

NARA BANCORP INC  
Form DEF 14A  
April 08, 2004

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**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

(AMENDMENT NO. \_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
 Definitive Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Additional Material also Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

**NARA BANCORP, INC.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

Fee not required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction

applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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o Fee paid previously with preliminary materials.o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form,  
Schedule or  
Registration  
Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**NARA BANCORP, INC.**

**3701 Wilshire Boulevard  
Suite 220  
Los Angeles, CA 90010**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held Thursday, May 13, 2004**

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 13, 2004, at the Oxford Palace Hotel, 745 South Oxford Avenue, Los Angeles, California at 10:30 a.m., Pacific 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 members of the board of directors to serve until our next annual meeting. The following eight persons are our nominees for election:

Dr. Chong Moon Lee  
Dr. Thomas Chung  
Benjamin B. Hong  
Steve Y. Kim  
Jesun Paik  
Ki Suh Park  
Yong H. Kim  
Hyon M. Park (aka John Park)

2. *Amendment of Certificate of Incorporation.* You will be asked to approve an increase in the number of authorized shares of common stock from 20,000,000 to 40,000,000 shares.

3. *Appointment of Auditors.* You will be asked to ratify the selection of Deloitte & Touche LLP as our independent auditors for the year ending December 31, 2004.

4. *Other Business.* If other business is properly raised at the meeting or if we need to adjourn the meeting, you will vote on these matters, too.

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

Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the Corporation entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the existing management of the Corporation, shall be made in writing and be delivered or mailed to the president of the Corporation not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting is given to stockholders, such nominations shall be mailed or delivered to the president of the Corporation not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying stockholder:

- (a) The name and address of each proposed nominee.
- (b) The principal occupation of each proposed nominee.
- (c) The total number of shares of capital stock of the Corporation owned by each proposed nominee.
- (d) The name and address of the notifying stockholder.

(e) The number of shares of capital stock of the Corporation owned by the notifying stockholder.

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Nominations not made in accordance herewith may be disregarded by the chairman of the meeting, and upon his instructions, all votes cast for each such nominee may be disregarded.

If you were a stockholder as of the close of business on April 5, 2004, you are entitled to vote at this meeting. We cordially invite all stockholders to attend the meeting in person. To assure your representation at the meeting, however, you are urged to mark, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-prepaid envelope.

**Whether or not you expect to attend the annual meeting, please complete, sign, date and promptly 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

-s- Michel Urich

MICHEL URICH,  
*Secretary*

Dated: April 9, 2004

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**NARA BANCORP, INC.**

**3701 Wilshire Boulevard  
Suite 220  
Los Angeles, CA 90010**

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**PROXY STATEMENT  
For the Annual Meeting of Stockholders  
To Be Held on May 13, 2004**

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**GENERAL INFORMATION**

Nara Bancorp, Inc. is a registered bank holding company, and Nara Bank, N.A. is our wholly owned subsidiary. This proxy statement contains information about our annual meeting of stockholders to be held on Wednesday, May 13, 2004 at the Oxford Palace Hotel, 745 South Oxford Avenue, Los Angeles, California at 10:30 a.m., Pacific Time, and at any postponements or adjournments thereof. The date of this proxy statement is April 9, 2004 and it is first being mailed to stockholders on or about the same 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 2004 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.

We will begin sending this proxy statement, notice of annual meeting and the enclosed proxy card on or about April 9, 2004 to all stockholders entitled to vote. The record date for those entitled to vote is April 5, 2004. On that date, there were 11,583,700 shares of our common stock outstanding (after giving effect to our two-for-one stock split effected as of the close of business on March 17, 2003). The common stock is our only class of stock outstanding. We are also sending our annual report for the fiscal year ended December 31, 2003 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.

*Amendment of Certificate of Incorporation.* To be approved, the amendment to the Certificate of Incorporation must receive a  For  vote from the majority of the outstanding shares either in person or by proxy. If you do not vote, or  Abstain  from voting, it will have the same effect as an  Against  vote. Broker non-votes will have the same effect as an  Against  vote.

