



Bank CEO Forum

January 29 - 30, 2020



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 January 28, 2020.

Hanmi at a Glance

Nationwide Footprint

- Second largest Korean American Bank with 38 years of history and \$5.5 billion in assets
- 35 branches coast-to-coast in major banking markets & 9 LPOs

Focus on Growth and Maximizing Value for our Shareholders

- Successful portfolio diversification strategy underway with a focus on higher yielding assets – leases & C&I
- Consistently high dividend payout and track record of maintaining dividend per share

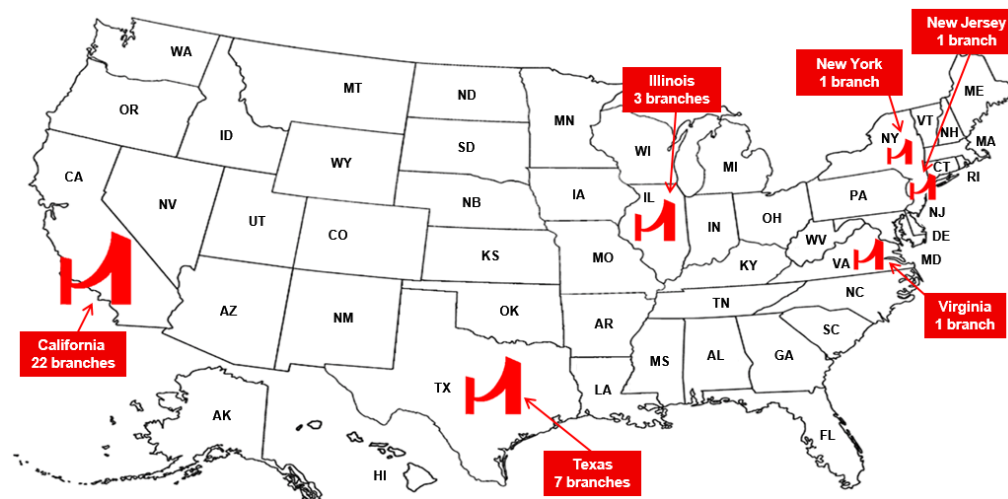
Excellent Asset Quality and Well-Capitalized

- Commitment to conservative, disciplined underwriting, and strong asset quality
- Total risk based capital levels at 150% of minimum threshold for “well-capitalized” institutions

Equity Snapshot ⁽¹⁾

Headquarters:	Los Angeles, CA
Ticker:	NASDAQ: HAFC
Share Price:	\$19.52
52 Week Range:	\$17.01 - \$24.09
Market Cap:	\$601.4 Million
Avg. 3M Daily Volume:	129,186

Branch Network



⁽¹⁾LPOs located in: CA, WA, CO, NY, NJ, GA, VA

(1) Based on equity market data as of 1/17/2020.

2019 Financial Summary

(\$ million, except EPS)

	Twelve Months Ended		
	December 31, 2019	December 31, 2018	Change ^(1,2)
<i>Income Statement Summary</i>			
Net interest income	\$ 175.9	\$ 181.0	-2.8%
Noninterest income	27.6	24.5	12.4%
Operating revenue	203.5	205.5	-1.0%
Noninterest expense	125.9	117.6	7.1%
Provision for loan losses	30.2	4.0	656.1%
Pretax income	47.3	84.0	-43.6%
Income tax expense	14.6	26.1	-44.2%
Net income	\$ 32.8	\$ 57.9	-43.3%
Reported EPS-Diluted	\$ 1.06	\$ 1.79	-40.8%
<i>Select Balance Sheet Items</i>			
Loans	\$ 4,610	\$ 4,601	0.2%
Deposits	4,699	4,747	-1.0%
Total Assets	5,538	5,502	0.6%
Stockholders' Equity	563	553	1.7%
<i>Profitability Metrics</i>			
Return on average assets	0.60%	1.08%	-48
Return on average equity	5.80%	10.07%	-427
TCE/TA	9.98%	9.84%	14
Net interest margin	3.37%	3.57%	-20
Efficiency ratio	61.89%	56.57%	532

Note: Numbers may not foot due to rounding

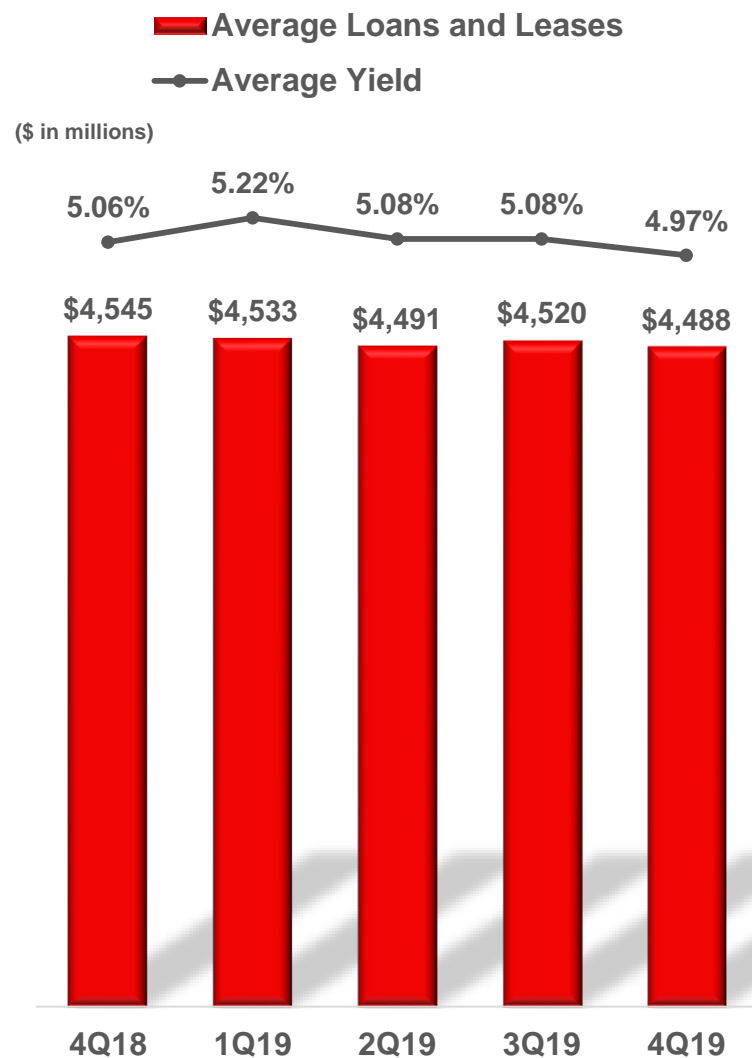
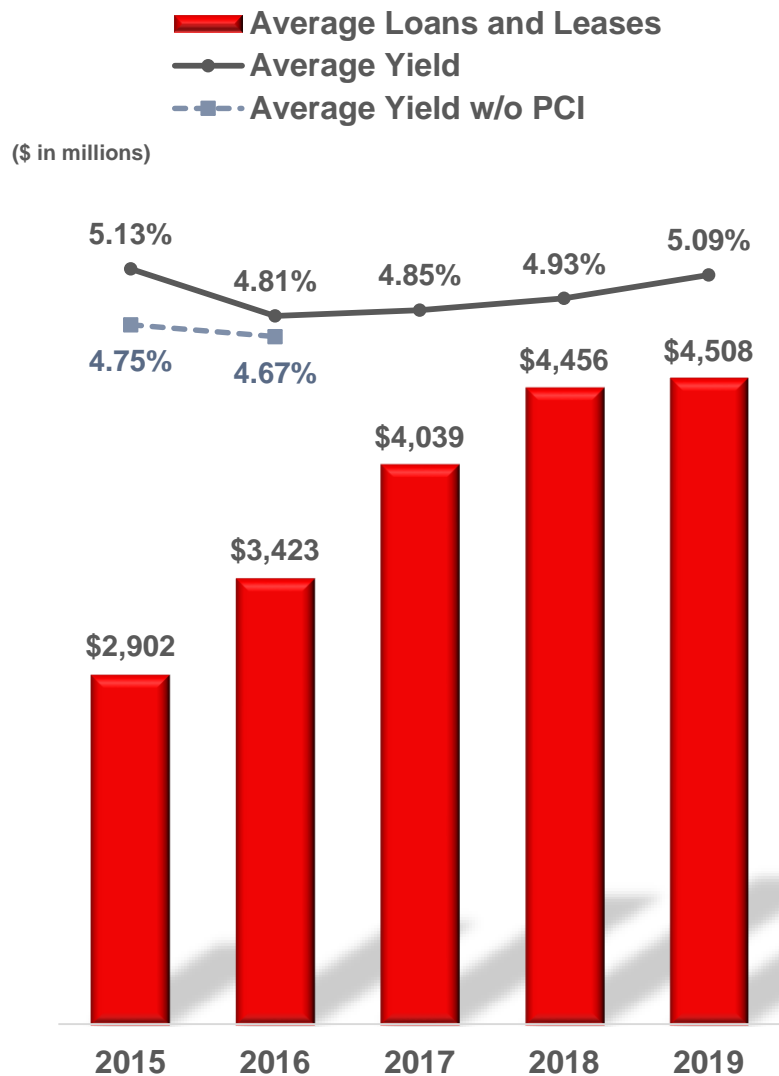
(1) Percentage change calculated from dollars in thousands

