

HANMI FINANCIAL CORP  
Form DEFR14A  
May 03, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

HANMI FINANCIAL CORPORATION

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(Name of Registrant as Specified In Its Charter)

None

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

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

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

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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## HANMI FINANCIAL CORPORATION

3660 Wilshire Boulevard  
Penthouse Suite A  
Los Angeles, California 90010

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### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 19, 2004

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The 2004 Annual Meeting of Stockholders of HANMI FINANCIAL CORPORATION (the Company) will be held at the Sheraton Universal Hotel, located at 333 Universal Hollywood Drive, Universal City, California, on Wednesday, May 19, 2004, beginning at 10:30 A.M. local time, for the following purposes:

1. To elect two nominees to serve as directors of the Company, each for a term of three years until respective successors shall be elected and qualified;
  2. To amend the Certificate of Incorporation to increase the authorized number of shares of Common Stock which may be issued from 50 million shares to 200 million shares; and
  3. To transact such other business as may properly come before the meeting or any adjournment thereof.
- Our agenda for the Annual Meeting will also include an overview of the Company's business operations and recent performance results.

The Board of Directors has fixed the close of business on April 5, 2004 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You are cordially invited to attend the Annual Meeting. However, you must be a stockholder of record at the close of business on April 5, 2004 to vote at the meeting. Regardless of whether or not you will attend, please vote by signing, dating and returning the enclosed proxy card.

By Order of the Board of Directors

Jae Whan Yoo  
*President and Chief Executive Officer*

Los Angeles, California  
May 3, 2004

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**HANMI FINANCIAL CORPORATION**

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**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 19, 2004**

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The Board of Directors of the Company is soliciting your proxy for use at the 2004 Annual Meeting of Stockholders to be held at the Sheraton Universal Hotel located at 333 Universal Hollywood Drive, Universal City, California, on Wednesday, May 19, 2004, beginning at 10:30 A.M. local time, and at any adjournment thereof. The Company intends to cause this Proxy Statement to be mailed to stockholders on or about May 3, 2004.

**Record Date**

The close of business on April 5, 2004 has been selected as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. Each holder of common stock is entitled to one vote per share of such stock held. At the record date, there were approximately 14,267,856 outstanding shares of the Company's common stock entitled to vote at the annual meeting.

**How to Vote; Submitting Your Proxy**

You may vote your shares either by voting in person at the Annual Meeting or by submitting a completed proxy. By submitting your proxy, you are legally authorizing another person to vote your shares. Your proxy designates Richard B. C. Lee and David Kim to vote your shares in accordance with the voting instructions you indicate in your proxy.

If you submit your proxy designating Richard B. C. Lee and David Kim as the individuals authorized to vote your shares, but you do not indicate how your shares are to be voted, then your shares will be voted by those individuals in accordance with the Board's recommendations, which are described in this proxy statement. In addition, if any matters other than the proposals contained in this proxy statement are properly brought up at the Annual Meeting, then Richard B. C. Lee and David Kim will have the authority to vote your shares on those matters in accordance with their discretion and judgment. The Board currently does not know of any matters to be raised at the Annual Meeting other than the proposals contained in this proxy statement.

Your vote is very important to us. If you do not plan to attend the Annual Meeting, we encourage you to read the enclosed proxy statement and submit your completed proxy prior to the Annual Meeting so that your shares will be represented and voted in accordance with your instructions.

If your shares are not registered in your name, but in the street name of a bank, broker or other holder of record, then such party will be entitled to vote your shares. If you would like to vote in person, you will need to obtain a proxy authorization from your broker, bank or other holder of record to vote the shares.

