TORTOISE ENERGY INFRASTRUCTURE CORP
Form N-Q
April 30, 2018

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number **811-21462**

Tortoise Energy Infrastructure Corporation
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211
(Address of principal executive offices) (Zip code)

Diane Bono
P. Bradley Adams
11550 Ash Street, Suite 300, Leawood, KS 66211
(Name and address of agent for service)

913-981-1020
Registrant's telephone number, including area code

Date of fiscal year end: **November 30**

Date of reporting period: **February 28, 2018**

Tortoise Energy Infrastructure Corporation

Schedule of Investments (unaudited)

February 28, 2018

	Shares	Fair Value
Master Limited Partnerships — 158.0%[1]		
Crude Oil Pipelines — 28.1%[1]		
United States — 28.1%[1]		
Andeavor Logistics LP	3,076,999	$ 143,018,914
BP Midstream Partners LP	1,226,047	23,368,456
Enbridge Energy Partners, L.P.	6,422,054	80,339,895
Plains All American Pipeline, L.P.	4,818,784	101,676,342
Shell Midstream Partners, L.P.	891,982	21,452,167
		369,855,774
Natural Gas/Natural Gas Liquids Pipelines — 46.5%[1]		
United States — 46.5%[1]		
Dominion Energy Midstream Partners, LP	766,121	19,306,249
Energy Transfer Partners, L.P.	11,396,024	207,521,597
Enterprise Products Partners L.P.	6,519,892	165,735,654
EQT Midstream Partners, LP	1,286,638	79,153,970
Spectra Energy Partners, LP	1,377,045	54,104,098
Tallgrass Energy Partners, LP	2,235,299	85,723,717
		611,545,285
Natural Gas Gathering/Processing — 44.1%[1]		
United States — 44.1%[1]		
Antero Midstream Partners LP	2,332,649	60,905,465
DCP Midstream, LP	1,027,119	36,811,945
EnLink Midstream Partners, LP	4,587,525	66,977,865
MPLX LP	4,286,324	148,006,768
Noble Midstream Partners LP	272,732	13,145,682
Rice Midstream Partners LP	1,843,425	35,043,509
Western Gas Partners, LP	2,849,396	132,639,384
Williams Partners L.P.	2,379,549	86,234,856
		579,765,474
Refined Product Pipelines — 39.3%[1]		
United States — 39.3%[1]		
Buckeye Partners, L.P.	2,633,121	117,963,821
Holly Energy Partners, L.P.	1,663,734	48,913,780
Holly Energy Partners, L.P.[2]	1,400,151	39,316,240
Magellan Midstream Partners, L.P.	2,752,756	171,937,140
NuStar Energy L.P.	1,365,641	29,962,163
Phillips 66 Partners LP	1,530,570	75,212,210
Valero Energy Partners LP	888,135	34,219,842
		517,525,196
Total Master Limited Partnerships (Cost $1,913,141,993)		2,078,691,729
Common Stock — 3.7%[1]		
Natural Gas/Natural Gas Liquids Pipelines — 3.7%[1]		
United States — 3.7%[1]		
ONEOK, Inc. (Cost $45,401,107)	870,420	49,030,758
Preferred Stock — 3.3%[1]		
Crude Oil Pipelines — 0.5%[1]		
United States — 0.5%[1]		
SemGroup Corporation, 7.000%[2][3]	6,277	6,089,219
Natural Gas Gathering/Processing — 1.8%[1]		
United States — 1.8%[1]		
Targa Resources Corp., 9.500%[2][3]	21,758	24,090,722
Oil and Gas Production — 1.0%[1]		
United States — 1.0%[1]		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	392,800	12,766,000
Total Preferred Stock (Cost $41,303,105)		42,945,941

Private Investment — 1.6%[1]		
Renewables — 1.6%[1]		
United States — 1.6%[1]		
Tortoise HoldCo II, LLC[2][3][4] (Cost $34,946,949)	N/A	20,905,683
Short-Term Investment — 0.0%[1]		
United States Investment Company — 0.0%[1]		
Invesco Government & Agency Portfolio — Institutional Class, 1.30%[5] (Cost $119,719)	119,719	119,719
Total Investments — 166.6%[1] (Cost $2,034,912,873)		2,191,693,830
Interest Rate Swap Contracts — 0.0%[1]		
$15,000,000 notional — net unrealized appreciation		41,058
Other Assets and Liabilities — 0.2%[1]		3,322,640
Deferred Tax Liability — (16.1)%[1]		(211,907,597)
Credit Facility Borrowings — (6.8)%[1]		(89,800,000)
Senior Notes — (31.4)%[1]		(412,500,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (12.5)%[1]		(165,000,000)
Total Net Assets Applicable to Common Stockholders — 100.0%[1]		$1,315,849,931

(1) Calculated as a percentage of net assets applicable to common stockholders.
(2) Restricted securities have a total fair value of $90,401,864, which represents 6.9% of net assets.
(3) Securities have been valued by using significant unobservable inputs in accordance with fair value procedures.
(4) Deemed to be an affiliate of the fund.
(5) Rate indicated is the current yield as of February 28, 2018.

Schedule of Interest Rate Swap Contracts (unaudited)
February 28, 2018

Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TYG	Floating Rate Received by TYG	Unrealized Appreciation
The Bank of Nova Scotia	09/02/2018	$ 5,000,000	1.815%	1-month U.S. Dollar LIBOR	$ 1,558
The Bank of Nova Scotia	09/02/2021	10,000,000	2.381%	1-month U.S. Dollar LIBOR	39,500
		$ 15,000,000			$ 41,058

Schedule of Options Written (unaudited)
February 28, 2018

Call Options Written	Expiration Date	Strike Price	Contracts	Notional Value	Fair Value
Enterprise Products Partners L.P. (Premiums received $11,596)	March 2018	$ 29.00	1,012	$ 2,934,800	$ (5,060)

Various inputs are used in determining the fair value of the Company's investments and financial instruments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical investments

Level 2 — other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)

Level 3 — significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table provides the fair value measurements of applicable assets and liabilities by level within the fair value hierarchy as of February 28, 2018. These assets and liabilities are measured on a recurring basis.

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Master Limited Partnerships[(a)]	$2,039,375,489	$ 39,316,240	$—	$2,078,691,729
Common Stock[(a)]	49,030,758	—	—	49,030,758
Preferred Stock[(a)]	12,766,000	—	30,179,941	42,945,941
Private Investment[(a)]	—	—	20,905,683	20,905,683
Short-Term Investment[(b)]	119,719	—	—	119,719
Total Investments	2,101,291,966	39,316,240	51,085,624	2,191,693,830
Interest Rate Swap Contracts	—	41,058	—	41,058
Total Assets	$2,101,291,966	$39,357,298	$ 51,085,624	$2,191,734,888
Liabilities				
Written Call Options	$5,060	$—	$—	$5,060

(a) All other industry classifications are identified in the Schedule of Investments.
(b) Short-term investment is a sweep investment for cash balances.

The Company utilizes the beginning of reporting period method for determining transfers between levels. During the period ended February 28, 2018, Phillips 66 Partners LP common units held by the Company in the amount of $27,160,073 were transferred from Level 2 to Level 1 when they converted into registered and unrestricted common units of Phillips 66 Partners LP. There were no other transfers between levels for the Company during the period ended February 28, 2018.

Security Valuation

In general, and where applicable, the Company uses readily available market quotations based upon the last updated sales price from the principal market to determine fair value. The Company primarily owns securities that are listed on a securities exchange or are traded in the over-the-counter market. The Company values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Company uses the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ are valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security is valued at the mean between the last bid price and last ask price on such day. These securities are categorized as Level 1 in the fair value hierarchy.

Restricted securities are subject to statutory or contractual restrictions on their public resale, which may make it more difficult to obtain a valuation and may limit the Company’s ability to dispose of them. Investments in private placement securities and other securities for which market quotations are not readily available are valued in good faith by using fair value procedures. Such fair value procedures consider factors such as discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration and rating. If events occur that affect the value of the Company’s portfolio securities before the net asset value has been calculated (a “significant event”), the portfolio securities so affected are generally priced using fair value procedures.

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the “1933 Act”), is subject to restrictions on resale that can affect the security’s liquidity and fair value. If such a security is convertible into publicly traded common shares, the security generally will be valued at the common share market price adjusted by a percentage discount due to the restrictions and categorized as Level 2 in the fair value hierarchy. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be used to determine the discount. If the security has characteristics that are dissimilar to the class of security that trades on the open market, the security will generally be valued and categorized as Level 3 in the fair value hierarchy.

Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity. Unobservable inputs reflect the Company’s own beliefs about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the Company’s own data. The Company’s own data is adjusted if information is reasonably available without undue cost and effort that indicates that market participants would use different assumptions. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Exchange-traded options are valued at the last reported sale price on any exchange on which they trade. If no sales are reported on any exchange on the measurement date, exchange-traded options are valued at the mean between the last highest bid and last lowest asked prices obtained as of the closing of the exchanges on which the option is traded. The value of Flexible Exchange Options (FLEX Options) are determined (i) by an evaluated price as determined by a third-party valuation service; or (ii) by using a quotation provided by a broker-dealer.

The Company generally values debt securities at evaluated bid prices obtained from an independent third-party valuation service that utilizes a pricing matrix based upon yield data for securities with similar characteristics, or based on a direct written broker-dealer quotation from a dealer who has made a market in the security. Debt securities with 60 days or less to maturity at time of purchase are valued on the basis of amortized cost, which approximates market value.

Interest rate swap contracts are valued by using industry-accepted models, which discount the estimated future cash flows based on a forward rate curve and the stated terms of the interest rate swap agreement by using interest rates currently available in the market, or based on dealer quotations, if available, and are categorized as Level 2 in the fair value hierarchy.

The following tables present the Company's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period ended February 28, 2018:

Preferred Stock	
Balance — beginning of year	$ 23,396,034
Purchases	6,277,000
Return of capital	—
Sales	—
Total realized gains	—
Change in unrealized gain/loss	506,907
Balance — end of year	$30,179,941
Private Investment	
Balance — beginning of year	$25,886,172
Purchases	30,424
Return of capital	—
Sales	—
Total realized gains	—
Change in unrealized gain/loss	(5,010,913)
Balance — end of year	$20,905,683
Change in unrealized gain/loss on investments still held at February 28, 2018	$(4,504,006)

Certain of the Company's investments are restricted and are valued as determined in accordance with fair value procedures. The following table shows the principal amount or shares, acquisition date(s), acquisition cost, fair value and the percent of net assets which the securities comprise at February 28, 2018.

Investment Security	Investment Type	Shares	Acquisition Date(s)	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Holly Energy Partners, L.P.	Master Limited Partnership	1,400,151	02/06/18	$ 41,626,489	$39,316,240	3.0%
SemGroup Corporation, 7.000%	Preferred Stock	6,277	01/19/18	6,277,000	6,089,219	0.5
Targa Resources Corp., 9.500%	Preferred Stock	21,758	03/16/16	19,265,393	24,090,722	1.8
Tortoise HoldCo II, LLC	Private Investment	N/A	08/18/17-02/28/18	34,946,949	20,905,683	1.6
				$102,115,831	$90,401,864	6.9%

Affiliated Company Transactions

A summary of the transactions in affiliated companies during the period ended February 28, 2018 is as follows:

also gained experience in core management skills, such as strategic and financial planning, public company financial reporting, corporate governance, risk management, and leadership development.

The NCGC Committee also believes that each of the current 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 or origin, background, experience, and the commitment to devote significant time and energy to service on the Board of Directors.

