



D|A|DAVIDSON

West Coast Bank Tour

August 25, 2020



Hanmi Financial Corporation

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, capital and financing needs and availability, litigation plans and objectives, merger or sale activity, the effects of COVID-19 on our business, financial condition and results of operations, and all other forecasts and statements of expectation or assumption underlying any of the foregoing. These statements involve known and unknown 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, ability to identify and remediate any material weakness in internal controls over financial reporting, and other operational factors.

Further, given its ongoing and dynamic nature, it is difficult to predict the full impact of the COVID-19 outbreak on our business, financial condition and results of operations. The extent of such impact will depend on future developments, which are highly uncertain, including when the coronavirus can be controlled and abated and when and how the economy may be fully reopened. As the result of the COVID-19 pandemic and the related adverse local and national economic consequences, we could be subject to various risks, any of which could have a material, adverse effect on our business, financial condition, liquidity, and results of operations.

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 our earnings release dated July 28, 2020, including the section titled “Forward Looking Statements and 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 our earnings release dated July 28, 2020, including the section titled “Forward Looking Statements and the Company’s SEC filings. The Company disclaims any obligation to update or revise the forward-looking statements herein.

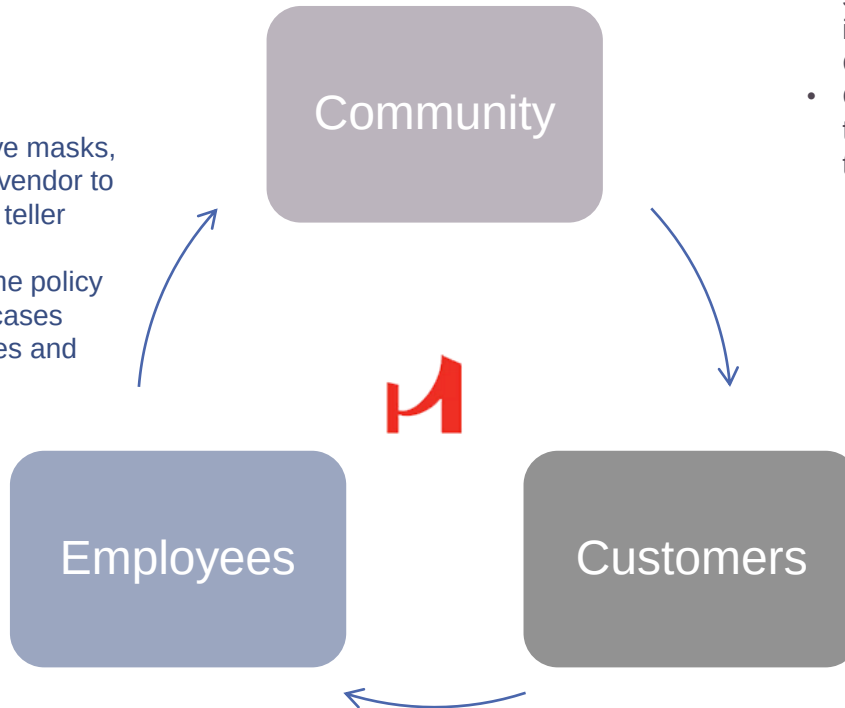
“Hanmi remains committed to providing value and support to our customers, while making sure we are staying safe for our families and our communities. Amidst the easing of shelter in place restrictions, we are seeing a resurgence of new COVID-19 cases. Some states are pausing reopening plans in response to what some are calling “quarantine fatigue” and desensitization to the continued threat of the pandemic. In such times, we must continue to be vigilant and do our part to keep ourselves, our loved ones and our customers safe. We can only get through this if we continue to work together.”

Bonnie Lee, President and Chief Executive Officer

Managing Through Turbulent Times

EMPLOYEES

- Sourced and distributed protective masks, gloves, care kits and engaged a vendor to design protective barriers for our teller lines
- Continue to foster work from home policy with a resurgence in COVID-19 cases
- Reduced lobby hours for branches and suspended Saturday hours



COMMUNITY

- Published financial literacy videos through social media channels in response to the increase in phishing and scams related to COVID-19
- Continue to educate our customers about the SBA's Disaster Loan Programs through trainings and webinars

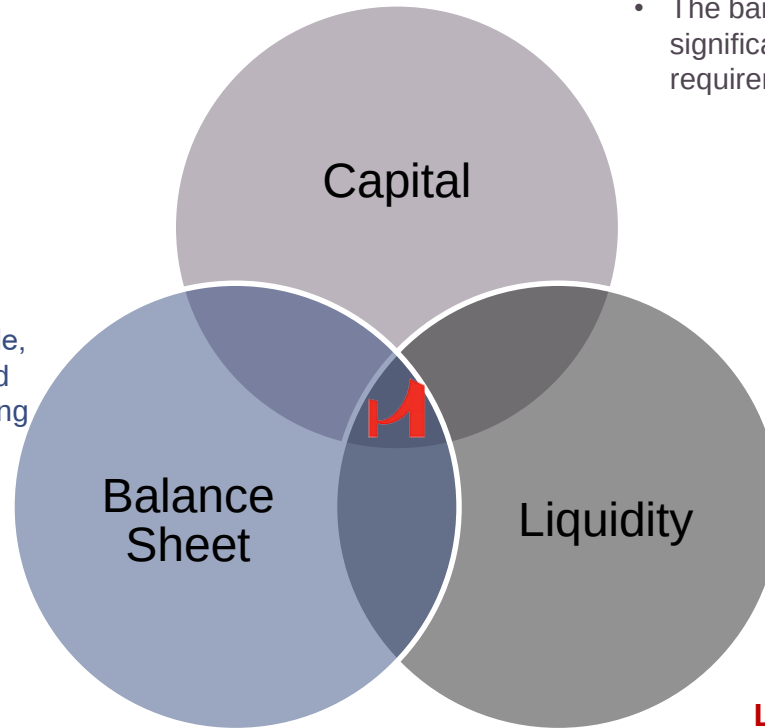
CUSTOMERS

- Funded over 3,000 loans amounting to approximately \$309 million under the SBA's Paycheck Protection Program
- Approved modification requests totaling over \$1.4 billion
- Solid new loan production of over \$225 million

Hanmi's Strengths in the Midst of COVID-19 Crisis

BALANCE SHEET

- The bank's asset quality remains stable, with NPAs at 0.94% of total assets and ACL at 1.79% of loans (1.91% excluding PPP loans)



CAPITAL

- The bank remains well capitalized, significantly above the regulatory requirements

LIQUIDITY

- The bank, with \$5.2 billion of deposits, has \$2.9 billion of cash, securities and borrowing availability

Supporting our Customers

PAYCHECK PROTECTION PROGRAM⁽¹⁾

3,064	\$309M	\$11M
# of Loans Funded	\$ of Loans Funded	Total Fees

FUNDING DISTRIBUTION

# of Loans Funded	\$ Total Funding	\$ Average Balance	\$ Total Fees
LOANS UP TO \$350K (5% FEE)			
2,913	\$155M	\$53K	\$7.8M
LOANS BETWEEN \$350K AND \$2M (3% FEE)			
134	\$97M	\$727K	\$2.9M
LOANS AT LEAST \$2M AND ABOVE (1% FEE)			
17	\$56M	\$3M	\$0.6M

APPROVED MODIFICATIONS⁽¹⁾

698	\$1,308M
Approved Loan Modifications	Loans
1,745	\$106M
Approved Lease Modifications	Leases

TOP FIVE SECTORS (\$million)

Sectors (By Dollar Volume)	\$ Modification	# of Loans	\$ Average Loan Size
Hospitality	\$590	133	\$4.44
Retail	\$339	162	\$2.09
Residential	\$59	118	\$0.50
Mixed Use	\$47	34	\$1.38
Leases	\$106	1745	\$0.06

(1) As of 6/30/2020

Note: Numbers may not foot due to rounding

The Hanmi Story



 **Hanmi Bank**



1982

First Korean American Bank in the U.S.

1988

Began offering SBA loans
Acquired First Global Bank

2001

Listed HAFC common stock

2004

Acquired Pacific Union Bank

2007

Completed \$70 million secondary
common stock offering

2014

Acquired Central Bancorp, Inc.

2016

Acquired & commenced Commercial
Equipment Leasing Division (CELD)

2017

Assets surpassed \$5 billion
Opened a Manhattan branch in NY

2018

Opened Houston Chinatown
branch in Texas

Management Team

Name	Position	Banking Experience (Years)	Hanmi Experience (Years)	Previous Experience
Bonnie Lee	President & CEO	34	7	BBCN Bancorp, Shinhan Bank America, Nara Bank
Romolo Santarosa	SEVP, Chief Financial Officer	29	5	Opus Bank, First California Financial Group, Sanwa Bank, Shawmut National Corporation
Anthony Kim	EVP, Chief Banking Officer	26	7	Nara Bank / Saehan Bank BBCN Bancorp
Matthew Fuhr	EVP, Chief Credit Administration Officer	24	5	Pacific Western Bank, Wells Fargo Bank, Foothill Independent Bank, FDIC
Mike Park	EVP, Chief Credit Risk Officer	32	6	East West Bank, Nara Bank, Sanwa/Bank of the West, Center Bank
Anna Chung	EVP, Chief SBA Lending Officer	37	6	East West Bank, Nara Bank, Sanwa/Bank of the West, Center Bank
Navneeth Naidu	EVP, Chief Technology Officer	18	2	Columbia Bank, American Marine Bank, First Capital Bank of Texas
Michael Du	SVP, Chief Risk Officer	21	1	Fremont Investment and Loan, Capital Source, Banc of California, Unify Financial Federal Credit Union, Pacific Western Bank