*Ratification of Auditors.* Stockholder ratification of the selection of Deloitte & Touche as our independent auditors is not required. However, we are submitting the selection of Deloitte & Touche to you for ratification as a matter of good corporate practice. Ratification requires the affirmative vote of a majority of the shares present at the meeting. If you fail to ratify the selection by a majority vote of the present and voting shares, we will reconsider whether to retain Deloitte & Touche. Even if the selection is ratified, we may, in our discretion, direct the appointment of different independent auditors at any time during the year if we determine that such a change would best benefit our corporation and our stockholders.

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### **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 to return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the meeting and vote in person.

If you properly fill in your proxy card and send it to us in time to vote, your proxy (one of 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 proxy 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 increase in the number of authorized shares of common stock to 40,000,000 shares;

FOR the appointment of Deloitte & Touche as our independent auditors; and

in the discretion of the proxy holder 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 ratification of the appointment of Deloitte & Touche as our independent public accountants for the year ending December 31, 2004. Brokers may not use their discretionary authority to vote on the proposal to amend the Certificate of Incorporation.

### **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, with our corporate Secretary 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.

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 nominee so that you can vote your shares.

### **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 5, 2004, the record date for voting.

### **What Constitutes a Quorum?**

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.



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**What Are the Recommendations of the Board of Directors?**

Our current board of directors has unanimously approved the following items:

the election of each of the named nominees for director

the increase in authorized shares of common stock from 20,000,000 to 40,000,000 shares; and

the appointment of Deloitte & Touche as our independent auditors.

The board of directors recommends that you vote FOR each of the eight nominees for director, FOR the amendment to the Certificate of Incorporation increasing the number of authorized shares of common stock from 20,000,000 to 40,000,000 shares, and FOR the ratification of Deloitte & Touche as our independent auditors for the year ending December 31, 2004.

**What Are the Costs of Solicitation of Proxies?**

Nara Bancorp 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 through the mails, but our directors, officers and regular employees may solicit proxies personally or by telephone. Although there is no formal agreement to do so, we may 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 The Altman Group, Inc. 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 There Be Any Other Matters Considered at the Annual Meeting?**

We are unaware 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 in the proxy will have 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 shareholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, our corporate secretary must receive the written proposal no later than January 14, 2005. Such proposals also will need to comply with Securities and Exchange Commission regulations under Rule 14a-8 regarding the inclusion of shareholder 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 is a reasonable time before we begin to print and mail our proxy materials.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL****OWNERS AND MANAGEMENT****Who Are the Largest Owners of Nara Bancorp's Common Stock?**

The following table shows the beneficial ownership of our common stock as of April 5, 2004, by each person who we knew owned more than 5% of our common stock. Beneficial ownership is a technical term broadly defined by the Securities and Exchange Commission 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 April 5, 2004. We have relied on the public filings of each of the individuals on Schedules 13D or 13G, in determining how many shares these individuals own (after giving effect to our two-for-one stock split effected as of the close of business on March 17, 2003):

Name and Address	Number of Shares	Percent of Common Stock
Fidelity Management Corp. 82 Devonshire St., Boston, MA 02109	892,564	7.71%
Dr. Thomas Chung, 5525 Wilshire Blvd., Los Angeles, CA 90036	819,182(1)	7.07%

- (1) Includes 69,984 stock options vested but not exercised under the Nara Bancorp, Inc. 2001 Nara Bank Continuation 1989 Stock Option Plan (the "1989 Plan") as well as 20,000 stock options granted under the Nara Bancorp, Inc. 2001 Nara Bank 2000 Continuation Long Term Incentive Plan (the "2000 Plan") that will vest on May 28, 2004.

**How Much Stock Do Nara Bancorp Directors, Nominees for Directors and Executive Officers Own?**

The following table shows the beneficial ownership of our common stock as of April 5, 2004 held by (i) our chief executive officer; (ii) executive officers during 2003; (iii) each of our directors and (iv) all directors, nominees and executive officers as a group (after giving effect to our two-for-one stock split effected as of the close of business on March 17, 2003). Our chief executive officer and our other executive officers named below are referred to in this proxy statement as the "Named Executive Officers".