**Quorum and Voting Requirements**

The required quorum for the transaction of business at the Annual Meeting is a majority of the shares of the Company's common stock entitled to vote at the Annual Meeting. Shares voted in a matter are treated as being present for purposes of establishing a quorum. Abstentions and broker nonvotes will be counted for determining a quorum, but will not be counted for purposes of determining the number of votes cast FOR or AGAINST any matter. If no directions are given, the shares represented by the proxies will be voted FOR the election of the nominees for director and FOR amending the Certificate of Incorporation to

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increase the authorized number of shares of Common Stock which may be issued. The two nominees for directors who receive the most votes will be elected, so if you withhold authority to vote for a particular nominee, your vote will not count either FOR or AGAINST the nominee. The Certification of Incorporation will be amended only if a majority of shares vote FOR the proposal. Thus, if you withhold authority to vote on such proposal, it will be considered a vote AGAINST amending the Certificate of Incorporation to increase the number of authorized shares. The named proxies may vote in their discretion upon such matters as may properly come before the meeting.

#### **Revocability of Proxies**

Any holder of the Company's common stock may revoke a proxy at any time before it is voted by filing with the secretary of the Company an instrument revoking the proxy or by returning a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. Any such filing should be made to the attention of the Secretary, Hanmi Financial Corporation, Penthouse Suite A, 3660 Wilshire Boulevard, Los Angeles, California 90010. Attendance at the Annual Meeting will not by itself constitute revocation of a proxy.

#### **Solicitation of Proxies**

In addition to soliciting proxies by mail, officers, directors and employees of the Company, without receiving any additional compensation, may solicit proxies by telephone, fax, in person or by other means. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of the Company's common stock held of record by such persons, and the Company will reimburse such brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith. The Company will pay all expenses related to the solicitation of proxies.

### **THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**

#### **Composition of the Board and Election of Directors**

The Company's Bylaws provide for a Board of Directors consisting of no less than seven and no more than fifteen members, the exact number within this range being determined by the Board of Directors. Currently, the Board of Directors has twelve members classified into three classes, with each director serving a three-year term. George S. Chey, Ki Tae Hong, M. Christian Mitchell and Jae Whan Yoo are Class II directors serving terms that expire at the 2004 Annual Meeting of Stockholders, to be held on May 19, 2004. Stuart S. Ahn, Ung Kyun Ahn, Richard B.C. Lee and Chang Kyu Park are Class III directors serving terms that expire at the Annual Meeting of Stockholders to be held in 2005. I Joon Ahn, Joon Hyung Lee, Joseph K. Rho and Won R. Yoon are Class I directors serving terms that expire at the Annual Meeting of Stockholders to be held in 2006.

The Board of Directors has nominated M. Christian Mitchell and Jae Whan Yoo for election to the Board of Directors, to serve as Class II directors. If elected, these nominees will serve a three-year term that will expire at the Annual Meeting of Stockholders to be held in the year 2007. The nominees have indicated their willingness to serve and, unless otherwise instructed, proxies will be voted for the election of such nominees unless instructions are given on the proxy to withhold authority to vote for them.

The Board of Directors is nominating two, rather than four, nominees to fill the four Class II vacancies. This is due to the fact that, upon the closing of the merger with Pacific Union Bank ( PUB ), which occurred on April 30, 2004, PUB and Castle Creek Financial were each entitled to designate an additional director, subject to the approval of the Company. Castle Creek Financial's designee, William J. Ruh, was approved by the Board of Directors at its December 21, 2003 meeting and will be a Class III director. PUB has designated one of its directors, Kraig Kupiek, who will be a Class I director. Following the Annual Meeting of Stockholders, the Board anticipates that it will appoint an existing director from each of Class I and Class III to fill the vacancies in Class II and then reduce the size of the Board accordingly. As of the date of this

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document, the Board has not determined which directors will be so reclassified. Upon this reclassification, the Board of Directors will once again be composed of twelve members, with each of the three classes having four members.

The following tables set forth information with respect to the nominees for director, the other directors of the Company and officers of the Company.