The NCGC Committee annually reviews the individual skills and characteristics of the Directors, as well as the composition of the Board as a whole. This assessment includes a consideration of independence, diversity, age, skills, expertise, time availability, and industry background in the context of the needs of the Board of Directors and the Company. Although the Company has no policy regarding diversity, the NCGC Committee seeks a broad range of perspectives and considers both the personal characteristics (gender, ethnicity, age) and experience (industry, professional, public service) of Directors and prospective nominees to the Board of Directors. The NCGC welcomes recommendations by stockholders for Director nominees. Recommendations by any stockholder for Director nominees must be submitted in writing to the Chairman of the NCGC Committee at Hanmi Financial s principal executive offices, no later than the last business day of January of the year that Hanmi Financial s next Annual Meeting will be held, to be considered at such Annual Meeting. Stockholders shall include in such recommendation:

The name, age, and address of each proposed Director nominee;

The principal occupation of each proposed nominee;

The number of shares of voting stock of Hanmi Financial owned by each proposed nominee;

The name and address of the nominating stockholder;

The number of shares of voting stock of Hanmi Financial owned by the nominating stockholder; and

A letter from the proposed nominee indicating that such proposed nominee wishes to be considered as a nominee for the Board of Directors and will serve as a Director if elected.

In addition, each recommendation must set forth, in detail, the reasons why the nominating stockholder believes the proposed nominee meets the following general qualifications, which are the same qualifications used by the NCGC Committee in evaluating nominees:

Nominees must possess high personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of Hanmi Financial s stockholders;

Nominees must have an inquisitive and objective perspective, practical wisdom, and mature judgment;

Nominees must possess a broad range of skills, expertise, industry knowledge, and contacts useful to Hanmi Financial s business;

Nominees must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board of Directors for an extended period of time;

Pursuant to the Corporate Governance Guidelines, nominees, once elected, should not serve on the boards of directors of more than two other public companies and, unless granted an exception by Hanmi Financial s Board of Directors, nominees cannot serve simultaneously as a Director of Hanmi Financial and as a director or officer of any other depository organization other than a subsidiary bank of Hanmi Financial; and

Pursuant to the Corporate Governance Guidelines, nominees are encouraged to own shares of common stock of Hanmi Financial at a level that demonstrates a meaningful commitment to Hanmi Bank and Hanmi Financial, and to better align the nominee s interests with the stockholders of Hanmi Financial.

In identifying and evaluating Director candidates, the NCGC Committee will solicit and receive recommendations, and review qualifications of potential Director candidates. The NCGC Committee also may use search firms to identify Director candidates. To enable the NCGC Committee to effectively evaluate Director candidates, the NCGC Committee also may conduct appropriate inquiries into the backgrounds and qualifications of Director candidates, including reference checks. As stated above, the NCGC Committee will consider Director candidates recommended by stockholders utilizing the same criteria as candidates identified by the NCGC Committee.

Additionally, the NCGC Committee is responsible for determining the compensation of all of Hanmi Financial s executive officers, including Hanmi Financial s Chief Executive Officer, as well as administering Hanmi Financial s compensation plans. The NCGC Committee has the authority to delegate such decisions to subcommittees of the NCGC Committee. The NCGC Committee also is authorized to retain outside consultants to assist it in determining executive officer compensation.

The members of the NCGC Committee are Joon Hyung Lee, I Joon Ahn, John A. Hall, Paul Seon-Hong Kim, and Joseph K. Rho, with Mr. Lee serving as its Chairman. The NCGC Committee held seventeen (17) meetings during 2010. See *The NCGC Committee Report.*

Leadership Structure

The Board of Directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board of Directors. The Board of Directors has determined that having an independent director serve as Chairman of the Board is in the best interest of the Company s stockholders at this time. This structure ensures a greater role for the independent Directors in the oversight of the Company and active participation of the independent Directors in setting agendas and establishing Board priorities and procedures. Further, this structure permits the Chief Executive Officer to focus on the management of the Company s day-to-day operations.

Risk Oversight

The Company has a risk management program overseen by Jean Lim, the Chief Risk Officer of Hanmi Bank, who reports directly to the Bank s Chief Executive Officer. Material risks are identified and prioritized by management, and each prioritized task is referred to a Board committee or the full Board of Directors for oversight. For example, strategic risks are referred to the full Board of Directors while financial risks are referred to the Audit Committee. The Board of Directors regularly reviews information regarding the Company s credit, liquidity, and operations, as well as the risks associated with each, and annually reviews the Company s risk management program as a whole. Also, the NCGC Committee periodically reviews the most important risks to the Company to ensure that compensation programs do not encourage excessive risk-taking. The NCGC Committee believes the compensation program does not encourage excessive risk-taking.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, Hanmi Financial s Directors, executive officers, and any persons holding ten percent (10%) or more of Hanmi Financial s common stock are required to report their ownership of common stock and any changes in that ownership to the SEC and to furnish Hanmi Financial with copies of such reports. Specific due dates for these reports have been established, and Hanmi Financial is required to report in this Annual Report of Form 10-K/A any failure to file on a timely basis by such persons. Based solely upon a review of copies of reports filed with the SEC during the fiscal year ended December 31, 2010, Hanmi Financial believes that all persons, subject to the reporting requirements of Section 16(a), filed all required reports on a timely basis.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis (CD&A) describes our compensation philosophy, methodologies and our current practices with respect to the remuneration programs for the individuals listed in the Summary Compensation Table on page (the Named Executive Officers). The compensation programs of our Named Executive Officers are established, evaluated and maintained by the NCGC Committee. The NCGC

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Committee is comprised entirely of outside Directors that satisfy the NASDAQ listing requirements and relevant Internal Revenue Code and SEC regulations on independence.

Compensation Philosophy and Objectives

The compensation programs provided to our Named Executive Officers are designed to attract and retain high caliber banking executives, and to appropriately reward them for their achievement of business objectives that further the success Hanmi Financial, without inducing them to take excessive risk. Another objective is to encourage on-going and continued performance by offering long-term incentives, such as stock options, that align executive and shareholders interest. In the end, the overriding goal is to maximize shareholder value.

Methodology for Establishing Compensation

To assist the NCGC Committee in its administration of the compensation programs for the Named Executive Officers, the Human Resources Department gathers data from competing financial institutions. The compensation data is obtained from both proxy statements of publicly traded banks and from salary survey data provided by the California Department of Financial Institutions. In addition to the market data gathered by the Human Resources Department, the NCGC Committee also reviews and considers the recommendations of the Chief Executive Officer (the CEO).

In establishing the target compensation levels and pay mix for the Named Executive Offers, the NCGC Committee periodically reviews publicly disclosed compensation data of California banks with total assets ranging between $1.2 and $11.5 billion (the Peer Group), including:

	Total Assets (Billions)
Cathay Bancorp	$ 11.5
Center Financial Corporation	$ 2.1
CVB Financial Corporation	$ 6.7
Nara Bancorp Inc.	$ 3.2
Pacific Mercantile Bancorp	$ 1.2
PacWest Bancorp	$ 5.3
Sierra Bancorp	$ 1.3
Temecula Valley Bancorp Inc.	$ 1.5
Trico Bancshares	$ 2.1
Wilshire Bancorp Inc.	$ 3.4

The Peer Group was selected to include banks comparable in size and those that Hanmi Financial competes with in the market for executive talent, including three banks that are direct competitors in the Los Angeles Korean American community. The survey data was used by the NCGC Committee as a second point of reference in determining the appropriate levels of compensation and pay mix for the Named Executive Officers.

Although the decisions regarding the compensation levels are guided by the information provided from the Peer-Group and survey data, the NCGC Committee also takes into account the prevailing economic environment and our current financial condition. The objective of the NCGC Committee is to establish compensation programs that are motivating but affordable, with the purpose of aligning the interests of our Named Executive Officers with that of our stockholders.

Elements of the Compensation Program

The following describes the various components of the compensation mix that the Company provides to the Named Executive Officers, the objectives of each pay component, and how each component is used to create a total competitive compensation package.

The NCGC Committee provides the Named Executive Officers with a compensation package that includes annual base salary, short-term cash incentive compensation, long-term incentive awards, deferred compensation, executive perquisites, and a broad-based benefits program.

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Annual Base Salary

Annual base salaries are the fixed portion of the Named Executive Officers cash compensation and are intended to reward the day-to-day aspects of their roles and responsibilities. The Named Executive Officers annual salaries were set at the time they first joined the bank. The initial salaries were established by taking into account several factors including, but not limited to, the executive s experience, responsibilities, management abilities, and job performance. Hanmi Financial targets base salaries for its Named Executive Officers at market median. The NCGC Committee believes that the fiscal year 2010 base salaries of Hanmi Financial s Named Executive Officers are competitive with companies of similar size. Pay adjustments are generally made annually, after reviewing overall company performance, individual performance and the affordability of the increase. In the past year, there were no salary adjustments. The CEO s annual adjustment to base salary is incorporated in the Employment Agreement. In 2010, the CEO is the only Named Executive Officer who has an Employment Agreement with Hanmi. All other Named Executive Officers are employed at-will.

Short-Term Cash Incentive Compensation

In accordance with Hanmi Financial s compensation philosophy, a significant portion of the compensation of the Named Executive Officers is performance based. For each Named Executive Officer, target bonuses are stated as a percentage of base salary. The annual bonus payable to the CEO is capped at 75% of his base salary. The annual bonuses payable to the other Named Executive Officers are capped at 50% of base salary.

The NCGC Committee reviews performance against pre-established financial and non-financial goals on an annual basis to determine the short-term cash incentive compensation of the Named Executive Officers. In 2010, financial performance was measured by Asset Quality, Liquidity, Capital Adequacy, Earnings and Balance Sheet Deleveraging. These metrics were weighted differently among the various Named Executive Officers. The non-financial goal in 2010 was measured based on the Leadership Capability for each of the Named Executive Officers. No other performance goals were established by the NCGC Committee for determining the short-term cash incentive compensation for the Named Executive Officers. The individual performance of each Named Executive Officer is discussed below.

Long-Term Incentive Awards

Long-term incentive awards, such as stock options and restricted stock, are the third key component of the Named Executive Officers total compensation. The members of the NCGC Committee believe that employee stock ownership is a significant incentive for the Named Executive Officers to build stockholder wealth, and thereby aligning the interests of employees and stockholders. The members of the NCGC Committee also believe that equity-based compensation complements the short-term cash incentive compensation by forcing executives to recognize the impact their short-term decisions might have on long-term outcomes. This compensation approach limits an executive s ability to reap short-term gains at the expense of Hanmi Financial s long-term success. This is also an important tool in retaining Named Executive Officers, particularly through less rewarding years.

Long-term incentive awards are granted to the Named Executive Officers pursuant to the 2007 Stock Equity Compensation Plan (the 2007 Plan). The NCGC Committee has not established grant guidelines; rather, the size, timing, and other material terms of the long-term incentive awards for the Named Executive Officers are made at the discretion of the Board of Directors and the NCGC Committee. Factors considered by the NCGC Committee and the Board of Directors include awards to industry peers and each executive s previous grant history. Stock Options and restricted stock grants awarded are included in the Summary Compensation Table.

The NCGC Committee approves all awards under the 2007 Plan and acts as the administrator of the 2007 Plan. Stock options granted under the 2007 Plan generally vest over a five-year period, with 20 percent becoming exercisable (vesting) on each anniversary of the grant date. All stock options are granted with a ten-year exercise term and have an exercise price equal to the fair market value of Hanmi Financial s common stock on the grant date. Restricted stock granted under the 2007 Plan generally vests over a five-year period, with 20 percent becoming unrestricted on each anniversary of the grant date.

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Deferred Compensation

Under Hanmi Financial s Deferred Compensation Plan (DCP), the Named Executive Officers may defer up to 100 percent (100%) of their base salary and up to 100 percent (100%) of their short-term cash incentive compensation. The amounts deferred under the DCP are payable upon termination or retirement under the distribution schedule elected by the participant. Taxes are due upon distribution.

The DCP is intended to comply, both in form and operation, with the requirements of Internal Revenue Code Section 409A and shall be limited, construed, and interpreted in accordance with such intent. To the extent that any payment under the DCP is subject Section 409A, it is intended that it be paid in a manner that shall comply with Section 409A, including the final regulations or any other applicable guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. In 2010, no Named Executive Officers participated in the DCP.

Executive Perquisites

The Named Executive Officers and other senior management employees receive the following benefits in addition to their other compensation: gasoline card; cellular phone allowance; and automobile allowance. Chief Executive Officer, Jay S. Yoo, also received a membership in a business club and golf country club. These additional benefits of the Named Executive Officers are detailed in the Summary Compensation Table.

