

# **Hanmi Financial Corp.**

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D.A. Davidson & Co.

2015 Annual Financial Institutions Conference

**May 12 - 13, 2015**

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

**Bonnie Lee, Sr. EVP & COO**

# 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 April 23, 2015.

# Hanmi Profile

- ❶ **First Korean American bank**

- ❶ Founded 1982; Nasdaq listed 2001
- ❶ Expanding to wider Asian American & mainstream communities

- ❶ **Attractive customer demographics**

- ❶ Leading brand affinity & loyal customer base (45% of legacy Hanmi customers with bank for 10+ years)

- ❶ **Strong track-record of profitable growth**

- ❶ **Robust capital and liquidity levels**

- ❶ **Attractive footprint**

- ❶ 46 branches in CA, TX, IL, VA, and NJ
- ❶ 6 loan production offices in WA, CO, VA, CA, GA, NY

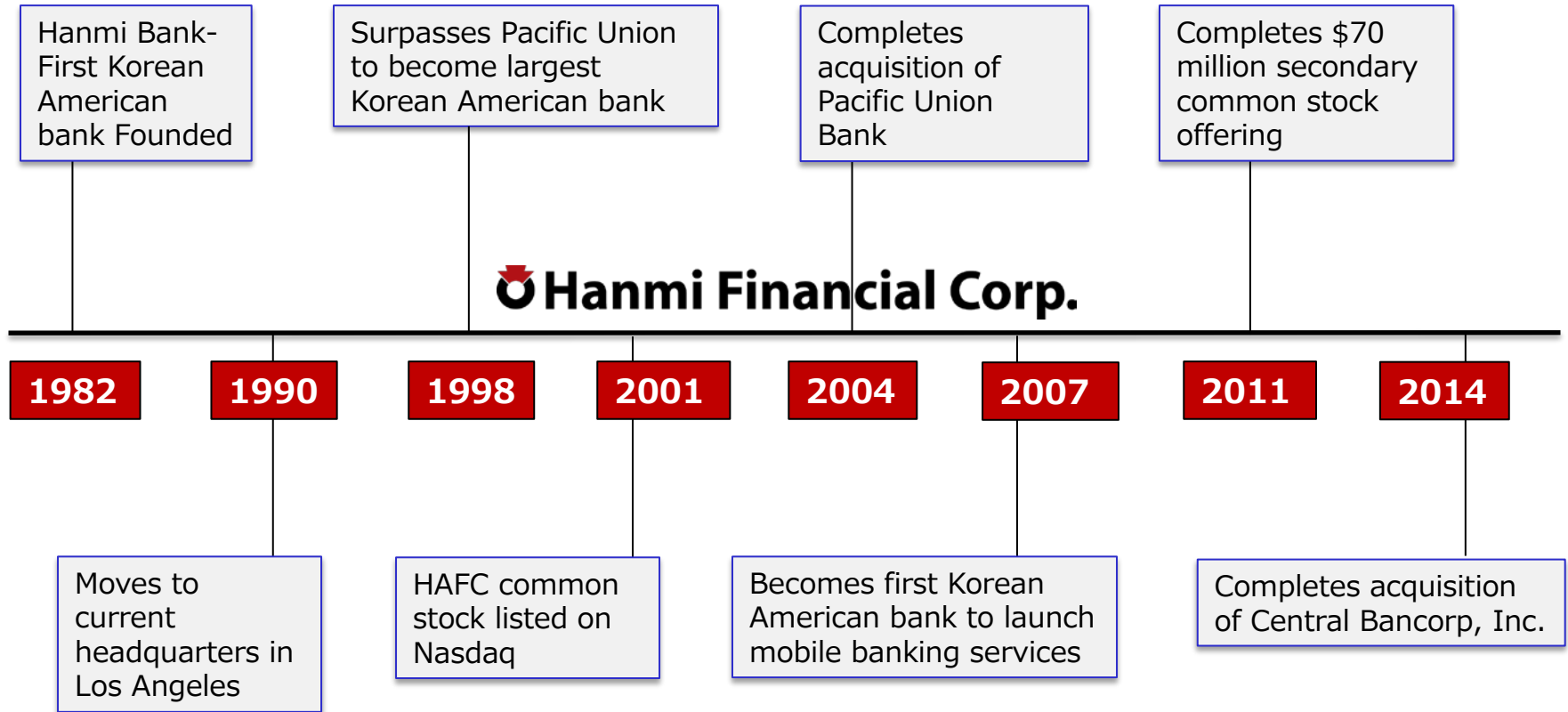


# Korean American Banks in U.S.

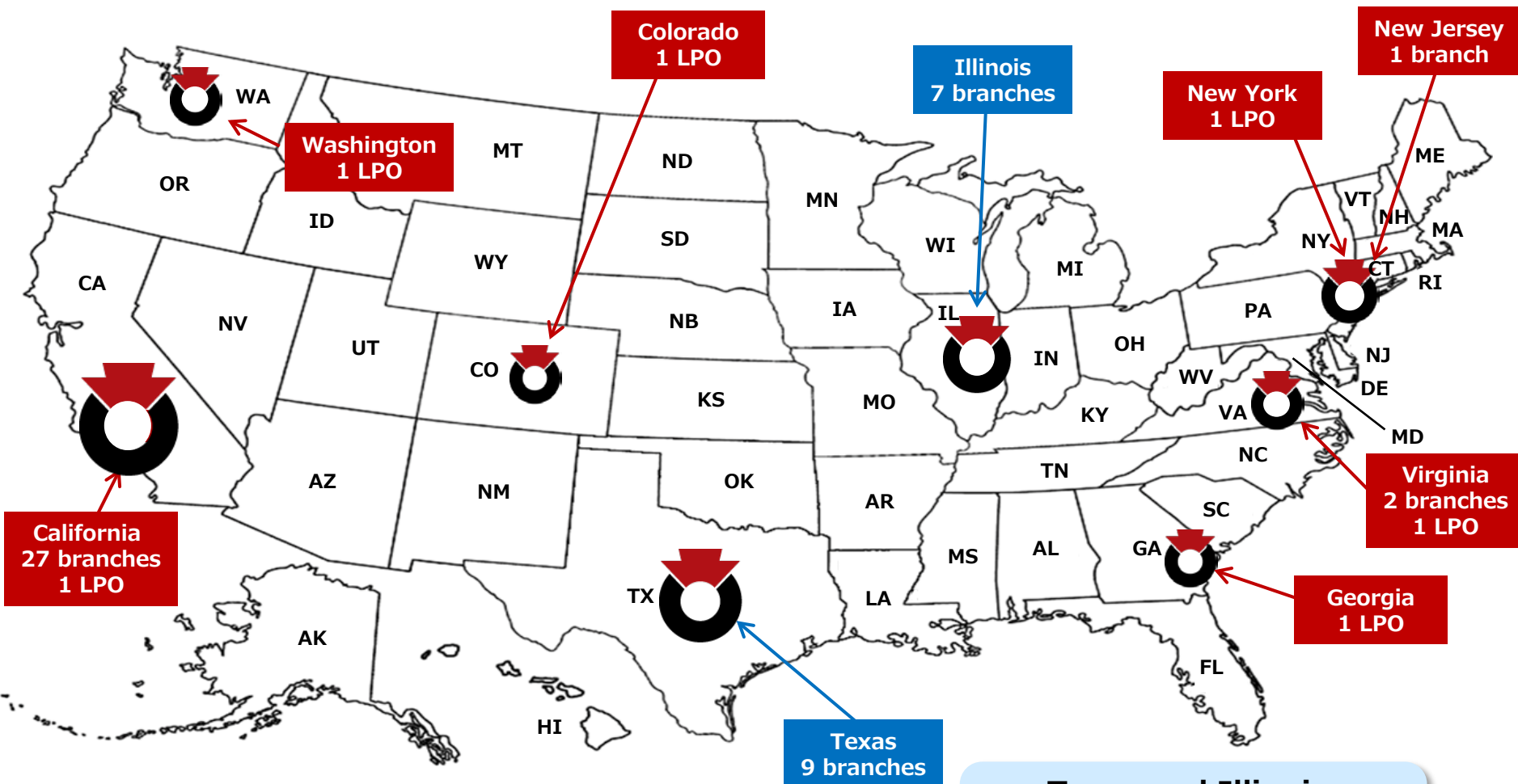
	Holding Company/Bank (as of 3/31/2015)	Total Deposits (in 000s)	Total Assets (in 000s)	Branches	Locations
1	BBCN Bancorp Inc.	\$5,803,253	\$7,267,905	50	CA, IL, NJ, NY, VA, WA
2	Wilshire Bancorp Inc.	\$3,635,166	\$4,413,278	34	CA, TX, GA, NY, NJ
3	Hanmi Financial Corp.	\$3,552,717	\$4,083,887	46	CA, TX, IL, VA, NJ
4	Pacific City Financial Corp.	\$820,330	\$911,427	9	CA
5	Commonwealth Business Bank	\$608,893	\$703,891	5	CA
6	Metro City Bank	\$501,055	\$607,719	8	AL, GA, VA
7	Open Bank	\$453,314	\$554,668	7	CA
