

# **Hanmi Financial Corp.**

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SANDLER

O'NEILL+

PARTNERS

West Coast Financial Services Conference

**March 11, 2015**

**C. G. Kum, President & CEO**

# Safe Harbor Statement

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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. Hanmi Financial Corporation (the “Company”) cautions readers that many important factors could cause the actual results to differ materially from those in forward-looking statements. These factors include governmental fiscal policy, legislation and regulations, global and local economies, fluctuation in interest rate and credit risk, statements about the benefits of the acquisition of Central Bancorp, Inc., including future financial and operating results, the combined company’s plans, objectives, expectations and intentions, competition in geographic and business areas, the ability to succeed in new markets and business lines, balance sheet management, and other operational factors. Forward-looking statements are based upon the beliefs and expectations of the Company’s management as of this date only and are subject to certain risks and uncertainties that could cause actual results to differ materially. Such risks and uncertainties include, but are 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, whether as a result of new information, future events or otherwise.

For non-GAAP reconciliation, please see the Company’s earnings release on February 5, 2015.

# Hanmi Profile

- ◉ **Second largest Korean American bank**
  - ◉ \$3.6 billion total deposits; \$4.2 billion total assets
  - ◉ Expanding to wider Asian American & mainstream communities
- ◉ **Oldest Korean American bank**
  - ◉ Founded 1982; Nasdaq listed 2001
- ◉ **Attractive customer demographics**
  - ◉ Leading brand affinity & loyal customer base (45% of legacy Hanmi customers with bank for 10+ years)
- ◉ **Strong track-record of profitable growth**
- ◉ **Robust capital and liquidity levels**
- ◉ **Attractive footprint**
  - ◉ 46 branches in CA, TX, IL, VA, and NJ
  - ◉ 5 loan production offices in WA, TX, CO, VA and CA