Name and Positions Held	Number of Shares	Percent of Common Stock
Benjamin B. Hong(1) President, CEO & Director of Nara Bank and Nara Bancorp	417,682(2)	3.61%
Timothy Chang(1) Senior Vice President & Chief Financial Officer of Nara Bank and Nara Bancorp	8,000(3)	*
Min J. Kim(1) Executive Vice President & Chief Operating Officer of Nara Bank and Nara Bancorp	61,984(4)	*
Bonita Lee(1) Senior Vice President & Chief Credit Officer of Nara Bank	23,328(14)	
Dr. Thomas Chung(1) Director	819,182(5)	7.07%
Dr. Chong Moon Lee	362,183	3.13%

Chairman of Board

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Name and Positions Held	Number of Shares	Percent of Common Stock
Yong H. Kim(9) Director	400,078(5)	3.45%
John Park(10) Director	190,822(5)	1.65%
Steve Y. Kim(6) Director	63,532(12)	*
Ki Suh Park(7) Director	33,800	*
Jesun Paik(8) Director	31,000(13)	*
All Directors, Nominees and Executive Officers as a group (11 Total)	2,401,003(11)	20.73%

\* Indicates holdings of less than 1%.

- (1) The address for each of these individuals is c/o Nara Bancorp, Inc., 3701 Wilshire Boulevard, Suite 220, Los Angeles, California 90010.
- (2) Includes 20,000 stock options granted under the Nara Bancorp, Inc. 2001 Nara Bank 2000 Continuation Long Term Incentive Plan (the 2000 Plan ) that will vest on May 28, 2004.
- (3) Includes 8,000 stock options granted under the 2000 Plan that will vest on June 4, 2004.
- (4) Includes 26,656 stock options vested but not exercised under the Nara Bancorp, Inc. 2001 Nara Bank Continuation 1989 Stock Option Plan (the 1989 Plan ) as well as 12,000 stock options granted under the 2000 Plan that will vest on May 28, 2004.
- (5) Includes 69,984 stock options vested but not exercised under the 1989 Plan as well as 20,000 stock options granted under the 2000 Plan that will vest on May 28, 2004.
- (6) Steve Y. Kim s address is 3530 Wilshire Blvd., Suite 360, Los Angeles, California 90010.
- (7) Ki Suh Park s address is 6330 San Vicente Blvd., Los Angeles, California 90048.
- (8) Jesun Paik s address is 1 Milbank Ave., 3F, Greenwich, Connecticut 06830.
- (9) Yong H. Kim s address is 1901 Snead Street, La Habra, CA 90621.
- (10) John Park s address is 2987 S. Alameda Street, Los Angeles, CA 90058.
- (11) Includes 242,938 stock options vested but not exercised under the 1989 Plan, as well as 94,000 stock options granted under the 2000 Plan that will vest in 2004.
- (12) Includes 20,469 shares of common stock owned in the name of the Steve Kim Living Trust and 3,063 shares of common stock owned in the name of the Steve Kim TTEE Irrevocable Children s Trust.
- (13) Includes 30,000 stock options vested but not exercised under the 2000 Plan.
- (14) Includes 6,330 stock options vested but not exercised under the 1989 Plan as well as 4,000 stock options granted under the 2000 Plan that will vest on May 28, 2004.

**Did Directors and Officers Comply with Their Section 16(a) Beneficial Ownership Reporting Compliance Requirements in 2003?**



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Section 16(a) of the Securities Exchange Act of 1934, as amended (referred to as the Exchange Act ), requires our directors and executive officers, and persons who own more than 10% of our equity securities, to file reports of ownership and reports of changes in ownership of common stock with the Securities and Exchange Commission. Prior to the completion of our reorganization in February 2001, these reports were filed with the Office of the Comptroller of the Currency. The Exchange Act requires officers, directors and greater than 10% stockholders to furnish us with copies of all Section 16(a) forms they file.

