



Hanmi Financial Corporation

A Message from Hanmi Bank President and CEO

Safety and Security is Paramount at Hanmi



Bonnie Lee,
President & CEO

Dear Valued Shareholders, Customers and Team Members,

In 2022, the Hanmi team demonstrated the value of consistent execution against winning growth initiatives, even during times of economic volatility. We finished the year with record financial performance and a strong capital base, outperforming many of our peers across numerous metrics. As we navigated an uncertain economy that was adapting to rapidly rising interest rates, we maintained focus on our customers, ensuring that we were providing the right products and services to meet their needs and strengthen our portfolio. This has been our approach for the past four decades: meeting our customers' needs through diverse offerings to drive disciplined growth and deliver attractive returns for our shareholders.

2022 Performance Highlights

Our 2022 results were strong across the board. We generated record net income and loan production, as well as an improved net interest margin. At the same time, we diligently managed operating expenses and improved our asset quality. These results were driven by our team's hard work as well as the strategic investments we made to enhance Hanmi's service offerings and broaden our customer base. Key highlights include:

- Record net income of \$101.4 million, or \$3.32 per diluted share, up from 2021 net income of \$98.7 million, or \$3.22 per diluted share.
- A 15.7% year-over-year increase in loan growth, driven by record loan production of \$2.1 billion. This exceptional performance includes a new high of \$420 million in residential mortgage loan production, which represents approximately 20% of our total loan production for the year.
- Deposits grew by 6.6%, with the mix of noninterest-bearing deposits remaining strong at 41.2% of total deposits.
- Asset quality improved significantly in 2022 as we continued our focus on high-quality loans, disciplined underwriting, and vigilant credit administration practices.

I am proud of our team's performance this year and the results we delivered. Our 2022 return on average shareholder equity was strong at 14.83%. We also increased our total dividends paid for the year by 74%, which reflects our improved performance.

Our Competitive Advantage is Our Team

Hanmi's outperformance is directly attributable to our ability to work cohesively as a team. We do this by focusing on client relationships, harnessing our competitive nature, and most importantly, respecting open communication. Sharing ideas and constructively challenging one another enables us to be nimble, agile and creative as we serve varied communities with differing needs.

Even in a tight labor market, we want to bring on new team members who will both embrace and contribute to this culture. For two years we have invested in opportunities to build a solid banking career with us through our twelve-month Credit Trainee Program. We carefully invest in and train our entire Hanmi team to ensure we have deep bench strength at all levels of the organization. This approach is delivering results with the majority of our geographic regions and business units delivering increased production during 2022.

The same principles hold true for our executive team who have worked together for an average of eight years, and brings on average, more than 30 years of banking experience to Hanmi. Each executive brings a diverse set of experiences and expertise to their job, and the ideas we share are driving progress on each of our strategic growth initiatives.

Our team is our competitive advantage. I personally believe deeply in building the next generation of bankers and that starts with hiring and retaining the very best talent in our industry. We employ a disciplined approach to growing our team, ensuring that we are well equipped to serve our customers while responsibly managing expense growth.

Focused on Community and Growth

Our dedication to effectively serve our customers and the communities we operate in helps us to deliver attractive returns on your investment in Hanmi. That remains a top priority for all of us at Hanmi.

In 2022, Hanmi identified and responded to needs in our community in the following ways:

- We originated 289 small business and community development loans totaling over \$380 million.
- We continued our commitment to serving the unbanked and underbanked by opening 350 Green Checking Accounts.
- Our bank employees provided financial literacy and technical assistance to 45 organizations, which facilitated financial education to approximately 300 unbanked, underbanked, or underserved non-customers.
- We continued to deliver on our \$7.5 million long-term commitment to the Community Reinvestment Act fund.

For the past few years, we have been intently focused on building a foundation for sustainable growth and we've made great strides on our well-defined strategic initiatives to transform and diversify our loan portfolio and deposit franchises. We made significant progress in expanding into residential mortgage loans, and our Corporate Korea Initiative continues to thrive. This initiative, which serves the U.S. operations of South Korea-based companies, grew its loan balances 23% for the year while its deposit balances increased 59% and, at year-end, represented just over 9% of our total deposits.

We believe that we are still in the early days of building out our Corporate Korea Initiative and are better positioned than ever to capitalize the growth opportunities it presents. At the core of this success is our dedication to building relationships and delivering a superior customer experience. Once again, the depth of experience our team brings in understanding the unique business and cultural needs of these clients provides an advantage to Hanmi that cannot be easily replicated.

While we continue to execute our stated growth initiatives, we also will continue to be opportunistic in pursuing new strategies for long-term growth. This includes expanding into new strategic geographies outside of California. We have seen meaningful growth in our markets outside California, particularly in our Texas and Eastern regions, and we will continue to evaluate timely expansions.

Managing Through Uncertain Times

From our earliest days, we have dedicated ourselves to serving our communities. That dedication is part of our foundation and continues to run through everything we do. What began with much-needed loans and banking services for underserved Korean American immigrants in Los Angeles has now grown into the second largest Korean American bank with \$7.4 billion in assets and operations in nine states.

Over the years, Hanmi has faced its share of challenges and grew stronger because of them. Today, our current leadership team has broad experience in managing through dynamic economic cycles and challenging circumstances. Our team knows how to bring the necessary focus, discipline and ingenuity to work through any situation toward a solution.

As the past year progressed and interest rates began to rise, our team stepped up direct communication with our customers. We wanted to understand how shifting economic factors were impacting their businesses so we could work together to identify their specific needs and potential solutions. These circumstances presented yet another opportunity to partner with our customers, helping them to navigate these challenges while also improving our asset quality.

When two other banks were taken over by the government in early March, we found ourselves again reaching out to customers. While our intent was to assure our customers that our bank was in very strong financial shape, I was especially moved as some of our customers asked me what they could do for us. This is truly an example of the deep relationships we have built over the years.

Looking Forward

As we begin our fifth decade in 2023, Hanmi is well positioned to build on this great legacy. Your Bank is in a very strong financial position, with ample liquidity and excellent credit quality. Importantly, our banking relationships continue to be centered around the needs of individuals and small businesses, South Korean companies operating in the U.S., and real estate investors. The relationship-banking approach used in our humble beginnings continues to help us build a broad, diversified customer base.

In closing, I want to extend my deepest gratitude to our shareholders, our customers, our team, our board and the communities we serve. This year marked our 40th anniversary serving each of you. Over the years, I have had the privilege of witnessing the true mettle of our team and their dedication to our mission and the communities in which we serve. We look forward to a long journey of providing unparalleled service and support to help each of our customers achieve their financial dreams. Thank you for your ongoing support.

Sincerely,



Bonnie Lee
President & CEO

