

HANMI FINANCIAL CORP

Form DEF 14A

April 25, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)**

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

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

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

Hanmi Financial Corporation

(Name of Registrant as Specified In Its Charter)

None

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

HANMI FINANCIAL CORPORATION
3660 Wilshire Boulevard
Penthouse Suite A
Los Angeles, California 90010

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 24, 2006

The 2006 Annual Meeting of Stockholders of HANMI FINANCIAL CORPORATION (the Company or Hanmi Financial) will be held at the Radisson Wilshire Plaza Hotel, located at 3515 Wilshire Boulevard, Los Angeles, California, on Wednesday, May 24, 2006, beginning at 10:30 A.M. local time, for the following purposes:

1. To elect four nominees to serve as directors of the Company, each for a term of three years until respective successors shall be elected and qualified; and
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

Our agenda for the Annual Meeting will also include an overview of the Company's business operations and recent performance results.

The Board of Directors has fixed the close of business on April 3, 2006 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You are cordially invited to attend the Annual Meeting. However, you must be a stockholder of record at the close of business on April 3, 2006 to vote at the meeting. Regardless of whether or not you will attend, please vote by signing, dating and returning the enclosed proxy card.

By Order of the Board of Directors

Sung Won Sohn, Ph.D.
President and Chief Executive Officer
Los Angeles, California
April 21, 2006

HANMI FINANCIAL CORPORATION

PROXY STATEMENT

**FOR THE ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 24, 2006**

The Board of Directors of the Company is soliciting your proxy for use at the 2006 Annual Meeting of Stockholders to be held at the Radisson Wilshire Plaza Hotel located at 3515 Wilshire Boulevard, Los Angeles, California, on Wednesday, May 24, 2006, beginning at 10:30 A.M. local time, and at any adjournment thereof. The Company intends to cause this Proxy Statement to be mailed to stockholders on or about May 1, 2006.

Record Date

The close of business on April 3, 2006 has been selected as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. Each holder of common stock is entitled to one vote per share of such stock held. At that date, there were 50,015,368 outstanding shares of the Company's common stock entitled to vote at the annual meeting.

How to Vote; Submitting Your Proxy

You may vote your shares either by voting in person at the Annual Meeting or by submitting a completed proxy. By submitting your proxy, you are legally authorizing another person to vote your shares. Your proxy designates M. Christian Mitchell and Justine Roe, and each of them, to vote your shares in accordance with the voting instructions you indicate in your proxy.

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

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

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

Quorum and Voting Requirements

The required quorum for the transaction of business at the Annual Meeting is a majority of the shares of the Company's common stock entitled to vote at the Annual Meeting. Shares voted in a matter are treated as being present for purposes of establishing a quorum. Abstentions and broker non-votes will be counted for determining a quorum, but will not be counted for purposes of determining the number of votes cast FOR or AGAINST any matter. If no directions are given, the shares represented by the proxies will be voted FOR the election of the nominees for director. The four nominees for directors who receive the most votes will be elected, so if you withhold authority to vote for a particular nominee, your vote will not count either FOR or AGAINST the nominee. The named proxies may vote in their discretion upon such matters as may properly come before the meeting in accordance with the recommendation of the Board of Directors. At the time of printing this proxy statement, the Company did not have any other matters, which needed to be acted upon at the meeting other than those discussed in this proxy statement.

Revocability of Proxies

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

Solicitation of Proxies

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

THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Composition of the Board and Election of Directors

The Company's Bylaws provide for a Board of Directors consisting of no less than seven and no more than fifteen members, the exact number within this range being determined by the Board of Directors. Currently, the Board of Directors has ten members classified into three classes, with each director serving a three-year term. I Joon Ahn, Joon Hyung Lee, Joseph K. Rho and Kraig A. Kupiec are Class I directors serving terms that expire at the Annual Meeting of Stockholders to be held on May 24, 2006. M. Christian Mitchell, Sung Won Sohn and Won R. Yoon are Class II directors serving terms that expire at the 2007 Annual Meeting of Stockholders. Dr. Won R. Yoon was moved to Class II director status by a board resolution on April 6, 2005, in an effort to evenly distribute the number of directors in each class. Richard B.C. Lee, Chang Kyu Park and William J. Ruh are Class III directors serving terms that expire at the 2008 Annual Meeting of Stockholders. Mr. Ung Kyun Ahn, a Class III director, passed away on January 14, 2006. The Board of Directors has determined that all directors are independent under the applicable Nasdaq listing standards, except for Dr. Sung Won Sohn, who also serves as president and chief executive officer of the Company.

