



2021

Environmental, Social, and Governance Report

Bank on your Dreams

 **Hanmi Financial Corporation | Hanmi Bank**

Table of Contents

A Message from our Chief Executive Officer	3
The Hanmi Story	4
Overview	5
Social	6
Community Services	
Hanmi Bank Dream Scholarship	
Investment in Our Employees	
Equal Opportunity Employer	
Training and Development	
Compensation and Benefits	
COVID-19 Pandemic Response	8
Employee Support	
Community Support	
Customer Support	
Environmental	10
Governance	11
Nominating and Corporate Governance Committee	
Risk, Compliance and Planning Committee	
Data Security	



“We are a community bank that believes long-term corporate value is derived by investing in the communities we serve.”

A Message from our Chief Executive Officer

At Hanmi Financial Corporation, the parent company of Hanmi Bank, we are dedicated to helping our stakeholders bank on their dreams. We recognize the importance of being a responsible corporate citizen, to serve the best interests of all of our constituents: our communities, customers, employees, and stockholders.

Hanmi was founded to serve the underbanked, minority immigrant community in Los Angeles almost 40 years ago. As our original customer base of first-generation immigrant small-business owners has grown and flourished in the United States, Hanmi has grown with them. Hanmi now serves our multi-ethnic communities through our network of 35 branches and 9 loan production offices across 9 states, coast-to-coast. We are a community bank that believes long-term corporate value is derived by investing in the communities we serve.

This Report does not purport to be comprehensive but reflects our desire to provide some transparency into our efforts around environmental, social and governance (“ESG”) issues. While we are committed to doing our part, we recognize the Report is a work in progress and we commit to continue updating it annually.

Sincerely,

Bonnie Lee
President and CEO

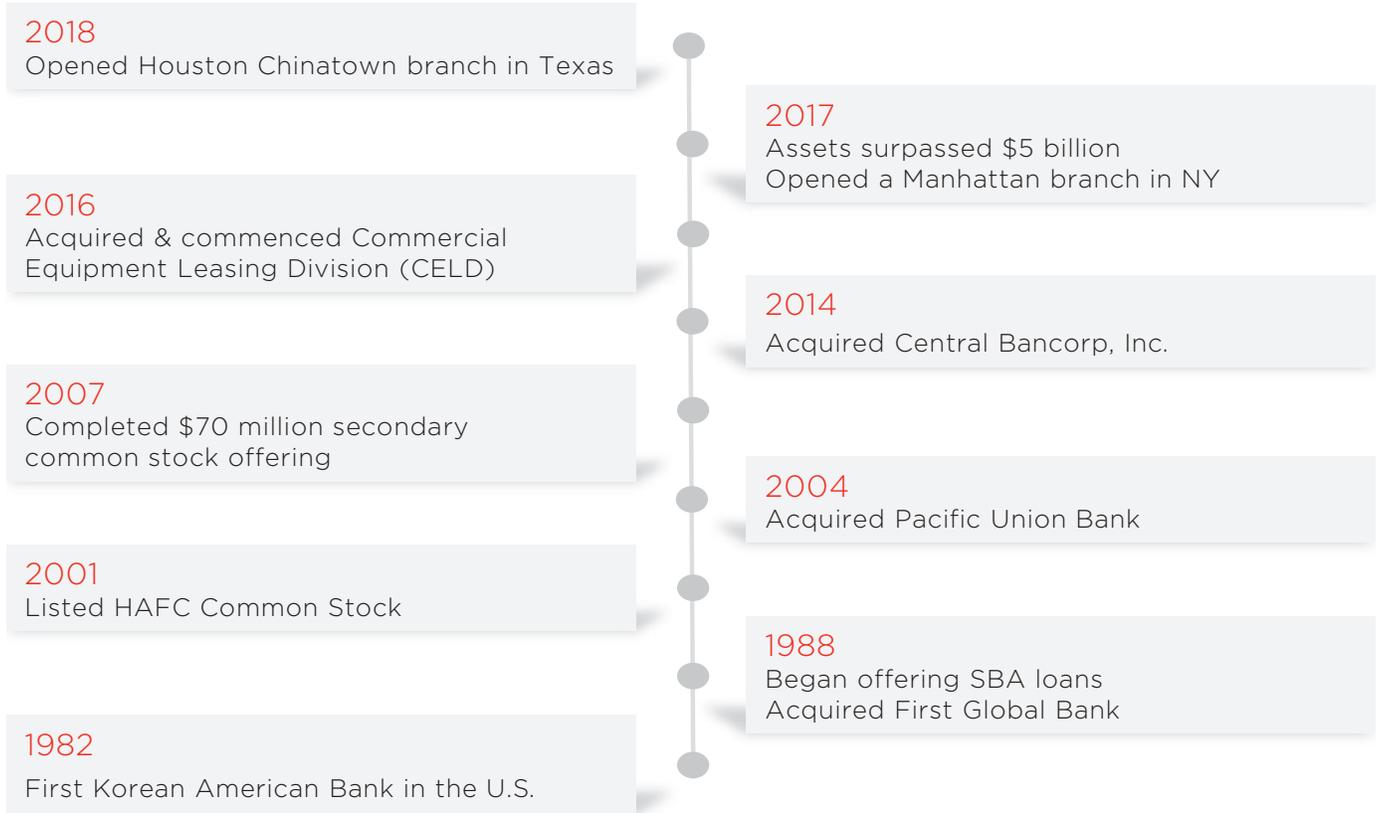
This Report should be read in conjunction with Hanmi’s 2020 Annual Report on Form 10-K and the “Forward Looking Statements” and “Risk Factors” sections, together with other company filings with the Securities and Exchange Commission.

