCo considered the results of all of the analyses and factors and did not isolate specific analyses or factors nor reach separate conclusions as to whether or not any particular analysis or factor supported its opinion; rather, DADCo made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the underlying analyses and factors. Accordingly, DADCo believes that its analyses must be considered as a whole and that selecting portions of its analyses or certain factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the processes underlying its opinion.

In its analyses, DADCo made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and various other matters, many of which are beyond the control of the parties and their advisors. Furthermore, no company or transaction used in the analysis is identical to Center, Nara, or the proposed merger. Rather, the analyses of comparable companies and transactions involve complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the acquisition, public trading or other values of the companies or transactions being compared.

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DADCo prepared its analyses for purposes of providing its opinion to Center's board of directors as to the fairness from a financial point of view to holders of shares of Center common stock of the exchange ratio and to assist Center's board of directors in analyzing the proposed merger. The analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties and their respective advisors, none of Center, Nara, DADCo or any other person assumes responsibility if future results are materially different from those forecasted.

DADCo's opinion was one of many factors considered by the Center board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors of Center or management with respect to the merger or the exchange ratio.

DADCo and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions. DADCo acted as financial advisor to Center in connection with, and participated in certain of the negotiations leading to, the merger.

DADCo is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, DADCo and its affiliates may provide such services to Center, Nara and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of Center and Nara for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

Center selected DADCo as its financial advisor because it is a recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated December 3, 2010, Center engaged DADCo as its financial advisor in connection with the contemplated transaction. Pursuant to the terms of the engagement letter, Center agreed to pay DADCo a cash fee of \$250,000 concurrently with the rendering of its opinion, the amount of which fee will be credited against the amount of any contingent fee that becomes payable. Center will pay to DADCo at the time of closing of the merger a contingent cash fee equal to \$1,500,000. Center has also agreed to reimburse DADCo for all reasonable out-of-pocket expenses, including fees of counsel, and to indemnify DADCo and certain related persons against specified liabilities, including liabilities under the federal securities laws, relating to or arising out of its engagement. Additionally, DADCo may provide investment banking services to the combined company in the future and may receive future compensation.

**Interests of Directors and Executive Officers in the Merger**

In considering the recommendations of the boards of directors of Nara and Center to vote for the proposal to adopt and approve the merger agreement, stockholders of Nara and Center should be aware that members of the board of directors and executive management may be considered to have interests in the merger that may differ from those of the stockholders of Nara and Center. Except as described below, the Nara and Center boards of directors were aware of these interests during their deliberations on the merits of the merger and in making their decisions to recommend to the respective stockholders of Nara and Center that they vote to adopt and approve the merger agreement.

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***Interests of Nara Directors and Executive Officers***

***Nara Management and Board of Directors Positions***

The merger agreement provides that Alvin Kang, Nara's current President and Chief Executive Officer, will remain Chief Executive Officer of the combined company for a period of at least 18 months commencing on the effective date of the merger. In addition, Ki Suh Park, the current Chairman of the Board of Nara, will become Chairman of the Board of the combined company and Scott Whang, a current director of Nara, will become Vice Chairman of the Board of the combined company's bank subsidiary at the effective time of the merger. The merger agreement provides for the Nara bylaws to be amended upon the consummation of the merger to reflect these arrangements and to provide that a 66% vote of the entire board will be required to remove Alvin Kang from the position of Chief Executive Officer without his consent during the 18-month integration period. In addition, any amendment to, or termination of, any employment agreement that Alvin Kang may have with Nara to which Alvin Kang does not consent during the 18-month period will require the affirmative vote of at least a majority of the entire board, including the vote of at least one Nara director that held such position prior to the merger, with Alvin Kang abstaining. Other members of Nara's management will serve in senior management positions at the combined company. For further information, see **Board of Directors and Management After the Merger** below.

***Special Director Compensation***

On February 24, 2011, the Nara board approved the payment of additional special director compensation to two of its board members in light of the additional duties of such members. Scott Whang, an independent director of Nara, served as lead negotiator at the request of the Nara board during the negotiations between Nara and Center leading up to the execution of the merger agreement on December 9, 2010. The Nara board approved the payment of an additional board fee of \$30,000 to Scott Whang in consideration of such services. The Nara board appointed Scott Whang and Hyon Man Park (John Park), another independent director of Nara, as representatives of Nara to serve on a Consolidation Committee. The committee, which also includes two members from the Center board, has the responsibility of addressing consolidation and integration issues in connection with the consummation of the holding company merger and the bank merger, including integration of the operations, business and management of Nara and Center. The Nara board approved the payment of additional compensation of \$2,000 per month to each of Scott Whang and John Park for serving on the Consolidation Committee, which payments commenced in January 2011.

***Interests of Center Directors and Executive Officers***

***Center Management and Board of Directors Positions***

Chang Hwi Kim, a current director of Center, will become Vice Chairman of the Board of the combined company and Kevin S. Kim, a current director of Center, will become Chairman of the Board of the combined company's bank subsidiary at the effective time of the merger. The merger agreement provides for the Nara bylaws to be amended upon the consummation of the merger to reflect this arrangement. Other members of Center's management will serve in senior management positions at the combined company. For further information, see **Board of Directors and Management After the Merger** below.

***Indemnification and Insurance***

The merger agreement provides that, upon completion of the merger, Nara will, to the fullest extent permitted by law, indemnify, defend and hold harmless, and provide advancement of expenses to, all past and present officers, directors and employees of Center and its subsidiaries to the same extent those persons were entitled to indemnification or advancement of expenses under Center's articles of incorporation, bylaws and indemnification agreements, if any.

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The merger agreement also provides that Nara will maintain for a period of six years after completion of the merger the current directors' and officers' liability insurance policies maintained by Center, or policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the insured, with respect to claims arising from facts or events that occurred on or before the completion of the merger, although Nara will not be required to make annual premium payments in excess of 250% of the premiums paid by Center as of the date of the merger agreement for directors' and officers' liability insurance, and instead will be required to maintain policies of insurance which, in Nara's good faith determination, provide the maximum coverage available at an annual premium equal to 250% of such premiums paid by Center. In lieu of the foregoing requirements, Center, in consultation with, but only upon the consent of Nara, may obtain on or prior to the effective date of the merger a six-year tail policy or extended discovery period under Center's existing directors' and officers' insurance policy providing equivalent coverage to that described above if and to the extent that the same may be obtained for an amount that does not exceed Center's current annual premium.

*Special Director Compensation*

Following the execution and delivery of the merger agreement, in February 2011, the Center board approved the payment of additional special director compensation to two of its board members in light of the additional duties of such members. Specifically, Kevin Kim, an independent director of Center, served as lead negotiator at the request of the Center board during the negotiations with Nara and Center leading up to the execution of the merger agreement on December 9, 2010. In consideration of Mr. Kim's services in supervising the merger negotiations, the Center board approved the payment to Mr. Kim of an additional board fee of \$30,000.

In addition, following the execution of the merger agreement, the Center board appointed Kevin Kim to perform additional duties relating to the management and direction of Center and Center Bank pending the consummation of the merger. These additional director duties include overseeing and supervising management's efforts to maintain the integrity of Center Bank's business operations and current work force pending completion of the merger, facilitating an orderly transition to Richard Cupp's tenure as Interim Chief Executive Officer and President of Center and Center Bank, and addressing merger issues and otherwise preparing Center and Center Bank for consummation of the merger. Mr. Kim has performed these roles at the request of the Center board since the election of Richard Cupp as Interim Chief Executive Officer and President on January 6, 2011. In consideration of Mr. Kim's additional services as a director, the Center board authorized a grant of 15,000 restricted shares of Center common stock, which shares shall vest immediately upon grant. Center issued 10,000 restricted shares of its common stock to Mr. Kim on February 28, 2011, and issued an additional 5,000 restricted shares of its common stock on March 31, 2011. At the Center board's discretion, Mr. Kim may receive an additional 5,000 restricted shares of Center common stock if he continues to perform the additional director duties described above after March 31, 2011.

Following the execution of the merger agreement, the Center board also appointed Kevin Kim and Chang Hwi Kim, another independent director of Center, as representatives of Center to serve on a Consolidation Committee. The committee, which includes two members from the Nara board, has the responsibility of addressing consolidation and integration issues in connection with the consummation of the holding company merger and the bank merger, including integration of the operations, business and management of Nara and Center. At the February 2011 board meeting, the Center board approved the payment of additional compensation of \$2,000 per month to each of the delegates of the Center board serving on the Consolidation Committee, starting from January 2011.

*Employment Agreement*

On January 6, 2011, Center Financial and Center Bank, entered into an at-will employment letter agreement with Richard S. Cupp in connection with his appointment as Interim Chief Executive Officer and President of Center and Center Bank. Pursuant to the letter agreement, Mr. Cupp will serve in these capacities until the earlier of December 31, 2011 or the close of the pending merger with Nara. The letter agreement provides for a base

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salary at an annual rate of \$300,000 during the term and customary employee benefits and perquisites which Center generally makes available to its executive officers. Pursuant to the letter agreement, Mr. Cupp will also receive a cash bonus of \$30,000 if he remains employed through the end of the term and his employment is not terminated by him or by reason of his death or disability. In addition, Center has granted Mr. Cupp a restricted stock award covering 3,979 shares of common stock at \$7.54 per share with an aggregate award value of \$30,000 effective as of January 6, 2011. Such restricted stock award shall vest if and only if Mr. Cupp remains employed with Center through the end of the term and his employment is not terminated by him or by reason of his death or disability.

**Board of Directors and Management After the Merger**

**Board of Directors.** The board of directors of the combined company after the merger will consist of 14 members. Seven of these members will be the current directors of Nara, including Ki Suh Park, whom we collectively refer to (along with their replacements, if any) as continuing Nara directors. The remaining seven members of the board of directors of the combined company after the merger will be the current directors of Center, including Chang Hwi Kim, whom we collectively refer to (along with their replacements, if any) as continuing Center directors.

During the period beginning on the effective date of the merger and ending on a date selected by the directors of the combined company not later than the second anniversary, nor earlier than the first anniversary, of such effective date (which period we refer to as the integration period), any vacancy on the board of directors of the combined company will be filled by a nominee proposed to the Nomination and Governance Committee of the board of directors. If the vacancy is created by the cessation of service of a continuing Nara director, the nominee so proposed must first have been approved by a majority of the continuing Nara directors. Similarly, if the vacancy is created by the cessation of service of a continuing Center director, the nominee so proposed must first have been approved by a majority of the continuing Center directors. Based on any such approval, the Nomination and Governance Committee will propose to the full board of directors that such nominee be appointed to the board of directors. The arrangements described above will be included in the amendments to the bylaws of Nara to become effective no later than the completion of the merger that are described under Amendments to Bylaws below.

**Board Committees.** During the integration period, all committees of the board of directors of the combined company will consist of equal numbers of continuing Nara directors and continuing Center directors. The Nomination and Governance Committee and the Human Resources and Compensation Committee will each be chaired by a continuing Center director. In addition, the amended bylaws of the combined company after the merger will provide for the creation of a Consolidation Committee of the board of directors, which will be chaired by a continuing Center director, initially Chang Hwi Kim. The Consolidation Committee will be responsible for developing integration policies and procedures for the combined company and overseeing management's efforts in implementing such policies and procedures.

**Director Nominees.** Biographical information with respect to the nominees for director of Center, who will be the Center designees to the board of directors of the combined company after the merger, is set forth under Election of Directors and Other Proposals to be Considered at the Center Annual Meeting Center Proposal 2: Election of Directors beginning on page [ ]. Biographical information with respect to the nominees for director of Nara, who will be the Nara designees to the board of directors of the combined company after the merger, is set forth under Election of Directors and Other Proposals to be Considered at the Nara Annual Meeting Nara Proposal 2: Election of Directors beginning on page [ ].

**Executive Management.** The persons jointly selected by the boards of directors of Nara and Center to be the senior executive officers of the combined company are shown in the following table, together with their current positions with Nara or Center. As discussed in more detail under Interests of Directors and Executive Officers in the Merger Interests of Nara Directors and Executive Officers above, Alvin Kang will serve as the Chief

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Executive Officer of the combined company during the 18-month period commencing upon the completion of the merger. Each of the other persons listed will serve in the respective positions listed at the discretion of the board of directors of the combined company.

**Senior Executive Officers of the Combined Company**

<b>Name</b>	<b>Position with Combined Company</b>	<b>Current Position</b>
Alvin D. Kang	Chief Executive Officer	President and Chief Executive Officer Nara
Bonita I. Lee	Executive Vice President and Chief Operating Officer	Executive Vice President and Chief Operating Officer Nara
Lisa Kim Pai	Executive Vice President and Chief Legal and HR Officer	Executive Vice President, General Counsel, Chief Risk Officer and Corporate Secretary Center
Philip E. Guldeman	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer Nara
Jason Kim	Executive Vice President and Chief Lending Officer	Executive Vice President and Chief Credit Officer Center
Mark Lee	Executive Vice President and Chief Credit Officer	Executive Vice President and Chief Credit Officer Nara
Sook Kyong Goo	Executive Vice President and Chief Operations Administrator	Executive Vice President and Chief Operations Officer Center
Myung-Hee Hyun	Executive Vice President and Chief Deposit Officer	Executive Vice President and Chief Operations Administrator Nara
Kyu S. Kim	Executive Vice President and Chief Retail Banking Officer (Eastern Region)	Executive Vice President and Eastern Regional Manager Nara

**United States Federal Income Tax Consequences of the Merger**

**General.** The following discussion (including the opinions set forth herein) describes the material United States federal income tax consequences of the merger to U.S. holders (as defined below) of Center common stock. This discussion does not address the tax consequences to U.S. holders of Center preferred stock. This discussion does not address the tax consequences to Nara stockholders because they are not exchanging stock in the merger. This discussion also does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), the regulations of the U.S. Treasury Department and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly with retroactive effect, and any such change could affect the continuing validity of this discussion.

For purposes of this discussion, we use the term "U.S. holder" to mean:

a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any of its political subdivisions;

a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or

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an estate that is subject to United States federal income tax on its income regardless of its source.



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This discussion assumes that the merger will be completed in accordance with the merger agreement and as further described in this document. Further, this discussion only addresses Center stockholders that hold their shares of Center common stock as a capital asset within the meaning of section 1221 of the Code. Additionally, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to a Center common stockholder in light of such holder's particular circumstances or that may be applicable if a holder is subject to special treatment under the United States federal income tax laws, including if a holder is:

a financial institution or insurance company;

a tax-exempt organization;

an S corporation or other pass-through entity;

a mutual fund;

a dealer in securities or foreign currencies;

a trader in securities who elects the mark-to-market method of accounting for securities;

a Center stockholder subject to the alternative minimum tax provisions of the Code;

a Center stockholder who received Center common stock through the exercise of employee stock options or through a tax-qualified retirement plan;

a person that has a functional currency other than the U.S. dollar;

a holder of options granted under any Center benefit plan; or

a Center stockholder who holds Center common stock as part of a hedge, straddle or a constructive sale or conversion transaction. If a partnership, or other entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds Center common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partners and the activities of the partnership. If you are a partner of a partnership holding Center common stock, you should consult your tax advisor.

In addition, tax consequences arising under state, local and foreign law or under U.S. federal laws other than U.S. federal income tax laws are not addressed in this document.

**The Merger.** Nara and Center have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. As described below, it is a condition to each party's respective obligations to complete the merger that Nara and Center each receive a legal opinion that the merger will so qualify. In addition, based on representations contained in representation letters provided by Nara and Center and on customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, and subject to the qualifications and limitations set forth above under "General", it is the opinion of Mayer Brown LLP, counsel to Nara, and Morrison & Foerster LLP, counsel to Center, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code

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and that the material United States federal income tax consequences of the merger will be as follows:

no gain or loss will be recognized by Nara or Center as a result of the merger;

a Center stockholder will not recognize gain or loss on the exchange of Center common stock solely for Nara common stock, except with respect to any cash received in lieu of issuance of a fractional share of Nara common stock;

a Center stockholder's aggregate tax basis in the Nara common stock received in the merger (including any fractional share interest deemed to be received and exchanged for cash) will equal the holder's aggregate tax basis in the Center common stock surrendered; and

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a Center stockholder's holding period for the Nara common stock received in the merger (including any fractional share interest deemed to be received and exchanged for cash) will include the holder's holding period for the shares of Center common stock surrendered.

***Cash Instead of Fractional Shares.*** A Center stockholder will generally recognize capital gain or loss on any cash received instead of a fractional share of Nara common stock equal to the difference between the amount of cash received and the tax basis allocated to such fractional share. Any capital gain or loss will constitute long-term capital gain or loss if the Center stockholder's holding period in Center common stock surrendered in the merger is greater than one year as of the date of the merger.

***Closing Condition Tax Opinions.*** It is a condition to the closing of the merger that Nara and Center will receive opinions from Mayer Brown and Morrison & Foerster, respectively, dated as of the effective date of the merger, to the effect that the merger will qualify as a reorganization within the meaning of section 368(a) of the Code. These opinions will be based on updated representation letters provided by Nara and Center to be delivered at the time of closing, and on customary factual assumptions. Although the merger agreement allows us to waive this condition to closing, we currently do not anticipate doing so.

Neither of these tax opinions will be binding on the Internal Revenue Service. Nara and Center have not sought and do not intend to seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described herein.

***Dissenting Center Stockholders.*** The above discussion does not apply to Center stockholders who properly perfect dissenters' rights. Any Center stockholder who dissents from the merger and receives solely cash in exchange for such Center common stock will generally recognize capital gain or loss equal to the difference between the amount of cash received by the dissenting Center stockholder and the stockholder's adjusted tax basis in the Center common stock surrendered. Such capital gain or loss will be long-term capital gain or loss if the holder held the Center common stock for more than one year.

***Backup Withholding.*** If you are a non-corporate holder of Center common stock you may be subject to information reporting and backup withholding on any cash payments received instead of a fractional share interest in Nara common stock (or cash payments received in the case of a dissenting Center stockholder). You will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to you following the completion of the merger; or

are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your United States federal income tax liability, provided you furnish the required information to the Internal Revenue Service.

**This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. Moreover, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. Tax matters are very complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. Accordingly, we strongly urge you to consult with a tax advisor to determine the particular federal, state, local or foreign income or other tax consequences to you of the merger.**

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### **Accounting Treatment**

In accordance with current accounting guidance, the merger will be accounted for using the acquisition method of accounting, with Nara being considered the acquirer based, among other factors, on the relative sizes of the two companies. Under the acquisition method of accounting, the assets and liabilities of Center as of the effective time of the merger will be recorded at their respective fair values and added to those of Nara, while the recorded assets and liabilities of Nara will be carried forward at their recorded amounts. All identifiable intangibles of Center will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting of the fair value of the shares of Nara stock issuable in connection with the merger, exceeds the fair value of the net assets, including identifiable intangibles, of Center at the merger date, that amount will be reported as goodwill. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually. Identifiable intangibles will be amortized over their estimated lives. Financial statements of Nara issued after the merger will reflect these fair values and will not be restated retroactively to reflect the historical financial position or results of operations of Center. See Unaudited Pro Forma Combined Condensed Consolidated Financial Statements beginning on page [ ].

### **Regulatory Approvals**

To complete the merger we must obtain prior approval from the California Department of Financial Institutions, or DFI, the Federal Deposit Insurance Corporation, or FDIC, and the Board of Governors of the Federal Reserve System, which we refer to as the Federal Reserve Board. We have agreed to cooperate with each other and to use all reasonable best efforts to comply promptly with applicable legal requirements to obtain required regulatory and other approvals and to complete the merger and the bank merger as soon as practicable.

There can be no assurance that the required regulatory approvals will be obtained, that such approvals will be received on a timely basis, or that such approvals will not impose conditions or requirements that, individually or in the aggregate, would or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets or business of the combined company following completion of the merger.

**Federal Reserve Board Approval.** Federal Reserve Board approval of the merger must be obtained under the Bank Holding Company Act of 1956, or BHCA. In reviewing merger transactions under the BHCA, the Federal Reserve Board considers, among other factors, the competitive impact of the merger. The Federal Reserve Board also considers the financial and managerial resources of the companies and their subsidiary banks and the convenience and needs of the community to be served, as well as the companies' complying with money-laundering laws. In connection with its review, the Federal Reserve Board provides an opportunity for public comment on the application for the merger, and its authorized to hold a public meeting or other proceeding if it determines that such hearing or proceeding would be appropriate.

Under the Community Reinvestment Act of 1977, or CRA, the Federal Reserve Board must take into account the record of performance of each party to a merger in meeting the credit needs of the entire communities, including low- and moderate-income neighborhoods, served by the companies and their subsidiaries. As of their last respective examinations, each of Nara Bank and Center Bank was rated satisfactory with respect to CRA compliance.

**FDIC and DFI Approval.** The prior approval of the FDIC under the Bank Merger Act provisions of the Federal Deposit Insurance Act and of the DFI under the California Financial Code will be required to complete the contemplated merger of Nara Bank with and into Center Bank. In reviewing the merger of the banks, the FDIC and the DFI will take competitive considerations into account, as well as capital adequacy, the quality of management and earnings prospects, in terms of both quality and quantity.

### **Contemplated Capital Transaction**

Nara and Center anticipate that Nara will raise additional capital through an offering of common stock in connection with the pending merger. The amount of capital to be raised has not yet been decided upon.

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### **Exchange of Center Stock Certificates**

Promptly after the merger is completed, if you are a Center stockholder, the combined company's exchange agent will mail to you a letter of transmittal form and instructions for use in surrendering your Center stock certificates in exchange for the whole shares of Nara common stock which you are entitled to receive under the merger agreement and payment in lieu of the issuance of any fractional shares of Nara common stock which you would otherwise be entitled to receive.

### **DO NOT SUBMIT YOUR CENTER STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.**

Center stockholders will receive statements indicating book-entry ownership of Nara stock and may request stock certificates representing the number of full shares of Nara stock to which they are entitled under the merger agreement. Center stockholders also will receive a check in the amount of any cash payment that they are entitled to receive pursuant to the merger agreement in lieu of any fractional shares of Nara common stock that would have been otherwise issuable to them as a result of the merger, without interest. In accordance with the merger agreement, the amount of cash payable to a Center stockholder will be determined by multiplying the fractional number of shares that a stockholder would otherwise receive by the closing price per share of Nara common stock as reported by the Nasdaq Global Select Market on the last trading day immediately preceding the completion of the merger.

Nara will be entitled to deduct and withhold from any consideration payable to any Center stockholder such amounts as it is required to deduct and withhold under any federal, state, local or foreign tax law. If any such amounts are withheld, these amounts will be treated for all purposes of the merger as having been paid to the stockholders from whom they were withheld.

### **Treatment of Stock Options and Other Equity-Based Awards**

As of April 1, 2011, Center had outstanding stock options issued to employees for the purchase of an aggregate of 583,344 shares of Center common stock that were issued pursuant to Center's 2006 Stock Incentive Plan and 73,662 shares of Center common stock had been issued pursuant to awards under that plan to employees that remain subject to certain restrictions on transfer and possible forfeiture for specified vesting periods, which we refer to as Center restricted shares. When the merger is completed:

each outstanding and unexercised option to purchase Center common stock will become an option to purchase a number of shares of Nara common stock equal to the number of shares of Center common stock which could be purchased under the option multiplied by the exchange ratio and the exercise price per share of the Center option will be adjusted by dividing the per share exercise price of each option by the exchange ratio; and

each Center restricted share award will be converted into the number of restricted shares of Nara common stock equal to the number of Center restricted shares comprising the award multiplied by the exchange ratio and, except for the foregoing adjustment, each such Nara restricted share will have the same restrictions, terms and conditions as were applicable to the Center restricted shares immediately prior to the completion of the merger.

Stock options for the purchase of a total of 533,250 shares of Nara common stock and performance units relating to 58,300 shares of Nara common stock are outstanding under the Amended Nara 2007 Equity Incentive Plan. The merger will not affect the terms of any of such stock options or performance units.

**Table of Contents****Dissenters' Rights for Center Stockholders**

**Any Center stockholder wishing to exercise dissenters' rights is urged to consult legal counsel before attempting to exercise dissenters' rights. Failure to comply strictly with all of the procedures set forth in Chapter 13 of the California General Corporation Law, or CGCL, which consists of Sections 1300-1313, may result in the loss of a stockholder's statutory dissenters' rights. In such case, such stockholder will be entitled to receive shares of Nara stock as provided in the merger agreement.**

The following discussion is a summary of Sections 1300 through 1313 of the CGCL, which sets forth the procedures for Center stockholders to dissent from the proposed merger and to demand statutory dissenters' rights of appraisal of their shares under the CGCL. The following discussion is not a complete statement of the provisions of the CGCL relating to the rights of Center stockholders to receive payment of the fair market value of their shares and is qualified in its entirety by reference to the full text of Sections 1300 through 1313 of the CGCL, which are provided in their entirety as Annex D to this document.

All references in Sections 1300 through 1313 of the CGCL and in this summary to a stockholder are to the holder of record of the shares of Center stock as to which dissenters' rights are asserted. A person having a beneficial interest in the shares of Center stock held of record in the name of another person, such as a broker or nominee, cannot enforce dissenters' rights directly and must act promptly to cause the holder of record to follow the steps summarized below properly and in a timely manner to perfect such person's dissenters' rights.

Chapter 13 of the CGCL provides Center stockholders who do not vote FOR adoption and approval of the merger with the right, subject to compliance with the requirements summarized below, to dissent and demand the payment of, and be paid in cash, the fair market value of the Center shares owned by such stockholders as of [ ] [ ], 2011, the record date for Center's annual stockholders meeting. In accordance with Chapter 13 of the CGCL, the fair market value of Center shares will be their fair market value determined as of December 8, 2010, the last day before the first public announcement of the terms of the merger, exclusive of any appreciation or depreciation in the value of the shares in consequence of the merger. Because Center's common stock is listed on the Nasdaq Global Select Market, Center's common stockholders will be entitled to dissent and seek payment of the fair market value of their shares only if holders of 5% or more of Center's outstanding common stock properly dissent from the merger and demand payment of fair market value. The holder of any shares of Center common stock with respect to which there exists any restriction on transfer imposed by Center or by any law or regulation and the U.S. Treasury Department, as the holder of Center's Series A Preferred Stock, will have dissenters' rights of appraisal irrespective of the percentage of holders that dissent from the merger.

Even though a stockholder who wishes to exercise dissenters' rights may be required to take certain actions before Center's annual stockholders meeting, if the merger agreement relating to the merger is later terminated and the merger is abandoned, no Center stockholder will have the right to any payment from Center, other than necessary expenses incurred in proceedings initiated in good faith and reasonable attorneys' fees, by reason of having taken that action. The following discussion is subject to the foregoing qualifications.

**Not Vote FOR the Merger.** Any Center stockholder who desires to exercise dissenters' rights must not have voted his, her or its shares FOR adoption and approval of the merger. If a Center stockholder returns a proxy without voting instructions or with instructions to vote FOR adoption and approval of the merger, or votes in person at the Center stockholders' annual meeting FOR adoption and approval of the merger, his, her or its shares will be counted as votes in favor of the merger and such stockholder will lose any dissenters' rights.

**Written Demand for Payment.** In addition, to preserve dissenters' rights, a Center stockholder must make a written demand for the purchase of the stockholder's dissenting shares and payment to the stockholder of their fair market value. Simply failing to vote for, or voting against, the merger does not constitute a proper written demand under the CGCL. To comply with the requirements under the CGCL, the written demand must:

be received by Center not later than the date of the Center annual meeting;

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specify the stockholder's name and mailing address and the number and class of shares of Center stock held of record which the stockholder demands that Center purchase;

state that the stockholder is demanding purchase of the shares and payment of their fair market value; and

state the price which the stockholder claims to be the fair market value of the shares as of December 8, 2010. The statement of fair market value constitutes an offer by the stockholder to sell the shares to Center at that price.

Shares of Center stock held by stockholders who have perfected their dissenters' rights in accordance with Chapter 13 of the CGCL and have not withdrawn their demands or otherwise lost their dissenters' rights are referred to in this summary as dissenting shares.

***Notice of Approval by Center.*** If the merger is approved by the Center stockholders, Center is required within 10 days after the approval to send to those Center stockholders who have not voted FOR adoption and approval of the merger a written notice of the Center stockholder approval, accompanied by a copy of Sections 1300, 1301, 1302, 1303, and 1304 of the CGCL, a statement of the price determined by Center to represent the fair market value of the dissenting shares as of December 8, 2010, and a brief description of the procedure to be followed if the stockholder desires to exercise dissenters' right under the CGCL. The statement of price determined by Center to represent the fair market value of dissenting shares, as set forth in the notice of approval, will constitute an offer by Center to purchase the dissenting shares at the stated price if the merger closes and the dissenting shares do not otherwise lose their status as such. Within 30 days after the date of the mailing of the notice of stockholder approval, a dissenting stockholder must submit to Center or its transfer agent for endorsement as dissenting shares, the stock certificates representing the Center shares as to which such stockholder is exercising dissenters' rights. If the dissenting shares are uncertificated, then such stockholder must provide written notice of the number of shares which the stockholder demands that Center purchase within 30 days after the date of the mailing of the notice of stockholder approval.

***Payment of Agreed upon Price.*** If Center and a dissenting stockholder agree that the shares are dissenting shares and agree on the price of the shares, the dissenting stockholder is entitled to receive the agreed price with interest at the legal rate on judgments from the date of that agreement. Payment for the dissenting shares must be made within 30 days after the later of the date of that agreement or the date on which all statutory and contractual conditions to the merger are satisfied. Payments are also conditioned on the surrender of the certificates representing the dissenting shares.

***Determination of Dissenting Shares or Fair Market Value.*** If Center denies that shares are dissenting shares or the stockholder fails to agree with Center as to the fair market value of the shares, then, within six months after notice of approval of the merger is sent by Center to its stockholders, any stockholder demanding purchase of such shares as dissenting shares or any interested corporation may file a complaint in the superior court in the proper California county praying the court to determine whether the shares are dissenting shares or to determine the fair market value of the holder's shares, or both, or may intervene in any action pending on such complaint.

On the trial of the action, the court determines the issues. If the status of the shares as dissenting shares is in issue, the court first determines that issue. If the fair market value of the dissenting shares is in issue, the court determines, or appoints one or more impartial appraisers to determine, the fair market value of the shares.

If the court appoints an appraiser or appraisers, the appraiser or appraisers shall proceed to determine the fair market value per share. Within the time fixed by the court, the appraisers, or a majority of the appraisers, shall make and file a report in the office of the clerk of the court. Thereafter, on the motion of any party, the report shall be submitted to the court and considered on such evidence as the court considers relevant. If the court finds the report reasonable, the court may confirm it.

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If a majority of the appraisers fail to make and file a report within 10 days after the date of their appointment or within such further time as the court allows, or if the court does not confirm the report, the court determines the fair market value of the dissenting shares. Subject to Section 1306 of the CGCL, judgment is rendered against Center for payment of an amount equal to the fair market value of each dissenting share multiplied by the number of dissenting shares that any dissenting stockholder who is a party, or who has intervened, is entitled to require Center to purchase, with interest at the legal rate from the date on which the judgment is entered. Any party may appeal from the judgment.

The costs of the action, including reasonable compensation to the appraisers to be fixed by the court, is assessed or apportioned as the court considers equitable. However, if the appraisal determined by the court is more than the price offered by Center, Center pays the costs (including, in the discretion of the court, attorneys' fees, fees of expert witnesses and interest at the legal rate on judgments from the date the stockholder made the demand and submitted shares for endorsement if the value awarded by the court for the shares is more than 125 percent of the price offered by Center).

***Maintenance of Dissenting Share Status.*** Except as expressly limited by Chapter 13 of the CGCL, holders of dissenting shares continue to have all the rights and privileges incident to their shares until the fair market value of their shares is agreed upon or determined. A holder of dissenting shares may not withdraw a demand for payment unless Center consents to the withdrawal.

Dissenting shares lose their status as dissenting shares, and dissenting stockholders cease to be entitled to require Center to purchase their shares upon the happening of any of the following:

the merger is abandoned;

the shares are transferred before their submission to Center for the required endorsement;

the dissenting stockholder and Center do not agree on the status of the shares as dissenting shares or do not agree on the purchase price, but neither Center nor the stockholder files a complaint or intervenes in a pending action within six months after Center mails a notice that its stockholders have approved the merger; or

with Center's consent, the dissenting stockholder withdraws the stockholder's demand for purchase of the dissenting shares. To the extent that the provisions of Chapter 5 of the CGCL (which places conditions on the power of a California corporation to make distributions to its stockholders) prevent the payment to any holders of dissenting shares of the fair market value of the dissenting shares, the dissenting stockholders will become creditors of Center for the amount that they otherwise would have received in the repurchase of their dissenting shares, plus interest at the legal rate on judgments until the date of payment, but subordinate to all other creditors of Center in any liquidation proceeding, with the debt to be payable when permissible under the provisions of Chapter 5 of the CGCL.

***Limited Exercise of Dissenters Rights is a Condition of Closing for Nara.*** Under the merger agreement, Nara will not be required to complete the merger if Center stockholders holding 6% or more in the aggregate of all issued and outstanding Center common stock have exercised dissenters' rights. As a result, exercise of dissenters' rights by holders of 6% or more of the Center common stock could prevent the merger from going forward.

### **Delisting and Deregistration of Center Stock After the Merger**

The Center common stock currently listed on the Nasdaq Global Select Market will be delisted from that market, and the registration of Center common stock under the Securities Exchange Act of 1934 will be terminated, promptly after the merger is completed.



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### **The Merger Agreement**

The following section of this document describes the material terms of the merger agreement. This summary is qualified in its entirety by reference to the complete text of the merger agreement, as amended, which is incorporated by reference and attached as Annex A to this document. We urge you to read the full text of the merger agreement since it, and not the following description, constitutes the agreement of Nara and Center.

#### ***Completion of the Merger***

The merger will be completed when we file a certificate of merger with the Delaware Secretary of State. We may, however, agree to a later time for completion of the merger and specify that time in the certificate of merger. The closing of the merger will take place on the third business day following the satisfaction or waiver of the closing conditions in the merger agreement, which are described below, unless we agree to another date.

#### ***The Bank Merger***

The merger agreement requires Nara and Center to cause Nara Bank and Center Bank, respectively, to enter into a bank merger agreement. The bank merger agreement provides for the merger of Nara Bank with and into Center Bank, with such merger to be completed concurrently with or as soon as reasonably practicable after the merger of Nara and Center.

#### ***Possible Alternative Merger Structure***

The merger agreement provides that Nara and Center may agree to change the structure of the merger and the bank merger. No such change, however, is permitted that would:

alter the kind or amount of consideration to be issued or retained by holders of Center common stock, Center Series A Preferred Stock, Nara common stock or Nara Series A Preferred Stock;

adversely affect the tax consequences of the merger to stockholders;

materially delay receipt of any required regulatory approval; or

otherwise cause any closing condition not to be capable of being fulfilled (unless waived by the party entitled to its benefits).

