



Bank CEO Forum

January 30 - 31, 2019



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, 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 January 15, 2019.

Hanmi at a Glance

Nationwide Footprint

- Leading Korean American Bank
- 39 branches coast to coast in major banking markets

Strong Balance Sheet

- \$5.5 billion in assets makes Hanmi among the largest Korean-American Banks
- Successful portfolio diversification strategy underway

Excellent Asset Quality and Well-Capitalized

- Commitment to conservative, disciplined underwriting
- NPA-to-assets of 29 bps vs. median of 53 bps for \$3 to \$10 billion U.S. banks⁽²⁾
- Total risk based capital levels at 146% of minimum threshold for “well-capitalized” institutions

(1) Based on equity market data as of 1/24/19.

(2) Source: S&P Market Intel; includes peers reporting 4Q18 results by 1/22/19

Equity Snapshot⁽¹⁾

Headquarters:	Los Angeles, CA
Ticker:	NASDAQ: HAFC
Share Price:	\$21.85
52 Week Range:	\$17.56 - \$32.35
Market Cap:	\$701.1 Million
Avg. 3M Daily Volume:	277,869

Branch Network



*LPOs located in: CA, WA, CO, NY, NJ, GA, VA

2018 Financial Summary

(\$ million, except EPS)

	Twelve Months Ended		
	December 31, 2018	December 31, 2017	Change ^(1,2)
<i>Income Statement Summary</i>			
Net interest income	\$ 181.0	\$ 176.8	2.4%
Noninterest income	24.5	33.4	-26.6%
Operating revenue	205.5	210.2	-2.2%
Noninterest expense	117.6	114.1	3.0%
Provision for loan losses	4.0	0.8	380.1%
Pretax income	84.0	95.3	-11.9%
Income tax expense	26.1	40.6	-35.7%
Net income	\$ 57.9	\$ 54.7	5.9%
Reported EPS-Diluted	\$ 1.79	\$ 1.69	5.9%
<i>Select Balance Sheet Items</i>			
Loans	\$ 4,601	\$ 4,304	6.9%
Deposits	4,747	4,349	9.2%
Total Assets	5,502	5,210	5.6%
Stockholders' Equity	553	562	-1.8%
<i>Profitability Metrics</i>			
Return on average assets	1.08%	1.10%	-2
Return on average equity	10.07%	9.97%	10
TCE/TA	9.84%	10.58%	-74
Net interest margin	3.57%	3.82%	-25
Efficiency ratio	56.57%	54.41%	216

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 \$57.9 million, or \$1.79 per diluted share, compared with \$54.7 million, or \$1.69 per diluted share in 2017
- Loans and leases receivable of \$4.60 billion, up 6.9% year-over-year
- Deposits of \$4.75 billion, up 9.2% year-over-year driven by an increase of \$385 million in time deposits
- Excellent asset quality; nonperforming assets at 0.29% of total assets and net charge-offs of 0.07% for the year; allowance to loans and leases at 0.70%
- Annual 2018 dividend of \$0.96 per share, up 20% from \$0.80 per share in 2017
- Repurchased approximately 5.0% or 1.6 million shares, of common stock under the previously announced share repurchase program; tangible common equity ratio remains strong at 9.84%
 - Recently announced on January 24, 2019 additional stock repurchase program for up to 5% of outstanding shares or approximately 1.5 million shares of common stock

Strategic Initiatives for 2019

Revenue

- Moderate growth in loans and leases to a range of 5% - 7% in response to current interest rate environment
- Grow areas of business that generate lower cost deposits and/or higher spreads

Cost Structure

- Goal to reduce non-interest expense by at least \$5 million or approximately \$0.12 per share in 2019
 - Branch rationalization: closing six branches and opening one by March 2019
 - On track – closed two branches and opened one to-date
 - Streamline back office operations by implementing process improvements and investing in more efficient technology platforms
 - Increasing front office productivity and capability through further centralization of loan underwriting and credit management functions

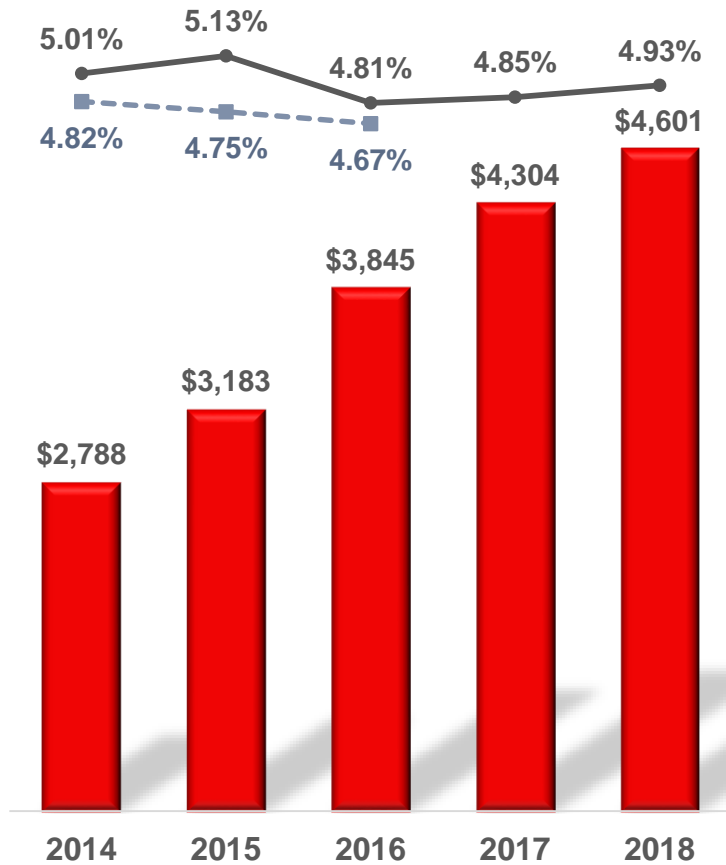
Loan Trends

Loans

Average Yield

Average Yield w/o PCI

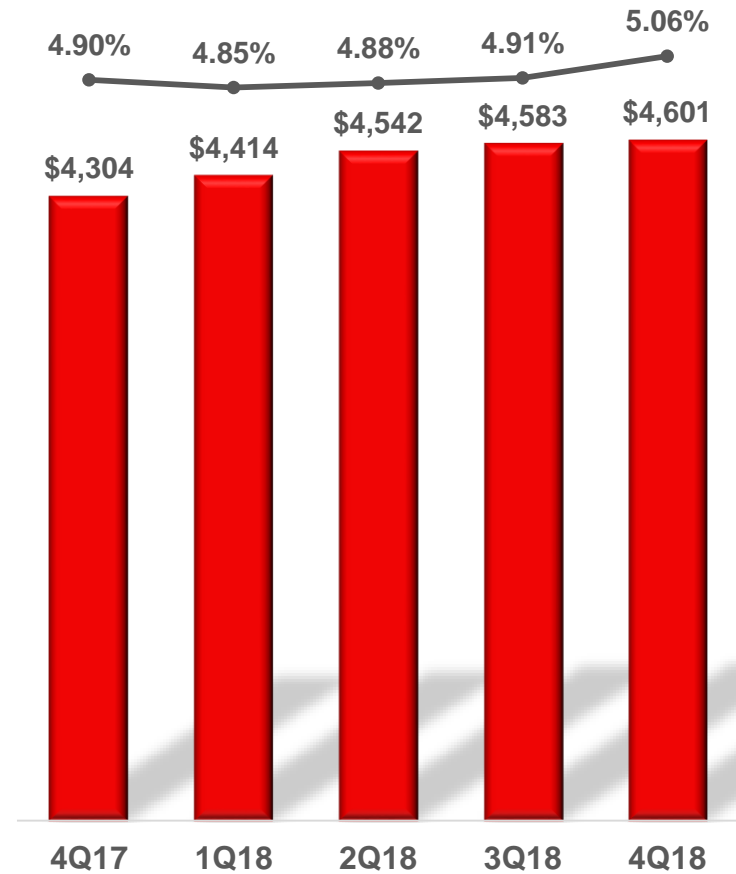
(\$ in millions)