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To our best knowledge, based solely on a review of the copies of such forms and certifications furnished to us, we believe that all of our directors and executive officers complied with all Section 16(a) filing requirements applicable to them during the 2003 fiscal year, except for Nara Bank Directors Brian Woo and Chang H. Kim, Nara Bancorp Directors John Park, Yong H. Kim, Dr. Thomas Chung and Benjamin Hong and executive officer Min Kim who, in connection with the May 28, 2003 stock option grant, filed their form 4 late. Mr. Timothy Chang filed a Form 4 late in connection with the grant on June 4, 2003 of stock options.

### **What Is the Background of Our Executives Who Are Not Directors?**

*Min J. Kim.* From 1992-1995 and prior to joining Nara Bank in 1995, Ms. Kim served as Vice President and Manager of the Western Branch of Hanmi Bank in Los Angeles. She had previously served in other positions with Hanmi Bank. Ms. Kim served Nara Bank as a Senior Vice President and Chief Credit Administrator from 1996 to 1999. She has served in her current capacities as Executive Vice President and Chief Credit Officer of Nara Bancorp since November of 2000 to March 2004, and as Executive Vice President and Chief Operating Officer since March 2004. Ms. Kim has served in the capacities of Executive Vice President and Chief Credit Officer for Nara Bank from January of 2000 to October 2003 and as Executive Vice President and Chief Operating Officer of Nara Bank since October 2003.

*Timothy Chang.* From 1996-2000 and prior to joining Nara Bank in 2000, Mr. Chang worked as financial auditor for Deloitte & Touche and Ernst & Young. Mr. Chang served Nara Bank as Vice President and Treasurer from 2000 to 2003. He has served in his current capacities as Senior Vice President and Chief Financial Officer of Nara Bank and Nara Bancorp since June 2003.

*Bonita Lee.* From 1989 and prior to joining Nara Bank in November 1993, Ms. Lee served in various lending positions with California Center Bank in Los Angeles. Ms. Lee served Nara Bank as a Vice President and Credit Administrator from 1993 to 2000. She has served in her capacities as Senior Vice President and Credit Administrator of Nara Bank from February 2000 to October 2003 and is serving in her capacity as Senior Vice President and Chief Credit Officer since November 2003.

### **What Are the Responsibilities of Our Board of Directors and Committees?**

The board of directors oversees our business and affairs. The board of directors of Nara Bancorp has a standing audit committee, compensation committee and nomination committee. Nara Bank, which is the wholly-owned subsidiary of Nara Bancorp, has a standing audit committee, personnel committee, loan committee, investment committee, compliance committee and CRA committee. The procedures for nominating directors, other than by the nomination committee or the full board of directors of Nara Bancorp itself, are set forth in the bylaws and in the Notice of Annual Meeting of Stockholders accompanying this proxy statement.

During 2003, the board of directors of Nara Bancorp held six (6) special meetings and four (4) regular meetings, and the board of directors of Nara Bank held eleven (11) regular meetings and four (4) special meeting. Except for Director Ki Suh Park, Yong H. Kim and Dr. Chong Moon Lee, all of the directors of Nara Bancorp during 2003 attended at least 75% of the aggregate of the total number of Nara Bancorp board meetings on which they served during 2003. All of the directors of Nara Bancorp during 2003 attended at least 75% of the aggregate of the total number of meetings held by all committees of the boards of directors on which they served during 2003.

*The Audit Committee.* The audit committee consists of Director Jesun Paik as Chairman, and Directors Dr. Thomas Chung, Ki Suh Park, Steve Kim and John Park, and operates under a written charter adopted by the board of directors. The Audit Committee Charter sets out the responsibilities, authority and specific duties of the audit committee. The text of the audit committee charter is set forth in *Appendix A* to this proxy. Each of the members is independent, as defined by our policy and the listing standards for Nasdaq National Market. Mr. Jesun Paik is qualified as an audit committee financial expert within the meaning of the SEC regulations and the board of directors has determined that he has accounting and related financial management expertise within the meaning of the listing standards of the Nasdaq National Market. The audit committee of Nara Bancorp met five (5) times in 2003. The audit committee of Nara Bank consists of

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Dr. Thomas Chung, acting as Chairman, Brian Woo, Chang H. Kim, Yong H. Kim, John Park and Benjamin Hong. The audit committee of Nara Bank met four (4) times during 2003. Presented below is the report of Nara Bancorp's audit committee.