The Hanmi Story



Established in 1982 in Los Angeles, Hanmi Bank was originally founded to serve the underserved immigrant community in Koreatown. From our humble beginnings as the first Korean-American bank, Hanmi Bank has grown to embrace and support the dreams of all Americans. Today, we serve our customers in diverse markets through our coast-to-coast network of branches and loan production offices.

Our mission is to provide quality financial services to support your American dream. We pride ourselves on being experts in business banking. As a trusted partner to small businesses and a supporter of strong local communities, we have dedicated ourselves to helping small businesses grow and thrive for nearly four decades. Hanmi Bank offers a wide array of products and services to fit your needs, including SBA Lending, Commercial Real Estate Lending, Equipment Leasing, Specialty Lending, Treasury Management Services and much more. From 24/7 mobile business banking to personalized, relationship-based service, Hanmi is with you every step of the way.



OVERVIEW

Given that sustainability of the enterprise is a goal shared across our business, oversight rests with the Boards of Directors (the “Board”) of Hanmi Financial Corporation and Hanmi Bank (the “Company,” “Hanmi,” “we” or “our”). Hanmi believes that delivering value to our customers, investing in our employees, and supporting our communities is the way to generate long-term value for our stockholders. To that end, Hanmi has begun its ESG journey by focusing on a cross-functional approach to corporate initiatives around sustainability.

The past year highlighted many of the issues we, as responsible corporate citizens, should expect to grapple with in the coming years. The pandemic, climate change, protests against systemic racism, and challenges to the rule of law, among other national events, are renewing the debate about our corporate responsibility to all of our stakeholders. Hanmi aspires to be the bank of choice for all those seeking to achieve their dreams. We are challenging ourselves to do more and lead the way to achieve our vision of the Company.

HIGHLIGHTS

66%

Female
Workforce

APPROX.
90%

Ethnically Diverse
Workforce

OVER
3,000

Paycheck Protection
Program Loans
Funded in 2020

285

Hanmi Dream
Scholarships Awarded
since Program Launch

98%

Full-time
Employees*

60%

Workforce With
3 Year Tenure

* Employment Categories Defined

- Regular Full-Time Employees: An employee who is regularly scheduled to work a minimum of thirty (30) hours per week.
- Regular Part-Time Employees: An employee who is regularly scheduled to work less than thirty (30) hours per week.
- Temporary Employees: An employee who is hired for a particular project or job or to cover unusual peaks in business as a result of seasonal fluctuations, increased activity, and/or major events or projects, which temporarily increase the activity of an office. These employees are typically short term and for a specified period of time, and are not eligible to earn, accrue or participate in any Company benefits program, except as otherwise required by law.

SOCIAL

As a community bank, we are proud to work with our communities to build a stronger future for all of our stakeholders. Hanmi has a long history of supporting the communities in which we live and work, through charitable donations, volunteer efforts, investment in our employees and development of our workforce.

Community Services

As part of Hanmi's Corporate Social Responsibility Program, the Hanmi Neighbor Volunteer Service Program supports and encourages employee volunteerism in the community. Driven by employee participation, the program was launched through a survey of our employee's interests. The program focuses on youth, education, health, and elder care efforts in the communities we serve. Though COVID-19 has impacted in-person activities, prior to the pandemic our employees averaged over 1,000 hours a year, participating in a variety of educational efforts such as financial literacy, financial education for seniors, affordable housing education, education for first-time homebuyers and working with various community non-profits.