(2) Change in basis points for returns and ratios

Key Highlights

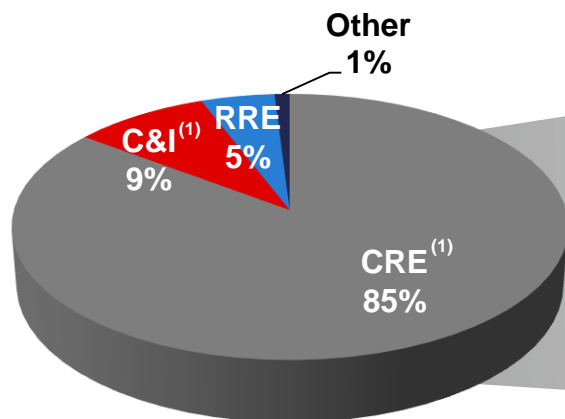
- Net income of \$32.8 million, or \$1.06 per diluted share, compared with \$57.9 million, or \$1.79 per diluted share in 2018
 - Net income includes a \$30.2 million provision for loan and lease losses which includes a \$22.6 million specific allowance relating to a previously identified \$39.7 million troubled loan relationship
- Loans and leases receivable of \$4.61 billion, up 3.6% in the fourth quarter on an annualized basis and up 0.2% year-over-year
 - Record fourth quarter 2019 new loan and lease production of \$381.4 million increased 75.4% from the prior quarter and 54.9% from the fourth quarter 2018
- Deposits of \$4.70 billion, down 1.0% year-over-year due to a decrease of \$155 million in interest-bearing deposits, partially offset by an increase of \$107 million in noninterest-bearing deposits
- Strong asset quality; nonperforming assets at 1.15% of total assets and net charge-offs of 0.02% for the year; allowance to loans and leases at 1.33%
- Annual 2019 dividend of \$0.96 per share
- In the fourth quarter, repurchased approximately 375,000 shares of common stock under the previously announced share repurchase program; tangible common equity ratio remains strong at 9.98%

Loan Trends – 2019 Focus on Accretive Yields



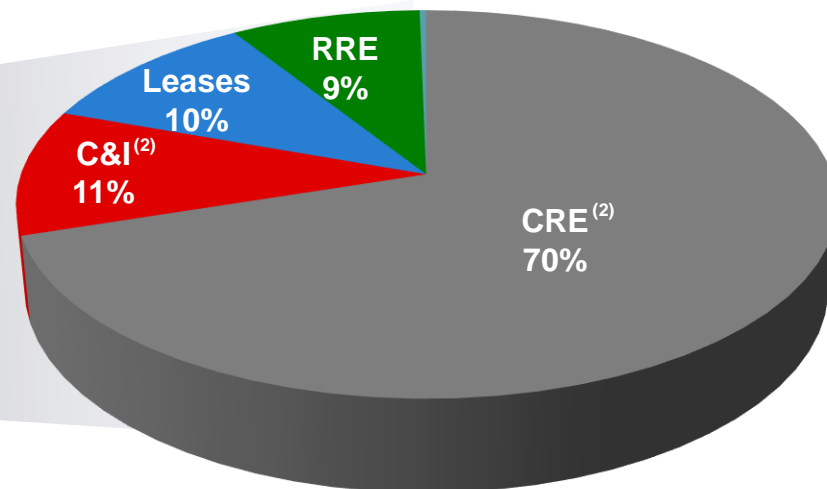
Successful Portfolio Diversification Strategy

**Loan Composition
Year-end 2014**



**Total Portfolio:
\$2.8 billion**

**Loan Composition
Year-end 2019**



**Total Portfolio:
\$4.6 billion**

11% CAGR

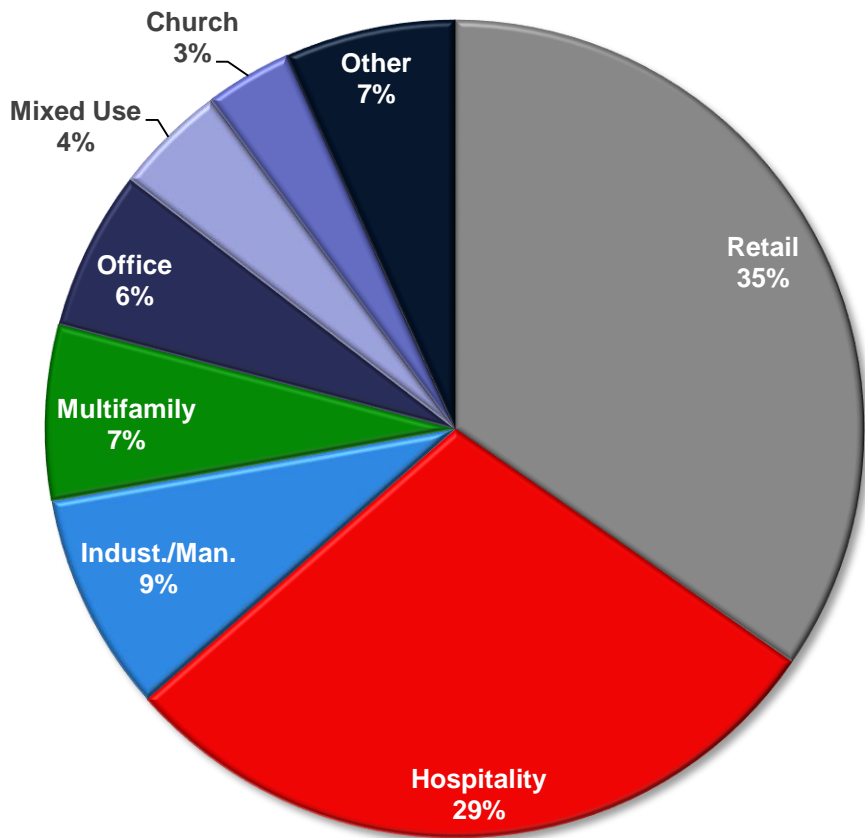
Significant progress in reducing CRE concentration from 85% of total portfolio to 70% today

(1) Includes \$213 million of the retained unguaranteed portion of the SBA loans.

