

BBCN BANCORP INC
Form 10-K
March 01, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File # 000-50245

BBCN BANCORP, INC.
(Exact name of Registrant as specified in its charter)

Delaware	95-4849715
(State or other jurisdiction	(I.R.S. Employer
of incorporation or organization)	identification Number)

3731 Wilshire Boulevard
Suite 1000
Los Angeles, California 90010
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (213) 639-1700
Securities registered pursuant to Section 12(b) of the Act

Title of Class	Name of Exchange on Which Registered
Common Stock, par value \$0.001 per share	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☒

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “accelerated filer,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the Common Stock held by non-affiliates of the Registrant based upon the closing sale price of the Common Stock as of the last business day of the Registrant’s most recently completed second fiscal quarter, June 30, 2012, as reported on the NASDAQ Global Select Market, was approximately \$849,574,000.

Number of shares outstanding of the Registrant’s Common Stock as of February 27, 2013: 78,779,140

Documents Incorporated by Reference: Definitive Proxy Statement for the 2012 Annual Meeting of Stockholders – Part III

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PART I

Forward-Looking Information

Some statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements relate to, among other things, expectations regarding the business environment in which we operate, projections of future performance, perceived opportunities in the market and statements regarding our business strategies, objectives and vision. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words "will," "believes," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions. These statements involve risks and uncertainties. Our actual results, performance or achievements may differ significantly from the results, performance or achievements expressed or implied in such forward-looking statements. For a more detailed discussion of factors that might cause such a difference, see Item 1A, "Risk Factors". BBCN Bancorp, Inc. does not undertake, and specifically disclaims any obligation, to update any forward looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

Item 1. BUSINESS

General

BBCN Bancorp, Inc. ("BBCN Bancorp" on a parent-only basis, and the "Company," "we" or "our" on a consolidated basis) is a bank holding company headquartered in Los Angeles, California. We offer commercial banking loan and deposit products through our wholly-owned subsidiary, BBCN Bank, a California state-chartered bank (the "Bank" or "BBCN Bank"). BBCN Bank primarily focuses its business in Korean communities in California, New York City metropolitan area, New Jersey, Chicago and Seattle. Our headquarters are located at 3731 Wilshire Boulevard, Suite 1000, Los Angeles, California 90010, and our telephone number at that address is (213) 639-1700.

BBCN Bancorp, Inc., formerly named Nara Bancorp, Inc., was formed to become the holding company for Nara Bank effective in February 2002. Nara Bank opened for business in June 1989 under the name "United Citizens National Bank" as a national banking association, was renamed "Nara Bank, National Association" in January 1994 and became "Nara Bank" upon converting to a California state-chartered bank in January 2005. On November 30, 2011, we merged with Center Financial Corporation ("Center Financial" or "Center") in a merger of equals transaction. Concurrently with the merger, Nara Bancorp changed its name to "BBCN Bancorp, Inc." At the bank level, Nara Bank merged into Center Bank, and concurrently with the merger, Center Bank changed its name to "BBCN Bank."

BBCN Bancorp is registered as a bank holding company and is regulated in that capacity by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board" or "FRB"). BBCN Bancorp exists primarily for the purpose of holding the stock of the Bank and of such other subsidiaries as it may acquire or establish. BBCN Bank's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"), up to applicable limits.

Through the merger with Center, we added Center Bank's 21 full-service branch offices, 18 of which are located in California, as well as a Loan Production Office in Seattle and one in Denver. Under the terms of the merger agreement, Center Financial shareholders received 0.7805 shares of Company common stock in exchange for each share of common stock of Center Financial, resulting in our issuance of approximately 31.2 million shares of our common stock, with a merger date fair value of \$292 million.

On February 15, 2013, the Company acquired Pacific International Bancorp ("PIB"), a Seattle-based company, pursuant to an Agreement and Plan of Merger, dated October 22, 2012. Pacific International had total assets of approximately \$185 million, including \$146 million of gross loans and \$144 million in deposits. PIB's primary subsidiary, Pacific International Bank, a Washington state-chartered bank, had four bank locations in the Seattle metropolitan area. With the completion of the transaction, the Company has six branches in the Seattle area.

We file reports with the Securities and Exchange Commission (the "SEC"), which include annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements and information

statements in connection with our stockholders meetings and other information. The SEC maintains a website that contains the reports, proxy and information statements and other information we file with them. The address of the site is <http://www.sec.gov>. Our website address is <http://www.bbcnbank.com>. Electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, other information and reports we file with the SEC and amendments to those reports, are available free of charge by visiting the Investor Relations section of our website. These reports are generally posted as soon as reasonably practicable after they are electronically filed with the SEC.

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Business Overview

Our principal business activities are conducted through BBCN Bank and primarily consist of earning interest on loans and investment securities that are funded by customer deposits and other borrowings. Operating revenues consist of the difference between interest received and interest paid, gains and losses on the sale of financial assets, and fees earned for financial services provided. Interest rates are highly sensitive to many factors that are beyond our control, such as general economic conditions, new legislation affecting the banking industry, and the policies of various governmental and regulatory authorities. Although our business may vary with local and national economic conditions, such variations are not generally seasonal in nature.

Through our network of 40 branches and five loan production offices, we offer commercial banking loan and deposit products to our customers, who typically are small- to medium-sized businesses and individuals in our market areas. We accept deposits and originate a variety of loans, including commercial business loans, commercial real estate loans, trade finance loans, and Small Business Administration (“SBA”) loans. BBCN Bank offers cash management services to our business customers, which includes remote deposit capture, lock box and ACH origination services. BBCN Bank also offers a mobile banking application for smartphones that extends convenient banking services, such as mobile deposits and bill payment in the hands of customers 24/7. To better meet our customers’ needs, our mini-market branches generally offer extended hours from 9 a.m. to 6 p.m. Most of our branches operates 24-hour automated teller machines (“ATMs”). We also offer debit card services with a rewards program to all customers. Our banking officers focus on customers to better support their banking needs. In addition, most of our branches offer travelers’ checks, safe deposit boxes, and other customary bank services. Our website at www.bbcnbank.com offers internet banking services and applications in both English and Korean.

Lending Activities

Commercial Business Loans

We provide commercial loans to businesses for various purposes such as for working capital, purchasing inventory, debt refinancing, business acquisitions and other business related financing needs. Commercial loans are typically classified as (1) short-term loans (or lines of credit) or (2) long-term loans (or term loans to businesses). Short term loans are often used to finance current assets such as inventory and accounts receivable and typically have terms of one year with interest paid monthly on the outstanding balance and the principal balance due at maturity. Long term loans typically have terms of 5 to 7 years with principal and interest paid monthly. The credit worthiness of our borrowers is determined before a loan is originated and is periodically reviewed to ascertain whether credit quality changes have occurred. Commercial business loans are typically collateralized by the borrower’s business assets and/or real estate.

Our commercial business loan portfolio includes trade finance loans from BBCN Bank’s Corporate Banking Center, which generally serves businesses involved in international trade activities. These loans are typically collateralized by business assets and are used to meet the short-term working capital needs (accounts receivable and inventory financing) of our borrowers. The International Operations Department issues and advises on letters of credit for export and import businesses. The underwriting procedure for this type of credit is the same as for commercial business loans. We offer the following types of letters of credit to customers:

- **Commercial:** An undertaking by the issuing bank to pay for a commercial transaction.
- **Standby:** An undertaking by the issuing bank to pay for the non-performance of the applicant customer.
- **Revocable:** Letter of credit that can be modified or cancelled by the issuing bank at any time with notice to the beneficiary (does not provide the beneficiary with a firm promise of payment).
- **Irrevocable:** Letter of credit that cannot be altered or cancelled without mutual consent of all parties.
- **Sight:** Letter of credit requiring payment upon presentation of conforming shipping documents.
- **Usance:** Letter of credit which allows the buyer to delay payment up to a designated number of days after presentation of shipping documents.
- **Import:** Letter of credit issued to assist customers in purchasing goods from overseas.

✂Export: Letter of credit issued to assist customers selling goods to overseas.

•Transferable: Letter of credit which allows the beneficiary to transfer its drawing (payment) rights, in part or full, to another party.

♠Non-transferable: Letter of credit which does not allow the beneficiary to transfer their right, in part or full, to another.

Our trade finance services include the issuance and negotiation of letters of credit, as well as the handling of documentary collections. On the export side, we provide advice and negotiation of commercial letters of credit, and we transfer and issue

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back-to-back letters of credit. We also provide importers with trade finance lines of credit, which allow for the issuance of commercial letters of credit and the financing of documents received under such letters of credit, as well as documents received under documentary collections. Exporters are assisted through export lines of credit as well as through immediate financing of clean documents presented under export letters of credit.

Commercial Real Estate Loans

Real estate loans are extended for the purchase and refinance of commercial real estate and are generally secured by first deeds of trust. The maturities on the majority of such loans are five to seven years with a 25-year principal amortization schedule and a balloon payment due at maturity. We offer both fixed and floating rate commercial real estate loans. It is our general policy to restrict commercial real estate loan amounts to 75% of the appraised value of the property at the date of origination.

Small Business Administration Loans

The Bank also extends loans partially guaranteed by the SBA. The Bank primarily extends SBA loans known as SBA 7(a) loans and SBA 504 loans. SBA 7(a) loans are typically extended for working capital needs, purchase of inventory, purchase of machinery and equipment, debt refinance, business acquisitions, start-up financing, or to purchase or construct owner-occupied commercial property. SBA 7(a) loans are typically term loans with maturities up to 10 years for loans not secured by real estate and up to 25 years for real estate secured loans. SBA loans are fully amortizing with monthly payments of principal and interest. SBA 7(a) loans are typically floating rate loans that are secured by business assets and/or real estate. Depending on the loan amount, each loan is typically guaranteed 75% to 85% by the SBA, with a maximum gross loan amount to any one small business borrower of \$5.0 million, and a maximum SBA guaranteed amount of \$3.75 million.

We are generally able to sell the guaranteed portion of the SBA 7(a) loans in the secondary market at a premium, while earning servicing fee income on the sold portion over the remaining life of the loan. In addition to the interest yield earned on the unguaranteed portion of the SBA 7(a) loans that are not sold, we recognize income from gains on sales and from loan servicing on the SBA 7(a) loans that are sold.

SBA 504 loans are typically extended for the purpose of purchasing owner-occupied commercial real estate or long-term capital equipment. SBA 504 loans are typically extended for up to 20 years or the life of the asset being financed. SBA 504 loans are financed as a participation loan between the Bank and the SBA through a Certified Development Company ("CDC"). Generally, the loans are structured so as to give the Bank a 50% first deed of trust ("TD"), the CDC a 40% second TD, and the remaining 10% is funded by the borrower. Interest rates for the first TD Bank loans are subject to normal bank commercial rates and terms, and the second TD CDC loans are fixed for the life of the loans based on certain indices.

All of our SBA loans are originated through BBCN Bank's SBA Loan Departments. The SBA Loan Departments are staffed by loan officers who provide assistance to qualified businesses. The Bank has been designated as an SBA Preferred Lender, which is the highest designation awarded by the SBA. This designation generally facilitates a more efficient marketing and approval process for SBA loans. We have attained SBA Preferred Lender status nationwide.

Consumer Loans

Our consumer loans consist of auto loans, home equity, and signature loans, with a majority of our consumer loan portfolio currently consisting of auto loans. Effective January 1, 2008, we discontinued originating new home equity loans, due to the lack of scalability and profitability of these types of loans. The consumer loans totaled \$50.0 million at December 31, 2012.

Investing Activities

The main objectives of our investment strategy are to provide a source of on-balance sheet liquidity while providing a means to manage our interest rate risk, and to generate an adequate level of interest income without taking undue risks. Subject to various restrictions, our investment policy permits investment in various types of securities, certificates of deposit ("CD"s) and federal funds sold. Our investment portfolio consists of U.S. Treasury bills, government sponsored agency bonds, mortgage backed securities, collateralized mortgage obligations ("CMOs"), corporate bonds, municipal bonds, and mutual funds. For a detailed breakdown of our investment portfolio, see Item 7

“Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Investment Security Portfolio.”

Our securities are classified for accounting purposes as available-for-sale. We do not maintain held-to-maturity or trading portfolios. Securities purchased to meet investment-related objectives, such as liquidity management or interest rate risk and which may be sold as necessary to implement management strategies, are designated as available-for-sale at the time of purchase. At December 31, 2012, we had \$704.4 million in securities available-for-sale. We purchased \$184.3 million and sold \$27.5 million in investment securities during 2012.

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Deposit Activities

We attract both short-term and long-term deposits from the general public by offering a wide range of deposit products and services. Through our branch network, we provide our banking customers with personal and business checking accounts, money market accounts, savings, certificates of deposit, individual retirement accounts, 24-hour ATMs, internet banking and bill-pay, remote deposit capture, lock box and ACH origination services. In addition to our retail deposits, we obtain both secured and unsecured wholesale deposits including public deposits such as State of California Treasurer's time deposits, brokered money market and time deposits, and deposits gathered from outside of the Bank's normal market area through deposit listing services.

FDIC-insured deposits are our primary source of funds. As part of our asset-liability management, we analyze our retail and wholesale deposits' maturities and interest rates to monitor and manage the cost of funds, to the extent feasible in the context of changing market conditions, as well as to promote stability in our supply of funds. For more deposit information, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Deposits."

Borrowing Activities

When we have more funds than required for our reserve requirements or short-term liquidity needs, we sell federal funds to other financial institutions. Conversely, when we have less funds than required, we may borrow funds from the Federal Home Loan Bank of San Francisco ("FHLB"), the Federal Reserve Bank of San Francisco or our correspondent banks. In addition, we may borrow from the FHLB on a longer term basis to provide funding for certain loan or investment securities strategies, as well as asset-liability management strategies.

The FHLB functions in a reserve credit capacity for qualifying financial institutions. As a member, we are required to own capital stock in the FHLB and may apply for advances from the FHLB utilizing qualifying mortgage loans and certain securities as collateral. The FHLB offers a full range of borrowing programs on its advances, with terms ranging from one day to thirty years, at competitive market rates. A prepayment penalty is usually imposed for early repayment of these advances. Information concerning FHLB borrowings is included in Note 7 of "Notes to Consolidated Financial Statements."

We may also borrow from the Federal Reserve Bank of San Francisco. The maximum amount that we may borrow from the Federal Reserve Bank's discount window is up to 95% of the outstanding principal balance of the qualifying loans and the fair value of the securities that we pledge. At December 31, 2012, the principal balance of the qualifying loans was \$516.7 million and the collateral value of investment securities was \$411 thousand, and no borrowings were outstanding against this line.

Market Area and Competition

We have 40 banking offices in areas having high concentrations of Korean Americans, of which 30 are located in the Los Angeles, Orange County, Oakland and Silicon Valley (Santa Clara County) areas of California, 7 are located in the New York metropolitan area and New Jersey, 2 are in Washington, and 1 is in Chicago. We also have five loan production offices located in the Dallas, Seattle, Atlanta, Northern California, and Denver markets. The banking and financial services industry generally, and in our market areas specifically, are highly competitive. The increasingly competitive environment is a result primarily of strong competition among the banks servicing the Korean-American community, changes in regulation, changes in technology and product delivery systems, and the consolidation among financial services companies. In addition, federal legislation may have the effect of further increasing the pace of consolidation within the financial services industry. See "Supervision and Regulation."

We compete for loans, deposits, and customers with other commercial banks, savings and loan associations, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market funds, credit unions, and other non-bank financial service providers. Many of these competitors are much larger in total assets and capitalization, have greater access to capital markets, are more widely recognized, have broader geographic scope, and offer a broader range of financial services than we do.

Economic Conditions, Government Policies and Legislation

Our profitability, like that of most financial institutions, depends, among other things, on interest rate differentials. In general, the difference between the interest expense on interest-bearing liabilities, such as deposits and borrowings, and the interest income on our interest-earning assets, such as loans we extend to our customers and securities held in our investment portfolio, as well as the level of non-interest bearing deposits, have a significant impact on our profitability. Interest rates are highly sensitive to many factors that are beyond our control, such as the economy, inflation, unemployment, consumer spending and political events. The impact that future changes in domestic and foreign economic and political conditions might have on our performance cannot be predicted.

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Our business is also influenced by the monetary and fiscal policies of the federal government and the policies of regulatory agencies, particularly the FRB. The FRB implements national monetary policies (with objectives such as curbing inflation or preventing recession) through its open-market operations in U.S. government securities, by adjusting the required level of reserves for depository institutions subject to its reserve requirements, and by varying the targeted federal funds and discount rates applicable to borrowings by depository institutions. The actions of the FRB in these areas influence the growth of bank loans, investments, and deposits and also affect interest rates earned on interest-earning assets and paid on interest-bearing liabilities. The nature and impact on BBCN Bancorp and the Bank of future changes in monetary and fiscal policies cannot be predicted.

From time to time, legislation and regulations are enacted or adopted which have the effect of increasing the cost of doing business, limiting or expanding permissible activities, or affecting the competitive balance between banks and other financial services providers. Proposals to change the laws and regulations governing the operations and taxation of banks, bank holding companies, and other financial institutions and financial services providers are frequently made in the U.S. Congress, in state legislatures, and various regulatory agencies. These proposals may result in changes in banking statutes and regulations and our operating environment in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. We cannot predict whether any of this potential legislation will be enacted, and if enacted, the effect that it, or any implementing regulations, would have on our financial condition or results of operations. See “Supervision and Regulation.”

Supervision and Regulation

General

As a California state-chartered bank whose accounts are insured by the FDIC, BBCN Bank is subject to regulation, supervision and regular examination by the California Department of Financial Institutions (the “DFI”) and the FDIC. Such supervision and regulation covers substantially all of its business activities, including, among others, capital standards, general investment authority, deposit taking and borrowing authority, mergers, establishment of branch offices, and permitted subsidiary investments and activities. In addition, while BBCN Bank is not a member of the FRB, the Bank is subject to certain regulations of the FRB. BBCN Bancorp is registered with and subject to examination by the FRB as a bank holding company and is also subject to the bank holding company provisions of the California Financial Code. These regulatory systems are intended primarily for the protection of depositors, the FDIC insurance fund and the banking system as a whole, rather than for the protection of shareholders or other investors. The following paragraphs summarize certain of the laws and regulations that apply to us and to the Bank. These descriptions of statutes and regulations and their possible effects do not purport to be complete descriptions of all of the provisions of those statutes and regulations and their possible effects on us, nor do they purport to identify every statute and regulation that may apply to us.

Recent Developments

In response to the economic downturn and financial industry instability, legislative and regulatory initiatives have been, and will likely continue to be, introduced and implemented, which could substantially intensify the regulation of the financial services industry. We cannot predict whether or when potential legislation or new regulations will be enacted, and if enacted, the effect that new legislation or any implemented regulations and supervisory policies would have on our financial condition and results of operations. Moreover, especially in the current economic environment, bank regulatory agencies have been very aggressive in responding to concerns and trends identified in examinations, and this has resulted in the increased issuance of enforcement actions to financial institutions requiring action to address credit quality, liquidity and risk management and capital adequacy, as well as other safety and soundness concerns.

Through its authority under the Emergency Economic Stabilization Act of 2008 (the “EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (the “ARRA”), the U.S. Treasury (the “Treasury”) implemented the Capital Purchase Program under the Treasury’s Troubled Asset Relief Program (the “CPP”), a program designed to

bolster eligible healthy institutions by injecting capital into these institutions. We participated in the CPP so that we could continue to lend and support our current and prospective clients, especially during this unstable economic environment. Under the terms of our participation, we issued \$67 million of our Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock") and a warrant to purchase common stock and thereby became subject to various requirements, including certain restrictions on paying dividends on our common stock and repurchasing our equity securities, unless the Treasury has consented. Additionally, in order to participate in the CPP, we were required to adopt certain standards for executive compensation and corporate governance. Upon the merger with Center Financial, the \$55 million of Fixed Rate Cumulative Perpetual Preferred Stock, Series A that Center Financial issued to the Treasury pursuant to the CPP was converted into a new series of BBCN Preferred Stock, designated as Fixed Rate Cumulative Perpetual Stock, Series B, having substantially the same

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rights, preferences, privileges and voting powers as Center Financial's Series A Preferred Stock. In June 2012, we redeemed \$67 million and \$55 million of the aforementioned Series A and B Preferred Stock, respectively, that was issued under the CPP.

Bank Holding Company Regulation

BBCN Bancorp is registered as a bank holding company pursuant to the Bank Holding Company Act ("BHCA") and that capacity is subject to supervision and examination by the FRB and its authority to:

- Require periodic reports and such additional information as the FRB may require;
- Require bank holding companies to maintain regulatory specified levels of capital, which may be increased for individual holding companies if deemed appropriate by the FRB (See "Capital Requirements");
- Require that bank holding companies serve as a source of financial and managerial strength to subsidiary banks and commit resources as necessary to support each subsidiary bank;
- Restrict the ability of bank holding companies to obtain dividends or other distributions from their subsidiary banks;
- Terminate an activity or terminate control of or liquidate or divest subsidiaries, affiliates or investments if the FRB determines the activity or the control of the subsidiary or affiliate constitutes a significant risk to the financial safety, soundness or stability of any bank subsidiary;
- Require prior approval of senior executive officer or director changes;
- Regulate provisions of certain bank holding company debt and require prior approval to purchase or redeem securities in certain situations; and
- Approve or disapprove acquisitions and mergers with banks and consider competitive, management, financial or other factors in granting these approvals, in addition to similar federal, California or other state banking agency approvals which may also be required.

The FRB's view is that, in serving as a source of strength to its subsidiary banks, a bank holding company should stand ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity and should maintain financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. A bank holding company's failure to meet its source-of-strength obligations may constitute an unsafe and unsound practice or a violation of the FRB's regulations, or both. The source-of-strength doctrine most directly affects bank holding companies where a bank holding company's subsidiary bank fails to maintain adequate capital levels. In such a situation, the subsidiary bank will be required by the bank's federal regulator to take "prompt corrective action." See "Prompt Corrective Action" below.

Subject to prior notice or FRB approval, bank holding companies may generally engage in, or acquire shares of companies engaged in, activities determined by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Bank holding companies which elect and retain "financial holding company" status pursuant to the Gramm-Leach-Bliley Act of 1999 ("GLBA") may engage without prior FRB approval in these nonbanking activities and broader securities, insurance, merchant banking and other activities that are determined by the FRB, in consultation with the Treasury, to be "financial in nature" or are incidental or complementary to activities that are financial in nature. In order to elect and retain financial holding company status, all depository institution subsidiaries of a bank holding company must be well capitalized, well managed, and, except in limited circumstances, be in satisfactory compliance with the Community Reinvestment Act ("CRA"), which requires banks to help meet the credit needs of the communities in which they operate. Failure to maintain compliance with these requirements or correct any non-compliance within a fixed time period could lead to required divestiture of subsidiary banks or a requirement to conform all of the holding company's activities to those permissible for a bank holding company. BBCN Bancorp has not elected financial holding company status.

Securities Exchange Act of 1934

BBCN Bancorp's common stock is publicly held and listed on the NASDAQ Global Select Market, and BBCN Bancorp is subject to the periodic reporting, information, proxy solicitation, insider trading, corporate governance and other requirements and restrictions of the Securities Exchange Act of 1934 and the regulations of the SEC promulgated hereunder and the NASDAQ listing requirements.

Sarbanes-Oxley Act

BBCN Bancorp is subject to the accounting oversight and corporate governance requirements of the Sarbanes-Oxley Act of 2002, which, among other things, requires executive certification of financial presentations, increased requirements for board audit committees and their members, and enhanced disclosure of controls and procedures and internal control over financial reporting.

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Dodd-Frank Act

As required by the Dodd-Frank Act, the FDIC adopted a new Deposit Insurance Fund ("DIF") restoration plan which became effective on January 1, 2011. Among other things, the plan: (1) raises the minimum designated reserve ratio, which the FDIC is required to set each year, to 1.35 percent (from the former minimum of 1.15 percent) and removes the upper limit on the designated reserve ratio (which was formerly capped at 1.5 percent) and consequently on the size of the fund; (2) requires that the fund reserve ratio reach 1.35 percent by September 30, 2020 (rather than 1.15 percent by the end of 2016, as formerly required); (3) requires that, in setting assessments, the FDIC offset the effect of requiring that the reserve ratio reach 1.35 percent by September 30, 2020, rather than 1.15 percent by the end of 2016 on insured depository institutions with total consolidated assets of less than \$10 billion; (4) eliminates the requirement that the FDIC provide dividends from the fund when the reserve ratio is between 1.35 percent and 1.5 percent; and (5) continues the FDIC's authority to declare dividends when the reserve ratio at the end of a calendar year is at least 1.5 percent, but grants the FDIC sole discretion in determining whether to suspend or limit the declaration or payment of dividends. The Federal Deposit Insurance Act continues to require that the FDIC's Board of Directors consider the appropriate level for the designated reserve ratio annually and, if changing the designated reserve ratio, engage in notice-and-comment rule making before the beginning of the calendar year. The FDIC has set a long-term goal of getting its reserve ratio up to 2% of insured deposits by 2027.

On February 7, 2011, the FDIC approved a final rule, as mandated by the Dodd-Frank Act, changing the deposit insurance assessment system from one that is based on total domestic deposits to one that is based on average consolidated total assets minus average tangible equity. In addition, the final rule creates a scorecard-based assessment system for larger banks (those with more than \$10 billion in assets) and suspends dividend payments if the DIF reserve ratio exceeds 1.5 percent, but provides for decreasing assessment rates when the DIF reserve ratio reaches certain thresholds. Larger insured depository institutions will likely pay higher assessments to the DIF than under the old system. Additionally, the final rule includes a new adjustment for depository institution debt whereby an institution would pay an additional premium equal to 50 basis points on every dollar of long-term, unsecured debt held as an asset that was issued by another insured depository institution (excluding debt guaranteed under the FDIC's Temporary Liquidity Guarantee Program) to the extent that all such debt exceeds 3 percent of the other insured depository institution's Tier 1 capital.

Many aspects of the Dodd-Frank Act, which address a wide variety of banking activities other than deposit insurance, are subject to rule making and will take effect over several years, making it difficult to anticipate the overall financial impact on us, our customers or the financial industry more generally. Provisions in the legislation that affect deposit insurance assessments, payment of interest on demand deposits, and interchange fees could increase the costs associated with deposits as well as place limitations on certain revenues that those deposits may generate.

Bank Regulation

BBCN Bank is subject to regulation, supervision, and regular examination by the DFI and the FDIC. In addition, while the Bank is not a member of the Federal Reserve System, the Bank is subject to certain regulations of the FRB. Federal and state laws and regulations which are specifically applicable to banks regulate, among other things, the scope of their business, their investments, their reserves against deposits, the timing of the availability of deposited funds, their activities relating to dividends, investments, loans, the nature and amount of and collateral for certain loans, borrowings, capital requirements, certain check-clearing activities, branching, and mergers and acquisitions. California banks are also subject to FRB Regulation O, and Federal Reserve Act Sections 23A and 23B and FRB Regulation W, which restrict or limit loans or extensions of credit to "insiders", including officers, directors and principal shareholders, and loans or extension of credit by banks to affiliates or purchases of assets from affiliates, including parent bank holding companies, except pursuant to certain limits and exceptions and only on terms and conditions at least as favorable as those prevailing for comparable transactions with unaffiliated parties.

The federal and California regulatory structure gives the bank regulatory agencies extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate allowances for loan losses for regulatory purposes. The regulatory agencies have adopted guidelines to assist in identifying and addressing potential safety and soundness

concerns. The guidelines establish operational and managerial standards generally relating to: (1) internal controls, information systems, and internal audit systems; (2) loan documentation; (3) credit underwriting; (4) interest-rate risk exposure; (5) asset growth and asset quality; and (6) compensation, fees, and benefits. Further, the regulatory agencies have adopted safety and soundness guidelines for asset quality and for evaluating and monitoring earnings to ensure that earnings are sufficient for the maintenance of adequate capital and reserves. If, as a result of an examination, the DFI or the FDIC should determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of the bank's operations are unsatisfactory or that the bank or its management is violating or has violated any law or regulation, the DFI and the FDIC have authority to:

Require affirmative action to correct any conditions resulting from any violation or practice;

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Direct an increase in capital and the maintenance of higher specific minimum capital ratios, which would preclude the bank from being deemed well capitalized and restrict its ability to accept certain brokered deposits;
 Restrict the bank's growth geographically, by products and services, or by mergers and acquisitions;
 Enter into or issue informal or formal enforcement actions, including memoranda of understanding, written agreements and consent or cease and desist orders or prompt corrective action orders to take corrective action and cease unsafe and unsound practices;
 Require prior approval of senior executive officer or director changes;
 Remove officers and directors and assess civil monetary penalties; and
 Take possession of, close and liquidate the bank or appoint the FDIC as conservator or receiver under certain circumstances.

Under the California Financial Code and the Federal Deposit Insurance Act ("FDI Act"), California state chartered commercial banks may generally engage in any activity permissible for national banks. Additionally, BBCN Bank may form subsidiaries to engage in the many so-called "closely related to banking" or "nonbanking" activities commonly conducted by national banks in operating subsidiaries. Further, California banks may conduct certain "financial" activities in a subsidiary to the same extent that national banks may conduct such activities, provided the bank is and remains well capitalized, well managed and in satisfactory compliance with the CRA. BBCN Bank currently does not conduct activities in subsidiaries.

Capital Requirements

The federal banking agencies have adopted risk-based capital guidelines for bank holding companies and banks that are expected to provide a measure of capital that reflects the degree of risk associated with a banking organization's operations for both transactions reported on the balance sheet as assets, such as loans, and those recorded as off-balance sheet items, such as commitments, letters of credit and recourse arrangements. Under these capital guidelines, a banking organization is required to maintain its capital above certain minimum capital ratios, which are computed by dividing its qualifying capital by its total risk-adjusted assets and off-balance sheet items. In general, the dollar amounts of assets and certain off-balance sheet items are "risk-adjusted" and assigned to various risk categories. Qualifying capital is classified depending on the type of capital as follows:

"Tier 1 capital" consists of common equity, retained earnings, qualifying non-cumulative perpetual preferred stock, a limited amount of qualifying cumulative perpetual preferred stock and minority interests in the equity accounts of consolidated subsidiaries (including trust-preferred securities), less goodwill and certain other intangible assets. In determining bank holding company compliance with holding company level capital requirements, qualifying Tier 1 capital may consist of trust-preferred securities, subject to certain criteria and quantitative limits for inclusion of restricted core capital elements in Tier 1 capital.

"Tier 2 capital" includes, among other things, hybrid capital instruments, perpetual debt, mandatory convertible debt securities, qualifying term subordinated debt, preferred stock that does not qualify as Tier 1 capital, and a limited amount of allowance for loan and lease losses.

"Tier 3 capital" consists of qualifying unsecured subordinated debt.

Under the capital guidelines, there currently are three fundamental capital ratios: a total risk-based capital ratio, a Tier 1 risk-based capital ratio and a Tier 1 leverage ratio. To be deemed "well capitalized" a bank must have a total risk-based capital ratio, a Tier 1 risk-based capital ratio and a Tier 1 leverage ratio of at least 10%, 6% and 5%, respectively. At December 31, 2012, the respective capital ratios of BBCN Bancorp and BBCN Bank exceeded the minimum percentage requirements to be deemed "well-capitalized." Further information is provided in the schedule in Note 14 of Notes to Consolidated Financial Statements.

Pursuant to federal regulations, banks must maintain capital levels commensurate with the level of risk to which they are exposed, including the volume and severity of problem loans. The federal banking agencies may change existing capital guidelines or adopt new capital guidelines in the future and have required many banks and bank holding companies subject to enforcement actions to maintain capital ratios in excess of the minimum ratios otherwise required to be deemed well capitalized, in which case institutions may no longer be deemed well capitalized and may therefore be subject to restrictions on taking brokered deposits.