Over the past three years, Hanmi employees have spent over 2,100 hours volunteering for the community, at an approximate value of over \$78,000, based on average wages. In addition to service hours, Hanmi has also donated over \$1.2 million in the last three years to various organizations throughout our communities. Below is a sample of non-profit organizations Hanmi has supported in the past:

- American Red Cross
- Asian American Coalition of Chicago
- Asian Americans Advancing Justice—Los Angeles
- Asians for Miracle Marrow Matches
- Asian Pacific American Heritage Month
- Asian Pacific Islander Small Business Program, Inc.
- Center for Seniors
- Chicago Arirang Lions Club
- Chicago Bar Association
- Chicago Sister Cities International Program
- Children's Hospital of Los Angeles
- Chinese American Association of Greater Chicago
- Circle of Friends
- Distinguished Young Women
- Edison Chamber of Commerce
- Federation of Indian Society
- Feeding America
- Flushing Hospital Medical Center
- For the Troops
- Foundation Communities, Inc.
- Global Children Foundation
- Good Neighbors
- Hollywood Community Housing Corporation
- Home on the Green Pastures
- Honam Fellowship Association In Midwest, USA
- Houston Youth Kor Us
- Indo-American Center
- Indo-American Community Federation
- International Global Charities, Inc.
- Israel Philharmonic Orchestra
- Joint Chinese College Alumni Association of Houston Scholarship
- Justice Speaks
- Korean American Community Center Of San Francisco & Bay Area
- Korean American Family Services
- Korean Community Service Center of Greater Washington
- Korean Senior Citizens Association of Houston
- Koreatown Youth and Community Center
- LA Senior Welfare Association
- Los Angeles Youth Network
- Naperville Park District
- Overseas Korean Traders Association of Los Angeles
- One Heart Women's Club
- Pakistan American Council of Texas
- Pakistan Association of Greater Houston
- Puente Learning Center
- Rotary Club of Historic Filipinotown
- South Asian Network
- Southeast Asian Community Alliance
- Southern California Filipino Dental Society
- Strive Foundation
- Taste of Annandale
- Thomas House Shelter
- Union County Economic Development Corp
- US China Chamber of Commerce, Dallas
- Wheat Mission
- Zam's Hope Community Resource Center

Hanmi Bank Dream Scholarship

Launched in 2016, the Hanmi Bank Dream Scholarship for At-Risk Youth Program provides educational support to at-risk youths to help them achieve their educational goals and future dreams. As a community bank, we are committed to investing in the next generation. The scholarship provides educational support to underprivileged students, regardless of past academic achievements. Unlike scholarships based solely on academic merit, the Hanmi Bank Dream Scholarship is largely focused on supporting foster youth and youth who have experienced life disruption due to unstable living situations or domestic violence. Partnering with Korean American Family Services to administer the awards, the scholarships range from \$1,000 to \$10,000 and are provided to qualified students depending on school grade level and financial need. The program offers up to \$150,000 in scholarships annually. For the 2019-2020 program, Hanmi was able to provide assistance for 64 students in 5 states, representing elementary through college level students.

Investment in Our Employees

The success of our business is dependent on our dedicated employees, who not only strive to provide value to our customers but also provide invaluable support to the communities that we serve. We believe our ability to attract and retain employees is a key to our success.

Equal Opportunity Employer

We strive to make Hanmi an inclusive, safe and healthy workplace, with opportunities for our employees to grow and develop in their careers. We recruit the best people for the job regardless of gender, ethnicity or other protected traits and it is our policy to fully comply with all laws applicable to discrimination in the workplace.

Training and Development

We are committed to developing our staff through continuing education opportunities, internally developed training programs, and educational reimbursement programs at accredited institutions that teach skills or knowledge relevant to our business, as well as for seminars, conferences, and other training events designed to support our employee’s job duties.

Through Hanmi Banking School, the Corporate Learning and Development department offers a variety of programs to empower employees with the knowledge and skills they need to be successful and remain competitive. Hanmi offers in-house training led by instructors or through interactive online offerings to all employees. Employees can choose from core workshops focused on a single concept or job skill, leadership and professional development programming to develop our emerging leaders, and regulatory compliance trainings to ensure safe and sound banking practices. In addition to internal training, we offer a tuition reimbursement program where costs for certain relevant job training is offered to eligible employees.



Compensation and Benefits

As part of our compensation philosophy, the Bank offers competitive salaries and employee benefits to attract and retain superior talent. In addition to healthy base wages, additional programs include annual bonus opportunities, company matched 401(k) Plan, healthcare and insurance benefits, flexible spending accounts, wellness incentives, long-term disability, paid time off, and employee assistance programs.