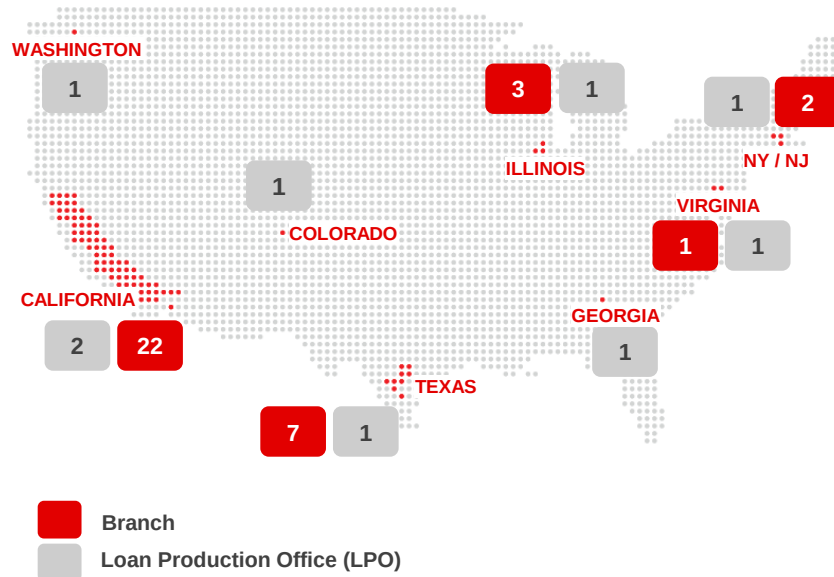
Hanmi at a Glance

Equity Snapshot

(as of August 20, 2020)

Headquarters:	Los Angeles, CA
Ticker:	NASDAQ: HAFC
Share Price:	\$9.55
52 Week Range:	\$7.15 - \$20.79
Market Cap:	\$294.6 Million
Avg. 3M Daily Volume:	283,545

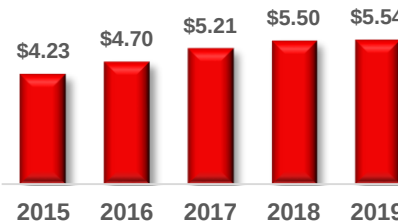
Bank Network



Focus on growth and value preservation for our shareholders

- Second largest Korean American Bank with 38 years of history and \$6.2 billion in assets
- 35 branches coast-to-coast in major banking markets & 9 LPOs
- Commitment to conservative, disciplined underwriting, and strong asset quality
- Well capitalized, significantly above the regulatory requirements

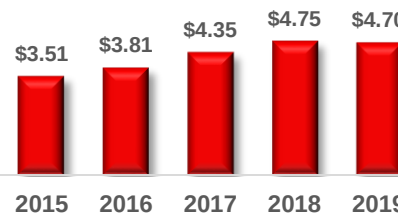
Assets \$ billions



Loans \$ billions



Deposits \$ billions



Net Income \$ millions



2Q20 Highlights

Net Income	Diluted EPS	ROAA	NIM	Efficiency	TBVPS*
\$9.2M	\$0.30	0.63%	3.15%	41.51%	\$17.47

- **Net income** of \$9.2 million, or \$0.30 per diluted share; second quarter results included credit loss expense of \$24.6 million
- **Loans receivable** increased 6.2% from prior quarter to \$4.8 billion driven by solid new loan production of \$225.3 million in addition to PPP loans
 - **Funded** over 3,000 **Paycheck Protection Program** loans totaling \$308.8 million
- **Deposits** of \$5.21 billion, up 13.7% from the end of the first quarter
 - **Cost of interest-bearing deposits** declined 45 basis points from the prior quarter
- **Noninterest income** of \$20.9 million, included gains on sales of securities of \$15.7 million
- **Noninterest expense** decreased 12.7% from the prior quarter to \$27.1 million
 - **Efficiency ratio** for the second quarter was 41.51% (60.82% excluding securities gains and deferred PPP loan origination costs), compared with 61.89% for the prior quarter
- **Well-capitalized** with a Total Risk-Based capital ratio of 14.04% and a Common Equity Tier 1 capital ratio of 10.47% and TCE/TA ratio of 8.63% (9.07% excluding PPP loans)

*Non-GAAP financial measure; refer to the non-GAAP reconciliation slide

2Q20 Financial Summary

(\$ million, except EPS)

(\$ million, except EPS)				Change ^(1,2)	
	2Q20	1Q20	2Q19	Q/Q	Y/Y
Income Statement Summary					
Net interest income	\$ 44.4	\$ 44.0	\$ 43.0	1.1%	3.4%
Noninterest income	20.9	6.2	7.7	236.4%	170.8%
Operating revenue	65.4	50.2	50.7	30.2%	28.9%
Noninterest expense	27.1	31.1	30.1	-12.7%	-10.0%
Credit Loss Expense	24.6	15.7	16.7	56.3%	47.3%
Pretax income	13.6	3.4	3.9	302.3%	251.9%
Income tax expense	4.5	1.0	1.2	329.0%	266.0%
Net income	\$ 9.2	\$ 2.4	\$ 2.7	290.4%	245.4%
EPS-Diluted (in \$)	\$ 0.30	\$ 0.08	\$ 0.09		
Select Balance Sheet Items					
Loans receivable	\$ 4,826	\$ 4,544	\$ 4,556	6.2%	5.9%
Deposits	5,210	4,582	4,762	13.7%	9.4%
Total assets	6,218	5,618	5,512	10.7%	12.8%
Stockholders' equity	547	553	564	-1.0%	-3.0%
Profitability Metrics					
Return on average assets	0.63%	0.17%	0.19%	46	44
Return on average equity	6.73%	1.69%	1.87%	504	486
TCE/TA	8.63%	9.65%	10.04%	-102	-141
Net interest margin	3.15%	3.36%	3.30%	-21	-15
Efficiency ratio	41.51%	61.89%	59.43%	-2,038	-1,792

Note: Numbers may not foot due to rounding

(1) Percentage change calculated from dollars in thousands

(2) Change in basis points for returns and ratios

Key Highlights

- Net income of \$9.2 million, or \$0.30 per diluted share; compared with \$2.4 million, or \$0.08 per diluted share in the first quarter
 - 2020 second quarter results included credit loss expense of \$24.6 million and gain on sale of securities of \$15.7 million
- Loans receivable of \$4.83 billion, up 6.2% from the end of the prior quarter reflecting \$308.8 million of loans funded through the Paycheck Protection Program ("PPP") and \$225.3 million of new loan and lease production; Loans receivable up 5.9% year-over-year.
- Deposits of \$5.21 billion, up \$627.7 million or 13.7% from the end of the first quarter, led principally from increases in noninterest-bearing deposits; Deposits up 9.4% from a year ago.
- Net interest income increased to \$44.4 million for the second quarter; net interest margin of 3.15%
- Noninterest expense down 12.7% from the previous quarter to \$27.1 million
- Efficiency ratio for the second quarter was 41.51% (60.82% excluding securities gains and deferred PPP loan origination costs) compared with 61.89% from the prior quarter

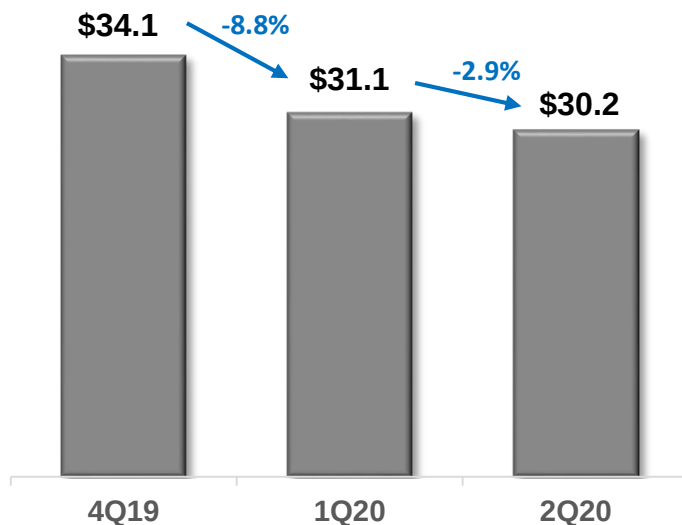
Pretax Pre-Provision Income* – PTPP

(\$ million)

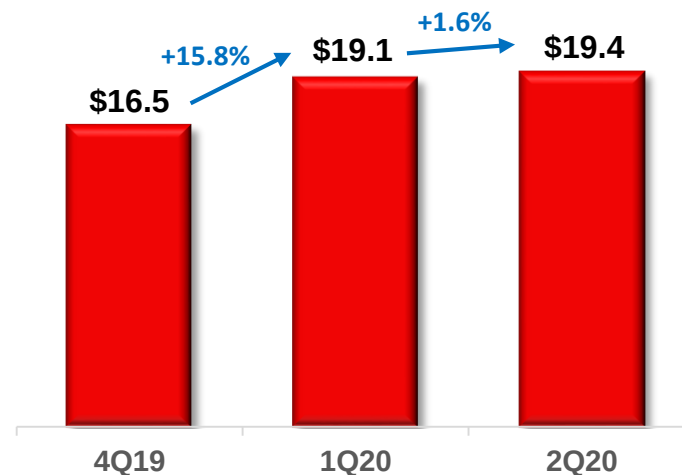
	2Q20	1Q20	4Q19
Income Statement Summary			
Net interest income	\$ 44.4	\$ 44.0	\$ 43.9
Noninterest income ⁽¹⁾	5.2	6.2	6.7
Operating revenue	49.6	50.2	50.6
Noninterest expense ⁽²⁾	30.2	31.1	34.1
Pretax, Pre-Provision income	19.4	19.1	16.5
Pretax, Pre-Provision income / average assets (annualized)	1.32%	1.39%	1.20%

- Operating revenue was relatively stable quarter-over-quarter
 - No SBA gains in 2Q20; \$1.2 million SBA gains 1Q20; \$1.5 million SBA gains for 4Q19
- Noninterest expenses decreased by 2.9% for the second quarter
- Pretax, Pre-Provision income grew by 1.6% from the first quarter

Noninterest Expense (\$ million)⁽²⁾



Pretax, Pre-Provision Income (\$ million)⁽¹⁾



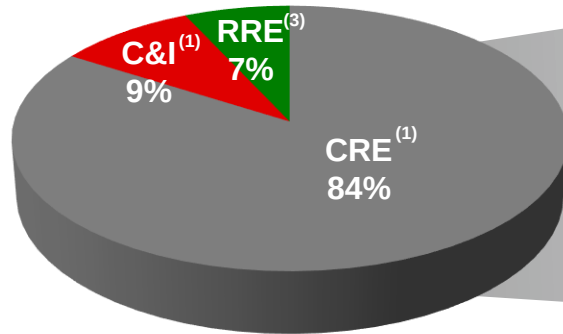
(1) Excludes gains on securities of \$15.7 million for 2Q20 and \$0.6 million for 4Q19