#### ***Conditions to Completion of the Merger***

*Conditions to Both Parties Obligations.* We may not complete the merger unless each of the following conditions is satisfied or appropriately waived:

the principal terms of the merger shall have been approved by the affirmative vote of the holders of a majority of the outstanding shares of each class of Center stock;

the merger agreement shall have been adopted by the affirmative vote of the holders of a majority of the outstanding shares of Nara common stock;

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the shares of Nara common stock to be issued in the merger shall have been authorized for listing on the Nasdaq Global Select Market, subject to official notice of issuance;

all regulatory consents and approvals required from the Board of Governors of the Federal Reserve System, the California Department of Financial Institutions and the Federal Deposit Insurance Corporation shall have been obtained, and no such consents and approvals have been granted subject to any condition which, and no action, statute, rule, regulation, order or decree of any governmental entity shall have been enacted or deemed applicable to the merger in connection with such consents and approvals that would, require any of the parties or the combined company to pay any amounts (other than customary filing fees) or divest any banking office, or impose any conditions that would,

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individually or in the aggregate, reasonably be expected to have a material adverse effect on the present or prospective consolidated financial condition, business or operating results of the combined company after the merger;

the Federal Deposit Insurance Corporation shall have consented to the transfer, as a result of the merger, of loss-sharing agreements it entered into in connection with Center's purchase and assumption of assets and liabilities of Innovative Bank, a California state chartered bank placed in receivership in April 2010;

all other consents and approvals necessary for the completion of the merger and the bank merger shall have been obtained, other than approvals the failure to obtain which would not reasonably be expected, individually or in the aggregate, to have a material adverse effect on the combined company after the merger;

the registration statement of which this document is a part shall have been declared effective by the Securities and Exchange Commission and shall not be subject to any stop order or proceedings seeking a stop order;

no restraining order, injunction or other legal restraint or prohibition to the completion of the merger shall be in effect, no action brought by any governmental entity with respect to any such restraining order, injunction, legal restraint or prohibition shall be pending and the completion of the merger shall not be illegal under any applicable law or governmental order; and

the bylaw amendment described in the section entitled "Amendments to Bylaws" below shall have been adopted by the Nara board of directors effective no later than the effective time of the merger.

*Conditions to Each Party's Obligations.* Each party's obligation to complete the merger is also subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party must be true and correct as of the date of the merger agreement and, except for representations and warranties that speak as of an earlier date, must also be true and correct as of the closing date of the merger, subject to any exceptions that do not have, and would not, individually or in the aggregate, reasonably be expected to have, a material adverse effect on the other party or the combined company after the merger;

the other party must have performed in all material respects all obligations that it is required by the merger agreement to perform on or prior to the closing date;

such party must have received an opinion from its tax counsel that the merger will be treated as a tax-free reorganization for U.S. federal income tax purposes; and

since the date of the merger agreement, the other party must not have suffered a material adverse effect, as defined in the merger agreement (see below).

In addition, Nara is not obligated to complete the merger if holders of 6% or more of Center's outstanding common stock have given notice of their exercise of dissenters' appraisal rights, or continue to have a right to exercise such rights, with respect to the Center common stock, by virtue of the merger.

The term "material adverse effect" is defined in the merger agreement to mean, with respect to any entity or person, a material adverse effect on the financial condition, properties, assets, liabilities, businesses or results of operations of such entity or person and, in the case of an entity, its subsidiaries taken as a whole, or on the ability of such entity or person to perform its obligations under the merger agreement on a timely basis. However, any change or event caused by or resulting from the following will not be deemed to have a material adverse effect:

changes in prevailing interest rates, currency exchange rates or other economic or monetary conditions in the United States or elsewhere;

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changes in U.S. or foreign securities markets, including changes in price levels or trading volumes, unless such change has a materially disproportionate adverse effect on such entity or person relative to similarly situated entities or persons;

changes or events, after the date of the merger agreement, affecting the financial services industry generally, unless such changes or events have a materially disproportionate adverse effect on such entity or person relative to similarly situated entities or persons;

changes, after the date of the merger agreement, in generally accepted accounting principles or regulatory accounting requirements applicable to banks and their holding companies generally;

actions or omissions of Nara or Center taken with the prior written consent of the other or required under the merger agreement; or

any outbreak of major hostilities in which the United States is involved or any act of terrorism within the United States or directed against its facilities or citizens wherever located.

The merger agreement provides that a change in the trading prices of either of Nara's or Center's capital stock, by itself but not the underlying cause of such changes, unless such underlying cause would otherwise be excepted from the definition of material adverse effect will not be considered material or constitute a material adverse effect.

### ***Reasonable Best Efforts to Obtain Required Stockholder Vote***

Each party has agreed to take all lawful action to call, give notice of, convene and hold a meeting of its stockholders as promptly as practicable for the purpose of obtaining the required stockholder vote to approve the transactions contemplated by the merger agreement. In addition, each party has agreed that its board of directors will use its reasonable best efforts to obtain from its stockholders the required stockholder vote in favor of adoption and approval of the merger agreement. This agreement does not prohibit either board of directors from making a change in its recommendation to stockholders to approve the merger, under the circumstances described below. The merger agreement does not, however, relieve Nara or Center, in the event of a change in its board's recommendation, from its obligation to submit the merger agreement to its stockholders for a vote on adoption and approval of the principal terms of the merger.

### ***Board Recommendation***

The merger agreement provides that the board of directors (including committees) of Nara and the board of directors (including committees) of Center shall not:

withdraw, modify or qualify its recommendation in favor of the merger in a manner adverse to the other party, or adopt or propose a resolution to withdraw, modify or qualify its recommendation in a manner adverse to the other party or take any other action that is or becomes disclosed publicly and which can reasonably be interpreted as indicating that such board of directors or any board committee does not support the merger and the merger agreement or does not believe that the merger and the merger agreement are in the best interests of its stockholders;

fail to reaffirm its recommendation or fail to state publicly that the merger and the merger agreement are in the best interests of its stockholders within five business days after the other party requests in writing that such action be taken;

fail to announce publicly within ten business days after a tender offer or exchange offer relating to Center common stock, in the case of the Center board of directors, or Nara common stock, in the case of the Nara board of directors, has been commenced that it recommends rejection of such tender or exchange offer;



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fail to issue within ten business days after an acquisition proposal (as defined below) is publicly announced with respect to Center, in the case of the Center board of directors, or Nara, in the case of the Nara board of directors, a press release announcing its opposition to such acquisition proposal;

approve, endorse or recommend any such acquisition proposal with respect to Center, in the case of the Center board of directors, or Nara, in the case of the Nara board of directors; or

resolve or propose to take any action described above.

Each of the foregoing actions is referred to in the merger agreement as a change in recommendation. Notwithstanding the foregoing, and subject to the conditions described below, the respective boards of directors of Nara and Center may, at any time prior to the approval of the principal terms of the merger by Center stockholders, in the case of the Center board of directors, or at any time prior to the adoption and approval of the merger agreement by Nara stockholders, in the case of the Nara board of directors, make a change in recommendation in response to a superior proposal (as defined below) or an intervening event (as defined below). The Nara and Center boards of directors may only make an adverse recommendation change:

if:

after the date of the merger agreement, a superior proposal is made to Center or Nara and is not withdrawn;

such superior proposal was not obtained or made as a direct or indirect result of a breach of, or any action inconsistent with, the merger agreement;

the party to whom the superior proposal was directed, referred to as a target party, has materially complied with its obligations to provide notices to the other party of any acquisition proposal and other matters requiring notice under the merger agreement;

at least five business days prior to each meeting of the board of directors of a target party, at which such board of directors will consider and determine whether any such offer constitutes a superior proposal, the target party provides the other party with a written notice specifying the date and time of such meeting, the reasons for holding such meeting, the terms and conditions of the offer that is the basis of the potential action by the board of directors of the target party (including a copy of any draft definitive agreement reflecting the offer) and the identity of the party making the offer;

such board of directors determines in good faith, after obtaining and taking into account the advice of a financial advisor of nationally recognized reputation and its outside legal counsel, that the offer constitutes a superior proposal;

such board of directors does not effect, or cause the target party to effect, a change in recommendation at any time within five business days after the other party receives written notice from the target party confirming that such board of directors has determined that the offer is a superior proposal and intends to effect a change in recommendation;

during such five business day period, if requested by such other party, the target party engages in good faith negotiations with such other party to amend the merger agreement in such a manner that the offer that was determined to constitute a superior proposal no longer constitutes a superior proposal;

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at the end of such five business day period, such offer has not been withdrawn and continues to constitute a superior proposal (taking into account any changes to the terms of the merger agreement proposed by the other party as a result of negotiations); and

the board of directors of the target party reasonably determines in good faith, after obtaining and taking into account the advice of its outside legal counsel that, in light of the superior proposal, a change in recommendation is required in order for such board of directors to comply with its fiduciary duties to its stockholders under applicable law; or



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if:

an intervening event occurs;

at least five business days prior to each meeting of the Nara or Center board of directors, as the case may be, at which such board of directors intends to consider whether the intervening event requires such board of directors to make a change in recommendation, the party whose board of directors is to meet for such purpose provides the other party with a written notice specifying the date and time of such meeting and the reasons for holding such meeting, including a reasonably detailed explanation of the intervening event;

during such five business day period, if requested by the party so notified, the party whose board of directors is to meet for such purpose engages in good faith negotiations with the party so notified to amend the merger agreement in a manner that obviates the need to make a change in recommendation as a result of such intervening event; and

the board of directors that is considering whether to make a change in recommendation reasonably determines in good faith, after obtaining and taking into account the advice of outside legal counsel, that, in light of such intervening event, a change in recommendation is required in order for such board of directors to comply with its fiduciary duties to its stockholders under applicable law.

For purposes of the merger agreement, an intervening event is defined as a material development or change in circumstances (that is not an acquisition proposal) that occurs or arises after the date of the merger agreement that was neither known to Center or Nara or any of their respective executive officers, directors, advisors and representatives nor reasonably foreseeable by Center or Nara or any of their respective executive officers, directors, advisors and representatives as of the date of the merger agreement.

***No Solicitation of Alternative Transactions***

The merger agreement contains detailed provisions prohibiting each of us from seeking an alternative transaction to the merger. Under these no solicitation provisions, we have agreed that neither of us may:

initiate, solicit, encourage or knowingly facilitate any inquires or the making of an acquisition proposal, as described below;

have any discussions with, or provide any confidential information or data to, any person relating to an acquisition proposal, or engage in any negotiations concerning an acquisition proposal, or knowingly facilitate any effort or attempt to make or implement an acquisition proposal; or

approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, asset purchase or share exchange agreement, option agreement or other similar agreement related to any acquisition proposal or propose or agree to do any of the foregoing.

For purposes of the merger agreement, the term acquisition proposal means, with respect to either Nara or Center, any proposal or offer with respect to, or a transaction to effect:

a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving either Nara or Center or any of their respective subsidiaries;

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any purchase or sale of 20% or more of the consolidated assets of either Nara or Center and their respective subsidiaries, taken as a whole, including stock of our respective subsidiaries; or

any purchase or sale of, or tender or exchange offer for, the voting securities of either Nara or Center that, if completed, would result in any person (or the stockholder of any such person) beneficially owning securities representing 20% or more of the total voting power of either Nara or Center or of the total voting power of the surviving parent entity in the transaction, or any of Nara's or Center's respective subsidiaries.

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The merger agreement permits us to comply with Rule 14d-9 and Rule 14e-2 under the Securities Exchange Act of 1934 with regard to an acquisition proposal that either of us may receive. Rule 14e-2 requires that the board of directors of a company whose shares are the subject of a tender offer state its position with respect to the tender offer or that it is unable to take a position with respect to the tender offer. Rule 14d-9 requires that persons making a solicitation or recommendation in connection with a tender offer, including the subject company's board of directors, make filings with the Securities and Exchange Commission providing certain information relating to the solicitation or recommendation and the parties involved. The no solicitation restrictions notwithstanding, if either of us receives an unsolicited bona fide written acquisition proposal, the party receiving that proposal may engage in discussions and negotiations with or provide nonpublic information to the entity or person making the acquisition proposal, but only if:

the board of directors of the party receiving the acquisition proposal receives the acquisition proposal prior to that party's stockholders' meeting to approve the merger;

the board of directors of the party receiving the acquisition proposal concludes in good faith that the acquisition proposal constitutes or is reasonably likely to result in a superior proposal, as described below;

the party receiving the acquisition proposal enters into a confidentiality agreement with the entity or person making the inquiry or proposal having terms that are no less favorable to the party providing the information than those contained in the confidentiality agreement between Nara and Center;

the party receiving the acquisition proposal notifies the other party to the merger agreement promptly, and in any event within 24 hours of that party's receipt of any acquisition proposal or any request for nonpublic information relating to that party or any of its subsidiaries by any third party that is considering making, or that has made, an acquisition proposal, of the identity of such third party, the material terms and conditions of any inquiries, proposals or offers, and updates on the status of the terms of any such proposals, offers, discussions or negotiations on a current basis; and

the party receiving the acquisition proposal provides the other party to the merger agreement with copies of all material nonpublic information so provided that was not previously provided to the other party.

For purposes of the merger agreement, the term "superior proposal" means a bona fide written acquisition proposal with respect to all of the stock or assets of Nara or Center which the board of directors of Nara or Center, as the case may be, concludes in good faith, after consultation with its financial advisors and legal advisors, taking into account all legal, financial, regulatory and other aspects of the proposal and the entity or person making the proposal (including any break-up fees, expense reimbursement provisions and conditions to consummation) is:

more favorable to the respective stockholders of Nara or Center, as the case may be, from a financial point of view, than the merger; and

not subject to any financing contingencies (and if financing is required, then such financing is fully committed to the third party making the acquisition proposal), reasonably likely to receive all required governmental approvals on a timely basis and otherwise reasonably capable of being completed on the terms proposed.

Nara and Center have agreed in the merger agreement that:

each party will immediately terminate any activities, discussions or negotiations existing as of the date of the merger agreement with any third parties conducted before that date with respect to any acquisition proposal;

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each party will promptly request each third party, if any, that executed a confidentiality agreement with such party before the date of the merger agreement in connection with the consideration of any acquisition proposal to return or destroy all confidential information or data previously furnished to such person;

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each party will enforce, and not release any third party from or waive any provisions of, any confidentiality, standstill or similar agreement relating to any acquisition proposal;

each party will not take any action to render inapplicable or to exempt any third party from Section 203 of the Delaware General Corporation Law or any other antitakeover legislation; and

each party will use reasonable best efforts to inform our respective directors, officers, key employees, agents and representatives of the foregoing restrictions in the merger agreement.

The no solicitation provisions of the merger agreement will not permit either Nara or Center to terminate the merger agreement or affect any of their other obligations under the merger agreement, including our respective obligations to call and hold meetings of our respective stockholders to vote on the merger agreement.

***Termination***

Nara or Center may terminate the merger agreement by mutual consent at any time prior to the completion of the merger, whether before or after the stockholder approvals have been obtained. In addition, either party may terminate the merger agreement by written notice to the other party if:

any governmental entity of competent jurisdiction: (1) that must grant a material regulatory approval has denied approval of the merger and the denial has become final and nonappealable; or (2) issues an order, decree or ruling or takes any other action permanently restraining, enjoining or otherwise prohibiting the merger, and the order, decree, ruling or other action has become final and nonappealable, except that this right to terminate will not be available to a party whose failure to comply with the merger agreement resulted in, or materially contributed to, that action;

the merger is not completed on or before July 31, 2011, which date may be extended by either Nara or Center to November 30, 2011 (which date may be further extended by the consent of both parties) if the only condition to the completion of the merger that has not been satisfied as of July 31, 2011 is receipt of any required regulatory approval and the satisfaction of that condition remains reasonably possible, except that this termination right is not available to a party whose failure to comply with the merger agreement resulted in the failure to complete the merger by that date;

the other party's board of directors fails to recommend that its stockholders vote in favor of the merger, makes a change in its recommendation or takes any other action inconsistent with such recommendation, or the other party materially breaches its obligations under the merger agreement to hold its stockholders' meeting for purposes of voting on the merger agreement;

the other party does not comply in all material respects with its agreement not to solicit competing acquisitions proposals;

the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach would, if it continued to exist on the closing date, prevent satisfaction by the other party of the relevant closing condition and such breach, if curable, has not been cured within 60 days following written notice of such breach to the breaching party;

the stockholders of either party do not approve the merger at their respective stockholders' or meeting; or

the other party has suffered a material adverse effect since the date of the merger agreement.

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In addition, Nara may terminate the merger agreement if holders of 6% or more of the outstanding shares of Center common stock exercise dissenters' appraisal rights under applicable law by virtue of the merger.

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The merger agreement provides that each party may be required to pay a termination fee to the other party of up to \$10 million in the following circumstances:

If a party terminates the merger agreement due to (1) the failure of the other party's board to recommend the merger, the other party materially breaching its obligations under the merger agreement to hold its stockholders' meeting for purposes of voting on the merger agreement, prepare and mail to its stockholders this document or comply with the provisions of the merger agreement prohibiting solicitation of other acquisition proposals; or (2) the other party's board of directors making a change in recommendation. In such a case, the other party must pay the full termination fee on the business day following the termination.

If (1) the merger agreement is terminated by either party because the required stockholder vote of a party was not obtained at that party's stockholders' meeting, and (2) a competing proposal for the acquisition, dissolution or liquidation of that party was publicly announced before its stockholders' meeting. In such a case, the party whose stockholders failed to adopt and approve the merger agreement will owe the other party 25% of the termination fee on the business day following termination. In addition, if the party whose stockholders failed to adopt and approve the merger agreement enters into an agreement for, or completes, a competing acquisition proposal within 18 months after termination, the remaining 75% of the termination fee will become payable to the other party on the date the agreement is executed or the competing acquisition proposal is completed.

If (1) the merger agreement is terminated by either party because the merger has not been completed by July 31, 2011 (or such later date as permitted by the merger agreement or agreed to by the parties in writing) or by one party because of a breach by the other party of its representations, warranties, covenants or agreements set forth in the merger agreement that causes a condition to the merger not to be satisfied, (2) a competing proposal for the acquisition, dissolution or liquidation of the other party was publicly announced before the termination, and (3) after the announcement of the competing acquisition, dissolution or liquidation proposal, the other party intentionally breached any of its representations, warranties, covenants or agreements and the breach resulting in the failure of the related closing conditions to be satisfied or otherwise materially contributed to the failure of the merger to become effective prior to termination. In such a case, the party that committed the breach will owe the other party 25% of the termination fee on the business day following termination. In addition, if the breaching party enters into an agreement for, or completes, a competing acquisition proposal within 18 months after termination, the remaining 75% of the termination fee will become payable to the other party on the date the agreement is executed or the competing acquisition proposal is completed.

The termination and termination fee provisions described above and the provisions described in the section entitled "No Solicitation of Alternative Transactions" above may discourage third parties from seeking to acquire or merge with Nara or Center.

***Conduct of Business Pending the Merger***

Under the merger agreement, Nara and Center have agreed that, during the period before completion of the merger, except as expressly contemplated or permitted by the merger agreement, or to the extent that the other party consents in writing, Nara and Center will carry on their respective businesses in the usual, regular and ordinary course consistent with past practice, and will use all reasonable efforts to preserve intact their present business organizations, maintain their rights, franchises, licenses and authorizations issued by any governmental entities, preserve their relationships with directors, officers, employees, customers, suppliers and others having business dealings with them and maintain their respective properties and assets in their present state of repair, order and condition, in each case such that their goodwill and ongoing businesses will not be impaired in any material respect. Nara and Center have agreed not to, and not to permit their respective subsidiaries to, enter into any new material line of business or to change their or their respective subsidiaries' lending, investment, underwriting, risk and asset-liability management or other material banking or operating policies in any respect.

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that is material to it, except as required by law or policies of a governmental entity. Nara and Center have also agreed that they will not, and will not permit any of their respective subsidiaries to, incur or commit to any capital expenditures or any obligations or liabilities in connection with capital expenditures, other than in the ordinary course of business consistent with past practice. Nara and Center have further agreed not to, and not to permit their respective subsidiaries to, enter into, terminate or change any material lease, contract or agreement, except in the ordinary course of business consistent with past practice, or take any action or fail to take any action that causes a material breach of any material lease, contract or agreement.

In addition to the above agreements regarding the conduct of business generally, each of Nara and Center have agreed to specific restrictions relating to the conduct of their respective businesses, including prohibitions of the following (in each case subject to exceptions specified in the merger agreement):

declaration or payment of dividends and changes in capital stock,

repurchase or redemption of capital stock;

issuance or sale of capital stock, voting debt or other equity interests;

amendment of their respective certificates of incorporation or bylaws;

acquisition of assets or other entities;

disposition of assets;

incurrence or guarantee of long-term debt;

actions that would result, or might reasonably be expected to result, in a breach of any representations and warranties in the merger agreement, in any conditions to the merger not being satisfied or in a violation of the merger agreement;

change in accounting methods;

making or rescission of any material tax election, amendment of any previously filed tax return or settlement or compromise of any material tax liability or refund;

change in employee benefit plans or compensation of directors, officers and employees;

material change in its investment securities portfolio, hedging strategy or interest rate risk position; and

liquidation, dissolution, restructuring, recapitalization or reorganization.



*Corporate Governance and Name Change*

In the merger agreement, Nara agreed to adopt the amendments to the bylaws of Nara described in the section entitled Amendments to Bylaws below, to be effective not later than the completion of the merger. Nara agreed in the merger agreement to cause its board of directors to be constituted as provided in the section entitled Amendments to Bylaws below. In particular, of the 14 members of the board of directors of Nara following completion of the merger, half will be comprised of current Nara directors designated by Nara, of whom Ki Suh Park will serve as Chairman of the Board, and half will be comprised of current Center directors designated by Center, of whom Chang Hwi Kim will serve as Vice Chairman of the Board. No other directors or employees of Nara or Center will be designated to serve on the initial board of directors upon the completion of the merger.

During the period from the completion of the merger to a date that is not less than one year or more than two years thereafter, as determined by the board of directors of the combined company, all committees of the board of directors of the combined company will consist of equal numbers of continuing Nara directors and continuing Center directors, subject to any independence and expertise requirements under applicable law and stock exchange rules. The Nominating and Governance Committee and the Human Resources and Compensation Committee will each be chaired by a continuing Center director. In addition, the merger agreement provides that

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a Consolidation Committee of the board of directors will be established following the completion of the merger and will be chaired by a continuing Center director, who will initially be Chang Hwi Kim. The Consolidation Committee will be responsible for developing integration policies and procedures for the combined company and overseeing management's efforts in implementing such policies and procedures.

The boards of directors of Nara and Center have already selected the persons who will serve on the Consolidation Committee and all such persons have been conducting regular meetings for the purpose of overseeing management's planning and preparation for the integration process and reporting thereon to their respective boards of directors.

On or prior to the effectiveness of the merger, Nara will cause the persons indicated in the section entitled "Board of Directors and Management After the Merger" above to be elected or appointed to the offices of Nara specified in that section, with such appointments to become effective as of the completion of the merger.

In addition, Nara and Center have agreed to establish and follow certain corporate governance procedures to facilitate integration of the two companies upon completion of the Merger. These procedures, which will be set forth in amendments to the bylaws of Nara and of the combined bank resulting from the bank merger will be effective as of the effective time of the merger and the bank merger, respectively. These bylaws are described in the immediately following section captioned "Amendments to Bylaws."

Nara and Center have agreed in the merger agreement to take all actions necessary, including adopting amendments to the certificates of incorporation of Nara and Center Bank, respectively, to provide that, effective upon the completion of the merger, the names of Nara and Center Bank will be changed to a name that is acceptable to Nara and Center.

### **Amendments to Bylaws**

The following paragraphs describe the material terms of the amendments to Nara's bylaws that are required by the merger agreement to be adopted by Nara as a condition to completion of the merger. The following summary is qualified in its entirety by reference to the complete text of the form of bylaw amendments, which is attached as Annex E to this document and is incorporated herein by reference. You should read the full text of these amendments for a complete statement of their terms.

The bylaws of Nara will be amended effective not later than the completion of the merger, and the amendment will remain in effect for a period of one to two years (as determined by the board of directors of the combined company) after the completion of the merger, which period we refer to as the "integration period." The amendment will add new sections to the bylaws providing for the following:

The board of directors of the combined company will consist of 14 members. Seven of these members will be current directors of Nara, including Ki Suh Park, whom we collectively refer to (along with their replacements, if any) as "continuing Nara directors." The remaining seven members of the board of directors of the combined company will be current directors of Center, including Chang Hwi Kim, whom we collectively refer to (along with their replacements, if any) as "continuing Center directors."

Ki Suh Park, the current Chairman of the Board of Nara, will continue as Chairman of the Board of the combined company. If Ki Suh Park ceases to serve as Chairman of the Board of the combined company for any reason during the integration period, his successor as Chairman of the Board of the combined company will be selected by the continuing Nara directors.

Chang Hwi Kim, a current director of Center, will be the Vice Chairman of the Board of the combined company. If Chang Hwi Kim ceases to serve as Vice Chairman of the Board of the combined company for any reason during the integration period, his successor as Vice Chairman of the Board of the combined company will be selected by the continuing Center directors.

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Kevin Kim, a current director of Center, will be the Chairman of the Board of the combined company's bank subsidiary resulting from the bank merger. If Kevin Kim ceases to serve as Chairman of the Board of the combined bank for any reason during the integration period, his successor as Chairman of the Board of the combined bank will be selected by the continuing Center directors.

Scott Whang, a current director of Nara, will be the Vice Chairman of the Board of the combined company's bank subsidiary resulting from the bank merger. If Scott Whang ceases to serve as Vice Chairman of the Board of the combined bank for any reason during the integration period, his successor as Vice Chairman of the Board of the combined bank will be selected by the continuing Nara directors.

All vacancies on the board of directors of the combined company, and any committees thereof, during the integration period created through the cessation of service for any reason of (1) any continuing Nara director will be filled by a nominee proposed to the Nomination and Governance Committee of the board of directors by the remaining continuing Nara directors or (2) any continuing Center director will be filled by a nominee proposed to the Nomination and Governance Committee of the board of directors by the remaining continuing Center directors. If the Nomination and Governance Committee of the board of directors does not appoint any such proposed nominee, or if the board of directors of the combined company does not approve any such nominee proposed by the Nomination and Governance Committee, the remaining continuing Nara directors or the remaining continuing Center directors, as applicable, will propose a substitute nominee to the Nomination and Governance Committee. This process will be repeated if necessary until the applicable vacancy has been filled.

The Nomination and Governance Committee of the board of directors will recommend to the board of directors of the combined company that each continuing Nara director and each continuing Center director be nominated, and the board of directors of the combined company will nominate each such director so recommended, for election at each annual meeting of stockholders of the combined company that is held during the integration period.

The board of directors of the combined company will establish a Consolidation Committee. The Consolidation Committee will consist of four members and will be responsible for developing integration policies and procedures for the combined company and overseeing management's efforts in implementing such policies and procedures during the integration period. In anticipation of the completion of the merger, and to facilitate implementation of integration efforts promptly after the completion of the merger, the boards of directors of Nara and Center have appointed two members each to a premerger consolidation committee whose function is to oversee planning and making preparations for the post-merger integration process.

Subject to any independence and expertise requirements under applicable law, during the integration period, all committees of the board of directors of the combined company will consist of equal numbers of continuing Nara directors and continuing Center directors. The Nominating and Governance Committee, the Human Resources and Compensation Committee and the Consolidation Committee will each be chaired by a continuing Center director, who in the case of the Consolidation Committee will initially be Chang Hwi Kim. During the integration period, any impasse with respect to decisions of any committee of the board of directors of the combined company will be resolved by the board of directors, except that any director who is an employee of the combined company will not be permitted to vote on any matter that may only be decided by independent directors under applicable law.

Alvin Kang, the current President and Chief Executive Officer of Nara, will serve as Chief Executive Officer of the combined company. The removal of Alvin Kang from the position of Chief Executive Officer of the combined company during the 18-month period after the merger is completed without Alvin Kang's consent will require the approval of at least 66% of the board of directors of the combined company. In addition, any amendment to or termination of any employment agreement that Alvin Kang may have with the combined company during such 18-month period without Alvin Kang's

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consent will require the approval of the board of directors of the combined company, including the vote of at least one continuing Nara director, with Alvin Kang abstaining. However, no such amendment or termination of Alvin Kang's employment agreement may terminate Alvin Kang's status as Chief Executive Officer of the combined company. If Alvin Kang ceases to serve as Chief Executive Officer of the combined company for any reason during such 18-month period, his successor as Chief Executive Officer of the combined company will be selected by the continuing Nara directors.

### ***Additional Agreements***

Nara and Center have agreed to cooperate with the other and to use their reasonable best efforts to:

take all actions necessary to comply promptly with all legal requirements which may be imposed on either Nara or Center with respect to the merger and to consummate the merger and the bank merger as promptly as practicable; and

obtain any consent, authorization, order or approval of, or any exemption by, any governmental authority or any other third party which is required to be obtained in connection with the merger or the bank merger unless, in each case, it will require any of the parties or the combined company to pay any amounts (other than customary filing fees) or divest any banking office, or impose any conditions that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on the present or prospective consolidated financial condition, business or operating results of the combined company after the merger.

The merger agreement also contains covenants relating to cooperation between Nara and Center in the preparation of this document and additional agreements between Nara and Center relating to, among other things, consultation regarding transition matters, access to information, mutual notice of specified matters, communications with governmental authorities, the assumption of Center's outstanding debt by Nara upon the completion of the merger, directors' and officers' insurance and related indemnification matters, public announcements and tax matters.

Nara and Center have agreed that their respective employee benefit plans will remain in effect after completion of the merger with respect to employees covered by those plans. Nara and Center have also agreed that the combined company will formulate benefit plans after the effective time of the merger on a basis that does not discriminate between employees who were covered by the benefit plans of Nara and employees who were covered by the benefit plans of Center. Center has agreed that, upon the request of Nara, it will amend any of its benefit plans to implement the parties' agreements and to avoid duplication of benefits and terminate any plans or arrangements providing for severance benefits, such termination to be effective prior to the completion of the merger.

The Nara board will adopt a resolution providing that the exchange by Center officers and directors of their shares of Center common stock for Nara common stock in connection with the merger is intended to be exempt from liability pursuant to Section 16(b) of the Securities Exchange Act of 1934.

### ***Amendment, Extension and Waiver***

Nara and Center may amend the merger agreement, by action taken or authorized by their respective boards of directors, at any time before or after adoption and approval of the merger agreement by their respective stockholders. After adoption and approval of the merger agreement by either of their respective stockholders, no amendment may be made which by law requires further approval by those stockholders, unless Nara and Center obtain that further approval. All amendments to the merger agreement must be in writing signed by both parties.

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At any time before the completion of the merger, Nara and Center may, by written action taken or authorized by their respective boards of directors, to the extent legally allowed:

extend the time for the performance of any of the obligations or other acts provided for in the merger agreement;

waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; and

waive compliance with any of the agreements or conditions contained in the merger agreement.

***Fees and Expenses***

Whether or not the merger is completed, all costs and expenses incurred in connection with the merger agreement will be paid by the party incurring the expense, except that:

if the merger is completed, the combined company will pay any property or transfer taxes imposed on either party in connection with the merger; and

all expenses and fees incurred in connection with the filing, printing and mailing of this document and the registration statement of which it is a part will be shared equally by Nara and Center.

***Representations and Warranties***

The merger agreement contains customary reciprocal representations and warranties by each party relating to, among other things:

corporate organization and similar corporate matters;

capital structure;

authorization of the merger agreement and absence of conflicts;

required consents or approvals of governmental entities;

documents filed with the Securities and Exchange Commission, financial statements included in those documents, regulatory reports filed with governmental entities, the absence of material undisclosed liabilities and compliance with the Nasdaq Stock Market listing and corporate governance rules;

information supplied in connection with this document and the registration statement of which it is a part;

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compliance with applicable laws and reporting requirements;

accounting practices and internal controls;

legal proceedings;

taxes;

material agreements;

employee benefits;

bank subsidiaries;

agreements with regulators;

absence of specified changes or events;

board approval and applicable state takeover laws;

the stockholder vote required to adopt and approve the merger agreement and/or the principal terms of the merger;

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ownership and leasehold interests in properties;

intellectual property;

derivative contracts and transactions;

loan portfolios;

insurance;

affiliate transactions;

brokers and finders; and

opinion of financial advisor.

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**UNAUDITED PRO FORMA COMBINED CONDENSED**

**CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma combined condensed consolidated financial information and explanatory notes illustrate the effect of the merger on the Nara's financial position and results of operations based upon the companies' respective historical financial positions and results of operations under the acquisition method of accounting with Nara treated as the acquirer. The unaudited pro forma combined condensed consolidated financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of Nara and Center, which are incorporated by reference elsewhere in this document.

In accordance with generally accepted accounting principles in the United States of America, or GAAP, the assets and liabilities of Center will be recorded by Nara at their estimated fair values as of the date the merger is completed. The unaudited pro forma combined condensed consolidated balance sheet as of December 31, 2010 assumes the merger took place on that date. The unaudited pro forma combined condensed consolidated income statement for the year ended December 31, 2010 assumes the merger took place on January 1, 2010.

The pro forma financial information includes Nara's estimated adjustments to record assets and liabilities of Center at their respective fair values. These adjustments are subject to change depending on changes in interest rates and the components of assets and liabilities as of the merger date and as additional information becomes available and additional analyses are performed. The final amount and allocation of the purchase price will be determined after the merger is completed and after completion of further analyses to determine the fair value of Center's tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimated fair values of the net assets acquired as compared with the information shown in the unaudited pro forma combined condensed consolidated financial information may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact Nara's statements of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to Center's stockholders' equity, including results of operations from December 31, 2010 through the date the merger is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

Nara anticipates that the merger with Center will provide the combined company with financial benefits that include reduced combined operating expenses. The pro forma information, which is intended to illustrate the financial characteristics of the merger and the combined company under one set of assumptions, does not reflect the benefits of expected cost savings or opportunities to earn additional revenues, or all integration costs that may be incurred and, accordingly, should not be considered a prediction of future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during the period shown.

The unaudited pro forma stockholders' equity and net income should not be considered indicative of the market value of Nara common stock or the actual or future results of operations of Nara for any period. Actual results may be materially different than the pro forma information presented.