The Board of Directors has nominated I Joon Ahn, Kraig A. Kupiec, Joon Hyung Lee, and Joseph K. Rho for election to the Board of Directors, to serve as Class I directors. The four nominees receiving the most votes will be elected. If elected, these nominees will serve a three-year term that will expire at the Annual Meeting of Stockholders to be held in the year 2009. The nominees have indicated their willingness to serve and, unless otherwise instructed, proxies will be voted for the election of such nominees unless instructions are given on the proxy to withhold authority to vote for them. In the event a nominee is unable to serve, your proxies will vote for such alternative nominee as determined by the Board of Directors.

The following tables set forth information with respect to the nominees for director, the other directors of the Company and executive officers of the Company. The Board of Directors recommends a vote For as to each of the nominees for director.

Class I Director Nominees

Name and Position	Age	Principal Occupation for Past Five Years
I Joon Ahn, Director	66	President, Ace's Fashion Company, a garment manufacturing company (1973-2001); Director of Hanmi Financial Corporation and all predecessor entities (1982-present)
Kraig A. Kupiec, Director	41	Chief Financial and Operations Officer, KWK Management LLC, an investment management firm (1996-present); Co-Founder and Managing Member, Shoreline Trading Group LLC, a registered broker/dealer (1997-present); Director of Pacific Union Bank (2000-2004); Director of Hanmi Financial Corporation (2004-present)
Joon Hyung Lee, Chairman of the Board	62	President, Root-III Corporation, a property management, real estate investment and development company (1983-present); Director of Hanmi Financial Corporation and all predecessor entities (1989-present)
Joseph K. Rho, Director	65	Principal, J & S Investment (2002-present); Partner, Korea Plaza LP (1987-2002); Director of Hanmi Financial Corporation and all predecessor entities (1984-present)

Class II Directors Term expires in 2007

Name and Position	Age	Principal Occupation for Past Five Years
M. Christian Mitchell, Director	51	Retired Partner, Deloitte & Touche; National Managing Partner, Mortgage Banking/Finance Companies, Deloitte & Touche (2001-2003); Western Region Managing Partner, Deloitte's Enterprise Risk Services (1998-2001); Director of Special Value Opportunity Fund (2004-present); Director of Hanmi Financial Corporation (2004-present)
Sung Won Sohn, Director	61	President, Chief Executive Officer and Director, Hanmi Financial Corporation (2005-present); Executive Vice President and Chief Economic Officer, Wells Fargo Bank (1998-2004).
Won R. Yoon, Director	70	Chief Surgeon, Won R. Yoon, MD & Soo Y. Song Yoon, MD, Inc. (1975-present); Director of Hanmi Financial Corporation and all predecessor entities (1982-present)

Class III Directors Term Expires in 2008

Name and Position	Age	Principal Occupation for Past Five Years
Richard B. C. Lee, Director	47	President, B C Textiles, Inc., an international trading company (1991-present); Director of Hanmi Financial Corporation and all predecessor entities (1988-present)
Chang Kyu Park, Director	64	Principal Pharmacist, Serrano Medical Center Pharmacy (1981-present); Director of Hanmi Financial Corporation and all predecessor entities (1983-present)
William J. Ruh, Director	45	Executive Vice President and Co-Founder of Castle Creek Capital, an investment management and private equity firm; Co-Founder and Principal of Castle Creek Financial, a registered broker/dealer (1995-present); Chairman of the Board of Ceres Group, Inc., an insurance holding company based in Cleveland, Ohio (Nasdaq: CERG) (2001-present); Director of Hanmi Financial Corporation (2004-present)

