

NARA BANCORP INC
Form DEF 14A
April 16, 2008
Table of Contents

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
| <input type="checkbox"/> Definitive Additional Materials | |
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Nara Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

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

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1. Title of each class of securities to which transaction applies:

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3. Filing Party:

4. Date Filed:

Table of Contents

NARA BANCORP, INC.

3731 Wilshire Boulevard

Suite 1000

Los Angeles, CA 90010

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD THURSDAY, MAY 29, 2008

TO OUR STOCKHOLDERS:

We are pleased to announce that Nara Bancorp, Inc., a Delaware corporation, will hold its annual meeting of stockholders on Thursday, May 29, 2008, at the Oxford Palace Hotel, 745 South Oxford Avenue, Los Angeles, California 90005 at 10:30 a.m., Pacific Standard Time. At this meeting, we will ask you to vote on the following matters:

1. **Election of directors.** You will have the opportunity to elect eight persons to serve as our board of directors until our next annual meeting and until their successors are elected and qualified. The following eight persons are our nominees for election:

Howard N. Gould

Min J. Kim

Jesun Paik

Hyon Man Park (John H. Park)

Ki Suh Park

Terry Schwakopf

James P. Staes

Scott Yoon-suk Whang

2. **Ratification of the Selection of Independent Registered Public Accounting Firm.** You will be asked to ratify the selection of Crowe Chizek and Company LLP as our independent registered public accounting firm for the year ending December 31, 2008.

3. **Other Business.** If other business is properly raised at the meeting you will be asked to vote on these matters, too.

If you were a stockholder as of the close of business on April 1, 2008, you are entitled to vote at this meeting. We cordially invite all stockholders to attend the meeting in person.

Whether or not you expect to attend the annual meeting, please vote your proxy by internet, telephone, or mail your proxy in the envelope provided. You may revoke this proxy at any time prior to the annual meeting and, if you attend the annual meeting, you may vote your shares in person.

BY ORDER OF THE BOARD OF DIRECTORS

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Min J. Kim, Chief Executive Officer

Dated: April 16, 2008

Table of Contents**TABLE OF CONTENTS**

	PAGE
<u>GENERAL INFORMATION</u>	1
<u>Why Did You Send Me this Proxy Statement?</u>	1
<u>What Vote is Required for Each Proposal?</u>	1
<u>How Many Votes Do I Have?</u>	2
<u>How Do I Vote by Proxy?</u>	2
<u>Can I Change My Vote After I Return My Proxy Card?</u>	2
<u>How Do I Vote In Person?</u>	2
<u>What Constitutes a Quorum?</u>	2
<u>What Are the Recommendations of the Board of Directors?</u>	3
<u>Who Will Pay the Costs of Solicitation of Proxies?</u>	3
<u>Will Any Other Matters Considered at the Annual Meeting?</u>	3
<u>How Do I Propose Actions for Consideration at Next Year's Annual Meeting of Stockholders?</u>	3
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	4
<u>Who are the Largest Owners of Our Common Stock?</u>	4
<u>Who are the Named Executive Officers?</u>	4
<u>How Much Stock do Our Directors, Nominees for Directors and NEOs Own?</u>	5
<u>What is the Background of Our Current NEOs?</u>	5
<u>WHAT ARE THE RESPONSIBILITIES OF OUR BOARD OF DIRECTORS AND CERTAIN COMMITTEES?</u>	6
<u>The Audit Committee Report</u>	7
<u>The Nomination and Governance Committee Report</u>	8
<u>DIRECTOR COMPENSATION</u>	9
<u>Cash Compensation</u>	9
<u>Stock Options and Performance Units</u>	9
<u>2007 Director Compensation Table</u>	11
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	12
<u>Compensation Philosophy and Objectives</u>	12
<u>Methodology for Establishing Compensation</u>	13
<u>Elements of Compensation</u>	13
<u>Base Salary</u>	13
<u>Perquisites</u>	14
<u>Strongly Linking Rewards with Achieved Performance of Company and Individual Goals</u>	14
<u>Long-Term Incentive Awards</u>	15
<u>Change in Control and Severance Arrangements</u>	15
<u>Employment Agreements</u>	16
<u>Deferred Compensation</u>	17
<u>1996 Plans</u>	17
<u>Long Term Incentive Plan</u>	17
<u>Equity</u>	18
<u>Stock Ownership Guidelines</u>	18
<u>Tax Deductibility of Executive Officer Compensation</u>	18
<u>EXECUTIVE COMPENSATION</u>	18
<u>Human Resources and Compensation Committee Report</u>	18
<u>Summary Compensation Table</u>	19
<u>2007 Grants of Plan-Based Awards Table</u>	22
<u>2007 Outstanding Equity Awards at Fiscal Year-End Table</u>	23
<u>2007 Option Exercises and Stock Vested Table</u>	24
<u>2007 Nonqualified Deferred Compensation Table</u>	24