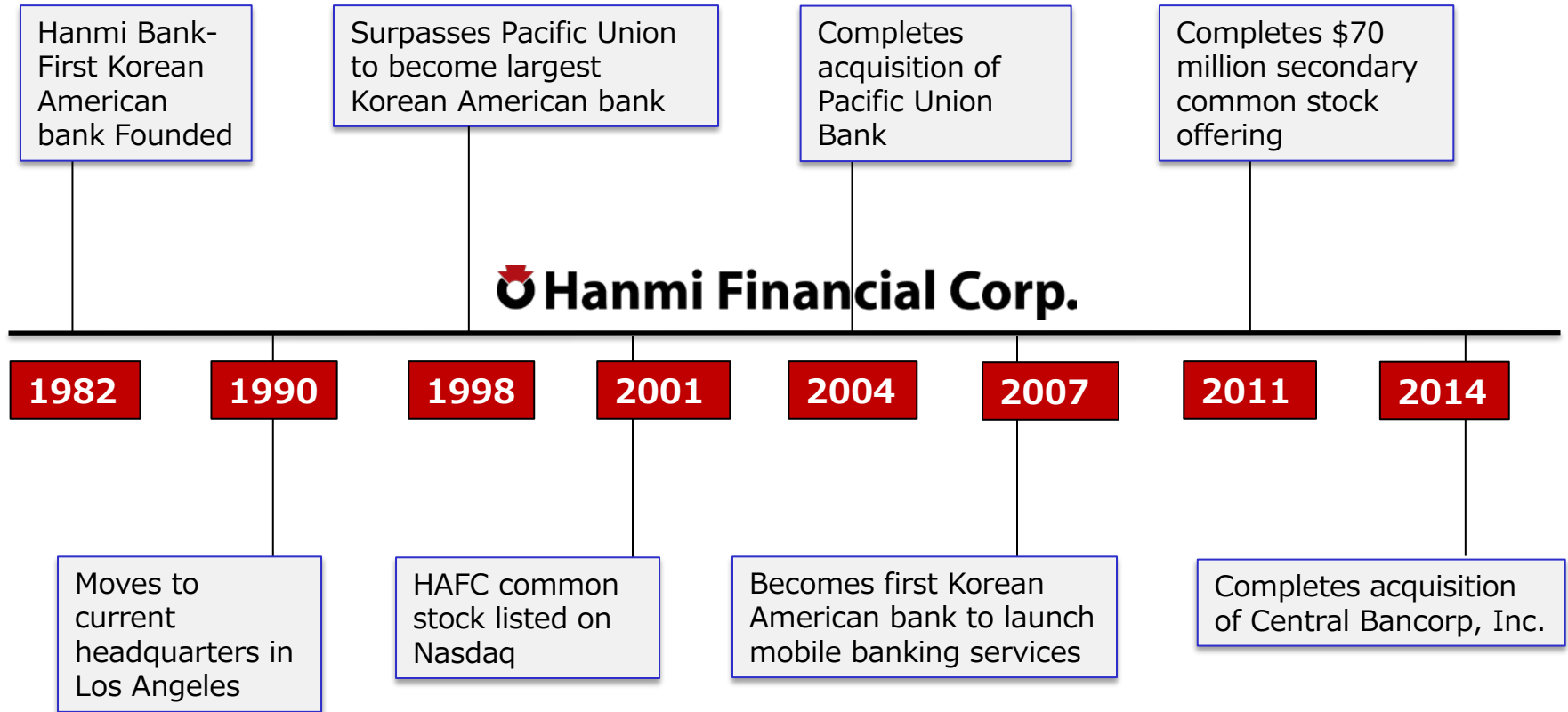


# Korean American Banks in U.S.

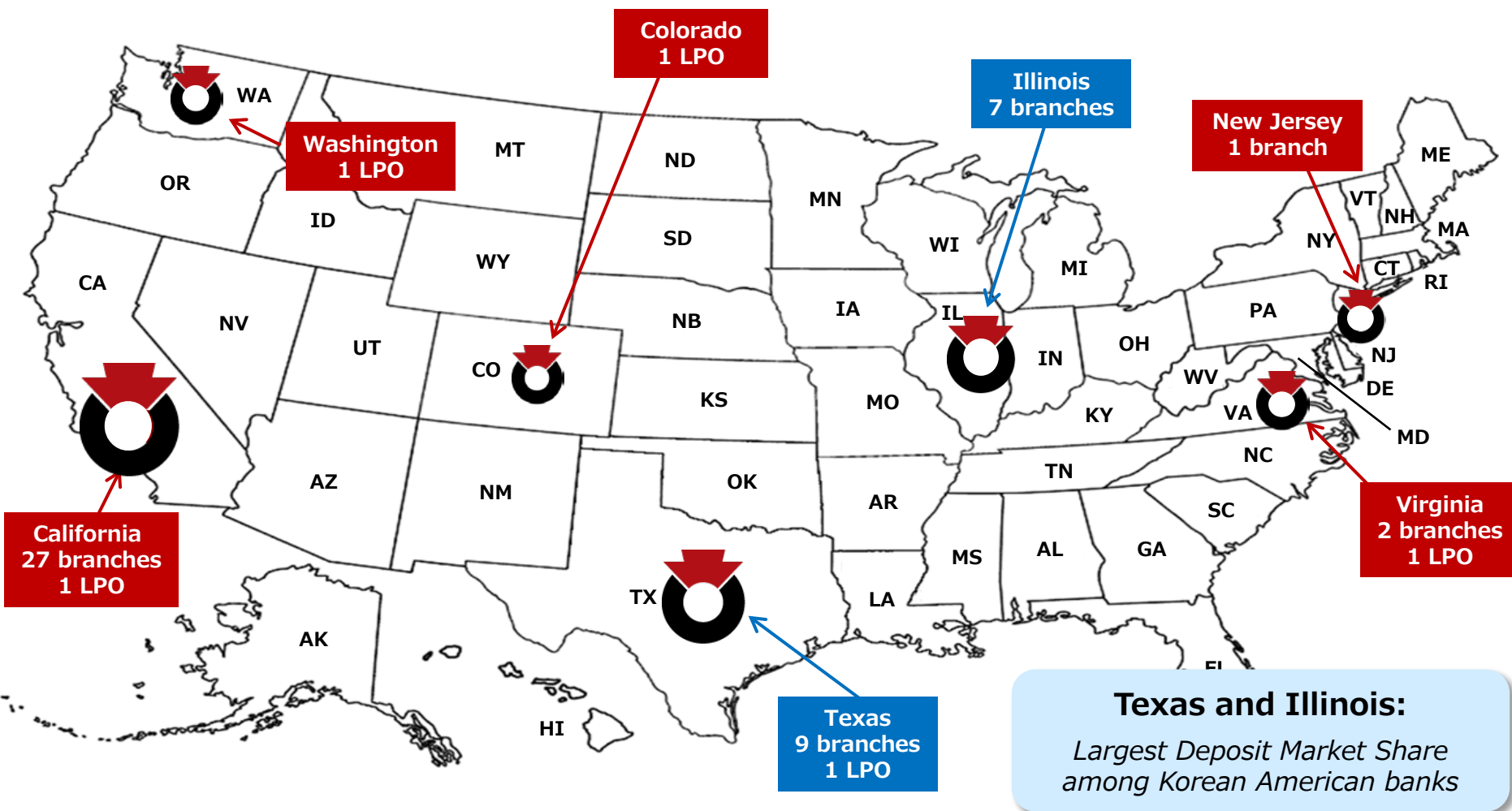
	Holding Company/Bank (as of 12/31/2014)	Total Deposits (in 000s)	Total Assets (in 000s)	Branches	Locations
1	BBCN Bancorp Inc.	\$5,693,452	\$7,140,330	50	CA, IL, NJ, NY, VA, WA
2	<b>Hanmi Financial Corp.</b>	<b>\$3,556,746</b>	<b>\$4,234,768</b>	<b>46</b>	<b>CA, TX, IL, VA, NJ</b>
3	Wilshire Bancorp Inc.	\$3,401,259	\$4,155,469	33	CA, NJ, NY, TX
4	Pacific City Financial Corp.	\$802,842	\$893,030	9	CA
5	Commonwealth Business Bank	\$572,812	\$653,450	4	CA
6	Metro City Bank	\$466,938	\$582,909	8	AL, GA, VA
7	Open Bank	\$428,519	\$530,892	6	CA
8	First Intercontinental Bank	\$272,885	\$316,754	5	GA
9	Noah Bank	\$229,693	\$294,413	5	NJ, NY, PA
10	UniBank	\$182,534	\$232,486	4	WA
11	NewBank	\$164,075	\$201,342	3	NJ, NY
12	NOA Bank	\$168,805	\$196,608	3	GA
13	Uniti Financial Corp.	\$157,994	\$189,906	3	CA
14	Ohana Pacific Bank	\$95,809	\$111,220	2	HI
15	US Metro Bank	\$94,657	\$109,989	1	CA
	<b>South Korea-based banks:</b>				
16	Woori America Bank	\$1,054,303	\$1,207,536	17	CA, MD, NJ, NY, PA, VA
17	Shinhan Bank America	\$811,233	\$965,918	15	CA, GA, NJ, NY, TX
18	BNB Hana Bank	\$228,324	\$271,811	3	NJ, NY

