



KEEFE, BRUYETTE & WOODS
A Stifel Company

West Coast Bank Field Trip

November 19, 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 underlying any of the foregoing. These statements involve known and unknown 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, ability to identify and remediate any material weakness in internal controls over financial reporting, 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 October 22, 2019.

Hanmi at a Glance

Nationwide Footprint

- Leading Korean American Bank
- 35 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
- Net charge-offs of 0.02% of average loans and leases for the third quarter 2019
- Total risk based capital levels at 151% of minimum threshold for “well-capitalized” institutions

Equity Snapshot⁽¹⁾

Headquarters:	Los Angeles, CA
Ticker:	NASDAQ: HAFC
Share Price:	\$19.60
52 Week Range:	\$17.01 - \$24.18
Market Cap:	\$609.8 Million
Avg. 3M Daily Volume:	168,735

Branch Network



(1) Based on equity market data as of 11/13/19.

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

Q3 2019 Financial Summary

(\$ million, except EPS)

	3Q19	2Q19	3Q18	Change ^(1,2)	
				Q/Q	Y/Y
Income Statement Summary					
Net interest income	\$ 44.1	\$ 43.0	\$ 45.3	2.5%	-2.8%
Noninterest income	6.9	7.7	6.2	-11.2%	10.4%
Operating revenue	50.9	50.7	51.5	0.4%	-1.2%
Noninterest expense	32.6	30.1	29.0	8.2%	12.4%
Provision for loan losses	1.6	16.7	0.2	-90.4%	701.0%
Pretax income	16.7	3.9	22.3	331.1%	-25.2%
Income tax expense	4.3	1.2	6.3	255.2%	-30.7%
Net income	\$ 12.4	\$ 2.7	\$ 16.1	366.0%	-23.0%
EPS-Diluted (in \$)	\$ 0.40	\$ 0.09	\$ 0.50	344.4%	-20.0%
Select Balance Sheet Items					
Loans and leases	\$ 4,570	\$ 4,556	\$ 4,583	0.3%	-0.3%
Deposits	4,690	4,762	4,614	-1.5%	1.6%
Total assets	5,528	5,512	5,487	0.3%	0.7%
Stockholders' equity	575	564	568	1.8%	1.2%
Profitability Metrics					
Return on average assets	0.90%	0.19%	1.17%	71	-27
Return on average equity	8.67%	1.87%	10.91%	680	-224
TCE/TA	10.20%	10.04%	10.15%	16	5
Net interest margin	3.36%	3.30%	3.48%	6	-12
Efficiency ratio	64.04%	59.44%	56.28%	460	776

Note: Numbers may not foot due to rounding

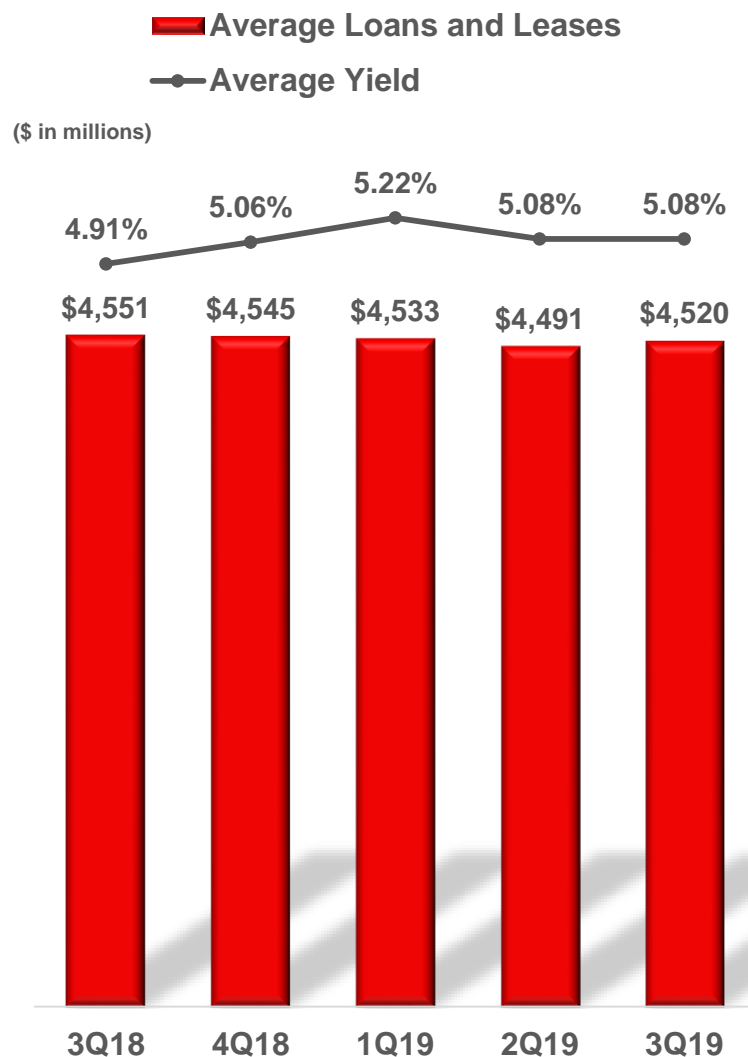
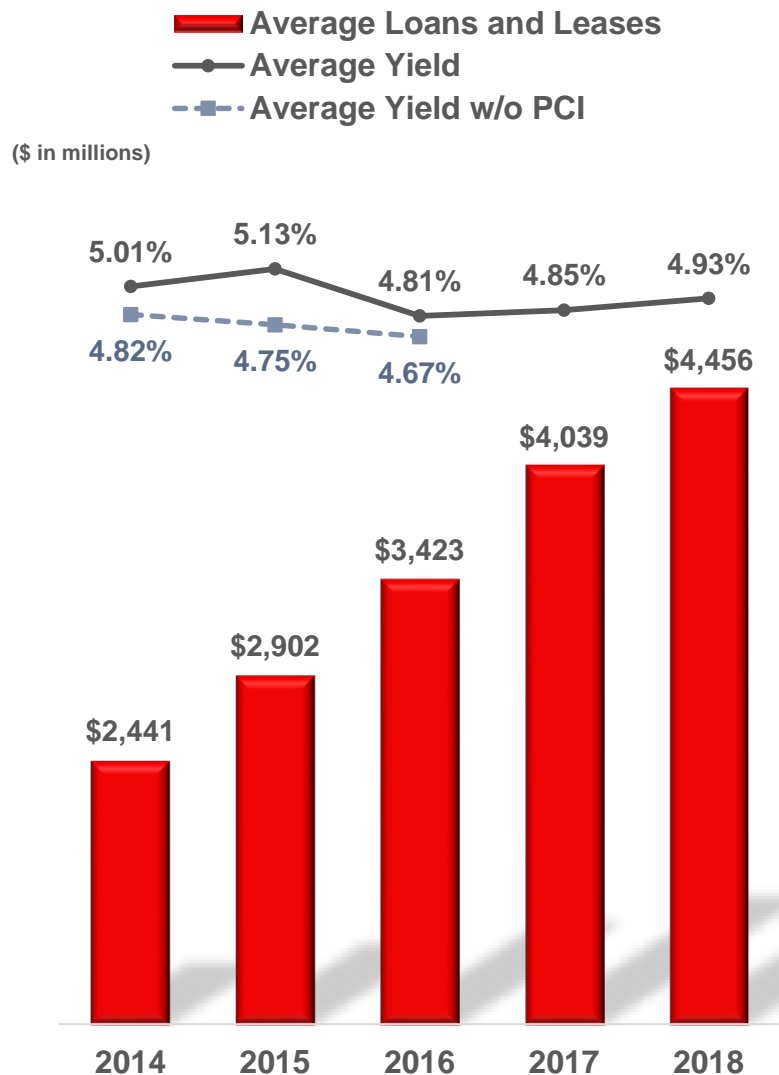
(1) Percentage change calculated from dollars in thousands