### Class II Director Nominees

| Name and Position                 | Age | Principal Occupation for Past Five Years   |
|-----------------------------------|-----|--|
| M. Christian Mitchell<br>Director | 49  | Retired Partner, Deloitte & Touche; National Managing Partner, Mortgage Banking/Finance Companies, Deloitte & Touche (2001 - 2003); Western Region Managing Partner, Deloitte's Enterprise Risk Services (1998 - 2001); Director of Hanmi Financial Corporation (2004 -present).   |
| Jae Whan Yoo<br>Director          | 55  | President and Chief Executive Officer, Hanmi Financial Corporation since July 2003. Director, Industrial Bank of Korea (2002 - 2003); Visiting scholar, Tshinghua University, Beijing (2002 - 2003); Advisor, SK Telesys (2002 - 2003); Auditor, Ceratech Corporation (2001 - 2003); Executive Vice President, KorAm Bank, Seoul, Korea (2001); General Manager, KorAm Bank, Seoul, Korea (1993 - 2000); Director of Hanmi Financial Corporation (2003 - present). |

### Class II Directors Terms Expire in 2004

| Name and Position          | Age | Principal Occupation for Past Five Years  |
|----------------------------|-----|---|
| George S. Chey<br>Director | 73  | Chairman, Pan International Realty, Inc., a real estate brokerage and management firm (1964 - present); Director of Hanmi Financial Corporation (1982 - present).       |
| Ki Tae Hong<br>Director    | 59  | President & CEO, Pacom International, Inc., international trade of computer-related products (1993 -present); Director of Hanmi Financial Corporation (1983 - present). |

### Class III Directors Terms Expire in 2005

| Name and Position                       | Age | Principal Occupation for Past Five Years  |
|---|-----|---|
| Stuart S. Ahn<br>Director               | 58  | President & CEO, Sunnyland Development Inc., a real estate development firm (1977 - present); Director of Hanmi Financial Corporation (1982 - present). |
| Ung Kyun Ahn<br>Director                | 68  | President, Ahn's Music Inc., a musical instrument dealer (1977 - present); Director of Hanmi Financial Corporation (1982 - present).                    |
| Richard B. C. Lee<br>Director           | 45  | President, B C Textiles, Inc., an international trading company (1991 - present); Director of Hanmi Financial Corporation (1988 - present).             |
| Chang Kyu Park<br>Chairman of the Board | 62  | Principal Pharmacist, Serrano Medical Center Pharmacy (1981 - present); Director of Hanmi Financial Corporation (1983 - present).                       |





**Class I Directors Terms Expire in 2006**

| <b>Name and Position</b>   | <b>Age</b> | <b>Principal Occupation for Past Five Years</b>  |
|----------------------------|------------|--|
| I Joon Ahn<br>Director     | 64         | President, Ace s Fashion Company, a garment manufacturing company (1973 - 2001); Director of Hanmi Financial Corporation (1982 - present).   |
| Joon Hyung Lee<br>Director | 60         | President, Root-III Corporation, a property management, real estate investment and development company (1983 - present); Director of Hanmi Financial Corporation (1989 - present). |
| Joseph K. Rho<br>Director  | 63         | Principal, J & S Investment (2002 - present); Partner, Korea Plaza LP (1987 - 2002); Director of Hanmi Financial Corporation (1984 - present).                                     |
| Won R. Yoon<br>Director    | 68         | Chief Surgeon, Won R. Yoon, MD & Soo Y. Song Yoon, MD, Inc. (1975 - present); Director of Hanmi Financial Corporation (1982 - present).  |

**Executive Officers**

| <b>Name and Position</b>   | <b>Age</b> | <b>Principal Occupation for Past Five Years</b>   |
|--|------------|---|
| Wun Hwa Choi<br>Sr. Vice President and<br>Chief Credit Officer<br>(Resigned in January 2004) | 44         | Senior Vice President and Chief Credit Officer (2001 - 2004); Senior Vice President and Chief Commercial Lending Officer (1999 - 2001); Senior Vice President and Senior Operations Administration Officer (1999); Vice President and Senior Operations Officer (1998 - 1999).  |
| David W. Kim<br>Sr. Vice President and<br>Chief Administration Officer                       | 38         | Senior Vice President and Chief Administration Officer since July 2001. Vice President and Credit Administration Officer (1998 - 2001); General Legal Counsel (1995 - 1998).  |
| Michael J. Winiarski<br>Sr. Vice President and<br>Chief Financial Officer                    | 47         | Senior Vice President and Chief Financial Officer since December 2003. Senior Advisor to the FDIC, Quantum G&A Joint Venture (2003); President, Imperial Warehouse Finance, Inc. (2002 - 2003); Senior Vice President, IndyMac Bank, FSB (1999 - 2002); Senior Vice President, Washington Mutual Bank, FA (1998 - 1999); Senior Vice President, Home Savings of America, FSB (1995 - 1998). |