Loans

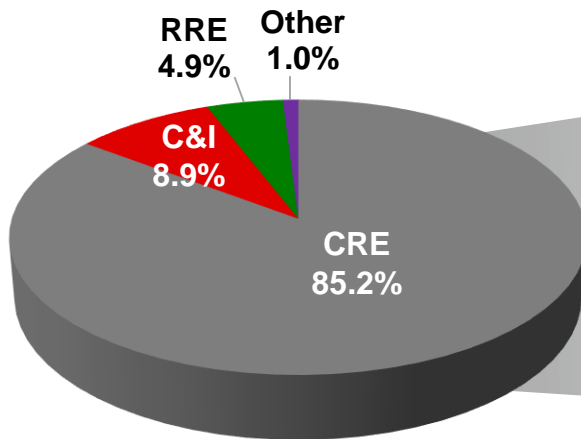
Average Yield

(\$ in millions)



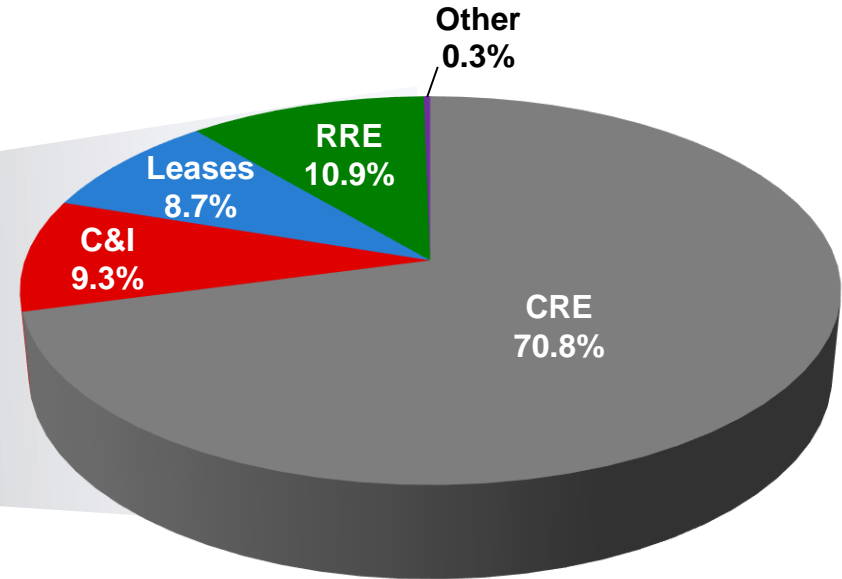
Successful Portfolio Diversification Strategy

**Loan Composition
Year-End 2014**



**Total Portfolio:
\$2.8 billion**

**Loan Composition
Year-End 2018**



**Total Portfolio:
\$4.6 billion**

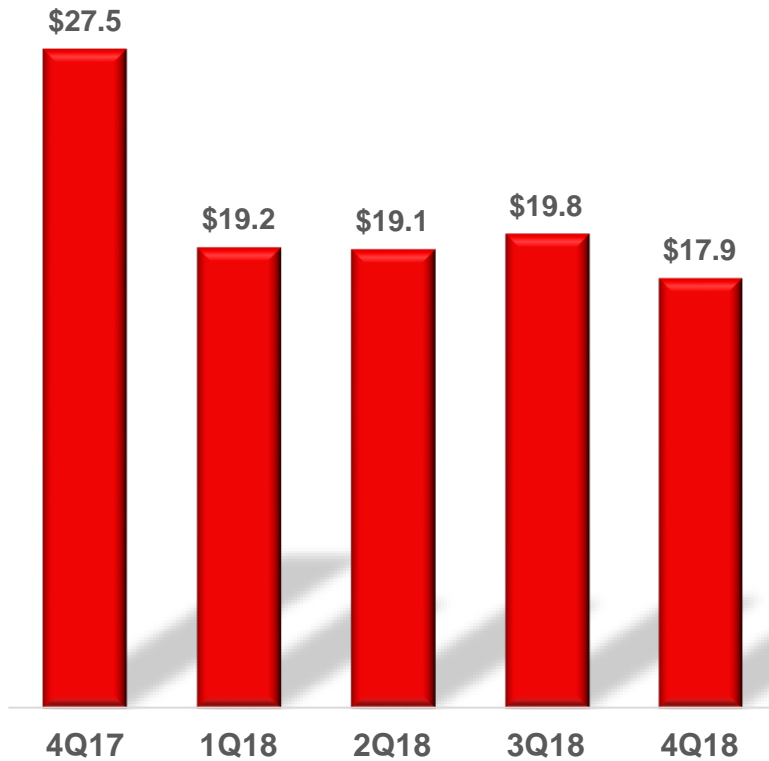
13% CAGR

**Significant progress in reducing CRE concentration from 85%
of total portfolio to 71% today**

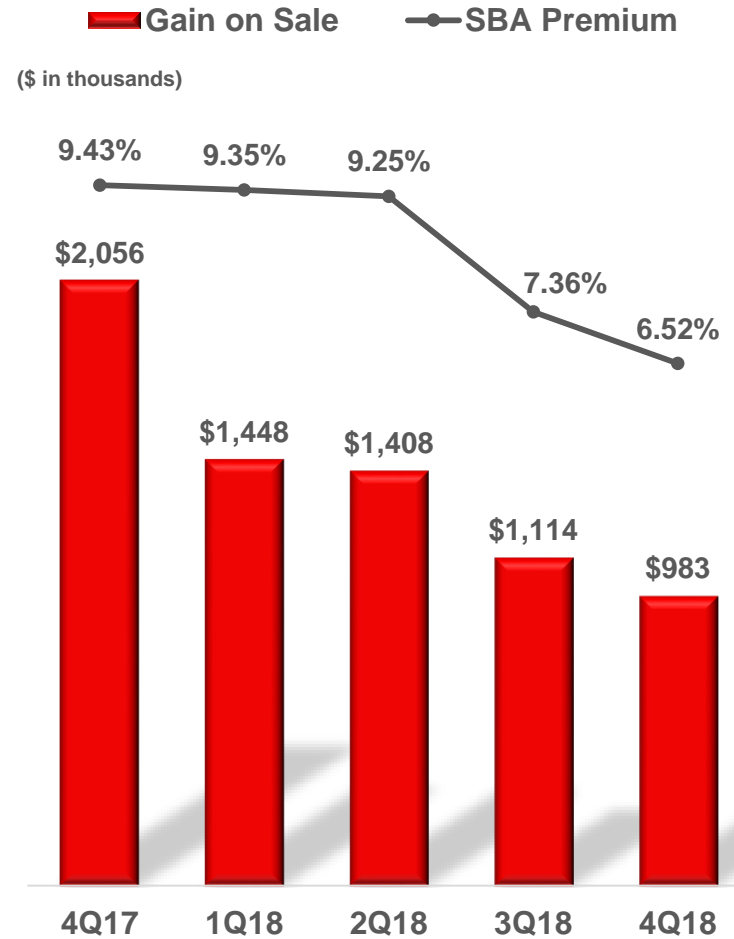
SBA Loan Sales

SBA Loan Sales

(\$ in millions)