Broad-Based Benefits Programs

The Named Executive Officers participate in the benefit programs that are available to all full-time employees. These benefits include health, dental, vision, and life insurance, short-term and long-term disability insurance, healthcare reimbursement accounts, paid vacation, and contributions to a 401(k) profit sharing retirement plan.

Severance Arrangements

The CEO s Employment Agreement contains a provision for severance pay of a period of six (6) months in case of his involuntary termination of employment without cause, including following a change in control. The other Named Executive Officers do not have any such severance arrangements.

Compensation Policy Risk Assessment

The NCGC Committee reviews the compensation of the Named Executive Officers, as well as the overall compensation practices for the organization. Any performance incentive programs, awarding of bonus payments, and the budgeting for annual salary adjustments are reviewed and approved by the NCGC Committee before being presented to the full board of directors for ratification. An important aspect of the review is an assessment of whether the programs in any way encourage the Named Executive Officers or any other employee of Hanmi Financial to take unacceptable risk, in the short term and for the long term.

Named Executive Officers Compensation

The Chief Executive Officer meets with the NCGC Committee to review the Chief Executive Officer s compensation recommendation for the other Named Executive Officers. No adjustments were made in 2010 for any of the Named Executive Officers as a result of the unprecedented decline in the economy and concurrent deterioration in the Company s performance.

Employment Agreement with Chief Executive Officer, Jay S. Yoo

Jay S. Yoo joined Hanmi Financial and Hanmi Bank as President and Chief Executive Officer as of June 23, 2008. His Employment Agreement, as amended by Amendment to Employment Agreement, dated as of February 23, 2011, has a three-year term, which expires on June 23, 2013, and provides for a base salary of $350,000, which increases by $10,000 on June 23, 2011 and June 23, 2012, and with a target bonus of up to seventy-five percent (75%) of his annual base salary. The increase in Mr. Yoo s base salary to $350,000 was made retroactive to June 2010.

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Mr. Yoo s bonus, which is to be paid in cash, is dependent on the attainment of certain financial goals set by the Board of Directors. The financial goals were set in early 2010, and based on the defined goals, no bonus was paid to Mr. Yoo in 2010.

In addition, under Mr. Yoo s Employment Agreement, as amended, he is entitled to the use of a company car, a bank issued cellular telephone, membership in a business club and golf country club, and payment of reasonable business related expenses. The Amendment to his Employment Agreement also provided for the granting of an option to purchase 150,000 shares of Hanmi Financial stock. The terms of the stock options are subject to the terms and conditions set forth in the 2007 Plan. The options vest in equal installments over three years starting one year after the date of the grant. The Amendment to Mr. Yoo s Employment Agreement also provides for the issuance of 60,000 shares of restricted stock. The terms of the restricted stock are subject to the terms and conditions set forth in the 2007 Plan. This restricted stock vests in equal installments over three years starting one year after the issuance date. Because the stock option grant and issuance of restricted stock took place at the time of the Amendment to the Employment Agreement in 2011, these equity grants are not included in Mr. Yoo s compensation for the fiscal year ended December 31, 2010.

Compensation for Chief Financial Officer, Brian Cho

Brian E. Cho, Executive Vice President & Chief Financial Officer joined the organization in December 2007. He does not have an employment agreement and his employment is at-will. Per his employment letter executed November 1, 2007, his annual base salary is $270,000 and he is eligible to receive incentive cash compensation of up to fifty percent (50%) of his annual base salary. The bonus payable to Mr. Cho is wholly dependent on the bank s performance and his individual performance.

In 2010, he received an annual base salary of $270,000, as well as an auto allowance of $700 per month, a cell phone allowance of $100 per month, a gas card, and other general benefits afforded to all employees. Mr. Cho s bonus, which is to be paid in cash, is dependent on the attainment of certain financial goals set by the Board of Directors. The financial goals were set in early 2010, and based on the defined goals, no bonus was paid to Mr. Cho.

Compensation for Chief Credit Officer, Jung Hak Son

Mr. Jung Hak Son, Senior Vice President and Chief Credit Officer since December 2009, also does not have an employment agreement and his employment is at-will. His annual compensation is $210,000, and he is eligible to receive incentive cash compensation of up to forty percent (40%) of his base salary.

In 2010, he received an annual base salary of $210,000, as well as an auto allowance of $700 per month, a cell phone allowance of $100 per month, a gas card, and other general benefits afforded to all employees. Mr. Son s bonus, which is to be paid in cash, is dependent on the attainment of certain financial goals set by the Board of Directors. The financial goals were set in early 2010, and based on the defined goals, no bonus was paid to Mr. Son.

Administrative Policies and Practices

To evaluate and administer the compensation programs of the Named Executive Officers, the NCGC Committee meets regularly, at least four times a year. In addition, the NCGC Committee also holds special meetings to discuss extraordinary items. At the end of a meeting, the NCGC Committee may choose to meet in executive session, when necessary. In 2010, the NCGC Committee met 17 times.

Stock Ownership Guidelines

The NCGC Committee has not implemented stock ownership guidelines for the Named Executive Officers; however, the NCGC Committee continues to periodically review best practices and re-evaluate whether stock ownership guidelines are consistent with our compensation philosophy and stockholders interests.

Tax Deductibility of Executive Officer Compensation

Internal Revenue Code Section 162(m) precludes a public corporation from taking a deduction for compensation in excess of $1 million for its chief executive officer or any of its three other highest paid executive officers

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(excluding the chief financial officer), unless certain specific and detailed criteria are satisfied. However, performance-based compensation that has been approved by stockholders is excluded from the $1 million limit. Based on compensation paid for services performed in 2010, the deduction taken for the compensation paid to the Named Executive Officers was not limited by Section 162(m). The NCGC Committee will continue to carefully consider the impact of Section 162(m) in determining the appropriate pay mix and compensation levels for the Named Executive Officers.

NCGC Committee Report

The following Compensation Committee Report should not be deemed filed or incorporated by reference into any other document, including Hanmi Financial s filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report into any such filing by reference.

The NCGC Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 401(b) of Regulation S-K with management and, based on such review and discussions, the NCGC Committee recommended to the Board of Directors of Hanmi Financial that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted by the NCGC Committee
of the Board of Directors,

Joon Hyung Lee (Chairman)
I Joon Ahn
John A. Hall
Paul Seon-Hong Kim
Joseph K. Rho

Summary Compensation Table

The following table summarizes the total compensation paid or earned by the Named Executive Officers for the fiscal years ended December 31, 2010, 2009 and 2008.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary (1) ($) (c)	Bonus (1)(5) ($) (d)	Stock Awards (2)(3) ($) (e)	Option Awards (2)(4) ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Non-Qualified Deferred Compensation Earnings ($) (h)	All Other Compensation (1) ($) (i)	Total ($) (j)
Jay S. Yoo,	2010	$ 350,000*(9)*	$	$	$	$	$	$ 66,456*(6)*	$ 416,456
President, Chief									
	2009	$ 326,192	$	$ 27,000	$ 30,765	$	$	$ 63,668*(6)*	$ 447,625

Executive Officer									
and									
Director	2008	$ 172,404	$	$	$ 87,619	$	$	$ 49,722*(6)*	$ 309,745
Brian E. Cho,	2010	$ 270,000	$	$	$	$	$	$ 109,073*(7)*	$ 379,073
Executive Vice	2009	$ 266,885	$	$ 20,250	$ 9,230	$	$	$ 36,522*(7)*	$ 332,887
President and Chief									
Financial Officer	2008	$ 270,000	$	$	$	$	$	$ 35,239*(7)*	$ 305,239
Jung Hak Son,	2010	$ 210,000	$	$	$	$	$	$ 91,960*(8)*	$ 301,960
Senior Vice									
President and	2009	$ 173,385	$	$ 13,500	$ 6,153	$	$	$ 36,169*(8)*	$ 229,207
Chief Credit Officer									

(1) *All cash compensation and perquisites paid to the Named Executive Officers are paid by, and are the responsibility of, Hanmi Financial s subsidiary, Hanmi Bank.*

(2) *All equity awards are made by Hanmi Financial, are for shares of Hanmi Financial s common stock, and are made pursuant to the 2007 Equity Compensation Plan (the 2007 Plan).*

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(3) *Pursuant to SEC regulations regarding the valuation of equity awards, amounts in columns (e) represent the applicable full grant date fair values of stock awards in accordance with FASB ASC Topic 718, excluding the effect for forfeitures. To facilitate year-to-year comparisons, the SEC regulations require companies to present recalculated disclosures for each preceding year required under the rules so that equity awards and stock options reflect the applicable full grant date fair values, excluding the effect of forfeitures. The total compensation column is recalculated accordingly. For further information, see Note 12 to Hanmi Financial s audited financial statements for the year ended December 31, 2010 included in Hanmi Financial s Annual Report on Form 10-K filed with the SEC on March 16, 2011.*

(4) *Pursuant to SEC regulations regarding the valuation of equity awards, amounts in columns (f) represent the applicable full grant date fair values of option awards in accordance with FASB ASC Topic 718, excluding the effect for forfeitures. To facilitate year-to-year comparisons, the SEC regulations require companies to present recalculated disclosures for each preceding year required under the rules so that equity awards and stock options reflect the applicable full grant date fair values, excluding the effect of forfeitures. The total compensation column is recalculated accordingly. For further information, see Note 12 to Hanmi Financial s audited financial statements for the year ended December 31, 2010 included in Hanmi Financial s Annual Report on Form 10-K filed with the SEC on March 16, 2011.*

(5) *The amounts in column (d) reflect the discretionary bonuses paid to the Named Executive Officers for services performed in the prior year. Amounts shown are not reduced to reflect the Named Executive Officers elections, if any, to defer receipt of awards into the DCP.*

(6) *Amounts consist of: a) life insurance premiums ($392 for 2010; $392 for 2009; $199 for 2008); b) company automobile ($26,711 for 2010; $26,936 for 2009; $3,967 for 2008); c) health insurance premiums ($15,315 for 2010; $11,178 for 2009; $7,613 for 2008); d) employer contributions under the 401(k) plan ($12,375 for 2010; $12,375 for 2009; $9,900 for 2008); e) club memberships ($6,971 for 2010; $8,110 for 2009; $27,454 for 2008); and f) other perquisites ($4,691 for 2010; $4,677 for 2009; $589 for 2008) such as cellular phone allowance, gasoline card, meal allowance and Holiday gift cards.*

(7) *Amounts consist of: a) life insurance premiums ($392 for 2010; $392 for 2009; $398 for 2008); b) automobile allowance ($8,400 for 2010; $8,303 for 2009; $8,400 for 2008); c) health insurance premiums ($11,860 for 2010; $10,157 for 2009; $11,830 for 2008); d) employer contributions under the 401(k) plan ($12,375 for 2010; $12,375 for 2009; $11,625 for 2008); e) club memberships ($2,400 for 2010); f) retention payment ($67,500 for 2010); and g) other perquisites ($6,147 for 2010; $5,295 for 2009; $2,236 for 2008, $178 for 2007) such as cellular phone allowance, gasoline card, meal allowance and Holiday gift cards.*

(8) *Amounts consist of: a) life insurance premiums ($375 for 2010; $370 for 2009); b) automobile allowance ($8,400 for 2010; $8,303 for 2009); c) health insurance premiums ($9,843 for 2010; $10,157 for 2009); d) employer contributions under the 401(k) plan ($12,375 for 2010; $10,403 for 2009); e) retention payment ($52,500 for 2010); and f) other perquisites ($8,467 for 2010; $6,936 for 2009) such as cellular phone allowance, gasoline card, meal allowance and Holiday gift cards.*

(9) *This amount includes the retroactive increase in Mr. Yoo s base salary from $330,000 to $350,000 pursuant to the terms of the Amendment to Mr. Yoo s Employment Agreement entered into on February 23, 2011.*

Grants of Plan-Based Awards

There were no stocks and option awards granted to Hanmi Financial s Named Executive Officers during the fiscal year ended December 31, 2010.