Table of Contents

TABLE OF CONTENTS

(CONTINUED)

	PAGE
<u>Broad-Based Benefits Programs</u>	24
<u>Administrative Policies and Practices</u>	24
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	24
<u>Policies and Procedures for Approving Related Persons Transactions</u>	24
<u>Transactions Considered</u>	25
<u>PROPOSAL NO. 1 ELECTIONS OF DIRECTORS OF NARA BANCORP, INC.</u>	26
<u>PROPOSAL NO. 2 RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	30
<u>Audit Fees</u>	30
<u>Audit Related Fees</u>	30
<u>Tax Fees</u>	30
<u>All Other Fees</u>	30
<u>Pre-Approved Policies and Procedures</u>	31
<u>ANNUAL REPORT ON FORM 10-K</u>	32
<u>OTHER MATTERS</u>	33
<u>APPENDIX A: NARA BANCORP, INC. POLICY REGARDING AUDIT AND NON-AUDIT SERVICES, PROVIDED BY THE INDEPENDENT AUDITOR</u>	A-1
<u>Purpose and Applicability</u>	A-1
<u>Policy Statement</u>	A-1

Table of Contents

NARA BANCORP, INC.

3731 Wilshire Boulevard

Suite 1000

Los Angeles, CA 90010

PROXY STATEMENT

For the

Annual Meeting of Stockholders

To be Held on May 29, 2008

GENERAL INFORMATION

Nara Bancorp, Inc. (the Company) is a registered bank holding company and Nara Bank (the Bank) is our wholly owned subsidiary. This proxy statement contains information about the Company's annual meeting of stockholders to be held on Thursday, May 29, 2008 at the Oxford Palace Hotel, 745 South Oxford Avenue, Los Angeles, California at 10:30 a.m., Pacific Standard Time, and at any postponements or adjournments thereof. The date of this proxy statement is April 16, 2008 and it will be mailed to stockholders on or about that date.

Why Did You Send Me this Proxy Statement?

We sent you this proxy statement and the enclosed proxy card because the board of directors is soliciting your votes for use at the 2008 annual meeting of stockholders.

This proxy statement summarizes the information you need to know to cast an informed vote at the meeting. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card by mail. You may also vote by internet or telephone.

We will begin sending this proxy statement, notice of annual meeting, and the enclosed proxy card on or about April 16, 2008 to all stockholders entitled to vote. The record date for those entitled to vote is April 1, 2008. On that date, 26,193,560 shares of our common stock were outstanding. The common stock is our only class of stock outstanding. We are also sending our annual report for the fiscal year ended December 31, 2007 along with this proxy statement.

What Vote is Required for Each Proposal?

Election of Directors. The eight nominees for director who receive the most votes will be elected. So, if you do not vote for a particular nominee or you indicate withhold authority to vote for a particular nominee on your proxy card, your abstention will have no effect on the election of directors and all eight nominees will be elected.

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Ratification of Selection of Independent Registered Public Accounting Firm. Stockholder ratification of the board of directors selection of Crowe Chizek and Company LLP (Crowe Chizek) as our independent registered public accounting firm is not required. We are submitting the selection of Crowe Chizek to you for ratification to obtain our stockholders views. To be approved, the ratification must receive a FOR vote from the majority of shares voted on the proposal. If you vote Abstain or if you do not, or a broker holding your shares does not, vote your shares, such abstention or failure to vote will not affect the outcome of the vote. If the stockholders do not ratify the selection by a majority vote of the present and voting shares, we will reconsider whether to retain Crowe Chizek. Even if the selection is ratified, we may, in our discretion, appoint a different independent registered public accounting firm at any time during the year if we determine that such a change would be in the best interest of the Company and our stockholders.

Table of Contents

How Many Votes Do I Have?

Each share of common stock that you own entitles you to one vote. The proxy card indicates the number of shares of common stock that you own. Our Certificate of Incorporation and Bylaws do not provide for cumulative voting.