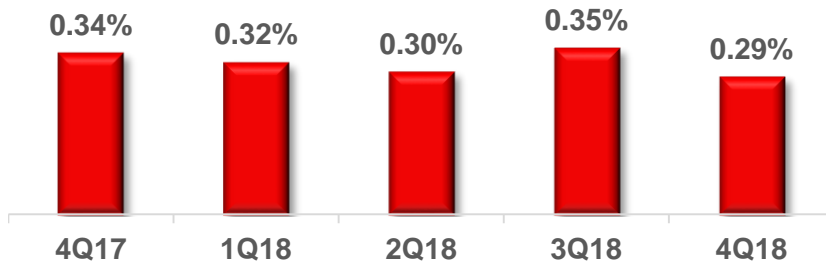


SBA Gain on Sale

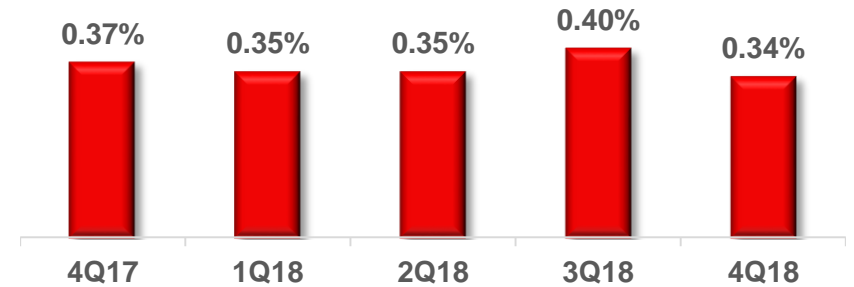


Asset Quality

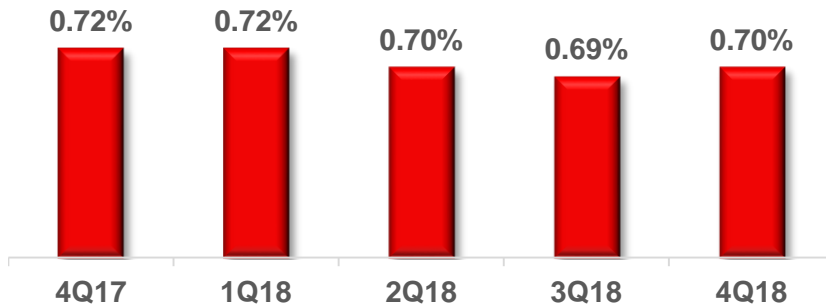
Nonperforming Assets to Assets



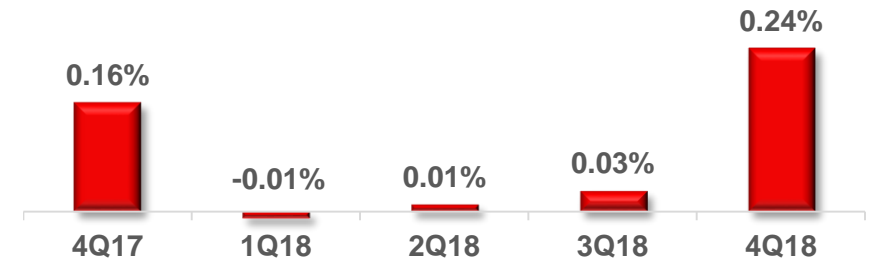
Nonperforming Loans to Loans



Allowance for Loan Losses to Loans



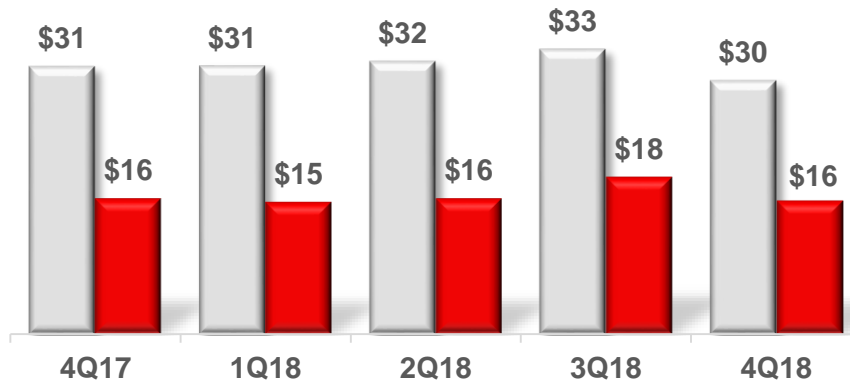
Net Loan and Lease Charge-offs (Recoveries) to Average Loans and Leases



Asset Quality

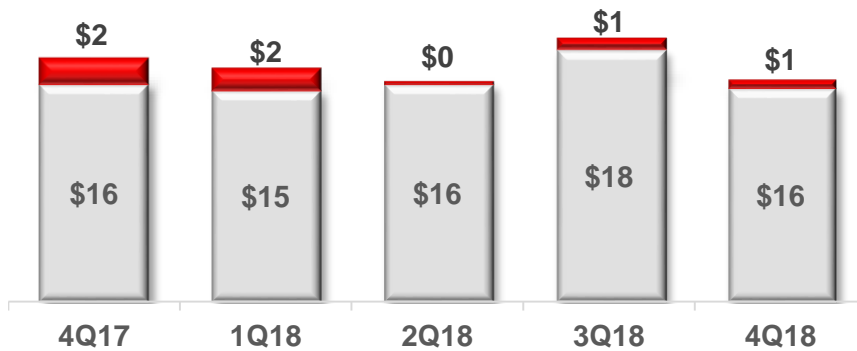
■ Classified Loans ■ Nonperforming Loans

(\$ in millions)



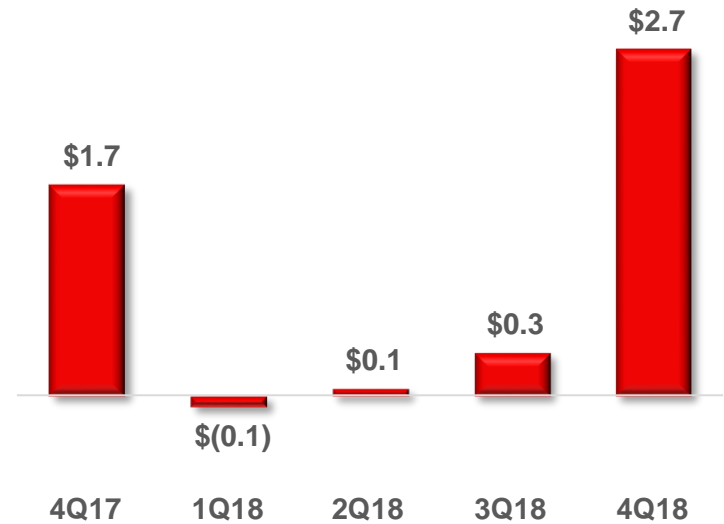
■ Nonperforming Loans ■ OREO

(\$ in millions)



■ Net Charge-offs (Recoveries)⁽¹⁾

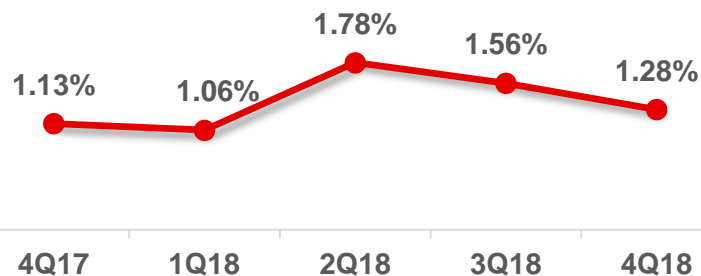
(\$ in millions)



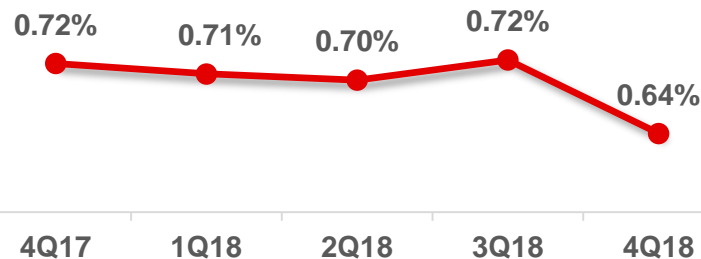
(1) Excludes charge-offs on PCI loans

Asset Quality

—●— Criticized Loans

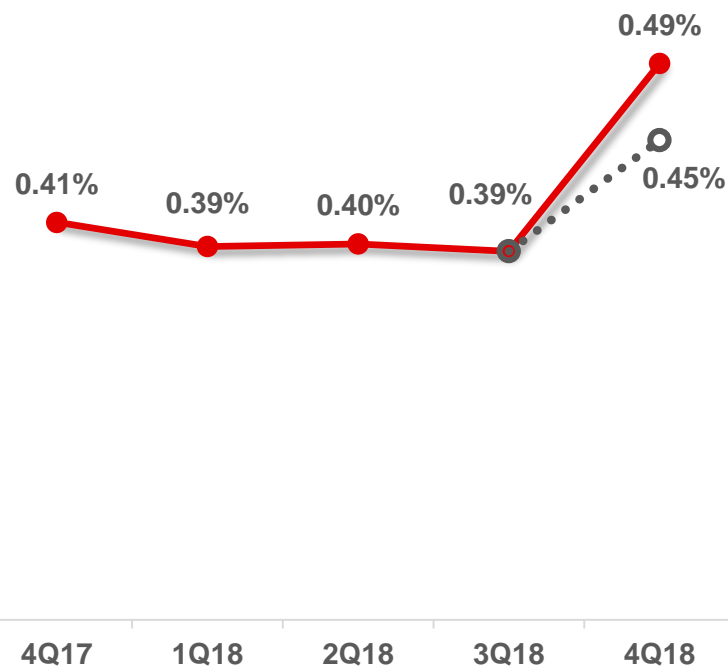


—●— Classified Loans



—●— Delinquency (30+)⁽¹⁾

•●• Adjusted Delinquency (30+)⁽²⁾

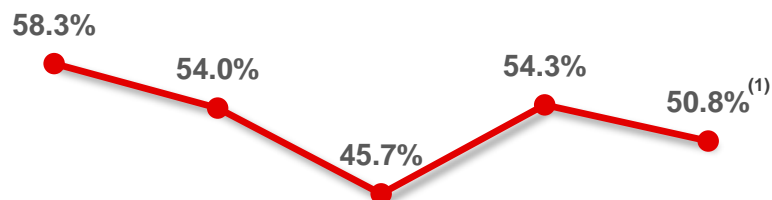


(1) Includes Delinquency 30+ Days and Nonaccrual.