BBCN Bancorp and BBCN Bank are required by the U.S. bank regulatory agencies to also maintain a leverage capital ratio designed to supplement the risk-based capital guidelines. Banks and bank holding companies that have received the highest rating of the five categories used by regulators to rate banks and that are not anticipating or experiencing any significant growth must maintain a ratio of Tier 1 capital (net of all intangibles) to average total assets of at least 3%. All other institutions

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are required to maintain a leverage ratio of at least 100 to 200 basis points above the 3% minimum, for a minimum of 4% to 5%. As of December 31, 2012, BBCN Bancorp and BBCN Bank's leverage capital ratios were 14.9% and 14.5%, respectively, exceeding regulatory minimums.

The current risk-based capital guidelines are based upon the 1988 capital accord of the Basel Committee on Banking Supervision, a committee of central banks and bank supervisors and regulators from the major industrialized countries that develops broad policy guidelines for use by each country's supervisors in determining the supervisory policies they apply. In December 2010, the Basel Committee published an agreement among its member country bank regulatory authorities to establish a new set of capital and other standards for major banking institutions, commonly referred to as Basel III. Under these standards, when fully phased in on January 1, 2019, banking institutions will be required to maintain a heightened Common Equity Tier 1 capital ratio, Tier 1 capital ratio, and Total capital ratio. Common Equity Tier 1 capital ratio and Tier 1 capital ratio requirements will be phased in incrementally between January 1, 2013 and January 1, 2015; the deductions from common equity made in calculating Common Equity Tier 1 capital ratio will be phased in incrementally over a four-year period commencing on January 1, 2014; and the capital conservation buffer will be phased in incrementally between January 1, 2016 and January 1, 2019. Under proposed implementing regulations issued by the United States federal banking regulatory agencies in June 2012, which have not yet been finally adopted, the current bank capital standards would be revised to a requirement consisting of four fully phased-in minimum capital ratios, including (1) a ratio of Common Equity Tier 1 capital to risk-weighted assets of 4.5%, (2) a Tier 1 capital to risk-weighted assets of 6.0%, (3) a Total capital to risk-weighted assets of 8% and (4) a "leverage ratio" of Tier 1 capital (with certain deductions) to average consolidated assets of 4%. For this purpose, Common equity Tier 1 capital will consist of common stock and related surplus. Total Tier 1 capital will include non-cumulative perpetual preferred stock. The rule proposal would also change the capital standards set forth in the capital category definitions used in the prompt corrective action regulations discussed below to refer to the new capital ratios and increasing the levels of capital required to be considered "well capitalized" under those regulations.

Prompt Corrective Action

The federal banking agencies have issued regulations pursuant to the FDI Act defining five categories in which an insured depository institution will be assigned, based on the level of its capital ratios: well-capitalized, adequately-capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. A bank that may otherwise meet the minimum requirements to be classified as well-capitalized, adequately capitalized, or undercapitalized may be treated instead as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment. Under the prompt corrective action regulations, the subsidiary bank will be required to submit to its federal regulator a capital restoration plan and to comply with the plan. Each parent company that controls the subsidiary bank will be required to provide assurances of compliance by the bank with the capital restoration plan. However, the aggregate liability of such parent companies will not exceed the lesser of (i) 5% of the bank's total assets at the time it became undercapitalized and (ii) the amount necessary to bring the bank into compliance with the plan. Failure to restore capital under a capital restoration plan can result in the bank's being placed into receivership if it becomes critically undercapitalized. A bank subject to prompt corrective action also may affect its parent bank holding company in other ways. These include possible restrictions or prohibitions on dividends to the parent bank holding company by the bank; subordinated debt payments to the parent; and other transactions between the bank and the holding company. In addition, the regulators may impose restrictions on the ability of the holding company itself to pay dividends; require divestiture of holding company affiliates that pose a significant risk to the bank; or require divestiture of the undercapitalized subsidiary bank. At each successive lower-capital category, an insured bank may be subject, at the agencies' discretion, to more restrictions under the agencies' prompt corrective action regulations, including restrictions on the bank's activities.

Deposit Insurance

The FDIC is an independent federal agency that insures deposits of federally insured banks and savings institutions, up to prescribed statutory limits for each depositor, through the DIF and safeguards the safety and soundness of the banking and savings industries. The FDIC insures our customer deposits. The Dodd-Frank Act permanently raised the

standard maximum deposit insurance amount to \$250,000. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the Dodd-Frank Act that provides temporary unlimited deposit insurance coverage for non-interest bearing accounts from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

The amount of FDIC assessments paid by each DIF member institution is based on its relative risk of default as measured by regulatory capital ratios and other supervisory factors. Since 2008, there have been higher levels of bank failures which has dramatically increased resolution costs of the FDIC and depleted the DIF. In order to maintain a strong funding position and restore reserve ratios of the DIF, the FDIC has increased assessment rates of insured institutions and may continue to do so in the future. As of December 31, 2012, the Bank's assessment rate averaged 5 cents per \$100 in assessable deposits. On

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November 12, 2009, the FDIC adopted a requirement for institutions to prepay in 2009 their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012.

We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures or if the FDIC otherwise determines, we may be required to pay even higher FDIC premiums than the recently increased levels. These announced increases and any future increases in FDIC insurance premiums may have a material and adverse affect on our earnings. Further, all FDIC-insured institutions are required to pay assessments to the FDIC to fund interest payments on bonds issued by the Financing Corporation ("FICO"), an agency of the Federal government established to recapitalize the predecessor to the DIF. The FICO assessment rates, which are determined quarterly, averaged 0.015% of insured deposits in fiscal 2012. These assessments will continue until the FICO bonds mature in 2017.

The FDIC has redefined its deposit insurance premium assessment base to be an institution's average consolidated total assets minus average tangible equity as required by the Dodd-Frank Act and revised deposit insurance assessment rate schedules in light of the changes to the assessment base. The proposed rate schedule and other revisions to the assessment rules, which were adopted by the FDIC Board of Directors on February 7, 2011, became effective April 1, 2011 and were used to calculate the assessment for 2012. Our FDIC insurance expense totaled \$2.4 million in 2012.

The FDIC may terminate a depository institution's deposit insurance upon a finding that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices that pose a risk to the DIF or that may prejudice the interest of the bank's depositors. The termination of deposit insurance for a bank would also result in the revocation of the bank's charter by the DFI.

Restrictions on Dividends and Other Capital Distributions

Under the California Financial Code, the Bank is permitted to pay dividends out of the Bank's net profits up to the lesser of retained earnings or the Bank's net income for the last three fiscal years (less any distributions made to shareholders during such period), or with the prior written approval of the DFI, in an amount not exceeding the greatest of (i) the Bank's retained earnings, (ii) its net income for the Bank's last fiscal year and (iii) the Bank's net income for its current fiscal year.

It is the FRB's policy that bank holding companies generally pay dividends on common stock only out of income available over the past year, and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition. It is also the FRB's policy that bank holding companies should not maintain dividend levels that undermine their ability to be a source of strength to their banking subsidiaries. Additionally, in consideration of the current financial and economic environment, the FRB has indicated that bank holding companies should carefully review their dividend policy and has discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong.

Operations and Consumer Compliance Laws

The Bank must comply with numerous federal anti-money laundering and consumer protection statutes and implementing regulations, including but not limited to the Truth in Savings Act, Electronic Funds Transfer Act, Expedite Funds Availability Act, the USA PATRIOT Act of 2001, the Bank Secrecy Act, the CRA, the Equal Credit Opportunity Act, the Truth in Lending Act, the National Flood Insurance Act and various other federal and state privacy protection laws. Noncompliance with these laws could subject the Bank to lawsuits and could also result in administrative penalties, including, fines and reimbursements. BBCN Bancorp and the Bank are also subject to federal and state laws prohibiting unfair or fraudulent business practices, untrue or misleading advertising and unfair competition.

These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits, making loans, collecting loans, and providing other services. Failure to comply with these laws and regulations can subject the Bank to various penalties, including but not limited to enforcement actions, injunctions, fines or criminal penalties, punitive damages to consumers, and the loss of certain contractual rights.

On November 18, 2009, the Department of Justice entered a Consent Decree (CD) in the case of the United States v. Nara Bank relating to Nara Bank's past indirect auto lending practices. Although Nara Bank exited indirect auto

lending in 2006 and BBCN Bank exited indirect auto lending as of December 1, 2011, BBCN Bank has acceded to the former Nara Bank's obligations under the CD. The CD will remain in place until the year 2013 and prescribes ongoing compliance with the provisions of the Equal Credit Opportunity Act. Given the impact the economic environment has had on consumers, Fair Lending remains a high priority of regulators.

Employees

As of December 31, 2012, we had 704 full-time equivalent employees. None of our employees are represented by a union or covered by a collective bargaining agreement. Management believes that its relations with its employees are good.

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Item 1A. RISK FACTORS

Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described below in addition to the other cautionary statements and risks described elsewhere, and the other information contained, in this Report and in our other filings with the SEC, including our subsequent reports on Forms 10-Q and 8-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs, our business, financial condition and results of operations may be seriously harmed. In that event, the market price for our common stock will likely decline.

Economic conditions in California, New York or other markets in which we operate may adversely affect our loan portfolio and reduce the demand for our services. We focus our business primarily in Korean-American communities in California, the greater New York City metropolitan area, New Jersey, Chicago, and the Seattle area. Adverse economic conditions in our market areas have had a material adverse impact on the quality of our business. A continued economic slowdown in California, New York or other markets in which we operate may have any or all of the following consequences, any of which may reduce our net income and adversely affect our financial condition:

- loan delinquencies may increase;
- problem assets and foreclosures may increase;
- the level and duration of deposits may decline;
- demand for our products and services may decline; and
- collateral for loans may decline in value below the principal amount owed by the borrower.

We have a high level of loans secured by real estate collateral. A further downturn in the real estate market may seriously impair our loan portfolio. As of December 31, 2012, approximately 74% of our loan portfolio consisted of loans secured by various types of real estate. There has been a general slowdown in the economy and declines in value in the commercial real estate market in Southern California, along with high levels of unemployment. Continued deterioration in the real estate market generally and in commercial real estate values in particular, along with high levels of unemployment, may result in additional loan charge-offs and provisions for loan losses, which may have an adverse effect on our net income and capital levels.

Our allowance for loan losses may not cover actual loan losses. If our actual loan losses exceed the amount we have allocated for estimated probable incurred losses, our business will be adversely affected. We attempt to limit the risk that borrowers will fail to repay loans by carefully underwriting our loans, but losses nevertheless occur in the ordinary course of business operations. We create allowances for estimated loan losses through provisions that are recorded as reductions in income in our accounting records. We base these allowances on estimates of the following:

- historical experience with our loans;
- evaluation of current economic conditions and other factors;
- reviews of the quality, mix and size of the overall loan portfolio;
- reviews of delinquencies; and
- the quality of the collateral underlying our loans.

If our allowance estimates are inadequate, we may incur losses, our financial condition may be materially and adversely affected and we may be required to raise additional capital to enhance our capital position. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the adequacy of our allowance. These agencies may require us to establish additional allowances based on their judgment of the information available at the time of their examinations. No assurance can be given that we will not sustain loan losses in excess of present or future levels of the allowance for loan losses.

Changes in interest rates affect our profitability. The interest rate risk inherent in our lending, investing, and deposit taking activities is a significant market risk to us and our business. We derive our income mainly from the difference or “spread” between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. In general, the wider the spread, the more net interest income we earn. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities will fluctuate. This can cause decreases in our spread and can greatly affect our income. In addition,

interest rate fluctuations can affect how much money we may be able to lend. There can be no assurance that we will be successful in minimizing the adverse effects of changes in interest rates.

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If we lose key employees, our business may suffer. There is intense competition for experienced and highly qualified personnel in the Korean-American banking industry. Our future success depends on the continued employment of existing senior management personnel. If we lose key employees temporarily or permanently, it may hurt our business. We may be particularly hurt if our key employees became employed by our competitors in the Korean-American banking industry. Effective as of the close of business on January 31, 2013, Alvin Kang stepped down from his position as President and Chief Executive Officer. The Board of Directors has established an Executive Council to carry out the responsibilities of the chief executive. We have retained an executive search firm to initiate a formal search for a new chief executive officer.

Environmental laws may force us to pay for environmental problems. The cost of cleaning up or paying damages and penalties associated with environmental problems may increase our operating expenses. When a borrower defaults on a loan secured by real property, we often purchase the property in foreclosure or accept a deed to the property surrendered by the borrower. We may also take over the management of commercial properties whose owners have defaulted on loans. We also lease premises where our branches and other facilities are located and where environmental problems may exist. Although we have lending, foreclosure and facilities guidelines that are intended to exclude properties with an unreasonable risk of contamination, hazardous substances may exist on some of the properties that we own, lease, manage or occupy. We may face the risk that environmental laws may force us to clean up the properties at our expense. The cost of cleaning up a property may exceed the value of the property. We may also be liable for pollution generated by a borrower's operations if we take a role in managing those operations after a default. We may find it difficult or impossible to sell contaminated properties.

We are exposed to the risks of natural disasters. A significant portion of our operations is concentrated in Southern California, which is an earthquake-prone region. A major earthquake may result in material loss to us. A significant percentage of our loans are and will be secured by real estate. Many of our borrowers may suffer uninsured property damage, experience interruption of their businesses or lose their jobs after an earthquake. Those borrowers might not be able to repay their loans, and the collateral for such loans may decline significantly in value. Unlike a bank with operations that are more geographically diversified, we are vulnerable to greater losses if an earthquake, fire, flood or other natural catastrophe occurs in Southern California.

An increase in non-performing assets would reduce our income and increase our expenses. If the level of non-performing assets increases in the future, it may adversely affect our operating results and financial condition.

Non-performing assets are mainly loans on which the borrowers are not making their required payments.

Non-performing assets also include loans that have been restructured to permit the borrower to make payments and real estate that has been acquired through foreclosure or deed in lieu of foreclosure of unpaid loans. To the extent that assets are non-performing, we have less earning assets generating interest income and an increase in credit related expenses, including provisions for loan losses.

We may experience adverse effects from acquisitions. We have acquired other banking companies and bank offices in the past and consider additional acquisitions as opportunities arise. If we do not adequately address the financial and operational risks associated with acquisitions of other companies, we may incur material unexpected costs and disruption of our business. Acquisitions may increase the degree of such risks.

Risks involved in acquisitions of other companies include:

- the risk of failure adequately to evaluate the asset quality of the acquired company;
- difficulty in assimilating the operations, technology and personnel of the acquired company;
- diversion of management's attention from other important business activities;
- difficulty in maintaining good relations with the loan and deposit customers of the acquired company;
- inability to maintain uniform standards, controls, procedures and policies;
- potentially dilutive issuances of equity securities or the incurrence of debt and contingent liabilities; and
- amortization of expenses related to acquired intangible assets that have finite lives.

Liquidity risks may impair our ability to fund operations and jeopardize our financial condition. Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans, and other sources may have a material adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities

may be impaired by factors that affect us specifically or the financial services industry in general. Factors that may detrimentally impact our access to liquidity sources include a decrease in the level of our business activity due to a market downturn or adverse regulatory action against us. Our ability to acquire deposits or borrow may also be impaired by factors that are not specific to us, such as a severe disruption of the financial markets or negative views and expectations about the prospects for the banking industry or the general financial services industry as a whole.

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Increases in the level of our problem assets, occurrence of operating losses or a failure to comply with requirements of the agencies which regulate us may result in regulatory actions against us which may adversely affect our business and the market price of our common stock. The DFI, the FDIC and the FRB each have authority to take actions to require that we comply with applicable regulatory capital requirements, cease engaging in what they perceive to be unsafe or unsound practices or make other changes in our business. Among others, the corrective measures that such regulatory authorities may take include requiring us to enter into informal or formal agreements regarding our operations, the issuance of cease and desist orders to refrain from engaging in unsafe and unsound practices, removal of officers and directors and the assessment of civil monetary penalties. See “Item 1. Business – Supervision and Regulation” for a further description of such regulatory powers.

Increased deposit insurance costs may adversely affect our results of operations. Due to the greatly increased rate of bank failures experienced in the current period of financial stress, as well as the extraordinary programs in which the FDIC has been involved to support the banking industry generally, the FDIC’s Deposit Insurance Fund has been substantially reduced and the FDIC has incurred substantially increased operating costs. For these reasons, the FDIC has significantly increased the rates of deposit insurance premiums that it charges insured banks, including BBCN Bank, which has increased our costs of operation. Additional increases in the deposit insurance premium rates of the FDIC or other increases in costs related to deposit insurance may be imposed, which may result in further increases in BBCN Bank’s operating costs.

Changes in accounting standards may affect how we record and report our financial condition and results of operations. Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time, the Financial Accounting Standards Board and SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes and their impacts on us can be hard to predict and may result in unexpected and materially adverse impacts on our reported financial condition and results of operations.

We are subject to operational risks relating to our technology and information systems. The continued efficacy of our technology and information systems, related operational infrastructure and relationships with third party vendors in our ongoing operations is integral to our performance. Failure of any of these resources, including but not limited to operational or systems failures, interruptions of client service operations and ineffectiveness of or interruption in third party data processing or other vendor support, may cause material disruptions in our business, impairment of customer relations and exposure to liability for our customers, as well as action by bank regulatory authorities.

Our business reputation is important and any damage to it may have a material adverse effect on our business. Our reputation is very important for our business, as we rely on our relationships with our current, former and potential clients and stockholders, and in the communities we serve. Any damage to our reputation, whether arising from regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with SEC and exchange listing requirements, negative publicity, our conduct of our business or otherwise may have a material adverse effect on our business.

As we expand outside our California markets, we may encounter additional risks that may adversely affect us. Currently, the majority of our offices are located in California, but we also have seven offices in New York and New Jersey. We also have banking offices in Chicago and the Seattle area. Our recently closed acquisition of PIB will bring our branch total in the Seattle area to six. Over time, we may seek to establish offices to serve Korean-American communities in other parts of the United States as well. In the course of these expansion activities, we may encounter significant risks, including unfamiliarity with the characteristics and business dynamics of new markets, increased marketing and administrative expenses and operational difficulties arising from our efforts to attract business in new markets, manage operations in noncontiguous geographic markets, comply with local laws and regulations and effectively and consistently manage our non-California personnel and business. If we are unable to manage these risks, our operations may be adversely affected.

Adverse conditions in South Korea may adversely affect our business. A substantial number of our customers have economic and cultural ties to South Korea and, as a result, we are likely to feel the effects of adverse economic and political conditions there. If economic conditions in South Korea deteriorate, we may, among other things, be exposed

to economic and transfer risk, and may experience an outflow of deposits by our customers with connections to South Korea. Transfer risk may result when an entity is unable to obtain the foreign exchange needed to meet its obligations or to provide liquidity. This may adversely impact the recoverability of investments in or loans made to such entities. Adverse economic conditions in South Korea may also negatively impact asset values and the profitability and liquidity of our customers who operate in this region.

Our use of appraisals in deciding whether to make loans secured by real property does not ensure that the value of the real property collateral will be sufficient to repay our loans. In considering whether to make a loan secured by real property, we require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made and requires the exercise of a considerable degree of judgment and adherence to professional standards. If the appraisal does not accurately reflect the amount that may be obtained upon sale or foreclosure of the property, whether due to a decline in property value after the date of the original appraisal or defective preparation of the appraisal, we may not realize an amount equal to the indebtedness secured by the property and as a result, we may suffer losses.

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Changes in governmental regulation may impair our operations or restrict our growth. Federal and state bank regulatory agencies regulate many aspects of our operations. These areas include:

- the capital that we must maintain;
- the dividends that we may pay;
- the kinds of activities that we may engage in;
- the compensation that we may pay;
- the kinds and amounts of investments that we can make;
- the locations of our offices;
- how much interest we can pay on demand deposits;
- insurance of deposits and the premiums that we must pay for this insurance; and
- how much cash we must set aside as reserves for deposits.

The governmental supervision and regulations to which we are subject, which are intended primarily for the protection of depositors rather than our stockholders, may be changed at any time, and the interpretation of these statutes and regulations by examining authorities may also change. Within the last several years, Congress and the federal bank regulatory authorities have made significant changes to these statutes and regulations. There can be no assurance that such changes to the statutes and regulations or in their interpretation will not adversely affect our business. BBCN Bank is subject to regulation and examination by the DFI and the FDIC and BBCN Bancorp is subject to the rules and regulations of the FRB. In addition to governmental supervision and regulation, BBCN Bank and BBCN Bancorp are subject to changes in other federal and state laws, including changes in tax laws, which may materially affect the banking industry. If we fail to comply with federal and state bank regulations, the regulators may limit our activities or growth, fine us or force the bank into receivership.

Implementation of the various provisions of the Dodd-Frank Act may increase our operating costs or otherwise have a material effect on our business, financial condition or results of operations. The Dodd-Frank Act includes, among other things: (i) the creation of a Financial Services Oversight Council to identify emerging systemic risks and improve interagency cooperation; (ii) the creation of a Consumer Financial Protection Bureau authorized to promulgate and enforce consumer protection regulations relating to financial products that would affect banks and non-bank finance companies; (iii) the establishment of new capital and prudential standards for banks and bank holding companies, including the elimination, with exceptions for banking organizations having assets of less than \$10 billion, of the ability to treat trust preferred securities as Tier 1 capital; (iv) enhanced regulation of financial markets, including the derivatives, securitization and mortgage origination markets; (v) the elimination of proprietary trading and private equity investment activities by banks; (vi) the elimination of barriers to de novo interstate branching by banks; (vii) permanent establishment of the previously implemented temporary increase of FDIC deposit insurance to \$250,000 per insured account; (viii) the authorization of interest-bearing transaction accounts and (ix) changes in the calculation of FDIC deposit insurance assessments and an increase in the minimum designated reserve ratio for the DIF.

Certain provisions of the legislation are not immediately effective or are subject to required studies and implementing regulations. Further, community banks with less than \$10 billion in assets (less than \$15 billion with respect to trust preferred securities) are exempt from certain provisions of the legislation. We cannot predict how this significant new legislation may be interpreted and enforced nor how implementing regulations and supervisory policies may affect us. There can be no assurance that these or future reforms will not significantly increase our compliance or operating costs or otherwise have a significant impact on our business, financial condition and results of operations.

Our stock price may be volatile, which may result in substantial losses for our stockholders. The market price of our common stock may be subject to fluctuations in response to a number of factors, including:

- issuing new equity securities;
- the amount of our common stock outstanding and the trading volume of our stock;
- actual or anticipated changes in our future financial performance;
- changes in financial performance estimates of us or by securities analysts;

competitive developments, including announcements by us or our competitors of new products or services or acquisitions, strategic partnerships, joint ventures or capital commitments;
the operating and stock performance of our competitors;
changes in interest rates;
changes in key personnel;

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- changes in economic conditions that affect the Bank's performance; and
- changes in legislation or regulations that affect the Bank.

We may raise additional capital, which could have a dilutive effect on the existing holders of our common stock and adversely affect the market price of our common stock. We periodically evaluate opportunities to access capital markets, taking into account our financial condition, regulatory capital ratios, business strategies, anticipated asset growth and other relevant considerations. It is possible that future acquisitions, organic growth or changes in regulatory capital requirements could require us to increase the amount or change the composition of our current capital, including our common equity. For all of these reasons, and subject to market conditions, we may issue additional shares of common stock or other capital securities in public or private transactions.

The issuance of additional common stock or securities convertible into or exchangeable for our common stock or that represent the right to receive common stock, or the exercise of such securities, could be substantially dilutive to holders of our common stock, including purchasers of common stock in this offering. Holders of our common stock have no preemptive or other rights that would entitle them to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in dilution of the ownership interests of our stockholders.

We had suspended declaration and payment of dividends on our common stock. Our ability to declare and pay dividends in the future, as well as the ability of the Bank to make dividend payments to us, will be subject to regulatory, statutory and other restrictions. In March, 2009, we announced the suspension of our prior policy of paying quarterly dividends in order to preserve capital and to provide us with increased flexibility to invest in our business. Until November 2011, we were also subject to special regulatory limitations on the payment of dividends under resolutions adopted by the boards of directors of Nara Bancorp and Nara Bank after consultation with the DFI and the FRB. Our board of directors reinstated our quarterly dividend beginning in the fourth quarter of 2012. There can be no assurance, however, that we will continue payment of regular cash dividends. Our ability to pay dividends at that time will be subject to statutory and other limitations applicable to us or to the Bank.

Our results of operations or financial condition could be adversely affected as a result of future impairment of our intangible assets. At December 31, 2012, we had \$89.9 million of goodwill. Future acquisitions could result in increases in the amount of our goodwill or other intangible assets. We assess the carrying value of intangible assets, including goodwill, at least annually in order to determine whether such assets are impaired. We make a qualitative assessment of whether it is more likely than not that the fair value of goodwill or other intangible assets is less than its carrying amount.

If we fail to maintain an effective system of internal controls and disclosure controls and procedures, we may not be able to accurately report our financial results or prevent fraud. Effective internal controls and disclosure controls and procedures are necessary for us to provide reliable financial reports and disclosures to stockholders, to prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports and disclosures or prevent fraud, our business may be adversely affected and our reputation and operating results would be harmed. Any failure to develop or maintain effective internal controls and disclosure controls and procedures or difficulties encountered in their implementation may also result in regulatory enforcement action against us, adversely affect our operating results or cause us to fail to meet our reporting obligations.

Item 1B. Unresolved Staff Comments.
None.

Item 2. PROPERTIES

Our principal executive offices are located at 3731 Wilshire Blvd., Suite 1000, Los Angeles, California 90010. As of December 31, 2012, we operated full-service branches at 38 leased operations and 2 owned facilities operations, and we operated Loan Production Offices at 5 leased operations. Expiration dates of our leases range from January 2013 to November 2027. The two owned facilities, the Olympic and Western branches, had carrying values (including land

value) of \$4.4 million and \$5.0 million, respectively, at December 31, 2012. We believe our present facilities are adequate for our current needs.

As of December 31, 2012, premises and equipment, net of accumulated depreciation and amortization, totaled \$22.6 million. Total occupancy expense, including furniture and equipment expense for the year ended December 31, 2012, was \$21.3 million. Total lease expense for the year ended December 31, 2012 was \$9.0 million.

Item 3. LEGAL PROCEEDINGS

The Company has received communications from the Small Business Administration ("SBA") asserting that the SBA is entitled to receive from BBCN a portion of the amounts to be paid to BBCN by the FDIC in respect of SBA loans that are covered by the FDIC loss share agreements. The amounts claimed by the SBA with respect to covered SBA loans are based on

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the SBA's guarantee percentage of the individual covered loans referred to in the communications. An aggregate of \$55 million of SBA loans were subject to the loss share agreements at inception; however, to date the SBA has only requested monies related to two loans BBCN disagrees with the SBA's position. The discussions with the SBA regarding this matter are at an early stage and BBCN is not presently able to determine the probable outcome. We are involved in routine litigation incidental to our business, none of which is expected to have a material adverse effect on us.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

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Part II

Item MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND
5. ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NASDAQ Global Select Market under the symbol "BBCN."

The following table sets forth, the range of high and low sales prices for, and quarterly dividend paid on our common stock for the calendar quarters indicated.

Quarters ended:	High Sales Price	Low Sales Price	Dividends
December 31, 2012	\$12.89	\$10.62	\$0.05
September 30, 2012	\$13.21	\$10.62	\$—
June 30, 2012	\$11.55	\$9.98	\$—
March 31, 2012	\$11.59	\$9.26	\$—
December 31, 2011	\$10.18	\$5.57	\$—
September 30, 2011	\$8.67	\$5.86	\$—
June 30, 2011	\$10.08	\$6.75	\$—
March 31, 2011	\$10.75	\$9.15	\$—

The closing price for our common stock on the NASDAQ Global Select Market on February 26, 2013 was \$12.39 per share.

BBCN Bancorp's ability to pay dividends is subject to restrictions set forth in the Delaware General Corporation Law. The Delaware General Corporation Law provides that a Delaware corporation may pay dividends either (i) out of the corporation's surplus (as defined by Delaware law), or (ii) if there is no surplus, out of the corporation's net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. In addition, the payment of dividends by BBCN Bancorp is subject to review and possible limitation by the FRB under its authority as regulator of bank holding companies. In general, the FRB discourages the payment of dividends on common stock in amounts exceeding a holding company's net income available to common stockholders for the four quarters preceding a dividend payment. If we defer interest on the subordinated debentures issued in connection with our trust preferred securities, BBCN Bancorp would also be prohibited from paying any dividends on our common stock or preferred stock until BBCN Bancorp is current on its interest payments.

BBCN Bancorp's ability to pay cash dividends in the future will depend in large part on the ability of the Bank to pay dividends on its capital stock to BBCN Bancorp. The ability of the Bank to declare a cash dividend to BBCN Bancorp is subject to compliance with its minimum capital requirements and, additional limitations under California law and regulations.

The applicable statutory and regulatory limitations on the declaration and payment of dividends are further described in "Item 1. Business – Supervision and Regulation."

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in Column (a) (c)
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Equity compensation plans approved by security holders	797.181	\$ 16.70	2,638.549
Equity compensation plans not approved by security holders	—	—	—
Total	797.181	\$ 16.70	2,638.549

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Stock Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return (stock price appreciation plus reinvested dividends) on the common stock of the Company with (i) the cumulative total return of the NASDAQ Composite Index, (ii) the cumulative total return of the S&P Small Cap 600 Index, (iii) a published index comprised of banks and thrifts selected by SNL Financial LLC, and (iv) the cumulative total return of the S&P 500 Index. The graph assumes an initial investment of \$100 and reinvestment of dividends. Points on the graph represent the performance as of the last business day of each of the years indicated. The graph is not necessarily indicative of future price performance.

The following graph does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any filing by BBCN Bancorp under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we may specifically incorporate this graph by reference.

COMPARATIVE CUMULATIVE TOTAL RETURN

AMONG BBCN BANCORP, NASDAQ MARKET INDEX, S&P SMALLCAP 600 INDEX,
SNL BANK & THRIFT INDEX AND, S&P 500 INDEX

ASSUMES \$100 INVESTED ON DEC. 31, 2007

ASSUMES DIVIDENDS REINVESTED

FISCAL YEAR ENDING DEC. 31, 2012

Index	Period Ending					
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
BBCN Bancorp, Inc.	100.00	85.04	98.10	85.25	81.75	100.51
NASDAQ Composite	100.00	60.02	87.24	103.08	102.26	120.42
S&P 600 Index	100.00	68.92	86.54	109.31	110.42	128.45
SNL Bank and Thrift	100.00	57.51	56.74	63.34	49.25	66.14
S&P 500	100.00	63.00	79.68	91.68	93.61	108.59

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Item 6. SELECTED FINANCIAL DATA

The following table presents selected financial and other data of the Company as of and for each of the years in the five-year period ended December 31, 2012. The information below should be read in conjunction with, and is qualified in its entirety by: the more detailed information included elsewhere herein, including our Audited Consolidated Financial Statements and Notes thereto.