How Do I Vote by Proxy?

Whether you plan to attend the meeting or not, we urge you to complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. You may also vote by internet or telephone as described on the enclosed proxy card. Returning the proxy card will not affect your right to attend the meeting and vote in person, but will assure that your vote is counted if you become unable to attend the meeting.

If you properly fill in your proxy card and send it to us in time to vote or you timely vote by internet or telephone, your proxies (the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxies will vote your shares as recommended by the board of directors as follows:

FOR the election of each of the eight nominees for director;

FOR the appointment of Crowe Chizek as our independent registered public accounting firm; and

in the discretion of the proxies as to any other matter that may properly come before the meeting.

If you hold your shares of our common stock in street name (that is, through a broker or other nominee) and you fail to instruct your broker or nominee as to how to vote your shares of common stock, your broker or nominee may, in its discretion, vote your shares FOR the election of the nominees for director set forth in this proxy statement, and FOR the ratification of the appointment of Crowe Chizek as our independent registered public accounting firm for the year ending December 31, 2008.

Can I Change My Vote After I Return My Proxy Card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised if:

you file either a written revocation of your proxy or a duly executed proxy bearing a later date than your previous proxy with our Legal Department prior to the meeting, or

you attend the meeting and vote in person. However, your presence at the meeting will not revoke your proxy unless and until you vote in person.

Moreover, if your shares are held in the name of your broker, bank, or other nominee, and you wish to vote in person, you must bring a properly executed legal proxy from your broker or nominee so that you can vote your shares in person at the meeting.

How Do I Vote in Person?

If you plan to attend the meeting and vote in person, we will give you a ballot form when you arrive. However, if your shares are held in the name of your broker, bank, or other nominee, you must bring a properly executed legal proxy from the nominee authorizing you to vote the shares and indicating that you are the beneficial owner of the shares on April 1, 2008, the record date for voting.

What Constitutes a Quorum?

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To establish a quorum at the annual meeting, a majority of the shares of our common stock outstanding on the record date must be present, either in person or by proxy. We will count abstentions for purposes of establishing the presence of a quorum at the meeting.

Table of Contents

What Are the Recommendations of the Board of Directors?

Our current board of directors unanimously recommends:

the election of each of the named nominees for director; and

the ratification of the selection of Crowe Chizek as our independent registered public accounting firm for the year ending December 31, 2008.

The board of directors recommends that you vote **FOR** each of the eight nominees for director, and **FOR** the ratification of the selection of Crowe Chizek as our independent registered public accounting firm for the year ending December 31, 2008.

Who Will Pay the Costs of Solicitation of Proxies?

The Company will bear the cost of this solicitation, including the expense of preparing, assembling, printing and mailing this proxy statement and the material used in this solicitation of proxies. The proxies will be solicited principally by mail, but our directors, officers and regular employees may solicit proxies personally or by telephone. Although there is no formal agreement to do so, we will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expense in forwarding these proxy materials to their principals. In addition, we may pay for and utilize the services of individuals or companies we do not regularly employ in connection with the solicitation of proxies. We have hired Mellon Investment Services, LLC to seek proxies of custodians such as brokers who hold shares which belong to other people. This service will cost us approximately \$5,000.

Will Any Other Matters Be Considered at the Annual Meeting?

We are not aware of any matter to be presented at the annual meeting other than the proposals discussed in this proxy statement. If other matters are properly presented at the annual meeting, then the persons named as proxies will have the authority to vote all properly executed proxies in accordance with their judgment on any such matter, including any proposal to adjourn or postpone the meeting.

How Do I Propose Actions for Consideration at Next Year's Annual Meeting of Stockholders?

You may submit proposals for consideration at future stockholder meetings. For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, our Legal Department must receive the written proposal no later than December 16, 2008. Such proposals will also need to comply with Securities and Exchange Commission (the "SEC") Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. If the date of next year's annual meeting is moved more than 30 days before or after the anniversary date of this year's annual meeting, the deadline for inclusion of proposals in our proxy statement will be a date that is a reasonable time before we begin preparing our proxy materials.