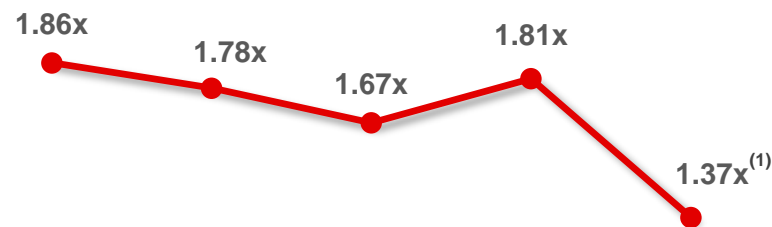
(2) Represents Delinquency 30+ Days and Nonaccrual excluding the effects of the 4Q18 delay in remittance of payments from a servicer resulting in administrative delinquency.

Asset Quality in New CRE Originations

—●— Weighted Average Loan to Value

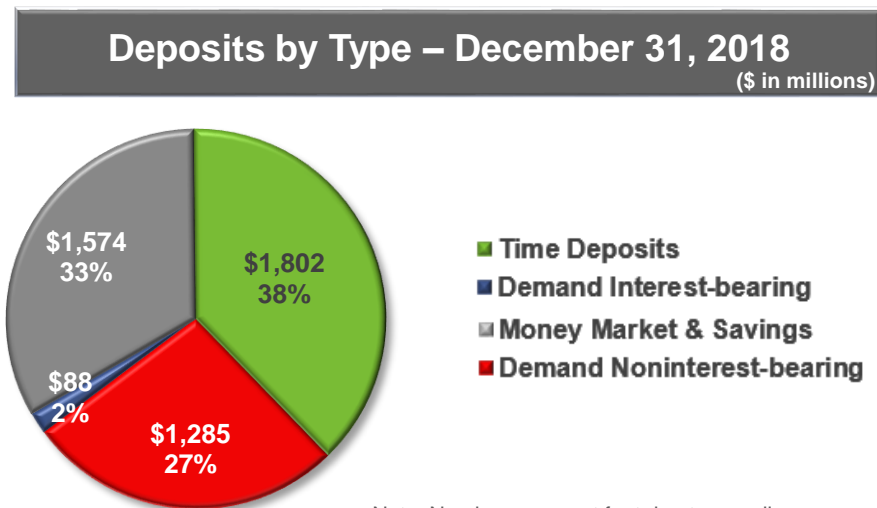
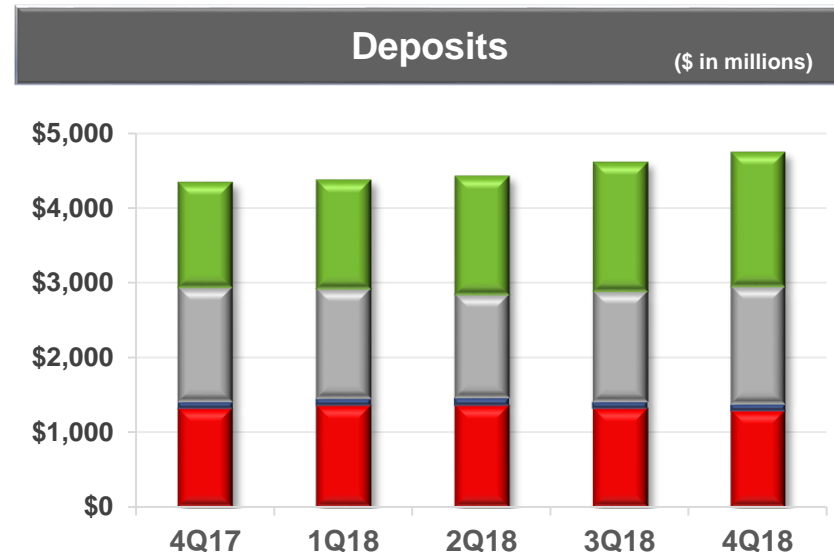
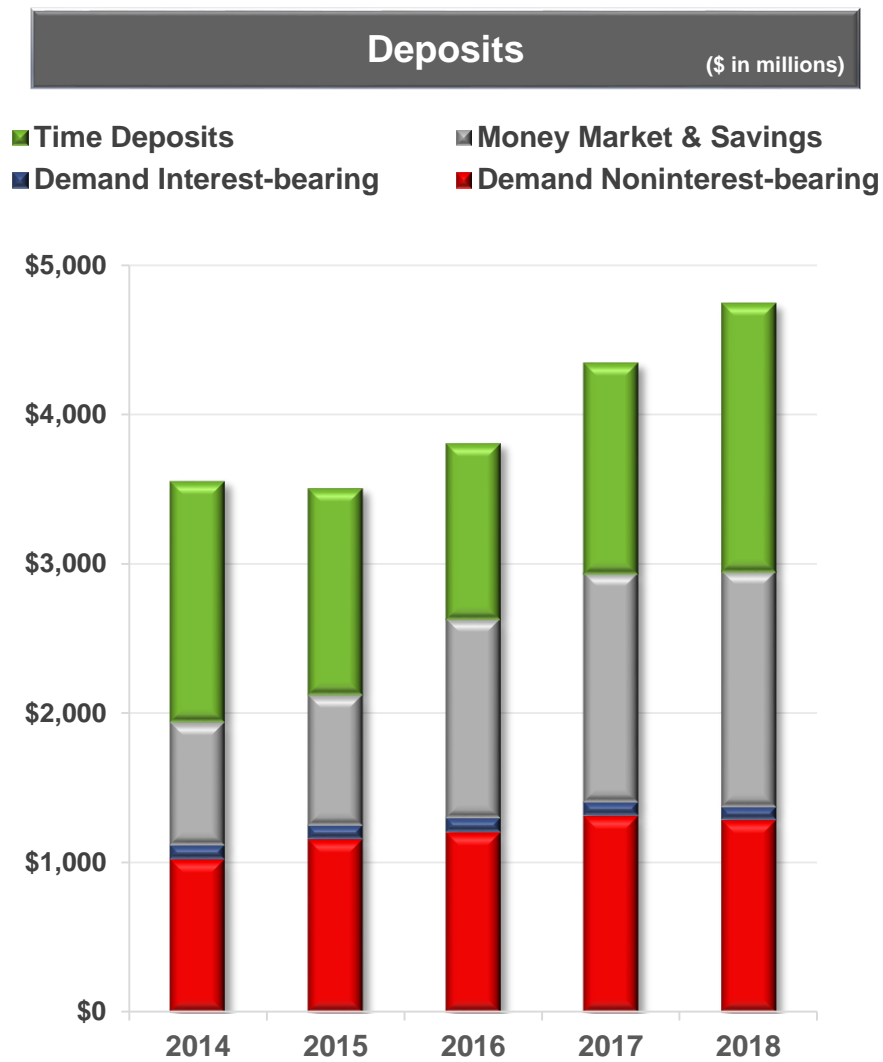