(2) Change in basis points for returns and ratios

Key Highlights

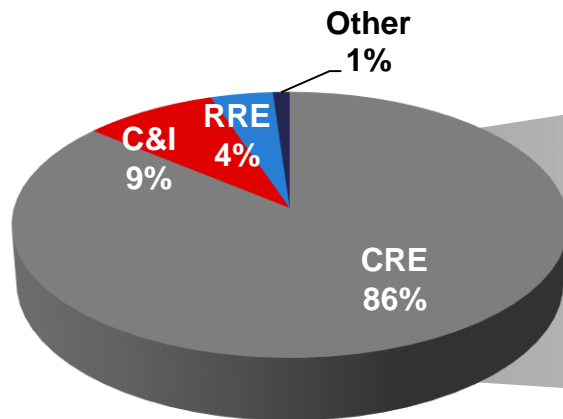
- Third quarter net income of \$12.4 million, or \$0.40 per diluted share, up from \$2.7 million, or \$0.09 per diluted share for the prior quarter and down from \$16.1 million or \$0.50 per diluted share from the third quarter of 2018.
 - Second quarter net income included a \$16.7 million provision for loan and lease losses arising from a \$15.7 million specific allowance relating to a \$40.0 million loan relationship.
- Loans and leases receivable of \$4.57 billion at the end of the third quarter, compared with \$4.56 billion at the end of the prior quarter, and \$4.58 billion at the end of the third quarter of 2018.
- Deposits were \$4.69 billion, down 1.5% in the third quarter and up 1.6% year-over-year.
- Net interest margin of 3.36% compared with 3.30% for the prior quarter.
- Third quarter return on average assets was 0.90% and return on average equity was 8.67%.
- Announced Q4 2019 dividend of \$0.24 per share.

Loan Trends – 2019 Focus on Accretive Yields



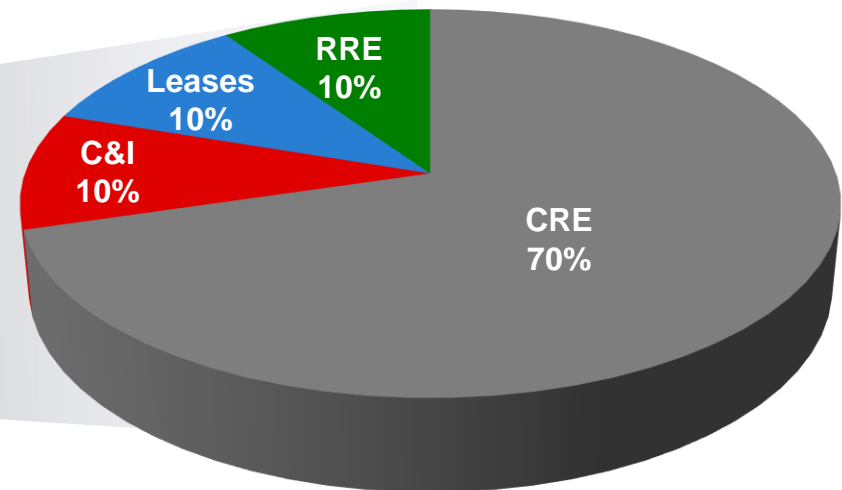
Successful Portfolio Diversification Strategy

Loan Composition
Q3 2014



Total Portfolio:
\$2.7 billion

Loan Composition
Q3 2019



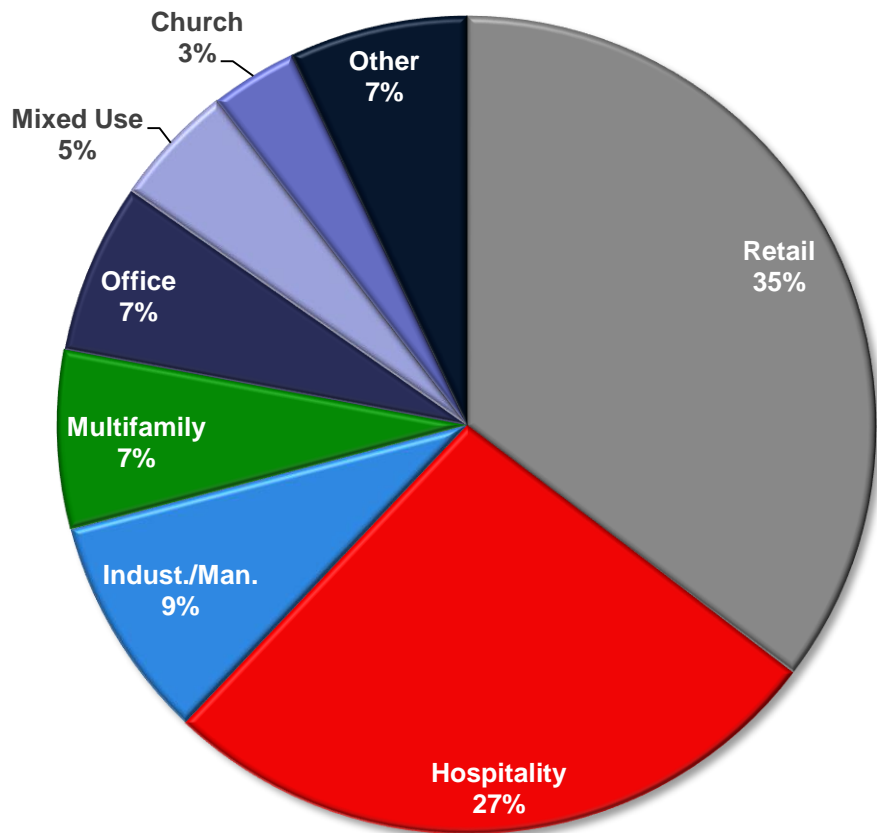
Total Portfolio:
\$4.6 billion

11% CAGR

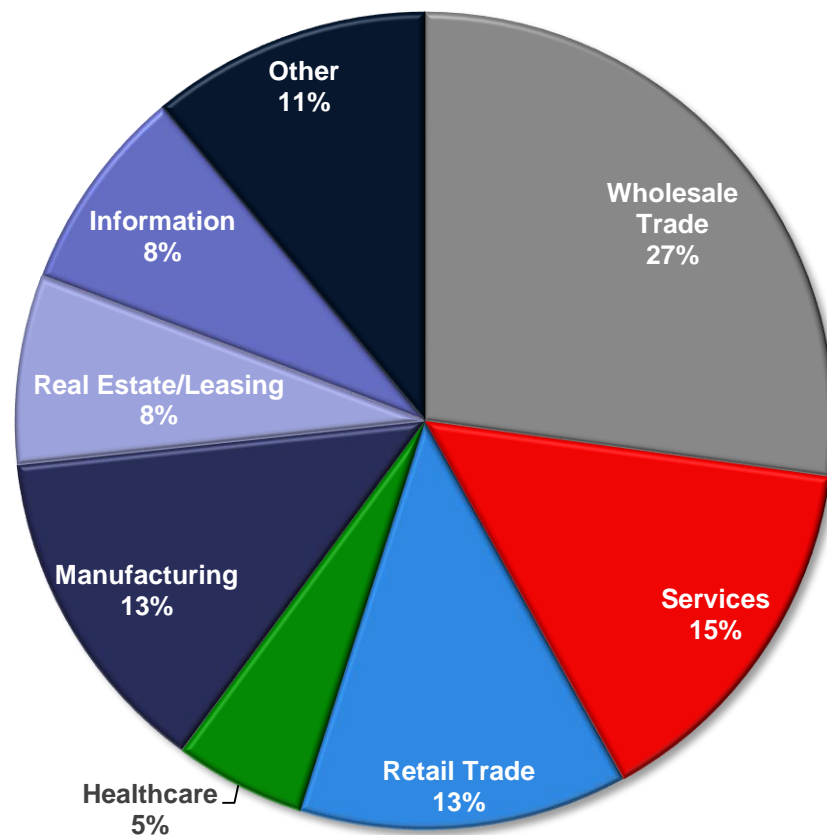
Significant progress in reducing CRE concentration from 86% of total portfolio to 70% today

