

# **BBCN BANCORP, INC. AND BBCN BANK**

## **CORPORATE GOVERNANCE GUIDELINES**

**(APPROVED BY NOMINATION AND GOVERNANCE COMMITTEE ON MARCH 25, 2015**

**APPROVED BY BOARD ON MARCH 26, 2015)**

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of BBCN Bancorp, Inc., (the “Corporation”) and BBCN Bank (hereinafter referred to as “the Company”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitoring the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing stockholder value over the long term. These Guidelines are in addition to, and are not intended to change or interpret, any federal or state law or regulation, including the Delaware General Corporation Law, or the Corporation’s Certificate of Incorporation or Bylaws. The Board may amend these Guidelines from time to time as necessary or appropriate. These guidelines are posted on the Corporation’s website in the Corporate Governance webpage.

### **I. DIRECTOR QUALIFICATIONS AND BOARD COMPOSITION**

#### *A. Board Size & Term*

The total number of directors should be within the range of five (5) to twenty-five (25) directors as provided in the bylaws. The Board will fix the total number from time to time based on the needs of the Board, the availability of qualified candidates, and the ability to function efficiently and effectively as a body. Each director is elected for a term of one year.

#### *B. Independence and Qualifications*

The Board shall be composed of a *majority* of independent directors in accordance with the corporate governance requirements of The NASDAQ Stock Market listing rules. The Nomination and Governance Committee shall annually review each director’s independence in accordance with the provisions of NASDAQ, and make recommendations to the Board based on its findings for the Board’s determination. In addition, the Nomination and Governance Committee shall annually assess the Board’s overall composition regarding diversity, age, skills and experience in the context of the needs of the Board and the completion and oversight of the Corporation’s and Company’s Strategic Plan goals.

#### *C. Nominees for Annual Election & Vacancies*

Directors are elected by the stockholders at each annual meeting of stockholders (or any adjournment or continuation thereof) at which a quorum is present, to hold office until the next annual meeting of stockholders, but shall continue to serve despite the expiration of their terms until their respective successors are duly elected and qualified.

The Board shall recommend a slate of directors for election by the stockholders at its annual meeting. The Nomination and Governance Committee is responsible for proposing a slate of directors to the Board for the annual election by the stockholders. The Nomination and Governance Committee is also responsible for recruiting, and nominating members to fill vacancies on the Board, if necessary, that may occur between annual meetings of stockholders, for approval by the Board. The Committee will comply with any proxy access rules as promulgated.

Board members should possess certain core competencies, some of which may include broad experience in business, finance, accounting, marketing or administration, familiarity with national and international business matters, and familiarity with the Company's industry. In addition to having one or more of these core competencies, Board member nominees are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, community prominence and reputation, and ability to understand the Company's business. The Board's collective experience level and core competencies shall be evaluated on a yearly basis.

Nominees should be screened to ensure each candidate has qualifications which complement the overall core competencies of the Board. The screening process includes conducting a background evaluation and an independence determination.

*D. Stockholder Recommendations of Potential Nominees*

The Corporation shall consider all candidates nominated by stockholders of the Corporation if such nominations are communicated to the Board through proper procedures, within the required time deadline, and with adequate information for the Board to evaluate qualifications of the proposed nominee. The procedures for stockholders recommending nominee candidates are included in the Bylaws of the Corporation, as updated from time to time.

*E. Stockholder Communications with the Board*

The Corporation shall facilitate stockholder communications to the Board and provide a method whereby interested parties can make their concerns known to the independent directors. The procedures for interested stockholders to communicate with independent directors are as follows:

Interested parties may communicate with the Board of Directors by:

Email to:

[LeadIndependentDirector@BBCNbank.com](mailto:LeadIndependentDirector@BBCNbank.com)

Writing to:

BBCN Bancorp, Inc.