—●— Weighted Average Debt Coverage Ratio



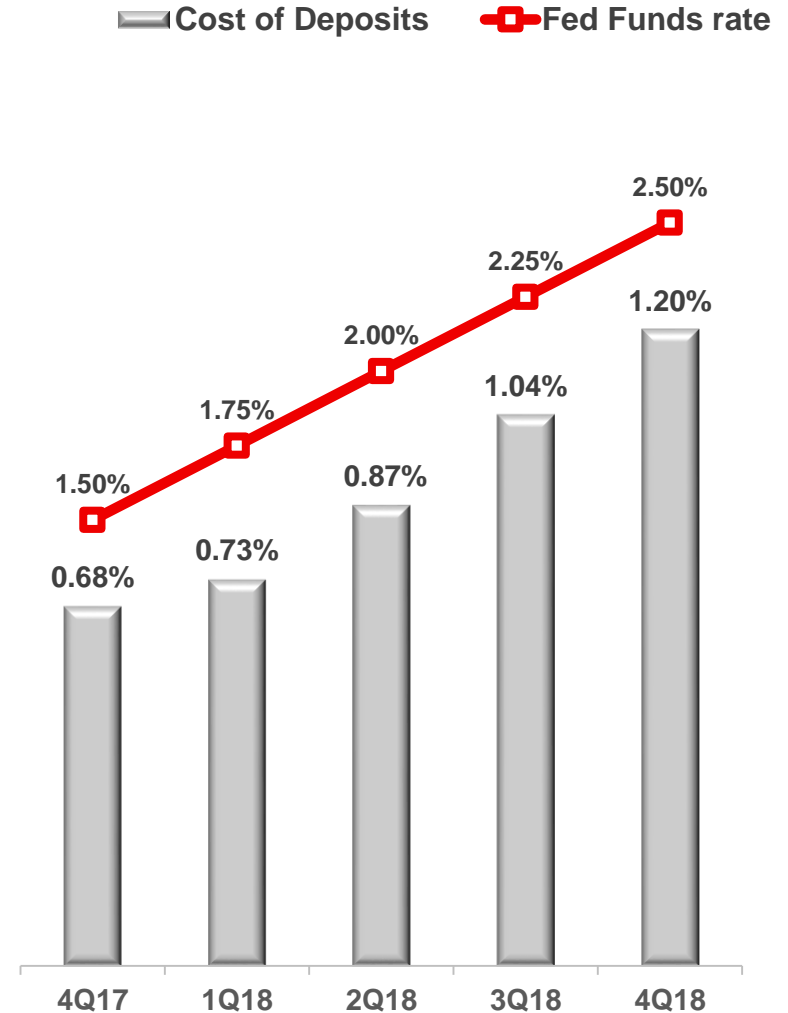
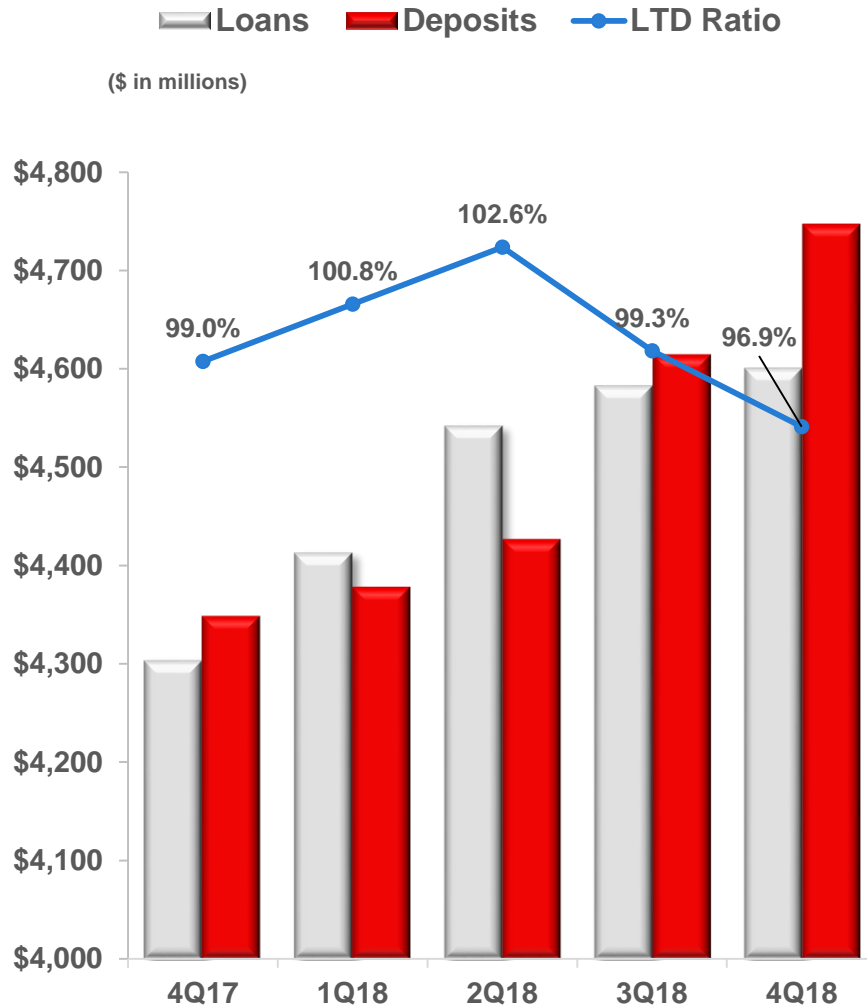
(1) Includes one large hospitality loan booked in 4Q18 with an LTV of 55% and a debt coverage ratio of 1.25 times. The stabilized DCR projected for this property is 1.8 times. Weighted average LTV and DCR for the entire CRE portfolio for 4Q18 are 50% and 2.1 times, respectively.

Diversified Deposit Base



Note: Numbers may not foot due to rounding

Utilization of Funding Capital



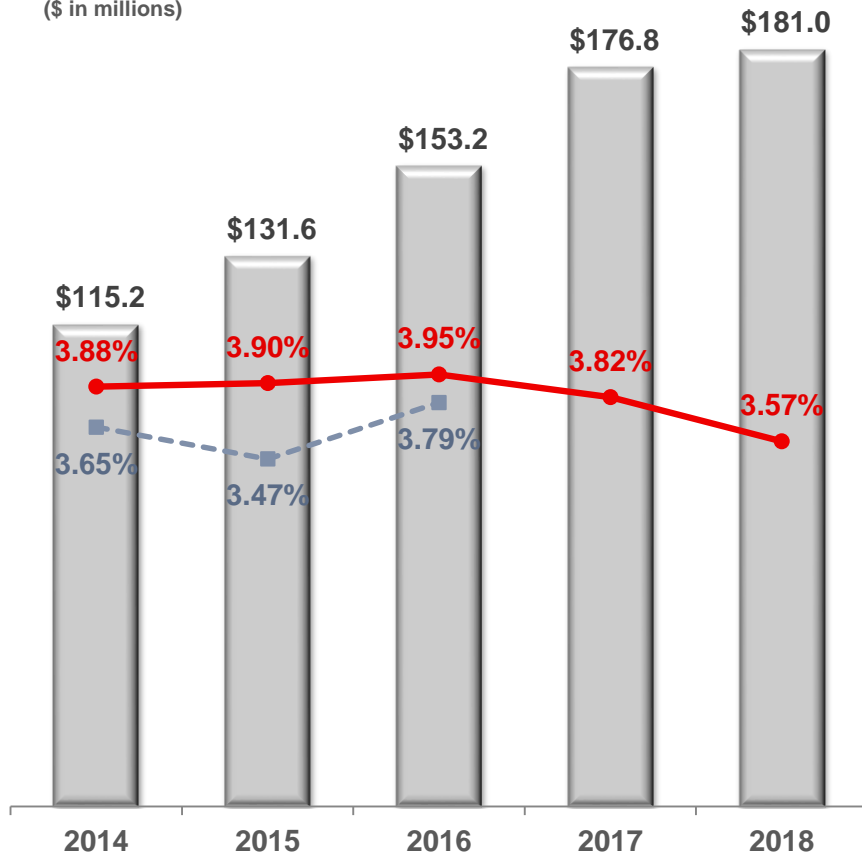
Stabilizing Net Interest Income and Net Interest Margin