Diversified CRE and C&I Portfolios

CRE Portfolio
\$3.2 billion

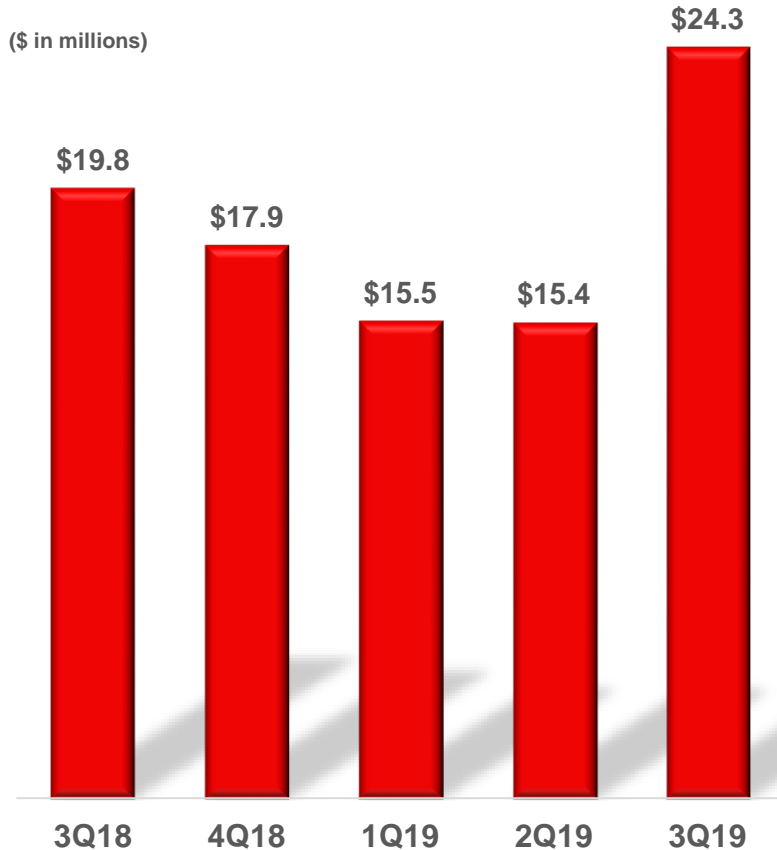


C&I Portfolio
\$0.4 billion

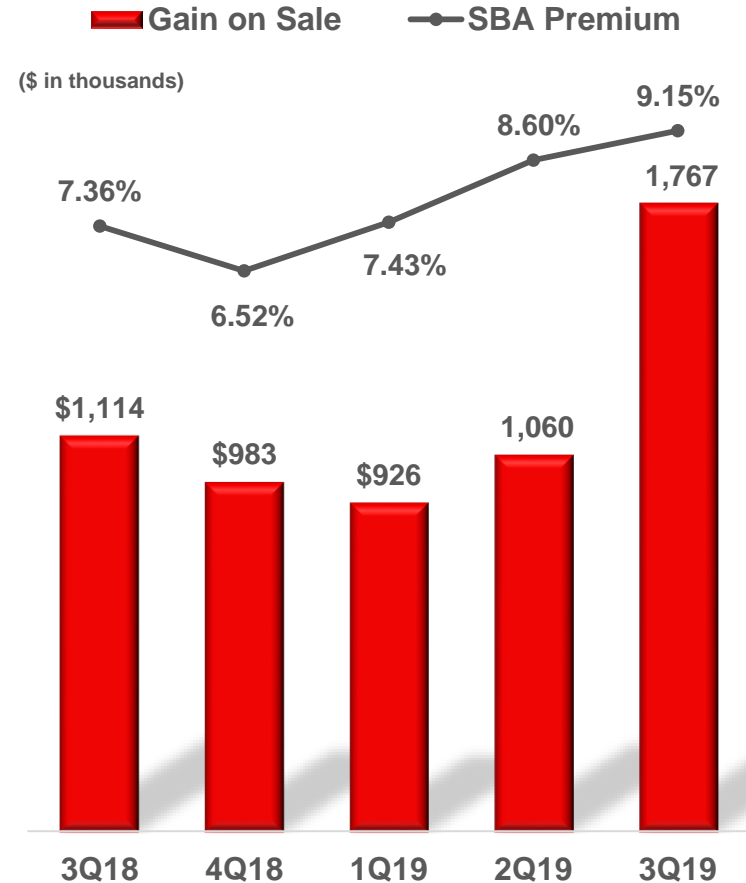


SBA Loan Sales

SBA Loan Sales



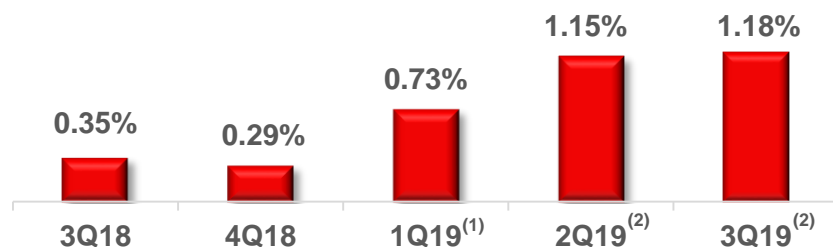
SBA Gain on Sale



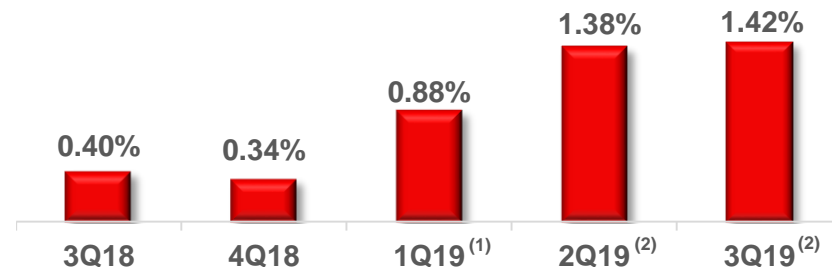
- Production highest in nearly two years
- 2019 premiums rebound

Asset Quality

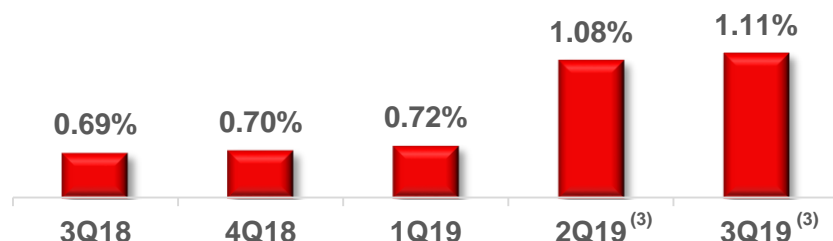
Nonperforming Assets to Assets



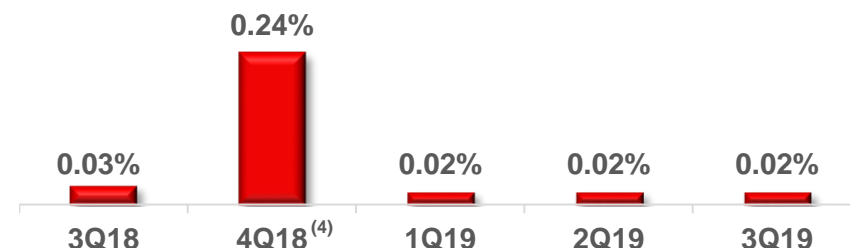
Nonperforming Loans and Leases to Loans and Leases



