



Hanmi Financial Corporation

A Message from Hanmi Bank President and CEO

Successfully Navigating a Dynamic Market Environment



Bonnie Lee,
President & CEO

Dear Valued Shareholders, Customers and Team Members,

Since our founding more than 40 years ago, we have built and grown Hanmi Bank by faithfully leveraging our relationship-based banking model. Over the decades, this approach has enabled us to successfully navigate many market cycles, capitalizing on new opportunities and working through challenges, while always keeping our customers' needs front and center. 2024 was no different. We continued to employ this proven model to execute our strategy of expanding and diversifying our customer base and loan portfolio; providing outstanding service, deep banking expertise, and the products and services on which our customers depend.

In today's highly competitive banking landscape, our commitment to fostering lasting customer relationships continues to be a key differentiator and driving force behind our success. This competitive advantage, in combination with our disciplined expense management and prudent credit administration, positions us to deliver greater value to our stockholders over the long term. In fact, last year we generated a total stockholder return of nearly 29%, whereas the S&P Small Cap 600 Bank Index returned just under 15%.

2024 Performance Highlights

Our team executed well throughout 2024, and we closed out the year on a strong note with solid margin expansion, a healthy deposit base, superb asset quality and a robust capital position. During the year, we remained focused on the factors within our control, successfully navigating a dynamic and evolving market environment as we continued to execute our strategy for growth.

We are proud of our achievements in 2024. Key highlights include the following:

- Delivered net income of \$62.2 million, or \$2.05 per diluted share.
- Further diversified our loan portfolio driven by a 16% increase in Commercial & Industrial (C&I) loans.
- Grew deposits by 2.5% with an increase in noninterest-bearing deposits, which now account for 33% of total deposits.
- Maintained excellent asset quality reflecting our commitment to high-quality loans, disciplined underwriting and vigilant credit administration.
- Opened our first Representative Office in the International Finance Center in Seoul, South Korea to further enhance the bank's U.S. Subsidiaries of Korean Companies (USKC) business initiative.

As a result of our continued solid performance, in January 2025, we increased our quarterly dividend by 8% to \$0.27 per share, underscoring the confidence we have in our growth strategy and our commitment to delivering stockholder value. I want to express my sincere gratitude to the Hanmi team for their outstanding efforts over the past year and their unwavering commitment to supporting our customers and the communities we serve.

Solid Progress and Execution on our Strategic Growth Initiatives

We made significant strides in diversifying our loan portfolio and deposit franchise—key pillars of our growth strategy. Our C&I loan portfolio grew 16%, driven by strong contribution from our USKC initiative as well as the acquisition of new relationships throughout our network. We closely managed our commercial real estate (CRE) exposure in line with our ongoing effort to reduce CRE as a percentage of our portfolio over time. We remain disciplined in our underwriting practices as we seek lending opportunities that meet both our high-quality standards and portfolio objectives.

Growing Our Corporate Korea Initiative

One of our core growth strategies is our USKC initiative, which continues to be a substantial contributor to our expansion. Our dedicated team of talented bankers builds strong relationships with the U.S.-based subsidiaries of Korean companies. Today, we serve businesses across diverse industries such as real estate, auto part manufacturing, hospitality, and energy. Our team provides tailored banking solutions, including lines of credit, real estate investment loans, asset-based lending, and advisory services. In 2024, we grew our USKC loan portfolio by 23%, increasing its share of our total loan portfolio to 15%, up from 12% last year. To further strengthen our presence and enhance support for our customers, we opened a Representative Office in Seoul, South Korea. This was an important strategic milestone for Hanmi that will enable us to increase communication with existing customers and expand our outreach to Korean companies looking to establish a footprint in the U.S. Our in-country presence will also allow us to gain broader insight on business activity between the U.S. and South Korea. Additionally, it complements our existing Korea desks located in major markets throughout California, New York, New Jersey, Georgia, and Texas.

