

**RAYMOND JAMES®**

## **2017 U.S. Bank Conference**

September 6, 2017



# **Hanmi Financial Corporation**

C. G. Kum, President & CEO

# Forward-Looking Statements

Hanmi Financial Corporation (the “Company”) cautions investors that any statements contained herein that are not historical facts are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, those statements regarding operating and financial performance, financial position and liquidity, business strategies, regulatory and competitive outlook, investment and expenditure plans, financing needs and availability, plans and objectives, merger or sale activity, and all other forecasts and statements of expectation or assumption. These statements involve risks and uncertainties that are difficult to predict. Investors should not rely on any forward-looking statement and should consider risks, such as changes in governmental policy, legislation and regulations, economic climate uncertainty, fluctuations in interest rate and credit risk, competitive pressures, the ability to succeed in new markets, balance sheet management, and other operational factors. Forward-looking statements are based upon the good faith beliefs and expectations of management as of this date only and are further subject to additional risks and uncertainties, including, but not limited to, the risk factors set forth in the Company’s most recent Form 10-K, 10-Q and other filings with the Securities and Exchange Commission (“SEC”). Investors are urged to review the Company’s SEC filings. The Company disclaims any obligation to update or revise the forward-looking statements herein.

For non-GAAP reconciliation, please see the Company’s earnings release on July 18, 2017.

# Hanmi Profile

## ➤ First Korean American bank

- Founded 1982; Nasdaq listed 2001
- Expanding to wider Asian American & mainstream communities

## ➤ Attractive customer demographics

- Leading brand affinity & loyal customer base  
(46% of customers with bank for 10+ years)

## ➤ Attractive footprint

- Southern CA – 23
- Northern CA – 2
- TX – 9
- IL – 5
- NJ – 1
- VA – 1
- 6 loan production offices in WA, CO, VA, CA, GA, NY



Los Angeles, CA



Arlington, TX



Chicago, IL



Annandale, VA

# Q2 2017 Highlights

## Income Statement Summary

(\$ million, except EPS)	2Q17	1Q17	2Q16	Change <sup>(1)</sup>	
				Q/Q	Y/Y
Net interest income	\$ 43.2	\$ 42.4	\$ 40.0	1.9%	8.0%
Noninterest income	9.7	7.2	9.4	34.4%	3.5%
Operating revenue	52.9	49.6	49.4	6.7%	7.1%
Noninterest expense	28.9	27.2	27.9	6.3%	3.9%
Provision for loan losses	0.4	(0.1)	(1.5)	-627.5%	-127.9%
Pretax income	23.5	22.4	23.0	4.9%	2.2%
Income tax expense	9.1	8.6	8.9	5.0%	2.3%
Net income	\$ 14.5	\$ 13.8	\$ 14.1	4.9%	2.2%
<b>Reported EPS-Diluted (in \$)</b>	<b>\$ 0.45</b>	<b>\$ 0.43</b>	<b>\$ 0.44</b>	<b>\$ 0.02</b>	<b>\$ 0.01</b>

## Select Balance Sheet Items

Loans	\$ 4,073	\$ 3,944	\$ 3,449	3.3%	18.1%
Deposits	4,259	4,083	3,589	4.3%	18.7%
Total Assets	4,973	4,812	4,441	3.4%	12.0%
Stockholders' Equity	550	540	525	2.0%	4.8%

## Profitability Metrics<sup>(2)</sup>

Return on average assets	1.19%	1.18%	1.32%	1	-13
Return on average equity	10.65%	10.46%	10.98%	19	-33
TCE/TA	10.83%	10.98%	11.79%	-14	-96
Net interest margin	3.81%	3.89%	4.02%	-8	-21
NIM ex. purchase acct	3.76%	3.85%	3.84%	-8	-8
Efficiency ratio	54.74%	54.95%	56.46%	-22	-172
Efficiency ratio ex. merger & integration costs	54.75%	55.01%	56.46%	-26	-170