Outstanding Equity Awards at Fiscal Year-End

In 2000, the Company s Board of Directors adopted the Hanmi Financial Year 2000 Stock Option Plan (2000 Stock Option Plan) which was approved by shareholders in May 2000. The purpose of the 2000 Stock Option Plan is to enable the Company to attract, retain and motivate officers, directors, and employees by providing for or increasing their proprietary interests in the Company and, in the case of non-employee directors, to attract such directors and further align their interests with those of the Company s shareholders by providing or increasing their proprietary interests in the Company. The maximum number of shares of the Company s common stock that may be

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issued pursuant to options currently outstanding under the 2000 Plan is 726,891 (subject to adjustment to prevent dilution). Options are no longer being issued under the 2000 Stock Option Plan.

In 2007, our Board of Directors adopted the Hanmi Financial Corporation 2007 Plan. A key objective of the 2007 Plan is to provide more flexibility in the types of equity incentives that may be offered to employees, consultants and non-employee directors. The 2007 Plan provides for several different types of equity awards in addition to stock options and restricted stock awards. Stock options granted under the 2007 Plan generally vest over a five-year period, with 20 percent becoming exercisable 12 months following the grant date, and 20 percent thereafter on each anniversary of the grant date. All stock options are granted with a ten-year exercise term and have an exercise price equal to the fair market value of Hanmi Financial s common stock on the date of grant. Restricted stock granted under the 2007 Plan also generally vest over a five-year period, with 20 percent becoming unrestricted 12 months following the grant date, and 20 percent thereafter on each anniversary of the grant date.

The 2007 Plan provides Hanmi Financial flexibility to (i) attract and retain qualified non-employee directors, executives and other key employees and consultants with appropriate equity-based awards, (ii) motivate high levels of performance, (iii) recognize employee contributions to Hanmi Financial s success, and (iv) align the interests of plan participants with those of Hanmi Financial s stockholders. In addition, the Board believes a robust equity compensation program is necessary to provide Hanmi Financial with flexibility in negotiating strategic acquisitions and other business relationships to further expand and grow our business. The maximum number of shares of the Company s common stock that may be issued pursuant to equity grants under the 2007 Plan is 3,000,000. 752,667 shares were previously issued under the 2007 Plan and there were 485,600 outstanding options under the 2007 Plan.

The following table shows information as of December 31, 2010, for Hanmi Financial s Named Executive Officers concerning unexercised options, stock that has not vested, and Equity Incentive Plan Awards.

Option Exercises and Stock Vested

The following table shows information relating to outstanding equity awards held by Hanmi Financial s Named Executive Officers at the fiscal year ended December 31, 2010.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards	
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)

Jay S. Yoo	70,000(1)		$ 5.66	06/23/18		$
		40,000(2)	$ 1.35	04/08/19	16,000(8)	$ 18,400(13)
Brian E. Cho	18,000(3)	12,000(3)	$ 9.52	12/03/17	2,000(9)	$ 2,300(14)
	3,000(4)	12,000(4)	$ 1.35	04/08/19	12,000(10)	$ 13,800(15)
Jung Hak Son	8,000(5)	2,000(5)	$ 18.00	04/19/16		$
	8,000(6)	2,000(6)	$ 19.44	06/30/16		$
			$		1,200(11)	$ 1,380(16)
	2,000(7)	8,000(7)	$ 1.35	04/08/19	8,000(12)	$ 9,200(17)

(1) On June 23, 2008, pursuant to the 2007 Plan, 70,000 stock options were granted to Jay S. Yoo with vesting as follows: 50 percent (50%) to vest on June 23, 2009 and 50 percent (50%) to vest on June 23, 2010.

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(2) *On April 8, 2009, pursuant to the 2007 Plan, 50,000 stock options were granted to Jay S. Yoo with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates.*

(3) *On December 3, 2007, pursuant to the 2007 Plan, 30,000 stock options were granted to Brian E. Cho with vesting as follows: 20 percent (20%) to vest on December 3, 2008 and 20 percent (20%) to vest on each of the next four anniversary dates.*

(4) *On April 8, 2009, pursuant to the 2007 Plan, 15,000 stock options were granted to Brian E. Cho with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates.*

(5) *On April 19, 2006, pursuant to the Year 2000 Stock Option Plan (2000 Plan), 10,000 stock options were granted to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on April 19, 2007 and 20 percent (20%) to vest on each of the next four anniversary dates.*

(6) *On June 30, 2006, pursuant to the 2000 Plan, 10,000 stock options were granted to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on June 30, 2006 and 20 percent (20%) to vest on each of the next four anniversary dates.*

(7) *On April 8, 2009, pursuant to the 2007 Plan, 10,000 stock options were granted to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates.*

(8) *On April 8, 2009, pursuant to the 2007 Plan, 20,000 shares of restricted stock were awarded to Jay S. Yoo with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates. 16,000 shares remain unvested after 20% (4,000 shares) vested on April 8, 2010.*

(9) *On December 3, 2007, pursuant to the 2007 Plan, 5,000 shares of restricted stock were awarded to Brian E. Cho with vesting as follows: 20 percent (20%) to vest on December 3, 2008 and 20 percent (20%) to vest on each of the next four anniversary dates. 2,000 shares remain unvested after 60% (3,000 shares) vested on December 3, 2010, 2009 and 2008, respectively.*

(10) *On April 8, 2009, pursuant to the 2007 Plan, 15,000 shares of restricted stock were awarded to Brian E. Cho with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates. 12,000 shares remain unvested after 20% (3,000 shares) vested on April 8, 2010.*

(11) *On November 1, 2007, pursuant to the 2007 Plan, 3,000 shares of restricted stock were awarded to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on November 1, 2007 and 20 percent (20%) to vest on each of the next four anniversary dates. 1,200 shares remain unvested after 60% (1,800 shares) vested on November 1, 2010, 2009 and 2008, respectively.*

(12) *On April 8, 2009, pursuant to the 2007 Plan, 10,000 shares of restricted stock were awarded to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates. 8,000 shares remain unvested after 20% (2,000 shares) vested on April 8, 2010.*

(13) *Amount calculated as follows: Closing Stock Price as of December 31, 2010 ($1.15) x Unvested Shares of Restricted Stock (16,000).*

(14) *Amount calculated as follows: Closing Stock Price as of December 31, 2010 ($1.15) x Unvested Shares of Restricted Stock (2,000).*

(15) *Amount calculated as follows: Closing Stock Price as of December 31, 2010 ($1.15) x Unvested Shares of Restricted Stock (12,000).*

(16) *Amount calculated as follows: Closing Stock Price as of December 31, 2010 ($1.15) x Unvested Shares of Restricted Stock (1,200).*

(17) *Amount calculated as follows: Closing Stock Price as of December 31, 2010 ($1.15) x Unvested Shares of Restricted Stock (8,000).*

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Option Exercises and Stock Vested

The following table shows information for amounts received upon exercise of options or vesting of stock by Hanmi Financial s Named Executive Officers during the fiscal year ended December 31, 2010.

OPTION EXERCISES AND STOCK VESTED

	Option Awards		**Stock Awards**	
Name (a)	**Number of Shares Acquired on Exercise (#) (b)**	**Value Realized on Exercise ($) (c)**	**Number of Shares Acquired on Vesting (#) (d)**	**Value Realized on Vesting ($) (e)**
Jay S. Yoo	10,000*(1)*	$ 8,800*(2)*	4,000*(3)*	$ 10,480*(4)*
Brian E. Cho		$	4,000*(5)*	$ 8,810*(6)*
Jung Hak Son		$	2,600*(7)*	$ 6,002*(8)*

(1) On April 8, 2009, pursuant to the 2007 Plan, 50,000 stock options were granted to Jay S. Yoo with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates. 10,000 shares of vested stock options with exercise price of $1.35 were exercised on June 1, 2010.

(2) Amount calculated as follows: ((Closing Stock Price as of June 1, 2010 ($2.23) minus Exercise Price ($1.35)) x Shares of Stock Options That Vested (10,000).

(3) On April 8, 2009, pursuant to the 2007 Plan, 20,000 shares of restricted stock were awarded to Jay S. Yoo with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates.

(4) Amount calculated as follows: Closing Stock Price as of April 8, 2010 ($2.62) x Shares of Restricted Stock That Vested (4,000).

(5) On April 8, 2009, pursuant to the 2007 Plan, 15,000 shares of restricted stock were awarded to Brian E. Cho with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the next four anniversary dates. On December 3, 2007, pursuant to the 2007 Plan, 5,000 shares of restricted stock were awarded to Brian E. Cho with vesting as follows: 20 percent (20%) to vest on December 3, 2008 and 20 percent (20%) to vest on each of the next four anniversary dates.

(6) Amount calculated as follows: Closing Stock Price as of April 8, 2010 ($2.62) x Shares of Restricted Stock That Vested (3,000). Closing Stock Price as of December 3, 2010 ($0.95) x Shares of Restricted Stock That Vested (1,000).

(7) On April 8, 2009, pursuant to the 2007 Plan, 10,000 shares of restricted stock were awarded to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) to vest on each of the

next four anniversary dates. On November 1, 2007, pursuant to the 2007 Plan, 3,000 shares of restricted stock were awarded to Jung Hak Son with vesting as follows: 20 percent (20%) to vest on November 1, 2007 and 20 percent (20%) to vest on each of the next four anniversary dates.

(8) *Amount calculated as follows: Closing Stock Price as of April 8, 2010 ($2.62) x Shares of Restricted Stock That Vested (2,000). Closing Stock Price as of November 1, 2010 ($1.27) x Shares of Restricted Stock That Vested (600).*

Non-Qualified Deferred Compensation Plan

Hanmi Financial s DCP is an unfunded, unsecured deferred compensation plan. The DCP allows participants to defer all or a portion of their base salary and/or annual bonus. During 2010 none of the Named Executive Officers participated in the DCP.

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Potential Payments Upon Termination

Hanmi Financial has entered into an employment agreement with its Chief Executive Officer that will require Hanmi Financial to provide compensation to the Chief Executive Officer in the event of a termination of employment or a change in control of Hanmi Financial subject to regulatory approval. The amount of compensation payable to the Chief Executive Officer in each situation is listed in the tables below.

The following table describes the potential payments upon termination for Mr. Jay S. Yoo:

Executive Benefits and Payments Upon Termination(1)	Voluntary Termination	Without Cause Termination	Cause Termination	Death	Disability
Compensation:					
Base Salary	$	$ 175,000(2)	$	$	$
Benefits and Perquisites:					
Life Insurance Benefits				$ 50,000(3)	
Disability Income					$ 97,500(4)
Accrued Vacation Pay	$ 37,692(5)	$ 37,692(5)	$ 37,692(5)	$ 37,692(5)	$ 37,692(5)
Total	**$ 37,692**	**$ 212,692**	**$ 37,692**	**$ 87,692**	**$ 135,192**

(1) *Assumes the Chief Executive Officer s date of termination is December 31, 2010.*

(2) *Amount represents total base salary to be paid to the Chief Executive Officer, which is base pay equal to six months amount is calculated as follows: $350,000 (Annual Base Salary) x 0.5 year.*

(3) *Amount represents proceeds from life insurance policies.*

(4) *Amount represents disability income to be paid to the Chief Executive Officer until he reaches age 65.*

(5) *Amount represents cash lump-sum payment for unused vacation days as of termination date.*

Below is a description of the assumptions that were used in creating the table above. The descriptions of the payments below are applicable only to the Chief Executive Officer s potential payments upon termination.

Voluntary Termination

At any time after the commencement of employment, Mr. Yoo, our Chief Executive Officer, may terminate his employment agreement. If he voluntarily resigns, including in connection with a change in control, death or disability, then he is entitled to receive no additional salary. The unvested portion of any outstanding stock option shall terminate immediately.

Without Cause Termination

Hanmi Financial may terminate Mr. Yoo s employment agreement without a showing of cause. If Hanmi Financial terminates Mr. Yoo s employment agreement without cause, including in connection with a change in control, subject to Mr. Yoo s execution of an effective general release of claims and his continuing compliance with the covenants set forth in his employment agreement, Mr. Yoo shall receive an amount equal to his base salary for six months. The unvested portion of any stock options and restrictive stock shall terminate immediately.