We recognize that the success of our business is fundamentally connected to the well-being of our employees. We provide benefits that support their physical and mental health by providing tools and resources to help them improve or maintain their health status; and that offer choice where possible so they can customize their benefits to meet their needs.

COVID-19 PANDEMIC RESPONSE

During the COVID-19 pandemic, Hanmi had to adjust the way we operated our business. We did so by utilizing our Business Continuity Plan and mobilizing an internal COVID Taskforce with interdisciplinary leadership. The Board and Executive Management met regularly to review strategic decisions and other issues related to the pandemic.

Hanmi has been able to navigate the often fast changing local, state and federal guidance with no significant interruptions. We understand the risk of future pandemics and will adapt our COVID-19 response plans to build the basis of future responses.

As a commercial bank, we serve an essential role to facilitate the productive use of financial resources in the community. Our continued priority throughout the COVID-19 pandemic has been to provide a safe and healthy environment for our employees and customers. As part of our pandemic response, the COVID Taskforce diligently monitored local, state and federal mandates throughout our footprint to determine the best course of action in each instance.

Employee Support

Throughout the pandemic, the health and safety of our workforce has been a top priority. Hanmi provided regular updates to our staff throughout the pandemic, from notices regarding changing regulations to wellness tips and employee engagement efforts. For employees whose job functions allowed them to work remotely, our IT department prioritized the roll out of new devices and enhanced our virtual private network (VPN) capabilities to allow our staff to securely access our servers from their homes.

For employees who came into our physical locations, we were able to source and provide personal protective equipment (masks and gloves), hand sanitizers, cleaning supplies to support our cleaning protocol, floor signage to encourage social distancing and protective barriers. We also adjusted branch and lobby hours, as well as enhanced our ATM and mobile offerings. We also provided guaranteed pay for on-site essential staff for a period of time.



The Human Resources department, in conjunction with the COVID Taskforce, developed a self-screening protocol and managed the Company’s contact tracing, deep cleaning and self-quarantine efforts. Though these measures, we were able to reduce any potential exposure and minimized business interruptions. Hanmi worked with our employees to ensure any impacted staff was granted appropriate paid leave and reviewed flexible work arrangements. Bank departments reviewed pandemic staffing needs on an individual basis and have implemented appropriate responses, including rotating shifts and virtual check in meetings.

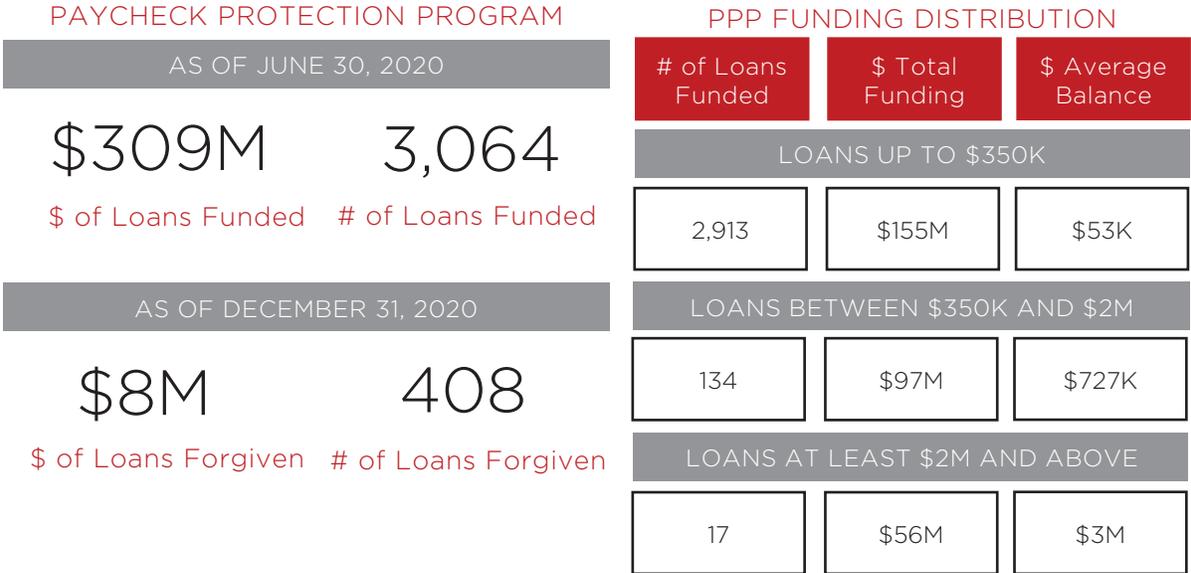
Community Support

Hanmi has continued its support of local non-profit organizations at pre-pandemic levels. Our 2020 holiday giving campaign raised \$20,000 to support Feeding America, which has the impact of securing and distributing at least 200,000 meals to people facing hunger. We also support non-profit organizations in the local community, including the Koreatown Youth and Community Center and New Economics for Women, among others.