Attn: Lead Independent Director

3731 Wilshire Boulevard, Suite 1000

Los Angeles, California 90010

All communications must state the number of shares owned by the security holder making the communication. The Lead Independent Director will review each communication and forward it to the Board or to any individual director to whom it is addressed unless the communication is frivolous in nature or unduly hostile or similarly inappropriate, in which case the Lead Independent Director may discard the communication.

The Corporation shall post these procedures on its website.

F. *Term Limits. Mandatory Retirement Age.*

There are no specific term limits for directors, given the normal process of annual election of Board members by the stockholders. Directors, who have served on the Board for an extended period of time, provide valuable insight into the operation and future of the Company based on their experience with and understanding of the Company's history, policies, operations, and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the annual evaluation and selection process described herein.

The mandatory retirement age is 75 effective as of the annual shareholders' meeting in 2013. To ensure an appropriate transition, the Board shall determine the implementation timeline for existing directors over the age of 75, upon the review and recommendations by the Nomination and Governance Committee.

G. *Change in Principal Occupation of Directors*

Directors who change the principal position they held when they were initially elected to the Board are expected to report the change immediately to the Nomination and Governance Committee. The Nomination and Governance Committee should have the opportunity to assess each situation for potential conflicts based on the individual circumstances and if the situation warrants, the Committee will make a recommendation to the Board.

H. *Director Orientation and Continuing Education*

All new directors are required to participate in the Company's new director orientation program as soon as practicable after their election. This orientation program will include briefings by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics and Business Conduct, its Director Code of Ethics and Business Conduct, its principal officers, and its internal and independent auditors and receipt of a Board Orientation and Reference Manual.

The Company will periodically provide additional materials or briefing sessions or arrange for outside preparation for all directors on subjects that would assist them in discharging their duties. The Board encourages its members to participate in continuing education programs sponsored by universities, stock exchanges or other organizations or consultants specializing in

director education. Directors may attend reasonable continuing education programs at the Company's expense. Each Director is strongly recommended to attend 12 hours of training per year, including training specific to any Board committee chairs.

#### I. *Director Compensation; Stock Ownership*

The Nomination and Governance Committee shall determine the form and amount of director compensation in accordance with the policies and principles set forth in its Charter, and conduct an annual review of director compensation. In discharging this duty, the Committee will be guided by three goals:

- compensation should fairly pay directors for work required in a company of the Company's size and industry;
- compensation should align directors' interests with the long-term interests of stockholders; and
- structure of the compensation should be simple, transparent and easy for stockholders to understand.

Directors may receive in addition to or as a part of their compensation in stock options, restricted stock, stock appreciation rights, performance shares or performance units.

#### J. *Chairman of the Board and CEO Positions*

The Chairman of the Board and CEO positions may be shared or separated.

## II. **DIRECTOR RESPONSIBILITIES**

The Board is responsible for oversight of the business and affairs of the Company, determination of the Company's mission, long-term strategy and objectives, and oversight of the management of the Company's risks and implementation of its policies and controls. The Board should foster and encourage a corporate environment of strong disclosure controls and procedures, including internal controls, fiscal accountability, high ethical standards and compliance with applicable policies, laws and regulations.

#### A. *Business Judgment*

Directors shall exercise their business judgment by acting in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

#### B. *Code of Ethics and Business Conduct*

Directors shall comply with the Company's Director Code of Ethics and Business Conduct. The Nomination and Governance Committee shall annually review the Director's

Code of Ethics and Business Conduct and the employee's Code of Ethics and Business Conduct to ensure its adequacy and present its recommendations for any changes to the full Board for approval. The Nomination and Governance Committee shall also oversee monitoring of the compliance with the Director's Code of Ethics and Business Conduct and the employee's Code of Ethics and Business Conduct.

C. *Limitation on Other Board Service*

Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director of the Company. Directors should advise the Chairman of the Board of the Corporation and Company and the Chair of the Nomination and Governance Committee in advance of accepting a position on another public company board. If a director serves on more than three (3) other public company boards, or on the audit or compensation committee of more than three (3) other public company boards, the Board or the Nomination and Governance Committee will review such director's ability to fulfill his or her responsibilities as a director and make any necessary recommendations.