(2) Excludes \$3.1 million of PPP deferred loan origination costs for 2Q20

*Excluding extraordinary items

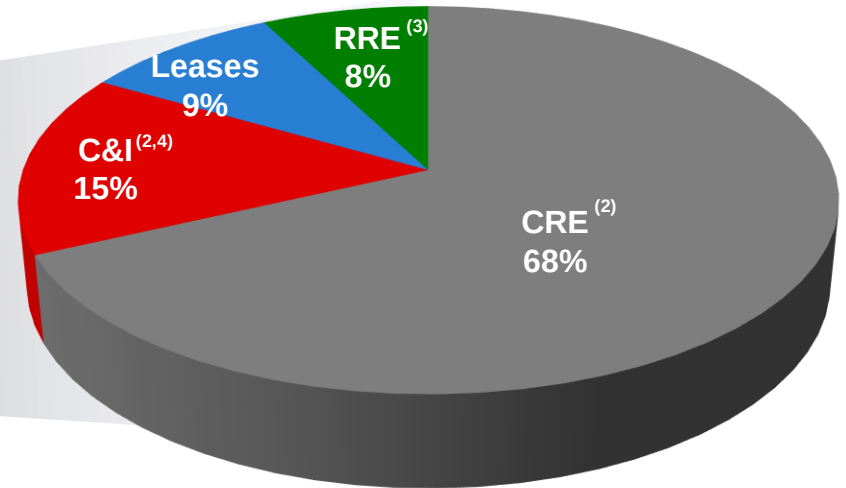
Successful Portfolio Diversification Strategy

**Loan Composition
2Q 2015**



**Total Portfolio:
\$2.9 billion**

**Loan Composition
2Q 2020**



**Total Portfolio:
\$4.8 billion**

11% CAGR

Significant progress in reducing CRE concentration from 84% of total portfolio to 68% today

(1) Includes \$214 million of the retained unguaranteed portion of the SBA loans.

(2) Includes \$478 million of the retained unguaranteed portion of the SBA loans.

(3) RRE includes Consumer

(4) C&I portfolio includes \$302 million of loans funded through the Paycheck Protection Program net of deferred fees and cost

Loan Portfolio Composition

\$4.83 Billion Loan Portfolio
(as of 2Q20)

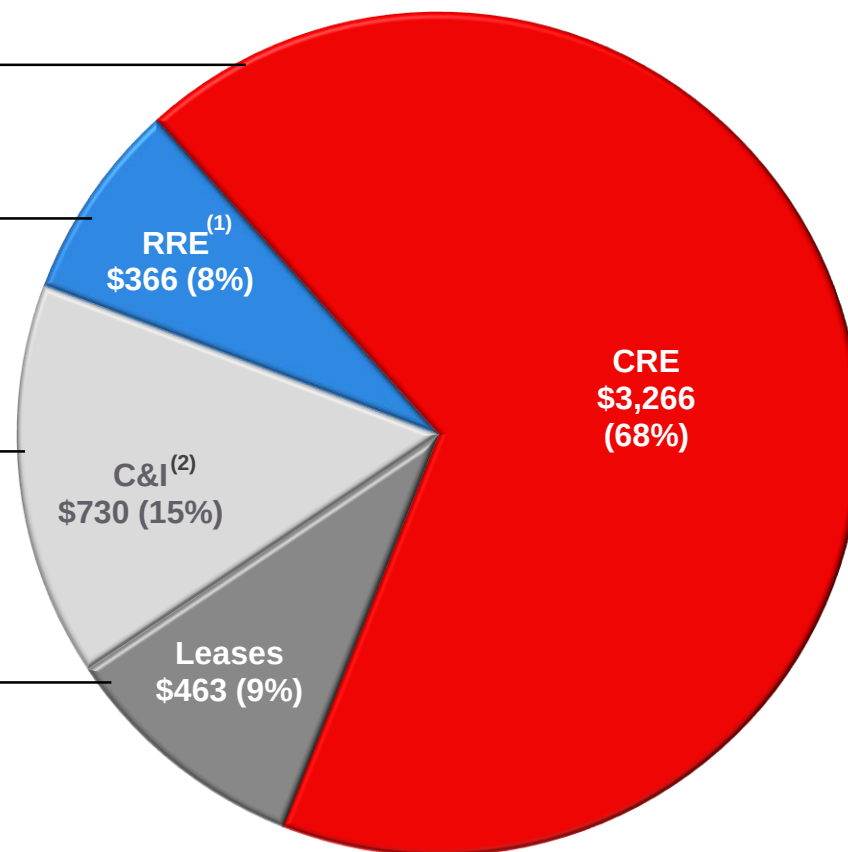
Loan Portfolio Composition (\$ million)

Commercial Real Estate Portfolio	
\$ in millions	
Outstanding	\$3,266
Average Size	\$1.2
QTD Average Yield	4.54%

RRE & Consumer Portfolio ⁽¹⁾	
\$ in million	
Outstanding	\$366
Average Size	\$0.4
QTD Average Yield	3.53%

Commercial & Industrial Portfolio ⁽²⁾	
\$ in millions	
Outstanding	\$730
Average Size	\$0.2
QTD Average Yield	3.92%

Leasing Portfolio	
\$ in millions	
Outstanding	\$463
Average Size	\$0.04
QTD Average Yield	5.55%



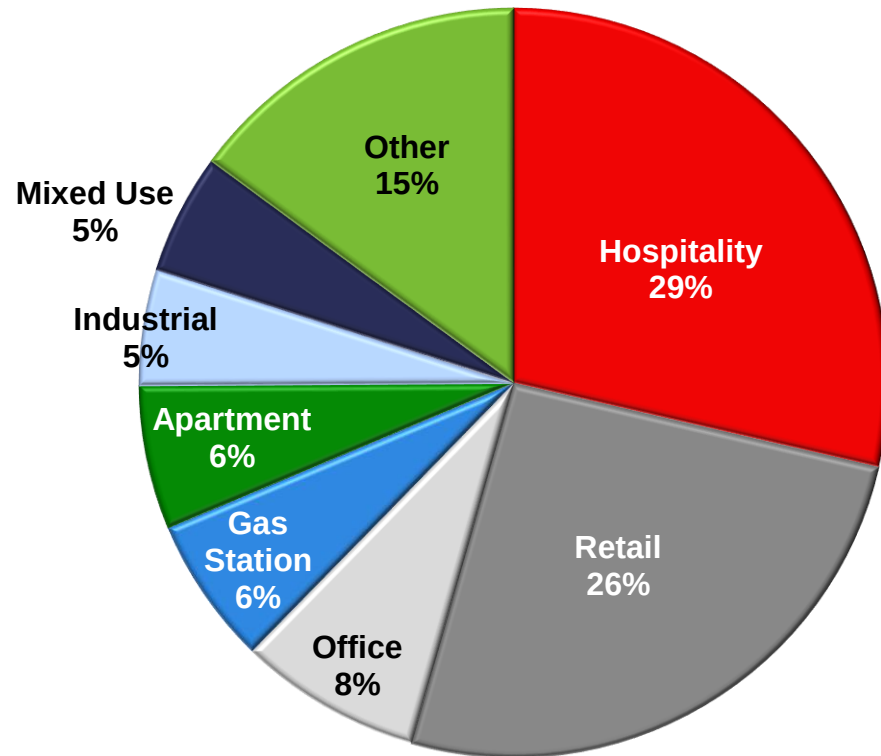
(1) RRE includes Consumer

(2) C&I portfolio includes \$302 million of loans funded through the Paycheck Protection Program net of deferred fees and costs

Loan Portfolio Diversification

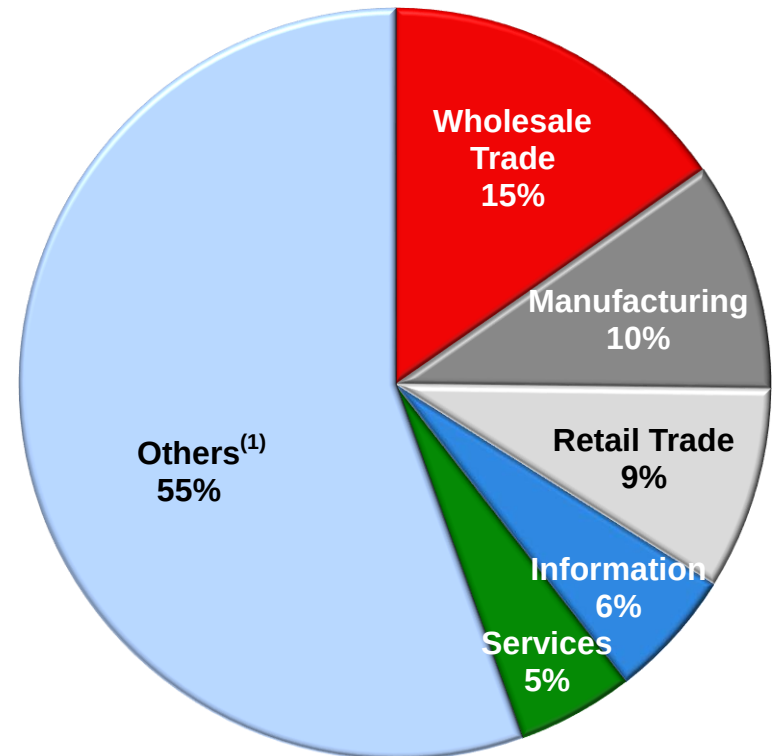
Loan portfolio is well diversified across property and business types.