8	Noah Bank	\$247,886	\$302,785	5	NJ, NY, PA
9	First Intercontinental Bank	\$224,801	\$271,283	5	GA
10	UniBank	\$189,271	\$235,386	4	WA
11	NOA Bank	\$181,403	\$210,881	3	GA
12	NewBank	\$171,504	\$212,425	3	NJ, NY
13	Uniti Financial Corp.	\$166,781	\$199,145	3	CA
14	US Metro Bank	\$105,373	\$121,204	1	CA
15	Ohana Pacific Bank	\$97,544	\$112,985	2	HI
	<b>South Korea-based banks:</b>				
16	Woori America Bank	\$1,109,960	\$1,268,030	17	CA, MD, NJ, NY, PA, VA
17	Shinhan Bank America	\$816,334	\$972,689	15	CA, GA, NJ, NY, TX
18	BNB Hana Bank	\$219,688	\$259,691	3	NJ, NY

Source: SNL Financial

# Hanmi History



# Nationwide Branch Network



## Texas and Illinois:

*Largest Deposit Market Share  
among Korean American banks*

# 1Q15 Financial Highlights

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- ◉ Net income was \$11.1 million, or \$0.35 per diluted share, compared to \$5.9 million, or \$0.19 per diluted share, in 4Q14
- ◉ Noninterest expense decreased by \$5.4 million during the quarter with the efficiency ratio improved to 65.63% from 80.03%
- ◉ Net interest margin improved 12 bps to 3.92% from 4Q14
- ◉ Gross loans totaled \$2.82 billion, up \$31.3 million from 4Q14, net of \$24.6 million paid-off performing loans with two borrowers Hanmi requested to leave due to heightened risk profile
- ◉ Noninterest-bearing deposits increased 4.1% to \$1.06 billion, representing 30% of total deposits
- ◉ A cash dividend of \$0.11 was paid, a 57.1% increase from 4Q14