Net Interest Income w/o PCI

Net Interest Margin

Net Interest Margin w/o PCI

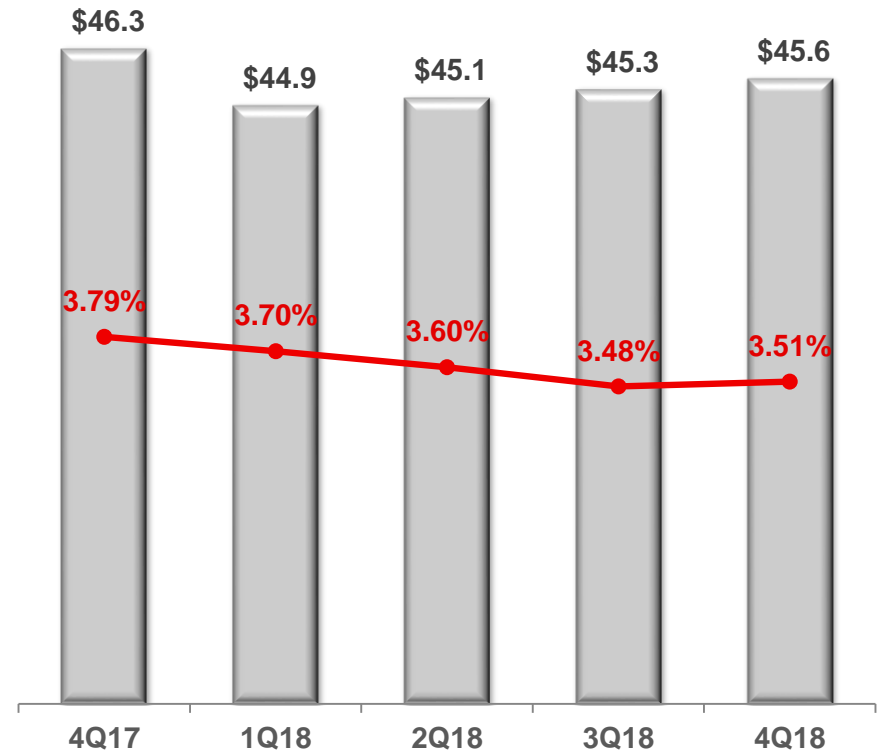
(\$ in millions)



Net Interest Income

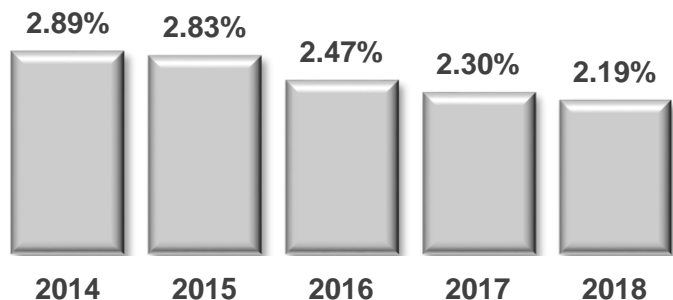
Net Interest Margin

(\$ in millions)

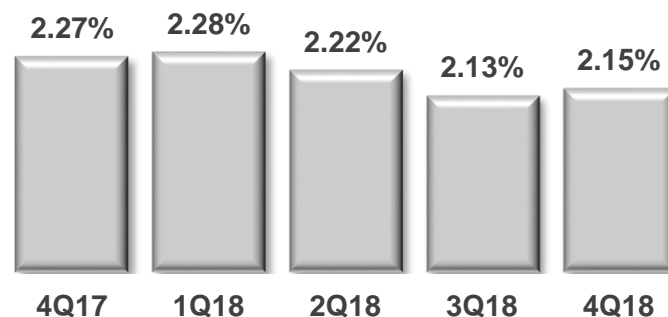


Expense Minded Culture, Improving Efficiency

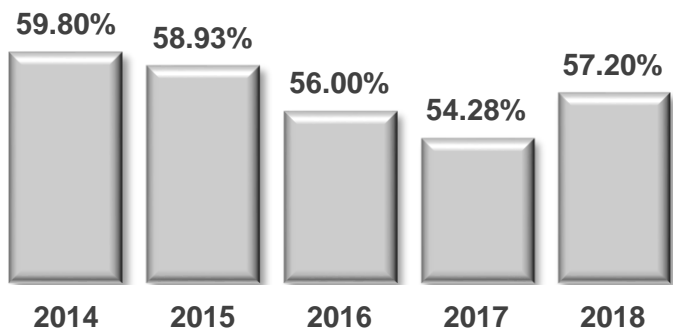
NIE/Avg. Assets



NIE/Avg. Assets

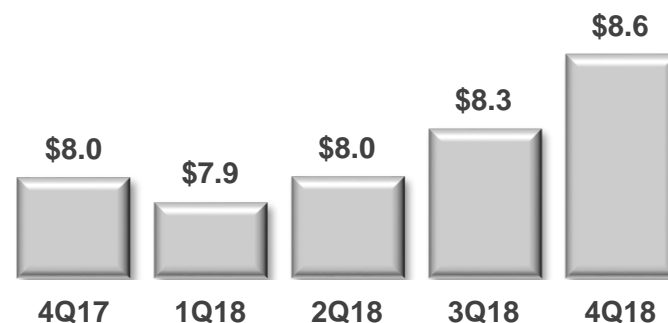


Efficiency Ratio



Avg. Assets/FTE

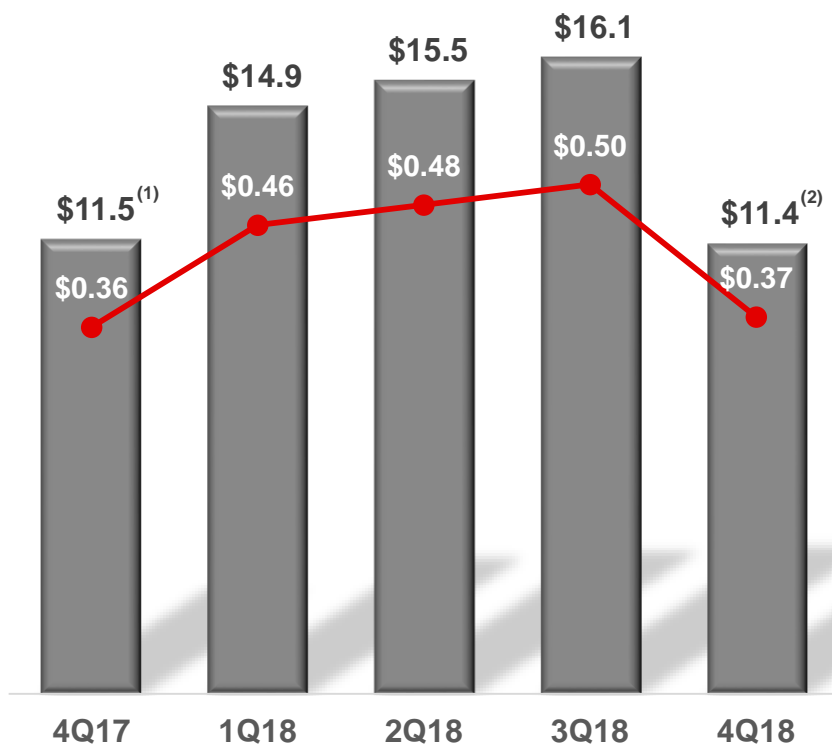
(\$ in millions)



Earnings Performance

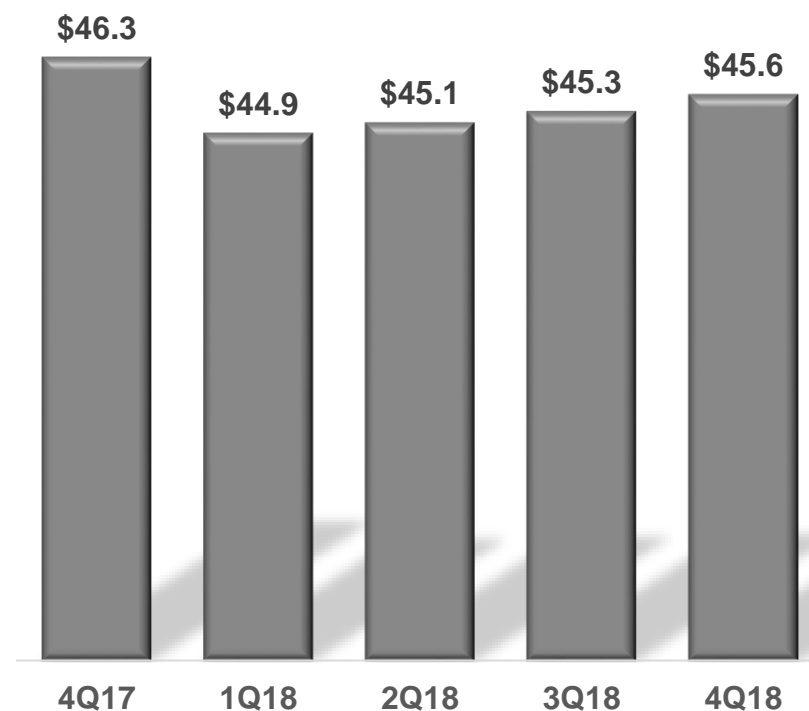
■ Net Income ● Diluted EPS

(\$ in millions)



