



Celebrating 40 Years of Success

Helping our Customers Bank on their Dreams

Dear Valued Shareholders, Customers and Team Members,

For 40 years, Hanmi Bank has served our customers with relationship-based banking products and services that have helped them achieve their American dreams. We have done this by providing access to growth capital, advice, and business connections. Our close customer partnerships, along with our deep community ties, have enabled Hanmi to grow and flourish over the past four decades and position us exceptionally well for the next 40 years.

In 2022, we proudly celebrate our 40th anniversary. Founded in Los Angeles, Hanmi Bank was the first Korean American institution established to serve the underbanked immigrant community in Koreatown. Since we opened our doors, we have helped our customers capitalize on opportunities as well as navigate many challenges including recessions, inflation, debt and housing crises, social unrest, natural disasters and, most recently, a global pandemic. Through it all, we have remained true to our mission and our values while supporting the communities we serve.



Bonnie Lee
President & CEO

We are now the second-largest Korean American bank with \$6.9 billion in assets, serving multi-ethnic communities through a network of 35 full-service branches and eight loan production offices across nine states, coast-to-coast. Over the past few years, we have made meaningful investments in new products, talent, and technology to accelerate our evolution into a leading community bank and to ensure we meet our customers' needs and expectations. As a well-capitalized bank with a strong financial profile and a diversified business model, Hanmi is well positioned to serve a growing customer base by deepening ties with existing customers while building new relationships across our markets and business lines.

2021 Performance Highlights

Our team of 600 bankers performed exceptionally well in 2021 while continuing to navigate the challenges of the ongoing global pandemic, political and social volatility, and shifting economic dynamics. Guided by our strategic growth plan, we expanded our product and service offerings and diversified our loan and deposit portfolios. Working closely with our customers, we also further strengthened our portfolio and asset quality metrics. All of this resulted in very strong financial results for the year, including:

- 2021 net income of \$98.7 million, or \$3.22 per diluted share, up from \$42.2 million, or \$1.38 per diluted share in 2020.
- Record loan production of \$1.81 billion, a year-over-year increase of 12 percent, excluding \$133.1 million of second round Paycheck Protection Program (PPP) loans.
- Deposit growth of 9.7 percent, bringing total deposits to \$5.79 billion at year-end; Demand Deposit Accounts (DDAs) increased to 44.5 percent of total deposits at year-end, up from 36.0 percent at the end of 2020. The substantial improvement in our deposit franchise positions us well for the expected rise in the federal funds rate later this year.
- Improved asset quality by reducing nonperforming loans by 84 percent year-over-year to just 26 basis points of total loans. This strong credit performance reflects our comprehensive approach to credit management, including our ability to secure payments and payoffs, as well the success of our relationship-banking model.

Strategic Growth Initiatives

At the beginning of 2021, I outlined several strategic initiatives to grow and diversify our business, and I am pleased to report on our team's successful execution on these initiatives.

We successfully ramped up production in our residential mortgage program, which accounted for 11 percent of originations in 2021, excluding PPP loans, in its first full year of operation. In this business, we originate nonqualified residential loans and mortgage warehouse lines that help diversify our loan portfolio with a lower-risk asset class that we can grow profitably for years to come.

We advanced our Corporate Korea initiative, which accounted for more than 14 percent of our total 2021 loan production and 12 percent of total loans outstanding at year end. Through this initiative, Hanmi's dedicated bankers build relationships with Korean companies based in the U.S., providing them with banking advice and lines of credit, real estate investment loans, asset-based loans, and other services. In addition, driven by the strong relationships our bankers forge with clients, deposits from our Corporate Korea initiative clients represented six percent of total deposits last year. We expect this important program to make a growing contribution to both loan production and deposits in 2022 and beyond.

These strategic growth initiatives, along with strong momentum across our diverse business lines, fueled record growth in loan and lease production in 2021. Our commercial leasing business made a solid contribution to this performance, complementing our strength in commercial real estate and commercial and industrial lending businesses.

Community Banking Starts with Community

At Hanmi, we believe long-term corporate value is created from investing in the diverse communities we serve. This was never more evident than during the past two years as we managed through the global pandemic.

While so much of the world seemed to close its doors, our teams immediately engaged to protect the financial stability of our customers and communities by processing nearly 2,500 loan modification requests and funding more than 4,400 PPP loans to help them navigate these uncertain times. We also continued to make loans and to collaborate closely with our customers to support their business needs and objectives.

In 2021, we issued our first Environmental, Social and Governance Report to highlight Hanmi's commitments to all our stakeholders and to hold ourselves accountable for facilitating financial inclusion while effectively managing risk. You can find this report [here](#).

From natural disasters to everyday needs in the community, our team members responded with both their time and ingenuity. Through our Hanmi Neighbor Volunteer Service Program, our team volunteered in a variety of educational efforts such as financial literacy, financial education for seniors, affordable housing education, and more. And, since 2016, our Hanmi Bank Dream Scholarship program has awarded life-changing scholarships to help many at-risk youths achieve their educational goals and future dreams.

Hanmi Team: Our People Make Things Happen

We cannot achieve our mission without our talented team – an exemplary team that operates with a customer focus and a growth mindset. A team that brings not just relevant expertise and talent, but one that is diverse in ethnicity, gender, background, skills, and experiences. As we continue to expand our products and services, we will further evolve our internal resources and ensure our workforce reflects the customers we serve. A key factor in attracting and retaining diverse talent is fostering a corporate culture where every individual feels comfortable and safe and can see career mobility. This requires every Hanmi team member to live by our values of integrity, transparency, fairness, and collaboration. Hanmi's customers are served by very experienced bankers, all of whom bring a forward-looking view of how to best meet our customers' changing needs. We are proud that last year we recruited 12 additional senior relationship managers across our markets to serve and grow our customer base in 2022 and beyond.

The Next Chapter for Hanmi

As we celebrate our rich 40-year history, I am very proud of what the entire Hanmi team – from our founders to our current team – have achieved on behalf of our customers and our communities. We will build upon those successes as we continue to grow Hanmi into a leading community bank.

We are very excited about the year ahead and have the right team to execute our strategy for sustained growth and profitability. Our strategic priorities for 2022 include:

- Growing our successful residential mortgage business
- Further diversifying our loan portfolios by building on the success of our Corporate Korea initiative as well as increasing multi-family and SBA loans
- Increasing our focus more broadly on corporate clients to drive meaningful growth in loans and new sources of stable, low-cost deposits
- Identifying strategic opportunities to enter new high-growth, deposit-rich verticals that need relationship banking partners like Hanmi

Hanmi is better positioned than ever to meet the evolving needs of tomorrow's customers, while continuing to be a trusted community partner to customers who have banked with us for 40 years.

In closing, I want to extend my deepest appreciation to every Hanmi shareholder, team member, board member, customer, partner, and community member we serve. We do not take any of our relationships for granted and are honored to do business with you. We are proud of all we accomplished in 2021. As we execute against a set of strategies that are paying off, we feel confident that 2022 will be another great year.

Sincerely,



Bonnie Lee
President & CEO