

HANMI FINANCIAL CORP

Form PRE 14A

June 03, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

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**

*(Name of Registrant as Specified In Its Charter)*

**None**

*(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)(1) and 0-11.

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

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- 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:

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

(3) Filing Party:

(4) Date Filed:

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June 18, 2010

**Dear Stockholder:**

You are cordially invited to attend the annual meeting of stockholders of Hanmi Financial Corporation to be held at the Wilshire Grand Hotel, located at 930 Wilshire Boulevard, Los Angeles, California on Wednesday, July 28, 2010, at 10:30 a.m. The formal meeting notice and our proxy statement for the meeting are attached.

We are writing to seek your approval of several important proposals at this year's annual meeting. In addition to the election of seven (7) directors and ratification of our independent registered public accounting firm, we are asking you to approve an amendment to our Amended and Restated Certificate of Incorporation to increase our authorized shares of common stock from 200 million shares to 500 million shares, and the issuance of up to 200 million shares of common stock to Woori Finance Holdings Co. Ltd. ( Woori ).

On May 25, 2010, we entered into a securities purchase agreement with Woori pursuant to which Woori has agreed to purchase \$210 million (175 million shares) of our common stock at a purchase price of \$1.20 per share. Woori has the option to purchase an additional \$30 million (25 million shares) of our common stock at \$1.20 per share for an aggregate investment not to exceed \$240 million (200 million shares). We have also commenced a registered rights and best efforts offering for our stockholders and the public to raise up to an additional \$120 million from the sale of common stock at a purchase price of \$1.20 per share. These transactions are intended to permit us to significantly increase Hanmi Bank's capital ratios.

As previously disclosed and described in the attached proxy statement, on November 2, 2009, the Board of Directors of Hanmi Bank consented to the issuance of a Final Order from the California Department of Financial Institutions (the Order ) and entered into a Written Agreement with the Federal Reserve Bank of San Francisco (the Written Agreement ). Under the Order, Hanmi Bank is required to increase its capital and maintain certain regulatory capital ratios prior to certain dates specified in the Order. Hanmi Bank is required to increase its contributed equity capital by July 31, 2010 by not less than an additional \$100 million. Hanmi Bank is also required to maintain specified ratios of tangible stockholder's equity to total tangible assets.

If we fail to obtain the approval of the amendment to our Amended and Restated Certificate of Incorporation to increase our authorized shares of common stock from 200 million shares to 500 million shares, or approval of the issuance of up to 200 million shares of our common stock to Woori, we will not be able to consummate the transactions with Woori and it is unlikely that we will be able to satisfy the Order or continue as a going concern.

Our Board of Directors recommends that you vote FOR each of the proposals described in the proxy statement.

We encourage you to carefully review the proxy statement and accompanying appendices, which provide information regarding the matters to be voted on at the annual meeting.

Whether or not you plan to attend the annual meeting, it is important that your shares be represented at the annual meeting. You may vote your common shares via a toll-free telephone number or on the Internet or you may complete, date, sign and return the enclosed proxy card in the enclosed postage-paid envelope. If you attend the meeting and prefer to vote in person, you may do so.

Sincerely,

Joseph K. Rho  
*Chairman of our Board*

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**HANMI FINANCIAL CORPORATION  
3660 Wilshire Boulevard, Penthouse Suite A  
Los Angeles, California 90010  
(213) 382-2200**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 28, 2010**

**TO OUR STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that the 2010 annual meeting of stockholders of Hanmi Financial Corporation ( Hanmi Financial or we , us or our ) will be held at the Wilshire Grand Hotel, located at 930 Wilshire Boulevard, Los Angeles, California on Wednesday, July 28, 2010 at 10:30 a.m., for the following purposes:

1. To elect seven (7) directors to serve for terms expiring at the 2011 annual meeting of stockholders, or until their successors are elected and qualified;
2. To approve an amendment to our Amended and Restated Certificate of Incorporation to increase our authorized shares of common stock, \$0.001 par value, from 200,000,000 shares to 500,000,000 shares;
3. To approve, for purposes of Nasdaq Rule 5635, the issuance of up to 200,000,000 shares of Hanmi Financial common stock to Woori Finance Holdings Co. Ltd.;
4. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010;
5. To approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to adopt Proposals 1 through 4; and
6. To transact such other business as may properly come before the annual meeting and at any adjournments or postponements thereof.

Only stockholders of record at the close of business on June 14, 2010 are entitled to receive notice of and to vote at the annual meeting and any adjournment or postponement thereof.

You are cordially invited to attend the annual meeting in person. Whether or not you plan to attend in person, please vote by signing, dating, and returning the enclosed proxy card or by telephone or internet. Any stockholder attending the annual meeting may vote in person even if he or she previously returned a proxy.

*By Order of our Board of Directors,*

/s/ Joseph K. Rho  
Joseph K. Rho  
Chairman of our Board

Los Angeles, California  
June 18, 2010

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**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 28, 2010**

The accompanying proxy is solicited by the Board of Directors of Hanmi Financial Corporation for use at our annual meeting of stockholders to be held on July 28, 2010 or at any adjournment or postponement thereof.

At the annual meeting, our stockholders of record as of the close of business on June 14, 2010 will be asked to consider and vote upon several proposals, including proposals (i) to elect seven (7) nominees to our Board of Directors, (ii) to amend our Amended and Restated Certificate of Incorporation to increase our authorized shares of common stock from 200 million shares to 500 million shares, (iii) to approve the issuance of up to 200 million shares of common stock to Woori Finance Holdings Co. Ltd., (iv) to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2010 and (v) to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to adopt each of the foregoing proposals.

We have entered into a Securities Purchase Agreement dated May 25, 2010 with Woori Finance Holdings Co., Ltd. pursuant to which Woori has agreed to purchase \$210 million (175 million shares) of our common stock at a purchase price of \$1.20 per share. Woori has the option to purchase an additional \$30 million (25 million shares) of our common stock at \$1.20 per share for an aggregate investment not to exceed \$240 million (200 million shares). We have also commenced a registered rights and best efforts offering for our stockholders and the public to raise up to an additional \$120 million from the sale of common stock at a purchase price of \$1.20 per share.

After careful consideration and receipt of the recommendation of a special committee of our Board of Directors made up of a majority of our independent directors, our Board of Directors has unanimously approved the transactions contemplated by the securities purchase agreement with Woori. Our Board of Directors and the special committee believe that the terms of the securities purchase agreement are fair to, and in the best interest of, our company and our stockholders.

The approval of the amendment to our Amended and Restated Certificate of Incorporation and of the issuance of our common stock to Woori are intended to permit us consummate the transactions with Woori and engage in the registered stock offerings to significantly increase Hanmi Bank's capital ratios and to satisfy the requirements of an order and written agreement with state and federal bank regulators. If we fail to obtain approval of those proposals, we will not be able to consummate the transactions with Woori and it is unlikely that we will be able to satisfy our regulatory requirements or continue as a going concern.

Our Board of Directors recommends that you vote **FOR** each of the proposals above.

This proxy statement, the enclosed proxy card, and other enclosures are first being mailed to stockholders on or about June 18, 2010.

**Stockholders are urged to carefully review this proxy statement, including the accompanying appendices, which discuss each of the proposals in more detail.**

**The date of this proxy statement is June 18, 2010.**

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**INFORMATION ABOUT THE ANNUAL MEETING**

Our Board of Directors is soliciting your proxy for use at the 2010 annual meeting of stockholders to be held at the Wilshire Plaza Hotel, located at 3515 Wilshire Boulevard, Los Angeles, California, on Wednesday July 28, 2010, at 10:30 a.m., and at any adjournments or postponements thereof.

***Questions and Answers about these Proxy Materials and the Annual Meeting:***

***Question: Why am I receiving these materials?***

You are receiving these materials because we are soliciting your vote at our annual meeting of stockholders. In addition, to the election of directors and ratification of our independent registered public accounting firm, we are asking you to approve two additional proposals that will permit us to significantly increase Hanmi Bank's capital ratios and satisfy the requirements of the Order and Written Agreement with our state and federal bank regulators. In order to obtain the requisite stockholder approvals of these matters, and to vote on the matters we would otherwise be submitting to our stockholders at an annual meeting, we are calling the annual meeting of our stockholders for July 28, 2010. Our Board of Directors is providing these proxy materials to you in connection with the annual meeting. As a stockholder of record of our common stock, you are invited to attend the annual meeting, and are entitled to and requested to vote on the proposals described in this document. ***Question: Who is entitled to vote and how many votes do I have?*** All stockholders who were stockholders of record of our common stock at the close of business on June 14, 2010, and only those stockholders, will be entitled to vote at the annual meeting. You have one vote for each share of our common stock you owned at the close of business on the record date. ***Question: How many shares are eligible to be voted?*** As of June 14, 2010, [ ] shares of our common stock were outstanding. Each outstanding share of our common stock will entitle its holder to one vote on each matter to be voted on at the annual meeting. ***Question: What may I vote on at the annual meeting?*** You may vote on the following matters:

A proposal to elect seven (7) nominees to our Board of Directors (Proposal 1);

A proposal to approve an amendment to our Certificate of Incorporation to increase the number of authorized shares of our common stock to 500,000,000 (and, correspondingly, to increase the total number of authorized shares of all classes of stock from 210,000,000 to 510,000,000) (Proposal 2);

A proposal to approve for purposes of Nasdaq Listing Rule 5635 the issuance of up to 200,000,000 shares of our common stock to Woori (Proposal 3);

A proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm (Proposal 4);

A proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to adopt Proposals 1 through 4 (Proposal 5); and



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Such other matters as may properly come before the annual meeting or any adjournment or postponement thereof.

In this document, we refer to Proposals 2 and 3 collectively as the Capital Raising Stockholder Proposals. Both Proposal 2 and Proposal 3 must be approved by our stockholders for the transactions with Woori to be completed.

***Question: How does Our Board of Directors recommend that I vote on the proposals?***

Our Board unanimously recommends that you vote FOR (i) the proposal to elect our seven (7) nominees to our Board of Directors, (ii) the proposal to approve an amendment to our Certificate of Incorporation to increase the number of authorized shares of common stock to 500,000,000 shares, (iii) the proposal to approve for purposes of Rule 5635 of the Nasdaq Listing Rules the issuance of shares of up to 200,000,000 shares of common stock to Woori Finance Holding Co., Ltd., (iv) the proposal to ratify KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2010 and (v) the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to adopt the foregoing proposals.

***Question: What is the required quorum at the annual meeting?***

The required quorum for the transaction of business at the annual meeting is a majority of the shares of our common stock entitled to vote at the annual meeting. Shares voted on a matter are treated as being present for purposes of establishing a quorum.

***Question: Why is Hanmi Financial seeking stockholder approval for the amendment to its Certificate of Incorporation to increase the number of authorized shares of our common stock to 500,000,000?***

Our Certificate of Incorporation currently authorizes the issuance of 200,000,000 shares of our common stock. As of June 14, 2010, the record date, [ ] shares of our common stock were issued and outstanding. As a condition to closing the securities purchase agreement with Woori, and in order to issue the shares of common stock necessary to complete the stock offerings in the aggregate, the number of shares of our common stock authorized for issuance must be increased.

Under the securities purchase agreement, we have agreed to issue to Woori a minimum of 175,000,000 shares of common stock and a maximum of 200,000,000 shares of common stock. In addition, we may sell up to 100,000,000 shares of common stock in the registered rights and best efforts offering. We could issue up to 300,000,000 shares of our common stock in the aggregate in the stock offerings. The proposed authorized number of 500,000,000 is greater than the number of shares of our common stock that would be required to complete the stock offerings as currently contemplated. The additional shares authorized for issuance will provide us with the flexibility to issue additional shares from time to time, without stockholder approval, as our Board may determine, for future financings and capital raise transactions, acquisitions, strategic business relationships, stock-based incentives to employees, directors and consultants and for other purposes.

As of the date of this document, our Board has no agreement, arrangement or intention to issue any of the shares for which approval is sought, other than (i) the issuance and sale of shares pursuant to the stock offerings, (ii) warrants we may issue as compensation to our advisors in connection with the stock offerings and (iii) awards issuable upon the exercise of outstanding options, restricted stock grants and other awards under our current equity incentive plans. Our Board does not intend to solicit further

stockholder approval prior to the issuance of any additional shares of common stock, except as may be required by applicable law, rules of the Nasdaq or other applicable stock exchange requirements.

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***Question: Why is Hanmi Financial seeking stockholder approval for the issuance of our common stock?***

Because our common stock is listed on the Nasdaq Global Select Market, we are subject to Nasdaq rules and regulations. Nasdaq Listing Rule 5635 requires stockholder approval prior to:

(i) the issuance of common stock, or securities convertible into or exercisable for common stock, equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book value or market value of the stock or (ii) when the issuance of securities would result in a change in control.

The proposed issuance of common stock to Woori falls under both of these rules because the common stock to be issued to Woori will exceed 20% of both the voting power and number of shares of our common stock outstanding before the issuance, and the negotiated price per share of common stock will be below the greater of book value or market value of our common stock. In addition, Woori will own a majority of our common stock if the transactions contemplated by the securities purchase agreement with Woori are completed (taking into account the stock offerings) which will result in a change in control for Nasdaq purposes.

***Question: Must the stockholders approve both the Capital Raising Stockholder Proposals (Proposal 2 and Proposal 3) for the transaction with Woori to proceed?***

Yes. Approval of both of the Capital Raising Stockholder Proposals is a condition to closing in our securities purchase agreement with Woori.

***Question: Why are you proposing a transaction with Woori?***

We have been exploring a wide variety of strategic alternatives to enhance our capital ratios and satisfy the regulatory orders to which we are subject. After careful consideration and receipt of the recommendation of a special committee of our Board of Directors made up of a majority of our independent directors, our Board has unanimously approved the transactions contemplated by the securities purchase agreement with Woori. Our Board of Directors and the special committee believe that the terms of the securities purchase agreement are fair to, and in the best interest of, our company and our stockholders. See *Background to Proposals 2 and 3* .

***Question: What happens if the Capital Raising Stockholder Proposals are approved?***

If the Capital Raising Stockholder Proposals are approved by our stockholders, we will have satisfied one of the conditions necessary to consummate the transactions contemplated by the securities purchase agreement with Woori. However, receiving approval of the Capital Raising Stockholder Proposals does not mean we will complete the transactions contemplated by the securities purchase agreement with Woori. There are many other conditions to closing the securities purchase agreement with Woori, including obtaining necessary regulatory approvals. See *Description of the Securities Purchase Agreement with Woori Finance and the Stock Offerings* .

If the Capital Raising Stockholder Proposals are approved and the transactions contemplated by the securities purchase agreement with Woori are completed, (i) Woori will become the majority owner of our outstanding shares of common stock, (ii) Woori will have the right to designate five (5) of our seven (7) directors at closing and (iii) there will be immediate and substantial dilution to the existing holders of common stock.



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***Question: What happens if either of the Capital Raising Stockholder Proposals are not approved?***

If the Capital Raising Stockholder Proposals are not approved by our stockholders, we will not be able to complete the transactions contemplated by the securities purchase agreement with Woori and we may not be able to continue as a going concern. Although we currently have enough authorized shares to complete the registered rights and best efforts offering as presently structured (exclusive of the sale of shares to Woori), we cannot provide any assurance regarding how many, if any, shares will be subscribed for in those offerings. In addition, even if those offerings are fully subscribed for, we believe that we will also need to complete the contemplated transaction with Woori to provide us with sufficient capital resources for us to continue as a going concern.

***Question: What vote is required to approve each the proposal at the annual meeting?***

Directors are elected by a plurality of votes cast. The seven (7) nominees receiving the most votes will be elected as our directors.

Approval of the proposal to amend our Certificate of Incorporation to increase the number of authorized shares of common stock to 500,000,000 (and, correspondingly, to increase the total number of authorized shares of all classes of stock from 210,000,000 to 510,000,000) requires approval of a majority of our outstanding shares of common stock.

Approval of the proposal to authorize the issuance of shares of up to 200,000,000 shares of common stock to Woori requires that the majority of shares represented and voting (which shares voting affirmatively also constitute at least a majority of the required quorum).

Approval of the proposal to ratify the selection of KPMG LLP as our independent registered public accounting firm requires the approval of a majority of shares represented and voting (which shares voting affirmatively also constitute at least a majority of the required quorum).

Approval of the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of shares represented and voting, whether or not a quorum exists.

***Question: What is the effect of broker-nonvotes and abstentions.***

Abstentions and broker non-votes will be counted for purposes of determining a quorum. Unlike previous years, your broker, however, will not be entitled to vote on the election of Directors without your instruction. In addition, brokers will not be entitled to vote on the proposal to issue shares to Woori or to adjourn the meeting to solicit additional votes. Broker non-votes will have no effect on those proposals.

Your broker will be authorized to vote your shares on the proposal to increase the authorized shares of common stock and the ratification of our independent registered public accounting firm even if it does not receive instructions from you, and accordingly, broker non-votes will have no effect on those proposals. Abstentions will have no effect on the election of directors, but will have the effect of a vote AGAINST the proposal to increase the authorized shares of common stock, the proposal to approve the issuance of common stock to Woori, the ratification of our independent registered public accounting firm and the proposal to adjourn or postpone the annual meeting to solicit additional proxies.

***Question: How can I vote my shares?***

If you hold your common stock in your own name and not through a broker or another nominee, you may vote your shares of common stock as follows, subject to compliance with the applicable cutoff times and deadlines described below in the [Vote by Telephone](#), [Vote by Internet](#) and [Vote by Proxy](#) paragraphs

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- by using the toll-free telephone number (1 (800) 652-8683), which is also listed on the proxy card;
- by using the Internet website [www.investorvote.com/HAFC](http://www.investorvote.com/HAFC), which is also listed on the proxy card;
- by signing, dating and mailing the proxy card in the enclosed postage-paid envelope, or
- by attending the annual meeting and voting in person.