Allowance for Loan and Lease Losses to Loans and Leases



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

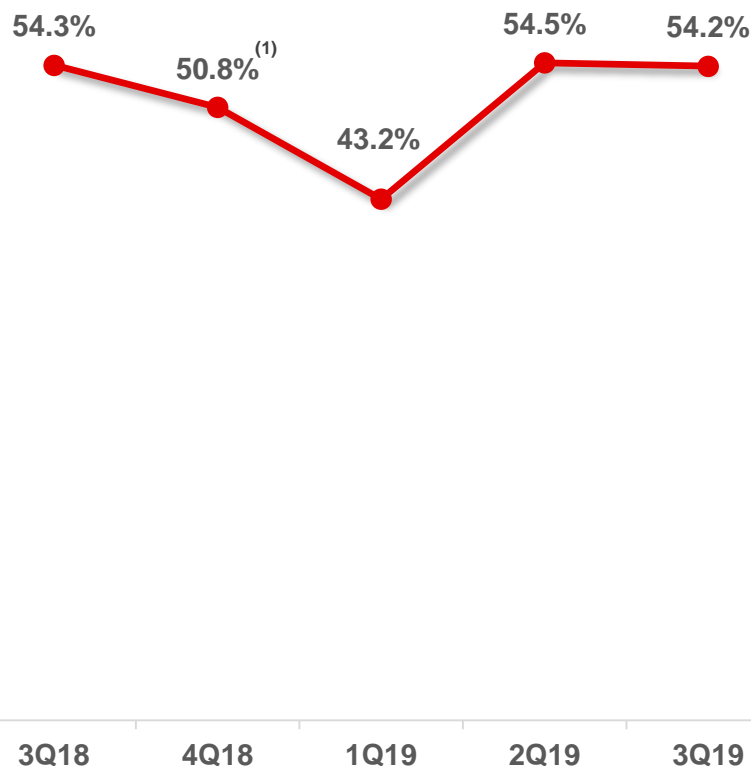


Notwithstanding the \$40.0 million troubled loan relationship, overall asset quality remains strong

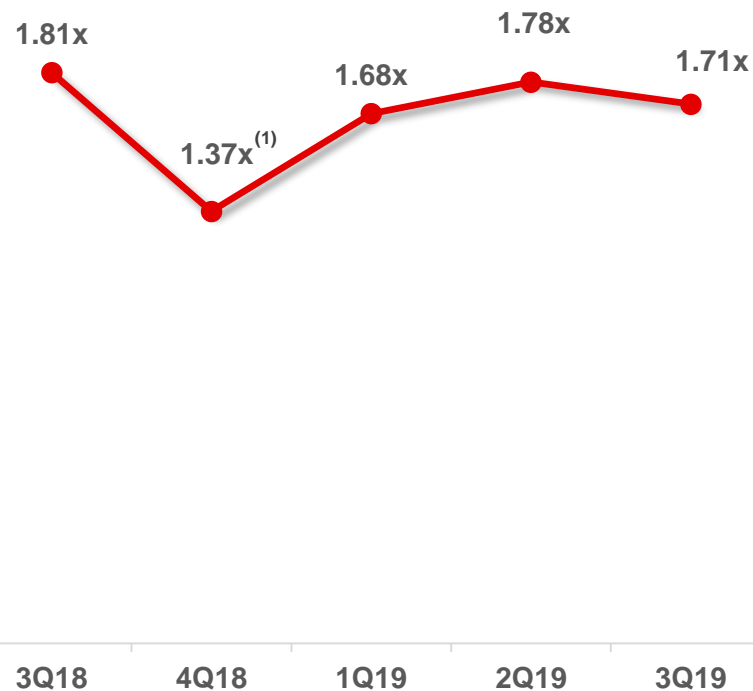
- (1) 1Q19 includes a \$25.0 million commercial loan relationship which has declined to \$2.1 million at 3Q19 through payments; there were no charge-offs.
- (2) 2Q19 includes a \$40.7 million loan relationship comprised of a land loan (\$27.9 million) and a business loan (\$12.8 million) which has declined to \$40.0 million at 3Q19 through payments; there were no charge-offs.
- (3) 2Q19 and 3Q19 include a \$15.7 million specific allowance for the loan relationship discussed in note 2.
- (4) Includes the effects of a 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



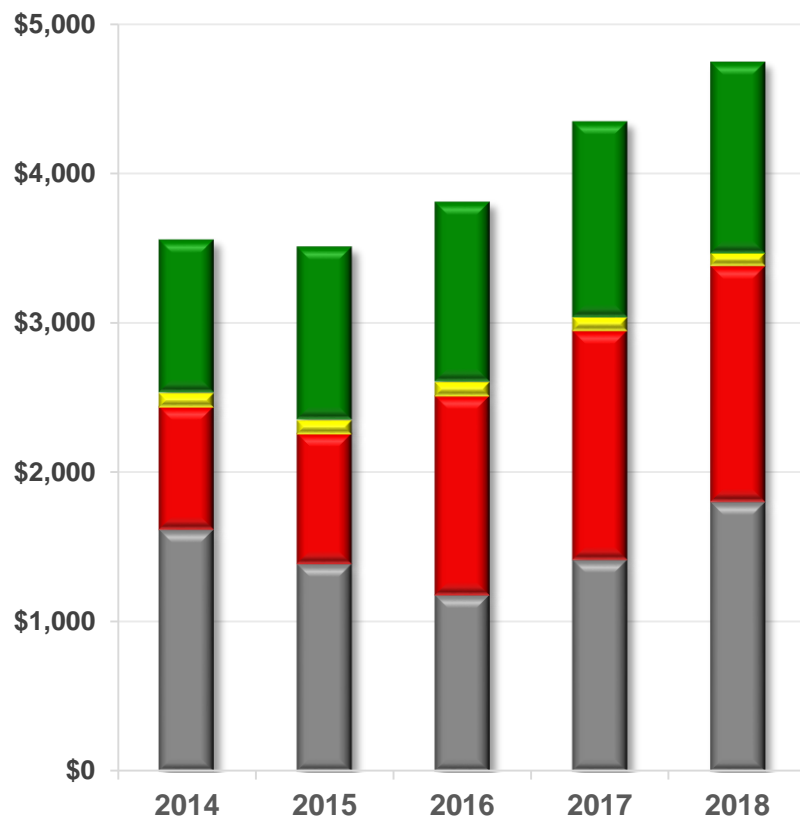
(1) Includes one large hospitality loan booked in 4Q18 with an LTV of 55% and a debt coverage ratio of 1.25 times. The stabilized DCR projected for this property is 1.8 times. Weighted average LTV and DCR for the entire CRE portfolio for 4Q18 are 50% and 2.1 times, respectively.