# Branch Closure & Consolidation

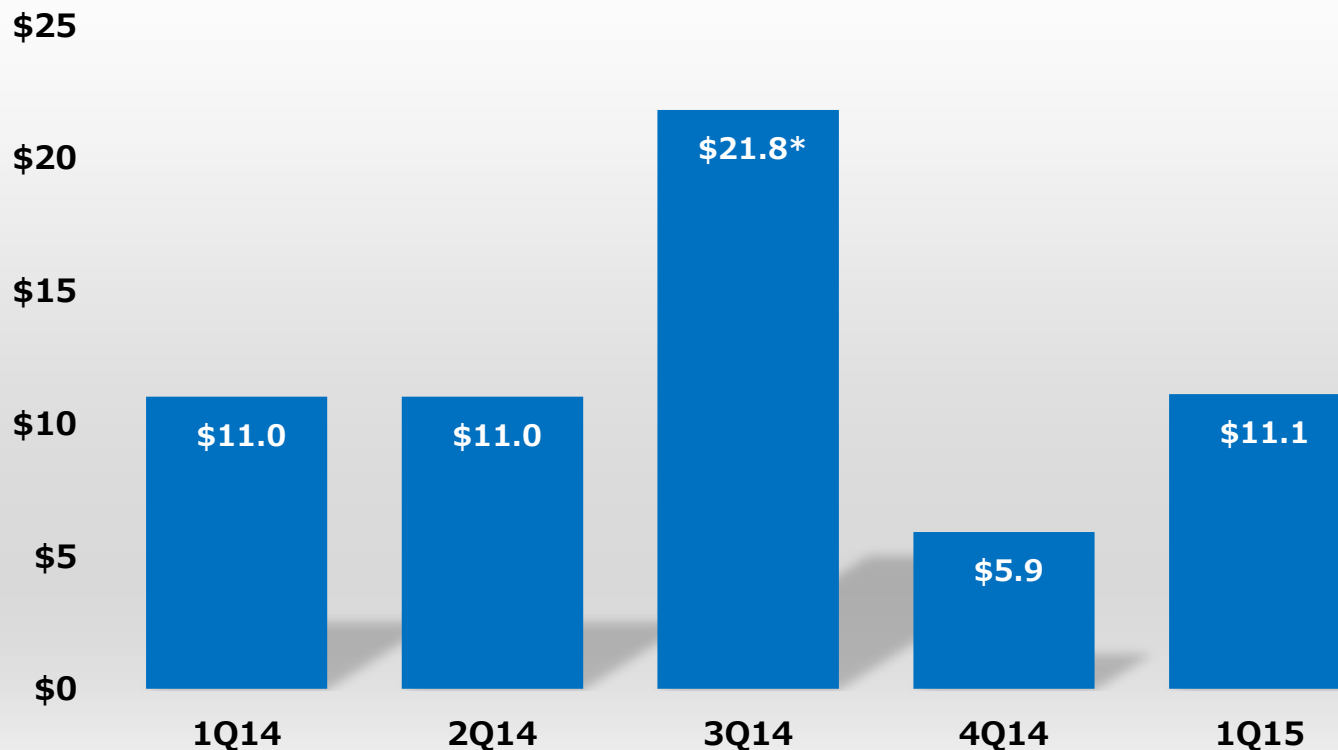
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- ◉ Restructuring regional branch offices in alignment with our long-term growth strategy and profitability objectives
- ◉ Closing and consolidating 3 branch offices in Harvey, Naperville (South) and Roselle, IL and 1 branch office in Springfield, VA at the end of August
  - Streamlining branch network
  - Rationalizing headcounts
  - Near term expiring leases at Naperville (South) and Springfield branches
- ◉ Annual cost savings of \$2.7MM & non-recurring charges of \$0.9MM

# Strong Earnings Performance

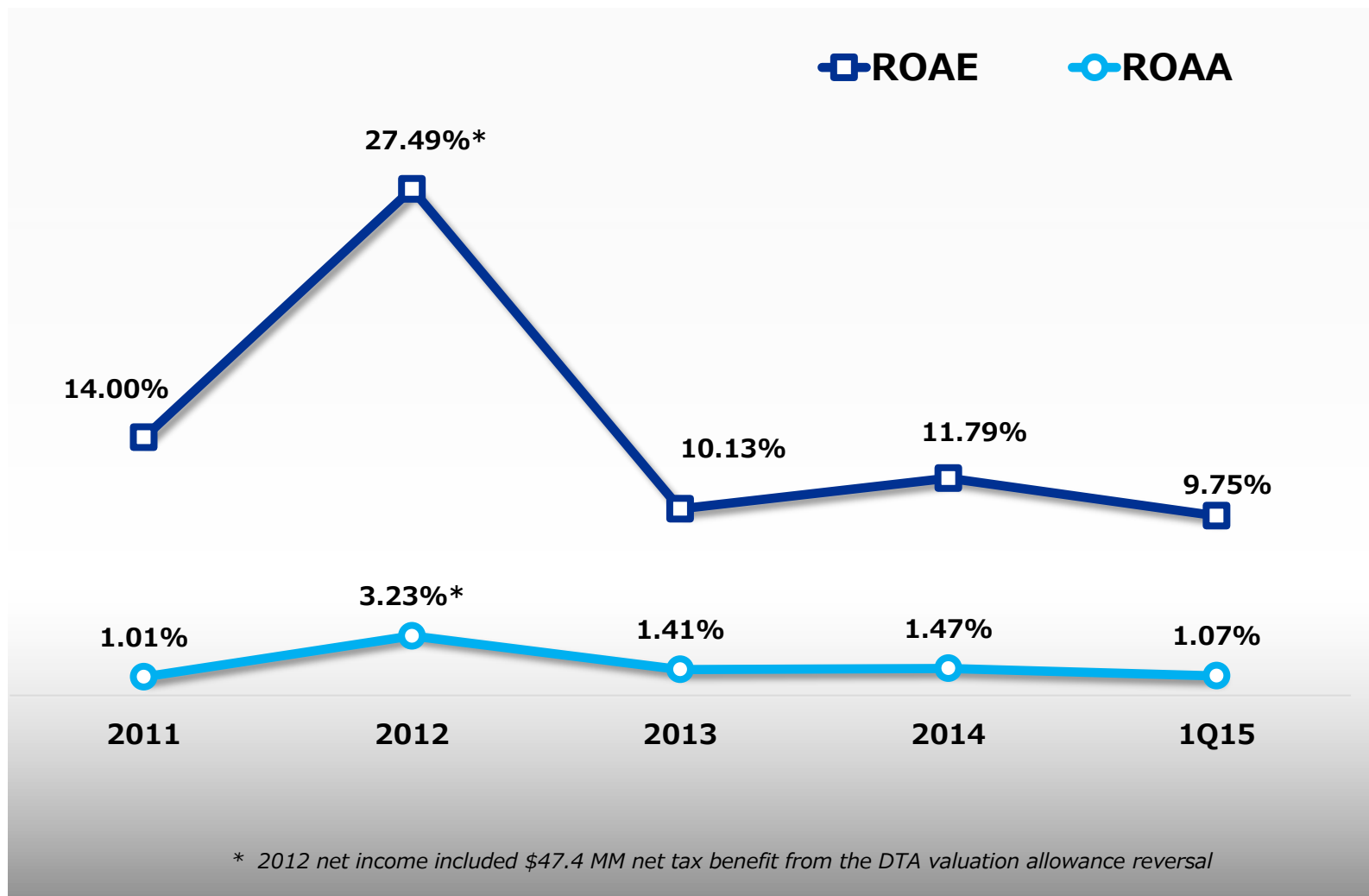
(\$ in millions)