Executive Officers

Name and Position	Age	Principal Occupation for Past Five Years
Sung Won Sohn, President and Chief Executive Officer	61	President, Chief Executive Officer and Director, Hanmi Financial Corporation (January 2005-present); Executive Vice President and Chief Economic Officer, Wells Fargo Bank (1998-2004).
Michael J. Winiarski, Senior Vice President and Chief Financial Officer	49	Senior Vice President and Chief Financial Officer, Hanmi Financial Corporation (2003-present); Senior Advisor to the FDIC, Quantum G&A Joint Venture (2003); President, Imperial Warehouse Finance, Inc. (2002-2003); Senior Vice President, IndyMac Bank, FSB (1999-2002).
Kurt M. Wegleitner, Executive Vice President and Chief Credit Officer	54	Executive Vice President and Chief Credit Officer, Hanmi Bank (2005-present); Assistant General Manager and Country Credit Officer, DBS USA (2003-2005); Managing Director, ING Capital Advisors, LLC (1999-2002).

The Board of Directors and Its Committees

During fiscal year 2005, the Board of Directors held 12 meetings. No director attended fewer than 75% of the aggregate number of meetings of the Board of Directors and the Committees on which he served. The Company's policy is to encourage all directors to attend all Annual and Special Meetings of Stockholders. The Company's May 18, 2005 Annual Meeting of Stockholders was attended by all of the directors.

The Board of Directors has a process for stockholders to send communications to directors. The Company's stockholders and interested parties may send communications to the Board of Directors by writing to the Board of Directors at Hanmi Financial Corporation, 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010, Attention: Board of Directors. All such communications will be relayed directly to the Board of Directors. Any

interested party wishing to communicate directly with the Company's independent directors regarding any matter may send such communication in writing to the Company's independent directors at Hanmi Financial Corporation, 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010, Attention: Presiding Director. Any interested party wishing to communicate directly with the Audit Committee regarding any matter, including any accounting, internal accounting or auditing matter, may submit such communication in writing to Hanmi Financial Corporation, 3660 Wilshire Boulevard, Penthouse Suite A, Los Angeles, California 90010, Attention: Chairman of the Audit Committee. Any submissions to the Presiding Director or Audit Committee may be anonymous and/or confidential.

The Board of Directors has four standing committees, the Audit Committee, the Compensation Committee, the Planning Committee and the Nominating and Corporate Governance Committee. All committee charters are available through the Company's website at www.hanmi.com.

Audit Committee

Pursuant to its charter, the Audit Committee appoints a firm of independent certified public accountants to conduct the annual audit of the Company's books and records. The Audit Committee also reviews with such accounting firm the scope and results of the annual audit, the performance by such accountants of professional services in addition to those related to the annual audit and the adequacy of the Company's internal controls. During 2005, the members of the Audit Committee included Stuart Ahn (January to May), Kraig Kupiec, Joon Hyung Lee (June to December), Richard B. C. Lee, M. Christian Mitchell, and Chang Kyu Park, with Mr. Mitchell serving as Chairman. The Board of Directors has determined that each of these committee members met the independence standards required by the Nasdaq Stock Market, Inc. (NASDAQ). Mr. Mitchell is a financial expert within the meaning of the current rules of the Securities and Exchange Commission (SEC) serving on the Audit Committee during 2005. The Audit Committee held sixteen (16) meetings in fiscal year 2005. See Report of the Audit Committee of the Board of Directors.

Compensation Committee

The Compensation Committee reviews and recommends to the Board of Directors the levels of compensation for the Company's executive officer(s) and approves and administers the Company's incentive compensation programs, including but not limited to the Company's 2000 Stock Option Plan. During 2005, the members of the Compensation Committee were I Joon Ahn, Ung Kyun Ahn, Joseph K. Rho, William J. Ruh and Won R. Yoon, with Dr. Yoon serving as Chairman. Each member is a non-employee director and meets the independence requirements of the SEC and NASDAQ. The Compensation Committee held four (4) meetings in fiscal year 2005. The Compensation Committee operates pursuant to a written charter adopted by the Board of Directors, which is available through our website at www.hanmi.com. See Report of the Compensation Committee of the Board of Directors on Executive Compensation.