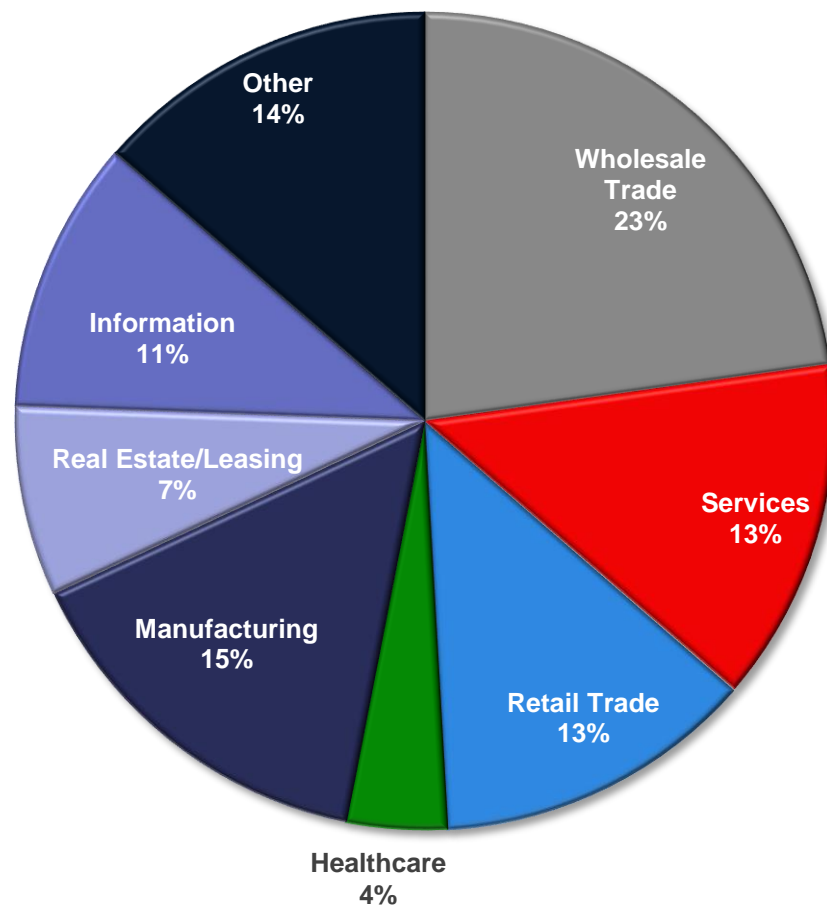
(2) Includes \$177 million of the retained unguaranteed portion of the SBA loans.

Diversified CRE and C&I Portfolios

CRE Portfolio
\$3.2 billion

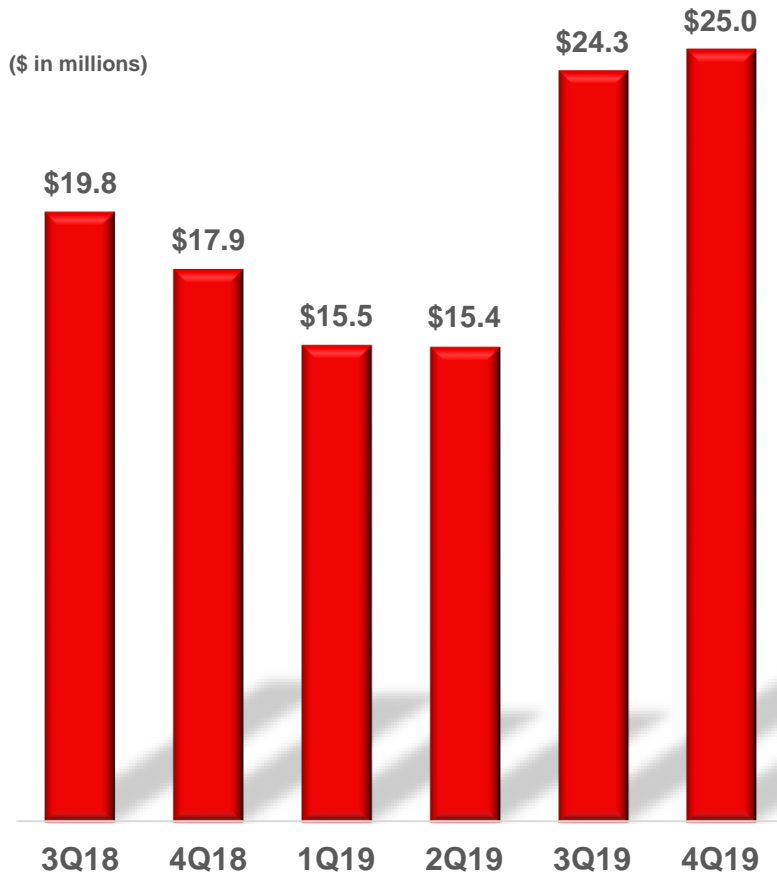


C&I Portfolio
\$0.5 billion

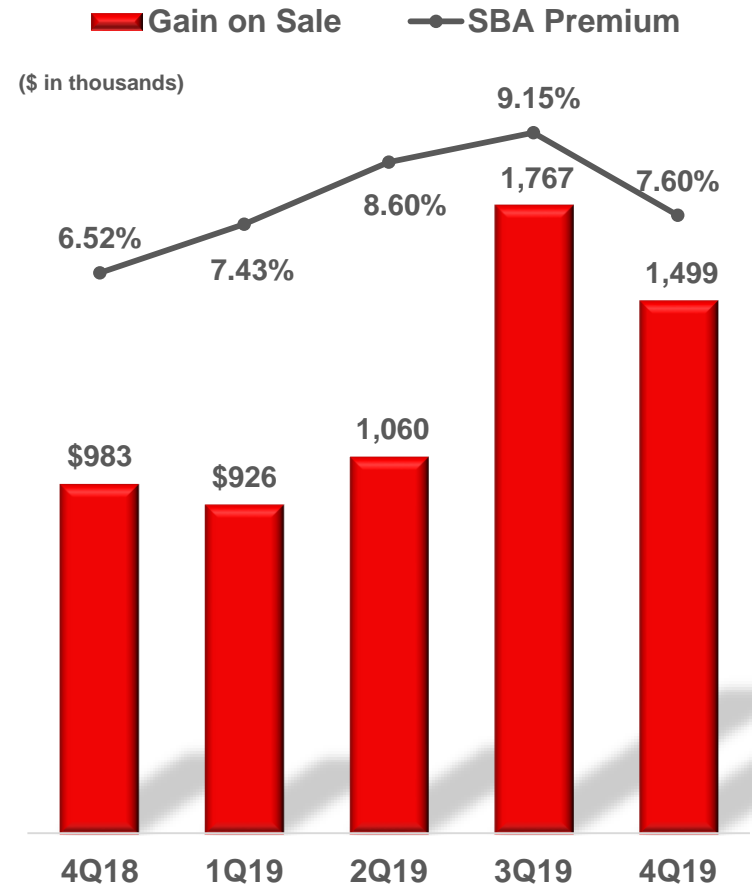


SBA Loan Sales

SBA Loan Sales



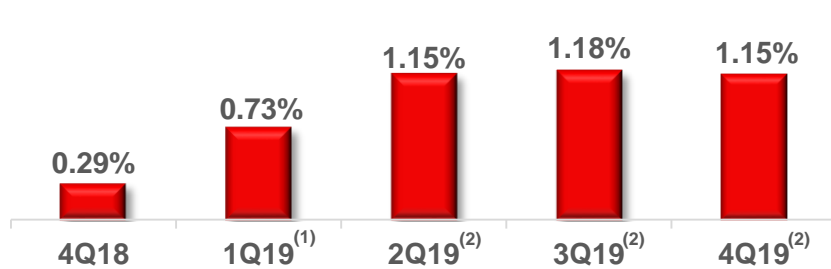
SBA Gain on Sale



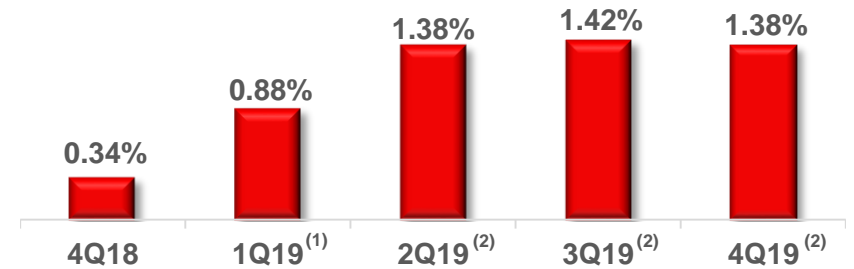
- Loan production at all time high
- Year-end premium dipped due to rate decreases