## Net Income

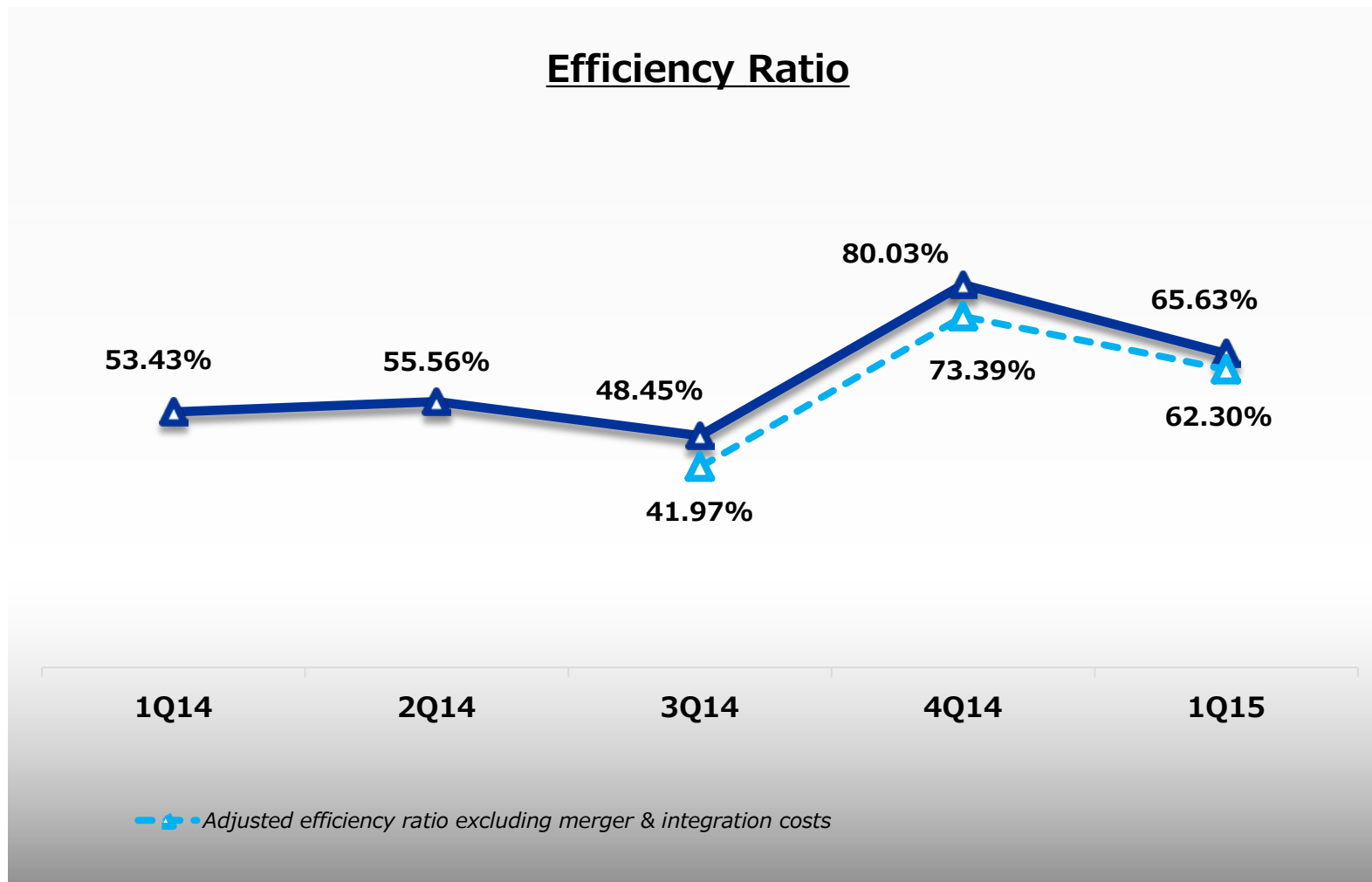


\* Includes bargain purchase gain (net of deferred taxes) of \$14.6 million

# Profitability Metrics

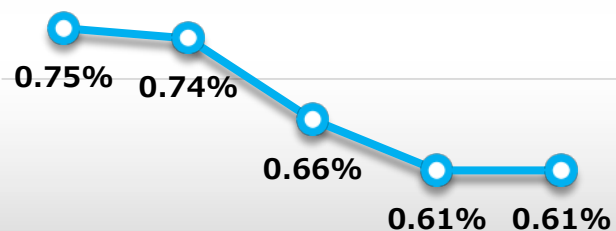
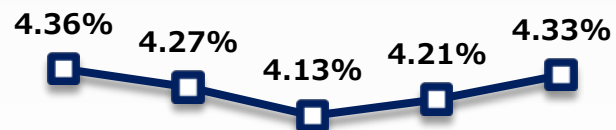


# Profitability Metrics

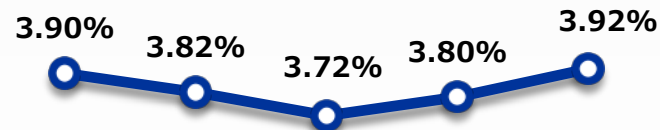


# Yield & Cost Metrics

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



- Net Interest Margin



# Purchase Accounting Adjustment

(In \$ 000's)

## NIM excluding purchase accounting

Accretion of discount on Non-PCI loans	3,511
Accretion of discount on PCI loans	843
Accretion of time deposits premium	1,606
Amortization of subordinated debentures discount	(38)
Net impact	5,922

## As reported

### Three Months Ended

March 31, 2015		December 31, 2014	
Amount	NIM Impact	Amount	NIM Impact
\$ 31,762	3.30%	\$ 31,891	3.24%
3,511	0.36%	2,802	0.28%
843	0.09%	963	0.10%
1,606	0.17%	1,747	0.18%
(38)	-	(36)	-
5,922	0.62%	5,476	0.56%
<b>\$ 37,684</b>	<b>3.92%</b>	<b>\$ 37,367</b>	<b>3.80%</b>