***Audit Committee Report***

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filings by Nara Bancorp 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 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 the charter, the audit committee has the following responsibilities:

To monitor the preparation of quarterly and annual financial reports;

To review the adequacy of internal control systems and financial reporting procedures with management and independent auditors; and

To review the general scope of the annual audit and the fees charged by the independent auditors.

In discharging its oversight responsibility, the audit committee in 2003 and 2004 has met and held discussions with management and Deloitte & Touche LLP, the independent auditors for Nara Bancorp 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. Nara Bancorp's audit committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (*Communications with Audit Committees*).

The audit committee also obtained from the independent auditors a formal written statement describing all relationships between the corporation and the auditors that bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committee*. Nara Bancorp's audit committee discussed with the independent auditors any relationships that may impact on Deloitte & Touche's objectivity and independence and satisfied itself as to the auditors' independence.

Based on these discussions and reviews, Nara Bancorp's audit committee recommended that the board of directors approve the inclusion of the corporation's audited financial statements in Nara Bancorp's Annual Report on Form 10-K for the year ended December 31, 2003, for filing with the Securities and Exchange Commission.

Respectfully submitted by the members of the Audit Committee of the board of directors of Nara Bancorp:

April 9, 2003

JESUN PAIK, Chairman  
DR. THOMAS CHUNG  
KI SUH PARK  
STEVE Y. KIM  
JOHN PARK

*The Compensation Committee:* The members of the compensation committee consist of Directors Dr. Thomas Chung, Jesun Paik, Ki Suh Park, Yong H. Kim and Steve Kim (Chairman). All the members of the compensation committee are independent as defined by our policy and the listing standards for Nasdaq National Market. One meeting of the compensation committee was held during 2003. The purpose of the compensation committee is to assist the board of directors in discharging its responsibilities relating to

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compensation of the Corporation's directors and officers; and unless awarded by the full board, to make awards under the incentive-compensation plans and equity based-plans.

*The Nomination Committee:* The members of the nominating committee consist of Directors Ki Suh Park (Chairman), Dr. Thomas Chung, John Park and Yong H. Kim. All the members of the nomination committee are independent as defined by our policy and the listing standards for Nasdaq National Market. The nomination committee did not hold a meeting in 2003. The nominating 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 shareholders. The nomination 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 committee to consider director candidates recommended by stockholders. Any such recommendation shall be made in writing and be delivered or mailed to the president of the Corporation not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such nominations shall be mailed or delivered to the president of the Corporation not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying stockholder:

- (a) The name and address of each proposed nominee.
- (b) The principal occupation of each proposed nominee.
- (c) The total number of shares of capital stock of the Corporation owned by each proposed nominee.
- (d) The name and address of the notifying stockholder.
- (e) The number of shares of capital stock of the Corporation owned by the notifying stockholder.

Nominations not made in accordance herewith may be disregarded by the chairman of the meeting, and upon his instructions, all votes cast for each such nominee may be disregarded.

Among the qualifications the nomination committee will consider in the selection of candidates (regardless of whether such candidates are identified by the nomination committee, management or stockholders) are broad experience in business, finance or administration; familiarity with national and international business matters; familiarity with the commercial banking industry; and prominence and reputation. Since prominence and reputation in a particular profession or field of endeavor are what bring most persons to the board's attention, there is the further consideration of whether the individual has the time available to devote to the work of the board of directors and one or more of its committees. Nominees will be screened to ensure each candidate has qualifications which compliment the overall core competencies of the board of directors. A review is also to be made of the 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 of directors. In making its selection, the nomination committee will bear in mind that the foremost responsibility of a director of the Corporation is to represent the interests of the stockholders as a whole. The screening process shall include a background evaluation and independence determination.