Asset Quality

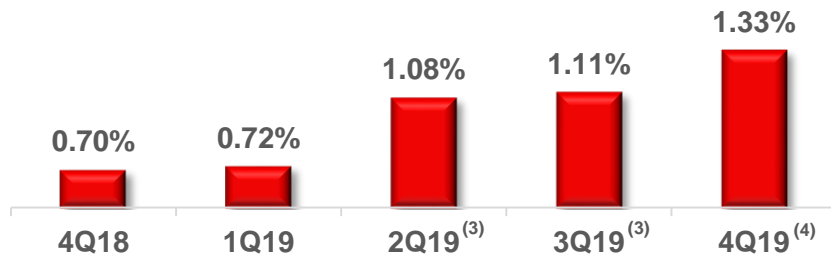
Nonperforming Assets to Assets



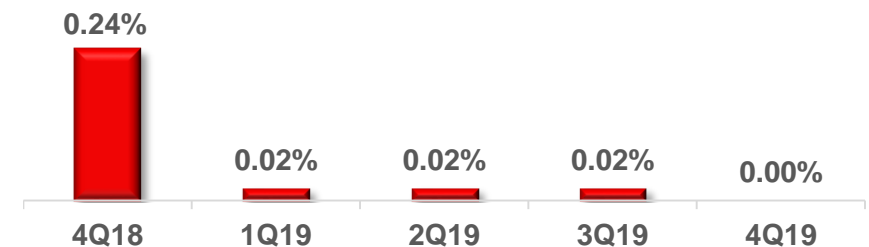
Nonperforming Loans and Leases to Loans and Leases



Allowance for Loan and Lease Losses to Loans and Leases



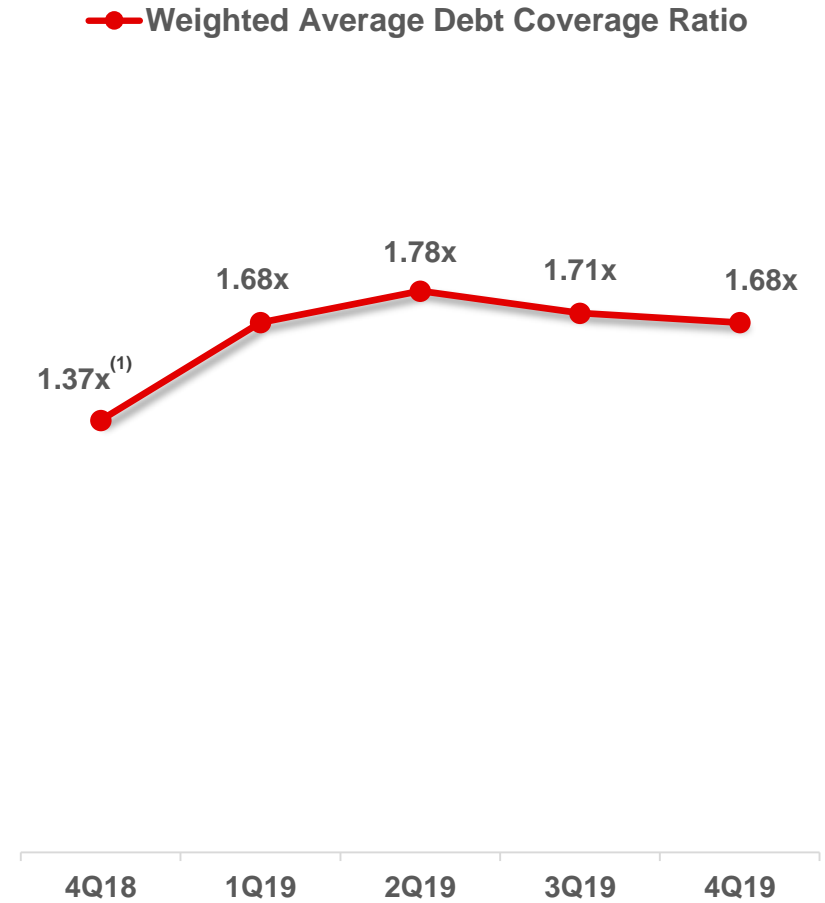
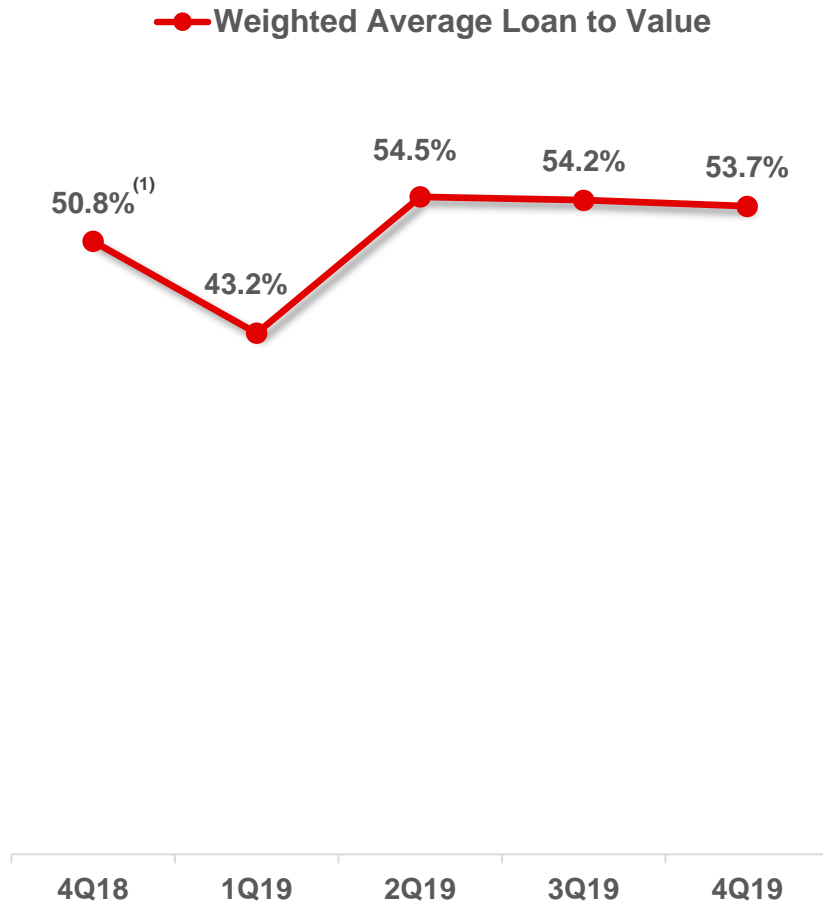
Net Loan and Lease Charge-offs (Recoveries) to Average Loans and Leases



Overall asset quality remains strong

- (1) 1Q19 includes a \$25.0 million loan relationship which has declined to \$13.9 million at 4Q19 through \$18 million pay down of the C&I component; balance reflects the CRE relationship
- (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 \$39.7 million at 4Q19 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) 4Q19 includes an additional \$6.9 million specific allowance for the loan relationship discussed in notes 2 and 3 (bringing the specific allowance to \$22.6 million).

Asset Quality in New CRE Originations



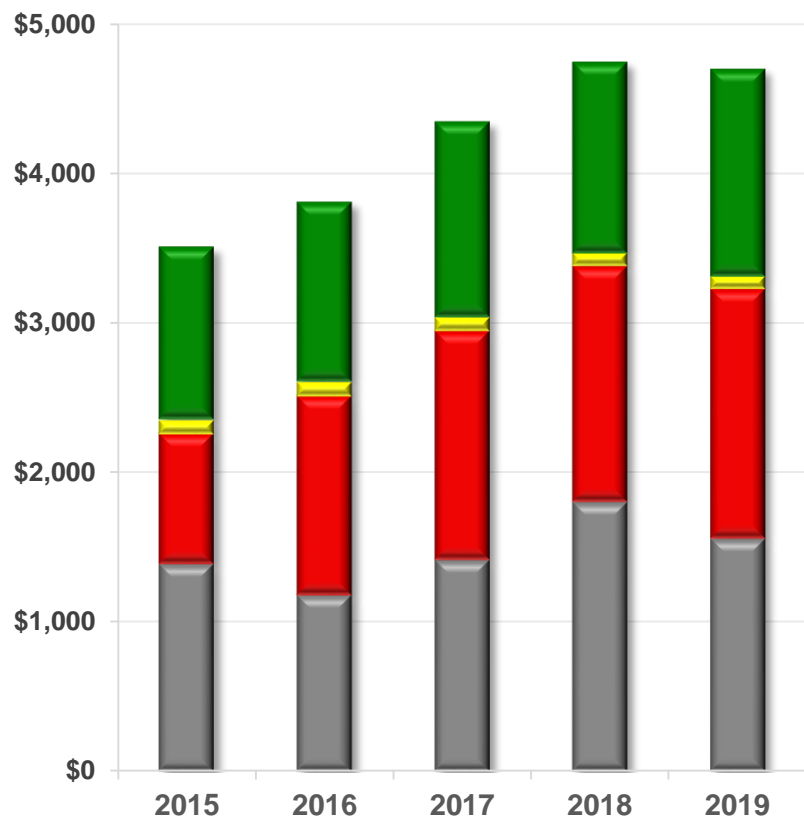
(1) Includes one large hospitality loan booked in 4Q18 with an LTV of 55% and a debt coverage ratio of 1.25 times. The stabilized DCR projected for this property is 1.8 times. Weighted average LTV and DCR for the entire CRE portfolio for 4Q18 are 50% and 2.1 times, respectively.