(1) Percentage change calculated from dollars in thousands

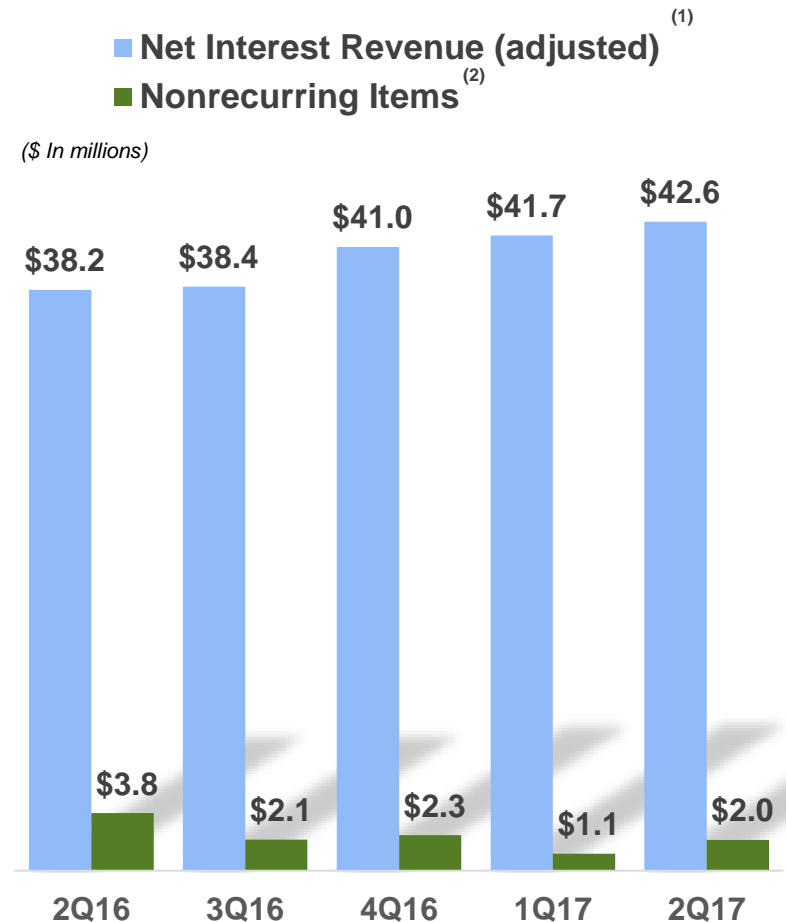
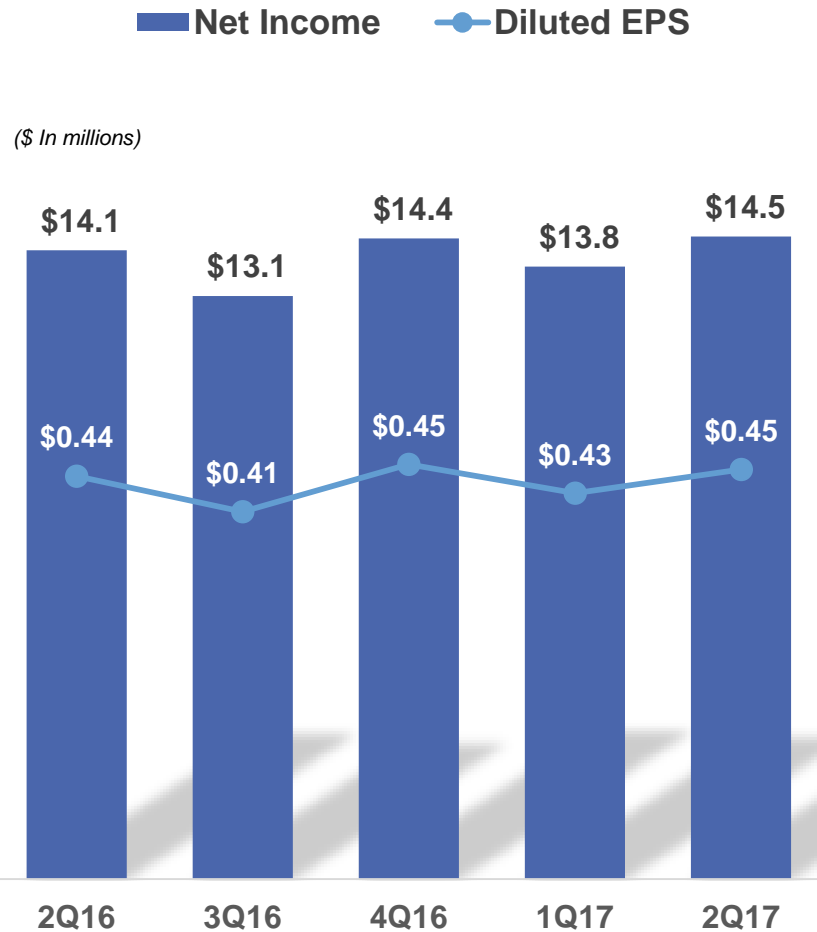
(2) Change in basis points

## Key Highlights

- Second quarter net income of \$14.5 million, or \$0.45 per diluted share, up 4.9% from the prior quarter and up 2.2% year-over-year
- Loans and leases receivable of \$4.07 billion, up 13.2% in the second quarter on an annualized basis driven by new loan and lease production of \$279.0 million; Loans and leases receivable up 18.1% year-over-year
- Deposits of \$4.26 billion, up 17.2% in the second quarter on an annualized basis; Total deposits are up 18.7% year-over-year
- Net interest income increased to \$43.2 million, up nearly 2% from the prior quarter and 8% year-over-year
- Return on average assets was 1.19% and return on average equity was 10.65% compared with 1.18% and 10.46% from the prior quarter and 1.32% and 10.98% year-over-year
- Announced 3Q 2017 dividend of \$0.21 per share, up 11% from the prior quarter and year-over-year

# Strong Earnings Performance

11.5% NIR growth from 2Q16 to 2Q17



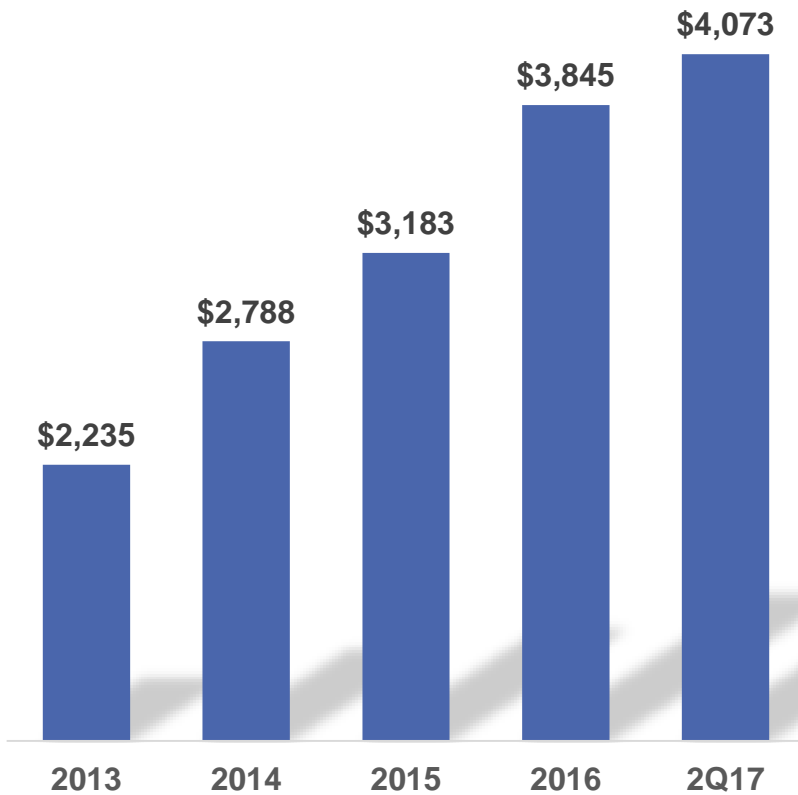
(1) Excludes purchase accounting

(2) Include purchase accounting, disposition gains on PCI loans, gain on sales of securities, and merger & integration costs