### Three Months Ended

## Core loan yield

Accretion of discount on purchased loans

## As reported

## Core deposit cost

Accretion of time deposits premium

## As reported

March 31, 2015	December 31, 2014
4.74%	4.78%
0.61%	0.54%
<b>5.35%</b>	<b>5.32%</b>
0.62%	0.63%
0.19%	0.20%
<b>0.43%</b>	<b>0.43%</b>

# Solid Loan Growth

*(\$ in millions)*

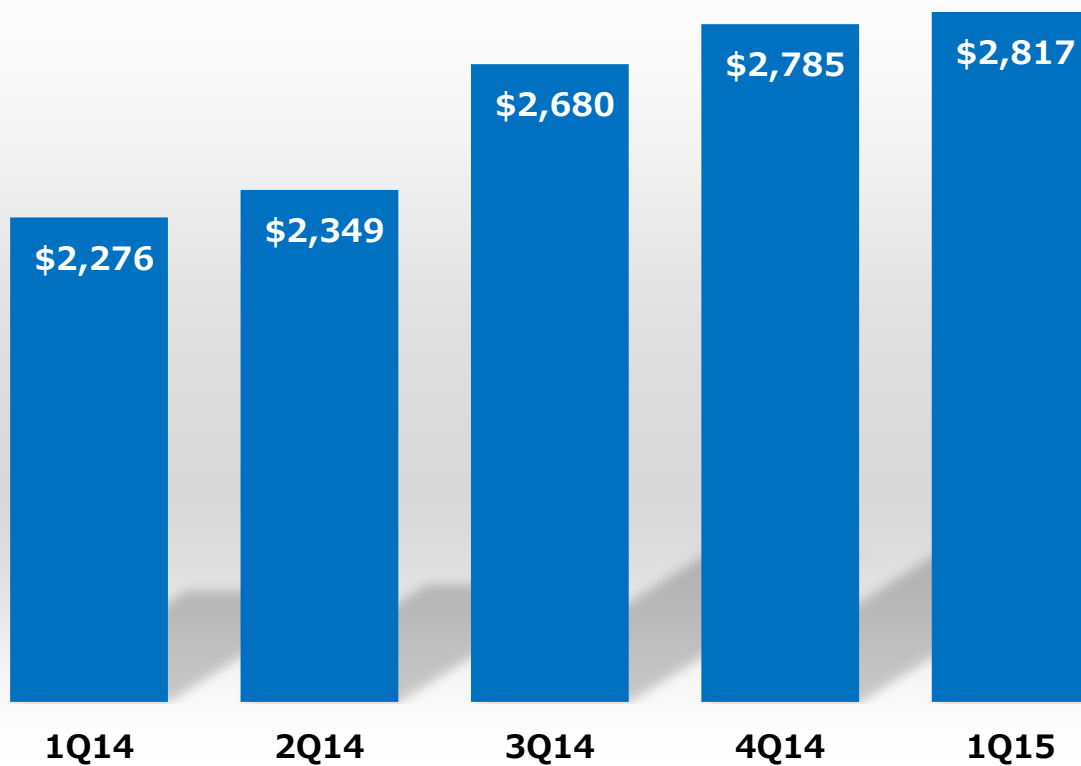
**\$3,000**

**\$2,500**

**\$2,000**

**\$1,500**

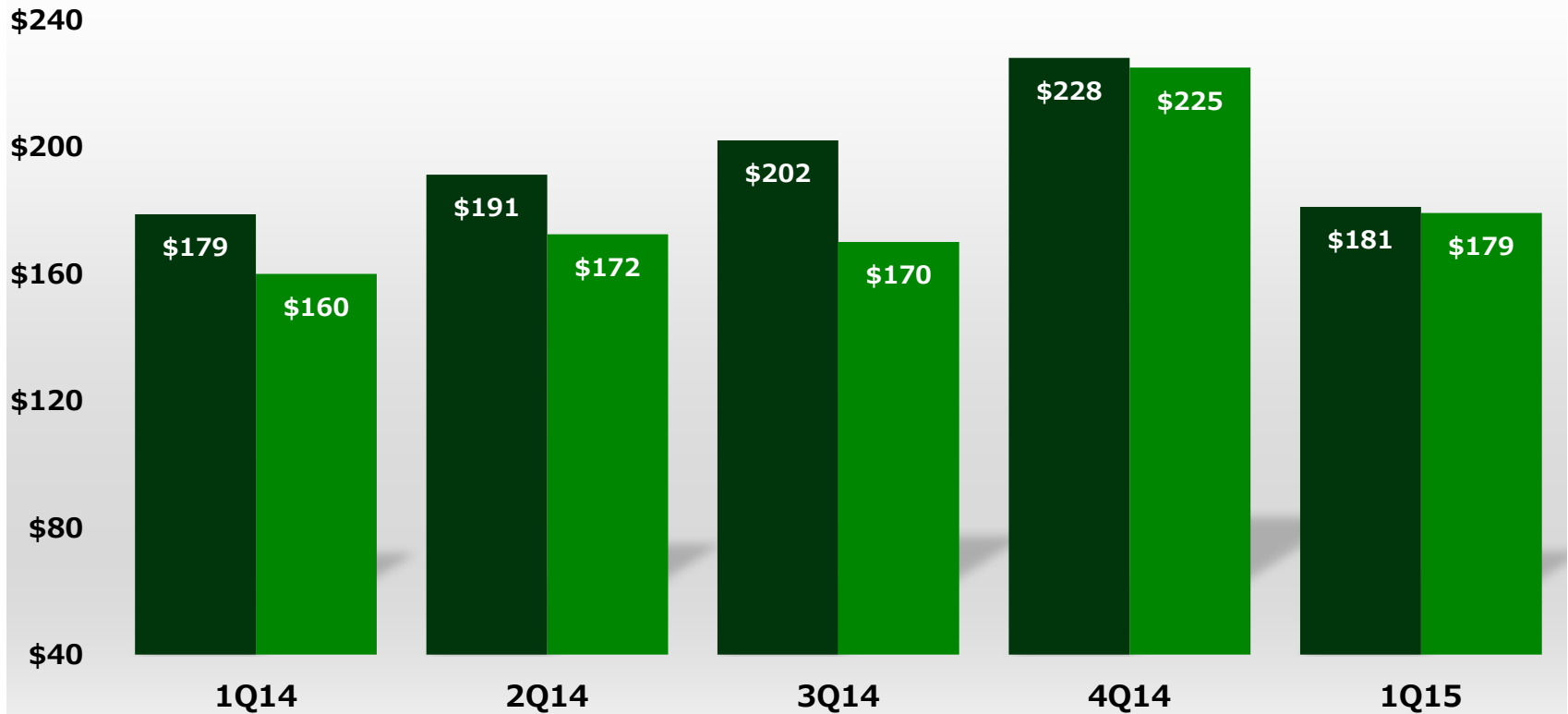
**\$1,000**



# Strong New Loan Production

(\$ in millions)