**Table of Contents****Unaudited Pro Forma Combined Condensed Consolidated Balance Sheet**

As of December 31, 2010

(in thousands, except share and per share data)

	Nara Bancorp (historical)	Center Financial (historical)	Pro Forma Adjustments (unaudited) <sup>(1)</sup>		Pro Forma Combined (unaudited)
<b>Assets:</b>					
Cash and cash equivalents	\$ 172,331	\$ 258,920	\$ (12,005)	G	\$ 419,246
Securities available for sale, at fair value	528,262	289,551	0		817,813
Non-covered loans held for sale, at the lower of cost or fair value	26,927	60,234	0		87,161
Gross non-covered loans	2,147,745	1,467,693	(110,780)	B,C	3,504,658
Non-covered loans allowance for loan losses	(62,320)	(52,047)	52,047	B,C	(62,320)
Covered loans	0	116,283	0	M	116,283
Non-covered other real estate owned	1,581	937	0	M	2,518
Covered other real estate owned	0	1,459	0	M	1,459
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	24,084	15,019	0		39,103
Premises and equipment, net	10,915	13,532	8,000	E	32,447
FDIC loss share receivable	0	23,991	0	M	23,991
Accrued interest receivable	8,648	5,509	0		14,157
Deferred tax assets, net	37,072	14,383	21,267	H	72,722
Cash surrender value of bank owned life insurance	24,117	12,791	0		36,908
Customers acceptance liabilities	11,528	2,287	0		13,815
Income tax receivable	0	14,277	0		14,277
Goodwill	2,509	0	113,635	I	116,144
Other Intangibles, net	534	464	4,000	I	4,998
Other assets	29,363	24,996	0		54,359
<b>Total assets</b>	<b>\$ 2,963,296</b>	<b>\$ 2,270,279</b>	<b>\$ 76,164</b>		<b>\$ 5,309,739</b>
<b>Liabilities:</b>					
Deposits	\$ 2,176,114	\$ 1,770,994	\$ 5,320	F	\$ 3,952,428
FHLB Borrowings	350,000	167,213	8,019	D	525,232
Other borrowed funds	11,758	21,457	0		33,215
Long-term subordinated debentures	39,268	18,557	(4,105)	D	53,720
Acceptances outstanding	11,528	2,287	0		13,815
Other liabilities	16,065	15,759	0		31,824
<b>Total liabilities</b>	<b>2,604,733</b>	<b>1,996,267</b>	<b>9,234</b>		<b>4,610,234</b>
Stockholders equity	358,563	274,012	66,930	A,K	699,505
<b>Total liabilities and stockholders equity</b>	<b>\$ 2,963,296</b>	<b>\$ 2,270,279</b>	<b>\$ 76,164</b>		<b>\$ 5,309,739</b>
<b>Total shares outstanding</b>	<b>37,983,027</b>	<b>39,914,686</b>			<b>69,132,448</b>
<b>Book value per share</b>	<b>\$ 9.44</b>	<b>\$ 6.86</b>	<b>\$ 0.98</b>		<b>\$ 10.12</b>

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- (1) See Note 3 of the accompanying Notes to Unaudited Pro Forma Combined Condensed Consolidated Financial Statements.

**Table of Contents****Unaudited Pro Forma Combined Condensed Consolidated Income Statement****For the Year Ended December 31, 2010****(in thousands, except share and per share data)**

	<b>Nara Bancorp (historical)</b>	<b>Center Financial (historical)</b>	<b>Pro Forma Adjustments (unaudited)<sup>(1)</sup></b>		<b>Pro Forma Combined (unaudited)</b>
Interest income	\$ 150,436	\$ 95,831	\$ 15,556	C	\$ 261,823
Interest expense	(42,052)	(27,893)	5,090	D,F	(64,855)
Provision for loan losses	(84,630)	(22,010)	0		(106,640)
Net interest income after provision for loan losses	23,754	45,928	20,646		90,328
Non-interest income	24,481	26,088	0		50,569
Non-interest expense	(63,374)	(48,017)	1,147	J	(110,244)
Income (loss) before income tax provision	(15,139)	23,999	21,793		30,653
Income tax provision (benefit)	(7,900)	1,316	9,186		2,602
Net income (loss)	(7,239)	22,683	\$ 12,607		28,051
Preferred stock dividends and accretion of preferred stock discount	(4,291)	(31,996)	0		(36,287)
Net income (loss) available to common stockholders	\$ (11,530)	\$ (9,313)	\$ 12,607		\$ (8,236)
Weighted average shares outstanding	37,919,340	35,263,251			69,068,761
Earnings (loss) per share Basic	\$ (0.30)	\$ (0.26)	\$ 0.18		\$ (0.12)
Earnings (loss) per share Diluted <sup>(2)</sup>	\$ (0.30)	\$ (0.26)	\$ 0.18		\$ (0.12)

(1) See Note 3 of the accompanying Notes to Unaudited Pro Forma Combined Condensed Consolidated Financial Statements.

(2) When an entity has a net loss from continuing operations, the inclusion of potential common shares in the computation of diluted per share amounts is prohibited. Accordingly, we have utilized the basic shares outstanding amount to calculate both basic and diluted loss per share.

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**Notes to Unaudited Pro Forma Combined Condensed Consolidated Financial Statements**

**(In thousands, except share and per share data unless otherwise stated)**

**1. BASIS OF PRO FORMA PRESENTATION**

The unaudited pro forma combined condensed consolidated financial information related to the merger is included as of and for the year ended December 31, 2010. For the purposes of the pro forma combined condensed consolidated financial statements, the purchase price is currently estimated at approximately \$294.8 million, which is based upon a price of \$9.46 per share (the closing price on March 15, 2011) of Nara common stock and an implied value per share of Center common stock of \$7.38. The pro forma adjustments included herein reflect the conversion of Center common stock into Nara common stock at the exchange ratio stated in the merger agreement of 0.7804 of a share of Nara common stock for each of the approximately 39.9 million shares of Center Financial common stock outstanding as of December 31, 2010.

The merger will be accounted for as an acquisition of Center by Nara in accordance with the acquisition method of accounting as detailed in ASC 805-10 (previously SFAS No. 141(R)), Business Combinations. The acquisition method of accounting requires an acquirer to recognize the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree based on their fair values as of the date of acquisition. As described in more detail in ASC 805-10, goodwill, if any, will be recognized as of the acquisition date, in the amount equal to the excess of the consideration transferred over the fair value of identifiable net assets acquired. Based on Nara's preliminary purchase price allocation, goodwill of approximately \$114.1 million is currently expected to be recorded by Nara in the period the merger is completed.

As the merger is recorded using the acquisition method of accounting, all loans of Center are recorded at fair value, including adjustments for credit, and no allowance for credit losses is carried over to Nara's balance sheet. In addition, certain anticipated nonrecurring costs associated with the merger, such as severance costs, accounting fees, legal and other professional fees and conversion related expenditures are not reflected in the pro forma statement of income.

While the recording of the acquired loans at their fair value will impact the prospective determination of the provision for loan losses and the allowance for loan losses, for purposes of the unaudited pro forma combined condensed consolidated income statement for the year ended December 31, 2010, we assumed no adjustments to the historical amount of Center's provision for credit losses. If such adjustments were estimated, there could be a reduction, which could be significant, to the historical amounts of Center's provision for credit losses presented.

For purposes of the unaudited pro forma combined condensed consolidated income statement for the year ended December 31, 2010, we assumed no adjustments to the historical deferred tax asset valuation in the amount of \$6.0 million recorded by Center. Had Nara acquired Center as of January 1, 2010, the reversal of all or a portion of the deferred tax asset valuation allowance of the combined entity could have differed materially from the amount presented in the unaudited pro forma combined condensed consolidated income statement. In addition, the pro forma combined condensed consolidated financial statements do not take into account the impact, if any, of an ownership change under Section 382 of the Code that would have occurred with respect to Center (and potentially Nara) as of January 1, 2010.

The historical financial results of Nara include merger and acquisition integration costs of \$1.0 million for the year ended December 31, 2010. These integration costs primarily consisted of legal and other professional fees and due diligence related costs. The historical financial results of Nara also include \$4.3 million of preferred stock dividends and discount accretion. These amounts related to Nara's participation in the U.S. Department of the Treasury's Capital Purchase Program.

The historical financial results of Center for the year ended December 31, 2010 included a \$22.0 million provision for credit losses and professional fees of \$0.8 million associated with the merger. The historical

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financial results of Center also include \$2.9 million of preferred stock dividends and discount accretion as well as intrinsic value of \$29 million for the beneficial conversion feature of its Series B Preferred Stock issued in December 2009.

The merger is expected to result in annual cost savings to be achieved following the consummation of the merger. These expected savings have not been included in the pro forma combined amounts.

**2. Preliminary Purchase Accounting Allocations**

The unaudited pro forma combined condensed consolidated financial information for the merger includes the unaudited pro forma combined condensed consolidated balance sheet as of December 31, 2010 assuming the merger and subsequent combination were completed on December 31, 2010. The unaudited pro forma combined condensed consolidated income statement for the year ended December 31, 2010 was prepared assuming the merger and subsequent combination were completed on January 1, 2010.

**Preliminary Purchase Accounting Allocations**

	<b>(in thousands)</b>
Nara common stock issued <sup>(1)</sup>	\$ 294,674
Payment of in-the-money Center Financial stock options <sup>(2)</sup>	125
<b>Total consideration</b>	<b>\$ 294,799</b>
Carrying value of Center net assets at December 31, 2010	\$ 220,603
Loans, net	(58,733)
Premises and equipment	8,000
Core deposit intangible	4,000
Certificates of deposits	(5,320)
Borrowings	(3,914)
Other expected transaction costs <sup>(3)</sup>	(4,739)
Deferred tax effect of adjustments (38)%	21,267
<b>Total fair value adjustments</b>	<b>(39,439)</b>
<b>Fair value of net assets acquired at December 31, 2010</b>	<b>\$ 181,164</b>
<b>Excess of consideration paid over fair value of net assets acquired (goodwill)</b>	<b>\$ 113,635</b>

- (1) The purchase price is based on a price of \$9.46 per share of Nara common stock (closing price as of March 15, 2010), which resulted in 31,149,421 shares being issued.
- (2) Assumes in-the-money stock options are exercised.
- (3) Other expected transaction costs consist of financial adviser fees, severance payments and other transaction related costs.

**3. Preliminary Pro Forma Adjustments**

- A. Adjustment to equity reflects the acquisition of Center by the issuance of approximately 31.1 million shares of the Nara common stock, which was calculated by multiplying Center's 39,914,686 shares outstanding as of December 31, 2010 by the merger exchange ratio of 0.7804.

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- B. The fair value of the loan portfolio being acquired from Center is estimated by Nara to be less than the net book value of the related assets. Based on management's judgment and the mid-point of a preliminary analysis provided by a third party accounting firm, we applied a 7.5% discount to Center's non-covered gross loan portfolio to estimate the fair value at December 31, 2010. This adjustment reflects our estimates of both market rate differential and the potential adjustments

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required by FASB ASC 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality. Because the acquired loans are recorded at fair value at the acquisition date, there is no carryover of the seller's allowance for loan losses of approximately \$52,047,000.

In accordance with GAAP, subsequent to the effective date Nara will record the fair value difference pertaining to market rate differential into interest income over the remaining term of loan portfolio, which is estimated to be five years. In addition, the fact that the loans acquired with deteriorated credit quality are recorded at fair value at acquisition date could result in a reduction in the amount of loan loss provision expense required on these loans in the future.

- C. The loan fair value adjustment pertaining to market rate differential will be recognized over the estimated remaining life of the loan portfolio of five years. The accretion for the first 12 months after the effective date is estimated to be approximately \$15.6 million before tax.
- D. The fair value of the outstanding FHLB borrowing assumed from Center is estimated by Nara to be above the face amount of such debt. On the other hand, the fair value of the outstanding subordinated debt assumed from Center is estimated by Nara to be below the face amount of such debt. In accordance with GAAP, subsequent to the effective date, Nara will record amortization and accretion to the face amount in interest expense over the remaining term of the debt. The net amortization for the first 12 months after the effective date is estimated to be approximately \$834,000.
- E. The fair value of premises and equipment being acquired from Center is estimated by Nara to be above the book value of such assets primarily due to the real estate owned by Center for its Western Branch and Olympic Branch. The appreciation in value of the properties is expected to primarily be from the appreciation in value of land.
- F. The fair value of certificate of deposit liabilities is estimated by Nara to be above the face amount of such deposits. In accordance with GAAP, subsequent to the effective date, Nara will record amortization to the face amount in interest expense over the remaining term of the deposits. The amortization for the first 12 months after the effective date is estimated to be approximately \$4,256,000 as 80% of the deposits are estimated to mature within one year.
- G. The equity of the pro forma combined company was reduced for various transaction and restructuring costs related to the merger that are expected to be incurred by Nara and Center in the amount of approximately \$12.0 million. Some of these costs may not be tax deductible. The deductibility of such costs will be determined subsequent to the completion of the merger.
- H. Adjustment to deferred tax assets represents the tax effect of the pro forma adjustments using a combined federal and state tax rate of 38%.
- I. Adjustment to other assets includes a core deposit intangible of \$4.0 million and goodwill of \$113.6 million. A core deposit intangible arises from a financial institution or a financial institution branch having a deposit base comprised of funds associated with stable customer relationships. These customer relationships provide a cost benefit to the acquiring institution since the associated customer deposits typically are at lower interest rates and can be expected to be retained on a long-term basis. Deposit customer relationships have value due to their favorable interest rates in comparison to market rates for alternative funding sources with expected lives comparable to expected lives of the core deposits. The discounted cash flow method is based upon the principle of future benefits; economic value tends to be based on anticipated future benefits as measured by cash flows expected to occur in the future. In determining this value, Nara and Center have considered recently completed transactions and the overall value assigned to the DDA, NOW, Money Market and Savings approximated one percent as a result of the cost of these deposits being lower than the cost of comparable alternative funding sources. This presentation assumes amortization on a straight-line basis over seven years, which approximates \$571,000 for the first year.





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- J. Adjustment to non-interest expense was made to exclude the actual costs of \$1.7 million incurred by Nara and Center related to the merger and to amortize \$0.6 million of the core deposit intangible.
  
- K. The pro forma combined total shares outstanding are calculated by adding the Nara's 37,983,027 historical shares outstanding at December 31, 2010 and the Center's pro forma equivalent shares, which were calculated by multiplying the Center's 39,914,686 historical shares outstanding at December 31, 2010 by the merger exchange ratio of 0.7804.
  
- L. The pro forma combined weighted average shares outstanding are calculated by adding Nara's 37,919,340 historical weighted average shares outstanding for the year ended December 31, 2010 and the shares issued in connection with merger, which were calculated by multiplying the Center's 39,914,686 historical shares outstanding at December 31, 2010 by the merger exchange ratio of 0.7804.
  
- M. The covered loans, covered other real estate owned and FDIC loss share receivable as well as the non covered other real estate owned are assumed to be stated at fair value in Center's historical financial statements at December 31, 2010.

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**DESCRIPTION OF NARA CAPITAL STOCK**

*As a result of the merger, Center stockholders will become stockholders of Nara. Your rights as stockholders of Nara will be governed by the Delaware General Corporation Law and the certificate of incorporation, as amended, and the amended and restated bylaws, of Nara. The following description of the material terms of Nara's capital stock, including the common stock to be issued in the merger, reflects the anticipated state of affairs upon completion of the merger.*

**General**

Nara's authorized capital stock consists of 100,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001 per share. As of the record date for the Nara annual meeting, [ ] shares of Nara common stock were outstanding. Also as of that date, [ ] shares of Nara Series A Preferred Stock were outstanding, all of which are held by the U.S. Department of the Treasury in connection with Nara's participation in the TARP Capital Purchase Program established under the Emergency Economic Stabilization Act of 2008.

The U.S. Department of the Treasury also holds a ten-year warrant, which we refer to as the Nara Warrant, to purchase up to 521,266 shares of Nara common stock, at an initial exercise price of \$9.64 per share, subject to certain anti-dilution and other adjustments. In addition, as of the record date, [ ] shares of Nara common stock were reserved for issuance upon conversion or exercise of outstanding stock options and awards.

Nara's capital stock, both common and preferred, constitutes non-withdrawable capital and is not insured by the Federal Deposit Insurance Corporation. All of the outstanding shares of Nara common and preferred stock are, and the shares of Nara common stock issued in connection with the merger will be, fully paid and nonassessable.

Because Nara is a holding company, the rights of Nara to participate in any distribution of assets of any subsidiary, including Nara Bank, upon its liquidation or reorganization or otherwise (and thus the ability of Nara's stockholders to benefit indirectly from such distribution) would be subject to the prior claims of creditors of that subsidiary, except to the extent that Nara itself may be a creditor of that subsidiary with recognized claims. Claims on Nara's subsidiaries by creditors other than Nara will include substantial obligations with respect to deposit liabilities and purchased funds.

**Nara Preferred Stock**

The Nara board of directors is authorized to divide the preferred stock into series and to fix and determine the relative rights and preferences of the shares of any series and to provide for the issuance of the preferred stock. The holders of Nara preferred stock may have preferences over holders of Nara common stock in the payment of dividends, upon liquidation of Nara, in respect of voting rights and in the redemption of the capital stock of Nara. Series of preferred stock issued by Nara may also, in the discretion of Nara's board of directors, be made convertible into Nara common stock or other securities and may have sinking fund requirements.

***Series A Preferred Stock***

The Nara board of directors designated 67,000 shares of Nara preferred stock as Fixed Rate Cumulative Perpetual Preferred Stock, Series A, all of which shares were issued and sold by Nara to the Treasury Department on November 21, 2008 in connection with the Treasury Department's TARP Capital Purchase Program.

*Dividends.* Holders of the Nara Series A Preferred Stock are entitled to receive, if, as and when declared by the Nara board of directors or a duly authorized committee of the board, out of assets legally available therefor, cumulative cash dividends at the rate of 5% per annum on the liquidation preference of \$1,000 per share of Nara Series A Preferred Stock from the date of original issuance to, but excluding, February 15, 2014, and at the rate of 9% per annum on such liquidation preference thereafter.

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*Priority.* With respect to the payment of the dividends and of amounts to be paid upon liquidation, the Series A Preferred Stock ranks:

senior to Nara common stock and all other equity securities designated as ranking junior to the Nara Series A Preferred Stock; and

equally with all other equity securities designated as ranking on a parity with the Nara Series A Preferred Stock, which securities are referred to as parity stock, with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding up of Nara.

So long as any shares of Nara Series A Preferred Stock remain outstanding, and unless all accrued and unpaid dividends for all prior dividend periods have been contemporaneously declared and paid in full (or declared and funds have been set aside for their payment in full), no dividend may be paid or declared on Nara common stock or other junior stock, except for dividends payable solely in Nara common stock. Nara and its subsidiaries are also prohibited from purchasing, redeeming or otherwise acquiring for consideration any shares of Nara common stock or other junior stock unless Nara has paid all accrued dividends on the Nara Series A Preferred Stock for all prior periods in full, with certain exceptions, including the exchange or conversion of junior stock for or into other junior stock or of parity stock for or into other parity stock or junior stock, but in each case only to the extent that such acquisition is required pursuant to binding contractual agreements entered into before November 21, 2008 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for common stock.

If Nara purchases shares of Series A Preferred Stock from a holder other than the Treasury Department, Nara must also offer to repurchase a ratable portion of the Nara Series A Preferred Stock then held by the Treasury Department.

On any dividend payment date for which full dividends on the Nara Series A Preferred Stock and any parity stock are not paid, or declared and funds set aside for such payment, all dividends paid or declared for payment on that dividend payment date with respect to the Nara Series A Preferred Stock and any other parity stock shall be declared ratably among the holders of any such shares who have the right to receive dividends, in proportion to the respective amounts of the undeclared and unpaid dividends relating to the dividend period.

Subject to the foregoing, such dividends, whether payable in cash, stock or otherwise, as may be determined by the Nara board of directors, or a duly authorized committee of the Nara board of directors, may be declared and paid on Nara common stock and any other stock ranking equally with or junior to the Nara Series A Preferred Stock from time to time out of any funds legally available for such payment. The Nara Series A Preferred Stock will not be entitled to participate in any such dividend.

*Redemption.* The Nara Series A Preferred Stock may be redeemed, in full or in part, at any time, upon notice to the Treasury Department and subject to the approval of the Federal Reserve Board. The required redemption price will be an amount equal to the per share liquidation amount of the Nara Series A Preferred Stock plus accrued and unpaid dividends up to but excluding the date of redemption. The Nara Series A Preferred Stock is not subject to any mandatory redemption, sinking fund or similar provisions. Holders of the Nara Series A Preferred Stock have no right to require the redemption or repurchase of the Nara Series A Preferred Stock. Shares of Nara Series A Preferred Stock that are redeemed, repurchased or otherwise acquired by Nara will revert to the status of authorized but unissued shares of Nara preferred stock.

*Liquidation Rights.* In the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of Nara, the holders of the Nara Series A Preferred Stock would be entitled to receive an amount per share, referred to as the total liquidation amount, which is equal to the fixed liquidation preference of \$1,000 per share, plus any accrued and unpaid dividends, whether or not declared, to the date of payment. Holders of the Nara Series A Preferred Stock would be entitled to receive the total liquidation amount out of our assets, if any, that are available for distribution to Nara stockholders, after payment or provision for payment of Nara's debts and other liabilities but before any distribution of assets is made to holders of Nara common stock or to any other stock ranking, as to that distribution, junior to the Nara Series A Preferred Stock.

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If Nara's assets are not sufficient to pay the total liquidation amount in full to all holders of Nara Series A Preferred Stock and all holders of any shares of outstanding parity stock, the amounts paid to the holders of the Nara Series A Preferred Stock and other shares of parity stock will be paid pro rata in accordance with the respective total liquidation amounts for those holders. If the total liquidation amount per share of Nara Series A Preferred Stock has been paid in full to all holders of Nara Series A Preferred Stock and other shares of parity stock, the holders of Nara common stock and any other shares ranking, as to that distribution, junior to the Nara Series A Preferred Stock will be entitled to receive all of Nara's remaining assets according to their respective rights and preferences.

*Voting Rights.* The holders of the Nara Series A Preferred Stock do not have any voting rights, except as indicated below or as otherwise required by law. The holders of the Nara Series A Preferred Stock, together with the holders of any outstanding parity stock with like voting rights (which parity stock is referred to a voting parity stock) voting as a single class, will be entitled to elect two additional members to the Nara board of directors if dividends on the Nara Series A Preferred Stock have not been paid for an aggregate of six quarterly dividend periods or more, whether or not consecutive. In such event, the authorized number of directors then constituting the Nara board of directors will be increased by two and the holders of the Nara Series A Preferred Stock and any voting parity stock will be entitled to elect such directors at the next annual meeting and at each subsequent annual meeting until all accrued and unpaid dividends for all past dividend periods have been paid in full, provided that the election of any such director will be subject to the qualification that the election would not cause Nara to violate the corporate governance requirements of the Nasdaq Stock Market (or any other exchange on which Nara securities may then be listed) that listed companies must have a majority of independent directors.

So long as any shares of the Nara Series A Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Nara certificate of incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Nara Series A Preferred Stock at the time outstanding, voting separately as a single class, would be necessary to effect or validate:

any amendment or alteration of the Nara certificate of incorporation to authorize, create or increase the authorized amount of, or any issuance of any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock ranking senior to the Nara Series A Preferred Stock with respect to the payment of dividends or the distribution of assets on any liquidation, dissolution or winding up of Nara;

any amendment, alteration or repeal of any provision of the certificate of designations for the Nara Series A Preferred Stock that would affect adversely the rights, preferences, privileges or voting powers of the Nara Series A Preferred Stock; or

any consummation of a binding share exchange or reclassification involving the Nara Series A Preferred Stock or of a merger or consolidation of Nara with another entity, unless the shares of the Nara Series A Preferred Stock remain outstanding following any such transaction or, if Nara is not the surviving entity, are converted into or exchanged for preference securities and, in either such case, such remaining outstanding shares of Nara Series A Preferred Stock or preference securities have rights, preferences, privileges and voting powers that are not materially less favorable than the rights, preferences, privileges or voting powers of the Nara Series A Preferred Stock, taken as a whole.

**Series B Preferred Stock Issuable in the Merger**

Pursuant to the merger agreement, Nara will issue 55,000 shares, constituting all of the designated shares, of a new series of its preferred stock having substantially the same rights, preferences, privileges and voting powers as Center's outstanding Fixed Rate Cumulative Perpetual Preferred Stock, Series A, in exchange for the shares of such stock now held by the United States Treasury Department under its TARP Capital Purchase Program. The new series of Nara preferred stock, which will be designated as its Fixed Rate Cumulative Perpetual Preferred Stock, Series B, will rank senior to common stock and all other equity securities the terms of which expressly provide that such securities will rank junior to the Series B Preferred Stock and equally with the Nara Series A

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Preferred Stock and all other equity securities the terms of which do not expressly provide that such securities will rank senior or junior to the Series B Preferred Stock, with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding up of Nara. The terms of the Series B Preferred Stock will provide that holders thereof are entitled to, as and when declared by the board of directors, cumulative cash dividends at a rate per annum equal to 5% per annum on the liquidation preference of \$1,000 per share of Series B Preferred Stock until February 14, 2014 and 9% per annum on such liquidation preference after February 14, 2014, payable quarterly in arrears. No dividends will be payable on Nara's common stock or other junior stock unless all of the accrued and unpaid dividends for all past dividend periods, including the latest dividend period, have been paid in full on the Series B Preferred Stock. Furthermore, holders of the Series B Preferred Stock, together with the holders of the Nara Series A Preferred Stock and any other outstanding parity stock with like voting rights, voting as a single class, will have the right to elect two directors if dividends have not been paid for six periods. The Series B Preferred Stock will be redeemable by Nara, subject to approval of the appropriate federal banking agency, in whole or in part, at a redemption price equal to the sum of the liquidation amount per share and any accrued and unpaid dividends to but excluding the redemption date.

Holders of the Nara Series B Preferred Stock will have no voting rights except in limited circumstances, including (i) with respect to the election of two directors, whose seats are automatically added to the then-current board of directors, in the event dividends have not been paid for six periods; (ii) any amendment, alteration or repeal of any provision of Nara's certificate of incorporation so as to adversely affect the rights, preferences, privileges or voting powers of the Series B Preferred Stock; and (iii) any consummation of a binding share exchange or reclassification involving the Series B Preferred Stock, or a merger or consolidation of Nara with another corporation or entity, unless in any of the foregoing cases the Series B Preferred Stock remains outstanding or is exchanged for preferred stock with rights, preferences, privileges and voting powers and limitations and restrictions, taken as a whole, that are not materially less favorable to the holders as compared to immediately prior to such transaction.

**Nara Warrant**

The Nara Warrant may be exercised at any time on or prior to November 21, 2018. The Nara Warrant was initially exercisable for the purchase of up to 1,042,531 shares of Nara common stock. In accordance with the terms of the Nara Warrant, this maximum purchase amount was reduced by 50% to 521,266 shares of Nara common stock as a result of Nara's offering of 11,500,000 shares of common stock on October 27, 2009. The initial exercise price for the purchase of shares of Nara common stock pursuant to the Warrant is \$9.64 per share. The exercise price may be paid either by the withholding of the number of shares of Nara common stock issuable upon exercise of the Nara Warrant that is equal to the value of the aggregate exercise price of the Nara Warrant determined by reference to the market price of Nara common stock on the trading day in which the Nara Warrant is exercised or, if agreed by Nara and the warrant holder, by the payment of cash equal to the aggregate exercise price.

The number of shares for which the Nara Warrant may be exercised and the exercise price will be proportionately adjusted in the event Nara pays dividends or makes distributions on its common stock, other than ordinary cash dividends, or subdivides, combines or reclassifies outstanding shares of its common stock. Until the earlier of November 21, 2011 and the date the Treasury Department no longer holds the Nara Warrant (and other than in certain permitted transactions described below), if Nara issues any shares of its common stock, or securities convertible or exercisable into its common stock, for less than 90% of the market price of the common stock on the last trading day prior to pricing such shares, then the number of shares of Nara common stock into which the Nara Warrant is exercisable and the exercise price will be adjusted. Permitted transactions include issuances:

as consideration for or to fund the acquisition of businesses and/or related assets;

in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Nara board of directors;

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in connection with public or broadly marketed offerings and sales of common stock or convertible securities for cash conducted by Nara or its affiliates pursuant to registration under the Securities Act of 1933 or Rule 144A of the Securities and Exchange Commission thereunder on a basis consistent with capital-raising transactions by comparable financial institutions; and

in connection with the exercise of preemptive rights on terms existing as of November 21, 2008.

If Nara effects a pro rata repurchase of its common stock, both the number of shares issuable upon exercise of the Nara Warrant and the exercise price will be adjusted.

In the event of a merger, consolidation or similar transaction involving Nara and requiring stockholder approval, the Nara Warrant holder's right to receive shares of Nara common stock upon exercise of the Nara Warrant will be converted into the right to receive on exercise of the Nara Warrant the consideration that would have been payable to the Nara Warrant holder with respect to the shares of Nara common stock for which the Nara Warrant may be exercised, as if the Nara Warrant had been exercised prior to such merger, consolidation or similar transaction.

Following redemption in whole of the Nara Series A Preferred Stock held by the Treasury Department, or the transfer by the Treasury Department of all of the Nara Series A Preferred Stock to one or more third parties that are not affiliated with it, Nara will have the right to repurchase the Nara Warrant and any securities issued to the Treasury Department pursuant to the Nara Warrant, in whole or in part, at the fair market value thereof. Such fair market value would be determined through procedures specified in the agreement entered into between Nara and the Treasury Department in connection with the issuance and sale of the Series A Preferred Stock to the Treasury Department.

### **Warrant Issuable in the Merger**

The merger agreement provides that the ten-year warrant to purchase Center common stock which Center issued to the Treasury Department in connection with Center's sale of its Series A Preferred Stock to the Treasury Department, and which currently covers 432,390 shares of Center common stock, will automatically convert in accordance with its terms upon completion of the merger into a warrant to purchase Nara common stock and Nara will assume the warrant subject to its terms. The number of shares covered by the warrant and the per share exercise price thereof will be adjusted by application of the merger exchange ratio to the original terms of the warrant. As a result of such adjustment, the warrant will, upon completion of the merger, entitle the holder of the warrant to purchase, in one or more exercises of the warrant, up to 337,437 shares of Nara common stock at a price of \$12.22 per share, assuming that the exchange ratio remains fixed at 0.7804.

### **Nara Common Stock**

Each share of Nara common stock has the same relative rights as, and is identical in all respects with, each other share of Nara common stock.

### ***Voting Rights***

Holders of Nara common stock are entitled to one vote per share on all matters requiring stockholder action, including, but not limited to, the election of directors and are not entitled to cumulate their votes for the election of directors.

### ***Dividends***

Holders of Nara common stock may receive dividends when, as and if declared by the Nara board of directors out of funds legally available for the payment of dividends, subject to any restrictions imposed by regulatory authorities and the payment of any preferential amounts to which any class of preferred stock may be

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entitled. Nara agreed in connection with the issuance of the Nara Series A Preferred Stock to the Treasury Department that it would not pay cash dividends on its common stock at a quarterly rate greater than \$0.0275 per share. In addition, on March 18, 2009, Nara announced that it had suspended its policy of paying quarterly cash dividends to preserve capital and to provide Nara with increased flexibility to invest in its business. Nara's ability to pay dividends is subject to statutory and regulatory limitations applicable to Nara or to Nara Bank.

As a bank holding company, Nara's ability to pay dividends is affected by the ability of its subsidiaries to pay dividends to Nara. Nara Bank is a California state-chartered bank that is a member bank of the Federal Reserve System and is subject to restrictions under both federal and state laws and regulations which limit its ability to transfer funds to Nara through cash dividends or through intercompany loans or advances. Under federal law and regulations, Nara Bank may not, without the approval of the Federal Reserve Board, pay dividends exceeding its net income for its current fiscal year and its two preceding fiscal years, less the sum of dividends paid during such periods and any transfers required by the Federal Reserve Board or required to be made for the retirement of preferred stock. A California state bank may declare a dividend without the approval of the California Department of Financial Institutions ( DFI ) as long as the total dividends declared in a calendar year do not exceed the lesser of the bank's retained earnings or the total of its net income for the three fiscal years preceding the dividend declaration, less any dividends paid during that period. In addition to these statutory and regulatory limitations, as a matter of general bank regulatory policy the Federal Reserve Board discourages the payment of dividends on common stock by bank holding companies and by banks that are members of the Federal Reserve System in amounts exceeding the paying entity's net income available to common stockholders for the preceding four fiscal quarters or if the paying entity's prospective rate of earnings retention is not consistent with its capital needs and current and prospective financial condition.

## **Liquidation Preference**

Holders of Nara common stock are not entitled to a liquidation preference in respect of those shares. Upon liquidation, dissolution or winding up of Nara, the holders of Nara common stock would be entitled to share ratably in all assets remaining after the payment of all liabilities of Nara and of all preferential amounts to which any preferred stock may be entitled.

## **Other Matters**

The holders of Nara common stock have no preemptive or other subscription rights. Nara common stock is not subject to call or redemption.

## **Restrictions on Ownership of Nara Common Stock**

The Bank Holding Company Act of 1956 requires any bank holding company (as defined in that Act) to obtain the approval of the Board of Governors of the Federal Reserve System prior to acquiring more than 5% of Nara's outstanding common stock. Any corporation or other company that becomes a holder of 25% or more of Nara's outstanding common stock, or 5% or more of Nara's common stock under certain circumstances, would be subject to regulation as a bank holding company under the Bank Holding Company Act. In addition, any person other than a bank holding company may be required to obtain prior approval of the Federal Reserve Board to acquire 10% or more of Nara's outstanding common stock under the Change in Bank Control Act of 1978. Under the California Financial Code, the approval of the DFI is required for any person to acquire control, directly or indirectly, of a California state bank or its holding company. For this purpose a person is deemed to have acquired control of a bank or holding company if the person, directly or indirectly, has the power to vote 25% or more of the voting power of the bank or holding company or to direct or to cause the direction of the management and policies of the bank or holding company. Further, a person who directly or indirectly owns or controls 10% or more of the outstanding voting stock of a bank or holding company or other company is presumed, subject to final determination by the DFI, to control that bank, holding company or other company.

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**COMPARISON OF RIGHTS OF STOCKHOLDERS OF NARA AND CENTER**

The rights of Center's stockholders are currently governed by the California General Corporation Law, or CGCL, and the Restated Articles of Incorporation and Amended and Restated Bylaws of Center. The rights of Nara's stockholders are currently governed by the Delaware General Corporation Law, or DGCL, and the Certificate of Incorporation, as amended, and Amended and Restated Bylaws of Nara. If the merger is completed, stockholders of Center will become stockholders of Nara, and their rights will be governed by the DGCL, the certificate of incorporation of Nara and Nara's bylaws, as amended in accordance with the merger agreement. Although the DGCL refers to stockholders and stock and the CGCL refers to shareholders and shares, for convenience we refer to all such concepts in this document as stockholders and stock in accordance with the DGCL terminology.