	For The Year Ended December 31,					
	2012	2011	2010	2009	2008	
	(Dollars in thousands, except share and per share data)					
Income Statement Data:						
Interest income	\$267,885	\$161,895	\$150,436	\$158,045	\$166,928	
Interest expense	29,647	32,077	42,052	65,699	70,707	
Net interest income	238,238	129,818	108,384	92,346	96,221	
Provision for loan losses	19,104	27,939	84,630	61,023	48,825	
Net interest income after provision for loan losses	219,134	101,879	23,754	31,323	47,396	
Non-interest income	39,390	23,130	24,481	18,468	13,993	
Non-interest expense	120,891	82,234	63,374	61,713	57,009	
Income before income tax provision (benefit)	137,633	42,775	(15,139)	(11,922)	4,380	
Income tax provision (benefit)	54,410	15,660	(7,900)	(6,199)	1,625	
Net income (loss)	\$83,223	\$27,115	\$(7,239)	\$(5,723)	\$2,755	
Dividends and discount accretion on preferred stock	(5,640)	(4,568)	(4,291)	(4,276)	(474)	)
Net income (loss) available to common stockholders	\$77,583	\$22,547	\$(11,530)	\$(9,999)	\$2,281	
Per Common Share Data:						
Earnings (loss)—basic	\$0.99	\$0.53	\$(0.30)	\$(0.35)	\$0.09	
Earnings (loss)—diluted	0.99	0.53	(0.30)	(0.35)	0.09	
Book value (period end, excluding preferred stock and warrants)	9.62	8.64	7.69	7.99	8.49	
Cash dividends declared per common share	0.05	—	—	—	0.11	
Number of common shares outstanding (period end)	78,041,511	77,984,252	37,983,027	37,824,007	26,246,560	
Balance Sheet Data—At Period End:						
Assets	\$5,640,661	\$5,166,604	\$2,963,296	\$3,227,957	\$2,672,054	
Securities available for sale and held to maturity	704,403	740,920	528,262	782,690	406,586	
Gross loans, net of unearned loan fees and discounts(excludes loans held for sale)	4,296,252	3,738,826	2,147,745	2,221,433	2,119,354	
Deposits	4,384,035	3,940,892	2,176,114	2,434,190	1,938,603	
Federal Home Loan Bank borrowings	420,722	344,402	350,000	350,000	350,000	

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Subordinated debentures	41,846	52,102	39,268	39,268	39,268	
Stockholders' equity	751,104	795,939	358,563	367,975	289,953	
Average Balance Sheet Data:						
Assets	\$5,228,557	\$3,168,124	\$3,007,294	\$3,038,969	\$2,544,667	
Securities available for sale	694,719	520,460	516,460	619,594	298,886	
Gross loans, including loans held for sale	3,974,626	2,352,253	2,173,840	2,124,615	2,089,803	
Deposits	3,989,401	2,360,786	2,213,940	2,291,346	1,855,629	
Stockholders' equity	775,718	414,768	364,159	304,770	238,800	
Selected Performance Ratios:						
Return on average assets ⁽¹⁾	1.59	% 0.86	% (0.24	)% (0.19	)% 0.11	%
Return on average stockholders' equity ⁽²⁾	10.73	% 6.54	% (1.99	)% (1.88	)% 1.15	%
Average stockholders' equity to average assets	14.84	% 13.09	% 12.11	% 10.03	% 9.38	%

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Dividend payout ratio (Dividends per share/earnings per share)	5.05	% 0.00	% 0.00	% 0.00	% 122.22	%
Net interest spread ⁽³⁾	4.59	% 3.92	% 3.35	% 2.64	% 3.22	%
Net interest margin ⁽⁴⁾	4.88	% 4.29	% 3.75	% 3.15	% 3.96	%
Yield on interest-earning assets ⁽⁵⁾	5.48	% 5.35	% 5.21	% 5.39	% 6.87	%
Cost of interest-bearing liabilities ⁽⁶⁾	0.89	% 1.43	% 1.86	% 2.75	% 3.65	%
Efficiency ratio ⁽⁷⁾	43.54	% 53.77	% 47.70	% 55.69	% 51.73	%
For The Year Ended December 31,						
	2012	2011	2010	2009	2008	
(Dollars in thousands)						
Regulatory Capital Ratios:						
Bancorp: Leverage	12.76	% 19.81	% 12.61	% 12.36	% 12.61	%
Tier 1 risk-based	14.91	% 18.15	% 16.42	% 16.73	% 14.32	%
Total risk-based	16.16	% 19.41	% 17.69	% 17.99	% 15.58	%
Bank: Leverage	12.38	% 18.13	% 12.27	% 11.77	% 12.43	%
Tier I risk-based	14.47	% 16.62	% 16.00	% 16.02	% 14.10	%
Total risk-based	15.73	% 17.88	% 17.27	% 17.29	% 15.34	%
Asset Quality Data:						
Nonaccrual loans	\$29,653	\$32,291	\$43,803	\$51,674	\$37,580	
Loans 90 days or more past due and still accruing ⁽⁸⁾	17,742	23,885	—	—	—	
Restructured loans (accruing)	29,849	18,776	35,103	64,341	3,256	
Total non-performing loans ⁽⁹⁾	77,244	74,952	78,906	116,015	40,836	
Other real estate owned	2,698	7,624	1,581	2,044	2,969	
Total non-performing assets	\$79,942	\$82,576	\$80,487	\$118,059	\$43,805	
Asset Quality Ratios:						
Nonaccrual loans to gross loans	0.69	% 0.86	% 2.04	% 2.33	% 1.77	%
Non-performing loans to gross loans	1.80	% 2.00	% 3.67	% 5.22	% 1.93	%
Non-performing assets to total assets	1.55	% 1.60	% 2.72	% 3.66	% 1.64	%
Non-performing assets to gross loans and OREO	1.86	% 2.20	% 3.74	% 5.31	% 2.06	%
Allowance for loan losses to gross loans	1.56	% 1.66	% 2.90	% 2.68	% 2.05	%
Allowance for loan losses to nonaccrual loans	225.75	% 191.86	% 142.27	% 115.00	% 115.54	%
Allowance for loan losses to non-performing loans	86.66	% 82.66	% 78.98	% 51.22	% 106.33	%
Allowance for loan losses to non-performing assets	83.74	% 75.02	% 77.43	% 50.33	% 99.12	%
	0.36	% 1.20	% 3.76	% 2.12	% 1.22	%

Net charge-offs to average
gross loans

- (1) Net income (loss) divided by the average assets
- (2) Net income (loss) divided by the average stockholders' equity
- (3) Difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities
- (4) Net interest income expressed as a percentage of average interest-earning assets
- (5) Interest income divided by the average interest-earning assets
- (6) Interest expense divided by the average interest-bearing liabilities
- (7) Non-interest expense divided by the sum of net interest income plus non-interest income

Acquired loans that were originally recorded at fair value upon acquisitions. These loans are considered to be accruing as we can reasonably estimate future cash flows on acquired loans and we expect to fully collect the carrying value of these loans. Therefore, we are accreting the difference between the carrying value of these loans and their expected cash flows.

Non-performing loans include portions of certain loans that are guaranteed by the SBA and state agencies. The total guaranteed portions of non-performing loans were \$3.6 million and \$2.2 million during the years ended December 31, 2012 and 2011, respectively. The guaranteed portions of non-performing loans were immaterial for years ended December 31, 2010, 2009, and 2008.

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Item 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis of our financial condition and results of operations together with our Consolidated Financial Statements and accompanying notes presented elsewhere in this Report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under Item 1A "Risk Factors" and elsewhere in this Report.

Overview

BBCN Bancorp, Inc., formerly named Nara Bancorp, Inc., is a bank holding company headquartered in Los Angeles, California. BBCN Bank, formerly named Nara Bank, opened for business in June 1989 under the name "United Citizens National Bank" as a national banking association, was renamed "Nara Bank, National Association" in January 1994 and, in January 2005, became "Nara Bank" upon converting to a California state-chartered bank in connection with its holding company reorganization transaction. On November 30, 2011, we merged with Center Financial Corporation ("Center Financial" or "Center") in a merger of equals transaction. Concurrently with the merger, Nara Bancorp changed its name to "BBCN Bancorp, Inc." At the bank level, Nara Bank merged into Center Bank, and concurrently with the merger, Center Bank changed its name to "BBCN Bank."

We offer a full range of commercial banking and consumer deposit products through BBCN Bank, a California state-chartered bank. BBCN Bank primarily focuses its business in Korean-American communities in California, in the New York City metropolitan area, and New Jersey. Our November 2011 merger with Center Financial allowed us to expand our organization by adding banking operations in Chicago and Seattle and strengthen our strategic position in California. We now have 40 banking offices in California, the New York metropolitan area, New Jersey, Chicago and Seattle and five loan production offices located in the Atlanta, Dallas, Seattle, Northern California and Denver markets. We offer our banking services through our network of banking offices and loan production offices to our customers who typically are small- to medium-sized businesses in our market areas. We accept deposits and originate a variety of loans including commercial business loans, commercial real estate loans, trade finance and SBA loans. We have discontinued origination of consumer loans, but continue to service such loans in our portfolio. Effective December 1, 2011, upon the merger with Center, we resumed originating direct auto loans and started issuing credit cards.

Through the merger with Center Financial, we acquired Center Bank's 21 full-service branch offices, 18 of which are located in California, as well as two Loan Production Offices in Seattle and Denver. Under the terms of the merger agreement, Center Financial shareholders received 0.7805 shares of Company common stock in exchange for each share of common stock of Center Financial, resulting in our issuance of approximately 31.2 million shares of Company common stock, with a merger date fair value of \$292 million.

The merger was accounted for as an acquisition of Center Financial by Nara Bancorp in accordance with the acquisition method of accounting as detailed in Accounting Standards Codification ("ASC") 805, Business Combination. 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. This process is heavily reliant on measuring and estimating the fair values of all the assets and liabilities of the acquired entity. We engaged a third party valuation specialist to assist us in determining the fair value of Center's loan portfolio, time deposits, servicing assets, FDIC loss share receivable, debt, investments in affordable housing partnerships and operating leases. Additionally, the firm was asked to assist in the determination of the value of the intangible asset associated with the core deposit intangibles. Goodwill of \$88.0 million was recorded, which is equal to the excess of the consideration transferred over the fair value of identifiable net assets acquired in connection with the merger. See Note 2 of Notes to the Consolidated Financial Statements for more detailed information on the Center merger.

Our principal business involves earning interest on loans and investment securities that are funded by customer deposits and other borrowings. Our operating income and net income are derived primarily from the difference

between interest income received from interest-earning assets and interest expense paid on interest-bearing liabilities and, to a lesser extent, from fees received in connection with servicing loan and deposit accounts and income from the sale of SBA loans. Our major expenses are the interest we pay on deposits and borrowings, provisions for loan losses and general operating expenses, which primarily consist of salaries and employee benefits and occupancy costs. Interest rates are highly sensitive to many factors that are beyond our control, such as changes in the national economy and in the related monetary policies of the Board of Governors of the Federal Reserve System, inflation, unemployment, consumer spending and political events. We cannot predict the impact that these factors and future changes in domestic and foreign economic and political conditions might have on our performance. We have a significant business and geographic concentration in the Korean-American communities in California, the New York City metropolitan area, New Jersey, Washington, and Chicago and our results are affected by economic conditions in

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these areas and in South Korea. A further decline in economic and business conditions in our market areas and in South Korea may have some impact on the quality of our loan portfolio or the demand for our products and services, which in turn may have some adverse effect on our results of operations.

On November 4, 2011, the DFI and the FRB notified the Company that they would not object to termination by the boards of directors of the Company and the Bank of the resolutions previously adopted by the respective boards at the request of such bank regulatory authorities. The resolutions, which provided among other things for submission to the DFI and the FRB of plans for improvements in the operations of the Company and the Bank and that neither company would declare dividends without regulatory approval, have now been terminated since their objectives have been accomplished.

Critical Accounting Policies

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and general practices within the banking industry. The financial information contained within these statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred. All of our significant accounting policies are described in Note 1 of our Consolidated Financial Statements presented elsewhere herein and are essential to understanding Management's Discussion and Analysis of Financial Condition and Results of Operations. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The following is a summary of the more judgmental and complex accounting estimates and principles affecting the financial condition and results reported in our financial statements. In each area, we have identified the variables we believe to be the most important in the estimation process. We use the best information available to us to make the estimations necessary to value the related assets and liabilities in each of these areas.

Investment Securities

The fair values of investment securities are generally determined by quoted market prices obtained from independent external brokers or or external pricing services providers who have experience in valuing these securities. We perform a monthly analysis on the broker quotes received from third parties to assess whether the prices represent a reasonable estimate of the fair value. The procedures include, but are not limited to, initial and on-going review of third party pricing methodologies as well as independent auditors' reports from the third party regarding its controls over valuation of financial instruments, review of pricing trends, and monitoring of trading volumes. We also compare the market prices obtained from one source to another reputable independent external brokers or independent external pricing service providers for the reasonableness of the initial market prices obtained on a quarterly basis. We did not adjust any of the prices provided to us by the independent pricing services at December 31, 2012 or 2011.

We evaluate securities for other-than-temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the financial condition and near-term prospects of the issuer; the length of time and the extent to which the fair value has been less than cost, and our intention to sell, or whether it is more likely than not that we will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. In analyzing an issuer's financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. We do not believe that we had any investment securities available for sale with unrealized losses that would be deemed to be "other-than-temporarily" impaired as of December 31, 2012. Investment securities are discussed in more detail under "Financial Condition—Investment Securities Portfolios" below.

Allowance for Loan Losses

Accounting for the allowance for loan losses involves significant judgments and assumptions by management, which has a material impact on the carrying value of net loans. The judgments and assumptions used by management are based on historical data and management's analysis of other qualitative factors, including the current economic environment as described under "Financial Condition—Allowance for Loan Losses" below.

Acquired Loans

Loans that we acquired are recorded at fair value with no carryover of the related allowance for loan losses. We considered all classified and criticized loans as credit impaired loans ("Credit Impaired Loans") under the provisions of Accounting Standards Codification ("ASC") 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality resulting from the Center Financial merger. Pass graded loans acquired from Center Financial and pass graded loans from the FDIC assisted Innovative Bank acquisition ("Performing Loans") were not accounted for under ASC 310-30. The Performing Loans were placed in pools with similar risk characteristics and were recorded at fair value at the merger date. Management

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will periodically reassess the net realizable value of each loan pool and record interest income resulting from the accretion of the purchase discount in accordance with ASC 310-20.

Credit Impaired Loans

In accordance with ASC 310-30, Credit Impaired Loans acquired from Center were aggregated into pools based on individually evaluated common risk characteristics (including whether the loans were currently in nonperforming status) and expected cash flows were estimated on a pool basis. A pool was accounted for as a single asset with a single interest rate, cumulative loss rate and cash flow expectation. We aggregated all of Credit Impaired Loans into 17 different pools. A loan will be removed from a pool of loans only if the loan is sold or foreclosed, assets are received in satisfaction of the loan, or the loan is written off, and will be removed from the pool at its carrying value. The cash flows expected to be received over the life of the pool were estimated by management with the assistance of a third party valuation specialist. These cash flows were utilized in calculating the carrying values of the pools and underlying loans, book yields, effective interest income and impairment, if any, based on actual and projected events. Default rates, loss severity, and prepayment speeds assumptions will be periodically reassessed and updated within the accounting model to update the expectation of future cash flows. The excess of the cash expected to be collected over the pool's carrying value is considered to be the accretable yield and is recognized as interest income over the estimated life of the loan or pool using the effective interest yield method. The accretable yield will change due to changes in the timing and amounts of expected cash flows. Changes in the accretable yield will be disclosed quarterly. The excess of the contractual balances due over the cash flows expected to be collected is considered to be nonaccretable difference. The nonaccretable difference represents our estimate of the credit losses expected to occur and was considered in determining the fair value of the loans as of the merger date. Subsequent to the merger date, any increases in expected cash flows over those expected at purchase date in excess of fair value are adjusted through the accretable difference on a prospective basis. Any subsequent decreases in expected cash flows over those expected at the merger date are recognized by recording a provision for loan losses.

Credit Impaired Loans that met the criteria for nonaccrual of interest prior to the merger may be considered performing upon merger, regardless of whether the customer is contractually delinquent, if we can reasonably estimate the timing and amount of the expected cash flows on such loans and if we expect to collect the new carrying value of the loans in full. As such, we may no longer consider the loan to be nonaccrual or nonperforming and may accrue interest on these loans, including the impact of any accretable discount. We have determined that we can reasonably estimate future cash flows on any such acquired loans that are past due 90 days or more and on which we are accruing interest and we expect to fully collect the carrying value of the loans.

FDIC Loss Share Receivable

In conjunction with the FDIC-assisted acquisition of Innovative Bank by Center Financial in 2010, Center Bank entered into shared-loss agreements with the FDIC for amounts receivable covered by the shared-loss agreements. At the date of merger with Center Financial, consistent with Center Financial's accounting treatment, we elected to account for amounts receivable under the loss sharing agreement with the FDIC as FDIC loss share receivable in accordance with ASC 805. The FDIC loss share receivable was recorded at fair value, based on the discounted value of expected future cash flows under the loss sharing agreement. The cash flows expected to be received under the loss sharing agreement were estimated by management with the assistance of a third party valuation specialist. The difference between the present value and the undiscounted cash flows we expect to collect from the FDIC will be accreted into other income over the life of the FDIC loss share receivable.

The FDIC loss share receivable is reviewed quarterly and adjusted for any changes in expected cash flows based on recent performance and expectations for future performance of the covered portfolio. These adjustments are measured on the same basis as the related covered loans and covered other real estate owned. Any increases in the cash flows of the covered assets over those expected will reduce the FDIC loss share receivable and any decreases in cash flows of the covered assets under those expected will increase the FDIC loss share receivable. Increase and decrease to the FDIC loss share receivable are recorded as adjustments to other income.

Goodwill

We test goodwill for impairment annually. Before applying the two-step goodwill impairment test, in accordance with ASU 2011-08, Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment, we make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If we conclude that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we do not perform the two-step impairment test. Goodwill is also tested for impairment on an interim basis if circumstances change or an event occurs between annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Significant judgment is applied when goodwill is assessed for impairment. This judgment includes developing cash

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flow projections, selecting appropriate discount rates, identifying relevant market comparables, incorporating general economic and market conditions and selecting an appropriate control premium. The selection and weighting of the various fair value techniques may result in a higher or lower fair value. Judgment is applied in determining the weighting that is most representative of fair value. Based on our qualitative assessment, we were not required to perform the two-step impairment test as of December 31, 2012.

Income Taxes

The provision for income taxes is based on income reported for financial statement purposes, and differs from the amount of taxes currently payable, since certain income and expense items are reported for financial statement purposes in different periods than those for tax reporting purposes. Taxes are discussed in more detail in Note 9 to our Consolidated Financial Statements presented elsewhere herein. Accrued taxes represent the net estimated amount due or to be received from taxing authorities. In estimating accrued taxes, we assess the relative merits and risks of the appropriate tax treatment of transactions taking into account statutory, judicial, and regulatory guidance in the context of our tax position. We account for income taxes using the asset and liability approach, the objective of which is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. In assessing the realization of deferred tax assets, management evaluates both positive and negative evidence, including the existence of any cumulative losses in the current year and the prior two years, the amount of taxes paid in available carry-back years, the forecasts of future income and taxable income, applicable tax planning strategies, and assessments of current and future economic and business conditions. This analysis is updated quarterly and adjusted as necessary.

Section 382 of the Internal Revenue Code imposes limitations on a corporation's ability to use any net unrealized built in losses and other tax attributes, such as net operating loss and tax credit carryforwards, when it undergoes a 50% "ownership change" over a designated testing period (not to exceed three years). As a result of the merger on November 30, 2011, both Nara Bancorp and Center Financial underwent a greater than 50% ownership change. There is expected to be no limitation on the use of either company's tax attributes, because as of November 30, 2011 both companies had net unrealized built in gains, rather than net unrealized built in losses. However, future transactions, such as issuances of common stock or sales of shares of our stock by certain holders of our shares, including persons who have held, currently hold or may accumulate in the future 5% or more of our outstanding common stock for their own account, could trigger future Section 382 limitations on the Company's use of tax attributes.

Results of Operations

General

Our most significant source of income is net interest income, which is the difference between our interest income and our interest expense. Generally, interest income is generated from the loans we extend to our customers and investments, and interest expense is generated from interest-bearing deposits our customers have with us and borrowings that we may have, such as Federal Home Loan Bank of San Francisco borrowings and subordinated debentures. Our ability to generate profitable levels of net interest income is largely dependent on our ability to manage the levels of interest earning assets and interest-bearing liabilities, and the rates received or paid on them, as well as our ability to maintain sound asset quality and appropriate levels of capital and liquidity. As mentioned above, interest income and interest expense may fluctuate based on factors beyond our control, such as economic or political conditions.

We attempt to minimize the effect of interest rate fluctuations on net interest margin by monitoring our interest-sensitive assets and our interest-sensitive liabilities. Net interest income can be affected by a change in the composition of assets and liabilities, such as replacing higher yielding loans with a like amount of lower yielding investment securities. Changes in the level of nonaccrual loans and changes in volume and interest rates can also affect net interest income. Volume changes are caused by differences in the level of interest-earning assets and

interest-bearing liabilities. Interest rate changes result from differences in yields earned on assets and rates paid on liabilities.

The other significant source of our income is non-interest income, including service charges and fees on deposit accounts, loan servicing fees, fees from trade finance activities and the issuance of letters of credit, and net gains on sale of loans that were held for sale and investment securities available for sale. Our non-interest income can be reduced by net losses on sales of other real estate owned and charges for other than temporary impairment on investment securities and derivative instruments.

In addition to interest expense, our income is impacted by provisions for loan losses, and non-interest expenses, primarily salaries and benefits and occupancy expense.

Table of Contents**Net Income**

Our net income (loss) available to common stockholders was \$77.6 million for 2012 compared to \$22.5 million for 2011 and (\$11.5) million for 2010. Our earnings (loss) per common share based on fully diluted shares were \$0.99, \$0.53 and (\$0.30) for 2012, 2011 and 2010, respectively. The return on average assets was 1.59%, 0.86% and (0.24)% and the return on average stockholders' equity was 10.73%, 6.54% and (1.99)%.

The increase in earnings for 2012 compared to 2011 was primarily due to an increase in net interest income, a decrease in the provision for loan losses, and an increase in non-interest income which were partially offset by increases in non-interest expense and the income tax provision. The increase in earnings for 2011 compared to 2010 was primarily due to decreases in the provision for loan losses and an increase in net interest income due to the higher level of interest earning assets following the merger which were partially offset by increases in non-interest expense and the income tax provision.

Operations Summary

	Year Ended December 31,							
		Increase (Decrease)				Increase (Decrease)		
(Dollars in thousands)	2012	Amount	%	2011	Amount	%	2010	
Interest income	\$267,885	\$105,990	65	% \$161,895	\$11,459	8	% \$150,436	
Interest expense	29,647	(2,430)	(8)%	32,077	(9,975)	(24)%	42,052	
Net interest income	238,238	108,420	84	% 129,818	21,434	20	% 108,384	
Provision for loan losses	19,104	(8,835)	(32)%	27,939	(56,691)	(67)%	84,630	
Non-interest income	39,390	16,260	70	% 23,130	(1,351)	(6)%	24,481	
Non-interest expense	120,891	38,657	47	% 82,234	18,860	30	% 63,374	
Income before income tax provision	137,633	94,858	222	% 42,775	57,914	(383)%	(15,139)	
Income tax provision	54,410	38,750	247	% 15,660	23,560	(298)%	(7,900)	
Net income	\$83,223	\$56,108	207	% \$27,115	\$34,354	(475)%	\$(7,239)	

Net Interest Margin and Net Interest Rate Spread

We analyze our earnings performance using, among other measures, the net interest spread and net interest margin. The net interest spread represents the difference between the weighted average yield earned on interest-earning assets and average rate paid on interest-bearing liabilities. Net interest income, when expressed as a percentage of average total interest-earning assets, is referred to as the net interest margin. Our net interest margin is affected by changes in the yields earned on assets and rates paid on liabilities, as well as the ratio of the amounts of interest-earning assets to interest-bearing liabilities.

Interest rates charged on our loans are affected principally by the demand for such loans, the supply of money available for lending purposes, and other competitive factors. These factors are in turn affected by general economic conditions and other factors including those beyond our control, such as federal economic policies, the general supply of money in the economy, legislative tax policies, governmental budgetary matters, and the actions of the Federal Reserve Board. The table below presents the weighted average yield on each category of interest-earning assets, the average rate paid on each category of interest-bearing liabilities, and the resulting net interest spread and net interest margin for each year in the three-year period ended December 31, 2012.

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Average Balance Sheet and Analysis of Net Interest Income

Year Ended December 31,

2012

2011

2010

Average
BalanceInterest
Income/
ExpenseAverage
Yield/
RateAverage
BalanceInterest
Income/
ExpenseAverage
Yield/
RateAverage
BalanceInterest
Income/
ExpenseAverage
Yield/
Rate

(Dollars in thousands)

INTEREST-EARNING

ASSETS:

Loans ⁽¹⁾⁽²⁾⁽³⁾	\$3,974,626	\$250,583	6.30 %	\$2,352,253	\$145,554	6.19 %	\$2,173,840	\$134,390	6.18 %
Securities ⁽³⁾	694,719	16,480	2.37 %	520,460	15,501	2.98 %	516,460	15,141	2.93 %
Other investments	205,743	744	0.36 %	148,339	812	0.55 %	192,459	856	0.44 %
Federal funds sold	11,342	78	0.68 %	3,469	28	0.81 %	6,082	49	0.81 %
Total interest-earning assets	4,886,430	267,885	5.48 %	3,024,521	161,895	5.35 %	2,888,841	150,436	5.21 %
Non-interest earning assets:									
Cash and due from bank	74,605			48,632			29,844		
Premises and equipment, net	21,894			11,036			11,082		
Accrued interest receivable	12,029			9,381			9,560		
Intangible assets	93,564			11,207			3,312		
Other assets	140,035			63,347			64,655		
Total non-interest earning assets	342,127			143,603			118,453		
Total assets	\$5,228,557			\$3,168,124			\$3,007,294		

INTEREST-BEARING

LIABILITIES:

Deposits:

Demand, interest-bearing	\$1,191,548	7,566	0.63 %	\$751,783	6,322	0.84 %	\$608,051	6,374	1.05 %
Savings	187,301	3,364	1.80 %	130,568	2,945	2.26 %	135,008	3,274	2.43 %
Time certificates	1,543,550	10,425	0.68 %	1,002,780	10,978	1.09 %	1,118,383	18,234	1.63 %
FHLB advances	374,938	6,229	1.66 %	314,216	9,774	3.11 %	353,384	12,099	3.42 %
Other borrowings	44,535	2,064	4.56 %	44,971	2,058	4.58 %	42,895	2,071	4.83 %
Total interest-bearing liabilities	3,341,872	29,648	0.89 %	2,244,318	32,077	1.43 %	2,257,721	42,052	1.86 %
Non-interest bearing liabilities and equity									
Demand deposits	1,072,631			475,655			352,498		
Other liabilities	38,336			33,383			32,916		

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Stockholders' equity	775,718	414,768	364,159
Total liabilities and stockholders' equity	\$5,228,557	\$3,168,124	\$3,007,294
NET INTEREST INCOME AND YIELD:			
Net interest income	\$238,237	\$129,818	\$108,384
Net interest margin	4.88 %	4.29 %	3.75 %
Net interest margin, excluding non-accrual interest	4.90 %	4.31 %	3.80 %
Net interest margin, excluding non-accrual interest and loan prepayment fee income	4.88 %	4.29 %	3.78 %
Net interest spread ⁽⁴⁾	4.59 %	3.92 %	3.35 %
Net interest spread ⁽⁵⁾	4.81 %	4.17 %	3.60 %
Cost of funds ⁽⁶⁾	0.67 %	1.18 %	1.61 %

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(1) Interest income on loans includes amortization of loan fees, prepayment fees received on loan pay-offs, and accretion of discount on acquired loans from Center. See the table below for detail. The average balance of loans is net of deferred loan fees.

Year ended December 31,	Loan Fees	Deferred (Fees) cost	Loan prepayment fee income	Non-accrual Loan Income (expense)	Accretion of discount on acquired loans from Center
	(In Thousands)				
2012	\$2,171	\$2,086	\$(746)	\$(998)	\$23,253
2011	2,173	(2,744)	487	(368)	2,429
2010	1,855	(2,261)	525	(1,415)	—

(2) Average balances of loans are net of deferred loan fees and costs and include non-accrual loans and loans held for sale.

(3) Interest income and yields are not presented on a tax-equivalent basis.

(4) Interest on interest-earning assets minus interest on interest-bearing liabilities

(5) Interest on interest-earning assets minus interest on interest-bearing liabilities and non-interest bearing deposits

(6) Interest on interest-bearing liabilities and non-interest bearing deposits

	Year Ended December 31, 2012 compared to 2011			2011 compared to 2010		
	Net Increase (Decrease) (In thousands)	Change due to Rate	Volume	Net Increase (Decrease)	Change due to Rate	Volume
INTEREST INCOME:						
Interest and fees on loans	\$105,029	\$2,644	\$102,385	\$11,164	\$116	\$11,048
Interest on other investments	(68)	(334)	266	(44)	175	(219)
Interest on securities	979	(3,570)	4,549	360	242	118
Interest on federal funds sold	50	(5)	55	(21)	—	(21)
TOTAL INTEREST INCOME	\$105,990	\$(1,265)	\$107,255	\$11,459	\$533	\$10,926
INTEREST EXPENSE:						
Interest on demand deposits	\$1,243	\$(1,855)	\$3,098	\$(52)	\$(1,396)	\$1,344
Interest on savings	419	(689)	1,108	(329)	(224)	(105)
Interest on time certificates of deposit	(553)	(5,082)	4,529	(7,256)	(5,519)	(1,737)
Interest on FHLB	(3,545)	(5,208)	1,663	(2,325)	(1,051)	(1,274)
Interest on other borrowings	6	21	(15)	(13)	(111)	98
TOTAL INTEREST EXPENSE	\$(2,430)	\$(12,813)	\$10,383	\$(9,975)	\$(8,301)	\$(1,674)
NET INTEREST INCOME	\$108,420	\$11,548	\$96,872	\$21,434	\$8,834	\$12,600

Net Interest Income and Net Interest Margin

Net interest income was \$238.2 million for 2012, compared to \$129.8 million for 2011 and \$108.4 million for 2010. The net interest margin was 4.88% for 2012 compared to 4.29% for 2011 and 3.75% for 2010. Interest income reversed for non-accrual loans (net of income recognized) was \$998 thousand for 2012, compared to \$368 thousand for 2011 and \$1.4 million for 2010. Excluding this effect, the net interest margin for 2012, 2011 and 2010 was 4.90%, 4.31% and 3.80%, respectively.

Comparison of 2012 with 2011

Net interest income increased \$108.4 million, or 84%, during 2012. The increase in net interest income was primarily attributable to an improvement in the net interest margin and a full year of net interest income following the merger with Center. Net interest income for the year ended December 31, 2012, also included approximately \$23.5 million of additional loan interest income resulting from the accretion of the loan discount on acquired loans. The cost of deposits decreased during

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2012 due to the decrease in the rates paid on certificates of deposit upon renewal as well as a favorable shift in the mix of deposits,

Comparison of 2011 with 2010

Net interest income increased \$21.4 million, or 20%, during 2011. The increase in net interest income was primarily attributable to an improvement in the net interest margin and one month of net interest income following the merger with Center. Net interest income for the year ended December 31, 2011, also included approximately \$2.4 million of additional loan interest income resulting from the December 2011 accretion of the loan discount on acquired loans. The cost of deposits decreased during 2011 due to the decrease in the rates paid on certificates of deposit upon renewal as well as a favorable shift in the mix of deposits following the merger.

Interest Income

Interest income was \$267.9 million for 2012, compared to \$161.9 million for 2011 and \$150.4 million for 2010. The yield on average interest-earning assets was 5.48% for 2012, compared to 5.35% for 2011 and 5.21% for 2010.

Comparison of 2012 with 2011

The increase in interest income of \$106.0 million, or 65%, for 2012 compared to 2011 was primarily due to the increase in average interest earning assets as a result of the net growth in loans receivable. The weighted average yield on investment securities for 2012 decreased due to \$184 million in available-for-sale securities purchased during 2012, yielding 1.98% compared to \$236 million in available-for-sale securities purchased during 2011, yielding 2.57%, and \$293 million in available-for-sale securities acquired from the merger, yielding 1.86%.

Comparison of 2011 with 2010

The increase in interest income of \$11.5 million, or 8%, for 2011 compared to 2010 was primarily due to the interest income on loan acquired in the merger for the month of December 2011, which approximate \$6.9 million. The weighted average yield on investment securities for 2011 increased due to \$236 million in available-for-sale securities purchased during 2011, yielding 2.57%, and \$293 million in available-for-sale securities acquired in the merger, yielding 1.86%.

Interest Expense

Deposits

Interest expense on deposits was \$21.4 million for 2012 compared to \$20.2 million for 2011 and \$27.9 million for 2010. The average cost of total deposits was 0.54% for 2012 compared to 0.86% for 2011 and 1.26% for 2010. The average cost of interest-bearing deposits was 0.73% compared to 1.07% for 2011 and 1.50% for 2010.