Cause Termination

Hanmi Financial may terminate Mr. Yoo s Employment Agreement for cause, which shall mean: (1) Mr. Yoo is negligent in the performance of his material duties or engages in misconduct (i.e., the intentional or negligent violation of any state or federal banking law or regulation, or Hanmi Financial s employment policies, including but not limited to policies regarding honesty, conflict of interest, policies against discrimination, and/or employee leave policies); or (2) Mr. Yoo is convicted of or pleads guilty or nolo contendere to any felony, or is convicted of or pleads guilty or nolo contendere to any misdemeanor involving moral turpitude; or (3) Hanmi Financial is required to remove or replace Mr. Yoo by formal order or formal or informal instruction, including a requested consent order or agreement, from the Comptroller or Federal Deposit Insurance Corporation (FDIC) or any other regulatory

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authority having jurisdiction; or (4) Mr. Yoo engages in any willful breach of duty during the course of his employment, or habitually neglects his duties or has a continued incapacity to perform; or (5) Mr. Yoo fails to follow any written policy of the Board of Directors or any resolutions of the Board of Directors adopted at a duly called meeting intentionally and in a material way; or (6) Mr. Yoo engages in any activity that materially adversely affects Hanmi Financial s reputation in the community, provided, at the time of engaging in such activity, Mr. Yoo knew or should have known that such activity would materially adversely affect Hanmi Financial s reputation in the community; or (7) Hanmi Bank receives a Section 8(a) Order from the FDIC or a Section 8(b) Order from the FDIC; or (8) Hanmi Bank receives a cease or desist order from the California Department of Financial Institutions that is attributable to the act or omission of Mr. Yoo in any material respect. In the event of a termination for good cause, as enumerated above, Mr. Yoo shall have no right to any compensation not otherwise expressly provided for in the employment agreement.

Other Executives.

Hanmi Financial does not have an employment agreement with any other executives. Because other executives employment is at-will, Hanmi Financial does not owe any compensation to other executives in the event of a termination of employment or a change in control of Hanmi Financial other than accrued salary and accrued vacation not used.

Director Compensation

The following table sets forth certain information regarding compensation paid to persons who served as outside Directors of Hanmi Financial for the fiscal year ended December 31, 2010:

DIRECTOR COMPENSATION

Name (a)	Fees Earned or Paid in Cash ($) (1)(2) (b)	Stock Awards ($) (3) (c)	Option Awards ($) (3) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (1)(4) (g)	Total ($) (h)
I Joon Ahn	$ 56,850	$	$	$	$	$ 15,545	$ 72,395
John A. Hall	$ 78,900	$	$	$	$	$ 100	$ 79,000
Paul Seon-Hong Kim	$ 69,100	$	$	$	$	$ 15,574	$ 84,674
Joon Hyung Lee	$ 59,800	$	$	$	$	$ 15,552	$ 75,352
Joseph K. Rho	$ 121,800	$	$	$	$	$ 15,552	$ 137,352
William J. Stolte	$ 69,300	$	$	$	$	$ 1,788	$ 71,088

(1)

All cash compensation and perquisites paid to Directors are paid by Hanmi Bank, which is then reimbursed by Hanmi Financial.

(2) *Each Director who is not an employee of Hanmi Financial (an outside Director) is paid a monthly retainer fee of $3,000 and $1,000 for attendance at Board of Directors meetings ($500 for telephonic attendance at Board meetings). In addition, the Chairman of the Board receives an additional $1,500 each month. The Audit Committee Chairman receives an additional $1,000 each month. The chairmen of the remaining committees receive an additional $500 each month, and committee members receive an additional $100 each for attending committee meetings ($50 each for telephonic attendance at committee meetings). In addition, each Director who is not an employee of Hanmi Financial (an outside Director) is paid as follows for time spent above and beyond attendance at Board of Directors and committee meetings for special Company business, e.g., meetings with regulators, shareholders and other stakeholders, for less than 2 hours, $100, for 2-5 hours, $200, and for more than 5 hours, $400.*

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(3) Outstanding Equity Awards at Fiscal Year-End The following table shows information as of December 31, 2010 for Hanmi Financial s Directors concerning unexercised stock options:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
I Joon Ahn	24,000(a)		$ 21.63	11/15/16
	4,000(b)	16,000(b)	$ 1.35	04/08/19
John A. Hall	4,000(b)	16,000(b)	$ 1.35	04/08/19
Paul Seon-Hong Kim	4,000(b)	16,000(b)	$ 1.35	04/08/19
Joon Hyung Lee	24,000(a)		$ 21.63	11/15/16
		16,000(b)	$ 1.35	04/08/19
Joseph K. Rho	24,000(a)		$ 21.63	11/15/16
	4,000(b)	16,000(b)	$ 1.35	04/08/19
William J. Stolte	4,000(c)	16,000(c)	$ 1.57	04/22/19

(a) On November 15, 2006, pursuant to the 2000 Plan, 24,000 stock options were granted to each Director with vesting as follows: 33.33 percent (33.33%) to vest on November 15, 2007 and 33.33 percent (33.33%) on each of the next two anniversary dates.

(b) On April 8, 2009, pursuant to the 2007 Plan, 20,000 stock options were granted to each Director with vesting as follows: 20 percent (20%) to vest on April 8, 2010 and 20 percent (20%) on each of the next four anniversary dates.

(c) On April 22, 2009, pursuant to the 2007 Plan, 20,000 stock options were granted to Mr. Stolte with vesting as follows: 20 percent (20%) to vest on April 22, 2010 and 20 percent (20%) on each of the next four anniversary dates.

(4) The amounts in column (g) consist of:

Name	Health Insurance Premiums	Life Insurance Premiums	Gift Card	Total All Other Compensation
I Joon Ahn	$ 15,315	$ 130	$ 100	$ 15,545
John A. Hall	$	$	$ 100	$ 100
Paul Seon-Hong Kim	$ 15,315	$ 159	$ 100	$ 15,574
Joon Hyung Lee	$ 15,315	$ 137	$ 100	$ 15,552
Joseph K. Rho	$ 15,315	$ 137	$ 100	$ 15,552
William J. Stolte	$ 1,552	$ 136	$ 100	$ 1,788

NCGC Committee Interlocks and Insider Participation

Joon H. Lee, I Joon Ahn, John Hall, Paul Seon-Hong Kim, Joseph K. Rho served as members of the NCGC Committee during the last completed fiscal year. No member of the NCGC Committee was an officer or employee of Hanmi Financial or Hanmi Bank during the fiscal year ended December 31, 2010 or at any prior time. No member of the NCGC Committee is or was on the compensation committee of any other entity whose officers served either on the Board of Directors or on the NCGC Committee of Hanmi Financial.

BENEFICIAL OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth information pertaining to beneficial ownership (as defined below) of Hanmi Financial s common stock, by (i) individuals or entities known to Hanmi Financial to own more than five percent (5%) of the outstanding shares of Hanmi Financial s common stock, (ii) each Director and nominee for election, (iii) the Named Executive Officers, and (iv) all Directors and executive officers of Hanmi Financial as a group. The information contained herein has been obtained from Hanmi Financial s records and from information furnished to Hanmi Financial by each individual or entity. Management knows of no other person who owns, beneficially or of record, either individually or with associates, more than five percent (5%) of Hanmi Financial s common stock.

The number of shares beneficially owned by a given stockholder is determined under SEC Rules, and the designation of ownership set forth below is not necessarily indicative of ownership for any other purpose. In general, the beneficial ownership as set forth below includes shares over which a Director, Director nominee, principal stockholder, or executive officer has sole or shared voting or investment power and certain shares which such person has a vested right to acquire, under stock options or otherwise, within 60 days of the date hereof. Except as otherwise indicated, the address for each of the following persons is Hanmi Financial s address. Unless otherwise noted, the address for each stockholder listed on the Common Stock Beneficially Owned table below is: c/o Hanmi Financial Corporation, 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010. The following information is as of June 20, 2011.

COMMON STOCK BENEFICIALLY OWNED

Name and Address of Beneficial Owner	Number of Shares	Percent of Shares Outstanding
BlackRock, Inc.*(1)*	8,622,795	5.70%
Joseph K. Rho, *Chairman of the Board(2)(3)(4)*	2,966,838	1.96%
Joon Hyung Lee, *Director(3)(5)*	2,461,275	1.63%
I Joon Ahn, *Director(2)(3)(4)*	1,524,526	1.01%
Paul Seon-Hong Kim, *Director(3)(6)*	246,724	*
Jay S. Yoo, *President and Chief Executive Officer, Director(7)*	306,000	*
Brian E. Cho, *Executive Vice President and Chief Financial Officer(8)*	94,000	*
Jung Hak Son, *Executive Vice President and Chief Credit Officer(9)*	60,000	*
William J. Stolte, *Director(3)(10)*	55,000	*
John A. Hall, *Director(3)(6)*	35,000	*
All Directors and Executive Officers as a Group (9 in Number)	**7,749,363**	**5.11%**

(1) *Based on a Schedule 13G/A filed on February 4, 2011 with the SEC under the Securities Exchange Act of 1934, as amended, by BlackRock, Inc. (BlackRock). The address of BlackRock is 40 East 52nd Street, New York, NY 10022.*

(2) *Includes 24,000 options and 8,000 options that are presently exercisable under the 2000 Plan and the 2007 Plan, respectively.*

(3) *Includes 9,000 shares of restricted stock.*

(4) *Shares beneficial ownership with his spouse.*

(5) *Includes 24,000 options and 4,000 options that are presently exercisable under the 2000 Plan and the 2007 Plan, respectively.*

(6) *Includes 8,000 options that are presently exercisable under the 2007 Plan.*

(7) *Includes 130,000 options that are presently exercisable under the 2007 plan and 52,000 shares of restricted stock.*

(8) *Includes 24,000 options that are presently exercisable under the 2007 Plan and 11,000 shares of restricted stock*

(9) *Includes 18,000 options and 4,000 options that are presently exercisable under the 2000 Plan and the 2007 Plan, respectively, 2,000 options under the 2000 Plan that will become exercisable within 60 days, and 7,200 shares of restricted stock.*

(10) *Includes 8,000 options that are presently exercisable under the 2007 Plan.*

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information as of December 31, 2010 relating to equity compensation plans of Hanmi Financial pursuant to which grants of options, restricted stock awards or other rights to acquire shares may be granted from time to time.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity Compensation Plans Approved By Security Holders	1,066,891	$ 11.93	2,446,333
Equity Compensation Plans Not Approved By Security Holders	2,000,000*(1)*	$ 1.20	2,000,000
Total Equity Compensation Plans	**3,066,891**	**$ 4.93**	**4,446,333**

(1) *Reflects warrants issued to Cappello Capital Corp. in connection with services it provided to us as a placement agent in connection with our best efforts public offering and as our financial adviser in connection with our completed rights offering. The warrants were immediately exercisable when issued at a purchase price of $1.20 per share of our common stock and expire on October 14, 2015. The warrants may be exercised for cash or by cashless exercise . The exercise price and number of shares subject to the warrants are subject to adjustment for, among other events, stock splits and stock dividends.*

Certain Relationships and Related Transactions

Some of Hanmi Financial s Directors and executive officers and their immediate families, as well as the companies with which they are associated, are customers of, or have had banking transactions with, Hanmi Financial or Hanmi Bank in the ordinary course of Hanmi Financial s business, and Hanmi Financial expects to have banking transactions with such persons in the future. In management s opinion, all loans and commitments to lend included in such transactions were made in the ordinary course of business, in compliance with applicable laws on substantially the same terms, including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness who were not affiliated with Hanmi Financial and, in the opinion of management, did not involve more than a normal risk of repayment or present other unfavorable features. Hanmi Bank has an outstanding home equity loan to Jung Hak Son for $99,000 at a 3.25% interest rate. Mr. Son obtained this loan in 2007, before he became an executive officer, as a participant in a discount loan program offered to all employees of Hanmi Bank.