**The Board of Directors and Its Committees**

During fiscal 2003, the Board of Directors held 23 meetings. No director attended fewer than 75% of the aggregate number of meetings of the Board of Directors and the Committees on which he served. The Company s policy is to encourage all directors to attend all Annual and Special Meetings of Stockholders. The Company s May 21, 2003 Annual Meeting of Stockholders was attended by all individuals who were serving as directors at that time.

The Board of Directors has a process for stockholders to send communications to directors. The Company s stockholders and interested parties may send communications to the Board of Directors by writing to the Board of Directors at Hanmi Financial Corporation, 3660 Wilshire Blvd., Suite 218, Los Angeles, California 90010, Attention: Board of Directors. All such communications will be relayed directly to the Board of Directors. Any interested party wishing to communicate directly with the Company s independent directors regarding any matter may send such communication in writing to the Company s independent directors at Hanmi Financial Corporation, 3660 Wilshire Blvd., Suite 218, Los Angeles, California 90010, Attention: Presiding Director. Any interested party wishing to communicate directly with the Audit Committee

regarding any matter, including any accounting, internal accounting or auditing matter, may submit such communication in writing to Hanmi Financial Corporation, 3660 Wilshire Blvd., Suite 218, Los Angeles, California 90010, Attention: Chairman of the Audit Committee. Any submissions to the Presiding Director or Audit Committee may be anonymous and/or confidential.

The Board of Directors has four standing committees, the Audit Committee, the Compensation Committee, the Planning Committee and the Nominating and Corporate Governance Committee.

#### *Audit Committee*

Pursuant to its charter, attached as Appendix A, the Audit Committee appoints a firm of independent certified public accountants to conduct the annual audit of the Company's books and records. The Audit Committee also reviews with such accounting firm the scope and results of the annual audit, the performance by such accountants of professional services in addition to those related to the annual audit and the adequacy of the Company's internal controls. During 2003, the members of the Audit Committee were Stuart S. Ahn, Joon Hyung Lee, Richard B. C. Lee, Chang Kyu Park, Joseph K. Rho, and Won R. Yoon. The Board of Directors has determined that each of these committee members met the independence standards required by NASDAQ. There was not a financial expert within the meaning of the current rules of the Securities and Exchange Commission on the Audit Committee during 2003. However, M. Christian Mitchell has been appointed to the Audit Committee on April 12, 2004. The Board has determined that Mr. Mitchell meets the independence standards required by NASDAQ and be a financial expert within the meaning of the current rules of the Securities and Exchange Commission. The Audit Committee held sixteen (16) meetings in fiscal year 2003. See Report of the Audit Committee of the Board of Directors.

#### *Compensation Committee*

The Compensation Committee reviews and recommends to the Board of Directors the levels of compensation for the Company's executive officer(s) and approves and administers the Company's incentive compensation programs, including but not limited to the Company's 2000 Stock Option Plan. The members of the Compensation Committee, I Joon Ahn, Ung Kyun Ahn, George S. Chey, Ki Tae Hong, Joon Hyung Lee, Chang Kyu Park, and Joseph K. Rho, are all independent of management. The Compensation Committee held nine (9) meetings in fiscal year 2003. See Report of the Compensation Committee of the Board of Directors on Executive Compensation.

#### *Planning Committee*

The Planning Committee recommends planning policy, new lines of business, capital and financial plans, and dividend plans to the Board, and also monitors the planning activities and the Company's performance against its plans and budget. The members of the Planning Committee are I Joon Ahn, Ung Kyun Ahn, George S. Chey, Richard B. C. Lee, Chang Kyu Park, Joseph K. Rho, Jae Whan Yoo, and Won R. Yoon. The Planning Committee held seven (7) meetings in fiscal year 2003.