The table below summarizes the material differences between the rights of Center's stockholders and those of Nara's stockholders pursuant to the CGCL, the DGCL and their respective constitutive documents as they are currently in effect. While Nara and Center believe that the summary table includes the material differences between the rights of their respective stockholders prior to the merger, this summary does not include a complete description of all the differences between the rights of Nara's stockholders and those of Center's stockholders, nor does it include a complete description of the specific rights of the respective stockholders discussed. The inclusion of differences in the rights of these stockholders in the table is not intended to indicate that all of such differences should necessarily be considered material by you or that other differences that you may consider equally important do not exist.

**Authorized Capital Stock**

**Nara**

The authorized capital stock of Nara consists of 100,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share. Nara's certificate of incorporation authorizes the board of directors, without stockholder approval, to issue the preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions of each series of preferred stock, except that no series of preferred stock shall contain voting rights that entitle the holders to more than one vote per share of preferred stock (except for convertible preferred stock).

**Center**

The authorized capital stock of Center consists of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. Center's articles of incorporation authorizes the board of directors, without stockholder approval, to issue the preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions of each series of preferred stock.

**Number and Classes of Board of Directors**

**Nara**

The board of directors of Nara has seven members. The bylaws of Nara provide that the number of directors may be no less than five and no more than 25, with the exact number to be fixed by resolution of the board of directors. The board of directors of Nara is not divided into classes having different terms of office.

**Center**

The board of directors of Center has seven members. The bylaws of Center provide that the number of directors may be no less than six and no more than 11, with the exact number of directors to be fixed by a bylaw or amendment or by resolution of the board of directors or stockholders. The board of directors of Center is not divided into classes having different terms of office.



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**Cumulative Voting**

**Nara**

The DGCL provides that a corporation may provide in its certificate of incorporation for cumulative voting by stockholders in the election of directors. Nara's certificate of incorporation does not provide for cumulative voting by stockholders in the election of directors.

**Center**

The CGCL generally requires that cumulative voting be available to stockholders in the election of directors, with certain exceptions. Center's articles of incorporation provide for the elimination of cumulative voting by stockholders in the election of directors.

**Removal of Directors**

**Nara**

The certificate of incorporation and the bylaws of Nara do not provide specific provisions for removal of directors. The DGCL provides that, any or all directors may be removed from office at any time, with or without cause, by the holders of at least a majority of shares then entitled to vote in the election of directors.

**Center**

The bylaws of Center provide that any or all of the directors may be removed, with or without cause, if such removal is approved by holders of a majority of the outstanding shares entitled to vote; provided, however, that no director may be removed if the votes cast against removal of the director would be sufficient to elect the director if voted cumulatively (without regard to whether shares may otherwise be voted cumulatively) at an election at which the same total number of votes were cast and either the number of directors elected at the most recent annual meeting of stockholders, or if greater, the number of directors for whom removal is being sought, were then being elected.

**Vacancies on the Board of Directors**

**Nara**

Nara's bylaws provide that vacancies and newly created directorships resulting from an increase in the authorized number of directors may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

**Center**

Center's bylaws provide that subject to the rights of any preferred stockholders, and except for a vacancy created by the removal of a director, vacancies on the board of directors may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director. A vacancy created by the removal of a director may be filled only by a person elected by a majority of the stockholders entitled to vote at a meeting at which a quorum is present or by the unanimous written consent of the holders of the outstanding shares entitled to vote at such a meeting. The stockholders of Center may elect a director at any time to fill any vacancy not filled by the directors.

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**Amendment of Articles or Certificate of Incorporation**

**Nara**

Nara's certificate of incorporation may be amended with the approval of the board of directors and the outstanding stock entitled to vote.

**Center**

Center's articles of incorporation may be amended in accordance with the provisions of the CGCL. The CGCL requires the approval of the board of directors and the outstanding stock entitled to vote, either before or after the approval by the board.

**Amendment of Bylaws**

**Nara**

The DGCL provides that stockholders have the power to amend the bylaws of a corporation unless the certificate of incorporation grants such power to the board of directors, in which case either the stockholders or the board of directors may amend the bylaws. Nara's certificate of incorporation grants power to amend bylaws to the board of directors.

**Center**

Center's bylaws provide that the bylaws may be amended by the stockholders. Subject to the rights of stockholders to amend the bylaws, the bylaws may be amended by the board of directors; provided, however, that the board of directors may adopt or amend a bylaw to change the authorized number of directors only for the purpose of fixing the exact number of directors within the limits specified in the bylaws.

**Meetings of Stockholders**

**Nara**

Nara's bylaws provide that an annual meeting of stockholders is to be held on a date, time and place determined by the board of directors. Special meetings of stockholders may be called by resolution adopted by a majority of the board of directors or by written request of stockholders owning in the aggregate 10% or more of Nara's outstanding common stock.

**Center**

Center's bylaws provide that an annual meeting of stockholders is to be held on a date and time determined by the board of directors. Special meetings of stockholders may be called at any time by the chairman of the board of directors, the president, the board of directors or stockholders holding in the aggregate 10% or more of the outstanding shares entitled to vote.

**Notice of Stockholder Proposals and Director Nominations**

**Nara**

Nara's bylaws provide that in order for stockholders to make a proposal for action or nominate a director, notice by such stockholder must be received by Nara not less than 100 days, nor more than 120 days, prior to the first anniversary of the immediately preceding annual meeting of stockholders. If the date of the annual meeting is more than 30 days before or after such anniversary date, notice by the stockholder must be received by Nara not later than the close of business on the tenth day following the day on which notice or public announcement of the date of the meeting is first given by Nara.

**Center**

Center's bylaws provide that in order for stockholders to make a proposal for action or nominate a director, notice by such stockholder must be received by Center not less than 120 days in advance of the date Center's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders. In the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder must be received by Center not later than the close of business on the later of 120 days prior to such annual meeting or seven days after the date the notice of such meeting is sent to stockholders.

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**Payment of Dividends**

**Nara**

The DGCL permits the payment of dividends to stockholders only out of surplus (as defined in the DGCL) or, if there is no such surplus, net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year; provided, however that dividends may not be paid out of net profits if, after the payment of such dividend, Nara's capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of Nara's assets.

**Center**

The CGCL permits the payment of dividends to stockholders if Center's retained earnings equal at least the amount of the proposed dividend. If Center does not have sufficient retained earnings available for the proposed dividend, it may pay a dividend to its stockholders if immediately after giving effect to the dividend, the sum of its assets (not including goodwill and deferred charges) would be at least equal to 125% of its liabilities (not including deferred taxes, deferred income and other deferred liabilities) and its current assets would be at least equal to its current liabilities or, if the average of its earnings before taxes on income and before interest expense for the two preceding fiscal years was less than the average of its interest expense for the two preceding fiscal years, at least equal to 125% of its current liabilities.

**Appraisal and Dissenters' Rights**

**Nara**

Under the DGCL, Nara stockholders generally do not have appraisal rights because Nara's common stock is listed on the Nasdaq Global Select Market and is currently held by more than 2,000 stockholders.

**Center**

Under the CGCL Center stockholders have appraisal and dissenters' rights, including in connection with the merger, only under certain circumstances.

**Indemnification and Liability Exculpation of Directors and Officers**

**Nara**

Nara's certificate of incorporation provides for indemnification of current and former directors and officers to the fullest extent permitted under the DGCL. Nara's certificate of incorporation provides that a director of Nara will not be liable to Nara or its stockholders for monetary damages for breach of fiduciary duty as a director.

**Center**

Center's articles of incorporation provide for indemnification of directors and officers in excess of the indemnification provided under the CGCL, subject to certain exceptions. Center's articles of incorporation provide for the elimination of director liability for monetary damages to the maximum extent allowed by California law.

**Anti-Takeover Statutes**

**Nara**

Nara is subject to the anti-takeover provisions of Section 203 of the DGCL, which generally prohibits public corporations from engaging in significant business transactions, including mergers, with a holder of 15% or more of the corporation's stock, referred to as an interested stockholder, for a period of three years after the interested stockholder becomes an interested stockholder, unless certain conditions under the DGCL are satisfied.

**Center**

The CGCL does not provide for any specific anti-takeover provisions.

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**ELECTION OF DIRECTORS AND OTHER PROPOSALS TO BE CONSIDERED**

**AT THE NARA ANNUAL MEETING**

Unless otherwise indicated or the context otherwise requires, references to we, our, us or the Company in the following sections of this document that relate to the other proposals to be considered at the Nara annual meeting are to Nara Bancorp, Inc., including its subsidiary, Nara Bank.

**Nara Proposal 2: Election of Directors**

Our Certificate of Incorporation and Bylaws provide that the number of directors may be no less than five and no more than twenty-five, with the exact number to be fixed by resolution of the board of directors or stockholders. Currently, the board of directors has seven members.

The board of directors has unanimously nominated the following seven individuals to serve as the Company's directors until the next annual meeting of stockholders and until their successors are elected and qualified:

Steven D. Broidy

Louis M. Cosso

Alvin D. Kang

Jesun Paik

Hyon Man Park (John H. Park)

Ki Suh Park

Scott Yoon-Suk Whang

The proxy holders will vote all proxies for the election of the seven nominees listed above unless authority to vote for the election of any of the directors is withheld. The seven nominees receiving the highest number of affirmative votes of the shares entitled to be voted for the election of directors shall be elected as directors. Abstentions and votes cast against nominees will have no effect on the election of directors. If any of the nominees should become unable to serve as a director, the proxies solicited hereby may be voted for a substitute nominee designated by the board of directors. Each nominee has agreed to serve if elected and the board of directors has no reason to believe that any nominee will become unavailable.

Each of the nominees listed above is currently a director of the Company who was previously elected by the stockholders at the 2010 Annual Stockholder's Meeting. It is the Company's policy to encourage its directors and nominees for election as directors to attend the annual meeting. All of the nominees attended our 2010 annual meeting of stockholders.

The Nasdaq Stock Market listing standards require that a majority of the members of a listed company's board of directors qualify as independent, as affirmatively determined by the board of directors. The board of directors consults with the Company's counsel to ensure that the board of directors' determinations of independence are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent listing standards of the Nasdaq Stock Market, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and Crowe Horwath LLP, the board of directors affirmatively has determined that all of our directors, other than our Chief Executive Officer Alvin Kang, are independent directors within the meaning of the applicable the Nasdaq Stock Market listing standards. See Board Leadership Structure.

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The following is a brief description of our current directors, each of whom has been nominated by the board of directors for election as director. The Company knows of no arrangements, including any pledge by any person of the Company's securities, the operation of which may, at a subsequent date, result in a change in control of the Company. There are no arrangements or understandings by which any of the directors or nominees for director of the Company were selected. There is no family relationship between any of the directors, nominees or executive officers, except that Jesun Paik and Ki Suh Park are brothers-in-law.

**Steven D. Broidy**, age 73, has been a director of Nara Bancorp, Inc. since 2010. Mr. Broidy is a banker with over 40 years of experience in the California banking industry. His most recent experience was as Founding Chairman (2005-2010) and Interim CEO (May 2008 - January 2010) of the Private Bank of California. He served as a director of Sanwa Bank of California, and then of its successor, United California Bank, from 1996 until 2002. In addition, he served as Vice Chairman and member of the Boards of both City National Bank and its holding company, City National Corporation, Beverly Hills, California from 1992 to 1995; and as a partner in the Los Angeles based national law firm of Loeb and Loeb from 1988 to 1992. Mr. Broidy also served in various capacities with Union Bank from 1963 until its sale in 1988, most recently as Executive Vice President from 1972 - 1988. Mr. Broidy served as Chairman of the Board and Chief Executive Officer of the Weingart Foundation in Los Angeles, from 1999 until December 2003 and continues to serve as a member of this board and Chairman of its Executive and Investment Committees. Mr. Broidy also served as Chairman of the Board of Cedars-Sinai Medical Center from 1998 through 2001 and continues to serve as a member of its Board and Executive Committee. Mr. Broidy received a Bachelor of Arts degree from the University of California, Los Angeles. He also obtained a Bachelor of Laws degree from Boalt Hall School of Law, University of California, Berkeley.

The Board selected Mr. Broidy as a nominee because the Board believes that Mr. Broidy's experience as a director at City National, Sanwa Bank, United California and The Private Bank give him extensive experience on regional bank boards and will be of great assistance in implementing the Company's strategic initiatives. Mr. Broidy also provides leadership in the oversight, identification and management of all areas of bank and holding company risk as Chair of the Board Risk and Compliance Committee. In addition, Mr. Broidy is considered an audit committee financial expert and is a member of the Company's Audit Committee.

**Louis M. Cosso**, age 68, has been a director of Nara Bancorp, Inc. since 2010. Mr. Cosso retired from Wells Fargo Bank in July 2009. His most recent experience was as Executive Vice President, Head of Auto Dealer Commercial Services at Wells Fargo Bank from 2002 to 2009 where he was responsible for \$3 billion in loans. Prior to his promotion to Executive Vice President, Mr. Cosso was the Senior Vice President and Regional Manager for San Francisco Commercial Banking Region from August 1996 to 2002. Mr. Cosso worked for Bank of America as Director of Portfolio Management from August 1991 to August 1996. Mr. Cosso served as Chairman of the Board of Goodwill Industries of the East Bay and as finance committee chairman of the Oakland East Bay Symphony and the Board of Directors of St. Luke's Hospital in San Francisco, and Big Brothers and Sister and Junior Achievement. Mr. Cosso received a Bachelors in Science degree in Business from the University of California, Berkeley. He also received a Master of Arts degree in Economics from San Jose State University.

The Board selected Mr. Cosso as a nominee because the Board believes that Mr. Cosso's experience as a relationship focused banker will be of great assistance in implementing the Company's strategic initiatives. Mr. Cosso is experienced in credit risk and serves on the Company's Loan and Credit Policy Committee and Asset Liability Management Committee as Chair of both committees. Mr. Cosso is considered an audit committee financial expert and is a member of the Company's Audit Committee.

**Alvin D. Kang**, age 66, has been a director of Nara Bancorp, Inc. since 2010. Mr. Kang was appointed as the President and Chief Executive Officer of the Company and its wholly owned subsidiary, Nara Bank, on January 20, 2010. Before this appointment, he served as the Chief Financial Officer and a member of the Office of the President, since 2005 and 2006, respectively. Prior to joining the Company, Mr. Kang served as Executive

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Vice President, Chief Operating Officer and Chief Financial Officer for Broadway Federal Bank and Chief Financial Officer of Broadway Financial Corporation from 2001 to July 2005. Mr. Kang also held a senior position at Takenaka & Company LLC, an investment banking and consulting firm, and has served as an audit partner at KPMG LLP and at Ernst & Young LLP. Mr. Kang retired from KPMG LLP after 26 years of service, during which time he served as practice leader of KPMG's Thrift Industry and Asian Business Group and as lead KPMG partner on audits of major financial institutions in Los Angeles, including Home Savings, Glendale Federal and Coast Savings. Mr. Kang serves on the board of the Asian Pacific American Legal Center, a non-profit organization. Prior to his work at KPMG, Mr. Kang served as Lieutenant and Finance Officer of the U.S. Army-Infantry. Mr. Kang graduated from the California State University at Los Angeles and received a Bachelor of Science degree in Accounting.

In selecting Mr. Kang as a nominee for election at this meeting, the Board considered, Mr. Kang's vast financial industry experience, with over 40 years of specialized knowledge in auditing and financial consulting of and operational experience with banks and thrift institutions. The Board believes that it is important to have the Chief Executive Officer of the Company serve as a Director as well, because it allows for a direct line of communication between the Board and management. As the lead executive at Nara Bank, Mr. Kang provides strategic direction and leadership-by-example.

**Jesun Paik**, age 74, has been a director of Nara Bancorp, Inc. since 2001. Mr. Paik is Senior advisor of Robb Evans & Associates, LLC, a financial consulting firm which he joined in 2001. From 1989 to 2001, he was Executive Vice President and Senior Advisor of the Americas Division of The Sakura Bank, Ltd., (New York City) and concurrently was the Vice Chairman of the Board of Manufacturers Bank (Los Angeles) from 1992 to 2001. Prior to The Sakura Bank, Mr. Paik was an Executive Vice President of Wells Fargo Bank, N.A. and Union Bank. Mr. Paik received a Bachelor of Arts degree from Claremont McKenna College in Claremont, California. He also received a Master of Business Administration degree from The Anderson School of Management, University of California, Los Angeles. He also graduated from the Pacific Coast Banking School at the University of Washington.

The Board selected Mr. Paik as a nominee because the Board believes that Mr. Paik's experience as Executive Vice President of Wells Fargo, N.A. and Union Bank and his positions with the Manufacturer's Bank give him a great reservoir of experience to draw upon. Mr. Paik is considered an audit committee financial expert, is a member of the Company's Audit Committee and has served as its Chair for a number of years. Currently, Mr. Paik serves as Chair of the Board Oversight Committee, where he provides leadership in addressing supervisory concerns. Mr. Paik has a keen knowledge of commercial banking and specifically understands the Korean-American marketplace.

**Hyon Man Park (John H. Park)**, age 63, has been a director of Nara Bancorp, Inc. since 2002. Mr. Park is President of ABI USA Sales Corp, an import and export company which he founded in 2001, and President of BB Imex Corporation which he founded in 2003. From 1985 to 2001, he was President and Chief Executive Officer of Showroom 3 Inc. From 1978 to 2001, he was President and Chief Executive Officer of B.B. World Corporation. Mr. Park has been a director of Nara Bank, the Company's wholly owned subsidiary since 1993. Mr. Park graduated from Dongkuk University in Seoul, Korea with a Political Science degree.

The Board selected Mr. Park as a nominee because the Board believes that Mr. Park's experience in business and as a Nara Bank and Nara Bancorp director give the Board continuity and historical perspective. As the immigrant owner of an import / export business he also understands our core business customers, including customers of our trade finance function. He possesses an acute understanding of how to appeal to and communicate effectively with commercial customers. He is a member of our Loan and Credit Policy Committee.

**Ki Suh Park**, age 79, has been a director of Nara Bancorp, Inc. since 2001. Mr. Park is the Chief Executive Officer and the majority shareholder of Gruen Associates, a global architecture, planning, and interior design firm headquartered in Los Angeles since 1946. He is a prominent architect and city planner with nearly 50 years

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of professional practice, responsible for many large-scale landmark building and transportation projects throughout the United States and overseas (Korea, Vietnam, Indonesia, Canada, Mexico, and Germany). His projects include Koreatown Plaza, the Los Angeles Convention Center Expansion, Kumho Asiana Plaza, Ho Chi Minh City, Vietnam, Citibank and PT Bank Mandiri Towers in Jakarta, Indonesia, the I-105 (Century) Freeway and the I-70 Highway through the scenic Glenwood Canyon in Colorado, which received in 2000 a Presidential Design Award from the President of the United States. In the 1970s, Mr. Park served as Chairman of the Citizens Advisory Committee on Transportation Quality for the United States Secretary of Transportation. As a community leader, he was and has been active on a number of community-based, non-profit boards including the Harvard-Westlake School, the Korean American Coalition (Chairman), the Korean American Museum (Chairman), the California Community Foundation, the Public Policy Institute of California, the Los Angeles County Natural History Museum, and the Los Angeles World Affairs Council. In 1996, Mr. Park received a Korean Broadcasting System (KBS) Award, which is annually given to an overseas Korean who has made a significant worldwide contribution to the arts, business and industry. After briefly attending Seoul National University Law School, Mr. Park came to the United States and received a Bachelor of Arts degree from the University of California, Berkeley. Following graduation, he earned two post-graduate degrees, a Master in Architecture and a Master in City Planning, from Massachusetts Institute of Technology.

In selecting Mr. Park as a nominee for election at this meeting, and appointment as Chairman of Nara Bancorp and Nara Bank, the Board considered, in particular, his extensive experience as the Chief Executive Officer of a national and international professional business firm. Mr. Park is a hands-on leader and, as such, focuses on board oversight in strengthening corporate governance and regulatory compliance, implementing strategic planning and monitoring risk assessment. Mr. Park currently serves as Chair of the Nomination and Governance Committee.

**Scott Yoon-Suk Whang**, age 64, has been a director of Nara Bancorp, Inc. since 2007. Mr. Whang has been a goal-oriented entrepreneur who started three successful companies in the past 20 years. He has held various management positions with Daewoo Corporation, where he began his career in the early 1970s until he resigned from the position as President of the western division of Daewoo Int'l (USA) in 1985. Mr. Whang founded Codra Enterprises in 1985, which provides new product development and manufacturing outsourcing services to the gift and stationery industry, and served as its Chairman until December 2007. From 1990 to 2006, he was the founder and CEO of Avalanche Publishing, Inc., one of the leading publishers of various gift and stationery products whose customers included big national retail channels such as Barnes & Nobles and Borders Group, as well as office chain stores and specialty gift retailers. In 2006, Mr. Whang was chosen as entrepreneur of the year by the Korean American Chamber of Commerce in recognition of his success in the mainstream publishing industry and as an exemplary minority entrepreneur. Mr. Whang graduated from the College of Business Administration at Seoul National University with a Bachelor of Arts degree in International Economy.

In selecting Mr. Whang as a nominee for election at this meeting, the board considered many aspects of his business experience. Mr. Whang is a well rounded leader in business strategic planning, management, and operations, and as such, is able to lend his experience as Chair of the Human Resources and Compensation Committee as well as the Business Development Committee. Mr. Whang is also able to give first hand advice on marketing and client relations, since as a medium sized commercial business owner he understands the heart of the Bank's business.

**Table of Contents****How Much Stock do our Directors, Nominees for Directors and Executive Officers Own?**

The following table shows the beneficial ownership of our common stock as of March 17, 2011 for (i) each of six non-executive directors, (ii) our Named Executive Officers, and (iii) all directors and Named Executive Officers as a group.

**Beneficial Ownership by Directors and Executive Officers**

Name of beneficial owner	Amount and nature of beneficial ownership <sup>(1)</sup>	Percent of class <sup>(9)</sup>
<i>Directors</i>		
Steven D. Broidy	2,000	*
Louis M. Cosso	2,500	*
Jesun Paik	111,033 <sup>(2)</sup>	*
John H. Park	349,644 <sup>(3)</sup>	*
Ki Suh Park	108,120 <sup>(4)</sup>	*
Scott Yoon-Suk Whang	24,933 <sup>(5)</sup>	*
<i>Named Executive Officers<sup>(10)</sup></i>		
Alvin D. Kang	98,172 <sup>(6)</sup>	*
Philip E. Guldeman	0	*
Bonita I. Lee	32,734	*
Mark Lee	3,120	*
Kyu S. Kim	26,000 <sup>(7)</sup>	*
Myung-Hee Hyun	0	*
<b>All Directors and Named Executive Officers as a Group (12 Individuals)</b>	<b>758,256<sup>(8)</sup></b>	<b>2.00%</b>

\* Indicates holdings of less than 1%.

- (1) Except as otherwise noted and except as required by applicable community property laws, each person has sole voting and disposition powers with respect to the shares.
- (2) Includes 80,000 stock options vested under the Nara Bancorp, Inc. 2001 Nara Bank 2000 Continuation Long Term Incentive Plan (the 2000 Plan ).
- (3) Includes 2,000 shares owned by BB Imex Corp. 243,800 of the total number of shares beneficially owned by John H. Park are pledged.
- (4) Includes 102,120 shares owned by family trust.
- (5) Includes 13,333 shares owned by revocable trust.
- (6) Includes 80,000 stock options vested under the 2000 Plan.
- (7) Includes 24,000 stock options vested under the 2000 Plan.
- (8) Includes stock options vested under the 2000 Plan.
- (9) The percentages are based on 37,993,327 shares outstanding on March 17, 2011.
- (10) Does not include Min J. Kim and Christine Oh, whose employment as Chief Executive Officer and Acting Chief Financial Officer, respectively, terminated in 2010.

**Who are the Named Executive Officers?**

The Named Executive Officers are (i) our Chief Executive Officers during 2010 (ii) our Chief Financial Officers during 2010; and (iii) each of the other four most highly compensated executive officers employed by us as of December 31, 2010 whose total compensation for their services rendered in all capacities to us exceeded \$100,000. These persons are collectively referred to in this document as the Named Executive Officers (the NEOs ).



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**What is the Background of Our Current Executive Officers?**

**Alvin D. Kang**, 66. See biography under Nara's board of directors on page [ ].

**Philip E. Guldeman**, 66. Mr. Guldeman was appointed Executive Vice President and Chief Financial Officer of Nara Bancorp in December 2010. Mr. Guldeman has more than 30 years of financial management experience in the banking industry. Mr. Guldeman was associated with KPMG from 1976 to 1988 where he served as Partner in charge of the firm's Western Regional Financial Institution Management Consulting practice. He served as Executive Vice President and Chief Financial Officer of Mercantile National Bank, in Los Angeles, California, from 1989-1992. Since 1992, Mr. Guldeman has been a consultant providing management information and other consulting services to banks, thrift institutions, credit unions and banking industry service providers, including serving as Executive Vice President and Chief Financial Officer at various banks.

**Bonita I. Lee**, 48. Ms. Lee has served as the Executive Vice President and Chief Operating Officer of Nara Bancorp since March 2009. Ms. Lee returned to Nara Bancorp in March 2009 after a brief tenure as Regional President of the Western Region of a Korean financial services company. Prior to her departure, Ms. Lee worked at Nara Bancorp for 15 years, including several years as Executive Vice President and Chief Credit Officer. She also served as a member of the Office of the President from March 2006 through September 2008 and she currently serves as a member since she returned to Nara Bancorp in March 2009. During her tenure at Nara Bancorp, Ms. Lee managed integration projects for numerous acquisition transactions. Prior to joining Nara Bancorp, Ms. Lee held various lending positions with California Center Bank in Los Angeles from 1989 to 1993.

**Mark Lee**, 48. Mr. Lee has served as Executive Vice President and Chief Credit Officer of Nara Bancorp since May 2009. In January 2010, Mr. Lee was made part of the Office of the President under the direction of the President and Chief Executive Officer, Alvin Kang. Prior to joining the Company, Mr. Lee served as Senior Vice President and Deputy Chief Credit Officer at East West Bank from May 2007 to April 2009, and Manager of Commercial Business Credit from May 2002 to April 2007. Prior to his work at East West Bank, Mr. Lee served in various lending and credit capacities starting in 1990, at California Bank and Trust, Center Bank and Sanwa Bank.

**Myung-Hee Hyun**, 58. Ms. Hyun has served as the Executive Vice President and Chief Operations Administrator of Nara Bancorp since May 2010. In May 2010, Ms. Hyun was made part of the Office of the President under the direction of the President and Chief Executive Officer, Alvin Kang. Prior to rejoining Nara Bancorp, she served as Senior Vice President and Chief Operations Administrator of Shinhan Bank America from December 2008 to April 2010. She served as the Senior Vice President and Chief Operations Administrator of Nara Bancorp from April 2005 to November 2008. She served Nara Bancorp as the Senior Vice President and Senior Operations Administrator from May 1998 to April 2005 and Operations Administrator from September 1995 to May 1998. During her tenure at Nara Bancorp, Ms. Hyun managed the system conversion projects for numerous acquisition transactions. Prior to joining Nara Bancorp, Ms. Hyun held various operations and personal banking positions at Hanmi Bank from 1982 to 1995.

**Kyu S. Kim**, 50. Ms. Kim has served as the Executive Vice President and Eastern Regional Manager for Nara Bancorp since April 2008. In January 2010, Ms. Kim was made part of the Office of the President under the direction of the President and Chief Executive Officer, Alvin Kang. She also served as the Senior Vice President and Eastern Regional Manager from October 2005 until March 2008. Prior to her promotion to Eastern Regional Manager, she served as the Deputy Regional Manager from July 2003 to September 2005. Ms. Kim also served as the Manhattan Branch Manager from February 2000 to September 2005 and Flushing Branch Manager from September 1998 to February 2000. Prior to joining the Bank, Ms. Kim was Vice President and Chief Credit Officer at Foster Bank in Chicago from March 1990 to September 1997.

**What are the Responsibilities of our Board of Directors and Certain Board Committees?**

The Company's board of directors has a standing Audit Committee, Nomination and Governance Committee and Human Resources and Compensation Committee.

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During 2010, there were 31 Company board meetings. All of the current directors of the Company attended at least 75% of the aggregate total number of meetings of the board and the committee on which they served during 2010.

### *The Audit Committee Report*

*The following Audit Committee Report does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filings by the Company under the Securities Act of 1933 or under the Securities Act of 1934, except to the extent we specifically incorporate this Report by reference.*

The current members of the Audit Committee are directors Jesun Paik (Chair), Steven Broidy, Louis Cosso, and John Park. The Audit Committee held 12 meetings in 2010. The Audit Committee operates under a charter adopted by the board of directors. The charter sets the responsibilities and authorities of the Audit Committee and is available on our website at [www.narabank.com](http://www.narabank.com).

Each of the members of the Audit Committee is independent as defined by the listing standards of the Nasdaq Stock Market and rules of the Securities and Exchange Commission. The board of directors has determined that Jesun Paik, Steven Broidy and Louis Cosso each satisfy the requirements established by the Securities and Exchange Commission for qualification as an audit committee financial expert.

The Audit Committee reports to the board of directors and is responsible for overseeing and monitoring financial accounting and reporting, the system of internal controls established by management and our audit process.

Pursuant to its charter, the Audit Committee has the following responsibilities:

Review the quarterly and audited annual financial statements;

Review the adequacy of internal control systems and financial reporting procedures with management and the independent auditor;  
and

Review and approve the general scope of the annual audit and the fees charged by the independent auditor.

In performing its functions, the Audit Committee in 2010 met and held discussions with management and with Crowe Horwath LLP, the independent auditors for the Company and its wholly-owned subsidiary, Nara 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 auditors,

Discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, professional standards, Vo. 1, AU Section 380 as adopted by the Public Accounting Oversight Board), and

Received a statement of the auditors' independence required by the Public Company Accounting Oversight Board. The Audit Committee discussed any relationships that may impact the objectivity and independence of Crowe Horwath LLP, and satisfied itself as to their independence.

Based on these discussions and reviews, the Company's Audit Committee recommended to the board of directors that the Company's audited financial statements be included in the Company's Annual Report on form 10-K for the year ended December 31, 2010, for filing with the Securities and Exchange Commission.

JESUN PAIK (Chair)

STEVEN D. BROIDY

LOUIS M. COSSO

JOHN H. PARK

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### *Nomination and Governance Committee*

The members of the Nomination and Governance Committee are directors Ki Suh Park (Chair), Louis Cosso, Jesun Paik, and Scott Whang. All the members of the Nomination and Governance Committee are independent as defined by our policy and the listing standards for the Nasdaq Stock Market and the rules of the Securities and Exchange Commission. The Nomination and Governance Committee held four meetings in 2010. The Nomination and Governance Committee is appointed by the board of directors to assist the board of directors in identifying qualified individuals to become board members, consistent with criteria approved by the board of directors, to determine the composition of the board of directors and to recommend to the board of directors the director nominees for the annual meeting of stockholders. The Nomination and Governance Committee has a charter, a copy of which can be found on our website at [www.narabank.com](http://www.narabank.com).

It is the policy of the Nomination and Governance Committee to consider director candidates recommended by stockholders. The Nominating and Governance Committee will utilize the same standards for evaluating director candidates recommended by stockholders as it does for candidates proposed by the board. The Nomination and Governance Committee considers many factors in nominating directors to serve on the board of directors, including but not limited to the following:

- i) diversity of professional disciplines and backgrounds;
- ii) broad experience in business, finance or administration; familiarity with national and international business matters;
- iii) familiarity and experience with the commercial banking industry;
- iv) prominence and reputation, and ability to enhance the reputation of the Bank;
- v) time available to devote to the work of the board and one or more of its committees;
- vi) specific qualifications which complement and enhance the overall core competencies of the board and/or specific committee assignments;
- vii) activities and associations of each candidate to ensure that there is no legal impediment, conflict of interest, or other consideration that might hinder or prevent service on the board;
- viii) interest of the stockholders as a whole,
- ix) independence determination, and
- x) the extent to which a nominee may add diversity to the board.

Nominations of persons for election to the board of directors of the Company may be made at the annual meeting of the stockholders, or at any special meeting of the stockholders called for the purpose of electing directors, by or at the direction of the board of directors, by any Committee or person authorized by the board of directors, or by any stockholder of the Company entitled to vote for the election of directors at the meeting who complies with following described the notice procedures set forth in our Bylaws.

## Edgar Filing: NARA BANCORP INC - Form S-4

Nominations, other than those made by or at the direction of the board of directors or by a nominating committee or person appointed by the board of directors, shall be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a stockholder's notice must be received at the principal executive offices of the Company (i) in the case of an annual meeting, not less than 100 days, nor more than 120 days, prior to the anniversary of the immediately preceding annual meeting of the stockholders; provided, however, that in the event that the date of the annual meeting is more than 30 days before or after such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the earlier of the date on which notice or public announcement of the date of the meeting was first given or made by the Company, and (ii) in the case of a special meeting of the stockholders called for the purpose of electing directors not later than the close of business on the tenth day following the earlier of the date on which notice or public announcement of the date of the meeting was first given or made by the Company.

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A stockholder's nomination notice to the Secretary must set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Company that are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended, and any rules or regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the Company that are beneficially owned by the stockholder. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company. No person nominated by a stockholder shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth herein. The chairman of the meeting shall, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedure, and, if he should so determine, he shall so declare to the meeting, and the defective nomination shall be disregarded.

A formal process for stockholder communications with the board of directors is posted on the Company's website at [www.narabank.com](http://www.narabank.com). Every effort is made to ensure that the views of stockholders are heard by the board of directors or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner.

The Company has adopted the Code of Ethics and Business Conduct that applies to all officers and employees, as well as the Director Code of Ethics and Business Conduct which applies to directors, which are both available on our website at [www.narabank.com](http://www.narabank.com). If the Company makes any substantive amendments to the employee or director versions of the Code of Ethics and Business Conduct or grants any waiver from a material provision of the Code of Ethics and Business Conduct to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver.

### *Human Resources and Compensation Committee*

The Human Resources and Compensation Committee is comprised of four directors, Scott Whang (Chair), Steven Broidy, Louis Cosso and John Park, all of whom satisfy the Nasdaq Stock Market listing requirements and relevant Internal Revenue Service and Securities and Exchange Commission regulations on director independence. The Compensation Committee meets at least four times a year and also holds special meetings and telephonic meetings to discuss extraordinary items, such as the hiring or dismissal of employees at the Executive Vice President level or above. For fiscal year 2010, the Compensation Committee met a total of four times. The Chair of the Compensation Committee regularly reports to the board of directors on the Compensation Committee's actions and recommendations. The Compensation Committee has authority to retain outside counsel, compensation consultants and other advisors to assist as needed. A copy of the Compensation Committee's charter can be found on our website at <http://www.narabank.com>.