The persons named as proxies for the 2008 annual meeting of stockholders will have discretionary authority to vote on any stockholder proposal which is not included in our proxy materials for the meeting, unless we receive notice of the proposal by March 1, 2009. If we receive proper notice by that date, the proxies will not have discretionary voting authority except as provided in the SEC regulations regarding stockholder proposals.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS****Who are the Largest Owners of Our Common Stock?**

The following table shows the beneficial ownership of our common stock as of April 1, 2008, the record date for the annual meeting, by each stockholder who we know (based on information made available to us) owns more than 5% of our common stock. Beneficial ownership is a technical term broadly defined by the SEC to mean more than ownership in the usual sense. So, for example, you beneficially own our common stock not only if you hold it directly, but also indirectly, if you, through a relationship, contract or understanding, have, or share, the power to vote the stock, to sell the stock or have the right to acquire the stock, within 60 days of the record date.

Name and address of beneficial owner	Amount and nature of beneficial ownership ⁽¹⁾	Percent of class
Chong-Moon Lee 3731 Wilshire Blvd., Suite 1000, Los Angeles, CA 90010	2,285,288	8.72%
Kinetics Asset Management, Inc. 615 East Michigan Street, Milwaukee, Wisconsin 53202	2,013,578	7.68%
Thomas Chung 5525 Wilshire Blvd., Los Angeles, CA 90036	1,498,396	5.72%

- (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 such stockholder owns. If the beneficial owner is a current director or executive officer, we have relied on their most recent SEC Form 4 filings.

Who are the Named Executive Officers?

The Named Executive Officers are (i) our Chief Executive Officer during 2007 (ii) our Chief Financial Officer during 2007; and (iii) each of the other four most highly compensated executive officers employed by us as of December 31, 2007 whose salary and bonus for 2007 were in excess of \$100,000 for their services rendered in all capacities to us, and who are collectively referred to in this proxy statement as the Named Executive Officers (the NEOs).

Table of Contents**How Much Stock Do Our Directors, Nominees for Directors and NEOs Own?**

The following table shows the beneficial ownership, as defined above, of our common stock as of April 1, 2008 held by (i) each of our directors who served as a director in 2007, (ii) our NEOs, and (iii) all directors, nominees and NEOs as a group.

Name of beneficial owner	Amount and nature of beneficial ownership ⁽¹⁾	Percent of class ⁽¹⁴⁾
<i>Directors</i>		
Howard N. Gould	100,000 ⁽²⁾	*
Chong-Moon Lee	2,285,288 ⁽³⁾	8.72%
Jesun Paik	103,700 ⁽⁴⁾	*
John H. Park	341,644	1.30%
Ki Suh Park	94,120 ⁽⁵⁾	*
Terry Schwakopf	0	
James P. Staes	40,500 ⁽⁶⁾	*
Scott Yoon-suk Whang	5,000	*
<i>NEOs</i>		
Min J. Kim	216,640 ⁽⁷⁾	*
Alvin D. Kang	39,505 ⁽⁸⁾	*
Bonita I. Lee	78,856 ⁽⁹⁾	*
Kyu S. Kim	24,000 ⁽¹⁰⁾	*
Myung Hee Hyun	63,656 ⁽¹¹⁾	*
Jasna Penich	21,540 ⁽¹²⁾	*
All Directors, Nominees and NEOs as a Group (14 Individuals)	3,414,449⁽¹³⁾	13.04%

* 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 100,000 stock options vested but not yet exercised under the Nara Bancorp, Inc. 2001 Nara Bank 2000 Continuation Long Term Incentive Plan (the "2000 Plan").
- (3) Includes 2,165,288 owned together with spouse and includes 120,000 stock options vested but not yet exercised under the 2000 Plan.
- (4) Includes 100,000 stock options vested but not exercised under the 2000 Plan.
- (5) Includes 94,120 shares owned together with spouse.
- (6) Includes 40,000 stock options vested but not exercised under the 2000 Plan.
- (7) Includes 150,000 stock options vested but not yet exercised under the 2000 Plan.
- (8) Includes 32,000 stock options vested but not yet exercised under the 2000 Plan.
- (9) Includes 60,000 stock options vested but not yet exercised under the 2000 Plan and 200 shares which are owned by spouse.
- (10) Includes 24,000 stock options vested but not yet exercised under the 2000 Plan.
- (11) Includes 60,000 stock options vested but not yet exercised under the 2000 Plan.
- (12) Includes 20,000 stock options vested but not yet exercised under the 2000 Plan.
- (13) Includes stock options vested but not yet exercised under the 2000 Plan.
- (14) The percentages are based on 26,193,560 shares outstanding on April 1, 2008.