Review, Approval or Ratification of Transactions With Related Persons

Hanmi Financial has adopted a Related Person Transaction Policy (Policy). The Policy provides that executive officers, Directors, five-percent (5%) stockholders, and their family members, and entities for which any of those persons serve as officers or partners or in which they have a ten percent (10%) or greater interest, must notify Hanmi Financial s Corporate Secretary before entering into transactions or other arrangements with Hanmi Financial or any of its affiliates (other than loans subject to Regulation O promulgated by the Board of Governors of the Federal Reserve System) if the amount exceeds $25,000. Hanmi Financial s Corporate Secretary will determine whether, under the guidelines in the Policy, the transaction or arrangement should be submitted to the Audit Committee for approval. In determining whether to submit proposed transactions to the Audit Committee for consideration, Hanmi Financial s Corporate Secretary will consider, among other things, the aggregate value of the proposed transaction, the benefits to Hanmi Financial of the proposed transaction, and whether the terms of the proposed transaction are comparable to the terms available to an unrelated third party and employees generally. The Policy also includes provisions for the review and possible ratification of transactions and arrangements that are entered into without prior review under the Policy. During 2010, neither Hanmi Financial nor any of its affiliates entered into any related party transactions that required review, approval, or ratification under the Policy.

Director Independence

The Board of Directors has determined that all of its Directors are independent under the applicable listing standards of The NASDAQ Stock Market, Inc. (NASDAQ), except for Jay S. Yoo, who also serves as the President and Chief Executive Officer of Hanmi Financial.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF ALL SEVEN NOMINEES FOR DIRECTOR.

PROPOSAL NO. 2

NAMED EXECUTIVE OFFICERS COMPENSATION

As provided by the Dodd-Frank Act and recent SEC rulemaking, we are asking our stockholders to approve an advisory resolution regarding compensation paid to named executives as described in the CD&A, the compensation tables and related disclosures. This item, known as a Say on Pay proposal, gives our stockholders the opportunity to express their views on our 2010 compensation decisions and policies for our named executives as discussed in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executives and the philosophy, policies and practices described in this Proxy Statement.

Accordingly, we ask our stockholders to indicate their support for our executive compensation program for our named executives and vote FOR the following resolution at the Meeting:

RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED.

Because your vote is advisory, it will not be binding upon the Board or the Compensation Committee and may not be construed as overruling any decision by the Board or the Compensation Committee. However, the Board and Compensation Committee may, in each of their sole discretion, take into account the outcome of the vote when considering future executive compensation arrangements. Under our By-laws, this proposal will be approved if it receives the affirmative vote of a majority of shares present in person or by proxy and voting at the annual meeting (which shares voting affirmatively also constitute at least a majority of the required quorum).

Stockholders are encouraged to carefully review the Compensation Discussion and Analysis and Compensation for Named Executive Officers sections of this Proxy Statement for a detailed discussion of the Company s executive compensation program for our named executives.

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OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS STOCKHOLDERS VOTE FOR THE ADVISORY RESOLUTION APPROVING THE COMPENSDATION PAID TO THE COMPANY S NAMED EXECUTIVES AS DISCLOSED IN THIS PROXY STATEMENT.

PROPOSAL NO. 3

VOTE ON THE FREQUENCY OF FUTURE SAY ON PAY VOTES

In Item 2 above, the Company s stockholders are asked to cast an advisory Say on Pay vote. Pursuant to the Dodd-Frank Act and recent SEC rulemaking, at least once every six years the Company is required to ask stockholders to cast an advisory vote on how often the Company should include in its proxy materials for future stockholder meetings the Say on Pay vote similar to Item 2. Under this Item 3, stockholders may vote to have the Say on Pay vote every 1 year, every 2 years or every 3 years or abstain from voting.

Voting and Effect of Vote

The proxy card provides stockholders with four choices for voting on Item 3: **EVERY 1 YEAR, EVERY 2 YEARS, EVERY 3 YEARS,** or **ABSTAIN**. Under our By-laws, the option, if any, that receives the vote of a majority of shares represented in person or by proxy and voting at the annual meeting will be the frequency for the advisory vote on executive compensation that has been selected by our stockholders (which shares voting for any one proposal also constitute at least a majority of the required quorum).

The Board values the opinions of the Company s stockholders as expressed through their votes on this Item 3. Although the vote is advisory and not binding on the Board, the Board will carefully consider the outcome of this vote when making future decisions regarding the frequency of Say on Pay votes.

Board Recommendation

After careful consideration of the most appropriate frequency for the Say on Pay vote, the Board has determined that an advisory vote on executive compensation that occurs every year is the best alternative for the Company and its stockholders. In formulating its recommendation, the Board considered that an annual Say on Pay vote will allow our stockholders to provide their input on named executives compensation on the most frequent basis, which the Board believes is the optimum method for utilizing the important Say on Pay communication. If the Say on Pay vote is held less frequently than annually, the compensation being voted upon and the results of the vote may be confusing and less clear to both stockholders and the Board. Further, an annual Say on Pay vote aligns with the Board s annual decision-making on named executives compensation as described in this proxy statement. Therefore our Board recommends that you vote to hold an advisory vote on executive compensation annually.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE OPTION OF EVERY 1 YEAR AS THE FREQUENCY WITH WHICH STOCKHOLDERS ARE PROVIDED A SAY ON PAY VOTE.

PROPOSAL 4

VOTE ON AMENDMENT TO THE COMPANY S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT OF COMMON STOCK

Our Board has adopted resolutions (1) declaring that an amendment to the Company s Amended and Restated Certificate of Incorporation to effect a reverse stock split, as described below, was advisable and (2) directing that a proposal to approve the Reverse Stock Split be submitted to the holders of our common stock for their approval at this annual meeting.

The form of the proposed amendment to the Company s Amended and Restated Certificate of Incorporation to effect a reverse stock split will be substantially as set forth on Annex A (subject to any changes required by applicable law). If approved by our stockholders, the Reverse Stock Split would permit (but not require) the Board of Directors to effect a reverse stock split of our common stock at any time prior to July 31, 2012 by a ratio of not less than one for two and not more than one-for-twenty, with the exact ratio to be set at a whole number within this range

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as determined by our Board in its sole discretion. We believe that enabling our Board to set the ratio within the stated range will provide us with the flexibility to implement the Reverse Stock Split in a manner designed to maximize the anticipated benefits for our stockholders. In determining a ratio, if any, following the receipt of stockholder approval, our Board may consider, among other things, factors such as:

- the historical trading price and trading volume of our common stock;
- the number of shares of our common stock outstanding;
- the then-prevailing trading price and trading volume of our common stock and the anticipated impact of the Reverse Stock Split on the trading market for our common stock;
- the anticipated impact of a particular ratio on our ability to reduce administrative and transactional costs; and
- prevailing general market and economic conditions.

Our Board reserves the right to elect to abandon the Reverse Stock Split, including any or all proposed reverse stock split ratios, if it determines, in its sole discretion, that the Reverse Stock Split is no longer in the best interests of the Company and its stockholders.

Depending on the ratio for the Reverse Stock Split determined by our Board, no less than two and no more than twenty shares of existing common stock, as determined by the Board of Directors, will be combined into one share of common stock. The number of shares of common stock issued and outstanding will then be rounded-up, depending upon the reverse stock split ratio determined by our Board. The amendment to the Company s Amended and Restated Certificate of Incorporation to effect a reverse stock split, if any, will include only the reverse split ratio determined by our Board to be in the best interests of our stockholders and all of the other proposed amendments at different ratios will be abandoned.

If the Reverse Stock Split is effected, we will also proportionately reduce the number of authorized shares of our common stock in connection with approval of our Reverse Stock Split, as described below in Authorized Shares. Accordingly, we are also proposing to adopt an amendment to the Company s Amended and Restated Certificate of Incorporation to reduce the total number of authorized shares of common stock, depending on the reverse split ratio determined by our Board. If the Board of Directors abandons the Reverse Stock Split, it will also abandon the related proposed reduction in the number of authorized shares of common stock.

To avoid the existence of fractional shares of our common stock, the Company will round up any fractions to the next whole share.

Background and Reasons for the Reverse Stock Split

Our Board is submitting the Reverse Stock Split to our stockholders for approval with the primary intent of increasing the market price of our common stock to make our common stock more attractive to a broader range of institutional and other investors. In addition to increasing the market price of our common stock, the Reverse Stock Split would also reduce certain of our costs, as discussed below. Accordingly, for these and other reasons discussed below, we believe that effecting the Reverse Stock Split is in the Company s and our stockholders best interests.

We believe that the Reverse Stock Split will make our common stock more attractive to a broader range of institutional and other investors, as we have been advised that the current market price of our common stock may affect its acceptability to certain institutional investors, professional investors and other members of the investing public. Many brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. In addition, some of those policies and practices may function to make the processing of trades in low-priced stocks economically unattractive to brokers. Moreover, because brokers commissions on low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current average price per share of common stock can result in individual stockholders paying transaction costs representing a higher percentage of their total share value than would be the case if the share price were substantially higher. We believe that the Reverse Stock Split will make our common stock a more attractive and cost effective investment for many investors, which will enhance the liquidity of the holders of our common stock.

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Reducing the number of outstanding shares of our common stock through the Reverse Stock Split is intended, absent other factors, to increase the per share market price of our common stock. However, other factors, such as our financial results, market conditions and the market perception of our business may adversely affect the market price of our common stock. As a result, there can be no assurance that the Reverse Stock Split, if completed, will result in the intended benefits described above, that the market price of our common stock will increase following the Reverse Stock Split or that the market price of our common stock will not decrease in the future. Additionally, we cannot assure you that the market price per share of our common stock after a Reverse Stock Split will increase in proportion to the reduction in the number of shares of our common stock outstanding before the Reverse Stock Split. Accordingly, the total market capitalization of our common stock after the Reverse Stock Split may be lower than the total market capitalization before the Reverse Stock Split.

In addition to increasing the price of our common stock, we believe that a Reverse Stock Split will provide us and our stockholders with other benefits. Currently, the fees that we pay to list our shares on the NASDAQ Global Select Market are based on the number of shares we have outstanding. Also, the fees that we pay for custody and clearing services, the fees that we pay to the SEC to register securities for issuance and the costs of our proxy solicitations are all based on or related to the number of shares being held, cleared or registered as applicable. Reducing the number of shares that are outstanding and that will be issued in the future may reduce the amount of fees and tax that we pay to these organizations and agencies, as well as other organizations and agencies that levy charges based on the number of shares rather than the value of the shares.

Procedure for Implementing the Reverse Stock Split

The Reverse Stock Split, if approved by our stockholders, would become effective upon the filing (the Effective Time) of a certificate of amendment to the Company s Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The exact timing of the filing of the certificate of amendment that will effect the Reverse Stock Split will be determined by our Board based on its evaluation as to when such action will be the most advantageous to the Company and our stockholders. In addition, our Board reserves the right, notwithstanding shareholder approval and without further action by the stockholders, to elect not to proceed with the Reverse Stock Split if, at any time prior to filing the amendment to the Company s Amended and Restated Certificate of Incorporation, our Board, in its sole discretion, determines that it is no longer in our best interest and the best interests of our stockholders to proceed with the Reverse Stock Split. If a certificate of amendment effecting the Reverse Stock Split has not been filed with the Secretary of State of the State of Delaware by the close of business on July 31, 2012, the Board of Directors will abandon the Reverse Stock Split.