## **BOARD DIVERSITY**

The board of directors does not have a formal written policy with regard to the consideration of diversity in identifying director nominees. Our Nomination and Governance Committee Charter, however, requires the board's Nomination and Governance Committee to review the qualifications of candidates to the board, of which diversity is one of the criteria. This assessment includes the consideration of personal and professional ethics and integrity, including prominence and reputation, and ability to enhance the reputation of the Company; diversity among the existing board members, specific business experience and competence, including an assessment of whether the candidate has experience in, and possesses an understanding of, business issues applicable to the success of the banking industry; financial acumen, including whether the candidate, through education or experience, has an understanding of financial matters and the preparation and analysis of financial statements;

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professional and personal accomplishments, including involvement in civic and charitable activities; educational background; and whether the candidate has expressed a willingness to devote sufficient time to carrying out his or her duties and responsibilities effectively and is committed to service on the board.

The Nomination and Governance Committee believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities, as discussed above that will allow the Committee to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

### **BOARD LEADERSHIP STRUCTURE**

Our board of directors is committed to having a sound governance structure that promotes the best interest of all Nara Bancorp stockholders. Our leadership structure includes the following principles:

We believe that yearly elections hold the directors accountable to our stockholders, as the entire board is subject to re-election each year.

Our board of directors is predominantly independent. Of our seven director nominees, only one is a Nara Bancorp employee (Alvin Kang, President and Chief Executive Officer). Further, the board has affirmatively determined that the other six directors are independent under the Securities and Exchange Commission and the Nasdaq Stock Market corporate governance rules, as applicable.

We have separated the positions of the Chairman of the Board and Chief Executive Officer which have always been held by separate people. Our Chairman focuses on board oversight responsibilities, strategic planning and mentoring company officers. Our Chairman also periodically represents Nara Bank at public functions and actively engages with employees. Our Chief Executive Officer focuses on the development and execution of Company strategies.

An executive committee of the board, made up of the Chairman of the Company and Nara Bank, the Vice Chairman of Nara Bank and one other independent board member, meet as necessary to discuss and consider important matters affecting the Company between regular board meetings. This allows the board and Company added flexibility in dealing with pressing matters which need immediate and decisive attention.

We believe our board structure serves the interests of the stockholders by balancing the practicalities of running the Company with the need for director accountability.

In October 2007, the Bank and the Company engaged DLA Piper, LLP ( DLA ), one of the largest international law firms with more than 3,700 attorneys in 28 countries, in connection with threatened litigation. The legal staff of the Company evaluated a number of candidate law firms for their qualifications, selected DLA on the basis of its extensive relevant experience in this type of litigation in question and presented DLA, along with a few other firms, for consideration and approval by the board of directors.

When director Ki Suh Park first learned of the Company's staff proposal, he immediately informed the board that one of his daughters-in-law was with the firm. The daughter-in-law is a partner of DLA. Ki Suh Park recused himself from all consideration of the matter by the board. The Company staff members who proposed the engagement of DLA were not aware of the daughter-in-law's connection with DLA, nor was the daughter-in-law, a real estate attorney in another office of DLA, aware of the proposed engagement. Under the circumstances, and considering DLA's reputation and qualifications for advising the Company regarding the subject litigation, the board approved the engagement of DLA.

The board has considered whether the position of the daughter-in-law with DLA has any impact on Ki Suh Park's independence as a director of the Company.

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The facts considered by the board in this connection include: (1) Ki Suh Park had no involvement in the consideration of selecting an attorney for the litigation matter; (2) Ki Suh Park's daughter-in-law is a real estate attorney located in another office of DLA that is not involved with the litigation; (3) she had no involvement in referring or representing DLA to the Company; (4) she has not received any compensation benefits resulting therefrom, as confirmed to the Company by DLA; and (5) the amounts invoiced to the Company by DLA (\$226,339, \$287,154, \$208,303 in 2008, 2009 and 2010, respectively) are not significant in relation to the total annual revenue of DLA.

Taking all of these facts into account, the board has concluded that the relationship has no impact on Ki Suh Park's status as an independent director of the Company.

### **BOARD'S ROLE IN RISK OVERSIGHT**

Our board of directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organization objectives in the areas of strategy, operations, reporting, and compliance. The board recognizes that these objectives are important to improve and sustain long-term organizational performance and stockholder value. A fundamental part of risk management is not only identifying the risks our Company faces and the steps management is taking to manage those risks, but also determining what constitutes the appropriate level of risk based upon our Company's activities.

The full board of directors participates in the Company's annual enterprise risk management assessment, which is led by the Company's Chief Risk Officer, John Hampton. In this process, risk is assessed throughout the Company by focusing on nine areas of risk, including risks relating to: credit, liquidity, interest rate, market, foreign exchange, operational, compliance/legal, strategic and reputation. Risks that simultaneously affect different parts of the Company are identified, and an interrelated response is made. The board provides ongoing oversight of enterprise-wide risks through a semi-annual enterprise risk assessment update.

While the board of directors has the ultimate oversight responsibility for the risk management process, various committees of the board also have responsibility for risk management. In particular, the board's Risk and Compliance Committee assists the board of directors in fulfilling its oversight responsibility with respect to regulatory, compliance, and operational risk issues that affect the Company and works closely with the Company's legal and risk departments. The Audit Committee helps the board monitor financial risk and internal controls from a risk-based perspective and oversees the annual audit plan. Reports from the Company's internal audit department are reviewed. The Loan Credit Policy Committee oversees credit risk by identifying, monitoring, and controlling repayment risk associated with the Bank's lending activities. The Asset Liability Committee oversees the implementation of an effective process for managing the Bank's interest rate, liquidity, and similar market risks relating to the Bank's balance sheet and associated activities. In setting compensation, the Human Resource and Compensation Committee strives to create incentives that encourage a conservative level of risk-taking behavior consistent with the Company's business strategy and in compliance with the requirements of TARP and ARRA. Finally, the Company's Nomination and Governance Committee approves the code of conduct and business ethics policies relating to employees and directors, respectively. In addition, it conducts an annual assessment of corporate governance policies and any potential risk associated with governance and related party matters.

### **DIRECTOR COMPENSATION**

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the board of directors. The Company's compensation and benefits programs are designed to pay directors fairly for work required for a company of the size and scope of the Company and the Bank, align the directors' interests with the long-term interests of stockholders, and provide compensation that is transparent and straightforward for stockholders to understand.



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The following table summarizes the compensation of our non-employee directors during 2010.

**Nara Director Compensation**

Name	Fees Earned or Paid in Cash (\$) <sup>(1)(2)</sup>	Stock Awards (\$)	Option Awards (\$) <sup>(3)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(4)(5)(6)</sup>	Total (\$)
Steven D. Broidy	20,000	0	0	0	6,000	26,000
Louis M. Cosso	22,000	0	0	0	6,000	28,000
Howard N. Gould	20,000	0	0	0	6,000	26,000
Chong-Moon Lee	34,664	0	0	0	13,317	47,981
<i>Chairman for portion of the year</i>						
Jesun Paik	40,000	0	0	0	10,000	50,000
John H. Park	35,500	0	0	5	14,650	50,155
Ki Suh Park	46,330	0	0	0	10,000	56,330
<i>Chairman for portion of the year</i>						
Terry Schwakopf	20,668	0	0	0	6,000	26,668
James P. Staes	3,667	0	0	0	1,000	4,667
Scott Yoon-Suk Whang	37,000	0	0	0	10,000	47,000

- (1) Amounts shown include payment of annual board membership retainer fees for the Company and Bank board meetings, committee membership fees, and chairmanship annual retainers.
- (2) The following directors received only a portion of the annual compensation and fees that they would normally receive because they did not serve as directors for the full year: Steven Broidy, Louis Cosso, Howard Gould, Chong-Moon Lee, Terry Schwakopf and James Staes.
- (3) As of December 31, 2010, each director had the following number of options outstanding: Steven Broidy 0, Louis Cosso 0, Jesun Paik 80,000, John Park 0, Ki Suh Park 0, and Scott Whang 0.
- (4) Amounts include payments made to certain directors in lieu of receiving life insurance coverage and health insurance coverage paid by the Company, and deferred compensation: \$10,000 paid to Jesun Paik, Ki Suh Park, and Scott Whang; \$6,000 paid to Steven Broidy, Louis Cosso, Howard Gould, and Terry Schwakopf; and \$1,000 paid to James Staes.
- (5) Amount includes \$1,332 of imputed value of split dollar life insurance agreement for John Park, who is the only director entitled to receive life insurance coverage.
- (6) Chong-Moon Lee and John Park are the only former and current directors, respectively, entitled to receive health insurance coverage. Amounts include payments received for health insurance premiums: \$13,317 for Chong-Moon Lee and \$13,318 for John Park.

**Cash Compensation**

Members of the Bank and Company boards of directors, other than the Chairmen, receive a \$42,000 annual board membership retainer, paid in monthly installments of \$3,500 per month. The Chairmen of the Bank and Company boards each receive a \$52,000 annual board membership retainer, or \$4,333 per month for their periods of service during the year. If the same person acts as Chairman of both the Bank and Company, they receive only one retainer. In September 2010, Chong-Moon Lee stepped down as Chairman of the Company and subsequently Ki Suh Park was elected as Chairman of the Company (while continuing in his role as Chairman of the Bank). Each director receives an additional \$12,000 in annual committee membership fees paid on a monthly basis for their periods of service during the year. The committee Chairs, other than the Executive Committee Chair, receive an additional annual retainer in the following amount: approximately \$8,000 for the Chair of the Audit Committee and the Loan & Credit Policy Committee (which is a Bank committee), and \$6,000 for all other committees, with an annual committee retainer limit of \$12,000 for any one director. John Park received split dollar life insurance coverage and health insurance coverage paid by the Company and participates in a deferred

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compensation plan. The other five non-employee directors do not receive life insurance coverage, or health insurance coverage paid for by the Company and do not participate in the deferred compensation plan. Instead, they receive an annual payment of \$12,000 of in-lieu payments. The directors also receive reimbursement for expenses, which include reasonable travel expenses to attend board or committee meetings, reasonable outside seminar expenses, and other special board-related expenses.

In light of the Company's efforts to reduce compensation costs, in September 2009 the directors elected to forego all compensation for August and December, reduced overall board fees from \$3,500 per month to \$3,000 per month for regular board membership, and temporarily discontinued all fees associated with committee membership. As planned, the board revisited board compensation in December 2010, and determined beginning January 1, 2011 to reinstitute the historical normal board compensation structure as discussed in the preceding paragraph.

### **Long-Term Equity Incentive Awards**

The Company has extended long-term equity incentive awards under the Nara Bancorp, Inc. 2001 Nara Bank 2000 Continuation Long Term Incentive Plan (the "2000 Plan"), which was subsequently replaced by the Nara Bancorp, Inc. 2007 Equity Incentive Plan (the "2007 Plan"). Under the 2000 Plan, the Company granted options to purchase the Company's common stock and restricted units, which typically vested over a three-year or five-year period in equal installments on the anniversary dates of the grant and were granted with a ten-year term. The options have an exercise price equal to the fair market value of the Company's common stock on the date of the grant. With the adoption of the 2007 Plan, the 2000 Plan was terminated, except with respect to outstanding awards.

Options and performance units granted under the 2007 Plan typically vest over a three-year or five-year period in equal installments on the anniversary date of the grant and are granted with a ten-year term. Options have an exercise price equal to the fair market value of the Company's common stock on the date of the grant. Performance unit grants will result in the issuance of the Company's common stock upon vesting and achievement of specified performance criteria.

Directors may be granted equity awards upon their appointment to the board of directors. Periodically, the Company reevaluates board compensation, including the grant of new stock options and performance units. In setting director compensation, the Company considers the amount of time that directors expend in fulfilling their duties to the Company as well as the skill level and experience required by the board of directors. The Company also considers board compensation practices at similarly situated banks, while keeping in mind the compensation philosophy of the Company and the stockholders' interests.

The following are incentive awards granted to directors under the 2007 Plan:

On February 27, 2008, the Company granted 6,600 performance units to, Terry Schwakopf and Scott Whang. Each director's performance units were to vest equally over three years, and were subject to achieving at least 75% attendance of all board of director and committee meetings required, as well as completion of their respective training schedules each year. Terry Schwakopf only vested 4,400 performance units over two years since she was not a director when the last 2,200 units would have vested on the third anniversary date of the grant.

On February 27, 2008, the Company granted 6,000 performance units to each of Ki Suh Park, John Park and Jesun Paik. None of the directors held any unvested equity, and had not received a grant of equity in more than five years. Each director's performance units vested equally over three years and was subject to achieving at least 75% attendance of all board of director and committee meetings required each year, as well as completion of their respective training schedules each year.

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**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 Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The Securities and Exchange Commission requires executive officers, directors and greater than 10% stockholders 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, 2010, all executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements, except as described in this paragraph. We assist our directors and executive officers in complying with these requirements. For named executive officers Bonita Lee and Philip Guldeman, required reports on Form 4 and Form 3, respectively, were not filed on a timely basis. In each such case, the reports were promptly filed after becoming aware of the transactions and the need to report them.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

The success of our Company has substantially depended, and will continue to depend, on our ability to attract and retain talented employees, including the Named Executive Officers ( NEOs ) identified in the Summary Compensation Table below, whose compensation is the subject of this Compensation Discussion and Analysis, or CD&A. Overall, our executive compensation is used to attract and retain key executive officers and to reward exceptional job performance by such executive officers.

**Compensation Philosophy and Objectives**

We believe that the most effective executive compensation programs are those that align the interests of our executive officers with those of our stockholders. A properly structured compensation program will reinforce and support the development of a strong performance-oriented culture within the Company to achieve specific short and long-term strategic objectives while taking into consideration potential risk implications, such as not encouraging imprudent risk-taking that threatens the long-term value of the Company. Although we believe that a significant percentage of executive compensation should be based on the principles of pay for performance, we also recognize that we must have the ability to attract and retain highly talented executive officers by offering competitive base salaries. An important objective of the Company and its Human Resources and Compensation Committee ( the Compensation Committee ) is to ensure that the compensation programs for our employees at the Executive Vice President level and above are competitive with those at our peer group companies.

The Company's executive compensation programs are designed to provide:

levels of base salary that are competitive with companies in our peer group;

annual cash incentive bonuses under the Company's Performance Incentive Plan, or PIP, that are tied to our financial results, achievement of our yearly strategic goals and achievement of individual performance objectives; and

long-term incentive equity awards, including equity-based awards under the 2007 Nara Bank Equity Incentive Plan and long-term incentive cash awards under the Company's Long Term Incentive Plan ( LTIP ), that are designed to encourage executive officers to focus their efforts on building stockholder value by meeting longer-term financial and strategic goals.

The Compensation Committee attempts to strike a balance among these elements, each of which is discussed in greater detail below, in designing and administering the Company's executive compensation programs. With respect to performance-based compensation, the Compensation Committee believes that executive compensation should be closely tied to the financial and operational performance of the Company,

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individual performance and the level of responsibility of the officer, as well as risk management. The Compensation Committee believes that the equity-based portion of our management compensation should include meaningful features that encourage key employees to remain in the employment of the Company. In making compensation decisions, the Compensation Committee considers such factors as fairness to employees, retention of talented executive officers and fostering improvement in the Company's performance, which will ultimately benefit the Company's stockholders. The Company's ability to implement its compensation philosophy and objectives is subject to compliance with the executive compensation requirements of TARP, including limits on the payment of bonuses to executive officers, and the Interagency Guidance on Sound Incentive Compensation. See Capital Purchase Program under the TARP Executive Compensation Requirements for a summary of such requirements.

In 2009, as a result of the challenging economic environment and a decline in the Company's profitability, and with the goal of maximizing stockholder profitability, the Company instituted several cost saving measures in the employee compensation area, including freezing base salaries for all employees, with the exception of certain promotions, market adjustments or other changes in response to critical circumstances. The Company also reduced its auto allowance in June 2009, with the highest level of reduction for NEOs, suspended the Bank's 401(k) Plan matching in September 2009, eliminated the Company's contribution to the Bank's Employee Stock Ownership Plan (ESOP) for 2009 and implemented other smaller cost saving measures.

In 2010, as the economy began to recover and the Company moved toward profitability, the Company reinstated some employee compensation benefits, including resuming the Bank's 401(k) Plan matching starting January 1, 2011, reinstating the auto allowance mid-year to the same levels existing in early 2009 and making a contribution to the Bank's ESOP. However, the Company continued to freeze base salaries, with the exception of certain promotions, market adjustments or other changes in response to critical circumstances.

### **Roles and Responsibilities of the Human Resources and Compensation Committee**

The Compensation Committee of the board of directors has strategic and oversight responsibility for the compensation and benefits programs of the Company. The Compensation Committee reviews the compensation recommendations made by the Chief Executive Officer for employees at the Executive Vice President level to determine whether the compensation paid to such employees is reasonable and competitive and whether such compensation serves the interests of the Company's stockholders. The Compensation Committee is also responsible for establishing, implementing, and monitoring the compensation structure, policies, and programs of the Company subject to the overall authority of the board of directors, including assessment of the risk profile of each compensation policy and practice, and for assessing and recommending to the board for approval of the total compensation paid to the Chief Executive Officer and Executive Vice Presidents of the Company. The Compensation Committee periodically reviews the pay practices of companies in our peer group to determine the appropriate compensation mix and levels for our executive officers. See What are the Responsibilities of our Board of Directors and Certain Board Committees? Human Resources and Compensation Committee on page [ ].

### **The Peer Group**

Total direct compensation is mainly comprised of a base salary, annual cash incentive bonus and long-term equity or cash incentive awards, as discussed in more detail below. To determine the appropriate mix among these elements, the Compensation Committee evaluates the pay practices of its peers. The Compensation Committee reviews compensation data obtained from a select group of comparable banking institutions identified by the Company. The 2009 peer group consisted of the following banks: Center Financial Corporation, Columbia Banking System, Inc., CVB Financial Corp., First Interstate BancSystem, Inc., Westamerica Bancorporation, West Coast Bancorp and Wilshire Bancorp, Inc.

In 2010, no peer group compensation review and analyses were conducted because the Company decided to freeze base salaries, subject to certain limited exceptions.

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In 2011, we intend to resume conducting peer group compensation review and analyses. The Company has engaged a human resources consulting firm to assist the Company in its executive compensation review and analysis. New peer group data is currently being developed by the consulting firm to guide the Company in its review of NEO base salaries and to recommend adjustments to compensation to the extent required for the Company to remain competitive in its peer group.

### **Elements of Compensation**

The following describes in greater detail the objectives and policies underlying the elements of our compensation structure and the methodology we use for establishing the amount of each element for our NEOs:

#### *Base Salary*

We believe that our employees should be paid a base salary that is competitive with the salaries paid by companies in our peer group based on each employee's experience, performance, and geographic location. In the past few years, the Company has chosen to position the total level of cash compensation (which includes base salary and year-end non-equity incentive compensation, to the extent applicable) above the market median in order to remain competitive in attracting and retaining qualified executive officers. Such positioning is currently under review and is not likely to exceed the market median upon completion of our review.

Each year, the Compensation Committee determines the target level of total annual cash compensation (salary and non-equity incentive compensation) for each NEO. The Compensation Committee considers a wide variety of factors in determining compensation levels, including the individual executive officer's performance, the Company's performance, the business or corporate function for which the executive is responsible, the nature and importance of the executive officer's position and role within the Company, the scope of the executive officer's responsibility or internal relationships and the current compensation package in place for the executive officer, including the executive officer's current annual base salary and potential bonus incentive awards under the Company's performance incentive plan.

As discussed above, in 2009 and 2010, the Company implemented several cost saving measures in the employee compensation area, including freezing base salaries of all employees with the exception of certain promotions, market adjustments or other changes in response to critical circumstances. In 2010, the board of directors approved an increase in Alvin Kang's base salary to reflect his increased responsibilities resulting from being appointed Chief Executive Officer of the Company. In addition, Kyu Kim was given an increase in her base salary based on a market adjustment.

#### *Annual Cash Incentive Bonus*

Annual cash incentive bonuses are paid under the Company's Performance Incentive Plan. The PIP was developed to recognize and reward executive officers, including NEOs but excluding the Chief Executive Officer, who help enhance stockholder value, profitability and customer satisfaction and help meet strategic goals of the Company. It defines corporate and individual goals and establishes incentive award ranges for each level of management. The PIP also measures performance against agreed-upon goals in determining an incentive award. The PIP is administered by the Chief Executive Officer. Annual cash incentive awards for the Chief Executive Officer are determined by the Compensation Committee based on achievement of strategic goals and performance against budget, both of which are approved by the board of directors.

To the extent permitted under the TARP Rules, we intend to continue our strategy of compensating NEOs through programs that emphasize performance-based incentive compensation, with incentive criteria primarily tied to the Company's performance. In 2010, however, due to the general economic environment and the Company's performance, individual PIP goals were not created for NEOs and instead, NEOs focused on achieving the goals within the Company's strategic business plan. All other employees received bonuses in individual amounts of approximately \$1,000 or less in 2010. For 2011, the NEOs have been assigned company-wide performance goals connected to return on assets, achievement of a satisfactory regulatory examination

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rating, consummation of the merger with Center and improvement of Company performance against a defined peer group, as well as individual goals that relate to the completion of assigned merger integration tasks, achievement of assigned strategic action plan objectives, achievement of a risk-based goal and achievement of a revenue, production or cost-savings goal.

The determination of how incentive payments are allocated and paid to each NEO is recommended by the Chief Executive Officer to the Compensation Committee and reviewed by the board of directors. The Chief Executive Officer makes his recommendation after the completion of each NEO's annual performance incentive plan evaluation. The allocation of each year's performance incentive plan accrual, to be paid in the following year, is determined by the relative performance and contribution to the financial results of the Company by each NEO and achievement of individual performance under each NEO's performance incentive plan.

### *Long-Term Equity Incentive Awards*

Long-term incentive equity awards are an additional component of the Company's total compensation package for retaining and motivating executive officers. The Compensation Committee believes that equity-based compensation, including stock options and performance units, ensures that the Company's officers have a personal stake in the long-term success of the Company without encouraging such officers to take inappropriate or unnecessary risks. During the Company's history, long-term incentive equity awards have been granted every few years to help retain officers and secure their ongoing commitment to the Company. These long-term incentive awards have been granted under the 2000 Plan and the 2007 Plan, as described under "Director Compensation" above. The Company will continue to review best practices periodically and reevaluate the frequency of grants in light of practices by peer group companies in a manner that is consistent with the compensation philosophy of the Company and stockholders' interests.

On May 3, 2010, the Company granted 10,000 performance units to Myung-Hee Hyun upon commencement of her employment as Executive Vice President and Chief Operations Administrator. The Compensation Committee decided that this was an appropriate grant given Myung-Hee Hyun's background, her position as an Executive Vice President and the critical nature of the Chief Operations Administrator position. Myung-Hee Hyun was not subject to the TARP incentive compensation limitations at the time of the grant, but her grant was subject to revision should she become one of the Company's five most highly compensated employees. Myung-Hee Hyun became one of the five most highly compensated employees in 2011 and, therefore, her grant of performance units was revised to meet TARP guidelines for restricted stock, which included changing the vesting schedule and imposing a possible reduction of up to 3,263 performance units. According to the TARP guidelines for restricted stock, two-fifths of her performance units vest on the second anniversary of the date of grant and the remaining units may vest in equal installments beginning on the third anniversary of the date of grant.

### *Long Term Cash Incentive Plan*

The Company has a Long Term Incentive Plan (LTIP) for NEOs. The LTIP requires the satisfaction of certain performance criteria by each participating NEO each year in order for the NEO to receive full credit for his or her potential yearly contribution. Performance criteria are determined in advance by the board of directors each year. For 2008, the performance criterion was that the Company must meet at least 80% of its return on assets and return on equity targets to be eligible for any contribution to an NEO's LTIP account. The Company did not meet this goal in 2008, which was the first year the LTIP was in effect, and thus, no amounts were accrued on or placed in any of the participating NEO's LTIP accounts. Due to the executive compensation restrictions imposed by the TARP Rules, the Company chose not to declare new performance criteria for the LTIP in 2009 and 2010 and thus, no amounts were accrued on or placed in any of the participating NEO's LTIP accounts. The LTIP allows for vesting of the contribution portion already accrued for an executive officer's deferred compensation account, whether vested or not, upon the occurrence of a "double trigger," that is both a change in control of the Company and a separation from service for good cause within twelve months of the change in control event.

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Two current NEOs became participants in the LTIP in 2008: Alvin Kang and Kyu Kim. The Company also entered into a LTIP agreement with Bonita Lee, our Chief Operating Officer, on February 12, 2009, that will become effective when the Company is no longer subject to the TARP Rules. The LTIP is intended to incentivize executive officers to remain employed by the Bank for the long term and to provide a vehicle for NEOs to build a retirement fund beyond the Company's 401(k) plan. We believe that the stability of our executive management team is a key component to the Company's future success and growth.

According to the terms of his individual LTIP agreement, Alvin Kang will have up to \$40,000 per year, for the next five years beginning in 2008, placed in a deferred compensation account which accrues interest at an annual rate of 6.25%, to be paid out starting on January 1, 2013.

Kyu Kim will have up to \$30,000 per year, for the next ten years beginning in 2008, placed in a deferred compensation account which accrues interest at an annual rate of 6.25%, to be paid out starting when she reaches 65 years of age.

Bonita Lee will have up to \$40,000 per year, for the next ten years beginning in 2009, placed in a deferred compensation account which accrues interest at an annual rate of 6.25%, to be paid out starting when she reaches 65 years of age.

As more fully explained above, since inception no amounts were accrued on or placed in any of the participating NEO's LTIP accounts.

Bonita Lee and Kyu Kim have a five-year cliff vesting of up to 50% of their total potential contribution amounts plus accrued interest in their deferred compensation accounts, with an additional 10% vesting of the total potential contributions plus accrued interest in each of years six through ten. Alvin Kang will have three year cliff vesting of up to 50% of the total potential contributions into the deferred compensation account plus accrued interest, with an additional 25% of the total potential contributions plus accrued interest in years four and five.

### **Capital Purchase Program under the TARP Executive Compensation Requirements**

In November of 2008, the Company entered into a Security Purchase Agreement with the United States Department of the Treasury (the Treasury) as part of the Capital Purchase Program under the Treasury's TARP (CPP). As a result of its participation in the CPP, the Company is required to comply with the requirements governing executive compensation of the Emergency Economic Stabilization Act of 2008 (EESA), American Recovery and Reinvestment Act of 2009, effective February 17, 2009 (ARRA), and Interim Final Rule TARP Standards for Compensation and Corporate Governance at 31 CFR Part 30, effective June 15, 2009 (Interim Final Rule). We have fully complied with the requirements of EESA, ARRA and Interim Final Rule (collectively, the TARP Rules), which include:

*Prohibition on Certain Types of Compensation.* The TARP Rules prohibit us from providing incentive compensation arrangements that encourage our Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company. It also prohibits us from implementing any compensation plan that would encourage manipulation of the reported earnings in order to enhance the compensation of any of our employees.

*Risk Review.* The TARP Rules require the Compensation Committee to meet with our senior risk officer at least semiannually to discuss and evaluate employee compensation plans in light of an assessment of any risk to us posed by such plans. The review is intended to better inform the Compensation Committee of the risks posed by the plans and the ways to limit such risks. The Compensation Committee has performed this review, and its conclusions are included in its report which appears at the end of this CD&A.

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*Bonus Prohibition.* The TARP Rules prohibit the payment of any bonus, retention award, or incentive compensation to our top five most highly compensated employees. The prohibition includes several limited exceptions, including payments under enforceable agreements that were in existence as of February 11, 2009 and limited amounts of long-term restricted stock, as discussed below. We have performed an extensive review of our compensation arrangements and have complied with all requirements of ARRA for 2010.

*Limited Amount of Long Term Restricted Stock Excluded from Bonus Prohibition.* The TARP Rules permit us to pay a limited amount of long-term restricted stock. The amount is limited to one-third of the total annual compensation of the employee. ARRA requires such stock to have a minimum 2-year vesting requirement and be subject to transfer restrictions that lapse in 25% increments as the CPP obligation is repaid.

*Golden Parachutes.* The TARP Rules prohibit any severance payment to any Senior Executive Officer or any of the next five most highly compensated employees upon termination of employment for any reason. ARRA provides an exception for amounts that were earned or accrued prior to termination, such as normal retirement benefits.

*Clawback.* The TARP Rules require us to recover any bonus or other incentive payment paid to Senior Executive Officers and the next 20 most highly compensated employees on the basis of materially inaccurate financial or other performance criteria.

*Limit on Tax Deduction.* We contractually agreed to abide by a provision of the TARP Rules which limit our tax deduction for compensation paid to any Senior Executive Officer to \$500,000 annually. This provision amended the Internal Revenue Code by adding a new Section 162(m)(5), which imposes a \$500,000 deduction limit.

*Stockholder Say-on-Pay Vote Required.* The TARP Rules require us to include a non-binding stockholder vote to approve the compensation of executive officers as disclosed in this document. We have included such a say-on-pay proposal as Proposal 3 in this document.

*Policy on Luxury Expenditures.* The TARP Rules require us to implement a company-wide policy regarding excessive or luxury expenditures, including excessive expenditures on entertainment or events, office and facility renovations, aviation or other transportation services. This policy is available on the Bank's website.

*Reporting and Certification.* The TARP Rules require our Chief Executive Officer and Chief Financial Officer to provide a written certification of compliance with the executive compensation restrictions in our annual report. ARRA also requires certain disclosures and certifications by the Compensation Committee, which is included in its report at the end of this CD&A.

**Tax Deductibility of Executive Officer Compensation**

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), precludes a public corporation from taking a deduction for compensation in excess of \$1 million for its Chief Executive Officer or any of its four highest paid executive officers other than the Chief Executive Officer, unless certain criteria are satisfied. However, performance-based compensation that has been approved by stockholders is excluded from the \$1 million limit. The Company plans to comply with the deduction requirements of Section 162(m).

The ARRA has reduced the deduction allowable under Section 162(m) to \$500,000 for its Senior Executive Officers as defined under Title VII Section 111(a)(1). The Company has implemented a mechanism to monitor its tax reporting in order to meet the requirements of Section 162(m).



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**Compensation Committee Report**

*The following report does not constitute soliciting material and should not be deemed incorporated by reference into any other filings by the Company under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, except to the extent we may specifically incorporate the information contained in this report by reference thereto.*

The Compensation Committee has reviewed and discussed the CD&A included in this document with management and based on its review and discussions, has recommended to the board of directors that the CD&A be included in the Company's Annual Report on Form 10-K and proxy statement.

In addition, the Compensation Committee certifies that:

1. It has reviewed with the senior risk officer the senior executive officer, as defined by EESA, compensation plans and has made all reasonable efforts to ensure that these plans do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company;
2. It has reviewed with the senior risk officer the employee compensation plans and has made all reasonable efforts to limit any unnecessary risks these plans pose to the Company; and
3. It has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

In connection with the Company's participation in the CPP, the Compensation Committee is required to meet at least semi-annually with the Company's Chief Risk Officer or other senior risk officers to discuss and review any incentive or bonus compensation arrangements for NEOs and other employees that might promote unnecessary and excessive risk-taking and jeopardize the institution's value and also that employee compensation plans do not encourage behavior focused on short-term results or manipulation of reported earnings. In response to this requirement, the Compensation Committee met with the Company's Chief Risk Officer in May 2010 and October 2010.

All senior executive officer compensation plans of the Company are currently operating or suspended within the constraints of the CPP. At the time of the review, the senior executive officer compensation plans consisted of a deferred compensation agreement, change of control agreements, Long Term Incentive Plan, Performance Incentive Plan and Bank defined contribution plans.

Upon review of each senior executive officer compensation plan, the Compensation Committee determined that none of the plans encouraged any senior executive officer to take unnecessary and excessive risks that threaten the value of the Company. The Compensation Committee determined that the risk level of each such plan ranged from zero to minimal risk. For any plan that might have minimal risk, the Compensation Committee determined that the inherent controls of the plan and the manner of its implementation ensured appropriate mitigation of risks.

The Compensation Committee also reviewed employee compensation plans. The employee compensation plans consist of commissions paid to business development officers according to standards set by the Company, PIP performance based bonuses, grants of performance units, the SBA Loan Referral Program and the Demand Deposit Account Incentive Campaign.

Based on its review, the Compensation Committee believes that the features of the employee compensation plans, along with the systems of controls in place, do not encourage unnecessary or excessive risks or, if there is any risk, such risk has been appropriately limited and does not encourage the manipulation of reported earnings to enhance the compensation of any employee. With respect to the plans, the Compensation Committee

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determined that loan default risks to the Company were minimized by the Company's and Bank's loan risk prevention measures, which include stringent lending policies and procedures, oversight by various loan committees and a loan review and risk monitoring system.

The only plan the Compensation Committee determined might pose some risk was the plan involving commission payments to business development officers because commissions were based on production volume and constituted a higher portion of such officer's total compensation expense than the other plans. However, controls have been implemented to limit the loan risk, including a clawback provision, where commissions may be refunded to the Company if the loan is in default (such refund may be deducted from future earnings) and reserving 25% of the quarterly commission to offset any shortage resulting from loan defaults.

With respect to the Demand Deposit Account Incentive Campaign, the Committee reduced the risk of encouraging only short term profits by deferring 80% of the employee incentives until three months after account opening and the remaining 20% after an additional three months, which is payable only if the account is still open and maintains a certain average minimum available balance.

This certification and narrative are being provided in accordance with the requirement of the Interim Final Rule of the Treasury, TARP Standards for Compensation and Corporate Governance, issued June 15, 2009.

Respectfully submitted by the members of the Compensation Committee of the board of directors:

SCOTT YOON-SUK WHANG (Chair)

STEVEN D. BROIDY

LOUIS M. COSSO

JOHN H. PARK

**Table of Contents****SUMMARY COMPENSATION TABLE**

The Summary Compensation Table includes information concerning the compensation paid to or earned by our NEOs listed in the table for the three-year period ended December 31, 2010.