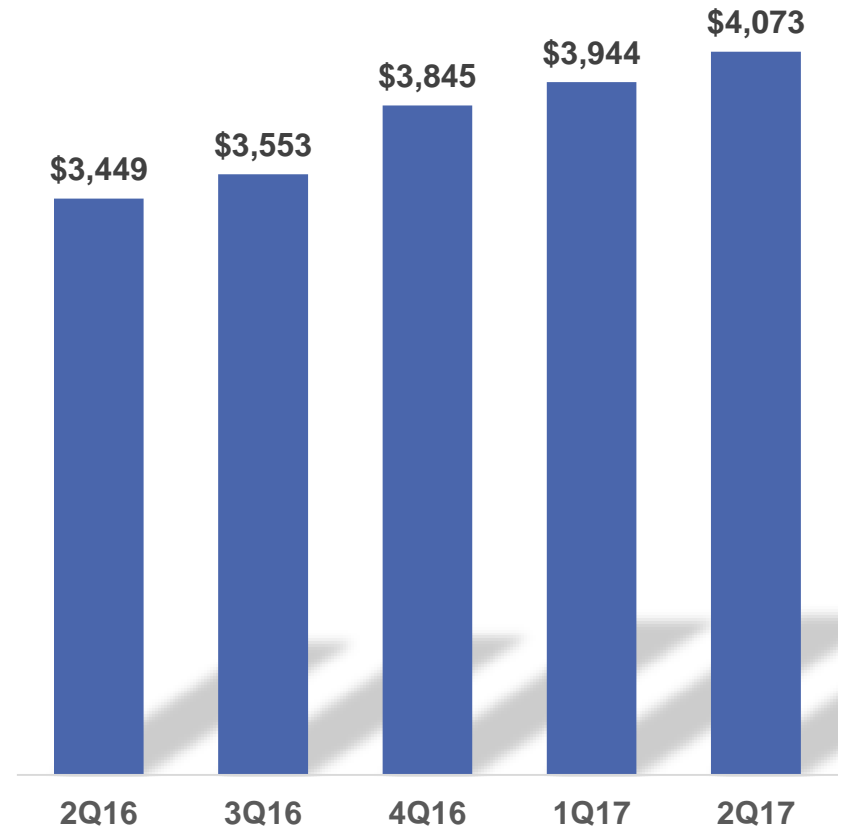
# Solid Loan Growth

**18% Loan growth from 2Q16 to 2Q17**

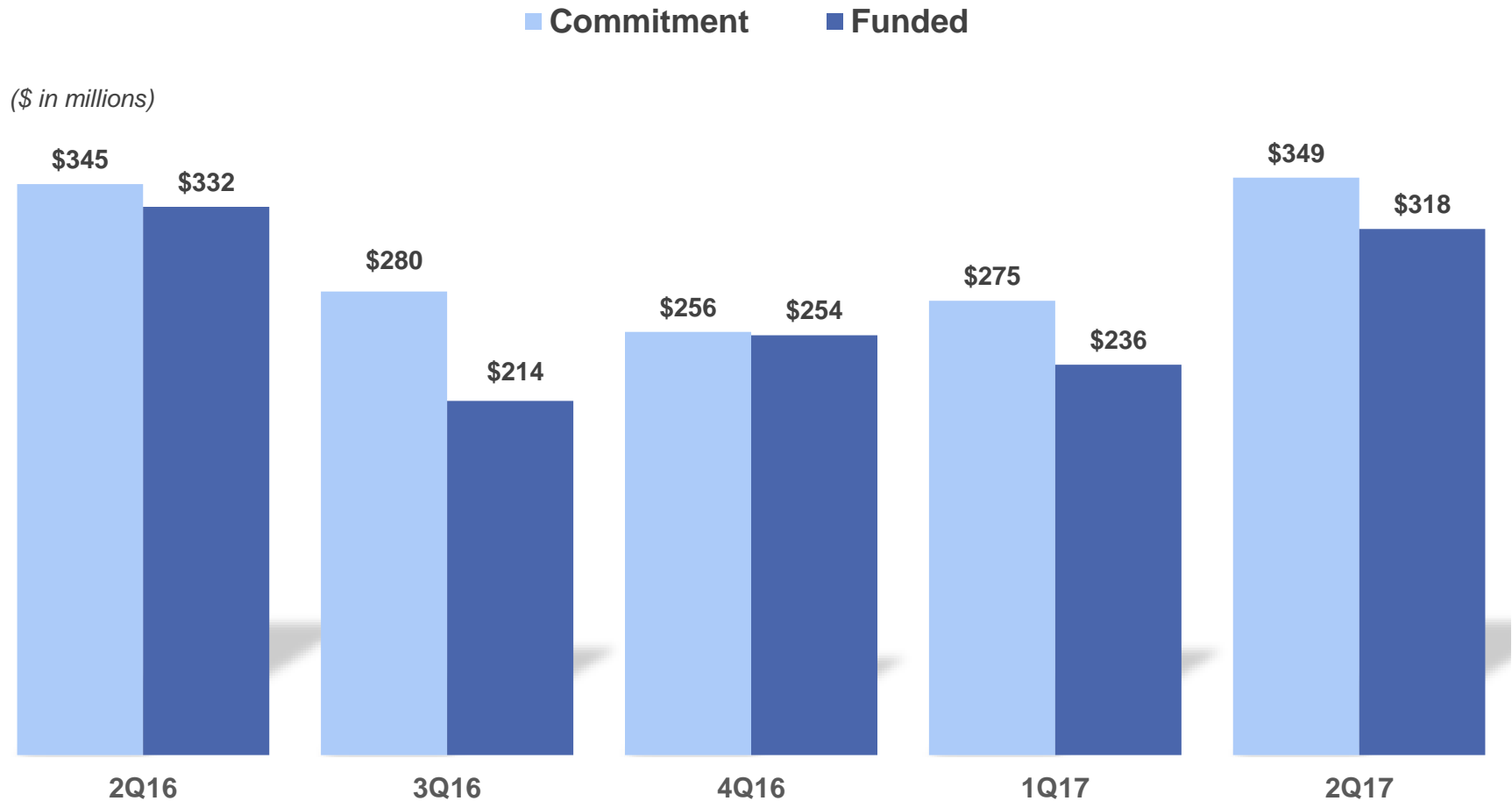
(\$ In millions)