Source: SNL Financial

# Hanmi History

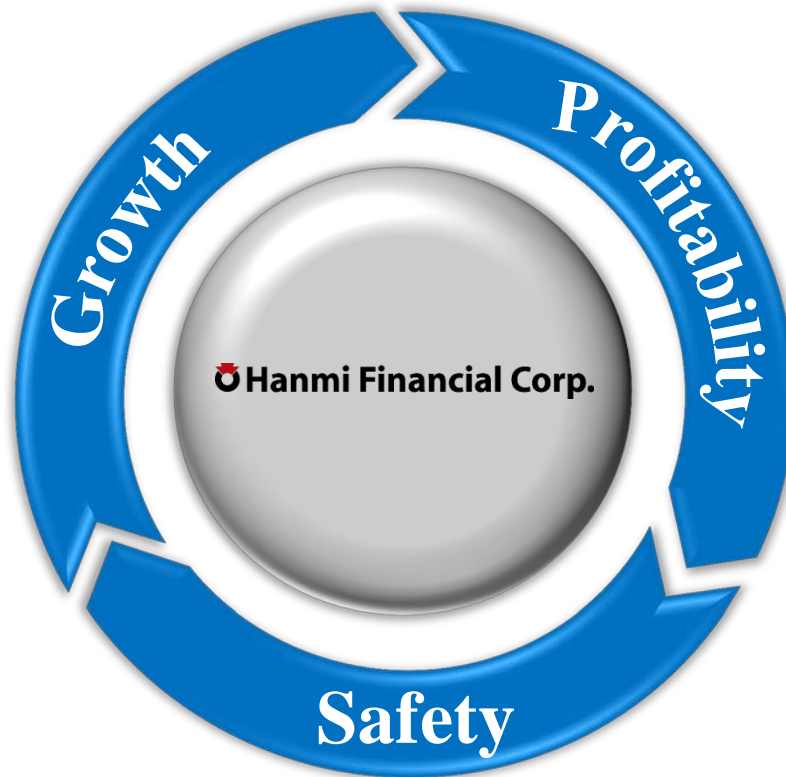


# Nationwide Branch Network



# Strategic Objectives

- Geographic market expansion; new regional presidents in TX & IL
- Expanded customer base to include wider Asian American & mainstream communities
- Increased lending capacity
- Re-focused on SBA lending program



- Streamlining operations; select branch closures & discontinuation of non-strategic operations
- Integrate CBI acquisition; realize synergies & cost efficiencies
- New treasury management platform comparable to mainstream regional banks

- Strong culture of risk management
- Sound credit profile marked by healthy capital levels and liquidity

# 2014 Financial Highlights

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- For the full year 2014, net income increased 24.8% to 49.8 million, or \$1.56 per diluted share, compared to \$39.9 million, or \$1.26 per diluted share, a year ago
- \$14.6 million provisional bargain purchase gain recorded in 2014
- Gross loans increased 24.8% to \$2.79 billion over the prior year
- C&I loans increased 7.5% to \$249.2 million from a year ago
- Fourth quarter new loan origination increased 32.3% to \$224.8 million from the prior quarter
- Net interest margin was 3.88% for the full year 2014
- Asset quality improved with classified loans (excluding PCI loans) down 42% year-over-year

# Strong Earnings Performance

## Pre-Tax Income

(\$ in millions)