**Summary Compensation of Executive Officers**

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$)	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(4)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) <sup>(5)</sup>	All Other Compensation (\$) <sup>(6)</sup>	Total (\$)
Alvin D. Kang <i>President &amp; Chief Executive Officer</i>	2010	302,037	0	0	0	0	0	14,781	316,818
	2009	250,000	0	0	0	0	0	18,445	268,445
	2008	244,616	0	0	0	45,000	0	23,437	313,053
Min J. Kim <i>Former President &amp; Chief Executive Officer</i>	2010	45,370	0	0	0	0	0	42,043	87,413
	2009	350,000	0	184,630	0	0	0	21,121	555,751
	2008	343,269	0	0	0	52,500	1,225	26,600	423,594
Philip E. Guldeman <i>Executive Vice President &amp; Chief Financial Officer</i>	2010	5,192	25,000 <sup>(2)</sup>	0	0	0	0	100,830 <sup>(7)</sup>	131,022
Christine Oh <i>Former Acting Chief Financial Officer</i>	2010	84,062	0	0	0	0	0	11,990	96,052
	2009	140,104	300 <sup>(2)</sup>	0	0	0	0	15,292	155,696
	2008	136,937	0	0	0	20,000	0	17,519	174,456
Bonita I. Lee <i>Executive Vice President &amp; Chief Operating Officer</i>	2010	230,000	0	0	0	0	0	10,615	240,615
	2009	172,500	45,300 <sup>(2)</sup>	0	17,416	0	0	8,243	243,459
	2008	149,692	0	0	0	0	0	23,000	172,692
Mark Lee <i>Executive Vice President &amp; Chief Credit Officer</i>	2010	200,000	0	0	0	0	0	10,615	210,615
	2009	123,846	300 <sup>(2)</sup>	37,100	0	0	0	4,724	165,970
Myung-Hee Hyun <i>Executive Vice President &amp; Chief Operations Administrator</i>	2010	113,333	0	91,300 <sup>(8)</sup>	0	0	0	9,686	214,319
Kyu S. Kim <i>Executive Vice President &amp; Eastern Regional Manager</i>	2010	174,963	0	0	0	0	0	15,823	190,786
	2009	160,000	0	0	0	0	0	19,647	179,647
	2008	152,041	0	0	0	50,000	0	24,250	226,291

(1) Amounts include amounts deferred under our 401(k) Plan. The Company customarily makes a matching contribution equal to 100% of the first 3% of an employee's bi-weekly paycheck amount and 50% of the next 2% of an employee's bi-weekly paycheck amount. This practice was temporarily suspended during the period from September 1, 2009 through December 31, 2010 due to lack of profitability. On January 1, 2011, the Company resumed the practice of matching contributions.

(2) In 2009, Mark Lee and Bonita Lee were not subject to the TARP restrictions for bonuses and each received a \$300 year-end bonus. Bonita Lee also received a signing bonus of \$45,000 upon her employment in March 2009. Philip Guldeman received a signing bonus of \$25,000 upon his employment in December 2010.

(3) Pursuant to Securities and Exchange Commission regulations regarding the valuation of equity awards, amounts in stock awards and option awards 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 of forfeitures. To facilitate year-to-year comparisons, the Securities and Exchange Commission regulations require

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companies to present recalculated disclosures for each preceding fiscal year required under the rules so that equity awards and stock options reflect the applicable full grant date fair values, excluding the effect of forfeitures. The total compensation column has been recalculated accordingly. See Note 10 of the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010 for information regarding assumptions underlying valuation of equity awards.

- (4) Amounts shown are for services rendered during the year indicated, but were typically paid in the subsequent year. The amounts shown represent performance-based bonuses as described in the CD&A.
- (5) This column reflects only the above-market earnings on the employee salary deferral plans in which the NEO participate. Above-market earnings represent the difference between market interest rates determined pursuant to the Securities and Exchange

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Commission rules and the interest paid by the Bank (Prime Rate +0.25%), compounded quarterly, credited by the Bank on salary deferred by the NEO under the deferred compensation plan, as described in the CD&A. Min Kim is the only NEO who participated in the Company's deferred compensation plan.

- (6) For Alvin Kang, all other compensation included perquisites of auto allowance and parking and payments in lieu of health insurance coverage paid by the Company. For Bonita Lee, all other compensation included perquisites of auto allowance and parking. For Mark Lee, all other compensation included perquisites of auto allowance and parking. For Kyu Kim, all other compensation included perquisites of auto allowance and parking, cell phone allowance and BOLI.
- (7) All Other Compensation for Philip Guldeman also includes \$99,619 in earnings as an independent consultant for providing financial management and related services commencing on August 12, 2010 and ending on December 17, 2010, the effective date of his appointment as Chief Financial Officer, and \$1,211 in perquisites.
- (8) The Company granted performance units to Myung-Hee Hyun upon commencement of her employment as Executive Vice President and Chief Operations Administrator. Such performance units are subject to TARP incentive compensation limitations. See Compensation Discussion and Analysis Elements of Compensation Long-Term Equity Incentive Awards.

**2010 GRANTS OF PLAN-BASED AWARDS TABLE**

The following table sets forth information about the options or performance units granted during the fiscal year ended December 31, 2010 to each of our NEOs.

Name	Grant Date	Threshold	Estimated Future Payouts Under Equity Incentive Plan Awards (Units) <sup>(1)(2)</sup>		Grant Date Fair Value of Stock and Option Awards (\$) <sup>(3)</sup>
			Target	Maximum	
Myung-Hee Hyun <i>Executive Vice President &amp; Chief Operations Administrator</i>	5/3/2010	0	10,000	10,000	91,300

- (1) To receive performance units and for the performance units to vest, the NEO must receive satisfactory annual performance reviews.
- (2) The performance units are subject to the TARP incentive compensation limitations and as a result, the grant may be reduced in an amount up to 3,263 units and two-fifths of such units will vest on the second anniversary of the date of grant and the remaining units will vest in equal installments beginning on the third anniversary of the date of grant.
- (3) Pursuant to the Securities and Exchange Commission regulations regarding the valuation of equity awards, amounts in Grant Date Fair Value of Stock and Option Awards 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 of forfeitures. See Note 10 of the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010 for information regarding assumptions underlying valuation of equity awards.

**Table of Contents****2010 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE**

The following table includes information about the value of all unexercised options previously awarded to the NEOs at December 31, 2010. The number of options held at December 31, 2010 includes options granted under the 2000 Plan and 2007 Plan.

**Outstanding Equity Awards**

Name	Option Awards <sup>(1)(2)</sup>			Stock Award <sup>(5)(6)</sup> Equity		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>(4)</sup>
Alvin D. Kang <i>President and Chief Executive Officer</i>	80,000	0	15.54 <sup>(3)</sup>	07/29/15	0	0
Min J. Kim <i>Former President and Chief Executive Officer</i>	0	0			0	0
Philip E. Guldeman <i>Executive Vice President &amp; Chief Financial Officer</i>	0	0			0	0
Christine Oh <i>Former Acting Chief Financial Officer</i>	0	0			0	0
Bonita I. Lee <i>Executive Vice President and Chief Operating Officer</i>	0	40,000	8.64 <sup>(3)(7)</sup>	03/16/19	0	0
Mark Lee <i>Executive Vice President and Chief Credit Officer</i>	0	0			8,000	78,880 <sup>(5)</sup>
Myung-Hee Hyun <i>Executive Vice President &amp; Chief Operations Administrator</i>	0	0			10,000	98,600 <sup>(6)</sup>
Kyu S. Kim <i>Executive Vice President and Eastern Regional Manager</i>	24,000	0	5.75 <sup>(3)</sup>	05/29/12	0	0

- (1) Terms of outstanding stock options are for a period of ten years from the date the option is granted. Options may be exercised during a period not to exceed three months following the termination of an optionee's continuous service to the Company for any reason other than disability or death. If an optionee becomes disabled or dies during his service to the Company, the optionee's option may be exercised up to twelve months following the date of termination of employment.
- (2) The exercise price per share for an incentive stock option must be at least equal to the fair market value of the common stock at the date of grant. The exercise price may be paid in cash or stock.
- (3) Options vest in equal annual installments on each anniversary date over a period of five years commencing on the date of the grant.



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- (4) The market value of the performance units was calculated by multiplying the closing market price of the Company's stock at December 31, 2010, \$9.86, by the number of performance units.
- (5) The board of directors granted 10,000 performance units on May 1, 2009, vesting equally over five years, subject to restrictions under the TARP.
- (6) The board of directors granted 10,000 performance units on May 3, 2010. The performance units are subject to the TARP incentive compensation limitations and as a result, two-fifths of such units vest on the second anniversary of the date of grant and the remaining units vest in equal installments beginning on the third anniversary of the date of grant and the grant may be reduced in an amount up to 3,263 units.
- (7) The board of directors granted 40,000 stock options on March 16, 2009, originally vesting equally over five years, subject to restrictions under the TARP. However, in accordance with TARP guidelines, when Bonita Lee became one of the Company's five most highly compensated employee in 2010, the vesting of her options is frozen subject to further review when the Company is no longer subject to TARP restrictions

**PAYMENTS UPON TERMINATION OF EMPLOYMENT**

In 2010, Min Kim, Alvin Kang, Bonita Lee and Mark Lee each had severance arrangements with the Company that provided for additional compensation upon their termination of employment. In 2010, with respect to Min Kim, Alvin Kang, Bonita Lee, and Kyu Kim, the Company was prohibited from making golden parachute payments due the executive compensation restrictions imposed by ARRA, which means that no payments could be made for the departure of Min Kim, Alvin Kang, or Bonita Lee for any reason or upon a change in control of the Company, with the exception of payments made upon separation of service due to death or disability. Therefore, no severance was paid to Min Kim upon her resignation from her positions as President, Chief Executive Officer and director, effective January 29, 2010. The tables below set forth payments upon termination of employment that the NEOs would be entitled to if their employment terminated on December 31, 2010 and if a change in control occurred on December 31, 2010 and such employee was terminated on that same date.

<b>Mark Lee, Chief Credit Officer Compensation and Benefits</b>	<b>Involuntary or for Good Reason After Change-in-Control (\$)</b>
Cash severance pay	\$ 200,000
Market value of unvested performance units which would vest <sup>(1)</sup>	78,880
<b>Total</b>	<b>\$ 278,880</b>

- (1) The market value of unvested performance units which would accelerate in vesting under a Change in Control is calculated assuming a market value of \$9.86 per share (the closing share price at 12/31/2010).



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table shows the beneficial ownership of Nara's common stock as of March 17, 2011, by each stockholder who owns, based on information made available to Nara, more than 5% of Nara's common stock. Information concerning the stock ownership of the Nara's executive officers and directors is set forth above under "Nara Proposal 2: Election of Directors - How Much Stock do our Directors, Nominees for Directors and Executive Officers Own?"

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
Wellington Management Company LLP 280 Congress St. Boston, MA 02210	3,470,560 <sup>(2)</sup>	9.13%
Pzena Investment Management, LLC 120 West 45 <sup>th</sup> Street, 20 <sup>th</sup> Floor, New York, NY 10036	3,402,483 <sup>(3)</sup>	8.96%
BlackRock Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022	3,150,068 <sup>(4)</sup>	8.29%
Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	2,345,934 <sup>(5)</sup>	6.17%
Westwood Management Corp. 200 Crescent Court, Suite 1000 Dallas, TX 75201	1,918,924 <sup>(6)</sup>	5.05%

- (1) We have relied on the last public filings on Schedules 13D, 13F or 13G of each of the following stockholders, in determining how many shares each stockholder owns.
- (2) Wellington Management Company LLP has shared power to vote and dispose of 3,470,560 shares.
- (3) Pzena Investment Management, LLC has sole power to vote 2,828,270 shares and dispose of 3,402,483 shares.
- (4) BlackRock Inc. has sole power to vote and dispose of 3,150,068 shares.
- (5) Vanguard Group, Inc. has sole power to vote 67,952 shares and dispose of 2,277,982 shares.
- (6) Westwood Managements Corp. has sole power to vote 1,565,752 shares and dispose of 1,820,424 shares.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS****Policies and Procedures for Approving Related Party Transactions**

We conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and all such transactions must be reviewed by the Nomination and Governance Committee and ultimately reviewed and approved by the Company's board of directors. As required under its charter, the Nomination and Governance Committee is responsible for reviewing each director's independence (according to the Nasdaq Stock Market and the Securities and Exchange Commission standards) and for making recommendations to the full board based on its findings. The Nomination and Governance Committee has determined that each of the directors, other than Alvin Kang, is independent in accordance with such standards. The Nomination and Governance Committee charter can be found on our website at [www.narabank.com](http://www.narabank.com).

Our Code of Ethics and Business Conduct for employees requires employees who may have a potential or apparent conflict of interest to notify their supervisor or the Ethics Officer. Our Director Code of Ethics and Business Conduct requires directors to notify the chair of the Nomination and Governance Committee. A potential conflict is considered to exist whenever an individual has an outside interest - direct or indirect - which conflicts with the individual's duty to the Company or adversely affects the individual's judgment in the discharge of his or her responsibilities at the Company. Prior to consideration of a related party transaction, our



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board of directors requires full disclosure of all material facts concerning the relationship and financial interest of the relevant individuals in the transaction. The board then determines whether the terms and conditions of the transaction are more or less favorable to the Company than those offered by unrelated third parties. Once the board determines that the terms and conditions are substantially similar to those offered by unrelated parties, the transaction may be permitted if it is approved by a majority of the independent directors entitled to vote on the matter with the interested director abstaining.

All of the transactions reported below were approved by our board of directors in accordance with these policies and procedures, and we believe that the terms of these transactions were not less favorable to us as those we could have obtained from unrelated third parties. The employee and director Code of Ethics and Business Conduct can be found on our website at [www.narabank.com](http://www.narabank.com).

To identify related party transactions, each year we require our directors and NEOs to complete director and officer questionnaires identifying any transaction with us or any of our subsidiaries in which the officer or director or their family members have an interest. In addition, director independence is discussed on a regular basis at the Nomination and Governance Committee, and the Bank tracks all deposit accounts on a daily basis and loan accounts on a quarterly basis. Directors and NEOs are expected to notify the Legal Department of any updates to the information supplied in the questionnaire occurring after the date of its completion.

There are no existing or proposed material transactions between the Company or Nara Bank and any of our officers, directors, nominees or principal stockholders or the immediate family or associates of the foregoing persons, except as indicated below.

**Transactions Considered**

Some of the directors and officers of the Company and/or the Bank and the immediate families and the business organizations with which they are associated, are customers of, and have had banking transactions with, Nara Bank in the ordinary course of our business and we expect to have banking transactions with such persons in the future. All loans made to such persons have been made in the ordinary course of business; on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable loans with persons not related to the lender; and do not involve more than a normal risk of collectability or present other unfavorable features. For a description of a transaction considered by the board of directors in connection with their assessment of the independence of our directors, see Board Leadership Structure.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ALL SEVEN NOMINEES FOR DIRECTOR.**

**Nara Proposal 3: Ratification of Appointment of Independent Audit Firm**

The Audit Committee of the board of directors has selected Crowe Horwath LLP ( Crowe Horwath ) as our independent registered public accounting firm for the year ending December 31, 2011 and has further directed that the selection of Crowe Horwath be submitted for ratification by the stockholders at the annual meeting. Crowe Horwath became our independent registered public accounting firm on September 17, 2004. The Company anticipates that a representative of Crowe Horwath will be present at the annual meeting and will be available to respond to your appropriate questions and make such statements as the representative may desire.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of Crowe Horwath as the Company's independent registered public accounting firm. However, we are submitting the selection of Crowe Horwath to the stockholders for ratification to obtain our stockholders views. If the stockholders fail to ratify the selection of Crowe Horwath, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the board of directors in its discretion

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may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee of the board of directors determines that such a change would be in our best interests and the best interests of our stockholders.

The affirmative vote of the holders of a majority of shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of Crowe Horwath. Abstentions will be counted toward the tabulation of votes cast on proposals presented to stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for determining whether this matter has been approved.

The following table provides a summary of the various fees paid to Crowe Horwath in 2009 and 2010:

**Summary of Fees to Independent Audit Firm**

	<b>2009</b>	<b>2010</b>
Audit Fees	\$ 388,000	\$ 388,000
Audit Related Fees	73,250	10,650
All Other Fees	3,561	3,693
<b>Total Fees</b>	<b>\$ 464,811</b>	<b>\$ 402,343</b>

**Audit Fees.** The audit fees include only fees that are customary under generally accepted auditing standards and are the aggregate fees that we incurred for professional services rendered for the audit of our annual consolidated financial statements for fiscal years 2010 and 2009. Crowe Horwath's audit fees include the fees for the audit of the 2010 and 2009 consolidated financial statements and internal control over financial reporting and review of our quarterly consolidated financial statements included in our quarterly Form 10-Q filings for 2010 and 2009.

**Audit Related Fees.** Crowe Horwath's audit related fees for 2010 were for providing its consent to include the Auditor's opinion in a registration statement filed on Form S-3 and consultations relating to deferred tax assets. The audit related fees for 2009 were for comfort letter procedures for the stock offering and providing their consent to include the Auditor's opinion in a registration statement filed on Form S-3.

**Tax Fees.** No tax fees were incurred in 2010 and 2009.

**All Other Fees.** All other fees include the aggregate fees billed for services rendered by Crowe Horwath, other than those services covered above and for 2010 and 2009 included providing software licenses for the Accounting Research Manager database and providing data base management software to facilitate communications related to the external audit. The Audit Committee considered whether the provision of non-audit services is compatible with maintaining the independence of Crowe Horwath. The Audit Committee has determined that the rendering of the services other than audit services by Crowe Horwath is compatible with maintaining the principal accountant's independence.

**Pre-Approval Policies and Procedures.**

The Audit Committee has adopted policy and procedures for the approval in advance of audit and non-audit services rendered by our independent auditor. The policy requires advance approval of all services before the independent auditor is engaged to provide such services. The advance approval of services may be delegated to the Chair of the Audit Committee who has authority to approve up to \$25,000, to be ratified at the next scheduled Audit Committee meeting. A copy of the Company's policy regarding the approval of audit and non-audit services provided by the independent auditor is attached as Annex F to this document.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF PROPOSAL NO. 3.**

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**Nara Proposal 4: Nonbinding Vote on Executive Compensation**

In February 2009, Congress enacted ARRA. The ARRA imposes a number of requirements on financial institutions, such as the Company, that received an investment under the Capital Purchase Program of the United States Treasury's Troubled Asset Relief Program (TARP). One of the requirements is that at each annual meeting of stockholders during the period in which any obligation arising from TARP financial assistance remains outstanding, TARP recipients shall permit a separate nonbinding say on pay stockholder vote to approve the compensation of executives.

This proposal gives you as a stockholder the opportunity to vote for or against the following resolution:

RESOLVED, that the stockholders of Nara Bancorp, Inc. (Nara) approve the compensation of Nara's executives named in the Summary Compensation Table of Nara's Proxy Statement for the 2011 Annual Meeting of Stockholders, including the Compensation Discussion and Analysis, the executive compensation tables and the related disclosure contained in the Proxy Statement.

Because your vote is advisory, it will not be binding upon the board of directors and may not be construed as overruling any decision by the board of directors or our Compensation Committee. However, the Compensation Committee may, in its sole discretion, take into account the outcome of the vote when considering future executive compensation decisions.

Stockholders are encouraged to carefully review the Compensation Discussion and Analysis section of this document for a detailed discussion of the Company's executive compensation program.

Our overall executive compensation policies and procedures are described in the Compensation Discussion and Analysis and the tabular disclosure regarding Named Executive Officer compensation (together with the accompanying narrative disclosure) in this document. Our compensation policies and procedures are centered on a pay-for-performance culture and are aligned with the long-term interests of our stockholders, as described in the Compensation Discussion and Analysis. The Compensation Committee, which is comprised entirely of independent directors oversees our executive compensation program and continually monitors our policies to ensure they continue to emphasize programs that reward executives for results that are consistent with stockholder interests.

Our board and our Compensation Committee believe that our commitment to these responsible compensation practices justifies a vote by stockholders FOR the resolution approving the compensation of our executives as disclosed in this document.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NON-BINDING RESOLUTION APPROVING THE COMPENSATION OF EXECUTIVES.**

**Nara Proposal 5: Adjournment of the Annual Meeting**

If there are not sufficient votes to constitute a quorum or to adopt and approve the merger agreement at the time of our annual meeting, the merger agreement cannot be adopted and approved unless our annual meeting is adjourned to a later date or dates to permit further solicitation of proxies. To allow proxies that we have received at the time of our annual meeting to be voted for an adjournment, if deemed necessary, we have submitted the question of adjournment to our stockholders as a separate matter for their consideration. If it is deemed necessary to adjourn the annual meeting, no notice of the adjourned meeting is required to be given to our stockholders (unless the adjournment is for more than 30 days or if a new record date is fixed), other than an announcement at the meeting of the place, date and time to which the meeting is adjourned.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 5.**

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**ELECTION OF DIRECTORS AND OTHER PROPOSALS TO BE CONSIDERED**

**AT THE CENTER ANNUAL MEETING**

Unless otherwise indicated in this document or the context otherwise requires, references to we, our, us or the Company in this section of this document on the other proposals to be considered at the Center annual meeting are to Center Financial Corporation, including its subsidiary, Center Bank.

**Center Proposal 2: Election of Directors**

Our Bylaws currently provide that the number of directors shall be not fewer than six nor more than eleven until changed by a bylaw amendment duly adopted by the vote or written consent of our stockholders. The Bylaws further provide that the exact number of directors shall be fixed from time to time, within the foregoing range, by a bylaw or amendment thereof or by a resolution duly adopted by the vote or written consent of our stockholders or by our Board of Directors. The exact number of directors is presently fixed at seven.

The first seven persons named below, all of whom are present members of the Board of Directors, will be nominated for election to serve as directors until the close of the merger described in Proposal 1 above or, if the merger is not completed until the next Annual Meeting of Stockholders and until their successors are elected and have qualified. Since stockholders do not have cumulative voting rights in the election of directors, a plurality of the votes cast is required for the election of directors. In the event that any of the nominees should be unable to serve as a director, it is intended that the Proxy will be voted for the election of such substitute nominee, if any, as shall be designated by the Board of Directors. Management has no reason to believe that any nominee will become unavailable.

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The following table sets forth certain information with respect to (i) each of the persons to be nominated by the Board of Directors for election as directors, (ii) each of the Company's directors and executive officers, and (iii) the directors and executive officers as a group. Additional information concerning the experience and qualifications of the Company's directors appears below under Corporate Governance Director Nomination Procedures, Qualifications and Related Matters.

Name, Address and Offices Held with Company <sup>1</sup>	Principal Occupation for the Past Five Years	Age	Director Since	Common Stock Beneficially Owned on April 25, 2011		
				Number of Shares <sup>2</sup>	Vested Option Shares <sup>3</sup>	Percentage of Shares Outstanding <sup>4</sup>
Jin Chul Jung Chairman of the Board	President and Chairman, Royal Imex, Inc. (Importing and Wholesale)	67	2000 (1998) <sup>5</sup>	326,474 <sup>6</sup>	30,000	*
David Z. Hong Director	Retired (formerly accountant, David Hong Accounting Service)	81	2000 (1985) <sup>5</sup>	758,262 <sup>7</sup>	30,000	1.97%
Chang Hwi Kim Director	President, Maxion Inc. (Home Entertainment)	68	2000 (1989) <sup>5</sup>	687,876 <sup>8</sup>	30,000	1.80%
Kevin S. Kim Director	Attorney Kevin S. Kim & Associates	53	2008 (2008) <sup>5</sup>	410,000 <sup>9</sup>	16,666	1.07%
Peter Y. S. Kim Director	President and Chairman, Harbor Express, Inc., Gold Point Transportation, Inc., Bridge Warehouse, Inc. (Trucking); President, 3Plus Logistics	62	2000 (1998) <sup>5</sup>	764,631	30,000	1.99%
Sang Hoon Kim Director	Retired Chairman and Chief Executive Officer, Tmecca.com <sup>10</sup>	70	2000 (1985) <sup>5</sup>	941,726 <sup>11</sup>	30,000	2.43%

<sup>1</sup> All offices held apply to both Center Financial Corporation and Center Bank unless otherwise indicated. The business address of each of the directors and executive officers is 3435 Wilshire Boulevard, Suite 700, Los Angeles, California 90010.

<sup>2</sup> Except as otherwise noted, may include shares held by such person's spouse (except where legally separated) and minor children, and by any other relative of such person who has the same home; shares held in street name for the benefit of such person; shares held by a family trust as to which such person is a trustee and primary beneficiary with sole voting and investment power (or shared power with a spouse); or shares held in an Individual Retirement Account or pension plan as to which such person (and/or such person's spouse) is the sole beneficiary and has pass-through voting rights and investment power.

<sup>3</sup>

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Consists of option shares which are vested or will vest within 60 days of April 25, 2011 pursuant to the Company's 2006 Stock Incentive Plan, as amended. See Executive Officer and Director Compensation Outstanding Equity Awards at Fiscal Year-End and Compensation of Directors.

<sup>4</sup> This percentage is based on the total number of shares of the Company's common stock outstanding, plus the number of option shares for the applicable individual or group which are vested or will vest within 60 days of April 25, 2011 pursuant to the Company's 2006 Stock Incentive Plan, as amended. See Executive Officer and Director Compensation Outstanding Equity Awards at Fiscal Year-End and Compensation of Directors.

<sup>5</sup> Year first elected or appointed a director of Center Bank.

<sup>6</sup> Includes 84,073 shares held by Royal Imex, Inc., of which Mr. Jung is President, Chairman and sole stockholder, as to which shares Mr. Jung has sole voting and investment power.

<sup>7</sup> Includes 192,980 shares held by two charitable remainder trusts of which Mr. Hong is a trustee and beneficiary, and in which Mr. Hong has proportional pecuniary interests of approximately 71% and disclaims beneficial ownership of the remaining 29%. Mr. Hong has sole voting and investment power as to all 192,980 shares held by these trusts. Mr. Hong also owns 565,282 shares directly.

<sup>8</sup> Includes 18,364 shares owned by Chang Hwi Kim's adult children, as to which shares Mr. Kim has sole voting and investment power pursuant to an agreement with the record owners of the shares.

<sup>9</sup> 40,000 of these shares are pledged.

<sup>10</sup> Sang Hoon Kim served as Chairman and Chief Executive Officer of Tmecca.com, an on-line provider of professional books and magazines, from 2001 until he retired from this position in April 2006.

<sup>11</sup> Includes 271,418 shares held by a trust of which Sang Hoon Kim is a trustee, and 6,812 shares held by other relatives of Mr. Kim, as to all of which shares Mr. Kim has shared voting and investment power pursuant to agreements with the record owners of the shares. Also includes 274,524 shares held by Mr. Kim's wife as separate property, all of which are pledged, as to which shares Mr. Kim has shared voting and investment power. Mr. Kim also owns 388,972 shares directly.

\* Less than 1%



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Name, Address and Offices Held with Company <sup>1</sup>	Principal Occupation for the Past Five Years	Age	Director Since	Number of Shares <sup>2</sup>	Common Stock Beneficially Owned on April 25, 2011	
					Vested Option Shares <sup>3</sup>	Percentage of Shares Outstanding <sup>4</sup>
Chung Hyun Lee	Retired President, NuArt International, Inc. (Cosmetics Importing) <sup>12</sup>	69	2000 (1985) <sup>5</sup>	273,056	30,000	*
Richard S. Cupp	President and Chief Executive Officer, Center Bank and Center Financial Corporation <sup>13</sup>	70	n/a	3,979 <sup>14</sup>		*
Lisa Kim Pai	Executive Vice President and General Counsel, Center Bank and Center Financial Corporation <sup>15</sup>	51	n/a	16,200	40,000	*
Jason K. Kim	Senior Vice President and Chief Credit Officer, Center Bank	44	n/a	86,518 <sup>16</sup>	55,400	*
Sook Kyong Goo	Senior Vice President and Chief Operations Officer, Center Bank <sup>17</sup>	57	n/a	5,390	18,000	*
Directors and Executive Officers as a Group (11 persons)				4,274,112	310,066	11.40%

<sup>12</sup> Mr. Lee retired from this position in October 2010.

<sup>13</sup> Mr. Cupp was appointed President and Chief Executive officer on January 6, 2011, to serve until the earlier of December 31, 2011 or the close of the pending merger with Nara Bancorp. Previously, he served as principal of Richard S. Cupp, Inc. Strategic and Management Consulting, specializing in community bank turnarounds and restructurings and advising private equity investors, from March 2009 to January 2011; as President and Chief Executive Officer of County Bank and of Capital Corp of the West ( CCOW ) in Merced, California from August 2008 to February 2009; and as founding President and Chief Executive Officer of 1<sup>st</sup> Century Bank in Los Angeles from 2002 to 2007. Mr. Cupp also served as a director of CCOW from August 2008 to April 2009, and of 1<sup>st</sup> Century Bank from 2002 to 2007. CCOW filed for bankruptcy protection in April 2009 after its banking subsidiary, County Bank, was closed by the banking regulators in February 2009. Mr. Cupp was appointed Chief Executive Officer of CCOW and County Bank in order to specifically address the significant capital, liquidity and regulatory issues faced by those institutions. He has 48 years of experience in commercial banking. Previously positions

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include key executive roles in large regional banks, CEO roles in numerous California mid-sized community and independent banks, and advisory and consulting engagements with boards and banks throughout the west.

<sup>14</sup> Represents shares subject to a restricted stock award which will vest if and only if Mr. Cupp remains employed with the Company through the end of his term of employment. See Executive Officer and Director Compensation Employment Agreements below.

<sup>15</sup> Prior to assuming these positions in February 2007, Ms. Pai served in private legal practice with Kim Pai & Associates in Pasadena, California since November 2006; and as acting General Counsel And Corporate Secretary of Nara Bancorp in Los Angeles from June 2005 to October 2006.

<sup>16</sup> Includes 14,708 shares subject to a restricted stock award which will vest 50% on February 10, 2012 and 50% on February 10, 2013, subject to receipt of satisfactory annual performance reviews each year. Such shares will continue to be subject to restrictions on transfer even when fully vested as long as the Company continues to have shares of preferred stock outstanding to the U.S. Treasury Department in connection with the TARP Capital Purchase Program.

<sup>17</sup> Prior to assuming these positions in August 2007, Mrs. Goo served as Senior Vice President and Chief Operations Officer of Hanmi Bank since October 2006; and as Senior Vice President and Operations Administrator of Hanmi Bank from May 2004 to September 2006.

\* Less than 1%

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**CORPORATE GOVERNANCE**

**General**

The Board of Directors believes that it is important to encourage the highest level of corporate ethics and responsibility and has fully implemented the corporate governance requirements of the Nasdaq Stock Market and the Securities and Exchange Commission.

**Code of Ethics**

We have adopted a Code of Ethics and Business Conduct (the Code of Ethics ) which applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Code of Ethics requires that our directors, officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interests. Under the terms of the Code of Ethics, directors, officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Ethics. The Code of Ethics may be found on our web site, [www.centerbank.com](http://www.centerbank.com) under Investor Relations Corporate Governance. We intend to post notice of any waiver from, or amendment to, any provision of our Code of Ethics on this web site.

**Procedures for Reporting Concerns about Accounting, Internal Accounting Controls or Auditing Matters**

As a mechanism to encourage compliance with the Code of Ethics, we have established procedures for (i) receiving, retaining and addressing complaints received regarding accounting, internal accounting controls or auditing matters; (ii) allowing employees to anonymously report any problems they may detect with respect to such matters; and (iii) reporting any suspected violations of the Code or of law. The Code of Ethics also prohibits the Company from retaliating against any director, officer or employee who makes a good faith report of a suspected violation of the Code or of law (even if the report is mistaken), or against anyone who assists in the investigation of a reported violation.

**Director Independence**

**General.** The overwhelming majority of the members of our Board of Directors have historically been independent, and our Audit, Compensation, and Nomination and Governance Committees are comprised solely of independent directors in accordance with applicable Securities and Exchange Commission and the Nasdaq Stock Market requirements. The Board has determined that all of its current directors are independent as that term is defined by the Nasdaq Stock Market rules.

**Executive Sessions.** The independent directors meet regularly in executive session without any members of management present.

**Director Attendance**

**Board and Committee Meeting Attendance.** During the fiscal year ended December 31, 2010, the Board of Directors of the Company held a total of 14 meetings. Each director attended at least 75% of the aggregate of (1) the total number of such Board meetings and (2) the total number of meetings held by all committees of the Board on which such director served during 2010.

**Director Attendance at Annual Meetings of Stockholders.** The Board believes it is important for all directors to attend the annual meeting of stockholders in order to show their support for the Company and to provide an opportunity for stockholders to communicate any concerns to them. Our policy is that all directors are expected to attend each annual meeting of stockholders unless personal or family illness or other compelling personal or business circumstances prevent attendance. All of our directors attended our annual meeting of stockholders in 2010.

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### **Stockholder Communications with Board of Directors**

Stockholders may communicate with the Board of Directors or with any individual director by mailing a communication to the Company's principal executive offices addressed to the Board of Directors or to the individual director, to the attention of the Company's Corporate Secretary. The letter should indicate that the author is a stockholder, and whether he or she owns his or her shares in street name. Depending on the subject matter, management of the Company will: (i) forward the communication to the director or directors to whom it is addressed; (ii) handle the inquiry directly or delegate it to appropriate employees, such as where the communication is a request for information, a stock related matter, or a matter related to ordinary course matters in the conduct of the Company's business; or (iii) not forward the communication where it is primarily commercial or political in nature, or where it relates to an improper, frivolous or irrelevant topic. Communications which are not forwarded will be retained until the next Board meeting, where they will be made available to all directors.

### **Director Nomination Procedures, Qualifications and Related Matters**

**Procedure for Consideration of Director Nominees.** Prior to making any recommendations to the Board concerning the nomination of directors for each year's annual meeting, the Governance Committee shall (i) evaluate the performance, attendance records of, and any loans or other transactions between the Company or Center Bank and each of the current Board members proposed for reelection, and on that basis consider the appropriateness of such members standing for reelection; (ii) review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as directors of the Company; (iii) consider the need to augment the Board for any specific purpose; (iv) review and consider any additional requests from outside parties to serve as directors; (v) if a new nominee is needed, determine the specific skills and experience desired in a new director; and (vi) in such case, identify potential nominees who have such skills and experience, determine whether the potential nominees are stockholders of the Company, investigate the potential nominee's background, develop personal knowledge about the candidate, develop a consensus of the directors with respect to which potential nominee would be best suited for the position, determine whether the candidate is interested, and vote on the recommendation.

The Governance Committee shall consider recommendations from directors, officers and employees of the Company and Center Bank, as well as persons recommended by stockholders of the Company, and shall evaluate persons recommended by directors, officers or employees in the same manner as those recommended by stockholders in selecting Board nominees.

**Director Qualifications.** In considering possible candidates for election as a director, the Governance Committee shall be guided by the principle that each director should: (i) be an individual of the highest ethical character and integrity; (ii) have substantial experience which is of particular relevance to the Company; (iii) have the ability and willingness to devote sufficient time to the affairs of the Company; (iv) have a meaningful financial stake in the Company so as to assure that every director's interests are aligned with those of the stockholders; (v) be knowledgeable about the business activities and market areas in which the Company and its subsidiaries engage; (vi) have a general appreciation regarding major issues facing public companies of a size and operational scope similar to the Company, including contemporary governance concerns, regulatory obligations of a public issuer, strategic business planning, competition in a global economy, and basic concepts of corporate accounting and finance; (vii) have an excellent personal and professional reputation in and commitment to one or more communities in which the Company does business; (viii) have an inquiring mind, a willingness to ask hard questions, and the ability to work constructively with others; (ix) have the ability and desire to exercise independent thinking when considering matters brought before the Board, and not be unduly influenced by the opinions of others; (x) have no conflict of interest that would interfere with his or her performance as a director; (xi) have the capacity and desire to represent the best interests of the stockholders as a whole and not primarily a specific interest group or constituency; (xii) serve or have served as chief executive

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officer or in another position of active leadership with a business or professional interest located within the geographic area served by the Company and its subsidiaries; and (xiii) live or work within 100 miles of an existing or proposed office of Center Bank.