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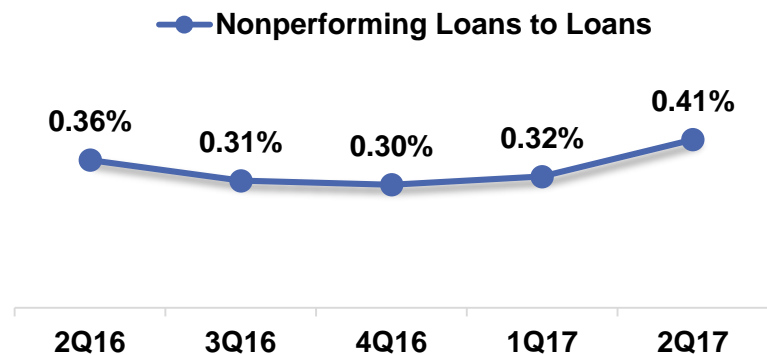
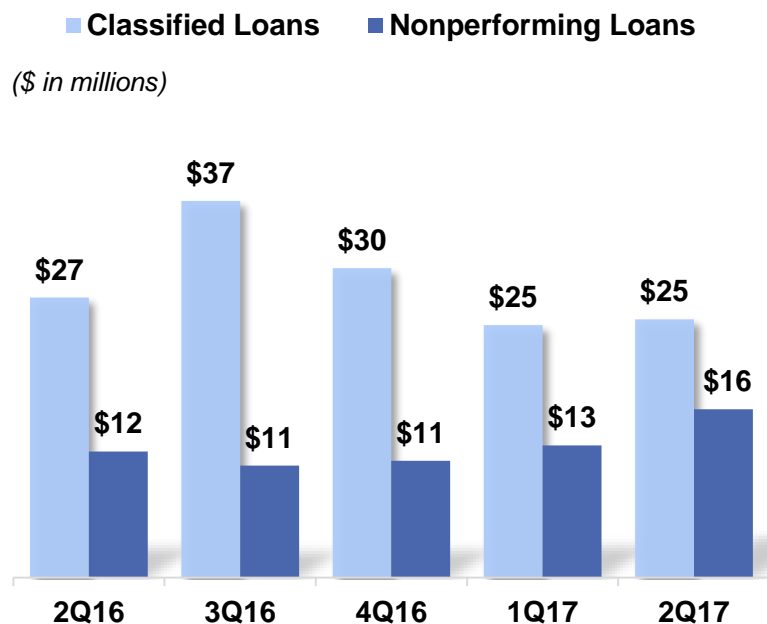


# Loan Production



Production includes purchased loans: \$66.5MM (2Q16), \$46.0MM (3Q16), \$26.9MM (4Q16), \$33.6MM (1Q17), \$39.4MM (2Q17)