Customer Support

Hanmi recognized the difficulty facing our customers through the pandemic. Hanmi published financial literacy videos through social media channels in response to the increase in phishing and social engineering scams related to the pandemic. Our SBA department also hosted training webinars to help educate and spread the word about the SBA’s Disaster Loan Programs.

To assist our clients and the broader communities in which we live and work, Hanmi mobilized our workforce to participate in the SBA Paycheck Protection Program. In the first round, our Hanmi team processed over 3,000 loans totaling over \$309 million. Over 125 employees from almost all departments across our organization worked tirelessly to secure loans for new and existing customers in our communities. We were able to meet the needs of new and existing small business customers with 95% of the loans under \$350,000, of which 67% were under \$50,000 and went to small companies with less than 15 employees.



At the onset of the pandemic, our lending teams worked closely with our impacted borrowers and approved modification requests totaling over \$1.4 billion for over 2,400 customers. We have experienced a positive trend in the number of modification requests. Since September 30, 2020, Hanmi has provided \$156 million of modifications for 150 customers.

ENVIRONMENTAL

The Board recognizes that sustainability broadly encompasses corporate activities that enhance the long-term value of the Company. While we have not experienced material losses due to climate change to date, we understand that climate change may present certain risks to our business. We are beginning to formulate processes for identifying, measuring and modeling the impact of climate-related risks to our portfolio. We have also insured against and developed business continuity plans to address extreme weather conditions affecting our physical locations. While these and other practices adopted by Hanmi cannot negate all sustainability-related risks, we believe they can help mitigate the impacts and prevent material climate-related losses. As we continue to work to understand the risks and develop our climate response, we may include specific climate change considerations in our risk management protocol, strategic planning, organizational goals and operational procedures.



Hanmi Financial Corporation recently moved its headquarters to the Wilshire Grand Center, a LEED certified space furthering environmentally sustainable practices in Downtown Los Angeles.

GOVERNANCE

Governance and management of environmental and social impacts create long-term value for our stakeholders. While our Board as a whole is responsible for the sound operations of the Company, we have two holding company committees focused on building our ESG related corporate response:

Nominating and Corporate Governance Committee

The Board's Nominating and Corporate Governance Committee ("NCG Committee") has primary oversight of our efforts to be a responsible corporate citizen in our communities. In order to address opportunities and challenges arising from ESG matters, the NCG Committee created an ESG Subcommittee to review such matters as they pertain to the Company and Bank. As noted in its charter, the subcommittee is tasked with supporting the Company's ongoing commitment to environmental performance, health and safety, corporate social responsibility, corporate governance, sustainability, and other public policy matters relevant to the Company. The cross-functional group of directors and management is focused on developing, implementing and monitoring our ESG journey.

Hanmi is committed to sound corporate governance principles and maintains formal Corporate Governance Guidelines and a Code of Business Conduct and Ethics for employees, executive officers and directors. We believe that strong leadership is based on a foundation of integrity and ethics. The NCG Committee believes that the Board should encompass a broad range of talent, skill, knowledge, experience, diversity and expertise enabling it to provide sound guidance with respect to Hanmi's operations and interests. We are proud to have a majority diverse Board with complementary core competencies, including: broad experience in business, finance, accounting, risk management, strategic planning, marketing or administration; familiarity with national and international business matters; familiarity with the Company's industry; and the ability to understand the Company's business

Risk, Compliance and Planning Committee

The Board's Risk, Compliance and Planning ("RCP") Committee is responsible for the governance of our Enterprise Risk Management ("ERM") framework, including the strategies, policies, procedures and systems established by management to identify, assess, measure and manage the significant risks facing the Company. The RCP Committee goes through an extensive review of the enterprise risk assessment on a quarterly basis with the guidance of the RCP Committee Chairperson and the Bank's Chief Risk Officer. As our ESG journey matures, we expect it will become a part of our ERM framework.

Data Security

Cybersecurity threats facing the global financial system is one of our top priorities. We have allocated substantial resources and have partnered with leading technology companies to meet our strategy in protecting the Bank, our clients and vendors, and to continuously improve our security posture. As a member of the Financial Services Information Sharing & Analysis Center, an intelligence-sharing cooperative for the financial services sector, we participate in exercises to better understand and protect the information we are entrusted with. Both the RCP Committee and the full Board are briefed regularly on cybersecurity issues by the Bank's Information Security Officer and Chief Risk Officer.