In considering the desirability of any particular candidate as a potential director, the Governance Committee shall also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances, including the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company.

While the Board and the Governance Committee believe that every director should possess as many of the foregoing attributes as possible, the Governance Committee has not recommended, and the Board has not established, any specific group of such attributes to be considered minimum qualifications for serving as a director.

**Additional Information Concerning Board Diversity, Qualifications and Experience.** As currently comprised, the Board of Directors is a group of individuals who are drawn from various market sectors and industry groups with a presence in the Company's niche markets. The Board considers diversity as one of many factors in evaluating the composition of the Board but has no set policy in this regard. Board members are individuals with knowledge and experience who serve and represent the communities we serve. Current board representation provides backgrounds in accounting, banking, internet marketing, retail and wholesale, transportation/trucking, importing, and home entertainment. The expertise of these individuals covers accounting and financial reporting, corporate management, strategic planning, business acquisitions, marketing, international operations, retail and small business operations. What follows is a brief description of the particular experience, attributes and qualifications of each member of the Company's Board of Directors that led to the conclusion that these individuals should serve as directors of the Company.

**Jin Chul Jhung** has served as a director of Center Bank for 13 years and of Center Financial Corporation since its formation in 2000, and has served as Chairman of the Board of Center Financial Corporation and Center Bank since 2009. He has owned and operated import and wholesale businesses in the United States for more than 33 years. Mr. Jhung also serves as Chairman or Director of various Korean-American community organizations including as President of the Overseas Korean Traders Association, Chairman of the first and fifth World Korean Business Conventions, and as Director of the Centennial Committee of Korean Immigration to the United States. He has received numerous awards and commendations from many civic and governmental agencies such as the Export Industry Official Commendation from the Korea Industry and Commerce Minister. On December 8, 2010, Mr. Jhung was presented with a presidential merit award by the Korean government. Mr. Jhung received a B.S. degree in Business Administration from Korea University in Seoul, Korea, as well as an Honorary Doctoral degree from Dongseo University in Busan, Korea.

**David Hong** is one of the founding directors of Center Bank and Center Financial Corporation and has continuously served as a director of Center Bank for 26 years and of Center Financial Corporation for 11 years. He is currently retired. Mr. Hong owned and operated his own public accounting practice for 41 years. Mr. Hong has also served as Chairman of the Korea Merchant Marine University Alumni Association and Director of Korean Churches for Community Development (KCCD). He received a B.S. degree from Korea Merchant Marine University as well as a B.A. degree in Economics and Accounting from Baker University in Kansas. Mr. Hong also attended the University of California, Los Angeles for additional post-graduate studies.

**Chang Hwi Kim** has served as a director of Center Bank for 22 years and of Center Financial Corporation since its formation in 2000. He has owned and operated a home entertainment products business with 11 retail facilities throughout Southern California for the past 27 years. Prior to that, Mr. Kim served as the president of the U.S. subsidiary of a Korean conglomerate consisting of numerous manufacturing and insurance companies

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for seven years. His experience includes working in the planning and sales departments of a major electronics company in Korea. He received a B.S. degree in Journalism from Chung-Ang University in Seoul, Korea as well as a Masters of Business Administration from Pepperdine University in California.

**Kevin S. Kim** has served as a director of Center Financial Corporation and Center Bank for almost three years. He has been practicing law for 16 years, with focus in corporate and business transactions, business acquisitions, tax planning, and real estate transactions. Mr. Kim also is a certified public accountant and previously worked for approximately 10 years at two of the largest public accounting firms. He received a B.A. degree with a major in English and a minor in International Trade from Hankuk University of Foreign Studies in Seoul, Korea, a Masters in Business Administration with emphasis in accounting and finance from the University of California, Los Angeles, and a J.D. from Loyola Law School in California.

**Peter Y. S. Kim** has served as a director of Center Bank for 13 years and of Center Financial Corporation since its formation in 2000. He has owned and operated trucking transportation and warehousing businesses in the United States for 31 years. While sponsoring many scholarship programs in the Korean-American community in Los Angeles, he also serves as an advisory board member of the Korean Studies Institute of the University of Southern California. He received a B.S. degree in Business Administration from Sogang University in Seoul, Korea.

**Sang Hoon Kim** is one of the founding directors of Center Bank and Center Financial Corporation and has continuously served as a director of Center Bank for 26 years and of Center Financial Corporation for 11 years. He served as Chairman and Chief Executive Officer of Tmecca.com, an on-line provider of professional books and magazines, from 2001 until he retired in 2006, and was active in various importing and manufacturing businesses in the Los Angeles area for nearly 40 years. Mr. Kim moved to the United States in 1967 and established Jaycee Co., an importer of wigs and other hair products, in 1970. In 1979, he established Protrend, Ltd., thereby entering the women's garment import and manufacturing industry, and pioneering the successful sale of these imported products to higher-end department stores. Mr. Kim then expanded into the men's garment import and manufacturing business in 1988 by establishing Greg and Peters, Inc., and after several decades of involvement in the wig and garment industries, he expanded into the online professional publication business referenced above, from which he retired in 2006. Mr. Kim received a B.S. degree in Economics from Korea University in Seoul, Korea.

**Chung Hyun Lee** is one of the founding directors of Center Bank and Center Financial Corporation and has continuously served as a director of Center Bank for 26 years and of Center Financial Corporation for 11 years. He has owned and operated cosmetics importing businesses in the United States for 35 years and retired from his position as President of NuArt International, Inc. in October 2010. He received a B.S. degree in Industrial Engineering from Hanyang University in Seoul, Korea as well as a Masters in Industrial Engineering at the University of Southern California in California. Mr. Lee is active in the broader Korean-American community in Southern California and currently serves as Director of the Overseas Korean Trade Association as well as Director of the Korean Chamber of Commerce in Los Angeles. He also has served in the past as Vice Chairman of the Korean Chamber of Commerce in Los Angeles, President of the South Bay Lions Club, Chairman of the Korean American Inter-Cultural Foundation, and Director of the Korean Federation of Los Angeles.

**Consideration of Stockholder Recommendations.** In considering any additional requests from outside parties to serve as directors, including parties recommended by stockholders, the Governance Committee shall follow the same principles outlined above, and shall request of any potential nominee such information, including a completed Directors' and Officers' Questionnaire of the same type completed by each of our existing directors and executive officers each year in connection with the preparation of our proxy materials, as the Governance Committee deems necessary to enable it to properly evaluate such person's qualifications and to be aware of any information concerning such person which might require disclosure to stockholders pursuant to the Securities and Exchange Commission rules concerning proxy statements.

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A stockholder wishing to submit recommendations for director candidates for election at an annual meeting of stockholders must do so in writing by December 15<sup>th</sup> of the previous calendar year, and must include the following in the written recommendation: (i) a statement that the writer is a stockholder and is proposing a candidate for consideration; (ii) the name and contact information for the candidate; (iii) a statement of the candidate's business and educational experience; (iv) information regarding the candidate's qualifications to be a director; (v) the number of shares of the Company's stock owned either beneficially or of record by the candidate and the length of time such shares have been so owned; (vi) the written consent of the candidate to serve as a director if nominated and elected; (vii) information regarding any relationship or understanding between the proposing stockholder and the candidate; (viii) a statement that the proposed candidate has agreed to furnish to us all information (including a completed Directors' and Officers' Questionnaire as described above) as we deem necessary to evaluate such candidate's qualifications to serve as a director; and (ix) as to the stockholder giving the notice (a) the name and address of the stockholder and (b) the number of shares of the Company's stock which are owned beneficially or of record by the stockholder.

**Nominations by Stockholders.** The procedures for nominating directors (as opposed to making recommendations pursuant to the above procedure), other than by the Company, are set forth in our Bylaws, which provide in pertinent part as follows:

Nominations for election of members of the Board of Directors may be made by the Board of Directors or by any shareholder entitled to vote for the election of directors. Notice of intention to make any nominations by a shareholder shall be made in writing and shall be delivered or mailed to and received by the Secretary of the Corporation not less than one hundred twenty (120) calendar days in advance of the date corresponding to that on which the Corporation's proxy statement was released to the shareholders in connection with the previous year's annual meeting of shareholders; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the shareholder must be received by the Secretary of the Corporation not later than the close of business on the later of (i) one hundred and twenty (120) days prior to such annual meeting; or (ii) seven (7) days after the date the notice of such meeting is sent to shareholders pursuant to Section 2.2(d) of these Bylaws. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of voting stock of the Corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder and the beneficial owner, if any, on whose behalf the nomination is made; and (e) the number of shares of voting stock of the Corporation owned beneficially and of record by the notifying shareholder and such beneficial owner.

For our 2012 Annual Meeting of Stockholders, written notice of intention to make any nominations must be received no later than January [ ], 2012

**Board Leadership Structure.** We are focused on corporate governance practices, and independent Board oversight is valued as an essential component of strong corporate performance to enhance stockholder value. Our commitment to independent oversight is demonstrated by the fact that all of our current directors are independent. In addition, all of the members of the Board's Audit Committee, Compensation Committee, and Governance Committee, are independent.

Center Financial Corporation currently has an independent Chairman separate from the Chief Executive Officer, and our corporate governance guidelines specify that these two positions should be kept separate except in unusual circumstances. Such circumstances have not occurred in the Company's history. The Board believes it is important to maintain flexibility in its leadership structure, but firmly supports having an independent director in a board leadership position. If for any reason it were necessary for the Chairman to also hold the office of Chief Executive Officer temporarily, the Board would appoint an independent lead director to serve in an independent leadership position during this time. Having an independent Chairman or lead director enables

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non-management directors to raise issues and concerns for Board consideration without immediately involving management. The Chairman provides independent leadership of the Board and also serves as a liaison between the Board and senior management. The Board has determined that the current structure, an independent Chair, separate from the Chief Executive Officer, is the most appropriate structure at this time, while ensuring that, at all times, there will be an independent director in a Board leadership position.

**Board Role in Risk Oversight.** Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including credit risk, interest rate risk, liquidity risk, financial reporting risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of risks the Company faces, while the board, as a whole and through its committees, particularly the Audit and Compensation Committees, has responsibility for the oversight of risk management and consideration of the Company's entire risk profile. The Board considers the most significant risks facing the Company and the Company's general risk management strategy, to ensure that risks undertaken by the Company are consistent with the Board's objectives. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Compensation Committee is involved in the risk management process primarily through the conduct of semi-annual compensation-related risk assessments. The Audit Committee is responsible for overseeing the Company's financial reporting risk, oversees the entire audit function and evaluates the effectiveness of internal and external audit efforts. It receives reports from management regularly regarding the Company's assessment of risks and the adequacy and effectiveness of internal control systems. The Audit Committee reports regularly to the full Board.

To accomplish the Board's overall risk management strategy, the Board works closely, and meets frequently and as necessary, with senior management to discuss strategy and risks facing the Company. The Chief Risk Officer presents quarterly reports on Enterprise Risk Management to the Board concerning potential risk or control issues involving management. The quarterly reports consist of a summary of quarterly risk assessment in each risk area, including credit risk, market risk (including liquidity and interest rate risk) and operational risk (including compliance and legal risk). Senior management attends appropriate portions of the Board meetings and is available to address any questions or concerns raised by the Board on risk management and any other matters. The Chairman of the Board and other independent directors work together to provide strong, independent oversight of the Company's management and affairs directly and through its standing committees and, when necessary, special meetings of independent directors. While we believe that this division of responsibility is the most effective approach for addressing the risks facing our Company, we will continue to re-examine our Board leadership structure on a regular basis, recognizing that different structures may be appropriate in different situations faced by the Company.

## **COMMITTEES OF THE BOARD**

### **Audit Committee**

**General.** The Board of Directors has, among others, a standing Audit Committee, of which director Kevin S. Kim is Chairman and all other non-employee directors (which is currently all directors) are members. All of the members of the Audit Committee are independent as defined by the rules of the Nasdaq Stock Market and the Securities and Exchange Commission, and no member of the Audit Committee, other than in his capacity as a member of the Board of Directors or the Audit Committee, may accept any consulting, advisory or other compensatory fee from the Company. Each Audit Committee member also meets the Nasdaq Stock Market's financial knowledge requirements and has substantial experience as the chief executive officer or equivalent of his respective business or profession. Two members of the Audit Committee have the requisite financial sophistication required for at least one member of the Audit Committee under the rules of the Nasdaq Stock Market. The Board of Directors has determined that Kevin S. Kim is an audit committee financial expert as defined under the Securities and Exchange Commission's rules.



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During the fiscal year ended December 31, 2010, the Audit Committee held a total of twelve meetings. The purpose of the Audit Committee is to monitor the quality and integrity of the Company's accounting, auditing, internal control and financial reporting practices. The Committee selects the Company's independent accountants, reviews the independence and performance of the independent accountants, and makes certain that the independent accountants have the necessary freedom and independence to freely examine all of the Company's records. Further, the Audit Committee pre-approves all audit and permissible non-audit services to be performed by the independent accountants, with certain de minimis exceptions. Prior to the public release of annual and quarterly financial information, the Committee discusses with management and the independent accountants the results of the independent accountants' audit or limited review procedures associated with this information. The Committee oversees internal audit activities, including reviewing the internal audit plan, discussing various internal audit issues with management, reviewing and concurring in the appointment or replacement of the director of the internal audits, and confirming and assuring the objectivity of internal audits. The Audit Committee also has ultimate responsibility for determining matters of interpretation with respect to the audit and accounting related portions of our Code of Ethics, and for making all final decisions concerning any disciplinary actions relating to those portions of the Code.

**Audit Committee Charter.** The Board of Directors has adopted an Audit Committee charter, which outlines the purpose of the Audit Committee, delineates the membership requirements and addresses the key responsibilities of the Committee. The charter may be found on our web site, [www.centerbank.com](http://www.centerbank.com) under Investor Relations Corporate Governance.

**Audit Committee Report.** Our Audit Committee has reviewed and discussed with management our audited consolidated financial statements as of and for the year ended December 31, 2010. The committee has discussed with our independent public accountants, which are responsible for expressing an opinion on the conformity of our audited consolidated financial statements with generally accepted accounting principles, the matters required to be discussed by Statement on Auditing Standards No. 114, including their judgments as to the quality of our financial reporting. The committee has received from the independent public accountants written disclosures and a letter as required by the Independence Standards Board, Standard No. 1, as amended, and discussed with the independent public accountants the firm's independence from management and the Company. In considering the independence of our independent public accountants, the committee took into consideration the amount and nature of the fees paid the firm for non-audit services, as described on page [ ] below. The Audit Committee also reviewed management's report on its assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's report on the effectiveness of the Company's internal control over financial reporting.

In reliance on the review and discussions described above, the Committee recommends to the Board of Directors that the year-end audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission.

Submitted by:

Kevin S. Kim, Chairman	
David Z. Hong	Peter Y. S. Kim
Jin Chul Jung	Sang Hoon Kim
Chang Hwi Kim	Chung Hyun Lee

**Nomination and Governance Committee**

**General.** The Board has a standing Nomination and Governance Committee (the Governance Committee) of which director Sang Hoon Kim is Chairman and all other non-employee directors (which is currently all directors) are members. The Governance Committee met four times during 2010. All of the members of the Governance Committee are independent directors under the Nasdaq Stock Market rules. The primary purposes of this committee are to (i) identify qualified candidates for director, evaluate the incumbent directors whose

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terms expire at each upcoming annual meeting, and recommend to the Board the director nominees for each annual meeting of stockholders; (ii) determine desired Board member skills and attributes and annually review and update the criteria for evaluating candidates for directors; (iii) annually evaluate the size and composition of the Board and each committee in light of the operating requirements of the Company and existing corporate governance trends; (iv) conduct searches as needed for prospective directors with the desired skills and attributes, and conduct reviews as appropriate into the background and qualifications of director candidates; (v) consider bona fide candidates recommended by stockholders for nomination for election to the Board in accordance with the policies and procedures set forth in the Governance Committee's charter; (vi) retain and compensate third party search firms to assist in identifying or evaluating potential nominees to the Board, if necessary; (vii) assess and report annually to the Board concerning the effectiveness and performance of the Board and Board committees as well as the effectiveness of the relationship between the Board and management, and identify areas in which the Board or management believes the Board could improve; (viii) monitor the orientation and continuing education program for directors; (ix) annually review and assess the adequacy of the Company's Corporate Governance Guidelines in light of applicable legal and regulatory requirements; (x) annually review and assess the adequacy of the Company's Code of Ethics; (xi) have ultimate responsibility for determining matters of interpretation with respect to the non-audit related portions of the Code of Ethics and for making all final decisions concerning any disciplinary actions relating to those portions of the Code; and (xii) periodically review the Company's succession plans and make recommendations to the Board of Directors with respect to management and director succession.

We do not pay fees to any third party to identify or evaluate or assist in identifying or evaluating potential nominees. The Board and the Governance Committee have adopted specific policies and procedures concerning the director nomination process, in accordance with which the Governance Committee considers various matters and criteria and on that basis recommends the proposed slate of nominees to the full Board. The specific procedures and criteria which the Governance Committee follows and considers in making its decisions concerning recommended nominations for directors are described above under Corporate Governance Director Nomination Procedures, Qualifications and Related Matters.

**Committee Charter.** The Board of Directors has adopted a Nomination and Governance Committee charter, which outlines the purpose of the Governance Committee, delineates the membership requirements and addresses the key responsibilities of the Committee. The charter may be found on our web site, [www.centerbank.com](http://www.centerbank.com) under Investor Relations Corporate Governance.

**Compensation Committee**

The Board also has a standing Personnel and Compensation Committee (the Compensation Committee), of which director Chang Hwi Kim is Chairman and all other non-employee directors (which is currently all directors) are members. The Compensation Committee met nine times during 2010. All of the members of the Compensation Committee are independent directors under the Nasdaq Stock Market rules. The primary functions of this committee are to (i) establish, implement and continually monitor adherence with the Company's compensation philosophy; (ii) review and approve the corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of these goals and objectives, and determine and approve any discretionary elements of the Chief Executive Officer's compensation based on this evaluation; (iii) annually approve the compensation arrangements for senior officers (i.e., executive officers and other officers with the title of Executive Vice President or above) and approve or modify the Chief Executive Officer's recommendations concerning annual bonuses, salary increases and any other compensation for such officers; (iv) review and approve the selection, retention and/or termination of any such officers; (v) monitor compensation trends, solicit independent advice where appropriate, and ensure that executive compensation plans are sufficient to attract and retain high quality executives; (vi) annually review the compensation paid to non-employee directors and make recommendations to the Board regarding such compensation, provided that no member of the Committee may act to fix his or her own compensation except for uniform compensation paid to directors for their services as a director; (vii) review

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executive officer compensation for compliance with applicable laws and regulations; (viii) during the period of the Company's participation in the U.S. Treasury Department's Capital Purchase Program (see discussion in Compensation Discussion and Analysis), taking necessary actions to comply with any applicable compensation-related restrictions and requirements related to the Capital Purchase Program, including, without limitation, conducting, in consultation with the Company's senior risk officers, the required semi-annual review of the Company's incentive compensation arrangements for senior executive officers (generally the same as the Company's Named Executive Officers) and other employees and making reasonable efforts to ensure that such arrangements do not encourage such officers or employees to take unnecessary or excessive risks that threaten the value of the Company; (ix) consider and make recommendations to the Board of Directors concerning the Company's equity-based compensation plans, including any proposed new plans or changes to existing plans; (x) to the extent authorized by the Board, administer and implement such plans, including, but not limited to approving equity awards to the Company's Named Executive Officers; (xi) review and approve any renewals of the Chief Executive Officer's employment contract and set his compensation levels for such contract based on market peer banks' comparable compensation and other relevant factors at the time of renewal; (xii) annually approve bonuses for all employees; (xiii) review and approve any employment agreements, salary continuation agreements or other contractual arrangements with any officers; (xiv) produce an annual report on executive compensation, and review and approve the Compensation Discussion and Analysis appearing in the Proxy Statement, which report shall include a certification that the Compensation Committee has completed the risk assessment requirements related to the Capital Purchase Program during the period of the Company's participation in this program; and (xv) review and make recommendations to the Board concerning personnel policies and any similar documents relating to personnel matters which require Board approval.

**Compensation Committee Charter.** The Board of Directors has adopted a Compensation Committee charter, which outlines the purpose of the Compensation Committee, delineates the membership requirements and addresses the key responsibilities of the Committee. The charter may be found on our web site, [www.centerbank.com](http://www.centerbank.com) under Investor Relations Corporate Governance.

**Compensation Committee Interlocks and Insider Participation in Compensation Decisions.** The persons named in the report below were the only persons who served on the Compensation Committee during the fiscal year ended December 31, 2010. None of these individuals has ever been an officer or employee of Center Financial Corporation or any of its subsidiaries. None of our executive officers serves as a member of the Board of Directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board of Directors or our Compensation Committee.

**Compensation Committee Report.** In performing its oversight role, the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this document with management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this document for filing with the Securities and Exchange Commission.

The Compensation Committee has concluded, through a comprehensive risk assessment, that the compensation programs and practices at the Company do not encourage employees, including the named executive officers, to take unnecessary and excessive risks that would threaten the value of the Company. The risk assessment included various discussions, review and evaluation of the Company's compensation plans and practices.

The Compensation Committee certifies that: (i) it has reviewed with senior risk officers the senior executive officer compensation plans and has made all reasonable efforts to ensure that these plans do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company; (ii) it has reviewed with senior risk officers the employee compensation plans and has made all reasonable efforts to limit any unnecessary risks these plans pose to the Company; and (iii) it has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

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During the fiscal year ended December 31, 2010, the Compensation Committee did not engage a compensation consultant.

Submitted by the Compensation Committee of the Board of Directors.

Chang Hwi Kim, Chairman  
David Z. Hong      Peter Y. S. Kim  
Jin Chul Jhung      Sang Hoon Kim  
Kevin S. Kim      Chung Hyun Lee

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based solely upon a review of Forms 3, 4 and 5 and amendments thereto furnished to the Company during and with respect to its 2010 fiscal year, no director, executive officer or beneficial owner of 10% or more of our common stock failed to file, on a timely basis, reports required during or with respect to 2010 by Section 16(a) of the Securities Exchange Act of 1934, as amended.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **General**

This section addresses the Company's compensation programs, philosophy and objectives, including the process for making compensation decisions, the role of management in the design of such program, and the Company's 2010 executive compensation components. The discussion is intended to address the factors most relevant to understanding what our compensation programs are designed to reward, including the essential elements of compensation, why we choose to pay each element of compensation, how we determine the amount of each compensation element, and how each compensation element fits into our overall compensation objectives and affects decisions regarding other compensation elements.

### **Compensation Philosophy**

The Company's executive compensation programs, including those for its banking subsidiary, Center Bank, are designed to attract and retain high quality executive officers that are critical to its long-term success. The Company's Board and management believe that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals, and to align the executives' interests with those of the stockholders by rewarding performance based on the above established goals, with the ultimate goal of improving stockholder value.

Base compensation levels for the Named Executive Officers, or NEOs, are established based on the officer's roles and responsibilities, compensation of executives at comparable companies who perform similar duties, and prior year compensation. Bonus and equity compensation have historically been based on both corporate and individual performance objectives, which include asset and revenue growth, asset quality, identification of strategic opportunities, core earnings performance, regulatory compliance and personnel management. However, as discussed further below, the Company's ability to provide incentive compensation to certain employees (including most of our NEOs) has been severely limited due to the Company's participation in the U.S. Treasury Department's Capital Purchase Program portion of the Troubled Asset Relief Program (the CPP or the Capital Purchase Program).

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### **Process for Making Compensation Decisions**

**Role of the Executive Officers.** The Chief Executive Officer (the CEO), assisted by the Manager of Human Resources, conducts an annual performance evaluation process for each of the Named Executive Officers, other than himself. As part of each annual performance evaluation, he considers, among other key factors, (i) financial performance, (ii) the executives' contribution to meeting the Company's overall goals, (iii) the executives' performance of job responsibilities and achievement of individual and/or departmental objectives, and (iv) management and leadership skills, including effective communication, problem solving and business development.

Based on this evaluation, the CEO determines recommendations for each such officer for salary adjustments, including merit increases, and annual incentive bonus amounts, if permissible, and submits such recommendations to the Compensation Committee for its approval. The majority of each NEO's incentive bonus payment has historically been determined by various performance-related factors, including the Company's financial performance relative to that year's pre-tax earnings goal. The Compensation Committee historically reviewed the CEO's recommendations and could modify a recommended amount in its discretion. Recommendations by the CEO for the grant of stock awards to NEOs under the Company's equity compensation plan are also submitted to the Compensation Committee for approval at this time to assure that the committee considers the other elements of proposed compensation at the same time.

**Role of the Compensation Committee.** The Compensation Committee has responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Compensation Committee's decisions are designed to ensure that the total compensation paid to the NEOs is fair, reasonable and competitive (generally, the types of compensation and benefits provided to the NEOs are similar to those of other officers of similar positions at comparable companies). The Compensation Committee is also responsible for (i) reviewing and approving corporate goals and objectives relevant to the compensation of our CEO, (ii) evaluating the CEO's performance in light of these goals and objectives, and (iii) determining and approving any discretionary elements of the CEO's compensation, if permissible, based on this evaluation. Additionally, the Compensation Committee has reviewed compensation levels for the NEOs and has approved or modified the CEO's recommendations concerning annual salary increases, and bonuses, when permissible, for NEOs.

The Compensation Committee also periodically reviews the compensation levels of the Board of Directors. In its review, the Compensation Committee looks to ensure that the compensation is fair and reasonably commensurate to the amount of work required both from the individual directors and from the Board in the aggregate.

To achieve these goals and objectives, the Compensation Committee has sought to maintain an executive compensation program that is set at competitive levels relative to comparable public financial services institutions with comparable performance. The Compensation Committee has determined base compensation and targeted equity-based compensation for all Named Executive Officers.

### **Effect of the Company's Participation in the U.S. Treasury Department's Capital Purchase Program**

On December 12, 2008, as part of the Capital Purchase Program, the Company sold 55,000 shares of Preferred Stock to the U.S. Treasury Department (the Treasury Department) at an aggregate purchase price of \$55 million (the Treasury Preferred Stock), along with a warrant to purchase 864,780 shares of Common Stock (subsequently reduced to 432,390 shares due to the Company's successful capital raises in the fourth quarter of 2009) at an initial exercise price of \$9.54 per share. As a result of this transaction, the Company became subject to certain executive compensation requirements under the Capital Purchase Program, the Emergency Economic Stabilization Act of 2008 (EESA), and related Treasury Department regulations. Most of these compensation requirements apply to the Company's Senior Executive Officers (SEOs), which for a public reporting company is typically identical to the Named Executive Officers disclosed in Securities and Exchange Commission filings. Certain provisions apply to employees based on compensation levels, either instead of or in addition to SEOs.

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The requirements may be summarized as follows:

A prohibition on providing incentive compensation arrangements that encourage SEOs to take unnecessary or excessive risks;

The Compensation Committee must review incentive compensation arrangements for all employees with senior risk officers to ensure that employees are not encouraged to take such risks and must meet semi-annually with senior risk officers to discuss and review the relationship between risk management policies and practices and the employees' incentive compensation arrangements;

Recovery of any bonus or incentive compensation paid to an SEO and the next 20 most highly compensated employees where the payment was later found to have been based on statements of earnings, gains, or other criteria which prove to be materially inaccurate or based on any other materially inaccurate performance metric criteria;

Limits on the amounts that can be paid under change in control and similar agreements which provide payments upon separation of service; and

The Company's tax deduction for compensation paid to any SEO is limited to \$500,000 annually.

### **Effect of the American Reinvestment and Recovery Act of 2009**

The American Recovery and Reinvestment Act of 2009 (the Stimulus Bill), enacted in February 2009, amended the executive compensation and corporate governance provisions of the EESA and contains expansive new restrictions on executive compensation for participants in the CPP.

Key features of the Stimulus Bill as applicable to the Company are as follows:

A prohibition of the payment of any bonus, retention award, or incentive compensation to our five most highly compensated employees (based on annual compensation earned in the prior year) until the Treasury Preferred Stock has been redeemed. The prohibition does not apply to bonuses payable pursuant to employment agreements in effect prior to February 11, 2009;

Long-term restricted stock is excluded from this bonus prohibition, but only to the extent the value of the stock does not exceed one-third of the total amount of annual compensation of the employee receiving the stock, the stock does not fully vest until after the Treasury Preferred Stock has been redeemed, and any other conditions which the Treasury Department may specify have been met;

Prohibition on any payment to any SEO or any of the next five most highly-compensated employees upon termination of employment for any reason until after the Treasury Preferred Stock has been redeemed;

Recovery is required of any bonus or other incentive payment made on the basis of materially inaccurate financial or other performance criteria that is paid to the SEOs or any of the next 20 most highly compensated employees;

Prohibition on compensation plans that encourage earnings manipulation;

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A requirement that the principal executive officer and principal financial officer provide a written certification of compliance with the executive compensation restrictions of the Stimulus Bill in the Company's annual filings with the Securities and Exchange Commission;

Implementation of a company-wide policy regarding excessive or luxury expenditures; and

The Treasury Department will review bonuses, retention awards, and other compensation paid to the CEOs and the next 20 most highly-compensated employees of each company receiving CPP funds before the Stimulus Bill was enacted, and to seek to negotiate with the recipient and affected employees for reimbursement if it finds any such payments were inconsistent with the CPP or otherwise in conflict with the public interest.

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Following the publication by the Treasury Department and the Securities and Exchange Commission of the rules implementing these new executive compensation restrictions on June 2, 2009, the Compensation Committee has considered and reviewed the impact of these new limits on the Company's executive compensation program.

### **Objectives of Our Compensation Strategy**

The Compensation Committee has followed certain fundamental objectives to ensure the effectiveness of the Company's compensation strategy. These objectives include the following:

**Internal and External Fairness.** The Compensation Committee recognizes the importance of perceived fairness of compensation practices both internally and externally. The Compensation Committee has evaluated the overall economic impact of the Company's compensation practices and, when and if the Committee deems necessary, will consult with independent outside consultants in the evaluation of contractual obligations and compensation levels.

**Performance-Based Incentives.** The Compensation Committee believes that the establishment of financial incentives for the Named Executive Officers who meet certain objectives is critical to providing proper motivation to the NEOs, and thereby assisting the Company in meeting its long-term growth and financial goals. Historically, the Committee established incentives for the NEOs other than the CEO, based on objectives and goals which served as guidelines only, and determined bonuses for those individuals on a discretionary basis, after taking into account both objective and subjective factors. However, due to the Company's participation in the CPP and the enactment of the Stimulus Bill, the Committee suspended the non-equity incentive arrangements for its NEOs (and any other employees subject to TARP bonus prohibitions) in 2010.

**Stockholder Value and Long-Term Incentives.** The Compensation Committee believes that the long-term success of the Company and its ability to consistently increase stockholder value is dependent on its ability to attract and retain skilled executives. The Company's compensation strategy engages equity-based compensation, specifically, restricted stock awards, as limited by the Treasury Department regulations discussed under "Effect of the American Reinvestment and Recovery Act of 2009" above, to align the interests of the Named Executive Officers with those of our stockholders.

**Full Disclosure.** The Compensation Committee seeks to provide full disclosure to the Board of Directors regarding compensation practices and issues, to ensure that all directors understand the implications of the Committee's decisions. The Compensation Committee has reviewed the compensation practices of peers and considered the NEOs' individual efforts and contributions to the Company's performance, and has also reviewed various subjective measures in determining the adequacy and appropriateness of the NEOs' compensation. The Compensation Committee takes into account the performance of the NEOs as well as their longevity with the Company, and recognizes that competition among financial institutions for attracting and retaining senior management executives has become more intense in the past few years. The Compensation Committee takes such market considerations into account to ensure that the Company is providing appropriate long-term incentives to enable it to continue to attract new senior management executives and to retain the ones it already employs. The Committee also considers general economic conditions and the Company's past practices in making its compensation decisions.

### **Measures of Achieving Performance Objectives**

The Compensation Committee has established various processes to assist it in ensuring that the Company's compensation program is achieving its objectives. Among these are:

**Assessment of Company Performance.** In establishing total compensation ranges, the Committee considers various measures of Company and industry performance, including asset growth, earnings per share,



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return on assets, return on equity, total stockholder return and the effective execution of the Company's growth strategy. The Committee does not apply a specific formula or assign these performance measures designated relative weights. Instead, it makes a subjective determination after considering such measures collectively.

**Assessment of Individual Performance.** Individual performance has a strong impact on the compensation of all employees, including the CEO and the other NEOs. The CEO's compensation in 2010 was governed by his employment contract, which is described below. For the other NEOs, the Committee receives a performance assessment and compensation recommendation from the CEO and also exercises its judgment based on the Board's interactions with the officer. As with the CEO, the performance evaluation of these executives is based on their contributions to the Company's performance and other leadership accomplishments.

**Total Compensation Review.** The Committee reviews each Named Executive Officer's base pay and equity incentives annually. In addition to these primary compensation elements, the Committee reviews the perquisites that the NEOs are entitled to receive. Following the 2010 review, the Committee determined that these elements of compensation were reasonable in the aggregate.

### **Executive Compensation Components**

For the fiscal year ended December 31, 2010, the principal components of compensation for Named Executive Officers were (i) base salary; (ii) equity incentives; and (iii) perquisites and other personal benefits. Of the NEOs who served during 2010, only Jae Whan Yoo, our former President and CEO, had a written employment agreement dated January 16, 2010, that governed the terms of his compensation in 2010. His employment agreement is described below under "Executive Officer and Director Compensation Employment Agreements." Our policies and practices for each of the principal compensation components are explained in the following paragraphs.

**Base Salaries.** Base salaries for our NEOs other than the CEO are dependent on the scope of their responsibilities, taking into account competitive market compensation paid by similar companies for comparable positions. Generally, we believe that executive base salaries should be targeted near the median range for executives in similar positions with similar responsibilities at comparable companies. Our Compensation Committee considers and approves our CEO's recommendations (after any modifications) concerning base salaries for these other NEOs, including merit increases. As part of this process, the Committee considers relevant market practices by reviewing the data on peer companies of similar size, growth potential and market area. The peer group consists of three publicly traded Korean-American bank holding companies headquartered in our market area (the "Peer Group"<sup>18</sup>). Base salary adjustments are effective following the performance evaluation conducted annually for the NEOs other than the CEO. Base salaries, including merit increases, for the NEOs other than the CEO in 2010 were primarily based on our financial and overall performance in 2009, performance of the executive and the executive's department(s) or division(s), and base salary levels in the Peer Group. Merit increases in base pay are designed to reward our NEOs for their job performance and to manage pay growth consistent with our stated compensation objectives.