Comparison of 2012 with 2011

The increase in interest expense on total deposits of \$1.1 million, or 5%, for 2012 compared to 2011 was due to the higher level of interest earning assets following the merger, a steady increase in interest bearing deposits from the addition in wholesale deposits, and a shift in the mix of deposits to time deposits. Non-interest bearing deposits accounted for 27% of total deposits at December 31, 2012, compared to 25% at December 31, 2011.

Comparison of 2011 with 2010

The decrease in interest expense on total deposits of \$7.6 million, or 27%, for 2011 compared to 2010 was due to the decrease in the rates paid on certificates of deposit upon renewal as well as a favorable shift in the mix of deposits following the merger. Non-interest bearing deposits accounted for 25% of total deposits at December 31, 2011, compared to 18% at December 31, 2010.

Borrowings

Borrowings include borrowings from the FHLB, the FRB, federal funds purchased and subordinated debentures. As part of our asset-liability management, we utilize FHLB borrowings to supplement our deposit source of funds. Therefore, there may be fluctuations in these balances depending on the short-term liquidity and longer-term financing needs of the Bank.

Average FHLB advances were \$374.9 million in 2012, compared to \$314.2 million in 2011 and \$353.4 million in 2010. Interest expense on FHLB borrowings was \$6.2 million in 2012, compared to \$9.8 million for 2011 and \$12.1

million for 2010. The average cost of FHLB advances was 1.66% for 2012, compared to 3.11% for 2011 and 3.42% for 2010. The decrease in the average cost of FHLB advances in 2012 was primarily due to the replacement of maturing borrowings with lower rate advances.

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The average cost of other borrowings, including subordinated debentures and secured borrowings, was 4.56% for 2012, compared to 4.58% for 2011 and 4.83% for 2010. The decrease in the average cost of other borrowings decreased two basis points despite an increase in the average 3-month LIBOR, to which all but one of our issues of subordinated debentures are tied. For 2012, the 3-month LIBOR average was 0.43%, compared to 0.34% and 0.34% for 2011 and 2010, respectively. The increases in average cost due to the change in LIBOR were offset by a decrease in the amount of secured borrowings during the year. Interest expense on secured borrowings was \$0 for 2012, compared to \$152 thousand for 2011 and \$220 thousand for 2010. Interest expense on subordinated debentures was \$2.1 million for 2012, compared to \$1.9 million for 2011 and \$1.9 million for 2010.

Provision for Loan Losses

The provision for loan losses reflects our judgment of the current period cost associated with credit risk inherent in our loan portfolio. The loan loss provision for each period is dependent upon many factors, including loan growth, net charge-offs, changes in the composition of the loan portfolio, delinquencies, assessments by management, third parties' and regulators' examination of the loan portfolio, the value of the underlying collateral on problem loans and the general economic conditions in our market areas. Specifically, the provision for loan losses represents the amount charged against current period earnings to achieve an allowance for loan losses that, in our judgment, is adequate to absorb probable incurred losses inherent in our loan portfolio. Periodic fluctuations in the provision for loan losses result from management's assessment of the adequacy of the allowance for loan losses; however, actual loan losses may vary in material respects from current estimates. If the allowance for loan losses is inadequate, we may be required to record additional loan loss provision, which may have a material adverse effect on our financial condition.

Comparison of 2012 with 2011

The provision for loan losses was \$19.1 million for 2012, a decrease of \$8.8 million, or 32%, from \$27.9 million for 2011. The reduction in the the provision for loan losses reflects a decrease in net charge offs, which decreased to \$14.1 million for 2012, compared to \$28.3 million for 2011.

Comparison of 2011 with 2010

The provision for loan losses was \$27.9 million for 2011, a decrease of \$56.7 million, or 67%, from \$84.6 million for 2010. The reduction in the the provision for loan losses reflects a decrease in net charge offs, which decreased to \$28.3 million for 2011, compared to \$81.7 million for 2010.

See "Financial Condition—Allowance for Loan Losses" for a description of our methodology for determining the allowance for loan losses.

Non-interest Income

Non-interest income was \$39.4 million for 2012, compared to \$23.1 million for 2011 and \$24.5 million for 2010.

Comparison of 2012 with 2011

The increase in non-interest income for 2012 over 2011 primarily reflected increases in service charges on deposit accounts, loan servicing fees, and other income and fees.

Service charges on deposit accounts increased \$6.1 million, or 96% to \$12.5 million in 2012 from \$6.4 million in 2011 primarily due to increases of \$3.3 million in non-sufficient funds charges and \$2.4 million in service charges on business analysis checking accounts which reflected a full twelve months of the combined operations of Nara and Center during 2012 compared to only one month of combined operations during 2011.

Loan servicing fees increased \$2.6 million, or 168% to \$4.1 million in 2012 from \$1.5 million in 2011. Loan servicing fees are comprised mainly of servicing fee income on SBA loans which increased by \$3.2 million during year due to the merger and sales of SBA loans.

Other income and fees, which includes losses on sales of fixed assets, earnings on bank owned life insurance, and other miscellaneous fee income increased \$3.2 million, or 138% to \$5.5 million in 2012 from \$2.3 million in 2011. The increase was primarily due to an increase in Debit Card Pass Rebate of \$734 thousand and an increase of \$571 thousand on earnings on bank owned life insurance. The remaining increase was from minor fluctuations in other miscellaneous income and fee accounts.

Comparison of 2011 with 2010

Net gains on sales of SBA loans increased \$6.0 million, or 425%, to \$7.4 million in 2011 from \$1.4 million in 2010. Total SBA loan originations during 2011 increased \$41.8 million, or 77% to \$96.4 million compared to \$54.6 million for 2010 due to the continued improvement of the SBA secondary market. Sales of SBA loans for 2011 were \$71.1 million compared to \$27.4 million for 2010. The increase reflected higher levels of SBA loan production and sales. Of the net gains of \$7.4 million, \$1.2

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million was due to recognition of deferred gains from sales of \$11.9 million in SBA loans during 2010. Other loans sold in 2011 and 2010 were \$28.1 million and \$77.2 million, respectively.

Net gains on sales of securities available-for-sale decreased \$5.1 million, or 80%, to \$1.3 million for 2011 from \$6.4 million for 2010. A total of \$138.2 million in available-for-sale investment securities were sold in December 2011 as part of the rebalancing of duration and mix of the investment securities portfolio, and purchased replacement investment securities with an aggregate book value of \$108.9 million.

Net gains on sales of other real estate owned ("OREO") was \$193 thousand in 2011 compared to \$605 thousand loss in 2010. We sold 12 properties during 2011 compared to 13 properties during 2010.

A breakdown of non-interest income by category is shown below:

	Year Ended December 31,					Increase (Decrease)			
(Dollars in thousands)	2012	Amount	%		2011	Amount	%		2010
Non-interest Income:									
Service charges on deposit accounts	\$ 12,466	\$ 6,096	96	%	\$ 6,370	\$(94)	(1)	%	\$ 6,464
International service fees	5,038	2,413	92	%	2,625	256	11	%	2,369
Loan servicing fees, net	4,112	2,579	168	%	1,533	(303)	(17)	%	1,836
Wire transfer fees	3,250	1,695	109	%	1,555	363	30	%	1,192
Other income and fees	5,459	3,167	138	%	2,292	374	19	%	1,918
Net gains on sales of SBA loans	8,180	826	11	%	7,354	5,954	425	%	1,400
Net gains on sales of other loans	152	119	361	%	33	(4,335)	(99)	%	4,368
Net gains on sales and calls of securities available for sale	949	(340)	(26)	%	1,289	(5,107)	(80)	%	6,396
Net gains (losses) on sales of OREO	(251)	(444)	(230)	%	193	798	(132)	%	(605)
Net valuation gains (losses) on interest rate swaps	35	149	(131)	%	(114)	743	(87)	%	(857)
Total non-interest income	\$ 39,390	\$ 16,260	70	%	\$ 23,130	\$(1,351)	(6)	%	\$ 24,481

Non-interest Expense

Non-interest expense was \$120.9 million for 2012, compared to \$82.2 million for 2011 and \$63.4 million for 2010. The increases were \$38.7 million, or 47% for 2012 as compared to 2011 and \$18.9 million, or 30% for 2011 as compared to 2010.

Comparison of 2012 with 2011

The increase in non-interest expense for 2012 over 2011 primarily reflected increases in salaries and employee benefits, occupancy expense, credit-related expense, and other expenses and was offset by a decrease in prepayment charge on retirement of debt.

Salaries and employee benefits amounted to \$56.5 million for 2012, an increase of \$24.9 million, or 79%, compared to \$31.6 million for 2011. The increase was due to an additional \$20.9 million in salary expenses we incurred for the combined operations of Nara and Center for the full twelve months in 2012 compared to only one month of combined operations in 2011, an increase in bonus expenses, and an increase in the number of full-time equivalent employees, which increased to 704 at December 31, 2012 from 678 as of December 31, 2011. Group insurance expenses

increased by \$2.5 million due to increases in premium costs, and 401(k) plan employer contributions increased by \$683 thousand.

Our occupancy expense increased \$3.8 million, or 32%, to \$15.6 million for 2012 compared to \$11.8 million for 2011. The increase is primarily due to an increase in the number of branches as a result of the merger, from 23 branches pre-merger to 40 branches as of December 31, 2012. Lease expense and other occupancy costs related to our branches increased by a total of \$2.3 million during the year. The increase in occupancy expense is also due to an increase of \$702 thousand in leasehold amortization expenses as a result of the amortization of significant leasehold improvements during 2012 and the amortization of Nara and Center leasehold improvements for the full year in 2012.

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Credit-related expense increased \$5.2 million, or 138%, to \$9.0 million for 2012 compared to \$3.8 million in 2011 primarily due to an increase of \$1.9 million and \$707 thousand in valuation expense for OREO and LHFS, respectively. Loan collection activity also increased during the year which accounted for a \$1.4 million increase in credit-related expenses.

Other expenses increased \$5.9 million, or 97%, to \$12.1 million for 2012 compared to \$6.1 million in 2011 due to an increase of \$990 thousand in CRA investment expenses, an increase of \$935 thousand in amortization of intangible assets, an increase of \$676 thousand in Director fees, and an increase of \$1.4 million in miscellaneous expenses.

Pre-payment charges on retirement of debt decreased \$5.9 million, or 138%, to \$461 thousand for 2012 compared to \$6.4 million in 2011 primarily due to a \$6.4 million prepayment charge for early retirement of FHLB advances in 2011 with no such charge in the year ended December 31, 2012.

Comparison of 2011 with 2010

The increase in non-interest expense for 2011 over 2010 primarily reflected higher costs associated with the combined operations of the former Nara and Center for one month, the \$6.4 million prepayment charge for early retirement of FHLB advances as part of a balance sheet restructuring strategy implemented during the fourth quarter of 2011, and merger and integration expenses of \$4.7 million.

Salaries and employee benefits amounted to \$31.6 million for 2011, an increase of \$6.4 million, or 25%, compared to \$25.3 million for 2010. The increase was due to an increase in the number of full-time equivalent employees, which increased to 678 at December 31, 2011 from 376 as of December 31, 2010, an increase of \$1.2 million in bonus accrual, an increase of \$773 thousand in group insurance expense due to the increase in premium costs, and an increase of \$591 thousand in 401(k) plan contributions, as we reinstated the company matching program effective January 1, 2011. The increase in FTE employee was primarily due to the inclusion of the former Center employees, which was 319 FTE at December 31, 2011. FTEs at the merger date was 712.

Our occupancy expense increased \$2.1 million, or 21%, to \$11.8 million for 2011 compared to \$9.8 million for 2010. This increase is primarily the result of the cost associated with the termination of a lease which resulted in a non-recurring one-time expense of \$1.5 million during the fourth quarter, as well as one month of expense related to the consummation of the merger, which increased the number of branches in December from 23 pre-merger to 44 post-merger.

Credit-related expense decreased \$992 thousand, or 21%, to \$3.8 million for 2011 compared to \$4.8 million in 2010. The decrease was primarily due to a lower need for collection activities during 2011.

A breakdown of non-interest expense by category is provided below:

	Year Ended December 31,							
(Dollars in thousands)	2012	Increase (Decrease)			2011	Increase (Decrease)		
		Amount	%			Amount	%	2010
Non-interest Expense:								
Salaries and employee benefits	\$56,491	\$24,862	79	%	\$31,629	\$6,368	25	% \$25,261
Occupancy	15,631	3,798	32		11,833	2,066	21	9,767
Furniture and equipment	5,663	1,630	40		4,033	493	14	3,540
Advertising and marketing	5,076	2,590	104		2,486	466	23	2,020
Data processing and communications	6,364	2,451	63		3,913	(41)	(1)	3,954
Professional fees	3,882	911	31		2,971	433	17	2,538
FDIC assessment	2,442	(1,905)	(44)	)	4,347	(621)	(13)	) 4,968
Credit related expense	9,010	5,221	138		3,789	(992)	(21)	) 4,781
Merger and integration expense	3,809	(904)	(19)	)	4,713	3,712	371	1,001
	461	(5,924)	100		6,385	6,385	100	—

Prepayment charge on
retirement of debt

Other	12,062	5,927	97	6,135	591	11	5,544
Total non-interest expense:	\$ 120,891	\$ 38,657	47	% \$ 82,234	\$ 18,860	30	% \$ 63,374

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Table of Contents**Income Tax Provision**

The provision (benefit) for income taxes for 2012 was \$54.4 million compared to \$15.7 million in 2011 and \$(7.9) million in 2010. The effective income tax (benefit) rate was 40% for 2012 compared to 37% for 2011 and (52)% for 2010. See Note 9 of Notes to Consolidated Financial Statements for more detailed information on Income taxes.

Financial Condition

Our total assets were \$5.64 billion at December 31, 2012 compared to \$5.17 billion at December 31, 2011, an increase of \$474.1 million or 9%. The increase in total assets is comprised mainly of increases in net loans receivable of \$552.4 million, loans held for sale of \$9.2 million, and cash and cash equivalents of \$12.8 million offset by decreases in term federal funds sold of \$40.0 million, securities available for sale of \$36.5 million and other assets of \$7.8 million.

Loan Portfolio

We offer various products designed to meet the credit needs of our borrowers. Our lending activities primarily consist of commercial real estate loans, commercial business loans and trade finance loans. Gross loan receivable rose by \$557.4 million to \$4.3 billion at December 31, 2012 from \$3.7 billion at December 31, 2011.

During 2012, new loans originated were \$1.1 billion compared to \$476.8 million for 2011. Loan growth remained concentrated in commercial real estate loans. The rates of interest charged on adjustable rate loans are set at specified spreads based on the prime lending rate and accordingly vary as the prime lending rate varies. Approximately 60% of our total loans were adjustable rate loans at December 31, 2012, compared to 59% at December 31, 2011.

Approximately 46% of new loan originations were fixed rate loans for 2012 compared to 36% for 2011.

With certain exceptions, we are permitted under applicable law to make unsecured loans to single borrowers (including certain related persons and entities) in aggregate amounts of up to 15% of the sum of our total capital and our allowance for loan losses (as defined for regulatory purposes) and certain capital notes and debentures issued by us (if any). As of December 31, 2012, our lending limit was approximately \$110 million per borrower for unsecured loans. For lending limit purposes, a secured loan is defined as a loan secured by collateral having a current fair value of at least 100% of the amount of the loan or extension of credit at all times and satisfying certain other requirements. In addition to unsecured loans, we are permitted to make such collateral-secured loans in an additional amount up to 10% (for a total of 25%) of our total capital and the allowance for loan losses for a total limit of \$183.8 million to one borrower. The largest aggregate amount of loans that the Bank had outstanding to any one borrower and related entities was \$39.8 million, which were performing as agreed at December 31, 2012.

The following table shows the composition of our loan portfolio by type of loan on the dates indicated:

December 31,											
(Dollars in thousands)	2012		2011		2010		2009		2008		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Loan portfolio composition:											
Real estate loans:											
Residential	\$9,247	0 %	\$2,043	0 %	\$2,263	0 %	\$4,801	0 %	\$5,280	0 %	
Commercial	3,100,466	72 %	2,631,880	70 %	1,525,687	71 %	1,597,839	72 %	1,406,068	67 %	
Construction	65,045	2 %	44,756	1 %	46,900	2 %	54,084	2 %	61,524	3 %	
Total real estate loans	3,174,758	74 %	2,678,679	71 %	1,574,850	73 %	1,656,724	75 %	1,472,872	70 %	
Commercial business	921,556	21 %	849,576	23 %	504,458	23 %	497,606	22 %	552,864	26 %	
Trade finance	152,070	4 %	146,684	4 %	57,430	3 %	51,411	2 %	66,603	3 %	

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Consumer and other	49,954	1 %	66,631	2 %	13,268	1 %	18,035	1 %	28,520	1 %
Total loans outstanding	4,298,338	100 %	3,741,570	100 %	2,150,006	100 %	2,223,776	100 %	2,120,859	100 %
Less: deferred loan fees	(2,086)		(2,744)		(2,261)		(2,343)		(1,505)	
Gross loans receivable	4,296,252		3,738,826		2,147,745		2,221,433		2,119,354	
Less: allowance for loan losses	(66,941)		(61,952)		(62,320)		(59,424)		(43,419)	
Loans receivable, net	\$4,229,311		\$3,676,874		\$2,085,425		\$2,162,009		\$2,075,935	

Real Estate Loans

Our real estate loans consist primarily of loans secured by deeds of trust on commercial real estate, including SBA loans secured by commercial real estate. It is our general policy to restrict commercial real estate loan amounts to 75% of the appraised value of the property at the time of loan funding. We offer both fixed and floating interest rate loans. The maturities

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on such loans are generally up to seven years (with payments determined on the basis of principal amortization schedules of up to 25 years and a balloon payment due at maturity). Residential real estate loans comprise less than 1% of the total loan portfolio, and are currently not being offered by the Bank. This pool of residential real estate loans is made up of loans funded in prior years that are still being serviced by the Bank. Construction loans are also a small portion of the total real estate portfolio, comprising approximately 2% of total loans outstanding. Total real estate loans, consisting primarily of commercial real estate loans, increased \$496.1 million or, 19%, to \$3.2 billion at December 31, 2012 from \$2.7 billion at December 31, 2011 primarily due to increased loan originations during the year..

Other Loans

Commercial business loans include term loans to businesses, lines of credit, trade finance facilities, and SBA loans. Business term loans are generally provided to finance business acquisitions, working capital, and/or equipment purchases. Lines of credit are generally provided to finance short-term working capital needs. Trade finance facilities are generally provided to finance import and export activities. SBA loans are provided to small businesses under the U.S. SBA guarantee program. Short-term credit facilities (payable within one year) typically provide for periodic interest payments, with principal payable at maturity. Term loans (usually 5 to 7 years) normally provide for monthly payments of both principal and interest. SBA commercial loans usually have a longer maturity (7 to 10 years). These credits are regularly reviewed on a periodic basis, and most loans are secured by business assets and/or real estate. During 2012, commercial business loans increased by \$72.0 million, or 8.5%, to \$921.6 million at December 31, 2012 from \$849.6 million at December 31, 2011 primarily due to new originations. Consumer loans comprise 1% of the total loan portfolio. Most of our consumer loan portfolio consists of automobile loans, home equity lines and loans, and signature (unsecured) lines of credit and loans. We ceased offering auto loans in February 2007 and ceased offering home equity loans in January 2008. However, upon the merger with Center, we resumed originating direct auto loans effective December 1, 2011.

We provide lines of credit to business customers usually on an annual renewal basis. We normally do not make loan commitments in material amounts for periods in excess of one year.

The following table shows our loan commitments and letters of credit outstanding at the dates indicated:

	December 31,				
(Dollars in thousands)	2012	2011	2010	2009	2008
Commitments to extend credit	\$690,917	\$458,096	\$205,752	\$198,807	\$200,170
Standby letters of credit	39,176	29,028	9,777	9,907	9,354
Other commercial letters of credit.	51,257	49,457	30,180	23,575	17,183
	\$781,350	\$536,581	\$245,709	\$232,289	\$226,707

Non-performing Assets

Non-performing assets consist of non-accrual loans, accruing loans that are 90 days or more past due, accruing restructured loans and OREO.

Loans are placed on non-accrual status when they become 90 days or more past due, unless the loan is both well-secured and in the process of collection. Loans may be placed on non-accrual status earlier if the full and timely collection of principal or interest becomes uncertain. When a loan is placed on non-accrual status, unpaid accrued interest is charged against interest income. Loans are charged off when the collection is determined unlikely. Loans are restructured when, for economic or legal reasons related to the borrower's financial difficulties, the bank grants a concession to the borrower that it would not otherwise consider. OREO consists of real estate acquired by the Bank through foreclosure or similar means, including by deed from the owner in lieu of foreclosure, and is held for sale. Non-performing assets were \$79.9 million at December 31, 2012, compared to \$82.6 million at December 31, 2011. The decrease in non-performing assets in 2012 was primarily due to a decrease of \$4.9 million in other real estate owned offset by an increase of \$2.3 million in nonperforming loans. Nonperforming loans increased due to increases

in restructured loans but offset by decreases in loans past due 90 days or more, still accruing. Loans past due 90 days or more, still accruing represent acquired loans from Center that were recorded at fair value upon acquisition. These loans are considered to be accruing as we can reasonably estimate future cash flows on these acquired loans and we expect to fully collect the carrying value of these loans. Therefore, we are accreting the difference between the carrying value of these loans and their expected cash flows.

The amount of additional interest income that the Bank would have recorded in 2012, 2011 and 2010, if non-accrual loans had been current in accordance with their original contracted terms, was \$1.5 million, \$1.9 million and \$2.3 million, respectively. The following table illustrates the composition of non-performing assets as of the dates indicated:

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		December 31,			
(Dollars in thousands)	2012	2011	2010	2009	2008
Nonaccrual loans	\$29,653	\$32,291	\$43,803	\$51,674	\$37,580
Loans past due 90 days or more, still accruing	17,742	23,885	—	—	—
Restructured loans	29,849	18,776	35,103	64,341	3,256
Total non-performing loans	\$77,244	\$74,952	\$78,906	\$116,015	\$40,836
Other real estate owned	2,698	7,624	1,581	2,044	2,969
Total non-performing assets	\$79,942	\$82,576	\$80,487	\$118,059	\$43,805

We did not have any commitments to extend additional credit on restructured loans as of December 31, 2012 or 2010.

Maturity and Repricing of Loans

The following table illustrates the maturity distribution and repricing intervals of loans outstanding as of December 31, 2012. The table also shows the distribution of such loans between those with variable or floating interest rates and those with fixed or predetermined interest rates.

	December 31, 2012			
	Loans Maturing and repricing			
(Dollars in thousands)	Within One Year	Between One and Five Years	After Five Years	Total Loans Outstanding
Real estate loans:				
Residential	\$5,510	\$ 3,737	\$0	\$9,247
Commercial	340,257	1,771,476	988,733	3,100,466
Construction	58,097	6,948	0	65,045
Total real estate loans	403,864	1,782,161	988,733	3,174,758
Commercial business loans	357,128	393,904	170,524	921,556
Trade finance loans	152,070	0	0	152,070
Consumer loans	14,954	30,293	4,707	49,954
Total	\$928,016	\$ 2,206,358	\$1,163,964	\$4,298,338
Loans with fixed interest rates	\$211,330	\$ 1,013,476	\$505,675	\$1,730,481
Loans with variable interest rates without interest rate floors	389,762	518,857	362,153	1,270,772
Loans with variable interest rates with interest rate floors	326,926	674,025	296,134	1,297,085
Total	\$928,018	\$ 2,206,358	\$1,163,962	\$4,298,338

Concentrations

Our lending activities are predominately in California, the New York City metropolitan area, and New Jersey. At December 31, 2012, California represented 71.7% of the total loans outstanding and New York and New Jersey represented 16.6%. The remaining 11.7% of total loans outstanding represented other states. Although we have a diversified loan portfolio, a substantial portion of the loan portfolio and credit performance depends on the economic stability of Southern California. Within the Southern California market, most of our business activity is with customers located within Los Angeles County (60.4%). Therefore, the Company's exposure to credit risk is significantly affected by changes in the economy in the Los Angeles County area. Within our CRE loan portfolio, the largest industry concentrations are retail building (27.0%), hotel/motel (18.9%), gas stations (13.3%), and industrial &

warehouse (10.6%). Within our commercial and industrial loan portfolio, the largest industry concentrations are wholesalers (31.0%), retail trade (19.2%), and manufacturing (12.6%).

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Allowance for Loan Losses

The Bank has implemented a multi-faceted process to identify, manage, and mitigate the credit risks that are inherent in the loan portfolio. For new loans, we fully analyze each loan application package, with experienced reviewers and approvers. In accordance with current lending approval authority guidelines, a majority of loans are approved by the Management Loan Committee ("MLC") and Directors Loan Committee. MLC is comprised of the Chief Executive Officer, Chief Credit Officer, Chief Operating Officer, Chief Lending Officer, and Eastern Regional Manager. For existing loans, the Bank maintains a systematic loan review program, which includes internally conducted reviews and periodic reviews by external loan review consultants. Based on these reviews, loans are graded as to their overall credit quality, which is measured based on: the sufficiency of credit and collateral documentation; proper lien perfection; proper approval by loan committee(s); adherence to any loan agreement covenants; compliance with internal policies and procedures, and with laws and regulations; adequacy and strength of repayment sources including borrower or collateral generated cash flow; payment performance; and liquidation value of the collateral. We closely monitor loans that management has determined require further supervision because of the loan size, loan structure, and/or specific circumstances of the borrower.

When principal or interest on a loan is 90 days or more past due, a loan is normally placed on non-accrual status unless it is considered to be both well-secured and in the process of collection. Further, a loan is considered a loss in whole or in part when (1) it appears that loss exposure on the loan exceeds the collateral value for the loan, (2) servicing of the unsecured portion has been discontinued, or (3) collection is not anticipated due to the borrower's financial condition and general economic conditions in the borrower's industry. Any loan or portion of a loan judged by management to be uncollectible is charged against the allowance for loan losses, while any recoveries are credited to such allowance.

The allowance for loan losses was \$66.9 million at December 31, 2012, compared to \$62.0 million at December 31, 2011. We recorded provisions for loan losses of \$19.1 million in 2012, compared to \$27.9 million in 2011 and \$84.6 million in 2010. During 2012, we charged off \$18.8 million in loans outstanding, and recovered \$4.7 million in loans previously charged off. Total Criticized loans at December 31, 2012 were \$288.7 million compared to \$313.6 million at December 31, 2011. The allowance for loan losses was 1.56% of gross loans at December 31, 2012, compared to 1.66% at December 31, 2011. The decrease in this ratio was primarily due to an increase in loans receivable due to loan originations along with decreases in the specific allowance related to impaired loans.

For loans not classified as impaired loans, general loan loss allowances are provided to cover probable and inherent losses. The allowance is determined based first on a quantitative analysis using a loss migration methodology. The loans are classified by type and loan grade, and the historical loss migration is tracked for the various stratifications. We further segregate these stratifications between loans accounted for under the amortized cost method (referred to as "Legacy Loans" and loans acquired from Center Financial (referred to as "Acquired Loans), as acquired loans were originally recorded at fair value with no carryover of the related allowance for loan losses. See "Financial Condition—Allowance for Loan Losses Methodology" for a detailed description of our loan loss methodology.

Impaired loans as defined by FASB ASC 310-10-35, "Accounting by Creditors for Impairment of a Loan" totaled \$90.2 million and \$94.3 million, respectively, as of December 31, 2012 and December 31, 2011, with specific allowances of \$9.2 million and \$18.0 million, respectively. None of the acquired Center loans were deemed to be impaired as of December 31, 2011 as a result of the fair value accounting. Management and the Directors' Loan Committee of the Bank review the adequacy of the allowance for loan losses at least quarterly. Based upon these evaluations, and internal and external reviews of the overall quality of our loan portfolio, we believe that the allowance for loan losses was adequate to absorb estimated probable incurred losses inherent in the loan portfolio as of December 31, 2012. However, no assurances can be given that the Bank will not experience further losses in excess of the allowance, which may require additional future provisions for loan losses.

The following table illustrates total delinquent loans as of the dates indicated:

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DELINQUENT LOANS BY TYPE	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
	(In thousands)				
Real estate—Residential	\$—	\$36	\$46	\$784	\$—
Real estate—Commercial	52,742	44,855	21,016	51,876	22,230
Real estate—Construction	5,972	4,627	8,547	—	6,179
Commercial business	11,685	29,302	17,530	15,303	20,937
Trade finance	869	419	469	0	93
Consumer and other	1,690	1,923	491	1,514	1,776
Total Delinquent Loans	\$72,958	\$81,162	\$48,099	\$69,477	\$51,215
Non-accrual loans included above	\$29,653	\$32,291	\$43,803	\$51,674	\$37,580

As of December 31, 2012

	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Past Due	Non-accrual loans	Total Delinquent loans	90 or More Days Past Due and Accruing
Legacy Loans	(In Thousands)						
Real estate—Residential	\$—	\$ —	\$—	\$—	\$ —	\$ —	\$—
Real estate—Commercial							
Retail	87	—	—	87	3,316	3,403	—
Hotel & Motel	—	—	—	—	437	437	—
Gas Station & Car Wash	359	—	—	359	2,848	3,207	—
Mixed Use	34	—	—	34	1,799	1,833	—
Industrial & Warehouse	—	—	—	—	1,950	1,950	—
Other	—	115	—	115	2,379	2,494	—
Real estate—Construction	—	—	—	—	—	—	—
Commercial business	298	234	—	532	4,942	5,474	—
Trade finance	—	—	—	—	869	869	—
Consumer and other	190	—	—	190	—	190	—
Subtotal	\$968	\$ 349	\$—	\$1,317	\$ 18,540	\$ 19,857	\$—
Acquired Loans							
Real estate—Residential	\$—	\$ —	\$—	\$—	\$ —	\$ —	\$—
Real estate—Commercial							
Retail	1,126	6,604	1,190	8,920	—	8,920	1,190
Hotel & Motel	1,522	2,668	944	5,134	5,990	11,124	944
Gas Station & Car Wash	2,218	1,109	875	4,202	774	4,976	875
Mixed Use	985	1,918	1,507	4,410	—	4,410	1,507
Industrial & Warehouse	53	3,320	61	3,434	—	3,434	61
Other	50	25	5,542	5,617	937	6,554	5,542
Real estate—Construction	—	—	5,972	5,972	—	5,972	5,972
Commercial business	1,359	1,174	1,236	3,769	2,442	6,211	1,236
Trade finance	—	—	—	—	—	—	—
Consumer and other	98	17	415	530	970	1,500	415

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Subtotal	\$7,411	\$ 16,835	\$17,742	\$41,988	\$ 11,113	\$ 53,101	\$17,742
TOTAL	\$8,379	\$ 17,184	\$17,742	\$43,305	\$ 29,653	\$ 72,958	\$17,742

We categorize loans into risk categories based on relevant information about the ability of borrowers to service their debt including but not limited to: current financial information, historical payment experience, credit documentation, public

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information, and current economic trends. We analyze loans individually by classifying the loans as to credit risk. This analysis includes all non-homogeneous loans. This analysis is performed at least on a quarterly basis. We use the following definitions for risk ratings:

• **Pass:** Loans that meet a preponderance or more of the Company's underwriting criteria and evidence an acceptable level of risk.