\$80

\$40

\$0

\$43.6

\$62.6

\$72.6

2012

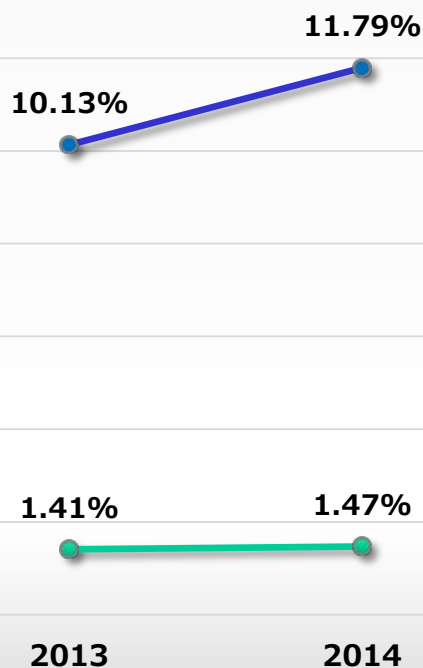
2013

2014

*\* Amounts have been adjusted to reflect the adoption of FASB ASU 2014-01*

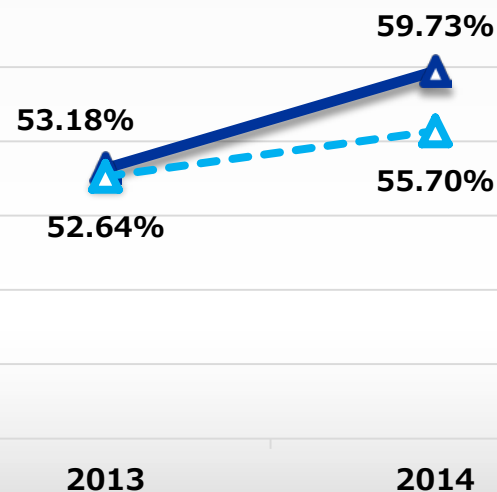
# Profitability Metrics

ROAE ROAA



\* Calculated with net income from continuing operations

Efficiency Ratio



Adjusted efficiency ratio excluding merger & integration costs

# Yield & Cost Metrics

- Yield on Interest Earning Assets
- Cost of Interest Bearing Liabilities

4.44% 4.33%

0.80% 0.68%

2013

2014

- Net Interest Margin

3.94% 3.88%

2013

2014

# Purchase Accounting Adjustment

<i>(In \$ 000's)</i>	Year Ended December 31, 2014	
	Amount	Impact on NIM
<b>NIM excluding purchase accounting</b>	<b>\$ 115,572</b>	<b>3.66%</b>
Less: Accretion of discount on Non-PCI loans	3,821	0.12%
Accretion of discount on PCI loans	1,114	0.03%
Accretion of time deposits premium	2,338	0.07%
Amortization of subordinated debentures discount	(71)	-
Net impact	7,202	0.22%
<b>As reported</b>	<b>\$ 122,774</b>	<b>3.88%</b>

# Solid Loan Growth

(\$ in millions)