Whichever of these methods you select to transmit your instructions, the proxy holders will vote your common stock in accordance with your instructions. If you give a proxy without specific voting instructions, your proxy will be voted by the proxy holders in favor of our Board's nominees and FOR Proposals 2 through 5.

If any matters other than the proposals contained in this Proxy Statement are properly brought up at the annual meeting, then the proxy holders, will have the authority to vote your shares on those matters as directed by our Board, or, if no direction is given, in accordance with their discretion and judgment. Our Board of Directors currently does not know of any matters to be raised at the annual meeting other than the proposals contained in this Proxy Statement.

***Vote by Telephone.*** If you hold your common stock in your own name and not through your broker or another nominee, you can vote your shares of common stock by telephone by dialing the toll-free telephone number printed on your proxy card. Telephone voting is available 24 hours a day until 11:59 p.m., California time, on July 27, 2010. Easy-to-follow voice prompts allow you to vote your shares of common stock and confirm that your instructions have been properly recorded. If you vote by telephone, you do not need to return your proxy card.

***Vote by Internet.*** If you hold your common stock in your own name and not through your broker or another nominee, you can choose to vote via the Internet. The website for Internet voting is printed on your proxy card. Internet voting is available 24 hours a day until 11:59 p.m., California time, on July 27, 2010. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. If you vote via the Internet, you do not need to return your proxy card.

***Vote by Mail.*** You can vote by mail by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope. Proxy cards sent by mail must be received by July 27, 2010.

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly. Stockholders voting via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the stockholder.

***Question: Can I change or revoke my vote after I return my proxy card?***

You may revoke a proxy at any time before the vote is taken at the annual meeting by filing with our Corporate Secretary a properly executed proxy of a later date by mail, telephone or Internet, or by attending the annual meeting and voting in person. Any such filing should be made to the attention of Judith Kim, Corporate Secretary, Hanmi Financial Corporation, 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010. Attendance at the annual meeting will not by itself constitute revocation of a proxy.

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***Question: How do I vote in person?***

If you plan to attend the meeting and vote in person, we will give you a ballot form when you arrive. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a legal proxy from your broker, bank or other nominee to vote the shares at the annual meeting.

***Question: Who should I call if I have questions or need assistance voting my shares?***

Please call our proxy solicitor: D.F. King & Co. at (800) 829-6511. Banks and brokers should call (212) 269-5550.

***Question: How will proxies be solicited?***

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

We have engaged D.F. King & Co. to assist with the solicitation of Proxies. D.F. King & Co. will be paid a retainer fee of \$7,500 plus additional costs for solicitation services they provide. We estimate that we will spend approximately \$11,500 in the aggregate for these services being provided by D.F. King & Co.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL MEETING TO BE HELD ON JULY 28, 2010**

This Proxy Statement, form of proxy and Annual Report on Form 10-K, as amended, for the 2010 annual meeting of stockholders are available on our website at [www.hanmi.com](http://www.hanmi.com) by clicking on Investor Relations, then Corporate Governance, and then 2010 Proxy Information.



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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Statements in this document regarding future events, performance or results are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (which we refer to as the PSLRA ) and are made pursuant to the safe harbors of the PSLRA. Such statements include, but are not limited to, statements relating to our business and financial condition, pro forma financial information relating to the stock offerings, regulatory orders against us, consequences associated with votes on the proposals described herein and the conditions and ability to consummate the transactions with Woori or other investors in the stock offering.

In some cases, you can identify forward-looking statements by terminology such as may, will, should, could, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue, or the negative and other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Actual results could be quite different from those expressed or implied by the forward-looking statements. Do not unduly rely on forward-looking statements; they give our expectations about the future and are not guarantees. Forward-looking statements speak only as of the date they are made and we do not undertake any obligation to update them to reflect changes that occur after that date except as required by law.

Factors that may cause our actual results, levels of activity, performance or achievements to differ from those expressed or implied by the forward-looking statement include:

our ability to continue as a going concern;

failure to complete the transactions contemplated by the securities purchase agreement with Woori;

failure to raise capital from the stock offerings or to raise enough capital from the stock offerings to support our operations or meet our regulatory requirements;

with respect to our pro forma financial information, material differences in the amount of capital we raise from the stock offerings compared to the amounts reflected in such pro forma financial information;

failure to maintain adequate levels of capital to support our operations;

a significant number of customers failing to perform under their loans and other terms of credit agreements;

the effect of regulatory orders we have entered into and potential future supervisory actions against us or Hanmi Bank;

fluctuations in interest rates and a decline in the level of our interest rate spread;

failure to attract or retain deposits;

sources of liquidity available to us and to Hanmi Bank becoming limited or our potential inability to access sufficient sources of liquidity when needed or the requirement that we obtain government waivers to do so;

adverse changes in domestic or global financial markets, economic conditions or business conditions;

regulatory restrictions on Hanmi Bank's ability to pay dividends to us and on our ability to make payments on our obligations;

significant reliance on loans secured by real estate and the associated vulnerability to downturns in the local real estate market, natural disasters and other variables impacting the value of real estate;

failure to attract or retain our key employees;

failure to maintain our status as a financial holding company;

adequacy of our allowance for loan losses;

credit quality and the effect of credit quality on our provision for credit losses and allowance for loan losses;

volatility and disruption in financial, credit and securities markets, and the price of our common stock;

deterioration in financial markets that may result in impairment charges relating to our securities portfolio;

competition in our primary market areas;

demographic changes in our primary market areas;

global hostilities, acts of war or terrorism, including but not limited to, conflict between North and South Korea;

significant government regulations, legislation and potential changes thereto; and

other risks we describe from time to time in the reports and statements we file with the SEC.

For additional information concerning risks we face, see *Item 1A. Risk Factors*, *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Interest Rate Risk Management and Capital Resources and Liquidity* identified in our Annual Report on Form 10-K for the year ended December 31, 2009, and the information set forth in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, including under the headings *Forward Looking Statements* and *Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations*. See *Where you Can Find More Information*.

**Table of Contents****PROPOSAL NO. 1 ELECTION OF DIRECTORS****Board of Directors and Nominees**

Our Certificate of Incorporation and Bylaws provide for a Board of Directors consisting of no less than five (5) and no more than eleven (11) directors, the exact number within this range to be determined by our Board of Directors, with the current number fixed at seven (7). Subject to their earlier resignation or retirement, and except as described below, directors elected at the 2010 annual meeting will serve until the 2011 annual meeting of stockholders and until their successors are elected and qualified.

Our Board of Directors has nominated I Joon Ahn, John A. Hall, Paul Seon-Hong Kim, Joon Hyung Lee, Joseph K. Rho, William Stolte and Jay S. Yoo for election to our Board of Directors. The nominees receiving the most votes will be elected. The nominees have indicated their willingness to serve. Each proxy will be voted for the election of such nominees unless instructions are given on the proxy to withhold authority to vote for them. In the event a nominee is unable to serve, your proxy will be voted for an alternative nominee as determined by our Board of Directors.

None of the directors, nominees for directors, or executive officers was selected pursuant to any arrangement or understanding, other than with the directors and executive officers of Hanmi Financial acting within their capacity as such. There are no family relationships among our directors or executive officers. As of the date hereof, no directorships are held (or have been held within the last five years) by any director with a company that has a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act, or any company registered as an investment company under the Investment Company Act of 1940.

The following tables set forth information with respect to our nominees for director and our executive officers. In addition, as further described under Proposal 3, if the transactions with Woori are consummated, Woori will have the ability to nominate five (5) of our seven (7) directors at the closing of that transaction and up to five (5) of our existing directors designated by us may resign.

In addition to each director's professional experience and specific qualifications outlined in the table below, we believe each member of our Board of Directors has other key attributes that are important to an effective Board: integrity and demonstrated high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; diversity of origin, background, experience, and thought; and the commitment to devote significant time and energy to service on our Board and its Committees. All our director nominees have previously been elected by our stockholders except for Messrs. Hall, Kim, Stolte and Yoo. Mr. Hall was identified to us by an attorney and former general counsel of the California Department of Financial Institutions. Mr. Kim was identified to us by one of our existing directors. Mr. Stolte was identified to us by a federal bank regulator. Mr. Yoo was identified to us by an executive search firm specializing in chief executive, board of directors and senior level management assignments, and he joined our Board of Directors upon becoming our CEO.

The following tables set forth information with respect to our directors and executive officers as of the record date as well as information concerning the reasons for selecting our director nominees to our Board:

<b>Name and Position</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and 10 Year Legal Proceedings</b>	
I Joon Ahn, <i>Director</i>	70	<i>Principal Occupation:</i>	Retired; President, Ace's Fashion Company, a garment manufacturing company (1973 to 2001); Founder of Hanmi Bank and Hanmi Financial; former Chairman of our Boards, Hanmi Financial and Hanmi Bank; former member of the Korean American Chamber of Commerce and the Southern California International Trade Federation. Our Board selected Mr. Ahn as a nominee because our Board believes that Mr. Ahn plays a critical role in connection to the Korean-American community. Mr. Ahn has founded and served on a number of important Korean-American organizations inclusive of the Korean-American Garment Association, the Southern California Korean Federation, the Korean-American Chamber of Commerce and the Southern California International Trade Federation. Additionally, Mr. Ahn is a founding member of Hanmi Bank.

*Director*      1982  
*Since:*

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<b>Name and Position</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and 10 Year Legal Proceedings</b>	
John A. Hall, <i>Director</i>	60	<i>Principal Occupation:</i>	Retired; National Bank Examiner, Office of the Comptroller of the Currency ( OCC ), a division of the U.S. Treasury Department (1974 to 2005). Our Board selected Mr. Hall as a nominee because our Board believes that Mr. Hall's experience as a bank regulatory examiner, both in credit and operations, is valuable to Hanmi Bank. In his role with the OCC, he served as an examiner in charge of various larger banking institutions and most recently served in the credit position for the Wells Fargo Large Bank Team. Our Board believes that Mr. Hall's experience as a bank regulatory examiner has provided him with financial expertise that is valuable in his role as Audit Committee Chairman and assisting Hanmi Bank in complying with applicable regulations.
		<i>Director Since:</i>	February 2009
Paul Seon-Hong Kim, <i>Director</i>	65	<i>Principal Occupation:</i>	Retired; Chief Executive Officer, Uniti Financial Corporation and Uniti Bank (2007 to 2008); President and Chief Executive Officer, Center Financial Corporation and Center Bank (1998 to 2007); served in various capacities, including Chief Marketing Officer, Chief Credit Officer, and Chief Financial Officer, Hanmi Financial and Hanmi Bank (1986 to 1998). Our Board selected Mr. Kim as a nominee because our Board believes that Mr. Kim's many years of experience and long distinguished background in the banking industry gives him a valuable understanding of the Korean-American banking community that Hanmi Bank serves.
		<i>Director Since:</i>	February 2009
Joon Hyung Lee, <i>Director</i>	66	<i>Principal Occupation:</i>	President, Root-3 Corporation, a property management, real estate investment, and development company (1983 to present); former Chairman of our Boards, Hanmi Financial and Hanmi Bank; former President of Byucksan America, Inc.; former President of Uniko Trading Co.; former Vice President of Nait Corporation; former Assistant Professor of Business Administration at Sung Kyun Kwan University in Korea; Master of Business Administration from New York University. Our Board selected Mr. Lee as a nominee because our Board believes that Mr. Lee's knowledge and connections to the real estate development and investment markets are important for Hanmi Bank and make him a valuable asset to Hanmi Bank, particularly in the area of asset/liability management. In addition to his property management experience, Mr. Lee has a general contractor's license, a real estate broker's license as well as international trading experience. Mr. Lee's longevity with Hanmi Bank also assists Hanmi Bank in setting its strategic direction.

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<b>Name and Position</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and 10 Year Legal Proceedings</b>	
William Stolte, <i>Director</i>	63	<i>Principal Occupation:</i>	Retired; Senior Executive Vice President, Union Bank of California in San Francisco (2000 to 2008); Director, Deloitte & Touche, LLP (1995 to 2000); Partner, The Secura Group (1992 to 1995); served in various capacities, including Deputy Comptroller of the Currency, Chief National Bank Examiner, Deputy Director Multinational & Regional Bank Supervision, National Bank Examiner, Office of the Comptroller of the Currency (1968-1992) In selecting Mr. Stolte as a nominee for election, our Board considered Mr. Stolte's banking experience both as an examiner as well as a consultant to the banking industry and his ability to assist our Board in addressing the challenges confronting Hanmi Bank.
		<i>Director Since:</i>	April 2009
Joseph K. Rho, <i>Chairman of our Board</i>	69	<i>Principal Occupation:</i>	Principal, J & S Investment (2002 to present); former Partner, Korea Plaza LP (1987 to 2002); former and current Chairman of our Boards, Hanmi Financial and Hanmi Bank; former Chief of Parish for St. Agnes Cathedral; former Board Member of Finance Counsel of the Los Angeles Archdiocese; former Trustee of John of God Hospital; and former President and Owner of Joseph K. Rho Insurance Agency. In selecting Mr. Rho as a nominee for election and appointment as Chairman of Hanmi Financial and Hanmi Bank, our Board considered, in particular the importance of the Chairman's role to ensure the effective functioning of our Board of Directors. Mr. Rho, who has been a director since 1984, had been instrumental this past year in the transition that has taken place in Board composition with the addition of the new professional directors. Our Board believes that Mr. Rho is an effective coordinator of multiple Hanmi Bank constituencies, including shareholders, customers, officers, employees, community and regulators. In appointing Mr. Rho as Chairman, our Board considered that Mr. Rho is the largest individual shareholder and as such, can speak to building long-term shareholder value and provides valuable insight into the concerns of shareholders and investors.
		<i>Director Since:</i>	1984
Jay S. Yoo, <i>Director</i>	63	<i>Principal Occupation:</i>	President and Chief Executive Officer, Hanmi Financial (June 2008 to present); President and Chief Executive Officer, Woori America Bank, a subsidiary of Woori Bank (2001 to 2007); former Chairman of the Board of Woori America Bank. Our Board selected Mr. Yoo as a nominee because our Board believes that Mr. Yoo's understanding of the Korean-American community, his years of banking experience as well as his past regulatory experience with the banking institutions in both New York and Seoul, Korea are valuable assets to Hanmi Bank. Additionally, our Board felt that it is important to have the Chief Executive Officer of Hanmi Financial serve as a director in order to effectively execute our

Board's direction.

*Director*      June 2008  
*Since:*

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**Table of Contents****OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS STOCKHOLDERS VOTE FOR ALL NOMINEES FOR ELECTION TO OUR BOARD.****Executive Officers**

<b>Name and Position</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and 10 Year Legal Proceedings</b>	
Jay S. Yoo, <i>President and Chief Executive Officer</i>	63	<i>Current Position:</i>	President and Chief Executive Officer, Hanmi Financial and Hanmi Bank (June 2008 to present) Chairman, President, and Chief Executive Officer, Woori America Bank, a subsidiary of Woori Bank (2001 to 2007)
		<i>Previous Positions</i>	Chairman, President, and Chief Executive Officer, Woori America Bank, a subsidiary of Woori Bank (2001 to 2007)
Brian E. Cho, <i>Executive Vice President and Chief Financial Officer</i>	50	<i>Current Position:</i>	Executive Vice President and Chief Financial Officer, Hanmi Financial and Hanmi Bank (December 2007 to present)
		<i>Previous Positions</i>	Executive Vice President and Chief Financial Officer, Wilshire Bancorp, Inc. (1992 to 2007)
Jung Hak Son, <i>Senior Vice President and Chief Credit Officer</i>	51	<i>Current Position:</i>	Senior Vice President and Chief Credit Officer, Hanmi Bank (October 2009 to present)
		<i>Previous Positions</i>	Senior Vice President and District Leader of various districts, Hanmi Bank (2006 - 2009)

**Persons Chosen to Become Directors in Connection with the Issuance of Common Stock to Woori**

If the securities purchase with Woori closes pursuant to its terms, Woori will be able to nominate five (5) of our seven (7) directors, one of whom shall be the Chief Executive Officer/President of Hanmi Financial. In conjunction therewith, up to five (5) of our directors designated by us may resign to accommodate Woori's contractual rights. The directors identified by Woori shall serve until our next annual meeting of stockholders and until their successors are elected and qualified. So long as Woori holds more than 50% of our outstanding common stock on a fully-diluted basis, it shall have the right to nominate two-thirds of our Board members (rounded to the nearest whole number). We have agreed to recommend to our stockholders the election of the Woori nominees. Woori must provide us with the identity of the nominees no less than 20 days prior to the closing date of the securities purchase agreement. In addition, the appointment of the Woori nominees is subject to non-disapproval requirements of the Order and the notice requirements of the Written Agreement.

For additional information about the issuance of common stock to Woori and the appointment of the Woori nominees to our Board, see *Description of the Securities Purchase Agreement with Woori Finance and the Stock Offerings*. In the event the closing of the securities purchase agreement with Woori does not occur, the Woori nominees will not be appointed to our Board of Directors. While we anticipate that the transaction with Woori will occur sometime after the annual meeting, we cannot provide any assurance that such transaction will be consummated.



**Table of Contents****BACKGROUND TO PROPOSALS 2 AND 3****Historical Background**

Since the fall of 2008, our Board of Directors and management have explored a wide range of alternative strategies to maintain our capital ratios at levels sufficient to support our operations and risk profile and above those required to be considered well-capitalized for regulatory purposes. In light of our credit quality and loan loss challenges, liquidity pressures and reported operating losses resulting from the deterioration in our loan portfolio, disruptions in the credit and real estate markets and the weakened economy, including in particular the regional economic conditions in California, our capital ratios have deteriorated significantly.