# Strong Asset Quality



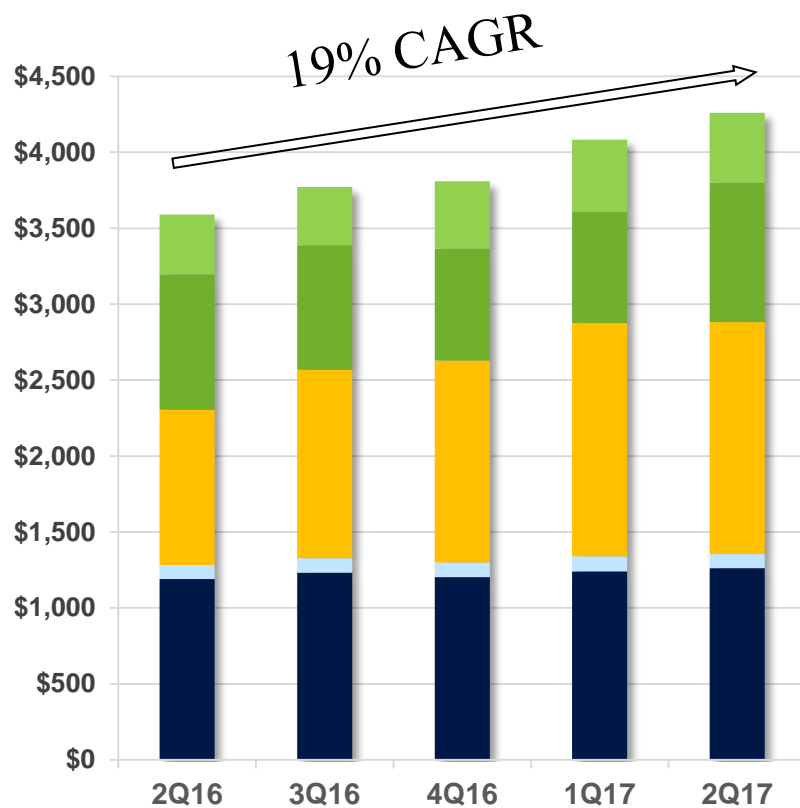
(1) Excludes charge-offs on PCI loans



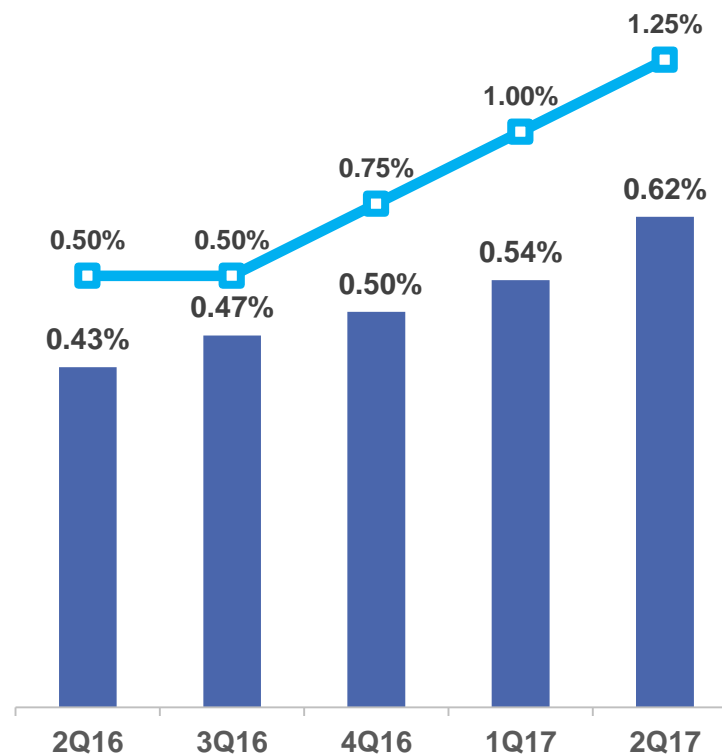
# Increasing Core Deposits

- Demand Noninterest-bearing
- Demand Interest-bearing
- Money Market & Savings
- Time Deposits ≤ \$250K
- Time Deposits > \$250K

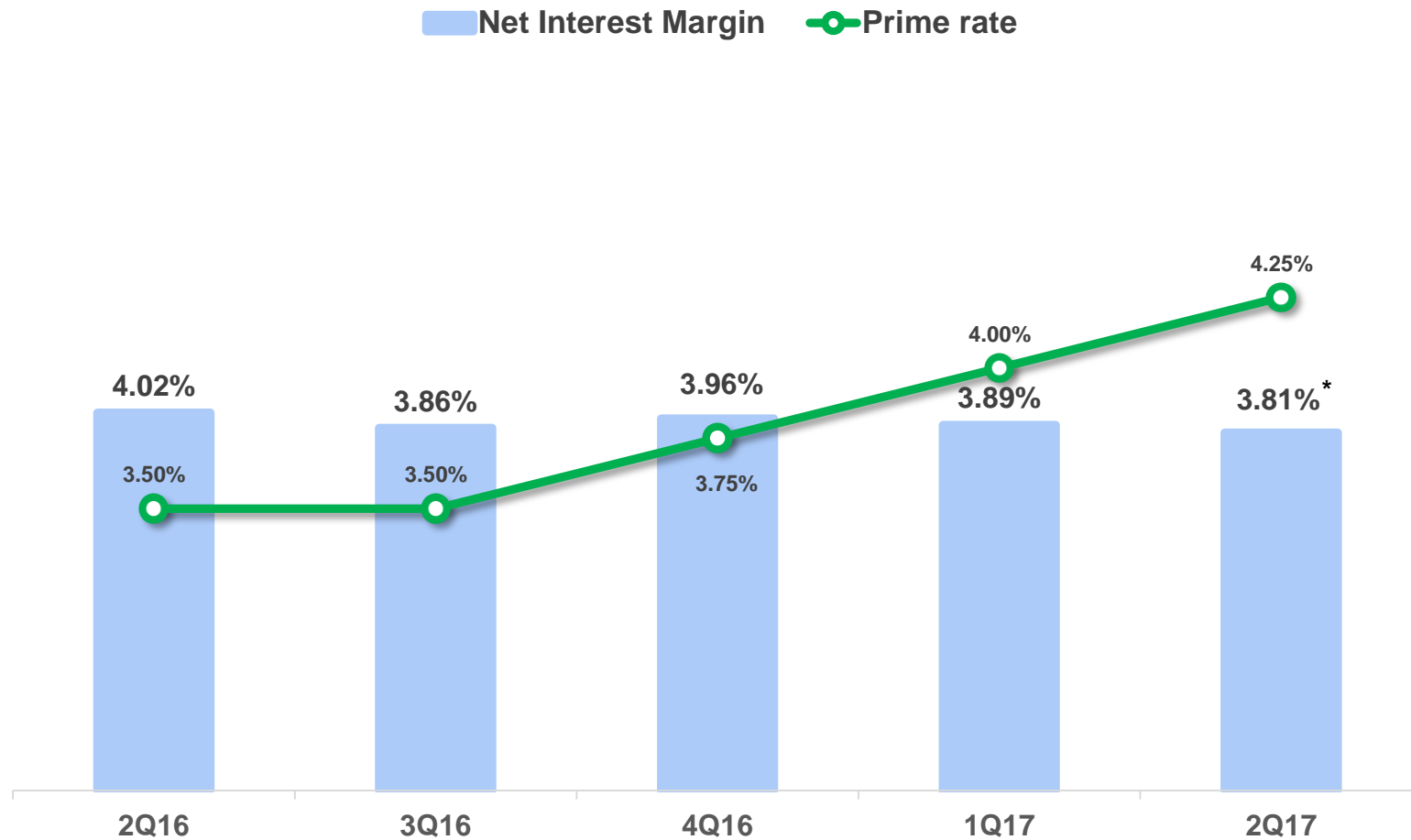
(\$ In millions)