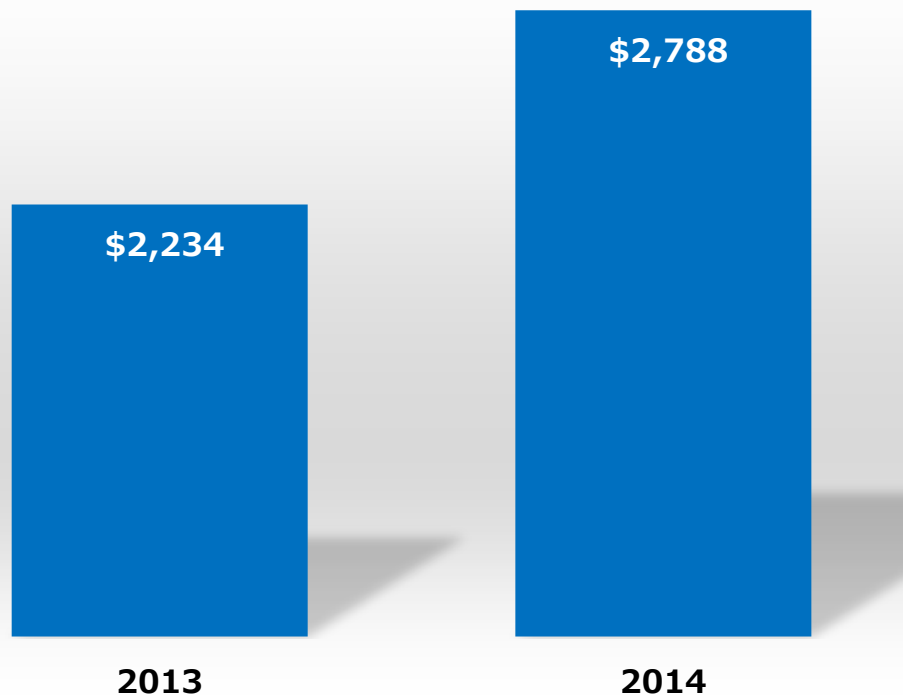
\$3,000

\$2,500

\$2,000

\$1,500

\$1,000

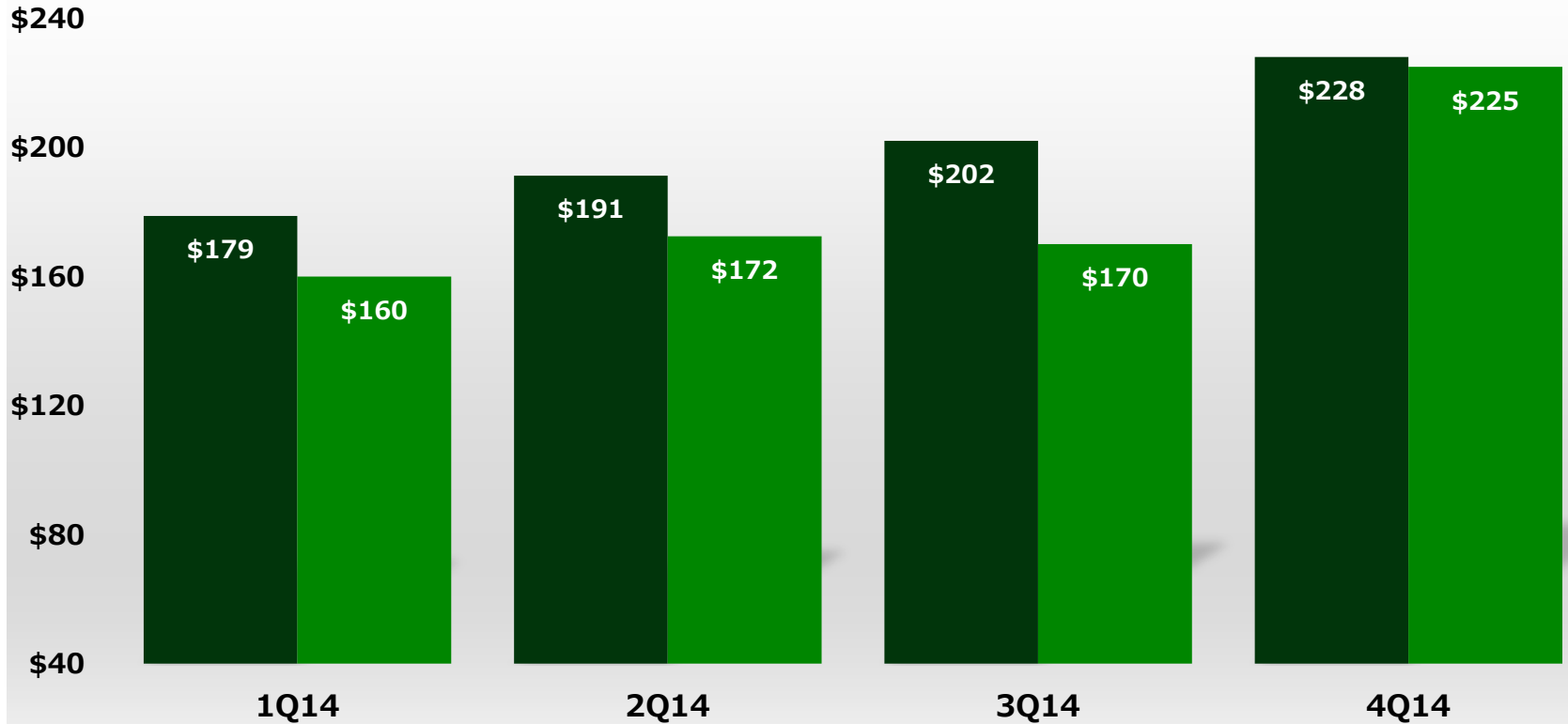


***2014 gross loan growth of 24.8% YOY***

# Strong New Loan Production

(\$ in millions)