Diversified Deposit Base

Deposits

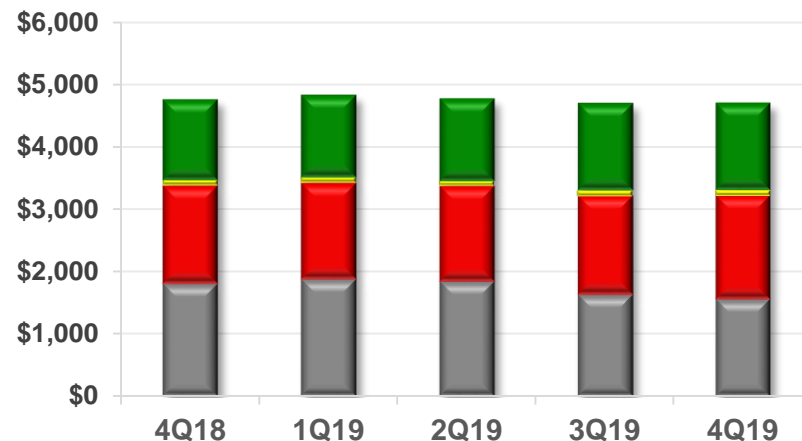
(\$ in millions)

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



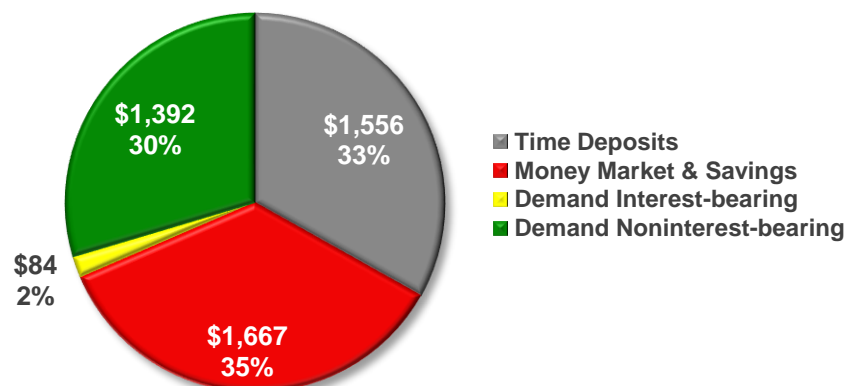
Deposits

(\$ in millions)



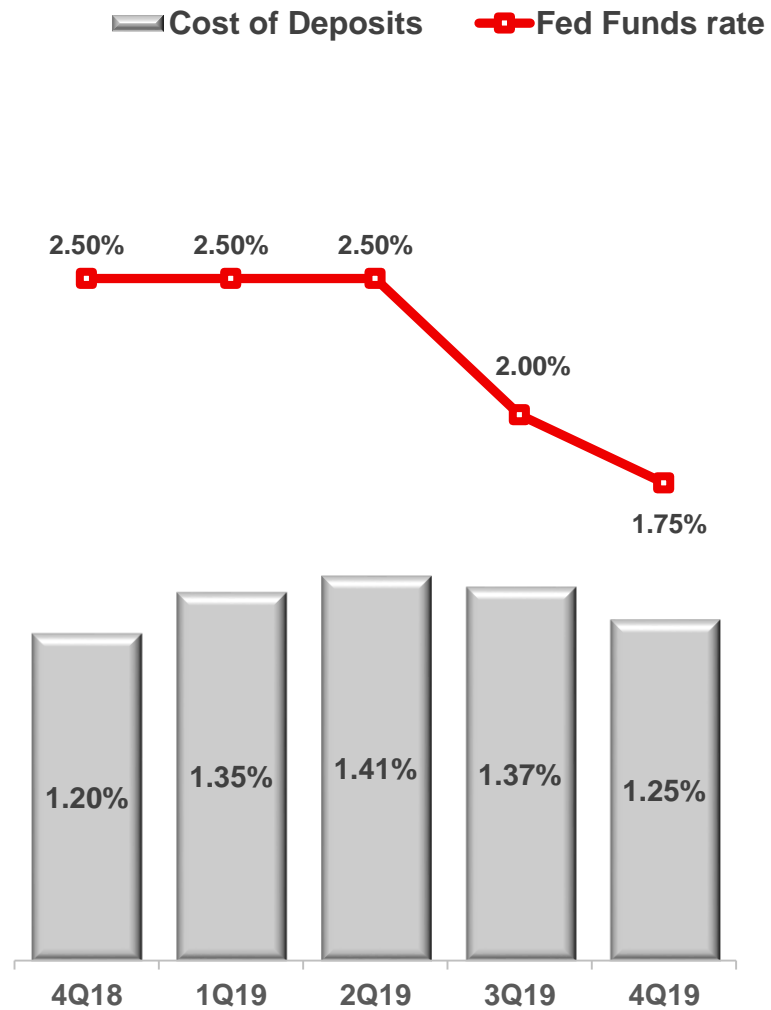
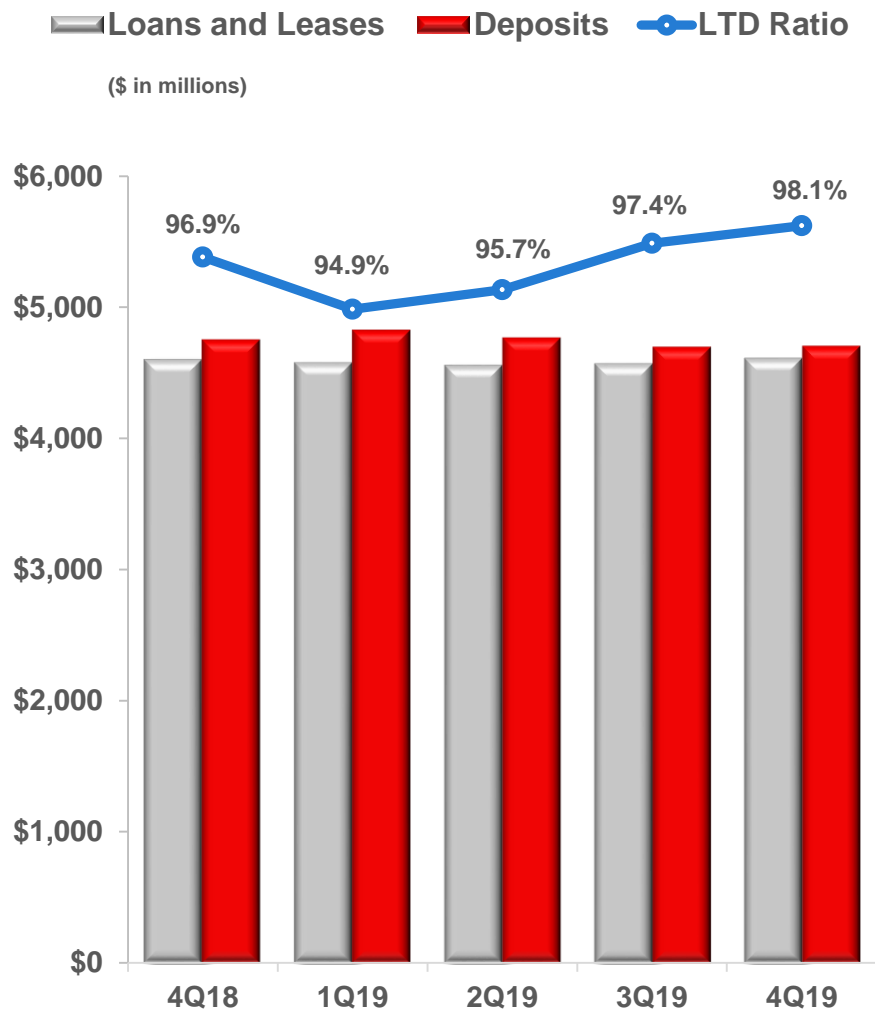
Deposits by Type – December 31, 2019