#### *Nominating and Corporate Governance Committee*

Pursuant to its charter, attached as Appendix B, the Nominating and Corporate Governance Committee (a) assists the Board by identifying individuals qualified to become Board members, (b) recommends to the Board the director nominees for the Board and Board committees for the next Annual Meeting of Stockholders, (c) develops, recommends and implements a set of corporate governance principles applicable to the Company and (d) monitors the process to determine Board and committee effectiveness. The members of the Nominating and Corporate Governance Committee: I Joon Ahn, Ung Kyun Ahn, Joon Hyung Lee, Richard B. C. Lee, Chang Kyu Park, Joseph K. Rho, and Won R. Yoon, are directors independent of management. The Nominating and Corporate Governance Committee held one (1) meeting in fiscal year 2003.

The Nominating and Corporate Governance Committee will consider recommendations by stockholders for directors to be nominated, *provided* that any such recommendation complies with the procedures set forth below.

Recommendations by any stockholder of a candidate for election as a director of the Company must be submitted in writing to the Chairman of the Nominating and Corporate Governance Committee at the Company's principal executive offices no later than the last business day of January of the year the Company's next Annual Meeting of Stockholders will be held, for consideration at such Annual Meeting. Stockholders shall include in such recommendation: (a) the name, age and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of voting stock of the Company owned by each proposed nominee; (d) the name and residence address of the notifying stockholder; (e) the number of shares of voting stock of the Company owned by the notifying stockholder; and (f) a letter from the proposed nominee indicating that such proposed nominee wishes to be considered as a nominee for the Board and will serve as a member of the Board if elected. In addition, each recommendation must set forth in detail the reasons why the notifying stockholder believes the proposed nominee meets the following general qualifications: (1) nominees should possess high personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders, (2) nominees must have an inquisitive and objective perspective, practical wisdom and mature judgment, (3) nominees should possess a broad range of skills, expertise, industry knowledge and contacts useful to the Company's business, and (4) nominees must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time.

In identifying and evaluating director candidates, the Nominating and Corporate Governance Committee will solicit and receive recommendations, and review qualifications of potential candidates to serve on the Board. The Nominating and Corporate Governance Committee may also use search firms to identify director candidates. To enable the Nominating and Corporate Governance Committee to effectively evaluate director candidates, the Committee may also conduct appropriate inquiries into the backgrounds and qualifications of director candidates, including reference checks. The Nominating and Corporate Governance Committee will consider candidates recommended by stockholders utilizing the same criteria as candidates identified by the Nominating and Corporate Governance Committee.

Mr. M. Christian Mitchell has been nominated for election to the Board of Directors this year for a three-year term that will expire at the Annual Meeting of Stockholders to be held in the year 2007. Mr. Mitchell was first brought to the attention of the Company by a third party individual. Mr. Mitchell was then referred to the Nominating and Corporate Governance Committee, which said Committee, after due evaluation, recommended Mr. Mitchell to the Board as a director nominee.

## COMPENSATION

### Director Compensation

Each director who is not an employee of the Company was paid a monthly retainer fee of \$2,000, and \$500 for attendance at each special and/or committee meeting, up to a maximum of \$2,500 per month. In addition, the Chairman of the Board received an additional \$500 each month. Directors receive \$9,300 to \$13,900 for payment for health insurance. Directors are eligible to receive stock options under the Company's 2000 Stock Option Plan. In 2003, no options were granted to the members of the Board other than the stock option granted to Mr. Yoo in July 2003 to purchase 40,000 shares of the Company's common stock in connection with the commencement of his employment, as President and Chief Executive Officer of the Company.

### Executive Compensation

The following table shows the compensation paid by the Company during the last three fiscal years to the Company's Chief Executive Officer and to each of our three other most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2003, as well as to our former CEO and CFO,

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both of whom resigned in fiscal year 2003. We collectively refer to these six persons as the named executive officers.