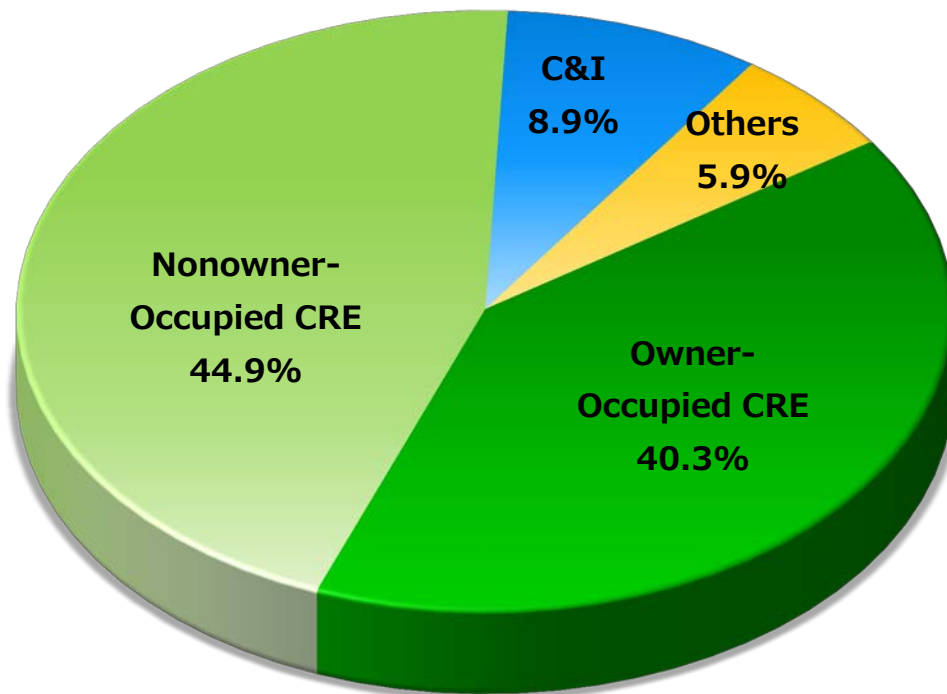
■ Commitment ■ Funded



\* Including purchased loans: \$34.2MM (1Q), \$57.1MM (2Q), \$20.5MM (4Q)