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

• **Doubtful/Loss:** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans assigned a risk rating of Special Mention or worse are referred to as Criticized Loans and loans assigned a risk rating of Substandard or worse are referred to as Classified Loans. The following table provides the detail of Criticized Loans by risk rating as of the dates indicated:

	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
	(In thousands)				
Special Mention	\$79,589	\$97,785	\$29,573	\$42,671	\$71,169
Substandard	207,945	208,555	135,774	153,535	55,622
Doubtful	1,134	7,282	260	3,655	9,883
Loss	—	—	—	—	—
Total Criticized Loans	\$288,668	\$313,622	\$165,607	\$199,861	\$136,674

The following table shows the provision made for loan losses, the amount of loans charged off, the recoveries on loans previously charged off together with the balance in the allowance for loan losses at the beginning and end of each year, the amount of average and total loans outstanding, and other pertinent ratios as of the dates and for the years indicated:

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(Dollars in thousands)	December 31, 2012	2011	2010	2009	2008
LOANS:					
Average gross loans receivable, including loans held for sale (net of deferred fees)	\$3,974,626	\$2,352,253	\$2,173,840	\$2,124,615	\$2,089,803
Total gross loans receivables, excluding loans held for sale at end of year (net of deferred fees)	4,296,252	3,738,826	2,134,061	2,208,943	2,098,443
ALLOWANCE:					
Balance—beginning of year	\$61,952	\$62,320	\$59,424	\$43,419	\$20,035
Loans charged off:					
Residential real estate	—	—	23	—	—
Commercial and industrial real estate	7,182	18,698	58,818	18,218	4,763
Construction	—	3,489	848	6,116	2,614
Commercial business loans and Trade Finance	10,650	9,756	23,607	19,775	17,801
Consumer and other loans	948	256	1,356	1,577	515
Total loans charged off	18,780	32,199	84,652	45,686	25,693
Less: recoveries:					
Commercial and industrial real estate	2,442	1,328	770	166	49
Commercial business loans and Trade Finance	1,832	2,320	1,951	445	100
Consumer and other loans	391	244	197	57	103
Total loan recoveries	4,665	3,892	2,918	668	252
Net loans charged off	14,115	28,307	81,734	45,018	25,441
Provision for loan losses	19,104	27,939	84,630	61,023	48,825
Balance—end of year	\$66,941	\$61,952	\$62,320	\$59,424	\$43,419

(Dollars in thousands)	December 31,					
	2012	2011	2010	2009	2008	
RATIOS:						
Net loan charge-offs to average gross loans	0.36	% 1.20	% 3.76	% 2.12	% 1.22	%
Allowance for loan losses to gross loans at end of year	1.56	% 1.66	% 2.90	% 2.68	% 2.05	%
Net loan charge-offs to beginning allowance	21.09	% 45.42	% 137.54	% 103.68	% 126.98	%
Net loan charge-offs to provision for loan losses	50.52	% 101.32	% 96.58	% 73.77	% 52.11	%
Allowance for loan losses to nonperforming loans	86.66	% 82.66	% 78.98	% 51.22	% 106.33	%

Allowance for Loan Losses Methodology

We maintain an allowance for loan losses to provide for estimated probable losses that are inherent in our loan portfolio. The allowance is based on our regular quarterly assessments. Our methodologies for measuring the appropriate level of the

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allowance include the combination of: (1) a quantitative historical loss migration Analysis (“Migration Analysis”) for pools of loans, and a qualitative analysis of subjective factors and (2) a specific allowance method for impaired loans. The following table reflects our allocation of the allowance for loan losses by loan category and the ratio of each loan category to total loans as of the dates indicated:

Loan Type	Allocation of Allowance for Loan Losses									
	12/31/2012		12/31/2011		12/31/2010		12/31/2009		12/31/2008	
	Amount of allowance for loan losses	Percent of loans to total loans	Amount of allowance for loan losses	Percent of loans to total loans	Amount of allowance for loan losses	Percent of loans to total loans	Amount of allowance for loan losses	Percent of loans to total loans	Amount of allowance for loan losses	Percent of loans to total loans
(Dollars in thousands)										
Real estate—Residential	\$74	— %	\$9	— %	\$14	— %	\$18	— %	\$27	— %
Real estate—Commercial	45,163	72 %	38,307	70 %	32,885	71 %	40,841	73 %	24,144	67 %
Real estate—Construction	986	2 %	724	1 %	3,396	2 %	913	2 %	—	3 %
Commercial business	17,606	21 %	20,681	23 %	24,930	23 %	15,655	22 %	18,060	26 %
Trade finance	2,352	4 %	1,786	4 %	192	3 %	410	2 %	—	4 %
Consumer and other	760	1 %	445	2 %	634	1 %	1,144	1 %	869	2 %
Unallocated	—	— %	—	— %	269	— %	443	— %	319	— %
Total	\$66,941	100 %	\$61,952	100 %	\$62,320	100 %	\$59,424	100 %	\$43,419	100 %

The adequacy of the allowance for loan losses is determined by management based upon an evaluation and review of the credit quality of the loan portfolio, consideration of historical loan loss experience, relevant internal and external factors that affect the collection of a loan, and other pertinent factors.

The Migration Analysis is a formula methodology based on the Bank’s actual historical net charge-off experience for each loan pool and loan risk grade (Pass, Special Mention, Substandard and Doubtful). The migration analysis is centered on the Bank’s internal credit risk rating system. Our internal loan review and external contracted credit review examinations are used to determine and validate loan risk grades. This credit review system takes into consideration factors such as: borrower’s background and experience; historical and current financial condition; credit history and payment performance; economic conditions and their impact on various industries; type, fair value and volatility of the fair value of collateral; lien position; and the financial strength of any guarantors.

A general loan loss allowance is provided on loans not specifically identified as impaired (“non-impaired loans”). For the acquired loans, the allowance is determined first based on a quantitative analysis using a loss migration methodology. The loans are classified by type and loan grade, and the historical loss migration is tracked for the various stratifications. Loss experience is quantified for a specified period determined by management and then weighted to give more weight to the most recent losses. That loss experience is then applied to the stratified portfolio at each quarter end. During 2009, the non-impaired commercial real estate loan portfolio was stratified into ten different loan pools based on property types and the non-impaired commercial and industrial loan portfolio was stratified into five different loan pools based on loan type, to allocate historic loss experience to more granular loan pools. Effective June 30, 2010 four additional pools, primarily in the commercial real estate portfolio, were further stratified. In addition, a new software program was implemented effective June 30, 2010 and is used to track and

allocate charge-offs to the various loan grades by loan pools. The quantitative general loan loss allowance was \$20.6 million at December 31, 2012, compared to \$20.4 million at December 31, 2011.

Additionally, in order to systematically quantify the credit risk impact of other trends and changes within the loan portfolio, the Bank utilizes qualitative adjustments to the Migration Analysis within established parameters. The parameters for making adjustments are established under a Credit Risk Matrix that provides seven possible scenarios for each of the factors below. The matrix allows for up to three positive (major, moderate, and minor), three negative (Major, Moderate, and Minor), and one neutral credit risk scenarios within each factor for each loan type pool.

Generally, the factors are considered to have no significant impact (neutral) to our historical migration ratios.

However, if information exists to warrant adjustment to the

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Migration Analysis, changes are made in accordance with the established parameters supported by narrative and/or statistical analysis. The Credit Risk Matrix and the nine possible scenarios enable the Bank to qualitatively adjust the Loss Migration Ratio or individual specific reserve allocations by as much as 50 basis points in either direction (positive or negative) for each loan type pool. This matrix considers the following nine factors, which are patterned after the guidelines provided under the FFIEC Interagency Policy Statement on the Allowance for Loan and Lease Losses:

- Changes in lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices.
- Changes in national and local economic and business conditions and developments, including the condition of various market segments.
- Changes in the nature and volume of the loan portfolio.
- Changes in the experience, ability, and depth of lending management and staff.
 - Changes in the trends of the volume and severity of past due and classified loans; and changes in trends in the volume of non-accrual loans and troubled debt restructurings, and other loan modifications.
- Changes in the quality of our loan review system and the degree of oversight by the Directors.
- Changes in the value of underlying collateral for collateral-dependent loans.
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations.
- The effect of external factors such as competition and legal and regulatory requirements on the level of estimated losses in our loan portfolio.

The qualitative loan loss allowance on the loan portfolio was \$32.6 million at December 31, 2012 compared to compared to \$23.5 million at December 31, 2011.

We also establish specific loss allowances for loans where we have identified potential credit risk conditions or circumstances related to a specific individual credit. The specific allowance amounts are determined by a method prescribed by FASB ASC 310-10-35-22, Measurement of Impairment. The loans identified as impaired are accounted for in accordance with one of the three acceptable valuation methods: 1) the present value of future cash flows discounted at the loan's effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral, if the loan is collateral dependent. For the collateral dependent impaired loans, we obtain an appraisal to determine the amount of impairment as of the date that the loan become impaired. The appraisals are based on an "as is" valuation. To ensure that appraised values remain current, we generally obtain an updated appraisal every twelve months from a qualified independent appraiser. Furthermore, if the most current appraisal is dated more than six months prior to the effective date of the impairment test, we validate the most current value with third party market data appropriate to the location and property type of the collateral. If the third party market data indicates that the value of our collateral property has declined since the most recent valuation date, we adjust the value of the property downward to reflect current market conditions. If the fair value of the collateral, less cost to sell, is less than the recorded amount of the loan, we then recognize impairment by creating or adjusting an existing valuation allowance with a corresponding charge to the provision for loan losses. If an impaired loan is expected to be collected through liquidation of the collateral, the loan is deemed to be collateral dependent and the amount of impairment is charged off against the allowance for loan losses.

We consider a loan to be impaired when it is probable that not all amounts due (principal and interest) will be collectible in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. The significance of payment delays and payment shortfalls is determined on a case-by-case basis by taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

For commercial business loans, real estate loans and certain consumer loans, we base the measurement of loan impairment on the present value of the expected future cash flows, discounted at the loan's effective interest rate or on

the fair value of the loan's collateral if the loan is collateral dependent. We evaluate most consumer loans for impairment on a collective basis, because these loans have generally smaller balances and are homogeneous in the underwriting terms and conditions, and in the type of collateral. If a loan is deemed to be impaired, the amount of the impairment is supported by a specific allowance amount which is included in the allowance for loan losses through a charge to the provision for loan losses.

In the third quarter, 2010, based on current market conditions, we expanded the criteria for evaluating loans for potential impairment, which resulted in an increase in impaired loans from the prior quarter. Prior to the third quarter of 2010, loans graded Substandard were not individually evaluated for impairment and only considered impaired if they were 60+ days past due, unless other events existed that qualified the loan for impairment review. Therefore, a Substandard credit that was current

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in its contractual payments, but was classified due to other risk issues would not necessarily be subject to individual review for impairment analysis. Effective September 30, 2010, we expanded the scope of the loans reviewed for individual impairment by including all loans of \$2.0 million or more that were risk-graded as Substandard, even though such loans were less than 60 days delinquent and were performing under their contractual terms. Effective December 31, 2010, we expanded the scope to include all loans of \$1 million or more. This enhancement to our impairment analysis provided more coverage in terms of current fair values on classified loans as updated market values are required as part of the impairment analysis process. Effective March 31, 2011, we implemented a higher-level, preliminary non-impairment test, that is applied to loans for \$1.0 million or more that are graded Substandard, are less than 60 days past due and accruing, and are not TDRs. We use a five-step test with the following criteria: (1) the loan is current with no 30-day late payments in the past six months; (2) the loan payments are the contractual, non-modified amount; (3) the financial information that supports payment capacity is not aged over one year; (4) the global cash flow supports the current payment amount at a ratio of 1:1 or better; and (5) for CRE loans secured by a first lien on real estate collateral, the most current LTV is below 100%.

If the loan meets all of these criteria, it is not considered impaired and is subject to the general loan loss allowance for non-impaired loans. Impaired loans at December 31, 2012, were \$90.2 million, a net decrease of \$4.1 million from \$94.3 million at December 31, 2011. This net decrease in impaired loans is due primarily to the return of loans back to non-impaired status. The return to non-impaired status was based on a review of the current financial information and payment performance.

Covered Loans

On April 16, 2010, the DFI closed Innovative Bank, California, and appointed the FDIC as its receiver. On the same date, Center Bank assumed the banking operations of Innovative Bank from the FDIC under a purchase and assumption agreement and two related loss sharing agreements with the FDIC. Upon the merger between Nara Bancorp and Center Financial, we assumed the loss sharing agreements with the FDIC.

Covered nonperforming assets totaled \$882 thousand at December 31, 2012. These covered nonperforming assets are subject to the loss sharing agreements with the FDIC. The covered nonperforming assets at December 31, 2012 were as follows:

(in thousands)	December 31, 2012	
Covered loans on non-accrual status	\$489	
Covered other real estate owned	393	
Total covered nonperforming assets	\$882	
Acquired covered loans	\$72,528	
Covered nonperforming assets to net covered loans	1.22	%

Loans accounted for under ASC 310-30 are generally considered accruing and performing loans as the loans accrete the accretable discount to interest income over the estimate life of the loan when cash flows are reasonably estimable. Accordingly, acquired impaired loans that are contractually past due are still considered to be accruing and performing loans. The loans may be classified as nonaccrual if the timing and amount of future cash flows is not reasonably estimable.

Investment Security Portfolio

The main objectives of our investment strategy are to provide a source of liquidity while managing our interest rate risk and to generate an adequate level of interest income without taking undue risks. Our investment policy permits investments in various types of securities, certificates of deposits and federal funds sold in compliance with various restrictions in the policy. Securities are classified as held to maturity or available for sale. We do not maintain a trading portfolio. The securities for which we have the ability and intent to hold to maturity are classified as held to maturity securities. All other securities are classified as available for sale.

Our available-for-sale securities totaled \$704.4 million at December 31, 2012, compared to \$740.9 million at December 31, 2011. We had no securities in the held to maturity category at December 31, 2012 or 2011. The decrease of \$36.5 million in available-for-sale securities was caused mainly by pay-downs of \$185.4 million, sales of

\$28.5 million and called/matured securities of \$1.1 million which was partially offset by purchases totaling \$184.2 million. All of the securities involved in these transactions were classified as available for sale. Securities with a carrying value of \$423 thousand were pledged to the FRB at December 31, 2012. We also pledged securities with a carrying value of \$338.1 million to the California State Treasurer's Office as collateral for time certificates deposit. Our investment portfolio consists of U.S. Treasury bills, government sponsored enterprise ("GSE") bonds, mortgage backed securities ("MBS"), collateralized mortgage obligations ("CMOs"), mutual funds, a corporate note and municipal bonds.

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Our available-for-sale securities portfolio is primarily invested in CMOs and residential MBS, which comprised 97% of our total available-for-sale portfolio as of December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, all of our CMOs and MBS were issued by GNMA, FNMA or FHLMC, which guarantee the contractual cash flows of these investments.

The following table summarizes the amortized cost, estimated fair value and maturity distribution of our investment securities portfolio as of dates indicated:

Investment Portfolio Balance and Fair Value

	December 31, 2012			2011		
	Amortized Cost	Estimated Fair Value	Unrealized/ Unrecognized Gain (Loss)	Amortized Cost	Estimated Fair Value	Unrealized/ Unrecognized Gain (Loss)
	(Dollars in thousands)			(Dollars in thousands)		
Available-for-sale:						
Debt securities*:						
U.S. Treasury	\$—	\$—	\$—	\$300	\$300	\$—
GSE CMOs	249,373	254,912	5,539	222,400	227,836	5,436
GSE MBS	415,925	425,540	9,615	477,555	487,754	10,199
Trust Preferred Security	4,502	3,837	(665)	5,532	4,348	(1,184)
Municipal Bonds	4,506	5,118	612	5,257	5,764	507
Total debt securities	674,306	689,407	15,101	711,044	726,002	14,958
Mutual funds	14,710	14,996	286	14,710	14,918	208
Total available-for-sale	\$689,016	\$704,403	\$15,387	\$725,754	\$740,920	\$15,166

* GSE bonds were issued by GNMA, FNMA, and FHLMC and are all mortgage-backed securities.

The following table summarizes the maturity of securities based on carrying value and their related weighted average yield at December 31, 2012.

Investment Portfolio Maturities and Weighted Average Yields

	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(Dollars in thousands)									
Available-for-sale										
GSE CMOs	\$—	— %	\$677	0.48 %	\$15,583	1.43 %	\$238,652	2.04 %	\$254,912	2.00 %
GSE MBS	—	—	2,172	3.38	37,628	2.04	385,740	2.41	425,540	2.38 %
Trust Preferred Security	—	—	—	—	—	—	3,837	1.69	3,837	1.69 %
Municipal Bonds	—	—	357	4.78	4,434	6.79	327	7.71	5,118	6.70 %
Mutual funds	—	—	—	—	—	—	14,996	2.07	14,996	2.07 %
Total available-for-sale	\$—	— %	\$3,206	2.90 %	\$57,645	2.20 %	\$643,552	2.26 %	\$704,403	2.66 %

The following table shows our investments with gross unrealized losses and their estimated fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2012.

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Description of Securities	Less than 12 months			12 months or longer			Total		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
		(Dollars in thousands)							
GSE CMOs	3	\$18,009	\$(110)	—	\$—	\$—	3	\$18,009	\$(110)
GSE MBS	7	32,406	(597)	3	8,251	(64)	10	40,657	(661)
Trust preferred security	—	—	—	1	3,837	(665)	1	3,837	(665)
	10	\$50,415	\$(707)	4	\$12,088	\$(729)	14	\$62,503	\$(1,436)

ASC Topic 320 requires an entity to assess whether the entity has the intent to sell a debt security or more likely than not will be required to sell the debt security before its anticipated recovery. If either of these conditions is met, an entity must recognize an other-than-temporary impairment (“OTTI”). If an entity does not intend to sell the debt security and will not be required to sell the debt security, the entity must consider whether it will recover the amortized cost basis of the security. If the present value of expected cash flows is less than the amortized cost basis of the security, OTTI shall be considered to have occurred. OTTI is then separated into the amount of the total impairment related to credit losses and the amount of the total impairment related to all other factors. An entity determines the impairment related to credit losses by comparing the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. OTTI related to the credit loss is then recognized in earnings. OTTI related to all other factors is recognized in other comprehensive income.

We evaluate securities for OTTI on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the financial condition and near-term prospects of the issuer, the length of time and the extent to which the fair value of the securities has been less than our cost for the securities, and our intention to sell, or whether it is more likely than not that we will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. In analyzing an issuer’s financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer’s financial condition.

We consider the losses on our investments in an unrealized loss position at December 31, 2012 to be temporary based on: 1) the likelihood of recovery; 2) the information available to us relative to the extent and duration of the decline in market value; and 3) our intention not to sell, and our determination that it is more likely than not that we will not be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis.

Deposits

Deposits are our primary source of funds for loans and investments. We offer a wide variety of deposit account products to commercial and consumer customers. Total deposits increased to \$4.4 billion at December 31, 2012 from \$3.9 billion at December 31, 2011.

The increase in deposits during 2012 was primarily due to an addition in wholesale deposits to help fund loan growth and the completion of a marketing campaign during the fourth quarter celebrating our first anniversary. The increases reflect higher balances of non-interest bearing demand deposits, money accounts and jumbo time deposits. At December 31, 2012, we had \$307.2 million in brokered deposits and \$300.0 million in California State Treasurer deposits, compared to \$80.7 million and \$300.0 million, respectively, at December 31, 2011. The brokered deposits represented approximately 7.0% of our total deposits as of December 31, 2012 compared to 2% as of December 31, 2011. The California State Treasurer deposits have three months maturities with a weighted average interest rate of 0.12% at December 31, 2012 compared to 0.05% at December 31, 2011.

Although our deposits may vary with local and national economic conditions, we do not believe that our deposits are seasonal in nature. The following table sets forth the balances of our deposits by category for the periods indicated.

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	December 31, 2012			2011			2010		
	Amount	Percent		Amount	Percent		Amount	Percent	
	(Dollars in thousands)								
Demand, non-interest bearing	\$1,184,285	27	%	\$984,350	25	%	\$388,731	18	%
Demand, interest bearing	1,248,304	28	%	1,237,378	32	%	688,593	31	%
Savings	180,686	4	%	198,063	5	%	126,255	6	%
Time deposit of \$100,000 or more	1,088,611	25	%	759,923	19	%	321,542	15	%
Other time deposits	682,149	16	%	761,178	19	%	650,993	30	%
Total Deposits	\$4,384,035	100	%	\$3,940,892	100	%	\$2,176,114	100	%

The following table indicates the maturity schedules of our time deposits, for the years indicated.

	December 31, 2012			2011			2010		
	Amount	Percentage		Amount	Percentage		Amount	Percentage	
	(Dollars in thousands)								
Three months or less	\$717,438	41	%	\$570,292	37	%	\$339,857	35	%
Over three months through six months	325,812	18	%	271,743	18	%	152,838	16	%
Over six months through twelve months	612,723	35	%	434,687	29	%	311,210	32	%
Over twelve months	114,787	6	%	244,379	16	%	168,630	17	%
Total time deposits	\$1,770,760	100	%	\$1,521,101	100	%	\$972,535	100	%

The following table indicates the maturity schedules of our time deposits in amounts of \$100,000 or more as of December 31, 2012.

	December 31, 2012 (Dollars in thousands)		
	Amount	Percentage	
Three months or less	\$515,565	47	%
Over three months through six months	147,182	14	%
Over six months through twelve months	360,281	33	%
Over Twelve months	65,583	6	%
Total time deposits	\$1,088,611	100	%

There can be no assurance that we will be able to continue to replace maturing CDs at competitive rates. However, if we are unable to replace these maturing CDs with new deposits, we believe that we have adequate liquidity resources to fund these obligations through secured credit lines with the FHLB and FRB, as well as with liquid assets.

Borrowings

We utilize a combination of short-term and long-term borrowings to help manage our liquidity position.

Federal Funds Purchased

Federal funds purchased generally mature within one to three business days from the transaction date. At December 31, 2012 and 2011, we did not have any federal funds purchased.

FHLB Advances

We may borrow from the FHLB on a longer term basis to provide funding for certain loan or investment securities strategies, as well as for asset liability management strategies. As of December 31, 2012 and 2011, FHLB advances totaled \$420.7 million and \$344.4 million with average remaining maturities of 2.6 years and 1.3 years, respectively. The weighted

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average rate for FHLB advances was 1.24% at year-end 2012, compared to 1.93% at year-end 2011. As of December 31, 2012, our FHLB borrowing capacity based on pledged collateral and the remaining available borrowing capacity were \$1.3 billion and \$929.7 million, respectively. See Note 7 of Notes to Consolidated Financial Statements for more detailed information on FHLB advances.

Subordinated Debentures

At December 31, 2012, five wholly owned subsidiary grantor trusts ("Trusts") established by us had issued \$46.0 million of pooled trust preferred securities ("Trust Preferred Securities"). The Trust Preferred Securities accrue and pay distributions periodically at specified annual rates as provided in the related indentures for the securities. The trusts used the net proceeds from the offering to purchase a like amount of subordinated debentures (the "Debentures") issued by us. The Debentures are the sole assets of the trusts. Our obligations under the Debentures and related documents, taken together, constitute a full and unconditional guarantee by us of the obligations of the trusts. The Trust Preferred Securities are mandatorily redeemable upon the maturity of the Debentures, or upon earlier redemption as provided in the indentures. We have the right to redeem the Debentures in whole (but not in part) on or after specific dates, at a redemption price specified in the indentures plus any accrued but unpaid interest to the redemption date.

As of December 31, 2012 and 2011, Trusts are not reported on a consolidated basis pursuant to ASC 810, Consolidation. Therefore, the capital securities of \$46.0 million are not presented on the consolidated statements of financial condition. Instead, the long-term subordinated debentures of \$41.8 million as of December 31, 2012, issued by us to the Trust and the investment in Trusts' common stock of \$1.6 million (included in other assets) are separately reported.

The following table summarizes our outstanding Debentures related to the trust preferred securities at December 31, 2012.

TRUST NAME	ISSUANCE DATE	AMOUNT	PRINCIPAL BALANCE OF DEBENTURES	STATED MATURITY	ANNUALIZED COUPON RATE	RATE AT 12/31/2012	INTEREST DISTRIBUTION DATES
(Dollars in thousands)							
Nara Capital Trust III	6/5/2003	\$5,000	\$ 5,155	6/15/2033	3 month LIBOR + 3.15%	3.70 %	Every 15 th of March, June, September, and December
Nara Statutory Trust IV	12/22/2003	\$5,000	\$ 5,155	1/7/2034	3 month LIBOR + 2.85%	3.25 %	Every 7 th of January, April, July and October
Nara Statutory Trust V	12/17/2003	\$10,000	\$ 10,310	12/17/2033	3 month LIBOR + 2.95%	3.51 %	Every 17 th of March, June, September and December
Nara Statutory Trust VI	3/22/2007	\$8,000	\$ 8,248	6/15/2037	3 month LIBOR +1.65%	2.20 %	Every 15 th of March, June, September and December
Center Capital Trust I	12/29/2003	\$18,000	\$ 12,978	1/7/2034	3 month LIBOR +2.85%	3.25 %	Every 7 th of January, April, July and October
Total Trust		\$46,000	\$ 41,846				

Capital Resources

Historically, our primary source of capital has been the retention of earnings, net of dividend payments to shareholders. We seek to maintain capital at a level sufficient to assure our stockholders, our customers, and our regulators that our company and our bank subsidiary are financially sound. For this purpose, we perform ongoing assessments of our components of capital as well as projected sources and uses of capital in conjunction with projected increases in assets and levels of risk.

On November 21, 2008, we issued 67,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the “Series A Preferred Stock”), having a liquidation preference of \$1,000 per share, together with a ten-year warrant to purchase 1,042,531 shares of Nara Bancorp common stock at an exercise price of \$9.64 per share, to the United States Department of the Treasury for gross proceeds of \$67 million. The sale of the Series A Preferred Stock was made pursuant to the United States Treasury Department’s TARP Capital Purchase Program. The warrant was reduced to 521,266 shares upon our completion of a qualified common stock offering in November 2009.

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Upon the merger with Center, we issued 55,000 shares of a new series of our preferred stock having substantially the same rights, preferences, privileges and voting powers as our Series A Preferred Stock in exchange for the shares of similar preferred issued by Center under the Treasury Department's TARP Capital Purchase Program. The new series of preferred stock is designated as our Fixed Rate Cumulative Perpetual Preferred Stock, Series B. The ten-year warrant to purchase Center Financial common stock that was in connection with Center Financial's sale of its Series A Preferred Stock to the Treasury Department was converted into a warrant to purchase BBCN Bancorp common stock upon our merger with Center. Reflecting the merger exchange ratio of 0.7805, the warrant now entitles the holder of the warrant to purchase, in one or more exercises of the warrant, up to 337,480 shares of BBCN Bancorp common stock at a price of \$12.22 per share.

On October 31, 2011, we raised additional capital of approximately \$59.9 million, net proceeds after underwriting fees and estimated offering expenses, through a public offering of 8.7 million shares of our common stock at a price of \$7.25 per share. In June 2012, we redeemed \$67 million and \$55 million of the aforementioned Series A and B Preferred Stock, respectively, that was issued under the U.S. Treasury's TARP Capital Purchase Program. In August 8, 2012, we purchased from the Treasury Department, the outstanding warrant relating to 521,666 shares of the Company's common stock, at a purchase price of \$2.2 million. We have not reached agreement with the Treasury Department regarding repurchase of the warrant for the purchase of 337,480 shares of our common stock that we issued in connection with our merger with Center Financial.

Our total stockholders' equity decreased \$44.8 million, or 6%, to \$751.1 million at December 31, 2012 from \$795.9 million at December 31, 2011 primarily primarily due to the redemption of \$122 million of Series A and Series B Preferred Stock and partially offset by net income of \$83.2 million during the year. At December 31, 2012, our ratio of common equity to total assets was 13.32% compared to 13.04% at December 31, 2011, and our tangible common equity represented 11.86% of tangible assets at December 31, 2012, compared with 11.42% of tangible assets at December 31, 2011. Tangible common equity per share was \$8.43 at December 31, 2012, compared with \$7.43 at December 31, 2011. Tangible common equity to tangible assets is a non-GAAP financial measure that represents common equity less goodwill and net other intangible assets divided by total assets less goodwill and net other intangible assets. We review tangible common equity to tangible assets in evaluating the capital levels.

The following tables compare BBCN Bancorp's and the Bank's actual capital at December 31, 2012 to those required by our regulatory agencies to be deemed "adequately capitalized" for capital adequacy classification purposes:

	As of December 31, 2012 (Dollars in thousands)							
	Actual Amount	Ratio	Required Amount	Ratio	Excess Amount	Ratio		
BBCN Bancorp, Inc								
Total capital (to risk-weighted assets)	\$746,396	16.16	% \$369,417	8.00	% \$376,979	8.16		%
Tier 1 capital (to risk weighted assets)	\$688,422	14.91	% \$184,708	4.00	% \$503,714	10.91		%
Tier 1 capital (to average assets)	\$688,422	12.76	% \$215,861	4.00	% \$472,561	8.76		%

	As of December 31, 2012 (Dollars in thousands)							
	Actual Amount	Ratio	Required Amount	Ratio	Excess Amount	Ratio		
BBCN Bank								
Total capital (to risk-weighted assets)	\$725,655	15.73	% \$369,134	8.00	% \$356,521	7.73		%

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Tier 1 capital (to risk weighted assets)	\$667,725	14.47	%	\$184,567	4.00	%	\$483,158	10.47	%
Tier 1 capital (to average assets)	\$667,725	12.38	%	\$215,813	4.00	%	\$451,912	8.38	%

Liquidity Management

Liquidity risk is the risk of reduction in our earnings or capital that would result if we were not able to meet our obligations when they come due without incurring unacceptable losses. Liquidity risk includes the risk of unplanned decreases or changes

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in funding sources and changes in market conditions that affect our ability to liquidate assets quickly and with minimum loss of value. Factors considered in liquidity risk management are the stability of the deposit base; the marketability, maturity, and pledging of our investments; the availability of alternative sources of funds; and our demand for credit.

The objective of our liquidity management is to have funds available to meet cash flow requirements arising from fluctuations in deposit levels and the demands of daily operations, which include funding of securities purchases, providing for customers' credit needs, and ongoing repayment of borrowings.

We manage our liquidity actively on a daily basis and it is reviewed periodically by our management-level Asset/Liability Management Committee ("ALM") and the Board Asset Liability Committee ("ALCO"). This process is intended to ensure the maintenance of sufficient funds to meet our liquidity needs, including adequate cash flow for off-balance-sheet commitments. In general, our liquidity is managed daily by controlling the level of federal funds and the funds provided by cash flow from operations. To meet unexpected demands, lines of credit are maintained with the Federal Home Loan Bank of San Francisco, the Federal Reserve Bank of San Francisco and other correspondent banks. The sale of investment securities also serves as a source of funds.

Our primary sources of liquidity are derived from financing activities, which include customer and broker deposits, federal funds facilities, and borrowings from the Federal Home Loan Bank of San Francisco and the Federal Reserve Bank Discount Window. These funding sources are augmented by payments of principal and interest on loans, proceeds from sale of loans and the liquidation or sale of securities from our available for sale portfolio. Primary uses of funds include withdrawal of and interest payments on deposits, originations of loans, purchases of investment securities, and payment of operating expenses.

Net cash inflows from operating activities totaled \$104.5 million, \$96.6 million and \$135.8 million during 2012, 2011 and 2010, respectively. Net cash inflows from operating activities for 2012 were primarily attributable to proceeds from sales of loans and net income.

Net cash (outflows) inflows from investing activities totaled (\$474.9) million, \$190.3 million and \$159.5 million during 2012, 2011 and 2010, respectively. Net cash inflows for investing activities during 2012 were primarily due to the net cash received from the merger with Center.

Net cash inflows (outflows) from financing activities totaled \$383.3 million, (\$159.1) million and (\$248.5) million during 2012, 2011 and 2010, respectively. Net cash outflows from financing activities for 2012 were primarily attributable to repayments of FHLB borrowings.

When we have more funds than required for our reserve requirements or short-term liquidity needs, we sell federal funds to other financial institutions. Conversely, when we have less funds than required, we may borrow funds from the FHLB or the FRB's Discount Window. The maximum amount that we are currently available to borrow on an overnight basis from the FHLB and the FRB is \$1.3 billion, and currently we have \$420.7 million in borrowings from the FHLB. The Federal Home Loan Bank System functions as a line of credit facility for qualifying financial institutions. As a member, we are required to own capital stock in the Federal Home Loan Bank of San Francisco and may apply for advances from the FHLB utilizing as collateral, qualifying mortgage loans and certain securities as collateral for these advances. The Federal Home Loan Bank of San Francisco has suspended its regular stock dividend beginning with the fourth quarter of 2008 to preserve capital and recently reinstated partial redemptions of excess capital stock in May of 2010.