CRE Portfolio
\$3.27B



Note: Numbers may not foot due to rounding

C&I Portfolio
\$730M

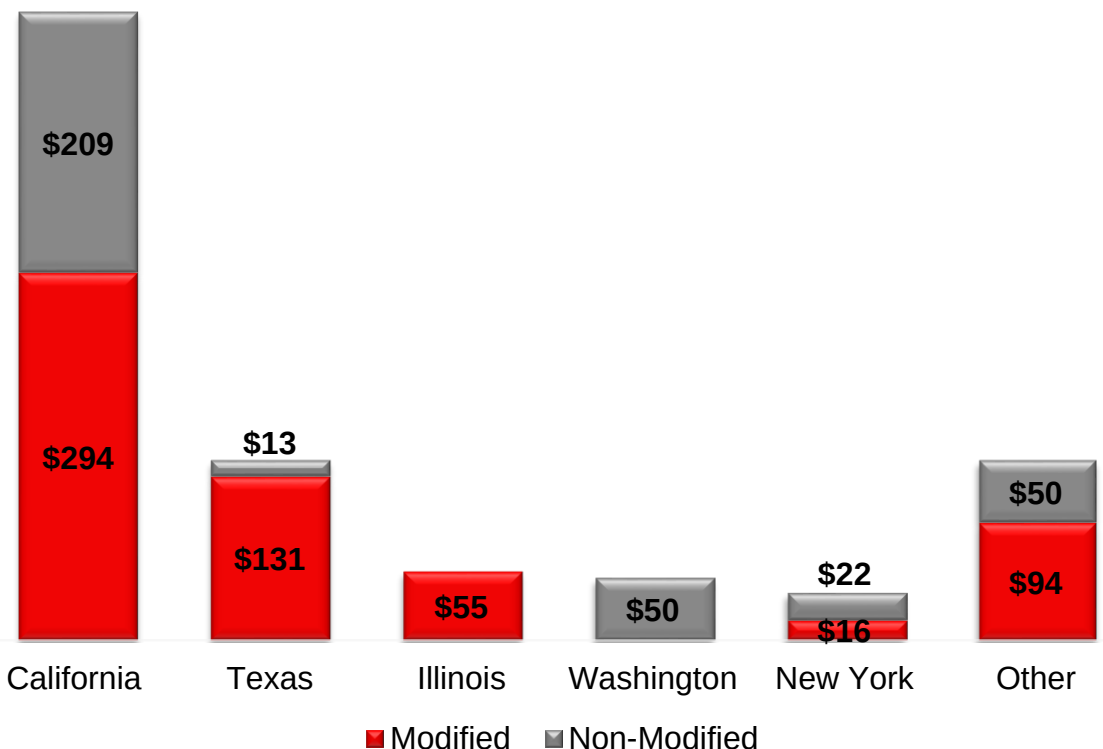


(1) 75% of this category represents PPP loans

Hospitality Segment

Hospitality segment is \$935 million, representing 19% of the loan portfolio. 78% of the hospitality segment is attributed to flagged properties.

Composition by Top 5 States* (modified vs. non-modified)



Total Hospitality Segment:
\$935M

Hospitality Portfolio Detail

- Average balance within the segment is \$3.3 million
- Flagged properties comprise 78% of the segment with an average balance of \$3.3 million
- Non-flagged properties comprise 22% of the segment with an average balance of \$3.2 million
- 64% of the segment, representing \$601 million, has 1.5x or better debt coverage** ratio
 - Weighted average debt coverage** ratio of the segment is 2x
- 81% of the segment, representing \$762 million, has 59% or better loan to value** ratio
 - Weighted average loan to value** ratio of the segment is 50.1%

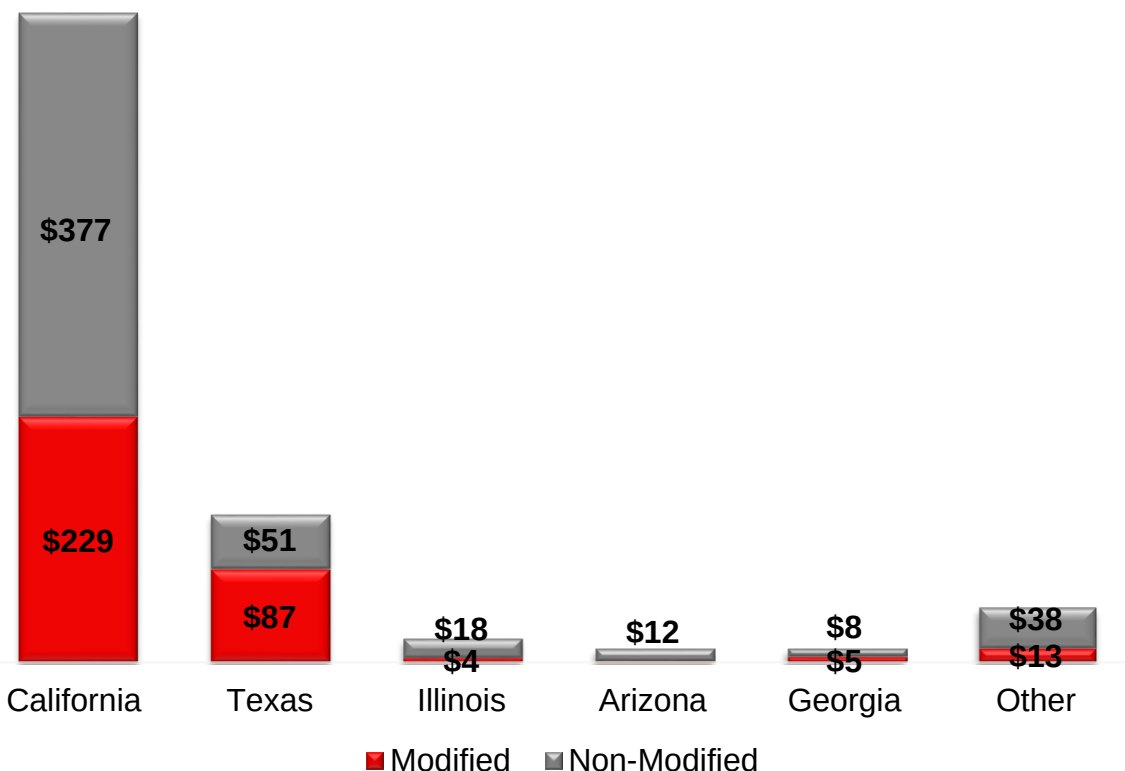
*Geography based on the collateral address

**Debt coverage and loan to value ratio calculated at the time of origination

Retail Segment

Retail segment is \$843 million, representing 18% of the loan portfolio.

Composition by Top 5 States* (modified vs. non-modified)



Total Retail Segment:
\$843M

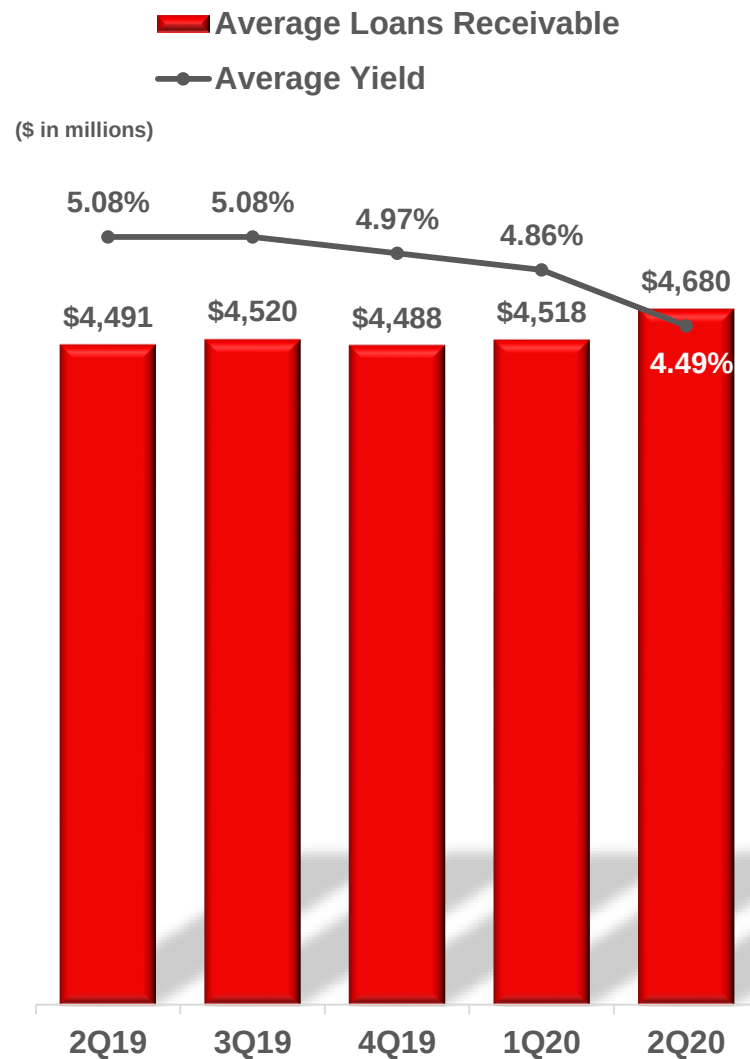
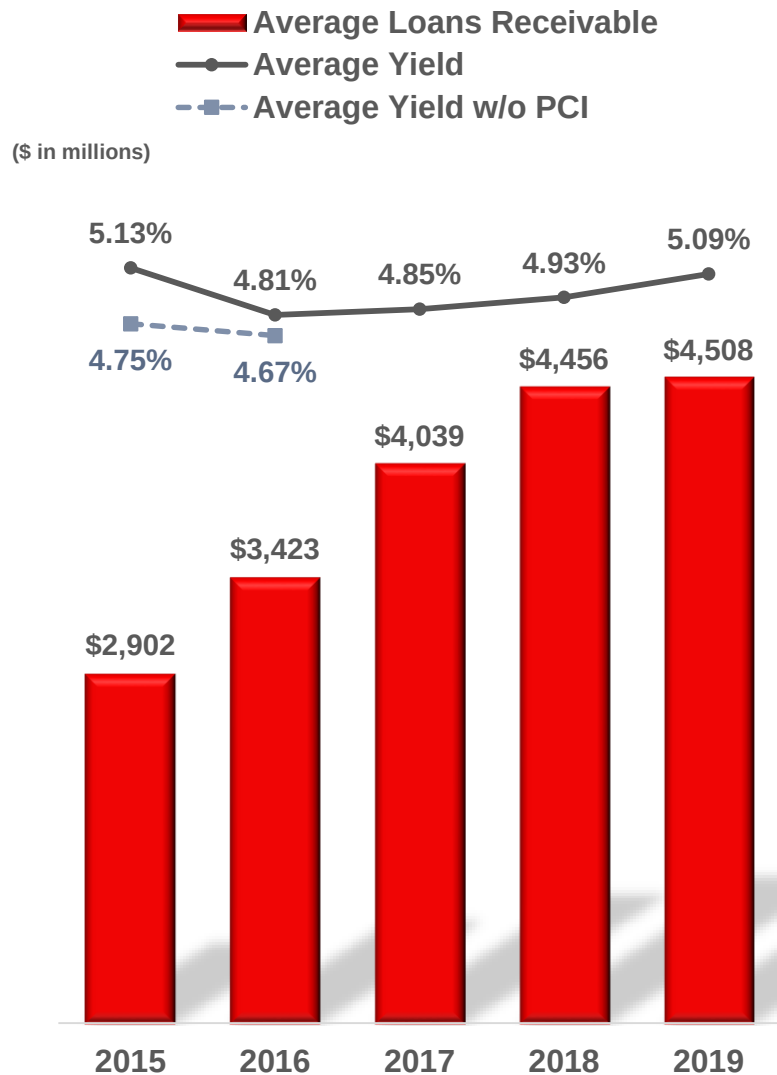
Retail Portfolio Detail