*Memorandum of Understanding*

On October 8, 2008, Hanmi Bank entered into an informal supervisory agreement (a memorandum of understanding) with the Federal Reserve Bank of San Francisco (FRB) and the California Department of Financial Institutions (DFI) to address certain issues raised in Hanmi Bank's then most recent regulatory examination. Under the terms of the memorandum of understanding, Hanmi Bank was required to address: (i) Board and senior management maintenance and succession planning; (ii) Board oversight and education; (iii) Board assessment and enhancement; (iv) loan policies and procedures; (v) allowance for loan losses policies and procedures; (vi) liquidity and funds management policies; (vii) strategic planning; and (viii) capital maintenance. In addition, the memorandum of understanding included a requirement that Hanmi Bank maintain a minimum Tier 1 leverage ratio and tangible stockholder's equity to total tangible assets ratio of not less than 8.0 percent.

*KBW, Leading and IWL*

We engaged Keefe, Bruyette & Woods, Inc. on September 29, 2008 to act as our financial adviser to explore various alternatives to enhance our capital position. Upon their engagement, and with KBW's assistance, our Board and management discussed alternative strategies, including private and public capital raises and general corporate finance issues. Our Board instructed management and KBW to comprehensively review and explore these potential strategies. Thereafter, our Board regularly met with management and KBW to receive updates and to discuss strategies. We decided to adopt a capital raise strategy which contemplated the filing of a universal shelf registration statement with the Securities and Exchange Commission and the subsequent offering of equity and/or debt securities to the public. Shortly prior to the filing of our shelf registration statement, the United States Department of the Treasury announced the terms of the TARP Capital Purchase Program (the CPP) under the Emergency Economic Stabilization Act of 2008.

Our Board of Directors determined it to be in the best interests of our stockholders to seek additional capital through participation in the CPP. During the early part of 2009, when it became apparent that we would not receive the requisite approvals for participation in the CPP in a timely fashion, we withdrew our application for participation in the CPP and re-engaged KBW to assist us. Upon the advice of KBW, and based on public market conditions, we began to explore the possibility of engaging in a private placement of equity securities anchored by a lead investor. In the late spring of 2009, and after contacting multiple potential lead investors, KBW identified IWL Partners LLC, a Korean private equity fund (IWL), as a potential lead investor for our private placement.

On May 28, 2009, we entered into a non-binding term sheet with Leading Investment & Securities Co., Ltd., a Korean securities broker-dealer and IWL, an affiliate of Leading, which outlined the proposed terms of a purchase by Leading and IWL of newly issued shares of our common stock. Pursuant to the terms set forth in the Term Sheet, Leading would acquire, in two separate installments, an aggregate of 14.9% of our outstanding common stock through the purchase of newly issued common stock. The term sheet also contemplated a larger equity capital infusion from IWL through the purchase of common stock in an amount equal to the difference between \$100 million less the aggregate amount invested by Leading. The term sheet provided for an exclusivity period with IWL and Leading which expired on July 31, 2009.

On June 12, 2009, we entered into a securities purchase agreement with Leading, providing for the sale of 8,040,882 unregistered shares of our common stock to Leading at a purchase price of \$1.37 per share, in two separate installments, with the first installment to provide Leading with ownership of 9.9% of our outstanding

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common stock and the second installment to provide Leading with aggregate ownership of 14.9% of our outstanding common stock. KBW acted as our placement agent in connection with this transaction.

On July 3, 2009, we entered into a first amendment to the securities purchase agreement with Leading to, among other things, extend the termination date in the securities purchase agreement to September 30, 2009 and to specify the terms for funding an escrow account relating to the initial acquisition of our common stock by Leading.

On August 5, 2009, we amended the term sheet with Leading and IWL to extend the exclusivity period from July 31, 2009 to September 30, 2009.

Pursuant to the terms of the Leading securities purchase agreement, on September 4, 2009 Leading completed the first installment purchase of our common stock under its securities purchase agreement by acquiring 5,070,423 shares of our common stock at a purchase price of \$1.37 per share.

On September 14, 2009, we entered into a non-binding amended and restated term sheet with Leading and IWL which provided for exclusivity for Leading and IWL through September 30, 2009 and which outlined the terms and conditions of the proposed investments by Leading and IWL in newly issued shares of our common stock, including the previously consummated purchase of 5,070,423 shares of our common stock at a purchase price of \$1.37 per share. The amended and restated term sheet also contemplated a larger equity capital infusion from IWL, its affiliates or one or more-co-investors introduced by IWL through the purchase of common stock in an amount equal to the difference between \$100 million less the aggregate amount invested by Leading.

On September 28, 2009, we entered into a second amendment to the securities purchase agreement with Leading to, among other things, extend the termination date in the securities purchase agreement to November 30, 2009 and to provide for the terms of the funding of the purchase price for the second installment of the Leading investment. On September 28, 2009, we, Leading and IWL also entered into a first amendment to the Amended and Restated Term Sheet to extend the exclusive dealing undertaking in the term sheet from September 30, 2009 to November 30, 2009.

Without further regulatory progress with Leading and IWL on the second installment of the Leading investment and the larger capital infusion, the exclusive dealing undertaking in the Amended and Restated Term Sheet expired on November 30, 2009 and the termination date in the securities purchase agreement was reached. We and KBW agreed to mutually terminate our relationship on January 28, 2010 following a determination that no further progress was being made in identifying additional sources of capital.

*Regulatory Order and Written Agreement*

On November 2, 2009, the members of the Board of Directors of Hanmi Bank consented to the issuance of the Order. On the same date, we and Hanmi Bank entered into the Written Agreement with the Federal Reserve Bank of San Francisco. The Order and the Written Agreement contain substantially similar provisions.

The Order and the Written Agreement require the Board of Directors of Hanmi Bank to prepare and submit written plans to the DFI and the FRB that address the following items: (i) strengthening Board oversight of the management and operation of Hanmi Bank; (ii) strengthening credit risk management practices; (iii) improving credit administration policies and procedures; (iv) improving Hanmi Bank's position with respect to problem assets; (v) maintaining adequate reserves for loan and lease losses; (vi) improving the capital position of Hanmi Bank and, with respect to the Written Agreement, of Hanmi Financial; (vii) improving Hanmi Bank's earnings through a strategic plan and a budget for 2010; (viii) improving Hanmi Bank's liquidity position and funds management practices; and (ix) contingency funding. In addition, the Order and the Written Agreement place restrictions on Hanmi Bank's lending to borrowers who have adversely classified loans with Hanmi Bank and requires Hanmi Bank to charge off or collect certain problem loans. The Order and the Written Agreement also require Hanmi Bank to review and revise its allowance for loan and lease losses consistent with relevant supervisory guidance. Hanmi Bank is also prohibited from paying dividends, incurring, increasing or guaranteeing any debt, or making certain changes to its business without prior approval from the DFI, and Hanmi Bank and Hanmi Financial must obtain approval from the FRB prior to declaring and paying dividends. The Order and Written Agreement also require that Hanmi Financial and Hanmi Bank notify, and obtain the non-disapproval of the applicable regulator prior to adding any individual as a Board member or senior executive officer.



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Under the Order, Hanmi Bank is also required to increase its capital and maintain certain capital ratios prior to certain dates specified in the Order. By July 31, 2010, Hanmi Bank is required to increase its contributed equity capital by not less than an additional \$100 million. Hanmi Bank is required to maintain a ratio of tangible shareholder s equity to total tangible assets as follows:

<b>Date</b>	<b>Ratio of Tangible Shareholder's Equity to Total Tangible Assets</b>
By July 31, 2010	Not Less Than 9.0 Percent
From December 31, 2010 and Until the Order is Terminated	Not Less Than 9.5 Percent

Such requirements are in addition to a fully funded allowance for loan and lease losses. As of March 31, 2010, Hanmi Bank had a tangible stockholders equity to total tangible assets ratio of 5.89 percent. Pursuant to the Written Agreement, Hanmi Financial is also required to increase and maintain sufficient capital at Hanmi Financial and Hanmi Bank which is satisfactory to the FRB.

Based on its capital ratios at March 31, 2010, Hanmi Bank is deemed to be undercapitalized for regulatory purposes as of March 31, 2010. See *Consequences if Either of the Capital Raising Stockholder Proposals are Not Approved*.

During the year ended December 31, 2009, we recorded a \$196.4 million provision for credit losses and charged off \$125.4 million in loans, net of \$2.8 million in recoveries. For the year ended December 31, 2009, we recognized net losses of \$122.3 million. For the quarter ended March 31, 2010, we recorded a \$58.0 million provision for credit losses and charged off \$26.4 million in loans, net of \$3.7 million in recoveries. For the quarter ended March 31, 2010, we recognized net losses of \$49.5 million. We have been adversely affected by the general slowdown in the economy and, in particular, in areas of Southern California where a majority of our loan customers are based.

*Woori and GWI*

In January, 2010, our Chairman traveled to Korea to visit with various potential investors, including Woori which had been identified by IWL as potentially interested in a transaction with us. The purpose of the visit was to explore the possibility of a Korean financial services company with an existing presence in the United States making a potential investment in us. During our Chairman s visit, he met with representatives of Woori and discussed preliminarily Woori s potential desire to make an investment. During the visit, our Chairman also met with other potential investors.

On January 15, 2010, we engaged Cappello Capital Corp. ( Cappello ) to act as our financial advisor in exploring a range of capital raising strategies, including private and public stock investments, the disposition of Hanmi Financial or Hanmi Bank and combinations of equity investments involving one or more lead investors and multiple smaller investors. See Securities Purchase Agreement Fees and Expenses below for a discussion of fees to be paid to Cappello. In January 2010, we engaged Manatt, Phelps & Phillips, LLP to act as our legal advisor in connection with our strategic alternatives and capital raising strategies.

On January 18, 2010, we engaged IWL to render financial advisory services in connection with the offer and sale of our stock in Korea. At the time we executed the engagement letter with IWL, IWL and its affiliate, Leading, we were informed that they were subject to certain passivity commitments to the Board of Governors of the Federal Reserve System. The effectiveness of the engagement letter is expressly conditioned upon IWL s release from the passivity commitments or acknowledgement in writing from the Board of Governors of the Federal Reserve System that performance of IWL s obligations under the engagement letter would not violate the passivity commitments. We have been advised by IWL that its release from the passivity commitments is conditioned upon the sale by Leading of its holdings of our common stock. We have been further advised by IWL that Leading has entered into an irrevocable 10b5-1 trading plan to sell all of its shares of our common stock it owns. However, we did not receive any written confirmation of IWL s release from its passivity commitments or the required acknowledgment from the Board of Governors of the Federal Reserve System prior to the expiration of our engagement agreement with IWL on May 31, 2010. Accordingly, based upon the advice of counsel, we believe that our engagement letter with IWL was not

effective and we have no obligations owing to it. See Securities Purchase Agreement Fees and Expenses .

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Over the course of the nearly two months immediately following Cappello's engagement, Cappello conducted a market check in conjunction with our Board of Directors by contacting over 60 potential strategic and financial partners to explore their interest in a strategic transaction with us based on our publicly available information, including private equity funds and other financial investors that make investments in financial institutions that, like Hanmi Bank, have a primary market focus on the Korean-American community, and in other community banks and national and international financial institutions. Cappello also responded to a number of inquiries expressing potential interest in an investment from parties that contacted Cappello after learning that Cappello had been engaged to serve as our financial adviser. Following the engagement of Cappello, 13 parties entered into nondisclosure agreements with us to obtain additional due diligence information. Concurrent with its efforts to identify a potential lead investor interested in acquiring a controlling interest in our company, Cappello actively engaged in discussions with investors who would consider making an investment with a lead investor.

On January 28, 2010, GWI Enterprise Ltd. presented a letter to Mr. Joseph K. Rho, our Chairman, informing Mr. Rho of GWI's interest in exploring an acquisition of equity interests in us. In the letter of interest, GWI proposed making an unspecified investment that would result in GWI holding a majority interest in our outstanding equity. The letter stated, among other things, that any formal proposal with respect to a proposed transaction would be subject to satisfactory completion of due diligence and the valuation of GWI's proposed investment would be based on our book value adjusted for mark-to-market valuation based on a third-party review of Hanmi Bank's loan portfolio. The letter also requested an opportunity to discuss the proposed transaction with us and our advisors.

As a result of the consideration of an equity investment which would result in the control of a majority of our outstanding stock by one investor, and after extensive review of our Board of Directors fiduciary duties in considering proposals for our recapitalization with our legal advisors, on February 3, 2010 our Board of Directors formed a Special Committee comprised of Directors Hall, Rho and Stolte. The Special Committee was appointed to: (a) review and assess, and assist our Board of Directors in reviewing and assessing potential capital raising alternatives, including without limitation, those involving a sale of majority ownership, in the context of our strategic alternatives and regulatory mandate to increase Hanmi Bank's capital by July 31, 2010; (b) consult with, monitor and assist our legal, financial and other professional advisors in the negotiation of one or more potential transactions; and (c) develop recommendations to our Board with respect to the potential transactions.

We executed a Confidentiality Agreement with GWI on February 5, 2010. During this same time period, Cappello prepared, and on February 10, 2010 the Special Committee approved, a protocol letter to be mailed to parties that expressed interest in acquiring a controlling interest in us. The protocol letter was intended to solicit interest and at the same time provide a structure and timeline for the market check process in light of the July 31, 2010 deadline to increase Hanmi Bank's contributed equity capital by not less than an additional \$100 million. Following execution of the Confidentiality Agreement, GWI and its advisors engaged in an extensive due diligence process in connection with the proposed transaction, including in-person meetings on February 18, 2010 and February 19, 2010 with us, Hanmi Bank and our respective legal and financial advisors.

Following the in-person meetings, our advisors along with advisors for GWI engaged in on-going discussions regarding the submission of an indicative offer by GWI with respect to the proposed transaction. In addition, during the latter part of February and early March the Special Committee, in consultation with its financial and legal advisers, considered a preliminary term sheet provided by GWI. The Special Committee engaged in several discussions regarding the preliminary term sheet. On March 4, 2010, we provided GWI with certain proposed modifications to the preliminary term sheet. On two occasions, and at the request of GWI, the Special Committee extended the deadline for the submission of indicative offers set forth in the protocol letter to allow interested parties additional time to conduct deeper due diligence, including review of a report prepared by an independent third-party based on its examination of Hanmi Bank's loan portfolio. Nevertheless, following completion of GWI's due diligence and preliminary discussions between the parties, on March 15, 2010, GWI sent a letter to Mr. Joseph K. Rho withdrawing its interest in the proposed transaction.

Concurrent with our discussions with GWI, we engaged in discussions with Woori Finance Holdings Co. Woori is Korea's first and largest financial holding company, and its operations include the second-largest commercial bank in Korea, in terms of total assets (including loans). Its subsidiaries collectively engage in a broad



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range of businesses, including commercial banking, credit cards, capital markets activities, international banking, asset management and bancassurance. As of December 31, 2009, Woori had total consolidated assets of (Won) [ ] trillion (approximately US\$[ ] billion), consolidated total deposits of (Won) [ ] trillion (approximately US\$[ ] billion) and consolidated stockholders' equity of (Won) [ ] trillion (approximately US\$[ ] billion).

On January 15, 2010, Woori provided us with a preliminary proposal letter, which reflected the starting point for discussions between the parties. Shortly thereafter, on January 22, 2010, Woori presented us with an initial draft of a term sheet to acquire a majority interest in us. Over the course of the following two weeks we, Woori and our respective advisors participated in on-going conversations regarding Woori's proposed term sheet, focusing on the structure and size of the potential transaction and Woori's desire to enter into an exclusive negotiation period.

Throughout the course of the discussions, we advised Woori that entering into an exclusivity arrangement with them at this early stage in the process was inconsistent with our fiduciary duties to our stockholders. We indicated that we could not enter into an exclusive arrangement at this stage in the process, but rather we needed the ability to explore a wide range of strategic alternatives and capital raising possibilities. In addition, despite our repeated recommendations, Woori had not yet undertaken a comprehensive due diligence investigation of our company. On February 3, 2010, a letter was delivered on our behalf to Woori's legal counsel indicating that because of several restrictions that would be imposed on us by the term sheet, we could not enter into the term sheet. The letter went on to indicate that, while we were interested in continuing a dialogue with Woori and encouraged Woori to conduct due diligence, we had to preserve our ability to entertain and explore all potential strategic alternatives available. On February 8, 2010, we received a letter from Woori acknowledging receipt of our February 3rd letter and indicating that further negotiations between the parties would be suspended while we conducted our market check.

Over the course of the following weeks, the parties had intermittent communications. We repeatedly encouraged Woori to engage in its due diligence efforts so Woori would not fall behind in the process, particularly in light of the July 31st deadline imposed by the Order. On or about February 12, 2010, Manatt and Woori's legal counsel, Kim & Chang, reconvened their conversations. Although Woori would not formally re-engage in term sheet negotiations or perform due diligence while we conducted our market check, it was agreed that maintaining open lines of communication and discussing potential issues in the term sheet would be beneficial.

During the week of February 15th, several representatives of Woori met with the Special Committee in Los Angeles to review, among other things, the general parameters for the size and structure of a potential transaction and regulatory considerations. In addition, representatives of Woori conducted some due diligence during this period. During the meetings we reiterated our desire that Woori commence significant due diligence, despite the fact that we were still engaged with our market check. In response, Woori requested that we enter into an agreement to reimburse Woori for its expenses incurred in connection with certain due diligence activities. The expense reimbursement agreement was approved by the Special Committee and entered into on February 24, 2010. The Special Committee held four meetings during February 2010.