At times we maintain a portion of our liquid assets in interest-bearing cash deposits with other banks, in overnight federal funds sold to other banks, and in investment securities available-for-sale that are not pledged. Our liquid assets, consisted of cash and cash equivalent, interest-bearing cash deposits with other banks, overnight federal funds sold to other banks, liquid investment securities available for sale, and loan repayments within 30 days. Cash and cash equivalents, including federal funds sold were \$312.9 million at December 31, 2012 compared to \$300.1 million at December 31, 2011.

Because our primary sources and uses of funds are deposits and loans, the relationship between gross loans and total deposits provides one measure of our liquidity. Typically, the closer the ratio of loans to deposits is to, or the more it exceeds, 100%, the more we rely on borrowings and other sources to provide liquidity. Alternative sources of funds such as FHLB advances, brokered deposits and other collateralized borrowings, that provide liquidity as needed from diverse liability sources are an important part of our asset/liability management strategy. For 2012, our gross loan to deposit ratio averaged 98%, compared to an average ratio of 100% and 98% for 2011 and 2010.

We believe our liquidity sources to be stable and adequate to meet our day-to-day cash flow requirements. At December 31, 2012, we are not aware of any trends, events or uncertainties that had or were reasonably likely to have a material effect on our liquidity position. As of December 31, 2012, we are not aware of any material commitments for capital expenditures in the foreseeable future.

Table of Contents**Off-Balance- Sheet Activities and Contractual Obligations**

The Bank routinely engages in activities that involve, to varying degrees, elements of risk that are not reflected, in whole or in part, in the Consolidated Financial Statements. These activities are part of our normal course of business and include traditional off-balance-sheet credit-related financial instruments, interest rate swap contracts, operating leases and long-term debt.

Traditional off-balance-sheet credit-related financial instruments are primarily commitments to extend credit and standby letters of credit. These activities may require us to make cash payments to third parties in the event specified future events occur. The contractual amounts represent the extent of our exposure in these off-balance-sheet activities. However, since certain off-balance-sheet commitments, particularly standby letters of credit, are expected to expire or be only partially used, the total amount of commitments does not necessarily represent future cash requirements.

These activities are necessary to meet the financing needs of our customers.

The Bank also has entered into interest rate swap and cap contracts where we are required to either receive cash from or pay cash to counterparties depending on changes in interest rates. We utilize interest rate swap and cap contracts to help manage the risk of changing interest rates. Our accounting for interest rate swap and cap contracts is discussed below under Item 7A. “Quantitative and Qualitative Disclosures about Market Risk.”

We do not anticipate that our current off-balance-sheet activities will have a material impact on our future results of operations or financial condition. Further information regarding risks from our off-balance-sheet financial instruments can be found in Note 12 of the Notes to Consolidated Financial Statements and in Item 7A. — “Quantitative and Qualitative Disclosures about Market Risk.”

We lease our banking facilities and equipment under non-cancelable operating leases, which have remaining terms of up to 15 years. Our facility lease obligations are discussed in Note 12 of the Notes to Consolidated Financial Statements.

The following table summarizes BBCN Bancorp’s contractual obligations and commitments to make future payments as of December 31, 2012. Payments shown for time deposits and borrowings do not include interest.

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
	(Dollars in thousands)				
Contractual Obligations and Commitments					
Time Deposits	\$ 1,770,760	\$ 1,655,973	\$ 113,470	\$ 1,315	\$ 2
Subordinated Debentures	41,846	—	—	—	41,846
Federal Home Loan Bank Borrowings	420,722	129,000	80,000	211,722	—
Operating Lease Obligations	56,345	8,922	15,919	11,769	19,735
Unused commitments to extend credit	690,917	464,120	185,847	7,685	33,265
Standby letters of credit	39,176	28,764	10,412	—	—
Other commercial letters of credit	51,257	51,257	—	—	—
Total	\$ 1,647,134	\$ 1,074,689	\$ 405,099	\$ 107,864	\$ 59,482

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The objective of our asset and liability management activities is to improve our earnings by adjusting the type and mix of assets and liabilities to effectively address changing conditions and risks. Through overall management of our balance sheet and by controlling various risks, we seek to optimize our financial returns within safe and sound parameters. Our operating strategies for attaining this objective include managing our net interest margin through appropriate risk/return pricing of assets and liabilities and emphasizing growth in retail deposits, as a percentage of

interest-bearing liabilities, to reduce our cost of funds. We also seek to improve earnings by controlling non-interest expense, and enhancing non-interest income. We use risk management instruments to modify interest rate characteristics of certain assets and liabilities to hedge against our exposure to interest rate fluctuations, reducing the effects these fluctuations might have on associated cash flows or values. We also perform periodic internal analyses to measure, evaluate and monitor market risk.

Interest Rate Risk

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Market risk is the risk of loss to future earnings, to the fair value of our assets and liabilities, or to future cash flows that may result from changes in the price of a financial instrument. Interest rate risk is the most significant market risk impacting us. Interest rate risk occurs when interest rate sensitive assets and liabilities do not reprice simultaneously or at the same rate of interest or in equal volume. A key objective of our asset and liability management is to manage interest rate risk associated with changing asset and liability cash flows, values of our assets and liabilities, and market interest rate movements. The management of our interest rate risk is governed by policies reviewed and approved annually by the Board of Directors of the Bank. The Board delegates responsibility for interest rate risk management to the Asset/Liability Committee ("ALCO") of the board and the Asset and Liability Management Committee ("ALM"), which is composed of the Bank's senior executives and other designated officers.

The fundamental objective of our ALM is to manage our exposure to interest rate fluctuations while maintaining adequate levels of liquidity and capital. The ALM meets regularly to monitor the interest rate risk, the sensitivity of our assets and liabilities to interest rate changes, the book and fair values of assets and liabilities, and our investment activities and directs changes in the composition of our interest earning assets and interest bearing liabilities. The ALM reports at least quarterly to the ALCO. Our strategy has been to reduce the sensitivity of our earnings to interest rate fluctuations by more closely matching the effective maturities or repricing characteristics of our assets and liabilities. Certain assets and liabilities, however, may react in different degrees to changes in market interest rates. Further, interest rates on certain types of assets and liabilities may fluctuate prior to changes in market interest rates, while interest rates on other types may lag behind. We consider the anticipated effects of these factors when implementing our interest rate risk management objectives.

Swaps and Caps

As part of our asset and liability management strategy, we may enter into derivative financial instruments, such as interest rate swaps, caps and floors, with the overall goal of minimizing the impact of interest rate fluctuations on our net interest margin. Interest rate swaps and caps involve the exchange of fixed-rate and variable-rate interest payment obligations without the exchange of the underlying notional amounts.

During the first quarter of 2010, we entered into a three-year interest rate cap agreement with an aggregate notional amount of \$50 million. Under this cap agreement, we receive quarterly payments from the counterparty when the quarterly resetting 3 Month London-Interbank Offered Rate exceeds the strike level of 2.00%. The upfront fee paid to the counterparty in entering into this interest rate cap agreement was \$890 thousand. The interest rate cap agreement is considered "free-standing" due to non-designation of a hedge relationship to any of its financial assets or liabilities. Under FASB ASC 815, valuation gains or losses on interest rate caps not designated as hedging instruments are recognized in earnings. At December 31, 2012, the aggregate fair value of the outstanding interest rate caps was \$0 and we recognized mark-to-market losses on valuation of \$9 thousand in 2012. See Note 16 of Notes to Consolidated Financial Statements for more detailed information on swaps and caps. As of December 31, 2012, we did not have any outstanding interest rate swap agreements at December 31, 2012.

Interest Rate Sensitivity

Our monitoring activities related to managing interest rate risk include both interest rate sensitivity "gap" analysis and the use of a simulation model. While traditional gap analysis provides a simple picture of the interest rate risk embedded in the statement of financial condition, it provides only a static view of interest rate sensitivity at a specific point in time and does not measure the potential volatility in forecasted results relating to changes in market interest rates over time. Accordingly, we combine the use of gap analysis with the use of a simulation model, which provides a dynamic assessment of interest rate sensitivity.

The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets anticipated to reprice within a specific time period and the amount of interest-bearing liabilities anticipated to reprice within that same time period. A gap is considered positive when the amount of interest rate sensitive assets repricing within a specific time period exceeds the amount of interest-bearing liabilities repricing within that same time period. A positive cumulative gap suggests that earnings will increase when interest rates rise and decrease when interest rates fall. A negative cumulative gap suggests that earnings will increase when interest rates fall and decrease when interest rates rise.

The following table illustrates our combined asset and liability repricing as of December 31, 2012:

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	0 - 90 days or Less	Over 90 Days to 365 days	1 - 5 years Amount	Over 5 years Amount	Total
	(Dollars in thousands)				
Total Investments ⁽¹⁾	\$311,462	\$128,746	\$333,497	\$178,610	\$952,315
Loan Total Loans ⁽²⁾	1,215,547	636,739	1,503,895	993,792	4,349,973
Rate Sensitive Assets	1,527,009	765,485	1,837,392	1,172,402	5,302,288
TCD \$100,000 or more	515,564	507,463	65,584	—	1,088,611
TCD under \$100,000	201,874	431,071	49,202	2	682,149
Money Market accounts and other	1,248,304	—	—	—	1,248,304
Savings accounts	106,294	30,864	43,528	—	180,686
Borrowings from FHLB	89,000	40,000	291,722	—	420,722
Subordinated Debentures	41,846	—	—	—	41,846
Rate Sensitive Liabilities	2,202,882	1,009,398	450,036	2	3,662,318
Interest Rate Cap	50,000	0	(50,000	) 0	
Net Gap Position	\$(625,873	) \$(243,913	) \$1,337,356	\$1,172,400	
Cumulative Gap Position	\$(625,873	) \$(869,786	) \$467,570	\$1,639,970	

(1) Includes investment securities, term federal funds sold and FHLB stocks, and interest bearing deposits with other financial institutions.

(2) Includes loans held for sale of \$51.6 million.

The simulation model discussed above provides our ALM with the ability to simulate our net interest income. In order to measure, at December 31, 2012, the sensitivity of our forecasted net interest income to changing interest rates, both in rising and falling interest rate scenarios, were projected and compared to base market interest rate forecasts. One application of our simulation model measures the impact of market interest rate changes on the net present value of estimated cash flows from our assets and liabilities, defined as our market value of equity. This analysis assesses the changes in market values of interest rate sensitive financial instruments that would occur in response to an instantaneous and sustained increase in market interest rates.

Our net interest income and market value of equity exposure related to these hypothetical changes in market interest rates are illustrated in the following table.

Simulated Rate Changes	December 31, 2012		December 31, 2011	
	Estimated Net Interest Income Sensitivity	Market Value Of Equity Volatility	Estimated Net Interest Income Sensitivity	Market Value Of Equity Volatility
+ 200 basis points	5.31	% (2.24	)% 5.46	% (4.61
+ 100 basis points	2.51	% (1.01	)% 2.91	% (1.84
- 100 basis points	(3.78	)% 3.06	% 0.77	% 4.57
- 200 basis points	(4.52	)% 4.68	% 0.83	% 8.58

The estimated sensitivity does not necessarily represent our forecast of future results and the estimated results may not be indicative of actual changes to our net interest income. These estimates are based upon a number of assumptions including: the nature and timing of interest rate levels including yield curve shape, prepayment on loans and securities, pricing strategies on loans and deposits, and replacement of asset and liability cash flows. While the assumptions used are based on current economic and local market conditions, there is no assurance as to the predictive nature of these conditions including how customer preferences or competitor influences may change. The ALCO, which oversees our interest rate risk management, has established the exposure limits for acceptable changes in net interest income and market value of equity related to these hypothetical changes in market interest rates. Given the limitations of the

analyses, management believes that these hypothetical changes are considered tolerable and manageable as of December 31, 2012.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements of BBCN Bancorp, together with the reports thereon of KPMG LLP and Crowe Horwath LLP, begin on page F-1 of this Report and are incorporated herein by reference:

Report of Independent Registered Public Accounting Firm (KPMG LLP)

Report of Independent Registered Public Accounting Firm (Crowe Horwath LLP)

Consolidated Statements of Financial Condition as of December 31, 2012 and 2011

Consolidated Statements of Income for the Years Ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2012, 2011 and 2010

Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011 and 2010

Notes to Consolidated Financial Statements for the Years Ended December 31, 2012, 2011 and 2010

See "Item 15. Exhibits and Financial Statement Schedules" for financial statements filed as a part of this Report.

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Item CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL
9. DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

a. Evaluation of disclosure controls and procedures

We conducted an evaluation under the supervision and with the participation of our management, including our Acting President and Chief Operating Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2012. Based upon that evaluation, our Acting President and Chief Operating Officer and Chief Financial Officer determined that our disclosure controls and procedures were effective to ensure that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported as and when required. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments.

b. Management's Annual Report on Internal Control Over Financial Reporting

The management of BBCN Bancorp, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) under the Exchange Act. This system, which management has chosen to base on the framework set forth in Internal Control-Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and which is effected by the Company's board of directors, management and other personnel, is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

With the participation of the Company's Chief Operating Officer and Chief Financial Officer, management has conducted an evaluation of the effectiveness of the Company's system of internal control over financial reporting. Based on this evaluation, management determined that the Company's system of internal control over financial reporting was effective as of December 31, 2012.

Our independent registered public accounting firm has issued an audit report on our internal control over financial reporting which is included in the section herein.

/S/ BONITA I. LEE

Bonita I. Lee
Acting President and Chief
Operating Officer
Los Angeles, California
March 1, 2013

/S/ PHILIP E. GULDEMAN

Phillip E. Guldeman
Executive Vice President and
Chief Financial Officer
Los Angeles, California
March 1, 2013

c. Evaluation of Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting or in other factors in the fourth quarter of 2012 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

BBCN Bancorp, Inc.:

We have audited BBCN Bancorp, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). BBCN Bancorp, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on BBCN Bancorp, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, BBCN Bancorp, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition of BBCN Bancorp, Inc. and subsidiaries as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and our report dated March 1, 2013 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Los Angeles, California

March 1, 2013

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Item 9B. OTHER INFORMATION

None.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated herein by reference to the section of BBCN Bancorp's definitive Proxy Statement for its 2013 Annual Meeting of Stockholders (the "2013 Proxy Statement") entitled "Election of Directors" and the discussion in the 2013 Proxy Statement of the Code of Ethics and Business Conduct in the Nomination and Governance Committee Report.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the sections of the 2013 Proxy Statement entitled "Election of Directors," "Director Compensation," "Compensation Discussion and Analysis" and "Compensation Committee Interlocks and Insider Participation."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is incorporated herein by reference to the sections of the 2013 Proxy Statement entitled "Security Ownership of Certain Beneficial Owners."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to the sections of the 2013 Proxy Statement entitled "Certain Relationships and Related Transactions."

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the section of the 2013 Proxy Statement entitled "Ratification of the Selection of the Independent Registered Public Accounting Firm."

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) and (c) Financial Statements and Schedules.

The financial statements listed under Item 8. "Financial Statements and Supplementary Data" are filed as part of this Annual Report on Form 10-K. All schedules have been omitted since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule or because the information required is included in the Financial Statements and related notes.

(b) List of Exhibits

Number	Description
2.1	Agreement and Plan of Merger, dated as of December 9, 2010, between Nara Bancorp, Inc. and Center Financial Corporation (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 2.1, filed with the SEC on December 13, 2010, SEC file number 000-50245)
2.2	Amendment No. 1, dated as of April 13, 2011, to Agreement and Plan of Merger, dated as of December 9, 2010, between Nara Bancorp, Inc. and Center Financial Corporation (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 1.1, filed with the SEC on April 15, 2011, SEC file number 000-50245)
2.3	Amendment No. 2, dated as of July 6, 2011, to Agreement and Plan of Merger, dated as of December 9, 2010, between Nara Bancorp, Inc. and Center Financial Corporation (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 2.1, filed with the SEC on July 7, 2011, SEC file number 000-50245)
2.4	Agreement and Plan of Merger, dated as of October 22, 2012, between BBCN Bancorp, Inc. and Pacific International Bancorp, Inc. (incorporated by reference to the Current Report on 10-Q, Exhibit 10.1, filed with SEC on November 8, 2012, SEC file number 000-50245)
3.1	Certificate of Incorporation of the Company, filed with the Delaware Secretary of State on June 5, 2000 (incorporated herein by reference to Appendix III to the prospectus included in the Registration Statement on Form S-4 filed with the SEC on November 16, 2000, SEC file number 333-50126)
3.2	Certificate of Amendment of Certificate of Incorporation of the Company, filed with the Delaware Secretary of State on May 31, 2002 (incorporated herein by reference to the Registration Statement on Form S-8, Exhibit 3.3, filed with the SEC on February 5, 2003, SEC file number 333-102974)
3.3	Certificate of Amendment of Certificate of Incorporation of the Company, filed with the Delaware Secretary of State on June 1, 2004 (incorporated herein by reference to the Quarterly Report on Form 10-Q, Exhibit 3.1.1, filed with the SEC on November 8, 2004, SEC file number 000-50245)
3.4	Certificate of Amendment of Certificate of Incorporation of the Company, filed with the Delaware Secretary of State on November 2, 2005 (incorporated herein by reference to the Proxy Statement on Schedule 14A, Appendix B, filed with the SEC on September 6, 2005, SEC file number 000-50245)
3.5	Certificate of Amendment of Certificate of Incorporation of the Company, filed with the Delaware Secretary of State on July 20, 2007 (incorporated herein by reference to the Proxy Statement on Schedule

14A, Appendix C, filed with the SEC on April 19, 2007, SEC file number 000-50245)

3.6 Certificate of Amendment of Certificate of Incorporation of the Company, filed with the Delaware Secretary of State on November 30, 2011*

3.7 Amended and Restated Bylaws of BBCN Bancorp, Inc. (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 3.1, filed with the SEC on September 20, 2012, SEC file number 000-50245)

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Number	Description
4.1	Amended and Restated Declaration of Trust, dated June 5, 2003, by and among The Bank of New York as Property Trustee, The Bank of New York (Delaware) as Delaware Trustee, Nara Bancorp as Depositor and the Administrative Trustees as named therein (incorporated herein by reference to the Current Report on Form 8-K/A, Exhibit 99.1, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.2	Junior Subordinated Indenture, dated June 5, 2003, between the Nara Bancorp as Issuer and The Bank of New York as Trustee (incorporated herein by reference to the Current Report on Form 8-K/A, Exhibit 99.2, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.3	Guarantee Agreement, dated June 5, 2003, by and between Nara Bancorp and The Bank of New York as Guarantee Trustee (incorporated herein by reference to the Current Report on Form 8-K/A, Exhibit 99.3, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.4	Amended and Restated Declaration of Trust, dated December 17, 2003, by and among U.S. Bank National Association as Institutional Trustee, Nara Bancorp as Sponsors and the Administrators as named therein (incorporated herein by reference to the Current Report on Form 8-K/A, Exhibit 99.4, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.5	Indenture, dated December 17, 2003 between Nara Bancorp as Issuer and U.S. Bank National Association as Trustee (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 99.5, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.6	Guarantee Agreement, dated December 17, 2003, by and between Nara Bancorp and U.S. Bank National Association as Guarantee Trustee (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 99.6, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.7	Amended and Restated Declaration of Trust, dated December 22, 2003, by and among Wells Fargo Delaware Trust Company as Delaware Trustee and Nara Bancorp as Sponsor (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 99.7, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.8	Indenture, dated December 22, 2003, between Nara Bancorp, Inc. as Issuer and Wells Fargo Bank, National Association as Trustee (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 99.8, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.9	Guarantee Agreement, dated December 22, 2003, by and between Nara Bancorp and Wells Fargo Bank, National Association as Guarantee Trustee (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 99.9, filed with the SEC on May 2, 2008, SEC file number 000-50245)
4.10	Amended and Restated Declaration of Trust, dated March 22, 2007, by and among Wilmington Trust Company, Nara Bancorp, Inc., and the Administrators named therein (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 4.1, filed with the SEC on March 29, 2007, SEC file number 000-50245)
4.11	

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Indenture, dated March 22, 2007, by and between Nara Bancorp, Inc. and Wilmington Trust Company (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 4.2, filed with the SEC on March 22, 2007, SEC file number 000-50245)

4.12 Guarantee Agreement, dated March 22, 2007, by and between Nara Bancorp, Inc. and Wilmington Trust Company (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 4.3, filed with the SEC on March 22, 2007, SEC file number 000-50245)

4.13 Indenture, dated as of December 30, 2003, between Center Financial Corporation and Wells Fargo Bank, National Association (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.4, for the year ended December 30, 2003, filed with the SEC on March 30, 2004, SEC file number 000-50050)

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Number	Description
4.14	Amended and Restated Declaration of Trust of Center Capital Trust I, dated December 30, 2003, by and among Wells Fargo Delaware Trust Company, Center Financial Corporation, and the Administrators named therein (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.5, for the year ended December 30, 2003, filed with the SEC on March 30, 2004, SEC file number 000-50050)
4.15	Guarantee Agreement, dated December 30, 2003, by and between Center Financial and Wells Fargo, National Association (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.6, for the year ended December 30, 2003, filed with the SEC on March 30, 2004, SEC file number 000-50050)
4.16	Warrant to Purchase Common Stock of BBCN Bancorp, Inc., dated November 30, 2011, issued to United States Treasury Department (incorporated herein by reference to the Annual Report on form 10-K, Exhibit 4.24, for the year ended December 31, 2012, filed with the SEC on March 13, 2012, SEC file number 000-50245)
4.17	Warrant to Purchase Common Stock of BBCN Bancorp, Inc., dated February 15, 2013, issued to United States Treasury Department*
10.1	Amended and Restated Nara Bancorp, Inc. 2007 Equity Incentive Plan (incorporated herein by reference to the Current Report on Form 8-K, filed with the SEC on July 26, 2007, SEC file number 000-50245)
10.2	Nara Bancorp, Inc. 2001 Nara Bank 2000 Continuation Long Term Incentive Plan (incorporated herein by reference to the Registration Statement on Form S-8, Exhibit 99.2, filed with the SEC on April 9, 2001, SEC file number 333-58508)
10.3	Nara Bank Deferred Compensation Plan (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.3, for the year ended December 31, 2001, filed with the SEC on April 1, 2002, SEC file number 333-50126)
10.4	Center Bank Deferred Compensation Plan (incorporated herein by reference to the Quarterly Report on Form 10-Q, Exhibit 10.7, for the quarter ended March 1, 2006, filed with the SEC on May 5, 2006, SEC file number 000-50050)
10.5	Center Financial Corporation 2006 Stock Incentive Plan, as Amended and Restated June 13, 2007 (incorporated herein by reference to the Quarterly Report on Form 10-Q, Exhibit 10.2, for the quarter ended June 30, 2007, filed with the SEC on July 26, 2007, SEC file number 000-50050)
10.6	Tax Sharing Agreement among Nara Bancorp, Nara Bank, N.A., Nara Bancorp Capital Trust I and Nara Loan Center Corporation (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.11, for the year ended December 31, 2001, filed with the SEC on April 1, 2002, SEC file number 333-50126)
10.7	Affiliate Agreement between Nara Bancorp and Nara Bank, N.A. (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.12, for the year ended December 31, 2001, filed with the SEC on April 1, 2002, SEC file number 333-50126)
10.8	

Form of Nara Bancorp, Inc. Option Agreement (entered into with directors Jesun Paik and named executive officers Alvin D. Kang, Bonita I. Lee, and Kyu Kim) (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.6, for the year ended December 31, 2006, filed with the SEC on March 15, 2007, SEC file number 000-50245)

10.9 Form of Nara Bank Long Term Incentive Agreement (entered into by named executive officers Alvin D. Kang, Kyu Kim, and Bonita I. Lee) (incorporated herein by reference to the Annual Report on Form 10-K, Exhibit 10.10, for the year ended December 31, 2008, filed with the SEC on March 4, 2009, SEC file number 000-50245)

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Number	Description
10.10	Form of Nara Bancorp, Inc. 2007 Equity Incentive Plan Notice of Performance Unit/ Share Award Grant and Agreement (entered into by directors Jesun Paik, Hyon M. (John) Park, Ki Suh Park, and Scott Whang and named executive officers Alvin D. Kang, Bonita I. Lee, Kyu Kim, and Mark H. Lee) (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 10.2, filed with the SEC on December 6, 2007, SEC file number 000-50245)
10.11	Employment offer letter among Nara Bancorp, Inc., Nara Bank and Philip E. Guldeman, dated November 10, 2010 and effective December 17, 2010 (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 99.1, filed with the SEC on December 20, 2010, SEC file number 000-50245)
10.14	First Amendment to Office Lease, dated November 18, 2011, between Nara Bank and Colonnade Wilshire Corp. (incorporated hereinby reference to the Annual Report on Form 10-K, Exhibit 10.14, for the year ended December 31, 2011, filed with the SEC on March 13, 2012, SEC file number 000-50245)
10.15	BBCN Bank Employee Stock Ownership Plan, as amended and restated December 1, 2011*
10.16	BBCN Employees' 401(K) & Profit Sharing Plan, as amended and restated December 1, 2011*
10.17	Separation and Release Agreement among BBCN Bancorp, Inc., BBCN Bank and Alvin D. Kang entered into on January 14, 2013*
12.1	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends and Discount Accretion*
14.1	Director Code of Ethics and Business Conduct (incorporated hereinby reference to the Annual Report on Form 10-K, Exhibit 14.1, for the year ended December 31, 2011, filed with the SEC on March 13, 2012, SEC file number 000-50245)
14.2	Code of Ethics and Business Conduct (incorporated hereinby reference to the Annual Report on Form 10-K, Exhibit 14.2, for the year ended December 31, 2011, filed with the SEC on March 13, 2012, SEC file number 000-50245)
21.1	List of Subsidiaries*
23.1	Consent of Crowe Horwath LLP *
23.2	Consent of KPMG LLP*
31.1	Certification of Chief Executive Officer pursuant to section 302 of Sarbanes-Oxley of 2002*
31.2	Certification of Chief Financial Officer pursuant to section 302 of Sarbanes-Oxley of 2002*
32.1	Certification of Chief Executive Officer pursuant to section 906 of the Public Company Accounting Reform and Investor Protection Act of 2002*

32.2 Certification of Chief Financial Officer pursuant to section 906 of the Public Company Accounting Reform and Investor Protection Act of 2002*

101.INS XBRL Instance Document**

101.SCH XBRL Taxonomy Extension Schema Document**

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Number	Description
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed herewith

** Furnished herewith

Except as noted above, Form 8-K, Form 10-K and proxy statements filed by the Company and identified in the Exhibit Index have SEC file number 000-50245.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BBCN BANCORP, INC.

By: /s/ BONITA I. LEE
Bonita I. Lee
Acting President and Chief Operating Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

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By: /S/ BONITA I. LEE	March 1, 2013	Bonita I. Lee Acting President and Chief Operating Officer (Principal Executive Officer)
By: /S/ PHILIP E. GULDEMAN	March 1, 2013	Philip E. Guldeman Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
By: /S/ STEVEN D. BROIDY	March 1, 2013	Steven D. Broidy Director
By: /S/ LOUIS M. COSSO	March 1, 2013	Louis M. Cosso Director
By: /S/ JIN CHUL JHUNG	March 1, 2013	Jin Chul Jhung Director
By: /S/ CHANG HWI KIM	March 1, 2013	Chang Hwi Kim Director
By: /S/ KEVIN S. KIM	March 1, 2013	Kevin S. Kim Chairman of the Board
By: /S/ PETER Y.S. KIM	March 1, 2013	Peter Y.S. Kim Director
By: /S/ SANG HOON KIM	March 1, 2013	Sang Hoon Kim Director
By: /S/ CHUNG HYUN LEE	March 1, 2013	Chung Hyun Lee Director
By: /S/ JESUN PAIK	March 1, 2013	Jesun Paik Director
By: /S/ JOHN H. PARK	March 1, 2013	John H. Park Director
By: /S/ SCOTT YOON-SUK WHANG	March 1, 2013	Scott Yoon-Suk Whang Vice Chairman of the Board

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BBCN BANCORP, INC, AND SUBSIDIARIES

Consolidated Financial Statements at December 31, 2012 and 2011 and
for Each of the Three Years in the Period Ended December 31, 2012 and
Reports of Independent Registered Public Accounting Firms thereon.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

BBCN Bancorp, Inc.:

We have audited the accompanying consolidated statement of financial condition of BBCN Bancorp, Inc. and subsidiaries as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the BBCN Bancorp, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BBCN Bancorp, Inc. and subsidiaries as of December 31, 2012, and the results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BBCN Bancorp, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 1, 2013 expressed an unqualified opinion on the effectiveness of the BBCN Bancorp, Inc.'s internal control over financial reporting.