Effect of the Reverse Stock Split on Holders of Outstanding Common Stock

Depending on the ratio for the Reverse Stock Split determined by the Board of Directors, a minimum of two and a maximum of twenty shares of existing common stock will be combined into one new share of common stock. The number of shares of common stock issued and outstanding will therefore be rounded-up, depending upon the reverse stock split ratio determined by the Board of Directors. The table below shows, as of June 1, 2011, the

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number of authorized and issued shares of common stock (including Treasury shares) that would result from the listed hypothetical reverse stock split ratios (without giving effect to the treatment of fractional shares):

Reverse Stock Split Ratio	Approximate Number of Authorized and Issued Shares of Common Stock Following the Reverse Stock Split
1-for-2	77,945,445
1-for-3	51,963,630
1-for-4	38,972,723
1-for-5	31,178,178
1-for-6	25,981,815
1-for-7	22,270,128
1-for-8	19,486,362
1-for-9	17,321,210
1-for-10	15,589,089
1-for-11	14,171,900
1-for-12	12,990,908
1-for-13	11,991,607
1-for-14	11,135,064
1-for-15	10,392,726
1-for-16	9,743,181
1-for-17	9,170,053
1-for-18	8,660,605
1-for-19	8,204,784
1-for-20	7,794,545

The actual number of shares issued after giving effect to the Reverse Stock Split, if implemented, will depend on the reverse stock split ratio that is ultimately determined by the Board of Directors.

The Reverse Stock Split will affect all holders of our common stock uniformly and will not affect any shareholder s percentage ownership interest in the Company, except that as described below in Fractional Shares, record holders of common stock otherwise entitled to a fractional share as a result of the Reverse Stock Split will receive a rounded-up share of the Company stock. In addition, the Reverse Stock Split will not affect any shareholder s proportionate voting power (subject to the treatment of fractional shares).

The Reverse Stock Split may result in some stockholders owning odd lots of less than 100 shares of common stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in round lots of even multiples of 100 shares.

After the Effective Time, our common stock will have new Committee on Uniform Securities Identification Procedures (CUSIP) numbers, which is a number used to identify our equity securities, and stock certificates with the older CUSIP numbers will need to be exchanged for stock certificates with the new CUSIP numbers by following the procedures described below. After the Effective Time, we will continue to be subject to the periodic reporting and other requirements of the Securities Exchange Act of 1934, as amended. Our common stock will continue to be listed on the NASDAQ Global Select Market under the symbol HAFC , although NASDAQ will add the letter D to the end of the trading symbol for a period of 20 trading days after the Effective Time to indicate that a reverse stock split has occurred.

Beneficial Holders of Common Stock (i.e. stockholders who hold in street name)

Upon the implementation of the Reverse Stock Split, we intend to treat shares held by stockholders through a bank, broker, custodian or other nominee in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers, custodians or other nominees will be instructed to effect the Reverse Stock Split for their beneficial holders holding our common stock in street name. However, these banks, brokers, custodians or other nominees may have different procedures than registered stockholders for processing the Reverse Stock Split and making payment for fractional shares. Stockholders who hold shares of our common stock with a bank, broker, custodian or other nominee and who have any questions in this regard are encouraged to contact their banks, brokers, custodians or other nominees.

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Registered Book-Entry Holders of Common Stock (i.e. stockholders that are registered on the transfer agent s books and records but do not hold stock certificates)

Certain of our registered holders of common stock may hold some or all of their shares electronically in book-entry form with the transfer agent. These stockholders do not have stock certificates evidencing their ownership of the common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

Stockholders who hold shares electronically in book-entry form with the transfer agent will not need to take action (the exchange will be automatic) to receive whole shares of post-Reverse Stock Split common stock or payment in lieu of any fractional share interest, if applicable.

Holders of Certificated Shares of Common Stock

Stockholders holding shares of our common stock in certificated form will be sent a transmittal letter by the transfer agent after the Effective Time. The letter of transmittal will contain instructions on how a shareholder should surrender his, her or its certificate(s) representing shares of our common stock (the Old Certificates) to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-Reverse Stock Split common stock (the New Certificates). No New Certificates will be issued to a shareholder until such shareholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No shareholder will be required to pay a transfer or other fee to exchange his, her or its Old Certificates. Stockholders will then receive a New Certificate(s) representing the number of whole shares of common stock that they are entitled as a result of the Reverse Stock Split. Until surrendered, we will deem outstanding Old Certificates held by stockholders to be cancelled and only to represent the number of whole shares of post-Reverse Stock Split common stock to which these stockholders are entitled. Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for New Certificates. If an Old Certificate has a restrictive legend on the back of the Old Certificate(s), the New Certificate will be issued with the same restrictive legends that are on the back of the Old Certificate(s).

STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY STOCK CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Fractional Shares

We do not currently intend to issue fractional shares in connection with the Reverse Stock Split. Therefore, we do not expect to issue certificates representing fractional shares. Stockholders of record who would otherwise hold fractional shares, because the number of shares of common stock they hold before the Reverse Stock Split is not evenly divisible by the split ratio, will have their corresponding fractions rounded-up to make a whole.

Effect of the Reverse Stock Split on Employee Plans, Options, Restricted Stock Awards and Units, Warrants, and Convertible or Exchangeable Securities

Based upon the reverse stock split ratio determined by the Board of Directors, proportionate adjustments are generally required to be made to the per share exercise price and the number of shares issuable upon the exercise or conversion of all outstanding options, warrants, convertible or exchangeable securities entitling the holders to purchase, exchange for, or convert into, shares of common stock. This would result in approximately the same aggregate price being required to be paid under such options, warrants, convertible or exchangeable securities upon exercise, and approximately the same value of shares of common stock being delivered upon such exercise, exchange or conversion, immediately following the Reverse Stock Split as was the case immediately preceding the Reverse Stock Split. The number of shares deliverable upon settlement or vesting of restricted stock awards will be similarly adjusted. The number of shares reserved for issuance pursuant to these securities will be rounded-up proportionately based upon the reverse stock split ratio determined by the Board of Directors and no cash payment will be made as a result of such rounding.

Authorized Shares

If and when the Board of Directors elects to effect the Reverse Stock Split, we will also reduce the number of authorized shares of common stock in proportion to the reverse stock split ratio. The reduction in the number of

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authorized shares would be effected by the filing of the certificate of amendment, as discussed above. The table below shows the number to which authorized shares of common stock will be reduced resulting from the listed hypothetical reverse stock split ratios indicated below:

Reverse Stock Split Ratio	Number of Authorized Shares of Common Stock Following the Reverse Stock Split
1-for-2	250,000,000
1-for-3	166,666,667
1-for-4	125,000,000
1-for-5	100,000,000
1-for-6	83,333,334
1-for-7	71,428,572
1-for-8	62,500,000
1-for-9	55,555,556
1-for-10	50,000,000
1-for-11	45,454,546
1-for-12	41,666,667
1-for-13	38,461,539
1-for-14	35,714,286
1-for-15	33,714,286
1-for-16	31,250,000
1-for-17	29,411,765
1-for-18	27,777,778
1-for-19	26,315,790
1-for-20	25,000,000

The actual number of authorized shares after giving effect to the Reverse Stock Split, if implemented, will depend on the reverse stock split ration that is ultimately determined by the Board of Directors.

Accounting Matters

The proposed amendment to the Company s Amended and Restated Certificate of Incorporation will not affect the par value of our common stock per share, which will remain $0.001 par value per share. As a result, as of the Effective Time, the stated capital attributable to common stock and the additional paid-in capital account on our balance sheet will not change due to the Reverse Stock Split. Reported per share net income or loss will be higher because there will be fewer shares of common stock outstanding.

Certain Federal Income Tax Consequences of the Reverse Stock Split

The following summary describes certain material U.S. federal income tax consequences of the Reverse Stock Split to holders of our common stock.

Unless otherwise specifically indicated herein, this summary addresses the tax consequences only to a beneficial owner of our common stock that is a citizen or individual resident of the United States, a corporation organized in or under the laws of the United States or any state thereof or the District of Columbia or otherwise subject to U.S. federal income taxation on a net income basis in respect of our common stock (a U.S. holder). This summary does not address all of the tax consequences that may be relevant to any particular investor, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally assumed to be known by investors. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, U.S. expatriates, persons subject to the alternative minimum tax, traders in securities that elect to mark to market and dealers in securities or currencies, (ii) persons that hold our common stock as part of a position in a straddle or as part of a hedging, conversion or other integrated investment transaction for federal income tax purposes, or (iii) persons that do not hold our common stock as capital assets (generally, property held for investment).

If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our common stock, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Reverse Stock Split.

This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, U.S. Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date of this proxy statement. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of the Reverse Stock Split.

PLEASE CONSULT YOUR OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT IN YOUR PARTICULAR CIRCUMSTANCES UNDER THE INTERNAL REVENUE CODE AND THE LAWS OF ANY OTHER TAXING JURISDICTION.

U.S. Holders

The Reverse Stock Split should be treated as a recapitalization for U.S. federal income tax purposes. Therefore, no gain or loss will be recognized upon the Reverse Stock Split. Accordingly, the aggregate tax basis in the common stock received pursuant to the Reverse Stock Split should equal the aggregate tax basis in the common stock surrendered, and the holding period for the common stock received should include the holding period for the common stock surrendered. The Federal income tax consequence of the receipt of an additional share of Common Stock in lieu of a fractional interest is not clear. If the receipt of a portion of an additional share of Common Stock is taxed as a dividend, however, any tax liability association with such receipt is not expected to be material.

Non-U.S. Holders

The discussion in this section is addressed to a beneficial owner of our common stock who is a foreign corporation or a non-resident alien individual (non-U.S.-holders). Generally, non-U.S. holders will not recognize any gain or loss upon the Reverse Stock Split.

The Federal income tax consequence of the receipt of an additional share of Common Stock in lieu of a fractional interest is not clear. If the receipt of a portion of an additional share of Common Stock is taxed as a dividend, however, any tax liability association with such receipt is not expected to be material.

No Appraisal Rights

Under Delaware law and our charter documents, holders of our common stock will not be entitled to dissenter s rights or appraisal rights with respect to the Reverse Stock Split.

Vote Required to Approve the Amendment and Recommendation

Under Delaware law and our charter documents, the affirmative vote of holders of a majority of the shares of common stock outstanding as of the Record Date is required to approve the Reverse Stock Split and proportionate reduction in our authorized shares of Common Stock.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR AMENDMENT TO THE COMPANY S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT OF COMMON STOCK

PROPOSAL NO. 5.

RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We are asking stockholders to ratify the appointment by our Audit Committee of KPMG LLP (KPMG) as our independent registered public accounting firm for the fiscal year ending December 31, 2011. KPMG served as our independent registered public accounting firm for the fiscal year ended December 31, 2010 and has served as our independent registered public accounting firm since 2001. KPMG has advised us that KPMG has no direct or indirect financial interest in us. Representatives of KPMG are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that they will be available to respond to appropriate questions. If this proposal is not approved at the annual meeting, our Audit Committee will reconsider this appointment. Under applicable SEC regulations, the selection of the independent auditors is solely the responsibility of the Audit Committee.

The following table sets forth information regarding the aggregate fees billed for professional services rendered by KPMG for the fiscal years ended December 31, 2010 and 2009:

	2010	**2009**
Audit Fees *(1)*	$ 725,356	$ 758,998
Tax Fees *(2)*	102,931	54,000
All Other Fees		
	$ 828,287	**$ 812,998**

(1) Audit Fees represented fees for professional services provided in connection with the integrated audit of our financial statements and review of our quarterly financial statements, audit services provided in connection with other statutory or regulatory filings, and professional services related to consent and comfort letters issued in connection with our filing of registration statements. Audit Fees for 2009 were adjusted for fees billed in 2010 relating to the 2009 audit.

(2) Tax Fees included tax compliance, tax advice and tax planning services.

There were no other fees billed by KPMG for advice or services rendered to us other than as described above.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has established Pre-Approval Policies and Procedures for independent auditor services. Any proposed services not pre-approved or exceeding pre-approved cost levels require specific pre-approval by the Audit Committee. The Audit Committee may not delegate to management its responsibilities to pre-approve services performed by the independent auditors.

The Audit Committee may delegate pre-approval authority to one or more of its members. In 2010 and 2009, the Audit Committee Chairman was permitted to approve fees up to $25,000 with the requirement that any pre-approval decisions be reported to the Audit Committee at its next scheduled meeting. The only non-audit service provided by the independent auditors was the preparation of our income tax return, which was 12.4 percent and 6.6 percent of the aggregate fees billed by KPMG for the fiscal years ended December 31, 2010 and 2009, respectively. The Audit Committee pre-approved this work and the related fees.