**Summary Compensation Table**

| Name & Principal Position  | Fiscal Year | Annual Compensation(1) |               |               | Long-Term Compensation | All Other Compensation |
|--|-------------|------------------------|---------------|---------------|------------------------|------------------------|
|  |             | Salary(\$)             | Bonus(\$)     | Other (\$)(2) | Awards Stock Options # |                        |
| Jae Whan Yoo<br>President and Chief Executive Officer                                  | 2003        | \$ 109,997             | \$ 17,361(3)  | \$ 9,123      | 40,000                 | \$ 4,122(4)            |
| Chung Hoon Youk<br>President and Chief Executive Officer                               | 2003        | \$ 102,770             |               | \$ 14,528(5)  |                        | \$ 214,380(6)          |
|  | 2002        | \$ 225,571             |               | \$ 25,426(7)  | 40,000                 | \$ 8,521(8)            |
| (Resigned)   | 2001        | \$ 211,770             | \$ 110,250    | \$ 21,350(9)  |                        | \$ 8,192(10)           |
| Wun Hwa Choi<br>Sr. Vice President and Chief Credit Officer (Resigned in January 2004) | 2003        | \$ 117,498             | \$ 17,378(11) | \$ 18,292(12) |                        | \$ 6,185(13)           |
|  | 2002        | \$ 100,609             | \$ 22,838     | \$ 17,462(14) |                        | \$ 6,008(15)           |
|  | 2001        | \$ 96,976              | \$ 33,049     | \$ 19,237(16) | 16,350                 | \$ 4,290(17)           |
| David W. Kim<br>Sr. Vice President and Chief Operations Officer                        | 2003        | \$ 104,876             | \$ 14,813(11) | \$ 22,601(18) |                        | \$ 5,479(19)           |
|  | 2002        | \$ 91,047              | \$ 21,724     | \$ 21,514(20) |                        | \$ 5,434(21)           |
|  | 2001        | \$ 87,424              | \$ 31,776     | \$ 16,218(22) | 16,350                 | \$ 5,049(23)           |
| Michael J. Winiarski<br>Sr. Vice President and Chief Financial Officer                 | 2003        | \$ 7,499               | (11)          |               |                        |                        |
|  | 2002        |                        |               |               |                        |                        |
|  | 2001        |                        |               |               |                        |                        |
| Yong Ku Choe<br>Sr. Vice President and Chief Financial Officer (Resigned)              | 2003        | \$ 75,854              | \$ 16,174     | \$ 10,861(24) |                        | \$ 63,061(25)          |
|  | 2002        | \$ 119,803             | \$ 34,067     | \$ 14,964(26) |                        | \$ 7,154(27)           |
|  | 2001        | \$ 116,076             | \$ 45,596     | \$ 15,568(28) | 16,350                 | \$ 6,956(29)           |

- (1) All cash compensation and perquisites paid to the named executive officers, including any severance payments, are paid by, and are the responsibility of, the Company's subsidiary, Hanmi Bank. All equity awards are made by the Company, are for shares of the Company's common stock and are made pursuant to its 2000 Stock Option Plan.
- (2) The Company, through its subsidiary, Hanmi Bank, furnishes perquisites to certain executive officers including but not limited to, company-owned automobiles (used primarily for the Company's business purposes), continuing education fees, and certain club memberships.
- (3) This figure represents a \$17,361 signing bonus. Mr. Yoo is also entitled to receive a performance incentive bonus based on performance measures for fiscal year 2003, the amount of which will be determined in the second quarter of 2004.
- (4) Consists of \$4,122, which is the dollar value of the term life insurance premiums paid on behalf of this executive during fiscal year 2003.
- (5) This figure includes \$9,939 toward the use and maintenance of a Company car and \$3,920 toward medical insurance.
- (6) Consists of (1) \$205,079 paid in 2003 pursuant to a severance package (as further described below under the section of this proxy entitled "Employment Agreements"), (2) \$317, which is the dollar value of the term life insurance premiums paid on behalf of this executive during fiscal year 2003 and (3) a \$8,984 contribution paid on behalf of executive toward the executive's 401(k) plan account.
- (7) This figure includes \$13,719 toward the use and maintenance of a Company car and \$9,250 toward medical insurance.