- Cost of Deposits
- Fed Funds rate



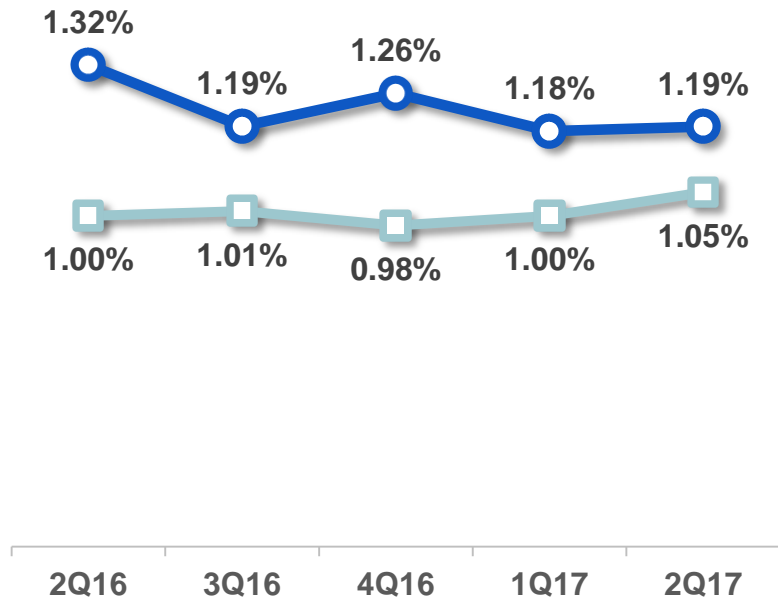
# Net Interest Margin



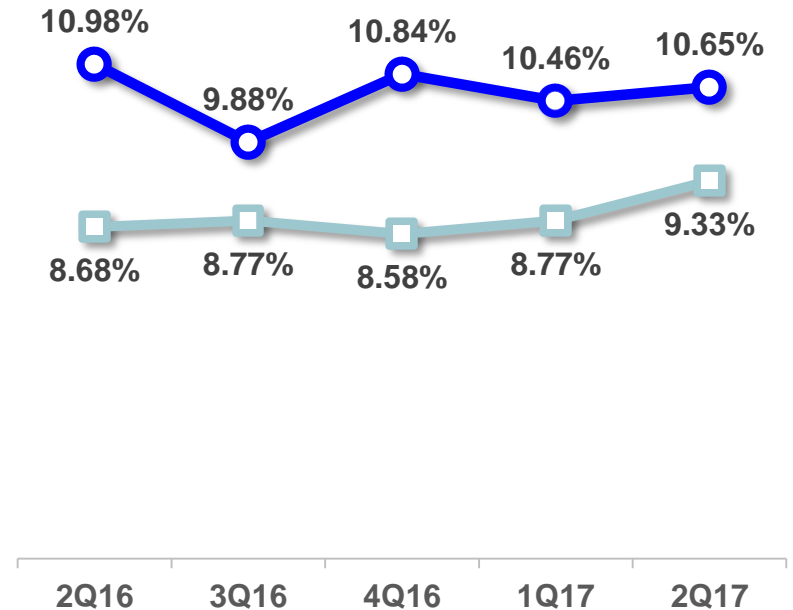
\* Includes 11 basis point impact from subordinated debt issued in March 2017.