The base salary for Mr. Yoo was set forth in his employment agreement (see "Executive Officer and Director Compensation Employment Agreements"). In determining the base salary of our CEO when negotiating the terms of his employment agreement, the Committee reviewed the levels of such salaries at comparable financial institutions, and ultimately selected a base salary figure which approximated Mr. Yoo's prior base salary plus his minimum guaranteed bonus under his prior contract.

The salaries for the Named Executive Officers are generally targeted to be near the median range for executives in comparable positions in the Peer Group. In 2010, Mr. Yoo recommended to the Committee, and the Committee accepted his recommendation, to increase the salary and to grant equity incentives to our Executive

<sup>18</sup> The Peer Group consisted of the following three bank holding companies located in Los Angeles: Hanmi Financial Corporation, Nara Bancorp and Wilshire Bancorp.

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Vice President and Chief Credit Officer. The Committee also accepted Mr. Yoo's recommendation to increase the salaries of two other NEOs in January 2010: our General Counsel and our Chief Operations Officer.

**Performance-Based Bonuses.** The Compensation Committee historically awarded annual incentive bonuses to the Named Executive Officers other than the CEO after reviewing the Company's and each individual's performance for the past year. The incentive bonuses were intended to reward these individuals for favorable performance, and while not calculated on the achievement of itemized corporate performance targets in accordance with any numerical formula, were based in part on achievement of corporate performance factors including profitability, efficiency, growth, asset quality and liquidity. The Committee also considered subjective factors such as the safety and soundness of the organization, including credit quality, capital management, personnel management and regulatory compliance. However, due to the Company's participation in the CPP, performance-based bonuses to the NEOs were suspended and no such bonuses to these individuals were awarded for 2010. Since performance-based bonuses to the NEOs were suspended in 2010, no specific criteria for 2010 were established.

In compliance with the executive compensation provisions of the EESA, Mr. Yoo's employment agreement dated January 16, 2010, did not provide for any annual incentive bonuses.

### **Equity Incentives**

The Compensation Committee is responsible for granting equity compensation awards under our stock incentive plan to our Named Executive Officers, and grants such awards to further each of our stated compensation program objectives.

Consistent with our general philosophy of granting substantial equity awards upon the initial appointment of our NEOs, our Executive Vice President and General Counsel, our Executive Vice President and Chief Operations Officer, our former Chief Executive Officer and our former Chief Financial officer were each granted substantial stock options in 2007, on or shortly after their appointments. Details of these options are set forth below under "Executive Officer and Director Compensation Outstanding Equity Awards at Fiscal Year-End." Due to the Company's participation in the CPP, current and future grants of stock options to the NEOs were suspended effective February 2009, and restricted stock awards are the only form of equity award being considered. Pursuant to his employment agreement dated January 16, 2010, Mr. Yoo was granted a restricted stock award covering 28,301 shares of common stock. Our current Chief Credit Officer was also granted a restricted stock award covering 14,708 shares of common stock in February 2010. Details of these restricted stock awards are set forth below under "Executive Officer and Director Compensation Grants of Plan-Based Awards." Our current Chief Executive Officer was also granted a restricted stock award upon his appointment in January 2011. See "Executive Officer and Director Compensation Employment Agreements" below.

### **Perquisites and Other Personal Benefits**

Consistent with the Company's compensation objectives, the Named Executive Officers are provided perquisites and other personal benefits that the Committee believes are reasonable and consistent with our overall compensation program and which keep us competitive in the marketplace. The Committee periodically reviews the level of perquisites and other personal benefits provided to the NEOs for suitability with our program objectives. The NEOs receive medical and life insurance benefits as well as 401(k) Plan matching employer contributions which are available to all employees. In addition, the NEOs receive automobile allowances or the use of automobiles, and gas and cellular telephone allowances or reimbursement; and the CEO and the Chief Credit Officer also receive golf club membership dues. The amounts of such benefits are included and explained in the Summary Compensation Table below (see "Executive Officer and Director Summary Executive Compensation Information"), with the exception of the medical and life insurance benefit amounts which are excluded in accordance with the Securities and Exchange Commission rules.

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**Risk Assessment Review**

On August 25, 2010 and February 23, 2011, the Compensation Committee conducted its semi-annual compensation risk assessments. The Committee reviewed each employee compensation plan and the eligible employees for each plan. The compensation plans included: base salary, mid-year and year-end bonuses, performance incentive bonuses, stock options, restricted stock awards, SBA loan referral fees, SBA Department incentive payments, gas/auto/cell phone allowances, deposit incentive payments and teller incentive payments. The Committee and senior management reviewed and assigned a risk level to each compensation plan based on the plan's potential for promoting unnecessary and excessive risk-taking. Most compensation plans had a low level of risk. For those compensation plans with moderate or higher risk levels, the Committee noted that management had implemented revisions to the structure of the compensation plan so as to mitigate the risk. The revisions included deferred payment of the SBA loan referral fees paid over a period of twelve months from the loan date contingent on the loan quality. Similarly, deposit incentive payments are deferred for three months and based on a three month average balance. This payment may be subject to clawback if any losses or charge-offs result from the deposit account.

Following the assessment, the Compensation Committee certified to various matters set forth above under Committees of the Board Compensation Committee Compensation Committee Report.

**Conclusion**

The Compensation Committee intends to continue to link executive compensation to corporate performance and stockholder return. We believe our executive compensation policies and programs serve the best interests of our Company and our stockholders. The various pay vehicles offered are balanced to compensate our executives for current performance and provide motivation for them to contribute to our overall future success, thereby enhancing the Company's value for the benefit of all our stockholders.

**Table of Contents****EXECUTIVE OFFICER AND DIRECTOR COMPENSATION****Summary Executive Compensation Information**

The following table sets forth certain summary compensation information with respect to our Named Executive Officers as defined in the Securities and Exchange Commission regulations, for the fiscal year ended December 31, 2010:

Name and Principal Position	Year	Salary <sup>19</sup>	Bonus <sup>20</sup>	Non-Equity Incentive Plan Compensation <sup>20</sup>	Stock and Option Awards <sup>21</sup>	All Other Compensation <sup>22</sup>	Total
Lisa Kim Pai	2010	\$ 202,070				\$ 7,780	\$ 209,850
Executive Vice President General Counsel, Corporate Secretary and Chief Risk Officer	2009	200,000				11,583	211,583
	2008	192,500	\$ 5,700			20,125	218,325
Jason K. Kim	2010	\$ 159,183			\$ 70,304	\$ 17,309	\$ 246,796
Senior Vice President and Chief Credit Officer	2009	140,608				20,924	161,532
	2008	140,157	\$ 4,215			27,342	171,714
Sook Kyong Goo	2010	\$ 152,038				\$ 7,689	\$ 159,727
Senior Vice President and Chief Operations Officer	2009	150,000				10,633	160,633
	2008	150,000	\$ 4,450			18,712	173,162
Douglas Goddard	2010	\$ 128,122 <sup>24</sup>				\$ 4,025	\$ 132,147
Interim Chief Financial Officer <sup>23</sup>							
Jae Whan Yoo	2010	\$ 302,074			\$ 149,995	\$ 15,980	\$ 468,049
Former President and Chief Executive Officer	2009	257,906				44,865	302,771
	2008	257,906				51,503	309,409
Lonny D. Robinson	2010	\$ 102,902 <sup>25</sup>				\$ 3,108	\$ 106,010
Former Executive Vice President and Chief Financial Officer	2009	200,000				8,333	208,333
	2008	192,500	\$ 5,700			11,478	209,678

<sup>19</sup> Includes portions of these individuals' salaries, if applicable, which were deferred pursuant to the Company's 401(k) Plan (the "401(k) Plan"). The 401(k) Plan permits all participants to contribute up to 15% of their annual compensation on a pre-tax basis (subject to a statutory maximum, which contributions vest immediately when made). Until May 1, 2009, the Company's policy was to match 75% of the employee's contribution up to 4% of his or her compensation, and 25% of the employee's contribution that exceeds 4% but is less than 8% of his or her compensation, which contributions become vested over a period of six years at the rate of 20% per year beginning at the end of the second year of completed employment. The Company's matching contributions were suspended as of May 1, 2009 but reinstated effective January 1, 2011.

<sup>20</sup>

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Mr. Yoo was entitled to receive a non-equity incentive plan award of \$40,000 for 2009 and 2008 based on his employment agreement, but declined to accept this incentive bonus in view of the financial crisis affecting the U.S. economy, the Company's performance, and the fact that the other Named Executive Officers did not receive performance-based bonuses for those years. However, all of the Named Executive Officers, except for the CEO, received small mid-year and year-end bonuses in 2008 due to their participation in a company-wide bonus program for all employees, which bonuses were awarded at the discretion of the Board of Directors.

- <sup>21</sup> Amounts in the stock and option awards column represent the applicable full grant date fair values of restricted stock awards in accordance with FASB ASC Topic 718, excluding the effect of forfeitures. No options were granted in any of the years covered in the table. To facilitate year-to-year comparisons, the SEC regulations require companies to present recalculated disclosures for each preceding fiscal year required under the rules so that equity awards and stock options reflect the applicable full grant date fair values, excluding the effect of forfeitures. The total compensation column is recalculated accordingly. See Note 18 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010 for information regarding assumptions underlying valuation of equity awards.
- <sup>22</sup> Figures in the All Other Compensation column include employer contributions to these individuals' accounts pursuant to the 401(k) Plan, automobile allowances or depreciation expense, gas and cellular telephone allowances or reimbursement, nominal life insurance premiums, and golf club membership dues in the case of Messrs. Yoo and Kim. The depreciation expenses for the automobile supplied to Mr. Yoo were \$31,987 and \$31,987 in 2009 and 2008 respectively. All other amounts described in this footnote were less than \$10,000 per individual per year.
- <sup>23</sup> Mr. Goddard is not an executive officer of Center Financial Corporation or Center Bank and is therefore not included in Identification of Directors and Executive Officers in Item 10 above. He is included in the compensation tables solely because he served as Interim Chief Financial Officer during a portion of 2010.
- <sup>24</sup> Represents compensation paid from June 9, 2010 (date of employment) through December 31, 2010.
- <sup>25</sup> Represents compensation paid from January 1, 2010 through May 20, 2010 (date of resignation).

**Table of Contents****Grants of Plan-Based Awards**

The following table furnishes information regarding restricted stock awards ( RSAs ) granted to the Named Executive Officers in 2010, which were the only form of plan-based awards granted to the Named Executive Officers during 2010:

Name	Grant Date	Number of Shares Subject to RSAs	Grant Date Fair Value of RSAs
Lisa Kim Pai			
Jason K. Kim	02/10/10	14,708	\$ 70,304
Sook Kyong Goo			
Douglas Goddard			
Jae Whan Yoo	01/15/10	28,301 <sup>26</sup>	\$ 149,995
Lonny D. Robinson			

**Outstanding Equity Awards at Fiscal Year-End<sup>27</sup>**

The following table provides information with respect to outstanding stock options, which were the only form of equity awards held by the Named Executive Officers at December 31, 2010:

Name	Option Awards				Stock Awards	
	Number of Shares Underlying Unexercised Options	Number of Shares Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares of RSAs That Have Not Vested	Market Value of RSAs That Have Not Vested
Lisa Kim Pai	30,000	20,000	\$ 22.37	02/21/17		
Jason K. Kim	4,320		\$ 5.00	03/15/12		
	8,640		5.93	05/15/12		
	1,800		13.42	01/20/14		
	4,000		21.06	05/23/15		
	12,000	8,000	17.00	06/07/17	14,708	\$ 111,487
Sook Kyong Goo	18,000	12,000	\$ 14.82	08/13/17		
Douglas Goddard						
Jae Whan Yoo	100,000 <sup>28</sup>		\$ 22.14	02/14/17	28,301 <sup>26</sup>	\$ 214,522
Lonny D. Robinson	30,000 <sup>28</sup>	20,000 <sup>28</sup>	\$ 17.06	05/09/17		

**Option Exercises and Stock Vested**

No stock options were exercised by the Named Executive Officers during 2010, and the Named Executive Officers did not have any vested stock awards as of December 31, 2010.

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- <sup>26</sup> Represents compensation paid from January 1, 2010 through May 20, 2010 (date of resignation).
- <sup>27</sup> Options are for terms of ten years and the exercise price per share is the closing price of the stock on the date of grant. Options listed in the table which are not fully vested will become vested at the rate of 20% per year commencing one year from the date of grant. Unvested options accelerate in the event of a change in control of the Company, and options terminate in the event of termination of employment, with the time period for exercise of the vested portion depending on the reason the service ceases. In the case of termination for cause, the options expire immediately.
- <sup>28</sup> These options terminated unexercised on February 5, 2011 and June 19, 2010, respectively.

**Table of Contents****Deferred Compensation**

In May 2004 the Board of Directors approved the Company's Executive Deferred Compensation Plan, pursuant to which executive officers may elect to defer a portion of their annual compensation. The Deferred Compensation Plan is unfunded for tax purposes and for purposes of ERISA. The Named Executive Officers were all eligible to participate in the Executive Deferred Compensation Plan in 2010 but only two of them elected to participate. There are no employer contributions to the plan. The amounts to be deferred are selected initially by the participant and can generally be changed within 45 days before the beginning of the next plan year. Interest on the amounts deferred is credited monthly at the rate of 1% over the Wall Street Journal Prime Rate. The balance in the account is paid to the participant over a period of one year in twelve equal installments in the event of retirement, or in a lump sum within 30 days following earlier termination of employment, whether due to resignation, termination without cause, a change in control, or disability.

The following table sets forth information concerning the Executive Deferred Compensation Plan for the Named Executive Officers as of and for the fiscal year ended December 31, 2010:

**Nonqualified Deferred Compensation**

Name	Executive Contributions in Last Fiscal Year	Company Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/Distributions	Aggregate Balance at Last Fiscal Year-End
Lisa Kim Pai					
Jason K. Kim	\$ 25,796		\$ 1,702		\$ 27,499
Sook Kyong Goo	\$ 36,000		\$ 4,094		\$ 40,094
Douglas Goddard					
Jae Whan Yoo					
Lonny D. Robinson					

**Potential Payments Upon Termination or Change in Control**

Assuming that a termination of employment had occurred on December 31, 2010 for reasons other than a change in control, none of the Named Executive Officers would have been entitled to any severance or other benefits. The benefits which would have been triggered in the event of a change in control would have consisted solely of acceleration of unvested stock options and unvested RSAs. No acceleration shall occur, however, if the surviving entity in the change in control transaction assumes the outstanding options and RSAs or substitutes similar awards for the outstanding options and RSAs. If a change in control had occurred on December 31, 2010 and the conditions under the equity plan documents for acceleration of options and RSAs had been satisfied, all of the Named Executive Officers would have been entitled to exercise their unvested options as of that date, but no unvested options had any value on that date. As of December 31, 2010, Messrs. Kim and Yoo held unvested RSAs with market values of \$111,487 and \$214,522, respectively, which would have become vested in the event of a change in control if such RSAs were not assumed by the surviving entity or if the surviving entity does not substitute similar awards for such RSAs. Mr. Yoo's unvested RSA has subsequently been forfeited and Mr. Kim's unvested RSA remains outstanding.

**Employment Agreements**

On January 6, 2011, Center Financial Corporation and Center Bank entered into an at-will employment letter agreement with Richard S. Cupp in connection with his appointment as Chief Executive Officer and President of the Company and Center Bank (the Letter Agreement). Pursuant to the Letter Agreement, Mr. Cupp will serve in these capacities until the earlier of December 31, 2011 or the close of the pending merger with Nara Bancorp (the Term). The Letter Agreement calls for a base salary at an annual rate of \$300,000 during the Term and customary employee benefits and perquisites which the Company generally makes available to its executive officers.



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Pursuant to the Letter Agreement, Mr. Cupp will also receive a cash bonus of \$30,000 if he remains employed through the end of the Term and his employment is not terminated by him or by reason of his death or disability. In addition, the Company has granted Mr. Cupp an RSA covering 3,979 shares of common stock at \$7.54 per share with an aggregate award value of \$30,000 effective as of January 6, 2011. Such RSA shall vest if and only if Mr. Cupp remains employed with the Company through the end of the Term and his employment is not terminated by him or by reason of his death or disability.

Effective January 16, 2010, the Company and Center Bank entered into a three year employment agreement with Jae Whan Yoo, as President and Chief Executive Officer, to replace his previous employment agreement which was scheduled to expire on January 17, 2010. This employment agreement was terminated on January 6, 2011. The employment agreement specified an annual base salary of \$300,000 for the first year of the contract term, with annual increases thereafter based on increases in the applicable Consumer Price Index, not to exceed 7% per year. Mr. Yoo was also entitled to the use of a company-owned automobile, medical and life insurance benefits, reimbursement for business expenses, and payment of country club membership expenses. In addition, pursuant to his employment agreement, on January 15, 2010, Mr. Yoo was granted restricted stock awards described above under Grants of Plan-Based Awards, which awards have subsequently been forfeited due to Mr. Yoo's termination.

## **Compensation of Directors**

The Chairman of the Board receives \$5,100 per month, the chairmen of the various Board committees receive \$4,500 per month, and the other non-employee directors receive \$3,500 per month, for their membership on the Board and attendance at Board and committee meetings. The non-employee directors also receive certain medical and dental benefits in excess of those provided to all employees. Specifically, each such director receives full medical and dental coverage (including dependent coverage) at no cost, compared to employees, who must pay between \$50 and \$160 per month depending on the type of coverage selected. Three directors and their dependents receive reimbursement of Medicare premiums and supplemental insurance premiums in lieu of medical benefits. These reimbursements are at similar levels as the medical benefits provided to other directors.

In May 2004, each of the non-employee directors became a participant in Center Bank's Director Survivor Income Plan, which provides for a payment to each director's chosen beneficiary in the amount of \$200,000. Center Bank, in return, has purchased whole life insurance policies insuring the life of each director in amounts which exceed the benefits payable to such beneficiaries. Center Bank is the beneficiary of each of the insurance policies.

No stock options were exercised by, and no restricted stock awards were granted to, the non-employee directors during 2010. As of December 31, 2010, director Kevin S. Kim held a stock option covering 25,000 shares of authorized but unissued common stock at an exercise price of \$4.74 per share, with an expiration date in February 2019, and each of the remaining non-employee directors held a stock option covering 30,000 shares of authorized but unissued common stock, at an exercise price of \$17.23 per share, with an expiration date of June 4, 2017. As of December 31, 2010, Kevin Kim's stock option was vested as to one-third of such shares, and the stock options held by all other non-employee directors were fully vested. Information concerning stock options held as of December 31, 2010 by Jae Whan Yoo, who was also a Named Executive Officer, is set forth above under Outstanding Equity Awards at Fiscal Year-End.

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The table below summarizes the compensation paid to the non-employee directors for the year ended December 31, 2010. Compensation paid to Jae Whan Yoo, the only director in 2010 who was also a Named Executive Officer, is set forth above in the various sections above concerning compensation paid to the Named Executive Officers.

**Director Summary Compensation Table**

Name	Fees Earned or Paid in Cash <sup>29</sup>	Option Awards	All Other Compensation <sup>30</sup>	Total
David Z. Hong	\$ 54,900		\$ 16,334	\$ 71,234
Jin Chul Jhung	62,100		14,724	76,824
Chang Hwi Kim	54,900		14,724	69,624
Kevin S. Kim	54,900		21,552	76,452
Peter Y. S. Kim	54,900		21,552	76,452
Sang Hoon Kim	54,900		14,150	69,050
Chung Hyun Lee	54,900		8,740	63,640

In February 2011, the Board approved the payment of additional special director compensation to two of its board members as consideration for the additional duties being performed by such directors in connection with the proposed merger with Nara. This compensation arrangement is further described above under The Merger Interests of Directors and Executive Officers in the Merger Interests of Center Directors and Executive Officers Special Director Compensation.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Based upon information made available to Center, management knows of no person who owned beneficially more than 5% of the outstanding common stock of the Company as of March 31, 2011, except for Wellington Management Company, LLP ( Wellington Management ) and Fidelity Management & Research Company ( Fidelity ). Information concerning the stock ownership of the Company s executive officers and directors is set forth above under Center Proposal 2: Election of Directors. The following table furnishes information concerning Wellington Management and Fidelity:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Wellington Management Company, LLP 280 Congress Street Boston, Massachusetts 02110	3,587,998 <sup>31</sup>	8.99%
Fidelity Management & Research Company 82 Devonshire Street Boston, Massachusetts 02109	3,583,781 <sup>32</sup>	8.98%

<sup>29</sup> Includes a year-end bonus of \$900.

<sup>30</sup> Consists entirely of premiums for medical and dental insurance or equivalent reimbursements (see narrative description preceding table).

<sup>31</sup> Based solely on a Schedule 13G as of December 31, 2010, filed with the SEC on February 14, 2011 by Wellington Management, a registered investment adviser under the Investment Advisers Act of 1940. Wellington Management, in its capacity as an investment adviser, may be deemed to have beneficial ownership of 3,587,998 shares of common stock that are owned by its investment advisory clients, none

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of which is known to have such interest with respect to more than 5% of the class of shares. Wellington Management has shared voting authority over 3,487,965 shares and shared dispositive power over 3,587,998 shares.

<sup>32</sup> Based solely on a Schedule 13G as of December 31, 2010, filed with the SEC on February 14, 2011 by FMR LLC, a registered investment adviser under the Investment Advisers Act of 1940. Fidelity, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under the Investment Advisers Act of 1940, is the beneficial owner of 3,583,781 shares of common stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.

The ownership of one investment company, Fidelity Low-Priced Stock Fund, amounted to 2,185,331 shares or 5.477% of the Common Stock outstanding. Fidelity Low Priced Stock Fund has its principal business office at 82 Devonshire Street, Boston, Massachusetts 02109.

Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of the 3,583,781 shares owned by the Funds.

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**RELATED PARTY TRANSACTIONS**

Certain of our executive officers and directors and the companies with which they are associated have been customers of, and have had banking transactions with Center Bank in the ordinary course of Center Bank's business since January 1, 2010, and Center Bank expects to continue to have such banking transactions in the future. All loans and commitments to lend included in such transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons not related to Center Bank, and in the opinion of the Board of Directors, did not involve more than the normal risk of repayment or present any other unfavorable features.

**Center Proposal 3: Ratification of Appointment of Accountants**

**General**

The Audit Committee has appointed KPMG LLP ( "KPMG" ) as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2011. In April 2010, KPMG replaced Grant Thornton LLP ( "Grant Thornton" ), which audited the Company's financial statements for the year ended December 31, 2009. (See "Changes in and Disagreements with Accountants on Accounting and Financial Disclosure" below.) Representatives of KPMG are expected to be present at the Meeting. They will have the opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions.

Although not required to do so, the Board of Directors has chosen to submit this proposal to the vote of the stockholders in order to ratify the Audit Committee's appointment of KPMG. It is the intention of the persons named in the Proxy to vote such Proxy FOR the ratification of this appointment. If the Company's stockholders do not ratify the selection, the Audit Committee will reconsider whether to retain KPMG, but may still retain them. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds' Boards of Trustees.

Pyramis Global Advisors, LLC ( "PGALLC" ), 900 Salem Street, Smithfield, Rhode Island, 02917, an indirect wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 180,000 shares or 0.451% of the outstanding Common Stock of Center Financial Corporation as a result of its serving as investment adviser to institutional accounts, non-U.S. mutual funds, or investment companies registered under Section 8 of the Investment Company Act of 1940 owning such shares.

Edward C. Johnson 3d and FMR LLC, through its control of PGALLC, each has sole dispositive power over 180,000 shares and sole power to vote or to direct the voting of 180,000 shares of Common Stock owned by the institutional accounts or funds advised by PGALLC as reported above.

**Table of Contents****Fees**

The aggregate fees billed by KPMG LLP, the Company's independent registered public accounting firm, for the fiscal year ended December 31, 2010, and by Grant Thornton LLP, the Company's independent registered public accounting firm, for the fiscal year ended December 31, 2009 were as follows:

	2010	2009
Audit fees	\$ 707,363	\$ 628,124
Audit related fees		
Tax fees		
All other fees		
<b>Total</b>	<b>\$ 707,363</b>	<b>\$ 628,124</b>

None of the fees paid to KPMG LLP for 2010 or to Grant Thornton LLP for 2009 were paid under the de minimis safe harbor exception from Audit Committee pre-approval requirements.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

At a meeting on April 14, 2010, Center Financial Corporation, as a result of a competitive request for proposal process undertaken by the Audit Committee of the Board of Directors, decided that it would not retain Grant Thornton as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010. At the same meeting, the Audit Committee selected the accounting firm of KPMG as the independent auditor for the Company's 2010 fiscal year. The change in accountants did not result from any dissatisfaction with the quality of professional services rendered by Grant Thornton. Grant Thornton continued as the Company's independent registered accounting firm until the filing of our Form 10-Q with the Securities and Exchange Commission for the quarter ended March 31, 2010.

In the two fiscal years ended December 31, 2009 and 2008, and from January 1, 2010 through the end of Grant Thornton's engagement, there have been no disagreements between the Company and Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Grant Thornton's satisfaction, would have caused Grant Thornton to make reference to the subject matter of the disagreement in connection with its opinion on the Company's consolidated financial statements for such year, and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K except as set forth below:

In the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which the Company filed with the Securities and Exchange Commission on March 30, 2009, Management's Report on the Internal Control over Financial Reporting stated, as of December 31, 2008, that the Company did not maintain effective internal control over financial reporting, due to an internal control deficiency that constituted a material weakness, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The weakness concerned controls over the preparation and review of the Company's allowance for loan losses. Specifically, the Company did not maintain effective internal controls over the review process on historical risk factors to reflect directional consistency in current loan loss provision. This control deficiency resulted in an increase in the Company's allowance for loan losses and loan loss provision as of and for the year ended December 31, 2008. Accordingly, management determined that this control deficiency constituted a material weakness in internal control over financial reporting as of December 31, 2008. The material weakness was remediated prior to December 31, 2009. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 filed on March 12, 2010, as amended April 8, 2010, stated that, as of December 31, 2009, management believed that the Company maintained effective control over financial reporting. Grant Thornton's report as of that same date included with the Form 10-K also contained its opinion that the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009.

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The Company has given permission to Grant Thornton to respond fully to the inquiries of the successor auditor.

The Company requested that Grant Thornton review the disclosure in the Report on Form 8-K filed with respect to the change in accountants (which disclosure was substantially identical to the disclosure contained herein), and Grant Thornton was given the opportunity to furnish the Company with a copy of its letter addressed to the Securities and Exchange Commission containing any new information, clarification of the Company's expression of its views, or the respects in which it does not agree with the statements made by the Company herein. Such letter was filed as an exhibit to the Form 8-K.

The Company engaged KPMG as the Company's independent registered public accounting firm as of April 1, 2010. Prior to such date, the Company did not consult with KPMG regarding (i) the application of accounting principles to a specified transaction, (ii) the type of audit opinion that might be rendered by KPMG, or (iii) any matter that was either the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K or a reportable event as defined in Item 304(a)(1)(v) of Regulation S-K.

### **Board of Directors Recommendation and Required Vote**

The proposal will be approved if the votes cast favoring the ratification of the appointment exceed the votes cast opposing it.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 3.**

### **Center Proposal 4: Advisory Vote on Executive Compensation**

The American Recovery and Reinvestment Act of 2009, enacted in February 2009, requires the Company, among other things, to submit to its stockholders a non-binding vote on the compensation of the Company's Named Executive Officers as disclosed in accordance with the Securities and Exchange Commission regulations, until our preferred stock issued to the Treasury Department pursuant to the Capital Purchase Program has been redeemed (see Compensation Discussion and Analysis above for further information about this program). Such a non-binding vote is now also required for public reporting companies such as ours by new Securities and Exchange Commission regulations regardless of participation in the TARP CPP.

This proposal, commonly known as a "say-on-pay" proposal, gives the Company's stockholders the opportunity to endorse or not endorse the Company's executive pay program and policies through the following resolution:

Resolved, that the stockholders approve the compensation of the Company's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the executive compensation tables, and any related disclosures contained in the proxy statement for the Company's 2011 Annual Meeting of Stockholders.

This vote shall not be binding on the Board of Directors or the Compensation Committee and will not be construed as overruling a decision by, nor create or imply any additional fiduciary duty by, the Board or the Compensation Committee. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

### **Board of Directors Recommendation and Required Vote**

The Board of Directors and the Compensation Committee believe that the Company's compensation practices and procedures are (i) designed to accomplish the objectives stated in the Company's compensation philosophy; (ii) competitive, reasonable and effective; and (iii) appropriately aligned with the long-term success of the Company and the interests of stockholders.

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This proposal will be approved if the votes cast in favor exceed the votes cast against it.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 4.**

**Center Proposal 5: Adjournment of the Annual Meeting**

If there are not sufficient votes to constitute a quorum or to adopt and approve the merger agreement at the time of our annual meeting, the merger agreement cannot be adopted and approved unless our annual meeting is adjourned to a later date or dates to permit further solicitation of proxies. To allow proxies that we have received at the time of our annual meeting to be voted for an adjournment, if deemed necessary, we have submitted the question of adjournment to our stockholders as a separate matter for their consideration. If it is deemed necessary to adjourn the annual meeting, no notice of the adjourned meeting is required to be given to our stockholders (unless the adjournment is for 45 days or more or if a new record date is fixed), other than an announcement at the meeting of the place, date and time to which the meeting is adjourned.

This proposal will be approved if the votes cast in favor exceed the votes cast against it.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 5.**

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**LEGAL MATTERS**

The validity of the Nara common stock to be issued in connection with the merger will be passed upon for Nara by Mayer Brown LLP, Los Angeles, California, counsel to Nara.

Mayer Brown LLP and Morrison & Foerster LLP, Los Angeles, California, counsel to Center, will provide opinions regarding certain federal income tax consequences of the merger for Nara and Center, respectively, at the closing of the merger.

**EXPERTS**

The audited financial statements of Nara Bancorp, Inc. incorporated into this document by reference to Nara's Annual Report on Form 10-K for the year ended December 31, 2010 have been so incorporated in reliance on the report of Crowe Horwath LLP, independent registered public accountants, given on the authority of that firm as experts in accounting and auditing.

The consolidated statement of financial condition of Center Financial Corporation and subsidiaries as of December 31, 2010 and the related consolidated statements of operations, shareholders' equity and comprehensive income (loss), and cash flows for the year then ended, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2010 have been incorporated by reference herein, in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Center Financial Corporation, included in the Annual Report on Form 10-K for the year ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of Grant Thornton LLP, independent registered public accounting firm, and upon the authority of said firm as experts in accounting and auditing.

**STOCKHOLDER PROPOSALS**

**Nara**

To be eligible under the Securities and Exchange Commission's stockholder proposal rule (Rule 14a-8) for inclusion in Nara's proxy statement, proxy card and presentation at Nara's 2012 annual meeting of stockholders, a proper stockholder proposal must be received by Nara at its principal offices at 3731 Wilshire Boulevard, Suite 1000, Los Angeles, California 90010 no later than [ ] [ ], 2012, which is 120 calendar days before the anniversary of the date on which Nara first mailed its proxy statement for 2011.

In addition, Nara's bylaws establish an advance notice procedure with regard to director nominations and other business proposals by stockholders intended to be presented at Nara's 2012 annual meeting but not included in Nara's 2012 annual meeting proxy materials. For director nominations or other business proposals to be properly brought before the 2012 annual meeting by a stockholder, assuming the 2012 annual meeting occurs on a date that is not later than [ ] [ ], 2012 nor earlier than [ ] [ ], 2012, the stockholder must deliver written notice to Nara no later than the close of business on [ ] [ ], 2012 nor earlier than the close of business on [ ] [ ], 2012. If Nara schedules a 2012 annual meeting to be held after [ ] [ ], 2012 or before [ ] [ ], 2012, the stockholder must deliver written notice to Nara no later than the close of business on the 10th day following the day on which public announcement is first made of the date of the annual meeting. Such nominations and other business proposals must comply with all requirements set forth in Nara's bylaws.



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**Center**

If the merger is consummated, there will be no Center annual meeting of stockholders next year. In that case, stockholder proposals must be submitted to Nara in accordance with the procedures described above. In case the merger is not consummated, set forth below is information relevant to a regularly scheduled 2012 annual meeting of stockholders of Center.

To be eligible under the Securities and Exchange Commission's stockholder proposal rule (Rule 14a-8) and under Center's amended and restated bylaws for inclusion in Center's proxy statement, proxy card and presentation at Center's 2012 annual meeting of stockholders, a proper stockholder proposal must be received by Center at its principal offices at 3435 Wilshire Boulevard, Suite 700, Los Angeles, California 90010 no later than [ ] [ ], 2012, which is 120 calendar days before the anniversary of the date on which Center first mailed its proxy statement for 2011. The notice must be in the manner and form required by Center's amended and restated bylaws and Rule 14a-8 under the Securities Exchange Act of 1934.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Nara has filed a registration statement under the Securities Act of 1933 with the Securities and Exchange Commission on Form S-4 with respect to Nara's common stock to be issued in connection with the merger. This document constitutes the prospectus of Nara that was filed as part of the registration statement. Some of the information in the registration statement has not been included in this document as permitted by the rules and regulations of the Securities and Exchange Commission. The registration statement and its exhibits are available for inspection and copying as described above.

In addition, Nara and Center file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document we file at the Securities and Exchange Commission's public reference rooms in Washington, D.C. You may telephone the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. Our Securities and Exchange Commission filings are also available to the public at the Securities and Exchange Commission's website at <http://www.sec.gov>.

The Securities and Exchange Commission allows us to incorporate by reference into this document documents filed with the Securities and Exchange Commission by Nara and Center. This means that we can disclose information to you by referring you to those documents. The information incorporated by reference, which you may regard as important, is considered to be a part of this document, and later information that we file with the Securities and Exchange Commission will update and supersede that information.

Nara and Center, respectively, incorporate by reference the documents relating to ourselves listed below and any documents filed by Nara or Center under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this document and before the date of our annual stockholder meetings:

**Nara Filings (SEC File Number 000-50245)**

Annual Report on Form 10-K

**Period or Date Filed**

Year ended December 31, 2010

Quarterly Report on Form 10-Q

Quarter ended March 31, 2011

Current Reports on Form 8-K (other than the portions of those documents not deemed to be filed)

The description of Nara's common stock contained in Registration Statement on Form 8A

April 23, 2003

**Center Filings (SEC File Number 000-50050)**

Annual Report on Form 10-K

**Period or Date Filed**

Year ended December 31, 2010

Quarterly Report on Form 10-Q

Quarter ended March 31, 2011

Current Reports on Form 8-K (other than the portions of those documents not deemed to be filed)

January 7, 2011 and February 23, 2011

You may request a copy of the documents incorporated by reference into this document. See [Where You Can Find More Information](#) on page [ ].

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ANNEX A-1

**AGREEMENT AND PLAN OF MERGER**

**dated as of December 9, 2010**

**between**

**NARA BANCORP, INC.**

**and**

**CENTER FINANCIAL CORPORATION**

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