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- (8) Consists of (1) \$317, which is the dollar value of the term life insurance premiums paid on behalf of this executive during fiscal year 2002 and (2) a \$8,204 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (9) This figure includes \$10,240 toward the use and maintenance of a Company car and \$9,076 toward medical insurance.
- (10) Consists of (1) \$317, which is the dollar value of the term life insurance premiums paid on behalf of this executive during fiscal year 2001 and (2) a \$7,875 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (11) These executives are also entitled to receive a performance incentive bonus based on performance measures for fiscal year 2003, the amount of which will be determined in the second quarter of 2004.
- (12) This figure includes \$9,360 toward the use and maintenance of a Company car and \$8,932 toward medical insurance.
- (13) Consists of a \$6,185 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (14) This figure includes \$9,319 toward the use and maintenance of a Company car and \$8,143 toward medical insurance.
- (15) Consists of a \$6,008 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (16) This figure includes \$9,426 toward the use and maintenance of a Company car and \$6,336 toward medical insurance.
- (17) Consists of the \$4,290 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (18) This figure includes \$10,213 toward the use and maintenance of a Company car and \$8,913 toward medical insurance.
- (19) Consists of a \$5,479 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (20) This figure includes \$9,826 toward the use and maintenance of a Company car and \$8,213 toward medical insurance.
- (21) Consists of a \$5,434 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (22) This figure includes \$9,897 toward the use and maintenance of a Company car and \$6,321 toward medical insurance.
- (23) Consists of a \$5,049 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (24) This figure includes \$4,648 toward the use and maintenance of a Company car and \$5,571 toward medical insurance.
- (25) Consists of (1) \$55,702 paid in 2003 pursuant to a severance package (as further described below under the section of this proxy entitled Employment Agreements ) and (2) a \$7,359 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (26) This figure includes \$5,266 toward the use and maintenance of a Company car and \$9,173 toward medical insurance.
- (27) Consists of a \$7,154 contribution paid on behalf of executive toward the executive s 401(k) plan account.
- (28) This figure includes \$6,569 toward the use and maintenance of a Company car and \$8,999 toward medical insurance.
- (29) Consists of a \$6,956 contribution paid on behalf of executive toward the executive s 401(k) plan account.

## Employment Agreements

Hanmi Bank entered into a three (3) year employment agreement with Jae Whan Yoo, effective July 3, 2003. Under the terms of the agreement, Mr. Yoo serves as President and Chief Executive Officer of both the Company and Hanmi Bank at a base annual salary of \$250,000. In addition, Mr. Yoo is eligible to receive an annual bonus based on pre-tax profitability of Hanmi Bank in an amount not to exceed 75% of his annual salary. Mr. Yoo also participates in accident and health insurance benefits as well as a term life insurance policy in the amount of \$1,150,000. Either Mr. Yoo or the Company and/or Hanmi Bank may terminate the employment agreement without cause at any time. If the Company and/or Hanmi Bank terminates the agreement without cause, upon such termination, Hanmi Bank must pay Mr. Yoo his base salary, excluding any bonuses, for a period of six (6) months or for the remaining duration of the term of the agreement, whichever is less. Hanmi Bank must also compensate Mr. Yoo for all accrued and unused vacation leave at his then current daily salary rate. If Mr. Yoo terminates the agreement without cause, his base salary and bonus will immediately terminate on the date the agreement is terminated.

Mr. Youk and the Company agreed to a severance package in May 2003. This package superseded all prior employment and severance agreements between Mr. Youk and the Company. Pursuant to the terms, our subsidiary, Hanmi Bank, agreed to provide Mr. Youk with (i) one year of his annualized base salary of \$250,000, (ii) one year of continued health insurance premiums for him and his family and (iii) his Company-purchased vehicle.