Diversified Deposit Base

Deposits

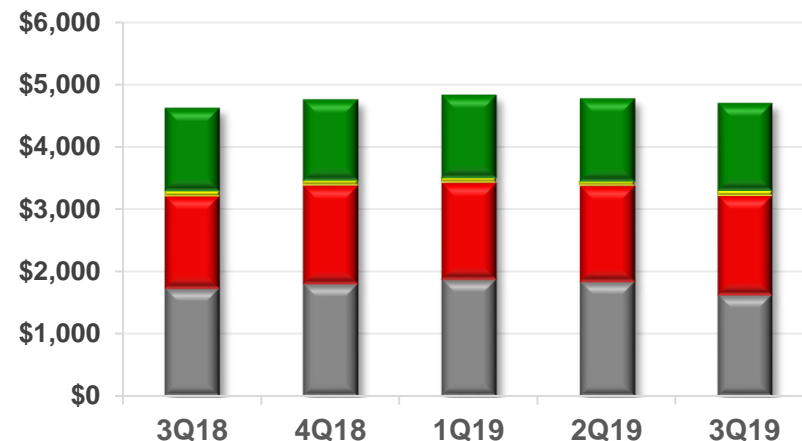
(\$ in millions)

- Demand Noninterest-bearing
- Demand Interest-bearing
- Money Market & Savings
- Time Deposits



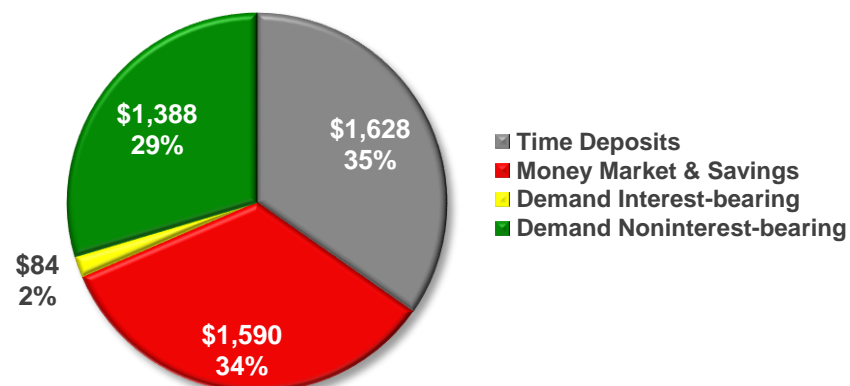
Deposits

(\$ in millions)



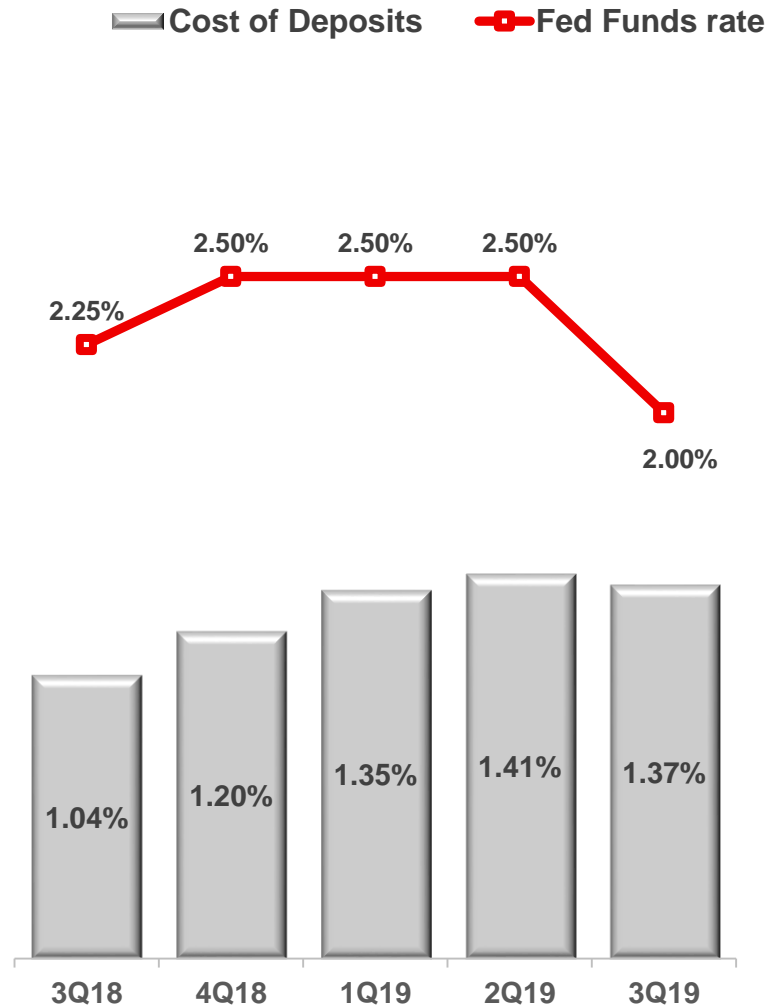
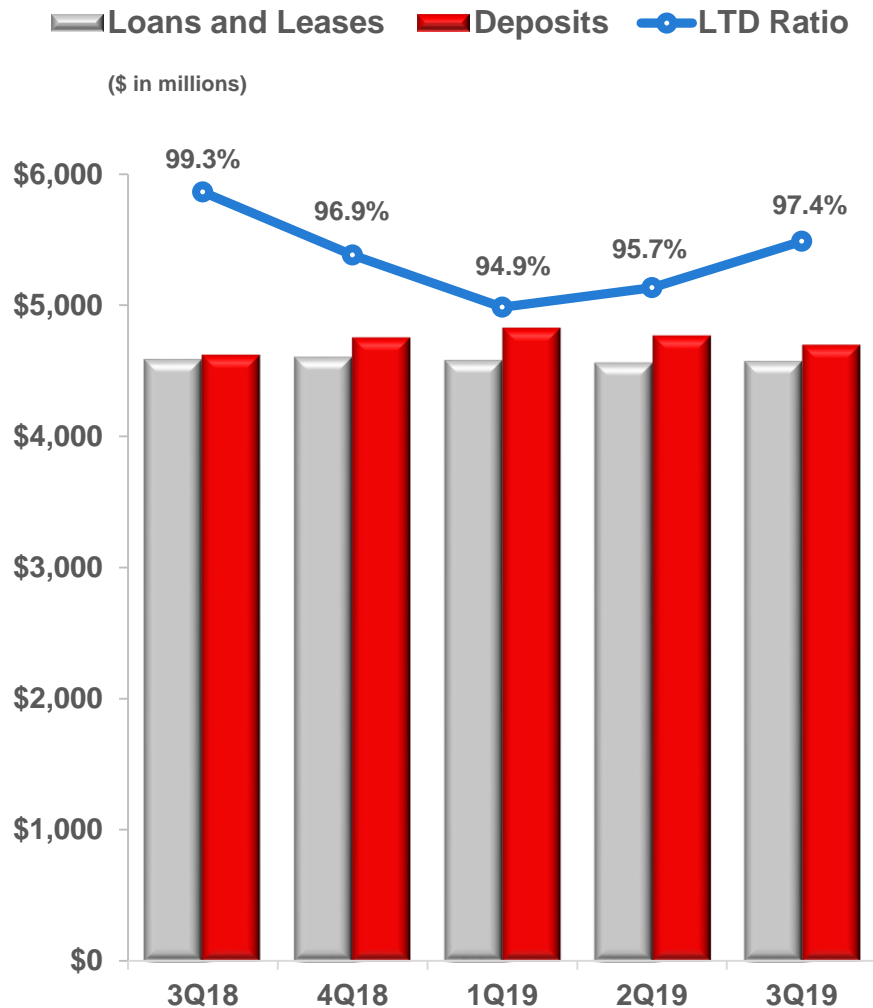
Deposits by Type – September 30, 2019

(\$ in millions)