■ Net Interest Income

(\$ in millions)

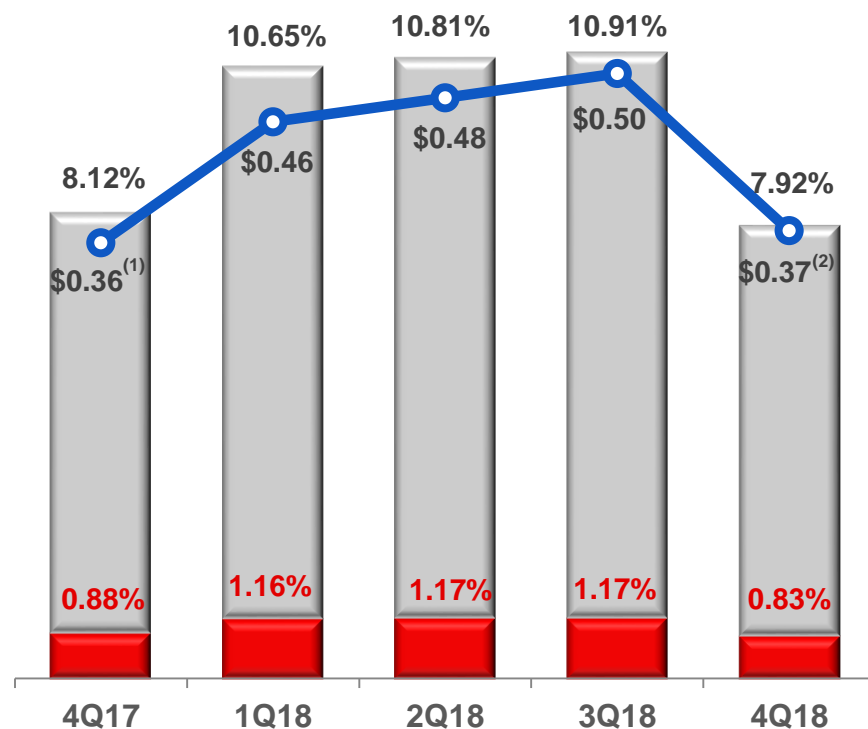
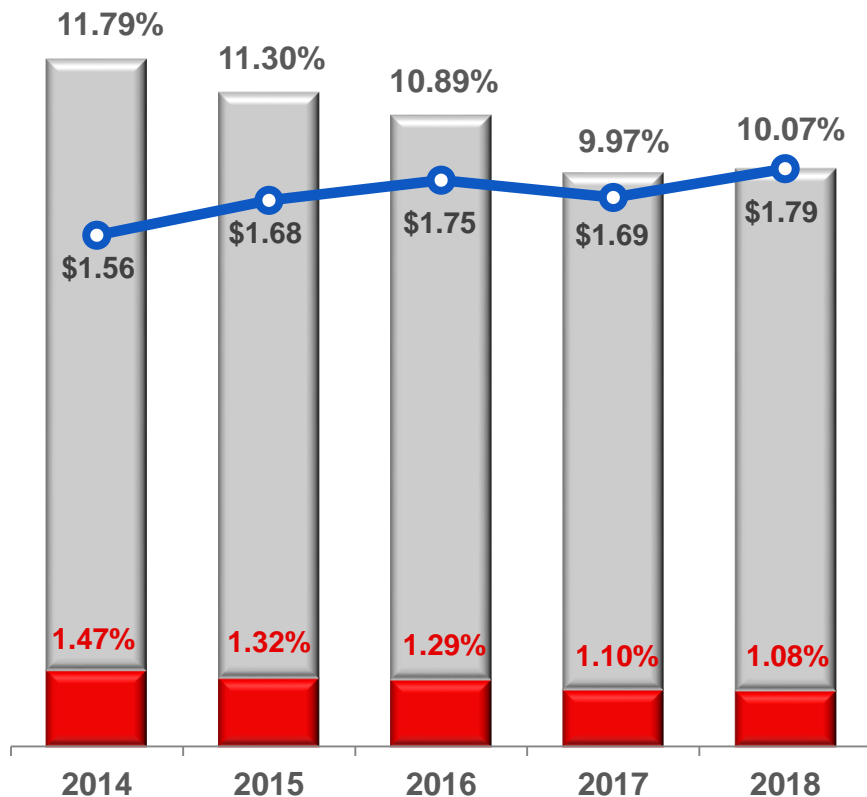


(1) Includes \$3.9 million of additional income tax expense from the re-measurement of deferred tax assets due to passage of Tax Reform; reduced 4Q17 net income by \$0.12 per diluted share

(2) Includes \$2.7 million charge reflecting changes in the valuation of deferred tax assets; reduced 4Q18 net income by \$0.09 per diluted share

Track Record of Profitability

■ ROAA
 ■ ROAE
 —○— Diluted EPS

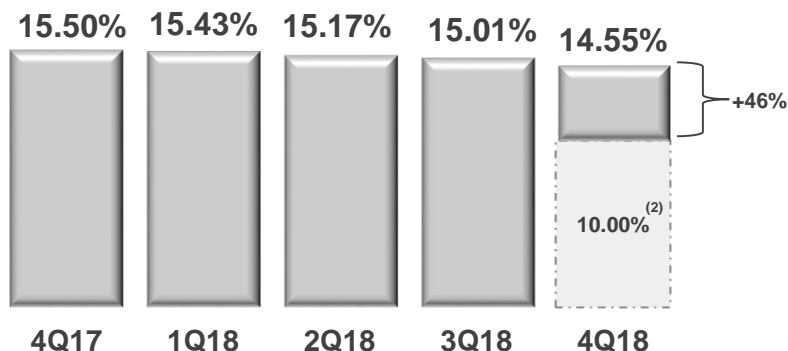


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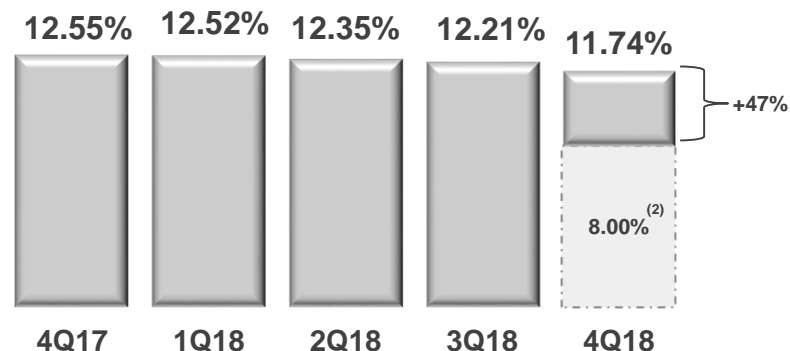
(2) Includes \$2.7 million charge reflecting changes in the valuation of deferred tax assets; reduced 4Q18 net income by \$0.09 per diluted share