Mr. Choe and the Company agreed to a severance package in July 2003. Pursuant to the terms, our subsidiary, Hanmi Bank, agreed to provide Mr. Choe with (i) one year of his annualized base salary of \$124,176, (ii) one year of continued health insurance premiums for him and his family, (iii) the acceleration of the vesting of his outstanding stock options to purchase 3,270 shares of the Company's stock and (iv) his Company-purchased vehicle. In consideration for these severance benefits, Mr. Choe executed a general release of claims with respect to Hanmi Bank and is bound to comply with certain non-solicitation and non-competition covenants.

## Equity Compensation Plan Information

The following table summarizes information as of December 31, 2003 relating to equity compensation plans of Hanmi Financial pursuant to which grants of options, restricted stock, or other rights to acquire shares may be granted from time to time.

|  | Number of securities<br>to be issued upon<br>exercise of<br>outstanding<br>options, warrants<br>and rights (a) | Weighted-average<br>exercise price of<br>outstanding<br>options, warrants<br>and rights (b) | Number of securities<br>remaining available<br>for future issuance<br>under equity<br>compensation plans<br>(excluding securities<br>reflected in column<br>(a)) |
|--|--|---|--|
|  | _____  | _____   | _____  |
| Equity compensation plans approved by security holders     | 750,032  | \$ 11.04  | 1,380,619  |
| Equity compensation plans not approved by security holders | 0  | 0   | 0  |
|  | _____  | _____   | _____  |
| Total  | 750,032  | \$ 11.04  | 1,380,619  |
|  | _____  | _____   | _____  |

**Option Grants in Last Fiscal Year**

The following table shows all options to acquire shares of the Company's stock granted to our named executive officers during fiscal year 2003.

| Name         | Number of Securities Underlying Options Granted (#)(1) | Percent of Total Options Granted to Employees in Fiscal Year | Exercise Price (\$/Share)(2) | Expiration Date | Potential Realized Value at Assumed Annual Rates of Stock Appreciation for Option Term(3) |              |
|--------------|--|--|------------------------------|-----------------|---|--------------|
|              |  |  |                              |                 | 5%  | 10%          |
| Jae Whan Yoo | 40,000   | 100%(4)  | \$ 17.50                     | 7/2/2013        | \$ 440,226  | \$ 1,115,620 |

- (1) These options are incentive stock options granted pursuant to the 2000 Stock Option Plan. One-third (1/3) of the options vested immediately upon grant. The remaining two-thirds (2/3) of the options will vest in equal annual installments over a two-year period.
- (2) Market value on the date of grant.
- (3) Assumed annual rates of stock price appreciation are set by the SEC and are not a forecast of future appreciation. The amounts shown are pre-tax and also assume that the options will be held throughout their entire term. Actual realized value, if any, will be dependent on the future price of the Company's common stock, as well as the continued employment of the option holder through the vesting period.
- (4) No other employees of the Company or its affiliates were awarded options in 2003.

**Aggregate Option Exercises in the Last Year and Fiscal Year End Option Values**

The following table shows all stock options exercised by our named executive officers during fiscal 2003 and the number and value of unexercised options they held at fiscal year end.

| Name            | Shares Acquired on Exercise | Value Realized (\$)(1) | Number of Securities Underlying Unexercised Options at Fiscal Year End(#) |               | Value of Unexercised In-the-Money Options At Fiscal Year End (\$)(2) |               |
|-----------------|-----------------------------|------------------------|---|---------------|--|---------------|
|                 |                             |                        | Exercisable   | Unexercisable | Exercisable  | Unexercisable |
| Chung Hoon Youk | 13,334                      | \$ 26,001              |   |               |  |               |
| Yong Ku Choe    | 6,540                       | \$ 48,265              |   |               |  |               |
| Wun Hwa Choi    | 21,401                      | \$ 172,529             |   | 13,875        |  | \$ 103,274    |
| David W. Kim    | 6,540                       | \$ 30,346              |   |               |  |               |