Following the in-person meetings in Los Angeles and the return of Woori's representatives to Korea, on March 5, 2010 we received a revised term sheet from Woori. On March 8, 2010 the Special Committee met to discuss the revised term sheet received from Woori. Based on the Special Committee's discussions, on March 9, 2010 we sent a revised draft of the term sheet to Woori. The following day we received a further revised term sheet from Woori and held a Special Committee meeting to discuss the term sheet's provisions. Following a careful review of the term sheet and a detailed discussion of its terms, the Special Committee concluded that the term sheet represented the best offer reasonably available to us and our stockholders, approved entering into the term sheet with Woori and recommended it be submitted to our Board of Directors for its approval. Our Board of Directors approved the term sheet and it was executed and entered into by both parties on March 10, 2010. The Special Committee held five meetings during March 2010 to continue to review, among other things, the status of the Woori proposal.

We and Woori agreed at the outset that the structure of the investment should emphasize common equity, reflecting the increased market and regulatory focus on common equity and the requirements set forth in the Order and Written Agreement. During April 2010, discussions continued with a view to refining the terms of an investment and addressing structuring issues. The week of April 5th the Special Committee and a representative of





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Cappello made a trip to Korea. During the trip the Special Committee conducted due diligence, attended several meetings and initiated discussions regarding the preparation of a definitive stock purchase agreement.

On April 16, 2010, Woori delivered an initial draft of the securities purchase agreement to us. Over the course of the following two weeks the Special Committee met on two occasions to discuss the securities purchase agreement and during that same period of time we and Woori engaged in preliminary discussions regarding the draft securities purchase agreement. We collectively agreed that, as a result of the proposed size of the contemplated placement and the mutual intent that the investment be in the form of Tier 1 common equity securities, the approval of our stockholders would be required.

On April 23, 2010, our Board of Directors engaged McGladrey Capital Markets LLC ( McGladrey ) to render a fairness opinion to our Board of Directors on the financial terms of the Woori investment. On April 28, 2010, the Special Committee engaged Cappello to provide an opinion to the Board of Directors as to the fairness to our stockholders, from a financial point of view, of the consideration to be received pursuant to the proposed sale of a majority interest in us and potential private placement. The Special Committee held three meetings during April 2010 to discuss the proposed Woori investment.

The week of May 3rd, Chairman Rho, as representative of the Special Committee, our Chief Financial Officer, a representative of Cappello and two representatives of Manatt made a trip to Korea. During the meetings held in Korea that week, we and Woori, with our collective financial and legal advisors, reached definitive agreement on the structuring of a transaction, pricing and terms. These terms included the principal investment of \$210 million of our common stock by Woori at a per share purchase price of \$1.20, with an option to purchase up to \$30 million of additional common stock at the same price per share. During this time, our representatives in Korea engaged in a number of telephonic discussions regarding the potential terms and structure of an investment with the other members of the Special Committee, the market check that had been completed, the lack of viable alternatives facing us and the need to raise capital by the deadlines set by our regulators.

During the meetings in Korea, working in close consultation with our Special Committee, the parties determined that the optimal structure for a transaction with Woori would include an opportunity for our existing stockholders and other public investors to participate in a public offering at the same purchase price per share as Woori would pay for the securities it could acquire pursuant to the securities purchase agreement with us. Accordingly, the decision was made that following the execution of a securities purchase agreement with Woori, that we would engage in a registered rights and best efforts offering of up to \$120 million of our common stock. The registered rights and best efforts offering would be made at \$1.20 per share.

During the negotiations with Woori, we remained in regular contact with and provided status reports regarding the discussions with Woori to representatives of the FRB, Federal Deposit Insurance Corporation and the DFI, our and Hanmi Bank's primary regulators.

On May 12, 2010, the Special Committee and the Board of Directors held separate meetings. Both the Special Committee and the Board of Directors held lengthy discussions of the terms and conditions of the securities purchase agreement with legal and financial advisors. Following the discussion of the securities purchase agreement, and at the request of our Board of Directors, McGladrey then reviewed its methodologies and financial analyses with respect to the proposed transaction with Woori and provided its preliminary findings to the effect that as of such date and based upon and subject to various assumptions, limitations and qualifications, the proposed purchase price to be paid by Woori was fair, from a financial point of view, to our stockholders. At the request of the Special Committee, Cappello then reviewed its methodologies and financial analyses with respect to the proposed sale of a majority interest in Hanmi Financial to Woori and the subsequent registered rights and best efforts offering, collectively referred to as the

Transaction , and, while noting that at the direction of the Special Committee it had not yet completed its fairness analysis, provided its preliminary findings to the effect that as of May 12, 2010, based upon its preliminary analyses, and subject to various assumptions, limitations and qualifications, the price per share of our common stock to be received by Hanmi Financial in the Transaction was fair, from a financial point of view, to the holders of our common stock, other than Woori and any other purchasers of our common stock in the Transaction (the Investors ). McGladrey was excused from the meeting during Cappello's presentation.



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Following another week of negotiations between the parties, with the securities purchase agreement in substantially final form, the Special Committee and our Board of Directors held separate meetings on May 19, 2010. Manatt identified the changes to the securities purchase agreement since the prior meetings on May 12, 2010. After the update on the securities purchase agreement, McGladrey summarized its methodologies and financial analyses with respect to the proposed transaction with Woori and then each rendered their opinion that as of such date and based upon and subject to various assumptions, limitations and qualifications, the proposed purchase price to be paid by Woori was fair, from a financial point of view, to our stockholders. At the request of the Special Committee, Cappello then described to the Board of Directors the updates that had been made to its financial analyses since its prior presentation and then delivered its oral opinion to the Special Committee, subsequently confirmed in writing as of the same date, that, as of May 19, 2010, and subject to the assumptions, qualifications and limitations set forth in its opinion, the price per share of our common stock to be received by Hanmi Financial in the Transaction was fair, from a financial point of view, to the holders of our common stock, other than the Investors. Following the delivery of Cappello's and McGladrey's fairness opinions and careful consideration of all facts and circumstances deemed relevant to it, the Special Committee determined that the terms of the securities purchase agreement with Woori are fair to, and in the best interests of our stockholders and unanimously recommended approval of entry into and performance of the transactions contemplated by the securities purchase agreement to our Board of Directors. Following the delivery of Cappello's and McGladrey's fairness opinions, and careful consideration of additional facts and circumstances, including the recommendation of the Special Committee, our Board of Directors determined that the terms of the securities purchase agreement with Woori are fair to, and in the best interest of our stockholders and unanimously approved the securities purchase agreement with Woori and entry into the same by us, delegating authority to Chairman Rho to execute the securities purchase agreement with such changes as he deemed appropriate in consultation with the Special Committee and its financial and legal advisers. At the May 19th meeting, our Board of Directors also authorized a registered rights and best efforts offering for up to \$120 million of our common stock at \$1.20 purchase price per share. The Special Committee met again on May 21, 24 and 25, 2010 to discuss certain matters related to finalizing the securities purchase agreement and to approve the final form of the agreement.

*Definitive Agreement*

On May 25, 2010, we entered into a definitive securities purchase agreement with Woori by which we will issue \$210 million of our common stock to Woori at a price per share of \$1.20. Pursuant to the agreement, we also granted Woori an option to purchase an additional \$30 million of common stock at the same price per share. The closing of the transactions is subject to satisfaction of certain closing conditions, including required regulatory and stockholder approvals.

Between the time of signing the definitive securities purchase agreement with Woori and the closing, we intend to use commercially reasonable efforts to consummate the sale of up to an additional \$120 million of common stock through a registered rights and best efforts offering. We cannot provide any assurance that we will be successful in consummating the transaction with Woori or successful in completing the registered rights or best efforts offering.

**Recommendation of Our Board of Directors; Reasons for the Capital Raising Stockholder Proposals**

Our Board, upon the recommendation of our Special Committee, has unanimously (i) determined that the securities purchase agreement with Woori and the transactions contemplated thereby are advisable and in the best interest of our stockholders, (ii) approved the securities purchase agreement and the stock offerings, and (iii) recommended that our stockholders vote in favor of the Capital Raising Stockholder Proposals; and

In reaching its determination, our Board and Special Committee consulted with our management, as well as our legal and financial advisors, and reviewed (i) historical information concerning our business, financial performance and condition, operations and competitive position; (ii) our financial condition, results of operations, businesses and strategic objectives; (iii) current financial market conditions and historical market prices with respect to our common stock; (iv) the challenges our business faces; (v) the regulatory orders pending against us and the consequences if we fail to comply with those regulatory

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orders; (v) the terms of the securities purchase agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations; (vi) the prospects for any alternative transactions or strategies and (viii) financial analysis prepared by Cappello and McGladrey.

In the course of its deliberations, our Board considered the following material factors:

**Factors Relating to the Specific Terms of our Securities Purchase Agreement with Woori:**

The effect of consummation of the transactions on our capital ratios and the terms of our regulatory orders;

The opportunity for our existing stockholders to purchase shares in a rights offering on the same financial terms as Woori;

Our assessment of the ability of Woori to consummate the transactions contemplated by the securities purchase agreement and obtain the appropriate regulatory approvals;

The securities purchase agreement, subject to the limitations in the agreement, allows our Board to engage in discussions or negotiations with third parties in certain circumstances and, upon the payment to Woori of a termination fee of \$10.5 million, to terminate the agreement to accept a superior offer;

The securities purchase agreement prohibits Woori from engaging in a cash-out merger transaction for a period of three (3) years from the closing date unless the cash-out merger is (i) approved by our stockholders (including a majority of our stock other than Woori) and a majority of disinterested directors or (ii) completed at a time when Woori owns at least 90% of our outstanding voting stock;

The increase in our authorized shares of common stock must be approved by a vote of a majority of our outstanding shares of common stock and the issuance of shares to Woori pursuant to the terms of our securities purchase agreement must be approved by a majority of votes represented and voting at a duly constituted stockholder meeting at which a quorum is present in person or by proxy; and

Our Board considered the methodologies and financial analyses reviewed and discussed with our Board by representatives of McGladrey and Cappello on May 12 and May 19, 2010, as well as the oral opinion of McGladrey rendered to our Board on May 19, 2010 (which opinion was subsequently confirmed in writing by delivery of written opinions dated the same date) to the effect that as of such date and based upon and subject to various assumptions, limitations and qualifications, the \$1.20 in cash per share to be paid by Woori to acquire a controlling interest in us was fair, from a financial point of view, to our stockholders, and the oral opinion of Cappello delivered to our Special Committee on May 19, 2010, subsequently confirmed in writing as of the same date, that, as of such date, and subject to the assumptions, qualifications and limitations set forth in its opinion, the price per share of our common stock to be received by us in the Transaction was fair, from a financial point of view, to the holders of our common stock, other than the Investors.

**Potential Negative Factors Relating to the Securities Purchase Agreement with Woori:**

In the course of its deliberations, our Board also considered a variety of risks and other potentially negative factors, including the following:

The transaction with Woori must be approved by certain governmental agencies, including the FRB, the DFI and the Korean Financial Services Commission, which could delay or prevent the closing;

The issuance of shares to Woori will result in substantial dilution to our existing stockholders and the shareholders' equity per share of our common stock will be substantially diluted, and our trading price could be adversely affected;

The securities purchase agreement with Woori contains restrictive covenants, including covenants which limit the ownership of purchasers to 4.9% and with Woori's consent 9.9% of our voting stock, which in turn could limit our ability to raise capital from other sources in the amounts we may otherwise seek;



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The securities purchase agreement precludes us from actively soliciting alternative proposals to the Woori transaction, and, accordingly, if the transactions contemplated by the securities purchase agreement are not consummated, we may not have sufficient time to raise capital from alternative sources to satisfy the terms of the regulatory orders we are subject to;

We are obligated to pay to Woori a termination fee of \$10.5 million if the securities purchase agreement is terminated under certain circumstances. Although our Board felt that these payment terms were reasonable when viewed in context with all other aspects of the securities purchase agreement, it is possible that these provisions could discourage a competing proposal to acquire us or make a controlling investment in us or reduce the price in an alternative transaction;

As a controlling stockholder, Woori will have control over our Board and other corporate strategic decisions and will be able to: (i) elect all of the members of our Board of Directors (although they have agreed to elect at least two independent directors) ; (ii) adopt amendments to our charter documents; or (iii) control the vote on any merger, sale of assets or other fundamental corporate transaction of us or Hanmi Bank, or the issuance of additional equity securities or incurrence of debt, in each case without the approval of our other stockholders;

Certain of our directors and executive officers may have conflicts of interest in connection with the securities purchase agreement with Woori, as they may receive certain benefits that are different from, and in addition to, those of our other stockholders. See *Interests of Certain Persons in the Capital Raising Stockholder Proposals*; and

We are exposed to significant risks and may incur significant costs if the securities purchase agreement does not close, including failing to satisfy the regulatory orders we are subject to, the diversion of management and employee attention during the period after the signing of the securities purchase agreement, potential employee attrition and the potential effect on our business and customer relations. In that regard, under the securities purchase agreement, we must conduct our business in the ordinary course and we are subject to a variety of other restrictions on the conduct of our business prior to completion of the sale of shares to Woori or termination of the securities purchase agreement, which may delay or prevent us from undertaking business opportunities that may arise or to exploring other capital raising alternatives to satisfy our capital requirements.

The above discussion is not intended to be exhaustive, but we believe it addresses the material information and factors considered by our Board in its consideration of the Woori investment, including factors that support the investment as well as those that may weigh against it. In view of the number and variety of factors and the amount of information considered, our Board did not find it practicable to make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, our Board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of our Board may have given different weights to different factors. We cannot provide any assurance that the transactions contemplated by the Securities Purchase Agreement with Woori will close or that we will be able to raise any capital from our registered rights and best efforts offering.

### **Opinions of Our Financial Advisors**

On May 19, 2010, McGladrey rendered its oral opinion to us (which was subsequently confirmed in writing by delivery of its written opinion dated the same date) to the effect that, as of May 19, 2010, the \$1.20 cash per share that Woori would pay to us to acquire a controlling interest in us was fair, from a financial point of view, to our stockholders, and Cappello delivered its oral opinion to the Special Committee, subsequently confirmed in writing as of the same date, that, as of May 19, 2010, and subject to the assumptions, qualifications and limitations set forth in its opinion, the price per share of our common stock to be received by us in the Transaction was fair, from a financial point of view, to the holders of our common stock, other than the Investors. The summary of the opinions of McGladrey and Cappello are each qualified in their entirety by reference to the full text of the written opinions which are included as *Annex B* and *Annex C*, respectively, to this proxy statement and sets forth the procedures followed,

assumptions made, qualifications and limitations on the review and other matters considered by McGladrey and Cappello in preparing their respective opinions.



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On April 23, 2010 our Board of Hanmi Financial engaged McGladrey to render financial advisory services in connection with the proposed sale of a majority ownership interest in Hanmi Financial. Specifically and pursuant to that engagement, McGladrey agreed to prepare and deliver an opinion to the Company's Board as to the fairness, from a financial point of view, to the stockholders of Hanmi Financial of the price paid per share of Hanmi Financial common stock in the proposed offering to Woori. Our Board selected McGladrey because McGladrey is a globally recognized provider of investment banking services to owners, stockholders, boards of directors and senior managers of mid-sized private and public companies. As part of its investment banking business, McGladrey is continually engaged in the valuation of companies in connection with mergers, acquisitions and placements of equity and debt securities. McGladrey has acted exclusively for our Board of Hanmi Financial in rendering its fairness opinion and received a fee for its services. No portion of such fee was contingent upon the successful completion of the offering to Woori.

As part of its engagement, representatives of McGladrey attended the meeting of the Hanmi Financial Board held on May 19, 2010 at which the Hanmi Financial Board evaluated the terms of the offering to Woori. At this meeting, McGladrey rendered an opinion that, as of such date, the price paid per share of Hanmi Financial common stock in the offering to Woori was fair, from a financial point of view, to Hanmi Financial's stockholders.

The full text of McGladrey's written opinion is attached as *Annex C* to this document and is incorporated herein by reference. Hanmi Financial stockholders are urged to read the opinion in its entirety for a description of procedures followed, matters considered, assumptions made, and qualifications and limitations of the review undertaken by McGladrey. The summary description of the opinion set forth herein is qualified in its entirety by reference of the full text of the opinion.

McGladrey's opinion is based upon conditions as they exist and can be evaluated as of the date of the opinion. The opinion is directed to the Hanmi Financial Board and addresses only the fairness, from a financial point of view, to the stockholders of the Company of the price paid per share of Hanmi Financial common stock in the offering to Woori. It does not address the underlying business decision to proceed with the offering to Woori and does not constitute a recommendation to any Hanmi Financial shareholder as to how the shareholder should vote at the Hanmi Financial shareholder's meeting on the offering to Woori or any related matter.

In rendering its opinion, McGladrey reviewed, among other things (i) the draft securities purchase agreement; (ii) Annual Report to stockholders and Form 10-K for the year ended December 31, 2009; (iii) Quarterly Reports on Form 10-Q filed over the last twelve months; (iv) Reports on Form 8-K filed over the last twelve months; (v) other financial information concerning the business, operations and financial condition of Hanmi Financial provided by Hanmi Financial. McGladrey also had discussions with Hanmi Financial management regarding current business operations, regulatory relations, financial condition, and future prospects. In addition, McGladrey (i) reviewed the market prices, valuation multiples and certain operating benchmarks of publicly traded companies that McGladrey deemed to be relevant and compared them with Hanmi Financial; (ii) compared the price paid per share of Hanmi Financial common stock in the offering to Woori with the financial terms of certain other transactions that McGladrey deemed to be relevant; and (iii) performed other analyses and considered other factors that it considered appropriate including our Board's consent to a Final Order from the California Department of Financial Institutions and the Written Agreement with the Federal Reserve Bank of California.