(\$ in millions)

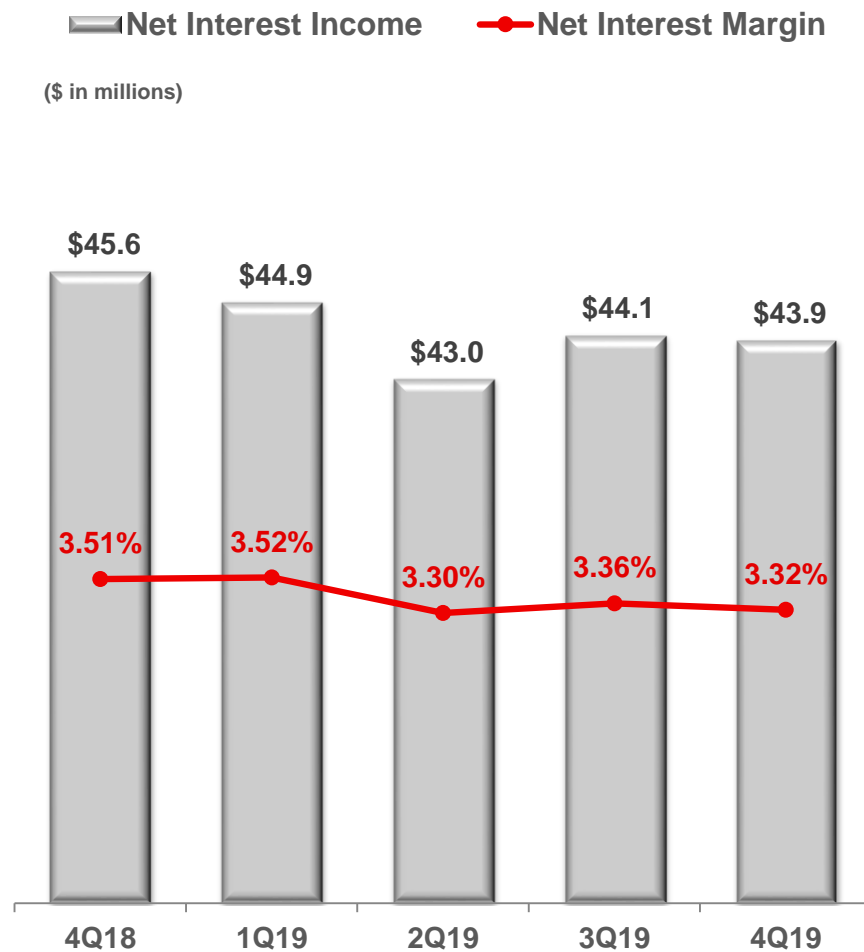
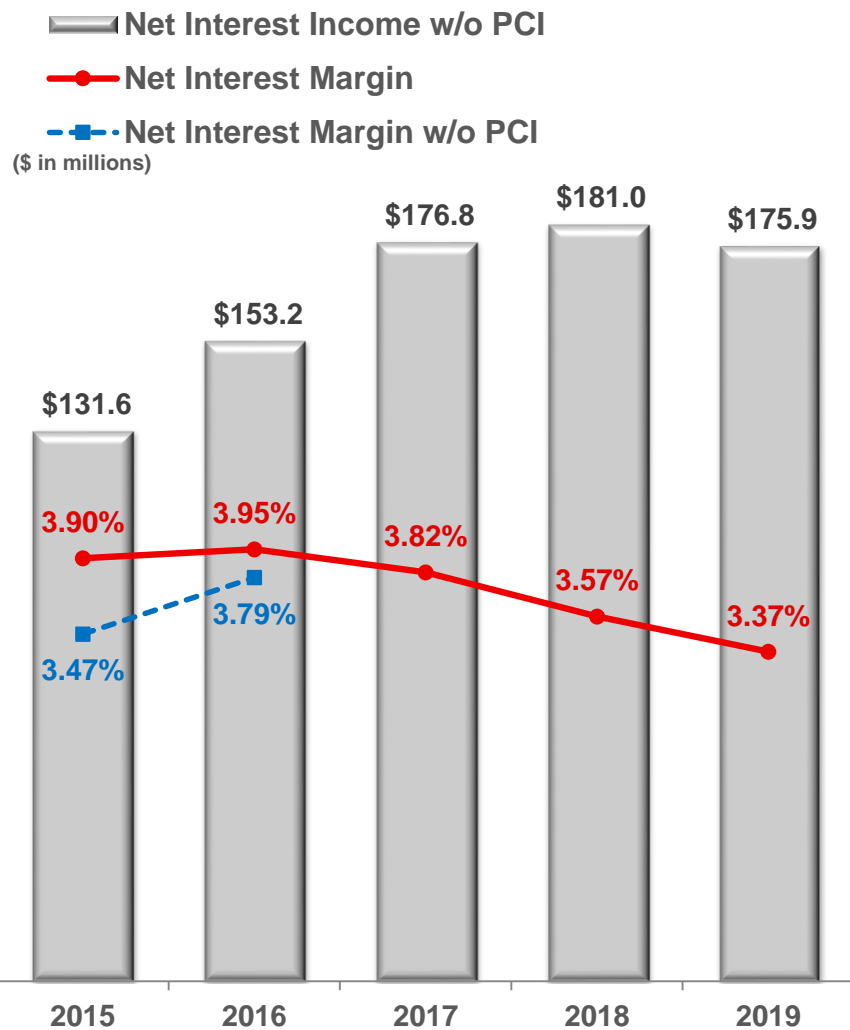