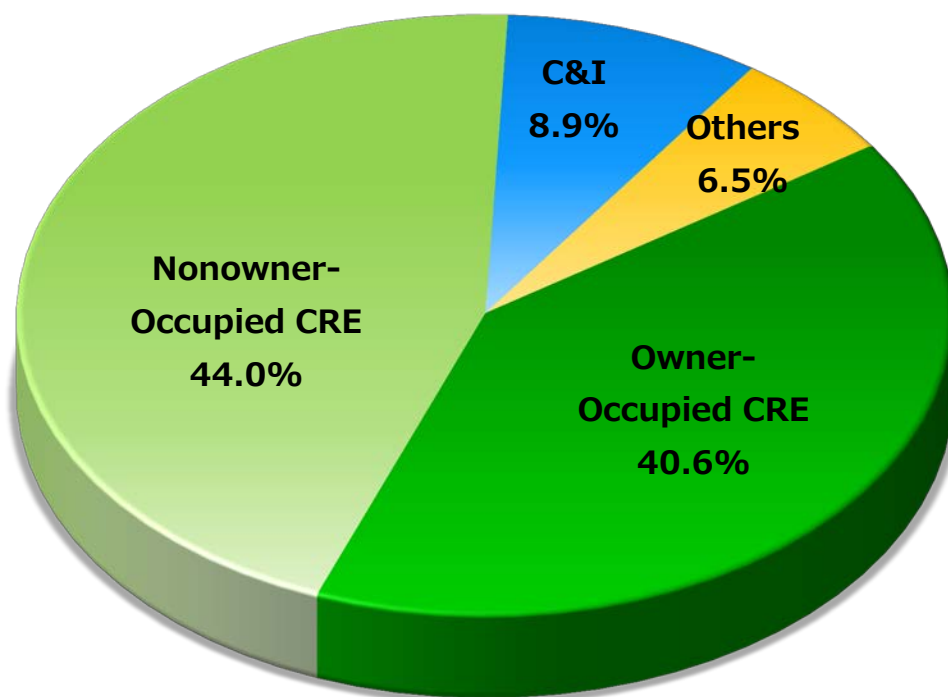
■ Commitment ■ Funded



\* Including purchased loans: \$34.2MM (1Q14), \$57.1MM (2Q14), \$20.5MM (4Q14), \$44.0MM (1Q15)