In conducting its review and arriving at its opinion, McGladrey relied upon and assumed the accuracy of all the financial and other information provided to or otherwise made available to McGladrey or that was discussed with, or reviewed by McGladrey, or that was publicly available. McGladrey did not attempt or assume any responsibility to verify such information independently and relied upon the management of Hanmi Financial as to the reasonableness and achievability of the financial and operating projections and underlying assumptions. McGladrey also assumed, without independent verification, that the allowances for loan losses are adequate to cover those losses. McGladrey did not make or obtain any evaluations of Hanmi Financial's assets or examine any individual credit files.

The following is a summary of the material analyses presented by McGladrey to the Hanmi Financial Board on May 19, 2010 in connection with its fairness opinion. The summary is not a complete description of the



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analyses underlying the McGladrey opinion or the presentation made by McGladrey to the Hanmi Financial Board but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant of financial analysis and the application of those methodologies to the particular situation. In arriving at its opinion, McGladrey made qualitative judgments as to the significance and relevance of each analysis and factor as well as consideration of the impact of not proceeding with the offering to Woori given Hanmi Financial's regulatory and going-concern situation.

*Summary of Offering to Woori*

Hanmi Financial will sell in the stock offerings up to 300,000,000 shares of common stock at \$1.20 per share. As part of the offering to Woori, Woori will purchase through a private placement exempt from the registration requirements of the U.S. Securities Act of 1933, as amended, a minimum of 175,000,000 shares of Hanmi Financial common stock at \$1.20 per share pursuant to the securities purchase agreement.

*Summary of Valuation Methodologies*

McGladrey utilized a generally and widely accepted standard set of valuation methodologies in supporting its fairness opinion including Peer Group Analysis, Precedent Transactions Analysis, and Discounted Cash Flow Analysis. Peer Group Analysis applies relevant public market valuation multiples to Hanmi Financial's current financial and operating results to determine an overall valuation range. Precedent Transactions Analysis determines the value range of Hanmi Financial by examining public merger and acquisition transactions as well as private placements, specifically PIPE (private investment in public equity) transactions. Discounted Cash Flow Analysis estimates the present value range based on future cash flow or income streams.

Based on the results of the valuation methodologies summarized below, general economic, market and financial conditions and consideration of Hanmi Financial's current regulatory and going-concern situation, McGladrey determined a valuation range of \$0.90 to \$1.83 per share of Hanmi Financial common stock, providing support for its fairness opinion.

*Peer Group Analysis*

McGladrey identified seven publicly-held U.S. based regional banks comparable to Hanmi Financial based on the following criteria: (i) asset size (range of \$1 billion to \$20 billion), (ii) primarily serving the Southern California region, (iii) similar regional loan exposure, and (iv) similar ethnic composition of deposit base. Companies included in Hanmi Financial's peer group were:

Cathay General Bancorp

Center Financial Corporation

East West Bancorp, Inc.

First California Financial Group, Inc.

Nara Bancorp Inc.

Preferred Bank

Wilshire Bancorp Inc.

Using the most current publicly-reported financial information for the peer group, McGladrey analyzed the following key valuation metrics: Price/Tangible Book Value per Share, Price/Pre-Tax, Pre-Provision Earnings per Share, Price/Total Assets, and Price/Core Deposits. McGladrey also did an analysis and compared Hanmi Financial's operating performance and financial strength to the peer group based on the following benchmarks: Tangible Equity/Tangible Assets, Net Charge-Offs (NCO)/Loans, Net Interest Margin, and Efficiency Ratio. The following table summarizes the results of McGladrey's benchmarking analysis:

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	Tangible Equity/Tangible Assets	NCO/ Loans	Net Interest Margin	Efficiency Ratio
Peer Group Mean	9.46%	3.31%	3.37%	56.53%
Hanmi	3.25%	4.48%	3.69%	76.37%

Due to the low benchmarking comparisons of Hanmi Financial to the peer group, in particular Tangible Equity/Tangible Assets (a key measure of regulatory capital adequacy and compliance), McGladrey did not utilize the high end of the valuation range from its peer group analysis, rather determined a valuation range per share of Hanmi Financial common stock based on the low and mean valuation metrics for the peer group as summarized below:

Valuation Metric	Low Peer Group Multiple or % / Derived Hanmi Share Price	Mean Peer Group Multiple or %/ Derived Hanmi Share Price
Price/Tangible Book Value per Share	0.37X/\$0.71	0.92X/\$1.76
Price/Pre-Tax, Pre Provision Earnings per Share	2.94X/\$1.29	6.12X/\$2.69
Price/Total Assets	2.45%/\$1.44	8.75%/\$5.16
Price/Core Deposits	3.83%/\$1.15	18.37%/\$5.53

While McGladrey considered all four valuation metrics and the resulting derived price per share of Hanmi Financial common stock summarized above, it placed greater consideration on Price/Tangible Book value per Share based on its broad acceptance and importance with both relevant regulatory agencies as well as investors.

*Precedent Transactions Analysis*

McGladrey identified precedent merger and acquisition ( M&A ) transactions that have taken place among financial institutions, particularly for regional commercial banks based in the United States with total assets under \$15 billion. PIPE (private investment in public equity) offerings were also considered in McGladrey's precedent transaction analysis.

For M&A transactions, McGladrey determined that the two most appropriate valuation metrics to apply to Hanmi Financial were purchase price to tangible book value per share and purchase price to book value per share. In reviewing relevant acquisitions, only those transactions announced since September 2008 were analyzed. McGladrey examined the following relevant M&A transactions:

Announced	Target	Buyer
5/13/10	First Resource Bank	Continental Bank
5/10/10	Atlantic Bancgroup Inc.	Jacksonville Bancorp, Inc.
5/07/10	First Franklin Corp.	Lenox Wealth Management, Inc.
4/19/10	Union National Financial Corporation	Donegal Financial Services Corporation
1/07/10	OAK Financial Corp.	Chemical Financial Corp.
12/27/09	First Chester County Corp.	Tower Bancorp Inc.
11/03/09	First Keystone Financial Inc.	Bryn Mawr Bank Corp.
10/25/09	First Litchfield Financial Corp.	Union Savings Bank
9/17/09	Gibraltar Private Bank & Trust Company	Management
7/26/09	Harleysville National Corp.	First Niagara Financial Group Inc.
6/29/09	Pamrapo Bancorp Inc.	BCB Bancorp Inc.
6/16/09	Beverly National Corporation	Danvers Bancorp Inc.
12/18/08	Provident Bankshares Corp.	M&T Bank Corp.
12/05/08	Old Forge Bank	Penseco Financial Services Corporation
11/08/08	Benjamin Franklin Bancorp Inc.	Independent Bank Corp.
9/23/08	Gateway Financial Holdings, Inc.	Hampton Roads Bankshares Inc.



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For PIPE offerings, McGladrey determined that the most appropriate valuation metric to apply to Hanmi Financial is the price per share discount in comparable transactions. In reviewing PIPE transactions, U.S. Treasury investments under the Troubled Asset Relief Program (TARP) were excluded. In addition, due to recent market volatility and dislocations experienced within the financial sector, McGladrey determined it was relevant to include PIPE offerings announced since the beginning of 2009. Based on these criteria, 31 relevant PIPE offerings were identified.

Based on its precedent transactions summary analysis, McGladrey determined the valuation range per share of Hanmi Financial common stock to be between \$0.66 and \$2.10 as summarized below:

M&A Transactions:

	Low Multiple/Derived Hanmi Share Price	Mean Multiple/Derived Hanmi Share Price
Valuation Metric		
Tangible Book Value per Share	0.34X/\$0.65	1.09X/\$2.08
Book Value per Share	0.34X/\$0.67	0.97X/\$1.91
Average Derived Hanmi Share Price	\$0.66	\$2.00

PIPE Offerings:

	High Discount %/Derived Share Price (a)	Mean Discount %/Derived Share Price (a)
Valuation Metric		
Share Price Discount 1-day before Announcement	27.88%/\$1.67	8.96%/\$2.10

- (a) Based on closing share price of Hanmi common stock on May 18, 2010

*Discounted Cash Flow Analysis*

McGladrey relied on a five-year forecast prepared and approved by senior Hanmi Financial management to perform a discounted cash flow (DCF) analysis and determine a valuation price range for Hanmi Financial common stock. Although this analysis is sometimes done by reviewing after tax cash flows (the equivalent of pre-tax, pre-provision earnings for banks), McGladrey's discounted cash flow analysis takes into account loan loss provisions, even though this has no immediate cash impact. However, McGladrey believes that the equity markets and regulators have become increasingly concerned over underperforming loans and that their impact, although not immediate, eventually impacts the future cash flows. Therefore, McGladrey utilized after-tax net income as the future projected income streams for its DCF analysis.

The discount rate used to arrive at present value is a function of the uncertainty or riskiness of Hanmi Financial management's projected net income compared to market risk, with investors requiring higher rates of return for riskier assets and lower rates of return for less riskier assets. Given that Hanmi Financial management periodically stress tests its loan base and has been working to identify and provision for the assets at risk on the Hanmi Financial's balance sheet, McGladrey determined that a discount rate range of 10% - 15% was appropriate. As current Price/Earnings (P/E) multiples are significantly depressed due to the current economy and challenges facing regional banks, McGladrey considered historical P/E multiples and applied a terminal exit multiple range of 8.0X to 12.0X to projected 2014 net income.

Based on the assumptions summarized above, McGladrey's DCF analysis resulted in a valuation range of between \$0.90 and \$1.77 per share of Hanmi Financial common stock.

*Cappello Opinion*

Pursuant to an engagement letter with the Special Committee dated April 26, 2010, and at the request of the Special Committee, on May 19, 2010, Cappello delivered its oral opinion to the Special Committee, subsequently

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confirmed in writing as of the same date, that, as of that date and subject to the assumptions, qualifications and limitations set forth in its opinion, the price per share of Hanmi Financial's common stock to be received by Hanmi Financial in the Transaction was fair, from a financial point of view, to the holders of Hanmi Financial's common stock, other than the Investors. The full text of Cappello's written opinion dated May 19, 2010 is attached to this document as *Annex B*.

**This summary of Cappello's opinion is qualified in its entirety by reference to the full text of the opinion. We urge you to read Cappello's opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken by Cappello. Cappello's opinion was addressed to and provided for the benefit and use of the Special Committee in connection with its consideration of the Transaction. Cappello's opinion addresses only the fairness, from a financial point of view, as of the date thereof, to the holders of Hanmi Financial's common stock, other than the Investors, of the price per share of Hanmi Financial's common stock to be received by Hanmi Financial in the Transaction. Cappello's opinion does not constitute a recommendation to the Special Committee, Hanmi Financial's Board of Directors, Hanmi Financial's stockholders or any other person as to how to vote or act on any matter. Cappello's opinion and the analyses performed by Cappello in connection with its opinion and reviewed by the Special Committee were only two of many factors considered by the Special Committee in connection with their evaluation of the Transaction. See *Reasons for the Capital Raising Stockholder Proposals; Recommendation of Hanmi Financial's Board of Directors*.**

In the course of performing its review and analyses for rendering its opinion, Cappello undertook the review and inquiries it deemed necessary and appropriate under the circumstances, including:

- i. reviewing a draft of the securities purchase agreement with Woori dated May 19, 2010;
- ii. reviewing Hanmi Financial's Annual Reports to Stockholders and Annual Reports on Form 10-K for the fiscal years ended December 31, 2007, 2008 and 2009, Hanmi Financial's quarterly report on Form 10-Q for the period ended March 31, 2010, Hanmi Financial's Current Reports on Form 8-K filed since December 31, 2009, and certain other publicly available business and financial information relating to Hanmi Financial;
- iii. reviewing certain operating and financial information relating to Hanmi Financial's business and prospects furnished by Hanmi Financial's management, including financial estimates and projections furnished by Hanmi Financial's management (the *Management Projections*);
- iv. meeting with Hanmi Financial's management to discuss Hanmi Financial's business, operations, historical and projected financial results and future prospects;
- v. reviewing the historical prices, trading multiples and trading volume of the shares of Hanmi Financial's common stock;
- vi. reviewing publicly available financial data, stock market performance data and trading multiples of companies which Cappello deemed similar to Hanmi Financial in relevant aspects;
- vii. reviewing, to the extent publicly available, the financial terms of certain private investments in public securities and other transactions which have recently been effected or announced which Cappello deemed similar to the proposed Transaction in relevant aspects;
- viii. performing discounted cash flow analyses based on the *Management Projections*;
- ix. reviewing estimates of and adjustments to the book value of Hanmi Financial's assets furnished by Hanmi Financial's management (the *Book Value Estimates*);



- x. reviewing the pro forma financial results, financial condition and capitalization of Hanmi Financial, giving effect to the Transaction;
- xi. participating in discussions and negotiations regarding the Transaction with Hanmi Financial, Woori and other interested parties; and
- xii. considering such other information, financial studies, analyses and investigations and financial, economic and market criteria which Cappello deemed appropriate.

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In conducting its review and rendering its opinion, Cappello, with the Special Committee's consent, assumed and relied, without independent investigation or verification, on the accuracy and completeness of all the foregoing information and all other information provided to, discussed with or reviewed by Cappello. With respect to the Management Projections and Book Value Estimates, Hanmi Financial's management advised Cappello, and Cappello assumed, with the Special Committee's consent, that such projections and estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of Hanmi Financial's senior management as to Hanmi Financial's expected future performance and the book value of Hanmi Financial's assets. Cappello has, with the Special Committee's consent, not assumed any responsibility for the independent verification of any such information and Cappello further, with the Special Committee's consent, relied upon the assurance of Hanmi Financial's senior management that they are unaware of any facts that would make the information, financial estimates and projections incomplete or misleading. Without limiting the foregoing, Cappello expressed no opinion as to the Management Projections or Book Value Estimates or the assumptions on which they were prepared.

In rendering its opinion, Cappello assumed, with the Special Committee's consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Transaction, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on the contemplated benefits of the Transaction and that the Transaction would be consummated in accordance with the terms of the draft of the stock purchase agreement with Woori that Cappello reviewed, without waiver, modification or amendment of any material term, condition or agreement thereof. Cappello also assumed for the purposes of its opinion that the Transaction would be consummated as of the date of its opinion.

Cappello was not requested to make, and did not make, any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Hanmi Financial, and Cappello did not receive any such evaluations or appraisals, other than certain reports provided by Hanmi Financial's management with respect to book value of certain of Hanmi Financial's assets. Without limiting the foregoing, Cappello did not review any of Hanmi Financial's loan files or Hanmi Financial's allowances for loan losses. In addition, Cappello did not evaluate or obtain any evaluations of, and its opinion does not address, the solvency, fair value or viability of Hanmi Financial or any other person under any state or federal laws relating to bankruptcy, insolvency or similar matters.

Hanmi Financial's management informed Cappello that Hanmi Financial's wholly-owned banking subsidiary, Hanmi Bank, has consented to a Final Order from the California Department of Financial Institutions, and that Hanmi Financial and Hanmi Bank have entered into a Written Agreement with the Federal Reserve Bank of San Francisco, which require, among other things, that Hanmi Bank increase its capital and maintain certain regulatory capital ratios prior to certain specified dates, including an increase of contributed equity capital by not less than an additional \$100 million by July 31, 2010. Cappello has assumed, with the Special Committee's consent, that failure to meet these requirements would lead to regulatory actions that could have a material adverse impact on the value of Hanmi Financial's common stock and could lead to a regulatory liquidation or takeover that would render Hanmi Financial's common stock worthless.

Cappello's opinion addresses only the fairness, from a financial point of view, as of the date of its opinion, to the holders of Hanmi Financial's common stock, other than the Investors, of the price per share to be received by Hanmi Financial in the Transaction, and does not address any other aspect or implication of the Transaction or any other agreement, arrangement or understanding entered into in connection with the Transaction or otherwise. Cappello's opinion does not address any legal, tax, accounting or regulatory matters related to the securities purchase agreement with Woori or the Transaction or otherwise to Hanmi Financial, as to which it has assumed that Hanmi Financial, the Special Committee and Hanmi Financial's Board of Directors have received such advice from relevant advisors as each has deemed appropriate, and Cappello expressed no opinion as to the federal, state or local tax consequences of the Transaction. Cappello's opinion is necessarily based upon the financial, economic, market and other conditions as they existed and could be evaluated, and the information made available to it, as of the date of its opinion. Cappello expressly disclaimed any obligation to update or otherwise revise its opinion in the event of, or to advise any person of, any change in any fact or matter affecting its opinion of which it may become aware after the date of its opinion. Cappello's opinion did not address Hanmi Financial's underlying business decision to proceed with or effect the Transaction or the relative merits of the stock offerings compared as compared to any alternative transactions or

business strategies that might be available to us. Further, in rendering its opinion, Cappello expressed no opinion as to the fairness of the amount or nature of the compensation to any of Hanmi Financial's officers, directors or employees, or any class of such persons. In addition, Cappello expressed no

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opinion as to the trading price or range of prices of Hanmi Financial's common stock at any time, including upon the announcement or consummation of the Transaction.

*Summary of Principal Financial Analyses*

The following is a summary of the principal financial analyses performed by Cappello to arrive at its opinion. Some of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. In connection with the rendering of its opinion to the Special Committee, Cappello reviewed with the Special Committee the following analyses and other information material to its opinion. Unless otherwise noted, all analyses were performed based on market information available as of May 19, 2010, the trading day on which Cappello finalized its analysis.

*Indicative Standalone Valuation Summary*

Cappello analyzed the standalone valuation implied for Hanmi Financial using selected public companies, precedent transactions, adjusted book value and discounted cash flow analyses. A summary of these analyses and the resulting implied equity value and equity value per share for Hanmi on a standalone basis are shown below.