D. *Access to Management and Outside Advisors*

Directors have full access to the Company's executive officers. Each director is expected to use his or her judgment to ensure that any such contact is not disruptive to the business operations and inform the Chief Executive Officer ("CEO") of the Bancorp and Bank, respectively, of such contact. As necessary and appropriate, Board members may retain and consult with outside legal, financial, accounting and other advisors to assist in their duties.

E. *Director Communications with Third Parties*

The Board believes that senior management speaks for the Company. When appropriate, the Chairman speaks for the Board. In exceptional cases and subject to the prior consultation with the senior management or the Chairman of the Board, individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. Please see the Company and Bank Regulation FD Policy for additional details.

F. *Director Equity Ownership Requirements*

The Board believes that it is desirable for Directors and Executive Management of the Company to own stock in the Company. Such ownership will allow for a stronger alignment of the interests of the Directors and Officers of the Company with that of its stockholders.

Each independent director of the Board of BBCN Bancorp, Inc. or BBCN Bank must own at least two times the value of their annual director cash compensation in Company Common Stock, within three years of their appointment.

The requirements of these provisions can be met by the vesting of performance units, the exercise of stock options or the purchase of Common Stock in the open market.

### **III. BOARD MEETINGS**

#### *A. Attendance at Meetings*

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

#### *B. Agenda Items*

The Chairman in collaboration with the Lead Independent Director shall establish the agenda for each Board meeting. At the beginning of the year, the Chairman and the Lead Independent Director shall identify agenda subjects to be discussed during the year to the extent this can be anticipated. The Board and each Board Committee shall maintain a comprehensive yearly calendar of its planned activities. Meeting agendas should include, on a regular basis, a review of financial performance and a review of the business strategies and practices. Each director is free to suggest the inclusion of items on the agenda and is encouraged to be proactive in setting agenda items. Each director may also raise at any board meeting subjects that are not on the agenda for that meeting.

#### *C. Information Flow and Distribution of Meeting Materials*

Meeting agendas, as well as information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting, should generally be distributed in writing to the directors at least several days in advance of the meeting, and directors should review these materials for the meeting. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting. Directors should request any additional materials or resources they may need to make better informed decisions. For example, legal counsel, outside accountants, compensation experts, and others may assist the Board in its consideration of matters.

#### *D. Executive Sessions*

The independent directors shall meet regularly in executive sessions without the management present. The Lead Independent Director will preside at these meetings. If the Lead Independent Director is not available, or is not an independent director, or not considered independent for a specific topic, then he can appoint another director to preside at these meetings.

#### *E. Translation Services*

The Board and each Board Committee shall be provided, upon request, translation services to English/Korean languages. Such translation services may be provided by any of the board members, corporate secretary or any of the employees who are fluent or comfortable in both Korean and English languages.

#### **IV. COMMITTEES OF THE BOARD**

##### *A. Committees and Charters*

The Board shall have standing Audit, Human Resources and Compensation Committee, and Nomination and Governance Committee and may establish any other committees that it deems necessary or appropriate. Each committee will have a Charter that establishes the purposes, goals and responsibilities of the committees. Charters of the Audit, Human Resources and Compensation and Nomination and Governance Committees will be posted on the Company's website.

The Audit Committee shall review and approve all related person transactions.

##### *B. Independence of Committee Members*

The members of the Audit Committee, Human Resources and Compensation Committee, and the Nomination and Governance Committee shall be independent in accordance with the provisions of the NASDAQ listing requirements, SEC requirements and any other standards established by the Board from time to time. If any conditions exist that may raise questions as to independence of a director, the disinterested members of the Nomination and Governance Committee shall determine if independence is jeopardized and recommend a course of action to address the issue.