Capital Ratios Exceed Well-Capitalized Thresholds⁽¹⁾

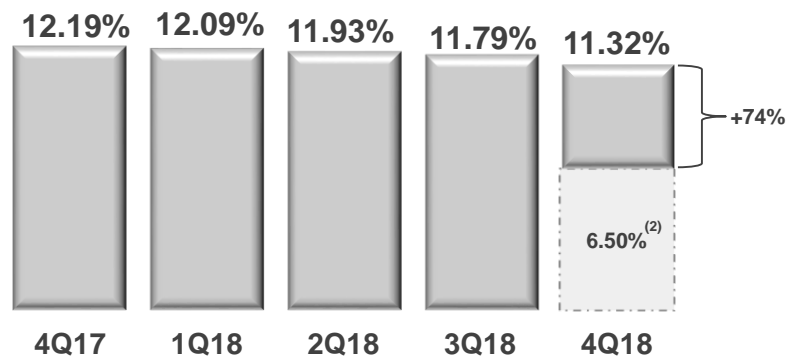
Total RBC



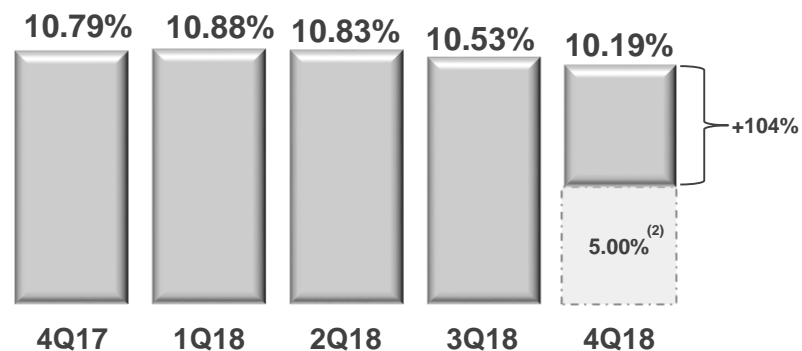
Tier 1 RBC



CET 1



Tier 1 Leverage

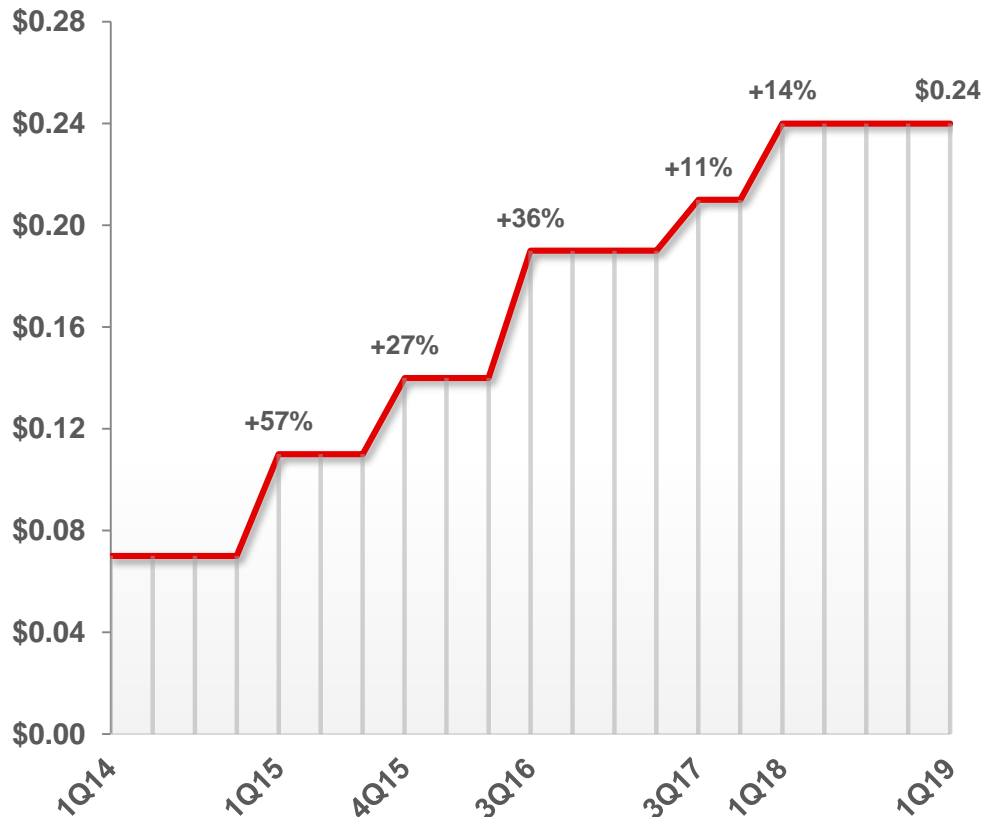


(1) Capital ratios are preliminary for December 31, 2018.

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

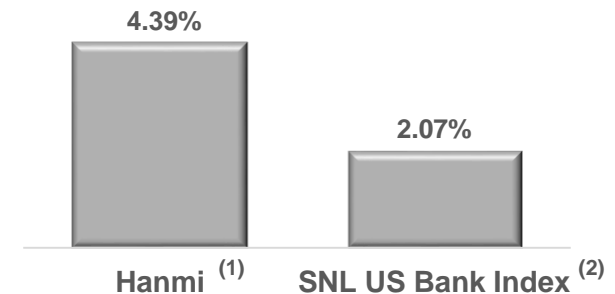
Return of Shareholder Cash - Dividends

Dividend Increases Since 2014



- Quarterly cash dividend regularly increased since initiated; last increase was 14% to \$0.24 per share in 1Q 2018
 - Increased dividend by 243% since dividend initiated in 2013
- Strong dividend yield: 4.39%⁽¹⁾ HAFC vs. 2.07%⁽²⁾ SNL US Bank Index

Annualized Yield

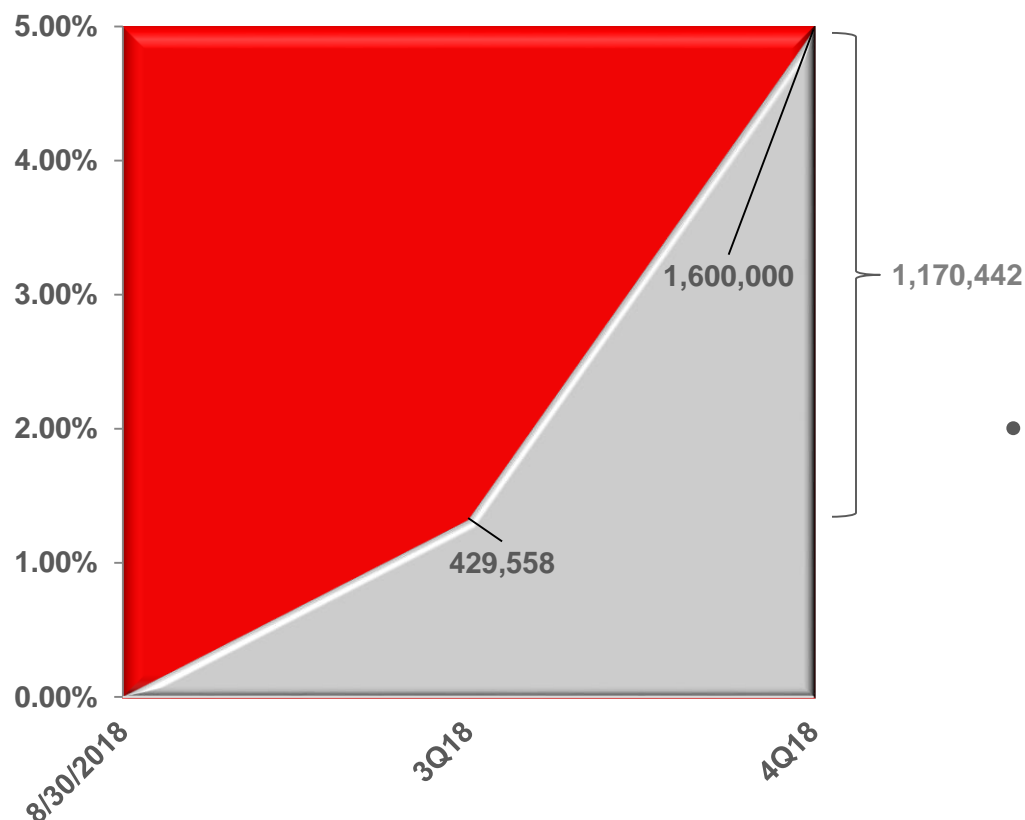


(1) Based on closing HAFC stock price on 1/24/2019 of \$21.85 and annualized quarterly dividend of \$0.24 announced on 1/15/2019.

(2) As of 1/24/2019; Banks in SNL's coverage universe with \$5B to \$10B in Assets as of most recent financial data.

Return of Shareholder Cash - Repurchases

August 2018 Stock Repurchase Plan Progress



- On August 30, 2018, a stock repurchase program was announced which authorized the buy-back of up to 5%, or 1.6 million, of total shares outstanding
 - As of December 31, 2018, the stock repurchase plan authorized in August, 2018 was completed at an average price of \$22.54 per share over a four month period.
- On January 24, 2019, the Board approved a new repurchase plan and authorized the repurchase of up to 5% or 1,500,000 of total shares outstanding

Investment Highlights & Opportunities

- **Strong balance sheet and excellent asset quality**
- **Premier core deposit franchise**
- **Future earnings power - expense reduction initiatives underway**
 - Targeting a reduction in non-interest expense by at least \$5 million or approximately \$0.12 per share in 2019
- **Robust annualized dividend yield**
- **Completed repurchase of approximately 5.0% or 1.6 million shares, of Hanmi common stock from September to December 2018**
 - New share repurchase program authorized on January 24, 2019 (5.0% of shares outstanding or 1.5 million shares)