Valuation Methods	Metric	Selected Metric Range		Equity Value Range (\$ millions)		Equity Value Per Share Range	
		Low	High	Low	High	Low	High
Selected Public Companies	Price to Book Value	0.45x	0.55x	\$ 45	\$ 56	\$ 0.89	\$ 1.09
Precedent Transactions	Price to Book Value	0.20x	0.50x	\$ 20	\$ 51	\$ 0.39	\$ 0.99
Precedent Transactions	1-Day Discount to Unaffected Price	-25%	-15%	\$ 46	\$ 52	\$ 0.90	\$ 1.02
Adjusted Book Value	Book Value Per Share	\$ 0.00	\$ 0.94	\$ 0	\$ 48	\$ 0.00	\$ 0.94
Discounted Cash Flow	Equity Value Per Share	\$ 0.23	\$ 0.37	\$ 12	\$ 19	\$ 0.23	\$ 0.37

*Selected Public Companies Analysis.* Although Cappello believed that no companies were directly comparable to Hanmi Financial, it nonetheless prepared a selected company analysis of Hanmi Financial's implied price to book value trading multiple relative to a group of publicly-traded companies that Cappello believed to be of similar size and faced with similar levels of capital to Hanmi Financial. In selecting these publicly-traded companies, Cappello included publicly listed banks with \$1.0 billion to \$5.0 billion in total assets and a holding company Tier 1 Capital Ratio of 3.0% to 8.0% (other than Preferred Bank, listed below, which had a Tier 1 Capital Ratio of 8.03%). These criteria generated the following list of banks:

Macatawa Bank Corp.

First Business Financial Services

Bank of Granite

Mercantile Bancorp

Preferred Bank

Cascade Bancorp

FNB United Corp.

Integra Bank Corp.

As part of its selected public companies analysis, Cappello calculated each selected company's current trading price to book value multiple, and selected an implied price to book value multiple range of 0.45x to 0.55x.

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Cappello then calculated the implied valuation range for Hanmi Financial on a standalone basis by applying the selected range of price to book value multiples for the selected public companies to the book value for Hanmi Financial as at March 31, 2010 of \$101 million, producing an implied equity value range of \$45-\$56 million, or \$0.89-\$1.09 per share of Hanmi Financial's common stock.

*Selected Precedent Transactions Analysis.* Cappello conducted a selected precedent transactions analysis by examining private investment in public equity (PIPE) transactions by public banking companies announced after 2008 that were either pending or closed, involved a change of control, and had a transaction size between \$50 million and \$2 billion. The precedent transactions included PIPEs involving the following twelve companies:

Allegiance Bank of North America

Berkshire Bancorp Inc.

California Oaks State Bank

Cascade Bancorp

Doral Financial Corp.

Flagstar Bancorp Inc.

Heritage Oaks Bancorp

Pacific Capital Bancorp

Patriot National Bancorp Inc.

Saehan Bancorp

Sterling Financial Corp.

West Coast Bancorp

As part of its selected precedent transactions analysis, Cappello calculated each company's price to book value multiple at the time of announcement of the respective precedent transaction and the premium or discount of the offer price to the trading price the day before the precedent transaction was announced. Based on these metrics, Cappello selected a price to book value multiple range of 0.20x to 0.50x and a 1-day discount range of -25% to -15%. Cappello then calculated implied valuation ranges of Hanmi Financial on a standalone basis by applying the selected range of price to book value multiples for the selected precedent transactions to the book value for Hanmi as at March 31, 2010 of \$101 million, producing an implied equity value range of \$20-51 million, or \$0.39-\$0.99 per share of Hanmi Financial's common stock, and by applying the selected 1-day discount range for the selected precedent transactions to the closing price for Hanmi Financial's common stock of \$1.20 on January 15, 2010, the trading day immediately prior to the first of several press reports containing speculation regarding a potential transaction with Woori (such price is referred to as the Unaffected Price), producing an implied equity value range of \$46-52 million, or \$0.90-\$1.02 per share of Hanmi Financial's common stock.

Cappello believed that none of the transactions reviewed in the selected precedent transactions analysis were directly comparable to the Transaction and that none of the companies involved in the precedent transactions were directly comparable to Hanmi Financial.

*Adjusted Book Value.* Cappello reviewed the Book Value Estimates furnished by Hanmi Financial's management to Cappello. Cappello observed that the Book Value Estimates describe Hanmi Financial's adjusted book value as \$0 to \$48.1 million as of May 19, 2010. In performing its analyses, Cappello took into account that Hanmi Financial's

adjusted book value per share range pursuant to Hanmi Financial's management's Book Value Estimates was \$0.00 to \$0.94.

*Discounted Cash Flow Analysis.* Cappello calculated a range of implied Hanmi Financial equity values per share on a standalone basis utilizing a 20-year discounted cash flow analysis. In preparing these analyses, Cappello relied upon the Management Projections, including Hanmi Financial's management's assumptions with respect to return on assets and targeted tangible common equity and other assumptions provided by management. Utilizing the Management Projections and these assumptions, Cappello calculated Hanmi Financial's annual after-tax free cash flows available for distribution to stockholders for calendar years 2010 to 2030, based upon a range of target tangible common equity ratios of 7.0% to 9.0%. Cappello estimated a terminal value calculated for calendar year 2031 and beyond utilizing a terminal price to earnings multiple of 10.0x. Cappello then discounted the free cash flow streams and the estimated terminal value to a present value using a cost of equity discount rate range of 22.5%

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to 27.5%. Based on the Management Projections and these assumptions, the discounted cash flow analysis yielded an implied equity valuation range of \$12-\$19 million, or \$0.23-\$0.37 per share of Hanmi Financial's common stock, as of June 30, 2010.

*Pro Forma Transaction Valuation Indications*

Cappello analyzed the valuation implied for Hanmi Financial's common stock after giving pro forma effect to the shares of Hanmi Financial's common stock to be issued pursuant to the Transaction, using selected public companies, post-transaction control PIPE trading multiple, precedent transactions and discounted cash flow analyses. Cappello conducted each of these analyses, except the discounted cash flow analysis, using a pro forma book value for Hanmi Financial as of March 31, 2010, calculated using Hanmi Financial's management's estimates for two different scenarios for implementation of the Transaction: (i) a scenario involving total sales of Hanmi Financial's common stock in the Transaction of \$330 million, resulting in pro forma shares outstanding of 326.2 million (the Woori Plus Other Investors scenario), and (ii) a scenario involving total sales of Hanmi Financial's common stock in the Transaction of \$210 million, resulting in pro forma shares outstanding of 226.2 million (the Woori Only scenario). A summary of these analyses under each of the Woori Plus Other Investors and the Woori Only scenarios, and the resulting implied equity value and equity value per share for Hanmi Financial on a pro forma basis, are shown below.

**Woori Plus Other Investors**

Valuation Method	Metric	Selected Metric Range		Equity Value Range (\$ millions)		Equity Value Per Share Range	
		Low	High	Low	High	Low	High
Selected Public Companies	Price to Book Value	1.00x	1.40x	\$ 435	\$ 609	\$ 1.33	\$ 1.87
Post-Transaction Control PIPE Trading Multiples	Price to Book Value	0.99x	1.22x	\$ 431	\$ 531	\$ 1.32	\$ 1.63
Precedent Transactions M&A	Price to Book Value	0.90x	1.10x	\$ 392	\$ 479	\$ 1.20	\$ 1.47
Discounted Cash Flow	Equity Value Per Share	\$ 1.35	\$ 1.55	\$ 440	\$ 506	\$ 1.35	\$ 1.55

**Woori Only**

Valuation Methods	Metric	Selected Metric Range		Equity Value Range (\$ millions)		Equity Value Per Share Range	
		Low	High	Low	High	Low	High
Selected Public Companies	Price to Book Value	1.00x	1.40x	\$ 315	\$ 441	\$ 1.39	\$ 1.95
Post-Transaction Control PIPE Trading Multiples	Price to Book Value	0.99x	1.22x	\$ 312	\$ 385	\$ 1.38	\$ 1.70
Precedent Transactions M&A	Price to Book Value	0.90x	1.10x	\$ 284	\$ 347	\$ 1.25	\$ 1.53

*Selected Public Companies Analysis.* Although Cappello believed that no companies were directly comparable to Hanmi Financial on a pro forma basis, it nonetheless prepared a selected public companies analysis of Hanmi Financial's implied price to book value trading multiple relative to a group of Korean American and Chinese American banks that Cappello believed to be of similar size and with similar operations to us. These criteria generated the following list of banks:

Nara Bancorp Inc.



Wilshire Bancorp Inc.

Center Financial Corporation

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Saehan Bancorp

Pacific City Financial Corp.

East West Bancorp, Inc.

Cathay General Bancorp

Preferred Bank

As part of its selected public companies analysis, Cappello calculated each selected company's current trading price to book value multiple, and selected an implied price to book value multiple range of 1.00x to 1.40x. Cappello then calculated the implied pro forma valuation ranges of Hanmi Financial by applying the selected range of price to book value multiples for the selected public companies to the pro forma book value for Hanmi Financial as of March 31, 2010. Cappello conducted its analysis assuming each of the Woori Plus Other Investors and Woori Only scenarios, with March 31, 2010 pro forma book values of \$435 million and \$315 million, respectively, resulting in implied pro forma equity values between \$1.33-\$1.87 per share of Hanmi Financial's common stock for the Woori Plus Other Investors scenario, and \$1.39-\$1.95 per share of Hanmi Financial's common stock for the Woori Only scenario.

*Post-Transaction Control PIPE Trading Multiples.* Cappello selected the West Coast Bancorp PIPE for a post-transaction control PIPE trading multiple analysis based on West Coast Bancorp's having had total assets and a holding company Tier 1 Capital Ratio similar to Hanmi Financial's and having also faced regulatory requirements to increase its capital and maintain certain capital ratios. Cappello observed that West Coast Bancorp's stock price closed at 0.99x book value as of May 19, 2010 and traded in a range of 0.99x to 1.22x book value from April 26, 2010 (the date West Coast Bancorp disclosed its post-transaction book value in an earnings release) until May 19, 2010. Cappello then calculated pro forma valuation ranges for Hanmi Financial by applying price to book value multiples between 0.99-1.22x to the pro forma book value for Hanmi Financial as of March 31, 2010. Cappello conducted its analysis assuming each of the Woori Plus Other Investors and Woori Only scenarios, with March 31, 2010 pro forma book values of \$435 million and \$315 million, respectively, resulting in implied pro forma equity values between \$1.32-\$1.63 per share of Hanmi Financial's common stock for the Woori Plus Other Investors scenario and \$1.38-\$1.70 per share of Hanmi Financial's common stock for the Woori Only scenario.

*Precedent Transactions M&A.* Cappello reviewed selected precedent mergers & acquisitions (M&A) transactions that were announced and closed between January 1, 2007 and May 19, 2010 involving control acquisitions of banks by strategic buyers and total target assets of \$500 million to \$10 billion. These criteria generated 37 M&A transactions in total.

As part of its precedent transactions analysis, Cappello calculated each bank's price to book value multiple at the time of announcement of the respective precedent transaction. Based on these metrics, Cappello selected a pro forma price to book value multiple range of 0.90x to 1.10x. Cappello then calculated implied pro forma valuation ranges of Hanmi Financial by applying the selected range of price to book value multiples to the pro forma book value for Hanmi Financial as of March 31, 2010. Cappello conducted its analysis assuming each of the Woori Plus Other Investors and Woori Only scenarios, with March 31, 2010 pro forma book values of \$435 million and \$315 million, respectively, resulting in implied pro forma equity values between \$1.20-\$1.47 per share of Hanmi Financial's common stock for the Woori Plus Other Investors scenario and \$1.25-\$1.53 per share of Hanmi Financial's common stock for the Woori Only scenario.

Cappello believed that none of the transactions reviewed in the precedent transactions analysis were directly comparable to the Transaction and that none of the companies involved in the precedent transactions were directly comparable to Hanmi Financial.

*Discounted Cash Flow Analysis.* Cappello conducted a five-year discounted cash flow analysis of Hanmi Financial on a pro forma basis. In preparing these analyses, Cappello relied upon the Management Projections, which include long-term pro forma projections assuming total sales of Hanmi Financial's common stock in the Transaction to Woori and other Investors of \$330 million. Utilizing the Management Projections in conjunction with Hanmi Financial's management's indicative pro forma range of target tangible common equity ratios of 7.0% to 9.0%, Cappello

calculated Hanmi Financial's annual after-tax free cash flows available for distribution to stockholders for calendar years 2010 to 2014. Cappello estimated a terminal value calculated for calendar year 2015 and beyond utilizing a terminal price to earnings multiple of 10.0x. Cappello then discounted the free cash flow

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streams and the estimated terminal value to a present value using a cost of equity discount rate range of 16.0% to 20.0%. This discounted cash flow analysis yielded an implied pro forma valuation range for Hanmi Financial's common stock of \$1.35-\$1.55 per share as of June 30, 2010.

*Overview of Analyses and Other Considerations*

The preceding discussion is a summary of the material financial analyses furnished by Cappello to the Special Committee, but does not purport to be a complete description of the analyses performed by Cappello or of its presentation to the Special Committee. In reaching its opinion, Cappello did not assign any particular weight to any one analysis or the results yielded by that analysis, but rather exercised its professional judgment as to the significance and relevance of each analysis or result. Cappello believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analyses and, accordingly, also made qualitative judgments concerning differences between the characteristics of Hanmi Financial and the data selected for use in its analyses, as further discussed below. No single company used in the above analyses as a comparison is identical to Hanmi Financial, and no single transaction used in the above analyses is identical to the Transaction, and accordingly an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions analyzed. The analyses were prepared solely for purposes of Cappello providing an opinion as to the fairness, from a financial point of view, as of the date of its opinion, to the holders of Hanmi Financial's common stock, other than the Investors, of the price per share to be received by Hanmi Financial in the Transaction, and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty.

The preparation of a fairness opinion is a complex process that involves the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Several analytical methodologies were used by Cappello, and no one method of analysis should be regarded as critical to the overall conclusion reached. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The overall conclusions of Cappello were based on all the analyses and factors presented herein taken as a whole and also on the application of Cappello's own experience and judgment. Such conclusions may involve significant elements of subjective judgment and qualitative analysis. Cappello therefore believes that its analyses must be considered as a whole and that selecting portions of the analyses and of the factors considered, without considering all factors and analyses, could create an incomplete or misleading view of the processes underlying its opinion.

In connection with its analyses, Cappello made, and was provided by Hanmi Financial's management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Hanmi Financial's control or the control of Cappello or Hanmi Financial's other advisors. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Hanmi Financial or Hanmi Financial's advisors, none of Hanmi Financial, Cappello or any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

Cappello is an investment banking advisory firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and related financings. The Special Committee selected Cappello to render its opinion based on Cappello's familiarity with the market in which we compete, Cappello's reputation, and the depth of the experience and expertise of the Cappello team responsible for the engagement.

Cappello has acted as financial advisor and placement agent to Hanmi Financial in connection with the Transaction and will receive a fee for its services, a significant portion of which is contingent upon the purchases of shares pursuant to the Transaction. Cappello has also received a fee for rendering its opinion, without regard to the conclusion reached in such opinion or whether the proposed stock offering is consummated. We have also agreed to indemnify Cappello against certain liabilities and other items arising out of its engagement, both in its capacity as financial advisor and in connection with the rendering of its opinion. The terms of Cappello's engagement letter



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were negotiated at arms-length between Hanmi Financial and Cappello, and the Special Committee and Hanmi Financial's Board of Directors were aware of this fee arrangement at the time they reviewed and approved the securities purchase agreement with Woori and the Transaction. From time to time, Cappello and its affiliates may in the future provide investment banking and other financial services to Hanmi Financial, Woori or the other Investors, for which they would expect to receive compensation. Cappello is a registered broker-dealer with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority.

Cappello's opinion was approved by the Cappello Capital Corp. Fairness Opinion Committee.

**INTERESTS OF CERTAIN PERSONS IN THE CAPITAL RAISING STOCKHOLDER PROPOSALS**

Certain of our directors and executive officers intend to participate in the registered rights and best efforts offering. The current stock ownership of each of the above individuals as of the record date is set forth below under Beneficial Ownership of Principal Stockholders and Management. The following directors and executive officers have initially indicated to us an intention to purchase the following number of shares of our common stock in the registered rights and best efforts offering. The actual amounts the directors and executive officers purchase in the registered rights and best efforts offering may change.

Name	Number of Shares
Joseph K. Rho, <i>Chairman of our Board</i>	1,637,838
Joon Hyung Lee, <i>Director</i>	1,220,677
I Joon Ahn, <i>Director</i>	1,200,000
Paul Seon-Hong Kim, <i>Director</i>	130,000
Jay S. Yoo, <i>President and Chief Executive Officer, Director</i>	80,000
Brian E. Cho, <i>Executive Vice President and Chief Financial Officer</i>	20,000
Jung Hak Son, <i>Senior Vice President and Chief Credit Officer</i>	30,000
John A. Hall, <i>Director</i>	10,000
William J. Stolte, <i>Director</i>	21,000
<b>All Directors and Executive Officers as a Group (9 in Number)</b>	<b>4,349,515</b>

In addition, other of our employees may participate in the registered rights and best efforts offering.

If the transactions contemplated by the securities purchase agreement with Woori are consummated, we will have incurred a change in control under the terms of our 2007 equity incentive plan. Accordingly, all of our outstanding options under our 2007 equity incentive plans will accelerate and the conditions on our restricted stock issued under our 2007 equity incentive plan will lapse. The table below sets forth the intrinsic values that our directors and executive officers would derive from the equity awards which accelerate upon consummation of the securities purchase agreement with Woori assuming the transactions with Woori closed on May 25, 2010. For restricted stock awards, the intrinsic value is based upon the closing price of our common stock on May 25, 2010 (\$2.03), and for stock options, the value is based on such \$2.03 minus the exercise price of the applicable stock option. You should note that the amounts indicated below are estimates based on multiple assumptions that may or may not actually occur. As a result, the actual amounts, if any, to be received by an executive officer or director may differ from the amounts set forth below.

