

March 4, 2009

**Mr. Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, D.C. 20220**

Dear Mr. Barofsky:

On February 6, 2009 a request by your department was received by our Bank. We have reviewed your letter and have set forth a response to your request. We have also set forth some background information to help you understand who we are and our mission to serve our Korean-American community. Center Bank (the “Bank”) was established in 1986 to serve Korean-American and other ethnic communities in predominately the Southern California market place. We also have branches in Seattle and Chicago. We have been an active SBA lender and continue to use these programs to provide funds in the community. We are deemed a minority bank and have participated in various programs which have been presented by the FDIC, and FRB relative to supporting the unbanked in our market place. We have included some financial information relative to the Bank and its parent holding company.

Center Financial Corporation

Center Financial Corporation (“Center Financial”) is a California corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the “BHC Act”), and is headquartered in Los Angeles, California. Center Financial was incorporated in April 2000 and acquired all of the outstanding shares of the Bank in October 2002. Center Financial is a one bank holding company and its principal subsidiary is the Bank. Currently, Center Financial’s only other direct subsidiary is Center Capital Trust I, a Delaware statutory business trust that was formed in December 2003 solely to facilitate the issuance of capital trust pass-through securities. As used herein, the term “Center Financial” is used to designate Center Financial Corporation only and the term the “Company” refers collectively to Center Financial Corporation and the Bank on a consolidated basis. Center Financial’s principal source of income is currently dividends from the Bank, but it intends to explore supplemental sources of income in the future. Expenditures, including (but not limited to) the payment of dividends to shareholders, if and when declared by the board of directors, and the cost of servicing debt, will generally be paid from such payments made to Center Financial by

the Bank. The Company's liabilities include \$18.6 million in debt obligations due to Center Capital Trust I, related to capital trust pass-through securities issued by that entity. At December 31, 2008, the Company had consolidated assets of \$2.1 billion, deposits of \$1.6 billion and shareholders' equity of \$221.4 million. Our corporate's headquarters are located at 3435 Wilshire Boulevard, Suite 700, Los Angeles, California 90010 and our telephone number is (213) 251-2222. Our Website address is www.centerbank.com. Information contained on the web site is not part of this report.

Center Bank

The Bank is a California state-chartered and Federal Deposit Insurance Corporation ("FDIC") insured financial institution, which was incorporated in 1985 and commenced operations in March 1986. The Bank changed its name from California Center Bank to Center Bank in December 2002. The Bank provides comprehensive financial services for small to medium sized business owners, primarily in Southern California. The Bank specializes in commercial loans, most of which are secured by real property, to small business customers. In addition, the Bank is a Preferred Lender of Small Business Administration ("SBA") loans and provides trade finance loans. The Bank's primary market is the greater Los Angeles metropolitan area, including Los Angeles, Orange, San Bernardino, and San Diego counties, primarily focused in areas with high concentrations of Korean-Americans. The Bank currently has 19 full-service branch offices, 16 of which are located in these same four counties. The Bank opened all California branches as de novo branches, and one branch in Chicago, Illinois by acquisition in 2004. The Bank opened one branch in the Seattle area of Washington in November 2007 and a second branch in Diamond Bar, California in March 2008, respectively.

The Bank's primary focus is on small and medium sized Korean-American businesses, professionals and other individuals in its market area, with particular emphasis on the growth of deposits and the origination of commercial and real estate secured loans and consumer banking services. The Bank offers bilingual services to its customers in English and Korean and has a network of ATM's located in sixteen of its branch offices. The Bank engages in a full complement of lending activities, including the origination of commercial real estate loans, commercial loans, working capital lines, SBA loans, trade financing, automobile loans and other personal loans, and construction loans. The Bank has offered SBA loans since 1989, providing financing for various purposes for small businesses under guarantee of the Small Business Administration. The Bank is a Preferred SBA Lender with full loan approval authority on behalf of the SBA. The Bank also participates in the SBA's Export Working Capital Program. SBA loans are generally secured by deeds of trust on industrial buildings or retail establishments. The Bank regularly sells a portion of the guaranteed and unguaranteed portion of the SBA loans it originates. The Bank retains the obligation to service the loans and receives a servicing fee. As of December 31, 2008, the Bank was servicing \$131.2 million of sold SBA loans.