# Loan Portfolio

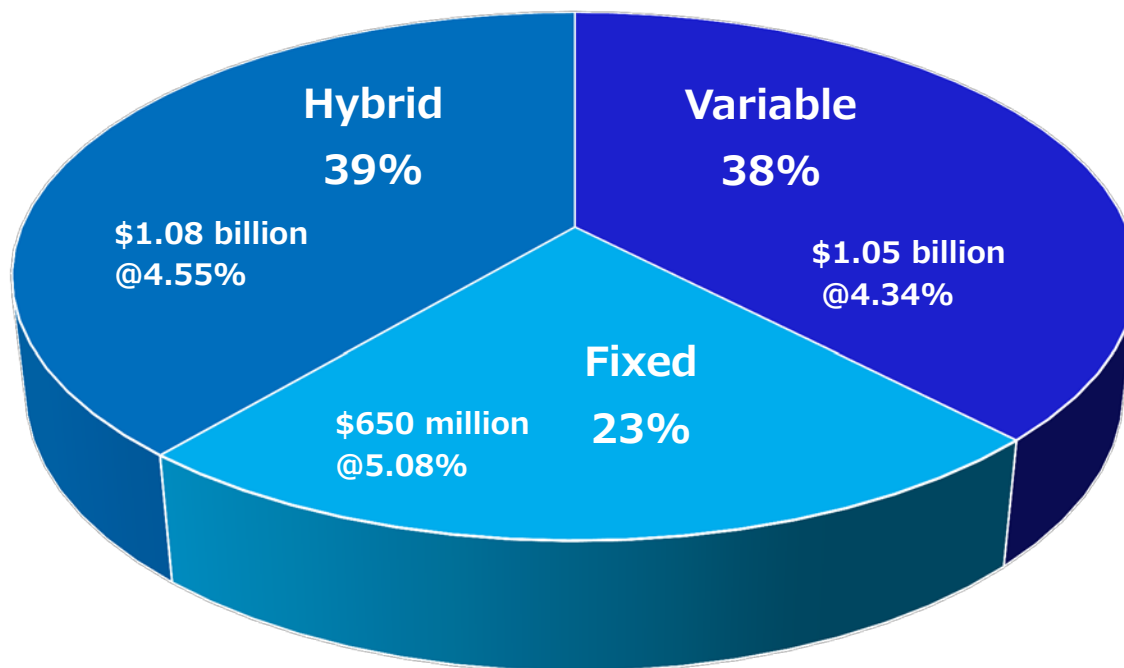
## Loan Composition



## CRE Loans as of 12/31/14

- **Balance:** \$2.4B
- **Average LTV:** 53.9%

# Diversified Loan Mix

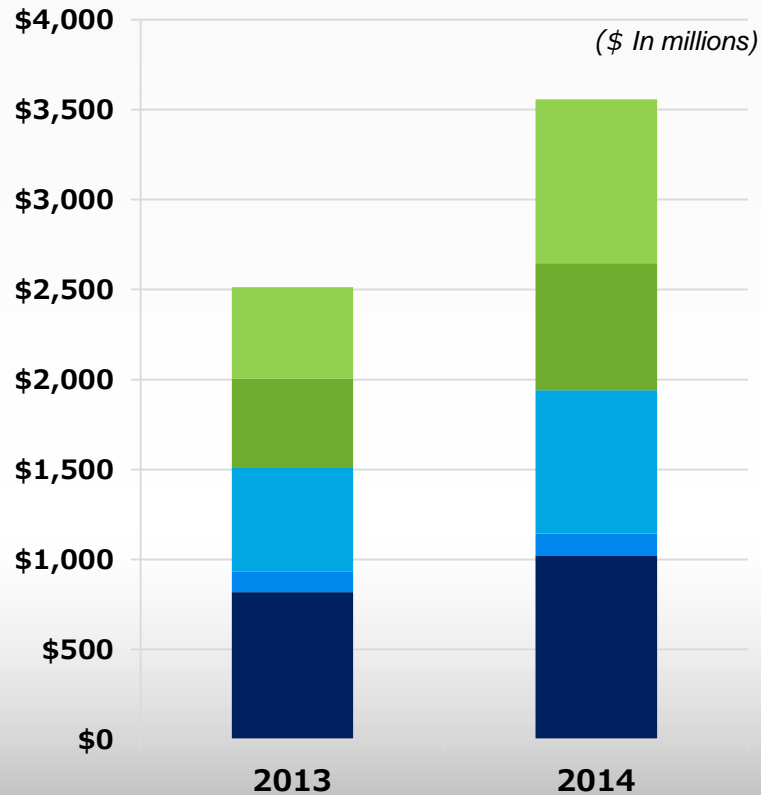


Weighted Average Rate of 4.59%

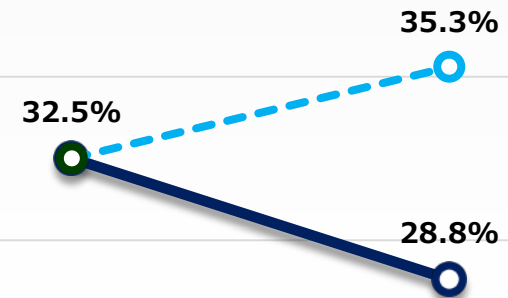
***Remains well-positioned in the rising interest rate environment***

# Increasing Demand Deposits

- Noninterest bearing
- Savings
- Money Market and NOW
- Time deposits < \$100K
- Time deposits > \$100K



## Demand Deposits / Total Deposits

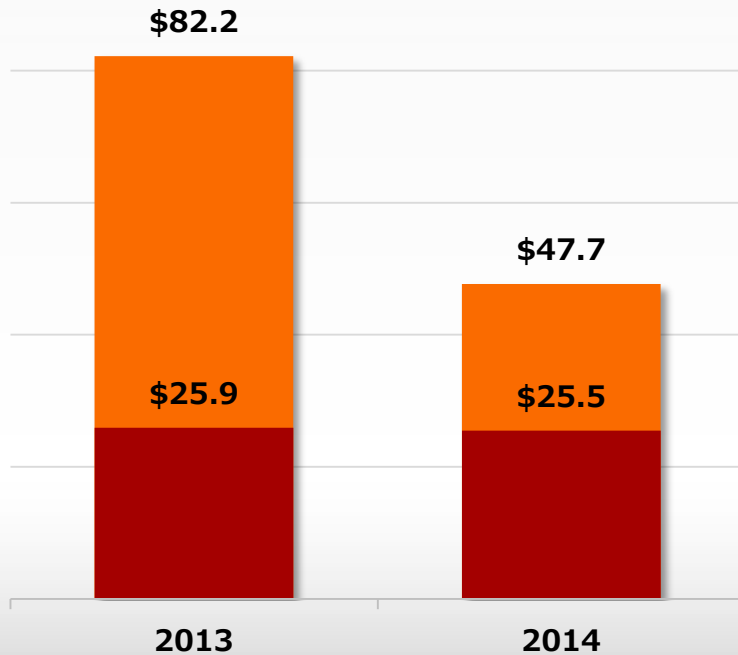


Ratio for Legacy Hanmi only

# Strong Asset Quality

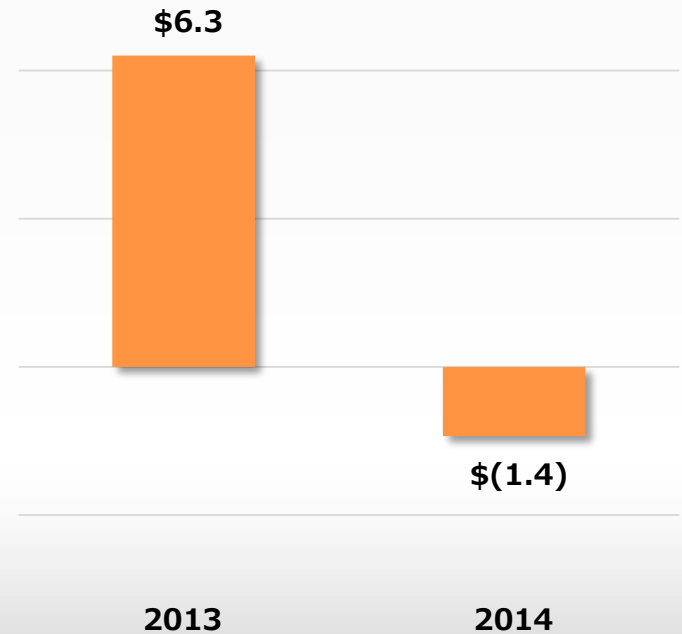
Classified Loans Nonperforming Loans

(\$ in millions)



Net Charge-Offs (Recoveries)