- Average balance within the segment is \$1.2 million
- 53% of the segment representing \$443 million has 1.5x or better debt coverage**
 - Weighted average debt coverage** ratio of the segment is 1.8x
- 76% of the segment representing \$643 million has 59% or better loan to value**
 - Weighted average loan to value** ratio of the segment is 49.6%

*Geography based on the collateral address

**Debt coverage and loan to value ratio calculated at the time of origination

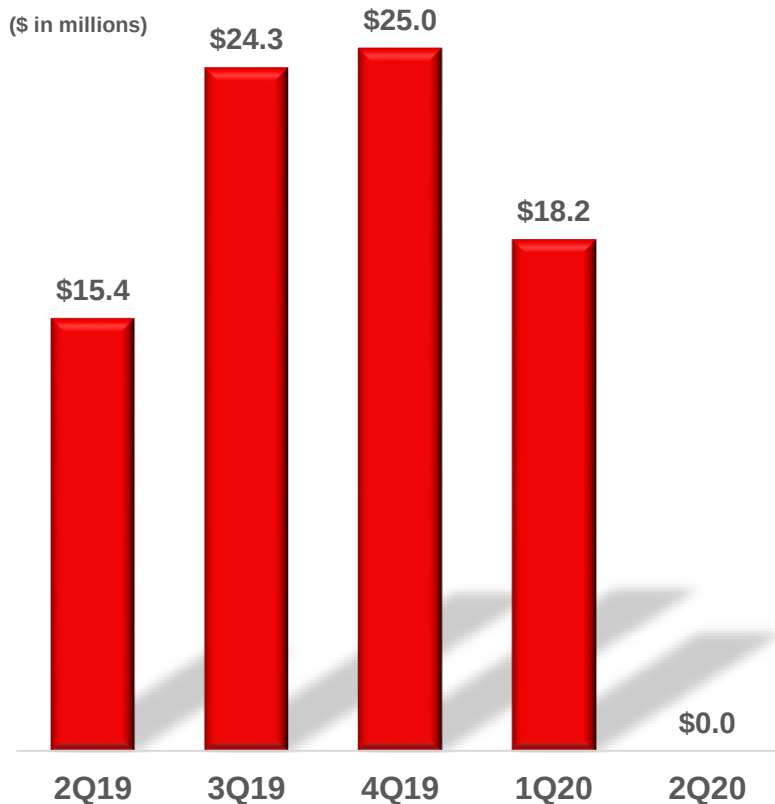
Loan Trends



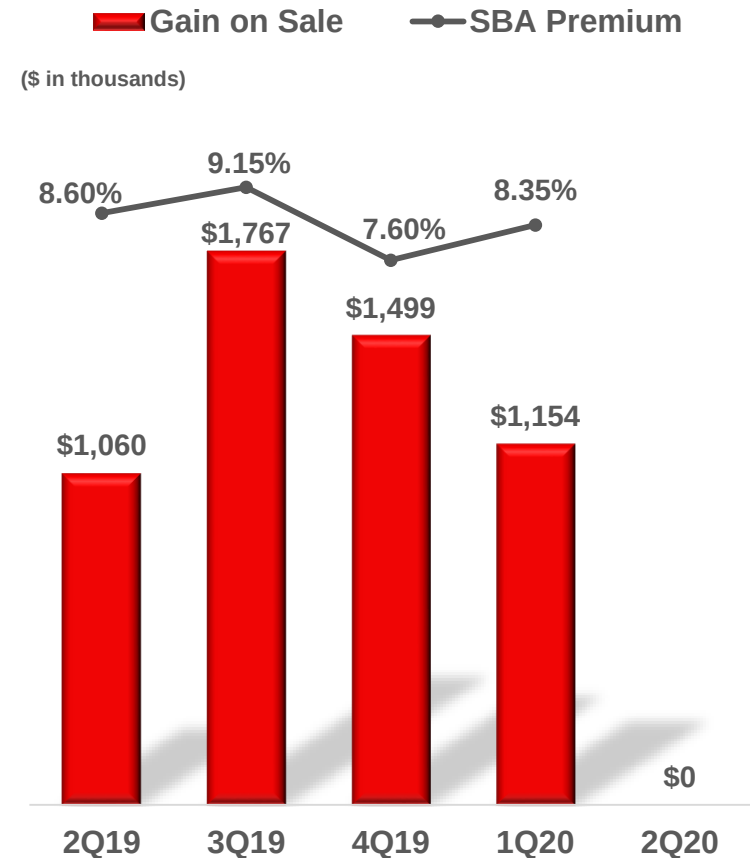
SBA Loan Sales

Hanmi did not sell any SBA loans during the second quarter because of the disruptions in the secondary market resulting from COVID-19. The volume of SBA loans sold and gains on sales of SBA loans for the first quarter of 2020 were \$18.2 million and \$1.2 million, respectively.

SBA Loan Sales

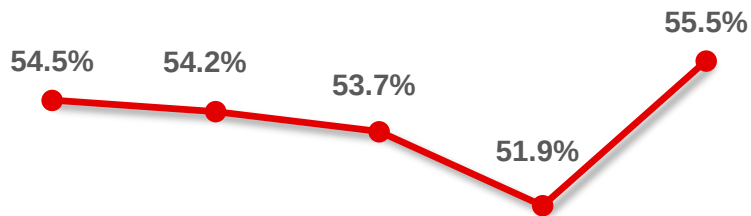


SBA Gain on Sale



Asset Quality in New CRE Originations

—●— Weighted Average Loan to Value

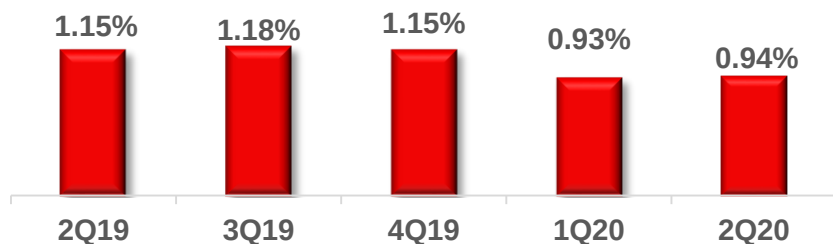


—●— Weighted Average Debt Coverage Ratio

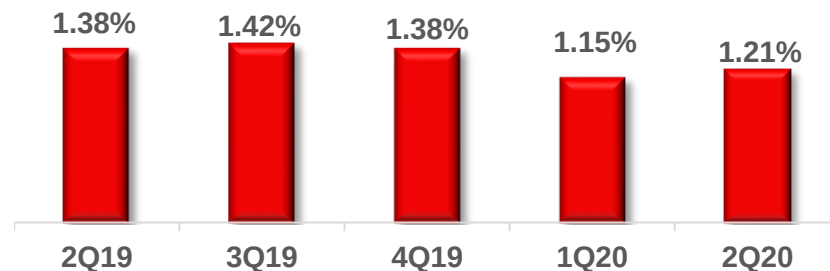


Asset Quality

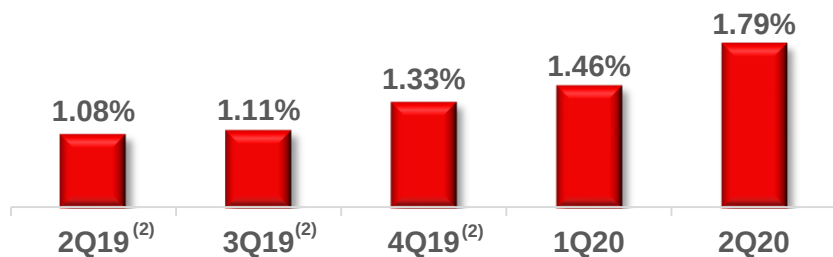
Nonperforming Assets to Assets⁽¹⁾



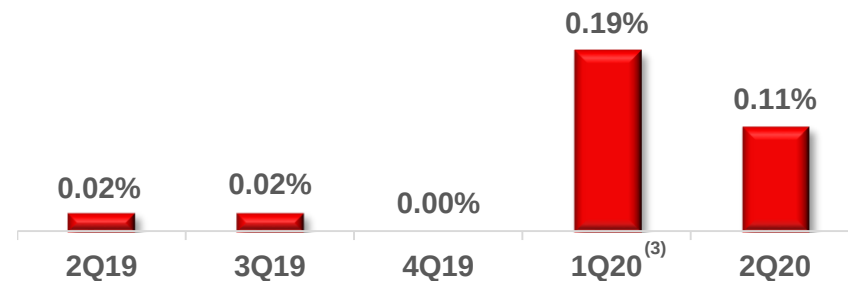
Nonperforming Loans to Total Loans⁽¹⁾



Allowance for Credit Losses to Total Loans



Net Loan Charge-offs (Recoveries) to Average Loans



Overall asset quality remains strong

(1) 2Q19 includes a \$40.7 million loan relationship comprised of a land loan (\$27.9 million) and a business loan (\$12.8 million) which has declined to \$13.3 million at 2Q20; charge-offs were \$25.4 million