Name	Intrinsic Value of Accelerated Stock Options (\$)	Intrinsic Value of Accelerated Restricted Stock (\$)
Joseph K. Rho, <i>Chairman of our Board</i>	\$ 13,600	\$ 30,450
Joon Hyung Lee, <i>Director</i>	\$ 13,600	\$ 30,450
I Joon Ahn, <i>Director</i>	\$ 13,600	\$ 30,450
Paul Seon-Hong Kim, <i>Director</i>	\$ 13,600	\$ 30,450



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Name	Intrinsic Value of Accelerated Stock Options (\$)	Intrinsic Value of Accelerated Restricted Stock (\$)
Jay S. Yoo, <i>President and Chief Executive Officer, Director</i>	\$ 34,000	\$ 40,600
Brian E. Cho, <i>Executive Vice President and Chief Financial Officer</i>	\$ 10,200	\$ 36,540
Jung Hak Son, <i>Senior Vice President and Chief Credit Officer</i>	\$ 6,800	\$ 23,954
John A. Hall, <i>Director</i>	\$ 13,600	\$ 30,450
William J. Stolte, <i>Director</i>	\$ 9,200	\$ 30,450

**All Directors and Executive Officers as a Group (9 in Number)**

\$	128,200	\$	283,794
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Subject to appropriate regulatory approvals, the securities purchase agreement permits us to adopt a severance and retention plan for officers and directors providing payments in connection with their severance or continued service to us through the closing date of the transactions with Woori. Pursuant to the severance and retention plan, we intend to provide for our directors who resign as a result of the appointment of the Woori representatives upon closing of the transactions contemplated by the securities purchase agreement will be entitled to receive, (i) in the case of directors who have served us for at least 20 years, a payment of \$3,000 per month over a five year period following termination totaling \$180,000 for each director and (ii) in the case of directors who have served us for less than 20 years a payment of \$3,000 per month over a three year period totaling \$108,000 for each director. In addition, our retention plan provides that each of our executive officers, other than Mr. Yoo, will be entitled to a lump sum payment equal to 3 months of their current base salary on November 1, 2010 or the termination of their employment, whichever occurs first. In the case of any termination of our executive officers within 12 months of closing of the transactions contemplated by the securities purchase agreement, each of our executive officers, other than Mr. Yoo, will receive a lump sum payment equal to 3 months of their current base salary and 3 months of medical insurance. Mr. Yoo is entitled to severance payments pursuant to the terms of his employment agreement. Assuming that the transactions contemplated by the securities purchase agreement closed on May 25, 2010 and the executive officers were terminated within 12 months of the closing of the transaction, the executive officers would have received the approximate amounts set forth in the table below. You should note that the amounts indicated below are estimates based on assumptions that may or may not actually occur. As a result, the actual amounts, if any, to be received by an executive officer may differ from the amounts set forth below. In addition, any amounts to be paid to our executives as a result of consummation of the transactions with Woori are subject to applicable approval of our federal and state regulators.

Name	Health and/or Life Insurance		Equity Acceleration		Accrued	
	Severance Pay	Premiums	(1)	Vacation	Total	
Jay Yoo	\$ 165,000	\$ 7,658	\$ 24,000	\$ 34,687	\$ 231,345	
Brian Cho	\$ 67,500	\$ 2,965	\$ 21,600	\$ 30,456	\$ 122,521	
Jung Hak Son	\$ 52,500	\$ 2,965	\$ 14,160	\$ 24,230	\$ 93,855	

(1) Based on the intrinsic values of equity awards that accelerate



upon  
consummation  
of the securities  
purchase  
agreement with  
Woori assuming  
the transactions  
with Woori  
closed on  
May 25, 2010.  
For restricted  
stock awards,  
the intrinsic  
value is based  
upon the closing  
price of our  
common stock  
on May 25,  
2010 (\$2.03),  
and for stock  
options, the  
value is based  
on such \$2.03  
minus the  
exercise price of  
the applicable  
stock option.

As set forth in his biographical description, Mr. Jay Yoo was previously President and Chief Executive Officer of Woori America Bank, a subsidiary of Woori Bank, from (2001 to 2007). He also previously served as Chairman of the Board of Woori America Bank.

**Table of Contents****DESCRIPTION OF THE SECURITIES PURCHASE AGREEMENT WITH WOORI  
AND THE STOCK OFFERINGS**

As described above, Woori has entered into a securities purchase agreement with us to purchase a minimum of \$210 million (175 million shares) of common stock and a maximum of \$240 million (200 million shares) of common stock. In addition, prior to the closing of the securities purchase agreement with Woori, we intend to commence a registered rights and best efforts offering comprised of a \$60 million rights offering for our stockholders and a \$60 million best efforts offering (plus any additional shares of common stock that are not subscribed for in the rights offering) to the public to raise up to \$120 million, for aggregate gross proceeds, with the Woori investment, of up to \$360 million.

The following is a summary of the material terms of the securities purchase agreement with Woori and the registered rights and best efforts offering. A copy of the securities purchase agreement with Woori is attached to this document as *Annex A* and is incorporated by reference into this document. Stockholders are urged to read the securities purchase agreement attached as *Annex A* in its entirety. While we believe this summary covers the material terms and provisions of the securities purchase agreement with Woori, it may not contain all of the information that is important to you and is qualified in its entirety by reference to *Annex A*. We cannot provide any assurance that the transactions with Woori will be completed or that we will be able to sell any of our shares of common stock pursuant to the registered rights and best efforts offering. For a discussion of the fees and warrants being issued to our financial advisors in connection with the securities purchase agreement, see *Fees and Expenses* below.

**SECURITIES PURCHASE AGREEMENT****Purchase of Stock**

The securities purchase agreement with Woori provides that upon satisfaction of all conditions to closing, Woori shall purchase \$210 million (175 million shares) of our common stock at a per share purchase price of \$1.20. Woori also has the option to purchase up to an additional \$30 million (25 million shares) of our common stock for an aggregate investment not to exceed \$240 million (200 million shares). The maximum dollar amount of shares of common stock to be issued in the stock offerings will not exceed \$360 million (300,000,000 shares of our common stock) and of that amount, the maximum amount that may be raised in the registered rights and best efforts offering may not exceed \$120 million (100 million shares) in the aggregate. If Woori acquires 175 million shares of our common stock (and does not exercise its option) and we are able to sell the maximum of 100 million shares of our common stock in the registered rights and best efforts offering, Woori will own approximately 54% of our outstanding common stock following consummation of the transactions contemplated by the securities purchase agreement. If Woori acquires 200 million shares of our common stock (by exercising its option) and we are not able to sell any shares of our common stock in the registered rights and best efforts offering, Woori will own approximately 80% of our outstanding common stock following consummation of the transactions contemplated by the securities purchase agreement. Depending on how many shares of our common stock Woori purchases and how many shares of our common stock are sold in the registered rights and best efforts offering, if the transactions contemplated by the securities purchase agreement with Woori are completed Woori will own anywhere between approximately 54% and 80% of our outstanding common stock.

**Representations and Warranties**

In the securities purchase agreement, we make customary representations and warranties to Woori relating to, among other things, our corporate authority, business, capitalization, financial condition and changes to our financial condition, governmental filings, internal controls, employee benefit plans, taxes, any environmental liabilities, assets and liabilities generally, and the common stock to be issued. The representations and warranties survive for a period of twelve months following the closing date; provided that certain representations and warranties relating to tax, employee benefit plans and environmental liability survive until 60 days after the expiration of the applicable statute of limitations and certain representations and warranties relating to our organization, subsidiaries and capitalization which survive forever. Woori has also made various representations

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and warranties relating to, among other things, its corporate authority, business, investment intent and sufficiency of funds now and at the closing.

*Stockholders are not third-party beneficiaries under the securities purchase agreement and should not construe the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of our company, any of the investors or any of their respective subsidiaries or affiliates.*

*Moreover, information concerning the subject matter of the representations and warranties may change after the date of the securities purchase agreement, which subsequent information may or may not be fully reflected in the our public disclosures. The provisions of the securities purchase agreement, including the representations and warranties, should not be read alone, but instead should only be read together with the information provided elsewhere in this document and in the documents incorporated by reference into this document, including the periodic and current reports and statements that we file with the Securities and Exchange Commission, or the*

*SEC. For more information regarding these documents incorporated by reference, see **Where You Can Find More Information** below.*

### **Covenants**

We have agreed with Woori that between the signing of the securities purchase agreement and the closing, that we and our subsidiaries will carry on our business in the ordinary course, and maintain and preserve our business relationships with third parties having business dealings with us. In addition, we have agreed between the execution of the securities purchase agreement and the closing date to certain covenants relating to our business activities.

Specifically, we have agreed, among other things, not to, and to cause our subsidiaries not to, without the consent of Woori:

- declare or pay dividends on, or make any distributions on, our capital stock;

- split, combine or reclassify our capital stock;

- repurchase our capital stock;

- amend our charter documents except as contemplated by the securities purchase agreement;

- enter into any merger, share exchange, reorganization or similar business combination except as permitted by the securities purchase agreement;

- make or acquire any loan or issue a commitment for any loan, except for loans and commitments made in the ordinary course of business and with a principal balance of \$2,000,000 or less, subject to certain exceptions;

- release any collateral or guarantees or restructure any loan or commitment for any loan with a principal balance in excess of \$1,000,000;

- incur any indebtedness for borrowed money other than deposit liabilities, Federal Home Loan Bank advances and the FRB federal discount window and reverse repurchase agreements, in each case, entered into in the ordinary course of business consistent with past practice and with a final maturity of one year or less;

- change our method of accounting except as required by GAAP or regulatory accounting principles;

- except in the case of non-executive officers and other employees for increases in salary or wages in the ordinary course of business consistent with past practice and except as otherwise permitted by the securities purchase agreement, increase the compensation or benefits of any present or former director, officer or employee, adopt or

- amend any employee benefit plan or grant any equity or equity based awards;

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pay, settle or compromise any claims, liabilities or obligations, including any litigation, involving monetary damages in excess of \$1,000,000 other than (i) payments or settlements in the ordinary course of business; (ii) with respect to liabilities unless we have previously reserved for that liability; or (iii) as we have previously agreed with Woori;

except for any sale, disposition or other transfer of certain real estate owned having a value of \$1,000,000 or less, sell, license, lease, encumber, assign or otherwise dispose of, or abandon or fail to maintain any of our assets, properties or other rights or agreements material to our business except for (i) sales of loans and investment securities in the ordinary course of business or (ii) pledges of assets to secure public deposits accepted in the ordinary course of business;

enter into, create, renew, amend or terminate, fail to perform any material obligations under, waive or release any material rights under or give notice of a proposed renewal, amendment, waiver, release or termination of, any contract agreement or lease to which we are a party or by which we or our properties are bound that calls for aggregate annual payments of \$1,000,000 or more;

other than in the ordinary course of business or as required by law, make any material tax claims, file any amended tax return with respect to any material tax, change any annual tax period or surrender any claim to a material tax refund; or

enter into any agreements with our officers or directors or their immediate family members.

We have agreed with Woori that we may conduct the registered rights and best efforts offering, provided that we will not issue more than \$120 million of common stock in the registered rights and best efforts offering. We have also agreed to use our commercially reasonable efforts to continue the employment of our and our subsidiaries executive officers after the closing. Subject to appropriate regulatory approvals, we may adopt a retention plan for officers and directors providing payments (including severance obligations provided in the employment agreement with our President and Chief Executive Officer) of up to \$2,035,000 in connection with their severance or continued service to us or Hanmi Bank through the closing date.

We and Woori have agreed to file all necessary regulatory applications to consummate the transactions contemplated by the securities purchase agreement. Woori has agreed, no later than 30 calendar days after the securities purchase agreement, to seek all governmental and regulatory consents and approvals required for consummation of the transactions contemplated by the securities purchase agreement, including, but not limited to, applications and notices required by the FRB, the DFI, and the Korean Financial Services Commission.

In addition, we have agreed to call a meeting of our stockholders as soon as practicable to vote on the proposals to (1) approve the amendment to our Certificate of Incorporation to increase the number of authorized shares of our common stock to 500 million shares and (2) approve the issuance of up to 200 million shares of common stock to Woori for purposes of Nasdaq Listing Rule 5635. In the event that both of the foregoing approvals are not obtained at the annual meeting, we have agreed to include a proposal to approve (and our Board will unanimously recommend approval of) such issuance at a subsequent meeting of our stockholders within 90 days of the annual meeting.

Woori has agreed that, for a period of three (3) years from the closing, neither it nor any of its affiliates will, directly or indirectly, effect a cash-out merger or similar transaction involving Hanmi Financial unless (a)(i) no less than a majority of the directors who are unaffiliated with Woori and who were members of our Board of Directors prior to our entering into the agreement with Woori approve the terms of the cash-out merger or similar transaction, and (ii) the cash-out merger or similar transaction receives the affirmative vote in favor by 66 2/3% of the stockholders entitled to vote thereon, and separately by a majority of the stockholders entitled to vote thereon excluding the vote of Woori or (b) Woori owns at least 90% of our outstanding voting shares.

The securities purchase agreement with Woori permits us to offer and sell up to 4.9% of our shares of common stock (on a fully-diluted basis and taking into account the registered rights and best efforts offering) to any single investor or group of investors acting together (other than Woori) in the best efforts portion of the registered rights and best efforts

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offering. To the extent we desire to offer and sell more than 4.9% of the shares of common stock (on a fully-diluted basis and taking into account the registered rights and best efforts offering) to any single investor or group of investors acting together (other than Woori), it shall provide notice to Woori. Notwithstanding the foregoing, we are not permitted to offer and sell more than 9.9% of the shares of our common stock (on a fully-diluted basis and taking into account the registered rights and best efforts offering) to any other single investor or group of investors acting together without the prior written consent of Woori.

**Indemnification**

We have agreed to indemnify and hold harmless Woori and its directors, officers, stockholders, members, employees and agents (and any persons who controls Woori and the directors, officers, stockholders, members, employees and agents of such control persons) (collectively, the Woori Indemnitees ) from any losses, damages, liabilities, contingencies, claims, costs and expenses, as a result of any breach of any representation, warranty, covenant or agreement we make in the securities purchase agreement. We are not required to indemnify Woori with respect to any claim for indemnification until the aggregate amount of all losses exceed \$1,000,000, in which case we will be responsible for the full amount of such losses. The cumulative indemnification obligation to the Woori Indemnitees shall not exceed \$210 million. The indemnity provided for in the agreement is the sole and exclusive monetary remedy of the Woori Indemnitees after the closing for any inaccuracy of any of the representations and warranties contained in the securities purchase agreement or any other breach of any covenant or agreement contained in the securities purchase agreement, except in the case of fraud. Any claim for indemnification must be brought on or prior to the first anniversary of the closing of the securities purchase agreement, subject to certain exceptions for representations and warranties relating to (i) our organization, subsidiaries and capitalization which claims may be brought at any time and (ii) our benefit plans, taxes and environmental liability, which claims may be brought at any time prior to 60th day after the expiration of the applicable statute of limitations.

**No Solicitation**

We have agreed that, neither we nor any of our subsidiaries will, nor will we or any of our subsidiaries authorize or permit any of our respective directors, officers, employees, consultants, agents and other authorized representatives acting in such capacity, to directly or indirectly:

solicit, initiate or encourage the submission of any acquisition proposal (as defined below) or enter into any agreement or understanding with respect to an acquisition proposal; or

participate in any discussions or negotiations with, or disclose any information, for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes or may reasonable be expected to lead to any acquisition proposal.

We also agreed to, and agreed to cause our representatives to, cease any and all existing discussions or negotiations, if any, with any third party conducted prior to the date of the securities purchase agreement with respect to any acquisition proposal and to advise Woori of any other acquisition proposal we receive.

Acquisition proposal means any written offer, proposal, or indication of interest from any third party relating to any transaction or series of related transactions involving any (i) acquisition or purchase by any person or entity, directly or indirectly, of 10% or more of our common stock, or any tender offer (including a self-tender) or exchange offer that, if consummated, would result in any person or entity beneficially owning 10% or more of any of our common stock, (ii) any direct or indirect merger, acquisition, amalgamation, consolidation, share exchange, business combination, joint venture or other similar transaction involving us or any of our subsidiaries, which results in our stockholders before such transaction owning less than 51% of the issued and outstanding voting or equity securities of us after the consummation of such transaction, (iii) any sale, lease, exchange, transfer, license (other than licenses in the ordinary course of business), acquisition or disposition of all or substantially all of our assets and any of its subsidiaries, taken as a whole (measured by the lesser of book or fair market value thereof), (iv) any liquidation, dissolution, recapitalization, extraordinary dividend or other significant corporate reorganization us or any of our subsidiaries or (v) any issuance by us, other than the sale of shares to Woori which involves the purchase and sale by any person, directly or indirectly, of 10% or more of our common stock.



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Notwithstanding the restrictions described above, we may (i) comply with applicable securities laws and regulations, including regulations relating to tender or exchange offers and (ii) prior to the approval of the Capital Raising Stockholder Proposals, engage in negotiations or discussions with any third party who, without any solicitation, initiation or encouragement of us or our representatives, seeks to initiate discussion or negotiations and may furnish such third party information concerning us and our business if such third party has first made an acquisition proposal that is superior to Woori's proposal and our Board has determined in good faith after consultation with its financial advisors and legal counsel that failure to take such action would be inconsistent with its fiduciary duties under applicable law.