Except for the requirement that Stockholders submit nominees in writing to the president of the Corporation not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors (except if less than 21 days' notice of the meeting is given to stockholders) the process that the nomination committee follows for identifying and evaluating nominees for director is the same whether a candidate is identified by the nomination committee, management or stockholders. In each case, the nomination committee will review each properly submitted nominee.

Historically, the Corporation has not adopted a formal process for stockholder communications with the board of directors. Nevertheless, every effort has been made to ensure that the views of stockholders are heard

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by the board of directors or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. We believe our responsiveness to stockholder communications to the board of directors has been excellent. Nevertheless, during the upcoming year the nominating committee will give full consideration to the adoption of a formal process for stockholder communications with the board of directors and, if adopted, publish it promptly and post it to the Corporation's website.

The Corporation has adopted the Nara Code of Business Conduct and Ethics that applies to all officers, directors and employees. The Nara Code of Business Conduct and Ethics is available on our website at [www.narabank.com](http://www.narabank.com). If the Corporation makes any substantive amendments to the Nara Code of Business Conduct and Ethics or grants any waiver from a material provision of the Code to any executive officer or director, the Corporation will promptly disclose the nature of the amendment or waiver on its website.

**EXECUTIVE AND DIRECTOR COMPENSATION**

**How Do We Compensate Directors?**

During the fiscal year 2003, the non-employee directors of Nara Bank, except for Chong Moon Lee, were each paid \$3,000 per month for services as director. The only employee director on the board (the President) received \$1,000 monthly for his service as a director in addition to his regular salary and bonuses. The Chairman of the board of directors, Dr. Thomas Chung, received an additional \$400 per month for services rendered until his resignation as Chairman in September 5, 2003. Total directors' fees paid by Nara Bank during 2003 were approximately \$201,200, of which approximately \$64,000 was deferred under Nara Bank's deferred compensation plan. Director Chong Moon Lee received \$1,400 for his service as a director of Nara Bank.

During the fiscal year 2003, the non-employee directors of Nara Bancorp, except for Dr. Thomas Chung, John Park, and Yong H. Kim, were paid \$3,000 per quarter plus \$1,000 for each committee meeting attended in person or \$500 for each committee meeting attended by telephone conference. Directors Dr. Thomas Chung, John Park, and Yong H. Kim were not paid director fees by Nara Bancorp. Total directors' fees paid in 2003 by Nara Bancorp were approximately \$73,000.

During the fiscal year 2003, the following directors received payment under endorsement split-dollar policies: Thomas Chung received \$1,698, Benjamin Hong received \$762, Chang Hee Kim received \$615, Yong H. Kim received \$430, John Park received \$505, and Brian Woo received \$543.

**How Do We Compensate Executive Officers?**

The following table sets forth certain summary information concerning compensation awarded to, earned by, or paid by Nara Bank and Nara Bancorp for services rendered in all capacities by the chief executive officer and other executive officers (referred to in this proxy statement as the "Named Executive Officers") for each of the fiscal years ended December 31, 2003, 2002 and 2001.

**Table of Contents****Summary Compensation Table**

Name and Principal Position	Annual Compensation(1)				Long Term Compensation			
	Year	Salary	Bonus(4)	Other	Restricted Stock	Number of Stock Options	Payouts	
					Awards	Granted	LTIP Payouts	All Other Compensation(9)
Benjamin Hong	2003	\$ 129,795	\$ 1,004,169	\$ 9,200(2)		60,000 options(5)		\$ 5,192
President & Chief	2002	\$ 184,074	\$ 799,933	\$ 12,000(2)	N/A	N/A	N/A	\$ 7,269
Executive Officer of Nara Bank and Nara Bancorp	2001	\$ 184,074	\$ 1,282,148	\$ 12,000(2)	N/A	N/A	N/A	\$ 6,443
Seong-Hoon Hong	2003	\$ 78,839	\$ 102,428	\$ 68,744(8)	N/A	100,000 options(7)	N/A	N/A
President & Chief	2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Executive Officer of Nara Bank and	2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A