(2) 2Q19 and 3Q19 include a \$15.7 million specific allowance, and 4Q19 includes a \$22.6 million specific allowance for the loan relationship discussed in note 1

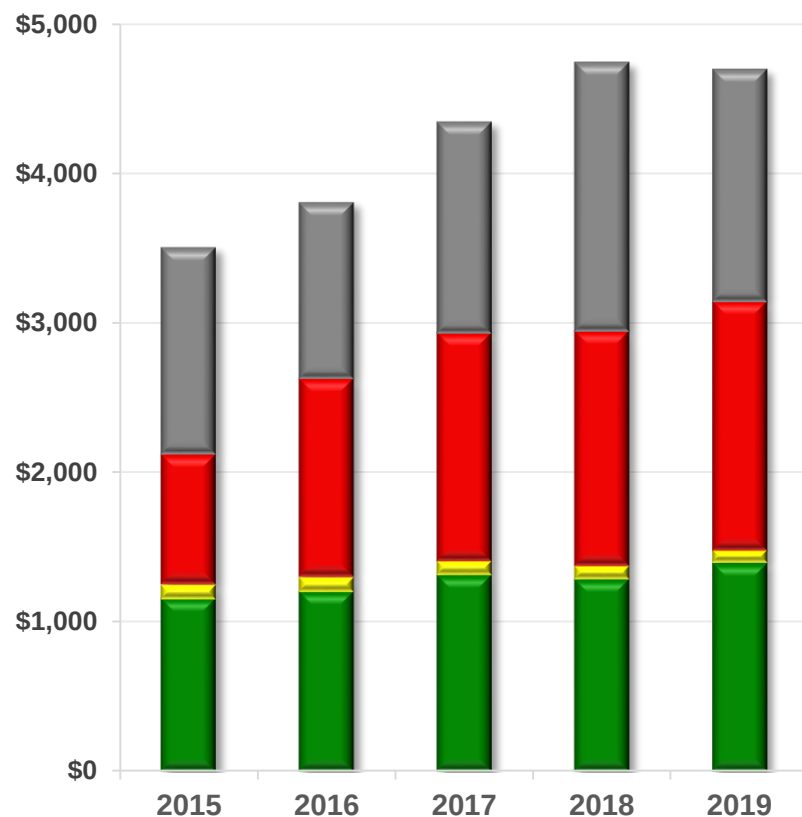
(3) 1Q20 annualized net charge-off, inclusive of the charge-off in note 2, was 2.41%

Diversified Deposit Base

Deposits

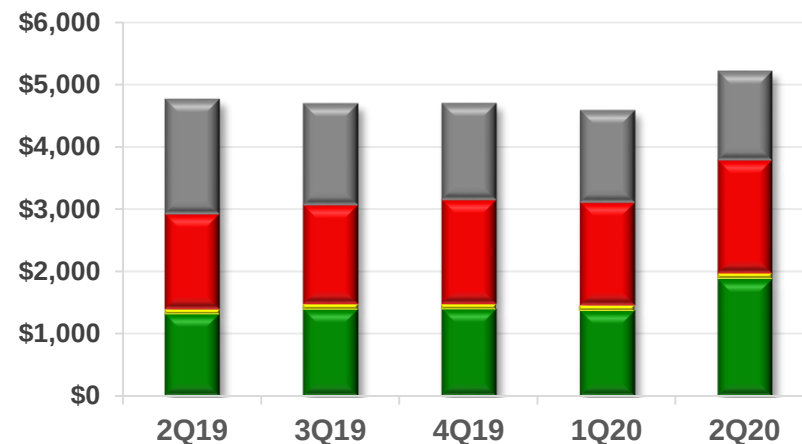
(\$ in millions)

- Time Deposits
- Money Market & Savings
- Demand Interest-bearing
- Demand Noninterest-bearing



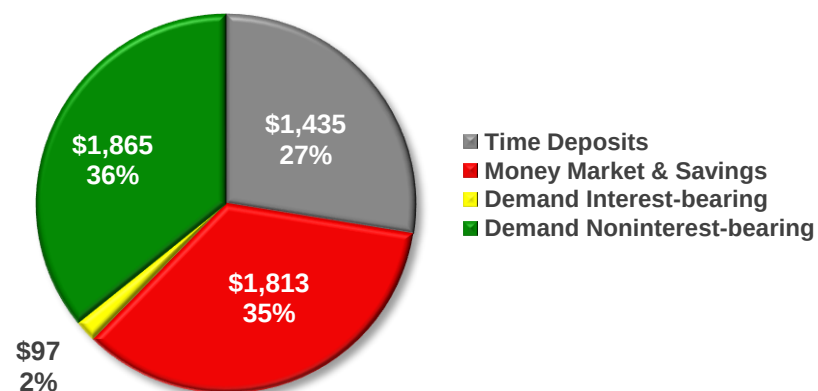
Deposits

(\$ in millions)



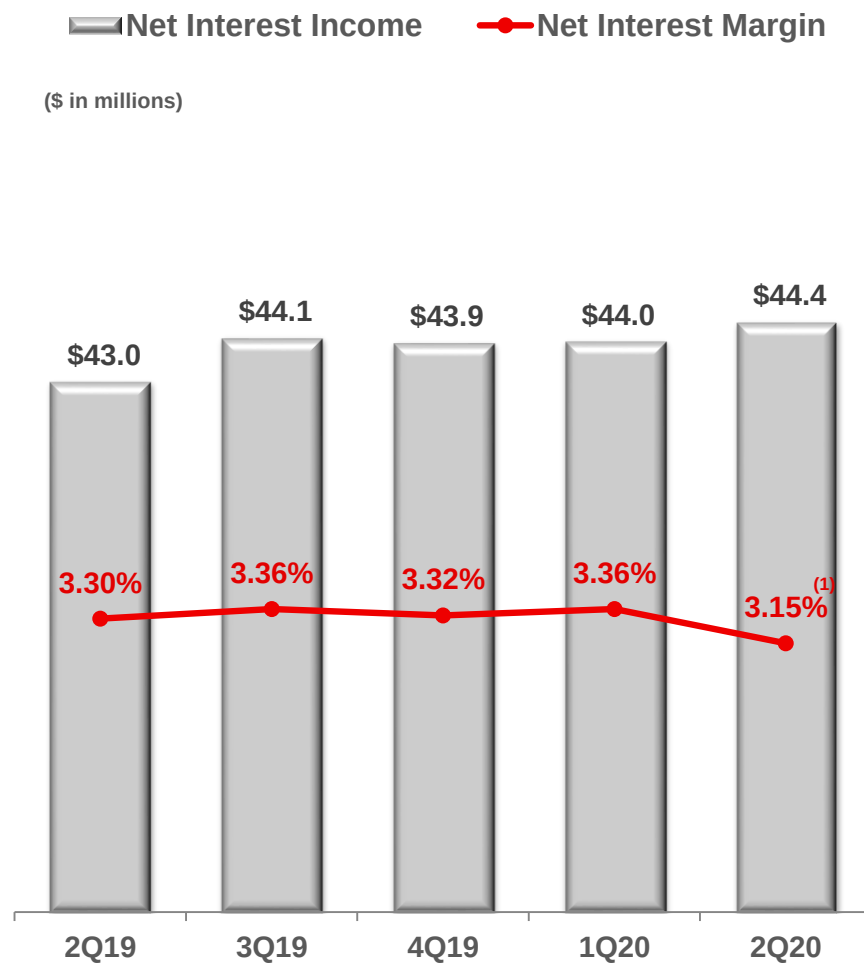
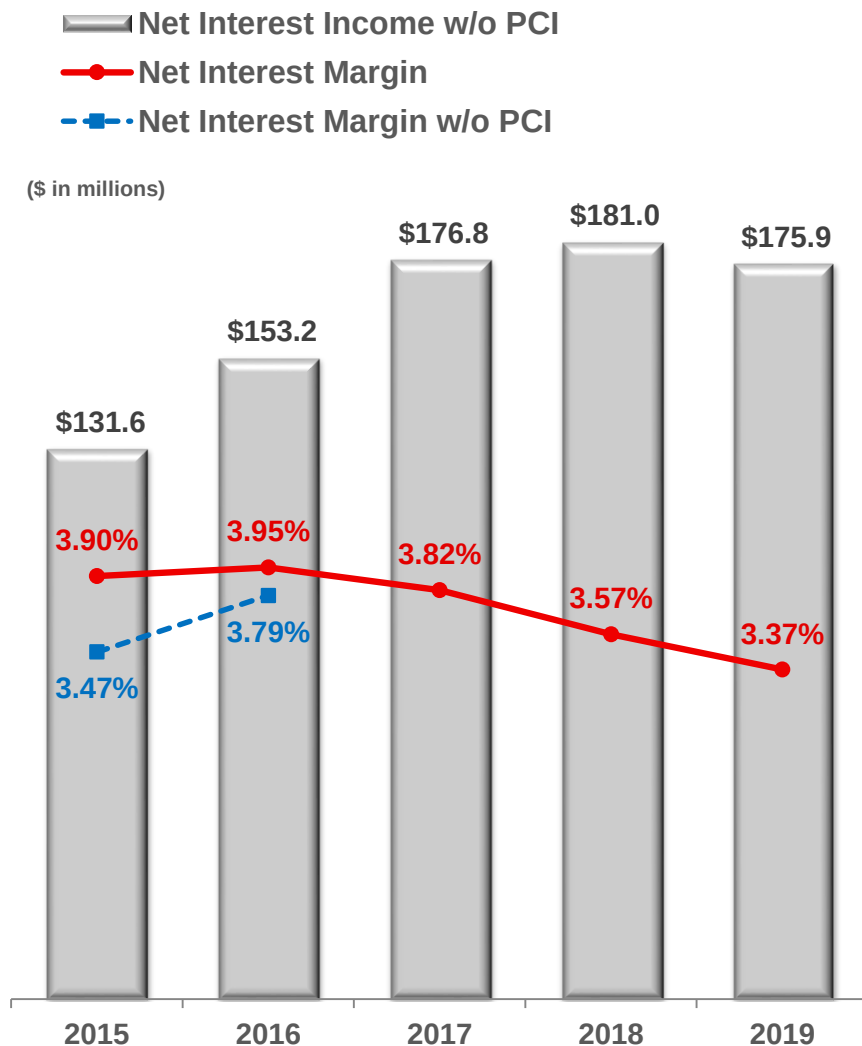
Deposits by Type – June 30, 2020