Given the strong momentum in our USKC initiative, we are committed to identifying opportunities to expand it into additional high potential geographic markets. We believe this strategic focus positions us for continued growth, particularly as we increase awareness of our distinct expertise in serving these targeted customers.

Optimizing Our Branch Network

Optimizing our branch network is an important part of our diversification strategy. We continue to evaluate opportunities for strategic branch consolidation, relocation and expansion. Our goal is to optimize our branch footprint for both growth and expense management, while ensuring we provide best-in-class banking products and services for our customers. In 2024, we consolidated three branches, one in California and two in Texas. This was a continuation of our program to reconfigure our branch network, which began with two branch relocations in late 2023. Our efforts have resulted in cost savings and contributed to loan and deposit growth.

Expanding Our SBA Opportunity

We also continue to develop our Small Business Administration (SBA) loan portfolio. In 2024, our team generated strong growth in our SBA loan portfolio, driving a 25% increase in loan production to \$188 million—surpassing our internal targets. We remain deeply committed to supporting the growth and success of small businesses across the U.S. Our dedicated SBA team provides expert guidance and tailored financial solutions to help entrepreneurs thrive in our core markets. We have added additional talent to our SBA team, and we are well-positioned to drive further growth and reinforce our role as a trusted financial partner for small businesses.

Driving Growth Through Technology and Innovation

At Hanmi, we are committed to scaling our technology ecosystem to support future growth while modernizing and simplifying our infrastructure. These actions are designed to enhance our customers' experience, drive operational efficiency and reduce costs.

In 2024, we implemented a new loan origination system to streamline processes and increase efficiency, with full deployment expected to further optimize our lending operations. Additionally, we continued to expand our digital capabilities with an online account opening platform. The platform launched a year ago to address our retail customers and is now available across all branches. It has significantly improved efficiency—reducing account opening time by up to 75% and eliminating manual quality-control steps. Additionally, the platform is in its testing phase for business customers and will launch soon. Later this year, we expect to be able to offer these customers the ability to synchronize their Enterprise Resource Planning (ERP) systems with our online banking portal to provide a seamless and efficient financial management experience. These advancements will not only help us acquire new customers but also deepen relationships by cross-selling deposit products to existing loan customers beyond our physical footprint.

By investing in technology-driven solutions, Hanmi is strengthening its foundation for sustainable growth while delivering greater value to our stakeholders.

Deepening Impact in Our Communities

As a banking organization deeply rooted in the communities we serve, Hanmi is committed to making a lasting impact. In 2024, we significantly increased both the number of loans made and total investment from the prior year. We originated 420 small business and community development loans totaling \$261 million, including \$96 million dedicated to affordable housing, community development, and economic growth. For the second consecutive year, our team members volunteered over 2,000 hours in community service, and Hanmi contributed more than \$400,000 in donations, including Community Reinvestment Act (CRA) contributions. By year-end, we had funded approximately 25% of our \$7.5 million long-term CRA contribution commitment.

As we entered 2025, our hometown community faced an unprecedented crisis when wildfires devastated Los Angeles, destroying homes and businesses and displacing thousands of residents. In response, Hanmi took swift action to support recovery efforts. Among other activities, we hosted an SBA disaster assistance seminar to provide guidance for impacted homeowners, renters, nonprofits, and businesses of all sizes, while also making financial donations to aid in relief efforts. The road to recovery will be long, but Hanmi remains a trusted partner—standing ready to assist our employees, customers, and the broader community in rebuilding and moving forward.

Looking Ahead with Optimism

As we look to 2025 and beyond, we remain focused on executing our growth strategy and building on the strong momentum we established in 2024. We are excited about the opportunities to further enhance our personalized, relationship-based banking services and products to help our customers achieve their financial goals while continuing to create long-term value for our stockholders.

Our success would not be possible without our team members, whose hard work and dedication are the foundation of Hanmi. To our stockholders, customers, employees, and the communities we serve—thank you for your continued trust and support. We are honored to serve you and look forward to another year of growth and progress together.

Sincerely,



Bonnie Lee
President & CEO