Planning Committee

The Planning Committee recommends planning policy, new lines of business, capital and financial plans, and dividend plans to the board, and also monitors the planning activities and the Company's performance against its plans and budget. During 2005, the members of the Planning Committee were I Joon Ahn, Joon Hyung Lee, Richard B. C. Lee, M. Christian Mitchell, Joseph K. Rho, William J. Ruh, and Sung Won Sohn, with Mr. Richard B. C. Lee serving as Chairman. The Planning Committee held twelve (12) meetings in fiscal year 2005.

Nominating and Corporate Governance Committee

Pursuant to its charter, the Nominating and Corporate Governance Committee (a) assists the Board by identifying individuals qualified to become Board members, (b) recommends to the Board the director nominees for the Board and Board committees for the next Annual Meeting of Stockholders, (c) develops, recommends and implements a set of corporate governance principles applicable to the Company and (d) monitors the process to determine Board and committee effectiveness. The members of the Nominating and Corporate Governance Committee were Ung Kyun Ahn, Richard B. C. Lee, M. Christian Mitchell, Chang Kyu Park, and Won R. Yoon, with Mr. Ahn serving as Chairman. Each member is a non-employee director and meets the independence requirements of the SEC and NASDAQ. The Nominating and Corporate Governance Committee held eleven (11) meetings in fiscal year 2005.

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

Recommendations by any stockholder of a candidate for election as a director of the Company must be submitted in writing to the Chairman of the Nominating and Corporate Governance Committee at the Company's principal executive offices no later than the last business day of January of the year the Company's next Annual

Meeting of Stockholders will be held, for consideration at such Annual Meeting. Stockholders shall include in such recommendation: (a) the name, age and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of voting stock of the Company owned by each proposed nominee; (d) the name and residence address of the notifying stockholder; (e) the number of shares of voting stock of the Company owned by the notifying stockholder; and (f) a letter from the proposed nominee indicating that such proposed nominee wishes to be considered as a nominee for the Board and will serve as a member of the Board if elected. In addition, each recommendation must set forth in detail the reasons why the notifying stockholder believes the proposed nominee meets the following general qualifications, which are the same qualifications used by the committee in evaluating nominees: (1) nominees should possess high personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders, (2) nominees must have an inquisitive and objective perspective, practical wisdom and mature judgment, (3) nominees should possess a broad range of skills, expertise, industry knowledge and contacts useful to the Company's business, (4) nominees must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time, and (5) pursuant to the Corporate Governance Guidelines, nominees are required to own shares of common stock of the Company equal to at least 1% of the outstanding shares of common stock of the Company, *provided, however*, that this requirement may be waived by the Board with respect to any nominee that the Board determines has such significant knowledge, skills or expertise in a field or industry that is important to the Company such that it would be in the best interests of the Company to grant such a waiver. Additional procedures for stockholders nominating directors are set forth in the notice of annual meeting.

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

COMPENSATION

Director Compensation

Each director who is not an employee of the Company is paid a monthly retainer fee of \$3,500, and \$500 for attendance at any meeting during the month. In addition, each of the Chairman of the Board and the Audit Committee Chairman receives an additional \$1,500 each month, and the Vice-Chairman of the Board receives an additional \$1,000 each month. Chairmen of remaining committees receive an additional \$300 each month, and members receive an additional \$400 monthly for serving in the Loan Committee. Directors receive between \$9,680 and \$16,770 per year for payment of health insurance premiums under the Company's health insurance plans. Directors are eligible to be granted stock options under the Company's 2000 Stock Option Plan. No stock options were granted to the Company's directors in 2005 in connection with a director's service on the board.

Executive Compensation

The following table shows the compensation paid by the Company during the last three fiscal years to the Company's chief executive officer and each of our other most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2005 and two other officers for whom disclosure would have been required except for the fact that the individuals were not serving in the capacity of an executive officer at the end of fiscal year 2005. We collectively refer to these five persons as the named executive officers.