##### *C. Composition of Committees*

The Nomination and Governance Committee shall annually review committee assignments and make recommendations to the full Board for committee appointments. The Nomination and Governance Committee and the Board may, but is not required to, consider the rotation of committee Chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

Each committee will have a Chair designated by the Board. The committee Chair will preside at each committee meeting and, in consultation with the other members of the committee, set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Chair should circulate the agenda to all committee members before each meeting.

#### **V. ANNUAL STOCKHOLDERS MEETING**

##### *A. Attendance*

All directors shall attend the annual meeting of the Corporation's stockholders unless they have a valid excuse for their absence. Directors may request, in lieu of physical attendance, to attend by appropriate means of electronic conferencing.

## **VI. PERFORMANCE EVALUATION AND SUCCESSION PLANNING**

### *A. Chairman and Lead Independent Director Evaluation*

Annual assessment of the performance of the Chairman and the Lead Independent Director shall be performed by the entire Board.

### *B. CEO Evaluation*

Please see the Policies and Procedures for CEO Evaluation for details of the CEO evaluation process.

### *C. Succession Planning*

The Nomination and Governance Committee is responsible for overseeing Board succession planning and should report periodically on its progress and at least annually with a summary of material changes. The Board will have final approval of the Board succession plan. The Board will work with the Human Resources and Compensation Committee to nominate and evaluate potential successors to the CEO and approve a CEO succession plan. The Nomination and Governance Committee will oversee the strategy in relation to Board succession planning and will work with the Board to make sure the long-term strength of the Board is maintained and contingency planning is in place for transitions, expansions and unexpected resignations.

### *D. Board and Committee Self-Evaluation*

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively and completing their self-assessments. The Nomination and Governance Committee shall establish and oversee self-evaluation of the Board as a whole. The Nomination and Governance Committee will receive comments from all directors and report annually to the Board with an overall assessment of the Board's performance. The assessment will review the Board's contribution to the Company and identify areas in which the Board believes the Board could improve.

Each director shall complete a yearly self-assessment form which will be reviewed by the Nomination and Governance Committee.

## **VII. GOVERNANCE RELATED POLICIES**

### *A. Stockholder Rights Plans*

The Board of Directors shall seek and obtain stockholder approval before or within 12 months of adopting a stockholders' "rights plan" (which for this purpose shall mean any arrangement pursuant to which, directly or indirectly, common stock or preferred stock purchase rights may be distributed to stockholders that provide all stockholders, other than persons who meet certain criteria specified in the arrangement the right to purchase the common stock or preferred stock at less than the prevailing market price, sometimes referred to as a "poison pill").



B. *Equity Compensation*

All equity compensation plans shall be submitted to stockholders for approval to the extent required by the listing standards of NASDAQ. The Company shall not reprice stock options without obtaining stockholder approval. Any option granted will be priced as of the date of the grant date.

C. *Extensions of Credit to Directors and Executive Officers*

The Company may make extensions of credit to insiders and their related interests as long as such extensions of credit are made in full compliance with the requirements of the Federal Reserve Board Regulation “O” and are consistent with the BBCN Bank Loan and Credit Policy.

The term “insider” as defined by Regulation O means an executive officer, director, or principal shareholder, and includes any related interest of such a person. It also applies to insiders of an institution’s affiliates with certain exceptions. Stock owned by a person’s immediate family members is attributed to the person for the purpose of determining whether the person is a “principal shareholder.” Even though there is no specific prohibition against loans to relatives of an insider, if the relative serves merely as a conduit for a loan to an insider, the loan should be considered as a loan to the insider.

Overdrafts – Directors and executive officers of the Bank and its affiliates are also prohibited from having overdrafts with the Bank, with certain exemption for affiliates. There is an exception to this strict rule if the director or officer has entered into a written preauthorized automatic transfer of funds from another account at the Bank or has a written preauthorized interest-bearing extension of credit that specifies a method of repayment. Also, inadvertent overdrafts of \$1,000 or less that are paid within five business days and on which the insider is charged the same non-sufficient funds (NSF) fee as any other customer are exempted by Regulation O. The Bank shall not waive overdraft fees for its directors and executive officers.