### **Conditions to Closing**

The securities purchase agreement with Woori is subject to certain conditions to closing, including, but not limited to:

the truth and correctness at the closing of all representations and warranties made in the securities purchase agreement except where the failure of a representation or warranty to be true and correct would not reasonably be expected to have a material adverse effect;

the performance of all covenants and agreements set forth in the securities purchase agreement in all material respects;

we shall not have experienced an effect that has had or would reasonably be expected to result in a material adverse effect on us;

resignations of certain of our directors to accommodate Woori's ability to designate five (5) of our seven (7) directors at the closing;

the obtaining of all required regulatory and stockholder approvals and required third party consents; and

the delivery of all required certificates, opinions and other closing documents.

### **Board Recommendation**

Subject to the provisions described below, our Board agreed to unanimously recommend that our stockholders vote in favor of the Capital Raising Stockholder Proposals. The securities purchase agreement with Woori provides that neither our Board nor any committee thereof will:

fail to make, withdraw, amend or modify, or publicly propose to withhold, withdraw, amend or modify, in a manner adverse to Woori, our Board recommendation in favor of the Capital Raising Stockholder Proposals;

approve, endorse, adopt or recommend, or publicly propose to approve, endorse, adopt or recommend, any acquisition proposal;

make any public statement inconsistent with our Board recommendation; or

resolve or agree to take any of the foregoing actions.

We refer to each of the foregoing actions as an adverse recommendation change.

Notwithstanding these restrictions, our Board may effect an adverse recommendation change at any time if, following the receipt of and on account of an acquisition proposal that is superior to the proposal contemplated by the securities purchase agreement with Woori:

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our Board determines in good faith, after consultation with its outside legal counsel, that the failure to make an adverse recommendation change would be inconsistent with its fiduciary duties under applicable law.

The securities purchase agreement permits our Board to comply with Rule 14d-9 and Rule 14e-2(a) under the Securities Exchange Act of 1934, as amended (relating to tender offers and exchange offers) with regard to an alternative proposal although such disclosure (other than a stop, look and listen communication pursuant to Rule 14d-9(f)) will constitute an adverse recommendation change unless our Board expressly publicly reaffirms our Board recommendation in such communication or within two business days after requested to do so by Woori.

### **Board Representation**

If the securities purchase with Woori closes pursuant to its terms, Woori is entitled to nominate five (5) of our seven (7) directors, one of whom shall be the Chief Executive Officer/President of Hanmi Financial. In conjunction therewith, up to five (5) of our directors designated by us may resign to accommodate Woori's contractual rights. The directors identified by Woori shall serve until our next annual meeting of stockholders and until their successors are elected and qualified. So long as Woori holds more than 50% of our outstanding common stock on a fully-diluted basis, it shall have the right to nominate two-thirds of our Board (rounded to the nearest whole number). We have agreed to recommend to our stockholders the election of the Woori nominees. Woori must provide us with the identity of the nominees no less than 20 days prior to the date any such nominee takes office. In addition, the appointment of the Woori nominees is subject to non-disapproval requirements of the Order and the notice requirements of the Written Agreement.

### **Transfer Restrictions**

The common stock issuable to Woori pursuant to those securities, has not been registered under the Securities Act, or under the securities laws of any state or other jurisdiction, and unless so registered may not be offered or sold in the United States or to U.S. persons except pursuant to applicable regulation or an exemption from the registration requirements of the Securities Act and applicable state securities laws.

### **Registration Rights**

As a condition to closing, we will enter into a registration rights agreement with Woori providing for the resale registration of the shares they will receive pursuant to the securities purchase agreement.

### **Termination; Termination Fee**

The securities purchase agreement with Woori may be terminated prior to the closing date:

by mutual agreement;

by either Woori, on the one hand, or us, on the other hand, if the conditions precedent to such party's obligations have not been met or waived by July 31, 2010; provided, however, that we may extend such termination date for up to 60 days if we fail to obtain approval of the Capital Raising Stockholders Proposals by such date and both parties believe in good faith that such approval will be secured by September 30, 2010; or if Woori fails to obtain its regulatory approvals by July 31, 2010 and it notifies us that it believes in good faith that it can secure the regulatory approvals by September 30, 2010 (such date, as may be extended, the Outside Date);

by Woori or us, (i) upon being advised in writing by a governmental entity (or, in our case, by Woori), that any of the regulatory approvals will not be granted or obtained on or prior to the Outside Date; (ii) upon receipt of written notice that any regulatory approval has been denied; or (iii) if Woori has been requested to withdraw any regulatory application required for the transactions contemplated by the securities purchase agreement to be consummated;



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by Woori, if our Board shall have (i) made an adverse recommendation change which has not subsequently been withdrawn; (ii) failed to make our Board recommendation in favor of the Capital Raising Stockholder Proposals, withdrawn such recommendation or modified or changed such recommendation in a manner such that it would constitute an adverse recommendation change; or (iii) failed to call, give notice of, convene and hold a stockholders meeting to vote on the Capital Raising Stockholder Proposals;

by Woori, if we breach our nonsolicitation obligations;

by us, in order to enter into an acquisition proposal;

by us or Woori if the Capital Raising Stockholder Proposals have not been approved by the Outside Date; or

by us or Woori in the event a governmental entity prohibits or makes illegal the consummation of the transactions contemplated by the securities purchase agreement.

If (i) Woori terminates the securities purchase agreement because we breach our nonsolicitation obligations and we enter into an agreement with respect to an acquisition proposal within 12 months of such termination; (ii) we terminate the securities purchase agreement to enter into an alternative proposal or (iii) Woori terminates the securities purchase agreement because the our Board makes an adverse recommendation change, fails to make, or modifies or changes our Board recommendation, or fails to call, notice or hold the stockholders meeting to approve the Capital Raising Stockholder Proposals and within 12 months after such termination we enter into an agreement with respect to an acquisition proposal, then, in any such case, we are required to pay to Woori \$10,500,000 as a termination fee ( Termination Fee ).

If the securities purchase agreement is terminated, neither party will have any liability or further obligation (except with respect to the Termination Fee); provided, however, any termination of the securities purchase agreement will not relieve any party from liability for any breach by it of the securities purchase agreement prior to the date of termination.

**Fees and Expenses**

We and Woori will each bear our own expenses in connection with the securities purchase agreement. We have agreed to pay Cappello a cash fee equal to 1 percent (1%) of the aggregate purchase price paid by Woori and five-year warrants to purchase up to 1 percent (1%) of the aggregate number of shares issued to Woori at an exercise price of \$1.20 per share. In addition, we have paid a cash fee of \$350,000 to Cappello in connection with the rendering of its fairness opinion to our Board. We have agreed to pay a cash fee of \$150,000 to McGladrey in connection with the rendering of its fairness opinion to our Board. We have also agreed to indemnify Cappello and McGladrey in connection with the services they have provided to us. Cappello and McGladrey and their respective affiliates may provide services to us in the future for which they will be compensated. Cappello will also receive fees from us in connection with services it provides in the registered rights and best efforts offering discussed immediately below.

On January 18, 2010, we engaged IWL to render financial advisory services in connection with the offer and sale of our stock in Korea. As set forth above, based upon the advice of counsel, we believe that our engagement letter with IWL was not effective and we have no obligations owing under it. If the agreement with IWL were effective, we would have paid IWL a cash fee equal to 3.1% of the aggregate purchase price paid by Woori upon the closing of the transaction and agreed to reimburse IWL up to \$250,000 in expenses. The engagement letter with IWL also required a \$750,000 non-refundable retainer which has not been paid and which would have been credited against any amounts owing to IWL if the transaction with Woori closed while the advisory services agreement was effective.

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**REGISTERED RIGHTS AND BEST EFFORTS OFFERING**

In connection with the transactions contemplated by the securities purchase agreement with Woori, our Board authorized us to pursue an offering of up to \$120 million (100,000,000 shares) of our common stock. The offering is structured as a \$120 million registered rights and best efforts offering comprised of a \$60 million rights offering to our existing stockholders as of June 7, 2010 together with a \$60 million registered best efforts offering (plus any additional shares of common stock that are not subscribed for in the rights offering) to the public. We will not raise more than \$120 million from the registered rights and best efforts offering in the aggregate. The price per share for our common stock issued in the registered rights and best efforts offering is \$1.20 per share. We are conducting the registered rights and best efforts offering (1) to raise equity capital and (2) to provide our existing stockholders with the opportunity to purchase our common stock at the same price per common share being offered to Woori pursuant to the terms of its securities purchase agreement.

We are distributing to holders of our common stock as of 5:00 p.m., New York time on June 7, 2010, which is the record date for the rights offering, at no charge, non-transferable subscription rights to purchase shares of our common stock at the subscription price of \$1.20 per share. Stockholders as of the record date will receive one (1) subscription right for each share of common stock they owned at the close of business on the record date. The subscription rights will be issued on or about June 11, 2010 and shall be exercisable until 5:00 p.m. New York city time on July 12, 2010, unless we extend the rights offering.

If a stockholder exercises all of the subscription rights distributed to them, they will also have the opportunity to purchase additional shares in the rights offering which are not purchased by other stockholders pursuant to an over-subscription privilege. To the extent any shares of common stock remain available after the rights offering, we will offer those shares to the public in a best efforts offering.

Although our existing stockholders who received subscription rights in the registered rights and best efforts offering (stockholders as of June 7, 2010) will have the ability to purchase at least their pro rata percentage of \$60 million being offered in the rights offering component, they will not have any right to maintain their proportional ownership of our common stock in connection with the shares being offered to Woori or the additional \$60 million of common stock being offered in the registered rights and best efforts offering.

In connection with the registered rights and best efforts offering, we have agreed to pay Cappello a cash fee equal to 2.75 percent (2.75%) of the aggregate gross proceeds we raise in such offerings together with five-year warrants to purchase up to 2 percent (2%) of the aggregate number of shares issued in the registered rights and best efforts offering at an exercise price of \$1.20 per share.

This proxy statement shall not constitute an offer to sell or the solicitation of an offer to buy any of the securities described herein, nor shall there be any sale of the securities in any jurisdiction or state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction or state. The registered rights and best efforts offerings described above will be conducted under an existing effective shelf registration statement declared effective by the SEC on November 30, 2009. Rights and best efforts offering materials, including a prospectus supplement and related prospectus and other items necessary to exercise the rights and information about the best efforts offering, will be mailed to stockholders following the time when a prospectus supplement relating to the offerings is filed with the Securities Exchange Commission. The rights and the underlying shares being offered in the rights offering, as well as the shares being offered in the best efforts offering, may not be offered nor may offers to buy be accepted prior to the time the prospectus supplement relating to the offerings is filed with the SEC. The prospectus supplement and related prospectus will contain important information about the offerings and investors are urged to read them carefully when available. When available, copies of the prospectus supplement and related prospectus may be obtained by contacting our head of investor relations, David J. Yang 213-637-4798.

**USE OF PROCEEDS**

Depending on our ability to consummate the transactions contemplated by the securities purchase agreement with Woori, whether or not Woori exercises its option to purchase an additional \$30 million of common stock and how much stock we are able to sell in the registered rights and best efforts offering, we anticipate that we



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will raise gross proceeds from the stock offerings of between \$210 million and \$360 million and estimated net proceeds of between \$205 million and \$350 million. We intend to contribute a substantial portion of the net proceeds of the stock offerings to Hanmi Bank as additional capital. We will retain the remaining net proceeds at the Hanmi Financial corporate level to satisfy the cash needs of Hanmi Financial and for general corporate purposes, subject to any regulatory requirements.

**PRO FORMA FINANCIAL INFORMATION**

The following unaudited pro forma condensed consolidated financial information for the fiscal year ended December 31, 2009 and the quarter ended March 31, 2010, shows various adjustments and effects of the consummation of the transactions contemplated by the securities purchase agreement with Woori and the sale of common stock in the stock offerings as if completed on January 1, 2009 and January 1, 2010, respectively. We have included the following unaudited pro forma condensed consolidated financial data solely for the purpose of providing stockholders with information that may be useful for purposes of considering and evaluating the proposals set forth in this proxy statement. The actual effect on our financial statements from the stock offerings may change materially depending upon the actual amounts raised in the aggregate in such stock offerings. Accordingly, the pro forma financial information presented below may differ materially from actual results. We cannot provide any assurance that the transaction with Woori will close at all, or, in the case of the registered rights and best efforts offering, that we will be able to raise any proceeds from the sale of our common stock. If we close the transaction with Woori, the gross amount raised in the aggregate from the stock offerings may be as low as \$210 million. If we close the transaction with Woori, Woori exercises its option to purchase an additional \$30 million of our common stock and we sell the maximum amount available in the registered rights and best efforts offering, the gross amount raised in the aggregate from the stock offerings would be \$360 million. The actual gross amount raised from the stock offerings in the aggregate may also be anywhere between \$210 million and \$360 million if the transaction with Woori closes.

The unaudited pro forma condensed consolidated financial information below reflects the separate adjustments that would occur with respect to the amounts of common stock which may be sold to Woori (\$210 million and an additional \$30 million) and the maximum amount which may be raised in the registered rights and best efforts offering (\$120 million). In addition, for the periods presented, we show the pro forma effects of the stock offerings from the sale of four separate aggregate gross amounts of our common stock: \$210 million; \$240 million; \$330 million and \$360 million and the application of net proceeds. We can provide no assurance as to the aggregate amount we actually will raise in the stock offerings, if any, our actual net proceeds from the stock offerings, or how much we will contribute to Hanmi Bank. The pro forma weighted average diluted shares impact of warrants, which are to be issued to our advisors in connection with the stock offerings have been excluded from the pro forma weighted average diluted shares calculation due to the anti-dilutive impact of the warrants in the calculation.

The following data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto from our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 incorporated by reference into this Proxy Statement.

In addition, the following data should be read with the understanding that the March 15, 2010 audit report of KPMG LLP, our independent registered public accounting firm, on the financial statements included within the Hanmi Financial Annual Report on Form 10-K states that the ability of Hanmi Financial to comply with the Written Agreement raises substantial doubt about our ability to continue as a going concern. Furthermore, the March 15, 2010 KPMG report expresses an adverse opinion on the effectiveness of our internal control over financial reporting. Important assumptions to the unaudited pro forma condensed consolidated combined financial information are set forth in the footnotes following each table.

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**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**(In thousands, except for share data)**  
**(unaudited)**

	<b>December 31, 2009 (Actual)</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Adjustments (Rights Offering and Best Efforts Offering of \$120 million of Common Stock)</b>
	<b>Actual</b>	<b>(Woori Purchasing \$210 million of Common Stock)</b>	<b>(Woori Purchasing \$30 million of Common Stock)</b>	
<b>ASSETS</b>				
Cash and Cash Equivalent <sup>(4)</sup>	\$ 154,110	\$ 3,536	\$ 505	\$ 1,984
Securities Held to Maturity, at Amortized Cost	869			
Securities Available for Sale <sup>(1) (2) (3)</sup>	132,420	205,567	29,367	115,367
Loan Receivable, Net of Allowance for Loan Losses of \$144,996	2,669,054			
Loan Held for Sale, at the Lower of Cost or Fair value	5,010			
Other Assets	201,243			
<b>TOTAL ASSETS</b>	<b>\$ 3,162,706</b>	<b>\$ 209,103</b>	<b>\$ 29,872</b>	<b>\$ 117,351</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
<b>LIABILITIES:</b>				
Deposits	\$ 2,749,327	\$	\$	\$
Federal Home Loan Bank Advances	153,978			
Other Borrowings	1,747			
Other Liabilities <sup>(5)</sup>	107,910	2,403	344	2,747
<b>Total Liabilities</b>	<b>3,012,962</b>	<b>2,403</b>	<b>344</b>	<b>2,747</b>
<b>STOCKHOLDERS EQUITY:</b>				
Common Stock, \$0.001 Par Value; Authorized 200,000,000 Shares; Issued 55,814,890 Shares (51,182,390 Shares Outstanding) <sup>(1) (2) (3)</sup>	56	175	25	100
Additional Paid-In Capital <sup>(1) (2) (3) (5)</sup>	357,174	202,989	28,998	112,520
Unearned Compensation	(302)			
Accumulated Other Comprehensive Income	859			
Unrealized Gain on Securities Available for				

Sale and Interest-Only Strips, Net of Income				
Taxes of \$602				
Accumulated Deficit <sup>(4)</sup>	(138,031)	3,536	505	1,984
Treasury Stock, at Cost (4,632,500 Shares)	(70,012)			
<b>Total Stockholders Equity</b>	<b>149,744</b>	<b>206,700</b>	<b>29,528</b>	<b>114,604</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 3,162,706</b>	<b>\$ 209,103</b>	<b>\$ 29,872</b>	<b>\$ 117,351</b>

(1) *Reflects the issuance of \$210.0 million of common stock to Woori. Net proceeds of \$205.6 million when received are assumed to be initially invested in U.S. government agency securities which will be classified as available for sale.*

(2) *Reflects the issuance of the \$30.0 million of common stock to Woori. Net proceeds of \$29.4 million when received are assumed to be initially invested in U.S. government agency securities which will be classified as available for sale.*

(3)

*Reflects the issuance of the \$120.0 million of common stock to individual investors. Net proceeds of \$115.4 million when received are assumed to be initially invested in U.S. government agency securities which will be classified as available sale.*

*(4) The funds received from the closed investment transactions are assumed to earn interest income at an average yield of 1.72%.*

*(5) The carrying value of the common stock warrants to be issued to our advisors is based on their fair value at issue date. The fair value of the common stock warrants was estimated to be \$1.37 per share and determined using the Black-Scholes option-pricing model with the following assumptions: no*

*dividend yield;*  
*risk-free rate*  
*1.71%,;*  
*expected life 5.0*  
*years; and*  
*volatility 67.0%*



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<b>December 31, 2009 (Actual)</b>	<b>December 31, 2009 Pro Forma</b>	<b>December 31, 2009 Pro Forma</b>	<b>December 31, 2009 Pro Forma (\$330 million of</b>	<b>December 31, 2009 Pro Forma (\$360</b>
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