What is the Background of Our Current NEOs ?

Min J. Kim. Ms. Kim was appointed as the President and Chief Executive Officer of the Company and its subsidiary, Nara Bank, on November 27, 2006. Before this appointment, she served as the Acting President and a member of the Interim Office of the President from March 2006, and concurrently served as Executive Vice President and Chief Operating Officer of the Bank from October 2003. Ms. Kim served as Executive Vice President and Chief Credit Officer from January 2000 to October 2003 and a Senior Vice President and Chief

Table of Contents

Credit Administrator of the Bank from 1996 to 1999. Prior to joining the Bank in 1995, Ms. Kim served in numerous positions with Hanmi Bank, including Vice President and Manager of the Western Branch of Hanmi Bank in Los Angeles from 1985 to 1995.

Alvin D. Kang. Mr. Kang has served as the Executive Vice President and Chief Financial Officer of the Bank and the Company since July 28, 2005. He also served as a member of the Interim Office of the President from March 2006 until November 2006. He continues to serve as a member of the Office of the President under the direction of the President and CEO, Min J. Kim. Prior to joining the Bank, Mr. Kang served as Executive Vice President, Chief Operating and Chief Financial Officer for Broadway Federal Bank and Chief Financial Officer of Broadway Financial Corporation from 2001 to July 2005. Mr. Kang has also held a senior position at Takenaka and Company, an investment banking and consulting firm, as and has served as an audit partner at KPMG LLP and at Ernst & Young LLP. Mr. Kang worked with KPMG LLP for 26 years, during which time he served as lead partner of the Asian Business Group and as lead partner on audits of major financial institutions in Los Angeles.

Bonita I. Lee. Ms. Lee has served as the Executive Vice President and Chief Credit Officer of the Bank since April 13, 2005. She also served as a member of the Interim Office of the President from March 2006 until November 2006. She continues to serve as a member of the Office of the President under the direction of the President and CEO, Min J. Kim. Ms. Lee has also served the Bank as Senior Vice President and Chief Credit Officer from October 2003 to April 2005, Senior Vice President and Credit Administrator from February 2000 to October 2003 and Vice President and Credit Administrator from 1993 to 2000. Prior to joining the Bank, Ms. Lee held various lending positions with California Center Bank in Los Angeles from 1989 to 1993.

Kyu S. Kim. Ms. Kim has served as the Executive Vice President and Eastern Regional Manager since April 2008. 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.

Myung H. Hyun. Ms. Hyun has served as the Senior Vice President and Chief Operations Officer since April 2005. She also served the Bank as the Senior Vice President and Senior Operations Administrator from May 1998 to April 2005 and Operations Administrator from September 1995 to May 1998. Prior to joining the Bank, Ms. Hyun held various operations and personal banking positions at Hanmi Bank from 1982 to 1995.

Jasna Penich. Ms. Penich has served as the Senior Vice President and Chief Risk Officer since April 2005. Prior to joining the Bank she was Executive Vice President of Operations and Chief Financial Officer of the Mortgage Division for Pacific Mercantile Bank (PMB) and Financial Operations Principal for PMB Securities from 2002 to March 2005. Prior to PMB, Ms. Penich worked for eighteen years as Executive Vice President and Chief Financial Officer of Del Amo Savings Bank.

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

During 2007, there were 11 Company board meetings, 13 Bank board meetings, 3 joint board meeting, and 52 committee 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 2007, except Mr. Chong-Moon Lee.

Table of Contents

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), Ki Suh Park, John H. Park, Terry Schwakopf and James P. Staes. The Audit Committee held 14 meetings in 2007. The Audit Committee operates under a written charter adopted by the board of directors. The charter sets forth the responsibilities and authorities of the Audit Committee and is available on our website at www.narabank.com.

Each of the members is independent as defined by the listing standards of the NASDAQ Stock Market and the rules of the Securities and Exchange Commission (SEC). The board of directors has determined that Mr. Jesun Paik and Ms. Terry Schwakopf each satisfy the requirements established by the SEC for qualifications 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, the board of directors, and our audit process.

Pursuant to its charter, the Audit Committee has the following specific responsibilities:

Review our quarterly and annual financial reports;

Review the adequacy of internal control systems and financial reporting procedures with management and the independent auditor;

Review and approve non-audit services provided by the 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 2007 met and held discussions with management and Crowe Chizek and Company 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:

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 (*Communications with Audit Committees*); and

Received a statement of the auditors' independence required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committee*. The Audit Committee discussed any relationships that may impact the objectivity and independence of Crowe Chizek, 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, 2007, for filing with the SEC.