# Loan Portfolio

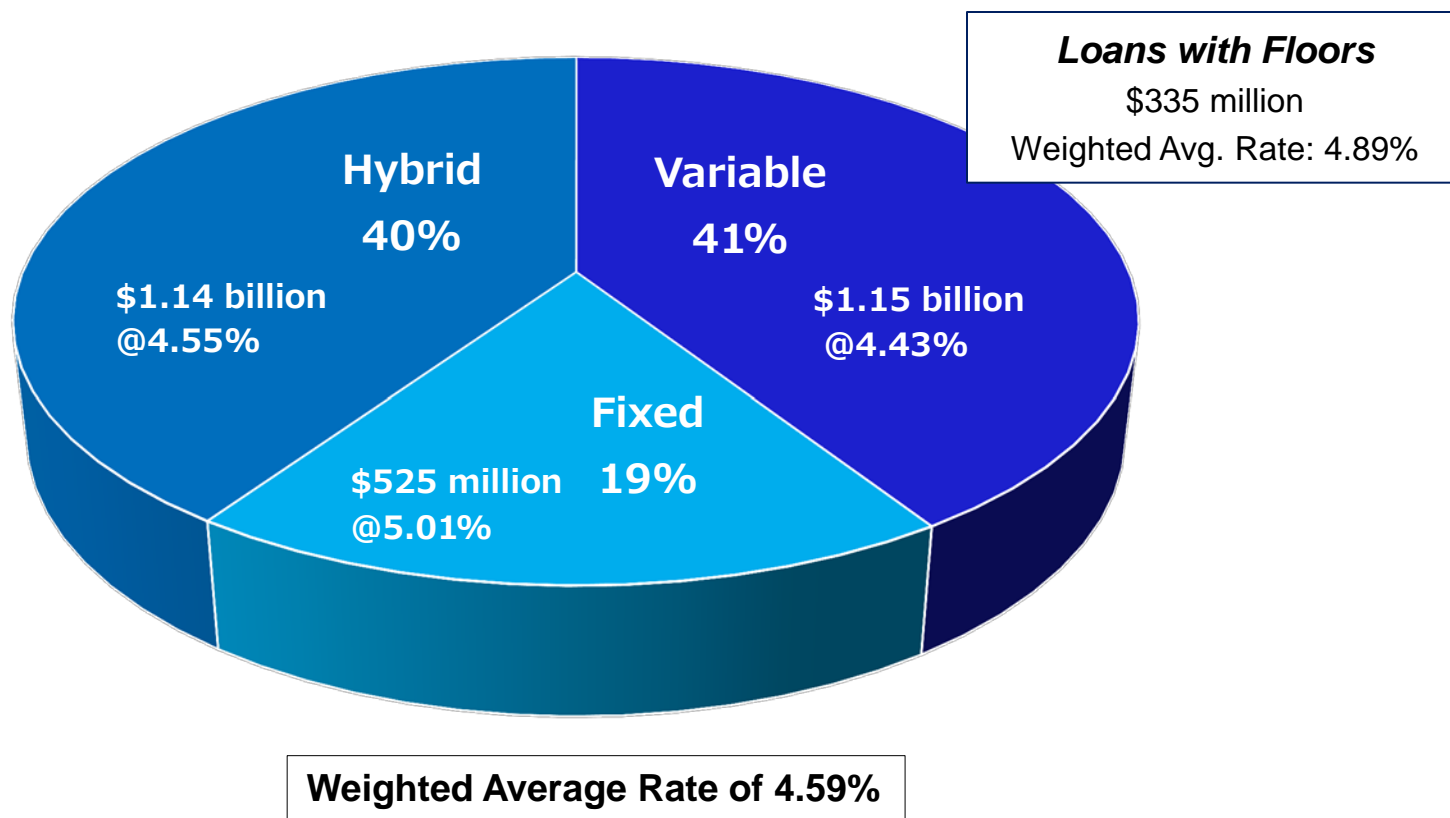
Loan Composition



CRE Loans as of 3/31/15

- **Balance:** \$2.4B
- **Weighted Avg. LTV:** 54.9%

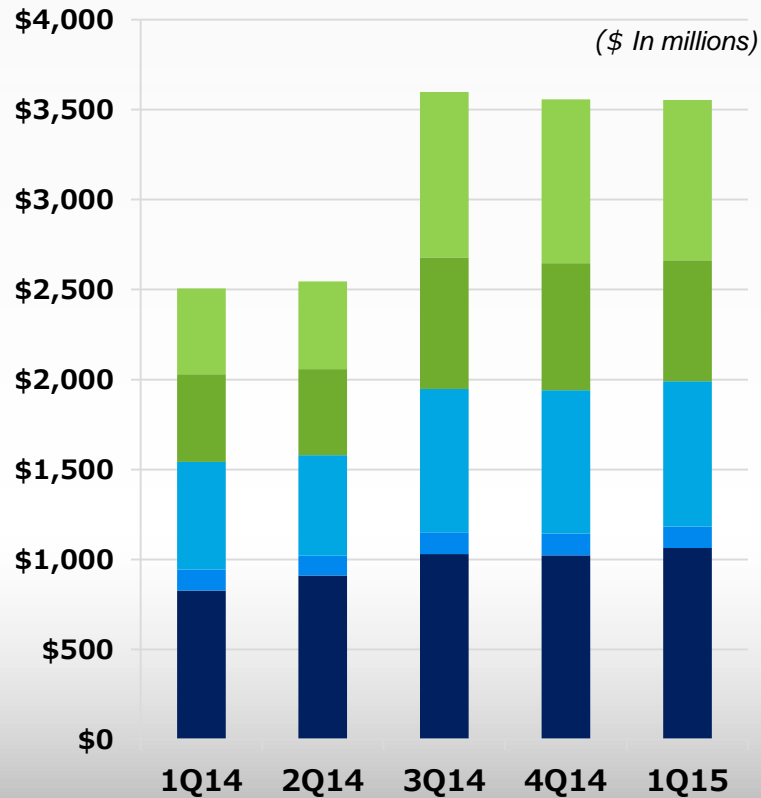
# Diversified Loan Mix



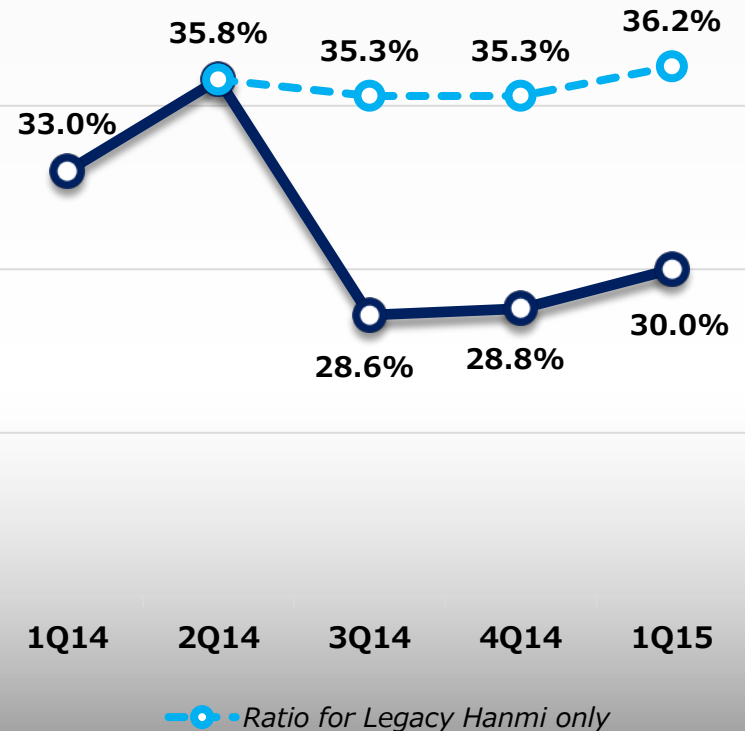
***Remains well-positioned for a rising interest rate environment***