/s/ KPMG LLP

Los Angeles, California

March 1, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
BBCN Bancorp, Inc.
Los Angeles, California

We have audited the accompanying consolidated statement of financial condition of BBCN Bancorp, Inc. and Subsidiaries (the Company) as of December 31, 2011 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2011 and 2010. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BBCN Bancorp, Inc. and Subsidiaries as of December 31, 2011 and the results of their operations and their cash flows for the years ended December 31, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Crowe Horwath LLP

Sherman Oaks, California
March 13, 2012

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
December 31, 2012 AND 2011

	2012	2011
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$88,506	\$81,785
Interest-bearing deposit at Federal Reserve Bank	224,410	217,800
Federal funds sold	—	525
Total cash and cash equivalents	312,916	300,110
Term federal funds sold, original maturities more than 90 days	—	40,000
Securities available for sale, at fair value	704,403	740,920
Loans held for sale, at the lower of cost or fair value	51,635	42,407
Loans receivable, net of allowance for loan losses (December 31, 2012 - \$ 66,941; December 31, 2011 - \$61,952)	4,229,311	3,676,874
Other real estate owned, net	2,698	7,624
Federal Home Loan Bank ("FHLB") stock, at cost	22,495	27,373
Premises and equipment, net of accumulated depreciation and amortization (December 31, 2012 - \$22,201; December 31, 2011 - \$19,018)	22,609	20,913
Accrued interest receivable	12,117	13,439
Deferred tax assets, net	60,240	72,604
Customers' liabilities on acceptances	10,493	10,515
Bank owned life insurance	43,767	42,514
Investments in affordable housing partnerships	13,164	15,367
Goodwill	89,878	90,473
Other intangible assets, net	3,033	4,276
Prepaid FDIC insurance	7,574	9,720
FDIC loss share receivable	5,797	10,819
Other assets	48,531	40,656
Total assets	\$5,640,661	\$5,166,604

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (continued)
December 31, 2012 AND 2011

	2012	2011
	(In thousands, except share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Non-interest bearing	\$1,184,285	\$984,350
Interest bearing:		
Money market and NOW accounts	1,248,304	1,237,378
Savings deposits	180,686	198,063
Time deposits of \$100,000 or more	1,088,611	759,923
Other time deposits	682,149	761,178
Total deposits	4,384,035	3,940,892
Federal Home Loan Bank borrowings	420,722	344,402
Subordinated debentures	41,846	52,102
Accrued interest payable	4,355	6,519
Acceptances outstanding	10,493	10,515
Other liabilities	28,106	16,235
Total liabilities	4,889,557	4,370,665
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value - authorized 10,000,000 undesignated shares; issued and outstanding 122,000 shares as of December 31, 2011		
Series A, Fixed Rate Cumulative Perpetual Preferred Stock, issued and outstanding 67,000 shares at December 31, 2011, net, with a liquidation preference of \$67,428,000 at December 31, 2011	—	65,158
Series B, Fixed Rate Cumulative Perpetual Preferred Stock, issued and outstanding 55,000 shares at December 31, 2011, net, with a liquidation preference of \$55,229,000 at December 31, 2011	—	54,192
Common stock, \$0.001 par value; authorized 150,000,000 shares at December 31, 2012 and December 31, 2011; issued and outstanding, 78,041,511 and 77,984,252 shares at December 31, 2012 and December 31, 2011, respectively	78	78
Additional paid-in capital	525,354	524,644
Retained earnings	216,590	142,909
Accumulated other comprehensive income, net	9,082	8,958
Total stockholders' equity	751,104	795,939
Total liabilities and stockholders' equity	\$5,640,661	\$5,166,604

See accompanying notes to consolidated financial statements

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	Year Ended December 31,		
	2012	2011	2010
	(In thousands, except share data)		
INTEREST INCOME:			
Interest and fees on loans	\$250,583	\$145,554	\$134,390
Interest on securities	16,480	15,501	15,141
Interest on federal funds sold and other investments	822	840	905
Total interest income	267,885	161,895	150,436
INTEREST EXPENSE:			
Interest on deposits	21,354	20,245	27,882
Interest on FHLB advances	6,229	9,774	12,099
Interest on other borrowings	2,064	2,058	2,071
Total interest expense	29,647	32,077	42,052
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	238,238	129,818	108,384
PROVISION FOR LOAN LOSSES	19,104	27,939	84,630
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	219,134	101,879	23,754
NON-INTEREST INCOME:			
Service fees on deposit accounts	12,466	6,370	6,464
International service fees	5,038	2,625	2,369
Loan servicing fees, net	4,112	1,533	1,836
Wire transfer fees	3,250	1,555	1,192
Other income and fees	5,459	2,292	1,918
Net gains on sales of SBA loans	8,180	7,354	1,400
Net gains on sales of other loans	152	33	4,368
Net gains on sales and calls of securities available for sale	949	1,289	6,396
Net valuation gains (losses) on interest rate swaps and caps	35	(114)	(857)
Net gains (losses) on sales of OREO	(251)	193	(605)
Total non-interest income	39,390	23,130	24,481
NON-INTEREST EXPENSE:			
Salaries and employee benefits	56,491	31,629	25,261
Occupancy	15,631	11,833	9,767
Furniture and equipment	5,663	4,033	3,540
Advertising and marketing	5,076	2,486	2,020
Data processing and communications	6,364	3,913	3,954
Professional fees	3,882	2,971	2,538
FDIC assessments	2,442	4,347	4,968
Credit related expenses	9,010	3,789	4,781
Merger and integration expense	3,809	4,713	1,001
Prepayment charge on retirement of debt	461	6,385	—
Other	12,062	6,135	5,544
Total non-interest expense	120,891	82,234	63,374
INCOME BEFORE INCOME TAX PROVISION	137,633	42,775	(15,139)
INCOME TAX PROVISION	54,410	15,660	(7,900)
NET INCOME	\$83,223	\$27,115	\$(7,239)

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DIVIDENDS AND DISCOUNT ACCRETION ON PREFERRED STOCK	\$(5,640)	\$(4,568)	\$(4,291)
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$77,583	\$22,547	\$(11,530)
EARNINGS PER COMMON SHARE			
Basic	\$0.99	\$0.53	\$(0.30)
Diluted	\$0.99	\$0.53	\$(0.30)

See accompanying notes to consolidated financial statements

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	For Year Ended December 31,		
	2012	2011	2010
	(In thousands)		
Net income (loss)	\$83,223	\$27,115	\$(7,239)
Other comprehensive income (loss):			
Unrealized gain on securities available for sale and interest only strips	1,212	12,337	5,773
Reclassification adjustments for gains realized in income	(949)	(1,289)	(6,396)
Tax expense (benefit)	113	4,661	(269)
Change in unrealized gain on securities available for sale and interest only strips	150	6,387	(354)
Reclassification adjustment for the deferred gain on early settlement of interest-rate caps	(44)	(44)	(44)
Tax benefit	(18)	(18)	(18)
Change in unrealized gain on interest-rate caps	(26)	(26)	(26)
Total other comprehensive gain (loss)	124	6,361	(380)
Total comprehensive income	\$83,347	\$33,476	\$(7,619)

See accompanying notes to consolidated financial statements

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	Preferred stock	Common stock Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net
(In thousands, except share data)						
BALANCE, JANUARY 1, 2010	\$63,263	37,824,007	\$38	\$169,806	\$131,891	\$ 2,977
Issuance of additional shares pursuant to various stock plans		159,020		1,150		
Tax effects of stock plans				32		
Stock-based compensation				376		
Preferred stock cash dividends accrued (5%)					(3,351)	
Accretion of preferred stock discount	940				(940)	
Comprehensive income:						
Net loss					(7,239)	
Other comprehensive income (loss):						
Change in unrealized gain on securities available for sale, net of tax						(355)
Change in unrealized gain on interest-only strips, net of tax						1
Change in unrealized gain on interest rate swaps, net of tax						(26)
BALANCE, DECEMBER 31, 2010	\$64,203	37,983,027	\$38	\$171,364	\$120,361	\$ 2,597
Acquisition of Center Financial Corp	54,158	31,160,884	\$31	292,646		
Issuance of additional stock under public offering, net of offering costs		8,724,475	\$9	59,869		
Issuance of additional shares pursuant to various stock plans		115,866		524		
Tax effects of stock plans				138		
Stock-based compensation				103		
Redemption of common stock warrant				—		
Preferred stock cash dividends accrued (5%)					(3,578)	
Accretion of preferred stock discount	989				(989)	
Comprehensive income:						
Net income					27,115	
Other comprehensive income (loss):						
Change in unrealized gain on securities available for sale, net of tax						6,382
Change in unrealized gain on interest-only strips, net of tax						5
						(26)

Change in unrealized gain on interest
rate swaps, net of tax

BALANCE, DECEMBER 31, 2011	\$ 119,350	77,984,252	\$ 78	\$ 524,644	\$ 142,909	\$ 8,958
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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	Preferred stock	Common stock Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net
	(In thousands, except share data)					
Redemption of 122,000 shares of TARP preferred stock	(122,000)					
Issuance of additional shares pursuant to various stock plans		57,259		318		
Tax effects of stock plans				20		
Stock-based compensation				2,561		
Redemption of common stock warrant				(2,189)		
Preferred stock cash dividends accrued (5%)					(2,991)	
Accretion of preferred stock discount	2,650				(2,650)	
Cash dividend declared on common stock (\$0.05 per share)					(3,901)	
Comprehensive income:						
Net income					83,223	
Other comprehensive income (loss):						
Change in unrealized gain on securities available for sale, net of tax						125
Change in unrealized gain on interest-only strips, net of tax						25
Change in unrealized gain on interest rate swaps, net of tax						(26)
BALANCE, DECEMBER 31, 2012	\$—	78,041,511	\$78	\$525,354	\$216,590	\$ 9,082

See accompanying notes to consolidated financial statements

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	2012	2011	2010
	(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$83,223	\$27,115	\$(7,239)
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation, amortization, net of discount accretion	(21,363)	8,687	10,977
Stock-based compensation expense	2,561	103	376
Provision for loan losses	19,104	27,939	84,630
Valuation adjustment of loans held for sale	703	35	—
Valuation adjustment of OREO	2,970	1022	2155
Proceeds from sales of loans	127,434	105,602	110,885
Originations of loans held for sale	(125,972)	(64,752)	(46,045)
Deferred gain on transfer of asset	—	—	(1,166)
Net gains on sales of SBA and other loans	(8,332)	(7,387)	(5,768)
Net change in bank owned life insurance	(1,253)	(788)	(546)
Net gains on sales and calls of securities available for sale	(949)	(1,289)	(6,396)
Net (gains) loss on sales of OREO	251	(193)	605
Net valuation (gains) losses on interest rate swaps and caps	(35)	114	857
Change in accrued interest receivable	1,322	457	2,613
Change in deferred income taxes	11,834	8,696	(7,910)
Change in prepaid FDIC insurance	2,146	4,219	5,509
Change in investments in affordable housing partnership	2,203	1,068	1,008
Change in FDIC loss share receivable	5,271	33	—
Change in other assets	(7,792)	(6,664)	2,142
Change in accrued interest payable	(2,164)	(2,122)	(7,844)
Change in other liabilities	13,308	(5,313)	(3,072)
Net cash provided by operating activities	104,470	96,582	135,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Net change in loans receivable	(549,510)	(245,979)	(100,783)
Proceeds from sales of securities available for sale	28,446	139,458	208,142
Proceeds from sales of OREO	5,929	4,847	10,363
Proceeds from matured term federal funds	100,000	10,000	—
Proceeds from sales of equipment	3	—	—
Purchase of premises and equipment	(6,835)	(1,168)	(2,971)
Purchase of securities available for sale	(184,279)	(236,033)	(190,577)
Purchase of Federal Reserve Bank stock	—	—	(1,968)
Redemption of Federal Home Loan Bank Stock	4,878	2,875	2,218
Purchase of term federal funds	—	—	—
Proceeds from matured, called, or paid-down securities available for sale	186,419	183,945	235,063
Redemption of FRB stocks	—	6,367	—
Purchase of term federal funds	(60,000)	—	—
Net cash received from merger	—	325,993	—
Net cash (used in) provided by investing activities	(474,949)	190,305	159,487

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	2012	2011	2010
	(In thousands)		
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in deposits	446,230	(62,628)	(258,076)
Net change in secured borrowings	—	(12,541)	11,758
Redemption of subordinated debenture	(10,400)	—	—
Redemption of preferred stock	(122,000)	—	—
Payment of cash dividends on Preferred and Common Stock	(7,549)	(3,350)	(3,351)
Proceeds from FHLB borrowings	825,000	—	35,000
Repayment of FHLB borrowings	(746,145)	(140,982)	(35,000)
Issuance of additional common stock	—	59,869	0
Issuance of additional stock pursuant to various stock plans	338	524	1,150
Redemption of common stock warrant	(2,189)	—	—
Net cash provided by (used in) financing activities	383,285	(159,108)	(248,519)
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,806	127,779	46,739
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	300,110	172,331	125,592
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$312,916	\$300,110	\$172,331
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Interest paid	\$31,811	\$30,388	\$49,896
Income taxes paid	\$31,289	\$17,876	\$(1,458)
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES			
Transfer from loans receivable to other real estate owned	\$4,224	\$8,078	\$12,660
Transfer from loan receivables to loans held for sale	\$3,061	\$31,471	\$80,077
Non-cash goodwill adjustment, net	\$595	\$—	\$—
Center Merger			
Assets acquired	\$—	\$2,251,884	\$—
Liabilities assumed	\$—	\$(1,993,014)	\$—
Assumption of 55,000 shares of new series of preferred stock to the Treasury Department's TARP Capital Purchase Program	\$—	\$(54,158)	\$—

See accompanying notes to consolidated financial statements

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BBCN Bancorp, Inc., formerly named Nara Bancorp, Inc., is a bank holding company headquartered in Los Angeles, California. BBCN Bank, formerly named Nara Bank, opened for business in June 1989 under the name “United Citizens National Bank” as a national banking association, was renamed “Nara Bank, National Association” in January 1994 and, in January 2005, became “Nara Bank” upon converting to a California state-chartered bank in connection with its holding company reorganization transaction. On November 30, 2011, we merged with Center Financial Corporation (“Center Financial” or “Center”) in a merger equals transaction. Concurrently with the merger, Nara Bancorp changed its name to “BBCN Bancorp, Inc.” At the bank level, Nara Bank merged into Center Bank, and concurrently with the merger, Center Bank changed its name to “BBCN Bank.”

Principles of Consolidation—The accounting and reporting policies of BBCN Bancorp, Inc. and Subsidiaries (the “Company”) are in accordance with accounting principles generally accepted in the United States of America and conform to practices within the banking industry. The consolidated financial statements include the accounts of BBCN Bancorp, Inc. (“BBCN Bancorp”) and its wholly-owned subsidiaries, principally BBCN Bank (the “Bank”).

Cash Flows—Cash and cash equivalents include cash and due from banks, interest-earning deposits, federal funds sold and term federal funds sold, which have original maturities less than 90 days. The Company is required to maintain reserve and clearing balances with the Federal Reserve Bank under the Federal Reserve Act. The reserve and clearing requirement balance was approximately \$12.7 million at December 31, 2012 and \$400 thousand at December 31, 2011. Net cash flows are reported for customer loan and deposit transactions, deferred income taxes and other assets and liabilities.

Securities—Securities are classified and accounted for as follows:

- (i) Securities that the Company has the positive intent and ability to hold to maturity are classified as “held to maturity” and reported at amortized cost. At December 31, 2012 and 2011, we did not own securities in this category; Securities are classified as “available for sale” when they might be sold before maturity and are reported at fair value.
- (ii) Unrealized holding gains and losses are reported as a separate component of stockholders’ equity in accumulated other comprehensive income (loss), net of taxes.

Accreted discounts and amortized premiums on securities are included in interest income using the interest method, and realized gains or losses related to sales of securities are calculated using the specific identification method, without anticipating prepayments, except for mortgage-backed securities where prepayments are expected.

Management evaluates securities for other than temporary impairment (“OTTI”) at least on a quarterly basis and more frequently when economic conditions warrant such evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) other-than-temporary impairment (OTTI) related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

Derivative Financial Instruments and Hedging Transactions—As part of our asset and liability management strategy, we may enter into derivative financial instruments, such as interest rate swaps, caps and floors, with the overall goal of minimizing the impact of interest rate fluctuations on our net interest margin. The Company’s interest rate swaps and caps involve the exchange of fixed-rate and variable-rate interest payment obligations without the exchange of the underlying notional amounts and are therefore accounted for as “stand-alone” derivatives. Changes in the fair value of the stand-alone derivatives are reported in earnings as non-interest income. As part of the Company’s overall risk management, the Company’s Asset Liability Committee, which meets monthly, monitors and measures interest rate risk and the sensitivity of assets and liabilities to interest rate changes, including the impact of derivative transactions.

Loans—Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of any unearned interest, deferred loan fees and costs, and an allowance for

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments. Interest on loans is credited to income as earned and is accrued only if deemed collectible. Generally, loans for all loan segments are placed on non-accrual status if principal or interest payments become 90 days past due and/or management deems the collectibility of the principal and/or interest to be in question. Loans for all loan segments to a customer whose financial condition has deteriorated are considered for non-accrual status whether or not the loan is 90 days or more past due. Generally, payments received on non-accrual loans are recorded as principal reductions. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Nonrefundable fees, net of certain direct costs, associated with the origination or acquisition of loans are deferred and recognized as an adjustment of the loan yield over the life of the loan. Other loan fees and charges, representing service costs for the prepayment of loans, for delinquent payments or for miscellaneous loan services, are recorded as income when collected.

SBA Loans—Certain Small Business Administration ("SBA") loans that the Company has the intent to sell prior to maturity have been designated as held for sale at origination and are recorded at the lower of cost or fair value, on an aggregate basis. A valuation allowance is established if the aggregate fair value of such loans is lower than their cost, and charged to earnings. Gains or losses recognized upon the sale of loans are determined on a specific identification basis. SBA loan transfers are accounted for as sales when control over the loan has been surrendered. Control over such loans is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain control over the transferred assets through an agreement to repurchase them before their maturity.

Acquired Loans—Loans that the Company acquires are recorded at fair value with no carryover of the related allowance for loan losses. The Company considered all classified and criticized loans as credit impaired loans ("Credit Impaired Loans") under the provisions of Accounting Standards Codification ("ASC") 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality resulting from the Center Financial merger. Excluding Credit Impaired Loans, Pass graded loans from Center Financial ("Performing Loans") were not accounted for under ASC 310-30. These Performing Loans were placed in pools with similar risk characteristics and were recorded at fair value at the merger date.

The cash flows expected to be received over the life of the pool were estimated by management with the assistance of a third party valuation specialist. These cash flows were utilized in calculating the carrying values of the pools and underlying loans, book yields, effective interest income and impairment, if any, based on actual and projected events. Default rates, loss severity, and prepayment speed assumptions will be periodically reassessed and updated within the accounting model to update the expectation of future cash flows. The excess of the cash expected to be collected over the pool's carrying value is considered to be the accretable yield and is recognized as interest income over the estimated life of the loan or pool using the effective interest yield method. The accretable yield will change due to changes in the timing and amounts of expected cash flows. Changes in the accretable yield will be disclosed quarterly. The excess of the contractual balances due over the cash flows expected to be collected is considered to be nonaccretable difference. The nonaccretable difference represents our estimate of the credit losses expected to occur and was considered in determining the fair value of the loans as of the merger date. Subsequent to the merger date, any increases in expected cash flows over those expected at purchase date in excess of fair value are adjusted through the accretable difference on a prospective basis. Any subsequent decreases in expected cash flows over those expected at the merger date are recognized by recording a provision for loan losses.

Credit Impaired Loans that met the criteria for nonaccrual of interest prior to the merger may be considered performing upon merger, regardless of whether the customer is contractually delinquent, if we can reasonably estimate

the timing and amount of the expected cash flows on such loans and if we expect to fully collect the new carrying value of the loans. As such, we may no longer consider the loan to be nonaccrual or nonperforming and may accrue interest on these loans, including the impact of any accretable discount. We have determined that we can reasonably estimate future cash flows on any such acquired loans that are past due 90 days or more and on which we are accruing interest and we expect to fully collect the carrying value of the loans.

Loan Servicing Assets—The Company typically sells the guaranteed portion of SBA loans and retains the unguaranteed portion (“retained interest”). A portion of the premium on sale of SBA loans is recognized as gain on sale of loans at the time of the sale by allocating the carrying amount between the asset sold and the retained interest, based on their relative fair values. During 2010, in accordance with newly issued accounting literature, this gain was deferred until the 90 day recourse period expired. This resulted in \$1.2 million of gains being deferred at December 31, 2010 and secured borrowings of \$11.8

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

million. In February 2011, the SBA amended their agreements and effective for all loans submitted for secondary market sales on or after February 15, 2011, the gain recognized at the time of sale. The remaining portion of the premium is recorded as a discount on the retained interest and is amortized over the remaining life of the loan as an adjustment to yield. The retained interest, net of any discount, are included in loans receivable—net of allowance for loan losses in the accompanying consolidated statements of financial condition.

Servicing assets are recognized when SBA loans are sold with servicing retained with the income statement effect recorded in gains on sales of SBA loans. Servicing assets are initially recorded at fair value based on the present value of the contractually specified servicing fee, net of servicing costs, over the estimated life of the loan, using a discount rate based on the related note rate. The Company's servicing costs approximates industry average servicing costs of 40 basis points. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. The Company has capitalized \$2.0 million, \$1.3 million and \$283 thousand of servicing assets during 2012, 2011 and 2010, respectively, and amortized \$1.3 million, \$706 thousand and \$868 thousand during the years ended December 31, 2012, 2011 and 2010, respectively. The acquired servicing assets from Center was \$2.5 million at the acquisition date. The carrying amount of servicing assets was \$6.3 million and \$5.6 million at December 31, 2012 and 2011, respectively, and is included in other assets in the accompanying consolidated statements of financial condition. No impairment charges were required in 2012, 2011, or 2010.

Management periodically evaluates servicing assets for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. No impairment charges were required in 2012, 2011, or 2010. Allowance for Loan Losses—The allowance for loan losses is a valuation allowance for probable incurred credit losses that are inherent in the loan portfolio. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired. The general component covers non-impaired loans and is based on historical loss experience adjusted for qualitative factors.

For all loan classes, a loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, may be considered troubled debt restructurings and classified as impaired. Factors considered by management in determining whether a loan is impaired include payment status, collateral values, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not deemed to be impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogeneous loans are

collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer for impairment disclosures.

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment. The Company further segregates these segments between loans accounted for under the amortized cost method (referred to as "Legacy Loans") and acquired loans (referred to as "Acquired Loans"), as Acquired Loans were originally recorded at fair value with no carryover of the related allowance for loan losses. For the Legacy Loans, the historical loss experience is based on the actual loss history experienced by the Company. The loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following major portfolio segments have been identified: real estate loans (residential, commercial, and construction), commercial business loans, trade finance loans, and consumer/other loans. Due to the overall high level of real estate loans within the loan portfolio as a whole, as compared to other portfolio segments, for risk assessment and allowance purposes this segment was segregated into more granular pools by collateral property type. Construction and land loans have the highest qualitative adjustments for economic and other credit risk factors, such as the incomplete status of the collateral and deleterious effect of the recent economic downturn on these types of properties during, but total balances in these portfolio segments are not a concentration in the overall portfolio. The commercial real estate loan portfolio segment as a whole had the next highest level of qualitative adjustments due to the effects of local markets and economies on the underlying collateral property values, as well as for industry concentrations and risks related to the commercial business tenants. Commercial real estate loans secured by hotels, golf courses, and gas station/car washes pose an industry concentration risk within this portfolio segment, have historically shown higher credit risk than in other collateral property types, and were negatively impacted by the effect of the recent poor economy on the hospitality and recreation industries as well as increasing fuel and travel costs. These factors resulted in higher qualitative adjustments made to these sub-portfolio segments. Within the commercial business and trade finance portfolio segments, risk analysis is performed based on concentrations within industries, as well as by individual loan type. Commercial business loans granted under various SBA-guaranteed programs show higher historical risks as these loans are made to small businesses which were more negatively impacted by the economic issues of the past few years. This impact resulted in increased qualitative adjustments for this sub-portfolio segment during the year. Trade finance loans show minimal historical losses and have the lowest level of inherent risk as they are generally structured for transaction based funding and businesses within this portfolio segment were less impacted by local market downturns. Qualitative adjustments made to this portfolio segment are generally minor as a result. Impairment losses are included in the allowance for loan losses through a charge to the provision for loan losses. Upon disposition of an impaired loan, any unpaid balance is charged off to the allowance for loan losses. Federal Home Loan Bank (FHLB) Stock—The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. Premises and Equipment—Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization of premises and equipment are computed on the straight-line method over the following estimated useful lives:

Buildings	15-30 years
Furniture, fixture, and equipment	3-7 years
Computer equipment	5 years
Computer software	3 years
Leasehold improvement	life of lease or improvements, whichever is shorter

Other Real Estate Owned—Other real estate owned, which represents real estate acquired through foreclosure in satisfaction of commercial and real estate loans, is stated at fair value less estimated selling costs of the real estate.

Loan balances in excess of the fair value of the real estate acquired at the date of acquisition are charged to the allowance for loan losses. Any subsequent operating expenses or income, reduction in estimated fair values, and gains or losses on disposition of such properties are charged or credited to current operations.

FDIC Loss Share Receivable—In conjunction with the FDIC-assisted acquisition of Innovative Bank by Center Financial in 2011, Center Bank entered into shared-loss agreements with the FDIC for amounts receivable covered by the shared-loss agreements. At the date of merger with Center Financial, consistent with Center Financial's accounting treatment, we elected to account for amounts receivable under the loss sharing agreement with the FDIC as FDIC loss share receivable in accordance with ASC 805. The FDIC loss share receivable was recorded at fair value, based on the discounted value of expected future cash flows under the loss sharing agreement. The cash flows expected to be received under the loss agreement were estimated by management with the assistance of a third party valuation specialist. The difference between the present value and the undiscounted cash flows we expect to collect from the FDIC will be accreted into non-interest income over the life of the FDIC loss share receivable.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The FDIC loss share receivable is reviewed quarterly and adjusted for any changes in expected cash flows based on recent performance and expectations for future performance of the covered portfolio. These adjustments are measured on the same basis as the related covered loans and covered other real estate owned. Any increases in the cash flows of the covered assets over those expected will reduce the FDIC loss share receivable and any decreases in cash flows of the covered assets under those expected will increase the FDIC loss share receivable. Increase and decrease to the FDIC loss share receivable are recorded as adjustments to non-interest income.

Goodwill and Intangible Assets—Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually.

In accordance with ASU 2011-08, Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment, the Company makes a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If we conclude that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we do not perform the two-step impairment test. Goodwill is also tested for impairment on an interim basis if circumstances change or an event occurs between annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Significant judgment is applied when goodwill is assessed for impairment. This judgment includes developing cash flow projections, selecting appropriate discount rates, identifying relevant market comparables, incorporating general economic and market conditions and selecting an appropriate control premium. The selection and weighting of the various fair value techniques may result in a higher or lower fair value. Judgment is applied in determining the weighting that is most representative of fair value.

Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on our balance sheet.

The Company acquired Center Financial on November 30, 2011, which resulted in goodwill of \$88.0 million being recorded. The Company tested goodwill and other intangibles for impairment noting no impairment of recorded goodwill and other intangibles in 2012 and 2011.

Stock-Based Compensation—Compensation cost is recognized for stock options and restricted stock awards issued to employees and directors, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award.

Income Taxes—Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred income tax assets and liabilities represent the tax effects, based on current tax law, of future deductible or taxable amounts attributable to events that have been recognized in the financial statements. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, the projected future taxable income and tax planning strategies in making this assessment. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely

than not” test, no tax benefit is recorded. The Company recognizes interest and / or penalties related to income tax matters in income tax expense.

Section 382 of the Internal Revenue Code imposes limitations on a corporation's ability to use any net unrealized built in losses and other tax attributes, such as net operating loss and tax credit carryforwards, when it undergoes a 50% “ownership change” over a designated testing period (not to exceed three years). As a result of the merger on November 30, 2011, both Nara Bancorp and Center Financial underwent a greater than 50% ownership change. There is expected to be no limitation on the use of either company's tax attributes, because as of November 30, 2011 both companies had net unrealized built in gains, rather than net unrealized built in losses. However, future transactions, such as issuances of common stock or sales of shares of our stock by certain holders of our shares, including persons who have held, currently hold or may accumulate in the future 5%

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

or more of our outstanding common stock for their own account, could trigger future Section 382 limitations on the Company's use of tax attributes.

Employee Stock Ownership Plan (ESOP)—Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings.

Earnings per Common Share—Basic Earnings per Common Share is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. Allocated ESOP shares are considered outstanding for this calculation. Diluted Earnings per Common Share reflects the potential dilution of securities that could share in the earnings of the Company. Earnings and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the financial statements.

Equity—The Company accrues for preferred stock dividends as earned and for common stock dividends as declared. Preferred stock dividends of \$3.6 million and \$3.4 million were paid in 2012 and 2011 and there were \$0 and \$657 thousand of preferred stock dividends accrued but unpaid at December 31, 2012 and 2011, respectively. Common stock dividends of \$3.9 million and \$0 were paid in 2012 and 2011. There were no common stock dividends declared but unpaid at December 31, 2012 and 2011. Accrued preferred and common stock dividends are included in other liabilities.

Bank Owned Life Insurance—The Company has purchased life insurance policies on certain key executives and directors. Bank owned life insurance ("BOLI") is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Investments in Affordable Housing Partnerships—The Company owns limited partnerships interest in projects of affordable housing for lower income tenants. The investments in which the Company has significant influence are recorded using the equity method of accounting. For those investments in limited partnerships for which the Company does not have a significant influence, such investments are accounted for using the cost method of accounting and the annual amortization is based on the proportion of tax credits received in the current year to the total estimated tax credits to be allocated to the Company.

Comprehensive Income—Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, cash flow hedges, and interest-only strips which are also recognized as separate components of stockholders' equity, net of tax.

Loss Contingencies—Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management believes there are no such matters that would have a material effect on the consolidated financial statements as of December 31, 2012 or 2011.

Loan Commitments and Related Financial Instruments—Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded. See Note 12, Commitments and Contingencies, to these Consolidated Financial Statements for further discussion.

Fair Values of Financial Instruments—Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Impairment of Long-Lived Assets—The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future

cash flows (undiscounted) over the remaining useful life of the asset are less than the carrying value, an impairment loss would be recorded to reduce the related asset to its estimated fair value.

Transfer of Financial Assets—Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Use of Estimates in the Preparation of Consolidated Financial Statements—The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are susceptible to change in the near term relate to the determination of the allowance and provision for loan losses, the evaluation of other than temporary impairment of investment securities, accounting for derivatives and hedging activities, determining the carrying value for cash surrender value of life insurance, carrying value of goodwill and other intangible assets, accounting for deferred tax assets and related valuation allowances, the determination of the fair values of investment securities and other financial instruments, determination of the fair values of other real estate owned, accounting for Credit Impaired Loans, accounting for FDIC receivable, accounting for lease arrangements, accounting for incentive compensation, profit sharing and bonus payments and the valuation of servicing assets.

Reclassifications—Some items in the prior year financial statements were reclassified to conform to the current presentation.

Recent Accounting Pronouncements

ASB ASU 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (Topic 820)” - This ASU provides guidance on fair value measurement and disclosure requirements that the FASB deemed largely identical across U.S. GAAP and IFRS. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or allowed. ASU 2011-04 supersedes most of the guidance in ASC topic 820, but many of the changes are clarifications of existing guidance or wording changes to reflect IFRS 13. Amendments in ASU 2011-04 change the wording used to describe U.S. GAAP requirements for fair value and disclosing information about fair value measurements. ASU 2011-04 is effective for interim and annual reporting periods beginning after December 15, 2011, and early application is not permitted. Adoption of ASU 2011-04 did not have a significant impact on our financial condition or result of operations.

FASB ASU 2011-05, “Presentation of Comprehensive Income (Topic 220)” - This ASU is intended to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in other comprehensive income and to facilitate convergence of U.S. GAAP and IFRS, the FASB decided to eliminate the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, among other amendments in this Update. These amendments apply to all entities that report items of other comprehensive income, in any period presented. Under the amendments to Topic 220, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The FASB issued FASB ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" that deferred the effective date of ASU 2011-05. ASU 2011-05 and ASU 2011-12 became effective for interim and annual reporting periods beginning after December 31, 2011. The reporting requirements under ASU 2011-05 and ASU 2011-02 are included in our consolidated financial statements.

Newly Issued But Not Yet Effective Accounting Pronouncements

FASB ASU 2012-02, “Intangibles - Goodwill and Other (Topic 350); Testing Indefinite-Lived Intangible Assets for Impairment” - This ASU permits an entity to make a qualitative assessment of whether it is more likely than not that an indefinite-lived intangible asset is impaired. If an entity can support the conclusion that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. If an entity concludes otherwise, it would be necessary to perform a quantitative impairment assessment by comparing the fair

value of the indefinite-lived intangible asset with its carrying value. The ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Adoption of ASU 2012-02 is not expected to have a significant impact on our financial condition or result of operations.

FASB ASU 2012-06, "Business Combinations (Topic 805): Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution" This ASU clarifies the applicable guidance on the subsequent measurement of an indemnification asset recognized as a result of a government-assisted acquisition of a financial institution. The provisions of the ASU state that when there is a subsequent change in the cash flows expected to be collected on the indemnification asset, the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement. The ASU is effective for interim and annual periods beginning on or after December 15, 2012. Adoption of ASU 2012-02 is not expected to have a significant impact on our financial condition or results of operations.

2.CENTER MERGER

On November 30, 2011, the merger of Center and Nara was completed. Pursuant to the merger agreement, holders of Center common stock received 0.7805 of a share of common stock of BBCN for each share of Center common stock held immediately prior to the effective time of the merger, rounded to the nearest whole share, plus cash in lieu of the issuance of fractional shares. Outstanding Center stock options and restricted stock awards were converted into stock options with respect to shares of BBCN common stock or shares of BBCN common stock, respectively, with appropriate adjustments to reflect the exchange ratio. The merger was accounted for by BBCN using the acquisition method of accounting. Accordingly, the assets and liabilities of Center were recorded at their respective fair values and represents management's estimates based on available information.

The results of Center's operations are included in the Consolidated Statements of Income from the date of acquisition. In connection with the merger, the consideration paid, the assets acquired, and the liabilities assumed were recorded at fair value on the date of acquisition, as summarized in the following table:

	(in thousands)
Consideration paid:	
BBCN common stock issued	\$ 291,977
Cash in lieu of fractional shares paid to Center Financial stockholders	1
Fair value of Center Financial employee stock options	1,347
Fair value of Center Financial common stock warrant	(648)
Total consideration paid	292,677
Assets Acquired:	
Cash and cash equivalents	325,993
Investment securities available for sale	293,065
Term federal funds sold, original maturities more than 90 days	50,000
Loans, net	1,430,465
FRB and FHLB stock	12,591
Premises and equipment	12,463
FDIC loss share receivable	10,852
Deferred tax assets, net	48,870
Core deposit intangible	4,100
Other assets	63,485
Liabilities Assumed:	
Certificates of deposits	(1,827,406)
Borrowings	(148,760)
Other liabilities	(16,848)
Preferred stock	(54,158)
Total identifiable net assets	204,712
Excess of consideration paid over fair value of net assets acquired (goodwill)	\$ 87,965

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

We estimated the fair value for most loans acquired from Center by utilizing a methodology wherein loans with comparable characteristics were aggregated by type of collateral, remaining maturity, and repricing terms. Cash flows for each pool were determined by estimating future credit losses and the rate of prepayments. Projected monthly cash flows were then discounted to present value using a risk-adjusted market rate for similar loans. To estimate the fair value of the remaining loans, we analyzed the value of the underlying collateral of the loans, assuming the fair values of the loans were derived from the eventual sale of the collateral. The value of the collateral was based on recently completed appraisals adjusted to the valuation date based on recognized industry indices. We discounted those values using market derived rates of return, with consideration given to the period of time and costs associated with the foreclosure and disposition of the collateral. There was no carryover of Center's allowance for loan losses associated with the loans we acquired as the loans were initially recorded at fair value.