Summary Compensation Table

Name & Principal Position	Fiscal Year	Annual Compensation(1)			Long-Term Compensation Securities		
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s)(\$)	Underlying Stock Options (#)	All Other Compensation(2)
Sung Won Sohn(3) President, Chief Executive Officer and Director	2005	\$ 550,000	\$ 621,500	*(4)	\$ 1,815,000(5)	350,000(6)	\$ 39,709(7)
Michael J. Winiarski Senior Vice President and Chief Financial Officer	2005	\$ 156,250	\$ 80,834	*(8)			\$ 18,288(9)
Kurt M. Wegleitner(12) Executive Vice President and Chief Credit Officer	2004	\$ 140,000	\$ 50,750	*(10)		14,000	\$ 17,721(11)
Suki H. Murayama(15)	2003	\$ 7,499	\$ 5,000	*			
	2005	\$ 116,667	\$ 60,000	*(13)		20,000	\$ 8,477(14)
	2005	\$ 142,535	\$ 53,663	*(16)			\$ 19,695(17)

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Senior Vice President and Regional Executive Officer	2004	\$ 121,560	\$ 40,598	*(18)	14,000	\$ 17,091(19)
	2003	\$ 116,136	\$ 24,817	*(20)		\$ 16,447(21)
Eunice U. Lim (22)	2005	\$ 118,230	\$ 41,048	*(23)		\$ 12,365(24)
Senior Vice President and Acting Chief Credit Officer	2004	\$ 66,500	\$ 53,513(25)	\$ 10,282(26)		\$ 7,187(27)

* Did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus reported for the above-named executive officers.

- (1) All cash compensation and perquisites paid to the named executive officers are paid by, and are the responsibility of, the Company's subsidiary, Hanmi Bank. All equity awards are made by the Company, are for shares of the Company's common stock and are made pursuant to its 2000 Stock Option Plan with exceptions as noted.
- (2) The amounts in this column consist of group life insurance premiums, health insurance premiums, and employer contributions under the 401(k) Plan, all of which are benefits generally available to all salaried employees with exceptions noted for Dr. Sung Won Sohn.
- (3) Dr. Sohn commenced service as President and Chief Executive Officer on January 3, 2005.

- (4) Other Annual Compensation totals \$36,824.
- (5) A restricted stock grant of 100,000 shares was awarded to Dr. Sohn on February 3, 2005 in connection with his execution of an employment agreement with the Company. One-fifth of the shares were released from restriction upon execution of the employment agreement and an additional one-fifth will be released from restriction per year. At December 31, 2005, the value of the remaining restricted stock was \$1,428,800. Dividends on the restricted stock will be paid to Dr. Sohn.
- (6) The stock options were granted to Dr. Sohn in connection with an employment agreement with the Company. This equity award to Dr. Sohn was not made pursuant to the 2000 Stock Option Plan.
- (7) This amount consists of \$12,439 in life insurance premiums, \$16,769 in health insurance premiums, and \$10,500 in employer contribution under the 401(k) Plan.
- (8) Other Annual Compensation totals \$12,791, which includes \$8,400 in automobile allowance.
- (9) This amount consists of \$382 in group life insurance premiums, \$9,680 in health insurance premiums, and \$8,226 in employer contribution under the 401(k) Plan.
- (10) Other Annual Compensation totals \$11,835, which includes \$8,400 in automobile allowance.
- (11) This amount consists of \$384 in group life insurance premiums, \$8,937 in health insurance premiums, and \$8,400 in employer contribution under the 401(k) Plan.
- (12) Mr. Wegleitner commenced service as Executive Vice President and Chief Credit Officer on June 1, 2005.
- (13) Other Annual Compensation totals \$6,246, which includes, among others, \$4,900 in automobile allowance.
- (14) This amount consists of \$203 in group life insurance premiums, \$2,586 in health insurance premiums, and \$5,688 in employer contribution under the 401(k) Plan.
- (15) Ms. Murayama served in the capacity of an executive officer until May 18, 2005.
- (16) Other Annual Compensation totals \$13,416, which includes \$8,400 in automobile allowance.
- (17) This amount consists of \$336 in group life insurance premiums, \$11,528 in health insurance premiums, and \$7,831 in employer contribution under the 401(k) Plan.
- (18) Other Annual Compensation totals \$13,322, which includes \$8,400 in automobile allowance.
- (19) This amount consists of \$330 in group life insurance premiums, \$9,467 in health insurance premiums, and \$7,294 in employer contribution under the 401(k) Plan.
- (20) Other Annual Compensation totals \$9,710, which includes \$8,400 in automobile allowance.
- (21) This amount consists of \$292 in group life insurance premiums, \$9,196 in health insurance premiums, and \$6,959 in employer contribution under the 401(k) Plan.
- (22) Ms. Lim served in the capacity of an executive officer until May 18, 2005.