(\$ in millions)



Note: Numbers may not sum due to rounding

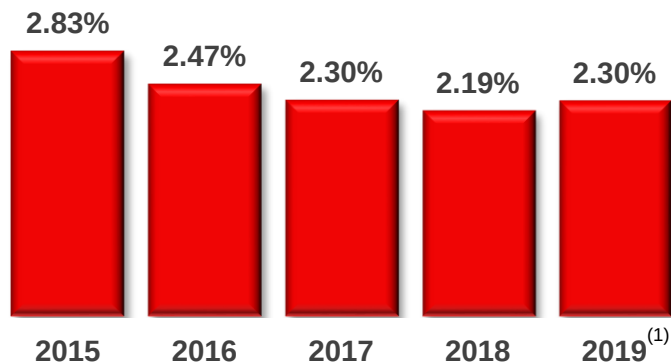
2020: Net Interest Margin



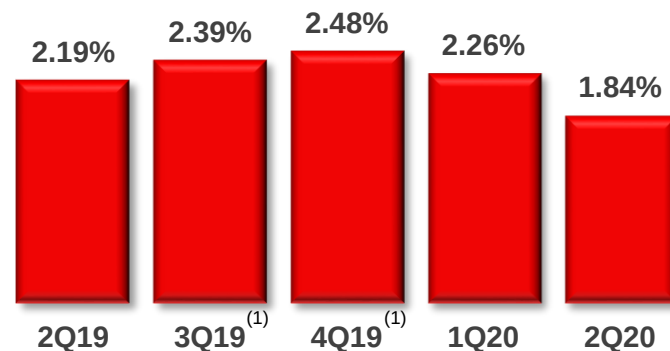
(1) Net interest margin adjusted for PPP loans is 3.21%

Noninterest Expenses

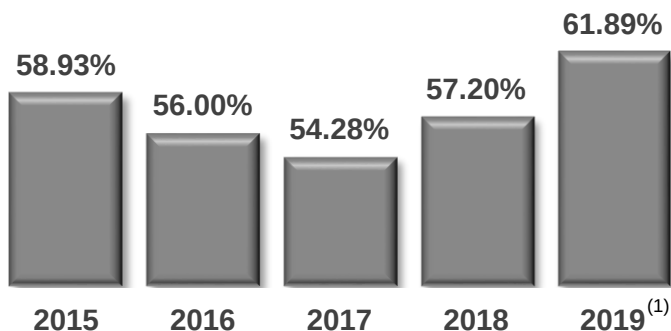
NIE/Avg. Assets



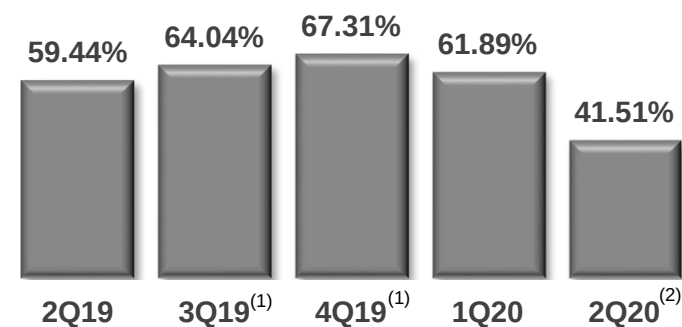
NIE/Avg. Assets



Efficiency Ratio



Efficiency Ratio

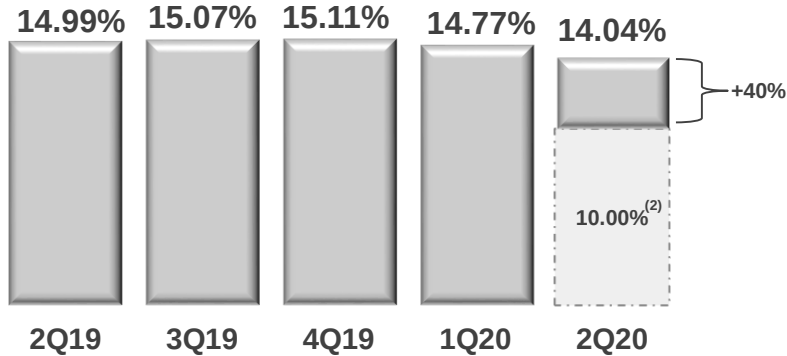


(1) Reflects, among other things, elevated charges arising from the troubled loan relationship

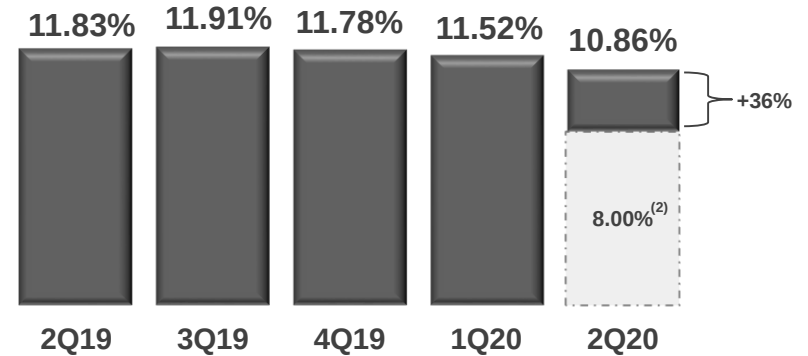
(2) Efficiency ratio adjusted for PPP loans and securities gains is 60.82%

Capital Ratios Exceed Well-Capitalized Thresholds⁽¹⁾

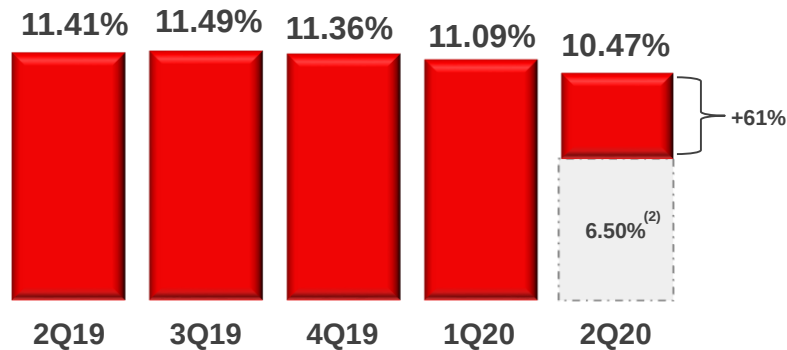
Total RBC



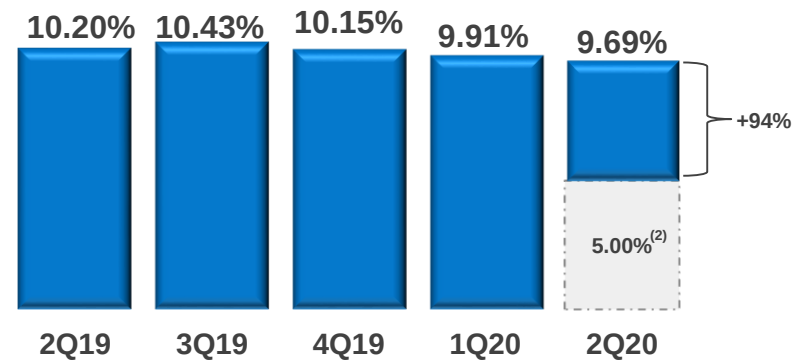
Tier 1 RBC



CET 1



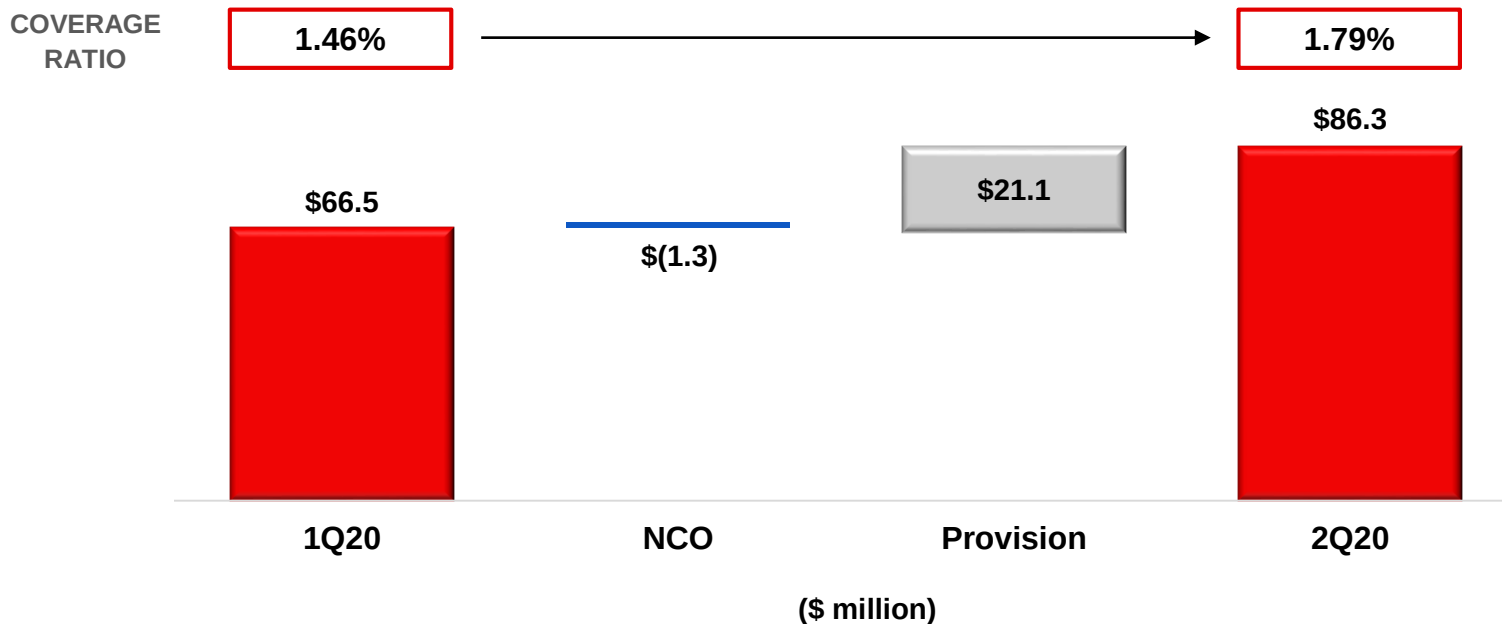
Tier 1 Leverage



(1) Capital ratios are preliminary for June 30, 2020.
(2) Minimum threshold for a well-capitalized institution.