Note: Numbers may not sum due to rounding

Utilization of Funding Capital

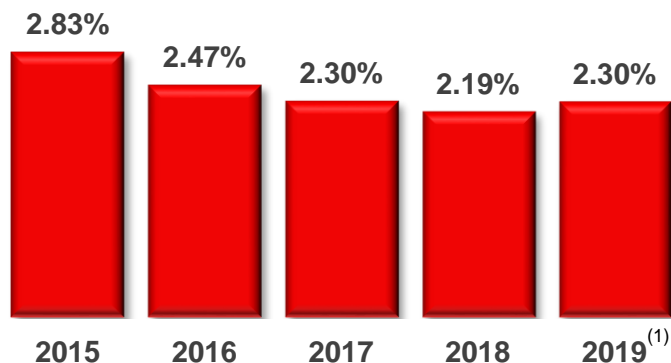


2019: Protect Net Interest Margin

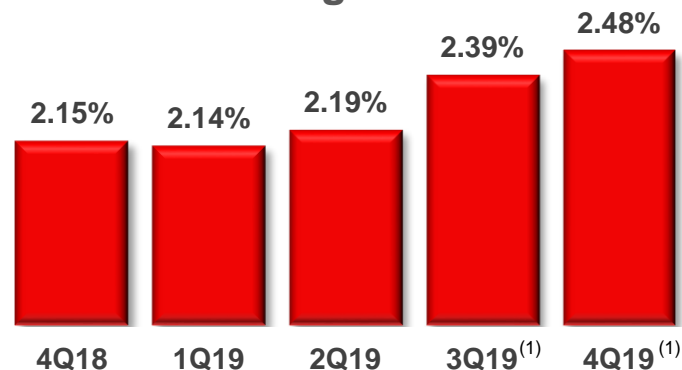


Expense Minded Culture

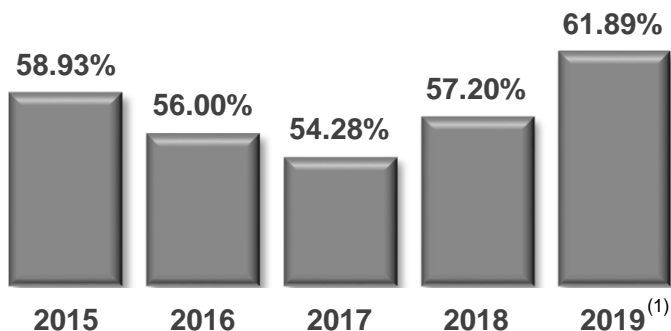
NIE/Avg. Assets



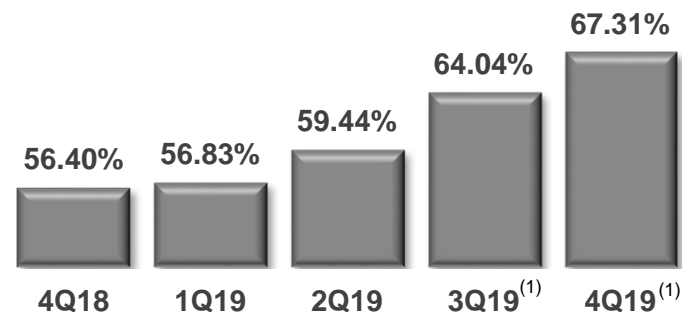
NIE/Avg. Assets



Efficiency Ratio



Efficiency Ratio

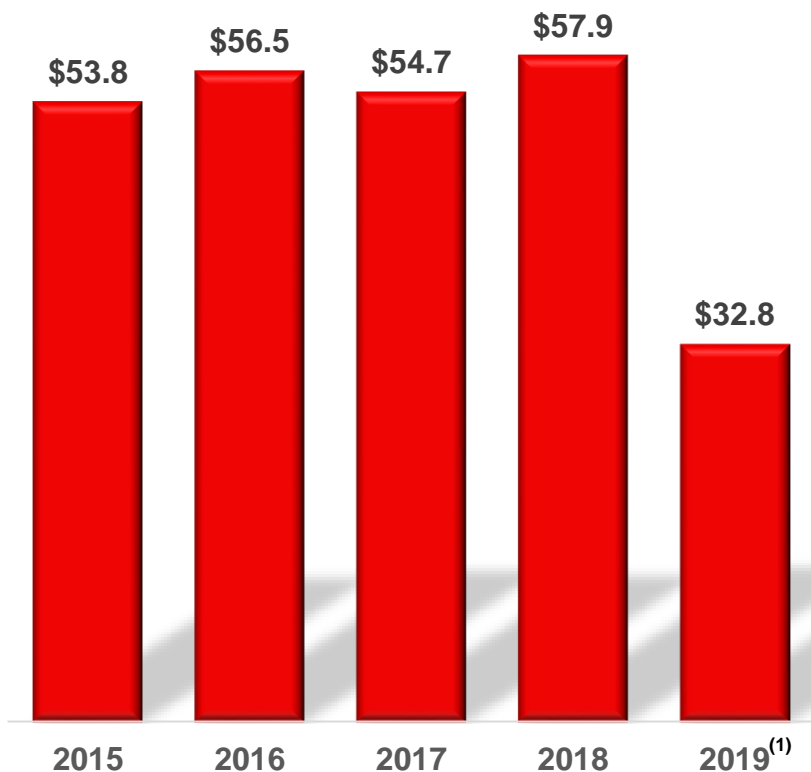


(1) Reflects, among other things, elevated charges arising from the troubled loan relationship

Earnings Performance

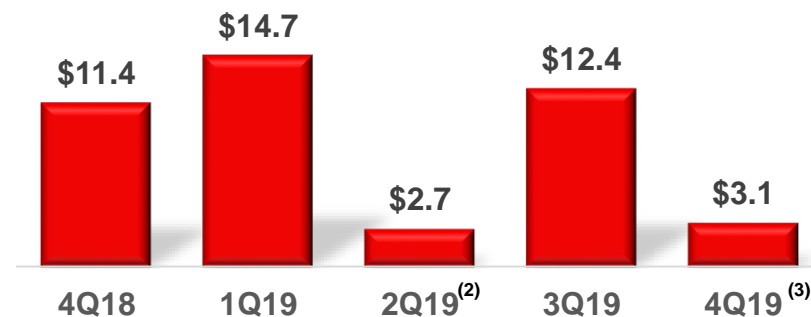
Annual Net Income

(\$ in millions)



Quarterly Net Income

(\$ in millions)



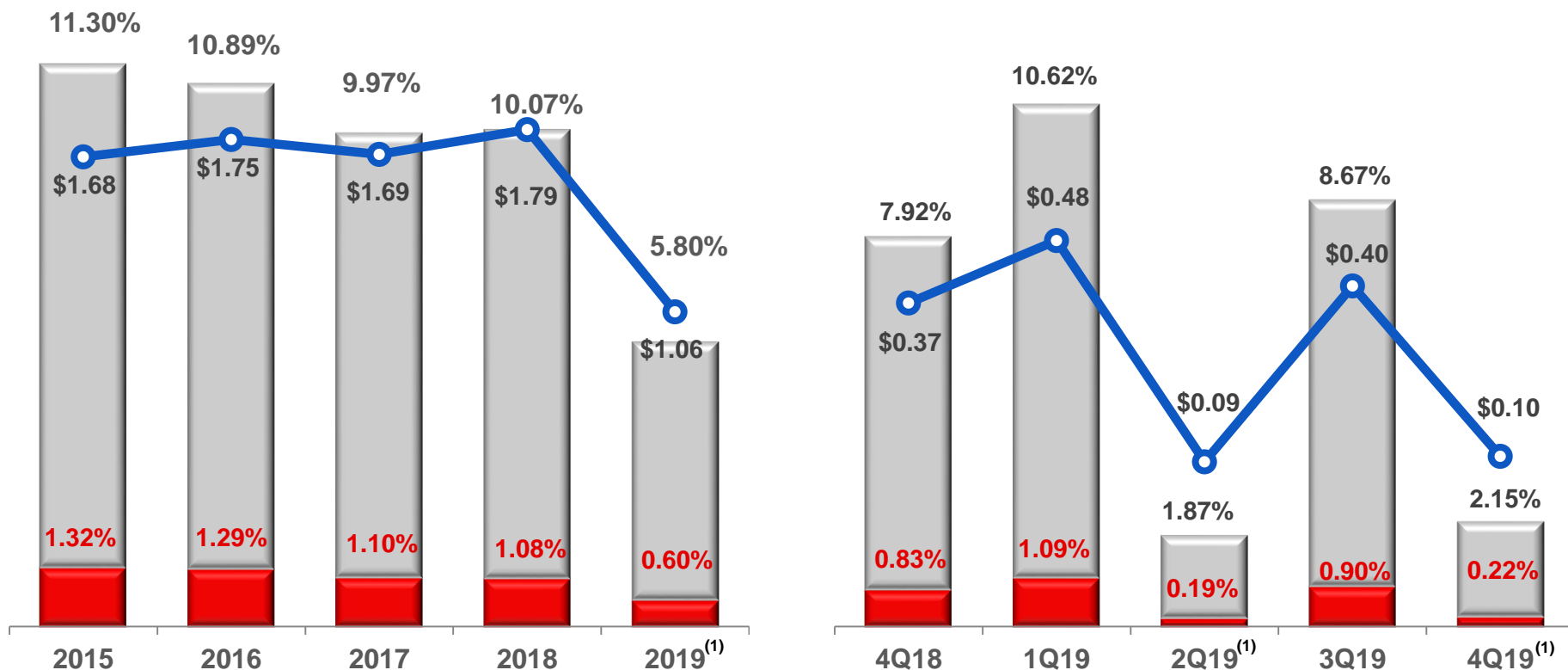
(1) 2019 includes a \$30.2 million provision for loan and lease losses which includes a \$22.6 million specific allowance relating to the troubled loan relationship.

(2) 2Q19 includes a \$16.7 million provision for loan and lease losses which includes a \$15.7 million specific allowance relating to the troubled loan relationship.

(3) 4Q19 includes a \$10.8 million provision for loan and lease losses which includes a \$6.9 million specific allowance relating to the troubled loan relationship (bringing total specific allowance for this loan relationship to \$22.6 million).