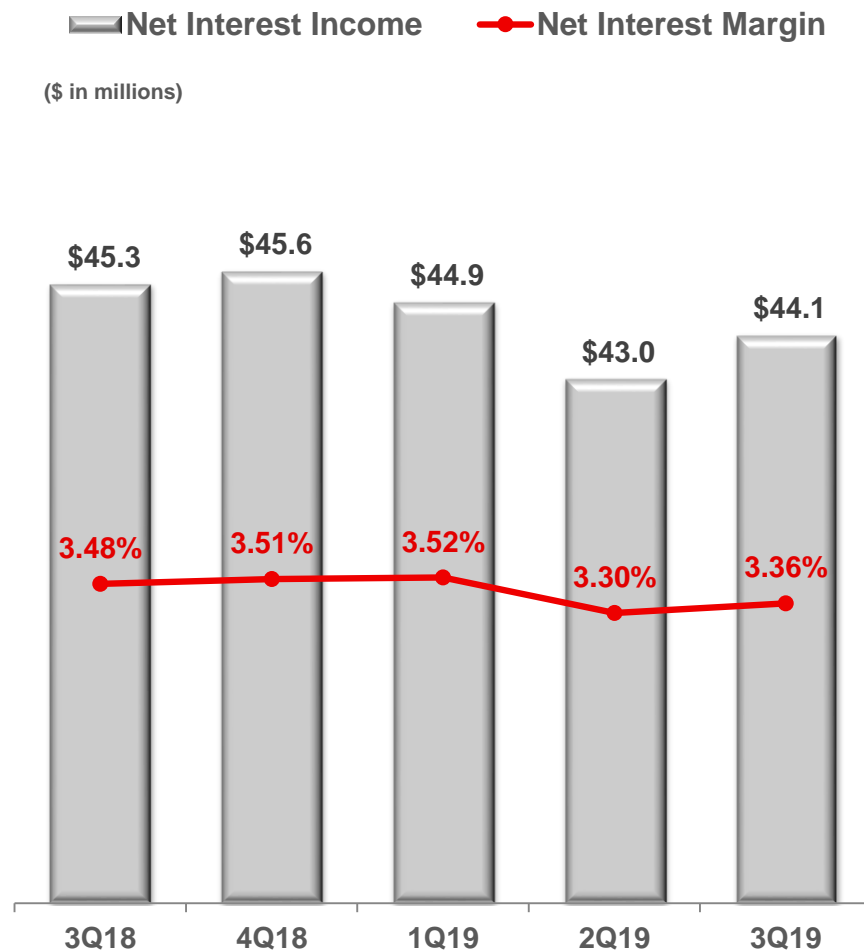
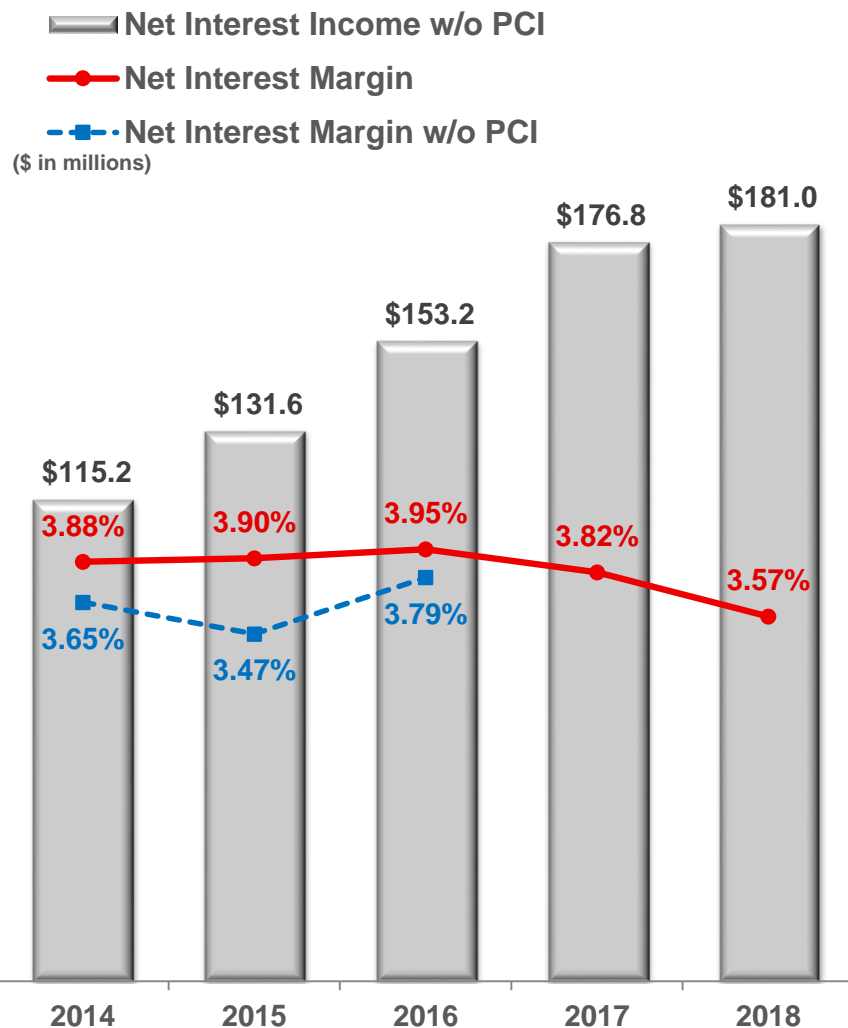