ACL Analysis

Allowance for credit losses was \$86.3 million as of June 30, 2020 generating an allowance for credit losses to loans of 1.79% (1.91% excluding PPP loans) compared with 1.46% at the end of the prior quarter. The increase in the allowance from the first quarter reflects the change in macroeconomic assumptions including a higher projected average unemployment rate for the subsequent four quarters and a lower projected annual GDP growth rate.



ACL by Loan Components

Allowance for credit losses grew from \$53.6 million to \$66.5 million by the end of the first quarter to \$86.3 million by the end of the second quarter, since inception of CECL.

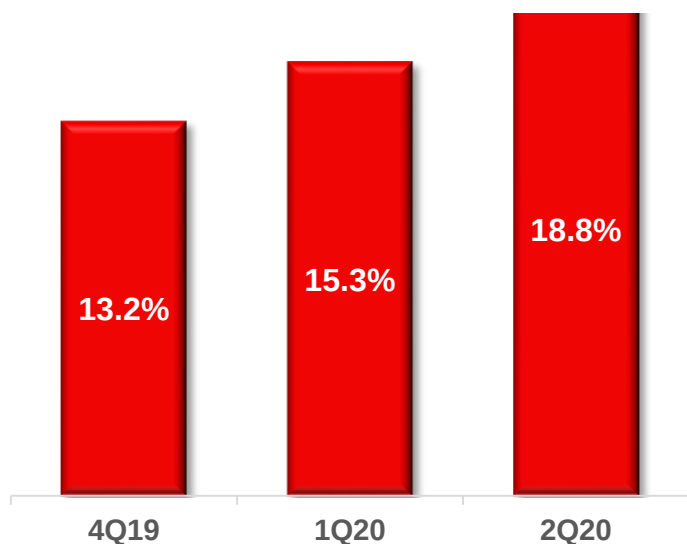
(\$ million)	June 30, 2020		March 31, 2020		January 1, 2020 ⁽¹⁾	
	Allowance	Loans	Allowance	Loans	Allowance	Loans
<i>Loan Components</i>						
CRE	\$ 53.6	\$ 3,266.2	\$ 37.0	\$ 3,187.2	\$ 34.7	\$ 3,213.0
C&I	13.4	730.4	11.6	472.7	2.0	472.4
Leases	16.5	462.8	15.8	492.5	14.7	483.9
RRE & Consumer	2.8	366.2	2.1	391.2	2.2	415.7
Total	\$ 86.3	\$ 4,825.6	\$ 66.5	\$ 4,543.6	\$ 53.6	\$ 4,585.0

(1) Allowance and loans exclude the 1Q20 \$25.2 million charge-off associated with the previously identified troubled-loan relationships

Liquidity

With \$20.3 million in cash on deposit with its bank subsidiary as of June 30, 2020, Hanmi Financial has ample liquidity resources to operate in the evolving, uncertain macroeconomic environment resulting from the COVID-19 crisis.

Liquid Asset Ratio



(\$ million)

	2Q20	1Q20	4Q19
Bank Liquidity			
Cash and Cash Equivalents	\$ 546	\$ 291	\$ 122
Securities AFS (unpledged)	606	569	604
FHLB Financing Availability	1,395	1,219	878
FRB Discount Window	48	51	30
Fed Funds lines (unsecured)	115	115	115
FRB PPPLF borrowing capacity	207	-	-
Total liquidity	\$ 2,916	\$ 2,245	\$ 1,749

Securities Portfolio

The composition of the securities portfolio remains relatively unchanged quarter-over-quarter, with allocation to U.S. treasuries, and U.S. government agencies and sponsored agencies – mortgage-backed securities, collateralized mortgage obligations, and notes.

(\$ thousand)

	June 30, 2020			March 31, 2020		
	Fair Value	TE Yield Proj.	Asset Alloc.	Fair Value	TE Yield Proj.	Asset Alloc.
<i>Securities Portfolio</i>						
U.S. treasuries	\$ 45,262	0.99%	7%	\$ 25,408	2.66%	4%
U.S. government agencies and sponsored agencies:						
Mortgage-backed securities	413,264	1.56%	63%	425,356	2.44%	68%
Collateralized mortgage obligations	120,294	1.03%	18%	154,825	2.25%	25%
Notes	77,152	0.58%	12%	16,617	2.11%	3%
Securities total	\$ 655,971	1.31%	100%	\$ 622,206	2.39%	100%
Unrealized appreciation, net	\$ 471			\$ 16,676		

Investment Highlights & Opportunities

- **Strong balance sheet**

- Diversified loan portfolio
- Premier core deposit franchise
- Sound asset quality
- Well capitalized

- **Prudent capital management**

- Dividends appropriate with earnings level
- Share repurchase in place, although paused for time being

- **Attractive market valuation⁽¹⁾**

- P/ LTM EPS: 10.85x
- P/TBV: 0.55x

(1) Source: S&P Global Market Intelligence as of August 20, 2020

Non-GAAP Reconciliation

(\$ thousand, except share, per share data and ratios)

	2Q20	1Q20	4Q19	3Q19	2Q19
<i>Tangible Common Equity to Tangible Assets Ratio</i>					
Assets	\$ 6,218,163	\$ 5,617,690	\$ 5,538,184	\$ 5,527,982	\$ 5,511,752
Less goodwill and other intangible assets	(11,742)	(11,808)	(11,873)	(11,950)	(12,028)
Tangible assets	\$ 6,206,421	\$ 5,605,882	\$ 5,526,311	\$ 5,516,032	\$ 5,499,724
Stockholders' equity ¹	\$ 547,436	\$ 552,958	\$ 563,267	\$ 574,527	\$ 564,458
Less goodwill and other intangible assets	(11,742)	(11,808)	(11,873)	(11,950)	(12,028)
Tangible stockholders' equity ¹	\$ 535,694	\$ 541,150	\$ 551,394	\$ 562,577	\$ 552,430
Stockholders' equity to assets	8.81%	9.84%	10.17%	10.39%	10.24%
Tangible common equity to tangible assets ¹	8.63%	9.65%	9.98%	10.20%	10.04%
Common shares outstanding	30,657,629	30,622,741	30,799,624	31,173,881	30,975,163
Tangible common equity per common share	\$ 17.47	\$ 17.67	\$ 17.90	\$ 18.05	\$ 17.83

(1) There were no preferred shares outstanding at the periods indicated.

Non-GAAP Reconciliation – Paycheck Protection Program

(\$ in thousands, except share and per share data)

	As of June 30, 2020		Three Months Ended June 30, 2020
Tangible Common Equity to Tangible Assets		Net Interest Margin	
Tangible assets	\$ 6,206,421	Net interest income	\$ 44,442
Less PPP loans	(301,836)	Less PPP loan interest income	(1,129)
Tangible assets adjusted for PPP loans	<u>\$ 5,904,585</u>	Net interest income adjusted for PPP loans	<u>\$ 43,313</u>
Tangible stockholders' equity ⁽¹⁾	\$ 535,694	Average interest-earning assets	\$ 5,673,321
TCE / TA Ratio	8.63%	Less average PPP loans	(251,758)
TCE / TA Ratio adjusted for PPP loans	9.07%	Average interest-earning assets adjusted for PPP loans	<u>\$ 5,421,563</u>
Allowance for Credit Losses to Loans Receivable		NIM ⁽²⁾	3.15%
Allowance for credit losses	\$ 86,330	NIM adjusted for PPP loans ⁽²⁾	3.21%
Loans receivable	\$ 4,825,642	Efficiency Ratio	
Less PPP loans	(301,836)	Noninterest expense	\$ 27,138
Loans receivable adjusted for PPP loans	<u>\$ 4,523,806</u>	Less PPP deferred origination costs	3,064
ACL / Loans Receivable	1.79%	Noninterest expense adjusted for PPP loans	<u>\$ 30,202</u>
ACL / Loans Receivable adjusted for PPP loans	1.91%	Net interest income plus noninterest income	\$ 65,373
		Less net gain on sales of securities	(15,712)
		Net interest income plus noninterest income adjusted for net securities gains	<u>\$ 49,661</u>
		Efficiency ratio ⁽³⁾	41.51%
		Efficiency ratio adjusted for PPP loans and securities gains ⁽³⁾	60.82%

(1) There were no preferred shares outstanding at June 30, 2020

(2) Net interest income (as applicable) divided by average interest-earning assets (as applicable), annualized

(3) Noninterest expense (as applicable) divided by the sum of net interest income and noninterest income (as applicable)

In response to the Covid-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was adopted, which included authorization for the U.S. Small Business Administration (the "SBA") to introduce a new program, entitled the "Paycheck Protection Program," which provides loans for eligible businesses through the SBA's 7(a) loan guaranty program. These loans are fully guaranteed and available for loan forgiveness of up to the full principal amount so long as certain employee and compensation levels of the business are maintained and the proceeds of the loan are used as required under the program. The Paycheck Protection Program ("PPP") and loan forgiveness are intended to provide economic relief to small businesses nationwide adversely impacted under the COVID-19 pandemic.

Hanmi participated in this program and the financial information for the 2020 second quarter reflects this participation. This table shows financial information excluding the effect of the origination of the PPP loans, including the corresponding interest income earned on such loans, which constitutes a non-GAAP measure. Management believes the presentation of certain financial measures excluding the effect of PPP loans provides useful supplemental information that is essential to a proper understanding of the financial condition and results of operations of Hanmi. This disclosure should not be viewed as a substitution for results determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP financial measures that may be used by other companies.