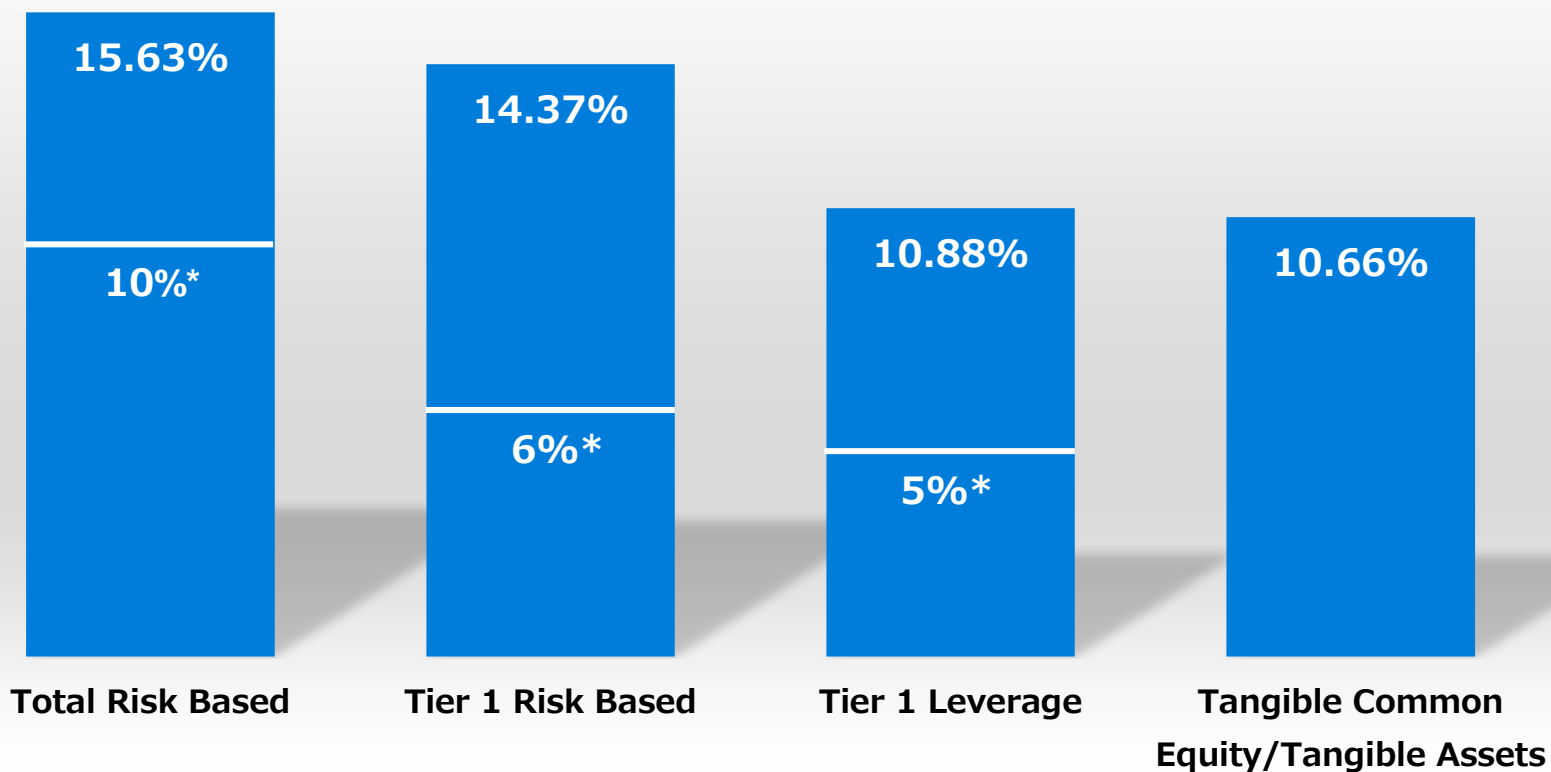
(\$ in millions)



*ALLL coverage ratio is 1.89% at 2014*

# Well-Capitalized

## Capital Ratios



*\* Minimum threshold for a well-capitalized institution by the federal bank regulatory agencies*

# Investment Highlights & Opportunities

- **Successful completion of Central Bancorp, Inc. acquisition producing:**
  - **An enlarged geographic footprint**
  - **An expanded customer base, including the broader Asian American and mainstream communities**
  - **Upside earnings potential through clearly identified cost savings and more extensive lending opportunities**
- **Solid organic loan growth accompanied by a strengthened business banking platform**
- **Premier core deposit franchise with a low-cost deposit base**
- **Robust capital levels & liquidity resulting in a strong credit profile**
- **Attractive valuation – Price<sup>1</sup>/ Tangible Book<sup>2</sup>: 1.44x  
Price<sup>1</sup>/LTM EPS: 13.0x**

*1. Closing price of \$20.33 at 3/2/2015    2. Tangible book value at 12/31/2014*

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# Q & A