- (23) Other Annual Compensation totals \$13,622, which includes \$8,400 in automobile allowance.
- (24) This amount consists of \$277 in group life insurance premiums, \$5,179 in health insurance premiums, and \$6,909 in employer contribution under the 401(k) Plan.
- (25) This figure includes a \$15,250 retention bonus paid to executive in connection with the Company's acquisition of Pacific Union Bank.
- (26) Other Annual Compensation includes \$5,550 in automobile allowance.
- (27) This amount consists of \$162 in group life insurance premiums, \$3,035 in health insurance premiums, and \$3,990 in employer contribution under the 401(k) Plan.

Employment Agreements

The Company entered into a six-year employment agreement with Dr. Sung Won Sohn effective January 3, 2005. Under the terms of the agreement, Dr. Sohn serves as President and Chief Executive Officer of both the Company and Hanmi Bank, the Company's subsidiary, at a base annual salary of \$550,000 with annual CPI adjustment. In addition, Dr. Sohn is eligible to receive an annual incentive bonus based on pre-tax profitability of the Company in an amount not to exceed 125% of his annual salary. The agreement also provides for a stock bonus grant of 100,000 shares with a vesting schedule under which 20,000 shares vest each year. Dr. Sohn has received two

grants of two stock options to acquire 150,000 and 200,000 shares, respectively. The shares subject to each option vest in equal annual installments over six years. Dr. Sohn is entitled to the grant of an additional option to acquire 200,000 shares at the shares' market price if either the Company's stock price doubles or its earnings per share double, with the grant of an additional option to acquire 200,000 shares at the shares' market price if either the Company's stock price quadruples or its earnings per share quadruple. Dr. Sohn is entitled to certain health insurance benefits and term life insurance policy, which are not available to other salaried employees. Either Dr. Sohn or the Company and/or Hanmi Bank may terminate the employment agreement without cause at any time. If the Company and/or Hanmi Bank terminates employment without cause or if Dr. Sohn resigns on account of constructive termination, as defined in the agreement: (i) Hanmi Bank must provide Dr. Sohn his base salary for the remaining duration of the term of the agreement; (ii) any outstanding options for the 350,000 shares or stock bonus grant at the termination date shall continue to vest and be treated as if Dr. Sohn had continued to deliver services to the Company and Hanmi Bank; and (iii) the Company shall continue to pay health insurance premiums for him and his family for the duration of the term of the agreement. If Dr. Sohn terminates without cause, he is entitled to the continued vesting of the stock option for 150,000 shares and the stock bonus grant.

Equity Compensation Plan Information

The following table summarizes information as of December 31, 2005 relating to equity compensation plans of Hanmi Financial pursuant to which grants of options, restricted stock, or other rights to acquire shares may be granted from time to time.

	Number of securities 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	1,173,712	\$ 10.55	3,047,557
Equity compensation plans not approved by security holders	838,558(1)	\$ 12.70	0

) SS:

COUNTY OF _____)

The foregoing instrument was acknowledged before me on this ____ day of _____, 200_, by _____, individually, or in his, her or its capacity as the _____ [Insert Title] of _____ [Insert Name of Class A Limited Partner], who is personally known to me or who has produced _____ (type of identification) as identification.

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Printed Name: _____

Notary Public: _____

Commission Expires: _____

Serial Number: _____