As of December 31, 2008, the principal areas of focus related to the Bank's lending activities, and the percentage of total loan portfolio composition for each of these areas, were as follows: commercial loans secured by first deeds of trust on real estate 66.0%;

construction real estate loans 3.6%; commercial loans 19.4%; SBA loans 3.7%; trade financing 2.2%; and consumer loans 5.1%. The Bank funds its lending activities were funded primarily with demand deposits, savings and time deposits (obtained through its branch network) and Federal Home Loan Bank ("FHLB") borrowings. The Bank's deposit products include demand deposit accounts, money market accounts, and savings accounts, time certificates of deposit and fixed maturity installment savings. The Bank's deposits are insured under the Federal Deposit Insurance Act, up to the maximum applicable limits thereof. Like most state-chartered banks of the Bank's size in California, it is not currently a member of the Federal Reserve System. As of December 31, 2008, the Bank had approximately 49,000 deposit accounts with balances totaling approximately \$1.6 billion. As of December 31, 2008, the Bank had \$310.2 million or 19.3% in non-interest bearing demand deposits; \$447.3 million or 27.9% in money market and NOW accounts; \$52.7 million or 3.3% in savings accounts; \$143.2 million or 8.9% in time deposits \$100,000 or less; and \$650.2 million or 40.6% in time deposits of more than \$100,000. As of December 31, 2008, the Bank had \$115.0 million of State municipal time deposits and \$372.2 million of brokered deposits.

The Bank also offers international banking services such as letters of credit, acceptances and wire transfers, as well as merchant deposit services, cash management services, travelers' checks, debit cards and safe deposit boxes. The Bank provides Internet banking services to allow its customers to access their loan and deposit accounts through the Internet. Customers can obtain transaction history and account information, transfer funds between the Bank's accounts and process bill payments. The majority of the Bank's customers are Korean-American small businesses and individuals. Approximately 69.6% of the Company's loan portfolio as of December 31, 2008 was concentrated in commercial real estate and construction loans. Most of our customers are concentrated in the greater Los Angeles area but efforts have been made in the last several years to diversify the geographic risk with branches in Chicago and Seattle. The Bank, with its officers and employees, is engaged continually in marketing activities, including the evaluation and development of new services, which enable it to retain and improve our competitive position in our service area.

Specific Responses

(1) As part of our strategic initiatives, Center Bank will continue to canvas the market place to find quality lending opportunities. The Company intends to put TARP funds to work quickly, prudently, and transparently to support U.S. consumers, businesses and communities. Although the TARP funds have not been segregated from the Company's funds, the Company tracks and monitors the use of funds related to the TARP capital. As of December 31, 2008 the Bank originated \$12.0 million in new loans and lines of credit and worked successfully with customers in our communities we serve. The Bank has provided funds to our customers through borrowings totaling \$4.2 million in January of 2009. During this time period through the end of February 2009, the Company invested \$46 million supporting the housing market through the purchase of mortgage-backed securities guaranteed by Fannie Mae and Freddie Mac. The Company intends to continue to use the TARP funds to support the Company's capital and liquidity position, which will increase the Bank's ability to lend. The Company intends to continue to purchase

mortgage-backed securities to support the housing and mortgage market, and to inject liquidity into the U.S. credit market. [REDACTED]

b(4)

- (2) Prior to entering into the TARP CPP transaction with the Treasury Department, our Board of Directors reviewed all compensation arrangements with the Company's senior executive officers for compliance with the Emergency Economic Stabilization Act of 2008 ("EESA"), and [REDACTED]

Center Financial agreed to abide by all applicable restrictions on compensation imposed under EESA for as long as the Treasury Department holds any debt or equity securities issued by Center Financial, [REDACTED]

b(4),
b(6)

On an ongoing basis, the Company's Personnel and Compensation Committee (the "Committee") will conduct compensation risk analyses with the Company's Human Resources Officer to review compensation and incentive arrangements for the Company's senior executive officers and identify any practices that could promote excessive risk-taking.

b(4)

The Committee and the Board are also aware of the provisions in the recently enacted American Recovery and Reinvestment Act of 2009 (the "ARRA") relating to executive compensation, and specifically to incentive compensation and golden parachute payments,

b(4)

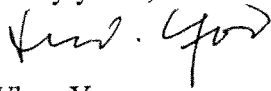
The Committee shall continue to meet on an ongoing basis at least twice a year to evaluate any risks posed by the Company's compensation plans, for as long as the Treasury Department holds any debt or equity securities issued by Center Financial.

We trust that the above information has been responsive to your concerns and confirms that we have been properly utilizing the TARP proceeds for the benefit of our local community. As indicated above, we are doing our very best to make credit available particularly to small businesses and individuals, to support job creation and to stimulate

the economy in our market areas. At the same time, we are committed to maintaining our high standards of credit quality, and our strict underwriting standards, that have thus far insulated us from the extreme financial problems associated with poor credit quality that so many other banks have experienced recently.

If you should have any further questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jae Whan Yoo". The signature is written in a cursive style with a large, sweeping initial "J".

Jae Whan Yoo
President and CEO
Center Financial and Center Bank.