Acquired Center Financial loans for which at the acquisition date, it was probable that all contractually required payments would not have received as of November 30, 2011 are as follows:

	(in thousands)
Contractually required principal and interest at acquisition	\$245,246
Contractual cash flows not expected to be collected (nonaccretable discount)	28,095
Expected cash flows at acquisition	217,151
Interest component of expected cash flows (accretable discount)	32,872
Fair value of acquired loans	\$184,279

The core deposit intangible asset recognized as part of the Center merger is being amortized over its estimated useful life of approximately seven years utilizing an accelerated method. The goodwill of approximately \$88.0 million was recorded in conjunction with the transaction. The goodwill arising from the merger is largely the result of the benefit to the Company of acquiring Center Financial, thereby creating a platform for future operations, strengthening the Company's presence in the primary existing markets in Southern California, expanding the national presence through the addition of Center's offices in Chicago and Seattle, as well as Center's offices in Northern California location, and realizing annual cost synergies. The goodwill is not amortized for book purposes and is not deductible for tax purposes.

The fair value of savings and transactional deposit accounts acquired from Center was assumed to approximate the carrying value as these accounts have no stated maturity and are payable on demand. Certificates of deposit were valued by comparing the contractual cost of the the portfolio to an identical portfolio bearing current market rates. The projected cash flows from maturing certificates were calculated based on contractual rates. The fair value of the certificates of deposit was calculated by discounting their contractual cash flows at a market rate for a certificate of deposit with a corresponding maturity.

The fair value of borrowings assumed was determined by estimating projected future cash outflows and discounting them at a market rate of interest.

The fair value of FDIC loss share receivable was determined based on the discounted value of expected future cash flows under the loss sharing agreement.

Direct costs related to the Center merger were expensed as incurred. We incurred \$3.8 million, \$4.7 million, \$1.0 million in merger related expenses related to the Center merger during years ended December 31, 2012, 2011, and

2010, respectively. These expenses were comprised of salaries and benefits, occupancy expenses, professional services, and other non-interest expense.

The following table presents financial information regarding the Center Financial operations included in our Consolidated Statement of Income from the date of acquisition through December 31, 2011. The following table also presents unaudited pro forma information as if the merger had occurred on January 1, 2010. This pro forma information gives effect to certain adjustments, including purchase accounting fair value adjustments, amortization of core deposit and related income tax effects.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Merger and integration expenses incurred by the Company and Center of \$7.8 million and \$1.7 million for the year ended December 31, 2011, respectively, were excluded. The pro forma information does not necessarily reflect the results of operations that would have occurred had the Company merged with Center at the beginning of 2010. We assumed no adjustments to the historical deferred tax asset valuations in the amount of \$6.4 million and \$6.0 million, respectively, recorded by Center during the eleven months ended November 30, 2011 and the year ended December 31, 2010. 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 statements. 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 BBCN as of January 1, 2010. 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. In addition, the pro forma results for the year ended December 31, 2010 does not reflect any adjustment to eliminate Center's historical preferred stock dividend of \$29 million for the beneficial conversion feature of its Series B Preferred Stock issued in December 2009.

	Actual from acquisition date through December 31, 2011	Pro forma Year ended December 31,	
		2011	2010
(In Thousands)			
Net interest income	\$7,727	\$170,401	\$89,599
Non-interest income	1,268	45,082	50,569
Non-interest expense	(1,705)	) (123,885	) (109,667
Income tax provision	(1)	) (26,769	) (2,326
Net income	\$7,289	\$64,829	\$28,175
Preferred stock dividends and accretion of preferred stock discount		(7,838	) (36,287
Net income (loss) available to common stockholders		\$56,991	\$(8,112
Pro forma earnings (loss) per share:			
Basic		\$0.73	\$(0.10
Diluted		0.73	(0.10

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

3. SECURITIES AVAILABLE FOR SALE

The following is a summary of securities available for sale at December 31, 2012 and 2011:

	At December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Debt securities:				
U.S. Treasury	\$—	\$—	\$—	\$—
GSE collateralized mortgage obligations*	249,373	5,649	(110)	) 254,912
GSE mortgage-backed securities*	415,925	10,277	(662)	) 425,540
Trust preferred security	4,502	—	(665)	) 3,837
Municipal bonds	4,506	612	—	5,118
Total debt securities	674,306	16,538	(1,437)	) 689,407
Mutual funds - GSE mortgage related securities	14,710	286	—	14,996
	\$689,016	\$16,824	\$(1,437)	) \$704,403
	At December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Debt securities:				
U.S. Treasury	\$300	\$—	\$—	\$300
GSE collateralized mortgage obligations*	222,400	5,480	(44)	) 227,836
GSE mortgage-backed securities*	477,555	10,322	(123)	) 487,754
Trust preferred securities	5,532	—	(1,184)	) 4,348
Municipal bonds	5,257	507	—	5,764
Total debt securities	711,044	16,309	(1,351)	) 726,002
Mutual funds - GSE mortgage related securities	14,710	227	(19)	) 14,918
	\$725,754	\$16,536	\$(1,370)	) \$740,920

* Government Sponsored Enterprises (GSE) investments were issued by GNMA, FNMA and FHLMC and are all residential mortgage-backed investments.

As of December 31, 2012 and December 31, 2011, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity.

The proceeds from sales of securities and the associated gains are listed below:

	2012 (in thousands)	2011	2010
Proceeds	\$28,446	\$139,458	\$208,142
Gross gains	949	1,219	6,296
Gross losses	—	—	—

The amortized cost and estimated fair value of debt securities at December 31, 2012, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call

or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	Amortized Cost (In thousands)	Estimated Fair Value
Available for sale:		
Due within one year	\$—	\$—
Due after one year through five years	340	357
Due after five years through ten years	3,884	4,434
Due after ten years	4,784	4,164
GSE collateralized mortgage obligations	249,373	254,912
GSE mortgage-backed securities	415,925	425,540
Mutual funds - GSE mortgage related securities	14,710	14,996
	\$689,016	\$704,403

Securities with carrying values of approximately \$338.6 million and \$425.5 million at December 31, 2012 and December 31, 2011, respectively, were pledged to secure public deposits, various borrowings and for other purposes as required or permitted by law.

The following table shows our investments' gross unrealized losses and estimated fair value, aggregated by investment category and the length of time that the individual securities have been in a continuous unrealized loss position as of the dates indicated.

Description of Securities	At December 31, 2012			12 months or longer			Total		
	Less than 12 months								
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(In thousands)								
GSE collateralized mortgage obligations	3	\$ 18,009	\$(110)	—	\$ —	\$—	3	\$18,009	\$(110)
GSE mortgage-backed securities	7	32,406	(597)	3	8,251	(64)	10	40,657	(661)
Trust preferred security	—	—	—	1	3,837	(665)	1	3,837	(665)
	10	\$ 50,415	\$(707)	4	\$ 12,088	\$(729)	14	\$62,503	\$(1,436)

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Description of Securities	At December 31, 2011								
	Less than 12 months			12 months or longer			Total		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(In thousands)								
GSE collateralized mortgage obligations	2	\$3,305	\$(28)	1	\$14,007	\$(16)	3	\$17,312	\$(44)
GSE mortgage-backed securities	5	38,082	(123)	—	—	—	5	38,082	(123)
Trust preferred securities	—	—	—	1	3,303	(1,184)	1	3,303	(1,184)
Mutual funds - GSE mortgage related security	1	5,229	(19)	—	—	—	1	5,229	(19)
	8	\$46,616	\$(170)	2	\$17,310	\$(1,200)	10	\$63,926	\$(1,370)

We evaluate securities for other-than-temporary-impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the financial condition and near-term prospects of the issuer, the length of time and the extent to which the fair value of the securities has been less than our cost for the securities, and our intention to sell, or whether it is more likely than not that we will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. In analyzing an issuer's financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition.

The trust preferred security at December 31, 2012 has an amortized cost of \$4.5 million and an unrealized loss of \$0.7 million at December 31, 2012. The trust preferred security is scheduled to mature in May 2047, and had a first call date option in May 2012. Management determined this unrealized loss did not represent OTTI at December 31, 2012 as the investment is rated investment grade and there are no credit quality concerns with the obligor. The market value decline is deemed to be due to the current market volatility and is not reflective of management's expectations of our ability to fully recover this investment, which may be at maturity. Interest on the trust preferred security been paid as agreed and management believes this will continue in the future and the trust preferred security will be repaid in full as scheduled. For these reasons, no OTTI was recognized on the trust preferred security at December 31, 2012.

We consider the losses on our investments in unrealized loss positions at December 31, 2012 to be temporary based on: 1) the likelihood of recovery; 2) the information relative to the extent and duration of the decline in market value; and 3) the Company's intention not to sell, and our determination that it is more likely than not that we will not be required to sell a security in an unrealized loss position before recovery of its amortized cost basis.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

4. LOANS RECEIVABLE AND THE ALLOWANCE FOR LOAN LOSSES

The following is a summary of loans by major category at December 31, 2012 and 2011:

	December 31, 2012	December 31, 2011
	(In thousands)	
Loan portfolio composition		
Real estate loans:		
Residential	\$9,247	\$2,043
Commercial & industrial	3,100,466	2,631,880
Construction	65,045	44,756
Total real estate loans	3,174,758	2,678,679
Commercial business	921,556	849,576
Trade finance	152,070	146,684
Consumer and other	49,954	66,631
Total loans outstanding	4,298,338	3,741,570
Less: deferred loan fees	(2,086)	(2,744)
Gross loans receivable	4,296,252	3,738,826
Less: allowance for loan losses	(66,941)	(61,952)
Loans receivable, net	\$4,229,311	\$3,676,874

Our loan portfolio is made up of four segments: real estate loans, commercial business, trade finance and consumer and other. These segments are further segregated between loans accounted for under the amortized cost method ("Legacy Loans") and acquired loans that were originally recorded at fair value with no carryover of the related pre-acquisition allowance for loan losses ("Acquired Loans"). The Acquired Loans are further segregated between Credit Impaired Loans (loans with credit deterioration at the time of the merger and accounted for under the expected cash flow model of ASC 310-30) and Performing Loans (loans that were pass graded at the time of the merger and the fair value adjustment is amortized over the contractual life under ASC 310-20).

The following table presents changes in the accretable discount on the acquired Credit Impaired Loans for the years ended December 31, 2012 and 2011:

	Year Ended December 31,	
	2012	2011
Balance at beginning of period	\$31,999	\$—
Additions due to mergers and acquisitions	—	32,872
Accretion	(14,135)	(873)
Changes in expected cash flows	788	—
Balance at end of period	\$18,652	\$31,999

On the acquisition date, the amount by which the undiscounted expected cash flows exceed the estimated fair value of the acquired loans is the "accretable yield". The accretable yield is then measured at each financial reporting date and represents the difference between the remaining undiscounted expected cash flows and the current carrying value of the loans. The accretable yield will change from period to period due to the followings: 1) estimates of the remaining life of acquired loans will affect the amount of future interest income, 2) indicies for variable rates of interest on

acquired loans may change; and 3) estimates of the amount of the contractual principal and interest that will not be collected (nonaccretable difference) may change.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2012 and 2011 was as follows:

	Legacy				Acquired				Total
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Real Estate	Commercial Business	Trade Finance	Consumer and Other	
	(In thousands)								
December 31, 2011									
Balance, beginning of period	\$36,295	\$24,930	\$192	\$903	\$—	\$—	\$—	\$—	\$62,320
Provision (credit) for loan losses	23,604	2,067	2,714	(446)	—	—	—	—	27,939
Loans charged off	(22,187)	(8,603)	(1,153)	(256)	—	—	—	—	(32,199)
Recoveries of charged offs	1,328	2,287	33	244	—	—	—	—	3,892
Balance, end of period	\$39,040	\$20,681	\$1,786	\$445	\$—	\$—	\$—	\$—	\$61,952
December 31, 2012									
Balance, beginning of period	39,040	20,681	1,786	445	—	—	—	—	61,952
Provision for loan losses	7,098	3,700	403	673	4,824	1,903	303	200	19,104
Loans charged off	(6,770)	(9,406)	—	(568)	(411)	(945)	(300)	(380)	(18,780)
Recoveries of charged offs	2,137	1,515	160	108	305	157	—	283	4,665
Balance, end of period	\$41,505	\$16,490	\$2,349	\$658	\$4,718	\$1,115	\$3	\$103	\$66,941

The following table disaggregates the allowance for loan losses and the carrying value of loans receivables by impairment methodology at December 31, 2012 and December 31, 2011:

	December 31, 2012				Acquired				Total
	Legacy				Legacy				
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Real Estate	Commercial Business	Trade Finance	Consumer and Other	
	(In thousands)								
Allowance for loan losses:									
Individually evaluated for impairment	\$4,723	\$3,084	\$96	\$—	\$183	\$1,074	\$—	\$—	\$9,160
Collectively evaluated for impairment	36,782	13,406	2,253	658	—	41	3	103	53,246

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Loans acquired with credit deterioration	—	—	—	—	4,535	—	—	—	4,535
Total	\$41,505	\$ 16,490	\$2,349	\$658	\$4,718	\$ 1,115	\$3	\$103	\$66,941
Loans outstanding:									
Individually evaluated for impairment	\$37,394	\$ 23,951	\$6,199	\$536	\$17,951	\$ 3,323	\$—	\$802	\$90,156
Collectively evaluated for impairment	2,387,080	729,904	144,173	27,284	628,449	114,621	242	18,257	4,050,010
Loans acquired with credit deterioration	—	—	—	—	103,884	49,757	1,456	3,075	158,172
Total	\$2,424,474	\$ 753,855	\$150,372	\$27,820	\$750,284	\$ 167,701	\$1,698	\$22,134	\$4,298,338

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	December 31, 2011				Acquired				
	Legacy								
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Total
	(In thousands)								
Allowance for loan losses:									
Individually evaluated for impairment	\$ 10,525	\$ 7,168	\$ 342	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18,035
Collectively evaluated for impairment	28,515	13,513	1,444	445	—	—	—	—	43,917
Loans acquired with credit deterioration	—	—	—	—	—	—	—	—	—
Total	\$ 39,040	\$ 20,681	\$ 1,786	\$ 445	\$ —	\$ —	\$ —	\$ —	\$ 61,952
Loans outstanding:									
Individually evaluated for impairment	\$ 53,845	\$ 35,348	\$ 4,963	\$ 150	\$ —	\$ —	\$ —	\$ —	\$ 94,306
Collectively evaluated for impairment	1,692,390	497,643	97,047	12,660	827,605	248,833	40,965	48,700	3,465,843
Loans acquired with credit deterioration	—	—	—	—	104,839	67,752	3,709	5,121	181,421
Total	\$ 1,746,235	\$ 532,991	\$ 102,010	\$ 12,810	\$ 932,444	\$ 316,585	\$ 44,674	\$ 53,821	\$ 3,741,570

As of December 31, 2012 and December 31, 2011, we had a liability for unfunded commitments of \$802 thousand and \$686 thousand, respectively. For the year ended December 31, 2012 and 2011, we recognized provision for credit losses related to our unfunded commitments of \$116 thousand and \$149 thousand.

The recorded investment in individually impaired loans was as follows:

	December 31, 2012 (In thousands)	December 31, 2011
With Allocated Allowance		
Without charge-off	\$65,526	\$67,518
With charge-off	2,599	341
With No Allocated Allowance		
Without charge-off	17,536	19,234
With charge-off	4,495	7,213
Allowance on Impaired Loans	(9,160)	(18,035)

Impaired Loans, net of allowance	\$80,996	\$76,271
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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The following tables detail impaired loans (Legacy and Acquired) by portfolio segment as of December 31, 2012 and December 31, 2011 and for the year ended months ended December 31, 2012 and for the year ended December 31, 2011. Loans with no related allowance for loan losses are believed by management to have adequate collateral securing their carrying value.

	As of December 31, 2012			For the year ended December 31, 2012	
Total Impaired Loans**	Recorded Investment*	Unpaid Contractual Principal Balance	Related Allowance	Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)				
With Related Allowance:					
Real Estate—Residential	\$—	\$—	\$—	\$—	\$—
Real Estate—Commercial					
Retail	5,477	5,610	(1,167)	3,512	255
Hotel & Motel	8,990	8,995	(1,860)	17,536	426
Gas Station & Car Wash	1,892	2,440	(73)	2,908	—
Mixed Use	900	976	(250)	3,182	—
Industrial & Warehouse	2,074	2,153	(567)	3,052	66
Other	16,184	16,389	(989)	14,322	805
Real Estate—Construction	—	—	—	26	—
Commercial Business	26,354	29,073	(4,158)	25,227	1,252
Trade Finance	6,199	7,173	(96)	3,510	248
Consumer and Other	55	56	—	119	4
	\$68,125	\$72,865	\$(9,160)	\$73,394	\$3,056
With No Related Allowance					
Real Estate—Residential	\$—	\$—	\$—	\$—	\$—
Real Estate—Commercial					
Retail	2,516	5,404	—	1,602	48
Hotel & Motel	6,212	8,202	—	1,365	—
Gas Station & Car Wash	1,731	4,359	—	1,775	—
Mixed Use	899	923	—	180	—
Industrial & Warehouse	4,392	6,450	—	4,408	160
Other	2,371	6,283	—	2,598	—
Real Estate—Construction	1,710	1,710	—	1,710	111
Commercial Business	920	1,368	—	8,028	18
Trade Finance	—	—	—	946	—
Consumer and Other	1,280	1,316	—	357	20
	\$22,031	\$36,015	\$—	\$22,969	\$357
Total	\$90,156	\$108,880	\$(9,160)	\$96,363	\$3,413

*Unpaid contractual principal balance less charge-offs, interest applied to principal and purchase discounts.

** The Impaired Loans balances as of December 31, 2012 include \$9.0 million in Troubled Debt Restructurings that were modified at a market rate and were performing in accordance with their modified terms through the year subsequent to the modification.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	As of December 31, 2012			For the year ended December 31, 2012	
Acquired Impaired Loans	Recorded Investment*	Unpaid Contractual Principal Balance	Related Allowance	Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)				
With Related Allowance:					
Real Estate—Residential	\$—	\$—	\$—	\$—	\$—
Real Estate—Commercial					
Retail	1,286	1,286	(9)	920	64
Hotel & Motel	—	—	—	3,676	—
Gas Station & Car Wash	—	—	—	57	—
Mixed Use	—	—	—	—	—
Industrial & Warehouse	832	887	(2)	331	36
Other	4,272	4,461	(172)	1,711	288
Real Estate—Construction	—	—	—	—	—
Commercial Business	2,974	3,072	(1,074)	1,625	26
Trade Finance	—	—	—	—	—
Consumer and Other	—	—	—	—	—
	\$9,364	\$9,706	\$(1,257)	\$8,320	\$414
With No Related Allowance					
Real Estate—Residential	\$—	\$—	\$—	\$—	\$—
Real Estate—Commercial					
Retail	800	840	—	161	48
Hotel & Motel	5,990	7,375	—	1,198	—
Gas Station & Car Wash	774	1,865	—	608	—
Mixed Use	—	—	—	—	—
Industrial & Warehouse	3,190	3,302	—	2,005	160
Other	807	3,156	—	993	—
Real Estate—Construction	—	—	—	—	—
Commercial Business	349	681	—	680	15
Trade Finance	—	—	—	—	—
Consumer and Other	802	836	—	160	—
	\$12,712	\$18,055	\$—	\$5,805	\$223
Total	\$22,076	\$27,761	\$(1,257)	\$14,125	\$637

*Unpaid contractual principal balance less charge-offs, interest applied to principal and purchase discounts.

The table above includes only Acquired Loans that became impaired.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	As of December 31, 2011			For the year ended December 31, 2011	
Total Impaired Loans***	Recorded Investment*	Unpaid Contractual Principal Balance**	Related Allowance	Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)				
With Related Allowance:					
Real Estate—Residential	\$—	\$—	\$—	\$—	\$—
Real Estate—Commercial					
Retail	1,810	2,686	(668)	3,476	34
Hotel & Motel	17,441	17,459	(4,093)	14,581	1,013
Gas Station & Car Wash	2,265	2,669	(550)	2,825	95
Mixed Use	2,822	2,840	(128)	1,561	158
Industrial & Warehouse	4,242	4,246	(407)	4,819	310
Other	14,982	14,994	(4,630)	6,195	298
Real Estate—Construction	128	128	(49)	2,504	—
Commercial Business	19,672	20,248	(7,168)	23,133	538
Trade Finance	4,497	4,497	(342)	899	71
Consumer and Other	—	—	—	—	—
	\$67,859	\$69,767	\$ (18,035)	\$59,993	\$2,517
With No Related Allowance					
Real Estate—Residential	\$—	\$—	\$—	\$—	\$—
Real Estate—Commercial					
Retail	2,067	4,789	—	6,199	—
Hotel & Motel	—	—	—	4,722	—
Gas Station & Car Wash	288	2,851	—	2,584	—
Mixed Use	—	—	—	2,157	—
Industrial & Warehouse	3,485	8,346	—	3,150	—
Other	2,605	4,252	—	10,596	—
Real Estate—Construction	1,710	1,710	—	3,280	113
Commercial Business	15,676	16,905	—	12,432	203
Trade Finance	466	467	—	758	30
Consumer and Other	150	180	—	145	—
	\$26,447	\$39,500	\$—	\$46,023	\$346
Total	\$94,306	\$109,267	\$ (18,035)	\$106,016	\$2,863

*Unpaid contractual principal balance less charge-offs, interest applied to principal and purchase discounts.

The table has been revised to present unpaid contractual principal balances, whereas the Company had previously disclosed unpaid contractual principal balances that were net of charge-offs, interest applied to principal and purchase discounts.

***The Impaired Loans balances as of December 31, 2011 include \$11.1 million in Troubled Debt Restructurings that were modified at a market rate and were performing in accordance with their modified terms through the year subsequent to the modification.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due and/or management deems the collectibility of the principal and/or interest to be in question, as well as when required by regulatory requirements. Loans to a customer whose financial condition has deteriorated are considered for non-accrual status whether or not the loan is 90 days or more past due. Generally, payments received on non-accrual loans are recorded as principal reductions. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following tables present the aging of past due loans as of December 31, 2012 and December 31, 2011 by class of loans:

As of December 31, 2012

	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Past Due	Non-accrual loans	Total Delinquent loans	90 or More Days Past Due and Accruing
(In thousands)							
Legacy Loans							
Real estate—Residential	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Real estate—Commercial							
Retail	87	—	—	87	3,316	3,403	—
Hotel & Motel	—	—	—	—	437	437	—
Gas Station & Car Wash	359	—	—	359	2,848	3,207	—
Mixed Use	34	—	—	34	1,799	1,833	—
Industrial & Warehouse	—	—	—	—	1,950	1,950	—
Other	—	115	—	115	2,379	2,494	—
Real estate—Construction	—	—	—	—	—	—	—
Commercial business	298	234	—	532	4,942	5,474	—
Trade finance	—	—	—	—	869	869	—
Consumer and other	190	—	—	190	—	190	—
Subtotal	\$968	\$349	\$—	\$1,317	\$18,540	\$19,857	\$—
Acquired Loans ⁽¹⁾							
Real estate—Residential	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Real estate—Commercial							
Retail	1,126	6,604	1,190	8,920	—	8,920	1,190
Hotel & Motel	1,522	2,668	944	5,134	5,990	11,124	944
Gas Station & Car Wash	2,218	1,109	875	4,202	774	4,976	875
Mixed Use	985	1,918	1,507	4,410	—	4,410	1,507
Industrial & Warehouse	53	3,320	61	3,434	—	3,434	61
Other	50	25	5,542	5,617	937	6,554	5,542
Real estate—Construction	—	—	5,972	5,972	—	5,972	5,972
Commercial business	1,359	1,174	1,236	3,769	2,442	6,211	1,236
Trade finance	—	—	—	—	—	—	—
Consumer and other	98	17	415	530	970	1,500	415
Subtotal	\$7,411	\$16,835	\$17,742	\$41,988	\$11,113	\$53,101	\$17,742

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TOTAL	\$8,379	\$ 17,184	\$17,742	\$43,305	\$ 29,653	\$ 72,958	\$17,742
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(1) The acquired loans include Credit Impaired Loans (ASC 310-30 loans) and Performing Loans (loans that were pass graded at the time of the Merger).

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

As of December 31, 2011

	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Past Due	Non-accrual loans	Total Delinquent loans	90 or More Days Past Due and Accruing
(In Thousands)							
Legacy Loans							
Real estate—Residential	\$36	\$—	\$—	\$36	\$—	\$36	\$—
Real estate—Commercial							
Retail	428	—	—	428	2,615	3,043	—
Hotel & Motel	—	—	—	—	481	481	—
Gas Station & Car Wash	627	—	—	627	1,367	1,994	—
Mixed Use	—	—	—	—	820	820	—
Industrial & Warehouse	360	—	—	360	3,889	4,249	—
Other	—	119	—	119	10,992	11,111	—
Real estate—Construction	—	—	—	—	128	128	—
Commercial business	1,388	388	—	1,776	11,732	13,508	—
Trade finance	—	—	—	—	117	117	—
Consumer and other	3	—	—	3	150	153	—
Subtotal	2,842	507	—	3,349	32,291	35,640	—
Acquired Loans ⁽¹⁾							
Real estate—Residential	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Real estate—Commercial							
Retail	145	776	3,723	4,644	—	4,644	3,723
Hotel & Motel	—	45	—	45	—	45	—
Gas Station & Car Wash	3,408	175	820	4,403	—	4,403	820
Mixed Use	1,178	1,677	389	3,244	—	3,244	389
Industrial & Warehouse	3,372	—	110	3,482	—	3,482	110
Other	1,467	226	5,646	7,339	—	7,339	5,646
Real estate—Construction	—	4,499	—	4,499	—	4,499	—
Commercial business	2,097	1,502	12,195	15,794	—	15,794	12,195
Trade finance	—	—	302	302	—	302	302
Consumer and other	701	369	700	1,770	—	1,770	700
Subtotal	\$12,368	\$9,269	\$23,885	\$45,522	\$—	\$45,522	\$23,885
TOTAL	\$15,210	\$9,776	\$23,885	\$48,871	\$32,291	\$81,162	\$23,885

(1) The acquired loans include Credit Impaired Loans (ASC 310-30 loans) and Performing Loans (loans that were pass graded at the time of the Merger).

Loans accounted for under ASC 310-30 are generally considered accruing and performing loans and the accretable discount is accreted to interest income over the estimate life of the loan when cash flows are reasonably estimable. Accordingly, acquired impaired loans that are contractually past due are still considered to be accruing and performing loans. The loans may be classified as nonaccrual if the timing and amount of future cash flows is not reasonably estimable.

We categorize loans into risk categories based on relevant information about the ability of borrowers to service their debt, including, but not limited to, current financial information, historical payment experience, credit documentation, public information, and current economic trends. We analyze loans individually by classifying the loans as to credit risk. This analysis includes all non-homogeneous loans. This analysis is performed at least on a quarterly basis. We use the following definitions for risk ratings:

• Pass: Loans that meet a preponderance or more of the Company's underwriting criteria and evidence an acceptable level of risk.

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful/Loss: Loans classified as doubtful have all the weaknesses inherent in those classified as

- substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The following tables present the risk rating for Legacy Loans and Acquired Loans as of December 31, 2012 and December 31, 2011 by class of loans:

	As of December 31, 2012				
	Pass	Special Mention	Substandard	Doubtful/Loss	Total
	(In thousands)				
Legacy Loans:					
Real estate—Residential	\$9,223	\$—	\$24	\$—	\$9,247
Real estate—Commercial					
Retail	589,720	3,584	12,303	—	605,607
Hotel & Motel	453,908	1,894	16,795	—	472,597
Gas Station & Car Wash	370,803	1,288	9,982	—	382,073
Mixed Use	233,687	2,131	3,423	—	239,241
Industrial & Warehouse	202,066	1,010	4,295	370	207,741
Other	431,686	1,219	17,084	—	449,989
Real estate—Construction	56,270	—	1,710	—	57,980
Commercial business	726,072	6,164	21,514	104	753,854
Trade finance	136,198	7,976	6,199	—	150,373
Consumer and other	26,801	13	1,006	—	27,820
Subtotal	\$3,236,434	\$25,279	\$94,335	\$ 474	\$3,356,522
Acquired Loans:					
Real estate—Residential	\$—	\$—	\$—	\$—	\$—
Real estate—Commercial					
Retail	225,982	6,469	17,331	—	249,782
Hotel & Motel	105,032	16,150	13,215	—	134,397
Gas Station & Car Wash	33,360	7,192	4,119	—	44,671
Mixed Use	34,927	3,826	6,526	—	45,279
Industrial & Warehouse	114,616	1,385	9,470	—	125,471
Other	121,666	4,473	17,479	—	143,618
Real estate—Construction	1,093	—	5,972	—	7,065
Commercial business	119,026	14,057	34,047	571	167,701
Trade finance	242	334	1,122	—	1,698
Consumer and other	17,292	424	4,329	89	22,134
Subtotal	\$773,236	\$54,310	\$113,610	\$ 660	\$941,816
Total	\$4,009,670	\$79,589	\$207,945	\$ 1,134	\$4,298,338

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	As of December 31, 2011				
	Pass	Special Mention (In thousands)	Substandard	Doubtful/Loss	Total
Legacy Loans:					
Real estate—Residential	\$2,007	\$—	\$36	\$—	\$2,043
Real estate—Commercial					
Retail	431,695	3,434	13,468	—	448,597
Hotel & Motel	257,468	5,005	17,876	—	280,349
Gas Station & Car Wash	340,343	3,491	2,552	—	346,386
Mixed Use	139,969	2,281	3,019	—	145,269
Industrial & Warehouse	108,493	3,992	8,049	404	120,938
Other	341,977	5,904	15,500	—	363,381
Real estate—Construction	37,434	—	1,838	—	39,272
Commercial business	485,053	11,360	30,571	6,007	532,991
Trade finance	96,774	273	4,963	—	102,010
Consumer and other	11,731	—	1,079	—	12,810
Subtotal	\$2,252,944	\$35,740	\$98,951	\$ 6,411	\$2,394,046
Acquired Loans:					
Real estate—Residential	\$—	\$—	\$—	\$—	\$—
Real estate—Commercial					
Retail	313,242	11,562	14,045	—	338,849
Hotel & Motel	123,047	13,081	16,677	—	152,805
Gas Station & Car Wash	47,695	6,517	5,755	—	59,967
Mixed Use	34,676	3,500	2,823	—	40,999
Industrial & Warehouse	134,430	2,659	3,750	—	140,839
Other	172,839	6,673	13,988	—	193,500
Real estate—Construction	—	—	5,485	—	5,485
Commercial business	255,809	16,269	43,636	871	316,585
Trade finance	43,621	126	927	—	44,674
Consumer and other	49,645	1,658	2,518	—	53,821
Subtotal	\$1,175,004	\$62,045	\$109,604	\$ 871	\$1,347,524
Total	\$3,427,948	\$97,785	\$208,555	\$ 7,282	\$3,741,570

The following table presents loans sold from loans held for investment or transferred from held for investment to held for sale during the year ended months ended December 31, 2012 and 2011 by portfolio segment:

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BBCN BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	Year Ended December 31,	
	2012	2011
Sales or reclassification to held for sale		
Real estate - Commercial	\$3,061	\$25,358
Real estate - Construction	—	5,920
Commercial Business	—	