# Increasing Demand Deposits

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

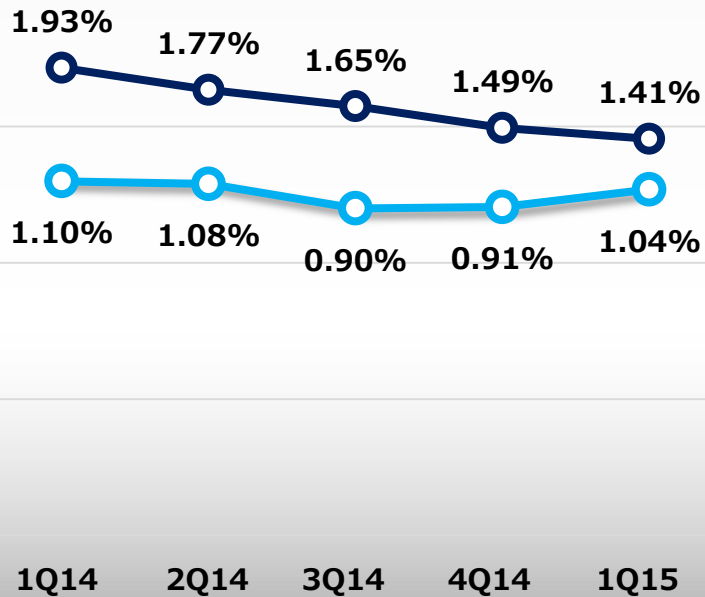


Demand Deposits/ Total Deposits

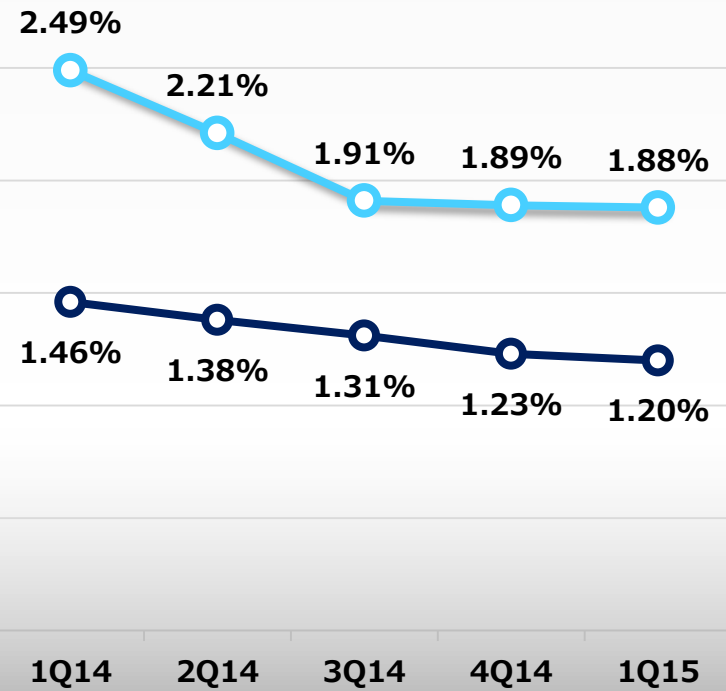


# Strong Asset Quality

○ NPLs to Gross Loans  
● SNL US Bank \$1B-\$5B Index

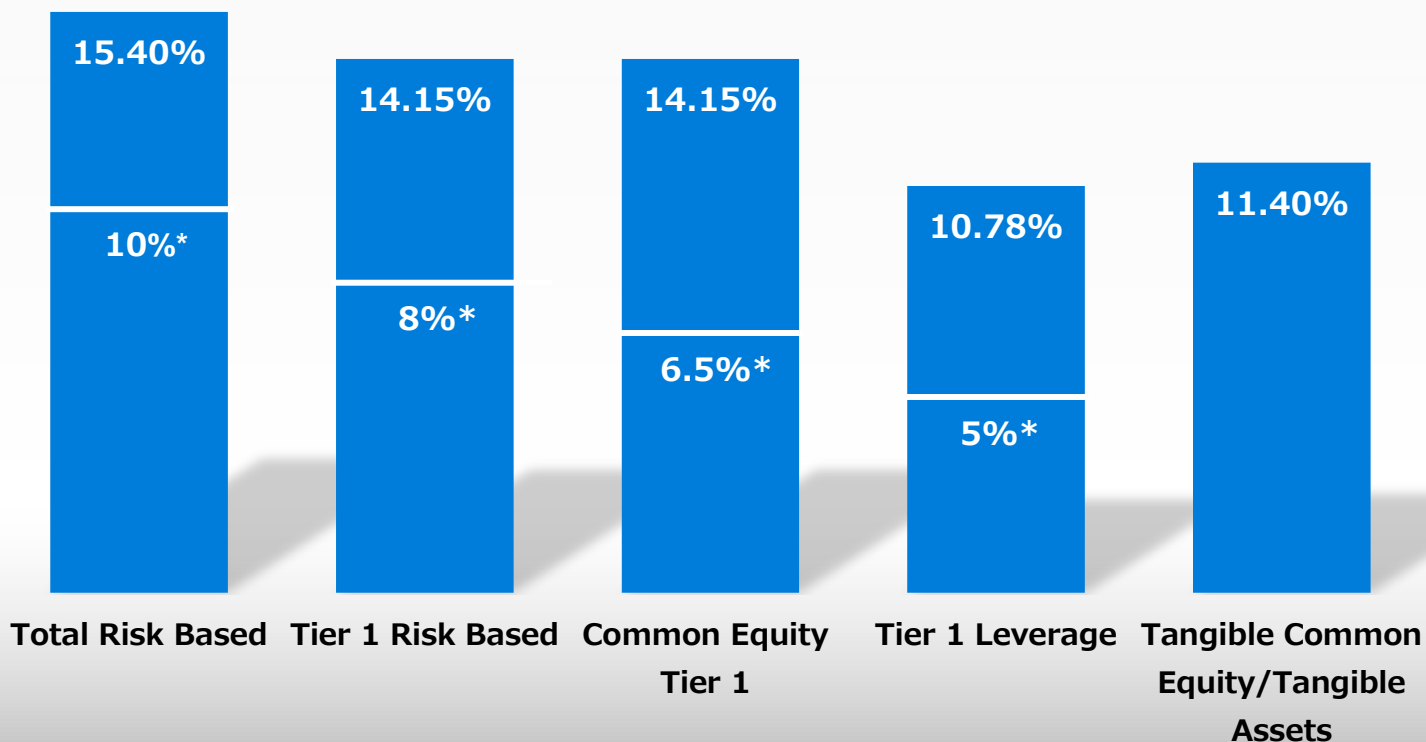


○ ALLL to Gross Loans  
● SNL US Bank \$1B-\$5B Index



# Well-Capitalized

## Capital Ratios



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

# Investment Highlights & Opportunities

- ◉ **Surplus liquidity from the securities portfolio acquired from Central Bancorp, Inc. acquisition into higher yielding loans**
- ◉ **Premier core deposit franchise with a low-cost deposit base**
- ◉ **Asset generating platform built for sustainable growth with double-digit rise year over year in loan origination**
- ◉ **Strong balance sheet and excellent asset quality**
- ◉ **Growth opportunities in new markets - expanded geographic footprint and customer base, including the broader Asian American and mainstream communities**
- ◉ **Upside to current valuation\***
  - **Price/Tangible Book: 1.47x; Price/LTM EPS: 13.7x**
  - **Dividend increase of 57% from 4Q14**

*\* Closing price of \$21.49 at 5/6/2015; Tangible book value at 3/31/2015*

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# Q & A