# Strong Profitability Metrics

—○— Hanmi's ROAA —□— SNL US Bank Index\*

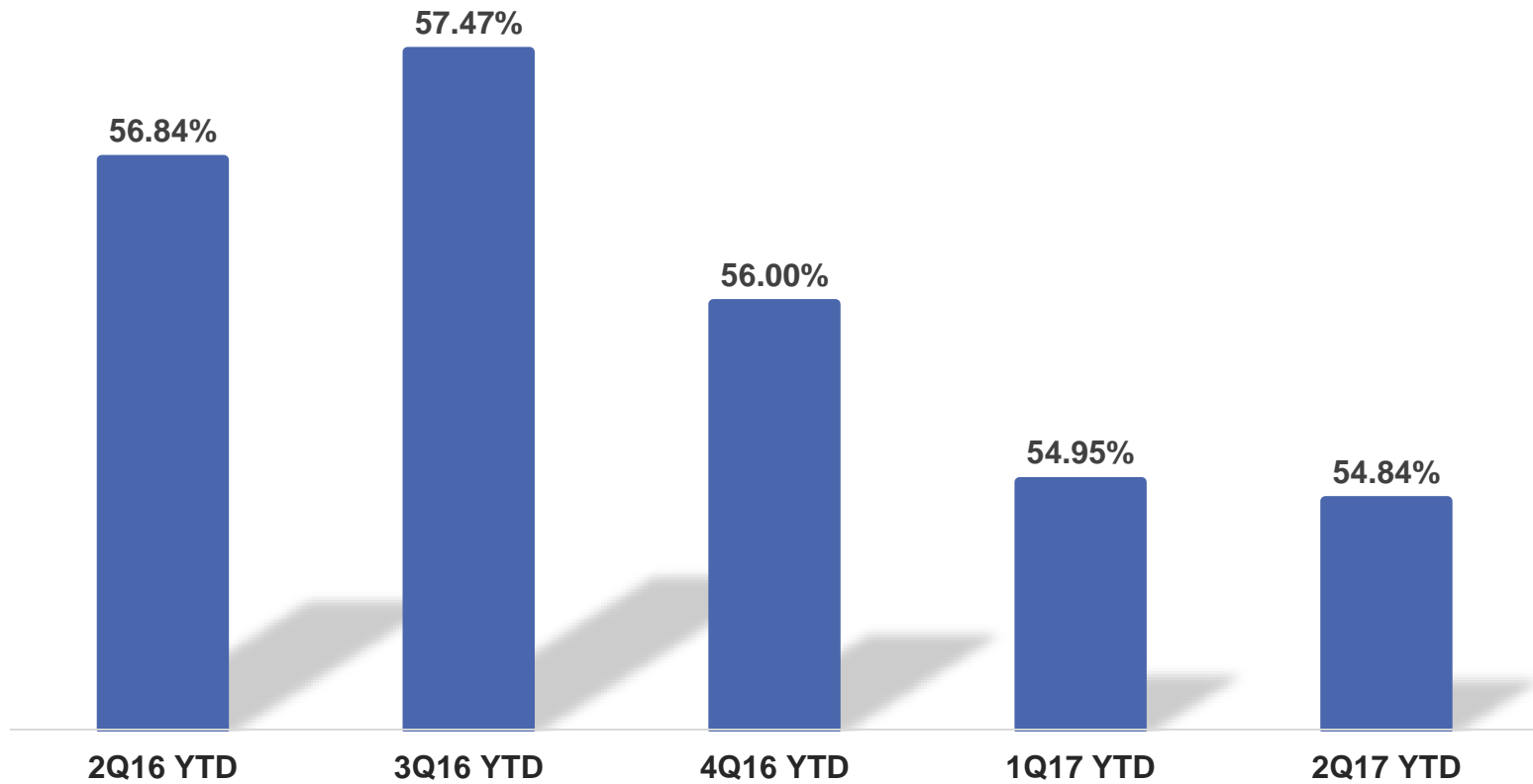


—○— Hanmi's ROAE —□— SNL US Bank Index\*



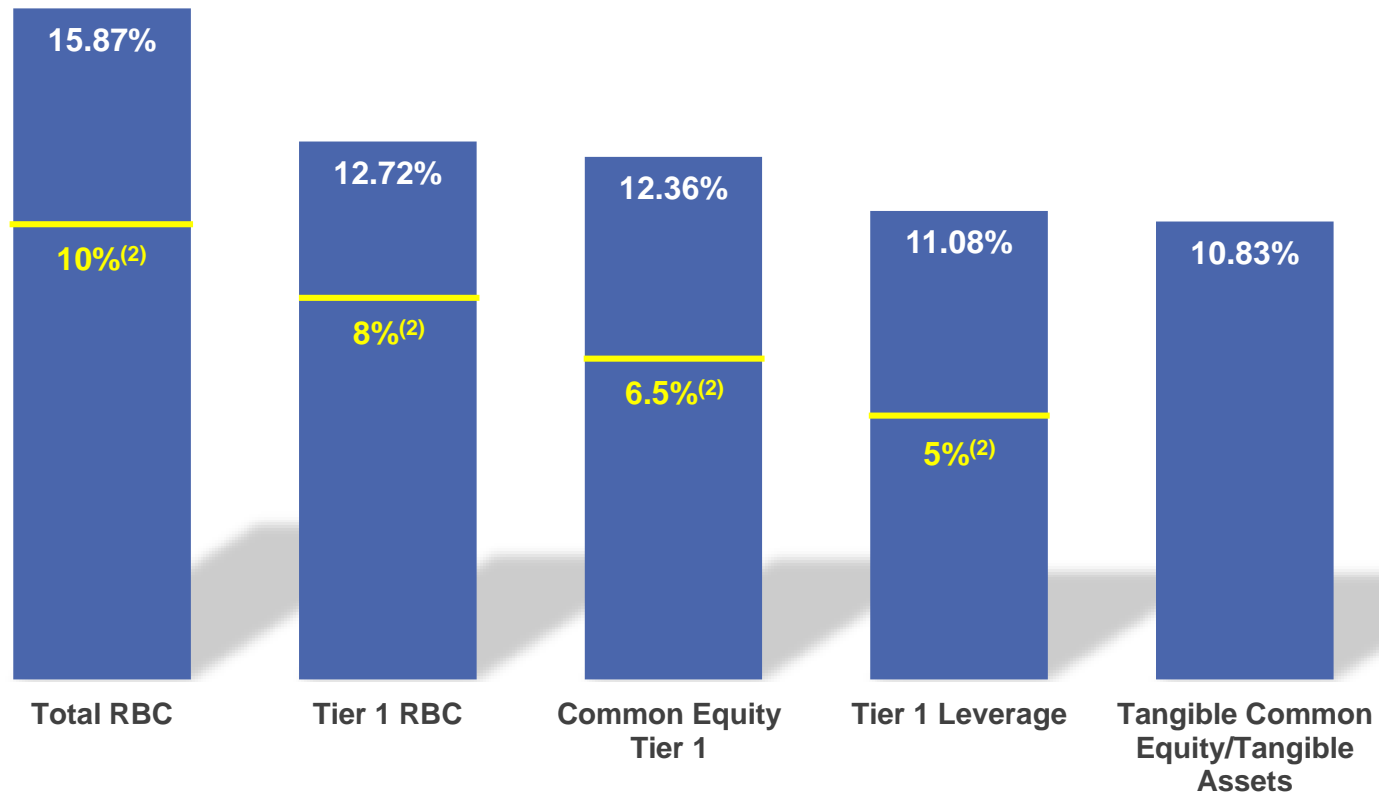
\* SNL US Bank Index includes all major exchange banks in SNL's coverage universe.