Note: Numbers may not sum due to rounding

Utilization of Funding Capital

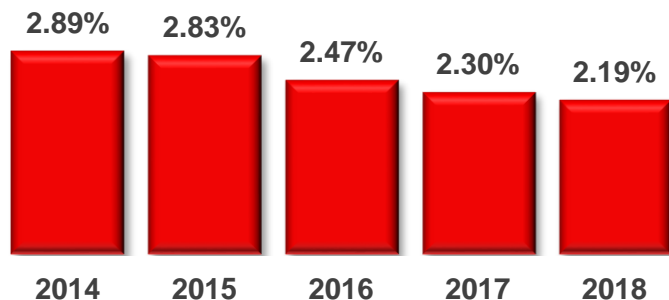


2019: Protect Net Interest Margin

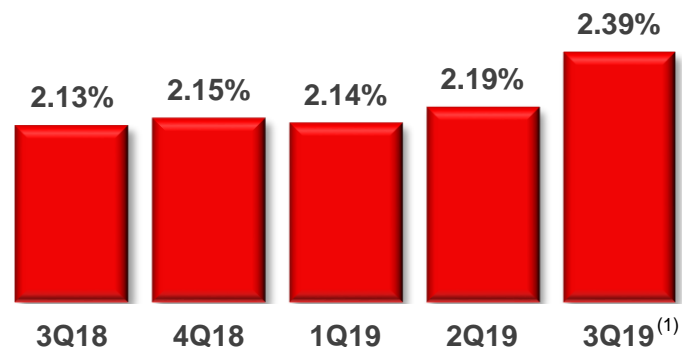


Expense Minded Culture

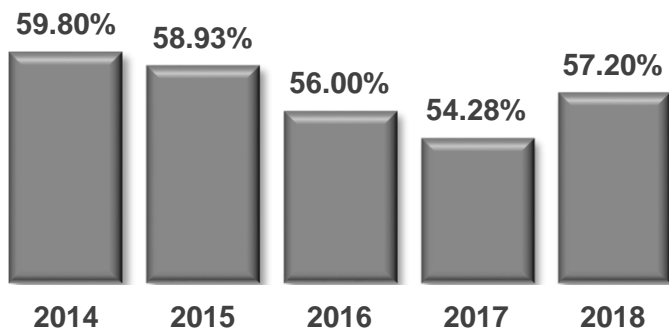
NIE/Avg. Assets



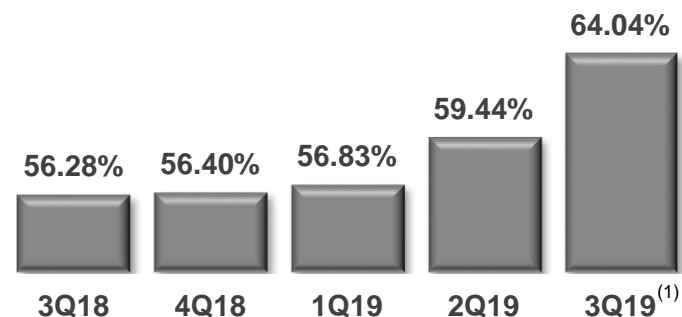
NIE/Avg. Assets



Efficiency Ratio



Efficiency Ratio

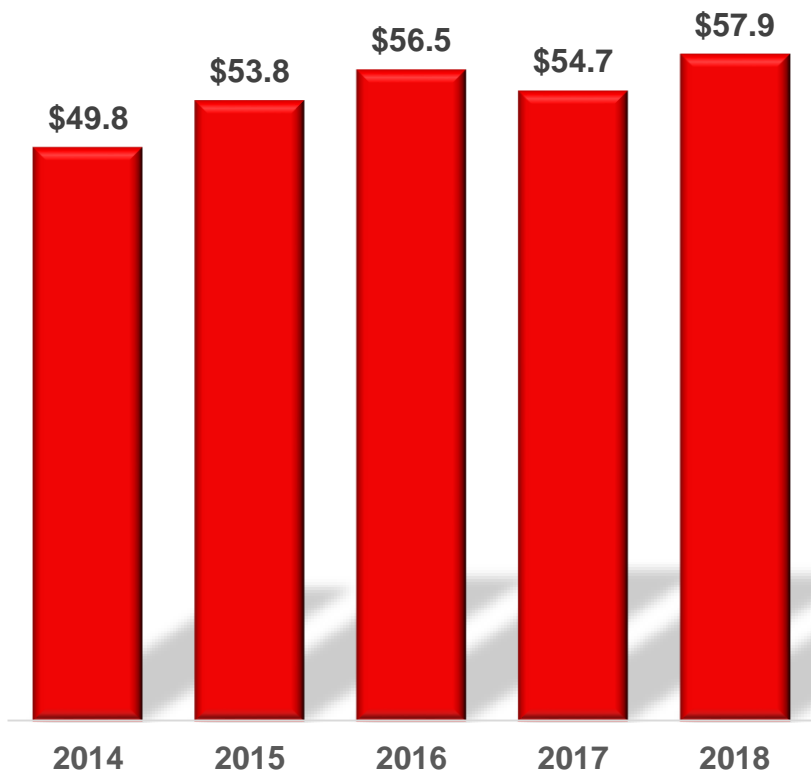


(1) Reflects, among other things, elevated charges arising from the 2Q19 troubled loan relationship

Earnings Performance

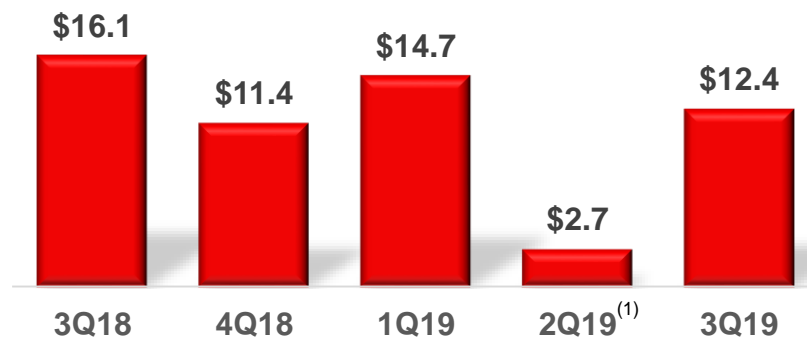
Annual Net Income

(\$ in millions)



Quarterly Net Income

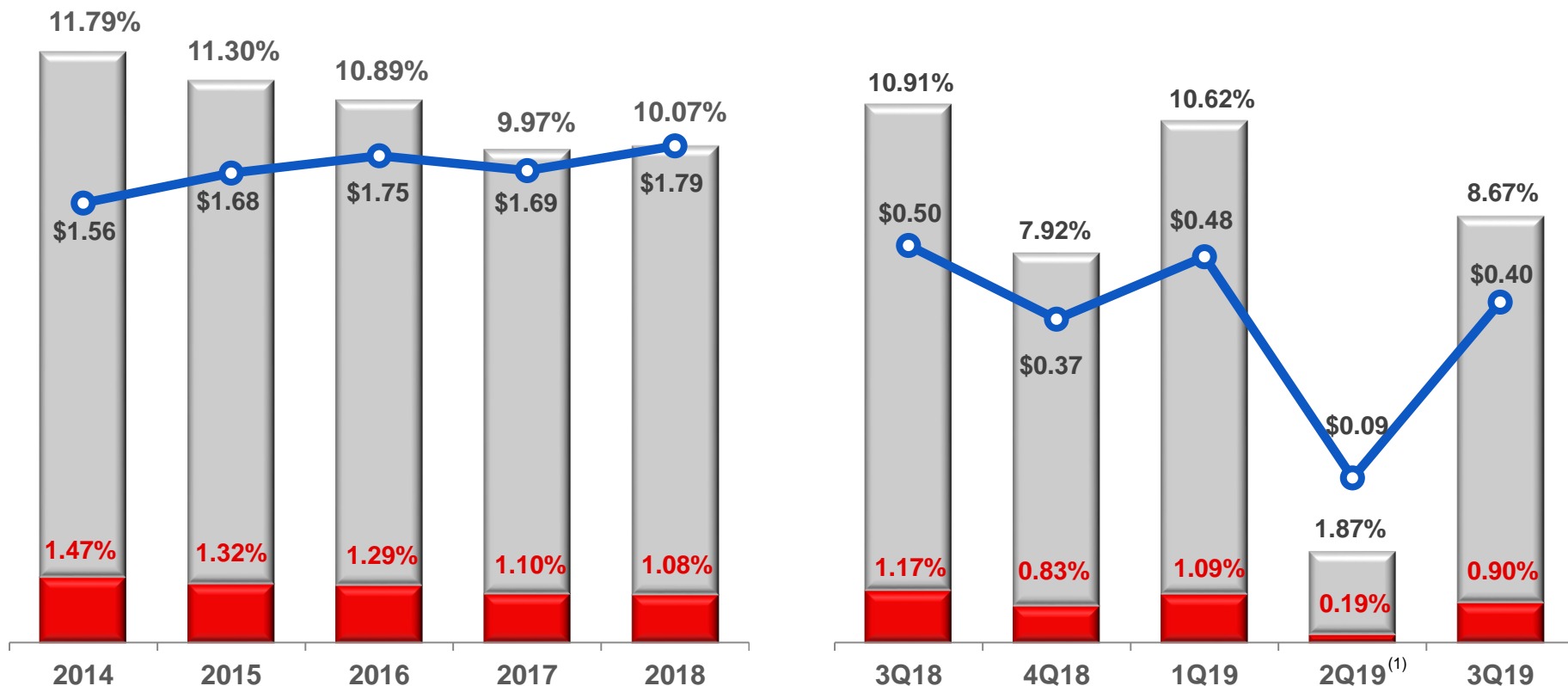
(\$ in millions)



(1) Includes a \$16.7 million provision for loan and lease losses arising from the \$15.7 million specific allowance relating to the troubled loan relationship.