Ratification

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of KPMG as the Company s independent registered public accounting firm. However, we are submitting the selection of KPMG to the stockholders for ratification to obtain our stockholders views. If the stockholders fail to ratify the selection of KPMG, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of our Board of Directors in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee of our Board of Directors determines that such a change would be in our best interests and the best interests of our stockholders.

The affirmative vote of the holders of a majority of shares present in person or represented by proxy and voting at the annual meeting will be required to ratify the selection of KPMG.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

OTHER MATTERS

Our Board of Directors knows of no business other than that described herein that will be presented for consideration at the annual meeting. If, however, other business shall properly come before the annual meeting, the persons named in the Proxy intend to vote the shares represented by the Proxies on such matters in accordance with the recommendation of our Board of Directors, or in the absence of a recommendation, in accordance with their judgment.

STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING

Any stockholder proposal intended to be included in our proxy statement for the 2012 annual meeting must be received by us for inclusion in the proxy statement and form of proxy for that annual meeting by no later than March 16, 2012; provided, however, if the if the date of the 2012 meeting is changed by more than 30 days from the anniversary of the 2011 annual meeting, then the deadline is a reasonable time before we begin to print and send out our proxy materials. Pursuant to our Bylaws, any other stockholder proposal to be presented at any annual meeting must be received by our Corporate Secretary not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the 2011 annual meeting (August 17, 2011). However, in the event that the annual meeting is called for on a date that is not within thirty (30) days before or after such anniversary date, in order to be timely, notice by the stockholder must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs. To be in proper form, the stockholder s notice must contain such information as is required by our Bylaws and applicable law.

For any stockholder proposal that is not submitted for inclusion in next year s Proxy Statement and is instead sought to be presented directly at next year s annual meeting, SEC rules permit management to vote proxies in its discretion if we (i) do not receive notice of the stockholder proposal prior to the close of business on May 31, 2012 or (ii) receive notice of the proposal before the close of business on May 31, 2012, and advises stockholders in the Proxy Statement about the nature of the matter and how management intends to vote, provided, however, if the if the date of the 2011 meeting is changed by more than 30 days from the anniversary of the 2011 annual meeting, then the deadline is a reasonable time before Hanmi Financial begins to print and send out its proxy materials.

In addition to any other applicable requirements, for a nomination of a Director to be properly made by a stockholder, such stockholder must have given timely notice thereof in proper written form to our Corporate Secretary. To be timely, a stockholder s notice to the Corporate Secretary must be delivered to or mailed and received at the principal executive offices of Hanmi Financial (a) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the 2011 annual meeting. However, in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, in order to be timely, notice by the stockholder must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs. To be in proper written form, a stockholder s notice to the Corporate Secretary must set forth such information as is required by our Bylaws and applicable law.

AVAILABILITY OF FORM 10-K

Our Annual Report for 2010 is included in the mailing with this proxy statement. We will provide to any stockholder, without charge and by first class mail, upon the written request of that stockholder, a copy of our Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2010 as filed with the SEC. Such requests should be addressed to: Investor Relations Officer, Hanmi Financial Corporation, 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010, (213) 382-2200. The Annual Report on Form 10-K, as amended, includes a list of exhibits. If you wish to receive copies of the exhibits, Hanmi Financial will send them to you. Expenses for copying and mailing the copies of the exhibits will be your responsibility. In addition, the SEC maintains an Internet site at *www.sec.gov* that contains information Hanmi Financial files with them.

WHERE YOU CAN FIND MORE INFORMATION

The SEC maintains a website that contains reports, proxies and information statements and other information regarding us and other issuers that file electronically with the SEC at *www.sec.gov*. Our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through the SEC s website. Stockholders may also read and copy materials that we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. Stockholders may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

By Order of our Board of Directors,

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

ANNEX A

FORM OF REVERSE STOCK SPLIT AMENDMENT

Article IV, paragraph 1 of the Amended and Restated Certificate of Incorporation, as amended, of Hanmi Financial Corporation is hereby amended and restated in its entirety to read as follows

Paragraph 1. The Corporation is authorized to issue two classes of stock, designated, respectively, Common Stock and Preferred Stock. The aggregate number of shares of all classes of capital stock which the Corporation shall have authority to issue is + million (+), of which % million (%) shares shall be Common Stock, with par value of $0.001 per share, and ten million (10,000,000) of which shall be Preferred Stock, with par value of $0.001 per share, issuable in one or more series. Upon the filing and effectiveness (the Effective Time) pursuant to the Delaware General Corporation Law of this amendment to the Corporation s Amended and Restated Certificate of Incorporation, as amended, each [ ]* shares of Common Stock issued and outstanding immediately prior to the Effective Time (including any treasury shares) shall be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock without any further action by the Corporation or the holder thereof (the Reverse Stock Split). No fractional shares of Common Stock will be issued in connection with the Reverse Stock Split. For each holder of Common Stock, the number of shares held before the Reverse Stock Split will be divided by [ ]* and, if the resulting number is not a whole number, then such number will be rounded up to the next nearest whole number. Each certificate that immediately prior to the Effective Time represented shares of Common Stock (Old Certificates), shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the rounding of fractional numbers as described above.

The remaining paragraphs of Article IV shall not be affected by the foregoing amendment.

+ Whole number between 260,000,000 and 26,000,000 as determined by the Board of Directors in its sole discretion.

% Whole number between 250,000,000 and 25,000,000 as determined by the Board of Directors in its sole discretion.

* Whole number between two (2) and twenty (20) as determined by the Board of Directors in its sole discretion.

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INSTRUCTIONS FOR VOTING BY INTERNET, TELEPHONE OR MAIL

Hanmi Financial Corporation encourages you to take advantage of convenient voting methods. Please take this opportunity to use one of the three voting methods below. Voting is easier than ever. Proxies submitted by Internet or telephone must be received no later than 11:59 p.m., California time, on August 16, 2011.

VOTE BY INTERNET www.investorvote.com/HAFC

Use the Internet to transmit your voting instructions and for electronic delivery of information no later than 11:59 p.m., California time, on August 16, 2011. Have your proxy card in hand when you access the web site and follow the instructions.

VOTE BY TELEPHONE 1-800-652-VOTE (8683).

Use any touch-tone telephone to transmit your voting instructions no later than 11:59 p.m., California time, on August 16, 2011. Have your proxy card in hand when you call and follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided, or return it to Hanmi Financial Corporation, c/o Investor Relations; 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010, (213) 382-2200. Proxy cards sent by mail must be received by August 16, 2011.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

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PROXY

HANMI FINANCIAL CORPORATION
ANNUAL MEETING OF STOCKHOLDERS AUGUST 17, 2011

The undersigned stockholder(s) of Hanmi Financial Corporation hereby nominates and appoints Joon Hyung Lee and Judith Kim, and each of them, the attorney, agent, and proxy of the undersigned, with full power of substitution, to vote all stock of Hanmi Financial Corporation that the undersigned is entitled to vote at the Annual Meeting of Hanmi Financial Corporation to be held at the Wilshire Grand Hotel, located at 930 Wilshire Boulevard, Los Angeles, California on Wednesday, August 17, 2011, beginning at 10:30 a.m., California time, and at any adjournments or postponements thereof, as fully and with the same force and effect as the undersigned might or could do if personally present thereat, as follows:

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE OF FOR OUR BOARD S NOMINEES, FOR THE ADVISORY RESOLUTION APPROVING THE COMPENSATION PAID TO THE COMPANY S NAMED EXECUTIVES, FOR THE OPTION OF EVERY YEAR AS THE FREQUENCY WITH WHICH STOCKHOLDERS ARE PROVIDED AN ADVISORY VOTE ON EXECUTIVE COMPENSATION, FOR AMENDMENT TO THE COMPANY S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT OF COMMON STOCK, AND FOR RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. THE PROXY SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN. IF NO INSTRUCTIONS ARE GIVEN, THE PROXY CONFERS AUTHORITY TO AND SHALL BE VOTED FOR OUR BOARD S NOMINEES AND FOR PROPOSALS 2, 4 AND 5 AND FOR EVERY 1 YEAR AS THE FREQUENCY OF THE ADVISORY VOTE ON NAMED EXECUTIVE COMPENSATION.

IF ANY OTHER BUSINESS IS PRESENTED AT THE ANNUAL MEETING, THIS PROXY SHALL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATIONS OF OUR BOARD OF DIRECTORS, OR, IF NO DIRECTION IS GIVEN, IN ACCORDANCE WITH THE DISCRETION AND JUDGMENT OF THE PROXY HOLDERS.

THIS PROXY IS SOLICITED ON BEHALF OF OUR BOARD OF DIRECTORS AND MAY BE REVOKED PRIOR TO ITS EXERCISE.

PLEASE SIGN AND DATE ON THE REVERSE SIDE.

DETACH PROXY CARD HERE
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING TO BE HELD ON AUGUST 17, 2011

This Proxy Statement for the Annual Meeting and our Annual Report for 2010 are available on Hanmi Financial Corporation s website at *www.hanmi.com* by clicking on Investor Relations, then Corporate Governance, and then 2010 Proxy Information.

Our Board of Directors recommends a vote FOR all nominees.

1. ***ELECTION OF DIRECTORS*** To elect the following seven nominees to serve as Directors of Hanmi Financial Corporation for terms expiring at the 2012 Annual Meeting of Stockholders, or until their successors are elected and qualified.

Director Nominee:	I Joon Ahn	o **For**	o **Withhold Authority to Vote**
Director Nominee:	John A. Hall	o **For**	o **Withhold Authority to Vote**
Director Nominee:	Paul Seon-Hong Kim	o **For**	o **Withhold Authority to Vote**
Director Nominee:	Joon Hyung Lee	o **For**	o **Withhold Authority to Vote**
Director Nominee:	Joseph K. Rho	o **For**	o **Withhold Authority to Vote**
Director Nominee:	William Stolte	o **For**	o **Withhold Authority to Vote**
Director Nominee:	Jay S. Yoo	o **For**	o **Withhold Authority to Vote**

2. **RESOLUTION TO APPROVE THE NAMED EXECUTIVE OFFICERS COMPENSATION.** To consider an advisory (non-binding) proposal to approve the Named Executive Officers compensation (Say on Pay).

o **For** o **Against** o **Abstain**

3. **VOTE ON THE PROPOSAL ON THE FREQUENCY (EVERY 1, 2, OR 3 YEARS) OF THE FUTURE ADVISORY VOTES REGARDING NAMED EXECUTIVES COMPENSATION.** To consider an advisory (non-binding) proposal to approve the frequency of future Say on Pay votes.

o **One Year** o **Two Years** o **Three Years** o **Abstain**

4 **AMENDMENT TO THE COMPANY S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT.** To approve (i) an amendment to the Company s Amended and Restated Certificate of Incorporation to effect a reverse stock split of the Common Stock by a ratio of not less than one-for-two and not more than one-for-twenty at any time prior to July 31, 2012, with the exact ratio to be set at a whole number within this range as determined by the Board of Directors in its sole discretion, and (ii) proportionately reduce the number of authorized shares of our common stock by the reverse stock split ratio determined by the Board of Directors.

o **For** o **Against** o **Abstain**

5. ***RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

o **For** o **Against** o **Abstain**

6. **OTHER BUSINESS** To transact such other business as may properly come before the Annual Meeting and at any adjournments or postponements thereof. Management at present knows of no other business to be presented by or on behalf of Hanmi Financial or its Board of Directors at the Annual Meeting.

þ **Please mark votes as in this example.**

I (We) do o do not o expect to attend the Annual Meeting.

Number of Persons:

o MARK HERE FOR ADDRESS CHANGE AND NOTE BELOW: **Please sign and date below.**

Number of Shares: ______________________________

Please Print Name

Please Print Name

Dated:

Signature of Stockholder

Signature of Stockholder

(Please date this Proxy and sign your name as it appears on your stock certificates. Executors, administrators, trustees, etc., should give their full duties. All joint owners should sign.)

PLEASE DETACH HERE

You must detach this portion of the Proxy Card before returning it in the enclosed envelope.