# Improving Efficiency



# Well-Capitalized

## Capital Ratios<sup>(1)</sup>



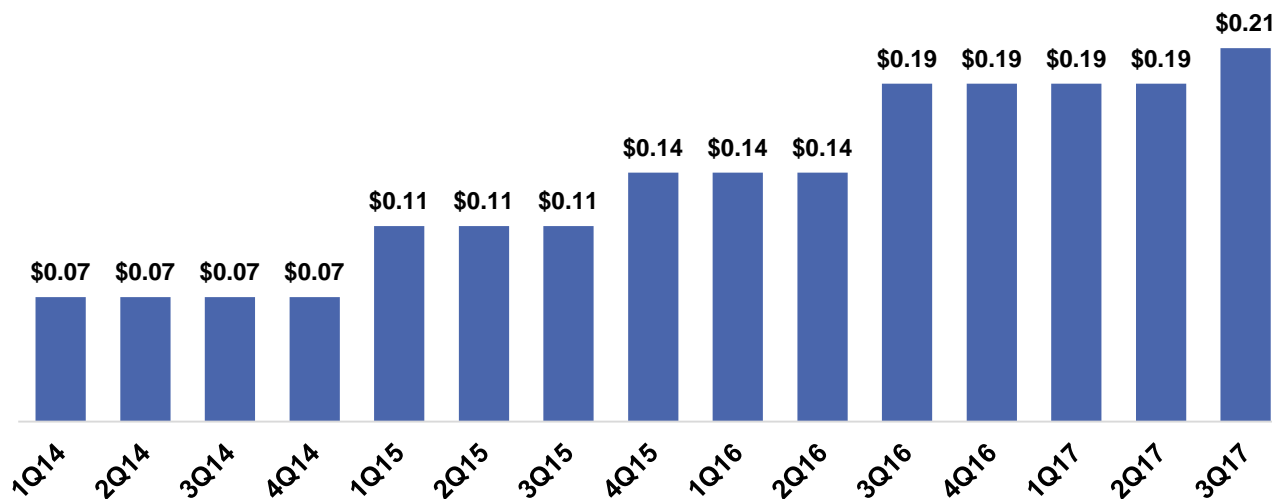
(1) Capital ratios are preliminary for June 30, 2017.

(2) Minimum threshold for a well-capitalized institution.

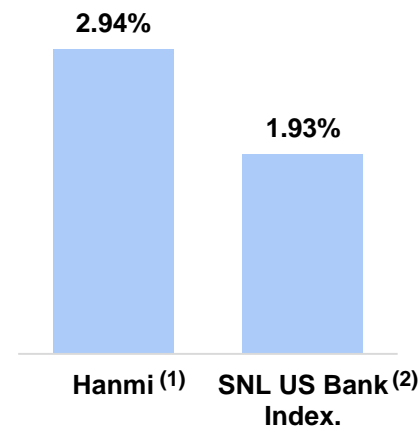
# Growing Dividends

- Quarterly cash dividend increased 11% year-over-year to \$0.21 per share in 3Q 2017  
→ Increased dividend four times since 2013
- Strong dividend yield: 2.94%<sup>(1)</sup> HAFC vs. 1.93%<sup>(2)</sup> SNL US Bank Index

Quarterly Cash Dividends



Annualized Yield



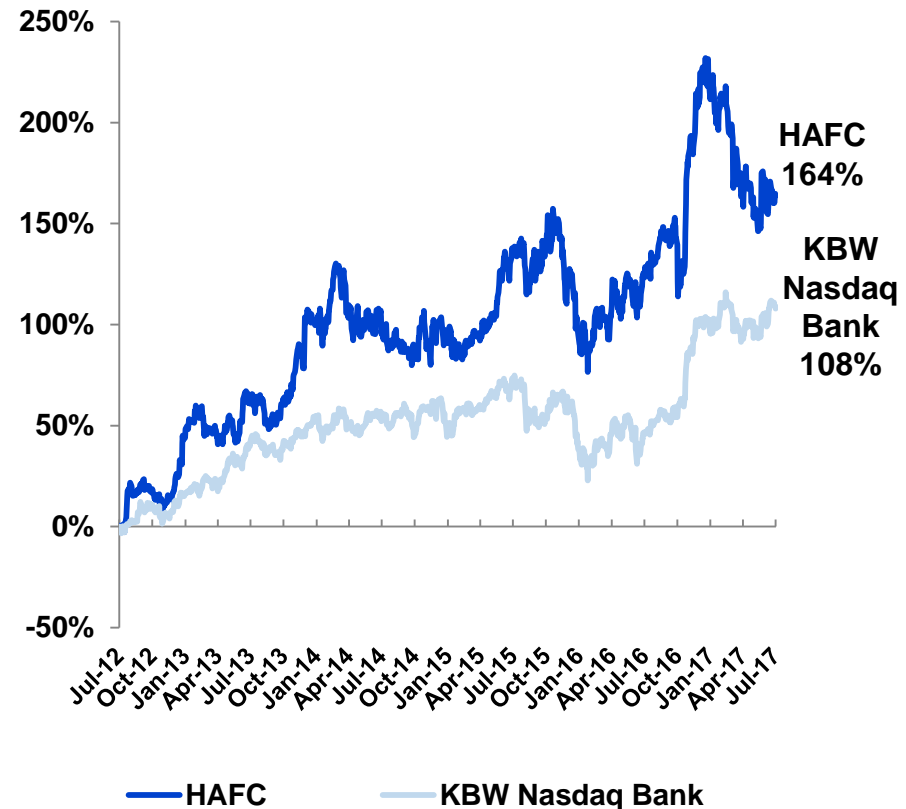
(1) Based on closing HAFC stock price on 7/17/2017 of \$28.60 and annualized quarterly dividend of \$0.21 announced on 7/18/2017.

(2) As of 7/18/2017; SNL US Bank Index includes all major exchange banks in SNL's coverage universe.

# Investment Highlights & Opportunities

- ❑ Strong balance sheet and excellent asset quality
- ❑ Track-record of profitable growth
- ❑ Premier core deposit franchise
- ❑ Future earnings power
  - Loan growth
  - Healthy net interest margin
  - Scalable infrastructure to support growth
- ❑ Robust annualized dividend yield
- ❑ Solid relative long term stock performance \*

5-Year Stock Price Change (%)



5-Year Stock Price Change (%)		
HAFC	KBW Nasdaq Bank	SNL US Bank
164%	108%	115%

\* As of 7/18/2017; SNL US Bank Index includes all major exchange banks in SNL's coverage universe.

As of 7/18/2017