Track Record of Profitability

■ ROAA
 ■ ROAE
 —○— Diluted EPS



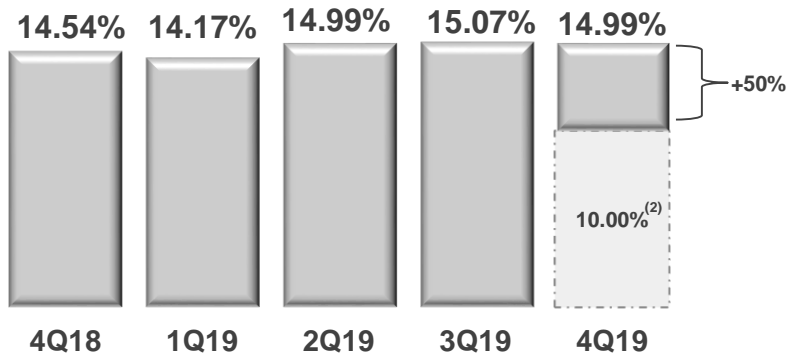
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(2) 2Q19 includes a \$16.7 million provision for loan and lease losses which includes a \$15.7 million specific allowance relating to the troubled loan relationship.

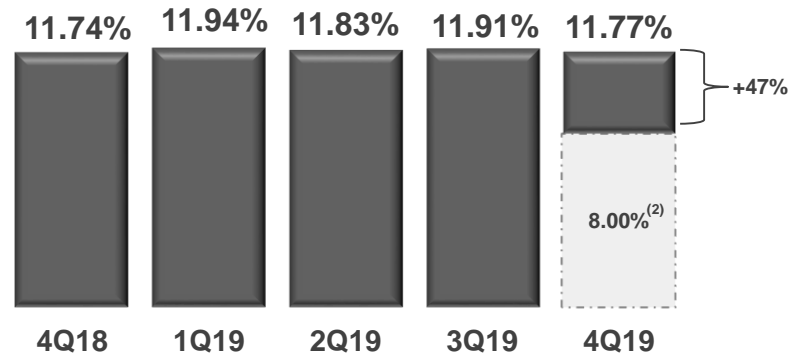
(3) 4Q19 includes a \$10.8 million provision for loan and lease losses which includes a \$6.9 million specific allowance relating to the troubled loan relationship (bringing total specific allowance for this loan relationship to \$22.6 million).

Capital Ratios Exceed Well-Capitalized Thresholds⁽¹⁾

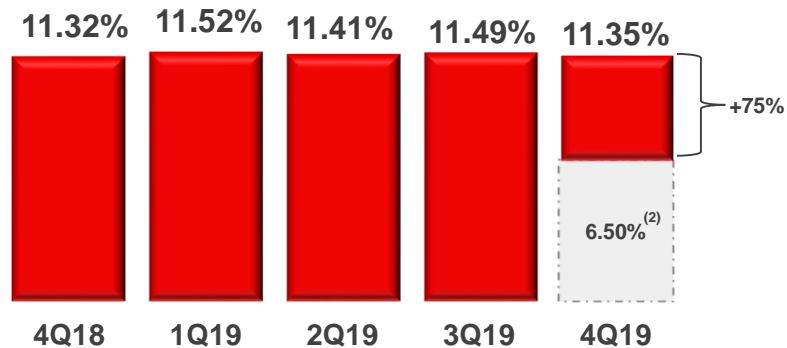
Total RBC



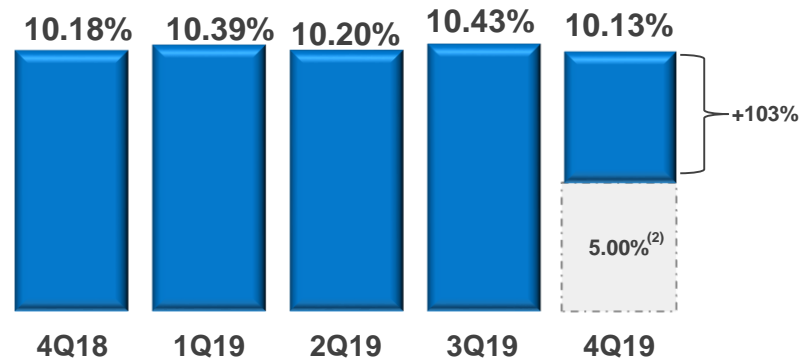
Tier 1 RBC



CET 1



Tier 1 Leverage

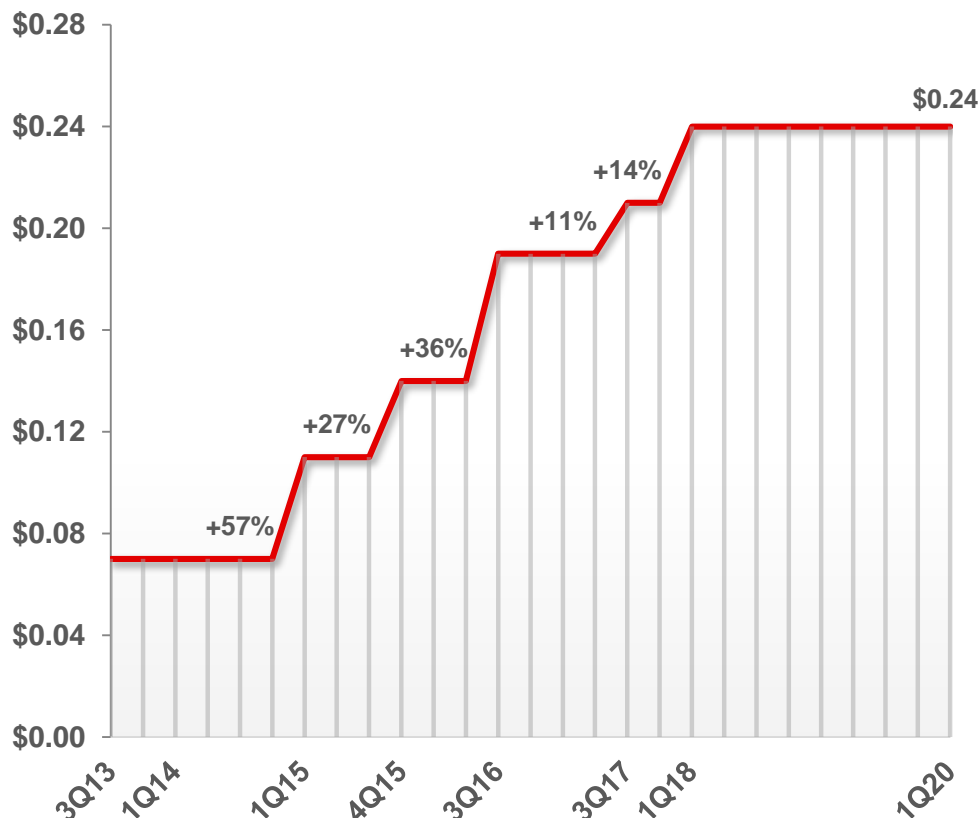


(1) Capital ratios are preliminary for December 31, 2019.

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

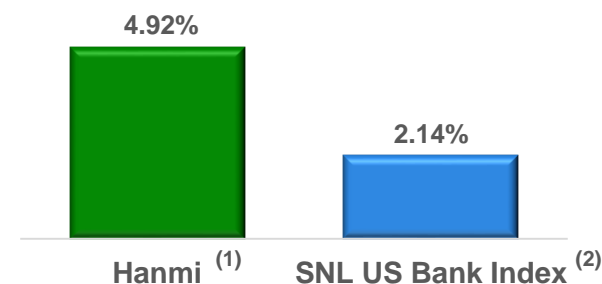
Return of Shareholder Cash - Dividends

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: 4.92%⁽¹⁾ HAFC vs. 2.14%⁽²⁾ SNL US Bank Index

Annualized Yield



(1) Based on closing HAFC stock price on 1/17/2020 of \$19.52 and annualized quarterly dividend of \$0.24 announced on 1/23/2020.

(2) As of 1/17/2020; 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: 11.4x
- P/TBV: 105%

(1) Source: Nasdaq IR Insight as of 1/17/2020