Track Record of Profitability

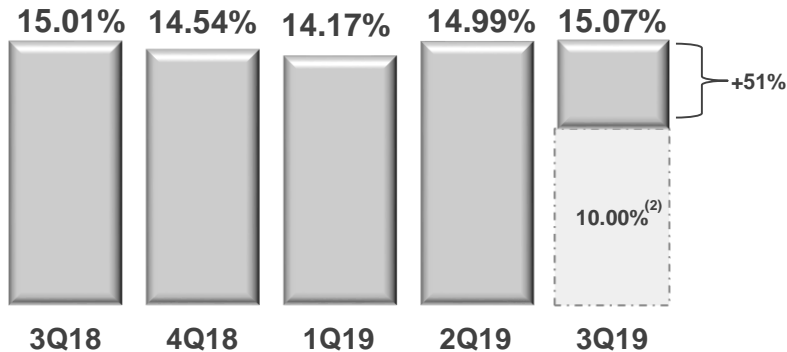
■ ROAA
 ■ ROAE
 —○— Diluted EPS



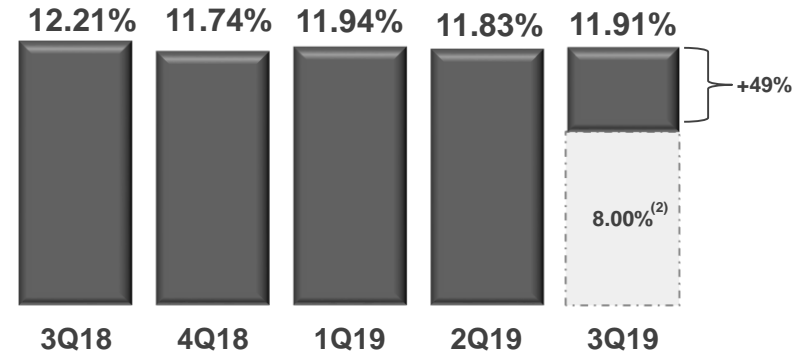
(1) Includes a \$16.7 million provision for loan and lease losses arising from the \$15.7 million specific allowance relating to the troubled loan relationship.

Capital Ratios Exceed Well-Capitalized Thresholds⁽¹⁾

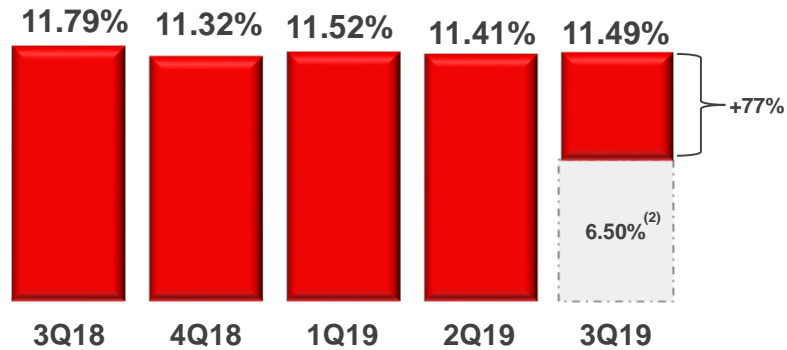
Total RBC



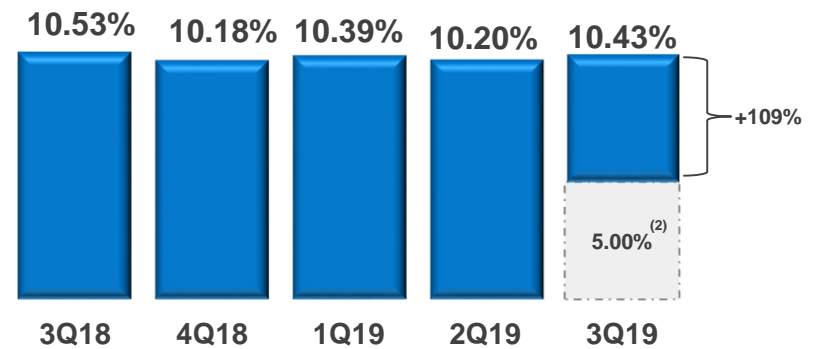
Tier 1 RBC



CET 1



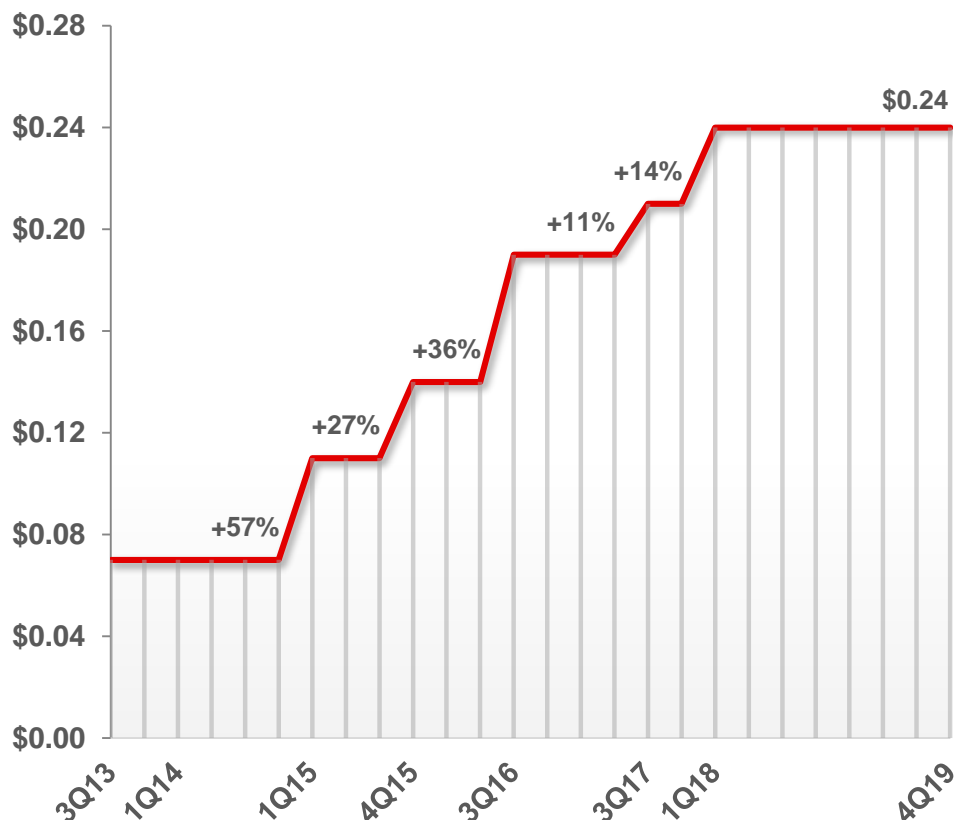
Tier 1 Leverage



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

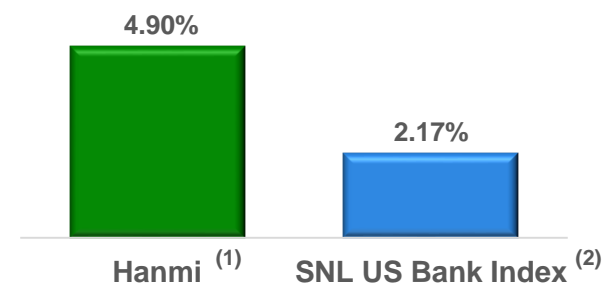
Return of Shareholder Cash - Dividends

Dividend Increases Since 2013



- Quarterly cash dividend substantially increased since initiated; last increase was 14% to \$0.24 per share in 1Q 2018
 - Increased dividend by 243% since dividend initiated in 2013
- Superior dividend yield: 4.90%⁽¹⁾ HAFC vs. 2.17%⁽²⁾ SNL US Bank Index

Annualized Yield



(1) Based on closing HAFC stock price on 11/13/2019 of \$19.60 and annualized quarterly dividend of \$0.24 announced on 10/24/2019.

(2) As of 11/13/2019; Banks in SNL's coverage universe with \$5B to \$10B in assets as of most recent financial data.

Investment Highlights & Opportunities

- **Strong balance sheet**

- Diversified loan portfolio
- Premier core deposit franchise
- Sound asset quality
- Well capitalized

- **Robust capital management**

- Superior annualized dividend yield
- Share repurchase in place

- **Attractive market valuation¹**

- P/E: 14.0x
- P/TBV: 108%

(1) Source: Nasdaq IR Insight as of 11/13/2019