Jesun Paik (Chair)

Ki Suh Park

John H. Park

Terry Schwakopf

James P. Staes

Table of Contents

Nomination and Governance Committee Report

The following Nomination and Governance 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 Nomination and Governance Committee are directors Ki Suh Park (Chair), Jesun Paik, John H. Park and Howard N. Gould. 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 SEC. The Nomination and Governance Committee held seven meetings in 2007. 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 committee 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.

The procedures for nominating directors, other than by the Nomination and Governance Committee or the full board of directors of the Company itself, are set forth in the Bylaws.

It is the policy of the Nomination and Governance Committee to consider director candidates recommended by stockholders. 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 a 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 the notice procedures described below.

A stockholder's notice must be received by the Secretary of the Company at the Company's principal executive offices (i) in the case of an annual meeting, not less than 100 days, nor more than 120 days, prior to the first 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.

The stockholder's 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 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.

The Company has adopted a formal process for stockholder communication that is posted on the Company's website at www.narabank.com.

The Company has adopted the Code of Ethics and Business Conduct, which applies to all officers and employees, as well as the Director Code of Ethics and Business Conduct, which applies to directors. Both are

Table of Contents

available on our website at www.narabank.com. If the Company makes any substantive amendments to the employee or director versions of the Codes of Ethics and Business Conduct or grants any waiver from a material provision of the Code of the Ethics and Business Conduct to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver.

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 benefit program is designed to achieve the following goals: compensation should fairly pay directors for work required for a company of the size and scope of the Company and the Bank; compensation should align directors' interests with the long-term interests of stockholders; and the structure of the compensation should be transparent and straightforward for stockholders to understand.

Cash Compensation

Regular members of the Bank and Company boards of directors receive a \$42,000 annual board membership retainer. The Chairmen of the Bank and Company boards, Mr. Ki Suh Park and Mr. Chong-Moon Lee, respectively, receive a \$52,000 annual board membership retainer. Each director receives an additional \$12,000 in annual committee membership fees. The committee Chairs, other than the Executive Committee Chair, receive an additional annual retainer in the following amount: \$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 limit of \$12,000 for any one director. Directors who do not receive life insurance coverage, or health insurance coverage paid for by the Company and do not participate in the deferred compensation plan, 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.

Stock Options and Performance Units

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 similarly situated banks' director compensation practices while keeping in mind the compensation philosophy of the Company and the stockholders' interests.

Options granted under the 2000 Plan typically vest over a three-year period in equal installments on the grant date anniversary. They are granted with a ten-year term and have an exercise price equal to the fair market value of the Company's common stock on the date of the grant.

Options and performance units granted under the 2007 Nara Bank Equity Incentive Plan (the 2007 Plan) typically vest over a three-year period in equal installments on the grant date anniversary, 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 grant of Company common stock upon vesting and achieving specified performance criteria.

On February 27, 2008, the Company granted 6,600 performance units to our newest directors, Ms. Schwakopf and Mr. Whang. Each director's performance units will vest equally over three years, and be 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.

Table of Contents

On February 27, 2008, the Company granted 6,000 performance units to each of Mr. Ki Suh Park, Mr. John H. Park and Mr. 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 will vest equally over three years, and be 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.

Table of Contents**2007 DIRECTOR COMPENSATION TABLE**

The following table summarizes the compensation of our non-employee directors during 2007.

Name	Fees Earned or Paid in Cash (\$)⁽²⁾	Option Awards (\$)⁽³⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)⁽⁴⁾	All Other Compensation (\$)⁽⁵⁾⁽⁶⁾⁽⁷⁾	Total (\$)
Howard N. Gould ⁽⁸⁾	60,000	327,546	0	12,000	399,546
Chong-Moon Lee	40,833 ⁽⁹⁾	0	0	17,974	58,807
<i>Chairman</i>					
Jesun Paik	62,001	0	0	12,000	74,001
John H. Park	46,334	0	5,630	19,827	71,791
Ki Suh Park	72,487	0	0	12,000	84,487
<i>Vice Chairman</i>					
Terry Schwakopf ⁽¹⁾	9,000	0	0	2,000	11,000
James P. Staes	61,167	176,023	0	12,000	249,190